



Validation Report

Reference Number: PCV VIE 2010-01
Project Number: 30317
Loan Number: 1781
December 2009

Viet Nam: Tea and Fruit Development Project

Independent Evaluation Department

Asian Development Bank

ABBREVIATIONS

ADB	–	Asian Development Bank
ADF	–	Asian Development Fund
CCF	–	Central People’s Credit Fund
CPO	–	central project office
EA	–	executing agency
EIRR	–	economic internal rate of return
FIRR	–	financial internal rate of return
ha	–	hectare
IED	–	Independent Evaluation Department
M&E	–	monitoring and evaluation
MARD	–	Ministry of Agriculture and Rural Development
MOF	–	Ministry of Finance
OCR	–	ordinary capital resources
PCR	–	project completion report
PFI	–	participating financial institution
SDR	–	special drawing rights
TA	–	technical assistance
VBARD	–	Vietnam Bank for Agriculture and Rural Development

NOTE

- (i) In this report, “\$” refers to US dollars.
- (ii) For an explanation of rating descriptions used in ADB evaluation reports, see: ADB. 2006. *Guidelines for Preparing Performance Evaluation Reports for Public Sector Operations*. Manila.

Key Words

adb, asian development bank, central people’s credit fund, participating financial institution, state bank of vietnam, vietnam bank for agriculture and rural development

Director	H. Hettige, Director, Independent Evaluation Division 2 (IED2), Independent Evaluation Department (IED)
Team leader	T. Kondo, Senior Evaluation Specialist, IED2, IED
Team members	O. Nuestro, Evaluation Officer, IED2, IED R. Perez, Senior Operations Evaluation Assistant, IED2, IED

In preparing any evaluation report, or by making any designation of or reference to a particular territory or geographic area in this document, the Independent Evaluation Department does not intend to make any judgments as to the legal or other status of any territory or area.

PROJECT COMPLETION REPORT VALIDATION FORM

A. Basic Project Data		PCR Validation Date:	December 2009	
Project/Loan Number:	30317/1781		Approved	Actual
Project Name:	Tea and Fruit Development Project	Total Project Costs (\$ million): (SDR equivalent)	57.6	61.4
Country:	Viet Nam	Loan (\$ million): (SDR equivalent):	40.2 31,157,000	43.3 30,221,323
Sector:	Agriculture and Natural Resources	Total Cofinancing:	0.00	0.00
ADB Financing (\$ million):	ADF: 43.3	Borrower (\$ million):	2.7	1.8
	OCR: 0.0	Beneficiaries (\$ million):	9.8	10.8
Cofinanciers:	none	Others (\$ million): PFIs	4.9	5.4
Approval Date:	14 Nov 2000	Effectiveness Date:	1 Jan 2002	14 Nov 2001
Signing Date:	1 Oct 2001	Closing Date:	30 June 2007	4 Sep 2008
Project Officers:	Name:	Location (HQ or RM):	From (yr)	To (yr)
	A.T. Loh	HQ	2000	2001
	M.A. de Alwis	HQ	2002	2005
	S. Sahajananthan	HQ	2005	2007
	A. Musa	HQ	2007	2009
Evaluator:	C. Dingcong, Staff Consultant	Director:	H.S. Hettige, IED2	
Quality Control Reviewer/Peer Reviewer:	T. Kondo, Senior Evaluation Specialist, IED2			

ADB = Asian Development Bank, ADF = Asian Development Fund, HQ = headquarters, IED2 = Independent Evaluation Division 2, OCR = ordinary capital resources, PCR = project completion report, PFI = participatory (private) financial institution, RM = resident mission, SDR = special drawing rights.

