

## **Myanmar**

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### **Fostering Agricultural Revitalisation in Myanmar Project Supervision Report**

#### **Main report and appendices**

Mission Dates: 21 October-05 November  
Document Date 27/11/2019  
Project No. 1100001654  
Report No. 5247-MM

Asia and the Pacific Division  
Programme Management Department

## Abbreviations and Acronyms

<b>AMD</b>	Agriculture Mechanization Department
<b>AWPB</b>	Annual Work Plan and Budge
<b>CIG</b>	Common Interest Group
<b>DALMS</b>	Department of Agriculture Land Management and Statistics
<b>DoA</b>	Department of Agriculture
<b>ESAP</b>	Eastern States Agribusiness Project
<b>FARM</b>	Fostering Agricultural Revitalisation in Myanmar
<b>FFS</b>	Farmer Field School
<b>GAD</b>	Gender and Development
<b>GAP</b>	Good Agricultural Practices
<b>GEWE</b>	Gender Equality and Women Empowerment
<b>hh</b>	household
<b>IWUMD</b>	Irrigation and Water Utilization Management Department
<b>KC</b>	Knowledge Center
<b>KCM</b>	KC Manager
<b>KM</b>	Knowledge Management
<b>LC</b>	Land consolidation
<b>M&amp;E</b>	Monitoring and Evaluation

<b>MADB</b>	Myanmar Agricultural Development Bank
<b>MKLF</b>	Mekong Knowledge and Learning Fair
<b>MoALI</b>	Ministry of Agriculture, Livestock and Irrigation
<b>MTR</b>	Mid-Term Review
<b>NOTUS</b>	No Objection Tracking Utility System
<b>NPSC</b>	National Project Steering Committee
<b>NPT</b>	Nay Pyi Taw
<b>O&amp;M</b>	Operation and Maintenance
<b>OAG</b>	Office of the Auditor General
<b>PCU</b>	Project Coordination Unit
<b>PDP</b>	Project Development Profile
<b>PIC</b>	Project Implementation Committee
<b>RBF</b>	Rural Business Fund
<b>USD</b>	US Dollar
<b>WSAP</b>	Western States Agribusiness Project
<b>WUA</b>	Water User Association
<b>WUG</b>	Water User Group

## A. Project Overview

Region:	Asia and the Pacific Division	Project at Risk Status:	Not at risk
Country:	Myanmar	Environmental and Social Category:	B
Project Name:	Fostering Agricultural Revitalisation in Myanmar Project	Climate Risk Classification:	2
Project ID:	1100001654	Executing Institution:	Ministry of Agriculture, Livestock and Irrigation
Project Type:	Irrigation	Implementing Institutions:	not available yet
CPM:	Alessandro Marini		
Project Director:	U Tun Win, Project Director, Department of Agricultural Land Management and Statistics, Ministry of Agriculture Livestock and Irrigation		
Project Area:	Naypyitaw Union Territory		

Approval Date:	08/04/2014	Last audit receipt:	09/05/2019
Signing Date:	22/10/2014	Date of Last SIS Mission:	05/11/2019
Entry into Force Date:	22/10/2014	Number of SIS Missions:	9
Available for Disbursement Date:	18/03/2015	Number of extensions:	0
First Disbursement Date:	25/03/2015	Effectiveness lag:	6 months
MTR Date:	08/11/2017		
Original Completion Date:	31/12/2020		
Current Completion Date:	31/12/2020		
Financial Closure:	not available yet		

### Project total financing

IFAD Financing breakdown	IFAD	\$18,726,034
	Asia and the Pacific Division	\$778,516
Domestic Financing breakdown	Beneficiaries	\$621,271
	Private sector local	\$2,402,435
	National Government	\$5,296,549
Co-financing breakdown,		
Project total financing:		\$27,824,805

### Current Mission

Mission Dates:	21 October-05 November
Days in the field:	4 days
Mission composition:	Mr Jerry Jing Pacturan, IFAD CPO and Mission/Team Leader; Mr Yolando Arban, Project Management and M&E; Mr Prasun Das, Rural Finance; Mr Michele Pirazzoli, Rural Infrastructure; Mr Art Tantuan, Procurement; Mr Alvaro Fernandez, IFAD Regional Finance Officer; and, Ms Thiri Wai, IFAD Country Facilitator. Alessandro Marini, IFAD CD, participated in the field visits
Field sites visited:	Pyinmana, Lewe Townships, Zeyathiri and Pyinmana Townships.

## B. Overall Assessment

Key SIS Indicator #1	Ø	Rating	Key SIS Indicator #2	Ø	Rating
Likelihood of Achieving the Development Objective		4	Assessment of the Overall Implementation Performance		4

<b>Effectiveness and Developmental Focus</b>	<b>4</b>	<b>Project Management</b>	<b>4</b>
Effectiveness	4	Quality of Project Management	4
Targeting and Outreach	4	Knowledge Management	4
Gender equality & women's participation	4	Value for Money	4
Agricultural Productivity	4	Coherence between AWPB and Implementation	5
Nutrition		Performance of M&E System	4
Adaptation to Climate Change	4	Requirements of Social, Environmental and Climate Assessment Procedures (SECAP)	

<b>Sustainability and Scaling-up</b>	<b>4</b>	<b>Financial Management and Execution</b>	<b>4</b>
Institutions and Policy Engagement	4	Acceptable Disbursement Rate	4
Partnership-building	4	Quality of Financial Management	3
Human and Social Capital and Empowerment	4	Quality and Timeliness of Audit	3
Quality of Beneficiary Participation	4	Counterparts Funds	5
Responsiveness of Service Providers	5	Compliance with Loan Covenants	4
Environment and Natural Resource Management	4	Procurement	4
Exit Strategy	4		
Potential for Scaling-up	4		

<b>Relevance</b>	<b>5</b>
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## C. Mission Objectives and Key Conclusions

### Background and Main Objective of the Mission

An IFAD team visited Myanmar from 20 October – 1 November 2019 to carry out a supervision and implementation support mission to assess the implementation of actions agreed during the March 2019 supervision mission and the overall performance for the fiscal year October 2018-September 2019 in order to determine the way forward for the FARM project until its project completion on 31 December 2020.

In Naypyitaw, the mission met with the members of the National Project Steering Committee (NPSC) and senior officials of the Ministry of Agriculture, Livestock and Irrigation (MoALI), the Office of the Auditor General (OAG) and the FARM Project Coordination Unit (PCU). Field visits were undertaken to review project investments in land development, Knowledge Centres (KCs), common interest groups (savings and credit groups), Water User Groups (WUGs) and micro-enterprises, where the mission met with township staff, KC managers, extension agents and farming households.

During the mission the IFAD team participated in the one-day FARM-initiated Knowledge Sharing Workshop attended by all government and project staff of FARM, ESAP and WSAP. With the growing IFAD portfolio in Myanmar, IFAD commends the initiative of FARM and the collaboration of Eastern Estates Agribusiness Project (ESAP) and Western Estates Agribusiness Project (WSAP) in holding the event which showcases the experiences and lessons learned from FARM that will be useful and relevant for ESAP, WSAP and MoALI as a whole.

The mission's main findings and recommendations, and the agreements reached were discussed and agreed with the Government at a wrap up meeting held in Naypyitaw on 1 November 2019, which was chaired by U Kyaw Min Oo, MaALI Permanent Secretary. The mission expresses its deep appreciation for the collaboration and hospitality extended by the Government of Myanmar.

### Key Mission Agreements and Conclusions

With 14 months left until project completion on December 31, 2020, the Project needs to act with urgency on the following: (1) procurement of the FFS service provider not later than 31 December 2019; (2) approval of the contract signing for the CIG service provider immediately; (3) hiring of the Value Chain Specialist and Finance Manager by end of December 2019; (4) procurement of the ICT service provider by 31 December 2019; and, (5) preparation of exit and sustainability plan that will be reviewed in the next IFAD mission.

In order to reach the total outreach of 17,000 households, PCU should ensure that the CIG service provider is on board immediately and its workplan shall indicate these targets: (i) average membership of not less than 16 per CIG for both landless and farmers; (ii) formation and capacity building of 400 new CIGs; (iii) 400 CIGs to receive the first tranche in the current fiscal year and 76 more CIGs for the next fiscal year; (iv) 215 CIGs shall receive the second tranche of RBF grants and CIGs with collective or group business will be required to prepare business plans.

On Components 1 and 2, with the project ending on 31 December 2020 and there being no extension foreseen, the Project needs to revisit its physical and financial targets for the current fiscal year, 2019-2020, and plan for remaining three months of the next fiscal year<sup>[1]</sup>, 2020-2021, for the possible use of the projected unutilized remaining funds estimated at USD 1.6 million. As observed on field and in the discussions with IWUMD staff assigned to FARM there are at least opportunities for small infrastructure activities (e.g. slope protection works on drains and embankments and around hydraulic structures in the context of the upgrading of the Paunglaung scheme) that can be completed on 31 December 2020 with the assumption that all preparatory works are carried out during the 2019-2020 fiscal year.

<sup>[1]</sup> The *project completion date* is 31 December 2020 within which all physical targets should be completed; and the *financial closing date* is 6 months from January - June 2021, within which the payments of completed physical targets can still be made.

## D. Overview and Project Progress

Project's overall project performance for the review period is moderately satisfactory. With 79.72% of the six-year project implementation period (October 2014 to December 2020) that has elapsed to date, financial disbursement is 64% for the loan and 61% for the grant. An additional WA of USD 1.2M was submitted during the mission for IFAD review which will bring the disbursement to approximately 72%.

Component 1 performance is satisfactory. It marks a noticeable leap forward in terms of household outreach (currently estimated at 2,031hhs or 68% of the final target of 3,000 Hhs as compared to 50% in March 2019) and of Land Consolidation coverage (now at 98% of final target, as compared to 52% in March 2019)<sup>[1]</sup>. The timely implementation and adequate quality of works underlines the IWUMD's commitment<sup>[2]</sup> and ownership of project approaches. The preparatory works for investments to be undertaken during the 2019-2020 fiscal year have been initiated. The construction programme is valued at about USD 2.0 million in aggregate including land consolidation, main channel lining

in Paunglaung scheme and drainage improvement works across the programme area. The implementation of these works before completion would result in the Component exceeding most of its final physical targets while absorbing 97% of funding under the relevant category of the IFAD Loan. Project has also shown remarkable achievement in terms of WUGs establishment, with 47 additional WUGs formed since March 2019, bringing up the cumulative total to 89 WUGs (89% of target).

The main challenges for this component are: (i) the timely finalization of agreements with the farmers for Land Consolidation and drainage works; (ii) strengthening the capacity of WUGs to ensure their sustainability; (iii) strengthening beneficiary farmers capacity in upgraded agronomic practices and crop diversification in areas benefitting from Land Consolidation. As well, additional investment opportunities in land consolidation and main channel lining valued at about USD 800,000 was not included in the 2019-2020 fiscal year due to the low budget ceiling provided to the Project infrastructure activities[3].

Component 2.1 on Investing in Knowledge is moderately satisfactory. It showed 20 Knowledge Centers (KCs), 19 buildings and 20 centers, implemented during the review period covering 88 villages with implementation work in 84 villages. Total KCs stands at 60 covering 280 villages with estimated population of 89,813 Hhs composed of 31,499 farming Hhs and 58,314 landless HHs[4]. 294 farm demonstration plots involving 224.8 acres and participated by 294 farmers were reported for the review period and a plant clinic with technical assistance from a service provider is operational. Agribusiness contracts on various crops (e.g., okra, spinach, seed corn, rice seeds) between farmers and private companies (i.e., MAF Company, Yada Myo Thant, CP Company, Golden Sun Land Company) have been reported under KC no. 9, 20, 24 and 31 involving mostly upland CIGs with a total of 218 farmers and 329.2 acres. This shows that the Project has the experience, knowledge and opportunity to replicate and expand these agribusiness good practices given more focused technical support through an FFS service provider and the hiring of a value chain specialist.

The hiring of a service provider for the season-long FFS has not started. PCU is awaiting approval from the Ministry for the issuance of the REOI. With the KCs limited capacity on agricultural extension services and with majority of farmers unable to diversify their farming practices (especially in the rice producing Land Consolidated sites) and with a remaining implementing period of 14 months, there is a risk that at project completion date the Project will not be able to demonstrate outcome results on improved productivity and increased incomes that will be commensurate to the land consolidation investment of USD 1,600 per hectare.

Component 2.2 on Financing Growth's performance is moderately satisfactory. It has a performance of 100 newly organized CIGs bringing the total to 831 CIGs which is 92% of the adjusted targets from the MTR consisting of 900 CIGs. To date 555 CIGs have received the first tranche of rural business fund (RBF) while 26 have received the second tranche, bringing the number of Hhs outreach at 9,177 (80%) out of the total target of 11,390 for the RBF funds.

It is crucial that the service provider must be on board immediately to support the Project in delivering the 17,000 hh targets, in the CIG formation and strengthening, and in the disbursement on the matching grants. Credit access to rural financial institutions for the CIGs members still remains to be pursued. Project should ensure that access to financial services from banks and micro-finance institutions is included in the work plan and deliverables of the CIG service provider.

Component 3 on Project Management and Staffing is moderately satisfactory. It showed a remarkable performance in this review period and stability in project staffing, except for the position of National Engineer that was left vacant before the end of the fiscal year in review. Project staff has increased from 59 in March 2019 to 87 as a result of the designation of government seconded staff from MoALI and hiring of additional contracted staff. However, despite several procurement attempts the project has not yet hired a VC specialist who is critical in the effective implementation of Component 2.

The hiring of the value chain specialist remains a challenge. Without a dedicated specialist on value chain development, the project's capacity to facilitate farmers diversification and access to markets remains weak that will result to meagre performance on outcome targets at beneficiary level, for both farmers and landless. PCU needs to expedite also the procurement of the ICT service provider to set up a centralized, systematic and online accessible project database.

**Monitoring and Evaluation** has also improved with 692 CIGs profiled and stored in a database; the logframe hierarchy of objectives and targets firmed up; baseline study of 20 new KCs conducted; and, an M&E specialist already recruited. The Access-based CIG database system of PCU has improved its reliability on CIG data and able to provide quick generation of information. However, PCU needs to further enhance its CIG database to include training, funds and other inputs received by each member and to expand the system to include WUGs. PCU should also endeavour to integrate the data from other specialists to create a comprehensive database. Other issues that PCU needs to pay attention to are: (i) confirmation of actual and functional CIGs and their actual members; (ii) establishment of a better collection and reporting mechanism of indirect beneficiaries; (ii) assessment of the maturity of CIGs and WUGs; and, (iii) ensuring that results of assessments and studies are used in planning and strategizing exercises.

**Procurement** has made significant accomplishments and performed moderately satisfactory since March 2019. Land consolidation contracts were completed as planned; KC targets delivered; CIG service provider procured and awarded by PCU but currently awaiting approval for contract signing from the Ministry. However, the Project needs to fully comply with IFAD templates and processes including the submission and regular updating of the Contracts Register. The Procurement

Plan for 2019-2020 should be submitted immediately and in future all procurement upgrades should be submitted timely for IFAD no objection review. The Procurement Plan including the AWPB are critical documents to determine which activities can be procured realistically within the remaining 14 months of the Project.

On **Financial Management**, with the expected resignation of the current Finance Manager the PCU needs to ensure that a competent and qualified specialist is hired before the current Finance Manager leaves. In preparation for the exit of the Project, and with 14 months left before project completion, PCU needs to prepare an exit and sustainability plan for its various investments, i.e., infrastructure, KCs, CIGs and WUGs.

The flow of funds arrangements for the project remains overly complex. The Finance Unit at the Minister's Office of MoALI continues to be a burden to the payment approval process. The PCU still faces arbitrary cuts and modifications that contradict the approved AWPB of the project. This bottleneck affects the implementation of the project and is one of the causes of the issues in implementing Component 2. The mission recommends continuing the efforts to resolve these issues within MOALI and DoA and find a better arrangement to empower and make the PCU responsible and accountable for the management of project funds.

With the current budget for the 2019-2020 fiscal year of USD 4.7 million from the loan, there is a projected amount of USD 1.6 million of available budget for the 2020-2021 fiscal year that will cover three months of implementation (October-December 2020) and six months (January-June 2021) for financial closure, winding up activities and project completion report (PCR) preparation.

[1] PCU / IWUMD is continuing to conduct a survey to validate the beneficiaries benefitting from Component 1.

[2] Indirect costs for the use of IWUMD equipment and engineering services is estimated to some USD 1.6 million or 22% of total cost of irrigation works.

[3] During the March 2019 mission, IFAD and MOALI agreed to reallocate USD 1.2 million to civil works to compensate for the currency exchange loss but this was not eventually reflected in the 2019-2020 budget for civil works / agricultural infrastructure.

[4] Source PRA.

## E. Project implementation

### a. Development Effectiveness

Effectiveness and Developmental Focus		
Effectiveness	Rating: 4	Previous rating: 4

#### Justification of rating

Component 1 has significant outputs during this period in terms of physical accomplishment against its targets, and in terms of covering additional areas and beneficiaries. Component 2 has increased its coverage as well by establishing additional 20 KCs and by organizing 100 CIGs. With additional project staffing, accomplishment of activities and area/beneficiary outreach has greatly improved, thus as observed in the previous mission, there is a strong likelihood that most of the outputs will be achieved by end of project. However, there are still delays in the releases of the RBF which are intended to match the financial capital to the CIGs, and delay in the procurement of FFS service provider, which may affect the achievement of Project outcomes.

#### Log-Frame Analysis & Main Issues of Effectiveness

The development objective of the FARM project stated in the logframe is “34,000 households in five townships of Nay Pyi Taw Union have higher incomes and nutrition”. Of these households, 60% of farming households and 40% of landless farmers should have increased their incomes or food expenditures. The project has targeted 20,000 households (hh) as direct beneficiaries from the CIGs and WUGs. The Project reported to have directly reached 17,854 hh from 831 CIGs and 89 WUGs. Based on validated data on the ground, there are currently 692 functional CIGs with total membership of 11,390 (average membership of 16, a reduction of 3 members from the formation stage) and 89 WUGs with 1,038 members (average membership of 12). Of the 692 functional CIGs, only 555 CIGs (9,158 members) have received the first tranche of the rural business fund (RBF), and only 26 CIGs have received the second tranche of RBF. The RBF is critical in directly contributing to increasing hh income. This situation poses a risk of not achieving the project's development objective at project completion, unless the project judiciously distributes the RBF to all CIGs and proactively increase the number of CIGs with more members and to subsequently shorten the maturing period for CIGs to qualify for RBF.



