

439065-13
 PD-ADD-415-81

AID 1020-25 (7-68)			SECURITY CLASSIFICATION			001 PROJECT NUMBER		
PROJECT APPRAISAL REPORT (PAR)			Unclassified			439-11-190-065, 6		
(U-446) See M.O. 1026.1								
002 PAR	MO.	DAY	YR.	003 U.S. OBLIGATION SPAN		004 PROJECT TITLE		
AS OF:	12	01	69	FY 68	Thru FY 75	A.I.D. Reference Center Room 1656 NS Agriculture Development Organization		
006 COOPERATING COUNTRY - REGION - AID/W OFFICE						1004 13p		
Laos								

006 FUNDING TABLE

AID DOLLAR FINANCING-OBLIGATIONS (\$000)	TOTAL	CONTRACT (NON-ADD)	PERSONNEL SERVICES			PARTICIPANTS		COMMODITIES		OTHER COSTS	
			AID	PASA	CONTRACT	DIR. PASA	CONTRACT	DIR. PASA	CONTRACT	DIR. PASA	CONTRACT
CUMULATIVE NET THRU ACTUAL YEAR (FY 1969)	2,385	510	129	-	372	10	-	2,178	-	23	168
PROPOSED OPERATIONAL YEAR (FY 1970)	698	175	95	-	170	38	-	371	-	19	5
CCC VALUE OF P.L. 480 COMMODITIES (\$000)			Thru Actual Year			Operational Year Program					
			-0-			-0-					

007 IMPLEMENTING AGENCY TABLE

If contractors or participating agencies are employed, enter the name and contract or PASA number of each in appropriate spaces below; in the case of voluntary agencies, enter name and registration number from M.O. 1551.1, Attachment A. Enter the appropriate descriptive code in columns b and c, using the coding guide provided below.

TYPE CODE b	TYPE CODE c	a. IMPLEMENTING AGENCY	TYPE CODE		d. CONTRACT/PASA/VOLAG NO.	e. LEAVE BLANK FOR AID/W USE
			b.	c.		
1. U.S. CONTRACTOR	0. PARTICIPATING AGENCY	None				
2. LOCAL CONTRACTOR	1. UNIVERSITY					
3. THIRD COUNTRY CONTRACTOR	2. NON-PROFIT INSTITUTION					
4. PARTICIPATING AGENCY	3. ARCHITECTURAL & ENGINEERING					
5. VOLUNTARY AGENCY	4. CONSTRUCTION					
6. OTHER:	5. OTHER COMMERCIAL					
	6. INDIVIDUAL					
	7. OTHER:					

PART I - PROJECT IMPACT

I-A. GENERAL NARRATIVE STATEMENT ON PROJECT EFFECTIVENESS, SIGNIFICANCE & EFFICIENCY.

This summary narrative should begin with a brief (one or two paragraph) statement of the principal events in the history of the project since the last PAR. Following this should come a concise narrative statement which evaluates the overall efficiency, effectiveness and significance of the project from the standpoint of:

- (1) overall performance and effectiveness of project implementation in achieving stated project targets;
- (2) the contribution to achievement of sector and goal plans;
- (3) anticipated results compared to costs, i.e., efficiency in resource utilization;
- (4) the continued relevance, importance and significance of the project to country development and/or the furtherance of U.S. objectives.

Include in the above outline, as necessary and appropriate, significant remedial actions undertaken or planned. The narrative can best be done after the rest of PART I is completed. It should integrate the partial analyses in I-B and I-C into an overall balanced appraisal of the project's impact. The narrative can refer to other sections of the PAR which are pertinent. If the evaluation in the previous PAR has not significantly changed, or if the project is too new to have achieved significant results, this Part should so state.

008 NARRATIVE FOR PART I-A (Continue on form AID 1020-25 I as necessary): Narrative in original PAR is pertinent. Please see 009 on page 2 and the following paragraph for advancements since the original PAR submission.

