

Myanmar

Western States Agribusiness Project Supervision Report

Mission Dates: 12 to 25 October 2020
Document Date: 26/11/2020
Project No. 2000000964
Report No. 5548-MM

Asia and the Pacific Division
Programme Management Department

Abbreviations and Acronyms

ABF	Agribusiness Fund
ADB	Asian Development Bank
AIT	Agricultural Information Technology
APP	Annual Procurement Plan
AWPB	Annual Work Plan and Budget
CFW	Cash-for-work
CIG	Common Interest Group
COVID19	Novel coronavirus Disease-2019
CSO	Civil Society Organization
DA	Designated Account
DAR	Department of Agriculture Research
DALMS	Department of Agricultural Land Management and Survey
DOA	Department of Agriculture
DRD	Department of Rural Development
DWS	Domestic Water Supply
ERLIP	Enhancing Rural Livelihoods and Income Project

FFS	Farmer Field School
FARM	Fostering Agricultural Revitalization in Myanmar
FPIC	Free and Prior Informed Consent
FSP	Financial Service Provider
GAP	Good Agricultural Practices
ICIMOD	International Centre for Integrated Mountain Development
ICP	IFAD Client Portal
IFAD	International Fund for Agricultural Development
IP	Implementing Partners
IPM	Integrated Pest Management
IPSAS	International Public Sector Accounting Standard
IWUMD	Irrigation and Water Use Management Department
KC	Knowledge Center
KM	Knowledge Maagement
LBVD	Livestock Breeding and Veterinary Department
MIC	Main Implementation Consulting
M&E	Monitoring and Evaluation

MDDW	Minimum Dietary Diversity
MIC	Main Implementation Consulting
MIS	Management Information System
MMK	Myanmar Kyat
MoALI	Ministry of Agriculture, Livestock and Irrigation
MoPF	Ministry of Planning and Finance
NAG	Network Activities Group
NCDDP	National Community Driven Development Program
NO	No Objection
NORAD	Norwegian Agency for Development Cooperation
NOTUS	No Objection Tracking and Utility System
NPSC	National Project Steering Committee
OAG	Office of the Auditor General
PDR	Project Design Report
PIM	Project Implementation Manual
PIO	Project Implementation Office
PMU	Project Management Unit

PP	Procurement Plan
PRA	Participatory Rural Appraisal
PWC	Project Working Committee
PWR	Participatory Wealth Rating
RBF	Rural Business Fund
SALT	Sloping Agriculture Land Technique
SCG	Savings and Credit Group
SF	Supplemental Fund
SLM	Sustainable Land Management
ToR	Terms of Reference
TPIC	Township Planning and Implementation Committee
USD	US Dollar
VDC	Village Development Council
VDP	Village Development Plans
WA	Withdrawal Application
WB	World Bank
WMC	Water Management Committees

WSAP Western States Agribusiness Project

WUG Water Users' 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:	Western States Agribusiness Project	Climate Risk Classification:	2
Project ID:	2000000964	Executing Institution:	Ministry of Agriculture, Livestock and Irrigation
Project Type:	Research, extension and training	Implementing Institutions:	Ministry of Agriculture, Livestock and Irrigation
CPM:	Alessandro Marini		
Project Director:	not available yet		
Project Area:	not available yet		

Approval Date:	08/09/2018	Last audit receipt:	not available yet
Signing Date:	17/12/2018	Date of Last SIS Mission:	25/10/2020
Entry into Force Date:	17/12/2018	Number of SIS Missions:	2
Available for Disbursement Date:	10/07/2019	Number of extensions:	0
First Disbursement Date:	26/07/2019	Effectiveness lag:	3 months
MTR Date:	not available yet		
Original Completion Date:	31/12/2024		
Current Completion Date:	31/12/2024		
Financial Closure:	not available yet		

Project total financing

IFAD Financing breakdown	Asia and the Pacific Division	\$3,978,000
	IFAD	\$8,984,000
Domestic Financing breakdown	National Government	\$994,000
	Beneficiaries	\$780,000
Co-financing breakdown,	Oxfam GBR	\$525,000
	CARE International - Myanmar	\$525,000
	To be determined	\$0
Project total financing:		\$20,257,000

Current Mission

Mission Dates:	12 to 25 October 2020
Days in the field:	N/A
Mission composition:	Alessandro Marini, IFAD Country Director and Team Leader; Myat Thiri Wai, IFAD Country Programme Facilitator; Audrey Nepveu de Villemarceau, IFAD Global Technical Specialist, Water and Infrastructure; Harold Liversage, IFAD Lead Global Technical Specialist, Land Tenure; Antonella Cordone, IFAD Senior Technical Specialist, Nutrition and Social Inclusion; Marie-Aude Even, IFAD Senior Regional Technical Specialist, Agronomy; Fabrizio Vivarini, IFAD Finance Officer; Ngoc Lan Chi Nguyen, IFAD Finance Officer Delegate; Jorma Routsi, Rural Finance Specialist; Yolando Arban, Project Management and M&E Specialist; Clovis Ike Payumo, Rural Infrastructure Specialist; and Arthur Tantuan, Procurement Specialist.
Field sites visited:	N/A

B. Overall Assessment

Key SIS Indicator #1	Ø	Rating	Key SIS Indicator #2	Ø	Rating
Likelihood of Achieving the Development Objective		3.9	Assessment of the Overall Implementation Performance		4.0

Effectiveness and Developmental Focus	4	Project Management	4
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	N/A	Coherence between AWPB and Implementation	5
Nutrition	4	Performance of M&E System	4
Adaptation to Climate Change	4	Social, Environment, and Climate Standards requirements	4

Sustainability and Scaling-up	4	Financial Management and Execution	4
Institutions and Policy Engagement	N/A	Acceptable Disbursement Rate	3
Partnership-building	3	Quality of Financial Management	4
Human and Social Capital and Empowerment		Quality and Timeliness of Audit	4
Quality of Project Target Group Engagement and Feedback	4	Counterparts Funds	4
Responsiveness of Service Providers	4	Compliance with Loan Covenants	4
Environment and Natural Resource Management		Procurement	4
Exit Strategy			
Potential for Scaling-up			

Relevance

C. Mission Objectives and Key Conclusions

Background and Main Objective of the Mission

1. Executed by the Department of Rural Development (DRD), WSAP aims to improve the social and economic status of rural households in a climate resilient manner in northern Magway Region and southern Chin State. Its objective is to increase household incomes, food security and nutrition quality, focusing on commodities and services that have comparative advantage, market demand and growth potential. It covers specifically the townships of Kanpetlet and Mindat in Chin and the townships of Myaing and Pauk in Magway.
2. The estimated total investment of US\$ 20.3 million equivalent is composed of an IFAD loan of US\$ 9 million, an IFAD Grant of US\$ 4 million, national and local government counterpart funds of US\$ 1 million; implementing partners' cost-sharing of US\$ 1 million; and expected beneficiary contributions of US\$ 0.8 million. The financing gap of US\$ 4.5 million should be sourced through co-financing identified during implementation or through a subsequent IFAD investment. IFAD loan and grant for WSAP became effective in December 2018 and are scheduled for completion by December 2024.
3. From 12 to 23 October 2020, a joint IFAD-Government Supervision and Implementation Support Mission was undertaken to assess the Project's performance and implementation status as well as the overall implementation of the Annual Work Plan and Budget (AWPB) for 2019-20. The mission was conducted remotely through virtual meetings with key partners and stakeholders. A final wrap-up meeting with DRD and other key stakeholders was held on 23 October 2020.

Key Mission Agreements and Conclusions

4. With almost 22 months elapsed since entry into force in December 2018, equivalent to 30% of the total implementation period, the project shows some delays in implementation. The disbursement rates stand at 16.7% for the loan and 21.3% for the grant. Cumulative achievements under component 1, Infrastructure, are mixed, being satisfactory for some types of infrastructure, such as rural access roads (41.7%) and domestic water supply (39.6%), while for others (irrigation schemes, home gardening, water harvesting and household solar systems) are very low. Activities under component 2 have barely started, being limited to some social mobilization in less than 20% of the targeted villages and a few training workshops for 557 persons. This is primarily due to the delays in contracting the Main Implementation Consulting company (MIC), in March 2020, and the two Implementing Partners (IPs), NAG in November 2019 and CARE in May 2020. The COVID19 related restrictions, started in April 2020 and still largely applied, further exacerbated the situation, limiting the operations on the ground, in particular community mobilization and training and capacity building activities.
5. In spite of the above, DRD, the project lead agency, has made a commendable effort in terms of the establishment of the project oversight bodies (National Project Steering Committee and Project Working Committee) and the staffing of the Project Management Unit (PMU) with DRD staff. This allowed advancing with some activities under the Fiscal Year (FY) 2020-21, notably rural access roads and domestic water supply, as well as a special cash-for-work (CFW) programme as emergency response to the COVID19 pandemic. With the gradual coming on board of the MIC and the two IPs, good progress has been made in a number of areas related to project management, in particular with respect to the elaboration of a comprehensive Project Implementation Manual (PIM) and the setting up of the project Monitoring and Evaluation (M&E) system.
6. The next few months will be critical to take the project to full implementation speed. The PIM and IPs' inception reports and contracts should be reviewed and finalized by early 2021, through a thorough process of consultation with relevant stakeholders, including the IPs and MoALI departments at township and union level. The PIM will elaborate in detail the overall implementation arrangements with particular emphasis on: the social mobilization and the participatory village development planning process; the provision of agricultural services and the related roles of the KCs and IPS, as well as the approach for the last mile service delivery; the SALT approach with respect to the need for scale and to adapt to the different contexts; and the support to access financial services. Next will be the rolling out of the social mobilization and participatory planning process in 2 phases, with the aim to finalize the Village Development Plans for phase 1 villages by March 2021, depending on the evolution of the COVID19 pandemic and related restrictions to activities on the ground.

D. Overview and Project Progress

7. There are two components of WSAP: **Component 1: Infrastructure, with three sub-components**, Productive Infrastructure, Social Infrastructure and Capacity Building; and **Component 2: Services**, with three subcomponents, Agricultural Modernization, Financial Services and Policy Engagement.

Component 1. Infrastructure.

Sub-component 1.1. Productive Infrastructure.

8. The targets at PDR include the rehabilitation of 72 irrigation schemes covering an area of about 6,280 acres; rural access roads for about 35 miles; 100 units home garden irrigation for women with home gardens; and land consolidation

on a pilot basis. As of 30 September 2020, the project implemented 11 sub-projects as per the AWPB 2019-20, including 3 irrigation schemes covering 252 acres and 8 rural access roads with a length of 14.6 miles. No activities were carried out for home garden irrigation, nor for the piloting of land consolidation. All irrigation schemes, 2 of which in Magway and 1 in Chin, as well as the 5 road sections in Magway and Chin (8.56 miles) are completed. The remaining 3 road sections in Chin (6.03 miles) are on-going, at 81% completion rate, and are expected to be completed by mid-December.

9. Under the AWPB 2020-21, the project plans to implement 6 sub-projects, including 3 irrigation schemes (86 acres), and 3 rural access roads (9.20 miles). No activity is planned for home garden irrigation as well as pilot land consolidation. With the completed and planned infrastructure, the project will achieve 5% of the PDR targets for irrigation schemes (338 acres) and 68% of those for roads (23.8 miles).

10. The unit cost of roads are higher than estimated in the PDR (US\$ 12,000 per mile). This is reportedly appropriate for small earth roads with no additional features such as earth fill, gravel surfacing, appropriate drainage system, and other protective works. Roads in Magway are traversing flat terrain of lowland paddies, thus requiring substantial embankment (earth fill) and such materials, sourced from other areas, are expensive. The average unit cost is estimated at MMK 60 million per mile (equivalent to US\$ 46,500). Chin has a mountainous terrain and roads are skirting along mountainside, with side cuts with steep side slopes that require protection. Protection through retaining walls is expensive. The estimated average unit cost, including spot retaining wall protection, is MMK 55 million per mile (equivalent to US\$ 42,700). Wherever possible and appropriate, the project will adopt bio-engineering technology, such as coco nets planted with vetiver grass or any available indigenous slope protection mattings and local deep-rooted grasses, as a cost-effective measure for climate proofing, while adopting retaining walls where necessary.

Sub-component 1.2. Social Infrastructure.

11. The targets at PDR include 53 units of domestic water supply for villages; 26 units of rainwater harvesting ponds; and 750 units of solar home systems for women-headed households. As of September 2020, the project implemented 21 units of domestic water supply, of which 12 units in Magway are fully completed while the remaining 9 units in Chin are at 76% accomplishment rate with target completion date by mid-December. No activities in rainwater harvesting nor solar home system were undertaken to date. Under the AWPB 2020-2021, 15 units of DWS and one unit of rain water harvesting are planned, but still none for solar home systems. With the completed and planned DWS, the project will achieve 68% of the PDR targets.

12. PDR targets for both social and productive infrastructure are indicative and have to be reviewed and validated as part of the participatory planning process. This is particularly important for irrigation schemes, given that IWUMD has reportedly completed rehabilitating 1,590.4 acres in the project area since project design, most of which are part of the schemes identified in the PDR-identified schemes for WSAP. The project may therefore have difficulty to identify further areas to rehabilitate. Similarly, the higher unit costs of some infrastructure (e.g. roads) implies the need to review the overall targets for different types of infrastructure. Based on the identified needs from the participatory planning process, the project should review and re-calibrate the targets envisaged at PDR. This should be done within the FY 2020-2021, to identify realistic targets to feed into the logical framework and prepare an annual investment schedule until end of the project, to be used as guide for the preparation of AWPBs. Additional financing for infrastructure could actually be mobilized by DRD. **Agreed action:** review global targets for productive and social infrastructure, based on results of the participatory planning process, by 28 February 2021 to feed into the planning process for FY 2021-22.

Sub-component 1.3 Capacity Building.

13. Moving forward and with the completion of several Infrastructures on irrigation schemes, domestic water supply, and rural access roads, there is a need to start the capacity building process for the community organizations established by NAG in Magway like the WUG for irrigation, WMC for domestic water supply, and RMC for the rural roads. The preparation of Operation and Maintenance (O&M) guidelines on systems and procedures for each type of Infra facility for the guidance of these organizations have to commence within FY 2020-2021. Given the late mobilization of CARE in Chin, their plans for next fiscal year should include re-visiting those areas with completed and on-going infrastructure in Chin and ensure that these community organizations are established and included in their capacity building activities.

Component 2. Services.

