

Nepal

Improved Seeds for Farmers Programme

Mid-Term Review Report

Main report and appendices

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Contents

Abbreviations and acronyms	ii
Abbreviations and acronyms	ii
A. Introduction	1
B. Overall assessment of Project implementation	1
C. Outputs and outcomes	3
D. Implementation progress	19
E. Fiduciary aspects	24
F. Sustainability	28
G. Conclusion	29

Appendices

Appendix 1: Summary of project status and ratings	31
Appendix 2: Updated logical framework	35
Appendix 3: Summary of key actions to be taken within agreed timeframes	39
Appendix 4: Physical progress measured against AWPB including RIMS indicator:	61
Appendix 5: Financial: Actual financial performance by financier; by component and disbursements by category	67
Appendix 6: Compliance with legal covenants: Status of implementation	69
Appendix 7: Knowledge management: Learning and Innovation	73
Appendix 8: Audit Log	75
Appendix 9: Revised KUBK Budget	83

Abbreviations and acronyms

AEC	Agro Enterprise Centre
AWPB	Annual Workplan and Budget
DAO	District Administration Office
DADO	District Agriculture Development Office
DDC	District Development Committee
DCCI	District Chamber of Commerce and Industry
DLSO	District Livestock Services Office
FFS	Farmers' Field School
FNCCI	Nepal Federation of Chamber of Commerce and Industry
ISFP	Improved Seeds for Farmers Programme
M&E	Monitoring and Evaluation
MIS	Management Information System
MOAD	Ministry of Agriculture and Development
MOU	Memorandum of Understanding
NACCFL	National Agricultural Cooperative Central Federation
NAB	National Seeds Board
NARC	Nepal Agricultural Research Council
PDO	Programme Development Objective
PIM	Programme Implementation Manual
PIU	Programme Implementation Unit
PMO	Programme Management Office
PSC	Programme Steering Committee
PY	Programme Year
RIMS	Result and Impact Management System
RSTL	Regional Seed Testing Laboratory
SFACL	Small Farmer Agro Cooperative Limited
SFDB	Small Farmer Development Bank
SIMES	Standard IFAD Monitoring and Evaluation System
SWOT	Strength Weakness Opportunity and Threat Analysis
VDC	Village Development Committee

A. Introduction¹

1. A Mission from the International Fund for Agriculture Development (IFAD) visited Nepal from February 29th to March 22nd, 2016 to undertake the Mid-Term Review of the Improved Seeds for Farmers Programme (ISFP) or the Kisankalagi Unnat Biu-Bijan Karyakram (KUBK). The objective of the mission was to review the overall performance of the Programme and assess the extent to which there may be need to make changes and reallocate resources to ensure that the Programme is able to meet its objectives given some of the delays and constraints faced during implementation. The mission reviewed management and implementation arrangements including financial management, procurement and monitoring and evaluation of KUBK. The mission examined progress achieved under each component, identified key constraints and has made recommendations to facilitate the achievement of overall Programme objectives.

2. The mission met with the Secretary of Ministry of Agriculture Development (MOAD), Secretary, Ministry of Livestock Development (MOLD) other senior officials of the two Ministries, Agriculture Enterprise Centre (AEC), the representatives of the Ministry of Finance (MoF), the Small Farmer Development Bank (SFDB), Nepal Agriculture Cooperative Central Federation Limited (NACCFL), Nepal Agricultural Research Council (NARC), Seed Quality Control Centre (SQCC), National Seed Company (NSC) and Heifer International (HI). The mission had detailed meetings with the Programme Management Office (PMO) staff in Butwal and the Programme implementation Units (PIUs) at the district level. Meetings were also held with the District Agriculture Development Offices (DADOs), District Livestock Service Offices (DLSOs), District Chamber of Commerce and Industries (DCCI) and other implementing partners. Field visits were undertaken to the Programme districts of Rukum, Salyan, Pyuthan, Gulmi and Arghakhanchi. The mission met with seed production groups/cooperatives, dairy cooperatives, participants of Farmer Field Schools, Small Farmer Agriculture Cooperatives Limited (SFACL), agro-vets, and men and women from the farming community.

3. This Aide Memoire reflects the mission's key findings and recommendations which were shared with the Government at a wrap up meeting chaired by the Secretary of MOAD and participants from the MOLD, MoF and other key stakeholders on March 20th, 2016. While major recommendations have been agreed and discussed with the PMO and other partners, this document is subject to formal confirmation by the Government of Nepal and IFAD. The revised budget is attached at Appendix 9 and will need to be approved in a revised financing agreement between a GON and IFAD. A summary of the key changes before and after the MTR are attached at Appendix 10.

4. The mission would like to record its deep appreciation for the support and hospitality provided by the Government of Nepal and Programme staff in the field.

B. Overall assessment of Project implementation

5. **Objective:** The development objective of the Programme is to improve rural household incomes through sustainable, market-driven agricultural productivity improvements. The Programme aims at developing the formal seed sector as well as improving smallholder livestock through improved partnership with the private sector in the hills of Nepal. The Programme is designed to support two key aspects of agriculture sector hampering productivity: the improvement of formal seed sector (cereals and vegetables) and improvement of smallholder livestock (goats and dairy) in order to increase income of the poor rural households. The Programme consists of four components which include (i) Support to the Extension of the Formal Seed Sector; (ii) Smallholder Livestock Development; (iii) Local Entrepreneurship and Institutional Development and (iv) Programme Management and Coordination.

¹ Mission composition: Ms. Maliha Hamid Hussein (Mission Leader), Mr M. Alam (co-Mission Leader and Infrastructure Specialist) Ms. Wafaa El Khoury (Agriculture Crop Specialist-IFAD), Mr. Antonio Rota (Livestock Specialist -IFAD), Ms. Girija Srinivasan (Microfinance and Grants Specialist), Mr Pradeep Shrestha (Financial Management Specialist), Mr Rajendra Adhikari (Procurement Specialist), Mr. Tommaso Alacevich (M&E Specialist –TCIN, FAO), Mr Bashu Aryal (Targeting, Gender and Knowledge Management- CPO IFAD) and Ms. Aissa Toure (Programme Officer- South Asia Cluster). Ms. Lakshmi Moola (Country Programme Manager-IFAD) participated in the mission at critical stages and provided overall guidance and support to the team.

6. The Programme is a USD 59.7 million operation to be implemented over seven years in six districts in the mid-west and western regions of the country. A supplementary loan of USD 5 million was allocated as a top-up for rural finance activities under the third component of the Programme. A total of 75,000 households are expected to benefit from improved crop or livestock activities of the Programme. As a result of the investment in the seed and livestock industry, the potential impact on the wider farming community of the hill region is expected to indirectly benefit an additional 75,000 households. However, the estimates by the MTR mission indicate that there could be a significant increase in the number of households benefiting directly from the livestock and rural finance components and the number of beneficiaries could exceed these targets by at least 20 percent.

7. At design, a second phase was expected to upscale the results achieved to more districts from year 4 onwards. The decision was to be subject to availability of co-financing raised during phase one and taken after the mid-term review.

8. **Implementation progress:** The MTR Mission has rated the overall performance of the Programme as **Moderately Satisfactory**. KUBK has disbursed 16.78% of the IFAD funds and achieved a beneficiary outreach of 47% of the directly targeted households including 79% women by the end of February 2016. In terms of the outcome targets regarding seed production, KUBK has identified opportunities for investing in farmer groups and cooperatives which has the potential for achieving the production targets of vegetable and cereal seeds provided there is focus on quality of seed production and its marketing. The overall capacity of production groups needs to be strengthened and seed quality and marketing has to be improved by close coordination among the different implementing partners. Arrangements have also been made to increase the productivity of the livestock sector and increase dairy production and marketing although the activities have been slow to take off.

9. The MTR believes that the slow disbursement rate is due mainly to factors beyond the control of the Programme management. Factors responsible for the limited use of funds include the late start of the Programme, over-estimation of unit costs at design, exchange rate gains, inability to spend capacity building funds due to the Government of Nepal's restriction on the use of loan funds for this purpose, inability to recruit FAO and Heifer International due to GON procurement rules and suspension of the livestock component at the outset of the programme.. The limited staff capacity, mobility and low level of operational support have also contributed to the slow pace of progress in the field.

10. The MTR believes that the critical changes required for the Programme to succeed include much greater support to the seed producer and livestock groups in the social mobilization and technical aspects and provision of greater support to SFACLs for capacity building and on-lending funds. The MTR Mission is suggesting to GON and IFAD management to approve the following measures to facilitate the implementation of the Programme; (i) revision of budget to reflect the improved understanding of KUBK requirements; (ii) delinking of the pari passu basis of financing from the IFAD loan and grant funds (while still maintaining the ratio at the Category and Loan/Grant level) to enable use of funds more flexibly; (iii) use of the IFAD grant to expand Heifer International to supplement its own resources to enable the expansion of its social mobilization for livestock and seeds groups and technical support for the livestock component to all six districts; (iv) use of grant resources for capacity building of Programme staff implementing KUBK; (v) expedite the amendment of financing agreement which will enable SFDB to provide on-lending funds from the IFAD top up loan as well as reallocation of part of the existing loan funds for the purpose; (vi) decentralization of the process of approval of grants; (vii) strengthening the training programme of the farmer producing groups; (viii) greater focus on marketing of cereal and vegetable seeds and adopting a more market-led approach; (ix) enhanced coordination between the programme partners especially NARC, SQCC, DLSOs and the private sector; (x) enhanced support to the Agriculture Extension Centres and (xi) increased support for mobility at the field level.

11. The MTR also examined the scope for the expansion of the Programme to the additional four Terai districts suggested in the Programme Appraisal Design document as a Phase II possibility. While this expansion was contingent on the availability of additional co-financing which has not materialized, the MTR examined the possibility of expansion in deference to the Government of Nepal's preference. The MTR reviewed the rationale for expansion and assessed that a market led approach that focuses very specifically on the production of quality foundation seed for wheat and paddy could prove to be a cost-effective approach which could justify expansion to some of the Terai districts. This expansion

would not apply to any other component of the Programme except to meet the shortfall in demand for foundation seed production for wheat and paddy. The expansion would be private sector led and would be undertaken in close collaboration with NARC and SQCC. An estimation of the financial partnership requirements for this focused and strategic approach to expansion has been included in the revised KUBK budget.

12. The MTR believes that with suitable course corrections and reallocation of the budget, the Programme can be put on track to deliver on its overall objective and reach the number of farmers originally planned with the anticipated increase in productivity and incomes. A revised budget has been discussed and prepared by the MTR mission in close co-ordination with the PMO. This budget will have to be included in a revised financing agreement between GoN and IFAD. MTR believes that the acceptance of the recommendations outlined here are critical to the success of the Programme and believes that without their implementation, KUBK will be unable to utilize its resources effectively and is unlikely to meet its overall objectives, especially since extensions are no longer an option. In such a situation there is a real danger that IFAD may have to cancel the unutilized resources from both the grant and the loan financing. In such a situation there is a real danger that IFAD may have to cancel the unutilized resources from both the grant and the loan financing. The MTR mission would suggest that IFAD review the capacity of the Programme to use its resources effectively at the next supervision mission. In case the rate of expenditure is still low by the end of the next Financial Year, the MTR recommends that a projection should be made of the actual Programme capacity to use the funds in the remaining Programme period and that any loan and grant funds unlikely to be spent should be cancelled by the end of the next FY (2017/18).

C. Outputs and outcomes

Component 1: Support to the Extension of the Formal Seed Sector.

13. The performance of this component is rated as **Moderately Satisfactory**. This component aims at the increased and improved production of Truthful Labelled (TL) seeds of cereals and vegetables within the target area, and its successful marketing. This component has shown significant increase over the past year in activities to achieve targets, and the staff is commended for their dedication and hard work under difficult conditions in the project area. However, despite the fact that the project is at its mid-term, the mission could not see any concrete outcomes yet, since practically, the previous year should be considered the first actual year of implementation due to delays in initiation of activities. On the other hand, the mission noted some issues in the quality of the activities implemented and weaknesses in responding to them.

Sub-Component 1.1 – Ensuring an effective enabling environment

14. **Improving Policy and Regulations:** The KUBK programme supported and actively participated in the national seed summit that was held at Kathmandu in 2015 during which the action plan for the implementation of Seed Vision 2012-25 was endorsed. A paper on the Prospects and Problems of Seed business in Nepal was presented. A national consultant is presently engaged by the programme for two months to review present seed policy, seed legislation and the regulation system. Further support was provided through KUBK to MoAD for IT facilities and development of web portal and Agriculture Development Strategy (ADS). KUBK is enhancing its collaboration with the Seed Entrepreneurs Association Network (SEAN), which through its representation of private seed sector in the country, is best placed to negotiate the policy and regulatory issues at the national level. The scope of the issues could include resolving critical issues such as the availability of new varieties, reliable breeder and foundation seeds as well as seed inspection and quality control systems in the country and the inclusion of the private sector in the process. The mission also noted that some of the outcomes from the public-private dialogue workshops held in the districts on marketing of seed and livestock products could be very relevant entry points to bring issues from the field to the national policy dialogue on seeds. The MTR recommends that the Programme also utilize the Unilateral Trust Fund modality which allows developing countries to benefit from FAO's technical expertise for policy reform and assisting in the implementation of the ADS. Suitable provision has been made in the budget for the purpose.

15. **Increasing the capacity of the DADOs:** The KUBK programme continued the support to DADOs during 2014/2015, with the construction of new buildings and facilities for the district Agricultural Service Centers (ASC) in Kaporkot (Salyan), Hanshapur (Arghakhachi), Baraula (Pyuthan) and Purkot (Gulmi) and the provision of furniture for the DADO training hall in Gulmi.

Support was also provided through the purchase of a vehicle in Rukum and one motorbike for each programme district. Besides, ITC equipment and operational budgets were provided for enhanced coordination and monitoring of activities. The mission commends the DADO district staff and seed technicians for their dedication in implementing numerous and diverse activities with KUBK target groups in very remote areas with difficult accessibility. To achieve the Programme objectives, the MTR mission recognizes the need to further increase the number of field staff, enhance their mobility through provision of motorbikes, and their motivation through the provision of targeted training and exchange visits.

16. **Improving the seed quality control system:** KUBK supported two Regional Seed Testing Laboratories (RSTL) in Bhairahawa and Nepaljung by providing vehicles and establishment of laboratory buildings with required equipment including germinators, moisture meters, digital balances and microscopes. The programme also supported operational budgets to enable field inspection and testing of seed samples for quality control. Additional human resources will also be provisioned for the RSTLs.

17. Based on the initial results reported by KUBK and discussions with farmers, the volume of losses of quality seeds obtained from the grain produced seems high. This issue has to be urgently addressed to examine the reasons and ensure a minimum marketable surplus to attract the private sector and ensure the viability of the Seed Producer Groups (SPGs). The MTR believes that the poor seed quality observed could be attributed to various factors but the process of seed sampling from the field appears to be the weakest point in the quality control system. Farmer fields are properly inspected by authorized personnel, and the results of seed quality tests of samples are obtained from qualified seed laboratories. However, in most cases, farmers are sending their own samples to the laboratories and neither the actual source of seeds nor the sampling method followed is controlled. Accordingly, at one of the seed companies visited by the mission, seeds obtained from SPGs which passed the quality laboratory test, were being cleaned and packaged, but they had estimated impurity levels of 10% to 15%, some insect infestations and a high proportion of broken seeds. The poor quality observed was most probably the result of improper sampling from the producer groups. RSTL and DADO staff with their field technicians still face a great limitation in human resources to be able to collect field samples themselves for testing. Based on the opportunity provided for in the Seed Regulation of 2013, the mission is hence proposing to support in promoting the services of private seed inspectors who will be accredited by SQCC based on their established protocols. The guidelines prepared by SQCC for that purpose are expected to be approved by the government by June 2016 after which the accreditation procedures will follow.

18. The mission noted also that many of the SPGs already granted sub-projects received only a 2-3 day long training, a duration that is not sufficient to properly produce quality seeds. On the other hand, the mission commends the fact that matching grants provided to SPGs/cooperatives now almost regularly include seed storage facilities that help reduce the postharvest losses and prevent the deterioration of seed quality. as well as irrigation support that is critical for seed production. It was noted however, that TL seed packages sold by agro-vets and seed companies do not always have the proper yellow label which is set by law for TL seeds.

Recommendations Regarding Ensuring an Effective Enabling Environment

Action	Responsibility	Date
Involve SEAN in advocacy of seed policy issues with special emphasis on those issues of relevance for the smallholder farmers and leverage SEAN's negotiating power with Government to reform policy.	PMO, SEAN	Immediate
Support SEAN in capacity building of its members in updating their information on seed quality and the evolving regulation for quality seed production.	SEAN/AEC/PMO	immediate
Assist NARC to produce the required breeder seed and assist in the production of foundation seed by the private sector for supply to the target districts.	PMO/NARC	Immediate
Hire 4 additional seed field technicians for every KUBK district and provide them with motorbikes.	PMO/DADO	AWPB 2016/17

Enhance the motivation of DADO staff through trainings and exchange visits and other capacity building opportunities for which grant funds will be provided by KUBK.	IFAD/MoF/PMO/ DADO	AWPB 2016/17
Increase the buy-in and ownership of project activities by DADO through decentralising some activities such as sub-project approval and management	IFAD/MoF/PMO	AWPB 2016/17
Outsourcing local NGOs through HI for support in FFS.	IFAD/MoAD/HI/ PMO	AWPB 2016/17
Support in the promotion of at least 12 (2 per district) accredited private seed inspectors, by hiring their services in the target areas, providing them with trainings or equipment, etc, once the guidelines prepared by SQCC are endorsed officially by the government.	PMO/SQCC	AWPB 2016/17 once SQCC guidelines officially endorsed
Ensure that only authorized and trained personnel are taking samples from farmers' harvested lots, and encourage the buyers such as PSCs and Agrovets to be proactive in this issue	PMO/DADO/SQ CC	Immediate
Undertake training on seed sampling techniques to all concerned partners (seed technicians, NARC researchers, DADO officers, AEC field catalysts, SPGs, PSCs and agrovets) and include the sampling in the FFS quality seed production curriculum	PMO/DADO/AE C	Immediate

Sub-component 1.2: Improved Seed Production

19. **Breeder and Foundation Seed:** The MoU between MoAD and NARC specified that the latter would provide the foundation seeds needed by KUBK for the production of TL seeds in the target districts. Recognizing the limited human and financial capacities of NARC and the importance of the timely availability of sufficient seeds, support was provided by KUBK to the NARC farms/stations and the Agriculture Farm Palpa and Rukum under DoA farm stations for the production of foundation seed for cereals and vegetable. During the past 2 years, infrastructure support was provided in the establishment of a seed processing plant, threshing floor at Bhairahawa, a storage and plastic house construction at Horticulture Farm Malepatan, and screen house at the Rukum Farm. For the coming year, the construction of a storage house of 10 MT capacity was initiated at the NARC station in Surkhet.

20. In 2014/2015, a total of 111 MT of foundation seed (cereals and vegetables) was produced and during 2015/2016, the planned area to be planted for source seed production is 360ha (350 for cereals and 10 for vegetables). Vegetable foundation seeds have been produced by NARC and DOA research stations, while cereal foundation seeds are often produced by farmer groups, through contract farming arrangements with NARC or SQCC authorised private seed companies. However, NARC is not able to fulfil the growing demands of KUBK for the volume and quality of foundation seeds and alternative channels for the supply of these seeds through the accredited private sector (companies or cooperatives) will be needed. NARC will be supported to focus on the production of quality breeder seed production.

21. **Strengthening seed producer groups and cooperatives:** The use of the grant mechanism seems to be the key output of the KUBK programme. By the end of February 2016, contract agreements had been completed for 122 subprojects on seed production with a total investment of NRs. 228.6 with a grantee contribution of 52% of total investment. The grants are fairly evenly spread in the six target districts. Of the total 122 grant recipients, 89 are farmers' group, 31 are cooperatives, one large seed company and one agro-vet entrepreneur. It is estimated that 6,233 direct beneficiary households participated in the TL seed production through the grants mechanism, which constitutes 57% female, 15.3% Dalit and 25% Janajati. Grants covered infrastructure development including small gravitational flow irrigation schemes rehabilitation and water tanks, storage houses, threshing floors, etc. The grants cover procurement of machinery and equipment for land preparation, cultivation, harvesting and post-harvest processing, including for drying and storage. The grants also

include the provision of source seeds, expenses for the public hearing, trainings in quality seed production, group governance aspects, and some costs for seed quality control (seed testing costs for up to 50 samples, preparation of reports, etc.).

Action	Responsibility	Date
Ensure that immediate action is taken to obtain the needed foundation seeds for the upcoming grants (2016) from the authorized private sector and cooperatives. Identify alternatives in case they are not able to provide the needed quantity in a timely manner. Foundation seed producers in the Terai districts may also be sought for cereal seeds as long as cereal varieties produced are adapted to the hilly areas	PMO/DADO	immediate
For the present planting season of 2016/17, NARC to inform PMO of the quantity of foundation seeds it can provide to KUBK, and the remaining quantities needed will be supplied through purchase of available foundation seeds from the market, and when not available, source seeds would be used for planting of TLS by KUBK beneficiary groups	NARC/PMO	By May 2016
Starting 2017/18 season, the needed foundation seeds will be obtained mainly from SQCC-certified private sector companies or farmer groups and cooperatives certified by SQCC. KUBK will plan for the process and initiate the bidding process from interested private companies, if required, as soon as possible to allow for the production of foundation seeds for the 2017/18 season. Foundation seeds producers in the Terai districts may also be sought for cereal seeds as long as cereal varieties produced are adapted to the hilly areas	PMO/NARC/DADO	By May 2016
Amend the MOU between MoAD and NARC to ensure that NARC is producing the quality breeder seeds and only to a certain extent the foundation seed requested for KUBK. Allocate funds from KUBK would for NARC for that purpose (mainly breeder seed production and some foundation seeds)	MoAD/NARC/PMO	immediate
Ensure clarity in the subcontracting for foundation seeds (who is responsible, how and when to pay them, who takes the product) for ensuring that there are buyers for the foundation seeds produced by the contracted authorized cooperatives	NAC/PMO	On-Going.
KUBK should establish a mechanism for the pricing and delivery of foundation seeds by NARC, the private sector and farmer cooperatives to the beneficiary farmers since the costing of foundation seeds by the private sector is usually higher than that of NARC and seeds are subsidies by the government (details on the requirements of this mechanism are to be found in the technical annex).	PMO/NARC/SEAN	immediate
Ensure that all seed producer groups and cooperatives receiving support in matching grants receive season-long training (FFS) on seed production technologies.	PMO/DADO	On-Going.
Ensure that most sub-project grants starting 2016/17 onwards focus on the production of vegetables and wheat and less so for maize and rice to enable KUBK to reach its targets	PMO/DADO	immediate
Develop a management and quality assurance system for the FFS trainings which includes annual refresher courses for all facilitators and farmers and also adds emerging topics from the field.	PMO/DADO	On-Going.
Ensure that all seed producer groups and cooperatives are supported in their governance and cohesion through training and coaching through Heifer International which is being recommended for the purpose.	IFAD/MoF/PMO	On-Going.
Ensure that AEC plans its activities through set milestones and objectives documenting the impacts and outcomes (amount of seeds of each crop marketed, the value of the market information systems for the producer groups, support to national seed policies, etc. in the KUBK M&E system.	AEC/PMO	immediate

Allow for exchange visits between farmer groups/cooperatives to see good production and governance practices	PMO/DADO	On-Going.
Assess the needs of Private Seed Companies and agrovets and link SPGs to these companies and agrovets through opportunities for collaboration.	AEC/DADO	On-Going.
Undertake annual stakeholder assessments and beneficiary feedback.	AEC/DADO	AWPB 2016/17
Train agrovets in seed production regulations and technologies.	DADO/SQCC	AWPB 2016/17

22. A quick analysis of the 46 sub-projects granted and implemented in FY 2014/15 showed that the actual planted area for seed production is often less than 50% of what was planned in the grant proposal and yields were also lower than the expected level. Based on discussions with beneficiaries in the field and KUBK staff, it seems that the most critical reason for the low area planted is the limited amount of foundation seeds available to the farmer groups and to a lesser extent weather factors such as drought. On the other hand, the reduced level of production is the result both the drought experienced during the critical stages of crop growth and grain-filling, as well as the result of poor cultural practices applied by farmers due to the limited technical training provided to seed producers. Discussion with farmers and field staff revealed that only a limited amount of seeds produced were sold in the market, while the remaining seeds were either bartered or sold to neighbours (informal sector) or consumed within the household. Besides, the mission noted that not all groups are coherent and solid in their governance, and it is suggesting to hire the services of HI in social mobilization and group formation to assist in enhancing the group governance.

23. The farmers are reported to have low holding capacity and need access to ready markets. To be able to achieve its goals, KUBK should urgently resolve the constraint of the availability of foundation seed and to some extent breeder seeds, enhance the training provided to seed producers such that all SPGs grant recipients should receive a season-long FFS training on quality seed production, expand its support to irrigation investments where possible and increase the linkage with markets and loans through rural finance arrangements.

24. **Engaging Formal Sector Seed Companies:** KUBK has intensified its outreach to the private seed companies to establish market opportunities for the sale of seeds produced by the target households. The private seed companies interested in TL seed business have been encouraged to join the competitive grants scheme allowing them to access support to infrastructure, such as seed storage houses and laboratory building construction, purchasing of machinery and equipment for processing, as well as vehicles for transportation of seed from the point of production to the company site. Until the end of February 2016, 7 Project concept notes had been received from national and regional level seed companies which are being assessed. The Lumbini Seed Company proposal has already been sanctioned and is in the process of negotiation and agreement. One agro-vet has already been granted support for storage facility to facilitate seed trading at the local level, while the proposal of another is under evaluation. A proposal by the National Seed Company was also submitted which was under evaluation by the PMO and was discussed with the MTR mission. This proposal was deemed not to be relevant for KUBK target group. The NSC could submit another proposal for the production of foundation seed relevant for the hill districts which could be financed from the matching grant with a 80% financing from the grant and 20% by NSC.

25. AEC through the FNCCI has been active in the districts in the promotion of seed marketing through multi-stakeholders workshop, enhancement of interactions between buyers and producers, agri-fairs, etc., to establish linkages and facilitate buyback agreement contracts between producer and traders, agro-vets and the seed companies. However, the specific outcomes delivered by the AEC need to be more carefully articulated and reported to demonstrate their contribution to the overall Programme objectives in terms of the seeds of each crop marketed, marketing of meat and dairy products. The work plan of AEC has to specify their targets each year and progress reported. AEC will need to focus on marketing of vegetable seeds in which specific private companies are interested. It also needs to train its field staff in the overall supply and demand analysis of seed production and the district seed balance sheet. The AEC presentations and progress reports should be oriented to report on seed and livestock demand and supply analysis at the district level and report on the changing trends in each district over time. AEC should identify and promote sustainable models for

the functioning of linkages between the private seed companies, the agrovets and the seed producer groups valid for KUBK target areas and crops.

Recommendations for Improved Seed Production

Sub-component 1.3: Promoting Farmer Demand for TL Seed

26. The Seed Replacement Rate (SRR) in the target areas is still low and there is a need to enhance the demand for TL seeds, which KUBK undertook mainly through FFS demonstrations, participatory variety selection (PVS) trials, agriculture fairs and other knowledge management activities. Since initiation of the Programme, a cumulative total of 325 FFS have been completed (27% of target). To reach the project objectives, DADO field technicians and farmers facilitators trained by KUBK and an additional 50 farmers' facilitators trained through other programmes under DOA were further trained for the purpose. A total of 8,661 farmers were trained for quality seed production through FFS demonstrations. The FFS included demonstrations for farmers to compare the relative performance of TL improved seed with farmer's saved seed of the same variety. The mission noted however, that the focus of the FFS and its curriculum so far has only been on seed production training. The mission however is suggesting that a targeted approach in FFS should be undertaken to increase productivity of KUBK target group by focusing on enhancing crop productivity using TL seeds with improved practices such as integrated pest management, soil fertility and improved water management practices..

27. The Programme has supported NARC to conduct Participatory Varietal Selection (PVS), that were managed with extension agents and farmers within farmers' fields. The results of the PVS demonstrations should identify varieties preferred by farmers that should be multiplied for foundation and then TL seeds. During 2015, a total of 57 PVS demonstrations were completed against a target of 270 (21%) PVS planned. It was noted that several of the varieties selected by NARC for the PVS were not yet released but are varieties in the pipeline. This does not allow KUBK to use selected varieties for multiplication for the farmers since they would need more than a year to go through the national varietal release system. The mission is suggesting that participatory varietal selection (PVS) sites should be used to demonstrate only released varieties and NARC, DADO and the seed coordinators should be involved in joint planning, implementation and evaluation of the PVS activities in a participatory manner with farmers, with the results feeding into the requirements for the foundation seeds.

Recommendations for Promoting Farmer Demand for TL Seed

Action	Responsibility	Date
A revised FFS curriculum should be developed that is not focused on seed production but rather on crop productivity enhancement (use of quality seeds, IPM, soil fertility, seed rate, etc) and include comparative assessment and experimentation of the farmer's practices vs improved production techniques using the same local variety.	DADO	On-Going
Ensure that all FFS have an initial and final evaluation form to be completed by the facilitators with the support of the DADO or junior staff supervising facilitators. Ensure that the evaluations enter the M&E system of KUBK	DADO/facilitators /M&E officer	Immediate
The participatory varietal selection (PVS) sites should be used to demonstrate released varieties and NARC, DADO and the seed coordinators should be involved in joint planning, implementation and evaluation of the PVS activities in a participatory manner with farmers.	NARC/DADO seed coordinators	On-Going

Component 2 – Smallholder livestock development.

28. This component comprises three sub-components: (i) Improving Dairy Productivity; (ii) Improving Goat Productivity, and (iii) Strengthening of District Livestock Service Offices (DLSOs). Under KUBK provision is made to address issues related to cattle and goat nutrition and management, veterinary services development, breed and shed improvement, farmer training and market linkages along with upgrading of infrastructure at the main Nepal Agriculture Research Council (NARC) experimental stations, and for implementation management. Heifer International (HI) is a KUBK implementing partner which has also co-financed activities for improving goat productivity in the districts of Gulmi and Arghakhanchi. The Programme has financed two value chain analysis studies in the dairy and goat sectors to determine the price and value added structure, market and contractual

relationships between stakeholders, as well as possible scope for improvements. Both studies have been undertaken and completed by the consulting company Mount Digit Technology.

29. Overall, the component is rated as **Moderately Satisfactory**. This component has suffered from a suspension of activities at the outset of the programme. This was a result of the lack of agreement, between GoN and IFAD, on the role of Heifer International and its ineligibility to be nominated as a sole source supplier as stipulated in the Nepalese procurement rules. However, a Memorandum of Understanding (MoU) was finally signed on 16th April 2014 enabling Heifer International to initiate its goat development activities in the districts of Gulmi and Arghakhanchi utilizing its own funding resources of USD 2.5 m. Shortly thereafter, the PMO initiated activities under this component in the other districts as well. A Livestock Component Coordinator and a Deputy Coordinator has been recruited at PMO as well as other staff for the component at district levels, and since nine months, programme activities in the field have been steadily growing. Programme reports maintain that a total of 10,966 households have directly benefitted from activities under this component and include 48% women, 10.7% Dalit and 28.1% Janajati.

30. The MTR has appreciated the progress made by both Heifer International and KUBK in programme implementation. However, while Heifer International - by building on a long consolidated "goat development model" and a field-tested extension approach - is progressing quite steadily, in line with targets and with a good spending rate, KUBK/PMO staff are still suffering from (i) the lack of a clear work plan with well-identified targets for the component (partially inherited from design); (ii) pending finalization of Farmer Field School guidelines (iii) the inadequate number of Livestock Specialists, Community Dairy and Goat Assistants at district level and (iv) limited mobility and transport capacity. These factors are undermining the delivery capacity and quality of KUBK/PMO team - in spite of their technical capacity and commitment. In districts not covered by Heifer International there is lack of regular and deep engagement with the smallholder farmers and lack of strong social mobilization so critical for effective programme implementation, achieving results and long-term sustainability.

31. The MTR would like to recommend the following; (i) the appointment of a class 2 officer from the MOLD to oversee the coordination, planning and implementation of the livestock component of KUBK; (ii) the engagement of Heifer International (HI) for implementation in all six districts of a customized model for livestock productivity enhancement tailored to meet the objectives of KUBK; (iii) the terms of reference of HI to be jointly developed by PMO and MOLD and HI (iv) the development of a joint work plan of activities covering the six targeted districts, in close coordination with the PMO, DOLS, HI and the Livestock Service Centres (LSCs) which is characterized by clear benchmarks and targets; (v) The use of IFAD grant resources to engage HI; (vi) adequate staffing at district and LSCs level further supported by increased mobility, equipment and training. IFAD rules allow sole sourcing HI as its inclusion is for tasks that are a natural continuation of previous work that it has carried out in the country with its own funds and rapid selection of a service provider is essential for the success of the Programme. The MTR believes that without the strong social mobilization support which HI can bring to the livestock and other seed production activities, it will be difficult for KUBK to achieve its target in terms of outreach and sustainable productivity.

Sub-component 1: Dairy Productivity Improvement

32. In spite of challenging conditions for milk production (e.g. steep hills and mountains; erratic rainfall and rather dry climatic conditions; scarcity of land, pastures and water, and difficult transport and communication), smallholder dairy farming is growing in the programme area offering opportunities for income generation and job creation, especially of youth. KUBK strategy has been to select dairy "pocket" areas with potential for growth and support capacity building interventions (trainings, workshops and interaction meetings) in collaboration with the DLSOs on improving forage production and cattle nutrition, veterinary services and breeding management with smallholder producers. In addition, KUBK/PMO supported interventions to develop market linkages for milk and milk products in the programme districts.

33. The MTR mission recognizes the progress made by KUBK under this subcomponent. Forage production and nutrition have been strengthened with the establishment of 6 fodder resource centres, forage nurseries at village level, training of farmers and distribution of equipment (30 chaff cutter machines). Animal health interventions have included: training of 22 paravets and 32 Village Animal Health Workers (VAHWs); organization of 15 veterinary camps, vaccinating a total of 11,800 dairy animals (cattle and buffaloes) against Foot and Mouth Disease (FMD), Haemorrhagic Septicaemia

(HS) and Black Quarter (BQ) and drenching 1500 animals against internal parasites. Breeding improvement has been supported by importing 10 Murrah buffalo bulls for distribution at district level and 7,000 doses of Jersey cattle semen (American origin) of which 600 doses have been sent to DLSOs for Artificial Insemination (AI). In total, 710 dairy cattle have been already inseminated in dairy pocket areas. A number of training and workshops have been organised for field staff, livestock farmers and dairy entrepreneurs on milk production and marketing. Grants have been provided for dairy entrepreneurs for supporting the establishment of chilling vat (with 500 litres capacity) and production of dairy products. In spite of these encouraging achievements, the MTR mission has identified three priority areas which the Programme needs to urgently address: (i) DLSO/KUBK PMO planning and programme management; (ii) Programme staffing and increased mobility and (iii) training and capacity building.

34. In terms of its geographic focus, MTR recommends focusing KUBK interventions in seventeen (17) dairy production clusters mainly located in three (3) districts of Gulmi, Arghakhanchi and Pyuthan with selected interventions in the three remaining districts. The DLSO would remain the main agency responsible for the implementation of the subcomponent notably in the areas of (i) service provision to dairy farmers (veterinary services and vaccination programmes, artificial insemination, bull distribution, fodder development, shed improvement and technical training), (ii) monitoring and supervision and (iii) evaluation of programme activities. In order to increase DLSO's effectiveness and KUBK impact with smallholder dairy producers, the MTR recommends (i) developing of a three-years' work plan for the subcomponent with clearly identified benchmarks and targets; (ii) facilitating DLSO's access to appropriate transport capacity; (iii) recruiting 2 additional Livestock Specialists (total 8 LSs) and 12 additional Community Dairy Assistants (total 22 CDAs) and providing them with adequate transportation (motorcycles) and equipment; (iv) facilitating the importation of additional 75 Murrah buffalo bulls for breed improvement at village level and 5 Murrah bulls and 25 Murrah buffalo cows for upgrading the breeding stock of the National Buffalo Resources Centre in Pokhara; (v) facilitating the import of 20,000 additional doses of semen of Jersey breed; (vi) recruiting Heifer International as service provider to support DLSO and Livestock Service Centres (LSCs) staff in field activities and build their capacity, skills and knowledge concerning social mobilization, extension and technology transfer, gender and targeting, food security and nutrition, through an "on-the-job" training approach; (vii) upgrading of the facilities of the National Buffalo Resources Centre in Pokhara and (viii) complete the construction and equipment of Livestock Service Centres at district level.

Sub-component 2: Goat Productivity Improvement

35. Goats are a key asset for resource-poor farmer households, particularly among women, Dalits and indigenous populations. During the field visits, the MTR mission noted the widespread demand from farmers' groups, cooperatives and entrepreneurs across the six targeted districts for technical and economic support for improving goat productivity. The Programme approach has focused on developing goat activities mainly in Gulmi and Arghakhanchi district, and - as explained above - two parallel initiatives led respectively by KUBK/PMO and by Heifer International are presently on-going, both implemented under the supervision of the DLSO. Under KUBK/PMO initiative, emphasis has been given to breed improvement and two Boer Goat Breeder Herds and a number of Goat Multiplier Herds have been established in both districts. A total of 10 farmer groups (about 200 households) have been involved in managing goat breeding herds (ranging from 5 to 10 females) and have benefited from several project interventions on forage development, training on improved goat nutrition and breeding management, shed improvement and veterinary services (animal health training, PPR vaccination and drenching against internal parasites during 8 vet camps). However, the decision of importing Boer goat breeding stock and semen has been delayed by IFAD in order to wait for the on-going MTR mission recommendations. A total of 42 persons were trained as Farmers Field School (FFS) facilitators to support FFS activities in Programme districts where goats herds are established. Four FFS (two each in Gulmi and Arghakhanchi) on goat production were established with success. Compared to traditional goat rearing systems, a significant increase in body live weight (an average +20% increase) can be achieved at village level if improved practices are adopted by producers.

36. As discussed above, Heifer International have implemented goat development activities based on a well established Value Based Holistic Community Development (VBHCD) model to achieve two main results: (i) Improved goat production and productivity in 12 Village Development Committees (VCDs) of Gulmi and Arghakhanchi and (ii) Strengthened technical capacity of KUBK team. Heifer International is implementing the programme through 14 local NGOs and has successfully established

Self-Help Groups (SHGs) involving 6,885 producers, almost entirely women. Through the “Pass on the gift” (POG) approach, 3,295 female goats have been distributed to poor households, while 168 improved bucks issued from crossing local breeds (Jamnapari and Khari breed) were also distributed for breeding services. In addition, 57 forage and fodder trees nurseries have been established; 1,567 goat sheds have been improved and 240 weighing scale have been distributed. The project provided drenching services and vaccination against PPR for 41,000 and 23,125 goats respectively. About 18 AHWs have been trained and equipped with veterinary kits. Finally 13,293 farmers, particularly women, have been trained on different subjects including cornerstone trainings, fodder and forage development, SHG management, improved animal health training, kitchen gardening, nutrition and gender justice and health issues. The MTR mission had the opportunity to visit few SHGs and has appreciated the effectiveness of Heifer International's approach in empowering women and significantly increasing goat herds productivity at household level (-50% reduction in pre-weaning mortality).

37. The MTR Mission strongly recommends to pursue ways to ensure a full integration and harmonization of initiatives aimed at improving goat productivity promoted respectively by KUBK/PMO and Heifer International under the Programme. This would allow the Programme to achieve significant impact during the remaining 3 years of KUBK implementation. The MTR recommends that Heifer International be made responsible to deliver “customized” service provision to a total of 36 VDCs (estimated 36,000 households) under the overall implementation responsibility and supervision of the DLSO and in full collaboration of KUBK/PMO staff. The MTR mission recommends developing of a three-years’ work plan for the goat development subcomponent with clearly identified benchmarks and targets. The mission recommends hiring of an additional 7 Community Goat Assistants (total 22 GDAs) and providing them with adequate transportation (motorcycles) and equipment to operate at field level.

38. The MTR recommends to downscale the original KUBK plan for Boer goat breeding in order to mitigate the potential risk of mortality or underperformance associated with imported (highly expensive) breeding stock once they are distributed to resource-poor smallholder farmers. The MTR recommends the importation of 50 Boer bucks and 10,000 doses of quality semen which can lead to the development of a viable breeding plan. For breed improvement, the Programme can distribute improved cross-bred and local breeding stock, the selection of such animals and final decision about their distribution and location will be under the responsibility of the PMO's Livestock Component Coordinator. Farmer Field Schools (FFSs) activities will be maintained as an indispensable tool for extension and technology transfer, however the total number will be reduced to 60 FFSs. Finally, in order to ensure that communication and information on Programme activities are widely accessible among all stakeholders, it is recommended to include a representative of Heifer International in the Steering Committee and in the Project Implementing Unit (PIU) located in Butwal. The MTR mission recommends the organisation of an Inception Workshop under the new proposed implementation approach for the component 2 to clarify roles and responsibilities of all partners and develop an agreed implementation plan for the component.