1) Overall performance and effectiveness of project implementation in achieving project targets: ADO has progressed at approximately the same rate of growth as in the period previous to the last PAR. The year 1969 has been a period of consolidation for ADO with regard to management procedures. Accounting and reporting systems have

MISSION DIRECTOR APPROVAL →	SIGNATURE	DATE
	<i>[Signature]</i>	December 30, 1969

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 SECURITY CLASSIFICATION

PAR CONTINUATION SHEET

This sheet is to be used for any Narrative Sections for which sufficient space has not been provided on the form. Identify each narrative by its Part and Section Designation.

been revised and efficiency increased. A formal inservice training program has been initiated to upgrade personnel. Sale of fertilizer approached 2200 tons in 1969 as compared with 900 tons in the previous year. Wet season 1969 production loan collections achieved a 94% repayment rate, with most uncollectable loans being attributed to inaccessibility of villages because of insecurity. The Vientiane Plain actually had a 100% repayment rate on production loans. An experiment with consumption and advanced on paddy rice purchase contracts proved less successful with approximately 25% still uncollected. Repayment is anticipated on these loans during early 1970 as the new harvest is marketed. This experience once again reaffirms the principle of not extending unsecured cash loans to subsistence farmers. This has become a policy of the ADO credit program. Please see additional comments under item 012 on page 3.

2) Contribution to achievement of sector and goal plans: The role of ADO in the overall agriculture development program plan remains essentially the same as reported in the original PAR

3) Anticipated results compared to costs: The most important result is the continued development of marketing and agriculture credit systems as noted in (1) above. Financially, ADO kip expenditures for FY-69 reached K.528,799,656, just short of the projected level of 530 million (\$1,060,000). Income reached 522 million kip by the end of the fiscal year but inventories of unsold rice more than made up for the deficit in the projected annual income level. Also, ADO is still attracting contributions from other countries. Japan is expected to increase its share.

4) Continued relevance: The relevance of ADO in the Agriculture development program of Laos continues to have increasing importance. At the time of this writing, a revised Project Agreement is being prepared within the Mission which reemphasizes the role of agri-business in the development process and gives ADO an even greater importance in terms of overall RLG and USAID commitment.

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PART I-B - PROJECT EFFECTIVENESS

I-B-1 - OUTPUT REPORT AND FORECAST - (See detailed instructions)

DE D. J/W E LY	2. This section is designed to record progress toward the achievement of each project output target which was scheduled in the PIP, Part II. Where progress toward a target is significantly greater or less than scheduled, describe reason(s) beneath the target. ORIGINAL PIP WAS SUBMITTED FOLLOWING FIRST PAR. THIS TABLE IS REVISED TO AGREE WITH PIP.	ACTUAL AND PLANNED OUTPUTS (ALL DATA CUMULATIVE)				6. PROJECTED TOTAL FOR PROJECT LIFE
		3 ACTUAL CUM. TO DATE	4. AS OF PRIOR JUNE 30		5 PLANNED BY NEXT JUNE 30	
			a. PLANNED	b. ACTUAL		
	Number of trained credit agents on board	80	80	75	100	200
	Publicity campaign (billboards, handbills, radio programs)	(campaign is on schedule)				
	Number of farmers' credit associations established (before phase-out)	1000	1500	1000	2000	5000
	Direct fertilizer sales (metric tons/year) to dealers (village merchants under contract)	3200	4500	2000	6500	10,000*** see note
	Number of retail outlets established	100	150	100	120	200
	Tool sales (value in kip @500 k = \$1)	13 mil.	13 mil.	11 mil.	13 mil.	23 mil.
	Equipment sales (value in kip @500 k = \$1)	40 mil.	65 mil.	30 mil.	55 mil.	250 mil.
	Phase out all direct merchandising activities	non - quantifiable - on schedule				
	Value of rice to be bought and sold on market	600 mil.	400 mil.	350 mil.	1,200 mil.	3,900
	Warehousing capacity on hand (for paddy rice)	5400 MT	5340 MT	4740 MT	6000	50,000
	Milling capacity at ADO's disposal (MT/Day)	100 MT	60	40	150	250
	Number of trained rice purchasing agents on board (Number of farmers' Promotion Credit Associations)	25	30	20	50	150
	(Combined with "farmers' credit associations above)					
	*** There will be more ADO fertilizer sales than this estimate if the market is not adequately serviced by private dealers.					