Sub-component 2.1. Agricultural Modernisation.

14. The activities under this component are at very early stage, as the Covid-19 pandemic slowed down activities on the ground. The focus so far has been primarily on staffing, processes, inception reports, planning and initial village profiling, with the only investment on the ground relating to the construction of 4 KCs and the delivery of some trainings by DAR and LBVD. In addition, in Chin, demo plots for SALT were developed and guidelines prepared. In Magway, NAG prepared some additional training on GAP/IPM and sesame cropping. The AWPB 2020-21 envisages around 122 activities by DoA on 253 acres, including Farmer Field Schools (FFS), Sustainable Land Management (SLM) and Sloping Agriculture Land Technology (SALT) demos targeting 3,517 beneficiaries. DAR and LBVD are also planning respectively 20 workshop/trainings for 700 people and 16 trainings for 280 people. In addition, the construction of a research centre is envisaged, to serve 24,819 farmers.

15. KC construction. The construction of 4 units of KCs (one per township) was initiated in FY 2019-2020, all of which are still on-going with target completion by end December 2020. Another 14 units are planned for FY 2020-2021, bringing the planned number of KCs by end of 2021 to 18 units, representing 60% of PDR estimates. The unit cost of KCs under WSAP were observed to be at least 50% higher than those under FARM. This is because of the difference in the materials used to increase the durability and sustainability of the buildings. In Chin, unit costs are even higher due to the location in mountainous area where the costs of transport, labour and materials are higher.

16. KC number and coverage. While the target of KCs to be constructed is 50 as per PDR, DoA has planned to reduce this number to 30 units for reasons related to land availability and capacity to properly staff the KCs, besides other issues such as access to water, electricity, basic infrastructure and appropriate incentives for KC staff. The arguments in this respect are valid. The PMU proposes to reduce the target from 880 villages with 76,810 HHs expected to benefit from increased yields, as per PDR, to 589 village and almost 50,000 households. In addition, the construction of 30 KCs will take time and only 18 in total will be ready by 2021, with the remaining 12 planned for 2022. With the next agricultural season starting in the second quarter of 2021, it is important to plan for the recruitment/assignment and training of staff for the first 18 KCs in preparation for the season. **Agreed action:** (i) DoA, with the support of MIC, will review the outreach plans for the 30 KCs to ensure feasibility of the planned targets and make cost-effective proposals for needed equipment and facilities (water, solar panel, soil-seed test, motorcycles, allowances, etc.) for each KC, taking into consideration the specific needs of remote upland areas; (ii) DoA will ensure the selection and appointment of the needed KC staff (one manager and one assistant per KC) for the first 18 KCs and train them in time for the next agricultural season.

17. Last mile service delivery. The current implementation arrangements do not provide sufficient clarity on the delivery mechanisms and dissemination strategy for agricultural services. Even assuming that each KC will be staffed with two extension officers from DoA, the total 60 KC staff would have difficulties to implement the envisaged targets of about 7,000 training/demo/seed support and related follow up. In addition KC staff are supposed to broker other public-private service activities along the various project components. An effective last mile service delivery mechanism is needed to ensure outreach to the villages and communities. The MIC is suggesting to use Common Interest Groups (CIGs) and a network of village extension volunteers. Further clarifications, however, are needed on how to operationalize this proposal and embed it in the KC plans and AWPB. Notably, there is need to clarify the scope of activities and identify mechanisms to ensure motivation and accountability of last mile front liners. The respective roles of KC staff and IPs need to be clarified. IPs will support the KCs in this respect, but should not replace a long-term last mile outreach mechanism. The number of social mobilizers allocated by the IPs makes an average of one field staff for 29 villages, which is any way insufficient for the envisaged outreach. The last mile extension system should remain under the KC managers who would be the ultimate responsible to supervise their activities and coordinate the planned DoA trainings. Furthermore, additional outreach mechanisms could be considered, such as the use of social media, open field days and agricultural IT services. In particular, the development of an AIT system is part of the design, but has not been sufficiently unpacked in the PIM. A well-adapted, integrated app can play a crucial role in strengthening the service delivery for farmers and MIS agricultural data. **Agreed action:** the MIC, in consultation with DoA and the IPs, will develop and validate a strategy and operational guidelines for KC to deliver its range of services in articulation with a last mile outreach system and include them in the PIM; this will include elaborating on the range of services across staff and the IPs; realistic outreach; number and roles of extension volunteers and CIGs; budget, reporting and coordination arrangements.

18. Investment in upland farms and scaling strategy. SALT investment is envisaged in Chin, where slash and burn or shifting agriculture remains a relatively common practice. DoA has developed a work plan to implement SALT activities, with an identified mix crop choice. Two SALT demo farms were prepared, but training has been delayed due to delays in seed procurement and the COVID19 related restrictions. The provision of SALT starter packs is planned for 840 households in Chin only, while each KC would establish a 2-acre demo plot. Total SALT area would be 876 acres, which is well below the project target of 12,000 acres for 4,000 households. In Magway, other SLM activities are planned along green cover crops and agro-forestry. The considerable reduction in targets for SALT and SLM activities significantly reduces expected outreach and may undermine expected economic and environmental benefits. The implementation of SALT activities in Chin poses a number of challenges, although similar constraints may exist in SLM adoption in Magway. Poorer households would most likely face difficulties to meet the required financial and labor contributions. COVID19 has further increased labor cost and reduced its availability. Access to financial services is limited, especially in Chin, and farmers may have difficulties to invest in acquiring inputs and seeds to adopt more widely the SALT package. Start-up packages should be used strategically to subsidize the wide adoption of such technologies. Aspects such as the support of smaller acreages per farmer, the identification of packages with lower cost and the use of local practices should be given more attention in order to favour a broader adoption. **Agreed action:** DoA, in consultation with MIC and the IPs, will revisit the proposed SALT packages to ensure the envisaged scale and impact.

19. SALT packages in shifting cultivation systems. The PDR envisages land ownership (Form 7) or some formal agreement of land purchase/lease as a precondition to access the start-up package and implement SALT activities. DoA foresees issues for a large number of households in Chin to secure tenure right for SALT (see below in the land tenure section). Narrowing SALT to permanent agriculture on owned land would reduce inclusion and outreach, also limiting its impact on soil erosion and deforestation. Review of existing practices in similar shifting cultivation contexts highlights the need for a basket of options that can be adapted to different land tenure situation and support more sustainable practices in shifting cultivation areas and fallows, allowing for wider impact at landscape level. For instance, an IFAD-funded project in India, Focus, proposes four different types of SALT in more permanent setting (associated to agro-forestry, orchard and livestock), but also packages to increase the duration of cropping in shifting cultivation areas (cover crop, green manure,

other species, lower cost SLM etc.) and options to improve fallows and facilitate quicker regeneration of required ecosystem services. In addition, they develop local solutions to address fertility and pest management in degraded shifting cultivation areas (collection microorganism, special local compost etc...). Discussions with DoA at district and township level show that existing traditional practices could be used to facilitate adoption. Finally, farmers need to be able to adapt the crop mix and combine with local varieties to meet nutrition, income, agro-ecological preferences, etc. Crop choices may also need to consider results from value chain and nutrition assessment so that farmers make informed choices.

Agreed action: DoA in consultation with MIC and the IPs to revisit the proposed SALT packages to broaden and adapt them to different conditions and needs as well as to ensure the envisaged scale and impact.

20. Land tenure. Given the specific context of Chin^[1], land tenure aspects are key to ensure impact and sustainability of the proposed project investments, as clearly showed by the issue of SALT in shifting cultivation farming systems. CARE is facilitating the land tenure activities in southern Chin state, in collaboration with DALMS, DRD, DoA, local government authorities and communities. A review of the tenure systems and the existing land use related policy and legislative framework confirmed that more than 90% of farm in the project area is owned under diverse customary tenure systems, mostly under shifting cultivation with only a very small percent registered under the Farmland Law as land under permanent cultivation. The main challenges identified through the review, incorporating feedback from communities and other stakeholders, include: community opposition to the classification of customary land as vacant land, which can be reallocated to outside investors or the government; different understandings between communities and government departments about the meaning of common land, landless, and customary versus legal ownership of land; and lack of recognition of customary land management and tenure rights.

21. In view of the above, the participatory planning process will pay particular attention to land tenure issues in Southern Chin. The starting point will be the understanding of the tenure systems and existing and planned land use at village level. This will allow proper planning of interventions to integrate tenure issues in the implementation of project activities. Key areas of focus during project implementation may include: (i) village awareness raising on tenure options, especially to support land ownership for permanent agriculture by landless households; (iii) identifying land for landless households; (iii) negotiating appropriate agreements for land ownership or use (e.g. lease or purchase) for these households; (iv) obtaining the consent from neighbors and other interested parties for the land agreement under FPIC conditions; and (v) interfacing with DALMS and other government services for land surveying and registration. **Agreed action:** IPs will map land tenure and use systems in target villages, starting with phase 1 villages by end of March 2021, with particular emphasis on Southern Chin as well as those areas in Magway with similar tenure and farming systems.

Sub-component 2.2. Financial Services.

22. Most of the activities under this sub-component are still at the planning stage, with field operations expected to start in 2021. As the planned beneficiaries are members of CIGs or savings and credit groups (SCGs), the strict travel and meeting restrictions related to COVID-19 have significantly complicated and delayed the planned group mobilisation and training activities.

23. Budget reallocation. Based on the agreements reached in December 2019 and the follow-up discussions during this mission, this sub-component will focus on three partly inter-related activities: (a) the establishment of an effective SCG network, (b) the provision of revolving seed capital grants to SCGs to expand their outreach and lending volumes among their membership, and (c) the establishment of lines of credit through licensed financial service providers (FSPs) to issue seasonal and small investment loans to WSAP-trained CIG and SCG members to finance their agro-projects. The use of RBF for financing agri-business investments by CIGs will be considered at Mid Term Review depending on the experience accumulated with CIGs. The following preliminary agreement of the new budget allocations for the sub-component was reached during the mission.

Category	USD	Remarks
Rural Business Fund	1,040,000	Increased by USD 270,000 with reallocation from Agri-Business Fund (ABF)
Refinancing (credit lines)	1,600,000	Increased by USD 500,000 with reallocation from ABF fund
Support to SCGs	48,000	Materials for SCGs. Formation and training costs included in IPs' contracts
Total budget	2,688,000	

24. In the AWPB 2020-21 there is no allocation for Sub-component 2.2 activities. Yet, some activities will have to be undertaken, including the due diligence of the FSPs and small material support to new SCGs. DRD should explore options to review the budget to allow for such allocations. Starting from the AWPB 2021-2022, substantial allocations for the Rural

Business Fund and the Lines of Credit will be included, based on plans to be made by the PMU/MIC. **Agreed action:** DRD will ensure budget allocation in 2020-21 for the undertaking of activities under this sub-component

25. Establishment of the SCG Network. In the villages covered by each supported KC, the agreed target is to establish a minimum of 15 SCGs per KC, with a membership of 20-25 members. This would create a substantial network of 450 SCGs, with a total membership of approximately 10,000 rural households. The target for 2020-2021 is to establish 140 SCGs of 20 members in Magway and 55 SCGs of 25 members in Chin. The main responsibility for the establishment of the SCGs will be with the IPs. The support from the planned KC network is envisaged to be very limited. Furthermore, the SCG guidelines should acknowledge the differences in the operational and economic environments in Chin and Magway. The opportunities should be explored of using in some cases already existing agricultural and women's groups. Finally, as per standard practice, each SCG receive a cashbox with two locks, as well as an initial set of stationery for bookkeeping and recording. The beginning of group formation activities is planned for the second quarter of 2021. **Agreed actions:** (i) the MIC and the PMU, with support from the IPs, will review the relevant sections of the PIM to describe a practical and uniform approach for the establishment and operations of SCGs; (ii) In the first months of 2021, the MIC and IPs will organise the training of the relevant field staff on the methodology and procedures.

26. Seed capital grants for on-lending. To speed up the development impact and outreach of the promoted SCGs, the project will use the RBF funding to issue capital grants to SCGs for on-lending to increase their portfolio volumes with their members. The interested SCGs will apply for capital grants from the PIOs of their areas. Supported by a simple institutional assessment by the IP, the PIO will recommend the approval or rejection of the grant. The proposed maximum grant per SCG would be USD 5,000, and the average grant projected to be around USD 4,000. With a total WSAP allocation for these grants of USD 1,040,000, seed capital grants could be issued to some 250 SCGs. The core eligibility criteria for the grants will ensure that an eligible SCG: (a) has reached an adequate competence and activity level in its savings and credit operations, (b) applies proactive policies to raise savings from its members to finance internal lending and (c) has established a strong cohesion and repayment discipline to be able to successfully operate also larger, capital grant-financed loans. **Agreed action:** the MIC and PMU will develop the operational procedures and the eligibility criteria for these grants as part of the PIM.

27. Credit lines for agricultural loans. An important element for the project's agricultural modernisation investments is the provision of loans for seasonal inputs and small investments from credit lines with FSPs. The borrowers from this facility will typically be members of CIGs and SCGs. The mission discussed with MoPFI and the MIC/PCU about the practical arrangements of the credit lines and reached a common understanding on the way forward. The allocation for this re-financing arrangement consists of: (a) USD 100,000 for the due diligence costs on the FSPs and for the possible support to establish FSP branches/agencies in the project area; and (b) USD 1,500,000 of credit line capital. The actual financing operations from the credit lines will only start in FY 2021-22. All the required start-up operations for the credit lines will be completed during FY 2020-21. The first step will be the pre-selection of potential partner FSPs. Next, the due diligence processes will be conducted by a rating institution or an experienced local consultant. The Subsidiary Loan Agreements will then be drafted and signed between MOPFI and the selected FSPs. The MIC will have a key role in supporting the negotiations between the FSPs and MOPFI. The FSPs will take the responsibility of the implementation of the financing operations, with the project providing training to their borrowers/clients and monitoring and following-up the results of the activities.

Sub-component 2.3: Policy engagement.