B. Project Description (summarized from report and recommendation of the President)

- (i) **Rationale:** Agricultural development in postwar Viet Nam focused on rice production. This focus increased the productivity of rice, enabling the country to achieve self-sufficiency and become the second largest exporter in the world. While rice continued to be an important crop, the Government recognized the role of crop diversification in balanced development. Tea and fruits were considered to have the same potential as other cash crops such as rubber, coffee, and sugarcane, which were already contributing substantially to the economy. However, constraints existed and if not addressed would have impeded the development of tea and fruits. These constraints were the low technology level in the cultivation and processing of these crops, and the scarcity of long-term credit for investment. In the case of tea, there was a need to link improved field conditions with processing facilities capable of producing tea. For fruits, there was a need for investments in field development for varieties acceptable to the export market, cold storage, and processing and packing facilities to extend their shelf life.

The project aimed to introduce new technology to improve the productivity and quality of tea and fruits, leading to higher prices and consequent increased farm income. This was envisioned to have a direct and indirect poverty reduction impact, as most of the farmers were classified poor.

- (ii) **Impact:** The project was expected to benefit directly 67,400 tea and fruit farmers, 300 private commercial nursery operators, 830 smallholder green tea processing units, and small and medium-scale processing units for tea and fruit. The project was expected to increase the productivity of tea and fruit lands, and increase the efficiency of tea and fruit processing units. At full maturity, it was expected

to increase the yield of replanted tea from the current 3 tons of green leaf per hectare (ha) to 12 tons per ha. The fruit areas were expected to have a peak yield of 8.5 tons per ha. In this way, the project was expected to increase tea growers' incomes by \$192 per ha per annum and fruit growers' income by \$396 per ha per annum. The incremental production from the project was estimated at 20,000 tons of tea valued at \$25 million, and 325,000 tons of fruit valued at \$100 million. The project was to generate a total of 71,600 person-years of employment per annum during full maturity. In addition, it was expected to improve the environment as a result of canopy formation in the areas planted with tea and fruit, particularly on the 7,500 ha of deforested land.

(iii) **Objectives or expected outcomes:** The objectives of the project were (i) to increase farm income and raise the value of agricultural production through the development of tea and fruit; and (ii) to enhance the environment through stabilizing long-term land use by planting or replanting tea and fruit trees on 25,300 ha and rehabilitating 1,500 ha of tea.

(iv) **Components and/or outputs:** The project had two main components: credit and noncredit. The credit component provided a credit line for tea and fruit development in 13 provinces. The credit line was to be used for establishing commercial nurseries and new plantations, rehabilitating plantations, and establishing or upgrading processing units. The noncredit component had four subcomponents: technology and market information, research strengthening, project management, and training.

The project covered six tea-growing provinces (Ha Giang, Lam Dong, Phu Tho, Thai Nguyen, Tuyen Quang, and Yen Bai), and seven important fruit-growing provinces (Hoa Binh and Thanh Hoa in north Viet Nam; Binh Dinh in central Viet Nam; and Ben Tre, Khanh Hoa, Lam Dong, and Tien Giang in south Viet Nam).

C. Evaluation of Design and Implementation (project completion report assessment and validation)

(i) **Relevance of design and formulation:** The project was consistent with the Asian Development Bank (ADB) strategy¹ and the government's objectives and priorities for the agriculture and rural sectors, which were to increase the capacity of the rural economy to raise farm income and support policy reforms toward a market-based system. Project design was appropriate and properly formulated. In November 1997, ADB approved project preparatory technical assistance (TA) to review the sector and to formulate the project design.² In July 1999, an understanding with the government was reached on the objectives, scope, cost estimates, financing plan, and implementation arrangements of the project. The formulation of the design drew from the TA report; work of the ADB missions; findings of the feasibility study; and discussions with government officials, financial institutions, smallholder farmers, contract farmers, private tea and fruit processing factories, and other key stakeholders. The process followed in the formulation of the design was adequate.

The project was designed to assist the government in raising farmers' incomes by increasing tea and fruit production. This was done by providing a credit line for field development, nursery operations, and small and medium-scale processing of these crops in 13 provinces. To support the credit line, the project developed and provided the beneficiaries with a package of technology and market information to improve their agricultural practices and bargaining power. This was expected to reduce poverty by raising the farm incomes of tea and fruit farmers. The project was envisaged to have a positive effect on the environment by providing ground protection, where tea and fruit trees were established, particularly on deforested land. Throughout the project implementation period, no significant changes were made to the project design. The project was relevant at appraisal and completion.