Sub-component 3: Strengthening of District Livestock Services Offices (DLSOs)

39. The PMO has supported DLSOs under the programme districts with the provision of office equipment (furniture set, laptops; printers etc.) and motorcycles (one per district) to enhance programme monitoring. Two Livestock Service Centres (LSCs) buildings have been constructed. Training sessions have been organized and an Artificial Insemination training was organized in India for 12 technicians. The MTR mission underlines that the implementation of component 2 requires the need for further increasing DLSOs' capacity in terms of training, mobility and equipment, especially at LSCs level. The MTR has also recommended that all external training activities of the Programme be supported through grant financing.

Recommendations for Smallholder livestock development.

Agreed action	Responsibility	Agreed date
Appoint a Class 2 officer from the MOLD for coordinating, planning and implementation of livestock activities under KUBK.	PMO/MOLD	Immediate
Expand the services of Heifer International for providing social mobilization and technical support to the small farmer groups and cooperatives established for goat production and dairy development.	MoF/IFAD	Immediate

Develop three-year work plans respectively for the dairy and goat development sub-components	PMO/DLSOs/HI	April 30, 2016
Develop "customized" dairy and goat development models to be implemented with smallholder farmers respectively in 3 districts (Gulmi, Arghakhanchi and Pyuthan) and 6 districts.	MOLD/DLSOs/Heifer International	April 30, 2016
Extend Goat Productivity Improvement activities to additional 4 districts	DLSOs/HI	April 30, 2016
Import (i) a total of 80 Murrah buffalo bulls, 25 buffalo cows and doses of semen and (ii) 50 Boer bucks and 10,000 doses of semen for Programme livestock breeding improvement plans.	PMO/DLSOs	June 30, 2016
Recruit 2 Livestock Specialists, 12 Community Dairy Assistants and 7 Community Goat Assistants	PMO/MOLD	December 2016
Purchase one motorcycle each for 6 Livestock Specialists, 22 Community Dairy Assistants and 22 Community Goat Assistants	PMO/DLSO	December 2016
Develop a plan for upgrading of the facilities of the National Buffalo Resources Centre in Pokhara	DLSO/MOLD/PMO	December 2016
Provide mobility and additional capacity development opportunities to staff.	PMO/IFAD	On-going

Component 3 – Local Entrepreneurship and Institutional Development.

40. The objective of this component is to promote a favourable and conducive environment for sustainable private sector enterprise development. This component has three sub-components: (i) Institutional Strengthening; (ii) Access to Non-financial Services, and (iii) Increasing Outreach of microfinance institutions. Activities under the Programme are expected to target several stakeholders: a) public institutions such as Village Development Committees and district representations of local government; b) public-private institutions such as the District Chamber of Commerce and Industry or private service providers, and c) financial institutions. Performance under this component has been rated as **Satisfactory**.

Sub-component 3.1: Institutional Strengthening

41. The component aims to strengthen local institutions (farmers groups, cooperatives, private entrepreneurs, VDCs) through various capacity development trainings. By the end of February, 2016, the Programme had organized 124 different training events with the participation of 3,294 participants. These include training on agriculture planning for VDC staff, agriculture and veterinary protocols for Agro-vets, business development for farmer groups and cooperatives, GESI awareness and analysis for farmers and cooperatives. For the future, KUBK needs to undertake a beneficiary feedback and assess the outcomes achieved as a result of the various training activities. The training programme has to be planned based on a systematic monitoring and evaluation of its utility and impact.

Sub-component 3.2: Access to Non-financial Services

42. The Programme is expected to focus its activity on two types of non-financial services as a support to the Programme-supported value chains: (a) creation of an Investment Window at the District Chamber of Commerce and Industry (DCCI), and (b) support to agro-vets to expand their outreach beyond district centres and provide services to Programme-supported groups.

43. AEC is mandated to provide services for business and market development activities through the establishment of Investment Windows at the district level and for facilitation of proposals for agriculture enterprise in the seed and livestock sectors. AEC is facilitating business development activities and providing grant guidelines and reviewing proposals for matching and competitive grants under KUBK. By the end of February 29, 2016, AEC had provided advisory services to prepare 1029 potential proposals from which 331 applications were registered. A total of 37 were organized to facilitate producer and trader linkages. These activities included: (i) Orientation workshops on business plan preparation (6 events); (ii) Producers -Traders interaction meeting (6 events), (iii) Buy Back arrangement meetings (6 events); (iv) Public private dialogue for seed and livestock products marketing (6 events), (v) Observation tour on commercial production pockets (6 events); (vi) Workshop on Private Investment in Livestock Production, Processing, and Marketing (6 events); and (vii) A national level Seed Market linkage workshop. AEC has also assisted District Agriculture

Market Information Service (AMIS) Centers in installing digital scrolling boards at major markets of programme districts to provide information on commodity prices.

44. As suggested by the previous missions, the MTR found that there is need to assist the Programme beneficiaries more actively with capacity building for development of sound proposals for grants and give them access to technical assistance for preparation of the technical and economic viability of many of the suggested schemes and enterprises. AEC staff based at the district level does not always have the capacity or experience to undertake the type of analysis required in all cases. Furthermore, the MTR feels that there is need for AEC to focus much more on enabling the target groups to link with markets for seed and livestock. AEC also needs to assess its impact in terms of providing market information and obtain beneficiary feedback on how it can make this element of its work more strategic and outcome oriented.

Agreed action	Responsibility	Agreed date
Institutional Strengthening		
Plan future activities based on beneficiary feedback and the outcome of the different types of training events and market information services.	PMO/AEC	On-Going
Access to Non-Financial Services		
Active engagement with the sector to facilitate market links for seed and livestock.	AEC	On-Going

45. **Matching Grants:** The programme provides for innovative need based funding through matching grants and competitive grants for supporting the production of quality seed, livestock and dairy development by individual entrepreneurs, farmer groups, cooperatives, agro-vets, and private companies. As of February 15, 2016, a total of 142 sub projects have been sanctioned by the PMO (seed production (120), agrovets/paravets (1), large seed company (1) and goat production (6), dairy (5), meat house (5), paravet (3) and goat collection centers (1). In addition, 69 proposals are under different stages of evaluation and sanction and 7 proposals from seed producer companies under window 3 are under evaluation.

46. A total of NR. 257.59 million has been agreed for financing of which NR. 123 million will be provided as grant (48%) and the remaining will be provided by the beneficiaries as their contribution. The grants are used for a range of activities including small-scale infrastructure such as irrigation channels, storage facilities, collection centres, machinery and equipment for seed and livestock production. The sub-projects for the seed production are phased over 3 years with yearly schedule of activities and seed and fertiliser procurement being supported with 50% subsidy for all three years to ensure that seed production activity is continued. A majority of the grants have so far been for seed production as a result of the misunderstanding that grants were only designed for seed producers. This has now been rectified and proposals for livestock development are being considered for financing. Based on the lessons from the field, KUBK has also been refining its criteria for the provision of the grants and has updated its grants manual to reflect the changes.

Table 1: Summary of Grants Provided

Components	No. of Subprojects	Total Value (NRs. mn)	Grant (NRs. Mn)	Grantee Contribution (NRs. Mn)
Seed	122	228.6 (89%)	108.9	119.7
Livestock	20	28.99 (11%)	13.92	15.07
Total	142	257.59	122.82 (48%)	134.77 (52%)

47. The Programme has also instituted a system of providing small grants which are approved at the district level. This funding has so far only been provided to DADOs as DLSOs inadvertently omitted this from their last AWP/B. The experience with this mechanism has been mixed. The DADOs have been provided with the budget of NR. 1.5 million each for supporting 5 proposals of NR. 300,000 each for seed groups. Though there has been interest from the community for micro grants, there has been delay in sanctioning them. DADO Pyuthan is the only which has used these grants for strengthening irrigation systems. There is need to provide clear guidelines on the use of these grants

and assess the reasons for the delay by DADOs and assist them in addressing the constraints. The MTR would also like to suggest that this facility should be made available for DLSOs especially for goat producers and the budget may be increased up to a maximum of NRs 500,000 in case there is good uptake of the grants.

48. At appraisal USD 6.5 million budget was allocated for the grants out of which 20% has already been committed. Based on available funds, the MTR suggests that the numbers to be supported under the Matching Grants should be as follows; Seed groups (240), Dairy groups- (100), Goat groups (125), Agro vets (12) and seed companies (6). The MTR noted that given the targets for matching grants, the PMO would be required to approve around 15 proposals per month compared to its present rate of about 8 proposals. In addition, due to seasonality, there would be need to sanction many more proposals before the planting season. The existing grant mechanism sanctioning process is time consuming and has been taking on an average 6 months to process the grants. This process has to be streamlined and decentralised to achieve the targets. The MTR could sense the considerable resistance of PMO to decentralization due to the previous experience of other projects where there were extensive leakages, elite capture and bias in decision-making. The MTR believes that while these concerns are legitimate, the processing of the grants at the PMO level is not a guarantee that these issues will be addressed. It is therefore recommended that the process of approval should be decentralised to the district level with the PMO exercising overall oversight and supervision over the process. This would also elicit much higher level of interest from the district line agencies in the Programme. In districts where the process is weak or suspect, the PMO could exercise a stronger role in approvals.

49. In discussion with some key stakeholders the MTR would like to make the following specific suggestions for enhancing the grant approval process²:

- a) The proposal format needs to include sections which demonstrate how the specific sub-project will add to the overall objectives of KUBK in the target districts. The projects also need to be very specific in how they will contribute to seed production, crop productivity enhancement, goat and dairy productivity and marketing for the target group of the six districts. The forms need to be made shorter and much more quantitative.
- b) Strengthening of AEC district level capacity by stationing 4 appropriately qualified persons in each district to facilitate the process of proposal development; newly recruited AEC staff need to be provided orientation on the technical selection criteria for the grants. Investment windows will also train the Managers and Assistant Managers of SFACL and staff of NGO engaged by Heifer in facilitating the proposals.
- c) District investment window will need to meet weekly/fortnightly to scrutinise and recommend the proposals and will send the files the next day to the PMOs. The proposals under windows 1 and 2 to be evaluated by PMO staff. External experts to join the evaluation for window 3 proposals. The PMO office will send the proposals back to the district level within one week after internal review and approval after which district staff will negotiate and sign the requisite agreements.³ PMO staff may randomly select a few proposals for field verifications in case of need.
- d) Sub-Engineers will be posted in each district PIU without further delay to oversee and comment on the technical aspects of infrastructure schemes and construction works.
- e) AEC will help develop a simple tracking system of the proposals from the time they are lodged in Investment Window to the time of their approval ensuring that the process is completed within 2 months.
- f) The PMO will intervene in case of delays or any specific complaints from any district and the Project Managers decision in such cases will be final.

² The risk mitigation measures and the complaint mechanisms will be detailed within the amended Grant Operating Guidelines

³ From proposal clearance till field verification there is little change in the proposals and only at negotiation stage there are some technical specifications changed for irrigation and machinery in case of few proposals.

50. The MTR also recommends that the present norms on eligibility⁴ of groups and cooperatives and volume of financing should be relaxed. Specific aspects which need to be revised include the following;

- a) The present norms that only allow one sub-project to each cooperative should be relaxed given that a SFACL could have a membership of 400 producers and many groups within it. A cooperative can be eligible for more than one sub-project provided that there is equity in the sharing of benefits among the groups and members;
- b) The condition that the farmer group or cooperative has to be registered with DADO and DLSO at least for one year prior to establishing its eligibility for the grant needs to be changed to allow individuals, groups and cooperatives who may have been engaged in the enterprise for which they are submitting the application for at least one year before but were not registered with the district line agency before. Submission of documentation or evidence of such prior business experience will qualify these entrepreneurs, groups or cooperatives. In case appropriate documents are missing a certificate from the local VDC or other suitable authority would suffice for the purpose.
- c) Matching grant amounts be adjusted for different types of producer groups. For seed groups and goat groups a ceiling of USD 15,000 (grant element) is deemed sufficient. However, dairy related activities require much greater levels of investments and this may need to be increased to USD 25,000 for dairy enterprises.
- d) Though the last supervision mission had recommended an advance of up to 20% of sanctioned amount for infrastructure related activities and provision has been made in the guidelines, this communication is not shared with the farmers. At the time of negotiation, the process of advance needs to be better explained to the farmers.
- e) Some of the groups have also complained about their funds getting stuck for up to 4 months due to delay in settlement of bills. While such cases are reported to be few this is largely due to absence of bills or lack of documents that meet the reimbursement requirements. Investment window and seed and livestock technicians should guide farmers on the documentation required for approval and processing of payments.
- f) The grantees are not adequately supported with technical trainings – two one day trainings are included in the matching grant proposals which may not be adequate and need to be enhanced. Furthermore, the machinery and equipment that is being provided under the grants often has to be operated by women due to high rates of male migration and the main farming responsibility having devolved to the women. This entails that women should be provided adequate training in the operation and maintenance of farm machinery and equipment.

Recommendations Regarding Matching Grants

Action	Responsibility	Date
Reduce the duration for the review and approval of the grants (usually taking around 6 months) and complete the entire process within 2 months.	PSC/PMO/IW	On-Going
The proposals under windows 1 and 2 to be evaluated by PMO staff. External experts to join the evaluation for window 3 proposals. Post evaluation, field verifications to be carried out by the district staff and the negotiations and signing of documents with the farmers will be carried out at district PIU.	PSC/PMO/IW	Immediate
AEC to develop a simple tracking system of the proposals from the time they are lodged in Investment Window (IW).	AEC	Immediate
Change the norm of one proposal from one co operative especially for SFACLs which are financial co operatives with many groups and a large member base.	PSC/PMO	Immediate
Individuals and groups having evidence of successful production/business for more than 1 year and with regular group	PMO/IW/AEC	Immediate

⁴ The risk mitigation measures and the complaint mechanisms will be detailed within the amended Grant Operating Guidelines

functioning should be supported once they are registered with DADO/DLSO and the condition of one year after registration can be waived.		
Matching grant amounts for dairy groups to be increased to USD 25,000.	PSC/PMO/Investment windows	May
Ensure that clear communication reaches farmer groups regarding 20% advance mechanism for infrastructure sub-projects.	PSC/PMO/AEC	Immediate
Communicate to the groups that the seeds and fertilisers purchase will be supported for three years and other activities can be completed earlier.	PMO	Immediate
All the grantees will receive field based technical trainings to ensure quality production – for seeds for at least one cropping season, for goats and dairy animals for at least 6 months.	PMO	Ongoing
Arrange for training of women in the operation of farm equipment and machinery.	PMO	Immediate
Encourage more innovation in grants, with special attention to projects involving the youth as service providers.	AEC	On-going
Design a simple format which can capture a few key baseline facts to help assess the outcome of each grant.	M&E Specialist	Immediate
Under take a study for feedback of the grantees on what can be improved in terms of eligible items, processes and procedures, technical support and marketing to respond to the emerging needs of agriculture producers.	PMO	May 2016

3.3 Increasing Outreach of Microfinance Institutions

51. The Programme was expected to explore two parallel approaches to develop the outreach of microfinance in rural areas. Under the first approach, the Programme is to assist the cooperative movement to increase the number of its affiliates in the target area by supporting the development of Small Farmer Agro-Cooperative Limited units (SFACLs) and the strengthening of their parent company: the Nepal Agriculture Cooperative Central Federation Limited (NACCFL). The additional SFACLs created are expected to benefit from financing from the Small Farmers Development Bank (SFDB). The second approach was to be based on the non-cooperative microfinance institutions. It was to assist development banks to increase their outreach in the Programme area primarily through the setting up of a network of branches and points of services. The Programme was also expected to assist selected development banks to test the possibility of developing branchless microfinance activities based on mobile phone technology. The Programme was expected to create 30 new SFACLs within the target districts. The Programme was also expected to finance capacity building of supervisors at NACCFL regional offices.

52. The performance of this sub component is rated as **Satisfactory**. KUBK has implemented the approach which was designed to strengthen the SFACLs through financing from SFDB. The parallel approach of using development banks to increase rural outreach, has not been implemented due to limited interest by them in providing financial services to the target districts. The branchless banking option and use of mobile technology has not been tested and the uptake of mobile banking in the remote target districts is also expected to be of limited utility for access to financial services. There is limited capacity within the PMO to explore the potential for use of branchless banking options and negotiate any arrangement with financial service providers. The last supervision mission recommended that the focus of this component should be on using the cooperatives because of their capacity for rural outreach, cost-effectiveness and inclusion of women and smallholders. The MTR supports this recommendation and suggests that the resources allocated for testing the parallel approach should be used to strengthen the cooperative approach. The MTR has revised the budget for strengthening this component.

53. Under the cooperative model, the NACCFL and the SFDB have already met the target of forming 30 SFACLs. All the newly formed cooperatives have been registered and 14 of them have been handed over to the community. Another 10 SFACLs are likely to be handed over by July 2016 and the remaining six are expected to be transferred in the next year. The handing over to the community, based on norms of membership and resources to manage their costs, has taken about 18 months which was much longer than the planned period of one year after formation. This has been due to time needed for a) adaptation of replication model to new areas, b) convincing members with limited previous experience with co-operatives and c) difficult topography.

54. The newly formed SFACLs are women co-operatives that allow up to 5% membership of men. By the end of February, 2016, these cooperatives had a membership of 10,466 members of which 10,323 (98.6%) were women, 2418 (23%) of the members are from Janjatis and 1965 (19%) are Dalits.

55. These SFACLs had generated internal resources of NR. 36.85 millions by the end of February 2016 with a per member contribution of NR.3520 (USD 34). They have disbursed loans of NR. 73.59 million to 3,081 members with an average per member loan of NP. 23,885 (USD 227). The outstanding loan portfolio stands at NR. 49.34 million. The proportion of loans taken by dalits and Janjatis are higher than others both in terms of the number and volume. There have been no over dues. SFDB has provided financing to six SFACLs worth NP. 34 million out of which NP. 15.70 million has been disbursed. The loan size from SFDB to the cooperatives has ranged between NR.1.5 million to NR.1.05 million.

56. There are regular supervision visits by the offices of both SFDB and NACCFL to the cooperatives. External audit for FY 2015 has been completed. Annual General meetings have been held. Based on the recommendations of the previous supervision mission, additional trainings on governance, business planning were included in the training plan. Since inception 10 management related trainings and 2 Income Generating Activities (IGA) trainings have been provided.

57. During field visits, 5 SFACLs were visited and it was seen that overall the cooperatives were functioning well. The MTR Mission feels that post hand over, the areas of improvement include a) accounting, book keeping and loan documentation, b) interest rate fixing, c) tools and check lists for Board of Directors and accounts committee for effective performance monitoring, d) member level training and efforts for resource mobilisation.

58. The key lessons at MTR are a) Social mobilisers of SFACLs have to be adequately compensated to ensure retention, b) adequate loans from SFDB are needed and will encourage growth in membership and resource mobilisation, c) handed over SFACLs need support from NACCFL for at least one more year and e) mandatory visits by lead trainers who are positioned in Kathmandu from both NACCFL and SFDB to SFACLs.

59. **Expansion of SFACLs:** To build synergy with other programme components and to meet the demand for financial services in these remote areas with few other options, the MTR recommends that the KUBK support NACCFL and SFDB to form an additional 45 SFACLs in the 6 project districts (5 each in Rukum, Salyan and Rolpa districts and 10 each in Pyutan, Arghyakanchi and Gulmi districts). The specification of these targets is based on a joint assessment, by the MTR and implementing partners, of the absorption capacity and demand in each district. It is expected that 45,000 members will be mobilised by the 75 SFACLs during the Programme period. About 80% of the members will be women and 15% male members will be encouraged to participate in Rukum, Rolpa and Salyan.

60. SFDB along with NACCFL will carry out mapping of financial institutions and cooperatives in each district. They will select, in consultation with the project, those VDCs which need financial services and which have potential for project activities.

61. NACCFL will be supported in the mobilisation of SFACLs and will be responsible for orientation training at VDC, advisory group formation, hiring social mobilisers for SFACLs, carrying out PRA and base line surveys and preparing village profile, cooperative registration and trainings on accounts, cooperative management, business planning, resource mobilisation, loan management, enterprise development and organising exposure visits. NACCFL will form 6 district level federations to enhance self-regulation, monitoring, governance and financial discipline among SFACLs.

62. As agreed in the aftermath of the last supervision mission, the Programme will support institutional strengthening of SFDB for a) Software installation for improving real-time monitoring of

their portfolio in a link with SFACLs, b) grading tool improvement. Software development has already been approved by the Steering Committee subject to recommendation of MTR and is likely to be procured in the next fiscal year. SFDB will carry out trainings on financial literacy, product development especially remittances, interest determination and refresher courses on business planning and book-keeping.

63. There will be realignment of staffing to ensure that the formation of SFACLs is according to an agreed time plan, adequate on-going support is provided to handed over SFACLs by NACCFL and business development support is provided by SFDB. The positions which the Programme will support for NACCFL include Project Manager, MIS assistant, 6 replicator staff (1 per district). SFDB will be supported with 5 staff positions which include 3 business promoters attached to area offices of Butwal and Nepal Ganj but stationed in the districts with exclusive responsibility for the project. The staff will provide on-site and off-site monitoring support. The SFACLs will be provided office set up costs and MIS equipment support including computers. The MTR recommends the addition of 7 new posts to the current strength of those managing the Programme.

64. **Top up loan** – The mission recommends a total top up loan of USD 8 million for SFDB of which USD 5 million has already been considered by MoAD and MoF (and will be processed along with the amendments after this MTR) and an additional USD 3 million from the existing funds of KUBK. The allocation of additional funds is justified given the demand for the financing and the limited outreach of other financial services providers in the area. Besides, the investment and growth of livestock and seed production which the KUBK is promoting, would require access to additional financing sources which are unlikely to be available from other sources.

65. The loan will be released in 2 instalments of USD 5 million (from the top-up loan financing to KUBK) and USD 3 million (from the original loan financing to KUBK). The second instalment will be released once 70% of the first instalment is disbursed by SFDB to SFACLs based on a plan of proposed disbursement. These credit resources would be ring fenced within a 'revolving fund', managed by the SFDB. They would be used to fund eligible loans.

66. The institutions eligible for use of the credit funds will be the following; a) incremental loans for 8 old SFACLs already functioning in the ISFP districts, b) 75 SFACLs formed under KUBK, c) seed, dairy and goat cooperatives supported by ISFP. The loans to older SFACLs will be capped at USD 600,000 and the funds will be primarily used for new SFACLs and other cooperatives formed by the project.

67. SFDB will lend to SFACLs in Grades A and B and will comply with regulations of the Nepal Reserve Bank (NRB) including capital adequacy ratio and other risk mitigation measures prescribed. The usual products (including the livestock loan as per present product design) and norms of the SFDB for appraisal and lending will be followed. Any new products developed by SFDB can also be eligible for access to the credit funds subject to clearance of IFAD. Funding to SFACLs, as well as loans from SFACLs to their members will be at sustainable interest rates. SFDB will develop lending guidelines detailing the products and processes and procedures to be followed for the dispensation of the top-up loan. These lending guidelines will receive clearance from IFAD.

68. Integration with component 1 and 2: There is little integration between SFACL and other component implementation. There is an increasing and persistent demand from SFACL members for livestock and seed related technical support. Since matching grant guidelines mention that only one grant proposal per cooperative is permissible, this rule has to be relaxed immediately in case of SFACL which is a savings and credit society supporting nearly 400 producers. Members of SFACLs should be facilitated to form livestock groups and seed producer groups and their sub projects should be supported by the project. The MTR recommends that the Seed Coordinator and seed technicians provide technical advice to the seed producer groups. For the livestock groups, the livestock officer and Goat assistants will be expected to provide the technical support. It is expected that the sub projects of at least 300 producer groups covering 7500 SFACL members will be supported by the project. The manager and assistant manager of the SFACLs as well as the replicators of NACCFL, will receive training on grant proposal preparation and will receive support from Investment Window for grant proposal development.

69. The expected outcomes for this subcomponent have been revised - 45,000 members (appraisal target 30,000) will benefit from savings facilities and the value of their savings and shares is expected to be NR. 520 million. The programme is expected to support 33,291 borrowers by the end of the

Programme period. The credit funds will continue to revolve in the Programme districts until the completion of the 12 year financing agreement.

Agreed action	Responsibility	Agreed date
Ensure support to SFACs for one year after handing over. Project Officers to plan and visit SFACs quarterly.	NACCFL, SFDB	On-Going
Form additional 45 SFACs through NACCFL and SFDB in next 2.5 years.	PMO/NACCFL/SFDB	AWP/B each year
Approve Financing Agreement for provision of USD 8 million to SFDB.	IFAD, MOA, MOF, PMO,	Immediate
Integrate SFAC members with other programme activities; at least 7500 members to be formed into seed and livestock groups, sub projects prepared to receive technical and matching grant support.	PMO, NACCFL,	Immediate

D. Implementation progress

70. **Project management performance.** The Programme performance in management is rated as **Moderately Satisfactory**. The PMO has recruited most of the designated staff and the technical expertise required for the Programme. By the end of February 2016, the Programme, had 23 professional staff working at the PMO level and 72 professional staff at the district level in the PIUs. In addition, AEC has placed one Project Coordinator at the PMO level and 5 staff in each of the PIUs at the district level. SFDB, NACCFL and HI had designated staff for overall coordination of the KUBK activities and placed staff at the field level for implementation and coordination activities. In addition, the DADOs and DLSOs as well as the research institutions at the central level such as NARC are expected to play an important role in coordinating and assisting in implementing Programme activities. KUBK has begun to regularly organize Programme Steering Committee meetings to undertake key management decisions. The planning for the Programme is undertaken in a participatory manner with the districts providing their own plans. Most of the recommendations of the previous supervision mission have been complied with. Overall, the PMO has been very responsive to the recommendations and gives considerable confidence in its ability to implement the Programme.

71. The MTR recognizes the challenge posed in coordination among the diverse partners in a widely dispersed Programme area with the PMO placed at a considerable distance from the target districts. The MTR also observed that the various components were undertaking the Programme in isolation from each other and did not fully explore the synergies between the components. Some of the districts reported lack of clear specification of district level targets and poor coordination between them and the PMO, too much centralization of decision-making at the PMO level and delay in decision-making and lack of clarity on the role of district level PIUs. The participation of DLSOs is somewhat uneven and is lagging behind in some districts. A major obstacle to the proper implementation of the Programme is the lack of adequate transport and staffing in the DADOs and DLSOs. This limits their visits to the field even though the Agriculture Service Centres are involved in Programme activities.

72. To address these issues, the MTR recommends that the PMO assess ways to improve its coordination with the districts, decentralise authority and responsibilities, specify district level targets and hold regular follow up meetings with district partners to assess progress and identify specific implementation constraints in the spirit of greater partnership and coordination. The MTR also recommends the provision of greater operational support in the Programme districts. Without this support, it is unlikely that the Programme will be effectively able to extend its outreach to the targeted VDCs or utilise the available resources of KUBK effectively.

Recommendations Regarding Programme Management

Agreed action	Responsibility	Agreed date
Coordination: There is need for much greater coordination and planning among the implementing partners and with districts to ensure achievement of targets.	PSC/PMO and Implementing Partners	Immediate
Decentralization: There is need for PMO to give greater decision making responsibility and authority to the Districts.	PSC/PMO	Immediate
Staff Recruitment: Any remaining vacancies in the PMO and PIUs should be filled as soon as possible especially the M&E staff and the new positions recommended by the MTR.	PSC/PMO	July 2016
Transport Facilities: Ensure the provision of transport facilities to all implementing partners especially the DADOs and the DLSOs in the Programme districts.	MOAD	Immediate

73. **Monitoring and Evaluation (M&E).** The Programme performance with respect to monitoring and evaluation remains **Moderately Satisfactory**. The PMO and KUBK implementing partners have established basic M&E functions including the collection of data on performance and progress of the interventions despite the vacancy of the Monitoring and Evaluation Specialist position.⁵ The M&E system provides information on activities and outputs, including RIMS data, detailing progress for each intervention by district and implementing partner. The data produced allows preliminary analysis about project outcomes. There is considerable information and data which is collected and has the potential to guide management decisions, but the data is not systematically presented or analysed.

74. **Management information system (MIS).** The Programme lacks a centralised MIS system which can present data in a coordinated fashion. One of the critical shortcomings of the M&E system is the lack of harmonization of data collection formats and procedures in the field. However, KUBK has initiated the preparation of standardized data collection formats. An MIS assistant is expected to join the PMO in May 2016. The MTR recommends the development of an Excel based MIS system as a starting point to help keep the data in a systematic manner and help to determine the key information needs of the Programme. The MTR also recommends the eventual conversion of this system to a software based MIS with the capacity to use Android applications for direct data entry at the field level through mobile **tablets**. A specialised company will be recruited by the end of the year to develop the MIS after testing, validation and training. The next AWP/B should provide for the recruitment of the service provider in the AWPB 2016/17.

75. **Outcome level analysis.** Considering the delay in implementation, a full-fledged assessment of the results at outcome level was not carried out. An analysis of the Programme's outreach reveals that despite reaching almost 50% of the target beneficiaries, there has not been any significant impact on their productivity or income at this stage as the level of interaction is at a very preliminary stage. However, for a limited number of beneficiaries some impact is beginning to emerge. There is need to establish an M&E system which will systematically begin to capture these results. KUBK is currently very activity oriented in its reports and has not started focusing on its outcomes. The MTR recommends that the reporting formats be refined to assist the Programme to report on outcomes that emerge from it. In addition, the economic and financial viability of the groups in managing the collective farm equipment and infrastructure which they have requested under the matching grant scheme has to be carefully monitored and guided. The MTR recommends: (a) putting in place a system for regular monitoring of outcome level indicators as part of the regular process of monitoring through annual simple quantitative and qualitative surveys for all participating groups and cooperatives and (b) commission a third party outcome survey at the end of the current FY.

76. **RIMS** data is being systematically collected. More specifically, for First Level RIMS indicators, the current report is satisfactory. Slight modifications have been proposed and endorsed during the MTR which will be detailed in the main report. Second and third level RIMS indicators were selected but have not been assessed yet. There is likely to be a significant increase in Programme interventions after the summer season and it is recommended to **carry out a specific RIMS survey in October 2016**. The results of it should be ready by the beginning of 2017, to inform the coming project Supervision.

77. **Coherence between AWPB and implementation** is rated **Moderately Satisfactory**. Critical improvements have been done in the planning, including the establishment of a systematic

⁵ The M&E Specialist recruited in February 2015 resigned in May and was replaced only in October.

consultation with the District Project Implementation Units and implementing partners, and the implementation is largely conforming to the plan. The activities are being implemented are generally in line with the approved budget. An expenditure of NPR 173.82 million was incurred up to February 12, 2016 against the FY budget of NPR 842.12 million which is only 20.64% of the budget. The AWPB for the year 2015-16 was not approved prior to the commencement of the fiscal year and was submitted on July 28, 2015 to MoAD after receiving budget authorization and it was approved on August 15, 2015 one month after beginning of the fiscal year. Due to delay in approval of the AWPB, the PMO was unable to initiate the activities till approval of the AWPB causing delay in programme implementation during first one month of the year. The project needs to prepare AWPB and submit immediately after submission of budget to the Parliament and work proactively in implementation of the planned activities to achieve the project objectives within the remaining period of the project.

Table 2: Summary of Expenses against AWPB (in NPR '000)

Fiscal Year	Approved AWPB	Expenditure	Percentage of expenditures against AWPB	Remarks
FY 2012/13	21,000	19,541	93.05	
FY 2013/14	339,272	144,788	42.68	
FY 2014/15	471,212	255,422	54.21	
FY 2015/16	842,120	173,819	20.64	Till Feb 12, 2016

78. The MTR recommends the need to follow due process in (i) submission of AWPB i.e. the AWPB should be submitted to IFAD before the submission to the PSC and to the "Red Book"; and (ii) reducing the delay between the AWP/B preparation and its submission to IFAD. The draft AWPB was ready in June 2015 but was submitted to IFAD only in October 2015, more than two months after the beginning of the financial year. This delay is caused by the national planning process, that requires submission of the plan to the Government, prior to submission to IFAD as the Government pre-finances all KUBK expenditures. However, it is recommended that the PMO submit its plan to IFAD for review prior to submitting it to GoN.

79. **IFAD-FAO Capacity Development Initiative.** Since March 2015, KUBK has been assisted by the IFAD-FAO Initiative aimed at strengthening M&E capacities of selected projects. The Capacity Development Plan for KUBK focused on planning and M&E. Specific recommendations for capacity development were summarised in a stand-alone coaching plan, annexed to the Supervision Mission Report 2015. Coaching on remote basis with support from the IFAD country office has progressed on a continuous basis from April to October 2015, mostly focused on the preparation of M&E tools (data collection sheets), on planning (coaching and revisions of KUBK Annual Work-Plan and Budget). The staff training on M&E to PMO and field officers, scheduled for November 2015 during the New Start Up Workshop, could not materialize due to the cancellation of the Workshop. The Initiative, scheduled to close in June 2016, foresees: (i) continuous follow up from FAO to consolidate the M&E system; (ii) the preparation of a preliminary management information system and (iii) the preparation of learning notes for policy dialogue through the mobilization of experienced consultants.

80. **Knowledge Management:** The mission rates Knowledge Management as **Moderately Satisfactory**. The most significant knowledge generation is expected to emerge from the experience of smallholder farmers in quality seed production, piloting private seed inspectors, participatory varietal testing, private sector linkages with farmers in quality seed production, research on adaptation of the Boer breed in the country, impact of FFS on seed and livestock productivity and cooperative management of dairy production. It would be critical to document the types of collaborative arrangements that work best between smallholders and the private sector and the types of grants which are most successful. As indicated earlier, NARC, DADOs, DLSOs, Heifer International and AEC should be given clear responsibility for producing Knowledge Management Notes on their experience under the Programme.

81. **Policy Advocacy:** All implementing partners should be asked to identify those aspects of Government policy or regulation which is constraining the development of the seed and livestock sector especially documenting the issues of smallholder farmers. These findings should be consolidated into policy dialogue notes and presented to the MOAD and MOLD for consideration. There is also an opportunity for KUBK to involve SEAN in this process as it is best placed to

effectively negotiate policy for the seed sector. The Technical advisors of the PMO will have the primary responsibility for coordinating the KM activities. The MTR has recommended the allocation of grant funds for the provision of technical assistance to FAO through the Unilateral Trust Fund Modality for contributing in this area.

82. **Rewarding Innovation and Performance:** As an incentive to good performance and as a tool for **knowledge** sharing, the MTR recommends the establishment of a system of giving an annual award for the most successful entrepreneur, group or cooperative which has demonstrated innovation, commitment and zeal in using the training or grant provided by the Programme. The award would be based on simple criteria of productivity, sustainability, good governance, and potential for success and scaling up and would be held once a year at the district level. A special budget allocation has been made for the recommendations outlined in this section.

Recommendations Regarding Monitoring & Evaluation

Agreed action	Responsibility	Agreed date
Harmonize M&E system: <i>data collection sheets prepared for all components should be utilized by the implementing partners, after the workshop in Butwal to launch their use.</i>	M&E Specialist	From April 2016 onwards
Carry out outcome survey / RIMS survey: <i>two separate surveys to be carried out to ensure capturing progress towards outcomes and second/third level RIMS indicators. The report needs to be ready by Jan 2017.</i>	M&E Specialist	October 2016
Prepare a preliminary MIS: <i>a pilot excel-based MIS will be useful to systematize the data and to guide the PMO in identifying the key queries and functions of the fully fledged MIS.</i>	M&E Specialist / MIS assistant	May 2016
Annual Work Plan and Budget: Submit the AWPB to IFAD prior to its submission to the Government for inclusion in the GoN Budget.	PMO	Annually
Establish sub-projects awards system: <i>based on simple criteria of productivity, likelihood of sustainability, governance, and potential scaling up. The system rewards seed and livestock producers groups and individual entrepreneurs (including farmers).</i>	TA Team/ implementing partners	September 2016.
Develop KM Notes: <i>prepare simple success stories from member based organization and producers groups (even not necessarily fully attributable to KUBK but good and inspiring examples), as well as policy briefs from the stakeholders platforms and private/public dialogue.</i>	Implementing partners (AEC in particular) / PMO / M&E Specialist	October 2016

83. **Gender focus:** This aspect of the programme is rated **Satisfactory**. The programme has been very effective in encouraging the participation of women and maintaining sex disaggregated data. A majority of the beneficiaries of KUBK are women. There is a high proportion of women headed households in the Programme districts due to high rates of out-migration of men which has made women a natural partner of the Programme. Women are also active participants in the cooperatives established under the Programme. KUBK records show that 64 percent of total **members** of groups and cooperatives are women and 37 percent households participating in the programme are female-headed. Despite this high rate of participation of women, previous supervision missions and the MTR observed the scope for improvement in the pedagogical methods used during the crop and livestock training, the need for simplification and facilitation in the development of grant proposals and payment mechanisms, training of women in operating and maintaining farm equipment and machinery and the maintain the same wage rates for men and women for the same work under the programme activities. These aspects need to be proactively dealt with by the Gender Equality and Social Inclusion (GESI) Advisor and elaborated in the Gender Strategy of the Programme still under preparation.

84. **Youth Focus:** The MTR noted the inclusion of young men and women interested in initiating farming enterprises and their participation in submitting grant proposals for seed and livestock production. Many of the Agro-vets who have established shops in the Programme area are young **men**. In addition, the MTR was impressed to see that young men and women were also submitting proposals for expanding abattoirs and other businesses, were active participants in the cooperatives

and many youth had been recruited as KUBK field staff. The MTR expects that there will be additional opportunities to engage the youth as private sector Seed Quality inspectors certified by SQCC who could initiate this as an income generating opportunity in collaboration with the private sector under the supervision of SQCC. The MTR believes that the Programme has played an important role in encouraging youth and has considerable potential to continue to do so over the next few years.

85. **Poverty and Social Inclusion focus:** The Programme is rated **Satisfactory** with respect to its ability to target the poor. The selected districts are some of the poorest in the country. The poverty status of the households in the programme districts is further confirmed by the small land ownership pattern of the farmers which varies between 0.25 hectares to 0.60 hectare per household.⁶ Land was used as a proxy indicator to assess the economic profile of participating households. This analysis shows that 49 percent of total members own 0.1 to 0.25 ha of land, 32 percent own 0.25 to 0.5 ha, 17 percent own 0.5 to 0.9 ha and only 2 percent own 0.9-1.2 ha of land. None of the group members has more than 1.2 ha of land. Thus even though there is no specific poverty profiling of the target beneficiaries, the MTR is confident that the programme is reaching the intended target groups. In addition, KUBK has meticulously maintained the ethnic profile of its beneficiaries. The participation of Dalit (16%), Janajati (15%) and other caste group (62%) is in keeping with their overall proportion in the population.

86. **Effectiveness of targeting approach:** Targeting approach is rated **Satisfactory**. The selection of the **Village** Development Committees (VDCs) is based primarily on the potential of programme activities and the VDCs are selected by the District Agricultural Development Committee. For seed and dairy production the areas are selected based on areas with potential and interest of the farmers. This approach has worked well in outreach to women, the poor and a good ethnic mix. The main weakness in the targeting is outreach to remote areas. The MTR believes that this issue can be dealt with better by recruiting a service provider with on-ground field presence and improving the mobility of staff to extend their outreach.

87. **Innovation and learning** is rated as **Moderately Satisfactory**. KUBK has initiated the hosting of Multi Stakeholder Platforms (MSP) which bring all the stakeholders dealing with seed production together to facilitate dialogue on lessons which might be emerging from the field on seed production dynamics and challenges and how to resolve these collectively. The MTR found that under KUBK a practise had been initiated to share the results of improved **management** practices regarding goat production and comparing the results with traditional practice in terms of the change in the live weight of animals and reduction in animal morbidity and mortality at the village level by beneficiaries. Similar practices were being used by some of the seed production groups to show the results of improved seed production practices on yield. These had proved to be very powerful in demonstrating the results of productivity enhancement practices in both sectors. The Programme also has significant potential to initiate some new innovations and feed those into the seed policy of the country as well as generate lessons for the livestock breed policy. The MTR has recommended that KUBK experiment with the recruitment and training of private Seed Quality inspectors which is provisioned for in the regulation framed in 2013 but which has not been used as yet in the country. The pilot testing of private seed inspectors will enable learning about the feasibility of this approach and the potential role of this modality to improve the production of quality seed in the country especially for remote areas. In addition, the MTR has recommended that KUBK import limited numbers of Boer bucks and generate results on its technical and economic feasibility which can feed into Government's breeding policy.

88. **Climate and environment focus** is rated **Satisfactory**. Activities implemented by the **Programme** do not have any negative impact on the climate and environment. The infrastructure supported under the Programme includes very small gravity flow schemes. Rainwater harvesting is also a commonly used method to collect water and helps to control soil erosion to some extent. Similarly, the Programme promotes organic agriculture and integrated pest management (IPM) practices which is expected to have a positive impact. In addition, no support is provided for purchase of insecticides or pesticides, use of chemical fertilizer is low. Planting of forage and fodder is a major activity under the livestock component and is expected to reduce any detrimental impacts of grazing on pastures. KUBK's focus on enhancing livestock productivity is expected to lead to a reduction in animal numbers due to the increase in productivity per animal. This is likely to have a positive impact on the environment over time. Like previous supervision missions, the MTR would like to recommend that the design of buildings and animal sheds envisaged under KUBK should use traditional building

⁶ Programme Baseline

materials which have long been used by local communities and which are aesthetically pleasing and do not spoil the local landscape.