28. No activities have yet been undertaken under this sub-component. The approach adopted will be to feed into national processes the evidence and learning emerging from project implementation, empowering local stakeholders to identify policy issues and elaborate contributions and proposals. Two thematic areas seem particularly promising in this respect:

a. Transition of shifting cultivation farming system. CARE will support policy engagement on the most appropriate land tenure options for supporting a transition from shifting to permanent cultivation. This will include, inter alia: ongoing community consultations and participatory research; community and regional workshops on customary land tenure; training for, and data collection on, customary land use and management; formulation and presentation of policy recommendations and guidelines for recognizing customary tenure at workshops for regional and central government and parliamentarians. The focus for the remainder of 2020 and 2021 will be on the first steps aimed at community consultation and participatory research, an initial regional consultation workshop and training for data collection on customary land use and management. The 2018 Land Use Policy and 2019 Agricultural Development Strategy recommend the legal recognition of customary tenure, which is strongly advocated by community leaders and communities at large. This process could be further supported by an ongoing IFAD grant with ICIMOD, which has produced various thematic briefs on shifting cultivation and is planning the preparation of operational guidelines. **Agreed action:** CARE and DRD will convene a consultation workshop in Chin State on customary land use and management.

b. Business model for effective and sustainable KC/service centres. While the project operationalizes the delivery of agricultural services in the short term, it is important to develop a long-term vision for a sustainable business model. The experience from WSAP will provide lessons learnt to feed into the national debate on the provision of agricultural services. The team welcomes the PIM proposal to integrate extension delivery and business model into the policy engagement strategy. Additional studies, exposure to similar extension service delivery systems, training on business model would indeed be helpful to accompany such process and ensure required policy support.

[1] While the focus of tenure activities in WSAP is on areas under customary tenure in southern Chin State, the activities being supported could be extended to upland areas of Magway Region that are under similar systems of shifting cultivation as well areas that may be used for community grazing in the lowland areas.

Agreed Action	Responsibility	Agreed Date
Develop and validate strategy, guidelines and detailed plans for agricultural services outreach & delivery (PIM)	MIC (coordination with DOA and IPs)	11/2020
Review outreach plan and equipment/facilities endowments of 30 KCs	DoA, MIC, IPs	12/2020
Ensure budget allocation for sub-component 2.2 for 2020-21	DRD	12/2020
Review the PIM sections on SCGs, seed capital grants and MFI credit lines	MIC/IPs	12/2020
Select and train staff for the first batch of 18 KCs	DoA	01/2021
Review global targets for productive and social infrastructure	DRD/MIC	02/2021
Train relevant field staff on SCGs and seed capital grants procedures	IPs/MIC	02/2021
Review SALT packages to ensure the envisaged scale and impact	DoA, MIC, IPs	03/2021
Review SALT packages to adapt them to local conditions (shifting cultivation systems)	DoA, MIC, IPs	03/2021
Map land tenure and use systems for phase 1 villages (as part of the participatory planning process)	IPs	03/2021
Start SCG group formation and training	IPs	03/2021
Conduct due diligence on the FSPs and draft the Subsidiary Loan Agreements	MIC/MOPFI	09/2021
Convene a consultation workshop on customary land use and management	CARE / DRD	12/2021

E. Project implementation

a. Development Effectiveness

Effectiveness and Developmental Focus

Effectiveness

Rating: 4

Justification of rating

The rating is a combination of a satisfactory performance (5) under component 1 and moderately unsatisfactory performance (3) under component 2. Overall, given the relatively early stage of implementation, the project is still able to achieve all its major outputs and outcomes and, with the MIC and the two IPs now on board, component 2 is expected to pick up in the next fiscal year.

As of 30 September 2020, the project implemented 36 productive and social infrastructure sub-projects, including 3 irrigation schemes covering 252 acres (4% of PDR targets), 8 rural access roads with a length of 14.59 miles (41.7%), 21 units of domestic water supply (39.6%), and 4 knowledge centres (8%). These are in various stages of implementation with 3 irrigation schemes, 5 rural access roads, and 12 units of DWS already completed. The on-going 3 roads and 9 units of DWS in Chin the 4 KCs will be completed by end of December 2020. Outcomes are not reported at such early stage. The rural access roads will benefit 857 HHs while domestic water supply about 2,500 HHs. The completed irrigation scheme in Chin will benefit 22 households. In Magway, the two schemes will benefit 187 households.

Log-Frame Analysis & Main Issues of Effectiveness

Activities under component 2 have been very limited so far and the only outputs refer to 14 workshops on climate smart agriculture by the Department of Agriculture Research (DAR) reaching 487 farmers and four basic livestock trainings by the Livestock Breeding and Veterinary Department (LBVD) for 70 trainees. No outputs to report, yet, for financial services as the strict travel and meeting restrictions related to COVID-19 have significantly complicated and delayed the planned group mobilisation and training activities, and therefore the effective start-up of whole financial services sub-component.

A revised logframe was submitted to the mission for review. This was the result of a series of consultations between the DRD, MIC and government implementing departments. The revision benefited the guidance from IFAD especially on aligning with IFAD core indicators. The mission has discussed the logframe in detail and provide inputs as needed.

Agreed actions: (i) IFAD will provide consolidated comments to the Logframe by 30 October 2020; (ii) MIC will finalize the Logframe, in consultation with relevant departments and the IPS, by 30 November 2020.

Agreed Action	Responsibility	Agreed Date
Provide comments on the draft Logframe	IFAD	10/2020
Finalize Logframe in consultation with IPs and relevant MoALI departments	MIC	11/2020

Development Focus

Targeting and Outreach

Rating: 4

Justification of rating

As per Project Design Report (PDR), the Project targets 880 villages in the townships of Myaing and Pauk in Magway and Mindat and Kanpetlet in Chin, to benefit 76,810 households (respectively 66,620 in Magway and 10,190 in Chin) and an estimated 390,000 rural women and men. As of 30 September 2020, the Project has reached out to 167 villages (19% of target) and 6,641 hhs (8.42% of target) primarily for social mobilization. Cash for work (CFW) schemes, as a response to COVID19, covered 35 villages benefiting 7,984 people (48% women and 48% youth). A total of 47 villages benefited from rural infrastructure sub-projects. The Project, mainly through the LBVD and DAR, trained 557 persons (37% women and 44% are youth) in livestock care, soil and water management, and VC development.

Main issues

Social mobilization and other project activities slowed down starting from the second quarter of 2020, due to the COVID19 pandemic. With an elapsed time of 30%, the Project has to double its efforts in catching up its outreach targets in the coming years. With the establishment of KCs, organization of CIGs and SCGs, and further productive and social infrastructure a significant increase of outreach is expected in 2021, provided the COVID19 related restrictions will be lifted.

During the mission, it was reported that the village selection was undertaken through participatory process at township level, in consultation with all village chiefs and based on the agreed criteria. Each component and scheme supported by the project foresees targeting methodologies to reach out to the poor and poorest people, who will be identified through wealth ranking and engaged in the project through participatory planning at village level. Agreed action: MIC will elaborate in the PIM a detailed targeting strategy, based on the PDR.

Agreed Action	Responsibility	Agreed Date
Elaborate a detailed targeting strategy (as part of PIM)	MIC	12/2020

Gender equality & women's participation

Rating: 4

Justification of rating

The gender action plan elaborated in the PIM establishes quota for women participation and leadership roles in committees and groups the project is forming at community level: VDCs, WUGs, CIGs, SCGs. Rural and indigenous women in the targeted communities will particularly benefit from specific activities such as SCGs and some CIGs (i.e. home gardening) as well as from social infrastructure schemes, particularly domestic water supply, home gardens irrigation tanks and solar panels. Efforts made on engagement of women in WSAP trainings and cash for work activities can already be appreciated in the participation of 35% of women (186) in trainings on soil water management and value chain development as well as in labour opportunities generated during the establishment of SALT demonstration plots in Chin state, which benefited 45% of women, as well as CFW in Mindat province, benefiting 432 women, 434 men and 388 youth for a total of 360 HHs. Efforts have been made at WSAP management level to achieve a gender balance in staff with 56% women as DRD officers and 50% in MIC at the national level, including gender 2 gender specialists at PMU and UTA level. At district level 45% of Project Implementation Offices (PIOs), are women, of which 14 staff in Magway (29% women) and 15 in Chin (60% women).

Main issues

Implementing Partners such as CARE in Chin State have experiences in gender equality and women empowerment and will undertake nutrition education with an integrated approach to women empowerment, which will also be supported through the IFAD grant financed by NORAD SF to accelerate nutrition outcomes in WSAP. With these initial encouraging findings, it is recommended that as the project advances, it maintains a strong focus on gender equality and women empowerment.

Agricultural Productivity

Rating: N/A

Nutrition

Rating: 4

Justification of rating

Myanmar has a large number of chronically food-insecure people. Food and nutrition insecurity were widespread even prior to the current crisis and it is most likely that they are rising further. While activities were planned in WSAP to achieve nutrition outcomes, they have not been conceived at design phase through a coherent nutrition strategy. The PDR did not include adequate financial resources and technical expertise to achieve the expected results of reaching out to 1,500 households with nutrition activities and to 70% of women who will report improvements in their minimum dietary diversity (MDDW). For instance, while nutrition education is among the activities WSAP will undertake, resources allocated are insufficient to reach out to the majority of the target groups, particularly in remote areas in Chin State. An IFAD top up grant for an amount of about USD 700,000 is being designed to top up WSAP's efforts on nutrition with specific activities in Chin State to be financed through NORAD supplementary funds. The draft grant design document has been discussed during the course of the present supervision mission for finalization. WSAP is integrating COI 1.1.8 and 1.2.8 on MDD-W and it has taken action for measuring the latter in the forthcoming baseline survey planned for Jan. 2021. Agreed Action: DRD/MIC and CARE will finalize the grant design document by 30 October 2020 with the aim to sign a grant agreement in November which will accelerate nutrition achievements in WSAP.

Main issues

Gaps identified in the project design relate to weak coordination capacity of government staff on issues related to nutrition sensitive agriculture; M&E; the linkages between water infrastructure, production and nutrition outcomes, as well as an integrated approach to nutrition, gender, youth and climate.

Nutrition activities planned by the project have not yet started. A cohesive approach to nutrition, and integrating IFAD/NORAD's additional support on nutrition can be fully embedded in the project planning and its implementation arrangements. This includes a) developing a coherent WSAP nutrition strategy in coordination with the implementing partners; b) hire experts on nutrition sensitive agriculture at the national and Chin state levels; c) train project staff and extension workers on nutrition sensitive approach; d) identify nutrition-sensitive value chains; identify high nutritional indigenous value crops for production in home gardens and inclusion in SALT packages; e) conduct nutrition education and SBCC campaigns; and d) ensure expertise to measure nutrition indicators. At the national level and township levels, opportunities should be sought for engaging WSAP implementing actors and the different ministries that are required for a multi-sectoral implementation arrangement conducive to achieving nutrition outcomes

Agreed Action	Responsibility	Agreed Date
Finalize NORAD grant design document	MIC and CARE	10/2020

Adaptation to Climate Change

Rating: 4

Justification of rating

Magway region was selected as WSAP target area mainly because of its vulnerability to climate change, especially

increasing droughts, desertification, storms and floods. For Chin, the selected sites in the southern Chin State encompass the watershed that feeds the main river Yaw and subsidiary streams that run through the Northern Magway region. The widespread land degradation visible in both Chin and Magway, alongside with climate change impacts of erratic rainfall, intra and inter-annual drought, and record temperature highs, are undermining farm productivity and livelihood options of the rural poor. Thus addressing climate change in the project area is crucial. To address such risks, the project aims to develop climate resilient infrastructure and practices, which aim to improve capacities of farmers to deal with climate change, notably through improved climate resilient / climate proofing infrastructure for roads and irrigation/water harvesting, climate service, land and water management (SALT and other SLM) and income diversification (through crop diversification and financial inclusion), which shall decrease households' vulnerability to floods and drought prevalent in the area.

Main issues

At the moment, adaptation to climate change underlines most main activities and theory of change and is directly or indirectly considered in most interventions. However, it could be better mainstreamed and operationalized within planning process & PIM and further efforts are required along component 2.1.

In output 2.1, climate service provision was also planned at design, but requires additional partnership with research and meteorological stations for tailored agro-advisory services. There is no clear plan to develop such climate services, which could however be crucial for climate change adaptation and risk mitigation. The project shall develop more operational plan to integrate climate advisory services in KC services and mainstreaming use of such information in the planning and delivery of its agricultural services. For instance, the project needs to have a better integration of climate resilient crops / seed variety in value chain and crop planning. Such elements should be further incorporated in crop mix evaluation and selection along agricultural package of practices and could also provide ground for participatory research. Upland SLM investments shall contribute to decrease land degradation and erosion which further exacerbate impacts of flooding and climate change on downstream investments. Yet, at the moment, the project has not adopted watershed approaches in planning of downstream and upstream investments and scale of planned upland investments are not sufficient to mitigate flooding related risks. Output 2.2 revolves around setting saving and credit group which can contribute to increase capacities of households to deal with shocks through increased financial inclusion. In addition, groups are non specialized which provides scope for diversified loan portfolio which decrease risks of collective failure.

In addition to land degradation in both states, climate change impacts of erratic rainfall, intra and inter-annual drought, and record temperature highs are further undermining farm productivity and the livelihood options of the rural poor. Located within the central dry zone, northern Magway suffers from limited rainfall, volatile rainfall patterns, frequent droughts, and poor and shallow soils. Climate data demonstrates a clear trend towards increasing climate variability, with increasing temperatures, drier seasons, more intense rainfall, and the unpredictable distribution of rainfall. This trend is aggravating the negative impact on the geophysical environment caused by greater concentration and density of population. The climate data for Chin state shows intense rain and exposure to strong winds. Farmers report increasing temperature, erratic rainfall and late onset of monsoon rains, intense rainfall leading to soil erosion and landslides, drying up of natural springs (exacerbated by deforestation), intra-seasonal drought, increasing forest fires, and flooding in some areas. Therefore, integrating climate change adaptation is crucial to ensure positive impacts of investments on people livelihoods.

b. Sustainability and Scaling up

Institutions and Policy Engagement	Rating: N/A
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Partnership-building	Rating: 3
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Justification of rating

It is early stage to assess the efforts made by the project in partnership building. The component with the most potential in this respect (component 2) has barely started implementation. Here there are clear opportunities with private sector, in particular financial institutions but also buyers and processors for the agricultural commodities supported by the project, as well as with national and regional organizations with expertise and capacity on key issues addressed by the project, such as land tenure and shifting cultivation systems; SALT and SLM technologies and related package of practices; adapted seed and input provision, and sustainable models for extension services. With the picking up of component 2, the project needs to put more efforts in identifying potential partners and areas of collaboration and leveraging effective partnerships around such opportunities. The project needs to also have more explicit strategy on the benefits and contributions from research centre being built and overall scope of collaboration with research.

