

**United Nations Development Programme**  
조선민주주의인민공화국주재  
유엔개발계획대표부



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Pilot Project to Support Socio-Economic Development of Rural Areas  
in DPRK (SED Project)  
[Award ID: 00074805, Project ID: 00087041]

# **TERMINAL EVALUATION REPORT**

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## **EXECUTIVE SUMMARY**

This report is the result of the terminal evaluation mission which took place from August to October 2019, including the field mission in DPRK from 29 August to 6 September 2019. It was conducted in accordance with the principles outlined in the UNEG ‘Ethical Guidelines for Evaluations’.

### **1. Project Summary Table**

<b>Project Title</b>	Pilot Project to Support Socio-Economic Development of Rural Areas in DPRK (SED)		
ATLAS Business Unit, Award #, Project ID	Business Unit: UNDP DPRK Award ID: 00074885; Project ID: 00087041		
Country:	DPRK	Date project manager hired:	July 2014
Region:	Northeast Asia	Planned closing date:	30-06-2016
Project Document (ProDoc) Signature Date:	28-06-2013	If revised, proposed closing date:	30-06-2018, extended to 31-12-2018
Executing Agency/ Implementing Partner:	UNDP DPRK CO		
Other project partners:	<ul style="list-style-type: none"> <li>• UNIDO</li> <li>• Ministry of Local Industries (MoLI, former Ministry of Food and Consumer Goods Industry/MoFCGI)</li> <li>• State Commission of Science and Technology (SCoST)</li> <li>• Central Bureau of Statistics (CBS)</li> <li>• Local counterparts at the county level</li> </ul>		
<b>Project Financing</b>	<i>at Senior Management/Executive Board Level endorsement (US\$)</i>	<i>Actual at Terminal Evaluation (US\$)</i>	
[1] UNDP contribution:	US\$4,328,309 until July 2016 but with approval from UNDP HQ, to July 2018 with an increased project funding to US\$5,240,309	US\$3,089,778	
[2] Government:	In-kind contributions	In-kind contributions	
[3] Other partners:			
Project Total Costs	US\$5,240,309	US\$3,089,778 (end of 2018)	

### **2. Project Description in Brief**

The *Pilot Project to Support Socio-economic Development of Rural Areas in DPRK* (SED Project) formally commenced in June 2013 after two years of consultations, review, project formulation design and approval process. The UNDP implemented the SED Project in direct implementation modality (DIM), with UNIDO as a responsible party for some components through a UN Agency to UN Agency Contribution Agreement/Letter of Agreement (LOA) signed in November 2016.

Although initially designed as a development intervention, the SED Project delivered strong humanitarian-oriented activities that addressed the evolving priority needs of people in DPRK through an integrated intervention that was aimed at improving nutritional security and overall poverty alleviation.

The SED Project was also implemented in partnership with local counterparts at the county level targeting village communities (Ri) in rural/semi-rural areas of DPRK under the overall coordination of the DPRK National Coordinating Committee (NCC) for UNDP and technical guidance/support of line ministries of the Government of DPRK.

In line with DPRK national development priorities, the 2011-2015 UNDP DPRK CPD and the 2011-2016 United Nations Strategic Framework (UNSF), the SED Project was formulated with the following outcome:

***Increased standards of living and sustainable livelihood***

In order to achieve the above outcome, three outputs were expected from the SED project:

- Output 1: Employment and income generation in rural community industries promoted for more productive activities and improved standards of living and livelihoods
- Output 2: Household food security and income generating activities enhanced for rural population
- Output 3: Rural production systems and institutions strengthened for efficient utilization of livelihood

Three counties (Unryul, Unchon and Hoechang) were selected as pilot areas considering their status of underdevelopment, energy sufficiency, landscape diversity, raw materials availability, geographical accessibility (for project management and monitoring), and local authorities' commitment to the project.