<b>Agreed Action</b>	<b>Responsibility</b>	<b>Agreed Date</b>
<b>Release of RBF to qualified CIGs</b>  1. Provide 1st tranche of RBF assistance to all 137 registered and qualified CIGs based on a maturity assessment level; 2. Provide 1st tranche of RBF assistance to at least 339 new CIGs (inclusive of the 139 unregistered CIGs) that will be formed and strengthened with service provider technical assistance; 3. Provide immediately the 2nd tranche of the RBF assistance to the 131 (CIGs with group or collective business shall be required business plans; CIGs with relending business should have a minimum of USD 500; an agreed maturity rating with service provider; and using a revised 1:5 ratio based on incremental savings); 4. Provide 2nd tranche of the RBF assistance to 84 CIGs already identified by the KC managers; business plans will be required from CIGs with group or collective businesses.	PCU	08/2020

## Development Focus

### Targeting and Outreach

**Rating: 4**

**Previous rating: 4**

#### Justification of rating

Compared to the previous mission, reported outreach has increased from 15,554 through CIGs and WUGs to 25,562 households or 75% of the total target of 34,000 households. Total current number of outreach is contributed by membership in the CIGs/WUGs and those benefiting from land consolidation summing up to 17,854 hhs and from a reporting of indirect beneficiaries of 7,608 households. Both the project and mission are aware that the number should be taken with caution as there is a need to validate the unaccounted CIGs and the number of indirect beneficiaries which was just collected during the mission, after determining how to identify the indirect beneficiaries.

#### Main issues

From a target of 20 KCs for this period, 19 buildings have been established with one KC building expected to be completed by end of 2019. The targeted 20 KCs have a total of 84 villages with a total household (hh) population of 17,619 (9,177 farming hh, 8,442 landless hh; source PRA). Though 59 KC buildings are now standing, the Project already considers 60 KCs (40 old, 20 new) covering 280 villages with estimated population of 89,813 hhs composed of 31,499 farming hhs and 58,314 landless HHs<sup>[1]</sup>. The recent baseline study of the 20 KCs shows that 62% of the total households belongs to the poor and very poor category, thus, it can be assumed that about 56,000 households in the target villages qualify for KC interventions. This number is more than enough vis-à-vis the Project's target reach of 34,000 households.

The KC expansion is within the identified five townships in the Nay Pi Taw Territory. The selection of target beneficiaries is with the assistance of the Village Tract Administrator and the Village Tract Facilitation and Monitoring Group (VMFG). Aside from geographic targeting, the project targets farmers that are covered by land consolidation and rehabilitation of irrigation canal systems, other farming landowners, landless households and agricultural workers. The project through the KCs, in consultation with village administrators and VMFG, set criteria for selection of those who will be members in the CIGs. Based on field visits, 60-70% of the CIG members are either categorized as poor or very poor while the rest are considered average or well off. The Project has no record in terms of categorizing its CIG members. Since the Project has started to establish a database of CIG members, it is recommended that they include the economic status of CIG members in the profiling of the groups.

### Gender equality & women's participation

**Rating: 4**

**Previous rating: 4**

#### Justification of rating

Women membership in the validated 692 CIGs is 65%, higher than the 50% reported in the previous mission. The landless CIGs post higher women membership, at 75% compared to farming CIGs which is at 48%. Of the total 2,037 CIG leaders, 53% are women. Landless CIGs have 60% women leaders, while farming CIGs have 24%. Participation in the CIGs provide opportunities for women and men to benefit from economic activities. While there is significant increase in numbers, the mission observed that some women still lack the confidence to engage and voice their opinions during meetings. Aside from economic empowerment, it is also critical for both women and men to have equal voice and influence in rural institutions and organizations.

#### Main issues

The community development and gender specialist (CDGS) has drafted basic principles and strategies for gender and

The community development and gender specialist (CDGS) has drafted basic principles and strategies for gender and development (GAD), however, which is for discussion and adoption by the Project staff. Basic orientation on GAD has been provided to KCMs and to some representatives of the KC Board, CIGs and WUGs. The mission encourages the Project to continue this initiative and to further enhance the GAD strategy towards Gender Equality and Women Empowerment (GEWE) and operationalize the GEWE principles in the formation and strengthening of CIGs and WUGs. Likewise, the Community and Gender Consultant should be proactive in ensuring that GEWE is realized in the WUGs. Currently, of the 1,038 WUG members, only 17% are women.

## Agricultural Productivity

Rating: 4

Previous rating: 4

### Justification of rating

Agricultural productivity started showing improvements due to the multiple level of interventions. The cropping intensity increased in the areas under irrigation channels. Productivity also increased due to water availability at the critical growth stages. Adaptation of the common and high yielding varieties of paddy in the same stretch of land has also contributed to improved productivity due to proper pollination effect. The cropping cycles also have a direct impact on the productivity improvement, e.g. paddy followed by legumes (mostly lentil) helped soil improvement and reduced fertilizer requirements. The farmer CIGs trained at the KCs on soft skills in agriculture also helped in building technical capacity of the farmers which eventually lead to increased agricultural productivity.

### Main issues

The main issues related to agricultural productivity are as follows:

1. Traditionally the areas under FARM project is mono-cropping (rainy season) and few of the farmers with underground water pumping machine facilities grow crops in the winter season and the cropping intensity was lower than average in the country.
2. Although the irrigation and drainage channels created in the KC areas improved the water availability in the project areas which however is not sufficient until the drainage channels will be linked with the irrigation channel to collect more water during the rainy season.
3. The water user groups need to be capacitated in crop wise water requirements through training and capacity building process to be undertaken by the KCs with the support from the PCU.
4. Farmer Field Schools should be introduced for identified crops in the project area and all the critical stages of the crop growth need to be demonstrated by the technical support team/service providers.

Agreed Action	Responsibility	Agreed Date
<b>Procurement of FFS Service Provider</b>  Complete the procurement of the FFS service provider and reflect in the ToR the demonstration target of 120 plots in 5 townships (at least two seasons in each KC and to promote crop diversification). The FFS service provider should also consider doables as suggested in this mission to improve agricultural productivity in the target areas.	PCU and MOALI	12/2020

## Nutrition

Rating:

## Adaptation to Climate Change

Rating: 4

Previous rating: 4

### Justification of rating

The awareness level of the farmer CIGs is enhanced by continuous technical training on good agricultural practices (GAP). The development of the Paunglaung irrigation scheme responds to the need to cope with erratic rainfall distribution as this scheme benefits from the storage capacity of a cascade of upstream reservoirs. The planned implementation of drainage upgrading works in areas prone to water logging, supports rice growing farmers' adaptation to climate change, in light of increasing rainfall intensities and risk of flooding. However, crop rotation and diversification should be emphasized which have less water requirements and will better suit to climate and soil conditions.

### Main issues

As the impact of climate is visible on the ground, there are urgent requirements of strengthening the KC structures and enhancing the awareness level on the impact of the agricultural practices and their sustainability. The Farmer Field Schools and the demonstration plots should mitigate the effect of climate change and provide measures in their training programme. Related to this, the PCU needs to identify suitable indicators and incorporate the same in the monitoring and

evaluation framework. The agriculture sector in Myanmar is facing a growing number of challenges and robust financial investments are needed to support the country's food system. Mission field observation supports the fact that the access to finance has been a challenge for agriculture due to perceptions of low profitability and high risks thus intervention in this area will be beneficial for long term goals.

Based on the results of the strip survey being finalized, the design of investments in drainage upgrading planned for implementation in 2019-20 AWPB shall address : i) a verification of the bottom slopes and discharge point levels; ii) the verification of the adequacy of the hydraulic sizing of structures; and iii) stabilization of the side slopes, particularly in the frequent cases in which land ownership issues do not allow for widening the trapezoidal section and in the vicinity of structures.

The prompt mobilization of a Service Provider to undertake demonstrations on crop diversification and support the upgrading of farming practices through the FFS approach is not only instrumental to the achievement of the project objectives in terms of increased farmers' income and to supporting a positive assessment of the project Internal Rate of Return at completion, but also to foster climate change adaptation (agreed action under agricultural productivity)

<b>Agreed Action</b>	<b>Responsibility</b>	<b>Agreed Date</b>
<b>Recruitment of NAE</b>  NAE will focus on the finalization of agreements with farmers and design review prior to the start of both Land consolidation and drainage works	PD/MOALI	11/2019

## b. Sustainability and Scaling up

<b>Institutions and Policy Engagement</b>	<b>Rating: 4</b>	<b>Previous rating: 4</b>
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### Justification of rating

The CIGs could play an important role as the rural institutions which could interface with national policies and their implementation on the ground. However, most of the CIGs are still under norming stages and they need robust support to shorten the learning curve for maturity. Federating CIGs should be the next step to strengthen rural institutions who could influence government policies and programs. Though the project does not have a specific focus on policy engagement, some of its activities have been effective at underlining relevant areas of focus for policy makers and administrators (e.g. the need to reform the procedure of re-issuance of land titles and access to rural financial services among others). During the mission, FARM conducted a Knowledge Sharing Workshop attended by government and project staff of FARM, ESAP and WSAP.

### Main issues

The main issue related to the CIGs is to continue undertaking financial intermediation, especially in providing loans to its members for income improvement and entrepreneurship building. The successful, viable and sustainable CIG federations in financial intermediation could be an answer to the current difficulty on access to finance by the landless CIGs. Policy support to these CIG federations can make them more viable intermediary to the large financial institutions for their bulk lending programme. Being community-based organizations, CIG federations with appropriate business models would ensure sustainability and quality of service to members who are also the owners. This will serve the ultimate objective of influencing policy and practices in promoting and financing of such federations

With the growing IFAD portfolio in Myanmar, IFAD commends the initiative of FARM to undertake a Knowledge Sharing Workshop and the collaboration of ESAP and WSAP in holding the event which showcases the experiences and lessons learned from FARM. Relevant learnings from FARM may not only inform ESAP and WSAP implementation, but also union level policy making. Continued efforts need to be done to systematically document relevant experiences in the project reports.

The status of re-issuance of land titles in areas under land consolidation is currently limited to 190 Hhs (21% of those benefitting from LC). The main constraint to the re-registration is the DALMS requirement to be provided with the original copy of the title which is seldom in farmers' hands as it is mostly used as collateral for agricultural loans at the bank. The project-solicited review of the procedure (involving DALMS, township administration and banks) requires close follow up by the project to support the achievement of target 1.1.1 *Persons whose ownership or user rights over natural resources have been registered* before completion.

<b>Agreed Action</b>	<b>Responsibility</b>	<b>Agreed Date</b>
<b>Reissuance of land title</b>  Follow up with other stakeholders on the revision of the procedure and re-issuance of land titles across the LC areas	PCU/ DALMS	12/2020

#### Partnership-building

**Rating: 4**

**Previous rating: 3**

#### Justification of rating

The mission noted that there are CIGs that have established agribusiness contracts since 2016-2017 on various crops (e.g., okra, spinach, seed corn, rice seeds) with private companies (i.e., MAF Company, Yada Myo Thant, CP Company, Golden Sun Land Company) under KC no. 9, 20, 24 and 31. There could be other CIGs or individual farmers that have built partnerships with the private sector, but unrecorded. In addition, the mission also observed during field visits that there are CIGs or individual CIG members that have accessed financial services from micro financing institutions which needs to be monitored.

#### Main issues

Though the previous mission pointed out the limited capacity of most KC managers to broker and facilitate partnerships with the private sector, there are experiences from some KCs where lessons on building partnerships could be drawn from. It is suggested that once the VC Specialist is hired, he/she can initiate a sharing of experience of those KCs successful in building partnership with the private sector. In addition, as agreed in the wrap-up meeting the DoA shall field government seconded staff and shall deploy the JICA/MoALI value chain consultant to support the Project. Likewise, the VC specialist in coordination with M&E unit document the success stories of partnerships and have a structured dissemination similar to the recent knowledge sharing workshop that FARM initiated.

<b>Agreed Action</b>	<b>Responsibility</b>	<b>Agreed Date</b>
<b>Deploy government seconded staff and the JICA/MOALI VC consultant to support the Project</b>  The VC specialist and the DOA seconded staff initiates the documentation of good practices on partnership building in coordination with FARM M&E unit and management and systematically share the lessons learned.	PCU/DOA	12/2019

#### Human and Social Capital and Empowerment

**Rating: 4**

**Previous rating: 4**

#### Justification of rating

There are currently 692 validated CIGs and 89 operating WUGs. Most of the CIGs relend their combined savings and grants from the Project to their members and the mission observed that there is individual discipline in loan repayment within the CIGs, despite that most of the CIGs still need to develop and finalize their respective constitution and by laws and internal accounting procedures. The WUGs on the other hand, have gained collective experience through water distribution activities while their group internal guidelines are still for development. Performance in terms of O&M is varied with some groups able to provide labor contribution when routinary maintenance requirements are needed.

#### Main issues

Members of the CIGs are highly motivated towards the livelihood promotion and income generation activities. The CIGs are focusing on investing their time and energy in promoting their household economy. CIGs serve as resource centre for their small household livelihoods. As most CIGs are on their normative stage, strengthening of their organization and enterprising capacities should be supported. With the CIG service provider on board in November, it is expected that further enhancement and strengthening are carried out. Include in the CIG deliverable to facilitate access of CIGs to rural financial institutions (MFIs, banks, cooperatives, traders).

On the other hand, WUGS showed mixed performance in terms of capacity to undertake O&M activities and in organizing water distribution. This calls for continued follow up of the WUGS strengthening of their capacity as well, and the formation of a water user association WUA. Initial effort has been done to measure the functionality of CIGs and WUGs which should be firmed up in the remaining months of the project.

<b>Agreed Action</b>	<b>Responsibility</b>	<b>Agreed Date</b>
<b>Formation and strengthening of WUGs</b>  Complete the organizing of WUGS, strengthen less performing WUGs, and establish one pilot WUA	IWUMD	10/2019
<b>Formation and strengthening of CIGs</b>  As soon as possible sign the contract of the CIG service provider and reflect in service provider work plan the formation and capacity building of 400 CIGs.	PCU	11/2019

#### Quality of Beneficiary Participation

**Rating: 4**

**Previous rating: 3**

#### Justification of rating

The KC and the CIGs have started contributing significantly through their participation in the training and awareness generation programmes at the village level and generation of savings from members. CIGs of the 5 Townships have made an impact in addressing the problems of poverty & hunger through their farming activities and undertaking entrepreneurial activities (both farm and non-farm sector) and providing financial services to the group members. Farmers participating in the PLUP process for Land Consolidation and in the WUGs continue to actively participate and contribute to the design of the irrigation systems with their local knowledge and needs, typically identifying key channel crossing structures on most frequented paths, and in irrigation water management.

#### Main issues

It is imperative that the CIGs need more support on awareness generation and long term visioning on the relevance and usefulness of the CIG activities in supporting their various individual and group- based livelihood activities. Since previous supervision, in the areas undergoing Land Consolidation the project has taken initiative to have PIC membership from all tertiaries, facilitating the subsequent step of forming WUGs and increasing WUGs members' ownership. However, during PIC formation the project needs to improve awareness about the relevance of PIC monitoring role on specific aspects of the construction process such as levelling or compaction of soil around structures and prior to carrying out channel lining.

#### Responsiveness of Service Providers

**Rating: 5**

**Previous rating: 5**

#### Justification of rating

The performance of IWUMD in carrying out designs, surveys (including also strip surveys and flow measurements) and construction works, securing technical capacity and own equipment, has resulted in the successful implementation of irrigation works of the 2018-19 irrigation investment plan to an unprecedented level of USD 3.5 million.

#### Main issues

The successful implementation of the AWPB 2019-20 investment plan in irrigation (valued at USD 2.0 million) heavily depends on the continued availability of equipment from both construction 5 and NPT maintenance branches of IWUMD. While the investment plan is valued at only about 60% of previous year, the additional focus on drainage upgrading requires the allocation of several excavators, which have been reportedly secured.

The responsible DoA engineers shall continue exercising their supervision role until commissioning of the KCs built during the review period, to make sure that defects during the liability period are noted and corrected by the contractors.

<b>Agreed Action</b>	<b>Responsibility</b>	<b>Agreed Date</b>
<b>Timely Completion of planned irrigation works by IWUMD</b>  Complete all works under the 2019-20 irrigation construction programme	IWUMD	05/2020

#### Environment and Natural Resource Management

**Rating: 4**

**Previous rating: 5**

#### Justification of rating

Land consolidation allows control of the water flows resulting in environmental benefits including : (i) better field irrigation efficiency; (ii) control on use of nutrients and pesticides; and (iii) reduced greenhouse (methane) emission. Lining of

channels under the Paunglaung scheme reduces conveyance losses and improves overall irrigation efficiency. The use of bioengineering for slope stabilization is a positive development to be fostered in the future. The CIGs are being trained by the KCs to take utmost care of natural resources' management issues because rural credits for livelihood and productivity improvement are critical in arresting degradation, if timely cash needs of the community are met, particularly during lean periods when people extract natural resources.

### Main issues

Poverty and resource degradation link is perceived due to the widespread coexistence of poverty and environmental resource degradation in developing countries like Myanmar. Natural resource degradation, initiated and accelerated through different processes, has led to situations where the poor emerge as the principal users of degraded natural resources. In view of extensive dependence of poor people on natural resource; and to alleviate them from this dependence, social mobilisation for conservation could be achieved through awareness generation of CIG members.

On the land consolidation, the project has finally secured laser-controlled levellers to AMD to be used in the areas where land consolidation works are planned during the 2019-20 construction season. The timely delivery of many environmental benefits attributable to land consolidation in fact is heavily dependent on the accuracy of the initial levelling, that can hardly be achieved by standard two-wheel levellers.

Concrete data and systemic analysis of the benefits of irrigation investments are not yet available. The expected incremental area under irrigation during the dry season in connection with the reduction of water losses attributable the project-supported primary and secondary channel lining in the Paunglaung scheme is about 2,000 acres (69% of final target) belonging to 1015 HHs. However, these data are subject to cross validation through: i) records of irrigated areas retained by IWUMD both in the NPT and Bago division; and ii) extrapolations from the assessment of water losses through a study commissioned during the review period to the IWUMD hydrology branch and currently being finalized. As for the area (hence the number of HHs) directly affected by water logging and crop losses attributable to poor functioning of the drains to be upgraded in 2019-20, the mission acknowledges that this can be assessed only ex-post through a recollection across the concerned KCs.

