

profile

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Democratic People's Republic of Korea Unleashing the entrepreneurial talent of rural household

The Uplands Food Security Project (UFSP) was designed to address food insecurity in resource-poor mountainous areas of four counties in two provinces of the Democratic People's Republic of Korea (D.P.R. Korea). Two of these counties, Samsu and Pungso, are in the far north of the country, in Ryanggang Province; while the other two, Singye and Goksan counties, are located to the south-east of the capital in North Hwangae Province. Implemented between 2001 and 2008, the main component - sustainable crop production systems - introduced new crop rotations and provided agricultural machinery and inputs, mostly fertilizer. Another component aimed at increasing the availability of disease-free potato seeds, which was identified as the key factor in improving potato crop productivity. The project also promoted the plantation of fuelwood lots on sloping land. The most salient feature was a rural credit scheme that benefited 18,000 rural households in 46 cooperative farms (CFs), which allowed the participating families to rear and fatten small animals in cooperation with the CFs. The latter provided young stock to farmers and bought the fattened animals. This component was included in order to increase empowerment, household income and assets, and food security.

Main findings

The project was relevant as it addressed the serious rural poverty prevailing in relatively remote and resource-poor areas of the country. Its design drew lessons from former IFAD-supported operations in D.P.R. Korea, especially with regard to the credit component. However, the clarity and technical soundness of proposed activities was partly compromised by various information gaps at design and limited involvement of local expertise. For instance, project design was unclear regarding the cropping systems to be promoted under the main component, and did not take account of the pervasive soil acidity in most of the participating CFs. As it turned out, crop response to fertilizer applications was constrained because of this phenomenon, which the project did not address. Moreover, project design did not adequately consider communication problems that arose between the project management unit (PMU) and project partners, including IFAD, and did not formalize cofinancing and technical assistance agreements with key project partners. As a result, food-for-work support from the World Food Programme (WFP) did not materialise as foreseen at appraisal; neither did technical assistance from the United Nations Development Programme and the Food and Agriculture Organization of the United Nations.

The impacts achieved in the domains of household assets and income, social capital and empowerment, agricultural productivity and food security were satisfactory, the credit component having played a pivotal role. Over project life, household incomes increased by a factor of two on average, while livestock income – a direct consequence of the credit component – tended to grow more rapidly than farm dividends. The credit component



Photo: Nomindelger Bayasgalanbat

Woman rearing pigs in Sinjong Cooperative Farm



Photo: Liz Kiff

Children at the kindergarten of Hoam Cooperative Farm

PROJECT DATA

Total cost: US\$41.77 million

IFAD loan: US\$24.44 million

Cofinanciers:

- Government: US\$4.44 million
- Beneficiaries: US\$5.71 million
- Cofinanciers: US\$7.81 million

Loan approval: December 2000

Loan effectiveness: January 2001

Original loan closing date: December 2006

Extended loan closing date: December 2008

empowered women in particular, as more than 90 per cent of the loans were underwritten by women, and an entrepreneurial talent was unleashed for running small-scale livestock operations at own risk and responsibility. The impact on natural resources and the environment was evident in the immediate vicinity of the CFs, but unavoidably limited when considering the degree of degradation of sloping land on a broader scale. The project was also able to accommodate changes in institutional and policy matters as the CFs now have a somewhat greater degree of freedom in annual campaign planning, one of the prerequisites for implementation of new crop rotations.

The project has invested in areas with a distinct potential for sustainability, such as new crop rotations,

the technically sound production of disease-free potato seeds, and small livestock breeding and fattening systems that formed a tandem between CFs and households. Increased household incomes and assets are likely to protect the households in CFs from future shock and stress. However, the farm machinery procured by the project is losing its usefulness owing to difficulties in obtaining spare parts and the lack of adequate machinery maintenance capacity. The overall resource base of the CFs is still fragile, and the challenge of producing enough food for the population of D.P.R. Korea is still substantial. The visibly ongoing encroachment of sloping land continues to be a matter of serious environmental concern.

Key recommendations

The design of future interventions in D.P.R. Korea will need to be undertaken with the participation of target populations and in close collaboration with national and international rural development partners. This will ensure that projects/programmes respond to the needs of the rural poor and propose sound, sustainable technical solutions to rural development constraints. The Government has indicated its willingness to grant full access to information required for project design, but IFAD will be expected to mobilize the necessary resources to enhance its knowledge and understanding of the country context and needs of the rural poor. Preparation of the new results-based Country Strategy Opportunities Programme will provide a good opportunity to start building up a solid knowledge base.

Partnerships are the key to development cooperation with D.P.R. Korea, not only for designing interventions but also during the entire project implementation, monitoring and evaluation process. IFAD will accordingly pay particular attention to enhancing its partnerships with national/international institutions, and the Government will actively encourage such partnerships and promote the sharing of information between the PMU and project partners. Project partnerships, including cofinancing arrangements, will be formally established as early as possible in the project design process, with a clear distribution of responsibilities among partners.

As far as the design and implementation of any future IFAD-funded interventions in D.P.R. Korea is concerned, greater attention will need to be paid to the environmental, technical and economical sustainability of rural development efforts and achievements. In particular, environmental components need to focus not only on reforestation and the protection of sloping lands, but also on sustainable, profitable use and management. The Government will review the challenges of working the land and maintaining soil fertility in a context of very limited access to imported inputs, machinery and energy, as an opportunity for testing and developing alternative production arrangements. Several technical options to increase and maintain soil fertility on CFs and sloping lands will be further explored by field trials, and validated and agreed as best practices for wide dissemination. This sub-recommendation will be initiated with the support of an IFAD grant.

Considering its performance and the important impact it has had on incomes, food security and the empowerment of rural households, the household credit scheme will be scaled up to other CFs in D.P.R. Korea, possibly under a new IFAD intervention. However, attention will be paid to challenges relating to technical and market risks and limited opportunities for reinvestment of additional income. Care should be taken to ensure that loans are used to promote innovation and the diversification of household-level activities, albeit in accordance with Government policies. Savings will be promoted, while the Central Bank will ensure that the value of savings is safeguarded against economic measures such as administered price increases. Economic analyses will be used to determine the appropriate level at which investments and activities are promoted (individual, sub-work team, work team or CF level) and credit to CFs and households accompanied by sound technical, managerial and marketing advice. Last but not least, the Central Bank will improve its system of reporting to the PMU and project partners, and farm-level bookkeeping systems will be standardized.



Further information:

Democratic People's Republic of Korea, Uplands Food Security Project, Interim Evaluation, Report #2026-KP, June 2009, Office of Evaluation, IFAD, Via Paolo di Dono 44, 00142 Rome, Italy. The full report and profile are available online at www.ifad.org/evaluation; email: evaluation@ifad.org.

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