Human and Social Capital and Empowerment	Rating:
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Quality of Project Target Group	Rating: 4
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Engagement and Feedback

Justification of rating

WSAP builds on a strong participatory process including consultations at all levels of implementation through the establishment of committees from national to village level. Participatory planning will be through social mobilization and village consultation. The participatory planning process, preparation of Village Development Plans (VDPs), set up of Village Development Committees (VDCs) and other users groups such as CIGs, SCGs, including feedback mechanisms, are all elements that constitute the consultation process leading to FPIC of communities to project activities. In addition, KC are supposed to be governed by a board representing both beneficiary and key partners, strengthening further the scope for household engagement in planning and delivery of agricultural services. The FPIC process in WSAP is not simply a safeguard measure, rather a consultation and planning tool for rural people and ethnic groups to determine their own priorities for development, to fully participate in and shape development initiatives offered by WSAP, and to avoid adverse impacts. As of 30 September 2020, the Project has reached out to 167 villages (19% of target) and 6,641 hhs (8.42% of target) for social mobilization, which unfortunately slowed down starting from the second quarter of 2020, due to the COVID19 pandemic.

Main issues

An FPIC implementation plan, cohesively bringing together all elements, will be included in the PIM. Key elements of the process include:

(i) *Village Development Planning*. The project will use a simplified, fast-track version the Village Development Planning (VDP) methodology widely used and applied in Myanmar in a number of community development projects. VDPs are already available for a number of villages, although their primary focus is on infrastructure. These will be integrated to include the menu of options offered by the project, with particular emphasis on the participatory selection of agribusiness opportunities. The project will proceed with a phased planning process, with phase 1 covering the villages under the first batch of 18 KCs as well as those benefiting with infrastructure investment in FY 2019-20 and 2020-21, while phase 2 covering all the remaining target villages. **Agreed action:** finalize fast-tracked VDPs in phase 1 villages by 31 March 2021. Fully develop FPIC implementation plan as part of PIM.

(ii) *Participatory Wealth Ranking*. Participatory Wealth Ranking (PWR) will be conducted, as part of the planning process, for poverty assessment at the village level through Participatory Rural Appraisal (PRA) tools following project orientation. The PWR allows community households to categorize themselves into four wealth ranks (A, B, C, D), with A being the well off and D being the poorest households. The PWR will be facilitated by the IPs. Guidance on PWR is provided in the PIM.

(iii) *Participatory planning for agricultural modernization*. The identification of crops, livelihood and agribusiness activities to be supported by the project will be identified through the participatory planning process and VDP preparation. In this respect, a proper balance will be sought between, on one side, the need to be responsive to the local context and people's demands, including in terms of prevailing land tenure and farming systems, food and nutrition security and inclusiveness, and on the other side considerations related to the economic potential and opportunities as well as the need for focus and efficiency of project investment.

Agreed Action	Responsibility	Agreed Date
Finalize fast-tracked VDPs in phase 1 villages	IPs	03/2021
Agree on methodology and finalize village profiling	PMU/IPs	03/2021

Responsiveness of Service Providers

Rating: 4

Justification of rating

There are three non-government implementing partners cum service providers in the implementation of WSAP. At the PMU, the Economically Progressive Ecosystem Development (ECODEV) and BA-Impact Solutions International (BA-ISI) is the Main Implementation Consultant (MIC), supporting the PMU. ECODEV/BA-ISI was on board in March 2020. The two IPs, NAG for Magway Region and CARE for Chin State were contracted respectively in September 2019 and May 2020. The IPs are included in the PIO structure. NAG has 35 staff (49% women) with 20 social mobilizers. CARE has deployed 13 staff (33% women) for oversight and technical support, while field operations are sub-contracted to two local civil society organization (CSO) assigning 11 social mobilizers. NAG submitted the Inception Report in July 2020, while CARE Inception Report is still under preparation.

Main issues

Unpacking of the PDR and fine-tuning of the implementation arrangements only started in the second quarter of 2020, under the lead of the MIC, and culminated in the elaboration of the MIC Inception Report and draft PIM. The IPs Inception Reports and contracts should thus be reviewed to reflect the shared thinking in terms of implementation strategy and approach. Particular attention should be paid to the approach and human resources capacity to deliver on: (i) the overall mobilization process and implementation of the FPIC plan; (ii) the provision of agricultural services in close coordination with the KCs and the adopted approach for last mile outreach; (iii) the implementation of the SCG activities; and (iv) the support for market access, value chain development and linkages with financial institutions. IP contracts should then be amended to include clear deliverables and targets for the different type of activities, such as number of VDPs, CIGs, SCGs, etc. **Agreed actions:** (i) on the basis of the final PIM, the IPs will review/finalize their Inception Reports by 31 January 2021; (ii) DRD will negotiate contract amendments with IPs by 28 February 2021 to include quantitative deliverables and targets.

Agreed Action	Responsibility	Agreed Date
Provide comments to: (i) MIC Inception Report (ii) PIM	IFAD	11/2020
Review/finalize Inception Reports (based on final PIM)	IPs	01/2021
Amend contracts to include quantitative deliverables and targets	DRD/IPs	02/2021

Environment and Natural Resource Management

Rating:

Exit Strategy

Rating:

Potential for Scaling-up

Rating:

c. Project Management

Quality of Project Management

Rating: 4

Justification of rating

The National Project Steering Committee (NPSC) and the Project Working Committee (PWC), with representation from relevant government departments have met twice to review and approve the AWPBs/APPs and the selection of Project key staff. At local level, the oversight function will be entrusted in the Township Planning and Implementation Committee (TPIC) to provide guidance for the management and coordination of activities at township level. Staffing by DRD at the Project Management Unit (PMU) was complemented by the recruitment of the Main Implementation Consulting company (MIC) in March 2020. There are currently 23 DRD officers and staff (56% women) and 8 staff from MIC (50% women). The MIC has supported the PMU in reviewing the PDR, including the project logframe; preparing the project implementation manual (PIM); and preparing the terms of reference (ToRs) of the baseline survey. At district level (Pakokku in Magway and Mindat in Chin), DRD has established Project Implementation Offices (PIOs), assigning 29 staff (45% women), of which 14 staff in Magway (29% women) and 15 in Chin (60% women). There are also offices at township level, two in Magway and two in Chin.

Main issues

Governance and Management: Unlike the NPSC, the PWC and TPICs still have to define their terms of reference with respect to project activities. Agreed action: elaborate the ToRs of PWC and TPICs by end of November 2020. Project management structure and staffing.

The PIO has a critical function in planning, coordination and monitoring of activities at district level. Given the critical role that PIOs are expected to play for project implementation, there is a need to assess their capacity in terms coordination, planning and M&E as well as the availability of DRD staff for key positions (e.g. Project Coordinator, Planning/M&E Officer). The MIC will provide them customized training (e.g. intensive coaching and mentoring, physical presence of MIC consultants at specific timing at PIOs). This modality will be tested for three months and then assessed for its effectiveness. Agreed action: DRD will ensure complete staffing assignment at PIO level, including from other relevant DoA departments, and provide capacity building and coaching of staff on project planning and M&E.

Project Implementation Manual (PIM). A full draft of the PIM, including manuals for financial management and procurement, was submitted to IFAD for review and No Objection. The mission has reviewed it and discussed relevant parts with the appropriate counterparts from implementing government agencies and partners. Related to the PIM, the MIC has also submitted to IFAD a comprehensive Inception Report with a number of well-elaborated proposals to fine-tune the

project implementation arrangements. The proposals were discussed in detail during the mission and related agreements have been reflected in relevant sections of this Aide Memoire. Such agreements will need to be duly translated in the PIM. **Agreed action:** (i) IFAD will provide comprehensive comments to: the MIC Inception Report by 30 October 2020; and the draft PIM by 15 November 2020; (ii) the MIC will finalize the PIM by 31 December 2020 after a thorough process of consultation with key stakeholders (relevant MoALI departments at Union, district and township level as well as IPs).

Project planning. The AWPB for 2019-2020 and, subsequently, for 2020-2021 fiscal years were elaborated by consolidating the plans submitted by the different government implementing departments and IPs. As the role of PIOs is essential in implementation, starting from 2021-22 they will take a leading role in the planning process. While the preparation of AWPBs and APPs will remain the primary responsibility of the PMU, the PIOs will be responsible to coordinate the planning process at township level, with inputs from the different implementing agencies and partners. The PMU will support the PIOs in preparing the required planning documents at township level and submit them for review endorsement by the TPIC. The PMU will consolidate the project-wide AWPBs/APPs for review by the PWC and approval by the NPSC before submission to IFAD for No Objection. Given the need to feed the project AWPB in the National Budget process by end of February, while the formal submission of the AWPB to IFAD will remain by end of July as per Financing Agreement, the project may consider to submit the draft AWPB to IFAD for comments before submission for the National Budget. **Agreed action:** the PMU will present the 2020-2021 AWPB/APP at PIO level, with participation of relevant implementing departments and IPs, for review and adjustment as needed.

Agreed Action	Responsibility	Agreed Date
CARE will finalize inception report	DRD	05/2020
Elaborate the ToRs of PWC and TPICs	DRD	11/2020
Present AWPB 2020-21 at PIO level for discussion and adjustments as needed	DRD/MIC	11/2020
Finalize PIM, in consultation with relevant stakeholders	MIC	12/2020
Finalize staffing assignment in the PIOs and provide capacity building and coaching on project management, planning and M&E	DRD/MIC	01/2021

Knowledge Management

Rating: 4

Justification of rating

In the PIM, the Project has outlined some key learning modes that are mainly linked to the project's M&E activities. This section has to be elaborated to identify the users, their needs, knowledge products and the platforms of knowledge sharing aside from face to face interaction. It can start by preparing project briefers in local language, which can be used in social mobilization activities. **Agreed action:** the MIC M&E Specialist, who is responsible for KM and communication aspects, will take the lead in preparing a KM and communication plan.

Agreed Action	Responsibility	Agreed Date
Elaborate a KM and communication plan	MIC	02/2021

Value for Money

Rating: 4

Justification of rating

The project is still at very early stage of implementation to assess value for money. Average unit costs for infrastructure is in line with market standards in the country, although in particular for roads, are higher than estimated at project design due to the challenging situation on the ground. Planned infrastructure works in component 1 have been implemented with no major delays in spite of the COVID-19 restrictions. Some delays are instead registered for component 2 and social mobilization.

Coherence between AWPB and Implementation

Rating: 5

Justification of rating

As reported, the Project has achieved most of its planned activities and targets of the 2019-2020 AWPB, estimated above

90% of annual for both components, while 100% will be accomplished by December 2020, with a delay of a few months. Financial execution is at 103%.

Performance of M&E System

Rating: 4

Justification of rating

The M&E system is being developed. The Project has: (i) updated its logframe, (ii) prepared a draft M&E manual, (iii) standardized the village profiling, (iv) prepared the ToRs for the outcome baseline survey and launched the procurement for the service provider, (v) assigned DRD M&E staff at the PMU and PIO level, and (vi) prepared two quarterly reports.

M&E System Review

The WSAP M&E system is complex as it involves different implementing partners (government agencies and service providers); multiple levels of data collection and aggregation (villages, townships, districts/states, project-wide/Union); and different mechanisms of project delivery (SCGs, CIGs, WUGs, VDCs, KCs). MoALI has developed an M&E system under technical assistance of EU, which is still at early stage of operation. DRD has its own M&E system for all overseas development assisted (ODA) projects under its lead. Other MoALI departments' M&E systems are still under development. Considering the above, the WSAP M&E manual has defined its own system of data collection forms, data flows and related responsibilities for data collection, aggregation and reporting. Report preparation and related analysis rests primarily with the PMU. The data collection forms have still to be piloted. Quarterly reports will be automatically generated at PIO and PMU level. The PMU will prepare semi-annual and annual reports. In order to strengthen the M&E capacity at PIO level, each implementing department should assign an M&E focal point. So far, only DRD has designated M&E counterparts. This issue should be raised at the NPSC for action. In the PMU/MIC plan, the last mile service provider front liners (e.g. VEW) will eventually be used for M&E reporting. **Agreed actions:** (i) ensure the assignment of M&E focal points by each MoALI department at PIO level and provide the required capacity building; (ii) pilot test the data collection and aggregation forms and improve them as necessary.

A revised logframe was submitted to the mission for review. This was the result of a series of consultations between the DRD, MIC and government implementing departments. The revision benefited the guidance from IFAD especially on aligning with IFAD core indicators. The mission has discussed the logframe in detail and provide inputs as needed.

Agreed actions: (i) IFAD will provide consolidated comments to the Logframe by 30 October 2020; (ii) MIC will finalize the Logframe, in consultation with relevant departments and the IPS, by 30 November 2020.

Village profiling. The Project intends to cover 880 villages in four townships in Magway and Chin. The village profiling exercise was undertaken to assist in geographic targeting and planning, as well as the undertaking of the baseline survey. Currently, 146 villages have been profiled (140 in Magway and 6 in Chin). The profiling process was disrupted by the pandemic. Village profile documentation in Magway and Chin is different, as NAG has started profiling in 2019, while CARE utilized the standardized village profile format prepared by MIC in 2020. **Agreed action:** MIC, NAG and CARE will agree on a standardized participatory village profiling methodology, with the aim to conclude the village profiling exercise by 31 March 2021

Baseline survey. The baseline survey ToRs, complying with IFAD requirements, have been finalized with the guidance of IFAD. The procurement process has started, and it is expected to have a service provider contracted by December 2020.

Agreed action: complete the procurement process for the baseline survey by 31 January 2021 with the aim to start the fieldwork as soon as the COVID19 situation allows. In Chin State, combine the WSAP baseline survey with the IFAD/NORAD grant baseline survey through technical assistance by IFAD Nutrition Team at HQ.

Management Information System (MIS). The Project plans to establish a centralized and integrated computerized MIS, based on the logframe and M&E system requirements. The associated database will contain all relevant data of project inputs, outputs and outcomes. Considering the computer literacy of the project staff at all levels, the management plans to use excel for establishing the database. This should be carefully considered, given the expected volume and diversity of data/information the database will store and generate. Consideration will be given to using the existing DRD MIS to integrate the project's information.