Adopting DIM, the SED Project's Implementing Agency was UNDP, in partnership with the UNIDO, and as well as with the following project partners:

- Ministry of Local Industries (MoLI, former Ministry of Food and Consumer Goods Industry/MoFCGI)
- State Commission of Science and Technology (SCoST)
- Central Bureau of Statistics (CBS)
- Local counterparts at the county level

### 3. Evaluation Rating Table

Overall Results/Impact:		Achievement Rating
<u>Outcome</u> Increased standards of living and sustainable livelihood		<b>U</b>
<u>Output 1</u> Employment and income generation in rural community industries promoted for more productive activities and improved standards of living and livelihoods	<u>Output 1.1</u> Production improvement of selected local food processing factories  Responsibility: UNIDO	<b>HU</b>
	<u>Output 1.2</u> Wild fruit and edible plant processing for nutrition improvement and food security in the mountainous areas of DPRK  Responsibility: UNDP	<b>MU</b>
	<u>Output 1.3</u> Enabling the production and processing of protein-rich plants  Responsibility: UNDP	<b>MS</b>
<u>Output 2</u> Household food security improved and income generating activities enhanced for rural population	<u>Output 2.1</u> Capacity Building of Local Raw Material Bases for Soap and Paper Production  Responsibility: UNIDO	<b>HU</b>
	<u>Output 2.2</u> Production revitalization of Daily-Necessities Factories based on their own raw material bases  Responsibility: UNIDO	<b>HU</b>
<u>Output 3</u> Rural production systems and institutions strengthened for efficient utilization of livelihood	<u>Output 3.1</u> Capacity building of community organizations for more productive activities and improved income generation  Responsibility: UNIDO	<b>HU</b>
	<u>Output 3.2</u> Support to community capacity for knowledge dissemination for local sustainable production  Responsibility: UNDP	<b>S</b>

#### Evaluation Ratings:

<b>Sustainability Ratings</b>			
<b>Category</b>	<b>Rating</b>	<b>Category</b>	<b>Rating</b>
Relevance	S	Basic Human Needs	U
Effectiveness	U	Gender Equality	U
Efficiency	U	National Ownership	S
<b>Sustainability Ratings</b>			
<b>Category</b>	<b>Rating</b>	<b>Category</b>	<b>Rating</b>
Sustainability	MU		

<b>Evaluation Ratings for Overall Results/Impact, Relevance, Effectiveness, Efficiency, Basic Human Needs, Gender Equality, National Ownership</b>	<b>Sustainability ratings:</b>
6. Highly Satisfactory (HS): no shortcomings 5. Satisfactory (S): minor shortcomings 4. Moderately Satisfactory (MS): moderate shortcomings 3. Moderately Unsatisfactory (MU): significant shortcomings 2. Unsatisfactory (U): major shortcomings 1. Highly Unsatisfactory (HU): severe shortcomings	4. Likely (L): negligible risks to sustainability 3. Moderately Likely (ML): moderate risks 2. Moderately Unlikely (MU): significant risks 1. Unlikely (U): severe risks
Additional ratings where relevant: Not Applicable (N/A) Unable to Assess (U/A)	

#### **4. Summary of Conclusions and Lessons Learned**

##### **Conclusion #1: Significant External Factors/Challenges Severely Affected the Project**

Significant external factors/challenges beyond the control of the UNDP DPRK CO were encountered throughout the entire SED project implementation, and severely affected the timely delivery of project outputs and eventual achievement of results.

In particular, the evaluation highlights below the 3 external factors/challenges as the main constraints.

- a. 6 Rounds of UN Sanctions on DPRK (2016-2017)
- b. Extended Period of Banking Channel Disruptions/Closure
- c. Lengthy negotiation and clearance process for the partnership agreement between UNDP and UNIDO

Lesson Learned:

1. The SED Project in its entirety demonstrated a need for:
  - long-term scenario planning together with annual reviews for change of direction to form part of risk assessment and mitigations in special country context projects.
  - organizational policies and procedures should also be continuously reviewed and updated, if necessary, to resolve and minimize issues in the event of changing unforeseen circumstances
2. Implementing the SED Project without a concluded partnership agreement resulted in the significant delays to commencing project activities and the inability to deliver the desired results.

This also caused potential economic hardship/losses and productivity/job losses to the 3 counties who were understandably frustrated and disappointed by the prolonged delay of the partnership agreement, which was only finalized 2.5 years after the commencement of the SED Project.

Partnership agreements with clear roles and responsibilities should therefore be concluded before commencement of any projects.