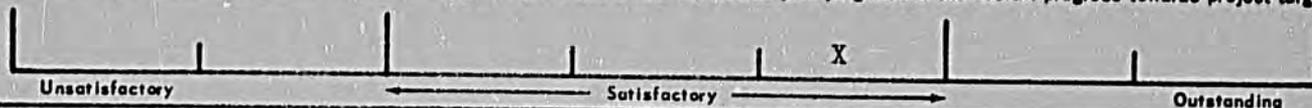
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PART I-B - Continued

010

B.2 - OVERALL ACHIEVEMENT OF PROJECT TARGETS

Place an "X" within the bracket on the following seven-point scale that represents your judgment of the overall progress towards project targets:



PART I-C - PROJECT SIGNIFICANCE

011

C.1 - RELATION TO SECTOR AND PROGRAM GOALS (See detailed instructions M.O. 1026.1)

This section is designed to indicate the potential and actual impact of the project on relevant sector and program goals. List the goals in col. b and rate potential and actual project impact in cols. c and d.

a. CODE NO. (AID/W USE ONLY)	SCALE FOR COLUMN c: 3= Very Important; 2= Important; 1= Secondary Importance SCALE FOR COLUMN d: 3= Superior/Outstanding; 2= Adequate/Satisfactory/Good; 1= Unsatisfactory/Marginal	c. POTENTIAL IMPACT ON EACH GOAL IF PROJECT ACHIEVES TARGETS	d. ACTUAL IMPACT ON GOAL TO DATE RELATIVE TO PROGRESS EXPECTED AT THIS STAGE
b.	SECTOR AND PROGRAM GOALS (LIST ONLY THOSE ON WHICH THE PROJECT HAS A SIGNIFICANT EFFECT)		
	(1) To strengthen the domestic Lao economy and also to save foreign exchange through increasing agricultural production	3	2
	(2) To develop AOC into an agriculture development institution capable of promoting: 1) an efficient marketing system adapted to Laos which can provide production inputs and dispose of agriculture surplus; 2) an efficient system of farm credit; 3) and 3) temporary ventures such as limited and high priority land development projects where no other organization is capable of the urgent development work required.	3	2
X	3) To help establish a broad base of popular support for the RLG by improving the economic lot of the people, especially by increasing the returns to farmers.	3	2

For goals where column c. is rated 3 or 2 and column d. is rated 1, explain in the space for narrative. The narrative should also indicate the extent to which the potential impacts rated 3 or 2 in column c. are dependent on factors external to the achievement of the project targets, i.e., is there a substantial risk of the anticipated impact being forestalled by factors not involved in the achievement of project targets. If possible and relevant, it also would be useful to mention in the narrative your reading of any current indicators that longer-term purposes, beyond scheduled project targets, are likely or unlikely to be achieved. Each explanatory note must be identified by the number of the entry (col. b) to which it pertains.

012 NARRATIVE FOR PART I-C.1 (Continue on form AID 1020-25 1):

Narrative in original PAR remains applicable, with the following additional comments.

(2) A pilot project will be undertaken in the 1969-70 dry season introducing fertilizer sales and distribution by a private dealer (ESSC) in the Pakse area. AOC will provide some credit to the farmers making purchases from the commercial supplier.

During the previous dry season about 200 hectares of Nam Tan project land were completely cleared and assigned to farmers. Self-help clearing work was completed by the villagers on an additional 100 hectares. USAID had to fund Kip 15,000,000 for the logging operation which was not planned as it was originally thought that the logging operation would pay for itself through sale of logs. Increased effort by the contractor using additional equipment and by Rural Development Division is expected to result in the complete clearing of 600 hectares in 1970.