Agreed Action	Responsibility	Agreed Date
UTA will lead the process of review and validation and prepare a revised logframe	UTA	03/2020
Assign M&E focal points at PIO level and provide capacity building	MoALI depts., DRD	12/2020
Complete the procurement process for baseline survey	PMU	01/2021
Pilot test the data collection and aggregation forms	PMU/IPs	03/2021

Social, Environment, and Climate Standards requirements

Rating: 4

Justification of rating

The mission reviewed the “Final Draft Guidance Notes On Environmental Safeguards, Involuntary Resettlement, Voluntary Donations and Feedback Handling Mechanisms”, the “Productive and Social Infrastructures Manual”, the “Involuntary Resettlement Safeguards and Voluntary Land and Asset Donation” and the relevant sections of the PIM and confirmed that these are in line with IFAD’s SECAP. It noted that the guidelines specify that, inter alia: investments supported by WSAP must not lead to, or produce adverse impact on the environment, people, and national physical cultural assets; no person shall be physically displaced and/or economically displaced because of involuntary acquisition of land, or involuntary restrictions on land use. Moreover, economic and physical displacement should be avoided, minimized, and fully mitigated; physical relocation of households is not allowed under the Project; and any loss of livelihoods associated with or caused by the Project should be prevented and, where unavoidable, minimized and fully compensated. Moreover, as noted above, WSAP builds on a strong participatory process including consultations at all levels of implementation, in particular through the Village Development Planning process and engagement with user groups (CIGs and SCGs), including feedback mechanisms. These mechanisms are all elements of the consultation process leading to FPIC of communities to project activities.

Issues

An FPIC implementation plan has been prepared as part of the supervision mission and will be included in the PIM. Implementation of the FPIC will be monitored by IFAD through supervision missions.

In the event that there is any significant negative impact due to project investments a Resettlement Action Plan will be prepared by the relevant project implementers and reviewed and cleared by the relevant government authorities and IFAD.

d. Financial Management & Execution

Acceptable Disbursement Rate

Rating: 3.0

Justification of rating

Automated rating based on IFAD disbursement data

Main issues

The total disbursements to the project amount to USD 2.35 million, of which USD 1.5 million to the loan and USD 850,000 to the grant account; the disbursement rates stand at 16.7% for the loan and 21.3% for the grant. The project has submitted only one Withdrawal Application (WA) for the initial advance. The current balances in the loan’s and grant’s Designated Accounts amount to approximately USD 500,000; this amount should be sufficient to carry out the planned activities in Q1 2020/21. In line with IFAD disbursement cap, the first replenishment of the Designated Accounts (DA) will be executed in Q2 2020/21.

Fiduciary aspects

Quality of Financial Management

Rating: 4

Justification of rating

The quality of FM is rated as moderately satisfactory. The Mission is pleased to notice that the project made a good progress in setting-up WSAP’s FM system, and appreciates the dedication and commitment of the PMU FM unit and their efforts in setting up the project’s reporting system, which allows for a continuous monitoring of project resources.

Main issues

Organization and staffing. The organizational structure of DRD FM units is well defined and adequate to meet the functional needs of the project at PMU, PIO and sub-PIO levels. However, the organization of FM units in the other departments (DoA, DoA, DAR, IWUMD, LBVD) is not yet optimal, as there are no finance staff exclusively assigned to the project at the departments and PIOs.

Accounting. The project currently uses MS excel for accounting and reporting purposes, as it has not yet purchased and installed an accounting software. The Mission appreciates the efforts made in setting up the accounting system and the quality of the excel files prepared by the PMU. However, the use of MS excel exposes the project to huge risks due to the security limitations of the software, virus exposure and corruption of files, possible human errors whilst manually entering the data, and the lack of an audit trail. Furthermore, MS excel does not allow for the automatic monitoring of advances and commitments, preparation of financial reports (including annual Financial Statements), reconciliation of bank accounts, generation of payment vouchers and WAs. The risk is also amplified by the complex structure of the project and the number of cost centres operating under WSAP.

In adherence with standard policies and accounting requirements adopted by IFAD and international donors (e.g. WB and ADB) the Mission recommends that the PMU should initiate the process for the installation of an accounting software. To this end, the Mission recommends that the PMU: (i) liaises with WB-NCDDP and ADB-ERLIP projects to verify the accounting software currently in use; (ii) prepares the software's ToRs with the support of IFAD hub in Hanoi; (iii) seeks required authorization from MoALI for the purchase of the accounting software; (iv) carries out a market survey and initiates the procurement process.

Budgeting. The projects informed the Mission about the difficulty in complying with IFAD's deadline for the AWPB submission (no later than sixty 60 days before the beginning of the relevant Project Year) as the budget is approved by Parliament in September each year. Overall, the AWPB 2020-21 is of a good quality and it includes a detailed breakdown of GoM contribution. However, the document presents some areas in need of improvement.

Flow of funds. The flow of funds under WSAP is well established and allows for an efficient transfer of IFAD proceeds from the DAs (Loan & Grant) directly to the project accounts, without transiting through ministry accounts.

Internal controls. Internal controls are based on a rigid structure that adheres to the Government requirements. All expenditures above USD10 need to be approved by the DG and reviewed weekly by the executive committee (DDG, PM and FO). The use of petty cash is not authorized; all advances to staff have to be cleared within two weeks. WSAP is audited by the Internal Audit department of DRD on a semi-annual basis. The advances to departments and PIOs are monitored through the cash books submitted on a monthly basis.

ICP. WSAP has not yet been enrolled in the IFAD Client Portal (ICP). The Mission had a fruitful discussion with the PMU and is pleased to notice that PMU is very committed to enrol in ICP; the Mission also acknowledges that similar platforms are in use in the World Bank's and ADB projects implemented under MoALI. The following action plan has been agreed with the PMU:

1. an official email account (under the project or Ministry) will be opened and used by the finance officer, at the earliest convenience and before 10th November 2020;
2. the Letter of Users for ICP will be duly signed and submitted to IFAD and;

thereafter, IFAD will carry out the technical training on the use of ICP.

Agreed Action	Responsibility	Agreed Date
Improve asset register The asset register should include a unique identification code for each asset item.	PMU	11/2020
Enrol WSAP in ICP Enrol WSAP in ICP, as per the action plan agreed during the Mission	PMU/MoALI	11/2020
Procurement of accounting software Follow up on the action plan agreed during the SM, for the purchase and installation of the accounting software	PMU	11/2020
Improve AWPB The AWPB should include: activities not implemented or finalized in the previous year and carried over to the new AWPB; unit cost and quantities for each budget line; quarterly budget allocations and; the beneficiaries' contribution.	PMU	11/2020
Assign FM staff to the project Assign a dedicated finance staff member from the finance/accounting unit to the project. Staff will undergo a dedicated training on the financial management of IFAD funded projects.	MoALI departments and PIOs	11/2020
Bank reconciliations Prepare and submit to the PMU quarterly reconciliations of project's bank accounts	Ministry's department and PIOs	12/2020
semi-annual IFRs The project should prepare interim financial reports (IFRs) on a semi-annual basis.	PMU	12/2020
Open the Designated Accounts for credit lines Open the Designated Accounts for credit lines	MNPED	09/2021

Quality and Timeliness of Audit

Rating: 4

Justification of rating

The audit report is not yet due.

Main issues

WSAP is audited by the Office of the Auditor General of Myanmar. The first fiscal year of implementation finished on 30 September 2019. Hence, the presentation of the first audit report is due on 31 March 2020. DRD will officially inform IFAD whether an audit report will be issued for 2018-19 or whether it will be combined with the one for 2019-20. The mission shared with WSAP the template of ToRs applicable to IFAD funded projects. Based on the current experience of IFAD funded projects, the quality and timeliness of the audit report requires considerable improvements and alignment to international standards. An important aspect is the translation of the audit report. It is important that the translation be performed by a professional translator for validation by the OAG, before submission to IFAD. The mission also reminded the project that in accordance with the Letter to the Borrower, Interim Financial Statements, following the IPSAS cash basis of accounting should be submitted at half-year intervals to IFAD, within 45 days after the period end. The mission shared with the project the templates of the IPSAS cash basis Financial Statements.

Counterparts Funds**Rating: 4****Justification of rating**

The reported government contribution to date amounts to USD 140,128 and corresponds with the full amount budgeted in the year 2019/20; this is also 14% of the cumulative contribution estimates made at the design stage. The government contribution is provided in form of salaries of Government staff, office and vehicles rent attributed to the project, and the contribution to Rural Farm access roads. The project established a good system to capture, monitor and report the Government contribution, although some cost items have not been captured yet. The system to capture and report the beneficiaries contribution has not been set up yet; in this regard, it is agreed that IFAD's Hanoi hub will provide a clear guidance during a tailored training.

Agreed Action	Responsibility	Agreed Date
Set up a system for capturing, monitoring and reporting the beneficiaries' contribution. Set up a system for capturing, monitoring and reporting the beneficiaries' contribution.	PMU	03/2021
IKC in terms of rent equivalent Ensure that the current contribution in terms of offices rent equivalent are in line with current market values	PMU	03/2021
IKC in terms of machineries Include the in kind contribution in terms of machineries provided by IWUMD, as currently done under FARM project	PMU	03/2021

Compliance with Loan Covenants**Rating: 4****Justification of rating**

The project has complied with most due loan covenants. A few covenants requiring further attention have been identified by the mission, although at this stage their non-compliance does not pose any major risks for project implementation:

- Schedule 1(II)(B)(8) and Schedule 1(II)(B)(7) of the Financing Agreement (FA) require approval of the AWPB by the NPSC before formal submission to IFAD.
- Section 7.01(b)(II) of the IFAD General Conditions for Agricultural Development Financing (GCs) requires that the AWPB be submitted to IFAD at least sixty days before the beginning of each fiscal year. Realistic planning will require that the AWPB be prepared simultaneously with the preparation of the regular budget for approval of the national government. It was clarified that, in order to comply with the loan covenant, the project will submit the AWPB before the approval of the National Budget in September of each year. In case of discrepancies with the approved budget, the project will submit an AWPB amendment to IFAD.
- Schedule 1(II)(B)(19) of the Financing Agreement requires prior approval of the Project Implementation Manual by the NPSC before formal submission to IFAD.
- Sec. 7.11 of the GCs requires the provision of health and accident insurance for key project personnel. Agreed action: DRD will ensure the provision of health and accident insurance for project staff.

Agreed Action	Responsibility	Agreed Date
Ensure adherence to provision of health and accident insurance for staff	PMU/PIO	11/2020

Procurement**Procurement****Rating: 4****Justification of rating**

Processes, procedures and systems applied exhibit some gaps and inconsistencies that have limited impact on project implementation and performance. Implementation support is required, however, prompt resolution of issues/constraints is likely.

Procurement Review

The procurement agreed actions during the December 2019 Implementation Support Mission were complied with by the project. Procurement Plan (PP) for Fiscal Year 2019-2020 follows IFAD format, updated, upgraded and consistent with the Financing Agreement, Letter to the Borrower and approved AWPB. However, PP is not easily and publicly accessible. Project agreed to upload in agency and project website the PPs upon issuance of NO to upgraded PPs. Although delayed partly due to the COVID 19 pandemic, completed procurements are consistent with the PP. Except for procurement of vehicles which was cancelled and proposed to be procured under the 2020-2021 PP, all other planned procurements listed were completed. During this review period, submissions in NOTUS reveal an admitted need for increased technical capacity in preparation of competitive bidding documents, bid evaluation and implementing IFAD procurement procedures both at PMU and PIO levels. Mission provided with copies of procurement documents but PMU needs to have copies of procurement documents at PIO level.

Agreed Action	Responsibility	Agreed Date
Review civil works contracts for extension due to the COVID-19 pandemic	PMU/PIO	11/2020
Upload in government website the 2020-2021 Procurement Plan	PMU	11/2020
Training on IFAD Procurement Procedures	IFAD/MIC	11/2020
Recruit a new Procurement Specialist	MIC	11/2020
Secure copies of all procurement documents at PIO level	PMU	

e. Key SIS Indicators

Likelihood of Achieving the Development Objective

Rating: 3.9

Assessment of the Overall Implementation Performance

Rating: 4.0

F. Agreed Actions

Agreed Action	Responsibility	Agreed Date
Overview and Project Progress		
Develop and validate strategy, guidelines and detailed plans for agricultural services outreach & delivery (PIM)	MIC (coordination with DOA and IPs)	11/2020
Review outreach plan and equipment/facilities endowments of 30 KCs	DoA, MIC, IPs	12/2020
Ensure budget allocation for sub-component 2.2 for 2020-21	DRD	12/2020
Review the PIM sections on SCGs, seed capital grants and MFI credit lines	MIC/IPs	12/2020
Select and train staff for the first batch of 18 KCs	DoA	01/2021
Review global targets for productive and social infrastructure	DRD/MIC	02/2021

Train relevant field staff on SCGs and seed capital grants procedures	IPs/MIC	02/2021
Review SALT packages to ensure the envisaged scale and impact	DoA, MIC, IPs	03/2021
Review SALT packages to adapt them to local conditions (shifting cultivation systems)	DoA, MIC, IPs	03/2021
Map land tenure and use systems for phase 1 villages (as part of the participatory planning process)	IPs	03/2021
Start SCG group formation and training	IPs	03/2021
Conduct due diligence on the FSPs and draft the Subsidiary Loan Agreements	MIC/MOPFI	09/2021
Convene a consultation workshop on customary land use and management	CARE / DRD	12/2021
Development Effectiveness		
Finalize NORAD grant design document	MIC and CARE	10/2020
Provide comments on the draft Logframe	IFAD	10/2020
Finalize Logframe in consultation with IPs and relevant MoALI departments	MIC	11/2020
Elaborate a detailed targeting strategy (as part of PIM)	MIC	12/2020
Sustainability and Scaling up		
Provide comments to: (i) MIC Inception Report (ii) PIM	IFAD	11/2020
Review/finalize Inception Reports (based on final PIM)	IPs	01/2021
Amend contracts to include quantitative deliverables and targets	DRD/IPs	02/2021
Finalize fast-tracked VDPs in phase 1 villages	IPs	03/2021
Agree on methodology and finalize village profiling	PMU/IPs	03/2021
Project Management		
UTA will lead the process of review and validation and prepare a revised logframe	UTA	03/2020
CARE will finalize inception report	DRD	05/2020
Elaborate the ToRs of PWC and TPICs	DRD	11/2020
Present AWPB 2020-21 at PIO level for discussion and adjustments as needed	DRD/MIC	11/2020