<b>Agreed Action</b>	<b>Responsibility</b>	<b>Agreed Date</b>
<b>Precision Levelling</b>  AMD secures land levelling equipment for project supported investments in Land Consolidation in 2019-20	IWUMD/AMD	05/2020

**Exit Strategy**

**Rating: 4**

**Previous rating: 3**

### Justification of rating

The Project has started developing exit strategies for the KCs, CIGs and WUGs. A concept note on the governance and management of the KCs through the KC Board has been developed. In the case of WUGs, it is envisioned that there will be Water User Association which will consolidate several WUGs. With the entry of a service provider to help in the formation and strengthening of CIGs, it is expected that there will be a nurturing programme for CIGs, making sure that more capable CIGs and their members are linked to rural financial institutions while focusing on the new CIGs on more effective and shortened capacity building methodology. Mature CIGs should be developed as enterprises on their own with the knowledge and skills provided by the KCs assisted by the service provider and sustained access from government line departments on business development and services is facilitated.

### Main issues

The FARM project has been working with the CIGs for around 24 to 36 months. While exiting from the geographical areas, it is important to create an umbrella structure i.e. federation of the CIGs who will take over the activities of the groups and continue the coordination of group activities. The CIGs need to be federated into community-based organizations that have the capacity to continue to make linkages to financial, business and technical service providers. The sustainability of the FARM project will depend on the cultural changes in the CIGs which are characterized by self-help, entrepreneurship and a focus on business. The clarity in the roles of the CIGs and KCs and the replicability approach will also help to make the exit smooth and scalable. Use of the local expertise and wisdom need to be emphasized at the final phase of the project which will be better suited to understand local customs and cultural ethos. The service provider already contracted by the PCU need to finalize the framework of bank linkage which is an important part of the exit strategy.

**Potential for Scaling-up**

**Rating: 4**

**Previous rating: 4**

### Justification of rating



The other IFAD financed projects in Myanmar, particularly ESAP and WSAP, are replicating FARM strategies: KC establishment, land consolidation, CIGs as mechanism for enterprise development for farming and landless beneficiaries, and WUGs formation for O&M of irrigation systems. During the first Knowledge Sharing Workshop organized by FARM for all government and project staff of FARM, ESAP and WSAP, good practices and challenges of FARM's experiences were shared and discussed. The potentials for scaling up of FARM's strategies is high, but it is also faced with challenges on government policies and complex procedures and the required capacity needed for project implementation.

### Main issues

The main issues are not just about replicating successes to cover larger groups or populations. It certainly involves (a) Strengthening joint support at the local level to deliver a higher development impact, including addressing inequalities of capacities across townships and populations (farmers and landless groups); (b) Addressing knowledge gaps in scaling up in different contexts to move beyond 'pilots'; and (c) Supporting advocacy and activism at the local level, and not relying only on a top-down approach to 'trickle down' to communities. All of these should be considered in the implementation in the next 14 months as well as in the other IFAD financed projects. Given the existing opportunities for scaling up, the project needs to make continued efforts into documenting and eventually revising the approaches implemented under FARM. Moreover, exposure visits for MOALI officials and staff or training from international experts on new technologies (including e.g. piped irrigation or use of alternative liners such as HDPE) remain highly relevant for supporting the adoption in Myanmar of water saving technologies widely available in the region (e.g. India and China).

<b>Agreed Action</b>	<b>Responsibility</b>	<b>Agreed Date</b>
<b>Capacity building for MOALI</b>  Implement capacity building for Irrigation upgrading activities for MOALI staff and officers implemented	PD/MOALI	10/2020

### c. Project Management

<b>Quality of Project Management</b>	<b>Rating: 4</b>	<b>Previous rating: 4</b>
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#### Justification of rating

For this fiscal year, there is stability in project staffing, except for the position of national project engineer that was left vacant in the last part of the fiscal year. There is an increase in the number of project staff from 59 reported in the last supervision mission to 85 (37 males, 48 females). The increase is in the designation of seconded staff from MoALI to the project: from 40 to 60 KC managers (KCM), from nine to 12 at the Project Coordination Unit (PCU); and in the hiring of additional contracted staff from 10 to 13. However, the project has not yet succeeded in hiring a VC specialist who is critical in the implementation of component 2.2. As agreed during the wrap-up meeting with MOALI officials, DoA shall deploy a government seconded staff and the JICA/MOALI value chain consultant to support the Project.

### Main issues

During this period, 10 government staff assigned to the project attended international training and learning events related to M&E, financial management, NOTUS, agribusiness development and shifting agriculture. IFAD also provided training on procurement, financial management and M&E to key FARM government and project s together with the ESAP and WSAP staff in the country. Improvement in project performance is seen in procurement, financial management, and M&E. The project through its CDGS, conducted an orientation to the newly hired KCMs.

The mission noted advancement in the operations of the project. There were assessments conducted and guidelines drafted which include (i) quick competency assessment of PCU staff and 40 KCMs, (ii) proposed strategy for the strengthening CIGs and the role of the KC Board, (iii) process in initiating savings and credit groups, (iv) KCM planning to strengthen CIGs, (v) validating the existence and membership of reported CIGs; and to some extent (v) discussion by a few grouping (i.e. RBF staff) on strategies on how to organize CIGs. Staff meetings have increased; however, the mission also noted some disconnect among the different specializations towards standardized and well understood operations as already pointed out in the previous mission. Project management can push further the quality of operations by (i) discussing and agreeing among the key staff the proposed strategies to come up with project standard processes and strategies (CIG/WUG formation and strengthening), (ii) having more substantive discussions meeting, identifying the challenges, solutions, and lessons learned in project implementation, (iii) translating into action the results of assessments, and (iv) monitoring the implementation of action plans.

Mobility is still an issue in reaching the villages and regularly monitoring the progress of CIGs, WUGs and other project interventions. Though the project has acquired four new vehicles, purchase of additional motorcycles was disapproved by the MOALI and MOPF. The mission experienced that there are areas, especially the newly established KCs which are difficult to access and to some extent no public transport plying in these areas. The mission reiterates its

recommendation in the previous mission to provide logistical support to reach the villages and for regular monitoring and coaching.

With the entry of service providers for CIG formation and strengthening and the conduct of farmer field schools (FFS), the project should define and clarify the roles, responsibilities, coordination and communication between the service providers' staff and the project staff: e.g. KCMs and PCU specialists, at the field level to achieve synergy and better results. Further, the project should also consider tapping individual consultants/resource persons in developing strategies to strengthen the WUGs and the formation of the water user association.

<b>Agreed Action</b>	<b>Responsibility</b>	<b>Agreed Date</b>
<b>Standardization of Project processes and protocols</b>  Consolidate the Project experiences and come-up with common and practical guides on: (i) formation and strengthening of CIGs, WUGs, WUA which includes maturity assessments; (ii) collection and reporting of direct and indirect beneficiaries; (iii) mainstreaming Gender Equality and Women Empowerment (GEWE) in CIGs, WUGs, WUA; (iv) coordination and communication lines between Project specialist, KCMs and service providers.	PCU and Service Providers	12/2019
<b>Faster approval procedure by NPSC</b>  Ensure that RBF disbursement targets for CIGs are achieved, the NPSC should meet regularly	PCU and MOALI	12/2019

**Knowledge Management**

**Rating: 4**

**Previous rating: 3**

#### Justification of rating

The Project was able to produce some case studies for sharing. During the July 2019 Mekong Knowledge and Learning Fair (MKLF), FARM submitted a case of producer-public-private partnership. It has also identified three women-enterprises for knowledge sharing (broom making, swine raising, and grocery shop). The mission also commends FARM for organizing the First Knowledge and Learning Workshop on FARM's experiences which was conducted during the mission and attended by government and project staff of FARM, ESAP and WSAP. As discussed with FARM, ESAP and WSAP, an annual knowledge sharing activity among the projects financed by IFAD should be pursued that will gradually bring in other development partners in the country.

#### Main issues

As the project is about to complete, FARM management is encouraged to prepare a knowledge capture tool for the project's good practices and lessons learned for sharing within MoALI, particularly ESAP and WSAP. The previous mission has identified project's experiences worth documenting. The First FARM Knowledge Sharing Workshop has also captured some lessons learned in project implementation. Case studies can be included in the consulting contract for the conduct of the project completion review.

<b>Agreed Action</b>	<b>Responsibility</b>	<b>Agreed Date</b>
<b>Case Studies</b>  Include in the ToR of the service provider which will conduct the Project Completion Review case studies that can improve project operations and contribute to the policies and programs of MoALI.	PCU	06/2020

**Value for Money**

**Rating: 4**

**Previous rating: 4**

#### Justification of rating

For the review period, outreach has increased from 15,554 through CIGs and WUGs to 25,562 households or 75% of the total target of 34,000 households. Total current number of outreach comes from 17,854 members in CIGs/WUGs and those benefiting from land consolidation and improvement of canal systems and from 7,608 households reported as indirect Physical and financial targets for the agricultural infrastructure activities were achieved as planned. With an elapse period of 79.72% financial disbursement is at almost 72% including the WA submitting during the mission. This is a good indication that the cost ratio between inputs and outputs is within as expected.



## Main issues

It is foreseen that outcome results on the CIGs and RBF will be given emphasis with the CIG service provider already procured at the time of the mission. With the agreement to hire the FFS service provider not later than end of 2019 and more focus is exerted towards farm diversification and facilitating agribusiness contracts building on the current experience of proactive KCs, it is expected that outcome results will compensate for the investment on agricultural infrastructure.

### Coherence between AWPB and Implementation

Rating: 5

Previous rating: 5

### Justification of rating

Implementation of activities is within the budget and according to planned items and activities. Physical performance, on the average is within the 80% range, with some items achieving a 100 % performance or more while some are below 80% performance. Component 1 is achieving 100% or more for land consolidation and canal lining, drainage within the range of 60-90% while the conduct of cadastral and topography survey is below 60%. Component 2 is doing well in construction of KC buildings, crop demonstrations, and field schools with 95-100% performance. However, component 2 is not doing well in vocational and technical training. Component 3 is achieving its targets except for IT related activities and hiring of KC assistants

### AWPB Inputs and Outputs Review and Implementation Progress

The current project's annual work plan and budget (AWPB) format is budget and activity based and not aligned needs to be aligned with the project's logframe. With the training by IFAD on Finance, Procurement, Planning/M&E in July 2019, it is expected that the 2019-2020 AWPB will follow IFAD's format which is anchored on the project's logframe.

<b>Agreed Action</b>	<b>Responsibility</b>	<b>Agreed Date</b>
<b>Submission of the 2019-2020 AWPB</b>  Use the IFAD AWPB template in submitting the October 2019-September 2020 AWPB for IFAD NO	PCU	11/2019

### Performance of M&E System

Rating: 4

Previous rating: 3

### Justification of rating

In this period, the following are accomplished: (i) profiling of 692 CIGs and results are in a database (microsoft access software), (ii) firming up of logframe hierarchy of objectives and targets, (iii) drafting guidelines on how to capture direct and indirect beneficiaries, and (iv) conduct of a baseline study of the 20 new KC areas. Two project staff are dedicated to perform the M&E functions --- an M&E specialist hired in July and a government staff deployed to the project to assist the M&E functions. The CDGs has supported M&E functions by training the 20 new KCMs to conduct PRAs to the new KC villages.

### M&E System Review

The access-based CIG database system has improved the reliability of CIG data and has provided quick generation of information. The CIG database can be further enhanced to include training, funds and other inputs received by each member; and to expand the database to include the WUGs. While there is an advancement in building the CIG database, PCU should exert effort to establish a unified database as other specialists need to fold in their field data to the M&E unit. As agreed in the previous mission, the M&E unit should design a Project database that can accommodate the data coming from other specialists.

The mission supported the Project's M&E unit in drafting a guide to capture the indirect beneficiaries. The M&E officer developed a local guide and distributed this to the KCs. By the end of the mission, the project was able to report indirect beneficiaries. However, the reported number of indirect beneficiaries has to be validated by the M&E unit.

Other issues that the M&E unit has to respond to in the next fiscal period are: (i) confirmation of actual and functional CIGs and their actual members, (ii) establishment of a better collection and reporting mechanism of indirect beneficiaries, (ii) assessment of the maturity of CIGs and WUGs, (iii) ensuring that results of assessments and studies are used in planning/strategizing exercises. In all these activities, the M&E specialist should take the lead in collaboration with the CDGS, other specialists and the incoming service providers.

<b>Agreed Action</b>	<b>Responsibility</b>	<b>Agreed Date</b>
<b>Establishment of a Project database</b>  Expand the current database to include the WUG's profiles, the pilot WUA and other entries like training, RBF and other inputs received by the beneficiaries. Other data/information like baseline reports, PRA results should be migrated into this unified database. In the profiling of group members, include socio-economic categorization.	PCU	12/2019
<b>Prepare the TOR for the Project Completion Report.</b>	PCU	03/2020

**Requirements of Social, Environmental and Climate Assessment Procedures (SECAP)**

**Rating:**

#### **d. Financial Management & Execution**

##### **Disbursement by financier**

<b>Type</b>	<b>Name</b>	<b>Current Amount</b>	<b>Disbursed Amount</b>	<b>Actual Rate</b>
<b>Domestic Financing breakdown</b>	Beneficiaries	\$621,271	\$1,080,627	173.9%
	Private sector local	\$2,402,435	\$260,786	10.9%
	National Government	\$5,296,549	\$1,890,041	35.7%

**Acceptable Disbursement Rate**

**Rating: 4**

**Previous rating: 3**

##### **Justification of rating**

The disbursement performance of IFAD funded projects is rated by the indicator "Acceptable Disbursement Rate", which is auto-calculated based on the Project Disbursement Profile (PDP) of the IFAD supervision guidelines. The rating of FARM at the time of the mission is "moderately satisfactory". The current rating shows improvement over the supervision mission of March 2019, in which this rate was "moderately unsatisfactory".

##### **Main issues**

The disbursement rate of FARM stands at 64% for the Loan N° 2000000649 and 61% for the Grant N° 2000000650. including. These rates consider the advances made to the Designated Accounts that have not yet justified. The liabilities and pending WAs from the Loan amounts USD 1.2 million. The liabilities from the Grant amounts USD 0.02 million. No pending WAs pending were reported for the Grant.

Lengthy procedures, a cumbersome flow of funds and frequent turnover of Project staff still affect the disbursement of the project. Also, the inability to prepare a cash flow forecast has affected the accuracy in the preparation of the budget and hence the effectiveness in planning the activities for the next FY.

The mission supported the Project in preparing a financial projection until its closure. With the current budget for the FY 2019 - 2020 of USD 4.7 million, the project is expected to remain with USD 1.6 million to plan the FY 2020 – 2021, which will include three months to implement activities and six months to wind up the project.

The project explained that the current procedures of the government only allow them to tender works during the first quarter of each FY. Considering that for the FY 2020 - 2021 the remaining time for implementation overlaps with the tender period of the government, it is unlikely that the project can implement activities during the FY 2020 - 2021.

Since an extension of the project is not foreseen, it is highly likely that the project ends with an unspent balance of approx. USD 1.3 million.

##### **Fiduciary aspects**

**Quality of Financial Management**

**Rating: 3**

**Previous rating: 3**

##### **Justification of rating**

Shortcomings in the financial management of the project exist and have negatively affected implementation. With the new Finance Manager on board prompt resolution is likely to happen during this fiscal year.

### **Main issues**

During the mission, it was observed that the newly recruited Finance Manager was carrying out her responsibilities without proper handover and training. Her contractual situation and her permanence in the project were unclear during the mission.

Long-standing issues related to FM remain unsolved, the main one is the use and customization of the purchased accounting software, which together with the high turnover in the FM staffing is likely to remain unsolved until the end of the project if not acted upon. Mission recommends that the PCU coordinates with UNOPS to clarify the handover that UNOPS did to the project in respect to the accounting software and once the new Finance Manager is on board IFAD will provide technical support in customizing the software for the needs of the project.

The AWPBs preparation didn't consider an accurate understanding of the financial position of the project. The changes in the exchange rate between SDR and USD wasn't considered in the projections. Also, the difficulties in obtaining accurate reports due to the manual accounting environment led to misunderstandings during the discussions on physical and financial progress. The mission supported the project in obtaining the availability of funds, which at 16 March 2019 are approximately 8.5 million USD. The mission recommends to use this figure in the planning of activities until completion date.

The funds flow arrangements of the project is overly complex. Transfers from Other Accounts (OA) to Ministry Accounts (MD) for the release of payments hamper the implementation. Also, in practice the Minister's Office of MoALI approves project payments but with the PCU staff limited to preparing documentation for approval by the Minister's office. The Project Director's role to make operational decisions that are necessary in carrying out responsive management support to field operations has been diminished (e.g., approval of activities with corresponding approved budgets, reimbursement of justified expenses by staff, type of goods to be purchased, communication budget for field staff, etc.). PCU has shown evidence that some of the payments prepared by the PCU finance unit and endorsed by the Project Director have been arbitrarily modified, affecting the amount and purpose of the expense and in contradiction to the implementation budget line that the PCU must maintain in accordance with the approved AWPB .

This bottleneck affects the implementation of the project and is one of the causes of high turnover of project hired staff manifested in the resignation of the Finance Manager during the mission. The mission recommends to resolve these issues within MOALI and DOA and find a better arrangement to empower and make the PCU responsible and accountable for the management of project funds.

<b>Agreed Action</b>	<b>Responsibility</b>	<b>Agreed Date</b>
<b>Revise the FM manual to expedite the payment processes</b>	FARM	04/2019
<b>Customization and utilization of the purchased accounting software</b> Customization and utilization of the purchased accounting software. This can be done by establishing a cut-off date of financial reporting. PCU to coordinate with UNOPS for the copy of the accounting software. IFAD will provide technical support to customize the software for the project	FARM	04/2019
<b>Perform a yearly fixed asset inventory that included the KCs</b> Continuing to perform a yearly fixed asset inventory that included the KCs	FARM	12/2019
<b>Revise the FM manual to expedite the payment processes</b>	FARM	12/2019
<b>Customization and utilization of the purchased accounting software</b> Customization and utilization of the purchased accounting software. This can be done by establishing a cut-off date of financial reporting. PCU to coordinate with UNOPS to clarify the situation of the handover done.	FARM	12/2019
<b>Prepare monthly reports of availability of funds for decision making and preparation of the AWPB</b>	FARM	
<b>Update and monitoring of the fixed asset inventory</b>	FARM	
<b>Hire and train a new Finance Manager</b>	FARM	

**Quality and Timeliness of Audit**

**Rating: 3**

**Previous rating: 4**

#### **Justification of rating**

The audit reports of the project arrive at IFAD with a delay of two or three months after the due date. The audit reports partially meet IFAD guidelines and acceptable auditing standards.