PART I-C - Continued

C.2 - GENERAL QUESTIONS

These questions concern developments since the prior PAR. For each question place "Y" for Yes, "N" for No, or "NA" for Not Applicable in the right hand column. For each question where "Y" is entered, explain briefly in the space below the table.	MARK IN THIS COL.
013 Have there been any significant, unusual or unanticipated results not covered so far in this PAR?	N
014 Have means, conditions or activities other than project measures had a substantial effect on project output or accomplishments?	Y
015 Have any problems arisen as the result of advice or action or major contributions to the project by another donor?	N
016 If the answer to 014 or 015 is yes, or for any other reason, is the project now less necessary, unnecessary or subject to modification or earlier termination?	N
017 Have any important lessons, positive or negative, emerged which might have broad applicability?	Y
018 Has this project revealed any requirement for research or new technical aids on which AID/W should take the initiative?	N
019 Do any aspects of the project lend themselves to publicity in newspapers, magazines, television or films in the United States?	Y
020 Has there been a lack of effective cooperating country media coverage? (Make sure AID/W has copies of existing coverage.)	N
021 <u>NARRATIVE FOR PART I-C.2</u> Identify each explanatory note by the number of the entry to which it pertains. (Continue on form AID 1020-25 1 as necessary):	

014 In addition to the items mentioned in the previous PAR, one important factor contributing to the general success of the ADO program is the unusually favorable weather conditions in the past two years. High crop yields and the resulting optimism of farmers must to a large extent be attributed to weather. The net effect of ADO within this general atmosphere of success is difficult to measure. A large unanswerable question is: how much fertilizer would farmers buy if there were a drought?

017 This is not a new lesson but one relearned by ADO with regard to making unsecured cash loans to subsistence farmers. Don't do it unless there is a soft loan policy with a poorer repayment record acceptable to the lending organization.

019 Same as last PAR

PART II - IMPLEMENTATION REPORT

II-A - STATUS OF SCHEDULE

022 A-1 - INDIVIDUAL ACTIONS (See detailed instructions M.O. 1026.1). This is a listing of major actions or steps which were scheduled for physical start or continuing implementation in the reporting period as reflected in the Project Implementation Plan, Part I.

PIP ITEM NO.	MAJOR ACTIONS OR STEPS; CAUSES AND RESULTS OF DELAYS; REMEDIAL STEPS	(b) STATUS - PLACE AN "X" IN, ONE COLUMN		
		(1) BEHIND SCHEDULE	(2) ON SCHEDULE	(3) AHEAD OF SCHEDULE
	ORIGINAL PIP WAS SUBMITTED FOLLOWING THE FIRST PAR. THIS TABLE IS REVISED TO AGREE WITH THE PIP.			
	<u>ESTABLISHING RURAL CREDIT SYSTEM:</u>			
1.	Send group of credit agents to Bangkok for training once a year (Thai Bank changed schedule hence there is delay)	X		
2.	Recruit and train 1000 Part-Time Commissioned Sales and Rice Buying Agents.		X	
3.	Launch continuing publicity campaign to promote formation of farmers' associations and hold series of farmer seminars		X	
4.	Install automatic data processing system to handle credit accounts (Postponed until manual procedures are improved)	X		
5.	Form Production Credit Associations through which all credit sales will be made.		X	
6.	Launch 1969 rainy season sales program and continue each year.		X	
7.	Follow-up meetings with farmers' Production Credit Association on their responsibilities.		X	
8.	Collection campaign on dry and rainy season loans (continuous)		X	
9.	Nation-wide publicity campaign on benefits of farmers' associations; continuing for life of project.		X	
10.	Recruit 100 new credit agents and train in-country (concentrating on recruits with high potential which are difficult to find)	X		
11.	Arrange with international fertilizer and insecticide suppliers details of logistics and credit procedures for 1970 rainy season sales campaign			X
	<u>ESTABLISHING MARKETING SYSTEM FOR INPUTS:</u>			
12.	Conclude contracts with 150 consignment merchants by end FY '69 (delayed schedule by shifting emphasis to commission agents for present time)	X		
13.	Sell as much fertilizer from ADO stocks as possible till stocks exhausted.		X	
14.	Encourage the establishment of commercial dealerships		X	