89. **Partnerships.** The Programme performance in this regard is rated as **Moderately Satisfactory**. The KUBK implementation relies on close collaboration among a number of **technical** agencies and service providers. While there is good overall collaboration between the partners, there is need for much greater participation of NARC in Programme activities especially in the provision of breeder seed and in supervising the production of foundation seed. There is an opportunity for KUBK to link with SQCC to build the capacity of private seed inspectors for the target districts. There is also need for KUBK to work more closely with SEAN in the area of policy advocacy. AEC also needs to strengthen its role in facilitating the linkage of private seed companies with farmer producer groups and cooperatives for sale of vegetable and cereal seed. There is good collaboration between SFDB and NACCFL which is likely to grow as a result of the provision of credit funds to the SFACs through SFDB under the Programme.

E. Fiduciary aspects

90. **Financial management** of the Programme is rated as **Moderately Unsatisfactory**. Accounting is done manually in accordance with the cash basis of accounting used by the Government of **Nepal** (GoN). The accounts at the PMO are managed by an Accounts Officers/Accountants deputed by the Financial Comptroller General's Office (FCGO), and at the districts, by the Account Officers of the DADOs and DLSOs. The account staff at the districts are also responsible for accounting and reporting of Government regular budget and other projects apart from KUBK. The account staff of the DADOs and DLSOs prepares vouchers and maintains Cash Book, Budget Sheet and Advance Register manually in excel spread sheets. The account staff at the districts prepare a monthly statement of the expenditure incurred under each budget head showing allocated budget, expenditures incurred and balance budget and the outstanding advances and are required to forward it to the PMO within 7 days after expiry of the month as per Financial Procedures Regulation and 15 days after expiry of the month as per PIM. The account staff of the DADOs and DLSOs prepare the monthly expenditure statements and the monthly financial and physical progress reports in Excel.

91. The monthly expenditure statements are not received from the implementing partners within the **specified** period. The statement of expenditures of the FY 2015-16 has not been received from the Heifer International. In the absence of all financial statements, the PMO is not able to compile the consolidated monthly expenditure statements and status of AWPB and does not know the status of expenditure and advances. Because of delay in submission of the financial statements by the implementing partners, the PMO has submitted Withdrawal Application of expenses incurred in FY 2015-16 by the PMO only and is unable to monitor actual expenditures comparing with the budgeted amounts on a regular basis. As on February 12, 2016, NRs 62.08 million (USD 0.58 million) is outstanding at PMO including advance which cannot be claimed from IFAD. The delay in submission of monthly financial statements also causes delay in settlement of advances, accounting expenses to the respective expenditure heads and claiming reimbursement. Therefore, the PMO should follow up with the implementing agencies and partners to receive financial statements within the specified period.

92. The accounts have been maintained manually at PMO. The accounting software for government accounting and reporting has been installed and it is functioning but the other features are still being customized for consolidation of all financial data received from the implementing agencies and partners, accounting expenses to be financed from IFAD source in **categories** and project component/activities and generating FMR and withdrawal application. Because of delay in computerization, the financial data received in hard copies and soft copies from the implementing agencies and partners are consolidated for preparation of the FMR and WA on trimester basis. The Financial Management Specialist (FMS) should ensure to get monthly financial data from all implementing agencies and partners and prepare the FMR comparing with the budgeted amounts to monitor the financial and physical progress within 30 days of the subsequent month. The MTR would also like to recommend that the vehicle acquired through IFAD resources for use in the Programme districts and requisitioned by the MOLD for use in Kathmandu should be returned to the PMO or it will be declared as an ineligible expense.

93. The programme does not operate any bank account except designated bank account as all **payments** are made by the District Treasury Controller's Office (DTCO) on request of the PMO for the expenditures to be pre-financed by the government. Payments by DTCO are made only by crossed

cheques and bearer cheques are issued on payees' request as per the Financial Procedures Regulation. The vouchers are prepared for transactions of designated account during the supervision mission. The designated account has not yet been maintained for the funds received from IFAD for initial deposit, transfer to Government treasury and reimbursement. The consolidated record of grant and loan disbursement has been maintained and separate record each for grant and loan have not been maintained. It is recommended to maintain separate records of grant and loan to tally with the records of IFAD.

94. The programme ledger to record and monitor expenses incurred under each activity has not been maintained by the PMO. The DLSO, Arghakhachi has maintained the program ledger. Investment Fund Committee as envisaged in the Project Implementation Manual has not been **constituted**. Similarly, Investment Fund Manager has also not been appointed for overall management and reporting of the investment fund. Annual progress report of FY 2014-15 was submitted on October 6, 2015 but the half yearly progress report of FY 2015-16 has not been submitted.

95. **Disbursement:** The implementation performance of this aspect is rated as **Unsatisfactory**. As on February 12, 2016, the total disbursement under IFAD loan L-881 and IFAD grant DSF-8106 is SDR 4.311 million (including the initial deposit of SDR 1.658 million) which is about 16.78% of the **total** loan and grant allocation of SDR 12.85 million each. The net disbursement excluding initial deposit for the loan and grant is SDR 2.654 which is only 10.33% of the allocation. WA No. 7 of SDR 375,834 for the expenditures incurred by PMO only during July 17 to December 15, 2015 of FY 2015-16 was submitted and disbursed. The disbursement including expenditures of SDR 0.416 million (USD 0.581 million) incurred during December 15, 2015 to February 12, 2016 by PMO only and yet to be claimed will be SDR 3.07 million excluding initial deposit which is 11.95% of allocated amount. The WA should be submitted within 45 days from the end of the trimester obtaining financial reports on time from all district implementing agencies and partners so that disbursement can be expedited. Appendix 5 shows actual financial performance by financier; by component and disbursements by category. There is no disbursement from the top up loan of SDR 3.27 million allocated under IFAD Loan L-2000000460 due to delay in signing subsidiary loan agreement between the government and the Small Farmers Development Bank (SFDB).

96. **Withdrawal Applications** The WAs are prepared for the incurred expenditures to be borne from IFAD source after transfer of the expenditure amounts in equivalent USD from the Designated Account to the treasury of the Government of Nepal. The WA No. 7 of USD 528,354.77 (NPR 56,338,468.80) for the expenditures incurred during July 17 to December 15, 2015 was submitted and disbursed. On review of the SoEs, it is found that USD 39,515 (NPR 4,213,500) was excess claimed for outstanding advances of NPR 850,000 (USD 7,971.49) with the implementing partners under category 2 and NPR 3,363,500 (USD 31,543.66) with the project staff under category 3 & 4. The excess claimed amounts should be adjusted from the WA No.8 and it is advised to claim only incurred expenditures excluding outstanding advances in future.

97. **Counterpart funds:** The provision of counterpart funds for the Project is rated as **Moderately Satisfactory**. The budget of NPR 842.12 million consisting NPR 79.00 million from GoN source (9.38%), NPR 96.90 million from Heifer International source (11.50%), NPR 333.11 million from IFAD Grant (39.56%) and NPR 333.11 million from IFAD loan (39.56%) has been approved for the FY 2015-16. The budget authorizations were issued on July 28, 2015. Government of Nepal pre-finances all expenditures of the project except direct payment and claims reimbursement of the expenditures to be funded from IFAD sources. The expenditures of USD 1.32 million (20.64% of the approved budget) consisting USD 0.47 million from GoN source (22.91%), USD 0.50 million from IFAD source (17.78%) and USD 0.35 million from Heifer International (38.49%) have been incurred up to February 12, 2016 in the FY 2015-16. The project has mechanism of recording the beneficiary contribution from the statement of expenditures submitted by the groups/Cooperatives for payment of grant based on grant agreement. However, the expenditures incurred in excess of grant agreement by the beneficiaries have not been recorded as beneficiary contribution. It is recommended to record and report actual expenditures incurred by the beneficiaries so that total expenditures of the project is reported in the project account.

98. **Compliance with loan covenants** is rated as **Moderately Satisfactory**. The Programme has **generally** complied with all the Loan Covenants except: (i) Clause 7.01 - non submission of AWPB within the stipulated time, and (ii) Clause 8.02 - setting up of MIS, (iii) Clause 8.03 - submission of

periodic progress reports, and (iv) Clause 9.03 - delay in submission of the audit report and the audited financial statements.

99. **Procurement:** Procurement performance is rated as **Moderately satisfactory**. The Programme follows the GoN Public Procurement Act and Regulations consistent with IFAD's Procurement Guidelines. Procurement plans are not adequately prepared, updated, monitored and revised during the course of implementation. The mission was unable to ascertain associated risks resulting from variances and non-compliance between the approved procurement plan and actual procurement undertaken based on needs as identified by the Programme. The Project Management Office (PMO) has started to update procurement plan in accordance with the provisions of IFAD Procurement Handbook for goods, works and services with the support of the IFAD Procurement Consultant to mitigate potential risk of delays; understatement or over-statement of the needs; impractical target dates; insufficient funding; probity failure; splitting or inappropriate procurement packaging; inappropriate procurement methods to avoid transparent and competitive processes and risk of the expenditure being declared as ineligible expenditure consistent with the provision of Section 4.08 and Section 7.05 of the IFAD General Condition to the Financing Agreement. This would enable the Programme to monitor; revise and report on the implementation of the procurement plan and to seek IFAD's approval on any envisaged changes to the procurement plan, a mandatory requirement. Additionally, the vehicle requisitioned by the MOLD will be returned to the PMO by July 15, 2016.

100. The mission reviewed the procurement packages for (i) Training Hall Construction of DLSO, Rukum (**Contract** ID: KUBK-ISFP/NCB-CWTH-07/2072/73); (ii) Supply and Delivery of Branded Desktop Computers (Contract ID: KUBK/PMO/GD-02/2072-73); and (iii) Liquid Nitrogen Container Supply and Delivery (Contract ID: KUBK/ISFP/NCB-GPLNC-01/2072/73) based on the procurement plan maintained by the project. IFAD no objection was obtained for procurement of *Training Hall Construction of DLSO, Rukum* and remaining two procurements were subjected to post review hence do not require prior no-objection. Standard Bidding Document (SBD) issued by the Public Procurement Monitoring Office (PPMO) has been used for procurement, which is good. Relevant district rates and standard norms have been used in preparation of cost estimate for construction works. The estimate for supply and delivery of goods are prepared based on the past year experiences, which may not be adequate to reflect current market price hence, estimate should also be substantiated by the current market survey. The technical specifications for the construction and the specifications for the supply of desktop computers were found to be satisfactory. The specifications prepared for procurement of liquid nitrogen container could have been improved to mitigate the risk of procuring or the supply of goods that do not meet the user needs.

101. The time gap between the time of bid submission and opening of bid of two hours, in general, is high, which could be reduced to 30 minutes. The information recorded in bid opening record is **not** adequate, which may cause difficulty in decision making during bid evaluation hence require improvement in bid opening record. The mission has identified that the information included in bid evaluation report (BER) is insufficient to provide adequate and complete picture of evaluation and examination of the bids received. There is need to ensure that the evaluation is based on a proper review procurement principles such as transparency; accountability; fairness; ethical standards and value for money outlined in the bid document. As per Procurement Law of Nepal, a standing list of vendors is maintained by the respective entities, which is revised at the beginning of each fiscal year based on quotations called for the purpose of direct procurement. Procurement of regular supplies is done from the approved list.

102. The **insurance** requirement is not mentioned rightly in the Special Conditions of Contract (SCC) and this prevents enforcing insurance provision during execution of contract. The register of contracts has been maintained by the PMO. While the mission has been able to access documents, the mission has identified a significant need for the Programme to improve its records management essential to the evidencing of a transparent and auditable procurement process. Based on the above findings, the Mission recommends a procurement and contract management review within 4 months period to ensure improvement in procurement planning and preparation, maintaining systematic records and timely monitoring and updating contract management. For further strengthening of procurement capacity, training on procurement and financial management seems essential. Additionally, it is essential to report procurement progress as well as the contract implementation status on a trimester basis.

103. Stock registers have been maintained at the programme offices. One vacuum cleaner has been **recorded** in expendable (consumable) stock register instead of fixed assets (non-expendable) stock register. Fixed assets issue register has not been maintained separately rather issues of fixed assets are recorded only in the fixed assets register. Physical verification at the PMO has also been carried out on July 22, 2015 and documented. The fixed assets except third party insurance of the vehicles and motorbikes have not been insured. Log book of the vehicles has been maintained. One Scorpio jeep of the project (Ba.1 Jha 9844) has been provided to MoAD for its use on December 27, 2015. The project vehicle should be used only for the project and not for any other purpose otherwise the cost of the vehicle will be declared ineligible. Hence it is recommended to return the vehicle to the project. Assets maintenance assessment report has not been prepared and submitted to IFAD that should have been submitted within 3 months of the end of the fiscal year. The consolidated records of fixed assets to be submitted to the IFAD have not been prepared

104. **Audit:** The performance of audit is rated as **Moderately Satisfactory**. Audit of the programme is being carried out by the Office of the Auditor General (OAG) of the GoN. Separate audit teams from the OAG visit the PMO and the district offices. The financial statements of the PMO and the DADOs and DLSOs are compiled for preparation of the Project Financial Statement (PFS). The management letter issued to PMO by the OAG along with the audit report contains observations of the PMO only and audit observations of DADOs and DLSOs are not incorporated. The PFS have been prepared in accordance with IFAD Guidelines except omission of showing government reimbursable fund in the source of fund resulting in short closing balance to the extent of outstanding amount of government reimbursable fund in the statement of receipts and payment (By category and component). The mistakes of previous years have been rectified in the audited project account of FY 2014-15. The audit report of FY 2014-15 along with the management letter issued on January 14, 2016 is qualified without mentioning reason of qualification. The issues raised by the auditor in the management letter are: (i) the role of AEC is not effective, (ii) the TOR, its activities and payment for AEC have not been seen positively correlated, (iii) there is no justification to pay additional amount to AEC as a management cost, (iv) the PMO has not maintained program-wise account, (v) master procurement plan is not prepared, and (vii) financial and physical progress is not satisfactory as targeted. The Heifer International, Agro Enterprises Centre (AEC), Small Farmers Development Bank Ltd (SFDB) and Nepal Agriculture Cooperative Central Federation Ltd (NACCFL) have submitted the audit reports for the FY 2014-15. The programme has maintained the detailed audit log based on preliminary audit report instead of final audit report which needs to be validated by the auditor. DTCO has conducted internal audit of six months of FY 2015-16 instead of trimester basis but the internal audit report has not yet been received

Recommendations on the Fiduciary Aspects

Agreed action	Responsibility	Agreed date
Ensure monthly financial reporting by all the Implementing Partners by the 10th of the subsequent month.	All implementing partners	March 31, 2016
Customize accounting software for accounting and reporting requirements.	PMO	April 30, 2016
Comply with all the financing covenants within the stipulated time	PMO/OAG	On-going
Incorporate audit observations of the districts and PMO in the management letter of the auditor and submit to IFAD	OAG/PMO	In the audit report of 2015-16 and thereafter
Maintain Designated Account, Grant and Loan Register and program ledger	PMO/FMS	April 15, 2016
Submit asset maintenance assessment report and consolidated records of fixed assets to IFAD	PMO/FMS	April 15, 2016
Ensure trimester procurement progress reporting	PMO	April 15, 2016
Prepare status of contract implementation (According to number of contracts planned under each category – Goods, Works and Services and value of contract awarded and completed in the reporting period).	PMO	April 15, 2016 and thereafter
Conduct training on procurement (Expected participants are management level and Finance staffs of PMO and of implementing partners).	PMO	Within May 31, 2016
Prepare complete procurement plan separately for Goods, Works and Services in IFAD format.	PMO	April 15, 2016
Ensure trimester procurement progress reporting	PMO	April 15, 2016 and thereafter

Prepare status of contract implementation (According to number of contracts planned under each category – Goods, Works and Services and value of contract awarded and completed in the reporting period).	PMO	April 15, 2016 and thereafter
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F. Sustainability

105. **Institution building.** The programme performance in institutional building is rated **Moderately Satisfactory** due to the clear emphasis on working with farmer groups and cooperatives, the private sector and strengthening capacity at the local level. The Programme approach of working through the public sector line agencies is an important element of building institutional capacity even though it slows down implementation. By the end of February 2016, the Programme had involved 165 seed production groups, 20 cooperatives in the seed production component and 11 dairy groups and cooperatives for livestock activities and 15 for forage development. The Programme has organized 30 SFACLS and has been requested to assist in establishing another 45 SFACLS. The Programme approach of working closely with the agro-vets and private seed companies is a key element of its approach to strengthen the private sector and its interaction with smallholders. It is expected that the capacity building, financial support and loan financing will further strengthen these institutions and their engagement with the market on a sustainable basis.

106. **Empowerment and social sustainability** is rated **Moderately Satisfactory**. The Programme is working predominantly with women and women's groups and this focus on them has helped to build their self-esteem, level of confidence and increase productive capacity and enhanced their entrepreneurial ability. The Programme's support to women's groups and cooperatives is highly valued in communities where many of the men have out-migrated to the Middle East for employment and women are responsible for agriculture. The Programme has also provided support to young men and women entrepreneurs through providing them funds for expanding their businesses and financial services through the SFACLS. KUBK's emphasis on inclusion of minority communities has helped to build social cohesion.

107. **Quality of beneficiary participation** is rated **Moderately Satisfactory** due to the active participation of beneficiaries in the farmer field schools, participatory varietal testing and their very active involvement with development of the grant proposals. The Programme approach of using **existing** groups as a first step to identifying farmers for group activities has further assisted in the engagement of the beneficiaries. Many of the groups have been in existence for several years and they have experienced members some of whom have taken a lead in interacting with KUBK.

108. **Responsiveness of service providers** is rated **Moderately Satisfactory** due to the fact that while DADOs have been very actively involved in the Programme, the participation of DLSOs is not very active in all districts. Furthermore, even where these agencies are keen to participate in KUBK activities, their participation has been limited as a result of limited manpower and lack of **transport** facilities and limited motivation to visit the field. There is need for much greater interaction and coordination between other service providers such as AEC, NARC, NACCFL, SFDB. The private sector service providers such as seed companies and agrovets have indicated an interest in Programme activities and it is expected that they will play an increasingly important role in linking smallholder farmers with markets. This of course will be contingent on the mutual benefits of such an engagement.

109. **Economic and financial sustainability.** It is too early to make an assessment of the economic and financial sustainability of the Programme. The adoption of improved crop varieties, farming techniques demonstrated through the FFS or other training activities and the results of investments of grant proposals are only just beginning to emerge. For example, the farmers benefitting from irrigation infrastructure report higher yields due to increased supply of water and those able to produce and market quality maize seed also report an increase in incomes. Women experimenting with improved onion seed production also expect significant increase in yields as a result of improved production techniques. Some of the households involved in goat production report significant increase in live weight of animals and reduction in morbidity and mortality rates. The approach of the programme of using SFACLS has proved to be an economically feasible approach from past experience in the country.

110. **Technical sustainability** is rated **Moderately Satisfactory** in view of the fact that the Programme has implementing partners and service providers with the technical capacity to

recommend crop varieties, seed production and breed improvement technologies that meet the required standards. The infrastructure schemes are generally simple gravity flow schemes which are technical very sustainable and easy to maintain. The quality of some of the infrastructure schemes did not appear to be of the requisite standard and need to be better supervised.

111. **Environmental sustainability.** There is unlikely to be any negative impact of Programme activities on the environment. The Programme promotes organic agriculture and integrated pest management (IPM) practices which is expected to have a positive impact. In addition, no **support** is provided for purchase of insecticides or pesticides, use of chemical fertilizer is low. Planting of forage and fodder is a major activity under the livestock component and is expected to reduce any detrimental impacts of grazing on pastures. The focus of the Programme on enhancing productivity per animal is likely over the long term to lead to households focusing on a smaller number of high yielding animals. This is likely to have a positive affect on the environment.

112. **Exit strategy.** The exit strategy for the Programme relies on the institutional and operational strengthening of the technical support system and on the involvement of the private sector in order to ensure a demand based approach in the production of vegetable and cereal seeds and the development of the dairy and goat sectors. The extent to which the Programme succeeds in **making** sustainable linkages between the private sector agro-vets, seed companies, dairy companies, livestock markets on the one hand and the smallholder farmers on the other will determine the extent to which the Programme will be able to exit without disrupting the arrangements it has facilitated during its implementation phase.

113. **Potential for scaling up.** It is still too early to assess the programme potential for scaling up to **other** hill districts.

G. Conclusion

114. While the project has still not made any significant progress in disbursing its funds, the MTR Mission believes that the Programme can meet its overall development objective if the following **actions** are instituted within the required timeframes: (i) enhanced participation/involvement of existing key partners of KUBK for the delivery of critical components; (ii) critical changes to provide greater social mobilization and technical support to the seed producer and livestock groups and cooperatives; (iii) providing, through SFDB, credit funds to a larger number of SFACLs; (iv) greater coordination between the private sector and producers; (v) greater decentralization to the district level; and (vi) enhanced staff capacity and mobility. The MTR believes that the most efficient and effective way to provide this support is through delinking the grant and loan funds and using grant resources to expand the terms of reference of Heifer International to cover all six districts. The MTR believes that with suitable course corrections and reallocation of the budget, the Programme can be put on track to deliver on its overall objective and reach the number of farmers originally planned with the anticipated increase in productivity and incomes. In case the recommendations outlined here are not accepted, the MTR believes that the Programme will be unable to utilize its resources effectively and is unlikely to meet its overall objectives.

Appendix 1: Summary of project status and ratings

A. Basic Facts

Country	Nepal			Project ID	1602	Loan/DSF Grant No.	881 , 8106
Project	Kisankalagi Unnat Biu-Bijan Karyakram					Top-up Loan/DSF Grant	
Date of Update	31-Mar-2016						
Supervising Inst.	IFAD/IFAD						
No. of Supervisions	3	No. of Implementation Support/Follow-up missions	3				
Last Supervision	31-March 2015	Last Implementation Support/Follow-up mission	December 2015				

USD million Disb. rate %

Approval	21-Sep-2012			Total financing	59.75 ^a	
Agreement	02-Dec-2012	Effectiveness lag	2.4	IFAD Total	39.03	
Entry into force	02-Dec-2012	PAR value		IFAD loan	19.51	16.78% ^b
First disbursement	06-Jun-2013			DSF grant	19.51	16.78% ^b
MTR	29-Feb-2016	Last amendment		IFAD grant		
Original completion	31-Dec-2019	Last audit		Domestic Total	18.88	
Current completion	31-Dec-2019			Beneficiaries	10.95	1.25% ^c
Original closing	30-Jun-2020			Government (National)	7.30	12.82%
Current closing	30-Jun-2020			External Co-financing Total	2.50	30.56%
No. of extensions	0		Heifer International	2.50	0.77	30.56%

a: Excluding the supplementary Loan of USD 5 million. B: including and advance of USD 2.5 million. C: Beneficiary contribution is not being reported or recorded by the Programme.

B. Project Performance Ratings

B.1 Fiduciary Aspects	Last	Current	B.2 Project implementation progress	Last	Current
1. Quality of financial management	3	3	1. Quality of project management	4	4
2. Acceptable disbursement rate	3	2	2. Performance of M&E	3	4
3. Counterpart funds	4	4	3. Coherence between AWPB & implementation	4	4
4. Compliance with financing covenants	4	4	4. Gender focus	4	5
5. Compliance with procurement	4	4	5. Poverty focus	4	5
6. Quality and timeliness of audits	4	4	6. Effectiveness of targeting approach	4	4
			7. Innovation and learning	3	4
			8. Climate and environment focus	4	5

B.1 Justification of Ratings: The Government of Nepal pre-finances all Programme expenses and then claims reimbursement. However, this mechanism delays the approval of the AWP/B and the funds are not provided to the project in a timely manner. Accounting is done manually in accordance with the cash basis of accounting used by the Government of Nepal (GoN). The monthly expenditure statements are not received from the implementing partners within the specified period. The rate of disbursement is extremely low due to delay in implementation, inability to procure service providers envisaged at design, exchange rate gains and suspension of component for several years. Counterpart funding by the Government is delayed but is provided. The loan covenants are generally being complied with and audits are being undertaken.

B.2: Justification of Ratings: The Programme Management has been strengthened and the PSC meetings are being held regularly. The staff is now in place but coordination between the component teams needs to be strengthened to build synergy

and some functions decentralised for more efficient and effective use of resources. The Programme has begun to prepare improved plans but is unable to fully follow them. There has been a turn over in M&E staff and specialists engaged to undertake the development of the MIS system and make reports more outcome oriented. While the project has produced very good Annual and Quarterly progress reports it needs to strengthen the MIS system at the central level and focus more on collecting key outcome indicators. Gender and poverty focus is strong especially given the fact that many of the households are headed by women due to the high out-migration of men in search of employment to the Middle East. While lessons are beginning to emerge from the field with respect to some key challenges regarding the process followed in the production, sale and marketing of foundation and TL seeds these lessons are not being fully captured. The project does not include any type of investment that is expected to have any negative impact on the environment.

B.3 Outputs and outcomes	Last	Current	B.4 Sustainability	Last	Current
1. Formal Seed Sector	4	4	1. Institution building (organizations, etc.)	4	4
2. Smallholder Livestock Development	3	4	2. Empowerment	4	4
3. Local entrepreneurship & institutional development	4	5	3. Quality of beneficiary participation	4	4
			4. Responsiveness of service providers	4	4
			5. Exit strategy (readiness and quality)	4	4
			6. Potential for scaling up and replication	3	3

B.3: Justification of ratings: The activities under the formal seed sector and the third component are progressing well although disbursement is still low due to factors beyond the control of the programme. The livestock sector has lagged behind because of the suspension of this component at the start. The Programme has hired technical livestock specialists and programme is expected to pick up. The progress made by Heifer shows the significant potential for increase in productivity in groups which are properly mobilized and technically supported. The potential of the programme in delivering against the overall objective can be achieved with proper social mobilization and technical support as well as strengthening the process of grant applications and ensuring that Government and IFAD do not unnecessarily delay the implementation through their lengthy approval processes. The project needs to strengthen its implementation in the existing project districts for the time being.

B.4: Justification of ratings: The programmes emphasis on building farmer capacity and enhancing their links with markets is likely to make investments sustainable. By organizing groups and demonstrating the potential for enhanced productivity, access to training, financial services and markets, the Programme is beginning to lead to empowerment of women and the excluded social groups. Beneficiaries play an important role in identifying and developing grant proposals and participating in FFS. While some of the service providers have been very actively engaged such as DADOs, the DLSOs participation is lagging behind. HI has performed well in the districts in which it is working. NARC has not been involved in any significant way in providing foundation seed for the target group. The exit strategy of the Programme entails provision of support for 2 to 3 years, build capacity and links and then withdraw. There is no significant potential for scaling up at this stage.

C. Overall Assessment and Risk Profile

	Last	Current
C.1 Physical/financial assets	4	4
C.2 Food security	4	4
C.3 Quality of natural asset improvement and climate resilience	4	4
C.4 Overall implementation progress (Sections B1 and B2)	4	4
Rationale for implementation progress rating: Please see text of Main Report		
C.5 Likelihood of achieving the development objectives (section B3 and B4)	4	4

Rationale for development objectives rating

While the slow start of the Programme has put at risk the achievement of its objectives. However, with the full contingent of staff available to it and the support of the implementing partners they can achieve Programme objectives if they expedite the speed of implementation and adopt the key recommendations outlined in the MTR for hiring additional capacity to strengthen group social mobilization, providing greater mobility and staff resources and enhanced coordination among the various players.

C.6 Risks Short description of major risks for each section and their impact on achievement of development objectives and sustainability

Fiduciary aspects	Low expenditure and disbursements due to delay in approvals by both GoN and IFAD.
Project implementation progress	Inadequate capacity of the PMO and the PIUs to provide social mobilization support and on field technical assistance on a regular basis to the seed and livestock groups and cooperative. This is due to lack of mobility of field staff, remoteness of project villages and limited operational support. The centralized nature of grant processing and delay in approvals by both Government and IFAD of key decisions have hindered the speed of progress.
Outputs and outcomes	The demand for vegetable seed is impacted by exogenous factors which fluctuates and depends on factors beyond the control of the Programme. However, there is need to improve the supply of foundation seed, improve quality of TL seeds and make production decisions based on market demand. There is limited Government and private sector capacity to provide animal health services and livestock are prone to high morbidity and mortality rates. There is need for use of a service provider who can provide social mobilization support to the Programme.
Sustainability	The capacity of the smallholder groups and cooperatives to effectively manage the farm equipment and machinery under a collective management system and the danger of elite capture of some of the equipment provided under the KUBK.

Proposed Follow-up

Issue / Problem	Recommended Action	Timing
Decentralizing activities	Increase the buy-in and ownership of project activities by DADO through decentralising some activities such as sub-project approval and management.	AWPB 2016/17
Outsourcing NGOs	Outsourcing local NGOs through HI for support in FFS.	AWPB 2016/17
Seeds	Ensure that immediate action is taken to obtain the needed foundation seeds for the upcoming grants (2016) from the authorized private sector and cooperatives. Identify alternatives in case they are not able to provide the needed quantity in a timely manner. Foundation seed producers in the Terai districts may also be sought for cereal seeds as long as cereal varieties produced are adapted to the hilly areas	immediate
Bidding Process for Foundation Seeds	Starting 2017/18 season, the needed foundation seeds will be obtained mainly from SQCC-certified private sector companies or farmer groups and cooperatives certified by SQCC. KUBK will plan for the process and initiate the bidding process from interested private companies, if required, as soon as possible to allow for the production of foundation seeds for the 2017/18 season. Foundation seeds producers in the Terai districts may also be sought for cereal seeds as long as cereal varieties produced are adapted to the hilly areas	By May 2016
PVS sites	The participatory varietal selection (PVS) sites should be used to demonstrate released varieties and NARC, DADO and the seed coordinators should be involved in joint planning, implementation and evaluation of the PVS activities in a participatory manner with farmers.	On-Going
Social mobilization	Expand the services of Heifer International for providing social mobilization and technical support to the small farmer groups and cooperatives established for goat production and dairy development.	Immediate
Grants	Reduce the duration for the review and approval of the grants (usually taking around 6 months) and complete the entire process within 2 months.	On-Going
District investment window	The proposals under windows 1 and 2 to be evaluated by PMO staff. External experts to join the evaluation for window 3 proposals. Post evaluation, field verifications to be carried out by the district staff and the negotiations and signing of documents with the farmers will be carried out at district PIU.	Immediate
Financing Agreement	Approve Financing Agreement for provision of USD 8 million to SFDB.	Immediate
Coordination	There is need for much greater coordination and planning among the implementing partners and with districts to ensure achievement of targets.	Immediate
Decentralization	There is need for PMO to give greater decision making responsibility and authority to the Districts.	Immediate
Staffing	Any remaining vacancies in the PMO and PIUs should be filled as soon as possible especially the M&E staff and the new positions recommended by the MTR.	July 2016
Preliminary MIS	A pilot excel-based MIS will be useful to systematize the data and to guide the PMO in identifying the key queries and functions of the fully fledged MIS.	May 2016
KM Notes	Prepare simple success stories from member based organization and producers groups (even not necessarily fully attributable to KUBK but good and inspiring examples), as well as policy briefs from the stakeholders platforms and private/public dialogue.	October 2016
Accounting Software	Customize accounting software for accounting and reporting requirements.	April 30, 2016

Appendix 2: Updated logical framework

Indicators				Means of Verifications		
Code	Description	Baseline	Target	Source	Frequency	Responsibility
Goal: Increased competitive, sustainable and inclusive rural growth						
G1	Value of agricultural and livestock production in target area increases by 15% and 10% respectively		+15% crop, +10% livest.	Mid-term and completion surveys	MT, Completion	PMO
G2	At least 75,000 families (including among disadvantaged groups) increase household food security [RIMS]		75,000 HHs			
G3	At least 20 percent of Programme area HHs show improvement of more than 10% in household assets ownership index [RIMS]		+10%			
G4	Reduction of at least 20% in prevalence of child malnutrition among participating HHs [RIMS]		-20%			
Development Objective: Improve rural household incomes through sustainable, market-driven agricultural productivity improvements						
D1	Productivity in beneficiary HHs increases by: (a) goat meat : 25%; (b) milk production: 50%; (c) crop yields: 15% [RIMS]		goat: +25%; milk: +50%; crop: +15%	National and District statistics; Outcome surveys; Periodic outcome surveys; RIMS survey	Mid Term surveys Completion surveys	PMO
D2	At least 70% of supported production groups (disaggregated by type of group) regularly collecting money for O&M of infrastructures / machinery / equipment		+70%			
D3	Private purchase contracts established with at least 50 % of supported seed and 35% of dairy production groups [RIMS]		Crop: 50% Dairy: 35%			

Indicators				Means of Verifications		
Code	Description	Baseline	Target	Source	Frequency	Responsibility
Outcome 1: Increased production of Truthful Labelled seeds within the target area and marketed locally and beyond						
O1	At least a total of 100,000 Ha in the programme districts are sown with TL seed (cereals and vegetables)		100,000 Ha sown with TL seed	Outcome surveys	Mid Term / Completion	PMO
Outcome 2: Improve rural household incomes through sustainable, market-driven agricultural productivity improvements						
O2	Dairy producing HHs and Goat rearing HHs selling products to markets (60% for dairy, 25% for goat)		Goat: 25% Dairy: 60%	Outcome surveys	Mid Term / Completion	PMO
Outcome 3: Improve rural household incomes through sustainable, market-driven agricultural productivity improvements						
O3	Number of SFACLs with satisfactory financial governance: (a) regular savings by 95% of members; (b) cumulative repayment of loans more than 98%; (c) Annual general meetings held as per schedule and regular election process.		60 SFACLs	Outcome surveys	Mid Term / Completion	PMO
Output Indicators:						
O1.1	NARC and Private Sector producers supported by KUBK produce the required foundation seed to achieve the programme's seed production targets (<i>i.e., to produce 760 MT of TL paddy; 830 MT of TL maize; 1660 MT of TL wheat; and 500 MT of a range of TL vegetable seeds</i>)		171 MT of cereal seeds 5 MT of vegetable seeds	KUBK M&E	Trimester (or seasonal)	NARC, PMO
O1.2	SQCC ensures quality control of at least 80% of the foundation and TL seeds required to meet KUBK seed production targets		80%	KUBK M&E, DADO statistics		SQCC, PMO

Indicators				Means of Verifications		
Code	Description	Baseline	Target	Source	Frequency	Responsibility
O1.3	At least 9,000 farmers participate in at least 360 seed producer groups [RIMS]		9,000 farmers			PMO
O1.4	At least 5 seed companies establish cereal and/or vegetable seed purchasing operations in the target area		5 seed companies			PMO, AEC
O2.1	At least 80 % of the participating HHs have improved animals through breed improvement program		+80% of HHs	KUBK M&E, DLS statistics	Trimester (or seasonal)	PMO, HI
O2.2	At least 60 % of dairy group HHs produce forage		60% of HHs			PMO, HI
O2.3	At least 50 % dairy and goat HHs use stall-feeding		50% of HHs			PMO, HI
O2.4	At least 80 % of animals in dairy and goat HHs covered by routine vaccination against main zoonotic diseases (dairy: HS, BQ and FMD; goat: PPR) [RIMS]		80% of animals			PMO, DLS
O3.1	Share of participating local institutions (VDCs) receiving trainings on good governance: 80 % [RIMS]		80% of VDCs	KUBK M&E, DCCI, VDC, DADC, SFACL	Trimester (or seasonal)	PMO, NACCFL, SFDB

Appendix 3: Summary of key actions to be taken within agreed timeframes

Component 1: Support to the Extension of the Formal Seed Sector.

Sub: Component 1.1: Ensuring and Effective Enabling Environment

Action	Responsibility	Agreed Date
Involve SEAN in the process of assimilating issues for policy advocacy especially creating opportunities for SEAN to incorporate policy issues of importance for the seed sector (varietal development, availability of quality source seeds) with special emphasis on smallholder farmers in seed production and leverage SEAN's negotiating power with Government to reform policy.	PMO, SEAN,	Immediate
Assist NARC to produce breeder seed and assist in the production of foundation seed by the private sector for supply to the target districts.	PMO/NARC	Immediate
Hire 4 additional seed field technicians for every KUBK district and provide them with motorbikes	PMO/DADO	AWPB 2016/17
Enhance the motivation of DADO staff through trainings and exchange visits and other capacity building opportunities for which grant funds will be provided by KUBK.	IFAD/MoF/PMO/DADO	AWPB 2016/17
Increase the buy-in and ownership of project activities by DADO through decentralising some activities such as sub-project approval and management and outsourcing local NGOs through HI for support in FFS.	IFAD/MoF/PMO	AWPB 2016/17
Support in the promotion of at least 12 (2 per district) accredited private seed inspectors, by hiring their services in the target areas, providing them with trainings or equipment, etc, once the guidelines prepared by SQCC are endorsed officially by the government.	PMO/SQCC	AWPB 2016/17 once SQCC guidelines officially endorsed
Ensure that only authorized and trained personnel are taking samples from farmers' harvested lots, and encourage the buyers such as PSCs and Agrovets to be proactive in this issue.	PMO/DADO	Immediate
Undertake training on seed sampling techniques to all concerned partners (seed technicians, NARC researchers, DADO officers, AEC field catalysts, SPGs, PSCs and agrovets) and include the sampling in the FFS quality seed production curriculum .	PMO/DADO/AEC	Immediate
Sub-component 1.2: Improved Seed Production		
Action	Responsibility	Agreed Date
Ensure that immediate action is taken to obtain the needed foundation seeds for the upcoming grants 2016 from the authorized private sector and cooperatives. Identify alternatives in case they are not able to provide the	PMO/DADO	Immediate

needed quantity seeds on a timely basis.		
Foundation seeds producers in the Terai districts may also be sought for cereal seeds as long as cereal varieties produced are adapted to the hilly areas. To achieve this KUBK may extend support to private companies and SPGs to produce seed in the adjoin Terai districts suitable for the six target districts.	PMO/DADO/NARC	Immediate.
Ensure clarity in the subcontracting for foundation seeds (who is responsible, how and when to pay them, who takes the product) for ensuring that there are buyers for the foundation seeds produced by the contracted authorized cooperatives.	NAC/PMO	On-Going.
Ensure that all seed producer groups and cooperatives receiving support in matching grants have received season-long training (FFS) on seed production technologies.	PMO/DADO	On-Going.
Develop a management and quality assurance system for the FFS trainings which includes annual refresher courses for all facilitators and farmers and also adds emerging topics from the field.	PMO/DADO	On-Going.
Ensure that all seed producer groups and cooperatives are supported in their governance and cohesion through training and coaching through Heifer International which is being recommended for the purpose.	IFAD/MoF/PMO	On-Going.
Allow for exchange visits between farmer groups/cooperatives to see good production and governance practices.	PMO/DADO	On-Going.
Assess the needs of Private Seed Companies and agrovets and link SPGs to these companies and agrovets through opportunities for collaboration.	AEC/DADO	On-Going.
Undertake annual stakeholder assessments and beneficiary feedback.	AEC/DADO	
Train agrovets in seed production regulations and technologies.	DADO/SQCC	
Sub-component 1.3: Promoting Farmer Demand for TL Seed		
Action	Responsibility	Agreed Date
A revised FFS curriculum should be developed that is not focused on seed production but rather on crop productivity enhancement (use of quality seeds, IPM, soil fertility, seed rate, etc) and include comparative assessment and experimentation of the farmer's practices vs improved production techniques using the same local variety.	DADO	On-Going
Ensure that all FFS have an initial and final evaluation form to be completed by the facilitators with the support of the DADO or junior staff supervising facilitators. Ensure that the evaluations enter the M&E system of KUBK	DADO/facilitators/M&E officer	Immediate
The participatory varietal selection (PVS) sites should be used to demonstrate released varieties and NARC, DADO and the seed coordinators should be involved in joint planning, implementation and evaluation of the PVS activities in a participatory manner with farmers.	NARC/DADO seed coordinators	On-Going

Component 2 – Smallholder livestock development.

Agreed action	Responsibility	Agreed date
Engage the services of Heifer International for providing social mobilization and technical support to the small farmer groups and cooperatives established for goat production and dairy development with Cabinet approval with financing of IFAD grant.	MoF/IFAD	Immediate
Develop three-year work plans respectively for the dairy and goat development sub-components	PMO/Hi	April 30, 2016
Develop “customized” dairy and goat development models to be implemented with smallholder farmers respectively in 3 districts (Gulmi, Arghakhanchi and Pyuthan) and 6 districts.	PMO/MOLD/DLSOs/Heifer International	April 30, 2016
Extend Goat Productivity Improvement activities to additional 4 districts	MOLD/DLSOs	April 30, 2016
Import (i) a total of 80 Murrah buffalo bulls, 25 buffalo cows and doses of semen and (ii) 50 Boer bucks and 10,000 doses of semen for Programme livestock breeding improvement plans.	PMO/DLSOs	June 30, 2016
Recruit 2 Livestock Specialists, 12 Community Dairy Assistants and 7 Community Goat Assistants	PMO/MOLD	December 2016
Purchase one motorcycle each for 6 Livestock Specialists, 22 Community Dairy Assistants and 22 Community Goat Assistants	PMO/DLSO	December 2016
Develop a plan for upgrading of the facilities of the National Buffalo Resources Centre in Pokhara	DLSO/MOAD/PMO	December 2016
Provide mobility and additional capacity development opportunities to staff.	PMO/IFAD/MOLD/DLSOs	On-going

Component 3 – Local Entrepreneurship and Institutional Development.