¹ ADB. 1995. *Country Operational Strategy: Viet Nam*. Manila; and ADB. 1998. *Country Assistance Plan (1999–2001)*. Manila.

² ADB. 1997. *Technical Assistance to the Socialist Republic of Viet Nam for the Tree Crops Development Project*. Manila (TA 2923-VIE, for \$600,000 approved on 27 November). Following TA completion and after the fact-finding mission of April 1999, the name of the project was changed to the Tea and Fruit Development Project.

(ii) Project outputs (or conditions in the case of program loans):**Credit component**

Several of the targets for the credit component were met or exceeded, but a few targets were not achieved as expected. For the tea subcomponent, the credit line financed 16,271 ha of tea plantation or about 330% above the target. The credit line also funded the establishment of 1,222 commercial tea nurseries (seven times higher than the target at appraisal), the rehabilitation of two tea factories as planned, and the upgrading of 6,156 tea processing facilities (74% above the target). For the fruit subcomponent, 56,861 ha or 247% above the target were either newly planted or rehabilitated. In terms of commercial fruit nurseries, 336 nurseries were supported—more than twice the target. The establishment of 4,795 new small-scale fruit dryer factories was 48 times the target, and the eight new fruit-juice factories were three times the target.

The project completion report (PCR)³ attributed the wide disparity between the planned targets and actual achievements for the credit component to the following: the significant contribution of sub-borrowers who also repaid their loans early, the smaller size of processing units, underestimation of targets at appraisal, and the demand-driven nature of subprojects selected by the Vietnam Bank for Agriculture and Rural Development (VBARD) and the Central People's Credit Fund (CCF). The Independent Evaluation Department (IED) views these explanations as plausible and valid.

In deforested land, the targets were not achieved. Some 1,283 ha were planted with tea and 336 ha with fruits, or a total of 1,619 ha—only 22% of the 7,500 ha appraisal target. Some of the areas in deforested land had steep slopes and poor infrastructure that rendered them less viable financially and technically. In addition, the forestry department had already replanted forest trees in some target areas. Furthermore, there was lack of demand for financing of sub-loans in deforested land. Apparently, these realities were not taken into account in the project design.

The target of establishing 50 units of small-scale cold storage, grading, or packing facilities was not accomplished. None of these facilities were funded by the project. The PCR did not provide an explanation of why these facilities were not funded.

The total number of borrowers from VBARD and CCF was 67,314, or 99% of the 67,400 targeted borrowers.

Noncredit component

Technical manuals for tea and fruit development were updated and finalized as envisaged in the project design. About 200,000 copies of 22 technical manuals were developed and distributed to the provincial project management units, various institutes, trainers, and beneficiaries. These manuals were very useful to stakeholders and to end users.

In 2002, a certification system for tea and fruits was established as envisioned in the project framework. By the end of 2007, 1,707 nurseries out of 27,481 in the project areas had been certified. The certification of tea and fruit nurseries assured farmers of guaranteed high-yielding planting materials, helping to reduce their unit production cost and providing them with a comparative advantage over other areas. Appendix 4 of the PCR provided detailed information on the distribution of nursery areas, with the certificates and awards received.

The project produced 29 provincial, 210 district, and 718 commune maps that identified areas with high potential for fruit and tea growing, and the locations of sub-loan applicants. These maps covered 108,000 ha including 54,300 ha of tea- and fruit-growing areas, and were updated yearly to help the provinces determine the suitability of the land.

³ ADB. 2009. *Completion Report: Tea and Fruit Development Project in Viet Nam*. Manila.

A market information dissemination system was established in all provinces that covered topics of common interest to farmers. This was carried out in collaboration with local radio and TV stations, and dissemination through news bulletins, pamphlets, and specialist magazines that provided information on market trends and developments. The project provided 287 training courses in market information to nearly 15,000 people.