Finalize PIM, in consultation with relevant stakeholders	MIC	12/2020
Assign M&E focal points at PIO level and provide capacity building	MoALI depts., DRD	12/2020
Finalize staffing assignment in the PIOs and provide capacity building and coaching on project management, planning and M&E	DRD/MIC	01/2021
Complete the procurement process for baseline survey	PMU	01/2021
Elaborate a KM and communication plan	MIC	02/2021
Pilot test the data collection and aggregation forms	PMU/IPs	03/2021
Financial Management & Execution		
Ensure adherence to provision of health and accident insurance for staff	PMU/PIO	11/2020
Review civil works contracts for extension due to the COVID-19 pandemic	PMU/PIO	11/2020
Upload in government website the 2020-2021 Procurement Plan	PMU	11/2020
Training on IFAD Procurement Procedures	IFAD/MIC	11/2020
Recruit a new Procurement Specialist	MIC	11/2020
Improve asset register The asset register should include a unique identification code for each asset item.	PMU	11/2020
Enrol WSAP in ICP Enrol WSAP in ICP, as per the action plan agreed during the Mission	PMU/MoALI	11/2020
Procurement of accounting software Follow up on the action plan agreed during the SM, for the purchase and installation of the accounting software	PMU	11/2020
Improve AWPB The AWPB should include: activities not implemented or finalized in the previous year and carried over to the new AWPB; unit cost and quantities for each budget line; quarterly budget allocations and; the beneficiaries' contribution.	PMU	11/2020
Assign FM staff to the project Assign a dedicated finance staff member from the finance/accounting unit to the project. Staff will undergo a dedicated training on the financial management of IFAD funded projects.	MoALI departments and PIOs	11/2020

Bank reconciliations Prepare and submit to the PMU quarterly reconciliations of project's bank accounts	Ministry's department and PIOs	12/2020
semi-annual IFRs The project should prepare interim financial reports (IFRs) on a semi-annual basis.	PMU	12/2020
Set up a system for capturing, monitoring and reporting the beneficiaries' contribution. Set up a system for capturing, monitoring and reporting the beneficiaries' contribution.	PMU	03/2021
IKC in terms of rent equivalent Ensure that the current contribution in terms of offices rent equivalent are in line with current market values	PMU	03/2021
IKC in terms of machineries Include the in kind contribution in terms of machineries provided by IWUMD, as currently done under FARM project	PMU	03/2021
Open the Designated Accounts for credit lines Open the Designated Accounts for credit lines	MNPED	09/2021
Secure copies of all procurement documents at PIO level	PMU	

Myanmar

Western States Agribusiness Project

Supervision Report

Logical Framework

Mission Dates: 12 to 25 October 2020

Document Date: 26/11/2020

Project No. 2000000964

Report No. 5548-MM

Asia and the Pacific Division
Programme Management Department

Western States Agribusiness Project

Logical Framework

Results Hierarchy	Indicators							Means of Verification			Assumptions
	Name	Baseline	Mid-Term	End Target	Annual Result (2020)	Cumulative Result (2020)	Cumulative Result % (2020)	Source	Frequency	Responsibility	
Outreach	1.b Estimated corresponding total number of households members							M&E system	Annual	PMU	
	Household members			390 410		0	0				
	1.a Corresponding number of households reached							M&E system	Annual	PMU	
	Women-headed households			76 810		0	0				
	Non-women-headed households					0					
	Households					0					
	1 Persons receiving services promoted or supported by the project							M&E system	Annual	PMU	
	Females			38 405		0	0				
	Males			38 405		0	0				
	Young					0					
	Indigenous people					0					
	Total number of persons receiving services					0					

Results Hierarchy	Indicators							Means of Verification			Assumptions
	Name	Baseline	Mid-Term	End Target	Annual Result (2020)	Cumulative Result (2020)	Cumulative Result % (2020)	Source	Frequency	Responsibility	
Project Goal Improve the social and economic status of rural households in an climate resilient manner in northern Magway and southern Chin	Decline in poverty rate in project area by at least 10% by PY6							National statistics; RIMS Surveys; Outcome surveys	Project start, Mid-term and end project	PMU/DRD	Public sector policies continue to support sustainable smallholder agriculture and small and medium agribusinesses
	poverty rate	50		40							
	% of beneficiary households with increased adaptive capacity to climate change and shocks							National statistics; RIMS Surveys; Outcome surveys	Project start, Mid-term and end project	PMU/DRD	
	Households			70							
Development Objective Increase household incomes, food security and nutrition quality	% of all direct beneficiary HHs with an income increase of 20% in real terms by project end							National and regional statistics; RIMS survey; Annual outcome surveys; Project thematic surveys	Project start, Mid-term and end project	PMU/DRD; DoA; UNICEF data	Project beneficiaries are willing to adopt transferred knowledge Successful partnership with UNICEF's nutrition programme
	Households			60							
	1.2.8 Women reporting minimum dietary diversity (MDDW)										
	Women (%)			70							
	Women (number)										
	Households (%)										
	Households (number)										
	Household members										
	Indigenous										
	Non-indigenous										
	Women-headed households										

Results Hierarchy	Indicators							Means of Verification			Assumptions
	Name	Baseline	Mid-Term	End Target	Annual Result (2020)	Cumulative Result (2020)	Cumulative Result % (2020)	Source	Frequency	Responsibility	
	Non-women-headed households										
Outcome 1. Improved access to productive and social infrastructure	No. of hectares with access to year round water for supplemental irrigation							IWUMD, DRD records; Project M&E	Annual	PMU/DRD; IWUMD	Close collaboration between ID and DRD
	Hectares of land			2 630							
	No. of HHs benefitting from access to domestic water							IWUMD, DRD records; Project M&E	Annual	PMU/DRD; IWUMD	
	Households			5 000							
	3.2.3 Households reporting a significant reduction in the time spent for collecting water or fuel										
	Households										
	Households			5 000							
	Total household members										
	Males										
	Females										
	Young										
	Not Young										
	Indigenous people										
	Non-Indigenous people										
	Women-headed households										

Results Hierarchy	Indicators							Means of Verification			Assumptions
	Name	Baseline	Mid-Term	End Target	Annual Result (2020)	Cumulative Result (2020)	Cumulative Result % (2020)	Source	Frequency	Responsibility	
	Non-women-headed households										
Output 1.1 Irrigated areas are expanded in a climate resilient way	No. of small and medium irrigation schemes established in Chin							Project M&E IWUMD, DRD records	Annual	PMU/DRD	Timely availability of necessary equipment for infrastructure work
	small and medium irrigation schemes			38							
	No. of small irrigation and medium schemes established in Magway							Project M&E IWUMD, DRD records	Annual	PMU/DRD	
	small and medium irrigation schemes			28							
	2.1.5 Roads constructed, rehabilitated or upgraded										
	Length of roads					0					
	Organizations					0					
	No. of miles of Farm Access Road in Chin										
	Farm Access Road miles										
	No. of miles of Farm Access Road in Magway										
	Farm Access Road miles										
	Output 1.2 Social infrastructure expanded	No. of domestic water supply systems established							Project M&E DRD records	Annual	
domestic water supply schemes				53							

Results Hierarchy	Indicators							Means of Verification			Assumptions
	Name	Baseline	Mid-Term	End Target	Annual Result (2020)	Cumulative Result (2020)	Cumulative Result % (2020)	Source	Frequency	Responsibility	
	No. of rainwater harvesting systems installed							Project M&E DRD records	Annual	PMU/DRD	
	rainwater harvesting systems			26							
	1.1.2 Farmland under water-related infrastructure constructed/rehabilitated										
	Hectares of land			2 630		0	0				
Outcome 2. Technological, financial and policy environment for small farmers and agribusinesses is enhanced	3.2.2 Households reporting adoption of environmentally sustainable and climate-resilient technologies and practices							Project M&E DoA records	Annual	PMU/DRD; DoA	Beneficiaries willing to adopt transferred knowledge; Private sector participation
	Total number of household members										
	Males										
	Females										
	Indigenous people										
	Households			25 250							
	1.2.4 Households reporting an increase in production							Project M&E DoA records	Annual	PMU/DRD; DoA	
	Total number of household members										
	Males										
	Females										
	Indigenous people										
	Households			47 000							

Results Hierarchy	Indicators							Means of Verification			Assumptions
	Name	Baseline	Mid-Term	End Target	Annual Result (2020)	Cumulative Result (2020)	Cumulative Result % (2020)	Source	Frequency	Responsibility	
	2.2.1 New jobs created							Project M&E DoA records	Annual	PMU/DRD; DoA	
	Job owner - men										
	New jobs			5 000							
	Job owner - women										
	Job owner - indigenous										
Output 2.1 Improved access for farmers to knowledge, technology and services	No. of KCs established in selected locations of Chin and Magway							Project M&E DoA records	Annual	PMU/DRD DoA	Beneficiaries willing to adopt transferred knowledge; Private sector participation
	Knowledge Centres			50							
	1.1.3 Rural producers accessing production inputs and/or technological packages										
	Females					0					
	Males					0					
	Young					0					
	Not Young					0					
	Indigenous people					0					
	Non-Indigenous people					0					
	Total rural producers					0					
	No. of HHs receiving services from the KCs							Project M&E DoA records	Annual	PMU/DRD DoA	
	Households			76 810							

Results Hierarchy	Indicators							Means of Verification			Assumptions
	Name	Baseline	Mid-Term	End Target	Annual Result (2020)	Cumulative Result (2020)	Cumulative Result % (2020)	Source	Frequency	Responsibility	
Output 2.2 Sustainable improvement in land management practices and technologies	3.1.4 Land brought under climate-resilient practices							Project M&E DALMS records	Annual	PMU/DRD; DALMS	Close collaboration between CBOs, DALMS and project implementing partners
	Hectares of land			4 856		0	0				
	No. of hectares support to SALT Nurseries Services										
	Hectares of land - Area (ha)										
Output 2.3 Improved access to financial services for small farmers and agribusinesses	No. of credits groups formed							Project M&E; MFI records	Annual	PMU/DRD	
	credit groups			500							
	No. of investments supported through the RBF and ABF							Project M&E	Annual	PMU/DRD	
	investments through RBF and ABF			3 730							
Output 2.4 Strengthening policy development for climate smart agriculture	Policy 1 Policy-relevant knowledge products completed							Project M&E	Annual from PY3	PMU/DRD	
	Number			4		0	0				
Output (new) Improved Nutrition	1.1.8 Households provided with targeted support to improve their nutrition										
	Total persons participating					0					
	Males					0					
	Females					0					
	Households			1 500		0	0				
	Household members benefitted					0					

Results Hierarchy	Indicators							Means of Verification			Assumptions
	Name	Baseline	Mid-Term	End Target	Annual Result (2020)	Cumulative Result (2020)	Cumulative Result % (2020)	Source	Frequency	Responsibility	
	Indigenous people					0					
	Non-Indigenous people					0					
	Young					0					
	Not Young					0					
	Women-headed households					0					
	Non-women-headed households					0					

Myanmar

Western States Agribusiness Project

Supervision Report

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

Mission Dates: 12 to 25 October 2020
Document Date: 26/11/2020
Project No. 2000000964
Report No. 5548-MM

Asia and the Pacific Division
Programme Management Department

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

Table 1A: Financial performance by financier as at 30th September 2020

Financier	Appraisal (USD '000)	Disbursements (USD '000)	Per cent disbursed
IFAD loan	8 984	1 343	15
IFAD grant	3 978	498	13
Government of Myanmar	994	128	14
Beneficiaries contribution	780	-	-
Implementing partners	1 050	-	-
Financing gap	4 471	-	-
Total	13 962	1 980	27

Table 1B: Financial performance by financier by component (USD '000) as at 30th September 2020

Component	IFAD Loan			IFAD Grant			Government			Beneficiary Contribution			Implementing partners			Financing gap			Total		
	Approval	Actual	%	Approval	Actual	%	Approval	Actual	%	Approval	Actual	%	Approval	Actual	%	Approval	Actual	%	Approval	Actual	%
Component 1: Infrastructure	4 065	1 060	26	1 124	16	1	-			780						963			6 932	1 076	16
Component 2: Services	3 938	89	2	2 854	30	1	796		0				1 050			3 509			12 147	119	1
Component 3: Project Management	981	194	20	-	452		198	140	71										1 179	786	67
Total	984	1 343	15	3 978	498	13	994	140	14	780	-		1 050	-		4 472	-		20 258	1 981	10

Table 1C: IFAD loan disbursements (USD as at 30th September 2020)

C at	Category description	Original Allocation	Revised Allocation	Disbursement	W/A pending	Balance	Per cent disbursed
I	Works	2 950 000		-		2 950 000	-
II	Consultancies	440 000		-		440 000	-
III	Credit and guarantee funds	2 050 000		-		2 050 000	-
IV	Goods, Services and Inputs	1 700 000		-		1 700 000	-
V	Operating costs	230 000		-		230 000	-
VI	Training	600 000		-		600 000	-
	Authorized Allocation	-		1 500 000		(1 500 000)	100%
	Unallocated	1 014 000		-		1 014 000	-
	Total	8 984 000		1 500 000		7 484 000	16.7%

Table 2D: IFAD Grant disbursements (USD as at 30th September 2020)

Cat	Category description	Original Allocation	Revised Allocation	Disbursement	W/A pending	Balance	Per cent disbursed
I	Works	40 000		-		40 000	-
II	Consultancies	1 340 000		-		1 340 000	-
III	Goods, Services and Inputs	1 930 000		-		1 930 000	-
IV	Training	270 000		-		270 000	-
V	Authorized Allocation	-		850 000		(850 000)	100%
VI	Unallocated	398 000		-		398 000	-
	Total	3 978 000		850 000		3 128 000	21.3%

Myanmar

Western States Agribusiness Project

Supervision Report

Appendix 2: Physical progress measured against AWP&B

Mission Dates: 12 to 25 October 2020
Document Date: 26/11/2020
Project No. 2000000964
Report No. 5548-MM

Asia and the Pacific Division
Programme Management Department

Appendix 2: Physical progress measured against AWP&B

Component/Outcome		Period: 01/10/2019 to 30/09/2020								Progress as of 30 Sept 2020
Sub-component or Output	Indicator	Unit	AWP&B	Actual	%	Cumulative Actual	Appraisal Target	%		
Component 1 /Outcome										
Output1.1	• No. of small and medium irrigation schemes rehabilitated in Chin	No.	1	1	100 %	1	38	2.6 %	100 %	
	• No. of small irrigation and medium schemes rehabilitated in Magway	No.	2	2	100 %	2	34	5.9 %	100%	
	• No. of miles of Rural Access Roads constructed	Miles	14.6	14.6	100 %	14.6	35	41.7 %	81%	
	• No. of HH benefited from CFW jobs	HH				6283	5819	108 %	100 %	
Output1.2	• No. of domestic water supply systems established	No.	21	21	100 %	21	53	39.6 %	89%	
Sub-component / Output 1.3	• No. of volunteers (VEWs and CHAWs) trained	person		103		103	1760	6 %	100 %	
Component 1, average progress(570 /6)									95%	
Sub-component / Output										
Component 2 / Outcome										
Output.2.1	• No. of KCs established in selected locations of Chin and Magway	KC	4	4	100 %	4	30	13.3 %	79 %	
	• No. of beneficiaries received information from the AIT application introduced by WSAP	HH		487	100 %	487	23000	2.12 %	100 %	
Output.2.2	• No. of acres are under sustainable land management systems (I,e, SALT)	Acres	10	10	100 %	10	87540	0.01 %	100 %	
Component 2, average progress(279 /3)									93 %	