##### **Conclusion #2: The UNDP SED Project Team Has Done Their Best But There is Room For Improvement**

The SED Project Team has done their best to implement the project despite encountering the significant external factors/challenges beyond the control of the UNDP DPRK CO throughout the entire SED Project. However, improvements could still be further strengthened in the following areas:

1. Continuous monitoring on the use of delivered items and assets in full operations and production to determine actual result
2. Field data collection to measure effectiveness and impact on completed project activities
3. For improved financial accountability and transparency purposes, future financial reporting of UNDP DPRK projects should track and report progress of consistent financial figures i.e. budget and actual expenditure for consistent comparisons between budget and actual expenditure, as per project outputs, based on project CDRs, for submissions of all relevant project reports (including annual progress reports), to demonstrate the efficient use of funding on project output-based activities.

#### Lesson Learned:

To maintain sustainability and determine any project output/activity effectiveness and impact, even after any formal hand-over and/or completion of project output technical support and assistance, it is important that project teams, during the project duration period, still continue monitoring and reporting on post project initiatives, including the use of the assets and delivered equipment items after handover to project beneficiaries. This would ensure that they are still in sustainable/good working condition when in full operation and in full production to determine the expected impact results.

For improved financial accountability and transparency purposes, financial reporting processes should be consistent, especially on the tracking and reporting of financial figures (budget and actual expenditure) and consistent comparisons between budget and actual expenditure to demonstrate the efficient use of funding on project output-based activities.

#### Conclusion #3: Strong National Ownership is the Key to Overcome Any Difficulties Faced and Achieve Optimum Results

An important result demonstrated in the SED Project was how the intended project outputs address country priorities and also fit within the county development priorities with new strategies and initiatives being planned for sustainable living and livelihoods. This was further strengthened with strong support and commitment from DPRK National/Local Counterparts.

The high level of national and local ownership for the Pistia Centre and Spirulina Centres in Unchon and Unryul Counties (South Hwanghae Province) ensured sustainability and positive environmental impact, despite the SED Project encountering external challenges that severely constrained the project beneficiaries.

#### Lesson Learned:

Strong national ownership through strong support and commitment, accompanied by capacity building and climate change adaptation activities, would play an essential key role to overcome any difficulties faced and achieve optimum results.

**A Success Story: The Case of the Pistia Centre and Spirulina Centre  
in Unryul County (South Hwanghae Province)**

High levels of national/local ownership for the Pistia Centre and Spirulina Centres in Unryul County (South Hwanghae Province) ensured sustainability and positive environmental impact, despite the SED Project encountering external challenges that severely constrained the project beneficiaries. The conceptualization and successful setting-up of the Pistia Centre and Spirulina Centre was due to strong support and commitment from Mr Kim Gwang Chol, Vice-Chairman, Unryul CPC, who was in charge of the organization of the project implementation in the county. The following attributes of strong national/local ownership were displayed:

- **Pro-activeness** - Mr Kim's pro-activeness and strong interest in the Pistia Centre and Spirulina Centre, through joining the project-supported training and other activities, led to his strong advocacy into the CPC to commit to co-financing and co-delivering in building the Pistia Centre and Spirulina Centre
- **Self-belief and motivation** – Mr Kim's long term vision of the Pistia Centre and Spirulina Centre developed self-belief and motivation that the Pistia Centre and Spirulina Centre can be commercially sustainable whilst promoting social well-being of the county people in the long-term
- **Self-determination and self-sufficiency/reliance** – Even though the Spirulina Centre could not yet produce quality products for distribution and human consumption, due to late civil construction and equipment installation resulted from delayed procurement, Mr Kim, on behalf of the county CPC, still has future plans to (1) ensure that the Spirulina Centre would receive the required quality certification and become a profitable business in 5 years' time whilst providing free Spirulina products to pregnant and lactating women in the county for nutrition improvement, (2) to build a bigger Spirulina Centre (3 hectares) in another location to become sustainable while the existing Spirulina Centre will eventually be used for research purposes such as being transformed into a County Centre of Excellence for Spirulina Research, and (3) to further develop Spirulina products such as candies, capsules, drinking juice and powder
- **Taking risks and trying new ways/approaches** – Mr Kim was willing to accept and implement recommendations/suggestions to further innovate and maximize available resources:
  1. to breed mudfish within the Pistia Centre to diversify and enable further growing of pistia to further increase fodder supply
  2. embracing new learnings of the Spirulina Centre from the Study Tour in China and implement similar design concepts within Unryul County



*Visit to the Pistia Centre*



*Visit to the Spirulina Centre*



## 5. Recommendations

The evaluation proposes 6 recommendations for consideration and implementation whereby:

- 4 operational recommendations relate to how the UNDP DPRK CO could further improve the way it operates as an organization

### R1: Develop PRODOCS that take into close consideration the issues faced in special country context like DPRK

PRODOCs should be developed to mitigate issues faced in special country context with the following governance framework:

- Partnership arrangements and the governance modality should be simplified and appropriately led by UNDP with an agency partner or technical working/advisory group (preferably with in-country office presence) to minimize partnership complications. If any partnership agreement is required, this should be concluded with clear roles and responsibilities for accountability purposes, signed and attached as an annex to the signed PRODOC before the commencement of any projects.
- Any technical design specifications/requirements should be appropriately identified and formulated during the fact-finding mission prior to developing the PRODOC.

### R2: Improve financial reporting processes

For improved financial accountability and transparency purposes, UNDP DPRK CO should improve their project financial reporting processes to track and report progress of consistent financial figures i.e. budget and actual expenditure for consistent comparisons between budget and actual expenditure, as per project outputs, based on project CDRs, for submissions of all relevant project reports (including annual progress reports), to demonstrate the efficient use of funding on project output-based activities.

Current project progress reports only contain a CDR as an annex which does not provide a clear picture for comparison of output/activity-based progress/expenditures against the plan/budget.

### R3: Extensive review and update of country office policies and procedures with long-term scenario planning

Numerous external factors/challenges occurred in the period of 2013-2018 which severely constrained the UNDP DPRK CO in successfully delivering the desired results. It is therefore recommended that UNDP DPRK CO should:

- R3.1) work with UNDP Regional HQ to extensively review and update all operational, procurement and financial management policies and procedures to account for all that happened within the 2013-2018 period and appropriately mitigate any future constraints
- R3.2) incorporate extensive long-term scenario planning processes with appropriate risk assessments and counter-measures to ensure that suitable policies and procedures can be implemented to resolve and minimize issues in the event of unforeseen circumstances

#### R4: Developing a robust M&E system at project level

UNDP DPRK CO should develop a robust M&E system at project level with effective monitoring and accountability mechanisms to:

- collect and report real/reliable data during project implementation, including field implementation visits as follow up to programme field monitoring visits, in order to show the results achieved and the impact.
  - continuously monitor and report in the project annual reports on the use of the assets and delivered items, after handover to project beneficiaries, to see the full operation/production in its entirety and also to determine the expected impact results.
- 2 recommendations relate to future directions by building on the successful pilot projects in the SED Project. By doing so, this will further replicate and upscale with a significant focus on humanitarian-oriented interventions to overcome climate change conditions. and improve nutrition and food security in the DPRK.

#### R5: Develop and Implement a Sustainable Production and Consumption Supply Chain

The pilot projects in producing Pistia and Spirulina, together with the potential to produce wild fruits, have the potential to be replicated and upscaled to other provinces within DPRK to improve nutrition and food security. They further demonstrated the need for continuity to enable a complete agriculture/food supply chain for sustainable production and consumption. It is recommended that:

- R5.1) future UNDP DPRK projects should develop and complete the full agriculture/food supply chain, incorporating climate change adaption/resilience capabilities to overcome severe climate change conditions, to upscale and fully commercialize the production of agricultural and food products for increased nutrition and food security in DPRK
- R5.2) UNDP DPRK CO should facilitate knowledge/operational transfer of successful pilot projects (Pistia and Spirulina Centers as key examples) with procedural, operational and hands-on training manuals should be replicated in close partnership with National/Local Counterparts

#### R6: Capacity Building in Sustainable Agriculture, Farming and Food Production Practices

To further improve nutrition and food security, any future projects in DPRK should continue to include capacity building activities at local county and village (Ri) levels such as developing and implementing:

- R6.1) foundational and advanced hands-on/practical courses in sustainable agriculture, farming and food production practices to overcome and adapt to severe climate change
- R6.2) gender mainstreaming activities to assess the capacity needs according to gender requirements, and foundational and advanced hands-on/practical courses specifically relating to enhancing gender equality and improving the women's living and livelihood standards
- R6.3) train-the-trainer courses to transfer knowledge gained from the courses in R6.1 and R6.2 to national/local research institutes, technology and dissemination centres, and vocational skills training schools to increase the training impact in other provinces/counties in DPRK.
- R6.4) study tours for increased exposure to acquiring knowledge in global trends and best practices in other countries of similar context and/or culture to DPRK