Quality assurance guidelines were prepared, printed, and distributed to the fruit-growing provinces. Training workshops in quality assurance were conducted. Study tours were conducted for tea and fruit farmers for them to have the opportunity to observe cultural practices in other countries and to study firsthand the market for tea and fruits. The quality control guidelines and study tours were beneficial to the farmers.

To strengthen research on tea and fruit development in research institutes, vehicles, office, and research equipment were procured; buildings were built or rehabilitated; and training and consulting services and other support were provided.⁴ The PCR reported that 328 research contracts were carried out, and that 215 research works were tested in the field, which contributed to the improvement of product quality and of markets for fruit and tea. The research institutes were actively involved in training and technical support for project beneficiaries.

In 2001, the central project office (CPO) and 13 provincial project management units were created as expected in the project framework. Overall, the project management structure functioned well and performed well in monitoring project progress.

The CPO and provincial project management units carried out training workshops, seminars, and courses to disseminate technical and financial information to beneficiaries. The training covered all aspects of tea and fruit cultivation, maintenance intensification, quality assurance, nursery establishment, market information, environment protection, and integrated pest management. Project staff were trained in project management, accounting, and monitoring and evaluation. The targets for farmer training were exceeded except in processing quality assurance and postharvest technology. A total of 407 training of trainers were conducted, and more than 2,500 other training courses, meetings, and workshops were organized for project staff and beneficiaries. Women (4,836) and members of ethnic minorities (3,178 persons) participated in the training courses.

- (iii) **Project cost, disbursements, borrower contribution, and conformance to schedule (as relevant to project performance):** The actual project cost was \$61.4 million, higher than the appraisal estimate of \$57.6 million. This was primarily due to the surplus fund of about \$4.5 million that resulted from the appreciation of the special drawing rights, in which the loan was denominated. The surplus funds, which was approved by ADB, were used to increase the allocation for the credit and noncredit components.

The government's contribution to project costs was reduced from \$2.7 million at appraisal to \$1.8 million at loan closing. ADB's contribution increased from \$40.2 million to \$43.3 million. The contribution of VBARD and CCF increased from \$4.9 million to about \$5.4 million. Beneficiary contribution also increased from \$9.8 million to \$10.8 million. Detailed data on project costs, budget, and actual costs are in the Basic Data section and Appendix 11 of the PCR.

In 2002, disbursements for subprojects were slowed down pending the publication of lending and technical manuals. This did not have an adverse effect on the project. From 2003 onward, significant progress was made in loan disbursement as ceilings for imprest accounts were increased. Appendix 12 of the PCR presented the details of the planned and actual disbursements.

Appendix 11 presented details of the differences in expenditure between appraisal and completion. Expenditure for civil works was reduced by 53%, mainly because other financing was available.

⁴ These institutes were the Tea Research Institute, Research Institute of Fruits and Vegetables, Southern Fruit Research Institute, Postharvest Technology in Ho Chi Minh City, and Lam Dong Research Technology Transfer Center.

Expenditure for vehicles increased by 34% to meet the needs of project monitoring and management.

The PCR reported that implementation was slow during the first 2 years because of (i) the significant time spent on project startup arrangements and activities, (ii) implementation of regional autonomy, (iii) delay in the procurement of laboratory equipment, and (iv) changes in the Ministry of Finance (MOF) for withdrawal applications. Implementation improved after this initial delay and was on schedule for most project activities. Originally, implementation was to end in December 2006. However, it was extended until 31 December 2007 to allow time for administrative, accounting, and auditing procedures and requirements to be completed. Appendix 13 of the PCR showed the planned and actual implementation schedules.

- (iv) **Implementation arrangements, conditions and covenants, related technical assistance, and procurement and consultant performance:** There were no changes in the implementation arrangements. The Ministry of Agriculture and Rural Development (MARD) was the executing agency for the noncredit component, while MOF was the executing agency for the credit component. VBARD and CCF met the requirements for financial institutions that were to channel the ADB loan. As planned, VBARD and CCF established a revolving fund to which the interest and principal payment under the project were credited. These revolving fund resources were used for amortizing the ADB loan and for onlending to eligible subprojects. The project complied with the lending terms except for some sub-loans that were repaid early.