#### **Main issues**

FARM is audited by the Office of the Auditor General (OAG) of Myanmar. The audit reports arrive after the due date and in some cases incomplete. Issues related to the translation of the reports are affecting its quality and understanding.

The audits do not fully comply with international audit standards nor the IFAD Handbook for Financial Reporting and Auditing. In order to improve the financial reporting of the project, the mission recommended following the templates provided during the FM workshop of Da Nang on September 2019.

The mission followed up on the audit recommendations of the FY 2017 - 2018 and the period 1 April 2018 to 30 September 2018. The work performed is reflected in the working papers prepared together with the management of the project. According to the information provided by the project, it is highly likely that most of the audit recommendations be resolved during the next cycle.

<b>Agreed Action</b>	<b>Responsibility</b>	<b>Agreed Date</b>
<b>The project agreed to submit its audited Financial Statements for the FY 2019 – 2020 no later than 31 March 2021</b>  The project agreed to submit its audited Financial Statements for the FY 2018 – 2019 no later than 31 March 2020	FARM	03/2020
<b>Submit audited Financial Statements in 2021</b>  The project agreed to submit its audited Financial Statements for the FY 2019 – 2020 no later than 31 March 2021	FARM	03/2021
<b>Submit final audited FS</b>  The project agreed to submit its final audited Financial Statements covering the period 1 October 2020 to 28 February 2021 by 30 June 2021	FARM	06/2021
<b>Follow the templates provided by IFAD for Financial Reporting to prepare the annual Financial Statements of the project</b>  Follow the templates provided by IFAD for Financial Reporting to prepare the annual Financial Statements of the project	FARM	

**Counterparts Funds**

**Rating: 5**

**Previous rating: 5**

#### **Justification of rating**

The project did the provision for counterpart funds for the AWPBs 2018 - 2019 and 2019 – 2020 was made. So far, the calculation of the major portion of the government counterpart is an estimation based on the progress reported by the project of the works under Component 1.

#### **Main issues**

In accordance with the Financing Agreement and the amendment of February 2018, the Government counterpart was made available in the form of machinery for works under Component 1 and for the Salaries of the staff assigned to the project.

The works planned in the AWPB 2018 - 2019, valued at about USD 3.5 million, indicate indirect costs for the use of IWUMD equipment and engineering services to an estimate of USD 1.6 million. The AWPB 2019 - 2020, with a construction programme of about USD 2.0 million, if implemented successfully, could increase these indirect costs in about USD 0.9 million more.

The project still has not improved its mechanisms to update regularly and accurately the Government counterpart. The project calculates the Government contribution based on the official letters of salary that is paid to Government staff, and the statement of costs of the use of construction equipment that is provided by the IWUMD.

Likewise, the private sector and beneficiary contribution are not updated nor maintained properly. The contribution of the private sector is calculated based on amounts reported by the KC Managers. The contribution for the Rural Business Fund is based on the business proposals at the beginning of the project instead of actual expenses incurred and manpower used. Farmer's contributions are calculated based on an estimate of contribution provided by the farmers after harvesting, and steering committee meetings.

<b>Agreed Action</b>	<b>Responsibility</b>	<b>Agreed Date</b>
<b>The project should develop a system of recording total expenditures funded Government, beneficiaries and the private sector systematically</b>	FARM	
<b>Improve tracking system</b>  The project to improve its tracking system to maintain updated figures of Government counterpart, private sector and beneficiary contribution.	FARM	

<b>Compliance with Loan Covenants</b>	<b>Rating: 4</b>	<b>Previous rating: 5</b>
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#### **Justification of rating**

Project still has to procure Service Provider for Farmer Field Schools. This will potentially affect achievement of development objectives but will not violate IFAD's statutory requirements. Most of other loan covenants have been complied. Partial or noncompliance with some covenants (Schedule 1, Para 13 – formation of grievance committee; Schedule 1, Para 16.2 – contracted legal advisor to facilitate selection of beneficiaries and electoral process for KC Boards formation; and; Schedule 3, Para 4 – provision of support to project beneficiaries, farming and landless households to obtain proper identification documents to meet financial institutions requirements) do not significantly affect implementation.

<b>Procurement</b>
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<b>Procurement</b>	<b>Rating: 4</b>	<b>Previous rating: 3</b>
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#### **Justification of rating**

Procurement procedures in general transparent. Previous agreed actions were performed. Unlike the previous Procurement Plan, major planned procurements were undertaken resulting in execution and completion of land consolidation and KC construction contracts. Procurement of the CIG Service Provider was completed. Some contracts were cancelled due to poor planning. Project still to start procurement of Service Provider for FFS. Documentation of moderate quality evidenced by failure the update/upgrade the Procurement Plan. Also, Contracts Register also incomplete. Project reminded that Contracts Register need to include contracts procured by national shopping and all awarded contracts during the whole life of the project until the supervision mission.

#### **Procurement Review**

Access to procurement transactions and documentations was extended to the mission. The project has made significant procurement accomplishments since the March 2019 supervision mission. Implementation of land consolidation contracts was completed resulting in high physical completion of targets. After the March 2019 mission, additional procurement contracts for Hydraulic Assessment (for Paung Laung channel Sections(H/Q curves Measuring Discharge @left Main Canal and Right main Canal) and Strip Survey for Drainage Improvement were executed and currently being implemented. Also, 19 of 20 KCs construction contracts have been procured and implemented. The construction of KC Main Center is almost complete. Specifications were finalized and procurement of needed pick up vehicles, GIS Software and GPS was also completed. The project needs to prioritize procurement of the FFS Service Provider and continuously: (1)Update/Upgrade the Procurement Plan(PP) based on the current format;(2) Improve Procurement Planning and; (3) Update the Contracts Register. Also, the project has not yet submitted its Procurement Plan for 2019-2020 which is required to be submitted not later than sixty(60) days before the beginning of the fiscal yet.

Technical capacity of the project to undertake procurement has improved with the guidance of IFAD via the NOTUS processes. Project procurement processes generally conform with the IFAD Project Procurement Guidelines, Procurement Handbook, Letter to the Borrower and the Project Implementation Manual. Because the Project is nearing completion, an improved procurement planning becomes more critical. The 2019-2020 Annual Work Plan and Budget(AWPB) and Procurement Plan should ensure that identified procurement activities are also allowed by existing government regulations with realistic procurement timelines

Contract drafting and record keeping have improved. However, the Contracts Register was not fully up to date and complete. The mission noted that the Contracts Register is incomplete and not up to date. The contract register should provide information on all awarded contracts for the whole life of the project up to the procurement review undertaken during the mission. The project Contract Register failed to include procurements under Purchase Order contracts under national shopping mode of procurement.

<b>Agreed Action</b>	<b>Responsibility</b>	<b>Agreed Date</b>
<b>Upgrading of 2018-2019 Procurement Plan</b>  Update the 2018-2019 Procurement Plan to reflect the complete and new procurements undertaken after IFAD NO. Updating and upgrading should match with the Contracts Register.	PCU	11/2019
<b>Submission of 2019-2020 Procurement Plan</b>  Submit immediately the 2019-2020 Procurement Plan. This document should have been submitted not later than 60 days before October 1, 2019, the start of Myanmar Fiscal Year	PCU	11/2019
<b>Update of Contract Register</b>  Update project's Contracts Register. The current Contracts Register does not include national shopping procurements and all procurements for the whole life of the project up to the supervision mission	PCU	11/2019

#### e. Key SIS Indicators

**Likelihood of Achieving the Development Objective**

**Rating: 4**

**Previous rating: 4**

##### Justification of rating

Project's overall project performance for the review period is moderately satisfactory. Disbursements from the loan is approximately 72% and 61% from the grant. Performance on component 1 is satisfactory with a noticeable leap forward in terms of household reach at 2,031hhs or 68% of the final target of 3,000. Component 2.1 delivered 20 KCs bringing the total to 60 KCs with more farm demonstrations implemented and ongoing agribusiness contracts with increasing number of participating farmers. Component 2.2 revealed 100 new CIGs bringing the total CIGs to 831 or 92% of target. CIG service provider was contracted during the mission that will be tasked to ensure disbursements of RBF, consolidate the project results and shorten the learning curve for CIG formation and strengthening. Project management showed stability in staffing with additional hired staff and government has deployed additional seconded staff to support the project.

**Assessment of the Overall Implementation Performance**

**Rating: 4**

**Previous rating: 4**

##### Justification of rating

There is strong likelihood that the project will deliver and even exceed its physical targets for component 1 and sub-component 2.1 at project completion. For sub-component 2.2, with the CIG service provider on board the targets on CIG formation and strengthening are likely to be achieved with RBF disbursements conservatively estimated at 80% based on overall targets. With the CIG service provider tasked to facilitate farming and non-farming CIGs access to rural financial services with MFIs and banks, there is likelihood of achieving outcome results and sustainability on this sub-component. Outcome results for irrigation infrastructure investments in relation to sub-component 2.1 on the KCs, will be achieved through productivity increase and farm diversification with the engagement of the FFS service provider, the deployment of additional seconded MoALI staff with expertise on value chain and deployment of the JICA-MoALI value chain consultants, including replication of the Project's good practices in several KCs with ongoing agribusiness contracts between CIG members (producers and sellers) and private companies (buyers).

#### F. Agreed Actions

<b>Agreed Action</b>	<b>Responsibility</b>	<b>Agreed Date</b>
<b>Development Effectiveness</b>		

<b>Recruitment of NAE</b>  NAE will focus on the finalization of agreements with farmers and design review prior to the start of both Land consolidation and drainage works	PD/MOALI	11/2019
<b>Release of RBF to qualified CIGs</b>  1. Provide 1st tranche of RBF assistance to all 137 registered and qualified CIGs based on a maturity assessment level; 2. Provide 1st tranche of RBF assistance to at least 339 new CIGs (inclusive of the 139 unregistered CIGs) that will be formed and strengthened with service provider technical assistance; 3. Provide immediately the 2nd tranche of the RBF assistance to the 131 CIGs with group or collective business shall be required business plans; CIGs with relending business should have a minimum of USD 500; an agreed maturity rating with service provider; and using a revised 1:5 ratio based on incremental savings); 4. Provide 2nd tranche of the RBF assistance to 84 CIGs already identified by the KC managers; business plans will be required from CIGs with group or collective businesses.	PCU	08/2020
<b>Procurement of FFS Service Provider</b>  Complete the procurement of the FFS service provider and reflect in the ToR the demonstration target of 120 plots in 5 townships (at least two seasons in each KC and to promote crop diversification). The FFS service provider should also consider doables as suggested in this mission to improve agricultural productivity in the target areas.	PCU and MOALI	12/2020
<b>Sustainability and Scaling up</b>		
<b>Formation and strengthening of WUGs</b>  Complete the organizing of WUGs, strengthen less performing WUGs, and establish one pilot WUA	IWUMD	10/2019
<b>Formation and strengthening of CIGs</b>  As soon as possible sign the contract of the CIG service provider and reflect in service provider work plan the formation and capacity building of 400 CIGs.	PCU	11/2019
<b>Deploy government seconded staff and the JICA/MOALI VC consultant to support the Project</b>  The VC specialist and the DOA seconded staff initiates the documentation of good practices on partnership building in coordination with FARM M&E unit and management and systematically share the lessons learned.	PCU/DOA	12/2019
<b>Timely Completion of planned irrigation works by IWUMD</b>  Complete all works under the 2019-20 irrigation construction programme	IWUMD	05/2020
<b>Precision Levelling</b>  AMD secures land levelling equipment for project supported investments in Land Consolidation in 2019-20	IWUMD/AMD	05/2020



<b>Capacity building for MOALI</b>  Implement capacity building for Irrigation upgrading activities for MOALI staff and officers implemented	PD/MOALI	10/2020
<b>Reissuance of land title</b>  Follow up with other stakeholders on the revision of the procedure and re-issuance of land titles across the LC areas	PCU/ DALMS	12/2020
<b>Project Management</b>		
<b>Submission of the 2019-2020 AWPB</b>  Use the IFAD AWPB template in submitting the October 2019-September 2020 AWPB for IFAD NO	PCU	11/2019
<b>Standardization of Project processes and protocols</b>  Consolidate the Project experiences and come-up with common and practical guides on: (i) formation and strengthening of CIGs, WUGs, WUA which includes maturity assessments; (ii) collection and reporting of direct and indirect beneficiaries; (iii) mainstreaming Gender Equality and Women Empowerment (GEWE) in CIGs, WUGs, WUA; (iv) coordination and communication lines between Project specialist, KCMs and service providers.	PCU and Service Providers	12/2019
<b>Faster approval procedure by NPSC</b>  Ensure that RBF disbursement targets for CIGs are achieved, the NPSC should meet regularly	PCU and MOALI	12/2019
<b>Establishment of a Project database</b>  Expand the current database to include the WUG's profiles, the pilot WUA and other entries like training, RBF and other inputs received by the beneficiaries. Other data/information like baseline reports, PRA results should be migrated into this unified database. In the profiling of group members, include socio-economic categorization.	PCU	12/2019
<b>Prepare the TOR for the Project Completion Report.</b>	PCU	03/2020
<b>Case Studies</b>  Include in the ToR of the service provider which will conduct the Project Completion Review case studies that can improve project operations and contribute to the policies and programs of MoALI.	PCU	06/2020
<b>Financial Management &amp; Execution</b>		
<b>Revise the FM manual to expedite the payment processes</b>	FARM	04/2019
<b>Customization and utilization of the purchased accounting software</b>  Customization and utilization of the purchased accounting software. This can be done by establishing a cut-off date of financial reporting. PCU to coordinate with UNOPS for the copy of the accounting software. IFAD will provide technical support to customize the software for the project	FARM	04/2019

<b>Upgrading of 2018-2019 Procurement Plan</b>  Update the 2018-2019 Procurement Plan to reflect the complete and new procurements undertaken after IFAD NO. Updating and upgrading should match with the Contracts Register.	PCU	11/2019
<b>Submission of 2019-2020 Procurement Plan</b>  Submit immediately the 2019-2020 Procurement Plan. This document should have been submitted not later than 60 days before October 1, 2019, the start of Myanmar Fiscal Year	PCU	11/2019
<b>Update of Contract Register</b>  Update project's Contracts Register. The current Contracts Register does not include national shopping procurements and all procurements for the whole life of the project up to the supervision mission	PCU	11/2019
<b>Perform a yearly fixed asset inventory that included the KCs</b>  Continuing to perform a yearly fixed asset inventory that included the KCs	FARM	12/2019
<b>Revise the FM manual to expedite the payment processes</b>	FARM	12/2019
<b>Customization and utilization of the purchased accounting software</b>  Customization and utilization of the purchased accounting software. This can be done by establishing a cut-off date of financial reporting. PCU to coordinate with UNOPS to clarify the situation of the handover done.	FARM	12/2019
<b>The project agreed to submit its audited Financial Statements for the FY 2019 – 2020 no later than 31 March 2021</b>  The project agreed to submit its audited Financial Statements for the FY 2018 – 2019 no later than 31 March 2020	FARM	03/2020
<b>Submit audited Financial Statements in 2021</b>  The project agreed to submit its audited Financial Statements for the FY 2019 – 2020 no later than 31 March 2021	FARM	03/2021
<b>Submit final audited FS</b>  The project agreed to submit its final audited Financial Statements covering the period 1 October 2020 to 28 February 2021 by 30 June 2021	FARM	06/2021
<b>The project should develop a system of recording total expenditures funded Government, beneficiaries and the private sector systematically</b>	FARM	
<b>Prepare monthly reports of availability of funds for decision making and preparation of the AWPB</b>	FARM	
<b>Update and monitoring of the fixed asset inventory</b>	FARM	

<b>Improve tracking system</b>  The project to improve its tracking system to maintain updated figures of Government counterpart, private sector and beneficiary contribution.	FARM	
<b>Hire and train a new Finance Manager</b>	FARM	
<b>Follow the templates provided by IFAD for Financial Reporting to prepare the annual Financial Statements of the project</b>  Follow the templates provided by IFAD for Financial Reporting to prepare the annual Financial Statements of the project	FARM	

## Fostering Agricultural Revitalisation in Myanmar Project

### Logical Framework

Results Hierarchy	Indicators							Means of Verification			Assumptions
	Name	Baseline	Mid-Term	End Target	Annual Result (2019)	Cumulative Result (2019)	Cumulative Result % (2019)	Source	Frequency	Responsibility	
Outreach	1.b Estimated corresponding total number of households members							RIMS survey	Twice during implementation	PMU	
	Household members			153 000	18 747	80 342	52.5				
	1.a Corresponding number of households reached							RIMS report	Annual	PCU	
	Women-headed households			30 000	2 988	27 943	93.1				
	Non-women-headed households			4 000	1 178	5 178	129.5				
	Households			34 000	4 166	17 854	52.5				
	1 Persons receiving services promoted or supported by the project							RIMS report	Annual	PCU	
	Females			10 000	1 705	8 369	83.7				
	Males			10 000	2 511	9 485	94.9				
	Total number of persons receiving services			20 000	4 216	17 854	89.3				
Project Goal Economic status of poor rural women and men in the project area improved	Child nutrition standards improved							UNICEF	start; mid-term and endline surveys	PCU	
	Improvement in child nutrition standards	31.5									
	HHs expenditure increased above the poverty line							UNDP	start; mid-term and endline surveys	PCU	
	Increase in HH expenditure	31.6									

Results Hierarchy	Indicators							Means of Verification			Assumptions
	Name	Baseline	Mid-Term	End Target	Annual Result (2019)	Cumulative Result (2019)	Cumulative Result % (2019)	Source	Frequency	Responsibility	
<b>Development Objective</b> 34,000 households in 5 townships of Nay Pyi Taw Union have higher incomes and improved nutrition	Percentage of farming HHHs with increased income of USD400/annum in real terms							RIMS survey, focus group discussions	Annual	PCU	Programme successes are replicated, scaled-up; Public sector governance is improved.
	Households			60							
	Percentage of landless households with increased average food expenditure of USD20/month							RIMS impact survey	Annual	PCU	
	Landless HHHs			40							
	Shift in relative asset ownership for 2 poorest quintiles (RIMS relative measure)							RIMS survey, focus group discussions	Annual	PCU	
	Shift in relative asset ownership for 2 poorest quintiles			20							
<b>Outcome</b> 1.1 Land and water resources sustainably managed	Access to water all year secured water-user HHHs							RIMS survey, focus group discussions, HH survey	Annual	PCU	Farmers with free crop choice
	Households			3 000	1 387	1 942	64.7				
	Field to roadside haulage costs reduced by 15%							RIMS survey, focus group discussions, HH survey	Annual	PCU	
	Reduction in field to roadside haulage costs			15	0	75	500				
<b>Output</b> Improved water availability and management in 9000 acres	Lining of primary and secondary canals							NGO progress reports, ID/MOAI records GPS and satellite pictures	Annual	PCU	NGO recruited to assist in adopting PLUP & FPIC approaches Risks: Lack of skills, equip. for land consolidation; Land confiscation by GoM Political interference in land consolidation works.
	length of canals			19	9.93	9.93	52.3				
	Out of 3642 ha of farmland, 1012 ha are land consolidation area							NGO progress reports, ID/MOAI records GPS and satellite pictures	Annual	PCU	
	Hectares of land			1 012	459	989	97.7				

