

## SUMMARY OF PROJECT PERFORMANCE

### A. Background

1. On 26 June 2012, the Asian Development Bank (ADB) approved a loan of SDR7,151,000 to the Government of Cambodia; a loan of SDR1,942,000 and a grant of \$11 million, from ADB's Special Funds resources, to the Government of the Lao People's Democratic Republic (Lao PDR) to finance the current project.<sup>1</sup> In the Lao PDR, the project became effective on 19 September 2012 with the closing date of 28 February 2018. The Department of Planning and Cooperation of the Ministry of Agriculture and Forestry (MAF) is the current project's executing agency. The project implementing agencies are: (i) the Department of Agriculture, MAF; (ii) the Department of Livestock and Fisheries, MAF; (iii) the Department of Food and Drugs, Ministry of Health (MOH); and (iv) the Faculty of Agriculture at the National University of Laos, which reports to the Ministry of Education and Sports.

2. The impact of the current project is agriculture, food, and forestry products from Cambodia and the Lao PDR that are safer, more efficiently produced, and traded in greater quantities. The expected outcome is enhanced sanitary and phytosanitary (SPS) management systems in Cambodia and Lao PDR, which will contribute to intraregional trade, export competitiveness, and health protection. The current project has four outputs: (i) strengthened surveillance and inspection programs, (ii) improved regional cooperation and harmonization, (iii) enhanced education levels and tertiary training of SPS specialists, and (iv) effective project management.

3. This summary will focus on project performance in the Lao PDR for the additional financing, without Cambodia, as the countries' use of project outputs is mutually exclusive. During the midterm review mission in September 2015, the need for additional financing was identified and the Government of the Lao PDR requested additional financing for the project to scale up activities that are performing well to continue strengthening SPS management systems in the Lao PDR. Following the successful midterm review, the responsibility for the ADB loan and grant administration was delegated from ADB headquarters to ADB's Lao PDR Resident Mission on 8 December 2015.

### B. Performance of the Project

#### 1. Delivery of Expected Outputs

4. The current project is performing well and will achieve the expected outputs and outcome. Since project effectiveness, ADB has conducted seven loan and grant review missions and confirmed that (i) project implementation progress has been satisfactory and no substantial changes to the project design and approach are envisioned; (ii) MAF and the implementing agencies have the capacity, experience, and expertise to implement ADB-financed projects; and (iii) the current project interventions have produced tangible benefits to the Lao PDR.

5. As of 31 August 2017, the overall physical implementation progress of the project was estimated at 93% against the elapsed implementation period of 91%. The status of achievement of the project's intended outcome and outputs, based on indicators specified in the design and monitoring framework, is as follows.

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<sup>1</sup> ADB. 2012. *Report and Recommendation of the President to the Board of Directors: Proposed Loans, Grant, and Technical Assistance to the Kingdom of Cambodia and the Lao People's Democratic Republic for the Trade Facilitation: Improved Sanitary and Phytosanitary Handling in Greater Mekong Subregion Trade Project*. Manila.

6. **Outcome. Enhanced sanitary and phytosanitary management systems.** Five outcome indicators were identified to measure the achievement of the current project's objective by February 2018. As of 31 August 2017, the project has achieved all five performance targets.

7. **Three crop or product-specific market access agreements based on new pest and/or disease information.** The project overachieved this performance target. With project support, the Lao PDR developed and updated pest lists for 11 crops. These led to five market access agreements signed with the People's Republic of China (PRC) for the first time<sup>2</sup> and four formal trade agreements reached with Thailand. As the result, the Lao PDR commenced formal rice exports to the PRC at the end of 2015, amounting to 4,800 tons in 2015, 7,200 tons in 2016, and an estimated 20,000 tons in 2017, providing opportunities for farmers to increase their rice production and incomes.

8. **Effectiveness of animal disease outbreak response.** The focus was on strengthening surveillance by improving the diagnostic and response capacity for priority transboundary animal diseases (foot-and-mouth disease and classical swine fever), including the development and introduction of vaccination, movement restrictions, and quarantine measures in the pilot provinces of Savannakhet and Xiengkhuang. The improved disease outbreak response is evident in the successful management of two foot-and-mouth disease outbreaks in 2015 and three in 2016.

9. **Effectiveness of food hazard response (product, violation, dispossession, compliance, enforcement, knowledge gained through training).** Four study tours to the PRC, Thailand, and Viet Nam on food safety control systems and risk categorization have been undertaken. As of 31 August 2017, 20 training courses on food safety, covering hazard response and enforcement, have been conducted. Biannual food safety surveillance and inspection plans have been developed and are being implemented in three target provinces. The improved food hazard response capacity is evident in the successful management of several poisoning outbreaks in various provinces. As of 31 August 2017, 4,714 food samples (against the target of 4,000) have been collected and tested for borax, formalin, coliform, and used cooking oil contamination, of which only about 12% tested positive for these contaminants compared with 30% in previous years.