Sub-component 3.1: Institutional Strengthening

Agreed action	Responsibility	Agreed date
Institutional Strengthening		
Plan future activities based on beneficiary feedback and the outcome of the different types of training events and market information services.	PMO/AEC	On-Going
Access to Non-Financial Services		
Active engagement with the sector to facilitate market links for seed and livestock.	AEC	On-Going

Sub-component 3.2: Access to Non-financial Services (Matching Grants)

Action	Responsibility	Agreed Date
Reduce the duration for the review and approval of the grants (usually taking around 6 months) and complete the entire process within 2 months.	PSC/PMO/IW	On-Going
The proposals under windows 1 and 2 to be evaluated by PMO staff. External experts to join the evaluation for window 3 proposals. Post evaluation, field verifications to be carried out by the district staff and the negotiations and signing of documents with the farmers will be carried out at district PIU.	PSC/PMO/IW	Immediate
AEC to develop a simple tracking system of the proposals from the time they are lodged in Investment Window (IW).	AEC	Immediate
Change the norm of one proposal from one co operative especially for SFACLs which are financial co operatives with many groups and a large member base.	PSC/PMO	Immediate
Individuals and groups having evidence of successful production/business for more than 1 year and with regular group functioning should be supported once they are registered with DADO/DLSO and the condition of one year after registration can be waived.	PMO/IW/AEC	Immediate
Matching grant amounts for dairy groups to be increased to USD 25,000.	PSC/PMO/Investment windows	May
Ensure that clear communication reaches farmer groups regarding 20% advance mechanism for infrastructure sub-projects.	PSC/PMO/AEC	Immediate
Communicate to the groups that the seeds and fertilisers purchase will be supported for three years and other activities can be completed earlier.	PMO	Immediate
All the grantees will receive field based technical trainings to ensure quality production – for seeds for at least one cropping season, for goats and dairy animals for at least 6 months.	PMO	Ongoing
Arrange for training of women in the operation of farm equipment and machinery.	PMO	Immediate
Encourage more innovation in grants, with special attention to projects involving the youth as service providers.	AEC	On-going
Design a simple format which can capture a few key baseline facts to help assess the outcome of each grant.	M&E Specialist	Immediate
Under take a study for feedback of the grantees on what can be improved in terms of eligible items, processes and procedures, technical support and marketing to respond to the emerging needs of agriculture producers.	PMO	May 2016
3.3 Increasing Outreach of Microfinance Institutions		
Agreed action	Responsibility	Agreed date

Ensure support to SFACLs for one year after handing over. Project Officers to plan and visit SFACLs quarterly.	NACCFL, SFDB	On-Going
Form additional 45 SFACLs through NACCFL and SFDB in next 2.5 years.	PMO/NACCFL/SFDB	AWP/B each year
Approve Financing Agreement for provision of USD 8 million to SFDB.	IFAD, MOA, MOF, PMO,	Immediate
Integrate SFACL members with other programme activities; at least 7500 members to be formed into seed and livestock groups, sub projects prepared to receive technical and matching grant support.	PMO, NACCFL,	Immediate

Programme Management		
Agreed action	Responsibility	Agreed date
Coordination: There is need for much greater coordination and planning among the implementing partners and with districts to ensure achievement of targets.	PSC/PMO and Implementing Partners	Immediate
Decentralization: There is need for PMO to give greater decision making responsibility and authority to the Districts.	PSC/PMO	Immediate
Staff Recruitment: Any remaining vacancies in the PMO and PIUs should be filled as soon as possible especially the M&E staff and the new positions recommended by the MTR.	PSC/PMO	July 2016
Transport Facilities: Ensure the provision of transport facilities to all implementing partners especially the DADOs and the DLSOs in the Programme districts.	MOAD	Immediate
Monitoring & Evaluation		
Agreed action	Responsibility	Agreed date
Harmonize M&E system: data collection sheets prepared for all components should be utilized by the implementing partners, after the workshop in Butwal to launch their use.	M&E Specialist	From April 2016 onwards
Carry out outcome survey / RIMS survey: two separate surveys to be carried out to ensure capturing progress towards outcomes and second/third level RIMS indicators. The report needs to be ready by Jan 2017.	M&E Specialist	October 2016
Prepare a preliminary MIS: a pilot excel-based MIS will be useful to systematize the data and to guide the PMO in identifying the key queries and functions of the fully fledged MIS.	M&E Specialist / MIS assistant	May 2016
Annual Work Plan and Budget: Submit the AWPB to IFAD prior to its submission to the Government for inclusion in the GoN Budget.	PMO	Annually
Establish sub-projects awards system: based on simple criteria of productivity, likelihood of sustainability, governance, and potential scaling up. The system rewards seed and livestock producers groups and individual entrepreneurs (including farmers).	TA Team/ implementing partners	September 2016.
Develop KM Notes: prepare simple success stories from member based organization and producers groups (even not necessarily fully attributable to KUBK but good and inspiring examples), as well as policy briefs from the stakeholders platforms and private/public dialogue.	Implementing partners (AEC in particular) / PMO / M&E Specialist	October 2016

Fiduciary Aspects		
Agreed action	Responsibility	Agreed date
Ensure monthly financial reporting by all the Implementing Partners by the 10th of the subsequent month.	All implementing partners	March 31, 2016
Customize accounting software for accounting and reporting requirements.	PMO	April 30, 2016
Return the vehicle requisitioned by the MOLD for use by KUBK.	MoLD	Immediate
Comply with all the financing covenants within the stipulated time	PMO/OAG	On-going
Incorporate audit observations of the districts and PMO in the management letter of the auditor and submit to IFAD	OAG/PMO	In the audit report of 2015-16 and thereafter
Maintain Designated Account, Grant and Loan Register and program ledger	PMO/FMS	April 15, 2016
Submit asset maintenance assessment report and consolidated records of fixed assets to IFAD	PMO/FMS	April 15, 2016
Ensure trimester procurement progress reporting	PMO	April 15, 2016
Prepare status of contract implementation (According to number of contracts planned under each category – Goods, Works and Services and value of contract awarded and completed in the reporting period).	PMO	April 15, 2016 and thereafter
Conduct training on procurement (Expected participants are management level and Finance staffs of PMO and of implementing partners).	PMO	Within May 31, 2016
Prepare complete procurement plan separately for Goods, Works and Services in IFAD format.	PMO	April 15, 2016
Ensure trimester procurement progress reporting	PMO	April 15, 2016 and thereafter
Prepare status of contract implementation (According to number of contracts planned under each category – Goods, Works and Services and value of contract awarded and completed in the reporting period).	PMO	April 15, 2016 and thereafter

Appendix 3.B: Summary of Progress on Previous Mission Recommendations

2015 Supervision Mission KUBK (17 Mar.-02 Apr, 2015)/Nov 2015 ISM : Progress on Summary of Key Actions to be taken (As of Feb 15 , 2016)						
Com	S. N.	Action	Responsibility	Agreed Date	Progress /Action Taken	Date Action was Taken
C1		Expansion of formal Seed sector				
C1	1.	Actively participate in and contribute to the national Seed Summit planned for April 2015 in Nepal on the implementation of the Seed Vision 2025. ISFP should also support the participation of farmer groups/coop, agro-vest and private companies active in the Programme.	Seed coordinator/Seed Development Officer (SC/SDO)	April 15	KUBK-ISFP participated and contributed to the seed summit.	14-15 Sept,2015
C1	2.	Improve the procedures for field inspection and sample testing to fulfill the national regulations for the TLS.	SC/SDO	Immediate	On-going	
C1	3	Prepare a plan for field inspection of the KUBK-supported producer groups by authorized personnel (DADO, SQCC) in coordination with other activities undertaken in the field to overcome limitations in staff and their mobility	SC/SDO	Immediate	On-going, field inspection regularized with the help of RSTL and DADO seed inspector. To ease quality seed production, procurement of additional support staff for RSTL is in progress.	On-Going
C1	4	Ensure that all grants involving seed production and approved by KUBK/ISFP include field inspection visits and seed sampling undertaken by authorized SQCC or DADO staff in cooperation with the private companies/agrovets.	SC/SDO	Immediate	Provision of seed sample test from authorized institution is incorporated in each work plan of the grantees. Field inspection is regularized with the help of DADO seed inspectors as well as RSTL staff.	On-Going

C1	5	Actively participate in the dialogue with the government through the Seed Vision 2025 in support of the establishment of private independent seed quality field inspectors certified by the government.	SC/SDO	Immediate	A directive for the mobilization of private seed inspectors has been prepared by SQCC that is yet to be endorsed by the Seed Board. District Seed Coordinators working in the project districts will be involved in the training organized by SQCC after the directive is approved.	Awaiting approval of National Seed Board.
C1	6	Ensure that seed storage facilities (airtight bins or bags, or enhanced storage environment) are given priority and promoted both for farmer groups and agro-vets in all grant approved proposals and as provisions within the FFS training	DADO/AEC/P MO	Ongoing	Storage facilities such as storage house, metal bin, super grain bag and packing bags are already provisioned in each work plan of Grantees and also provided to FFS group .	On-Going
C1	7	Make arrangements with NARC for the production of breeder seeds and foundation seeds through registered private company, seed producer cooperatives or groups, NGOs etc using the contract farming approach.	MOAD	Starting from next crop season	Discussed with NARC, Will make provision in AWPB 2016/17	AWPB 2016/17
C1	8	Encourage the inclusion of all farmers interested in seed production, especially women and the poorest, in the supported groups or cooperatives	DADO	Immediate	Sensitization for inclusion of women, Dalit, Janjatis and poor is done through orientation and GESI workshops of the beneficiaries.	On-Going
C1	9	Agree on the outsourcing modality with FAO for the running of ToTs for 100 facilitators	PM/IFAD	Immediate	FFS ToT training is already accomplished with the help of plant protection directorate and 56 personnel were trained.	Oct 4-16,2015
C1	10	Equip all agriculture service centres with required facilities for training, office equipment, furniture etc and ensure that these facilities are effectively used to provide training to participating farmers.	PMO, DADOs	Starting from next fiscal Year.	Will discuss during planning and budgeting for FY 2016/17	AWPB 2016/17

C1	11	Ensure that these ASCs are adequately staffed and faculties for their mobility and adequate operational budgets are provided	PMO, PIUs	immediate	2 Seed technicians are already in place, and 4 additional seed technicians will be placed in rest of the ASCs. For mobility services, provision will be made in next year's AWPB.	AWPB 2016/17
C1	12	Ensure more FFS are organised and facilitated including the selection and training of farmer facilitators for reaching results to farmers groups; conduct more PVS trials in order to increase the awareness of the farmers about appropriate choice of varieties for multiplication.	DADO, NARC outreach staff	Starting from next crop season	FFS and PVS are being conducted in each district with the support of DADOs and NARC station.	On-Going
C1	13	Expedite the process of clearance of the proposal pending with National Seed Board for engaging the services of private sector Seed Quality Field Inspectors and ensure such personnel when engaged are imparted training by SQCC on continuing basis for ensuring quality	PMO, MOAD	Starting from next crop season	Training for private seed inspector yet to be organized by SQCC, the governing body of seed rules and regulation in Nepal	Awaiting SQCC approval.
C1	14	Continue the process of including seed storage facilities in the plans approved by the project, ensure that these facilities are provided on time. Seed Inspectors to ensure the quality of these storage facilities.	PMO	Ongoing process	Infrastructure and equipment for seed storage has been provisioned in each grant. DADO based seed inspector inspect the quality of seed as per the demand from the grantee.	On-Going
C1	15	Plan and complete the seed value chain study covering the ISFP districts and at National level	PMO	In Jan 2016	Contract agreement of Seed value chain study is in the process with successful service provider.	
C1	16	Include a provision in the contract with the Group or Cooperative that farmers who are willing to join the Groups or Cooperatives in particular, women and the poor, should be allowed to join	PMO	For all new proposals	Group/Cooperatives are practicing inclusion of interested farmers in their group/cooperative as per the bylaws of respective group/cooperative.	On-Going
C2		Small holder Livestock Development				

C2	1	AEC, in close coordination with the respective DLSOs provide support to the farmers in linking with potential milk buyers.	AEC	On-Going	Interaction program among DLSO, milk producers group and the potential dairy entrepreneurs is initiated and also planned for current Fiscal Year.	On-Going
C2	2	Careful review and lesson learning from the Boer goat breeding programme.	Livestock Coordinator (LcS)/ DLSOs	On-Going	Bid document for Boer goat and Boer semen procurement is in progress. IFAD awaiting recommendations of MTR before continuing with import.	March 2016.
C2	3	Identify alternative options to purchase the required Boer semen and forage seeds for livestock improvement, if required.	Livestock Coordinator (LcS)/ LDO	June 2015	Bid award for bucks and semen is in process and will complete very soon and 2000 doses of semen for AI is borrowed from AFSP project and Boer semen has been sent to breeder herd for AI.	FY 2015/16
C2	4	Front load the organization of Livestock TOT for conducting FFS in subsequent years and meet the specified targets.	Livestock Coordinator (LcS)/ LDO	December 2015	Training conducted on TOT on FFS (Goat) including 42 participants from DLSOs/PIU. Resource persons for conducting FFS are developed.	November, 2015
C2	5	Assess the suitability of the available goat curriculum for FFS and develop curriculum for dairy development.	Livestock Coordinator (LcS)/ LDO	June 2015	TOR prepared and guidelines and curriculum for FFS in Dairy will complete within this FY 2015.16.	On going
C2	6	Expand the scope of the matching grant scheme to include livestock production activities and finance activities included in the Programme budget for livestock including sheds, equipment and machinery.	AEC/LcS/LDO /HI	June 2015	After the introduction of revised grant operation guidelines, 37 proposals were received and out of this 50% are related to livestock production.	Dec, 2015

C2	7	Explore possibilities of establishing/linking dairy groups and seed groups in areas where SFACLs are operational so that animals can be financed by SFACLs and other programme related activities including matching grant can be dovetailed.	AEC/LcS/LDO /HI	On-Going	Orientation has been given to SFACL. 2 grant agreement with SFACL on seed production were completed.	
C2	8	Design a simple format which can capture a few key baseline facts to help assess the outcome of each grant.	M&E/FAO	Immediate	The proposal template consists of summary sheet about some key base line facts. This information was verified during field verification.	On going
C2	9	Provide technical and managerial support to local dairy units in linking them with potential buyers in close coordination with respective DLSO. Organise intensive training to livestock FFS.	DLSO	Starting from Jan 2016	Intensive training is being given to group members by DLSOs. FFS guidelines for Dairy will be developed this fiscal year.	
C2	10	Examine the alternative options for Boer bucks and Boer semen and thus orient the field staff and consultants to the guidelines developed by Heifer International in breed improvement of goat.	PMO, DLSO	Starting from Jan 2016	Alternate options are sought for Boer semen.	
C2	11	Provide and extend matching grant support to all activities relating to livestock development including shed construction, water supply, forage development, inputs supply, capacity development etc as provided for in the design document.	PMO	Immediate & for all new proposals	Will be complied as per GOG.	
C2	12	Examine the feasibility of adopting the Heifer International model based on inclusive approach and also development of social capital simultaneously	PMO, HI	Post MTR	Assessment will be made during MTR	

C2	13	Prepare and use a simplified format to record and capture key facts such as herd projection, feeding practices, mortality, shed conditions, culling, sales etc;	PMO	immediate	Will comply.	
		Institutional Strengthening and Access to Non-financial Services				
C3	1	Hold orientation sessions on Government agriculture policy for VDCs and participating groups and cooperatives in the seed and livestock sector	DADO/DLSOS C/SDO//LcS/LDO	Ongoing	On-going. To date 182 VDC secretaries have been trained.	
C3	2	Hold participatory meetings at the end of each fiscal year to discuss year-end results.	M & E specialist	December each Year	Progress review workshop completed and result shared.	23 Sept. 2015
C3	3	Organization of annual agricultural fairs to foster links between smallholder farmers and a range of private sector partners in rural areas.	AEC/DADOs/DLSOs	Ongoing	AEC supported six district level agro fairs and 3 regional level agro fairs in collaboration with DCCI during district business fair held on last fiscal year. AEC has also supported 6 Agro-fair in the current Fiscal Year.	On going.
C3	4	Continue to interact with the private seed companies, dairy companies and meat processors to assess their interest in linking with smallholder producers	AEC/SC/LcS	Ongoing	Initiated, seed subsector market linkage workshop was organized on 7-8 June 2015. Interaction with private seed company and agro-vet was completed on Jul 27 th August 2015. Dairy company and meat entrepreneur interaction, meeting/workshop are incorporated in AWPB of current year. Grant awarded to Lumbini Seed Company , Bhairahawa . Other large 5 seed companies proposal are in evaluation process.	On going.

C3	5	Discuss with agro-vets the potential for increasing their outreach to target groups for provision of a range of services including livestock services.	AEC/LcS/LDO /DLSO	Ongoing	Agricultural and veterinary protocol training VAHW training & paravet training were completed in the last year. VAHW training completed during current FY	Jan 2016
C3	6	Technical assistance to the producer groups and cooperatives for strengthening the quality of their proposals and the implementation of their proposed activities.	AEC/PM	Ongoing	Regular counseling and orientation on proposal writing is continuous. Grant application form simplified. Reorientation on simplified application form for project staff, DADO/DLSO staff and staff of investment window was completed.	Aug. 2015
C3	7	Provide TA support to the farmer groups and cooperatives in developing their proposals for matching grant assistance in line with the programme requirements.	PMO, DCCI	Starting from Jan 2016	Support is being given by district seed coordinators and AEC staff.	on going
		Matching Grants				
PM	1	Reduce the duration for the review and approval of the grants (usually taking around 6 months) and ensure proper timing of initiation to avoid losing a growing season.	PSC/PMO	Ongoing	Grant Operating Guidelines has been revised and PMO is sincerely working on reducing duration for grant processing. Authority to sanction the proposal less than USD 3000 has been delegated to the district level institution.	Revised Grant operating guideline from PSC meeting on 16 July 2015
PM	2	Delegate the decisions and approval procedures increasingly to the district level to reduce the bureaucracy and avoid the potential need of the beneficiaries to come to PMO often;	PSC/PMO/DA DOs	Immediate	Ongoing, grant processing is given high priority.	
PM	3	Provide an initial first installment upon approval and signature, if not directly to the beneficiaries, to the supplier of goods or contractor identified by the beneficiary	PSC/PMO	Immediate	Revised grant guidelines has been provisioned for 20 % advance for community infrastructure work.	On going

C3	4	Ensure that procedures for the O&M and dispute resolution mechanisms for common property (equipment, machinery and infrastructure) are discussed and agreed within the group and included within the proposal.	AEC	Immediate	Group leaders are counseled on this matter. 3 new staffs in each district recruited ,trained and placed by AEC , for this purpose as well.	
PM	5	Ensure that infrastructure and engineering studies needed within the proposals are undertaken by authorized engineers and that the incurred costs is paid by ISFP from outside the matching grant.	PM	Immediate	To date all engineering studies and design needed within the proposals are already undertaken by authorized engineers from the District Technical Office under DDC and procurement of sub engineer is in progress.	Notice published on Nov, 2015
PM	6	Ensure a per member grant bench mark to benefit adequate numbers of direct beneficiaries	PSC/PMO/AEC	Immediate	Grant is provided based on the proposal as per the norms mentioned in grant guidelines .	On going
C1	7	Include in all relevant grants on seeds the recommendations on the improved quality of the TL seeds (field inspections, improved storage facilities, proper labeling of TLS).	PSC/PMO/AEC	Immediate	These activities are already incorporated in the work plan of grant recipients and the revised grant operating guideline.	On going
PM	8	Consider financing 80% of all capital intensive immovable structures such as storage house, sheds, drying yard, etc, through Programme contribution.	PSC	Immediate	Eighty (80%) percent financing is in public infrastructure such as godown, storage house etc. is provisioned.	
C1 & C3	9	Facilitate groups to develop protocol for common assets; and also internal fund for operations, maintenance and repair, and replacement of machinery and equipment.	AEC	Ongoing	3 new staffs in each district recruited ,trained and placed by AEC and these personnel were assigned for this task.	
PM	10	Encourage more innovation in grants, with special attention to projects involving the youth as service providers.	DADO	Ongoing	Ongoing, DADOs are requested to select rural youths for minor grants.	

PM	11	Design a simple format which can capture a few key baseline facts to help assess the outcome of each grant.	M&E Specialist	Immediate	Ongoing	
		Increasing Outreach of Microfinance Institutions				
C3	1	Capacity Building of SFACLS: Plan training of Board of Directors, exposure visits to board members, refresher training in book keeping and training for accounts committee of SFACLS, financial and liquidity management for staff. Computer training to staff of SFACLS is to be imparted. TOT for financial literacy and member level training on financial literacy and member protection to be carried out	SFDB/ NACCFL	July onwards	Training on computer Basic to one staff of each Cooperatives has completed. Remaining trainings as per AWPB will be organized in Second and third Trimester of current year.	On going
C3	2	Joint monitoring of SFACL quality: PMO to pro-actively and jointly monitor quality of SFACLS by undertaking joint field visits with NACCFL and SFDB	M&E	April onwards	Joint monitoring initiated with participation of PMO, SFDB, NACCFL and SFACL is ongoing.	
C3	3	Involvement of Senior SFACL leaders: Fine tune the SFACL mobilisation strategy to include more orientation campaigns through senior SFACL leaders to build trust in the community.	SFDB/NACCF L	April onwards	Chairperson of Anandaban SFACL and BoD member of Bank Mr. Sukhadev Neupane, Similarly Chairperson of Bank and NACCFL Mr. Khem Bahadur Patahak Visited Salyan, Gulmi, Arghakhachi, and Rukum and conducted orientation program. Ms. Sabina Adhikari of BoD of NACCFL participated in the AGM of the SFACLS under replications (Hansara, Limgha & Juniya) of Gulmi and motivated the members towards the cooperative formation process.	During the Months of April, May, June, August & October, 2015

C3	4	Staff support to SFDB: SFDB to appoint one additional person in Butwal and 2 persons in Nepalgunj area offices; programme to support their salary for three years fully and in later years on tapering basis and also provide vehicles for their mobility and other equipment costs. Rationalise staff requirement at NACCFL and SFDB to ensure staff engagement and costs are optimal.	SFDB	July onwards based on number of SFACs being handed over	1 Liaison Officer has been recruited by SFDB and NACCFL and placed in Butwal and Kathmandu respectively and other Planned after the Mid-term Review.	2015 Sep. and Dec.
C3	5	TA support to SFDB and SFACs: Provide TA support to a) SFDB in fine tuning the grading tools as credit risk assessment and risk management tool and b) to SFACs in product development. Support SFDB in improving their software based monitoring	PSC	June Onwards	Software Development is Planned for this FY 2015/16, Grading tools and Product development for SFACs will be planned after the mid-term review mission.	Software development Process initiated:
C3	6	Timely release of funds: PMO to ensure funds are released in time to NACCFL and SFDB. Consider accepting the proposal for institutional support additionally requested by SFDB/NACCFL made last year and recommended by the mission.	FMS	April onwards	Timely being released as per demand.	
		Project Management				
PM	1	Identification of policy and regulatory aspects which need to be improved in the area of seed and livestock development from smallholder's perspective.	Technical Advisors	Immediate	The grant ceiling is increased up to USD 15000 and training and governance activities are also provisioned in the work plan of grantee and on the revised grant operating guidelines.	

PM	2	PSC Meetings: The PSC has not held meetings as specified to provide guidance to the Programme. In this critical phase the PSC should hold meetings at least once every quarter to provide guidance and take critical decision	PSC	May 2015	PSC meeting are organized regularly and last PSC meeting is held on Dec 23 2015 .	
PM	3	Staff Recruitment: All remaining vacancies in the PMO and PIUs should be filled as soon as possible	PSC/PMO	June 2015	TA team fielded, Procurement of additional support staff is in progress.	
PM	4	Transport Facilities: Ensure the provision of transport facilities to all implementing partners especially the DADOs and the DLSOs in the Programme districts.	MoAD	Immediate	Requested to MoAD and discussed on PSC meeting of April 16, 2015. MoAD has provided new vehicle to DADO Salyan and Pyuthan.	
PM	5	Technical Assistance Team: A clear work plan with clear responsibilities for KUBK targets, regular performance evaluation and 50% to 75% time in the Programme area.	PMO/TA Team	Ongoing	Staff oriented and this time is allocated to the field as far as practicable.	
PM	6	Start-up Workshop: Organize a fresh start-up workshop for all PMO and PIU and implementing partner staff in lieu of additional staff.	IFAD/PMO	June 15	1. Orientation for staff under component 2 was completed in June 23, 2015 2. Re-startup workshop postponed .	Planned for Nov 18-21,2015 but again postponed for after MTR.
PM	7	Mobility for DADOs/DLSOs: Make a list of those DADOs and DLOSs in the Programme area which do not have proper transport and submit to MoAD to provide them transport.	PM/DADOs/DLSOs	Immediate	Requested to MoAD and discussed on PSC meeting of April 16, 2015. DADO Salyan and Pyuthan received vehicle from MoAD, KUBK has given 12 motorbikes for all DADO/DLSO and 3 vehicles (1 each for RSTL Butwal and Nepalgunj and 1 for DADO Rukum)	

PM	8	Recruitment of MIS Assistant	PD	Immediate	Noticed published and recruitment process is going on.	Nov 23, 2015
PM	9	Developing and MIS system which can be regularly filled at the district level and aggregated at PMO level	M&E Specialist	Immediate	It is in the process of evaluation of service provider.	On going
PM	10	Monitoring and Evaluation Reports should report on outcomes related to each activity. This will require designing simple forms and training target groups and cooperatives to report on these indicators periodically.	M&E Specialist	Immediate	Ongoing	
PM	11	Development KM Notes on Results of Participatory varietal Trials	NARC	Dec. 2015	Already requested to the NARC.	
PM	12	Development of KM Notes on introduction of Improved breeds	DLSO/Heifer International	Dec. 2015	Complied.	Nov, 2015.
PM	13	Development of KM notes on successful private sector farmer models	AEC	Dec. 2015	On going in this FY 2015/16.	
PM	14	Development of KM notes on successful grantee	AEC	Dec. 2015	On going in this FY 2015/16.	
PM	15	Provide periodic orientations to all staff through annual workshops.	PMO	Starting from Jan 2016	Orientation is being given in monthly meeting	
PM	16	Discuss all issues through regular meeting and consultation with partner organizations.	PMO, PIUs	immediate	Staff meeting with partner & field staff is being conducted on monthly basis.	
PM	17	Ensure data are received from PIUs in time and carry out random checks for data integrity	PMO & PIUs	immediate	Data collection format were designed and circulated for uniformity.	Jan-16
PM	18	Develop and install MIS with software application and update the system with all data so far gathered.	PMO	immediate	It is in the process of evaluation of service provider.	

PM	19	Propose saving-based approach to all groups and cooperatives that are promoted under the Programme and avoid breaking up existing old groups.	PMO, PIUs	Immediate	On-going .	
PM	20.1	GESI Focus: Develop a simple GESI strategy that includes an action plan and implementation guidelines for all activities; the strategy should include addressing the issues that the mission has identified	GESI Advisor	July 2015	Draft prepared and being finalized very soon.	
PM	20.2	GESI Focus: Conduct a training for all levels of staff on the implementation of the strategy	GESI Advisor	July 2015	Plan for AWPB FY 2015.16	
PM	20.3	GESI Focus: Formulate standardised GESI training curriculum (adapting resources from HVAP);	GESI Advisor	July 2015	Ongoing	
PM	20.4	GESI Focus: Ensure GESI responsive grant guidelines so that the vulnerable groups can also benefit from the grant window	GESI Advisor and PM	June 2015	GESI indicators incorporated in the revised grant guidelines	
PM	20.5	GESI Focus: Conduct GESI refresher training on a yearly basis for all staff at all levels including partners and cooperatives		Ongoing	Incorporated in AWPB 2015/16.	Planned for 2015/16
PM	20.6	GESI Focus: The programme should ensure wage equity of women and men in all infrastructure related work	PM	Immediate	All contract bidder informed to follow the labour law and regulations. Wage equity clause has been incorporated in Bid documents now onwards.	
PM	21	Youth Focus: The Programme needs to identify opportunities for training and accessing grants for the Youth and allocating special quotas for grants to them.	AEC/DADOs/ DLSOs	Immediate	counseling service has been provided to Youth returned from foreign employment.	Throughout the Year

PM	22	Poverty Focus: Conduct poverty profiling exercise with all groups and monitor this across all activities to report on poverty status; M&E data system needs to include targeting data with poverty status	GESI Advisor and M & E Officer, PMO	June 2015	DAG and poverty mapping study is planned for this FY 2015/16 and is in progress.	
PM	23	Poverty Focus: Programme to take affirmative actions for women, Dalit and IP staff to join the workforce	PM, PMO	June 2015	Ongoing	
PM	24	Poverty Focus: Targeting of area for extension of programme activities should use the DAG maps to identify the poorest and most remotest VDCs	PMO	Immediate	Collection of DAG map from DDC is in progress	
PM	25	Provide adequate transport facilities to the DADOs and DLSOs involved in the Programme	MoAD	Immediate	Requested to MoAD and discussed on PSC meeting of April 16, 2015	
PM	26	Fiduciary: Ensure monthly financial reporting by all the district offices and the Implementing Partners by the 10th of the subsequent month.	DADOs/ DLSOs and all implementing partners	April 15, 2015 and on-going	Being received within specified period but partners are still not reporting on time.	
PM	27	Fiduciary: Submit WAs for the first and second trimester of the current year and promptly thereafter after completion of each trimester.	FMS	April 15, 2015 and on-going	13 May,2015 and Sep 07,2015	Thereafter timely submitted.
PM	28	Fiduciary: Comply with all the financing covenants within the stipulated time	PM/FMS	Ongoing	Ongoing	

PM	29	Incorporate audit observations of the districts with that of the PMO for preparation of the programme audit report for submission to IFAD	OAG/PMO	In the audit report of 2014-15 and thereafter	Not incorporated in the management letter of audit of FY 2014-15	
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Com	#	Action	Responsibility	Agreed Date	Progress /Action Taken	Date Action was Taken	Impact of Action	Remarks
PM	21	Fiduciary: Ensure monthly financial reporting by all the district offices and the Implementing Partners by the 10th of the subsequent month.	DADOs/ DLSOs and all implementing partners	April 15, 2015 and on-going	Being received within specified period but partners are still not reporting on time		Started timely reporting	
PM	22	Fiduciary: Submit WAs for the first and second trimester of the current year and promptly thereafter after completion of each trimester.	FMS	April 15, 2015 and on-going	WA was submitted for expenditures incurred by PMO up to December 15, 2015		Thereafter timely submitted.	
PM	23	Fiduciary: Comply with all the financing covenants within the stipulated time	PM/FMS	Ongoing	Ongoing			
PM	24	Incorporate audit observations of the districts with that of the PMO for preparation of the programme audit report for submission to IFAD	OAG/PMO	In the audit report of 2014-15 and thereafter	Not incorporated in the management letter of audit of FY 2014-15			

Appendix 4: Physical progress measured against AWPB including RIMS indicator:

FIRST LEVEL RESULTS	Results	Unit	Period ending:	31-Dec 2015		Cumulative			Sum of actuals of previous years
			AWP&B	Actual	% of AWPB	Appraisal	Actual	% of Appraisal	
Total Outreach									
	Households receiving project services	Number		31,898		75,000	34,997	47%	3,099
	Individual Receiving Project Services	Number		172,130		375,000	174,985	47%	2,855
	(total - Male)	Number		36,963		187,500	38,000	20%	1,037
	(total - Female)	Number		134,519		187,500	136,970	73%	2,451
	(total - Dalit)	Number		28,145			28,450		305
	(Female -Dalit)	Number		20,275			20,275		
	(total - Janajati)	Number		41,243			41,855		612
	(Female -Janajati)	Number		26,120			26,120		
Component -1	1.1 Improved enabling environment for seed production								
	Area covered by foundation cereal seed (NARC)	Ha	150	111.5	74%	1,880	126.5	7%	15
	Area covered by foundation vegetable seed (NARC)	Ha	7	4.0	57%	51	7.5	15%	3.5
	Production of foundation cereal seed (NARC)	MT		191.25		372	221	59%	30.0
	Production of foundation Vegetable seed (NARC)	MT		2.19		5	3.185	64%	1.0
	1.2 Improved expanded formal seed production								
	Approved sub-projects (grants) for seed producer groups	Group	60	108	180%	720	108	15%	0
	(total - Male)	Number	750	2,493			2,493		0
	(total - Female)	Number	750	3,257			3,257		0
	(total - Dalit)	Number		754			754		0
	(Female-Dalit)	Number		465			465		0
	(total - Janajati)	Number		1,213			1,213		0
	(Female -Janajati)	Number		673			673		0
	Number of seed demonstration held (FFS+PVS)	Number	189	274	145%	1,470	382	26%	108
	Number of farmers participated in demonstration (FFS+PVS)	Farmer	4,725	6,297	133%	25,000	8,661	35%	2,364

Nepal
Improved Seeds for Farmers Programme
Mid-Term Review Report - Mission dates: February 29th to March, 22nd, 2016

FIRST LEVEL RESULTS			Period ending:	31-Dec 2015		Cumulative			Sum of actuals of previous years
Results		Unit	AWP&B	Actual	% of AWPB	Appraisal	Actual	% of Appraisal	
	Area covered by TL cereal and vegetable seed (sub-projects)	Ha		NA		204,000		0%	
	1.3 Increased demand for improved seeds								
	People trained in crop production and technologies	Number	3,750	6,024		15,000	7,008	47%	984
	(total - Male)	Number		2,373		7,500	2,873	38%	500
	(total - Female)	Number		3,651		7,500	4,135	55%	484
	(total - Dalit)	Number		1,847			1,887		40
	(Female-Dalit)	Number		1,067			1,067		
	(total - Janajati)	Number		1,492			1,546		54
	(Female -Janajati)	Number		1,041			1,041		
Component -2	(whole component)								
	Number of livestock group formed/strengthen	Group	220	416	189%	578	419	72%	3
	(total - Male)	Number		1,600		8,725	1,645	19%	45
	(total - Female)	Number		8,118		8,725	8,152	93%	34
	(total - Dalit)	Number		1,976			1,976		
	(Female-Dalit)	Number		1,770			1,770		
	(total - Janajati)	Number		2,830			2,830		
	(Female -Janajati)	Number		2,507			2,507		
	Livestock production group with women in leadership position	Number		347			347		
	Household receiving animals from distribution /restocking	Number	2,500	2,885	115%		2,885		
	2.1 Expanded, more productive dairy production								
	Animal in dairy households covered by routine vaccination	Number	1,800	5,800			5,800		
	Local collection centres/market established and functioning	Number	3	1	33%	15	1	7%	
	Milk chilling centres established and functioning	Number	6	1	17%	25	1	4%	
	Percentage of dairy group engaged in	%		0		60		0%	

FIRST LEVEL RESULTS			Period ending:	31-Dec 2015		Cumulative			Sum of actuals of previous years
Results		Unit	AWP&B	Actual	% of AWPB	Appraisal	Actual	% of Appraisal	
	marketing activities								
	2.2 Expanded, more productive goat production								
	Percentage of goat group engaged in marketing activities	%		NA		25		0%	
	People trained in livestock production and technologies	Number	4,783	4,915		12,000	4,986	42%	71
	(total - Male)	Number		1,338		4,800	1,356	28%	18
	(total - Female)	Number		3,567		7,200	3,630	50%	63
	(total - Dalit)	Number		854			854		
	(Female-Dalit)	Number		748			748		
	(total - Janajati)	Number		1,188			1,188		
	(Female -Janajati)	Number		993			993		
	2.3 Strengthened livestock services								
	People accessing facilitated advisory services (men)	Number		660			660		
	People accessing facilitated advisory services (women)	Number		990			990		
Component -3	3.1 Strengthened local institutions and 3.3 Expanded Rural Financial Services								
	Saving and credit groups formed/strengthened	Number		1,631			NA		
	People in saving and credit groups formed/strengthened	Number		9,696		30,000	9,696	32%	
	(total - Male)	Number		152			152		
	(total - Female)	Number		9,544			9,544		
	(total - Dalit)	Number		1,844			1,844		
	(Female-Dalit)	Number		1,820			1,820		
	(total - Janajati)	Number		2,147			2,147		
	(Female -Janajati)	Number		2,074			2,074		
	Voluntary savers (disaggregated by gender)								
	(total - Male)	Number		152			NA		
	(total - Female)	Number		9,544			NA		
	(total - Dalit)	Number		1,844			NA		

Nepal
Improved Seeds for Farmers Programme
Mid-Term Review Report - Mission dates: February 29th to March, 22nd, 2016

FIRST LEVEL RESULTS	Results	Unit	Period ending:	31-Dec 2015		Cumulative			Sum of actuals of previous years
			AWP&B	Actual	% of AWPB	Appraisal	Actual	% of Appraisal	
	(Female-Dalit)	Number		1,820			NA		
	(total - Janajati)	Number		2,147			NA		
	(Female -Janajati)	Number		2,074			NA		
	Saving and credit groups with women in leadership position	Number		1,629					
	Value of voluntary savings	USD		192,673			NA		
	People trained in business and entrepreneurship skills			245			245		
	People trained in financial services	Male		152					
	People trained in financial services	Female		1,949					
	Active borrowers (enterprises)	Number		4		30	4	13%	
	Active borrowers (disaggregated by gender)	Number		2,568			NA		
	(total - Male)	Number		16			NA		
	(total - Female)	Number		2,552			NA		
	(total - Dalit)	Number		654			NA		
	(Female-Dalit)	Number		651			NA		
	(total - Janajati)	Number		546			NA		
	(Female -Janajati)	Number		541			NA		
	Value of gross loan portfolio	USD		541,994			NA		
	No of SFACL established *	Number	18	18	100%	30	30*	100%	12
	3.2 Strengthened private sector services								
	Enterprises accessing financial services facilitated by the project			0					
	Enterprises accessing non-financial services facilitated by the project			340			340		
Component -4	Program coordination and management								
	Government officials and staff trained	Number	229	9,561	4175%		9,561	#DIV/0!	0
	(total - Male)	Number		213			213		
	(total - Female)	Number		25			25		
	People trained in community	Number	7,125	9,536	134%		9,536	#DIV/0!	0

Nepal
Improved Seeds for Farmers Programme
Mid-Term Review Report - Mission dates: February 29th to March 22nd, 2016

FIRST LEVEL RESULTS		Unit	Period ending:	31-Dec 2015		Cumulative			Sum of actuals of previous years
			AWP&B	Actual	% of AWPB	Appraisal	Actual	% of Appraisal	
	management topics								
	(total - Male)	Number		3,052			3,052		
	(total - Female)	Number		6,484			6,484		
	Staff of service providers trained	Number	297	309	104%		309	#DIV/0!	0
	(total - Male)	Number		267			267		
	(total - Female)	Number		42			42		

Appendix 5: Financial: Actual financial performance by financier; by component and disbursements by category

Table 5A: Financial performance by financier, as at 12 February 2016

Financier	Appraisal (USD '000)	Disbursements (USD '000)	Percent disbursed
IFAD loan	19,516.20	3,148.10	16.13
IFAD grant	19,516.20	3,148.10	16.13
Beneficiary contribution	10,907.10	135.82	1.25
Government	7,304.50	936.61	12.82
Heifer International	2,507.40	766.20	30.56
Total	59,751.40	8,134.83	13.61

Note: IFAD Loan and Grant disbursement includes the initial deposit of USD 1.25 million each.

Table 5B: Financial performance by financier by component (USD '000), as at 12 February 2016

Component	IFAD loan			IFAD grant			Co-financier			Government			Beneficiary			Total		
	Appraisal	Actual	%	Appraisal	Actual	%	Appraisal	Actual	%	Appraisal	Actual	%	Appraisal	Actual	%	Appraisal	Actual	%
Support to expansion of formal seed sector	7,814.90	659.69	8.44	7,814.90	659.69	8.44				2,805.10	220.19	7.85	4,887.80	129.56	2.65	23,322.70	1,669.12	7.16
Smallholder Livestock Commercialisation	6,741.30	242.92	3.60	6,741.30	242.92	3.60	2,507.40	766.20	30.56	2,435.90	109.69	4.50	2,068.20	6.27	0.30	20,494.10	1,368.01	6.68
Local Institutional and Entrepreneurial Development	2,743.90	451.38	16.45	2,743.90	451.38	16.45				1,268.60	158.03	12.46	3,951.10		0.00	10,707.50	1,060.80	9.91
Programme Coordination and Management	2,216.10	544.10	24.55	2,216.10	544.10	24.55				794.90	448.70	56.45				5,227.10	1,536.90	29.40
Total	19,516.20	1,898.10	9.73	19,516.20	1,898.10	9.73	2,507.40	766.20	30.56	7,304.50	936.61	12.82	10,907.10	135.82	1.25	59,751.40	5,634.83	9.43

Note: Expenditures incurred till February 12, 2016 of the PMO and first trimester of the current fiscal year of the districts and implementing partners
The expenditures incurred from the source of the Government, Heifer International and beneficiary have been calculated in USD using average exchange rates of the monthly exchange rates of concerned fiscal year.