Results Hierarchy	Indicators							Means of Verification			Assumptions
	Name	Baseline	Mid-Term	End Target	Annual Result (2019)	Cumulative Result (2019)	Cumulative Result % (2019)	Source	Frequency	Responsibility	
	2.1.5 Roads constructed, rehabilitated or upgraded							NGO progress reports, ID/MOAI records GPS and satellite pictures	Annual	PCU	
	Length of roads			50	37.04	73.5	147				
	Out of 3642 ha of farmland, 1456 ha are area under improved drainage							NGO progress reports, ID/MOAI records GPS and satellite pictures	Annual	PCU	
	Hectares of land			1 456	0	0	0				
	1.1.2 Farmland under water-related infrastructure constructed/rehabilitated								Annual	PCU	
	Hectares of land			850	533	1 073	126.2				
	Out of 3642 ha of farmland, 1174 ha are area under lined primary and secondary canals							NGO progress reports ID/MOAI records, GPS and satellite pictures	Annual	PCU	
	Hectares of land			1 174	704.6	822	70				
	1.1.1 Persons whose ownership or user rights over natural resources have been registered in national cadasters and/or geographic information management systems							Settlements and Land Records Department (SLRD) records	Annual	PCU	
	Females			200	0	67	33.5				
	Males			600	0	123	20.5				
Outcome 1.2 Water Management Organizations functional	Functional Water User Groups/Associations (WUG/WUA)							WUGs admin. Records	Annual	PCU	
	WUG			70							
	WUA			1							
	People in groups managing productive infrastructure							WUGs admin. Records	Annual	PCU	
	Males			952							

Results Hierarchy	Indicators							Means of Verification			Assumptions
	Name	Baseline	Mid-Term	End Target	Annual Result (2019)	Cumulative Result (2019)	Cumulative Result % (2019)	Source	Frequency	Responsibility	
	Females			238							
Output 2.1 Water User organized	WUG Formed										
	Males			1 360	485	863	63.5				
	females			340	48	175	51.5				
	Number of WUGs formed			100	47	89	89				
	Number of members										
Outcome 2.1 Skills of farming HHs enhanced and relevant value chains upgraded	Increase in net income per acre							Surveys, SMEs records, Rural businesses records	Mid-term	PCU	
	increase			15							
	1.2.2 Households reporting adoption of new/improved inputs, technologies or practices							Surveys, KC records	Mid-term	PCU	
	Households			60							
	Number of Knowledge Centres established and functional							project report	Annual	PCU	
	KCs			60	19	59	98.3				
	Rural businesses (farming related) financed by RBF operating at end of project										
	Rural Business			20	0	12	60				
	Percentage of SCGs (farmers) have a PAR less than 5%										
	SCGS			30	0	0	0				
Output Value chains strengthened	Value chain analyses undertaken							NGO progress reports	Annual	PCU	SMEs/entrepreneurs interested in contract farming with farming HHs.
	Value chain analyses undertaken			6	0	3	50				

Results Hierarchy	Indicators							Means of Verification			Assumptions
	Name	Baseline	Mid-Term	End Target	Annual Result (2019)	Cumulative Result (2019)	Cumulative Result % (2019)	Source	Frequency	Responsibility	
	1.1.4 Persons trained in production practices and/or technologies							NGO progress reports	Annual	PMU	
	Men trained in crop			7 500	1 254	4 904	65.4				
	Women trained in crop			1 500	740	2 187	145.8				
	Total persons trained in crop				1 994	7 091					
	Number of demonstrations undertaken							KC records	Annual	PCU	
	demonstrations			1 500	170	1 385	92.3				
	Number of farming CIGs formed							KC records	Annual	PCU	
	farming CIGs			400	91	285	71.3				
	Number of farmers in contract arrangements							KC records; progress reports	Annual	PCU	
	farmers in contract arrangements			600	19	468	78				
	Business plans (farming CIGs) developed and financed										
	Business plans			45	0	12	26.7				
	Outcome 2.2 Skills of landless HHs enhanced and employment opportunities improved	Households benefit from livelihood opportunities							KC records; surveys, SMEs records	Annual	
HHs				9 000	44	6 439	71.5				
Rural businesses (non-farming related) financed by RBF operating at end of project											
Rural Business				40	2	30				75	
Percentage of SCGs (landless) have a PAR less than 5%											
SCGS				50							



Results Hierarchy	Indicators							Means of Verification			Assumptions
	Name	Baseline	Mid-Term	End Target	Annual Result (2019)	Cumulative Result (2019)	Cumulative Result % (2019)	Source	Frequency	Responsibility	
<b>Output</b> Rural businesses for landless entrepreneurs sustainably implemented	Number of landless CIGs formed							KC records; CIGs records	Annual	PCU	MFI and commercial banks agree to finance rural businesses and SMEs to complement project grant
	CIGs			500	54	407	81.4				
	Number of training courses for landless CIGs							KC records; CIGs records	Annual	PCU	
	training courses			4	1	7	175				
	Business plans (landless CIGs) developed and financed							KC records; CIGs/SME records	Annual	PCU	
	business plans			105	2	30	28.6				
<b>Outcome</b> 2.3 Financial environment for creation/expansion of sustainable and profitable rural businesses improved	1.2.5 Households reporting using rural financial services							MFI records	after mid-term annually	PCU	Commercial banks and MFIs have resources to lend to beneficiaries. Financial institutions are actively targeting FARM villages
	Households			70							
	Rural businesses and SMEs operating after 3 years							rural business & SMEs records	after mid-term annually	PCU	
	SMEs			80							
	rural businesses			60							
	Percentage of SCGs have a PAR less than 5%							MFI records	after mid-term annually	PCU	
	SCGs			80							
<b>Output</b> Rural businesses and SMEs access sustainable financing	Landless entrepreneurs financed							MFI records	Annual	PCU	MFI and commercial banks agree to finance rural businesses and SMEs to complement project grant
	Males			200							
	Females			1 800							
	Entrepreneurs financed for processing SMEs							MFI records	Annual	PCU	
	Enterpreneurs financed			7							

Results Hierarchy	Indicators							Means of Verification			Assumptions
	Name	Baseline	Mid-Term	End Target	Annual Result (2019)	Cumulative Result (2019)	Cumulative Result % (2019)	Source	Frequency	Responsibility	
<b>Output</b> Microfinance outreach extended to at least 5,000 HHs	No. of Savings and Credit Groups (SCGs) formed							SCG records	Annual	PCU	NGO willing to promote Savings and Credit Institutions Risk: lack of sufficient capitalization to reach sustainability
	SCG			750							
	1/3 of SCGs members are women							SCG records	Annual	PCU	
	Males			9 900							
	Females			5 100							

## **Myanmar**

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### **Fostering Agricultural Revitalisation in Myanmar Project Supervision Report**

#### **Appendix 1: Financial: actual financial performance; by financier by component and disbursements by category**

Mission Dates: 21 October-05 November  
Document Date 27/11/2019  
Project No. 1100001654  
Report No. 5247-MM

Asia and the Pacific Division  
Programme Management Department

Country
Project
Supervision mission dates: 21 October to 1 November 2019

MYANMAR
FARM Project

Appendix 1:
Disbursement by financier, financial performance by component and disbursement category  
As of 30 September 2019

Table 1A:

Disbursement by financier

Financier	Appraisal	Disbursement in USD	Per cent disbursed
IFAD loan	16 660 323	10 645 666	64% **
IFAD Grant	699 322	184 314	26% **
Government	5 296 600	1 890 041	36%
Private Sector	2 402 400	260 786	11%
Rural HH	621 300	1 080 627	174%
<b>Total</b>	<b>25 679 945</b>	<b>14 061 433</b>	<b>55%</b>

\* Including the initial advance

\*\* Exchange rate SDR/USD 1.371220

Table 1B:
Financial performance by component and by financier (actual expenditure)

Component	IFAD loan			IFAD Grant			Government			Private Sector			Rural HH			Total		
	Appraisal	Actual	%	Appraisal	Actual	%	Appraisal	Actual	%	Appraisal	Actual	%	Appraisal	Actual	%	Appraisal	Actual	%
Component 1	7 830 352	6 557 155	84%	251 756	97 647	39%	3 808 400	1 392 642	37%				341 300			12 231 808	8 047 444	66%
Component 2	6 997 336	3 111 547	44%	321 688	52 410	16%	775 100	358 138	46%	2 402 400	260 786	11%	280 000	1 080 627	386%	10 776 524	4 863 506	45%
Component 3	1 832 636	976 964	53%	125 878	34 257	27%	713 100	139 261	20%							2 671 614	1 150 483	43%
<b>Total</b>	<b>16 660 323</b>	<b>10 645 666</b>	<b>64%</b>	<b>699 322</b>	<b>184 314</b>	<b>26%</b>	<b>5 296 600</b>	<b>1 890 041</b>	<b>36%</b>	<b>2 402 400</b>	<b>260 786</b>	<b>11%</b>	<b>621 300</b>	<b>1 080 627</b>	<b>174%</b>	<b>25 679 945</b>	<b>14 061 433</b>	<b>55%</b>

Table 1C:
Loan Financial performance per disbursement category

Category	Category Description	Appraisal	Actual	Actual Balance	Per cent spent including
		Allocation	Expenditure		
Cat I:	Civil Works	8 496 765	6 415 226	2 081 539	76%
Cat II:	Equipment & Materials	333 206	351 874	-18 667	106%
Cat IV:	Goods, Services and Inputs	3 165 461	1 206 641	1 958 820	38%
Cat V:	Grants & Subsidies	2 499 048	917 380	1 581 668	37%
Cat VI:	Operation Cost	2 165 842	1 754 545	411 297	81%
	<b>Total</b>	<b>16 660 323</b>	<b>10 645 666</b>	<b>6 014 657</b>	<b>64%</b>

Table 1C:
Grant Financial performance per disbursement category

Category	Category Description	Original	Actual	Actual Balance	Per cent spent including
		Allocation	Expenditure		
Cat III:	Consultancies	699 322	184 314	515 008	26%
	<b>Total</b>	<b>699 322</b>	<b>184 314</b>	<b>515 008</b>	<b>26%</b>

## **Myanmar**

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### **Fostering Agricultural Revitalisation in Myanmar Project Supervision Report**

#### **Appendix 2: Physical progress measured against AWP&B**

Mission Dates: 21 October-05 November  
Document Date 27/11/2019  
Project No. 1100001654  
Report No. 5247-MM

Asia and the Pacific Division  
Programme Management Department

## Appendix 2: Physical progress measured against AWP&B

### Component 1. Agricultural Infrastructure

						Quantities					
						Plan (Quantity)					Actual (Quantity)
Ref.	Activity	Unit	IFAD Cat	GOM Cat	Price/unit (USD)	Q1	Q2	Q3	Q4	Total	
	Investment Costs										
1	Land consolidation										
1.'1.1	Land consolidation	Acres	1	1	1,700	-	500	620		1,120	1,143
1.'1.2	Cadastral survey	Acres	1	1	10	2,250				2,250	1,265
1.'1.3	Topographic survey	Acres	1	1	5	1,750	-			1,750	250
1.'1.4	Land reallocation, Land registration	Acres	1	1	-	-	-			-	
1.'1.5	Machine operation and maintenance	Lump sum	1	6	700,000	1	1			1	
1.'1.6	Supervision cost 30person x 200USD per month x 12 months	Lump sum	1	6	72,000	1			1	1	
2	IT Equipment										
1.'2.1	GIS,GPS Softwares	Set	2	3	10,000	1			-	1	1
1.2.2	laser leveller	2 set	1	3	27,635		2			2	2
3	Irrigation system improvement										
1.'3.1	Drone procurement for survey	set	2	5	42,000	-	-	1		1	
1.'3.2	Drainage Channel Excavation ( earth work)	Sud	1	1	2	5,000	40,000	16,278		#####	34,000
1.'3.3	Drainage Channel Excavation ( structure)	no	1	1	6,111	-	12	10	-	22	19
1.'3.4	Irrigation system maintainance and canal lining (for land consolidated areas completed in previous year)	Acres	1	1	78	100	500	-		600	
1.'3.5	Canal Lining for main and secondary canal (for non land consolidated area) -Structure	No	1	1	9,790.00	1.00	8.00	5.00	0.00	14.00	12.00

1.'3.6	Main Canal Lining	Feet	1	1	90	800	9,000	2,430	-	#####	12,800
1.'3.7	Secondary Canal Lining	Feet	1	1	38	1,000	3,500	3,115	-	7,615	7,000
1.'3.8	remaining balance for upgrading system of Paunglaung )	lumpsum	1	1	56,387	1	-	-	-	1	
4	<b>Training and Study Tours</b>									-	
1.'4.1	Cadastral staff technical skill improvement training (15 staffs 80 days) DSA+ transport+ school fee	Lumpsum	4	6	20,000	1				1	
1.'4.2	Irrigation staff technical skill improvement training (15 persons x 80 days) DSA+Transport+school fee	Lumpsum	4	6	20,000	1				1	1
1.'4.3	Irrigation canal lining technology regional study tour(10 KC managers, staffs, farmers)	Tour	4	6	20,000	1				1	
1.'4.4	WUG Training (refreshment, transportation cost)	Training	4	6	300	2	2	2	2	8	3
1.'4.5	WUG Operation manual	Copies	4	6	5	500		500		1,000	
1.'4.6	Land consolidation Regional Study Tour (10 persons x 10 days) Plup team members	Time	3	6	10,000	1				1	
1.'4.7	PLUP Training for the PLUP team (20 persons x 2 days)	Training	4	6	2,000	1		2		3	

**Component 2.1. Agriculture and Business Services - Investing in Knowledge**

						Quantities					
						Plan (Quantity)					Actual (Quantity)
Ref.	Activity	Unit	IFAD Cat	GOM Cat	unit Cost (USD)	Q1	Q2	Q3	Q4	Total	

	<b>Investment Costs</b>										
<b>1</b>	<b>KC Supports</b>										
2.1.1	Construction of 19 KCs	KC	1	1	41,842		19		-	19	18
2.1.2	Construction KCM Center	KC	1	1	55,000	1				1	1
2.1.3	Maintenance of already established KC	KC	1	1	95,000	0	0	0	0	1	1
2.1.4	Audio visual equipment for KCs	Lot	2	2	17,188	1			-	1	1
2.1.5	Office furnitures	Lot	2	3	22,596		0.3	0.4	0.3	1	1
2.1.6	Computers and printers for KCs	Lot	2	4	8,517			0.5	0.5	1	1
2.1.7	KC Library supports	Set	2	4	300	60				60	60
2.1.8	Improvement of 40 KC	KC	1	1	14,295		20			20	
2.1.9	Agricultural Tools and Equipment (Soil testing kits, Moisture meters, Seed testers, etc.)	KC	2	5	25,000	1	-		-	1	1
2.1.10	Connecting Electricity to KC (Gridline installation)	KC	1	1	36,748			1		1	1
<b>2</b>	<b>Training and Study tours</b>									-	
2.2.1	TOT training for the KCMs	Lumpsum	4	6	3,000	1			2	3	2
2.2.2	Vocational training for the beneficiaries	Lumpsum	4	6	3,000	7	5	5	8	25	8
2.2.3	seed production awareness campain	Training	4	6	3,000		1			1	
2.2.4	value chain analysis workshop	W/H	4	6	6,000	1				1	1
2.2.5	Machinery and Equipment (Extension materials )	Lumpsum	2	2	11801	0.25	0.25	0.25	0.25	1	1
2.2.6	KCM Orientation training (FARM Project profile, KC Objectives and operation, TOR of KCM, Coordination and collaboration with other components and activities.	Training	4	6	3,000	1			-	1	1
2.2.7	Farmer field visit	Visits	4	6	200	50	50	50	50	200	27
2.2.8	Domestic study tour for KCMs & Farmers	Visits	4		2,000					8	8



				6		2	2	2	2		
2.2.9	Seed Inspector Technacial Training	Training	4	6	5,000	1	1	1	1	4	1
2.2.10	Training on Survey Methods and Data entry for KCMs	Training	4	6	3,000	1		1	-	2	3
2.2.11	Refresher training to KCM about Household Methodology, PRA, SWOT	Training	4	6	3,000	1	1	1	1	4	2
2.2.12	KC Board Study Tour (Domestic)	Tour	4	6	3,000	1			2	3	3
3	<b>Crop trial and demonstration</b>									-	
2.3.1	Crop trial and demonstration (pre-moon soon)	Plots	4	6	1,000	40			-	40	55
2.3.2	Crop trial and demonstration (Moon soon)	Plots	4	6	1,000	30		20		50	67
2.3.3	Crop trial and demonstration (Post Monsoon)	Plots	4	6	1,000	30			20	50	46
2.3.4	Agro- Technical Training		4	6	4,000	1	1	2	1	5	13
2.3.5	Farmer field days (participatory monitoring and evaluation)	Felddays	4	6	50	25	25	25	25	100	22
2.3.6	Training on the trial and Demonstration protocol (for KC Managers)	Training	4	6	3,000	1			1	2	1
2.3.7	Farmer Field School and field practices	Lumpsum	4	6	10,000	1			1	1	17
2.3.8	Crop trials and demonstration supported by the Private sectors	Lumpsum	4	6	150,000	1			1	1	
4	<b>Seed production supports</b>									-	
2.4.1	Rice Seed or other crops seed production supports (Six seed villages)	Acres	4	6	500		30	30	30	90	
2.4.2	Soybean seed or other seed production supports ( 3 villages)	Acres	4	6	500		40		-	40	
5	<b>Value chain</b>									-	
2.5.1	Value chain training	Training	4	6	3,000	1			1	2	
2.5.2	Value chain data collection and analysis (domestic travel, enumerators)	Lumpsum	6	6	10,000	1			1	1	