10. **Tourist establishments and food processing enterprises in three major centers graded on good hygiene and manufacturing practices.** A food safety audit of 360 tourists and food processing enterprises and restaurants, using scorecards in the three target provinces, commenced in April 2017 and will be completed by the end of 2017. Training of tourist establishments and food processing enterprises and restaurants on good hygiene practices, food safety handling, and good manufacturing practices was completed. A tourist enterprise audit and grading system was pilot tested. The project design and monitoring framework target for this is 1,260 enterprises, a combined target with Cambodia. However, because of the limited capacity of the component implementation unit (CIU) for food safety, specifically constraints in the number of food safety and grading inspectors available, the project was not able to achieve this target. By the end of 2017, 200 establishments in Cambodia and 360 in the Lao PDR would be graded on good hygiene and management practices.

11. **Greater Mekong Subregion trading partners regard the Lao People's Democratic Republic's plant, animal, and food sanitary and phytosanitary data and practices as more reliable.** Comprehensive pest information was uploaded to the International Plant Protection

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<sup>2</sup> Memorandums of understanding on phytosanitary import conditions for rice, watermelons, banana, cassava, and corn.

Convention website and shared with regional trading partners. Information on foot-and-mouth disease outbreaks was reported to the World Organization for Animal Health (OIE) and counterparts in neighboring countries, an indication of the Lao PDR's reliability in reporting such occurrences. Information on food positioning and contaminated imported food products was shared with the public and countries in the region through the International Food Safety Authorities Network.

12. **Output 1: Strengthened surveillance and inspection programs.** Surveillance plans for plant health, animal health, and food safety have been developed and are being implemented. Upgrading laboratories for plant health, animal health, animal feed and products, and food safety has been completed and all are operationalized.

- (i) **Programmed annual surveys of pest and disease information for priority crops are in place.** Sixteen pest surveys have been completed, and have resulted in the finalization of pest lists for rice, corn, banana, cassava, watermelon, tobacco, sorghum, sacha inchi, Job's tears, bloom grass, and rubber. An annual survey is being conducted for updating the pest lists.
- (ii) **Surveillance of transboundary animal diseases established in two provinces.** A surveillance plan for transboundary animal disease control, with vaccination, movement restrictions, and quarantine, has been developed and rolled out in the two target provinces of Savannakhet and Xiengkhouang. Ten villages each in four districts of the two provinces have been selected to establish pilot disease control zones. Provincial and district surveillance teams have been trained in basic field epidemiology, and sampling and testing procedures. Vaccinations have been carried out in high-risk areas chosen for disease control zones. A total of 2,808 samples have been collected and tested from cattle, buffalos, and pigs; and 5,723 animals have been vaccinated.
- (iii) **Risk-based, programmed annual food safety surveillance and inspection established.** A risk categorization framework has been prepared. Biannual food safety surveillance and inspection plans have been developed based on food safety hazards identified. The surveillance and inspection programs are being implemented in the three target provinces of Vientiane Capital, Luang Prabang, and Champasak. Under the tourist industry support program, a tourist enterprise audit and grading system was pilot tested. An audit of enterprises and restaurants using the scorecards is being implemented in the three target provinces and will cover 360 enterprises by the end of 2017.
- (iv) **National food laboratories selectively upgraded.** Laboratory equipment was provided for the national food safety laboratory. A mobile food safety laboratory is operational. As of 31 August 2017, 4,714 samples (against a target of 4,000) of processed foods were collected and tested for contamination.

13. **Output 2: Improved Regional Cooperation and Harmonization.**

- (i) **Active participation in regional cooperation through sharing data and annual reporting.** Active participation in the Southeast Asia China Food and Mouth Disease (SEACFMD) project, International Food Safety Authorities Network (INFOSAN), and Association of Southeast Asian Nations (ASEAN) Rapid Alert System for Food and Feed (ARASAFF) has been pursued under the project. MAF is actively involved with OIE and SEACFMD in relation to the management of foot-and-mouth disease and classical swine fever. The INFOSAN team was set up in 2013 with a focal point in the MOH. The ARASAFF team was established and is

led by the Bureau of Food Inspection, MOH. Information was shared with and reported to these agencies regularly.