Table 5C: IFAD loan disbursements (SDR, as at 12 February 2016)

Category	Category description	Original Allocation	Revised Allocation	Disbursement	W/A pending	Balance	Per cent disbursed
122055	FUNDS	2,320,000.00		203,214.12	3,350.18	2,113,435.70	8.76
122056	TECHNICAL ASSISTANCE	550,000.00		347,279.20	54,225.10	148,495.71	63.14
122057	STUDIES, SURVEYS, TRAININGS AND WORKSHOPS	3,420,000.00		214,852.85	14,788.62	3,190,358.53	6.28
122058	GOODS AND SERVICES (INCLUDING VEHICLES)	3,720,000.00		364,550.43	116,896.42	3,238,553.15	9.80
122059	OPERATING COSTS	1,590,000.00		197,003.09	18,881.52	1,374,115.39	12.39
122060	UNALLOCATED	1,250,000.00				1,250,000.00	0.00
7945	DA – Initial advance			828,764.07			
	Total	12,850,000.00	-	2,155,663.76	208,141.84	11,314,958.48	16.78

IFAD DSF Grant disbursements (SDR, as at 12 February 2016)

Category	Category description	Original Allocation	Revised Allocation	Disbursement	W/A pending	Balance	Per cent disbursed
122055	FUNDS	2,320,000.00		203,214.12	3,350.18	2,113,435.70	8.76
122056	TECHNICAL ASSISTANCE	550,000.00		347,279.20	54,225.10	148,495.71	63.14
122057	STUDIES, SURVEYS, TRAININGS AND WORKSHOPS	3,420,000.00		214,852.85	14,788.62	3,190,358.53	6.28
122058	GOODS AND SERVICES (INCLUDING VEHICLES)	3,720,000.00		364,550.43	116,896.42	3,238,553.15	9.80
122059	OPERATING COSTS	1,590,000.00		197,003.09	18,881.52	1,374,115.39	12.39
122060	UNALLOCATED	1,250,000.00				1,250,000.00	0.00
7945	DA – Initial advance			828,764.07			
	Total	12,850,000.00	-	2,155,663.76	208,141.84	11,314,958.48	16.78

Table 5C: IFAD loan disbursements (SDR, as at 12 February 2016)

Category	Category description	Original Allocation	Revised Allocation	Disbursement	W/A pending	Balance	Per cent disbursed
I	CONSULTANCIES	110,000		-	-	110,000	-
II	GRANTS AND SUBSIDIES	570,000		-	-	570,000	-
III	TRAINING	2,000,000		-	-	2,000,000	-
IV	EQUIPMENT AND MATERIAL	100,000		-	-	100,000	-
V	OPERATING COSTS	180,000		-	-	180,000	-
	UNALLOCATED	310,000		-	-	310,000	-
	Total	3,270,000		-	-	3,270,000	-

Note: The expenditures incurred but yet to be claimed have been reported in the W/A pending column using exchange rate of NPR 106.92 per USD and USD 1.394830 per SDR prevailing on 11 March 2016.

Appendix 6: Compliance with legal covenants: Status of implementation

Appendix 6: Compliance with legal covenants: Status of implementation

Section	Covenant	Target/Action Due Date	Compliance Status/Date	Remarks
Section E Para 1	Conditions precedent to withdrawal from Loan Account	Before disbursement of initial advance	Complied	Designated Account denominated in USD opened with Nepal Rastra Bank.
Schedule 1 Section II para 1	The Programme shall be implemented by the overall direction of Programme Steering Committee Chaired by the Secretary of the Lead Programme Agency		Complied	
Schedule 1 Section II para 2	The Programme Management Office shall include a Programme management team comprised of a Programme Manager, Deputy Programme Manager, Senior Programme Advisor, Accounts Officer, Monitoring and Evaluation/KM Officer, Planning Officer, Contracts and Procurements Manager, Financial Management Specialist, Crops/Seed Development Officer, Livestock/Veterinary Officer and a Gender and Social Inclusion (GESI) Advisor and other staff.		Complied	
Schedule 1 Section II Para 3	Programme staff and experts, other than deputed MOAD personnel will be recruited from the local market through a contracted recruitment agency following a competitive selection process		Complied	Most of the appointments have been done through recruitment agency and the rest through competitive process
Schedule 1 Section II Para 3 © and (d)	Heifer International and Agricultural Enterprises Centre be designated as Implementation Partner on the basis of MoU satisfactory to the Fund		Complied	MoU with Heifer International signed on 16 th April 2014
Schedule 1 Section II Para 4	Programme Implementation Manual (PIM) shall have been submitted to the Fund for no objection and to the PSC for approval.		Complied	
Schedule 1 Section II Para 5	A Mid Term Review (MTR) shall be conducted at the end of Programme Year three to prepare Phase II of the Programme.		Not due yet	
	All expenditures shall be apportioned between the Loan and the Grant at the ratio of 1:1.	In each WA	Ongoing compliance	
General Conditions Section 4.02	Application for Withdrawal, or Special Commitment	Initial advance to the DA and replenishment for	Ongoing compliance	

Section	Covenant	Target/Action Due Date	Compliance Status/Date	Remarks
		each WA		
General Conditions Section 7.01	The implementation of the Project by the implementation parties in accordance with the approved AWPB and the Procurement Plans (ii) The AWPB and the PP shall be submitted two months before the start of the Programme Year	Each Programme Year	Delayed compliance	The AWPB for the year 2015-16 was delayed by about 1 month and approved on August 15, 2015 instead of in May 2015
General Conditions Section 7.03(b)	Borrower/Recipient shall make available to the Project Parties during the Project Implementation Period counterpart funds from its own resources in accordance with its customary national procedures for development assistance.	During implementation period	Ongoing compliance	Government of Nepal provides advance funding to the Programme as per its national procedures.
General Conditions Section 7.05	Procurement of goods, works and services financed by the Financing shall be carried out in accordance with the provisions of the B/R's procurement regulations, to the extent such are consistent with the IFAD Procurement Guidelines. Each Procurement Plan shall identify procedures which must be implemented by the B/R in order to ensure consistency with the IFAD Procurement Guidelines.	During implementation period	Ongoing compliance	The approved Procurement Plan did not include procurement of consultancy services.
General Conditions Section 7.08	Insurance of vehicles, equipment and civil works financed from the loan proceeds to be consistent with sound commercial practice.	During implementation period	Partially complied	Except vehicles, other assets have not been insured
General Conditions Section 7.09	Subsidiary Agreements The B/R shall ensure that no Project Party shall enter into any Subsidiary Agreement, or consent to any modification thereof, inconsistent with the Financing Agreement or the Project Agreement. (ii) No provision of any Subsidiary Agreement to which the B/R is a party shall be assigned, waived, suspended, abrogated, amended or otherwise modified without the prior consent of the Fund.		Complied	Subsidiary Agreements with AEC and SFDB have been entered into after no objection from IFAD.
General Conditions Section 8.02	Establishment and thereafter maintenance of MIS as per IFAD Guidelines.		Not complied	MIS System is yet to be set up. M&E Manager has been recruited. The formats for collection and analysis of data is being designed.
General Conditions Section 8.03	Progress Reports	Six monthly and Yearly	Partially complied	Only annual progress report of FY 2014/15 has been submitted in September 2015
General Conditions	The B/R shall deliver to the Fund detailed financial statements of the operations for each fiscal year prepared	15 th November of every year	Delayed compliance	Unaudited financial statements submitted in October 2015 for the year ended 16

Section	Covenant	Target/Action Due Date	Compliance Status/Date	Remarks
Section 9.02	in accordance with standards and procedures acceptable to the Fund within 4 months of the end of each Fiscal Year.			July, 2015
General Conditions Section 9.03	Audit Report as per the IFAD Guidelines on Project Audit	15 th January of every year	Delayed compliance	Audit Report for the year 2014-15 was signed on 14 th January, 2016 and submitted on 19 th January, 2016 instead of submission by 15 th January, 2016.

Appendix 7: Knowledge management: Learning and Innovation

The Programme is designed to implement various aspects of the Government of Nepal's seed vision and assess the extent to which various elements of the existing policy can be successfully implemented and the challenges that this might present at the ground level. Some of the most significant knowledge generation is expected to emerge from the experience of the private sector in producing foundation seed, the farmer production of truthfully labelled seeds for cereals and vegetables and the experience of collaboration between the two on a sustainable basis. Based on the recommendations made by the MTR, the Programme has also added to its activities the recruitment and deployment of private sector seed inspectors on a pilot basis in collaboration with the Seed Quality Control Centre. This is likely to feed into refining the National Seed Board's guidelines regarding private sector engagement in seed inspection, supervision and provide lessons for improved seed production. The MTR has also recommended the enhanced engagement of the Seed Entrepreneurs Association of Nepal (SEAN) in helping to identify any specific aspects of policy or guidelines which may need to be refined for the active engagement of smallholder farmers in the seed business.

The impact of production of quality seed, certification and it is critical to ensure that varieties and species which are not successful in the local conditions and should not be introduced. It is also critical to document what types of collaborative arrangements work between smallholders and the private sector and the types of grants which are most successful. NARC, DLSOs, Heifer International and AEC should be given clear responsibility for producing Knowledge Management Notes on their experience with farmer feedback incorporated in the KM Notes. Furthermore, all implementing partners should be asked to identify those aspects of Government policy or regulation which is constraining the development of the seed and livestock sector. These findings should be consolidated into policy dialogue notes and presented to the MOAD for consideration. Given that the Government is actively discussing modalities for the implementation of its Seed Vision 2025, the KUBK has a very good opportunity to provide feedback from the perspective of the smallholder to this vision. The Technical advisors of the PMO will have the primary responsibility for coordinating this area with the DADOs and DLSOs.

Appendix 8: Audit Log

1. Summary Audit Table

Fiscal Year	Audit Observation as per Audit Report		Audit Observation Settled		Audit Observation Outstanding	
	Number	Value (NRs)	Number	Value (NRs)	Number	Value (NRs)
2012-13	5	19,500.00	1	19,500.00	4	0
2013-14	15	297,100.00	1	0	14	297,100.00
2014-15	19	9,570,389.00	1	3,297,694	18	6,272,695.00
Total	39	9,886,989.00	3	3,317,194	36	6,569,795.00

2. Detailed Audit Table

Sr. No.	Financial Year	Class: Serious / General	Audit Ref.	Audit Observation	Total Amount per observation (NPR)	Action taken by the project/PMO (Reply of Para wise)	Present status (Auditors Validation Result)	Total outstanding amount (NPR)	Remarks
1	2012-13	General		Target and achievement: As per the target achievement submitted by KUBKISFP, it seemed 95.4% weighted progress and 89.4% financial progress of the programme	0	General observation on the target and achievement.		-	Settled
2	2012-13	General	7	Reimbursement: According to Rule 27 of the Financial Procedure Regulation 2064, reimbursable expenses pre-financed by GoN should be claimed for reimbursement with donor within 45 days. Programme should pay attention towards amount of NPR 18.996 million expended by the programme before audit report which is to be reimbursed as per legal provision.	0	Management is in the line of submitting Withdrawal Application.	Settled		PMO
3	2012-13	General	10	Program wise account head: Project has not maintained program wise ledger. In the absence of such ledger it is difficult to get the activities wise actual financial status, variance with activity wise budget. If such ledger is maintained than it would be easier to program for measuring effectiveness & output of implemented program. This issue has not been addressed despite of audit observation on the last years audit. Program-Wise account should be maintained.	0	Management has assured for implementing such type of ledger.			PMO

4	2012-13	General	12	Direct Procurement: As per the public procurement rule, 2064 part 8 (2), there is not provision of splitting the purchase of items so as to limit the competition and as per Rule 84(1) of the Public Procurement Regulation, 2064, provision has made for sealed quotation for the goods and services up to NRs. 1 million; construction works of up to NRs. 2 million and as per rule 85 (1), provision has been made for direct purchase of the construction works up to NRs. 0.50 million or goods and services of up to NRs. 0.30 million; as per rules 85 (1) kha), there is no provision of direct purchase for than budget boundary either once or repeatedly; or from same person, firm, company or organization. But the program has purchased some items directly from quotation not by sealed quotation or bidding. In discussion.	0	For establishment of the office immediately, procurement was made directly and from next time, all the procurement related work will be carried out abiding the rules and regulations.			PMO
5	2012-13	General	15	Advance Tax Deduction: According to Income Tax Act 2058 clause 88 (1) any payment made against service charge to person having residence in Nepal is subjected to deduct advance tax privilege to income tax act i.e. 15%. Technical Adviser Mr. Deependra Shyam Ghimire was paid NRs 250,000 after deducting NRs. 18,000 only	19,500	The said amount has been recovered by concern person.	Settled		PMO
				Sub-total of FY 2012-13	19,500			0.00	
1	2013-14	General	2.5	Reimbursement of Expenditure: According to Rule 37 Of the Financial Procedure Regulation 2064, reimbursement should be claimed with donor within 45 days for all the expenses pre-finance by GoN. Total outstanding reimbursement of the program for the period 2070 chaitra to 2071 Ashadh is NPR 117.52 million (USD 1,071,038.33) which was to be settled within 2071 Bhadra 15 (31 st August 2014) has been reimbursed in 28 th October 2014 only after two months. The reimbursement should be claimed according to the provision of the regulation.	0	From the coming days reimbursement will be claimed from donor as per the provision in financial procedure regulations 2064.	Settled		PMO
2	2013-14	General	2.6	Program wise account: As per the agreement, the office has to maintain program wise account of the program's budget. However, the office has not maintained the record of Program-wise account. This issue has not been addressed despite of audit observation on the last year audit. Program-wise account should be maintained.	0	Program wise account of the program's budget will be maintained from next fiscal year in planned way. Till the period program cost record has been maintained manually.			PMO
3	2013-14	General	2.7	Budget allocation and ration of expenditure: This year's budget allocation and release/expenditure has figured NPR 240.056 million and NPR 138.34 million respectively. Only 57.63% of the total budget has been utilized. Affecting the utilization of grant amount and program expenditure. Delay in preparing Grant Operating Guideline and inability of recruiting the consultant in times is the main reason for less expenditure. Annual procurement plan should be prepared for full utilization	0	Recruitment of consultant has been finished, Grant Operating Guideline has been finalized, request from Groups/Cooperatives for matching grant will be complied, annual procurement plan already			PMO

				of the annual budget.		been prepared and expenditure will be made as per the procurement plan.			
4	2013-14	General	3	Target v/s progress: As per Financial Regulation 2064 rule 23, progress should have been achieved according to the annual plan. Office has submitted annual progress report covering the progress of only 64.3%. It seems that the office was unable to utilize the budget. It was due to delay in preparation of grant operating guideline, lacking in implanting the AWPB and effectiveness of program monitoring.	0				PMO
5	2013-14	General	4	Expenditure incurred on last trimester and in the month of Ashad: Ministry of finance has issued directives along authorization for expenditure that the expenditure should not be more than 40% and 20% of total budget in last trimester period and in the month of Ashadh respectively. Out of total expenditure during this year, the expenditure of third trimester was NPR 76.878 million or 55.57% and expenditure of Ashadh was NPR 35.976 million or 26.01%. This has affected the execution of programs and quality of work.	0	Most of the construction work has been started at 2 nd trimester but the payments are claimed at 3 rd trimester so that the expenditure was occurred on this way, this will be maintained according to financial rules and regulation of GoN.			PMO
6	2013-14	General	5.1	Contract management related work: According to Financial Procedure Regulation 2064, there is a provision for preparing cost estimation & tender acceptance program which should be accomplished within first trimester. But it is observed that project has not followed such rules. This has created the mass volume of expenses on last trimester which lead for compromising in efficiency and quality of work.	0				PMO
7	2013-14	General	5.2	Insurance: According to Public Procurement Regulation 2064, any construction or procurement work above NPR 1 million is to be insured with additional 10% of contract value for accidental insurance of equipment, machinery and labor worker. But in some instant this clause has not been followed by contractor & supplier which has not even been monitored by project.	0				PMO
8	2013-14	General	5.3	Cost Estimation for Building Construction: According to Public Procurement Act, 2063, Regulation 2064, construction work should be accomplished on the basis of prepared Cost Estimation. But it is observed that the project has not followed such act & rules which effects in transparency on selection process of contractor.	0				PMO

9	2013-14	General	5.4	Performance bond: According to Public Procurement Regulation 2064, performance bond should cover additional one month after maturity of amendment period. But there is some instance where bidder has not followed such provision which had caused high risk on supplying & delivering of goods. This was due to lack in proper monitoring of bid document by the project.	0				PMO
10	2013-14	General	5.5	Master Plan & Annual procurement Plan: According to Section 6 of the Public Procurement Act, 2063, and Rule 7 & 8 of the Public Regulations 2064, an entity should prepare annual procurement plan for the construction and procurement work exceeding NPR 1 million and master procurement plan for the procurement of work exceeding NPR 100 million. Though the office has incurred total NPR 240.056 million during this year, it has not prepared its master plan for procurement. This issue has been repeated despite of audit observation in last year. Though the entity have prepared annual procurement in plan this year, it has not included consultancy service and civil construction work.	0	From the next fiscal year every procurement activities like procurement plan, master plan will be prepared and implemented efficiently as per the public procurement Act, 2063 and regulation 2064.			PMO
11	2013-14	General	6.1	Seed Processing Plant: According to Public Procurement Regulation 2064, it is clearly stated that all the expenses should be accounted on the basis of bill & receipts. As per the agreement entered between PMO & NARC on 28 th August 2015, fund was released to Wheat Research Program Bhairawaha for establishment of Seed Processing Plant but expenses were booked without any bill, receipt & work completion report.	0				PMO
12	2013-14	General	6.2	Implementation of Agreement: According to the agreement entered on 29 th Shrawan 2070 between MOAD and SFDB/NACCFL/AEC, it is stated that SFDB, NACCFL & AEC will provide trimester physical & financial progress report to PMO on prescribe format. But it is observed that physical & financial progress reports have not been submitted by those organizations causing non-compliance with the provisions of the agreement.	0				PMO
13	2013-14	General	3	Outstanding Advance: There is outstanding advances provided to various individuals at the year-end.	297,100.00			297,100.00	DADO Arghakhachi
14	2013-14	General		Aide Memoirs: Comments mentioned in Aide memoire from monitoring of supervision mission should be implemented in prescribed time frame. However, comments of Aide memoire by mission's monitoring (14 to 28 April 2014) has not been implemented by project management office. The following are few examples of such comments that have not been implemented within audit period.	0				

				Accepted Assignments	Status of Implementation					
				1.Deputing JTA in each VDC	Not implemented					
				2.New staff selection and procurement	Implemented after 3 month					
				3.Formulation of specification for semen purchase	Implemented after 1 month					
				4.Tender call for semen and Boer goat purchase	Not implemented					
				5.Support for fodder nursery	Not implemented					
				6.Demand for Organizational support	Postponed					
15		General		Financial Covenant: According to agreement with IFAD and project analysis report some of Financial covenant has not been implemented Examples are given below: a)Still not prepared the software which has to prepare up to 31 st August 2014. b)Monthly report preparation has to be initiated from implementing partners within 16 July 2014 but not implemented yet. c)In agreement, there is a provision of trimester withdrawal application to be submitted after 45 days from lasting of trimester but the last trimester withdrawal application was submitted late. d)MIS should be prepared up to 31 August 2014 but not prepared till date. e)In Annual Procurement Plan, Consultancy and Future civil works should be included up to 15 May 2014 but not mentioned till date.		0				
				Sub-total of FY 2013-14		297,100.00			297,100.00	
1	2014-15	General	1	Outstanding Reimbursement of Expenditure: According to Financial Regulation Procedure 2064 Rule 37, reimbursement of expenses should be claimed with donor within 45 days for all the expenditure pre-finance by GoN. It is observed till the reporting period that outstanding reimbursable expenses have not been claimed from donor.		3,297,694.00	All the reimbursable expenditure till 15 th December 2015 including outstanding reimbursable amount of FY 2071-72 has been claimed through WA 7.	Settled	0	PMO
2	2014-15	General	2	Source to be Changed: According to the record presented by program regarding disbursement, source of IFAD grant should be changed to IFAD loan.		2,808,091.00	Letter has been forwarded requesting to change the source from IFAD Grant to IFAD Loan to Ministry of Finance through Ministry of Agricultural Development.	Process	2,808,091.00	PMO

3	2014-15	General	3	Audit of Direct Financing: Direct payment of NPR 41.32 million has been paid to Heifer International. Though the amount of direct payment has been included in the financial statement, books of account for the said amount was not presented during the audit.	0	As per the MOU between GoN MoAD & Heifer International, the external audit of Heifer managed expenditures will be conducted by an independent auditor appointed by Heifer International.	0	PMO
4	2014-15	General	4	Inventory & Assets Management: According to Inventory verification report submitted by program, some assets were damaged. So, it is recommended to pay attention to strengthen the inventory management taking necessary action..	0	Management will short out the damaged assets and go in the process of auction.	0	PMO
5	2014-15	General	5	Ownership of Inventory: As per the MOU between GoN & implementing partners it is clearly stated that vehicle and equipment shall be handed over to PMO at programme closure, but it is observed that statement has not been submitted by implementing partners and the PMO has also not maintained the record of vehicle & equipment.	0	Management has notified the entire implementing partner to submit the statement of fixed assets. The management will carry out physical verification of equipment & vehicle procured by implementing partner.	0	PMO
6	2014-15	General	6	Trimester Expenditure: Ministry of finance has issued directives along with authorization for expenditure that the expenditure should not be more than 40% and 20% of total budget in last trimester period and in the month of Ashadh respectively. Statement provided by programme reveals that NPR 128.34 million has been spent in the third trimester which is 56.06% of the total expenditure and NPR 93.27 million has been spent in the month of Ashadd which is 40.74% of the total expenditure during this year. This may affect the execution of programs and quality of work.	0	Due to the devastated earthquake in the country, the programme completion was suppressed and final payment of most of the infrastructures was made in the third trimester which caused huge amount of expenses in third trimester & in the month of Ashadh.	0	PMO
7	2014-15	General	7	Target v/s Achievement: The project was able to achieve 80.64% of physical progress and 54.24% of financial progress of the approved annual program of FY 2071/72. The overall progress status of program shows only 8.79% of financial progress whereas 37% of programme time has already been elapsed.	0	In future the programme will be very much cautious regarding its financial progress.	0	PMO
8	2014-15	General	8	Low competition: The programme has awarded various contracts for construction of service centres & procurement of vehicle but it has been observed that there was low competition on procurement. So, it is advisable to make construction work more competitive.	0	In future the programme will be very much cautious in involvement of maximum vender in procurement competition.	0	PMO

9	2014-15	General	9	Incomplete Construction Work: D.N.D Builders could not completed construction of Livestock Service Centre, Thada & Agriculture Service Centre, Hansapur. There is a provision for termination of contract & blacklisting of contractor in Section 53 of the Public Procurement Act, 2063. It is advisable to complete construction work as soon as possible with effective implementation of legal provision taking actions against the contractor.	0	In future the programme will follow the provision guided by Public Procurement Act & Rules.		0	PMO
10	2014-15	General	10(a)	Advance: Programme has provided advances to carry out various training & workshop but it is observed that without settling previous advance additional advance has been provided to same staff and all the advances are settled at the end of Fiscal Year.	0	Corridor based training & workshop was conducted due to the geographical scenario which consumed time for completion of all activities that lead for delay in settlement of advances.		0	PMO
11	2014-15	General	10(b)	Cost Estimate: According to Rule 36(5) of the Financial Procedure Regulation, cost estimate should be prepared and approved. Though the project has approved cost estimate of such programs, the remaining amounts have been refunded after carrying out the programs. As a result, it is observed that there is difference between the actual and cost estimate causing refund of advance after completion of activities.	0	In future the programme will strictly follow the Financial Regulation & prepare const estimation before providing advances.		0	PMO
12	2014-15	General	11	Income Tax: Short advance income tax was deducted from remuneration of the consultants.	38,920.00	The said amount has been recovered from concern consultants.	Auditor Validation remain	38,920.00	PMO
13	2014-15	General	12	Outstanding Advances: Advance provided to Shaktidevi Petrol Station is outstanding till the audit period.	100,000.00	All the outstanding advances has been settled.	Auditor Validation remain	100,000.00	PMO
14	2014-15	General	13(a)	The proof and report of supervision and monitoring of the programs conducted by the concerned Ministry and PMO were not submitted by AEC. So, it is advisable to submit evidence regarding such monitoring and its report by the Ministry and PMO otherwise the whole amount should be recovered from AEC.	68,500.00	Report of all monitoring activities conducted by Ministry & PMO are attached along with.	Auditor Validation remain	68,500.00	PMO
15	2014-15	General	13(b)	AEC has accounted expenses for monitoring of its activities but there was no practice of presenting report to PMO. Hence, it seems that AEC is concerned to account expenses rather than improving program through monitoring. Therefore, report and proof of monitoring and evaluation should be submitted otherwise the amount should be recovered.	1,300,000.00	Monitoring & evaluation report is attached herewith.	Auditor Validation remain	1,300,000.00	PMO
16	2014-15	General	14	The AEC programme activities continue to be monitored for effective implementation and for weakness & leakage prevention. AEC should continue to be monitored by PMO and Ministry focusing to the activities.	0	In future PMO will focus on regular monitoring of all the activities accomplished by AEC.	Auditor Validation remain	0	PMO

Nepal

Improved Seeds for Farmers Programme

Mid-Term Review Report - Mission dates: February 29th to March 22nd, 2016

17	2014-15	General	1	Outstanding Advance: Various individuals were provided advance to conduct Farm Field School but till the audit period outstanding advances were:	1,302,000.00			1,302,000.00	DADO Rolpa
18	2014-15	General	10	Outstanding Advance: There is outstanding advances provided to various individuals at the year-end.	628,000.00			628,000.00	DADO Rukum
19	2014-15	General	8	Deposit of advance income tax deduction: The advance income tax deducted at source has not been deposited to Income Tax office.	27184.00			27184.00	DADO Salyan
				Sub-total of FY 2014-15	9,570,389.00			6,272,695.00	

Appendix 9: Revised KUBK Budget

I. MAIN ASSUMPTIONS

1. **Introduction:** This section describes the key assumptions underlying the estimation of Programme costs and its financing plan. Programme costs are based on March 2016 constant prices. The Programme was to be implemented over a seven year period and at the time of MTR, the programme has already completed 3.5 years and the remainder of the programme would be implemented over 42 months starting from July 2016 and it would be completed by Dec 2019. The country's fiscal year is July 16 to July 15. Accordingly the costab tables are presented in fiscal years, rather than in calendar years. Thus the proposed post-MTR budgets fall under four fiscal years.

2. **Programme Expenditures till July 2016:** Summary of programme expenditures as on February 12, 2016 and likely expenditures between Feb and July 15, 2016 are presented in Table-1 below. Whereas the details with respect to expenditures incurred under IFAD Loan and Grant and expenditures under Heifer are captured accurately, data with regard to beneficiary participation and government expenditures are inadequate. Based on the information made available, the post MTR scenario of projected expenditures for IFAD resources of USD 15.86 million each of grant and loan and top up loan of USD 5.0 million etc presented in the revised costab.

Table-1: Programme expenditures and balance amount for post MTR expenditures

Description of financiers	Total allocations at Appraisal	Amount in USD equivalents			Balance Amount c/
		Expenditure as on 12 Feb 2016	Likely expenditure till July15, 2016	Total expenditure end of FY 2015/16	
IFAD Loan	19.516	2.47	1.00	3.47	16.047
IFAD Grant	19.516	2.47	1.00	3.47	16.047
IFAD top up loan a/	0	0	0	0	5.00
Heifer	2.507	0.77	0.63	1.40	1.10
Beneficiaries b/	10.907	0.13	0.13	0.26	
Government of Nepal	7.304	0.69	0.46	1.15	6.15
Total	50.751	6.53	3.22	9.75	

a/ Top up loan was provided in 2014; b/ data on actual expenditures are not available
 c/ To be confirmed at ISM due to be conducted in July 2016 based on actual expenditure

3. **Inflation rates:** Average inflation was recorded at 12.1 year on year basis in the first month of 2016 while long term inflation is forecast at 6.3%. According to www.statista.com the inflation rates for 2016, 2017, 2018, 2019 and 2020 are 8.04%, 8.25%, 7.75%, 7.0% and 6.1%. Thus an average value of 7.5% has been assumed for the project costs post MTR period. The analysis uses forecast of the International Monetary Fund for both local and foreign inflation rates. Local inflation rates are assumed to be 7.5%. As for the foreign inflation rate, the analysis assumes fixed annual rate of 2.0% for the post MTR Programme period.

4. **Exchange Rates:** The Nepali Rupee (NPR) is pegged to the Indian Rupee at NPR 1.6. Thus the NPR depreciation is always linked to that of INR. Current exchange rate is IUSD=110 NPR. Same rate has been used for the post MTR period.

5. **Unit costs:** Programme costs for the post-MTR period are presented in both NPR and USD. Unit costs were provided by the PMO and these costs include all taxes and duties and contributions by the beneficiaries, where needed. These unit costs are indicative while some are in lump sum and were used for the sole purpose of estimating the overall cost of the programme. These unit costs will be appropriately modified at the time of preparation of AWP&B each year. Conversion of USD values into NPR uses the following constant purchasing power exchange rates:

Table 1: Constant Purchasing Power Exchange Rates

Nepal ISFP-KUBK MTR Inflation and Exchange Rates		Up to Project Start	16/17	17/18	18/19	19/20
Inflation (in %'s) /a						
All						
Annual rates						
Local		0.0	7.5	7.5	7.5	7.5
Foreign		0.0	2.0	2.0	2.0	2.0
Compounded rates						
Local		0.0	3.8	11.5	19.9	28.9
Foreign		0.0	1.0	3.0	5.1	7.2
Exchange rates (Local/Foreign) /b						
All						
Rates actually used		110.0	113.0	119.1	125.5	132.3
Constant purchasing parity rates		110.0	113.0	119.1	125.5	132.3
% deviation		0.0	0.0	0.0	0.0	0.0

/a Yearly values are within Each Project Year
 /b Yearly values are at Project Year Midpoints

6. **Taxes and Duties:** Under the existing law on income taxes, depending on income levels national consultants are subject to 15% income tax. No income tax is assumed in the Programme costing for national technical assistance as the projected remuneration rates for the national consultants fall below the taxable threshold level. Current Value Added Tax rate in the country is 13% and applies to all goods and services, equipment and vehicles. Additionally, imported office equipment and furniture are subject to 5% customs duty. Custom duty for the imported goat semen and breeding goats are at 10%. The Government has been financing the cost of all taxes on goods and services procured under the Programme.

7. **Programme costab Categories and Accounts:** Existing disbursement categories have been maintained for the ongoing IFAD Loan and Grant components as indicated in Table 2 below. While for the Top up Loan the disbursement category will be under the new description as per IC 2013. The programme costab accounts are (i) procurement accounts, (ii) disbursement accounts and (iii) expenditure accounts.

Table 2: Costab Accounts

Procurement accounts (PA)	Disbursement accounts (DA)	Expenditure accounts (EA)
<u>Ongoing Programme costs: a/</u>	<u>Ongoing Programme costs: a/</u>	<u>Ongoing Programme costs: a/</u>
Funds	Funds	Funds
Matching grant_PA	Matching grant_DA	Matching grant_EA
Credit support to SFDB_PA	Credit support to SFDB_DA	Credit support to SFDB_EA
Technical Assistance_PA	Technical Assistance_DA	Technical Assistance_EA
Surveys, studies, training & workshop_PA	Surveys, studies, training & workshop_DA	Surveys, studies, training & workshop_EA
Goods and services_PA c/	Goods and services_DA c/	Goods and services_EA c/
Operating costs_PA	Operating costs_DA	Operating costs_EA
<u>Additional Financing costs: b/</u>	<u>Additional Financing costs: b/</u>	<u>Additional Financing costs: b/</u>
Credit support to SFDB_PA_1	Credit support to SFDB_DA_1	Credit support to SFDB_EA_1

a/ Costab accounts have been set as per Original categories

b/ Costab accounts for Additional Financing have been set as per Categories described in IC 2013

c/ this category also included equipment, vehicles, civil works etc

8. **Programme Costab Tables:** The Programme has three technical and one non-technical component that are: (a) Support to Expansion of Formal Seed Sector; (b) Smallholder Livestock Commercialization; (c) Local Institutional and Entrepreneurial Development; and (d) Programme Management. There are two or more sub-components under each Component and separate Table is prepared for each sub-component as listed in Table below.

Programme Components	Programme sub-components	Table Ref #
1. Support to expansion of formal	1.1 Ensuring enabling environment	1.1

seed sector	1.2 Improved Seed production	1.2
	1.3 Promoting farmers' demand for TLS	1.3
2. Smallholder livestock commercialisation	2.1 Improving dairy productivity	2.1
	2.2 Improving goat productivity	2.2
	2.3 Strengthening DLSOs	2.3
3. Local Institutions and entrepreneurial development	3.1 Strengthening local institutions	3.1
	3.2 Rural Financial Services	3.2
4. Programme Coordination and Management	4.1 Programme management	4.1
	4.2 Programme monitoring and evaluation	4.2

9. Programme Coordination and Management. Overall implementation responsibility rests with the Programme Management Office (PMO), Butwal supported by 6 Programme Implementation Units one in each of the six districts.

II. PROGRAMME COSTS

10. **Post MTR Programme costs:** Post MTR total investment and incremental recurrent Programme costs, including contingencies, are estimated at about USD 48.86 million (NPR 5,663 million). Contingencies make up around 2% of the total Programme costs. Taxes make up approximately USD 4.43 million. Amount allocated to the Programme Management including monitoring and evaluation is 11% of the total Programme costs. Summary costs are presented in Appendix-1 and detailed costs by sub-component including financing rules are presented in Appendix-2.

Table 3: Programme Costs by Component

Nepal ISFP-KUBK MTR Components Project Cost Summary			(Local Million)			(US\$ '000)			% Foreign Exchange	% Total Base Costs
			Local	Foreign	Total	Local	Foreign	Total		
A. Support to expansion of formal seed sector										
1. Ensuring enabling environment			184	82	265	1 670	743	2 413	31	5
2. Improved Seed Production			833	296	1 130	7 577	2 695	10 272	26	21
3. Promoting farmers' demand for TLS			45	15	61	413	138	550	25	1
Subtotal			1 063	393	1 456	9 660	3 575	13 235	27	28
B. Smallholder Livestock commercialisation										
1. Improving Dairy productivity			414	138	552	3 762	1 254	5 016	25	10
2. Improving Goat Productivity			756	252	1 009	6 877	2 292	9 169	25	19
3. Strengthening DLSOs			159	67	225	1 441	606	2 048	30	4
Subtotal			1 329	457	1 786	12 080	4 153	16 233	26	34
C. Local Institutions & Entrepreneurial development										
1. Strengthening Local institutions			239	80	319	2 176	725	2 901	25	6
2. Rural Finance services			1 063	45	1 108	9 663	408	10 071	4	21
Subtotal			1 302	125	1 427	11 838	1 133	12 972	9	27
D. Programme Coordination & Management										
1. Programme Management			424	60	484	3 853	549	4 402	12	9
2. Project M&E, Knowledge management			99	22	121	898	204	1 101	18	2
Subtotal			523	83	605	4 751	752	5 503	14	11
Total BASELINE COSTS			4 216	1 058	5 274	38 329	9 614	47 942	20	100
Physical Contingencies			-	-	-	-	-	-	-	-
Price Contingencies			302	86	389	713	205	918	22	2
Total PROJECT COSTS			4 519	1 144	5 663	39 042	9 818	48 860	20	102

11. **Disbursement Accounts and financing rules:** The disbursement accounts and the financing rules (total allocation net of taxes) set for each of the disbursement accounts are summarised in

Table 4 below.

Table 4: Disbursement Accounts and Financing Rules

Disbursement category	Financing rules % (net of taxes)				
	IFAD Loan	IFAD Grant	IFAD Topup	Beneficiaries	Heifer
<u>Ongoing Programme costs: a/</u>					
Funds					
Matching grant_DA	25%	25%	0	50%	0
Credit support to SFDB_DA	100%	0	0	0	0
Technical Assistance_DA	0	100%	0	0	d/ 100%
Surveys, studies, training & workshop_DA	50%	50%	0	0	0
Goods and services_DA c/	65%	35%	0	0	0
Operating costs_DA	50%	50%	0	0	0
<u>Additional Financing costs: b/</u>					
Credit support to SFDB_DA_1	0	0	100%	0	0

a/ The ongoing IFSP with the support of IFAD Loan and Grant assistance
 b/ Top up loan amount of USD 5 million for post MTR operations
 c/ Also includes equipment, civil work, vehicle etc
 d/ 100% of Heifer interventions

III. FINANCING PLAN

12. Post MTR financing plan by components and financiers are presented in Table-5 below:

Table 5: Financing Plan by Components and financiers

Nepal
 ISFP-KUBK MTR
 Components by Financiers
 (US\$ '000)

	The Government		IFAD Loan		IFAD Grant		IFAD topup		Heifer		Beneficiaries		Total		Duties & Taxes
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	
A. Support to expansion of formal seed sector															
1. Ensuring enabling environment	255	10.3	982	39.8	1 229	49.8	-	-	-	-	-	-	2 466	5.0	255
2. Improved Seed Production	917	8.8	2 352	22.5	4 093	39.2	-	-	-	-	3 069	29.4	10 431	21.3	917
3. Promoting farmers' demand for TLS	85	15.0	241	42.5	241	42.5	-	-	-	-	-	-	566	1.2	85
Subtotal	1 257	9.3	3 574	26.5	5 563	41.3	-	-	-	-	3 069	22.8	13 463	27.6	1 257
B. Smallholder Livestock commercialisation															
1. Improving Dairy productivity	641	12.5	1 919	37.3	1 407	27.4	-	-	-	-	1 177	22.9	5 144	10.5	641
2. Improving Goat Productivity	768	8.2	2 152	22.9	4 293	45.7	-	-	1 129	12.0	1 043	11.1	9 386	19.2	768
3. Strengthening DLSOs	239	11.5	927	44.5	918	44.0	-	-	-	-	-	-	2 085	4.3	239
Subtotal	1 649	9.9	4 998	30.1	6 619	39.8	-	-	1 129	6.8	2 220	13.4	16 614	34.0	1 649
C. Local Institutions & Entrepreneurial development															
1. Strengthening Local institutions	447	15.0	1 455	48.8	1 079	36.2	-	-	-	-	-	-	2 981	6.1	447
2. Rural Finance services	281	2.8	4 037	39.9	809	8.0	5 000	49.4	-	-	-	-	10 127	20.7	281
Subtotal	728	5.6	5 492	41.9	1 888	14.4	5 000	38.1	-	-	-	-	13 108	26.8	728
D. Programme Coordination & Management															
1. Programme Management	1 542	34.0	1 507	33.2	1 486	32.8	-	-	-	-	-	-	4 535	9.3	624
2. Project M&E, Knowledge management	170	14.9	477	41.8	493	43.3	-	-	-	-	-	-	1 141	2.3	170
Subtotal	1 712	30.2	1 985	35.0	1 979	34.9	-	-	-	-	-	-	5 676	11.6	794
Total PROJECT COSTS	5 346	10.9	16 048	32.8	16 048	32.8	5 000	10.2	1 129	2.3	5 289	10.8	48 860	100.0	4 428

13. **Expenditure accounts:** Remaining amount out of USD 2.5 million of the Heifer International would be financed by them. Their contribution would continue to focus on the Smallholder Livestock Commercialization component. The Government contribution is estimated at USD 5.35 million and this includes contributions from its budget and from

foregone taxes and duties. Approximately USD 5.80 million or 10.8% of the total Programme costs of USD 48.86 million would be provided by the beneficiaries.

14. Part of the Government contribution will continue to finance the salaries of Project Director, Senior Accountant and Planning Officer who are seconded from the Government. The remaining share of the Government contribution would continue to come in forms of foregone taxes and duties on all Programme inputs that involve funding from the IFAD Loan and Grant. In conformity with the principle that no taxes or duties would be financed out of the proceeds of the IFAD Loan and Grant, any future changes in the rates and/or structures of taxes and duties would have to apply to the Programme. Table-6 summarizes Programme components and expenditure accounts of the proposed financing arrangements.