6	Plant Health System Strategy Support									-	
2.6.1	Development of plant health system	Training	3	6	70,000	1				1	1

**Component 2.2.: Agriculture and Business Services - Finance for growth**

						Quantities					
						Plan (Quantity)					Actual (Quantity)
Ref.	Activity	Unit	IFAD Cat	GOM Cat	Price/unit (USD)	Q1	Q2	Q3	Q4	Total	
	<b>Investment Cost</b>										
<b>1</b>	<b>Common Interest Groups/Saving and Credit Groups Supports</b>										
3.1.1	Village meetings (Allowance for the village heads and refreshments)	Village	4	6	30	75	75	75	75	300	280
3.1.2	Landless CIG fund supports (Allowable total investment USD 5000)	CIGs	5	6	3,500	50	50	50	50	200	9
3.1.3	Farmer CIG Fund supports (Allowable investment total USD 5000)	CIGs	5	6	3,500	50	50	50	25	175	32
3.1.4	Vocational training for the CIGs	Training	4	6	3,000	5	5	5	5	20	8
3.1.5	RBFConcept Operation System training for the KC Managers	Training	4	6	3,000	1	-	-	1	2	2
3.1.6	RBF Concept Operation System Information campaign by the KC Managers (40 KCs x three meetings)	Village meetings	4	6	200	80	-	-	-	80	
3.1.7	CRBF Matching Grant Supports to the CIGs, Individuals, SMEs (Average support fund) Allowable investment total 30,000 USD	Package	5	6	18,000	30	30	30	20	110	
	<b>Recurrent Cost</b>										
<b>2</b>	<b>Recruitment</b>										
3.2.1	Rural Finance Specialist	Person Month	4	6	2,000	3	3	3	3	12	8

3.2.2	Rural Finance Facilitator (4 facilitators)	Person month	4	6	1,400	12	12	12	12	48	30
3.2.3	Micro finance field assistants (40 persons six months)	Personmonth	4	6	150	60	60	60	60	240	
3.2.4	Rural Finance Federation Service Provider	Months	3	6	7,000	3	3	3	3	12	

**Component 4: Project Management & Coordination**

Ref.	Activity	Unit	IFAD Cat	GOM Cat	Unit Cost USD	Quantities					
						Plan (Quantity)					Actual (Quantity)
						Q1	Q2	Q3	Q4	Total	
	I. Investment Costs										
1	PCU Office supports										
4.1.1	Stationery	Month	6	6	300	3	3	3	3	12	12
4.1.2	Fuel (office cars and staff cycles)	Month	6	6	400	3	3	3	3	12	12
4.1.3	Office equipment maintenance (Computers, copiers, Air conditions, etc.)	Month	6	6	300	3	3	3	3	12	12
4.1.4	Office building maintenance	Lumpsum	6	6	1,000	1	-	-		1	1
4.1.5	Office equipment operation and maintenance	Month	6	2	500	3	3	3	3	12	12
4.1.6	Vehicle procurement Pickup truck 4WD	Nos	2	2	55000		4	-	-	4	4
4.1.7	ICT consultancies and its basic need support to MOALI	Nos	3	4	10368		1			1	
4.1.8	Service provider for ICT development	Training	3	6	100000			1		1	
2	Training and Study Tours										
4.2.1	Participating Regional Workshop/Seminars	Seminars	3	6	28750	-	1	2	1	4	4
4.2.2	IT training for Project Implementing Agencies	Training	4	6	3,000	1	-	-	1	2	
4.2.3	Project Website writing/ Web Master	Month	4	4	200	3	3	3	3	12	

4.2.4	PCU Staff capacity building training	Training	4	6	2,000	1			1	2	2
4.2.5	Regional study tours for project experience exchange visit	Lumpsum	4	6	19000	2	3	2	3	10	7
3	<b>M&amp;E Activities</b>										
3.3.1	M&E Training for KC Managers	Training	4	6	2,500	1			1	2	2
3.3.2	Data updating	Enumerator	4	6	200	6			6	12	12
4	<b>Meetings/Workshop</b>										
4.4.1	NPSC Meeting	Meetings	6	6	500	1	1	1	1	4	3
4.4.2	AWPB Workshop/Meetings	Meetings	6	6	2,000	-	-	-	2	2	2
4.4.3	Annual Stakeholder Workshop	Workshop	6	6	10,000	-	-	-	1	1	1
4.4.4	PWC Meeting	Meetings	6	6	150	3	3	3	3	12	6
5	<b>Mission</b>										
4.5.1	Project Supervision Mission	Mission	6	6	3,000	1			1	2	2
6	<b>Audit</b>									-	
4.6.1	Internal Audit Cost	Service contract	4	6	45,000	-			1	1	
4.6.2	External Audit Cost	Service contract	4	6	3,000	-			1	1	1
	<b>Recurrent Cost</b>										
7	<b>Sundry</b>										
4.7.1	Watch man	Person months	4	6	150	3	3	3	3	12	
4.7.2	Cleaners (2 persons x 6 months)	Person months	4	6	150	6	6	6	6	24	24
8	<b>Recruitment</b>										
4.8.1	National Project Management Specialist	Person Month	4	6	2,500	3	3	3	3	12	
4.8.2	Monitoring and evaluation specialist	Person Month	4	6	1,700	3	3	3	3	12	3
4.8.3	Finance Manager	Person Month	4	6	2,000	3	3	3	3	12	10
4.8.4	Accountant	Person Month		6	1,300	3	3	3		12	12

			4						3		
4.8.5	Secretary	Person month	4	6	400	3	3	3	3	12	
4.8.6	Support to the seconded staffs	Personmonth	4	6	150	24	24	24	24	96	96
4.8.7	Project Director	Personmonth	4	6	400	3	3	3	3	12	12
4.8.8	Project Manager	Personmonth	4	6	400	3	3	3	3	12	12
4.8.9	Management Assistant (Government Seconded)	Personmonth	4	6	300	3	3	3	3	12	12
4.8.10	Upper clerk	Personmonth	4	6	200	3	3	3	3	12	12
4.8.11	Lower Clerk	Personmonth	4	6	200	3	3	3	3	12	12
4.8.12	Book Keeper	Personmonth	4	6	200	3	3	3	3	12	12
4.8.13	Administration Assistant	Personmonth	4	6	200	3	3	3	3	12	12
9	<b>Operation cost</b>										
4.9.1	Stationary	Month	6	6	1,000	3	3	3	3	12	12
4.9.2	Office accommodation	Month	6	6	1,200	3	3	3	3	12	12
4.9.3	Office rent	Month	6	6	1,500	3	3	3	3	12	
4.9.4	Fuel (office cars and staff cycles)	Month	6	6	5,000	3	3	3	3	12	12
4.9.5	Office equipment maintenance (Computers, copiers, Air conditions, etc.)	Month	6	6	2,000	3	3	3	3	12	
4.9.6	Car maintenance (3 cars)	Month	6	6	1200	3	3	3	3	12	12
4.9.7	IEC Materials		4	5	2500	3	3	3	3	12	12
4.9.8	Car rent (3 cars x 6 months)	Month	6	6	2500	9	3	3	9	24	33

**Appendix 3: Compliance with legal covenants: status of implementation**

Section	Covenant	Target/Action Due Date	Compliance Status/Date	Remarks
<b>Section 4.02</b>	PCU to open and maintain a Project Account (in ...); GO? to make an initial deposit equivalent to USD ?????			

Section	Covenant	Target/Action Due Date	Compliance Status/Date	Remarks
<b>Section 4.02</b>	GO? to replenish Project Account quarterly in advance			
<b>Section 4.03</b>	Procurement of goods, works and services carried out in accordance with the procedures laid down in Schedule 3			
<b>Section 4.04</b>	Insurance of vehicles, equipment and civil works financed from the loan proceeds to be consistent with sound commercial practice.			
<b>Section 4.05, section 11.10(b)</b>	Audit report submitted to IFAD.			
<b>Section 4.06</b>	Progress reports to be submitted to IFAD on a quarterly basis.			
<b>Schedule 4, para 7</b>	AWPB to be submitted to the Fund, for its review and comments			
<b>Schedule 4, para 8(a)</b>	A Mid-Term Review (MTR) to be carried out jointly by the Borrower and IFAD.			
<b>Schedule 4, para 16</b>	Project to be exempted from all import duties, excise taxes and value added tax (VAT) on investment expenditures			

## **Myanmar**

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### **Fostering Agricultural Revitalisation in Myanmar Project Supervision Report**

#### **Appendix 3: Compliance with legal covenants: status of implementation**

Mission Dates: 21 October-05 November  
Document Date 27/11/2019  
Project No. 1100001654  
Report No. 5247-MM

Asia and the Pacific Division  
Programme Management Department

## Appendix 3: Compliance with legal covenants: status of implementation

Section	Covenant	Target/Action Due Date	Compliance Status/Date	Remarks
<b>Section 4.02</b>	PCU to open and maintain a Project Account (in ...); GO? to make an initial deposit equivalent to USD ??????			
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## **Myanmar**

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### **Fostering Agricultural Revitalisation in Myanmar Project Supervision Report**

#### **Appendix 4: Technical background analysis**

Mission Dates: 21 October-05 November  
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## Appendix 4: Technical background analysis

### Technical Notes on the Agricultural Infrastructure Component

The implementation performance under the Agricultural Infrastructure Component has reached a **satisfactory** rating with the completion of all major works planned in the 2018-19 AWPB, valued at about USD 3.5 million. The progress recorded during the review period marks a noticeable leap forward in terms of outreach (currently at 68% of final target, as compared to 50% in March 2019) and of Land Consolidation coverage (now at 98% of final target, as compared to 52% in March 2019). The timely implementation and adequate quality of works underlines the IWUMD's commitment<sup>1</sup> and ownership of project approaches. The preparatory works for investments to be undertaken during the 2019-20 budget period have been initiated; the construction programme is valued at about USD 2.0 million in aggregate including both land consolidation, main channel lining in Paunglaung scheme and drainage improvement works across the programme area. The implementation of these works before completion would rather result in the Component exceeding most of its final physical targets while absorbing 97% of funding under the relevant category of the IFAD Loan.

However, additional investments opportunities in land consolidation and main channel lining valued at about USD 800,000 could have been also included in the 2019-20 implementation pipeline with a modest 6% overdraft under the civil works loan category (compensated by projected underspending under the other IFAD loan categories), yet this option was not actively pursued by the project and IWUMD in consideration of their overall commitments. Main challenges ahead remain: i) the timely finalization of agreements with the farmers (particularly for Land Consolidation and for drainage works) in the areas identified for implementation during the forthcoming construction season; ii) addressing the issue of sustainability and strengthening the capacity of WUGs; iii) strengthening beneficiary farmers capacity in upgraded agronomic practices and crop diversification in areas benefitting from Land Consolidation. Moreover, while the recent procurement of laser levelling equipment to undertake Land Consolidation works is a positive development, additional opportunities offered under the project to upgrade the engineering approaches by IWUMD remain still untapped as most of the planned capacity building activities in new irrigation technologies have not yet been implemented.

**Land consolidation:** All Land Consolidation works included in the 2018-19 AWPB and started since the onset of the current construction season in November 2018 have been completed on time to allow farmers catch up with the monsoon rice crop cycle, with only one reported case of deferred plantation in June (Myaungmya). These investments cover 5 sites (4 under the Paunglaung scheme and 1 under Sinthe scheme) with an aggregate area of 1,142 acres (409 HHs). The total construction contract price was USD 1.8 million and variations orders have been applied only in one site (Letpandan), yet below the allowable 10% limit on the original contract price. Timely implementation of the channel and road construction works was possible due to the parallel mobilization of equipment both from the IWUMD Construction 5 and NPT maintenance department. However, levelling works were carried out by two-wheel levellers due to delays in procurement of laser levelling equipment, now available for use by the project. Currently the project has reached 2,451 acres of Land Consolidation (98% of target) with about 900 beneficiaries HHs<sup>2</sup> (125% of target). **The status of re-issuance of land titles for these Hhs is currently limited to 190 Hhs due to an ongoing review of the administrative procedure solicited and to be followed up by the project.** Farmers met by the mission continue expressing overall satisfaction for the participatory design process and for the quality of works implemented, with limited complaints recorded in respect of levelling works. Across the areas where Land Consolidation has been completed, there is reported evidence of increased yields for the rice crops, increased use of mechanization, reduced harvesting costs and post harvest losses, particularly due to improved access provided by farm roads (already 68km or 136% of target).

Demand for additional Land Consolidation to be undertaken during the current AWPB period 2019-20 has been sounded by the PCU since February 2019 and preparatory steps for the PLUP process have been undertaken on some 720 acres across 5 sites under the Paunglaung and Sinthe schemes, mostly contiguous to those already implemented or under implementation. Of these, some 598 acres across 4 sites (with about 280 HH beneficiary) were shortlisted for implementation and survey works have been undertaken. Based on the review of available documentation and field visits undertaken by the supervision mission, 3 sites fulfil the project requirements in terms of location, access to water and unit cost. In one site (Kyo Bin Tha) basic conditions are not met as: i) the relatively deeper excavation works required in the farm areas and high incidence of mobilization costs result in a cost estimate above 2,000 USD/acre; ii) availability of irrigation water in the secondary channel is not secure; and iii) there is a high likelihood of negative impact of the excavation works on soil fertility. The mission and IWUMD agreed to revise the workplan **to re-locate these 70 acres of Land Consolidation works** in order to allow extending a second area (Kyauko Pinthaung) where demand is high and opportunities for extension of the Land Consolidation area from North to South are technically feasible. Land consolidation works during the current construction season are expected to start in December and to be completed in May. The mission field visits

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<sup>1</sup> Indirect costs for the use of IWUMD equipment and engineering services is estimated to some USD 1.6 million or 22% of total cost of irrigation works

<sup>2</sup> The reported outreach of 914HH needs to be corrected for double counting of farmers having land on contiguous blocks of land consolidated areas

underlined the good level of awareness by the concerned farmers about the PLUP process required for Land Consolidation, yet it is noted that **no formal agreements about the design solutions and reallocation plans** are yet drawn in these areas, calling for close follow up by project management. Moreover, **opportunities to reduce land fragmentation** (i.e. farmers having plots far apart within a block) may be sought during the reallocation process. **Use of recently procured laser levelling** equipment by AMD shall be made a mandatory requirement in IWUMD sub-contracting arrangement for Land Consolidation.

**Paunglaung system upgrading:** Since MTR, the IWUMD has implemented works for the upgrading of the Paunglaung irrigation scheme in close adherence with the AWPB targets, including the construction of water control structures, reshaping of drains and 21,870 ft of lining works (35% of final target), all completed as of March 2019. The expected incremental area under irrigation during the dry season in connection with the reduction of water losses attributable the project is **about 2,000 acres (69% of final target) belonging to 1015 HHs, yet these data are subject to cross validation** through: i) records of irrigated areas retained by IWUMD both in the NPT and Bago division; and ii) extrapolations from the assessment of water losses through a study commissioned during the review period to the IWUMD hydrology branch and currently being finalized.

The works to be implemented in the current construction season (valued at about USD 900,000 in aggregate) sustain the attainment of the activity specific target of 2,900 acres of incremental land by continuing investments in the upgrading of drains, hydraulic structures and some additional 12,270 ft of lining of main and secondary channels. Preparatory works, including quantity estimations and the procurement process for materials by IWUMD has been initiated, which is a necessary condition to complete the works during the narrow window available for maintenance of the main channel from 1 December to end February, to avoid negative impacts on irrigation of the downstream areas during construction. However, the mission notes that some additional 10,000 ft of lining would be still required to complete the IWUMD long term investment programme for the upgrading of the scheme. These additional works (valued at about USD 600,000) could have been included in the current AWPB if prioritized by the Government, sustaining progress against specific final target of 19km (or 62,000ft) of channels lined to project end.

The mission field visits confirmed the relevance of these investments and commends the good performance of IWUMD in terms of timely execution. The March 2019 supervision mission recommendation of applying bioengineering for slope stabilization works on critical sections of drains was followed by installing wooden pole anchors. **Further improvements may include grassing and bamboo mats.** While the time window between the closing of the current fiscal year and the project completion is not sufficient to carry out any significant length of main channel lining, the mission highlights the **opportunity to secure an additional dedicated allocation of loan funds in the next AWPB to carry out additional slope protection works** in critical sections of drains, particularly nearby hydraulic structures.

**Drainage improvement:** During the review period the project has commissioned strip surveys for the upgrading of 8 drains across the project area (besides the Paunglaung scheme) and has identified about 110,000 ft (or 33 km) of critical sections to be reshaped and some 6 drainage structures requiring rehabilitation. Pending the completion of the survey at the Potek Yoe drain, a final cost estimate based on quantity of excavation will be drawn, yet the allocation secured (USD 204,000) in the current budget period is deemed adequate for the timely implementation of the works by end May 2020. Such investments are deemed highly efficient in terms of cost/benefit ratio. While the area (hence the number of HHs) directly affected by crop losses attributable to poor functioning of the selected drains (i.e. the direct beneficiaries) can be assessed only ex-post through a **recollection across the concerned KCs**, estimates from KC managers and IWUMD are in line with the achievement of the project end target of covering 3600 acres. The successful implementation of this activity requires project management **focus on the agreements to be drawn with concerned farmers** to undertake works in sections requiring widening. The mission reiterates that in case of steep and unstable side slopes **support poles and mats shall be included in the detailed scope of works.**

**WUGs/Water management:** The mission records a remarkable achievement in terms of WUGs establishment, with 47 additional WUGs formed since March 2019, bringing up the cumulative total to 89 WUGs (89% of target). WUGs cover all the areas benefitting from Land Consolidation (87 WUGs formed), where the new systems imply major changes on water management at tertiary level while providing opportunities to ease the O&M burden that historically has been solely on IWUMD. In line with the March 2019 supervision mission recommendations, two WUGs have been established also in non-consolidated areas along existing watercourses. In total WUGs include 1039 members<sup>3</sup> (87% of final target of people managing productive infrastructure), of which 17% women.

With the establishment of WUGs in the areas in which Land Consolidation is planned during this construction season, some additional 20 WUGs are to be formed by project end, finally reaching 109% of target). In line with good practice, membership is not linked to land ownership but to land use (i.e. in case of rented plots the tenant is the WUG member). **No progress has been recorded yet in the establishment of a pilot WUA comprising of 15 WUGs situated along the DY1-A channel** of the Paunglaung scheme. Initial awareness meetings in this area are to be initiated in due course. The mission field visits revealed mixed performance of the WUGs in terms of capacity to undertake O&M activities and in organizing water distribution, calling for continued follow up by the WUGS. Noticeably the WUGS has already taken action to rate WUGs performance through a scoring matrix

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<sup>3</sup> To be corrected for double counting of WUG members cultivating plots along more tertiaries

being compiled by the KC managers. This will not only help address future capacity building efforts by the WUGS, but also contribute to a final assessment of the WUGs functionality at completion.

