

# ELE of the NSP Thailand Rice - Management Response

## 1. Background

In 2021, the NSP Thailand Rice was subject to an independent mid-project Evaluation and Learning Exercise (ELE) conducted by an evaluation team led by AMBERO Consulting. The ELE report is published on the NAMA Facility's [website](#).

The NSP and TSU provided responses to the recommendations made by the evaluation team in their ELE report.

## 2. Response to Recommendations

Recommendations		Management Response	
Lesson 1: Reaching 100,000 farmers is likely to take more time than foreseen	Activities	Responsible Entity	Timeline
<b>Recommendation 1:</b> Seek discussion with the NAMA Facility regarding (no cost) extension or reduce target values.	Recommendation rejected. An amendment request has been submitted by the NSP in July 2021, in which the NSP has requested the adjustments of the target settings for mandatory core indicator M2 (people benefitting from NSPs) and the mandatory core indicator M5 (mobilised private finance). An adjustment of target values has not been granted, as the overall ambition of the NSP shall not be lowered, as is the general practice at NAMA Facility. While an extension has not been granted as the NSP is currently in mid-implementation, a (no cost) extension could potentially be requested at a later stage of the Implementation of the NSP (tbc).	NSP	The amendment request was granted in November 2021
<b>Recommendation 2:</b> Explore options with the NAMA Facility to re-direct some funds from the Financial to the Technical Component.	Recommendation rejected. Financial components are crucial to spur transformational change and ensure the scalability and replication of the NSPs approaches. Re-directing funds from the Financial Component and the Technical Component would weaken this approach and is generally not practiced by the NAMA Facility.	TSU	
<b>Recommendation 3:</b> Allow more time during potential future project planning processes.	Recommendation rejected. NAMA Facility grants a generous amount of time to NSPs to conduct their Detailed Preparation Phase. Depending on the Call the NSP is part of the time period is between 18 and 10 months. NAMA Facility does not grant longer time periods	TSU	The NAMA Facility working paper "Harnessing the mitigation potential of the Agriculture, Forestry & Other Land Use (AFOLU)

	<p>to NSPs to ensure that the ambitious and competitive nature of the NAMA Facility application process remains. Due to the complexity of NSPs in the AFOLU sector, NAMA Facility has undertaken research on NSPs in this sector and has published a <a href="#">paper</a> on lessons learnt to support NSPs in the AFOLU sector.</p>		<p>sector: Lessons learnt from the NAMA Facility Portfolio (2013-2020) has been published in March 2022</p>
<p><b>Lesson 2: Even a 0% interest loan is yet another debt for a farmer.</b></p>			
<p><b>Recommendation 1: Consider supporting the uptake of land laser levelling via a subsidy, though, whether a subsidy suffices to generate uptake cannot be fully predicted by the analysis. Revise the suitability of repayment periods based on rice production cycles in the target region.</b></p>	<p>Recommendation accepted. The NSP has submitted an amendment request in July 2021 to request a re-structuring of the financial mechanism, among other requests. The re-structuring of the financial mechanism and hence, an establishment of a subsidy mechanism has been granted by Donors in November 2021 and is implemented by the NSP. The new financial mechanism will entail two subsidies, one for farmers and one for service providers to ensure both supply and demand within the remaining implementation period. This will ensure the highest probability of successfully introducing and demonstrating the business model.</p>	<p>NSP</p>	<p>The amendment request was granted in November 2021</p>
<p><b>Recommendation 2: Discuss with the NAMA Facility on to what extent supporting collateral for Bank of Agriculture and Agricultural Cooperatives (BAAC) (e.g., through guarantees) for the service providers or even farmers would be an option for the NSP to (a) generate access to finances and (b) reduce investment risk for economically weak entrepreneurs.</b></p>	<p>Recommendation rejected. While the recommendation is valid and reasonable, recommendation 1 of providing a direct subsidy for farmers and service providers is considered to provide stronger incentives for the uptake of land laser levelling, and a combination of the two recommendations is considered to be inefficient.</p>	<p>NSP</p>	
<p><b>Lesson 3: Introducing a new technology in agriculture is likely to need more time for uptake than</b></p>			