Table 5: Financing Plan by Expenditure Accounts

Nepal

ISFP-KUBK MTR

Expenditure Accounts by Financiers

(US\$ '000)

(US\$ '000)	e Government		IFAD Loan		IFAD Grant		IFAD topup		Heifer		Beneficiaries		Total		Duties & Taxes	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%		Taxes
I. Investment Costs																
A. IFAD Loan&Grant																
1. Funds																
Matching grant funds	1 175	10.0	2 645	22.5	2 645	22.5	-	-	-	-	5 289	45.0	11 754	24.1	1 175	
Credit support to SFDB	-	-	3 000	100.0	-	-	-	-	-	-	-	-	3 000	6.1	-	
Subtotal	1 175	8.0	5 645	38.3	2 645	17.9	-	-	-	-	5 289	35.8	14 754	30.2	1 175	
2. Technical Assistance	121	1.7	-	-	5 954	82.6	-	-	1 129	15.7	-	-	7 204	14.7	121	
3. Studies, surveys, training and workshop	614	15.0	1 740	42.5	1 740	42.5	-	-	-	-	-	-	4 094	8.4	614	
4. Goods and services /a	1 693	14.7	6 400	55.5	3 446	29.9	-	-	-	-	-	-	11 539	23.6	1 693	
Subtotal	3 604	9.6	13 784	36.7	13 785	36.7	-	-	1 129	3.0	5 289	14.1	37 591	76.9	3 604	
B. IFAD topup loan																
1. Credit support to SFDB	-	-	-	-	-	-	5 000	100.0	-	-	-	-	5 000	10.2	-	
Total Investment Costs	3 604	8.5	13 784	32.4	13 785	32.4	5 000	11.7	1 129	2.6	5 289	12.4	42 591	87.2	3 604	
II. Recurrent Costs																
A. Operating costs																
	1 742	27.8	2 264	36.1	2 264	36.1	-	-	-	-	-	-	6 270	12.8	824	
Total Recurrent Costs	1 742	27.8	2 264	36.1	2 264	36.1	-	-	-	-	-	-	6 270	12.8	824	
Total PROJECT COSTS	5 346	10.9	16 048	32.8	16 048	32.8	5 000	10.2	1 129	2.3	5 289	10.8	48 860	100.0	4 428	

/a Including vehicles, equipment and civil works

SUMMARY COST TABLES

PROCUREMENT ARRANGEMENTS BY YEAR

Nepal

ISFP-KUBk MTR

Procurement Accounts by Years

(US\$ '000)

A. IFAD Loan and Grant

1. Funds

Funds for matching grants

Credit support to SFDB

Subtotal

2. Technical Assistance

3. Studies, surveys, training and workshop

4. Goods and services /a

5. Operating costs

Subtotal

B. IFAD Topup loan

1. Credit support to SFDB

Total

Totals Including Contingencies				
16/17	17/18	18/19	19/20	Total
4 524.1	4 614.6	-	-	9 138.7
-	3 000.0	-	-	3 000.0
4 524.1	7 614.6	-	-	12 138.7
3 543.1	1 763.5	1 835.3	-	7 141.9
1 277.5	1 359.0	750.0	71.8	3 458.3
8 021.5	4 528.2	1 994.8	307.3	14 851.9
1 742.4	1 775.9	1 809.9	941.5	6 269.7
19 108.6	17 041.2	6 390.0	1 320.6	43 860.5
5 000.0	-	-	-	5 000.0
24 108.6	17 041.2	6 390.0	1 320.6	48 860.5

/a including vehicles, equipment and civil works

DISBURSEMENT ACCOUNTS BY FINANCIERS

Nepal

ISFP-KUBk MTR

Disbursement Accounts by Financiers

(US\$ '000)

	The Government		IFAD Loan		IFAD Grant		IFAD topup		Heifer		Beneficiaries		Total		Duties & Taxes
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	
A. IFAD Loan & Grant															
1. Funds															
Matching grant funds	1 175	10.0	2 645	22.5	2 645	22.5	-	-	-	-	5 289	45.0	11 754	24.1	1 175
Credit support to SFDB	-	-	3 000	100.0	-	-	-	-	-	-	-	-	3 000	6.1	-
Subtotal	1 175	8.0	5 645	38.3	2 645	17.9	-	-	-	-	5 289	35.8	14 754	30.2	1 175
2. Technical Assistance	113	1.6	-	-	5 900	82.6	-	-	1 129	15.8	-	-	7 142	14.6	113
3. Studies, surveys, training & workshop	607	15.0	1 721	42.5	1 721	42.5	-	-	-	-	-	-	4 049	8.3	607
4. Goods and services /a	1 708	14.7	6 419	55.1	3 519	30.2	-	-	-	-	-	-	11 646	23.8	1 708
5. Operating costs	1 742	27.8	2 264	36.1	2 264	36.1	-	-	-	-	-	-	6 270	12.8	824
Subtotal	5 346	12.2	16 048	36.6	16 048	36.6	-	-	1 129	2.6	5 289	12.1	43 860	89.8	4 428
B. IFAD topup loan															
1. Credit support to SFDB	-	-	-	-	-	-	5 000	100.0	-	-	-	-	5 000	10.2	-
Subtotal	-	-	-	-	-	-	5 000	100.0	-	-	-	-	5 000	10.2	-
Total PROJECT COSTS	5 346	10.9	16 048	32.8	16 048	32.8	5 000	10.2	1 129	2.3	5 289	10.8	48 860	100.0	4 428

/a Including vehicles, equipment and civil works

COMPONENTS BY FINANCIERS

Nepal

ISFP-KUBk MTR

Components by Financiers

(US\$ '000)

	The Government		IFAD Loan		IFAD Grant		IFAD topup		Heifer		Beneficiaries		Total		Duties & Taxes
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	
A. Support to expansion of formal seed sector															
1. Ensuring enabling environment	255	10.3	982	39.8	1 229	49.8	-	-	-	-	-	-	2 466	5.0	255
2. Improved Seed Production	917	8.8	2 352	22.5	4 093	39.2	-	-	-	-	3 069	29.4	10 431	21.3	917
3. Promoting farmers' demand for TLS	85	15.0	241	42.5	241	42.5	-	-	-	-	-	-	566	1.2	85
Subtotal	1 257	9.3	3 574	26.5	5 563	41.3	-	-	-	-	3 069	22.8	13 463	27.6	1 257
B. Smallholder Livestock commercialisation															
1. Improving Dairy productivity	641	12.5	1 919	37.3	1 407	27.4	-	-	-	-	1 177	22.9	5 144	10.5	641
2. Improving Goat Productivity	768	8.2	2 152	22.9	4 293	45.7	-	-	1 129	12.0	1 043	11.1	9 386	19.2	768
3. Strengthening DLSOs	239	11.5	927	44.5	918	44.0	-	-	-	-	-	-	2 085	4.3	239
Subtotal	1 649	9.9	4 998	30.1	6 619	39.8	-	-	1 129	6.8	2 220	13.4	16 614	34.0	1 649
C. Local Institutions & Entrepreneurial development															
1. Strengthening Local institutions	447	15.0	1 455	48.8	1 079	36.2	-	-	-	-	-	-	2 981	6.1	447
2. Rural Finance services	281	2.8	4 037	39.9	809	8.0	5 000	49.4	-	-	-	-	10 127	20.7	281
Subtotal	728	5.6	5 492	41.9	1 888	14.4	5 000	38.1	-	-	-	-	13 108	26.8	728
D. Programme Coordination & Management															
1. Programme Management	1 542	34.0	1 507	33.2	1 486	32.8	-	-	-	-	-	-	4 535	9.3	624
2. Project M&E, Knowledge management	170	14.9	477	41.8	493	43.3	-	-	-	-	-	-	1 141	2.3	170
Subtotal	1 712	30.2	1 985	35.0	1 979	34.9	-	-	-	-	-	-	5 676	11.6	794
Total PROJECT COSTS	5 346	10.9	16 048	32.8	16 048	32.8	5 000	10.2	1 129	2.3	5 289	10.8	48 860	100.0	4 428

Nepal: Improved Seeds for Farmers Programme
Mid-Term Review Report
Working paper-Project costs and financing - Mission dates: February 29th to March 22nd, 2016
EXPENDITURE ACCOUNTS BY FINANCIERS

Nepal

ISFP-KUBk MTR

Expenditure Accounts by Financiers

(US\$ '000)

I. Investment Costs

A. IFAD Loan&Grant

1. Funds

Matching grant funds

Credit support to SFDB

Subtotal

2. Technical Assistance

3. Studies, surveys, training and workshop

4. Goods and services /a

Subtotal

B. IFAD topup loan

1. Credit support to SFDB

Total Investment Costs

II. Recurrent Costs

A. Operating costs

Total Recurrent Costs

Total PROJECT COSTS

	The Government		IFAD Loan		IFAD Grant		IFAD topup		Heifer		Beneficiaries		Total		Duties & Taxes
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	
Matching grant funds	1 175	10.0	2 645	22.5	2 645	22.5	-	-	-	-	5 289	45.0	11 754	24.1	1 175
Credit support to SFDB	-	-	3 000	100.0	-	-	-	-	-	-	-	-	3 000	6.1	-
Subtotal	1 175	8.0	5 645	38.3	2 645	17.9	-	-	-	-	5 289	35.8	14 754	30.2	1 175
2. Technical Assistance	121	1.7	-	-	5 954	82.6	-	-	1 129	15.7	-	-	7 204	14.7	121
3. Studies, surveys, training and workshop	614	15.0	1 740	42.5	1 740	42.5	-	-	-	-	-	-	4 094	8.4	614
4. Goods and services /a	1 693	14.7	6 400	55.5	3 446	29.9	-	-	-	-	-	-	11 539	23.6	1 693
Subtotal	3 604	9.6	13 784	36.7	13 785	36.7	-	-	1 129	3.0	5 289	14.1	37 591	76.9	3 604
B. IFAD topup loan	-	-	-	-	-	-	5 000	100.0	-	-	-	-	5 000	10.2	-
1. Credit support to SFDB	-	-	-	-	-	-	5 000	100.0	-	-	-	-	5 000	10.2	-
Total Investment Costs	3 604	8.5	13 784	32.4	13 785	32.4	5 000	11.7	1 129	2.6	5 289	12.4	42 591	87.2	3 604
II. Recurrent Costs	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
A. Operating costs	1 742	27.8	2 264	36.1	2 264	36.1	-	-	-	-	-	-	6 270	12.8	824
Total Recurrent Costs	1 742	27.8	2 264	36.1	2 264	36.1	-	-	-	-	-	-	6 270	12.8	824
Total PROJECT COSTS	5 346	10.9	16 048	32.8	16 048	32.8	5 000	10.2	1 129	2.3	5 289	10.8	48 860	100.0	4 428

/a Including vehicles, equipment and civil works

PROCUREMENT ACCOUNTS BY FINANCIERS

Nepal

ISFP-KUBK MTR

Procurement Accounts by Financiers

(US\$ '000)

	The Government		IFAD Loan		IFAD Grant		IFAD topup		Heifer		Beneficiaries		Total		Duties & Taxes
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	
A. IFAD Loan and Grant															
1. Funds															
Funds for matching grants	914	10.0	2 056	22.5	2 056	22.5	-	-	-	-	4 112	45.0	9 139	18.7	914
Credit support to SFDB	-	-	3 000	100.0	-	-	-	-	-	-	-	-	3 000	6.1	-
Subtotal	914	7.5	5 056	41.7	2 056	16.9	-	-	-	-	4 112	33.9	12 139	24.8	914
2. Technical Assistance	113	1.6	-	-	5 900	82.6	-	-	1 129	15.8	-	-	7 142	14.6	113
3. Studies, surveys, training and workshop	518	15.0	1 470	42.5	1 470	42.5	-	-	-	-	-	-	3 458	7.1	518
4. Goods and services /a	2 058	13.9	7 258	48.9	4 359	29.3	-	-	-	-	1 177	7.9	14 852	30.4	2 058
5. Operating costs	1 742	27.8	2 264	36.1	2 264	36.1	-	-	-	-	-	-	6 270	12.8	824
Subtotal	5 346	12.2	16 048	36.6	16 048	36.6	-	-	1 129	2.6	5 289	12.1	43 860	89.8	4 428
B. IFAD Topup loan															
1. Credit support to SFDB	-	-	-	-	-	-	5 000	100.0	-	-	-	-	5 000	10.2	-
Subtotal	-	-	-	-	-	-	5 000	100.0	-	-	-	-	5 000	10.2	-
Total PROJECT COSTS	5 346	10.9	16 048	32.8	16 048	32.8	5 000	10.2	1 129	2.3	5 289	10.8	48 860	100.0	4 428

/a including vehicles, equipment and civil works

COMPONENTS PROJECT COST SUMMARY

Nepal

ISFP-KUBk MTR

Components Project Cost Summary

	(Local Million)			(US\$ '000)			% Total Base Costs
	Local	Foreign	Total	Local	Foreign	Total	
A. Support to expansion of formal seed sector							
1. Ensuring enabling environment	184	82	265	1 670	743	2 413	5
2. Improved Seed Production	833	296	1 130	7 577	2 695	10 272	21
3. Promoting farmers' demand for TLS	45	15	61	413	138	550	1
Subtotal	1 063	393	1 456	9 660	3 575	13 235	28
B. Smallholder Livestock commercialisation							
1. Improving Dairy productivity	414	138	552	3 762	1 254	5 016	10
2. Improving Goat Productivity	756	252	1 009	6 877	2 292	9 169	19
3. Strengthening DLSOs	159	67	225	1 441	606	2 048	4
Subtotal	1 329	457	1 786	12 080	4 153	16 233	34
C. Local Institutions & Entrepreneurial development							
1. Strengthening Local institutions	239	80	319	2 176	725	2 901	6
2. Rural Finance services	1 063	45	1 108	9 663	408	10 071	21
Subtotal	1 302	125	1 427	11 838	1 133	12 972	27
D. Programme Coordination & Management							
1. Programme Management	424	60	484	3 853	549	4 402	9
2. Project M&E, Knowledge management	99	22	121	898	204	1 101	2
Subtotal	523	83	605	4 751	752	5 503	11
Total BASELINE COSTS	4 216	1 058	5 274	38 329	9 614	47 942	100
Physical Contingencies	-	-	-	-	-	-	-
Price Contingencies	302	86	389	713	205	918	2
Total PROJECT COSTS	4 519	1 144	5 663	39 042	9 818	48 860	102

EXPENDITURE ACCOUNTS PROJECT COST SUMMARY

Nepal							% Total
ISFP-KUBk MTR							
Expenditure Accounts Project Cost Summary	(Local Million)			(US\$ '000)			Base
	Local	Foreign	Total	Local	Foreign	Total	Costs
I. Investment Costs							
A. IFAD Loan&Grant							
1. Funds							
Matching grant funds	949	316	1 265	8 628	2 876	11 504	24
Credit support to SFDB	330	-	330	3 000	-	3 000	6
Subtotal	1 279	316	1 595	11 628	2 876	14 504	30
2. Technical Assistance	525	254	779	4 776	2 310	7 086	15
3. Studies, surveys, training and workshop	329	110	438	2 989	996	3 985	8
4. Goods and services /a	932	311	1 243	8 473	2 824	11 297	24
Subtotal	3 065	991	4 056	27 865	9 007	36 872	77
B. IFAD topup loan							
1. Credit support to SFDB	550	-	550	5 000	-	5 000	10
Total Investment Costs	3 615	991	4 606	32 865	9 007	41 872	87
II. Recurrent Costs							
A. Operating costs	601	67	668	5 463	607	6 070	13
Total Recurrent Costs	601	67	668	5 463	607	6 070	13
Total BASELINE COSTS	4 216	1 058	5 274	38 329	9 614	47 942	100
Physical Contingencies	-	-	-	-	-	-	-
Price Contingencies	302	86	389	713	205	918	2
Total PROJECT COSTS	4 519	1 144	5 663	39 042	9 818	48 860	102

\a Including vehicles, equipment and civil works

PROJECT COMPONENTS BY YEAR

Nepal

ISFP-KUBk MTR

Project Components by Year -- Totals Including Contingencies

	Totals Including Contingencies (Local Million)					Totals Including Contingencies (US\$ '000)				
	16/17	17/18	18/19	19/20	Total	16/17	17/18	18/19	19/20	Total
A. Support to expansion of formal seed sector										
1. Ensuring enabling environment	170	66	36	15	288	1 509	553	287	117	2 466
2. Improved Seed Production	629	491	77	-	1 197	5 590	4 155	686	-	10 431
3. Promoting farmers' demand for TLS	21	28	18	-	67	188	236	143	-	566
Subtotal	820	585	131	15	1 552	7 287	4 943	1 116	117	13 463
B. Smallholder Livestock commercialisation										
1. Improving Dairy productivity	226	276	104	-	606	2 000	2 318	826	-	5 144
2. Improving Goat Productivity	547	340	187	26	1 100	4 840	2 857	1 493	196	9 386
3. Strengthening DLSOs	134	67	31	9	241	1 194	561	261	69	2 085
Subtotal	907	683	322	35	1 947	8 034	5 736	2 580	265	16 614
C. Local Institutions & Entrepreneurial development										
1. Strengthening Local institutions	126	129	97	-	353	1 118	1 087	776	-	2 981
2. Rural Finance services	652	421	44	14	1 131	5 899	3 768	354	106	10 127
Subtotal	778	551	142	14	1 485	7 017	4 855	1 131	106	13 108
D. Programme Coordination & Management										
1. Programme Management	161	142	153	85	541	1 427	1 206	1 241	660	4 535
2. Project M&E, Knowledge management	39	36	41	23	138	344	301	323	173	1 141
Subtotal	200	178	194	108	680	1 771	1 507	1 564	833	5 676
Total PROJECT COSTS	2 705	1 996	788	173	5 663	24 109	17 041	6 390	1 321	48 860

EXPENDITURE ACCOUNTS BY YEAR, INCLUDING CONTINGENCIES

Nepal

ISFP-KUBk MTR

Expenditure Accounts by Years -- Totals Including Contingencies

(US\$ '000)

	Totals Including Contingencies				
	16/17	17/18	18/19	19/20	Total
I. Investment Costs					
A. IFAD Loan&Grant					
1. Funds					
Matching grant funds	5 305	6 019	430	-	11 754
Credit support to SFDB	-	3 000	-	-	3 000
Subtotal	5 305	9 019	430	-	14 754
2. Technical Assistance	3 566	1 779	1 851	8	7 204
3. Studies, surveys, training and workshop	1 553	1 605	864	72	4 094
4. Goods and services /a	6 943	2 862	1 435	299	11 539
Subtotal	17 366	15 265	4 580	379	37 591
B. IFAD topup loan					
1. Credit support to SFDB	5 000	-	-	-	5 000
Total Investment Costs	22 366	15 265	4 580	379	42 591
II. Recurrent Costs					
A. Operating costs	1 742	1 776	1 810	942	6 270
Total Recurrent Costs	1 742	1 776	1 810	942	6 270
Total PROJECT COSTS	24 109	17 041	6 390	1 321	48 860

\a Including vehicles, equipment and civil works

DETAILED COST TABLES

TABLE 1.1 A: Ensuring an effective enabling environment: Quantities and total costs

Nepal
ISFP-KUBK MTR
Table 1.1. Ensuring enabling environment
for seed production

Detailed Costs	Unit	Quantities					Unit Cost	Unit Cost	Totals Including Contingencies (Local '000)					Totals Including Contingencies (US\$ '000)				
		16/17	17/18	18/19	19/20	Total	(Local)	(US\$)	16/17	17/18	18/19	19/20	Total	16/17	17/18	18/19	19/20	Total
I. Investment Costs																		
A. Improving Policy Regulations																		
Policy study /a	lumpsum	0.5	0.5	-	-	1	55,000,000	500,000	28 531	30 671	-	-	59 202	252.5	257.6	-	-	510.1
Regional workshop	lumpsum	1	1	1	-	3	600,000	5,455	623	669	719	-	2 011	5.5	5.6	5.7	-	16.9
Study on seed replacement rate	lumpsum	1	-	1	-	2	1,500,000	13,636	1 556	-	1 798	-	3 355	13.8	-	14.3	-	28.1
Impact study on Grant implementation modality	lumpsum	1	1	1	-	3	1,500,000	13,636	1 556	1 673	1 798	-	5 028	13.8	14.0	14.3	-	42.2
Workshop on SEAN members on policy issues	lumpsum	1	1	1	-	3	500,000	4,545	519	558	599	-	1 676	4.6	4.7	4.8	-	14.1
Updating web portal	lumpsum	1	1	1	1	4	400,000	3,636	415	446	480	516	1 856	3.7	3.7	3.8	3.9	15.1
Publication of brochures etc	lumpsum	1	-	-	-	1	2,225,000	20,227	2 308	-	-	-	2 308	20.4	-	-	-	20.4
Subtotal									35 508	34 017	5 395	516	75 436	314.2	285.6	43.0	3.9	646.8
B. Increasing the capacity of DADO																		
Construction of Agri Service Centres	each	6	-	-	-	6	5,500,000	50,000	34 238	-	-	-	34 238	303.0	-	-	-	303.0
DADO Pyathan office building	lumpsum	1	-	-	-	1	9,900,000	90,000	10 271	-	-	-	10 271	90.9	-	-	-	90.9
Renovation of 6 DADO offices	each	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Motor bikes	each	16	16	-	-	32	250,000	2,273	4 150	4 461	-	-	8 611	36.7	37.5	-	-	74.2
One 4 WD vehicle /b	each	3	-	-	-	3	5,800,000	52,727	18 053	-	-	-	18 053	159.8	-	-	-	159.8
Office equipment set /c	set	6	-	-	-	6	814,000	7,400	5 067	-	-	-	5 067	44.8	-	-	-	44.8
Rehabilitation of Chapa farm	lumpsum	1	-	-	-	1	10,000,000	90,909	10 375	-	-	-	10 375	91.8	-	-	-	91.8
Construction of greenhouse	each	1	-	-	-	1	2,500,000	22,727	2 594	-	-	-	2 594	23.0	-	-	-	23.0
Training on lab operations /d	event	1	-	1	-	2	1,250,000	11,364	1 297	-	1 499	-	2 796	11.5	-	11.9	-	23.4
Subtotal									86 044	4 461	1 499	-	92 004	761.5	37.5	11.9	-	810.9
C. Improving seed quality control																		
Regional Seed Testing lab /e	each	1	-	-	-	1	15,139,300	137,630	15 707	-	-	-	15 707	139.0	-	-	-	139.0
Support for RSTL, transformer, stabiliser etc	set	2	-	-	-	2	1,000,000	9,091	2 075	-	-	-	2 075	18.4	-	-	-	18.4
Laboratory building at Mahendranagar	each	1	-	-	-	1	-	-	-	-	-	-	-	-	-	-	-	-
Lab equipment for Chapa farm	lumpsum	1	-	-	-	1	2,500,000	22,727	2 594	-	-	-	2 594	23.0	-	-	-	23.0
Central Seed Testing Lab equipment	lumpsum	1	-	-	-	1	3,000,000	27,273	3 113	-	-	-	3 113	27.5	-	-	-	27.5
Central lab cum training hall SQCC	each	-	1	-	-	1	-	-	-	-	-	-	-	-	-	-	-	-
Training private seed inspectors	event	10	10	10	-	30	50,000	455	519	558	599	-	1 676	4.6	4.7	4.8	-	14.1
Mobilising private seed inspectors	lumpsum	1	1	1	-	3	600,000	5,455	623	669	719	-	2 011	5.5	5.6	5.7	-	16.9
Hiring private seed inspectors	lumpsum	1	1	-	-	2	250,000	2,273	259	279	-	-	538	2.3	2.3	-	-	4.6
Subtotal									24 889	1 506	1 319	-	27 713	220.3	12.6	10.5	-	243.4
Total Investment Costs									146 441	39 984	8 213	516	195 154	1 296.0	335.8	65.4	3.9	1 701.1
II. Recurrent Costs																		
A. Operating costs																		
Seed Assistants, 24	pers_month	312	312	312	156	1 092	35,000	318	11 330	12 179	13 093	7 037	43 639	100.3	102.3	104.3	53.2	360.1
Field Allowances to Seed Assistants	pers_month	288	288	288	144	1 008	3,000	27	896	964	1 036	557	3 453	7.9	8.1	8.3	4.2	28.5
Sub-engineers, 6	pers_month	78	78	78	39	273	50,000	455	4 046	4 350	4 676	2 513	15 585	35.8	36.5	37.3	19.0	128.6
Rental of 4WD vehicles	pers_month	60	60	60	30	210	125,000	1,136	7 781	8 365	8 992	4 833	29 972	68.9	70.2	71.6	36.5	247.3
Total Recurrent Costs									24 053	25 857	27 797	14 941	92 648	212.9	217.1	221.5	113.0	764.4
Total									170 495	65 841	36 010	15 456	287 802	1 508.9	552.9	286.9	116.8	2 465.5

^a study to be carried out by FAO, Rome

^b One each to DADO, Rolpa, DADO Arghakhanchi and Chapa Farm, Rukum

^c 6 DADO & 6 sub-centres; set includes desktop, laptop, printer, scanner, multimedia, projector, camera etc

^d 12 days for 12 persons

^e at Sundarpar and East ..

TABLE 1.1 B: Ensuring an effective enabling environment: Total costs in USD and financing rules

Nepal ISFP-KUBk MTR Table 1.1. Ensuring enabling environment for seed production Detailed Costs							
Unit	Totals Including Contingencies (US\$ '000)					Other Accounts	
	16/17	17/18	18/19	19/20	Total	Disb. Acct.	Fin. Rule
I. Investment Costs							
A. Improving Policy Regulations							
Policy study /a	lumpsum	252.5	257.6	-	-	510.1	TA_DA_1 GRANT (100%)
Regional workshop	lumpsum	5.5	5.6	5.7	-	16.9	STW_DA_1 LOAN (50%), GRANT (50%)
Study on seed replacement rate	lumpsum	13.8	-	14.3	-	28.1	STW_DA_1 LOAN (50%), GRANT (50%)
Impact study on Grant implementation modality	lumpsum	13.8	14.0	14.3	-	42.2	STW_DA_1 LOAN (50%), GRANT (50%)
Workshop on SEAN members on policy issues	lumpsum	4.6	4.7	4.8	-	14.1	STW_DA_1 LOAN (50%), GRANT (50%)
Updating web portal	lumpsum	3.7	3.7	3.8	3.9	15.1	GSL_DA_1 LOAN(65%), GRANT (35%)
Publication of brochures etc	lumpsum	20.4	-	-	-	20.4	GSL_DA_1 LOAN(65%), GRANT (35%)
Subtotal		314.2	285.6	43.0	3.9	646.8	
B. Increasing the capacity of DADO							
Construction of Agri Service Centres	each	303.0	-	-	-	303.0	GSL_DA_1 LOAN(65%), GRANT (35%)
DADO Pyathan office building	lumpsum	90.9	-	-	-	90.9	GSL_DA_1 LOAN(65%), GRANT (35%)
Renovation of 6 DADO offices	each	-	-	-	-	-	GSL_DA_1 LOAN(65%), GRANT (35%)
Motor bikes	each	36.7	37.5	-	-	74.2	GSL_DA_1 LOAN(65%), GRANT (35%)
One 4 WD vehicle /b	each	159.8	-	-	-	159.8	GSL_DA_1 LOAN(65%), GRANT (35%)
Office equipment set /c	set	44.8	-	-	-	44.8	GSL_DA_1 LOAN(65%), GRANT (35%)
Rehabilitation of Chapa farm	lumpsum	91.8	-	-	-	91.8	GSL_DA_1 LOAN(65%), GRANT (35%)
Construction of greenhouse	each	23.0	-	-	-	23.0	GSL_DA_1 LOAN(65%), GRANT (35%)
Training on lab operations /d	event	11.5	-	11.9	-	23.4	STW_DA_1 LOAN (50%), GRANT (50%)
Subtotal		761.5	37.5	11.9	-	810.9	
C. Improving seed quality control							
Regional Seed Testing lab /e	each	139.0	-	-	-	139.0	GSL_DA_1 LOAN(65%), GRANT (35%)
Support for RSTL, transformer, stabiliser etc	set	18.4	-	-	-	18.4	GSL_DA_1 LOAN(65%), GRANT (35%)
Laboratory building at Mahendranagar	each	-	-	-	-	-	GSL_DA_1 LOAN(65%), GRANT (35%)
Lab equipment for Chapa farm	lumpsum	23.0	-	-	-	23.0	GSL_DA_1 LOAN(65%), GRANT (35%)
Central Seed Testing Lab equipment	lumpsum	27.5	-	-	-	27.5	GSL_DA_1 LOAN(65%), GRANT (35%)
Central lab cum training hall SQCC	each	-	-	-	-	-	GSL_DA_1 LOAN(65%), GRANT (35%)
Training private seed inspectors	event	4.6	4.7	4.8	-	14.1	STW_DA_1 LOAN (50%), GRANT (50%)
Mobilising private seed inspectors	lumpsum	5.5	5.6	5.7	-	16.9	STW_DA_1 LOAN (50%), GRANT (50%)
Hiring private seed inspectors	lumpsum	2.3	2.3	-	-	4.6	STW_DA_1 LOAN (50%), GRANT (50%)
Subtotal		220.3	12.6	10.5	-	243.4	
Total Investment Costs		1 296.0	335.8	65.4	3.9	1 701.1	
II. Recurrent Costs							
A. Operating costs							
Seed Assistants, 24	pers_month	100.3	102.3	104.3	53.2	360.1	OP_DA_1 LOAN(50%),GRANT (50%)
Field Allow ances to Seed Assistants	pers_month	7.9	8.1	8.3	4.2	28.5	OP_DA_1 LOAN(50%),GRANT (50%)
Sub-engineers, 6	pers_month	35.8	36.5	37.3	19.0	128.6	OP_DA_1 LOAN(50%),GRANT (50%)
Rental of 4WD vehicles	pers_month	68.9	70.2	71.6	36.5	247.3	OP_DA_1 LOAN(50%),GRANT (50%)
Total Recurrent Costs		212.9	217.1	221.5	113.0	764.4	
Total		1 508.9	552.9	286.9	116.8	2 465.5	

/a study to be carried out by FAO, Rome

/b One each to DADO, Rolpa, DADO Arghakhanchi and Chapa Farm, Rukum

/c 6 DADO & 6 sub-centres; set includes desktop, laptop, printer, scanner, multimedia, projector, camera etc

/d 12 days for 12 persons

/e at Sundarpar and East ..

Nepal: Improved Seeds for Farmers Programme
Mid term review report – Working paper-Project costs and financing
Mission dates: February 29th to March 22nd, 2016

Nepal
ISFP-KUBk MTR
Table 1.2. Support to Improved Seed Production

Detailed Costs	Quantities					Unit Cost (Local)	Unit Cost (US\$)	Totals Including Contingencies (Local '000)							
	Unit	16/17	17/18	18/19	19/20			Total	16/17	17/18	18/19	19/20	Total		
I. Investment Costs															
A. Support to breeder seed production															
Operational budget for NARC /a	year	1			1	-	3	3,000,000	27,273	3 113	3 346	3 597	-	10 055	
4WD vehicles for NARC stations /b	each	2			-	-	2	5,800,000	52,727	12 035	-	-	-	12 035	
Motor cycles for NARC	each	10			-	-	10	250,000	2,273	2 594	-	-	-	2 594	
Office equipment	set	10			-	-	10	814,000	7,400	8 445	-	-	-	8 445	
Subtotal										26 187	3 346	3 597	-	33 129	
B. Seed processing units	each	1		1		-	2	6,000,000	54,545	6 225	6 692	-	-	12 917	
C. Support to Seed production by Private seed producers															
Support to NARC /c	Lumpsum									22 618	-	-	-	22 618	
Support to Private Sector seed producers /d	Lumpsum									65 363	-	-	-	65 363	
Subtotal										87 980	-	-	-	87 980	
D. Strengthening seed producer groups & Matching Grant support															
Training on financial management /e	event	6		6		6	-	18		-	-	-	-	-	
E. Matching grants															
MG for vegetable seed production groups	groups	18		18		-	-	36	2,500,000	22,727	46 688	50 189	-	96 877	
MG for cereal seeds production groups	groups	90		90		-	-	180	2,500,000	22,727	233 438	250 945	-	484 383	
MG for agrovets	agrovets	6		6		-	-	12	200,000	1,818	1 245	1 338	-	2 583	
MG for seed companies	each	3		3		-	-	6	32,175,000	292,500	100 145	107 656	-	207 800	
Subtotal										381 515	410 128	-	-	791 643	
F. FFS and farmers training /f															
Formation of FFS	each	100		150		50	-	300	90,000	818	9 338	15 057	5 395	-	29 790
Training on FFS operations to farmer facilitators /g	event	2		2		2	-	6	900,000	8,182	1 868	2 008	2 158	-	6 033
Refresher training to farmer facilitators /h	event	-		2		2	-	4	400,000	3,636	-	892	959	-	1 851
Refresher training to Technicians /i	events	2		2		-	-	4	750,000	6,818	1 556	1 673	-	-	3 229
Training on TLS production and management to farmer groups /j	group	80		80		80	-	240	20,000	182	1 660	1 785	1 918	-	5 363
Subtotal											14 421	21 414	10 431	-	46 266
G. Staff study tours															
Study tours by Technicians /k	batch	1		-		1	-	2	5,000,000	45,455	5 000	-	5 000	-	10 000
Study tours by Officer /l	batch	1		-		1	-	2	6,000,000	54,545	6 000	-	6 000	-	12 000
Farmers exposure visits /m	batch	1		-		1	-	2	3,000,000	27,273	3 000	-	3 000	-	6 000
Subtotal											14 000	-	14 000	-	28 000
H. Heifer intervention in seeds productivity															
Travel	lumpsum	0.5		0.25		0.25	-	1	8,742,910	79,481	4 371	2 186	2 186	-	8 743
Training of farmers group	lumpsum	0.5		0.25		0.25	-	1	97,705,520	888,232	48 853	24 426	24 426	-	97 706
Staff salary and allowances	lumpsum	0.5		0.25		0.25	-	1	48,596,460	441,786	24 298	12 149	12 149	-	48 596
Office expenses & service	lumpsum	0.5		0.25		0.25	-	1	9,538,650	86,715	4 769	2 385	2 385	-	9 539
Overheads	lumpsum	0.5		0.25		0.25	-	1	32,024,520	291,132	16 012	8 006	8 006	-	32 025
Subtotal											98 304	49 152	49 152	-	196 608
Total											628 631	490 732	77 180	-	1 196 543

/a For the production of breeder seeds of cereal and vegetables

/b One each for NARC Central office and Breeder seeds Farm

/c Assuming 50% of foundation seeds produced by NARC

/d Assuming 50% requirements produced by the private sector; first year 100% of cost and following years only 25% of the first year allocation

/e Provided by AEC

/f each FFS will have 25 farmer-members

/g each event of 12 days each with 25 participants

/h Each event of 7 days each with 25 participants per batch

/i 4 events and each with 25 participants for 7 days

/j 240 group, each comprising 20 farmers

/k To Sri Lanka and Vietnam, a batch of 10 for 10 days

/l A batch of 10 to Thailand or Vietnam or the Philippines etc for 10 days

/m exposure visit to India by a batch of 10 for 10 days

Nepal: Improved Seeds for Farmers Programme

Mid-Term Review Report

Working paper-Project costs and financing - Mission dates: February 29th to March 22nd, 2016

TABLE 1.2 B: Improved seed Production: total costs & financing rules

Nepal

ISFP-KUBk MTR

Table 1.2. Support to Improved Seed Production

Detailed Costs

	Totals Including Contingencies (US\$ '000)					Other Accounts	
	16/17	17/18	18/19	19/20	Total	Disb. Acct.	Fin. Rule
I. Investment Costs							
A. Support to breeder seed production							
	27.5	28.1	28.7	-	84.3	GSL_DA_1	LOAN(65%), GRANT (35%)
	106.5	-	-	-	106.5	GSL_DA_1	LOAN(65%), GRANT (35%)
	23.0	-	-	-	23.0	GSL_DA_1	LOAN(65%), GRANT (35%)
	74.7	-	-	-	74.7	GSL_DA_1	LOAN(65%), GRANT (35%)
Subtotal	231.7	28.1	28.7	-	288.5		
B. Seed processing units	55.1	56.2	-	-	111.3	GSL_DA_1	LOAN(65%), GRANT (35%)
C. Support to Seed production by Private seed producers							
	200.2	-	-	-	200.2	GSL_DA_1	LOAN(65%), GRANT (35%)
	578.5	-	-	-	578.5	GSL_DA_1	LOAN(65%), GRANT (35%)
Subtotal	778.6	-	-	-	778.6		
D. Strengthening seed producer groups & Matching Grant support							
	-	-	-	-	-	STW_DA_1	LOAN (50%), GRANT (50%)
E. Matching grants							
	413.2	421.4	-	-	834.6	MG_DA_1	LOAN (25%), GRANT (25%), BEN (50%)
	2 065.9	2 107.2	-	-	4 173.1	MG_DA_1	LOAN(25%), GRANT (25%), BEN (50%)
	11.0	11.2	-	-	22.3	MG_DA_1	LOAN(25%), GRANT (25%), BEN (50%)
	886.3	904.0	-	-	1 790.3	MG_DA_1	LOAN(25%), GRANT (25%), BEN (50%)
Subtotal	3 376.4	3 443.9	-	-	6 820.3		
F. FFS and farmers training /f							
	82.6	126.4	43.0	-	252.1	STW_DA_1	LOAN (50%), GRANT (50%)
	16.5	16.9	17.2	-	50.6	STW_DA_1	LOAN (50%), GRANT (50%)
	-	7.5	7.6	-	15.1	STW_DA_1	LOAN (50%), GRANT (50%)
	13.8	14.0	-	-	27.8	STW_DA_1	LOAN (50%), GRANT (50%)
	14.7	15.0	15.3	-	45.0	STW_DA_1	LOAN (50%), GRANT (50%)
Subtotal	127.6	179.8	83.1	-	390.6		
G. Staff study tours							
	45.5	-	45.5	-	90.9	TA_DA_1	GRANT (100%)
	54.5	-	54.5	-	109.1	TA_DA_1	GRANT (100%)
	27.3	-	27.3	-	54.5	TA_DA_1	GRANT (100%)
Subtotal	127.3	-	127.3	-	254.5		
H. Heifer intervention in seeds productivity							
	39.7	19.9	19.9	-	79.5	TA_DA_1	GRANT (100%)
	444.1	222.1	222.1	-	888.2	TA_DA_1	GRANT (100%)
	220.9	110.4	110.4	-	441.8	TA_DA_1	GRANT (100%)
	43.4	21.7	21.7	-	86.7	TA_DA_1	GRANT (100%)
	145.6	72.8	72.8	-	291.1	TA_DA_1	GRANT (100%)
Subtotal	893.7	446.8	446.8	-	1 787.3		
Total	5 590.4	4 154.9	685.9	-	10 431.1		

la For the production of breeder seeds of cereal and vegetables

lb One each for NARC Central office and Breeder seeds Farm

lc Assuming 50% of foundation seeds produced by NARC

ld Assuming 50% requirements produced by the private sector; first year 100% of cost and follow ing years only 25% of the first year allocation

le Provided by AEC

lf each FFS will have 25 farmer-members

lg each event of 12 days each with 25 participants

lh Each event of 7 days each with 25 participants per batch

li 4 events and each with 25 participants for 7 days

lj 240 group, each comprising 20 farmers

lk To Sri Lanka and Vietnam, a batch of 10 for 10 days

ll A batch of 10 to Thailand or Vietnam or the Philippines etc for 10 days

lm exposure visit to India by a batch of 10 for 10 days

TABLE 1.3 A: Promoting Farmer Demand for TLS, Quantities and Total costs

Nepal: Improved Seeds for Farmers Programme
Mid-Term Review Report
Working paper-Project costs and financing - Mission dates: February 29th to March 22nd, 2016

Nepal

ISFP-KUBk MTR

Table 1.3. Promoting farmers' demand for TLS

Detailed Costs		Quantities					Unit Cost	Cost (US\$)	Totals Including Contingencies (Local '000)					
		Unit	16/17	17/18	18/19	19/20	Total		(Local)	16/17	17/18	18/19	19/20	Total
I. Investment Costs														
A. Formation of FFS														
FFS	each	100	150	50	-	300	90,000	818	9 338	15 057	5 395	-	29 790	
FFS curiculum revision	each	1	-	-	-	1	1,000,000	9,091	1 038	-	-	-	1 038	
Participatory varietal selections	each	60	60	60	-	180	90,000	818	5 603	6 023	6 474	-	18 100	
Subtotal									15 978	21 079	11 870	-	48 927	
B. Training														
Training on FFS operations to farmer facilitators /a	event	2	2	2	-	6	600,000	5,455	1 245	1 338	1 439	-	4 022	
Training on seed sampling techniques	event	2	2	2	-	6	600,000	5,455	1 245	1 338	1 439	-	4 022	
Exchange visits to seed producer groups	event	6	6	6	-	18	200,000	1,818	1 245	1 338	1 439	-	4 022	
Training agrovetts on seed quality & regulations	event	1	1	1	-	3	250,000	2,273	259	279	300	-	838	
Refresher training to farmer facilitators /b	event	-	2	2	-	4	600,000	5,455	-	1 338	1 439	-	2 777	
Refresher training to Technicians /c	events	2	2	-	-	4	600,000	5,455	1 245	1 338	-	-	2 583	
Subtotal									5 239	6 971	6 055	-	18 265	
Total									21 217	28 050	17 924	-	67 191	

\a each event of 12 days each with 25 participants

\b Each event of 7 days each with 25 participants per batch

\c 4 events and each with 25 participants for 7 days

TABLE 1.3 B: Promoting Farmer Demand for TLS, total costs & financing rules

Nepal

ISFP-KUBk MTR

Table 1.3. Promoting farmers' demand for TLS

Detailed Costs

I. Investment Costs

A. Formation of FFS

	Totals Including Contingencies (US\$ '000)					Other Accounts	
	16/17	17/18	18/19	19/20	Total	Disb. Acct.	Fin. Rule
FFS	82.6	126.4	43.0	-	252.1	STW_DA_1	LOAN (50%), GRANT (50%)
FFS curriculum revision	9.2	-	-	-	9.2	STW_DA_1	LOAN (50%), GRANT (50%)
Participatory varietal selections	49.6	50.6	51.6	-	151.7	STW_DA_1	LOAN (50%), GRANT (50%)
Subtotal	141.4	177.0	94.6	-	413.0		