#### Key issues:

The noticeable improvement in the Component performance since the MTR is largely attributable to IWUMD continued commitment and to the good communication and coordination function established by the NAE and WUGS with the concerned departments of MOALI, under the PD leadership. **The recent resignation of the NAE calls for immediate replacement.** Given the advanced stage of implementation it is the mission assessment that rather than focusing on irrigation design, the key qualifications of the new recruit include knowledge of MOALI's internal systems which are critical in the finalization of the PLUP processes for Land Consolidation and for drainage upgrading.

In spite of a sizeable AWPB 2018-19 allocation of about USD 60,000, the achievements on capacity building activities for IWUMD and DALMS staff are limited to an in-house training event about FARM experience on Land Consolidation carried out by the NAE and WUGS in July 2019 with participation of 21 IWUMD staff from other divisions of the country. The mission reiterates that exposure visits for MOALI officials and staff or training from international experts on **new technologies** (including e.g. piped irrigation or use of alternative liners such as HDPE) remain highly relevant for supporting the adoption in Myanmar of water saving technologies widely available in the region (e.g. India and China). With the recently approved amendment of the IFAD grant agreement, these activities would be also eligible for support through IFAD grant financing.

There are signs of mixed performance in carrying out routine preventive O&M of tertiary level infrastructure by the WUGs. **Strengthening of less performing WUGs** (as identified through the ongoing exercise on performance rating) shall remain a key activity to continue up to project closing as WUGs are key players for sustainability. The long tradition of reliance on government support for maintenance (including tertiary level infrastructure) is hard to change and the progressive taking over of O&M responsibility up to secondary level remains a major challenge throughout Myanmar. FARM is committed to develop a relevant pilot in the DY1-A channel in the Paunglaung scheme with the establishment and registration of a WUA (that would be the first in central Myanmar). Given the considerable challenges ahead (e.g. the approval of a by-law, establishment of governance bodies and of a water fee among members) the project needs to accelerate efforts in this task.

The mission continued to find limited evidence of efforts made to foster **crop diversification and upgrading framing practices** in the areas benefitting from Land Consolidation. This would ultimately undermine project impact in terms of increased farmers' incomes as a result of sub optimal crop rotation and management of available water during the dry season. The physical constraints to crop diversification at the individual level reported even in areas with Land Consolidation (in which the choice of crop for users along a tertiary may be still limited by the operation of upstream users in case of lateral seepage across the ownership bunds) could be overcome through coordination on the choice of crops and improved water management at the tertiary level. In this **respect the prompt mobilization of a Service Provider to undertake demonstrations on crop diversification and support the upgrading of farming practices through the FFS approach** is highly instrumental to the achievement of the project objectives in terms of increased farmers' income and to supporting a positive assessment of the project's Internal Rate of Return at completion.

## Technical Notes on Formation and Strengthening of CIGs

*Common interest groups (CIGs):* As on 30 September 2019, the FARM project formed 831 CIGs of which 692 CIGs are registered with Department of Agriculture and rest 139 are still in norming stage and yet to be registered. Out of 491 landless CIGs, 407 has been registered and out of 340 farmer CIGs, 285 has been registered. Out of the total 692 registered, the female and male member ratio is 65:35. Total number of 11390 Households are now representing the CIGs with an average of 16.5 members in each CIG (Table below, Source: PCU reports).

**Table 1: Formation and registration of CIGs as on the date of SIS Mission**

Township Name	No of CIGs Formed			No. of CIGs Registered			No. of members (Landless CIGs)		No. of members (Farmer CIGs)		Total number of members (households)	
	Landless	Farmers	Total	Landless	Farmers	Total	Male	Female	Male	Female	Male	Female
Lewe	120	74	194	102	62	164	398	1515	442	406	840	1921
Ottarathiri	68	19	87	42	12	54	278	510	75	121	353	631
Pyinmana	131	86	217	118	73	191	485	1566	484	453	969	2019
Tatkone	106	125	231	96	111	207	476	1329	875	845	1351	2174
Zayarthiri	66	36	102	49	27	76	196	587	240	109	436	696

<b>Total</b>	<b>491</b>	<b>340</b>	<b>831</b>	<b>407</b>	<b>285</b>	<b>692</b>	<b>1833</b>	<b>5507</b>	<b>2116</b>	<b>1934</b>	<b>3949</b>	<b>7441</b>
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*Demonstrations:* As per the projection for the period October 2019 to September 2020, the project proposed to organize 225 field demonstration plots, 225 farmer field schools and farmer field days. The project also intended to complete 180 farmer field visits. There will be 7 trainings on various local agro-techniques for the KC managers to facilitate the demonstration. The plant clinics will be a major focus for the year and the project planned to activate 60 plant clinics in 60 KC areas. The PCU is finalizing the service providers for farmer field school with the service providers which needs to be monitored as during the field visits we came across the farmers group who were the part of the FFS and they said they received only 1 demonstration during the paddy growing which ideally should have been for all the important stages of its production cycle.

*Physical achievements:* There are major improvements in formation and registering the CIGs as compared to the report during the last SIS mission (March 2019) and the physical achievements of CIG formation were satisfactory as the project could reach 11390 households considering 1 member from each household in the CIGs at an average of 16.5 members in each group. However, in terms of reaching out to 17000 farm household as per the projected outputs, it is suggested that there is a requirement to relook at the number of CIGs to be formed to reach the targeted households and keeping in view the number of households in the five townships, it is achievable. Moreover, the FARM project has already finalized the service providers who will support the PCU in formation and nurturing the CIGs which can refuel the endeavour of the project to achieve the targeted outreach.

*Project financing:* Project financing is not so encouraging and it is only 26 CIGs who received the 2<sup>nd</sup> tranche of the RBF assistance/matching grant to implement the projects. Of which 16 project financing was provided to landless CIGs and 10 to the farming group. It was observed during the field visits that the project financing the farmer groups are a real challenge as majority of them are growing the crops of their choice without looking in to the market demand and the quality of the produces are not also attractive to the private enterprises which leads to broken value chains. However, the groups who received the assistance/matching grants to purchase the agricultural equipment (for example power tiller) are doing well as they are being used for common tilling activities. The landless CIGs who received the project finance assistance for animal husbandry (for example goat rearing) are performing extremely well.

#### Way forward for the remaining fourteen months, November 2019-December 2020

*Formation of CIGs and their capacity building:* As the formation and nurturing of the CIGs are the main focus of the project to bring both the farmers and landless group to take up entrepreneurial activities, the FARM project already finalized the service agreement with the external service provider to support the formation and nurturing of CIGs. Keeping in view the 14 months left in achieving the objectives and physical targets, we propose the followings:

- The Service provider will help the PCU to form minimum of 339 CIGs (which include the 139 groups already formed but not registered) which will be registered with the Department of Agriculture to take the number of CIGs to 1031 (as projected by the PMU). However, we also need to ensure that the number of registered members reach 17,000 mark which means there will be average of 18 members per CIG. The PCU and FARM SIS mission will review the progress and may change the target as may be required.
- The service providers will assess the maturity and training needs of the existing registered CIGs to perform better. It is expected that they will be using the assessment tools and other techniques for this purpose.
- The service provider needs to identify some 4-5 commodities for the farmer CIGs which will be attractive to the private sectors to procure to improve their income potential. Similarly, for the landless CIGs there is a requirement to identify the most market-oriented enterprises.
- The service providers will also support the PCU of FARM project by preparing the training modules (both technical and soft skills) based on the training needs assessment.

*Demonstration plots and FFS:* It was observed that due to absence of organized farmer field school (FFS) programme for the farmer CIGs, the impact of the demonstration plots is not much visible. The proposed FFS service provider should focus on the scientific implementation of FFS and the results of the demonstration plots need to be documented and disseminated widely. As proposed by the PMU, the project will implement FFS in 120 farmers plot and 225 demonstration plots will be covered to support the farmer CIGs which is little elevated but doable if it can divide this on quarterly basis.

*Common interest groups (savings and credit groups):* The majority of the CIGs formed and registered with DOA are so far engaged in internal savings and credit activities which however is extremely low and during field visits we observed that in some cases it is MMK1000 per month (less than 75 cents). Few groups are saving at a higher rate and some farmer groups are more seasonal savings (higher at the time of harvesting and low during

other months). This hampered the natural growth of the total corpus<sup>4</sup> of the CIGs. Most of the CIGs are unable to bring in savings of USD500.00 even after 3 year of their formation. (Table below, Source: PCU reports).

**Table 2: Financing progress of CIGs as on the date of SIS Mission**

Township Name	No. of CIGs received RBF assistance/matching grant			No. of members received RBF (Landless)		No. of members received RBF (Farmer)		Total CIG Members received RBF	
	Landless	Farmers	Total	Male	Female	Male	Female	Male	Female
Lewe	96	51	147	382	1427	346	333	728	1760
Ottarathiri	32	3	35	241	372	33	21	274	393
Pyinmana	108	55	163	419	1480	298	366	717	1846
Tatkone	76	69	145	360	1092	512	538	872	1630
Zayarthiri	42	23	65	149	517	213	78	362	595
<b>Total</b>	<b>354</b>	<b>201</b>	<b>555</b>	<b>1551</b>	<b>4888</b>	<b>1402</b>	<b>1336</b>	<b>2953</b>	<b>6224</b>

Of 692 CIGs, 555 received first tranche, 137 have not received first tranche;

*Rural Business Fund (RBF):* There are 555 CIGs received the assistance/matching grant of the first tranche of the rural business fund and 26 of them received the 2<sup>nd</sup> tranche (16 landless CIGs and 10 farmer CIGs) during the period of 2018-2019. Around 87 percent of landless CIGs and 71 percent of farmer CIGs received the RBF assistance/matching grant. Out of 11300 households, 9177 households received the RBF assistance. It has been budgeted at USD1.03 million for financing the CIGs for the period October 2019 to September 2020. According to this budget, the first tranche of the RBF will be received by 400 CIGs and the 2<sup>nd</sup> tranche will be received by 215 CIGs (Table below, Source: PCU reports).

**Table 3: Proposed budgeted financing growth**

Sl. No	Name of the activities	Number	Unit budget (USD)	Total Budget (USD)
1	Providing first tranche of RBF assistance/ matching grant @5 new CIGs in 40 Old KCs	200	1500	300000
2	Providing 2nd tranche of RBF to 131 saving-credit groups who achieved the minimum deposits	131	2000	262000
3	Providing 2nd tranche of RBF to 84 business CIGs	84	2000	168000
4	Providing 1st tranche to 10 CIGs in 20 new KCs established	200	1500	300000
<b>TOTAL</b>		<b>531</b>		<b>1030000</b>

339 to be organized by DRI; plus 137 already organized = 476 total CIGs; 400 will received by Sept 2020; 76 from Oct-Dec 2020;

2<sup>nd</sup> tranche – 26 CIGs funded; plus 131 and 84 = 215 CIGs for financing; total by end is 241

*Bank Linkage:* Bank linkage of the CIGs are one of the weak areas of the FARM project. Although the savings bank accounts for all of the registered CIGs were opened by the KC facilitators in nearby Cooperative Banks which are situated far from the village in most of the cases. While deepening of the banking systems in the country is a major challenge, the CIGs are facing even bigger challenge of financial literacy which is almost nil in most of the cases. The MFIs are active in some township but their operation is restricted to provide short term financial assistance to individual borrowers and the interest rate is exorbitantly high. The Myanmar Agricultural Development Bank (MADB) is active only for the farming families with limited operations. It was observed that some of the farmers in the farmer CIGs already indebted to MADB.

Way forward for the remaining fourteen months, November 2019-December 2020

*Formation and nurturing of CIGs:* The FARM project in collaboration with the service provider will be forming minimum of 339 CIGs to achieve the target of reaching out to 17000 households. The service provider will also help the PCU to assess the quality of the CIGs for receiving the RBF assistance/matching grant (both 1<sup>st</sup> and 2<sup>nd</sup> tranche). The service provider will help linking the CIGs with the financial institutions.

<sup>4</sup> Total corpus of the group calculated as follows: savings balance as at any point of time (cash in hand and bank balance) + internal credits being circulated within the members + matching grant received + interest to be collected from the members + Bank interest,

*Capacity Building of CIGs:* The capacity of the CIGs needs to be enhanced both in terms of technical and soft skills to achieve the objectives. The following areas need special attention during the next fourteen months:

- a) The service providers need to prepare the training modules on technical and soft skills for the CIG members and also the KC managers.
- b) Financial literacy programme for the CIG members need to be provided by the service provider to get out of the challenges being faced by the members of CIGs.
- c) The CIGs need to be prepared for the project exit situation and continue their group activities.

## **Myanmar**

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### **Fostering Agricultural Revitalisation in Myanmar Project Supervision Report**

#### **Appendix 5: Mission preparation and planning, TORs, schedules, people met**

Mission Dates: 21 October-05 November  
Document Date 27/11/2019  
Project No. 1100001654  
Report No. 5247-MM

Asia and the Pacific Division  
Programme Management Department



## **Appendix 5: Mission preparation and planning, TORs, schedules, people met.**

### **Terms of Reference Supervision and Implementation Support Mission Fostering Agricultural Revitalization in Myanmar (FARM) Project**

**COUNTRY OF ASSIGNMENT/LOCATION: Myanmar**

**MISSION START AND END DATES: 20 October – 5 November 2019**

**REPORT TO:** Alessandro Marini, Country Programme Manager, APR / PMD

#### **MISSION COMPOSITION:**

##### IFAD Staff:

Alessandro Marini, Country Programme Manager  
Jerry Pacturan, Country Programme Officer  
Alvaro Fernandez, Finance Officer

##### Consultants:

Michele Pirazzoli, Infrastructure Specialist  
Yolando Arban, Co-Team Leader / Project Management and M&E Specialist  
Arthur Tantuan, Procurement Specialist  
Myat Thiri Wai, Country Programme Facilitator  
Prasun Kumar Das, SHGs/Rural Finance Specialist

#### **BACKGROUND:**

The Fostering Agricultural Revitalization in Myanmar (FARM) Project aims to introduce regional and global best practices to develop a sustainable and scalable model for smallholder agriculture and rural development across Myanmar's central dry zone. It supports land consolidation and development, productive infrastructure, agricultural and business services, flow of knowledge and capacity building to promote an inclusive development model in this zone.

The FARM project is supported by IFAD through a loan of USD 18.8 million, on highly concessional terms, and a grant of USD 0.8 million. The project is being co-financed by the Government, with a contribution of USD 5.3 million, a private sector contribution of USD 2.4 million and beneficiary contribution of USD 0.6 million. FARM was approved by the IFAD Executive Board in April 2014 and became officially operational in October 2014. FARM has two main components:

Component 1: Agricultural Infrastructure: under this component the project will contribute to the ongoing expansion of irrigated areas under the command of MOAI primary and secondary canals, with complementary investments in land development identified through a participatory process;

Component 2: Agricultural and Business Services. This component includes two sub-components: investing in knowledge and financing growth. This component supports: (i) the creation of a pluralistic participatory extension service platform which provides support to farming households; and, (ii) services to landless entrepreneurs to start/develop rural micro-businesses. This component will also foster enabling conditions for the growth of sustainable rural micro-businesses and SMEs. A grant fund was established in support to livelihoods of farming households and rural businesses operated by landless households. Access of smallholders and the landless to financial services will be improved by attracting MFIs to the area and by promoting contract farming; and financial intermediaries such as savings and credit groups will be fostered.

**March 2019 Supervision.** In the March 2019 supervision the Project's performance has considerably improved and the key outputs as targeted in the annual work plan and budget of 2018-2019 have been secured. Project

has recovered from a period of under-performance with the commendable effort of its new management team. Overall, the Project was on track for achieving, and in some cases over-achieving its output targets. On the other hand, the mission noted that more attention should be paid to how these outputs will be translated into outcomes and benefits for the targeted households, particularly in terms of enhanced skills and increased incomes. From a status of actual problem project, FARM has moved up to a potential problem project. IFAD and government agreed on the following:

(i) Unallocated IFAD Loan funds to be earmarked to Civil Works to compensate for exchange rate losses and restore the budget available for irrigation works to some USD 9.0 million; (ii) amendment of the FARM Financing Agreement to allow the use of grant funds for capacity building of Project staff and beneficiaries and improvement of MOALI's financial management system; (iii) implementation of season-long Farmer Field School (FFS) with technical assistance from the United Nations' Food and Agriculture Organization (FAO) or other service providers; (iv) engagement of service providers for the formation of new and strengthening of existing Common Interest Groups (CIGs); (v) adjustment of the implementation approach of the Rural Business Funds (RBF) for the CIGs; (vi) cancellation of the Commercial RBF while consolidating support to existing and new CIGs; (vii) continuity of Project staff will be ensured and; (viii) the Project will capture outcomes going forward.

### **Mission objectives**

Classified as a potential problem project during the March 2019 supervision, this assignment will assess to what extent the project has improved its operations based on the previous mission agreements. This will be conducted from 21 October – 1 November 2019 in close consultation with key stakeholders (Government, beneficiary groups, implementing partners and private sector). The mission will undertake consultations in the capital and field visits to Project target areas to review and validate Project activities and to consult with local stakeholders.

The two main outputs of the mission will be (i) an aide-memoire documenting the findings, conclusions and recommendations of the mission to be discussed with the Government during the wrap-up meeting; and (ii) a supervision mission report to be submitted to IFAD's management at the conclusion of the assignment, in the required format.

### **Responsibilities**

#### **Jerry Pacturan, Mission / Team Leader**

He will have overall responsibility for guidance and management of the mission's work. The Mission Leader will be responsible for debriefing the Government of Myanmar during the wrap-up meeting, and will ensure that all deliverables are met in a timely manner and comply with IFAD's required formats and quality standards. He will coordinate the preparation of the aide memoire and MTR report. Specifically, the mission leader will:

- Lead the team's meetings with Government counterparts and partners throughout the mission;
- Coordinate mission activities, review the assessment of the overall project performance and quality of implementation and synthesise the findings and recommendations;
- Assess the overall quality of project management and coordination;
- Together with the supervision team, review, the overall implementation progress of each component since project effectiveness;
- Review, together with the team, the physical/financial progress of the project to date since effectiveness;
- Provide overall implementation support as required to PCU and MoALI and recommend action plan for the remaining years of the project; and,
- Lead the drafting of the Aide Memoire before submission to the Government.