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PART II - IMPLEMENTATION REPORT

II-A - STATUS OF SCHEDULE

022 A-1 - INDIVIDUAL ACTIONS (See detailed instructions M.O. 1026.1). This is a listing of major actions or steps which were scheduled for physical start or continuing implementation in the reporting period as reflected in the Project Implementation Plan, Part I.

(a) PIP ITEM NO.	MAJOR ACTIONS OR STEPS; CAUSES AND RESULTS OF DELAYS; REMEDIAL STEPS	(b) STATUS - PLACE AN "X" IN, ONE COLUMN		
		(1) BEHIND SCHEDULE	(2) ON SCHEDULE	(3) AHEAD OF SCHEDULE
	to take over the fertilizer trade.			
15.	Sell the tools through consignment merchants until tool business can be phased over to private channels.		X	
16.	Sell donated pumps and agricultural equipment (slower sales than anticipated)	X		
17.	Hold training seminars for ADO merchants (yearly) (see PIP item 17 - temporary deemphasis)	X		
18.	Train mechanics to service equipment donated by Japanese Government.		X	
19.	Publicize ADO's market development program in business community.		X	
20.	Cease handling fertilizer and insecticide directly. Leave this area to private dealers serving as agents of international suppliers.		X	
	<u>ESTABLISH IMPROVED MARKETING SYSTEM FOR SURPLUS PRODUCTION:</u>			
21.	Periodically conclude contracts with USAID for milled rice.			X
22.	Construct new field storage rice warehouses as necessary to support marketing program.		X	
23.	Lease, buy, or contract for rice milling capacity.		X	
24.	Hire rice purchasing agents on commission basis.		X	
25.	Make advance contracts for rice; ADO gives advance payment (experimental program)		X	
26.	Begin buying rice and collecting loan in kind.		X	
27.	Mill paddy rice and make deliveries to USAID.		X	
28.	Borrow 85,000,000 kip from USAID as one-year loan to finance additional marketing activities (experimental program)		X	
29.	Hire adequate rice purchasing agents to allow extensive direct ADO/farmer contact.		X	

PART II - Continued

023 II-A.2 -- OVERALL TIMELINESS

In general, project implementation is (place an "X" in one block):

BLOCK (c): If marked, place an "X" in any of the blocks one thru eight that apply. This is limited to key aspects of implementation, e.g., timely delivery of commodities, return of participants to assume their project responsibilities, cooperating country funding, arrival of technicians.

(a) On schedule	
(b) Ahead of schedule	
(c) Behind schedule	X
(1) AID/W Program Approval	
(2) Implementing Agency (Contractor/Participating Agency/Voluntary Agency)	
(3) Technicians	
(4) Participants	
(5) Commodities (non-FFF)	
(6) Cooperating Country	
(7) Commodities (FFF)	
(8) Other (specify):	

II-B - RESOURCE INPUTS

This section appraises the effectiveness of U.S. resource inputs. There follow illustrative lists of factors, grouped under Implementing Agency, Participant Training and Commodities, that might influence the effectiveness of each of these types of project resources. In the blocks after only those factors which significantly affect project accomplishments, write the letter P if effect is positive or satisfactory, or the letter N if effect is negative or less than satisfactory.