B. Training

Training on FFS operations to

farmer facilitators /a	11.0	11.2	11.5	-	33.7	STW_DA_1	LOAN (50%), GRANT (50%)
Training on seed sampling techniques	11.0	11.2	11.5	-	33.7	STW_DA_1	LOAN (50%), GRANT (50%)
Exchange visits to seed producer groups	11.0	11.2	11.5	-	33.7	STW_DA_1	LOAN (50%), GRANT (50%)
Training agrovet on seed quality & regulations	2.3	2.3	2.4	-	7.0	STW_DA_1	LOAN (50%), GRANT (50%)
Refresher training to farmer facilitators /b	-	11.2	11.5	-	22.7	STW_DA_1	LOAN (50%), GRANT (50%)
Refresher training to Technicians /c	11.0	11.2	-	-	22.3	STW_DA_1	LOAN (50%), GRANT (50%)

Subtotal

Total

	46.4	58.5	48.2	-	153.1		
	187.8	235.5	142.8	-	566.1		

\a each event of 12 days each with 25 participants

\b Each event of 7 days each with 25 participants per batch

\c 4 events and each with 25 participants for 7 days

Nepal: Improved Seeds for Farmers Programme

Mid-Term Review Report

Working paper-Project costs and financing - Mission dates: February 29th to March 22nd, 2016

TABLE 2.1 A: Dairy Productivity Improvement, Quantities and Total costs

Nepal
ISFP-KUBK MTR
Table 2.1. Improving dairy productivity
Detailed Costs

Detailed Costs		Quantities					Unit Cost (Local)	Unit Cost (US\$)	Totals Including Contingencies (Local '000)					
		Unit	16/17	17/18	18/19	19/20			Total	16/17	16/17	17/18	18/19	19/20
I. Investment Costs														
A. Dairy productivity														
1. Breed improvement														
Import of Jersey semen	each	8 000	7 000	-	-	15 000	1,290	12	10 320	10 707	10 071	-	-	20 778
Sex Jersey semen	doze	5 000	-	-	-	5 000	8,250	75	41 250	42 797	-	-	-	42 797
Import of murrah buffalo semen	dose	10 000	-	-	-	10 000	550	5	5 500	5 706	-	-	-	5 706
Import of Murrah buffalo	each	-	30	30	-	60	100,000	909	-	-	3 346	3 597	-	6 943
Import of murrah bulls for Pokhra farm	each	-	15	-	-	15	150,000	1,364	-	-	2 509	-	-	2 509
Supply of Murrah bulls for six districts	each	30	30	-	-	60	75,000	682	2 250	2 334	2 509	-	-	4 844
Artificial insemination														
including heat synchronisation	animal	3 000	3 000	4 000	-	10 000	300	3	900	934	1 004	1 439	-	3 376
Subtotal									60 220	62 478	19 440	5 036	-	86 954
2. Nutrition management support	households	3 000	4 000	1 500	-	8 500	10,000	91	30 000	31 125	44 613	17 984	-	93 722
3. Vet services														
Training to 30 paravets	persons	15	15	-	-	30	35,000	318	525	545	586	-	-	1 130
Support facilities to 30 paravets	persons	10	15	5	-	30	200,000	1,818	2 000	2 075	3 346	1 199	-	6 620
Support to 21 VAHWs	persons	7	7	7	-	21	77,000	700	539	559	601	646	-	1 807
Vaccination	animal	75 000	75 000	75 000	-	225 000	60	1	4 500	4 669	5 019	5 395	-	15 083
Parasite control of animal /a	animal	50 000	50 000	50 000	-	150 000	100	1	5 000	5 188	5 577	5 995	-	16 759
Organisation of vet camps	each	17	17	17	-	51	100,000	909	1 700	1 764	1 896	2 038	-	5 698
Fund support to vet groups	groups	40	40	30	-	110	49,500	450	1 980	2 054	2 208	1 780	-	6 043
health check up of bulls	animal	42	72	-	-	114	10,000	91	420	436	803	-	-	1 239
Subtotal									16 664	17 289	20 035	17 054	-	54 378
4. Staff and paravet training														
Staff training at district level /b	person	50	-	50	-	100	40,000	364	2 000	2 075	-	2 398	-	4 473
Forage and fodder production training /c	persons	60	-	60	-	120	30,000	273	1 800	1 868	-	2 158	-	4 026
Zoonotic training for one week	persons	20	20	-	-	40	30,000	273	600	623	669	-	-	1 292
Training to lab technicians /d	person	15	15	-	-	30	90,000	818	1 350	1 401	1 506	-	-	2 906
AI training to staff & paravets /e	person	25	25	-	-	50	50,000	455	1 250	1 297	1 394	-	-	2 691
Training to Paravets at														
Regional Training Centre	person	15	10	-	-	25	50,000	455	750	778	558	-	-	1 336
AI training to private paravets /f	person	10	10	-	-	20	54,000	491	540	560	602	-	-	1 163
Training to VAHW /g	person	7	7	7	-	21	75,000	682	525	545	586	629	-	1 760
Subtotal									8 815	9 146	5 314	5 186	-	19 646
5. Farmers training														
General training for 3 days	Group	20	20	10	-	50	100,000	909	2 000	2 075	2 231	1 199	-	5 505
Record keeping training	Group	20	20	10	-	50	100,000	909	2 000	2 075	2 231	1 199	-	5 505
Inter-district exposures /h	Group	20	20	-	-	40	500,000	4,545	10 000	10 375	11 153	-	-	21 528
Training to nursery operators	person	10	10	5	-	25	80,000	727	800	830	892	480	-	2 202
Onfarm dairy cattle management training	farmer	15	15	-	-	30	35,000	318	525	545	586	-	-	1 130
Subtotal									15 325	15 900	17 092	2 878	-	35 869
6. Milk market linkages														
Training to entrepreneurs in marketing	farmer	20	20	10	-	50	30,000	273	600	623	669	360	-	1 651
Training on operating dairy equipment	persons	15	15	-	-	30	30,000	273	450	467	502	-	-	969
Inception workshop on livestock	event	1	-	-	-	1	700,000	6,364	700	726	-	-	-	726
Publication of dairy &														
goat production materials	lumpsum	-	1	1	-	2	1,000,000	9,091	-	-	1 115	1 199	-	2 314
Subtotal									1 750	1 816	2 286	1 559	-	5 661
7. Matching Grant proposals														
Group level proposals	each	15	15	-	-	30	3,000,000	27,273	45 000	46 688	50 189	-	-	96 877
SFCAL level proposals	each	-	15	15	-	30	3,000,000	27,273	-	-	50 189	53 953	-	104 142
Proposals from companies	each	2	3	-	-	5	20,000,000	181,818	40 000	41 500	66 919	-	-	108 419
Subtotal									85 000	88 188	167 297	53 953	-	309 438
Total									217 774	225 941	276 078	103 649	-	605 667

/a Assumed at 75% of animal vaccinated

/b Two weeks training

/c one week training

/d one month training in Kathmandu

/e at Pokhara farm for one week

/f Two weeks training

/g 35 days training at Regional training centre

/h 3 persons from each group

TABLE 2.1 B: Dairy Productivity Improvement, total costs and financing rules

Nepal
 ISFP-KUBk MTR
 Table 2.1. Improving dairy productivity
Detailed Costs

I. Investment Costs

A. Dairy productivity

1. Breed improvement

Import of Jersey semen	94.8	84.6	-	-	179.3	GSL_DA_1	LOAN(65%), GRANT (35%)
Sex Jersey semen	378.8	-	-	-	378.8	GSL_DA_1	LOAN(65%), GRANT (35%)
Import of murrah buffalo semen	50.5	-	-	-	50.5	GSL_DA_1	LOAN(65%), GRANT (35%)
Import of Murrah buffalo	-	28.1	28.7	-	56.8	GSL_DA_1	LOAN(65%), GRANT (35%)
Import of murrah bulls for Pokhara farm	-	21.1	-	-	21.1	GSL_DA_1	LOAN(65%), GRANT (35%)
Supply of Murrah bulls for six districts	20.7	21.1	-	-	41.7	GSL_DA_1	LOAN(65%), GRANT (35%)
Artificial insemination	-	-	-	-	-	-	-
including heat synchronisation	8.3	8.4	11.5	-	28.2	GSL_DA_1	LOAN(65%), GRANT (35%)
Subtotal	552.9	163.2	40.1	-	756.3		
2. Nutrition management support	275.5	374.6	143.3	-	793.4	GSL_DA_1	LOAN(65%), GRANT (35%)
3. Vet services							
Training to 30 paravets	4.8	4.9	-	-	9.7	GSL_DA_1	LOAN(65%), GRANT (35%)
Support facilities to 30 paravets	18.4	28.1	9.6	-	56.0	GSL_DA_1	LOAN(65%), GRANT (35%)
Support to 21 VAHWs	4.9	5.0	5.1	-	15.1	GSL_DA_1	LOAN(65%), GRANT (35%)
Vaccination	41.3	42.1	43.0	-	126.5	GSL_DA_1	LOAN(65%), GRANT (35%)
Parasite control of animal /a	45.9	46.8	47.8	-	140.5	GSL_DA_1	LOAN(65%), GRANT (35%)
Organisation of vet camps	15.6	15.9	16.2	-	47.8	GSL_DA_1	LOAN(65%), GRANT (35%)
Fund support to vet groups	18.2	18.5	14.2	-	50.9	GSL_DA_1	LOAN(65%), GRANT (35%)
health check up of bulls	3.9	6.7	-	-	10.6	GSL_DA_1	LOAN(65%), GRANT (35%)
Subtotal	153.0	168.2	135.9	-	457.1		
4. Staff and paravet training							
Staff training at district level /b	18.4	-	19.1	-	37.5	STW_DA_1	LOAN (50%), GRANT (50%)
Forage and fodder production training /c	16.5	-	17.2	-	33.7	STW_DA_1	LOAN (50%), GRANT (50%)
Zoonotic training for one week	5.5	5.6	-	-	11.1	STW_DA_1	LOAN (50%), GRANT (50%)
Training to lab technicians /d	12.4	12.6	-	-	25.0	STW_DA_1	LOAN (50%), GRANT (50%)
AI training to staff & paravets /e	11.5	11.7	-	-	23.2	STW_DA_1	LOAN (50%), GRANT (50%)
Training to Paravets at							
Regional Training Centre	6.9	4.7	-	-	11.6	STW_DA_1	LOAN (50%), GRANT (50%)
AI training to private paravets /f	5.0	5.1	-	-	10.0	STW_DA_1	LOAN (50%), GRANT (50%)
Training to VAHW /g	4.8	4.9	5.0	-	14.8	STW_DA_1	LOAN (50%), GRANT (50%)
Subtotal	80.9	44.6	41.3	-	166.9		
5. Farmers training							
General training for 3 days	18.4	18.7	9.6	-	46.6	STW_DA_1	LOAN (50%), GRANT (50%)
Record keeping training	18.4	18.7	9.6	-	46.6	STW_DA_1	LOAN (50%), GRANT (50%)
Inter-district exposures /h	91.8	93.7	-	-	185.5	STW_DA_1	LOAN (50%), GRANT (50%)
Training to nursery operators	7.3	7.5	3.8	-	18.7	STW_DA_1	LOAN (50%), GRANT (50%)
Onfarm dairy cattle management training	4.8	4.9	-	-	9.7	STW_DA_1	LOAN (50%), GRANT (50%)
Subtotal	140.7	143.5	22.9	-	307.2		
6. Milk market linkages							
Training to entrepreneurs in marketing	5.5	5.6	2.9	-	14.0	STW_DA_1	LOAN (50%), GRANT (50%)
Training on operating dairy equipment	4.1	4.2	-	-	8.3	STW_DA_1	LOAN (50%), GRANT (50%)
Inception workshop on livestock	6.4	-	-	-	6.4	STW_DA_1	LOAN (50%), GRANT (50%)
Publication of dairy &							
goat production materials	-	9.4	9.6	-	18.9	STW_DA_1	LOAN (50%), GRANT (50%)
Subtotal	16.1	19.2	12.4	-	47.7		
7. Matching Grant proposals							
Group level proposals	413.2	421.4	-	-	834.6	MG_DA_1	LOAN(25%), GRANT (25%), BEN (50%)
SFCAL level proposals	-	421.4	429.9	-	851.3	MG_DA_1	LOAN(25%), GRANT (25%), BEN (50%)
Proposals from companies	367.3	561.9	-	-	929.2	MG_DA_1	LOAN(25%), GRANT (25%), BEN(50%)
Subtotal	780.5	1 404.8	429.9	-	2 615.1		
Total	1 999.6	2 318.3	825.8	-	5 143.7		

^a Assumed at 75% of animal vaccinated
 ^b Two weeks training
 ^c one week training
 ^d one month training in Kathmandu
 ^e at Pokhara farm for one week
 ^f Two weeks training
 ^g 35 days training at Regional training centre
 ^h 3 persons from each group

TABLE 2.2 A: Goat Productivity Improvement, quantities and Total costs

Nepal
ISFP-KUBk MTR
Table 2.2: Improving Goat Productivity
Detailed Costs

Unit	Quantities					Unit Cost	Unit Cost	Totals Including Contingencies (Local '000)				
	16/17	17/18	18/19	19/20	Total	(Local)	(US\$)	16/17	17/18	18/19	19/20	Total
I. Investment Costs												
A. Breed improvement												
Group mobilisation	group	10	10	10	-	30	40,000	364	415	446	480	1 341
Import of Boer bucks	buck	50	-	-	-	50	350,000	3 182	18 156	-	-	18 156
Import of Boer semen	straw	10 000	-	-	-	10 000	7 150	65	74 181	-	-	74 181
selection of buck supplier	each	300	-	300	-	600	44,000	400	13 695	-	15 826	29 521
AI including heat synchronisation	animal	500	500	-	-	1 000	1,500	14	778	836	-	1 615
Support to breeders	each	10	10	-	-	20	2,000,000	18 182	20 750	22 306	-	43 056
Training on record-keeping	group	10	10	10	-	30	90,000	818	934	1 004	1 079	3 017
Data analysis	lumpsum	10	10	10	10	40	150,000	1,364	1 556	1 673	1 798	6 961
Subtotal								130 466	26 266	19 183	1 933	177 848
B. Boer multiplication												
Pocket identification	area	2	-	-	-	2	200,000	1,818	415	-	-	415
Group mobilisation	group	12	12	12	12	48	250,000	2,273	3 113	3 346	3 597	13 922
Support to herds	groups	12	12	12	12	48	600,000	5,455	7 470	8 030	8 633	33 413
Record management	group	12	12	12	12	48	250,000	2,273	3 113	3 346	3 597	13 922
Castrating tool	set	12	-	-	-	12	120,000	1,091	1 494	-	-	1 494
Subtotal								15 604	14 722	15 826	17 013	63 166
C. Nutrition management												
group	group	12	-	-	-	12	625,000	5,682	7 781	-	-	7 781
D. Vet services												
Vaccination of goats	goat	60 000	60 000	60 000	60 000	240 000	20	1 245	1 338	1 439	1 547	5 569
Internal parasite control	goat	50 000	50 000	50 000	50 000	200 000	30	1 556	1 673	1 798	1 933	6 961
Vet camps	each	18	18	18	18	72	150,000	1,364	2 801	3 011	3 237	12 530
VAHW training	person	15	15	15	-	45	7,500	68	117	125	135	377
Subtotal								5 719	6 148	6 609	6 960	25 437
E. Goat Market linkages												
Support to collection centres	each	6	6	-	-	12	1,500,000	13,636	9 338	10 038	-	19 375
Training meat entrepreneurs	persons	20	20	20	-	60	60,000	545	1 245	1 338	1 439	4 022
Subtotal								10 583	11 376	1 439	-	23 397
F. Matching grant proposals												
Matching grant proposals	each	30	30	-	-	60	2,500,000	22,727	77 813	83 648	-	161 461
Matching grant proposals from SFCAL groups	each	20	20	-	-	40	2,500,000	22,727	51 875	55 766	-	107 641
Subtotal								129 688	139 414	-	-	269 102
G. Goat group FFS & training												
Formation of FFS	FFS	16	12	12	-	40	300,000	2,727	4 980	4 015	4 316	13 311
Farmer facilitators training	FFS	60	60	-	-	120	30,000	273	1 868	2 008	-	3 875
Training farmer members of FFS	FFS	40	40	-	-	80	35,000	318	1 453	1 561	-	3 014
Support to office management for FFS	FFS	16	12	12	-	40	300,000	2,727	4 980	4 015	4 316	13 311
Farmer training, general	farmer	5 000	7 000	3 000	-	15 000	1,000	9	5 188	7 807	3 597	16 592
Subtotal								18 468	19 406	12 229	-	50 103
H. Heifer intervention in goat productivity(TA)												
Travel	lumpsum	0.5	0.25	0.25	-	1	41,554,040	377,764	21 556	11 586	12 455	45 598
Trainings to farmers	lumpsum	0.5	0.25	0.25	-	1	70,495,700	640,870	36 570	19 656	21 130	77 356
Technical services and evaluation	lumpsum	0.5	0.25	0.25	-	1	4,497,900	40,890	2 333	1 254	1 348	4 936
Salary & allowances	lumpsum	0.5	0.25	0.25	-	1	157,619,770	1,432,907	81 765	43 949	47 245	172 959
Office expenses & service	lumpsum	0.5	0.25	0.25	-	1	27,786,990	252,609	14 415	7 748	8 329	30 491
Miscellaneous	lumpsum	0.5	0.25	0.25	-	1	4,947,030	44,973	2 566	1 379	1 483	5 428
Indirect costs	lumpsum	0.5	0.25	0.25	-	1	8,756,000	79,600	4 542	2 441	2 625	9 608
Subtotal								163 747	88 014	94 615	-	346 377
I. Heifer intervention (ongoing)												
Livestock & freight	lumpsum	0.5	0.25	0.25	-	1	4,922,280	44,748	2 553	1 372	1 475	5 401
Horticulture & freight	lumpsum	0.5	0.25	0.25	-	1	3,967,040	36,064	2 058	1 106	1 189	4 353
Agriculture equipment & supply	lumpsum	0.5	0.25	0.25	-	1	3,281,520	29,832	1 702	915	984	3 601
Travel	lumpsum	0.5	0.25	0.25	-	1	14,022,360	127,476	7 274	3 910	4 203	15 387
Trainings	lumpsum	0.5	0.25	0.25	-	1	20,279,380	184,358	10 520	5 654	6 079	22 253
Technical services and evaluation	lumpsum	0.5	0.25	0.25	-	1	18,258,680	165,988	9 472	5 091	5 473	20 036
Personnel & benefit	lumpsum	0.5	0.25	0.25	-	1	53,068,070	482,437	27 529	14 797	15 907	58 233
Office expenses & service	lumpsum	0.5	0.25	0.25	-	1	7,242,400	65,840	3 757	2 019	2 171	7 947
Subtotal								64 865	34 865	37 480	-	137 211
Total								546 920	340 212	187 382	25 907	1 100 421

TABLE 2.2 B: Goat Productivity Improvement, total costs and financing rules

Nepal ISFP-KUBK MTR Table 2.2. Improving Goat Productivity Detailed Costs							
	Totals Including Contingencies (US\$ '000)					Other Accounts	
	16/17	17/18	18/19	19/20	Total	Disb. Acct.	Fin. Rule
I. Investment Costs							
A. Breed improvement							
Group mobilisation	3.7	3.7	3.8	-	11.2	GSL_DA_1	LOAN(65%), GRANT (35%)
Import of Boer bucks	160.7	-	-	-	160.7	GSL_DA_1	LOAN(65%), GRANT (35%)
Import of Boer semen	656.5	-	-	-	656.5	GSL_DA_1	LOAN(65%), GRANT (35%)
selection of buck supplier	121.2	-	126.1	-	247.3	GSL_DA_1	LOAN(65%), GRANT (35%)
AI including heat synchronisation	6.9	7.0	-	-	13.9	GSL_DA_1	LOAN(65%), GRANT (35%)
Support to breeders	183.6	187.3	-	-	370.9	GSL_DA_1	LOAN(65%), GRANT (35%)
Training on record-keeping	8.3	8.4	8.6	-	25.3	GSL_DA_1	LOAN(65%), GRANT (35%)
Data analysis	13.8	14.0	14.3	14.6	56.8	GSL_DA_1	LOAN(65%), GRANT (35%)
Subtotal	1 154.6	220.6	152.8	14.6	1 542.6		
B. Boer multiplication							
Pocket identification	3.7	-	-	-	3.7	GSL_DA_1	LOAN(65%), GRANT (35%)
Group mobilisation	27.5	28.1	28.7	29.2	113.5	GSL_DA_1	LOAN(65%), GRANT (35%)
Support to herds	66.1	67.4	68.8	70.2	272.5	GSL_DA_1	LOAN(65%), GRANT (35%)
Record management	27.5	28.1	28.7	29.2	113.5	GSL_DA_1	LOAN(65%), GRANT (35%)
Castrating tool	13.2	-	-	-	13.2	GSL_DA_1	LOAN(65%), GRANT (35%)
Subtotal	138.1	123.6	126.1	128.6	516.4		
C. Nutrition management	68.9	-	-	-	68.9	GSL_DA_1	LOAN(65%), GRANT (35%)
D. Vet services							
Vaccination of goats	11.0	11.2	11.5	11.7	45.4	GSL_DA_1	LOAN(65%), GRANT (35%)
Internal parasite control	13.8	14.0	14.3	14.6	56.8	GSL_DA_1	LOAN(65%), GRANT (35%)
Vet camps	24.8	25.3	25.8	26.3	102.2	GSL_DA_1	LOAN(65%), GRANT (35%)
VAHW training	1.0	1.1	1.1	-	3.2	STW_DA_1	LOAN (50%), GRANT (50%)
Subtotal	50.6	51.6	52.7	52.6	207.5		
E. Goat Market linkages							
Support to collection centres	82.6	84.3	-	-	166.9	GSL_DA_1	LOAN(65%), GRANT (35%)
Training meat entrepreneurs	11.0	11.2	11.5	-	33.7	STW_DA_1	LOAN (50%), GRANT (50%)
Subtotal	93.7	95.5	11.5	-	200.6		
F. Matching grant proposals							
Matching grant proposals	688.6	702.4	-	-	1 391.0	MG_DA_1	LOAN(25%), GRANT (25%), BEN (50%)
from SFCAL groups	459.1	468.3	-	-	927.4	MG_DA_1	LOAN(25%), GRANT (25%), BEN (50%)
Subtotal	1 147.7	1 170.7	-	-	2 318.4		
G. Goat group FFS & training							
Formation of FFS	44.1	33.7	34.4	-	112.2	GSL_DA_1	LOAN(65%), GRANT (35%)
Farmer facilitators training	16.5	16.9	-	-	33.4	GSL_DA_1	LOAN(65%), GRANT (35%)
Training farmer members of FFS	12.9	13.1	-	-	26.0	GSL_DA_1	LOAN(65%), GRANT (35%)
Support to office management for FFS	44.1	33.7	34.4	-	112.2	GSL_DA_1	LOAN(65%), GRANT (35%)
Farmer training, general	45.9	65.6	28.7	-	140.1	GSL_DA_1	LOAN(65%), GRANT (35%)
Subtotal	163.4	163.0	97.4	-	423.8		
H. Heifer intervention in goat productivity(TA)							
Travel	190.8	97.3	99.2	-	387.3	TA_DA_1	GRANT (100%)
Trainings to farmers	323.6	165.1	168.4	-	657.1	TA_DA_1	GRANT (100%)
Technical services and evaluation	20.6	10.5	10.7	-	41.9	TA_DA_1	GRANT (100%)
Salary & allowances	723.6	369.0	376.4	-	1 469.1	TA_DA_1	GRANT (100%)
Office expenses & service	127.6	65.1	66.4	-	259.0	TA_DA_1	GRANT (100%)
Miscellaneous	22.7	11.6	11.8	-	46.1	TA_DA_1	GRANT (100%)
Indirect costs	40.2	20.5	20.9	-	81.6	TA_DA_1	GRANT (100%)
Subtotal	1 449.2	739.1	753.9	-	2 942.1		
I. Heifer intervention (ongoing)							
Livestock & freight	22.6	11.5	11.8	-	45.9	TA_DA_1	HEIFER (100%)
Horticulture & freight	18.2	9.3	9.5	-	37.0	TA_DA_1	HEIFER (100%)
Agriculture equipment & supply	15.1	7.7	7.8	-	30.6	TA_DA_1	HEIFER (100%)
Travel	64.4	32.8	33.5	-	130.7	TA_DA_1	HEIFER (100%)
Trainings	93.1	47.5	48.4	-	189.0	TA_DA_1	HEIFER (100%)
Technical services and evaluation	83.8	42.8	43.6	-	170.2	TA_DA_1	HEIFER (100%)
Personnel & benefit	243.6	124.3	126.7	-	494.6	TA_DA_1	HEIFER (100%)
Office expenses & service	33.2	17.0	17.3	-	67.5	TA_DA_1	HEIFER (100%)
Subtotal	574.1	292.8	298.6	-	1 165.4		
Total	4 840.2	2 856.8	1 493.0	195.9	9 385.9		

TABLE 2.3 A: Strengthening DLSOs, Quantities and total costs

Nepal
ISFP-KUBk MTR
Table 2.3. Strengthening DLSOs

Detailed Costs

I. Investment Costs

A. Vehicles

Purchase of 4WD vehicles /a	each	5	-	-	-	5	5,800,000	52,727	30 088	-	-	-	30 088
Motor cycles /b	each	34	34	-	-	68	200,900	1,826	7 087	7 618	-	-	14 705

Subtotal 37 174 7 618 - - 44 793

B. Office equipment	set	6	-	-	-	6	814,000	7,400	5 067	-	-	-	5 067
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C. AI equipment & facilities

Liquid nitrogen containers	each	15	15	-	-	30	150,000	1,364	2 334	2 509	-	-	4 844
Semen straw refrigerator	each	15	15	-	-	30	40,000	364	623	669	-	-	1 292
AI sets	each	15	15	-	-	30	25,000	227	389	418	-	-	807
Basic Vet Lab establishment	each	3	3	-	-	6	800,000	7,273	2 490	2 677	-	-	5 167
Primary vet lab establishment	each	6	6	-	-	12	500,000	4,545	3 113	3 346	-	-	6 458

Subtotal 8 948 9 620 - - 18 568

D. Buildings

Livestock service centres	each	6	5	-	-	11	5,500,000	50,000	34 238	30 671	-	-	64 909
Renovating Regional Training Centres	each	1	-	-	-	1	7,700,000	70,000	7 989	-	-	-	7 989
Upgrading Regional Livestock Diseases Investigation office	each	1	-	-	-	1	7,700,000	70,000	7 989	-	-	-	7 989

Subtotal 50 215 30 671 - - 80 886

E. Staff study tours

Study tours by Technicians /c	batch	1	-	1	-	2	5,000,000	45,455	5 000	-	5 000	-	10 000
Study tours by Officer /d	batch	1	-	1	-	2	6,000,000	54,545	6 000	-	6 000	-	12 000
Farmers exposure visit /e	batch	1	-	1	-	2	3,000,000	27,273	3 000	-	3 000	-	6 000
Feed production training (dairy animals)	event	1	-	-	-	1	1,500,000	13,636	1 500	-	-	-	1 500
Goat AI training in India	batch	1	1	-	-	2	3,000,000	27,273	3 000	3 000	-	-	6 000

Subtotal 18 500 3 000 14 000 - - 35 500

Total Investment Costs 119 905 50 909 14 000 - 184 814

II. Recurrent Costs

A. Incremental staff

Livestock specialists	pers_month	26	26	26	14	92	80,000	727	2 158	2 320	2 494	1 444	8 415
Dairy Assistants	pers_month	130	130	130	65	455	35,000	318	4 721	5 075	5 455	2 932	18 183
Goat Assistants	pers_month	195	195	195	97.5	682.5	35,000	318	7 081	7 612	8 183	4 398	27 274
Field Allowances to Assistants /f	pers_month	180	180	180	90	630	3,000	27	560	602	647	348	2 158

Total Recurrent Costs 14 520 15 609 16 779 9 122 56 030

Total 134 425 66 518 30 779 9 122 240 844

/a including 2 vehicles at PMO level and 3 vehicles at DLSOs

/b Including 4 motor cycles needed at PMO

/c A batch of 10 for 10 days

/d A batch of 10 for 10 days including officials from MOLD

/e exposure visit to India by a batch of 10 for 7 days

/f at the rate of NPR 3000/month

TABLE 2.3 B: Strengthening DLSOs, total costs and financing rules

Nepal
ISFP-KUBk MTR
Table 2.3. Strengthening DLSOs
Detailed Costs

	Totals Including Contingencies (US\$ '000)					Other Accounts	
	16/17	17/18	18/19	19/20	Total	Disb. Acct.	Fin. Rule
I. Investment Costs							
A. Vehicles							
Purchase of 4WD vehicles /a	266.3	-	-	-	266.3	GSL_DA_1	LOAN(65%), GRANT (35%)
Motor cycles /b	62.7	64.0	-	-	126.7	GSL_DA_1	LOAN(65%), GRANT (35%)
Subtotal	329.0	64.0	-	-	393.0		
B. Office equipment	44.8	-	-	-	44.8	GSL_DA_1	LOAN(65%), GRANT (35%)
C. AI equipment & facilities							
Liquid nitrogen containers	20.7	21.1	-	-	41.7	GSL_DA_1	LOAN(65%), GRANT (35%)
Semen straw refrigerator	5.5	5.6	-	-	11.1	GSL_DA_1	LOAN(65%), GRANT (35%)
AI sets	3.4	3.5	-	-	7.0	GSL_DA_1	LOAN(65%), GRANT (35%)
Basic Vet Lab establishment	22.0	22.5	-	-	44.5	GSL_DA_1	LOAN(65%), GRANT (35%)
Primary vet lab establishment	27.5	28.1	-	-	55.6	GSL_DA_1	LOAN(65%), GRANT (35%)
Subtotal	79.2	80.8	-	-	160.0		
D. Buildings							
Livestock service centres	303.0	257.6	-	-	560.6	GSL_DA_1	LOAN(65%), GRANT (35%)
Renovating Regional Training Centres	70.7	-	-	-	70.7	GSL_DA_1	LOAN(65%), GRANT (35%)
Upgrading Regional Livestock Diseases Investigation office	70.7	-	-	-	70.7	GSL_DA_1	LOAN(65%), GRANT (35%)
Subtotal	444.4	257.6	-	-	702.0		
E. Staff study tours							
Study tours by Technicians /c	45.5	-	45.5	-	90.9	TA_DA_1	GRANT (100%)
Study tours by Officer /d	54.5	-	54.5	-	109.1	TA_DA_1	GRANT (100%)
Farmers exposure visit /e	27.3	-	27.3	-	54.5	TA_DA_1	GRANT (100%)
Feed production training (dairy animals)	13.6	-	-	-	13.6	TA_DA_1	GRANT (100%)
Goat AI training in India	27.3	27.3	-	-	54.5	TA_DA_1	GRANT (100%)
Subtotal	168.2	27.3	127.3	-	322.7		
Total Investment Costs	1 065.6	429.6	127.3	-	1 622.5		
II. Recurrent Costs							
A. Incremental staff							
Livestock specialists	19.1	19.5	19.9	10.9	69.4	OP_DA_1	LOAN (50%),GRANT (50%)
Dairy Assistants	41.8	42.6	43.5	22.2	150.0	OP_DA_1	LOAN (50%),GRANT (50%)
Goat Assistants	62.7	63.9	65.2	33.3	225.0	OP_DA_1	LOAN (50%),GRANT (50%)
Field Allow ances to Assistants /f	5.0	5.1	5.2	2.6	17.8	OP_DA_1	LOAN (50%),GRANT (50%)
Total Recurrent Costs	128.5	131.1	133.7	69.0	462.2		
Total	1 194.1	560.6	261.0	69.0	2 084.7		

/a including 2 vehicles at PMO level and 3 vehicles at DLSOs

/b Including 4 motor cycles needed at PMO

/c A batch of 10 for 10 days

/d A batch of 10 for 10 days including officials from MOLD

/e exposure visit to India by a batch of 10 for 7 days

/f at the rate of NPR 3000/month

TABLE 3-1 A: Institutional Strengthening, Quantities and total costs

Nepal

ISFP-KUBK MTR

Table 3.1. Strengthening Local Institutions

Detailed Costs		Quantities					Unit Cost (Local)	Unit Cost (US\$)	Totals Including Contingencies (Local '000)				
		Unit	16/17	17/18	18/19	19/20			Total	16/17	17/18	18/19	19/20
I. Investment Costs													
A. DADO & DLSO													
1. Training Farmers' Groups & cooperatives													
Cost-benefit analysis of seed production													
livestock production	lumpsum	120	120	-	-	240	20,000	182	2 490	2 677	-	-	5 167
Seed/Livestock value chain training	pers_day	120	120	-	-	240	20,000	182	2 490	2 677	-	-	5 167
Gender and social inclusion training	pers_day	120	120	-	-	240	20,000	182	2 490	2 677	-	-	5 167
Group governance, 3 day training	pers_day	18	18	-	-	36	40,000	364	747	803	-	-	1 550
Governance in local institution /a	event	-	-	4	-	4	600,000	5,455	-	-	2 878	-	2 878
Training on financial management, book-keeping,	lumpsum	12	12	-	-	24	500,000	4,545	6 225	6 692	-	-	12 917
Pow er-tiller, agro-tools handling	lumpsum	2	2	-	-	4	600,000	5,455	1 245	1 338	-	-	2 583
Exposure visits for 5 days, national	events	2	2	-	-	4	500,000	4,545	1 038	1 115	-	-	2 153
Publication of farmers diary	each	5 000	10 000	10 000	-	25 000	150	1	778	1 673	1 798	-	4 250
Farmers' accounts registers	each	250	500	500	-	1 250	1,500	14	389	836	899	-	2 125
Subtotal									17 892	20 488	5 575	-	43 955
2. Training VDC representatives /b	lumpsum								10 375	11 153	11 990	-	33 518
3. Training agrovets, paravets	events	6	6	-	-	12	600,000	5,455	3 735	4 015	-	-	7 750
4. DADO & DLSO Staff training													
Social mobilisation /c	events	1	1	1	-	3			-	-	-	-	-
Cost-benefits analysis for JT, JTA	events	1	1	1	-	3	800,000	7,273	830	892	959	-	2 681
Social mobilisation & Group governance	events	3	3	-	-	6	1,000,000	9,091	3 113	3 346	-	-	6 458
M&E training for 5 days to JT, JTA	events	1	1	1	-	3			-	-	-	-	-
M&E training to officers	events	1	1	1	-	3			-	-	-	-	-
GESI sensitisation workshop for JTA, JT	events	3	3	-	-	6	400,000	3,636	1 245	1 338	-	-	2 583
Development activities management training	event	1	1	1	-	3	800,000	7,273	830	892	959	-	2 681
Subtotal									6 018	6 469	1 918	-	14 405
5. Strengthening district TA team													
TOT on Group governance	events	3	3	-	-	6	800,000	7,273	2 490	2 677	-	-	5 167
Corner-stone training /d	events	2	-	-	-	2	800,000	7,273	1 660	-	-	-	1 660
Social mobilisation by Heifer	events	4	5	-	-	9	800,000	7,273	3 320	4 461	-	-	7 781
TOT on cost-benefits analysis	events	3	3	-	-	6	900,000	8,182	2 801	3 011	-	-	5 813
M&E training for 7 days	events	4	2	-	-	6	900,000	8,182	3 735	2 008	-	-	5 743
GESI TOT for field technicians	events	3	2	-	-	5	1,200,000	10,909	3 735	2 677	-	-	6 412
GESI training manual	each	1	-	-	-	1	500,000	4,545	519	-	-	-	519
Social mobilisation training manual	each	1	-	-	-	1	500,000	4,545	519	-	-	-	519
Subtotal									18 779	14 834	-	-	33 612
Subtotal									56 798	56 959	19 483	-	133 240
B. AEC													
1. Investment w indow operations	year	0.34	0.33	0.33	-	1	18,300,000	166,364	6 455	6 735	7 241	-	20 431
2. District information services operations	year	0.34	0.33	0.33	-	1	6,970,000	63,364	2 459	2 565	2 758	-	7 782
3. MSP & market linkages operations	year	0.34	0.33	0.33	-	1	12,000,000	109,091	4 233	4 417	4 748	-	13 398
4. Business meetings, facilitations	year	0.34	0.33	0.33	-	1	3,750,000	34,091	1 323	1 380	1 484	-	4 187
5. Agrofairs and exhibitions	year	0.34	0.33	0.33	-	1	30,000,000	272,727	10 583	11 042	11 870	-	33 494
6. CCI capacity building	year	0.34	0.33	0.33	-	1	4,000,000	36,364	1 411	1 472	1 583	-	4 466
7. SEAN capacity building	year	0.34	0.33	0.33	-	1	9,250,000	84,091	3 263	3 404	3 660	-	10 327
8. Staff capacity building	year	0.34	0.33	0.33	-	1	13,100,000	119,091	4 621	4 821	5 183	-	14 626
9. Producer groups, companies capacity building	year	0.34	0.33	0.33	-	1	14,400,000	130,909	5 080	5 300	5 697	-	16 077
10. Study and research	year	0.34	0.33	0.33	-	1	2,800,000	25,455	988	1 031	1 108	-	3 126
11. Staff salary & other support	year	0.34	0.33	0.33	-	1	70,429,000	640,264	24 844	25 922	27 866	-	78 631
12. AEC overheads	year	0.34	0.33	0.33	-	1	12,013,000	109,209	4 238	4 421	4 753	-	13 412
Subtotal									69 496	72 511	77 949	-	219 956
Total									126 294	129 470	97 432	-	353 196

\a one week training

\b 3 day training to 450 persons

\c training for 7 days

\d Support from Heifer international

\a one week training
 \b 3 day training to 450 persons
 \c training for 7 days
 \d Support from Heifer international

TABLE 3-1 B: Institutional Strengthening, total costs & financing rules

Nepal ISFP-KUBK MTR Table 3.1. Strengthening Local Institutions Detailed Costs						
	Totals Including Contingencies (US\$ '000)					Other Accounts
	16/17	17/18	18/19	19/20	Total	Disb. Acct. Fin. Rule
I. Investment Costs						
A. DADO & DLSO						
1. Training Farmers' Groups & cooperatives						
Cost-benefit analysis of seed production						
livestock production	22.0	22.5	-	-	44.5	STW_DA_1 LOAN (50%), GRANT (50%)
Seed/Livestock value chain training	22.0	22.5	-	-	44.5	STW_DA_1 LOAN (50%), GRANT (50%)
Gender and social inclusion training	22.0	22.5	-	-	44.5	STW_DA_1 LOAN (50%), GRANT (50%)
Group governance, 3 day training	6.6	6.7	-	-	13.4	STW_DA_1 LOAN (50%), GRANT (50%)
Governance in local institution /a	-	-	22.9	-	22.9	STW_DA_1 LOAN (50%), GRANT (50%)
Training on financial management, book-keeping,	55.1	56.2	-	-	111.3	STW_DA_1 LOAN (50%), GRANT (50%)
Pow er-tiller, agro-tools handling	11.0	11.2	-	-	22.3	STW_DA_1 LOAN (50%), GRANT (50%)
Exposure visits for 5 days, national	9.2	9.4	-	-	18.5	STW_DA_1 LOAN (50%), GRANT (50%)
Publication of farmers diary	6.9	14.0	14.3	-	35.3	STW_DA_1 LOAN (50%), GRANT (50%)
Farmers' accounts registers	3.4	7.0	7.2	-	17.6	STW_DA_1 LOAN (50%), GRANT (50%)
Subtotal	158.3	172.0	44.4	-	374.8	
2. Training VDC representatives /b	91.8	93.7	95.5	-	281.0	STW_DA_1 LOAN (50%), GRANT (50%)
3. Training agrovet, paravets	33.1	33.7	-	-	66.8	STW_DA_1 LOAN (50%), GRANT (50%)
4. DADO & DLSO Staff training						
Social mobilisation /c	-	-	-	-	-	STW_DA_1 LOAN (50%), GRANT (50%)
Cost-benefits analysis for JT, JTA	7.3	7.5	7.6	-	22.5	STW_DA_1 LOAN (50%), GRANT (50%)
Social mobilisation & Group governance	27.5	28.1	-	-	55.6	STW_DA_1 LOAN (50%), GRANT (50%)
M&E training for 5 days to JT, JTA	-	-	-	-	-	STW_DA_1 LOAN (50%), GRANT (50%)
M&E training to officers	-	-	-	-	-	STW_DA_1 LOAN (50%), GRANT (50%)
GESI sensitisation workshop for JTA, JT	11.0	11.2	-	-	22.3	STW_DA_1 LOAN (50%), GRANT (50%)
Development activities management training	7.3	7.5	7.6	-	22.5	STW_DA_1 LOAN (50%), GRANT (50%)
Subtotal	53.3	54.3	15.3	-	122.9	
5. Strengthening district TA team						
TOT on Group governance	22.0	22.5	-	-	44.5	STW_DA_1 LOAN (50%), GRANT (50%)
Corner-stone training /d	14.7	-	-	-	14.7	STW_DA_1 LOAN (50%), GRANT (50%)
Social mobilisation by Heifer	29.4	37.5	-	-	66.8	STW_DA_1 LOAN (50%), GRANT (50%)
TOT on cost-benefits analysis	24.8	25.3	-	-	50.1	STW_DA_1 LOAN (50%), GRANT (50%)
M&E training for 7 days	33.1	16.9	-	-	49.9	STW_DA_1 LOAN (50%), GRANT (50%)
GESI TOT for field technicians	33.1	22.5	-	-	55.5	STW_DA_1 LOAN (50%), GRANT (50%)
GESI training manual	4.6	-	-	-	4.6	STW_DA_1 LOAN (50%), GRANT (50%)
Social mobilisation training manual	4.6	-	-	-	4.6	STW_DA_1 LOAN (50%), GRANT (50%)
Subtotal	166.2	124.6	-	-	290.8	
Subtotal	502.7	478.3	155.2	-	1 136.2	
B. AEC						
1. Investment window operations	57.1	56.6	57.7	-	171.4	GSI_DA_1 LOAN(65%), GRANT (35%)
2. District information services operations	21.8	21.5	22.0	-	65.3	GSI_DA_1 LOAN(65%), GRANT (35%)
3. MSP & market linkages operations	37.5	37.1	37.8	-	112.4	GSI_DA_1 LOAN(65%), GRANT (35%)
4. Business meetings, facilitations	11.7	11.6	11.8	-	35.1	GSI_DA_1 LOAN(65%), GRANT (35%)
5. Agrofairs and exhibitions	93.7	92.7	94.6	-	280.9	GSI_DA_1 LOAN(65%), GRANT (35%)
6. CCI capacity building	12.5	12.4	12.6	-	37.5	GSI_DA_1 LOAN(65%), GRANT (35%)
7. SEAN capacity building	28.9	28.6	29.2	-	86.6	STW_DA_1 LOAN (50%), GRANT (50%)
8. Staff capacity building	40.9	40.5	41.3	-	122.7	STW_DA_1 LOAN (50%), GRANT (50%)
9. Producer groups, companies capacity building	45.0	44.5	45.4	-	134.9	STW_DA_1 LOAN (50%), GRANT (50%)
10. Study and research	8.7	8.7	8.8	-	26.2	STW_DA_1 LOAN (50%), GRANT (50%)
11. Staff salary & other support	219.9	217.7	222.0	-	659.6	GSI_DA_1 LOAN(65%), GRANT (35%)
12. AEC overheads	37.5	37.1	37.9	-	112.5	GSI_DA_1 LOAN(65%), GRANT (35%)
Subtotal	615.0	608.9	621.1	-	1 845.0	
Total	1 117.7	1 087.2	776.3	-	2 981.2	
/a one week training /b 3 day training to 450 persons /c training for 7 days /d Support from Heifer international						