#### **Alessandro Marini, Agribusiness Specialist**

The Agribusiness Specialist will be responsible for reviewing the progress of the project activities specifically under Component 2: Agricultural and Business Services. In particular, the Agribusiness Specialist will:

- Assess the progress and success of activities;
- Assess the physical progress in achievement of targets under KCs since effectiveness;

- Review the efficiency of the set-up of governance structures for the Knowledge Centres, including recruitment of KC Managers and adequacy of capacity building trainings provided to KC Managers;
- Review the implementation of the season-long FFS;
- Review the 2018/2019 workplan of the KCs including capacity building activities for farmers; contracting of service provider for activities related to landless households;
- Assess the implementation and operation of the 20 new KCs; and,
- Prepare written contribution to the relevant sections of the mission Aide Memoire.

**Prasun Kumar Das, SHGs and Rural Finance Specialist**

- Working closely with the Agribusiness Specialist, he will assess the progress made in implementation and expansion of the Rural Business Fund to agriculture CIGs and the SMEs, including, formation of grant committees, contracting of service provider for capacity building of landless entrepreneurs and SMEs;
- Assess the progress made in rural finance activities pertaining to the strengthening of MFIs in the project area;
- With regard to both sub-components 2.1 and 2.2, assess the adequacy of implementation arrangements, and recommend actions for the remaining years to ensure targets are achieved;
- Provide implementation support to ESAP and WSAP; and,
- Prepare written contribution to the relevant sections of the mission Aide Memoire and the supervision mission report.
- Start and end dates: 20 October – 03 November 2019
- No. of days: 13

**Yolando Arban, Co-Team Leader / Project Management and Monitoring & Evaluation (M&E) Specialist**

The expert will do the following::

- Assess the overall Project management and M&E performance and quality of implementation in line with the defined result objectives;
- Review institutional arrangements and performance;
- Review staffing set-up, organigrams and performance;
- Propose ways to improve the performance and delivery of the project;
- Assess the progress and implementation performance of Programme's components against 2018/19 AWPBs and logical framework of the project;
- Assess the relevance and effectiveness of technical assistance and training given to primary stakeholders and staff in relation to design objectives, and the extent to which they have been given based on needs assessment and followed up on to determine their impact;
- Assess the progress of project interventions in the field of general management and make time-bound recommendations to ensure knowledge and best practices are systematically captured and shared;
- Undertake an overall assessment and rating of the performance of M&E system;
- Review the baseline survey report and the outcome report;
- Conduct the assessment and rating of the performance of M&E system and related MIS;
- Summarize the overall programme implementation progress of the M&E and institutional aspects and make recommendations to improve program performance;
- Assess the progress of programme interventions in the field of knowledge management and make time-bound recommendations to ensure knowledge and best practices are systematically captured and shared;
- Review and update the first and second level RIMS indicators and overall project log frame;
- Preparation of the Appendices "Updated logical framework" and "Physical progress measured against AWPB" (including RIMS indicators);
- Review and update the logframe and retrofit RIMS indicators with the new Corporate indicators within the ORMS;
- Review and update the yearly results and include them in the logframe;
- Support mission team and project staff in selecting and agreeing on relevant Corporate Indicators (Cis);

- Prepare written contribution to the relevant sections of the mission Aide Memoire and to the report including data, annexures, field observations, project results, findings and recommendations, within the deadline set by the Team Leader; input the mission report to the ORMS;
- Provide implementation support to ESAP and WSAP; and
- Any other tasks assigned by the Team Leader.
- Start and end dates: 20 October – 05 November 2019
- No. of days: 16

#### **Michele Pirazzoli, Infrastructure Specialist**

The Infrastructure Specialist will be responsible for reviewing the physical and qualitative progress of the project's infrastructure works, particularly under those under Component 1. The Specialist, in particular, will:

- Review the infrastructure work plan for the project period and progress made on physical works;
- Assess the quality and cost effectiveness of the infrastructure design and works undertaken as part of expansion of irrigated areas under the command of primary and secondary canals under selected irrigation schemes, including land consolidation and land titling, land levelling, construction of tertiary canals, the drainage networks, farm roads and small hydraulic structures;
- Assess the extent of outputs achievable under the component in the remaining years, revise targets accordingly and assess the viability of expansion of irrigation works in upland and lowland rain-fed areas;
- Assess the extent of community participation involved in the design and supervision process the infrastructure components of the project;
- Assess the progress made with regard to establishing a participatory water management systems in the project areas;
- Identify implementation challenges and provide clear recommendations on how to address them in the remaining duration of the project;
- Prepare written contribution to the relevant sections of the mission Aide Memoire and to the report including data, annexures, field observations, project results, findings and recommendations, within the deadline set by the Team Leader;
- Provide implementation support to ESAP and WSAP; and,
- Carry out any other relevant assignment as may be determined by the Team Leader.
- Start and end dates: 20 October – 05 November 2019
- No. of days: 16

#### **Arthur Tantuan, Procurement Specialist**

The Procurement Specialist will be responsible for reviewing and assessing the arrangements for procurements of goods, services and works financed under FARM. Specifically, the Procurement Specialist will:

- Assess if the PCU has established a transparent procurement and contracting system, and if they meet IFAD's procurement standards;
- Review the PCU's procurement manual and identify foreseeable challenges;
- Review the PP and the documentation of procured goods and services under the 2017/2018 and 2018/2019 AWPB.
- Provide recommendations for adoption of best practices that will allow PCU to efficiently manage the procurement activities of the project;
- Assess the need for on-demand technical assistance for preparation of tender documents;
- Orient the PCU on the IFAD No Objection Tracking System (NOTUS);
- Provide overall implementation support as required to PCU and MoALI;
- Prepare written contribution to the relevant sections of the mission Aide Memoire and to the report findings and recommendations, within the deadline set by the Team Leader.
- Provide implementation support to ESAP and WSAP; and,
- Any other relevant assignment as determined by the Team Leader.
- Start and end dates: 20 October – 04 November 2019
- No. of days: 16

#### **Alvaro Fernandez, Financial Management Specialist**

The Financial Management Specialist will handle all matters related to financial management, including disbursement performance. Using the IFAD FMAQ as the basis to collect the relevant information, the Financial Management Specialist will assess the strengths and weaknesses of financial management systems, internal controls and financial reporting systems relating to financial management and financial administration of project funds in order to ensure that they satisfy IFAD's fiduciary requirements and comply with the Financing Agreement and LTB. Specifically, the expert will:

- Review financial management progress for FARM, identify constraints in disbursements and expenditure programming; propose solutions where appropriate. Assess physical and financial project implementation progress against appraisal targets and Annual work plans and budgets. Identify actual, emerging or potential problems, constraints and bottlenecks in project implementation;
- Identify risks arising from material deficiencies and propose practical recommendations for improving financial management functions and/or staffing for financial operations needed to mitigate risk;
- Review the financial reporting systems, including Government reporting requirements. Assess the functionality of the accounting software used, highlight duplications with manual/ Excel reporting and make recommendations, if any, to customise the software in order to enhance its usefulness for project reporting purposes;
- Review the operation of the FARM's designated account, and project accounts (OA, MD). Assess the efficiency of the established fund-flow system and whether advances are appropriate for the projected expenditure needs for FARM;
- Assess regularity of WA preparation. Recommend concrete measures to ensure faster and more efficient disbursements. Assess the project's treasury planning; analyse adequacy of DA authorised allocation, with respect to projected expenditure requirements;
- Review SOEs prepared since the last field review to verify adequacy, completeness and validity of claims by selecting on a sample basis expenditure items from each category of expenditures and performing a system 'walk-through'. Document findings on individual SOE items, noting down any ineligible expenditures. Provide recommendations on any internal controls weakness noted. Assess the adequacy of the project's filing of financial records;
- Review contractual and payment procedures (as well, assess (for quality, timeliness) and identify any capacity gaps in contractor/IP/SP preparation of documentation for payment of works, financial reports, etc.); check contract register, usage of contract monitoring forms, register of advances; highlight outstanding advances (ageing analysis); verify compliance with audit requirements foreseen in contracts/ MOUs, if applicable;
- Review status of counterpart funding, including checking if the Borrower/Lead Project Agency has made available financing proceeds to the Project, as planned and in line with the Financing Agreement;
- Review key internal controls in project expenditure management, assess number of days required for payment approvals;
- Assess compliance with financing agreement, LTB and applicable guidelines, including PIM;
- Review internal audit arrangements provided by MoALI, document findings of internal audit reports;
- Discuss findings of FY 2016 audit report with finance team, describe planning for addressing audit observations;
- Discuss the status of preparation of the next annual financial statements, including impact of upcoming change of Myanmar financial year on annual reporting and audit processes;
- Discuss Mission recommendations with the PCU and relevant stakeholders and agree on a plan of action; based on above work, assign FM performance ratings to the projects, and update FM risk assessments, following CFS guidelines;
- Provide overall implementation support as required to PCU and MoALI;
- Provide implementation support to ESAP and WSAP;
- Prepare written contribution to the relevant sections of the mission Aide Memoire and to the report findings and recommendations, within the deadline set by the Team Leader.
- Start and end dates: 20 October – 05 November 2019

#### **Myat Thiri Wai, Mission Facilitator**

The Mission Facilitator will be responsible for providing overall support to the supervision team and ensuring logistical arrangements to carry out the planned mission activities. Specifically, the Mission Facilitator will:

- Liaise between the mission and the concerned government agencies and officials;
- Support the supervision team's field visits and meetings with Government entities (at all levels);

- Provide inputs for drafting mission's Aide Memoire;
- Any other relevant tasks requested by the Mission / Team Leader.
- Start and end dates: 20 October – 05 November 2019

## Documentation

The following documentation will be made available to the team for undertaking the assignment:

1. FARM Project Development Report and Cost Tables
2. FARM Working Papers
3. Financing Agreement and Letter to the Borrower
4. AWPB and Procurement Plan (PP) 2018/2019
5. Other relevant project documents that will be requested from the PCU.

## Mission schedule

20 October	Mission team arrival in NPT
21 October	Kick-off meeting with MoALI and MoPF
22-25 October	Field visits and meetings
26-27 October	Review of Documents, Drafting of Report
28/29 October	Field visits (if needed) and meetings
29-31 October	Report Preparation
1 November	Wrap-up Meeting
	Departure
05 November	ORMS report

## Persons Met

Kick off meeting 21.10.2019

U Aye Ko Ko	Deputy Director General	DOA
Dr. Thanda Kyi	Deputy Director General	DOP
U Kyi Wai	Director of Planning and works	IWUMD
U Ko Ko Naing	Director Construction 5	IWUMD
U Aung Thiha	Deputy Director Construction 5	IWUMD
U Aung Zaw	Deputy Director	AMD
Daw Khin Mar Oo	Director	DOP
Daw Win Win Than	Deputy Director	Deputy Director
U Tun Win	Project director	FARM
U Win Oo	Project Manager	FARM
Dr. Myo Kyaw Thu	PMSO	FARM
U Thaug Htein	KCSV	FARM

Date 23.10.2019

Morning 9:00 to 9:30	Zeephyupin Land Consolidated area(2019-2019)	<ol style="list-style-type: none"> <li>1. U Kyaw Min Tun(KC Supervisor)</li> <li>2. U Si Thu Tun(WUGS)</li> <li>3. Daw Nandar (Finance Manager)</li> <li>4. U Han Moe Nyein(CDGC)</li> <li>5. Daw Phyu Hnin Wai (Pawsankhaw KCM)</li> <li>6. U Aung Thiha (Deputy Director, Con. 5, IWUMD)</li> <li>7. U Myo Min Thant(Staff Officer, Con. 5, IWUMD)</li> <li>8. U Naing Linn Soe( Staff Officer, Con.5, IWUMD)</li> <li>9. U Aye Kyu(Staff Officer, Con.5, IWUMD)</li> <li>10. Vilalge Leaders and Farmers</li> </ol>
11:00 to 13:00	Pin Thaug Land Consolidation Area(2019-2020), Meeting with	<ol style="list-style-type: none"> <li>1. U Kyaw Min Tun(KC Supervisor)</li> <li>2. U Si Thu Tun(WUGS)</li> </ol>

	farmers(Village Tract Administrative Head and concerned farmers)	<ol style="list-style-type: none"> <li>3. Daw Nanda(Finance Manager)</li> <li>4. U Han Moe Nyein(CDGC)</li> <li>5. Daw May Nyein Ko(Kyauk Oo KCM)</li> <li>6. U Aung Thiha(Deputy Director, Con. 5, IWUMD)</li> <li>7. U Myo Min Thant(Staff Officer, Con. 5, IWUMD)</li> <li>8. U Naing Linn Soe( Staff Officer, Con.5, IWUMD)</li> <li>9. U Aye Kyu(Staff Officer, Con.5, IWUMD)</li> <li>10. Village leaders and farmers</li> </ol>
14:30 to 16:00	Kyo Pin Tha Land Consolidation Area(2019-2020), Meeting with farmers at Paukmyaing 130.84 Land consolidated area	<ol style="list-style-type: none"> <li>1. U Kyaw Min Tun(KC Supervisor)</li> <li>2. U Si Thu Tun(WUGS)</li> <li>3. Daw Nanda(Finance Manager)</li> <li>4. U Han Moe Nyein(CDGC)</li> <li>5. U Thet Naing Soe(Paukmyaing KCM)</li> <li>6. U Aung Thiha(Deputy Director, Con. 5, IWUMD)</li> <li>7. U Myo Min Thant(Staff Officer, Con. 5, IWUMD)</li> <li>8. U Naing Linn Soe( Staff Officer, Con.5, IWUMD)</li> <li>9. U Aye Kyu(Staff Officer, Con.5, IWUMD)</li> <li>10. Village leaders and farmers</li> </ol>

24.10.2019

Morning 9:00 to 11:00	Kyotan/Myaungmya Land Consolidated area(2018-2019), Meeting with WUG leaders and members(Alekyun Village Tract Administrative Head and concerned farmers/WUG) at Myaunmya Village Monastery	<ol style="list-style-type: none"> <li>1. U Zaw Tun (PM, ESAP)</li> <li>2. Daw Hla Oo New (Irrigation Engineer, ESAP)</li> <li>3. U Kyaw Min Tun (KC Supervisor)</li> <li>4. U Si Thu Tun(WUGS)</li> <li>5. U Han Moe Nyein (CDGC)</li> <li>6. Daw Thet Thet Mar (Pyanchi KCM)</li> <li>7. U Aung Thiha (Deputy Director, Con. 5, IWUMD)</li> <li>8. U Myo Min Thant (Staff Officer, Con. 5, IWUMD)</li> <li>9. U Naing Linn Soe (Staff Officer, Con.5, IWUMD)</li> <li>10. U Aye Kyu(Staff Officer, Con.5, IWUMD)</li> <li>11. Village leaders and farmers</li> </ol>
11:15 to 12:15	Paukmyaing Land Consolidated Area(2018-2019) and Innpin Land Consolidated Area, Meeting with WUG leaders and members at Paukmyaing 353.21 ac Land consolidated area	<ol style="list-style-type: none"> <li>1. U Zaw Tun(PM, ESAP)</li> <li>2. Daw Hla Oo Nwe(Irrigation Engineer, ESAP)</li> <li>3. U Kyaw Min Tun(KC Supervisor)</li> <li>4. U Si Thu Tun(WUGS)</li> <li>5. U Han Moe Nyein(CDGC)</li> <li>6. Daw Thet Thet Mar(Pyanchi KCM)</li> <li>7. U Aung Thiha(Deputy Director, Con. 5, IWUMD)</li> <li>8. U Myo Min Thant(Staff Officer, Con. 5, IWUMD)</li> <li>9. U Naing Linn Soe( Staff Officer, Con.5, IWUMD)</li> <li>10. U Aye Kyu(Staff Officer, Con.5, IWUMD)</li> <li>11. Village leaders and farmers</li> </ol>

Field day 23.10.2019

9:00 to 10:30	Khit Aye KC and Meet with CIGs	<ul style="list-style-type: none"> <li>- Dr. Myo Kyaw Thu (PMSO)</li> <li>- Ko Myo Min Htwe (KCM)</li> <li>- U Win Oo (Project Manager)</li> <li>- U Htein Linn han (District Officer, Ottara)</li> <li>- U Thaug Htein (KC supervisor)</li> <li>- Daw Yadanar (OFS)</li> <li>- Daw nyein nyein nwe (RFS)</li> <li>- Ko Aung Pyae Soe (RFF)</li> <li>- Ko Phyto Yarzar (RFF)</li> <li>- Village leaders and CIG members</li> </ul>
10:30 to 12:30	Aung Zay Ya KC and visited Aung Thit Sar CIG (Jam making business)	<ul style="list-style-type: none"> <li>- Dr. Myo Kyaw Thu (PMSO)</li> <li>- Daw Yuzana Htwe (KCM)</li> <li>- Daw Yadanar (OFS)</li> <li>- Daw nyein nyein nwe (RFS)</li> <li>- Ko Aung Pyae Soe (RFF)</li> </ul>

		<ul style="list-style-type: none"> <li>- Ko Phyo Yarzar (RFF)</li> <li>- Village leaders and CIG members</li> </ul>
2:30 to 4:00	Mezalgone KC and meeting with farmers from FFS	<ul style="list-style-type: none"> <li>- Ko Yin Min Soe (KCM)</li> <li>- Dr. Myo Kyaw Thu (PMSO)</li> <li>- Daw Yadanar (OFS)</li> <li>- Daw nyein nyein nwel (RFS)</li> <li>- Ko Aung Pyae Soe (RFF)</li> <li>- Ko Phyo Yarzar (RFF)</li> <li>- Village leaders and CIG farmers</li> </ul>
Field Day 24.10.2019 11:30 to 1:30	Gamone Taung KC and meeting with CIGs (Kayay CIG, Sabel CIG, Thit Kwa CIG, Hninsi CIG)	<ul style="list-style-type: none"> <li>- Dr. Myo Kyaw Thu (PMSO)</li> <li>- Daw Nyein Nyein Nwel (RFS)</li> <li>- U Phyo Yarzar (RFF)</li> <li>- U Min Kyaw (KCM)</li> <li>- Village leaders and CIG farmers</li> </ul>
2:30 to 3:00	Visited to New KC building and cardamom plantation	<ul style="list-style-type: none"> <li>- Dr. Myo Kyaw Thu (PMSO)</li> <li>- Daw Nyein Nyein Nwel (RFS)</li> <li>- U Phyo Yarzar (RFF)</li> <li>- U Min Kyaw (KCM)</li> <li>- Village leaders and CIG farmers</li> </ul>