**Component 3 /
Outcome**

**Component 4 /
Outcome**

2019-2020 FY Budget Plan for WSAP Project

Item	Component/sub-component/Work activities		Measurement	Budget (USD) Planned	Budget allocated for each activities		Remarks
					Loan (USD)	Grant (USD)	
1	A	Infrastructure					
		1 Irrigation Infrastructure					
		a. Rehabilitation of existing irrigation canals	-	153,696.00	153,696.00	-	Under the Budget Plan of IWUMD
		b. Rural Farm access roads in					Under the Budget Plan of DRD
		(i) Pauk and Myaing	(5/0.1) miles	184,950.82	184,950.82	-	
		(ii) Mindat and Kanpetlet	(9/5.6) miles	240,806.56	240,806.56	-	
		2 Scoial Infrastructure					
		a. Domestic water supply in					
		(i) Pauk and Myaing	(12) Nos	185,573.77	185,573.77		
		(ii) Mindat and Kanpetlet	(10) Nos	232,314.75	232,314.75		
		3 Capacity Building					
		a. Technical Assistance (Main Implementation Consultants)	1	85,000.00	85,000.00		
Subtotal (1)				1,082,341.90	1,082,341.90	-	

2	B	Agricultural Services						
		1	Agricultural Modernization					
			a. Construction of Knowledge Center					Under the Budget Plan of DOA
			(i) Pauk and Myaing	2 KC	26,229.51	26,229.51		
			(ii) Mindat and Kanpetlet	2 KC	52,459.02	52,459.02		
			b. Support for KC facilities	-	12,957.00	12,957.00		
			c. Support Agricultural Information technologies Services	-	6,557.38		6,557.38	Under the Budget Plan of DOAR
			d.Support to SALT Nurseries	-	13,246.00		13,246.00	Under the Budget Plan of DOA
			e. Training on Veterinary for rural animal health care workers	-	5,901.64		5,901.64	Under the Budget Plan of LBVD
			f. Technical Assistance from Impelementation Partners		257,000.00		257,000.00	Under the Budget Plan of DRD
		2	Policy Engagement			-		Under the Budget Plan of DRD
			(i) Studies and Dissementation Workshops	-	3,370.00	3,370.00		
Subtotal (2)					377,720.54	95,015.52	282,705.02	
3	C	Project Management						
		1	Establishment of Project Office					Under the Budget Plan of DRD
			(i) Office Equipment (computer 20 nos, Photo copier (1) no, Scanner (1) no, Printer (1)no.	-	15,700.00	15,700.00		
			(ii) Furniture (13 computer table)	-	1,300.00	1,300.00		
		2	Vehicles					
			(i) 4WD Double Cab Pickups	4	160,000.00	160,000.00		

		3	Training and Support				
			(i) Start-up Workshop at Regional/State/National Level		3,500.00	3,500.00	
			(ii) Capacity Building Training to project staff		20,000.00	20,000.00	
		4	Audit and Financial Management				
			(i) Financial Management training		4,000.00	4,000.00	
			(ii) Accounting Software			-	
		5	Monitoring and Evaluation- Management Information System		-		
Sub-total 3					274,500.00	274,500.00	
Total					1,734,562.44	1,451,857.43	282,705.02

Myanmar

Western States Agribusiness Project

Supervision Report

Appendix 3: Compliance with legal covenants: status of implementation

Mission Dates: 12 to 25 October 2020
Document Date: 26/11/2020
Project No. 2000000964
Report No. 5548-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 (6)	There shall be three (3) designated accounts (the "Designated Accounts") denominated in USD opened and maintained by the Borrower/Recipient, of which two for the Loan and one for the Grant, to receive the Loan and Grant proceeds respectively		Complied	Two designated accounts (loan and grant) have been opened. Third account for credit lines not yet as activities not yet started
B (7)	Borrower/Recipient shall provide counterpart contribution for the Project equivalent to approximately one million United States dollars (USD 1 000 000) towards salaries of government staff and operational expenditures		Ongoing compliance	
C (1)	The Lead Project Agency shall be the Ministry of Agriculture, Livestock and Irrigation (MoALI). The Focal Department for the Project shall be the Department of Rural Development (DRD) of the MoALI		Complied	
C(2)	A Project Management Unit (PMU) shall be established within the DRO in Nay Pyi Taw and will be integrated within DRD structures. Two Project Implementation Offices (PIOs) shall be established in southern Chin and northern Magway respectively.		Complied	
C(3)	The following are designated as implementing partners, in accordance with Schedule 1 part A.12 hereto: 1. (i) CARE in Chin; and		Complied	NAG engaged instead of Oxfam as authorized by FA under Schedule 1(II)(A)(12)

Section	Covenant	Target/Action Due Date	Compliance Status/Date	Remarks
	2. (ii) Oxfam in Magway			
D	The Financing will be administered and the Project supervised by the Fund. A mid-term review shall be carried out jointly by the Fund and the Borrower/Recipient in accordance with Section 8.03 of the General Conditions.		Complied as to IFAD Administering the financing and supervising the project.	Mid term review not yet due.
E2	The following is designated as additional general conditions precedent to withdrawal: The Project Director and Finance Officer, both acceptable to the Fund, shall have been selected by MoALI from the DRD and assigned for the Project.		Complied	
Schedule 1(II)(A)(5)	<i>Lead Project Agency.</i> The MoALI, in its capacity as the Lead Project Agency, shall have the overall responsibility for the Project's implementation. The Department of Rural Development (DRD) will be the focal department of the project		Complied	
Schedule 1(II)(A)(6)	<i>Governance.</i> The Project shall be governed by a NPSC at Union Level, and a Project Coordination Committee (PCC) each in Magway and Chin.		Partially complied	In lieu of PCC, PIO will consolidate plans at township/district level and elevate to PMU for NPSC approval
Schedule 1(II)(A)(7)	<i>NPSC.</i> The NPSC shall be chaired by the MoALI Deputy Minister and shall convene in Nay Pyi Taw. Its membership shall include senior representatives of relevant MoALI departments and representatives of Ministry of Planning and Finance (MoPF), Ministry of Natural Resources and Environmental Conservation (MoNREC) and the Ministers of Agriculture of Chin and Magway. Its responsibilities shall be to provide strategic and policy guidance, ensure efficiency and fiduciary compliance, endorse		Complied except prior approval of AWPB by NPSC	

Section	Covenant	Target/Action Due Date	Compliance Status/Date	Remarks
	staff selection, approve annual work plans and budgets, oversee the external audit process, and resolve any emerging problems			
Schedule 1(II)(A)(8)	<i>PCCs.</i> The PCCs shall be constituted in each state/region at the district level. Each PCC shall be chaired by the representatives of MoALI and the Ministry of Home Affairs. Membership shall include representatives of relevant district and township level MoALI departments and the Implementing Partners. Its responsibilities shall be to ensure quality implementation and fiduciary compliance, approve annual work plans and budgets, review progress reports, and ensure coordination. The PCCs shall convene in Mindat (Chin) and Pakkoku (Magway) respectively on regular basis		Not Complied	PCC will no longer be created to streamline approval levels. There are Sub-PIO at township/district level that will coordinate preparation of plans for submission to PIO that will consolidate plans from township/district level and elevate to PMU for NPSC approval.
Schedule 1(II)(A)(9)	<i>Management.</i> The Project shall be managed by the central PMU established within DRD and the two decentralized PIOs (one in each in Mindat and Pakkoku)		Complied	
Schedule 1(II)(A)(10)	<i>PMU.</i> The PMU shall be established within the DRD and shall be integrated with DRD structures. It shall be responsible for Project implementation, fiduciary management (including financial management, procurement and contracting, and legal compliance), work planning and budgeting, monitoring and evaluation, and progress reporting. The PMU shall be headed by a Project Director from the DRD appointed by MoALI. A Project Manager shall be recruited from the market through a competitive process, and shall coordinate daily operations. A Finance Officer shall be assigned by DRD to oversee the financial management of the project, which will be performed by dedicated staff. The PMU shall be staffed by: (i) relevant assigned officers from IWUMD, DRD, and other MoALI departments as required; and (ii)		Complied	Project Manager is organic employee of DRD. Consultants engaged via Main Implementation Consulting firm

Section	Covenant	Target/Action Due Date	Compliance Status/Date	Remarks
	a set of competitively recruited consultants on annual contracts (agribusiness/value chains; rural finance; community development and gender; financial management; accounting; procurement; monitoring and evaluation (M&E))			
Schedule 1(II)(A)(11)	<i>PIOs.</i> State/regional-level coordination shall be handled by two decentralised Project Implementation Offices (PIOs) in Mindat (Chin) and Pakkoku (Magway) respectively, reporting to the state/regional Ministers of MoALI. The PIOs will be responsible for coordinating implementation at state level and for monitoring and reporting on progress. The PIO will be headed by a state Project Coordinator, to be assigned by DRD from its state-level staff. The PIO will be staffed by assigned officers from relevant state MoALI departments (IWUMD, DoA) and relevant Ministries (such as MoNREC). The Project Coordinator will have the responsibility of coordinating with the Implementing Partners		Complied	
Schedule 1(II)(A)(12)	<i>Implementing Partners.</i> Two Implementing Partners have been identified as cost-sharing partners - CARE in Chin and Oxfam in Magway - to lead social mobilisation, community interface, technical assistance and policy engagement and to coordinate investment activities. The PMU shall enter into an appropriate agreement with each Implementing Partner for the purposes of the Project. Should the PMU and either Implementing Partner fail to reach a mutually acceptable agreement, an alternative suitable and qualified Implementing Partner shall be identified by MoALI, subject to IFAD concurrence		Complied	NAG engaged as IP instead of Oxfam
Schedule 1(II)(B)(13)	<i>Productive Infrastructure.</i> Lead responsibility for irrigation development and pilot land consolidation shall be vested with IWUMD/ MoALI. An engineering firm shall be contracted to support design, verify construction norms and unit costs,		Complied with modifications	IWUMD doing work of engineering firm. Prior to engagement of Ips, DRD

Section	Covenant	Target/Action Due Date	Compliance Status/Date	Remarks
	supervise civil works, and provide technical assistance. Lead responsibility for rural access roads and home garden irrigation technology shall be vested with DRD/MoALI, with design support as required. Civil works may be contracted out to private sector firms as required. Supervision of productive infrastructure schemes shall be multi-level, involving IWUMD/DRD as appropriate, PIOs and community groups. Implementing partners will lead community mobilisation and the free, informed and prior consent (FPIC) process before the commencement of any civil work. Implementing partners, jointly with IWUMD, will also lead the formation of infrastructure O&M groups and water users' groups			performed FPIC for completed and ongoing civil works.
Schedule 1(II)(B)(14)	<i>Social Infrastructure.</i> Lead responsibility for social infrastructure shall be vested with DRD/MoALI, with design support where required. Civil works shall be undertaken by private contractors where required. Supervision of social infrastructure schemes shall be multi-level, involving ORD, PIOs and community groups. Implementing partners will lead community mobilisation and the free, prior and informed		Complied	
Schedule 1(II)(B)(15)	<i>Sub-component 1.3: Capacity Building.</i> Lead responsibility shall be vested with the PMU and PIOs, operating through contracted engineering firms for capacity building of ID and DRD. Implementing Partners shall lead activities related to water, sanitation and hygiene (WASH) and nutrition (in partnership with the United Nations Children's Fund (UNICEF) where feasible).		Not complied	Engineering firm not contracted
Schedule 1(II)(B)(16)	<i>Sub-Component 2.1: Agricultural Modernisation.</i> Lead responsibility shall be vested with the MoALI extension service in collaboration with Implementing Partners. KCs shall be constructed by private sector contractors. Operational support for		Ongoing compliance	Yam Producers Association not yet engaged?

Section	Covenant	Target/Action Due Date	Compliance Status/Date	Remarks
	social mobilisation shall be provided by Implementing Partners. Implementing Partners shall lead land tenure activities (in consultation with Department of Agricultural Land Management and Statistics (DALMS)) and value chain development. The Department of Forestry and the Yam Producers Association shall be involved in the coordination and implementation of seedling nursery development			
Schedule 1(II)(B)(17)	<i>Sub-Component 2.2: Financial Services.</i> Lead responsibility for savings and credit groups (SCGs) shall be vested with the Implementing Partners in collaboration with the KCs, under PMU and PIO oversight, and with support from the Myanmar Microfinance Association. Lead responsibility for Agribusiness Fund (ABF) is vested with the PMU, under MoPF oversight, supported by the PIOs and relevant KCs. Refinancing will be managed by financial institution while refinanced loans will be administered by licensed financial institutions (NGOs, Pact, microfinance institutions (MFIs), commercial banks, Myanmar Agriculture Development Bank (MADB)) under Subsidiary Financing Agreements (SFAs) with MOPF. The SFAs will specify the on lending terms, conditions, repayment procedures and operating procedures. Technical assistance will be provided to MOPF to set up the relevant systems.		Ongoing compliance with modifications per Aide Memoire	
Schedule 1(II)(B)(18)	<i>Sub-Component 2.3: Policy Engagement.</i> Lead responsibility shall be vested with the Implementing Partners, with support from competitively recruited technical assistance as appropriate.		Ongoing compliance	
Schedule 1(II)(B)(19)	The PMU shall prepare a draft PIM outlining the standard operating procedures for the implementation of the Project, including for financial management, accounting and procurement, in line with international best practices. Once prepared, the PIM		Submitted to IFAD for NO	Not approved by NPSC, only by DRD Executive Board

Section	Covenant	Target/Action Due Date	Compliance Status/Date	Remarks
	shall be first approved by the relevant departments of MoALI, before being presented to the NPSC for approval and IFAD for concurrence			
Schedule 1(II)(B)(20)	The Lead Project Agency shall forward the draft PIM to the Fund for its concurrence. Should the Fund not provide any comment on the draft PIM within thirty (30) days after receipt, it shall be deemed to have no objection. The Lead Project Agency shall adopt the PIM, substantially in the form approved by the Fund.		Complied without NPSC approval	
General Conditions, Section 7.01(b)(II)	Before each Project Year, the Lead Project Agency shall, if required, submit the draft Project AWPB to the oversight body designated by the Borrower/Recipient for its review. When so reviewed, the Lead Project Agency shall submit the draft Project AWPB to the Fund for comments no later than sixty (60) days before the beginning of the relevant Project Year. If the Fund does not comment on the draft Project AWPB within thirty (30) days of receipt, the AWPB shall be deemed acceptable to the Fund.		Not complied.	Submitted only during the mission
General Conditions, Section 7.11	The Borrower/Recipient or the Lead Project Agency shall appoint the Project Director and all other key Project personnel in the manner specified in the Agreement or otherwise approved by the Fund. All key Project personnel shall have qualifications and experience specified in the Agreement or otherwise approved by the Fund. The Borrower/Recipient shall exercise best efforts to ensure continuity in key Project personnel throughout the Project Implementation Period. The Borrower/Recipient or the Lead Project Agency shall insure key Project personnel against health and accident risks to the extent consistent with sound commercial		Salary includes payment for insurance cover.	