In general, the loan covenants were complied with. There were deviations from some of the loan covenants but these did not significantly affect project outcomes (PCR, para. 41). The schedule of loan covenants specified that ADB should approve loans in excess of \$50,000. Loans exceeding this amount were granted, but VBARD made up the difference using its own funds.

The project had no associated TA but project preparatory TA (footnote 2) was used in the formulation of the project design. The PCR did not discuss any assessment of that TA although PAI No. 6.07A specifies that “a project preparatory TA resulting in a loan should be evaluated in the PCR for the loan project.”⁵

Consultant inputs for the project were 64.1 person-months, lower than the appraisal target of 68 person-months because of changes in the services to conform with the actual needs of the project (Appendix 6 showed planned versus actual consulting services). The performance of consultants was reported as generally satisfactory. Procurement of equipment followed ADB’s *Procurement Guidelines*. The procurement of equipment for laboratories was considerably delayed, partly because the process of preparing detailed specifications was lengthy, but this did not have a significant effect on the quality of outputs, overall schedule, and costs. The performance of contractors and suppliers was satisfactory.

- (v) **Performance of the borrower and executing agency:** The PCR rates the performance of the borrower and EAs *satisfactory*; IED concurs with this rating. The institutional capacity of the EAs to implement the project met the expectations formulated at appraisal. MARD provided overall project coordination effectively. The CPO established for the project was adequately staffed to monitor project activities in 13 provinces and to take appropriate actions to achieve targets. MOF effectively performed its role, and closely monitored subsidiary loans and the progress of the credit component.
- (vi) **Performance of the Asian Development Bank:** IED concurs with the PCR performance rating of ADB as *satisfactory*. ADB monitored overall project administration regularly, and supervised and addressed issues effectively during project implementation. Regular review missions and the midterm review were fielded as scheduled. ADB was responsive to project issues. Based on the findings of the midterm review, ADB approved the increase in allocation for the credit and noncredit components, and the participation of the CCF in the project. These changes helped deliver the expected outcomes.

⁵ This requirement is reiterated in PAI No. 6.07A, Appendix 2, Sector H, para. 12.

D. Evaluation of Performance (PCR assessment and validation)

- (i) **Relevance:** IED rates the project *relevant*. The project was consistent, both at appraisal and at completion, with the country's development priorities and ADB's strategies for agriculture and the rural sector. The project design was sound and the strategies used were effective in producing most of the expected outcomes. Financing through the credit component of the project reached 99% of targeted borrowers and contributed significantly in the development of the tea and fruit crops. Tea and fruit areas and production were expanded. New jobs were created.⁶ The package of technology and market information helped in improving the agricultural and marketing practices of farmers. IED agrees with the *relevant* rating of the PCR.
- (ii) **Effectiveness in achieving outcome:** The project was *effective*. Most of the targets were exceeded except for those in deforested land and for small-scale processing facilities. The area actually developed for tea was 3.3 times larger than the appraisal target. Similarly, for fruits, the area developed was 1.5 times larger than the appraisal target. There were indications that farmers' incomes increased after the project. The project improved ground cover and reduced erosion by covering some 74,751⁷ ha of land, higher than the appraisal target of 42,776 ha. IED concurs with the *effective* project rating of the PCR.
- (iii) **Efficiency in achieving outcome and outputs:** IED concurs with the PCR's *efficient* rating of the project. At completion, the economic internal rate of return (EIRR) of the project was estimated at 20%, slightly lower than 23% appraisal estimate⁸ but still economically viable. Most of the tea and fruit plantation and processing units funded by the project were profitable, with financial internal rates of return (FIRRs) estimated at 12%–35%.⁹ Most of the project activities were on schedule after initial delays during the first 2 years of implementation. No major repayment problems were experienced in the repayment of sub-loans, indicating efficient collection of loans. MOF and MARD were efficient in executing their roles and functions. There were no cost overruns in the administration of the project. The project had no major setbacks.
- (iv) **Preliminary assessment of sustainability:** IED rates the project *likely sustainable*. The revolving fund for amortizing the ADB loan and for continued financing of eligible subprojects has been established. Pricing of sub-loans was market-oriented and repayment rates of sub-borrowers have been relatively high. VBARD and CCF have functioned well in delivering financial services to sub-borrowers through their network in the rural areas. VBARD's corporate governance was strengthened through ADB support in separate TA.¹⁰ The project had a high degree of ownership because most of the investments were done by farmers and entrepreneurs in their own property by borrowing funds at market rates. With a conducive policy environment, the enterprises are likely to be self-sustaining. In addition, the project has increased environmental awareness and strengthened farmers' knowledge of new agricultural practices and marketing. All these factors taken together contribute to the likely sustainability of the project beyond its implementation period.
- (v) **Impact (both intended and unintended):** IED agrees with the PCR that the project has strengthened the research capacities of participating research institutes. These institutes have supported local needs