1. FACTORS-IMPLEMENTING AGENCY (Contract/Participating Agency/Voluntary Agency)

024 IF NO IMPLEMENTING AGENCY IN THIS PROJECT. PLACE AN "X" IN THIS BLOCK:	X	032 Quality, comprehensiveness and candor of required reports	
025 Adequacy of technical knowledge		033 Promptness of required reports	
026 Understanding of project purposes		034 Adherence to work schedule	
027 Project planning and management		035 Working relations with Americans	
028 Ability to adapt technical knowledge to local situation		036 Working relations with cooperating country nationals	
029 Effective use of participant training element		037 Adaptation to local working and living environment	
030 Ability to train and utilize local staff		038 Home office backstopping and substantive interest	
031 Adherence to AID administrative and other requirements		039 Timely recruiting of qualified technicians	
		040 Other (describe):	

2. FACTORS-PARTICIPANT TRAINING

041 IF NO PARTICIPANT ELEMENT IN PROJECT. PLACE AN "X" IN THIS BLOCK:		TRAINING UTILIZATION AND FOLLOW UP	
PREDEPARTURE		052 Appropriateness of original selection	P
042 English language ability		053 Relevance of training for present project purposes	P
043 Availability of host country funding		054 Appropriateness of post-training placement	P
044 Host country operational considerations (e.g., selection procedures)		055 Utility of training regardless of changes in project	
045 Technical/professional qualifications		056 Ability to get meritorious ideas accepted by supervisors	P
046 Quality of technical orientation		057 Adequacy of performance	P
047 Quality of general orientation	P	058 Continuance on project	P
048 Participants' collaboration in planning content of program		059 Availability of necessary facilities and equipment	P
049 Collaboration by participants' supervisors in planning training	P	060 Mission or contractor follow-up activity	P
050 Participants' availability for training	P	061 Other (describe):	
051 Other (describe):			

PART II-B - Continued

3. FACTORS-COMMODITIES

PLACE AN "X" IN APPROPRIATE BLOCK:	062 FFF	063 NON-FFF	X	064 NO COMMODITY ELEMENT		072 Control measures against damage and deterioration in shipment.	
065 Timeliness of AID/W program approval (i.e., PIO/C, Transfer Authorization).					P	073 Control measures against deterioration in storage.	
066 Quality of commodities, adherence to specifications, marking.					P	074 Readiness and availability of facilities.	P
067 Timeliness in procurement or reconditioning.					P	075 Appropriateness of use of commodities.	P
068 Timeliness of shipment to port of entry.						076 Maintenance and spares support.	
069 Adequacy of port and inland storage facilities.						077 Adequacy of property records, accounting and controls.	
070 Timeliness of shipment from port to site.						078 Other (Describe):	
071 Control measures against loss and theft.							

Indicate in a concise narrative statement (under the heading a. Overall Implementation Performance, below) your summary appraisal of the status of project implementation, covering both significant achievements and problem areas. This should include any comments about the adequacy of provision of direct hire technicians as well as an overall appraisal of the comments provided under the three headings (b, c & d) which follow. For projects which include a dollar input for generation of local currency to meet local cost requirements, indicate the status of that input (see Detailed Instructions).

Discuss separately (under separate headings b, c & d) the status of Implementing Agency Actions, Participants and Commodities. Where above listed factors are causing significant problems (marked N), describe briefly in the appropriate narrative section: (1) the cause and source of the problem, (2) the consequences of not correcting it, and (3) what corrective action has been taken, called for, or planned by the Mission. Identify each factor discussed by its number.

079 NARRATIVE FOR PART II-B: (After narrative section a. Overall Implementation Performance, below, follow, on form AID 1020-25 I as needed, with the following narrative section headings: b. Implementing Agency, c. Participants, d. Commodities. List all narrative section headings in order. For any headings which are not applicable, mark them as such and follow immediately below with the next narrative section heading.)

a. Overall Implementation Performance. Narrative in original PAR is pertinent. Also, please note the additional accomplishments discussed under 008(1) on pages 1 and 1A and the training and growth of ADO staff as noted in item 107 on page 9.

b. Implementing Agency. Not applicable.

c. Participants. Comments in original PAR remain applicable.

d. Commodities. Comments in original PAR remain applicable.