- (ii) **Bilateral working groups held, topics discussed, and agreements reached.** Nine bilateral working group meetings on the plant health program were conducted (six with the PRC, one with Thailand, and two with Viet Nam) to exchange pest lists and pest reports. Eight bilateral working group meetings were conducted under the animal health program (three with Thailand, three with Viet Nam, and two with the PRC) to discuss and agree on transboundary animal control measures along the borders and improve technical collaboration. Under the food safety program, six bilateral working group meetings were conducted (three with Viet Nam, two with Thailand, and one with the PRC).

14. **Output 3: Enhanced education levels and university training of sanitary and phytosanitary specialists.** All activities under this output have been completed.

- (i) **Teaching and laboratory facilities upgraded.** The construction of teaching facilities, including demonstration rooms and a laboratory, was completed in December 2015 with a government contribution for furniture and air conditioners. Laboratory equipment has been procured and installed, and laboratories are operational. With project support, the Faculty of Agriculture, National University of Laos can enroll 120 students, an increase from 43 students before project support.
- (ii) **Plant pest and disease, animal pest and disease, and food safety curricula upgraded, with associated teaching materials produced.** Curricula for the bachelor of science in plant protection, bachelor of veterinary public health, and bachelor of science in agricultural economics and food technology were revised and approved by the Ministry of Education and Sports in October 2015. Training materials were finalized and are being used by students in the 2017 academic year.

15. **Output 4: Effective project management.** Effective project management was listed as an output of the original project. The project has been fully staffed and operational since 2013, with financial management, monitoring, and evaluation systems in place. The executing and implementing agencies have organized monthly meetings to follow up on project implementation progress, and discuss issues encountered and agree on common solutions to ensure project activities are implemented as scheduled. Project financial statements have been audited annually; and auditor's reports and project quarterly reports have been submitted to ADB on time.

## 2. Satisfactory Implementation Progress

16. The performance of the current project is *on track*. As of 31 August 2017, project implementation progress was 93% against the elapsed implementation period of 91%.

## 3. Satisfactory Compliance with Safeguard Policy Requirements

17. Compliance with ADB's Safeguard Policy Statement (2010) and gender requirements is satisfactory. The current project is classified category C for impacts on the environment, involuntary resettlement, and indigenous peoples. During project implementation, no negative environmental, resettlement, or indigenous peoples impacts were encountered as a result of project activities. All civil works were small-scale and were on existing facilities and locations.

18. The current project is categorized as some gender benefits. Gender analysis was conducted during project preparation. Targets for women's participation in training were set and

included in the design and monitoring framework and loan covenants. Sex-disaggregated data collection was integrated into the project's monitoring and evaluation system. Gender targets are being met. As of 31 August 2017, 370 (56%) out of 660 participants in food safety handling and good manufacturing practices training were females (target 30%), 40% of participants in SPS training were females (target 30%), and more than 50% of project management unit (PMU) and CIU staff are women (target 30%).

#### 4. Successful Management of Risks

19. **Lack of sustainability of project achievements.** Government budget allocation for covering recurrent costs and systems maintenance is imperative for maintaining project sustainability. MAF prepared and approved the project's annual operational plan and budget. The plan included the operational costs required for laboratory and surveillance operation and maintenance, which were included in the MAF and MOH public investment programs for 2015–2020.

20. **Weak staff capacities (quantity and quality) to conduct technical project activities (including at provincial level).** A project management consultant team was mobilized in November 2013, 2 months after project effectiveness, to provide support and training to the PMU on overall project management including monitoring, evaluation and reporting, financial management, and procurement. A technical consultant team was mobilized in May 2013 to provide formal and on-the-job training for technical staff in each CIU, provincial surveillance teams, and staff at the border checkpoints. Technical staff was assigned to work together with the consultants. Technical guidelines and manuals were developed and are being used. Each CIU has developed a work plan, which is being implemented effectively.

21. **Weak institutional and staff capacities to implement the project in compliance with ADB requirements for project administration, financial management, and procurement.** At project inception, briefing and training were conducted for PMU and CIU staff on project management, financial management, monitoring and evaluation, and procurement based on government and ADB requirements. International and national consultants were recruited to assist and provide on-site coaching to PMU staff on project management, financial management, procurement, and project monitoring and evaluation. ADB's Lao PDR Resident Mission provided needs-based training for PMU staff on procurement, financial management, and disbursements.

#### 5. On Track Rating

22. The current project has been rated *on track* by ADB's project performance rating system since its effectiveness.

#### C. Conclusion

23. The current project meets the requirements for additional financing stipulated in the Operations Manual<sup>3</sup> because it is performing well in terms of implementation progress, contract awards, and disbursements. The project is *on track* in achieving the expected outputs and outcome specified in the project design and monitoring framework, and will close as scheduled by February 2018.

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<sup>3</sup> ADB. 2008. Classification and Graduation of Developing Member Countries. *Operations Manual*. OM A1/BP. Manila.