<b>anticipated when designing the project</b>			
<b>Recommendation 1: Seek discussion with NAMA Facility regarding (no cost) extension. Allowing for at least one more rice season (2023) to generate uptake should be discussed.</b>	Please see lesson 1, recommendation 1.	NSP	
<b>Recommendation 2: Convince farmers bit by bit, starting with younger farmers.</b>	Recommendation partially accepted. The NSP has followed this approach since inception. The NSP has started with focusing on farmer groups that have a track record of adopting new technologies. Within these farmer groups, all members have been targeted both young and old, female and male farmers. Experience shows that working with farmer groups is more effective than targeting individual farmers.	NSP	Ongoing, until July 2023.
<b>Recommendation 3: Allow more time during any potential future project planning processes. This should help ensure causal pathways are valid and properly articulated.</b>	Please see lesson 1, recommendation 3.	TSU	
<b>Lesson 4: Access to finance for farmers needs to be linked to their financial literacy</b>			
<b>Recommendation 1: Assess options to address aspects of financial literacy and economic farming within the NSP.</b>	Recommendation partially accepted. The NSP is practicing the following approach: When promoting mitigation technologies, the financial aspects/benefits of adopting the technologies have always been emphasized, as this is the main incentive for adoption. However, training farmers in bookkeeping and accounting is beyond the scope of the NSP. The implementing partner of the NSP, the Bank for Agriculture and Agricultural Cooperatives (BAAC) provides service providers with financial advice when taking investment decisions.	NSP	Ongoing, until July 2023.
<b>Recommendation 2: Encourage future/ other NSPs in agricultural smallholder settings to consider the need</b>	Recommendation accepted. The need to improve financial literacy and increase awareness of financial products in smallholder settings is a crucial barrier witnessed in agricultural settings globally and needs to be addressed by NSPs. Due	TSU	The NAMA Facility working paper "Harnessing the mitigation potential of the

<p><b>for parallel activities on financial literacy</b></p>	<p>to the complexity of NSPs in the AFOLU sector, the Technical Support Unit undertook research on the NAMA Facility portfolio and current trends and has published a paper to share lessons learnt and recommendations to support NSPs in the AFOLU sector. One recommendation (amongst others) is the need for technical assistance and awareness raising activities to support financial literacy, especially in smallholder settings.</p>		<p>Agriculture, Forestry &amp; Other Land Use (AFOLU) sector: Lessons learnt from the NAMA Facility Portfolio (2013-2020) has been published in March 2022</p>
<p><b>Lesson 5: Access to finance in the agricultural sector needs to be based on a thorough analysis of credit worthiness and credit willingness of farmers and service providers.</b></p>			
<p><b>Recommendation 1: Encourage other NSPs in agricultural smallholder settings to consider the eligibility/willingness of farmers/service providers to access offered financial products.</b></p>	<p>Recommendation accepted. A thorough assessment of target groups, including the willingness to invest into the offered financial products forms a crucial part of the Detailed Preparation Phase. Therefore, NSPs are requested to conduct a market analysis and a target group analysis. As financial literacy and financial awareness is especially critical in agricultural and smallholder settings, this particular recommendation has been elaborated in the NAMA Facility <a href="#">paper</a> on lessons learnt on the AFOLU sector. It is expected that these lessons learnt and recommendations support NSPs in the AFOLU sector. Further, the lessons learnt are distributed in NAMA Facility to ensure support for other NSPs in the sector at NAMA Facility.</p>	<p>TSU</p>	<p>The NAMA Facility working paper "Harnessing the mitigation potential of the Agriculture, Forestry &amp; Other Land Use (AFOLU) sector: Lessons learnt from the NAMA Facility Portfolio (2013-2020) has been published in March 2022</p>
<p><b>Lesson 6: Working on climate change issues in the agricultural sector needs an adaptation and a livelihood component.</b></p>			
<p><b>Recommendation 1: Keep tailoring your messages about the NSP benefits to the audience: focus on mitigation towards the NAMA Facility and adaptation towards farmers.</b></p>	<p>Recommendation accepted. The NSP is practicing the following approach: When promoting mitigation technologies towards farmers (and service providers) two aspects are emphasised: i) the financial benefits of adopting the technologies; ii) the climate resilience (adaptation) benefits of adopting the technologies.</p>	<p>NSP</p>	<p>Ongoing, until July 2023.</p>

<p><b>Recommendation 2: Explore options for inclusion of adaptation/ livelihood aspects within the NAMA Facility. Pure mitigation projects do not address the immediate needs of (smallholder) farmers regarding climate change.</b></p>	<p>Recommendation partially accepted. While achieving mitigation is the clear focus and priority for NAMA Facility funding, it is clear that in many cases adaptation and improving livelihoods are crucial stepping stones to achieve behavioural change and hence, mitigation. Therefore, NAMA Facility welcomes NSPs, which propose realistic, yet ambitious set-ups that incorporate the specific challenges at hand. As long as the focus and the final goal of the intervention is to achieve the mitigation of greenhouse gas emissions, activities to strengthen adaptation and improve livelihoods are welcome at NAMA Facility.</p>	<p>TSU</p>
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