PART III - ROLE OF THE COOPERATING COUNTRY

The following list of illustrative items are to be considered by the evaluator. In the block after only those items which significantly affect project effectiveness, write the letter P if the effect of the item is positive or satisfactory, or the letter N if the effect of the item is negative or less than satisfactory.

SPECIFIC OPERATIONAL FACTORS:

080 Coordination and cooperation within and between ministries.	P
081 Coordination and cooperation of LDC gov't. with public and private institutions and private enterprise.	P
082 Availability of reliable data for project planning, control and evaluation.	N
083 Competence and/or continuity in executive leadership of project.	N
084 Host country project funding.	
085 Legislative changes relevant to project purposes.	
086 Existence and adequacy of a project-related LDC organization.	N
087 Resolution of procedural and bureaucratic problems.	
088 Availability of LDC physical resource inputs and/or supporting services and facilities.	N
089 Maintenance of facilities and equipment.	
090 Resolution of tribal, class or caste problems.	
091 Receptivity to change and innovation.	P
092 Political conditions specific to project.	
093 Capacity to transform ideas into actions, i.e., ability to implement project plans.	
094 Intent and/or capacity to sustain and expand the impact of the project after U.S. inputs are terminated.	P
095 Extent of LDC efforts to widen the dissemination of project benefits and services.	P
096 Utilization of trained manpower (e.g., participants, counterpart technicians) in project operations.	P
097 Enforcement of relevant procedures (e.g., newly established tax collection and audit system).	
098 Other:	

HOST COUNTRY COUNTERPART TECHNICIAN FACTORS:

099 Level of technical education and/or technical experience.	
100 Planning and management skills.	N
101 Amount of technician man years available.	N
102 Continuity of staff.	
103 Willingness to work in rural areas.	
104 Pay and allowances.	N
105 Other:	

In the space below for narrative provide a succinct discussion and overall appraisal of the quality of country performance related to this project, particularly over the past year. Consider important trends and prospects. See Detailed Instructions for an illustrative list of considerations to be covered.

For only those items marked N include brief statements covering the nature of the problem, its impact on the achievement of project targets (i.e., its importance) and the nature and cost of corrective action taken or planned. Identify each explanatory note.

106 NARRATIVE FOR PART III (Continue on form AID 1020-25 i).

Narrative in original PAR remains pertinent. Please make following addition:

There is little likelihood that quality management personnel will be assigned by the RLG in the near future. Therefore, ADO's emphasis is on recruiting Lao with good potential and providing them with both formal and in-service training while they gain experience with the ADO operation.

PART IV - PROGRAMMING IMPLICATIONS

IV-A - EFFECT ON PURPOSE AND DESIGN

Indicate in a brief narrative whether the Mission experience to date with this project and/or changing country circumstances call for some adjustment in project purposes or design, and why, and the approximate cost implications. Cover any of the following considerations or others that may be relevant. (See Detailed Instructions for additional illustrative considerations.) Relevant experience or country situations that were described earlier can simply be referenced. The spelling out of specific changes should be left to the appropriate programming documents, but a brief indication of the type of change contemplated should be given here to clarify the need for change. For example, changes might be indicated if they would:

1. better achieve program/project purposes;
2. address more critical or higher priority purposes within a goal plan;
3. produce desired results at less cost;
4. give more assurance of lasting institutional development upon U.S. withdrawal.

107 NARRATIVE FOR PART IV-A (Continue on form AID 1020-25 I):

Narrative in original PAR is applicable with following additional comment. ADO's administrative capabilities are being improved. A search for a manager with many years of experience pertinent to ADO's operations has been successful and he will report to the Mission in December 1969. Staff has also been expanded by the addition of Americans for training officer, chief accountant, administrative officer and crop marketing advisor. A TCN accountant has also been added. Lao assistants are receiving on-the-job training in each of these positions. Emphasis on training Lao staff is continuing as evidenced by the chart on page 2. In this way ADO is giving special concern to the development of its own institutional structure as it promotes the growth of agriculture marketing and credit systems in Laos.