TABLE 3-2 A: Rural Financial Services, quantities and total costs

Nepal ISFP-KUBk MTR Table 3.2. Rural Finance Services													
Detailed Costs													
	Unit	Quantities					Unit Cost (Local)	Unit Cost (US\$)	Totals including Contingencies (Local '000)				
		16/17	17/18	18/19	19/20	Total			16/17	17/18	18/19	19/20	Total
I. Investment Costs													
A. NACCFL													
1. Establishment of 45 SFCAL	each	20	25	-	-	45	700,000	6,364	14 525	19 518	-	-	34 043
2. Office furniture and equipment /a	each	20	25	-	-	45	-	-	-	-	-	-	-
3. Training 45 SFCAL /b	each	20	25	-	-	45	741,200	6,738	15 380	20 667	-	-	36 047
4. District federation capacity development	lumpsum	-	6	-	-	6	500,000	4,545	-	3 346	-	-	3 346
5. Stakeholders district coordination meeting	lumpsum	6	6	6	-	18	100,000	909	623	669	719	-	2 011
6. Management costs	year	0.3	0.3	0.25	0.15	1	8,615,000	78,318	2 681	2 883	2 582	1 666	9 812
7. Vehicles and equipment													
Motor cycles	each	4	-	-	-	4	250,000	2,273	1 038	-	-	-	1 038
Laptops	each	7	-	-	-	7	100,000	909	726	-	-	-	726
Multi-function printers	each	2	-	-	-	2	100,000	909	208	-	-	-	208
Subtotal									1 971	-	-	-	1 971
Subtotal									35 180	47 082	3 302	1 666	87 230
B. SFDB													
1. Vehicles & equipment													
Motorbikes	each	3	-	-	-	3	250,000	2,273	778	-	-	-	778
Laptops	each	3	-	-	-	3	100,000	909	311	-	-	-	311
Multi-function printer	each	1	-	-	-	1	100,000	909	104	-	-	-	104
Projector	each	1	-	-	-	1	100,000	909	104	-	-	-	104
Furniture set	set	1	-	-	-	1	100,000	909	104	-	-	-	104
Subtotal									1 401	-	-	-	1 401
2. Software support													
Softw are support to SFDB	lumpsum	1	-	-	-	1	20,000,000	181,818	20 750	-	-	-	20 750
Grading tools assessment	lumpsum	1	-	-	-	1	1,000,000	9,091	1 038	-	-	-	1 038
Tablet-based MIS reporting	lumpsum	1	-	-	-	1	1,000,000	9,091	1 038	-	-	-	1 038
Android Tablets	each	45	46	-	-	91	15,000	136	700	770	-	-	1 470
MIS equipment & computers to SFCAL	each	21	24	-	-	45	300,000	2,727	6 536	8 030	-	-	14 567
Subtotal									30 062	8 800	-	-	38 861
3. Training													
Induction training to 3 area staff	event	1	-	-	-	1	300,000	2,727	311	-	-	-	311
Financial literacy training	lumpsum	24	27	24	-	75	80,000	727	1 992	2 409	2 302	-	6 703
Mapping Financial Institutions in the Project districts	lumpsum	6	-	-	-	6	150,000	1,364	934	-	-	-	934
Product development training	event	1	3	3	-	7	500,000	4,545	519	1 673	1 798	-	3 990
Business Plan training, refresher	event	-	3	3	-	6	500,000	4,545	-	1 673	1 798	-	3 471
Book-keeping training, refresher	event	1	-	3	-	4	500,000	4,545	519	-	1 798	-	2 317
PEARLS analysis, interest determination training	event	1	-	1	-	2	300,000	2,727	311	-	360	-	671
Impact study of SFCAL financing	district	-	-	1	-	1	1,500,000	13,636	-	-	1 798	-	1 798
Subtotal									4 586	5 755	9 855	-	20 196
4. Fund support to SFDB													
From IFAD Top up loan	lumpsum	1	-	-	-	1	550,000,000	5,000,000	550 000	-	-	-	550 000
Loan to SFDB	lumpsum	-	1	-	-	1	330,000,000	3,000,000	-	330 000	-	-	330 000
Management overheads	lumpsum	0.5	0.25	0.18	0.07	1	11,200,000	101,818	5 810	3 123	2 417	1 010	12 360
Subtotal									555 810	333 123	2 417	1 010	892 360
Subtotal									591 858	347 678	12 273	1 010	952 819
Total Investment Costs									627 038	394 760	15 574	2 676	1 040 048
II. Recurrent Costs													
A. Operating costs: NACCFL													
Programme officer	pers_month	13	13	13	6.5	45.5	100,000	909	1 349	1 450	1 559	838	5 195
Replicators, 6 persons	pers_month	78	78	78	39	273	80,000	727	6 474	6 960	7 482	4 021	24 936
Asst Accounts & MS officer	pers_month	13	13	13	6.5	45.5	50,000	455	674	725	779	419	2 598
Mobilisers, 90 persons	pers_months	1 080	1 080	1 080	-	3 240	6,000	55	6 723	7 227	7 769	-	21 719
Fuel expenses	year	1	1	1	0.5	3.5	1,200,000	10,909	1 245	1 338	1 439	773	4 795
Travel & DSA to NACCFL staff	year	-	-	-	-	-	-	-	708	830	974	523	3 035
Subtotal									17 173	18 530	20 001	6 575	62 279
B. Operating costs: SFDB													
Project Coordinator	pers_month	13	13	13	6	45	120,000	1,091	1 619	1 740	1 870	928	6 157
Lead Trainer	Pers_month	13	13	13	6	45	100,000	909	1 349	1 450	1 559	773	5 131
Area office staff	pers_month	39	39	39	20	137	75,000	682	3 035	3 262	3 507	1 933	11 737
fuel expenses	year	0.23	0.28	0.32	0.17	1	3,200,000	29,091	764	999	1 228	701	3 692
Travel	year	-	-	-	-	-	-	-	623	669	719	387	2 398
Subtotal									7 388	8 121	8 883	4 722	29 114
Subtotal									24 561	26 651	28 884	11 297	91 393
Total Recurrent Costs									651 599	421 411	44 459	13 973	1 131 442
Total													

^a Provided by SFDB

^b book-keeping, cooperative management, business planning, loan management, exposure visits
computer training, enterprises development, livestock and seeds farming etc

TABLE 3-2 B: Rural Financial Services, total costs and financing rules

Nepal ISFP-KUBk MTR Table 3.2. Rural Finance Services Detailed Costs		Totals Including Contingencies (US\$ '000)					Other Accounts	
	16/17	17/18	18/19	19/20	Total	Disb. Acct.	Fin. Rule	
I. Investment Costs								
A. NACCFL								
1. Establishment of 45 SFCAL	128.5	163.9	-	-	292.4	GSL_DA_1	LOAN(65%), GRANT (35%)	
2. Office furniture and equipment /a	-	-	-	-	-	GSL_DA_1	LOAN(65%), GRANT (35%)	
3. Training 45 SFCAL /b	136.1	173.5	-	-	309.7	STW_DA_1	LOAN (50%), GRANT (50%)	
4. District federation capacity development	-	28.1	-	-	28.1	GSL_DA_1	LOAN(65%), GRANT (35%)	
5. Stakeholders district coordination meeting	5.5	5.6	5.7	-	16.9	GSL_DA_1	LOAN(65%), GRANT (35%)	
6. Management costs	23.7	24.2	20.6	12.6	81.1	GSL_DA_1	LOAN(65%), GRANT (35%)	
7. Vehicles and equipment								
Motor cycles	9.2	-	-	-	9.2	GSL_DA_1	LOAN(65%), GRANT (35%)	
Laptops	6.4	-	-	-	6.4	GSL_DA_1	LOAN(65%), GRANT (35%)	
Multi-function printers	1.8	-	-	-	1.8	GSL_DA_1	LOAN(65%), GRANT (35%)	
Subtotal	17.4	-	-	-	17.4			
Subtotal	311.3	395.4	26.3	12.6	745.6			
B. SFDB								
1. Vehicles & equipment								
Motorbikes	6.9	-	-	-	6.9	GSL_DA_1	LOAN(65%), GRANT (35%)	
Laptops	2.8	-	-	-	2.8	GSL_DA_1	LOAN(65%), GRANT (35%)	
Multi-function printer	0.9	-	-	-	0.9	GSL_DA_1	LOAN(65%), GRANT (35%)	
Projector	0.9	-	-	-	0.9	GSL_DA_1	LOAN(65%), GRANT (35%)	
Furniture set	0.9	-	-	-	0.9	GSL_DA_1	LOAN(65%), GRANT (35%)	
Subtotal	12.4	-	-	-	12.4			
2. Software support								
Software support to SFDB	183.6	-	-	-	183.6	GSL_DA_1	LOAN(65%), GRANT (35%)	
Grading tools assessment	9.2	-	-	-	9.2	GSL_DA_1	LOAN(65%), GRANT (35%)	
Tablet-based MIS reporting	9.2	-	-	-	9.2	GSL_DA_1	LOAN(65%), GRANT (35%)	
Android Tablets	6.2	6.5	-	-	12.7	GSL_DA_1	LOAN(65%), GRANT (35%)	
MIS equipment & computers to SFCAL	57.8	67.4	-	-	125.3	GSL_DA_1	LOAN(65%), GRANT (35%)	
Subtotal	266.0	73.9	-	-	339.9			
3. Training								
Induction training to 3 area staff	2.8	-	-	-	2.8	STW_DA_1	LOAN (50%), GRANT (50%)	
Financial literacy training	17.6	20.2	18.3	-	56.2	STW_DA_1	LOAN (50%), GRANT (50%)	
Mapping Financial Institutions	-	-	-	-	-			
in the Project districts	8.3	-	-	-	8.3	STW_DA_1	LOAN (50%), GRANT (50%)	
Product development training	4.6	14.0	14.3	-	33.0	STW_DA_1	LOAN (50%), GRANT (50%)	
Business Plan training, refresher	-	14.0	14.3	-	28.4	STW_DA_1	LOAN (50%), GRANT (50%)	
Book-keeping training, refresher	4.6	-	14.3	-	18.9	STW_DA_1	LOAN (50%), GRANT (50%)	
PEARLS analysis,	-	-	-	-	-			
Interest determination training	2.8	-	2.9	-	5.6	STW_DA_1	LOAN (50%), GRANT (50%)	
Impact study of SFCAL financing	-	-	14.3	-	14.3	STW_DA_1	LOAN (50%), GRANT (50%)	
Subtotal	40.6	48.3	78.5	-	167.4			
4. Fund support to SFDB								
From IFAD Top up loan	5 000.0	-	-	-	5 000.0	SFDB_DA_2	TOPUP (100%)	
Loan to SFDB	-	3 000.0	-	-	3 000.0	SFDB_DA_1	LOAN (100%)	
Management overheads	51.4	26.2	19.3	7.6	104.5	GSL_DA_1	LOAN(65%), GRANT (35%)	
Subtotal	5 051.4	3 026.2	19.3	7.6	8 104.5			
Subtotal	5 370.4	3 148.4	97.8	7.6	8 624.3			
Total Investment Costs	5 681.8	3 543.8	124.1	20.2	9 369.9			
II. Recurrent Costs								
A. Operating costs: NACCFL								
Programme officer	11.9	12.2	12.4	6.3	42.9	OP_DA_1	LOAN (50%),GRANT (50%)	
Replicators, 6 persons	57.3	58.4	59.6	30.4	205.7	OP_DA_1	LOAN (50%),GRANT (50%)	
Asst Accounts & MIS officer	6.0	6.1	6.2	3.2	21.4	OP_DA_1	LOAN (50%),GRANT (50%)	
Mobilisers, 90 persons	59.5	60.7	61.9	-	182.1	OP_DA_1	LOAN (50%),GRANT (50%)	
Fuel expenses	11.0	11.2	11.5	5.8	39.6	OP_DA_1	LOAN (50%),GRANT (50%)	
Travel & DSA to NACCFL staff	6.3	7.0	7.8	4.0	25.0	OP_DA_1	LOAN (50%),GRANT (50%)	
Subtotal	152.0	155.6	159.4	49.7	516.6			
B. Operating costs: SFDB								
Project Coordinator	14.3	14.6	14.9	7.0	50.9	OP_DA_1	LOAN (50%),GRANT (50%)	
Lead Trainer	11.9	12.2	12.4	5.8	42.4	OP_DA_1	LOAN (50%),GRANT (50%)	
Area office staff	26.9	27.4	27.9	14.6	96.8	OP_DA_1	LOAN (50%),GRANT (50%)	
Fuel expenses	6.8	8.4	9.8	5.3	30.2	OP_DA_1	LOAN (50%),GRANT (50%)	
Travel	5.5	5.6	5.7	2.9	19.8	OP_DA_1	LOAN (50%),GRANT (50%)	
Subtotal	65.4	68.2	70.8	35.7	240.1			
Total Recurrent Costs	217.4	223.8	230.1	85.4	756.7			
Total	5 899.1	3 767.6	354.2	105.6	10 126.6			

a Provided by SFDB
 b book-keeping, cooperative management,business planning,loan management, exposure visits
 computer training, enterprises development,livestock and seeds farming etc

Nepal: Improved Seeds for Farmers Programme
Mid-Term Review Report
Working paper-Project costs and financing - Mission dates: February 29th to March 22nd, 2016

TABLE 4-1 A: Programme Management, quantities and total costs

Nepal
ISFP-KUBK MTR
Table 4.1. Programme Management Office, Butwal
Detailed Costs

Detailed Costs		Quantities					Unit Cost	Unit Cost	Totals Including Contingencies (Local '000)				
	Unit	16/17	17/18	18/19	19/20	Total	(Local)	(US\$)	16/17	17/18	18/19	19/20	Total
I. Investment Costs													
A. PMO, Butwal													
1. Vehicles and equipment													
Purchase of 4 WD vehicles	each	1	-	-	-	1	5,800,000	52,727	6 018	-	-	-	6 018
Motor cycles	each	4	-	-	-	4	200,900	1,826	834	-	-	-	834
Office equipment set /a	set	2	-	-	-	2	814,000	7,400	1 689	-	-	-	1 689
Subtotal									8 540	-	-	-	8 540
2. Annual Planning													
Review meetings	Lumpsum	2	2	2	2	8	800,000	7,273	1 660	1 785	1 918	2 062	7 425
Annual Reports	Lumpsum	1	1	1	1	4	1,000,000	9,091	1 038	1 115	1 199	1 289	4 641
KUBK programme bulletin	Lumpsum	2	2	2	2	8	300,000	2,727	623	669	719	773	2 784
Grants guidelines, project documentation	Lumpsum	1	-	-	-	1	3,000,000	27,273	3 113	-	-	-	3 113
Support to review missions	Lumpsum	2	2	2	2	8	1,000,000	9,091	2 075	2 231	2 398	2 578	9 281
Steering committee meeting	Lumpsum	2	2	2	2	8	300,000	2,727	623	669	719	773	2 784
Subtotal									9 130	6 469	6 954	7 476	30 028
3. Staff study tours	Lumpsum	1	-	1	-	2	8,525,000	77,500	8 845	-	10 221	-	19 066
4. Financial control & governance													
Accounting softw are updates	lumpsum	1	1	1	1	4	150,000	1,364	156	167	180	193	696
Financial management & procurement training	event	2	2	2	-	6	800,000	7,273	1 660	1 785	1 918	-	5 363
Softw are training /b	event	1	1	1	-	3	600,000	5,455	623	669	719	-	2 011
Annual audits	year	1	1	1	1	4	100,000	909	104	112	120	129	464
Subtotal									2 542	2 733	2 937	322	8 534
Subtotal									29 057	9 201	20 113	7 798	66 168
B. PIU offices													
Motor cycles	each	35	35	-	-	70	200,900	1,826	7 295	7 842	-	-	15 138
Office equipment /c	set	8	-	-	-	8	814,000	7,400	6 756	-	-	-	6 756
Subtotal									14 051	7 842	-	-	21 894
Total Investment Costs									43 108	17 044	20 113	7 798	88 062
II. Recurrent Costs													
A. Project management office PMO													
1. Staff salary													
PMO govt staff	year	1	1	1	0.5	3.5	9,407,750	85,525	9 761	10 493	11 280	6 063	37 595
PMO TA staff	year	1	1	1	0.5	3.5	18,785,000	170,773	18 785	18 785	18 785	9 393	65 748
Subtotal									28 546	29 278	30 065	15 455	103 343
2. Other operating costs													
Staff allowances	year	1	1	1	0.5	3.5	600,000	5,455	623	669	719	387	2 398
Water and electricity	year	1	1	1	1	4	1,200,000	10,909	1 245	1 338	1 439	1 547	5 569
Communications	year	1	1	1	1	4	2,000,000	18,182	2 075	2 231	2 398	2 578	9 281
Rentals	year	1	1	1	1	4	3,640,000	33,091	3 777	4 060	4 364	4 692	16 892
Fuel	year	1	1	1	0.5	3.5	5,000,000	45,455	5 188	5 577	5 995	3 222	19 981
Maintenance	year	1	1	1	1	4	4,000,000	36,364	4 150	4 461	4 796	5 156	18 563
Insurance	year	1	1	1	-	3	300,000	2,727	311	335	360	-	1 006
Other expenses	year	1	1	1	0.5	3.5	7,500,000	68,182	7 781	8 365	8 992	4 833	29 972
M&E expenses /d	year	1	1	1	1	4			-	-	-	-	-
TA & DA	year	1	1	1	0.5	3.5	21,410,000	194,636	22 213	23 879	25 670	13 797	85 559
Subtotal									47 362	50 914	54 733	36 211	189 220
Subtotal									75 907	80 192	84 797	51 666	292 563
B. Project Implementation Units													
1. Staff salary of 6 PIOs	year	1	1	1	0.5	3.5	38,350,000	348,636	39 788	42 772	45 980	24 714	153 255
2. Other operating costs													
Repair and maintenance	year	1	1	1	0.5	3.5	918,000	8,345	952	1 024	1 101	592	3 669
Office expenses	year	1	1	1	0.5	3.5	969,000	8,809	1 005	1 081	1 162	624	3 872
Subtotal									1 958	2 105	2 262	1 216	7 541
Subtotal									41 746	44 877	48 243	25 930	160 796
Total Recurrent Costs									117 653	125 068	133 040	77 597	453 358
Total									160 762	142 112	153 152	85 395	541 420

^a Desktop, laptop, printer, scanner, furniture, multimedia, camera etc
^b for 20 staff each year
^c each set includes laptop, desktop, printer cum scanner, camera etc
two sets for two DoA Farms
^d This expenses shifted to Table 4.2

TABLE 4.1 B: Programme management, total costs and financing rules

Nepal
 ISFP-KUBK MTR
 Table 4.1. Programme Management Office, Butwal
Detailed Costs

	Totals Including Contingencies (US\$ '000)					Other Accounts	
	16/17	17/18	18/19	19/20	Total	Disb. Acct.	Fin. Rule
I. Investment Costs							
A. PMO, Butwal							
1. Vehicles and equipment							
Purchase of 4 WD vehicles	53.3	-	-	-	53.3	GSI_DA_1	LOAN(65%), GRANT (35%)
Motor cycles	7.4	-	-	-	7.4	GSI_DA_1	LOAN(65%), GRANT (35%)
Office equipment set /a	14.9	-	-	-	14.9	GSI_DA_1	LOAN(65%), GRANT (35%)
Subtotal	75.6	-	-	-	75.6		
2. Annual Planning							
Review meetings	14.7	15.0	15.3	15.6	60.6	GSI_DA_1	LOAN(65%), GRANT (35%)
Annual Reports	9.2	9.4	9.6	9.7	37.8	GSI_DA_1	LOAN(65%), GRANT (35%)
KUBK programme bulletin	5.5	5.6	5.7	5.8	22.7	GSI_DA_1	LOAN(65%), GRANT (35%)
Grants guidelines, project documentation	27.5	-	-	-	27.5	GSI_DA_1	LOAN(65%), GRANT (35%)
Support to review missions	18.4	18.7	19.1	19.5	75.7	GSI_DA_1	LOAN(65%), GRANT (35%)
Steering committee meeting	5.5	5.6	5.7	5.8	22.7	GSI_DA_1	LOAN(65%), GRANT (35%)
Subtotal	80.8	54.3	55.4	56.5	247.0		
3. Staff study tours	78.3	-	81.4	-	159.7	TA_DA_1	GRANT (100%)
4. Financial control & governance							
Accounting software updates	1.4	1.4	1.4	1.5	5.7	GSI_DA_1	LOAN(65%), GRANT (35%)
Financial management & procurement training	14.7	15.0	15.3	-	45.0	GSI_DA_1	LOAN(65%), GRANT (35%)
Software training /b	5.5	5.6	5.7	-	16.9	GSI_DA_1	LOAN(65%), GRANT (35%)
Annual audits	0.9	0.9	1.0	1.0	3.8	GSI_DA_1	LOAN(65%), GRANT (35%)
Subtotal	22.5	22.9	23.4	2.4	71.3		
Subtotal	257.2	77.3	160.2	59.0	553.6		
B. PIU offices							
Motor cycles	64.6	65.9	-	-	130.4	GSI_DA_1	LOAN(65%), GRANT (35%)
Office equipment /c	59.8	-	-	-	59.8	GSI_DA_1	LOAN(65%), GRANT (35%)
Subtotal	124.4	65.9	-	-	190.2		
Total Investment Costs	381.5	143.1	160.2	59.0	743.8		
II. Recurrent Costs							
A. Project management office PMO							
1. Staff salary							
PMO govt staff	86.4	88.1	89.9	45.8	310.2	OP_DA_1	GOVT
PMO TA staff	170.8	170.8	170.8	85.4	597.7	OP_DA_1	LOAN (50%),GRANT (50%)
Subtotal	257.2	258.9	260.6	131.2	907.9		
2. Other operating costs							
Staff allowances	5.5	5.6	5.7	2.9	19.8	OP_DA_1	LOAN (7.5%), GRANT (7.5%)
Water and electricity	11.0	11.2	11.5	11.7	45.4	OP_DA_1	LOAN (7.5%), GRANT (7.5%)
Communications	18.4	18.7	19.1	19.5	75.7	OP_DA_1	LOAN (7.5%), GRANT (7.5%)
Rentals	33.4	34.1	34.8	35.5	137.8	OP_DA_1	LOAN (7.5%), GRANT (7.5%)
Fuel	45.9	46.8	47.8	24.4	164.9	OP_DA_1	LOAN (7.5%), GRANT (7.5%)
Maintenance	36.7	37.5	38.2	39.0	151.4	OP_DA_1	LOAN (7.5%), GRANT (7.5%)
Insurance	2.8	2.8	2.9	-	8.4	OP_DA_1	LOAN (7.5%), GRANT (7.5%)
Other expenses	68.9	70.2	71.6	36.5	247.3	OP_DA_1	LOAN (7.5%), GRANT (7.5%)
M&E expenses /d	-	-	-	-	-	OP_DA_1	LOAN (50%), GRANT (50%)
TA & DA	196.6	200.5	204.5	104.3	705.9	OP_DA_1	LOAN (50%), GRANT (50%)
Subtotal	419.2	427.5	436.1	273.8	1 556.5		
Subtotal	676.3	686.4	696.7	405.0	2 464.4		
B. Project Implementation Units							
1. Staff salary of 6 PIOs	352.1	359.2	366.3	186.8	1 264.5	OP_DA_1	LOAN (50%),GRANT (50%)
2. Other operating costs							
Repair and maintenance	8.4	8.6	8.8	4.5	30.3	OP_DA_1	LOAN (7.5%), GRANT (7.5%)
Office expenses	8.9	9.1	9.3	4.7	31.9	OP_DA_1	LOAN (7.5%), GRANT (7.5%)
Subtotal	17.3	17.7	18.0	9.2	62.2		
Subtotal	369.4	376.8	384.4	196.0	1 326.7		
Total Recurrent Costs	1 045.8	1 063.3	1 081.1	601.0	3 791.1		
Total	1 427.3	1 206.4	1 241.3	660.0	4 534.9		

^a Desktop, laptop, printer, scanner, furniture, multimedia, camera etc
 ^b for 20 staff each year
 ^c each set includes laptop,desktop, printer cum scanner, camera etc
 ^d two sets for two DoA Farms
 ^d This expenses shifted to Table 4.2

TABLE 4.2 A: Monitoring & Evaluation and KM, quantities and total costs

Nepal

ISFP-KUBK MTR

Table 4.2. Project M&E and Know ledge Manageemnt

Detailed Costs

Detailed Costs		Quantities					Unit Cost	Unit Cost	Totals Including Contingencies (Local '000)				
		Unit	16/17	17/18	18/19	19/20	Total	(Local)	(US\$)	16/17	17/18	18/19	19/20
I. Investment Costs													
A. Monitoring & evaluation													
Tablets for Social Facilitators /a	each	80	-	-	-	80	33,000	300	2 739	-	-	-	2 739
MIS softw are	each	1	-	-	-	1	1,375,000	12,500	1 427	-	-	-	1 427
MIS maintenance	year	-	1	1	-	2	110,000	1,000	-	123	132	-	255
District w orkshops, training on M&E/b	events	6	6	6	-	18	220,000	2,000	1 370	1 472	1 583	-	4 424
Central w orkshop on M&E	event	1	1	1	-	3	770,000	7,000	799	859	923	-	2 581
Project Completion Workshop	events	-	-	-	6	6	220,000	2,000	-	-	-	1 701	1 701
Annual Outcome Survey	each	1	1	1	1	4	3,300,000	30,000	3 424	3 681	3 957	4 253	15 314
RIMS survey	survey	1	-	1	-	2	1,650,000	15,000	1 712	-	1 978	-	3 690
Progress dissemination													
w orkshop to media	event	2	2	2	-	6	200,000	1,818	415	446	480	-	1 341
District level joint monitoring	event	2	2	2	-	6	600,000	5,455	1 245	1 338	1 439	-	4 022
Project Completion Survey & PCR	each	-	-	-	1	1	2,750,000	25,000	-	-	-	3 544	3 544
Subtotal									13 130	7 919	10 491	9 499	41 038
B. Knowledge Management													
Workshop	events	2	2	2	-	6	770,000	7,000	1 598	1 718	1 846	-	5 162
Publications, including PCR	lumpsum	1	1	1	3	6	330,000	3,000	342	368	396	1 276	2 382
TA for Communication Strategy	lumpsum	1	-	-	-	1	1,650,000	15,000	1 712	-	-	-	1 712
TA KM specialist /c	lumpsum	0.5	1	1	0.5	3	1,650,000	15,000	856	1 840	1 978	1 063	5 738
Video-documentary	Lumpsum	-	1	1	-	2	1,100,000	10,000	-	1 227	1 319	-	2 546
Publication of success stories	lumpsum	2	2	2	-	6	200,000	1,818	415	446	480	-	1 341
Learning Route for KM	event	1	1	1	-	3	600,000	5,455	623	669	719	-	2 011
Farmers to farmers visit	event	6	6	6	-	18	550,000	5,000	3 424	3 681	3 957	-	11 061
Stakeholders' visit to production areas /d	visit	1	1	1	1	4	1,100,000	10,000	1 141	1 227	1 319	1 418	5 105
Subtotal									10 110	11 175	12 014	3 757	37 057
Total Investment Costs									23 240	19 094	22 504	13 256	78 095
II. Recurrent Costs													
A. Operating costs													
PMO, Butw al	year	1	1	1	0.5	3.5	10,285,000	93,500	10 671	11 471	12 331	6 628	41 101
M&E Assistant at PMO /e	pers_month	6	12	12	6	36			-	-	-	-	-
DADO & DLSO levels	year	1	1	1	0.5	3.5	4,736,000	43,055	4 914	5 282	5 678	3 052	18 926
Total Recurrent Costs									15 584	16 753	18 010	9 680	60 027
Total									38 824	35 847	40 514	22 936	138 122

/a for 36 Seed technicians, 22 community dairy assistants and 22 community Goat assistants

/b cost inclusive of allow ances for 2 days for 30 participants

/c For the production of KM notes, Learning Routes etc

/d KUBK stakeholders including seed company, traders, investors, govt officials etc

/e Included in PMO management costs

TABLE 4.2 B: Monitoring & Evaluation and KM, total costs and financing rules

Nepal
 ISFP-KUBK MTR
 Table 4.2. Project M&E and Knowledge Management
Detailed Costs

	Totals Including Contingencies (US\$ '000)					Other Accounts	
	16/17	17/18	18/19	19/20	Total	Disb. Acct.	Fin. Rule
I. Investment Costs							
A. Monitoring & evaluation							
Tablets for Social Facilitators /a	24.2	-	-	-	24.2	GSI_DA_1	LOAN(65%), GRANT (35%)
MIS software	12.6	-	-	-	12.6	GSI_DA_1	LOAN(65%), GRANT (35%)
MIS maintenance	-	1.0	1.1	-	2.1	GSI_DA_1	LOAN(65%), GRANT (35%)
District workshops, training on M&E /b	12.1	12.4	12.6	-	37.1	STW_DA_1	LOAN (50%), GRANT (50%)
Central workshop on M&E	7.1	7.2	7.4	-	21.6	STW_DA_1	LOAN (50%), GRANT (50%)
Project Completion Workshop	-	-	-	12.9	12.9	STW_DA_1	LOAN (50%), GRANT (50%)
Annual Outcome Survey	30.3	30.9	31.5	32.2	124.9	STW_DA_1	LOAN (50%), GRANT (50%)
RIMS survey	15.2	-	15.8	-	30.9	STW_DA_1	LOAN (50%), GRANT (50%)
Progress dissemination workshop to media	3.7	3.7	3.8	-	11.2	GSI_DA_1	LOAN (50%), GRANT (50%)
District level joint monitoring	11.0	11.2	11.5	-	33.7	GSI_DA_1	LOAN (50%), GRANT (50%)
Project Completion Survey & PCR	-	-	-	26.8	26.8	STW_DA_1	LOAN (50%), GRANT (50%)
Subtotal	116.2	66.5	83.6	71.8	338.1		
B. Knowledge Management							
Workshop	14.1	14.4	14.7	-	43.3	STW_DA_1	LOAN (50%), GRANT (50%)
Publications, including PCR	3.0	3.1	3.2	9.6	18.9	GSI_DA_1	LOAN(65%), GRANT (35%)
TA for Communication Strategy	15.2	-	-	-	15.2	GSI_DA_1	GRANT (100%)
TA KM specialist /c	7.6	15.5	15.8	8.0	46.8	GSI_DA_1	GRANT (100%)
Video-documentary	-	10.3	10.5	-	20.8	GSI_DA_1	LOAN(65%), GRANT (35%)
Publication of success stories	3.7	3.7	3.8	-	11.2	GSI_DA_1	LOAN(65%), GRANT (35%)
Learning Route for KM	5.5	5.6	5.7	-	16.9	GSI_DA_1	LOAN(65%), GRANT (35%)
Farmers to farmers visit	30.3	30.9	31.5	-	92.7	STW_DA_1	LOAN (50%), GRANT (50%)
Stakeholders' visit to production areas /d	10.1	10.3	10.5	10.7	41.6	GSI_DA_1	LOAN(65%), GRANT (35%)
Subtotal	89.5	93.8	95.7	28.4	307.4		
Total Investment Costs	205.7	160.3	179.3	100.2	645.5		
II. Recurrent Costs							
A. Operating costs							
PMO, Butwal	94.4	96.3	98.3	50.1	339.1	OP_DA_1	LOAN (50%),GRANT (50%)
M&E Assistant at PMO /e	-	-	-	-	-	OP_DA_1	LOAN (50%),GRANT (50%)
DADO & DLSO levels	43.5	44.4	45.2	23.1	156.2	OP_DA_1	LOAN (50%),GRANT (50%)
Total Recurrent Costs	137.9	140.7	143.5	73.2	495.3		
Total	343.6	301.0	322.8	173.4	1 140.8		

/a for 36 Seed technicians, 22 community dairy assistants and 22 community Goat assistants

/b cost inclusive of allowances for 2 days for 30 participants

/c For the production of KM notes, Learning Routes etc

/d KUBK stakeholders including seed company, traders, investors, govt officials etc

/e Included in PMO management costs

Appendix 10: Summary Matrix of Key Changes Suggested by MTR

Area	Appraisal	Post- MTR	Remarks
Overall Objective	To improve rural household incomes through sustainable, market-driven agricultural productivity improvements	No Change	
Programme Components	(i) Support to the Extension of the Formal Seed Sector; (ii) Smallholder Livestock Development; (iii) Local Entrepreneurship and Institutional Development and (iv) Programme Management and Coordination.	No Change	
Geographic Coverage	Salyan, Rukum, Rolpa, Pyuthan, Gulmi, Argakhanchi	No change in focus on original districts but to ensure the production of foundation seeds matching grants maybe considered for adjoining Terai districts.	
Targets	75,000 households benefit directly and 75,000 households benefit indirectly.	No Change	
Budget Amount	Overall Budget of USD 59.7 million with IFAD contributing USD 19.5 mn each as grant and loan, GoN USD 7.3 mn, Heifer USD 2.5 million and Beneficiaries USD 10.95 mn	No change	
Top Up Amount	USD 5 million	No change	
Budget Categorization	See Attached comparative Table	The IFAD Budget has changed while the overall grant and loan amounts have remained the same. The Pari-Passu equation within categories has been maintained, while the MoF's DCP has been followed to respect certain activities completely allocated to the Grant financing.	Reflect in revised financing agreement.
Implementing Partners	NARC, SQCC, RSTL, DADOs, DLSOs, Heifer International, private sector, cooperatives, farmer groups	SEAN has been given a more active role and Heifer's role is being expanded to cover all six districts for support to all farmer groups and cooperatives. FAO will be brought in through the Unilateral Trust Fund Arrangement	Role of Heifer expanded from the original which restricted it to Gulmi and Argakhanchi. FAO for policy related work.

Component 1: Support to the Extension of the Formal Seed Sector

Area	Appraisal	Post- MTR	Remarks
Sub-Components	(a) Ensuring an Effective Enabling Environment; (b) Improved Seed Production, and; (c) Promoting Farmer Demand for TL Seed.	No change	Greater focus on promoting demand for TL seeds through FFS for productivity enhancement using TL Seeds.
Implementing Partners	NARC, SQCC, DADOs, AEC	Suggestion to use Heifer International for social mobilization support to all producer groups to enhance their coherence and governance	Grant financing will be used for this purpose.
Foundation Seed	NARC and private sector	Greater role to accredited certified private companies and farmer groups to produce Foundation seed; with NARC focusing almost solely on breeder seeds.	In the present year, NARC may also be producing foundation seeds until arrangements are made to work with the private sector.
Field Inspection for Quality control	RSTL and Government seed inspectors	Use of private seed inspectors (as per the provision by the 2013 Seed Regulation) in addition to Government inspectors.	Support to private inspectors will only start once the guidelines prepared by SQCC are officially approved by the government .
Strengthening seed producer groups and cooperatives	Mobilization and training of producer groups will take place through DADO and KUBK staff who will provide regular contact and monitoring for all participating groups. Group strengthening will be supported through the use of Matching Grants (MG) for irrigation and marketing infrastructure	Intensive season-long training through FFS provided to all famers groups receiving MG.	Weak technical capacity of the groups leading to poor quality seeds. Special curriculum for the Quality Seed Production (QSP) prepared and applied in the FFS. Quality control mechanisms implemented for all facilitators especially farmer facilitators.
Promoting Farmer Demand for TL Seed	Demonstrations to be conducted to compare the TL improved seed with farmer-saved seed organized using a Farmers' Field School (FFS) approach	Up till MTR, no FFS was implemented for demand promotion but mainly for seed production. After MTR, FFS will also be implemented to enhance the productivity of farmers and with it the demand for TLS.	Some modifications in the curriculum of the quality seed production is needed for the enhanced production FFS
Participatory varietal selection	Project supported the cost of Demonstrations and	PVS to be jointly planned and implemented (selection	Previously implemented PVS

(PVS)	Participatory Variety Selection (PVS) trials run by NARC with the targeted households	of released varieties, location, evaluation, etc) jointly between NARC, DADO, seed coordinators and technicians	included varieties that were not yet released and no evaluation results received by KUBK for M&E
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Component 2 – Smallholder livestock development

Sub-component 1: Dairy Productivity Improvement

Area	Appraisal	Post- MTR	Remarks
Geographic focus	All six districts	Focus on 17 to 20 selected clusters in Gulmi, Arghakhanchi and Pyuthan.	However, grants will also be considered for viable dairy proposals from other districts.
Implementation Support	DLSOs to implement.	DLSO with social mobilization and technical support where required to support by Heifer International role expanded to all six districts.	IFAD grants funds will be used to support Heifer International. Include in Revised Financing Agreement.
Operational Support	Support for field staff.	Greater support for field staff.	
Matching Grant	Volume of grant for dairy development was not specified.	Volume of grant for dairy development has been increased to USD 25000	In keeping with the larger investment requirements for dairy.

Sub-component 2: Goat Productivity Improvement

Area	Appraisal	Post- MTR	Remarks
Boer Import	Import of 478 Boer bucks	Import of 50 Boer Bucks	For research purposes o feed into GoN breeding policy.
Implementation Support	Heifer role restricted to Gulmi and Argakhanchi.	Heifer International role expanded to all six districts for social mobilization.	A customized model will be developed by Heifer International for KUBK. Include in Revised Financing Agreement.

Component 3 – Local Entrepreneurship and Institutional Development.

3.2. Matching Grants

Targets	Not specified for grants in the appraisal document..	360 seed production and 180 for	
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		livestock.	
Volume of matching grant	At the outset this was USD 7500 but was increased to USD 10,000 for entrepreneurs.	Dairy grants maybe increased to USD 25,000 for groups and cooperatives	
3.3 Increasing Outreach of Microfinance Institutions			
Area	Appraisal	Post- MTR	Remarks
Modality	Two parallel approaches (i) cooperatives and use of non-cooperative microfinance institutions.	Only cooperative approach is being adopted.	Include in Revised Financing Agreement
Budget	USD 5 million from supplementary loans.	USD 8 million (Includes USD 5 mn and reallocation of USD 3 mn from original loan) to revolve for 12 years.	Include in Revised Financing Agreement
Target	Supported to existing 8 plus 30 new SFACLs	An additional 45 SFACLs will be supported making a total of 83.	Include in Revised Financing Agreement
4. Programme Management			
Area	Appraisal	Post- MTR	Remarks
Operational Support		Greater support for mobility of staff and operational support. Increased capacity building of staff.	Financing from Grant resources for greater support and capacity building.