⁶ Appendix 1 of the PCR reports that 325,475 person-years of employment per year were generated during maturity against the target of 26,000 person-years.

⁷ Broken down as follows: 17,554 ha for tea and 57,197 ha for fruits.

⁸ The lower estimate at completion was due to more conservative assumptions on crop yields and prices for the period after the project.

⁹ The assumptions used in estimating the EIRRs and FIRRs were similar to those used at appraisal but took into account recent developments such as updating of costs to 2008 prices, project accomplishments, etc. These are plausible, realistic, and acceptable.

¹⁰ ADB. 1999. *Technical Assistance to the Socialist Republic of Viet Nam for Strengthening Corporate Governance at Vietnam Bank for Agriculture and Rural Development*. Manila (TA 3227-VIE, for \$900,000, approved on 19 July 1999 and closed on 14 October 2002). The TA was rated *successful*.

and promoted business development, particularly for tea and fruit industries. The rural financial system was strengthened through the support provided to participating financial institutions (PFIs) and has made high quality financial services more accessible to farmers. The project had a positive impact on the PFIs in that it promoted balanced application of term resources, adoption of international practices in finance and banking, and better appreciation of sustainability concepts.

The project has planted or replanted a total of 106,993 ha against the target of 26,776 ha. Most of these areas were considered not suitable for intensive agricultural cropping. This has not only helped farmers move away from unsustainable agricultural systems to sustainable perennial tree cropping system but has also helped in improving the quality of the environment.

The PCR reported that the project raised the average yearly income of tea farmers by 88% and of fruit farmers by 51% (para. 48), which is indicative of the project's positive impact on farmers' incomes. It is noted, however, that an accounting farm model analysis has not been applied correctly controlling for other factors. The other factors that affect changes in income are price fluctuations, better weather, access to markets, increased level of economic activity in the commune, improved infrastructure, etc. The improvement in incomes cannot be attributed to the project alone. The estimates of the PCR are therefore likely to be overestimated. Nonetheless, the PCR rates the overall impact (institutional and other impact) of the project *significant*. IED concurs with this overall rating in that the project had a significant institutional and environmental impact. In terms of economic welfare, farmers have been able to repay their loans, indicating that the loan improved their welfare and that they had the cash flow from some activity that enabled repayment. The fact that they were able to repay their loans early and continued to avail of the services of the PFIs indicates that their welfare has improved.

E. Overall Assessment, Lessons, and Recommendations (validation of PCR assessment)

- (i) **Overall assessment:** IED concurs with the PCR's *successful* rating of the project.¹¹ IED rates the project relevant, effective, efficient, and likely sustainable. The credit component exceeded its main targets. The noncredit component achieved most of its targets and provided the envisioned support to the credit component.
- (ii) **Lessons:** IED is in agreement with the lessons presented by the PCR. The project highlights the importance of charging market interest rates to farmers for loans. Market-oriented interest rates promote the financial sustainability of PFIs and the efficiency of subprojects financed by the sub-loans. Experience with the project shows that farmers were able to repay their loans at market rates of interest and increase their productivity. On the other hand, high and quicker repayment caused PFIs to be able to provide more frequent and larger loans than planned.