IV-B - PROPOSED ACTION

108 This project should be (Place an "X" in appropriate block(s)):

1. Continued as presently scheduled in PIP.	
2. Continued with minor changes in the PIP, made at Mission level but requiring submission of an amended PIP to AID/W.	X
3. Continued with significant changes in the PIP (but not sufficient to require a revised PROP). A formally revised PIP will follow.	
4. Extended beyond its present schedule to (Date): Mo. ___ Day ___ Yr. ___ Explain in narrative, PROP will follow.	
5. Substantively revised. PROP will follow.	
6. Evaluated in depth to determine its effectiveness, future scope, and duration.	
7. Discontinued earlier than presently scheduled. Date recommended for termination: Mo. ___ Day ___ Yr. ___	
8. Other. Explain in narrative.	

109 NARRATIVE FOR PART IV-B:

Proceed in accordance with the PIP and the comments made under item 107 above.

SUMMARY OF PROJECT APPRAISAL REPORT

Country - Laos

Project - Agriculture Development Organization

Project Number - 439-11-190-065.5

Date of PAR - 12/1/69 (Second PAR)

U.S. Obligation Span - FY 1966 - FY 1975

U.S. Obligations - Through FY 1969, \$2,885,000; FY 1970, \$698,000

Progress (since previous PAR dated 1/1/69)

1. A formal inservice training program has been initiated to upgrade personnel. (P 1A)
2. Sale of fertilizer approached 2,200 tons in 1969 as compared with 900 tons in the previous year. (P 1A)
3. Wet season 1969 production loan collections achieved a 94% repayment rate, with most uncollectable loans being attributed to inaccessibility of villages because of insecurity. The Vientiane Plain actually had a 100% repayment rate on production loans. An experiment with consumption and advances on paddy rice purchase contracts proved less successful with approximately 25% still uncollected. Repayment is anticipated on these loans during early 1970 as the new harvest is marketed. This experience once again reaffirms the principle of not extending unsecured cash loans to subsistence farmers. This has become a policy of the ADO credit program. (P 1A)
4. Financially, ADO kip expenditures for FY 1969 reached K.528,799,656, just short of the projected level of 530 million (\$1,060,000). Income reached 522 million kip by the end of the fiscal year but inventories of unsold rice more than made up for the deficit in the projected annual income level. Also, ADO is still attracting contributions from other countries. Japan is expected to increase its share. (P 1A)
5. A pilot project will be undertaken in the 1969-70 dry season introducing fertilizer sales and distribution by a private dealer (ESSO) in the Pakse area. ADO will provide some credit to the farmers making purchases from the commercial supplier. (P 3)
6. During the previous dry season about 200 hectares of Nam Tan project land were completely cleared and assigned to farmers. Self-help clearing work was completed by the villagers on an additional 100 hectares. USAID had to fund Kip 15,000,000 for the logging operation which was not planned as it was originally thought that the logging operation would pay for itself through sale of logs. Increased effort by the contractor using additional equipment and by Rural Development Division is expected to result in the complete clearing of 600 hectares in 1970. (P 3)
7. In addition to the items mentioned in the previous PAR, one important factor contributing to the general success of the ADO program is the unusually favorable weather conditions in the past two years. High crop yields and the resulting optimism of farmers must to a large extent be attributed to weather. The net effect of ADO within this general atmosphere of success is difficult to measure. A large unanswerable question is: how much fertilizer would farmers buy if there were a drought. (P 4)

8. ADO's administrative capabilities are being improved. (P 9)

Problems

Same as in previous PAR with exception to improvements noted above.

Lessons Learned

A lesson relearned by ADO with regard to making unsecured cash loans to subsistence farmers -- don't do it unless there is a soft loan policy with a poorer repayment record acceptable to the lending organization. (P 4)

AID/W Follow-up

None. To be handled at Mission level.

EA/DP, 4/27/70