In addition to the lessons learned, the project showed that credit alone without technological improvements will not produce the desired improvements in farm technology. This outcome was made possible by the strong public-private partnership. Farmers and entrepreneurs were able to use borrowed funds from commercial sources and apply the modern technology that was provided by the public sector to improve the efficiency of their farms and enterprises.

Furthermore, quantifying impact using a more rigorous impact assessment methodology was not part of the project design and budget. This component would have been very helpful since the project was designed to assist the government in raising farm income and the value of agricultural production through the development of tea and fruit. As stated in the report and recommendation of the President, the project was envisioned to have a direct and indirect poverty reduction impact.

- (iii) **Recommendations:** The PCR specified nine project-related recommendations derived from the project experience. IED agrees with these recommendations. However, these recommendations need to specify which institution (executing agencies, ADB, or the implementing agency) should be responsible

¹¹ The overall weighted average score based on IED rating is 2.0, which is equivalent to an adjectival *successful* overall rating.

for taking up each of the needed actions. The general recommendations for project appraisal, project implementation, and review are valuable to ADB's operations. The design and monitoring framework needs to have complete measurable indicators consistent with project documents and should be discussed with the executing agency regularly, and updated if necessary. As recommended by the PCR, ADB may consider reviewing the ceiling for imprest accounts.

F. M&E Design, Implementation, and Utilization (PCR assessment and validation):

A monitoring and evaluation system (M&E) within the CPO was established to monitor project progress and evaluate outputs. Provincial level monitoring was incorporated in the M&E system. Training workshops for project staff were conducted on M&E. Overall, the M&E system used was useful and effective.

G. Other (e.g., safeguards, including governance and anticorruption; fiduciary aspects; government assessment of the project, as applicable) (PCR assessment and validation):

No issues on safeguards, governance, and corruption were identified. The borrower has submitted quarterly reports to ADB, the government PCR, and all audit reports.

H. Ratings	PCR	IED Review	Reason for Disagreement/Comments
Relevance:	Relevant	Relevant	
Effectiveness in Achieving Outcome:	Effective	Effective	
Efficiency in Achieving Outcome and Outputs:	Efficient	Efficient	
Preliminary Assessment of Sustainability:	Likely Sustainable	Likely Sustainable	
Borrower and EA:	Satisfactory	Satisfactory	
Performance of ADB:	Satisfactory	Satisfactory	
Impact:	Significant	Significant	Overall, the project had significant institutional, environmental, and economic impact. However, IED notes that the impact on farmers' incomes was most likely overestimated.
Overall Assessment:	Successful	Successful	
Quality of PCR:		Satisfactory	There was no assessment of the project preparatory TA that resulted in the loan.

I. Comments on PCR Quality

The PCR was well written, clear, and concise. The discussion of outputs was adequate and well supported with data in the appendixes. Lessons and recommendations were sound and derived from the analyses and findings.

J. Data Sources for Validation

Back-to-office mission reports, PCR, report and recommendation of the President, minutes of the management review meeting on the project, summary discussions with members of ADB's Board of Directors.

REGIONAL DEPARTMENT'S RESPONSE TO THE PROJECT COMPLETION REPORT VALIDATION REPORT

On 27 November 2009, the Director of the Independent Evaluation Division 2 (IED2), Independent Evaluation Department, received the following comments from the Agriculture, Environment, and Natural Resources Division, Southeast Asia Department.

We have reviewed the draft Project Completion Validation Report (PCR Validation Report). Overall, the report is well prepared. It has properly reviewed and validated the findings, rating, and recommendations that we present in the PCR. Additional inputs and recommendations in the report will complement the ones presented in the PCR.

We appreciate IED2's comments on the PCR quality (Part I) that "the PCR was well written, clear, and concise. The discussion of outputs was adequate and well supported with data. Lessons and recommendations were sound and derived from the analyses and findings."