Section	Covenant	Target/Action Due Date	Compliance Status/Date	Remarks
	practice or its customary practice in respect of its national civil service, whichever is appropriate.			
General Conditions, Sec. 8.01	The Borrower/Recipient shall ensure that the Project Parties maintain records and documents adequate to reflect their operations in implementing the Project (including, but not limited to, copies or originals of all correspondence, minutes of meetings and all documents relating to procurement) until the Project Completion Date, and shall retain such records and documents for at least ten (10) years thereafter.		Ongoing compliance	
General Conditions, Sec. 8.02	The Lead Project Agency shall: (a) establish and thereafter maintain an appropriate information management system in accordance with the Fund's operational guidelines and Results Measurement Framework;		Complied	Project will build on MIS structure of DRD
General Conditions, Section 9.01. Financial Records	The Project Parties shall maintain separate accounts and records in accordance with consistently maintained appropriate accounting practices adequate to reflect the operations, resources and expenditures related to the Project until the Financing Closing Date, and shall retain such accounts and records for at least ten (10) years thereafter.		Partial compliance	Project is using excel for accounting and reporting purposes; this is not consistent with internationally accepted accounting practices and standards.

Section	Covenant	Target/Action Due Date	Compliance Status/Date	Remarks
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Myanmar

Western States Agribusiness Project Supervision Report

Appendix 4: Technical background analysis

Mission Dates: 12 to 25 October 2020
Document Date: 26/11/2020
Project No. 2000000964
Report No. 5548-MM

Asia and the Pacific Division
Programme Management Department

Appendix 4 : Technical Notes

Table of Contents

Appendix 4.a: Component 1 - Infrastructure	2
Appendix 4.b: Agricultural services	7
Appendix 4.c: Financial Services	24
Appendix 4.d: Nutrition	27
Appendix 4.e: Monitoring and Evaluation and Knowledge Management	34
____ Attachment 1: WSAP Revised Logframe: Comments/Suggestions	
____ Attachment 2: WSAP M&E Action Plan (Sample Format)	
Appendix 4.f: Fiduciary Risk Assessment Data Sheet	44

Appendix 4.a: Component 1 - Infrastructure

1. Component 1 of the Western States Agribusiness Project (WSAP) is composed of sub-component 1.1 on Productive Infrastructure involving *i) rehabilitation of Irrigation Schemes, ii) Rural Access Roads, iii) Irrigation Technology for Home Gardens, and iv) Land Consolidation on a Pilot Basis*, and sub-component 1.2 on Social Infrastructure involving *i) Domestic Water Supply (DWS), ii) Rainwater Harvesting, and iii) Solar Home Systems*. Sub-component 1.3 is *Capacity Building* to the implementing departments and beneficiaries. Implementation responsibility for irrigation and pilot land consolidation is vested on the Irrigation and Water Utilization Management Department (IWUMD) while rural access roads, home garden irrigation, and all social infrastructure are under the Department of Rural Development (DRD). Capacity building is the responsibility of the Project Management Unit (PMU) at the union level and the Project Implementation Office (PIO) at the regional and state level. Implementing Partners (IP) which are the NAG in Magway and CARE in Chin will lead activities related to WASH and nutrition in partnership with UNICEF.

2. Under this component, the Project Design Report (PDR) envisaged to rehabilitate 72 irrigation schemes covering an area of about 6,280 acres, rural access roads of about 35 miles, home garden irrigation of 100 units for women HHs with home gardens, 53 units of domestic water supply for villages, 26 units of rainwater harvesting ponds to serve 50 villages, 750 units of solar home systems for women HH heads. This report also includes 30 units (from original PDR target of 50) of knowledge centers (KC) which is part of Component 2 and 1 unit of Agricultural Research Center proposed by the Department of Agricultural Research (DAR) not identified in the PDR. The corresponding estimated cost of these infrastructures are in **Table 1** (inclusive of KC and Research Center) below with irrigation having the biggest allocation at 52.18%.

Table 1: PDR Estimated Cost for Productive and Social Infrastructure

Sub-Project Type	PDR Targets		PDR Total Cost	Weight
	no.	scale	US \$	%
Irrigation	72	6,280 acres	3,065,000	52.18
Rural Access Road	-	35 miles	420,000	7.15
Home Garden Irrigation	100	100 units	600,000	10.21
Domestic Water Supply	53	53 units	640,000	10.90
Rainwater Harvesting	26	26 units	468,000	7.97
Solar Home System	750	750 units	150,000	2.55
Knowledge Center	30	30 units	454,000	7.73
Agri. Research Center	1	1 unit	77,000	1.31
TOTAL			5,874,000	100.00

Sources: irrigation total cost from MIC figures and all the rest from PDR estimates; KC reduced from 50 to 30 units

3. As reported by the Main Implementation Consultant (MIC), IWUMD started implementing irrigation rehabilitation in Chin State since 2016 even before WSAP started using government funds. The agency has completed 32 schemes covering 1,590.40 acres from 2016 - 2020 costing about US\$683,402 which are said to be the same target areas or part of the 6,280 acres from the PDR. The breakdown of these completed irrigation schemes are in **Table 2** below.

Table 2: Irrigation Schemes Implemented by IWUMD prior to WSAP using Government Funds

Location	Schemes Implemented			Year Implemented
	No.	Area	Total Cost (US\$)	
Kanpetlet, Chin	7	308	158,466	2016 - 2019
Mindat, Chin	10	973	183,635	
sub-total	17	1,281	342,101	
Kanpetlet, Chin	4	139	158,400	2019 - 2020
Mindat, Chin	11	170.40	182,901	
sub-total	15	309.40	341,301	
Total	32	1,590.40	683,402	

Source: MIC Production and Social Infrastructure Report final Version

4. The 32 schemes were based on farmers' official request to IWUMD with some through parliament members. The agency conducted site investigation to discuss the proposed works with the community and prepared the necessary plans for funding from the Chin State Government. The contract made with the winning bidder was discussed with the community for transparency and final payment process was only made after getting quality satisfaction from local community and farmers. While no Water Users' Group (WUG) was organized in the 32 schemes, Water Management Committees (WMC) in every village were formed as practiced by IWUMD but the department is starting to transform these WMCs to WUGs. Operation and Maintenance (O&M) activities on tertiary canals are currently done by WMCs but major repairs are requested from IWUMD for assistance.

5. As of September 2020, the Project implemented 36 Productive and Social Infrastructure sub-projects including the Knowledge Centers under its FY 2019 - 2020 AWPB. These are composed of 3 irrigation schemes covering 251.45 acres (4% of PDR estimates), 8 rural access roads with a length of 14.59 miles (41.69%), 21 units of domestic water supply (39.62%), and 4 units of knowledge centers (8% of original target of 50 units). The 3 irrigation schemes, 5 rural access roads, and 12 units of DWS are fully completed. The on-going 3 roads and 9 units of DWS in Chin are for completion by mid-December and the 4 units of KCs are for completion by end of December 2020. The details of these infrastructure sub-projects are in **Table 3** below.

Table 3: Accomplishment Status of Productive and Social Infrastructure (as of September, 2020)

SP Type/ Region/State	Accomplishment as of September 2020			
	No.	Scale	Cost (US\$)	Status/Remarks
Irrigation				
Magway	2	180.45 acres	116,256.00	100% completed (Myaing: 122 HHs + Pauk: 65 Farmers)
Chin	1	71.00 acres	40,000.00	100% completed with 22 farmers
sub-total (Irrigation)	3	251.45 acres	156,256.00	to benefit 122 HHs and 87 farmers
Rural Access Road				
Magway	3	4.92 miles	171,499.00	100% completed
Chin	5	9.67 miles	230,779.00	2 roads 100% completed; 3 roads @ 81% for completion by mid-December
sub-total (Rural Roads)	8	14.59 miles	402,278.00	to benefit 870 HHs
Domestic Water Supply				
Magway	12	12 units	192,681.00	100% completed
Chin	9	9 units	227,876.00	76% for completion by mid-December
sub-total (DWS)	21	21 units	420,557.00	to benefit 2,500 HHs
Knowledge Center				
Magway	2	2 units	26,356.00	83% for completion by EO December
Chin	2	2 units	53,334.00	75% for completion by EO December
sub-total (KC)	4	4 units	79,690.00	
Total	36		1,058,781	

Sources: MIC Quarterly Project Report and kick-off presentation of Deputy Director General U Myo Naing Aung, DRD

6. Under the FY 2020 - 2021 AWPB, the Project intends to implement a total of 37 sub-projects composed of 3 irrigation schemes covering 86 acres, 3 rural access roads having a length of 9.20 miles, 15 units of DWS, 1 unit of Water Harvesting Pond, 14 units of KCs and 1 unit of Agricultural Research Center to be located in Mindat, Chin as requested by DAR. Total estimated cost of FY 2020 - 2021 investment for these infrastructure is about US\$1.338 million. **Table 4** is the breakdown of these planned targets by region/state.

Table 4: FY 2020 - 2021 Planned Targets (Infrastructure)

SP Type/ Region/State	FY 2020 – 2021 Planned Targets		
	No.	Scale	Est'd Cost (US\$)
Irrigation			
Magway	2	81 acres	259,000
Chin	1	5 acres	38,500
sub-total (Irrigation)	3	86 acres	297,500
Rural Road			
Magway	0	0	0
Chin	3	9.28 miles	298,000
sub-total (Rural Roads)	3	9.20 miles	298,000

Domestic Water Supply			
Magway	9	9 units	167,000
Chin	6	6 units	144,000
sub-total (DWS)	15	15 units	311,000
Rainwater Harvesting Pond			
Magway	1	1 unit	10,000
sub-total (RH Pond)	1	1 unit	10,000
Knowledge Center			
Magway	7	7 unit	130,000
Chin	7	7 unit	215,000
sub-total (KC)	14	14 units	345,000
Agricultural Research Center			
Mindat, Chin	1	1 unit	77,000
sub-total (Agri. Res. Center)	1	1 unit	77,000
Total	37		1,338,500

Sources: Kick-off presentation of DDG U Myo Naing Aung, DRD; Cost from FY 2020 - 2021 Budget Plan (rounded)

7. The combined scale of FY 2019-2020 completed and the FY 2020-2021 planned sub-projects shows that the total coverage on irrigation by EO 2021 is only 5.37% of the PDR estimates while the rural access road and DWS are both 68% and KC at 60%. The trend indicates that the Project has to facilitate the identification of irrigation sub-projects within the next fiscal year while the other sub-project types even with no planned targets yet for the next fiscal year may be achieved even before WSAP completion date being small work items with less civil works. The calculated balances from PDR estimates by sub-project type are in **Table 5**.

Table 5: Rate of Projected Infra Performance against PDR estimates by EO of 2021

Sub-Project Type	Scale Unit	PDR Targets		FY 2019-2020		FY 2020-2021		Total	PDR Targets	
		no.	scale	no.	scale	no.	scale		% rate	balance
Irrigation	acre	72	6,280	3	251.45	3	86	337.45	5.37	5,942.55
Rural Access Road	mile	-	35	-	14.59	3	9.20	23.79	68	11.21
Home Garden Irrigation	unit	100	100	0	0	0	0	0	0	100
Domestic Water Supply	unit	53	53	21	21	15	15	36	68	17
Rainwater Harvesting	unit	26	26	0	0	0	0	0	0	26
Solar Home System	unit	750	750	0	0	0	0	0	0	750
Knowledge Center	unit	30	30	4	4	14	14	18	60	12
Agri. Research Center	unit	1	1	0	0	0	1	1	100	0
TOTAL										

Sources: PDR estimates and AWPBs 2019-2020 and 2020-2021; KC reduced from 50 to 30 units

8. As PDR estimates are indicative targets apparently for design budgeting purposes, these have to be reviewed and validated at the village level during the conduct of participatory planning as part of social mobilization. This is particularly crucial to irrigation schemes given that IWUMD has reportedly completed rehabilitating 1,590.40 acres of irrigable area using government funds even before the Project started which are part of the PDR-identified schemes for WSAP. The Project may have difficulty of identifying replacement area and the PDR estimate will probably be too large to achieve.

9. Given this, WSAP needs to start identifying specific targets and locations (scale and where) of the actual community needs on infrastructure under Component 1 through the participatory planning process, validate the proposals, and re-calibrate those that were estimated in the PDR. This should be done within FY 2020-2021 in time for the mid-term review where these final targets will feed into the logical framework. These final targets will be the basis in the preparation of an annual implementation/investment plan for Component 1 until FY 2023-2024 and serve as guide to the preparation of AWPBs.

10. The unit cost of roads in WSAP were observed to be much higher than the estimate in the PDR of US\$12,000 per mile. This unit cost is reportedly said to be appropriate only for small earth roads with no additional features like earthfill, gravel surfacing, appropriate drainage system, and other protective works. Roads in Magway are traversing across a flat terrain of lowland paddies requiring substantial embankment (earthfill) to elevate the road and protect from flooding and these materials are sourced from other areas hence expensive. It is estimated that these roads will have an average unit cost of about MMK 60 million (US\$ 46,500) per mile. Chin has a mountainous terrain and roads are skirting

along mountainside requiring side cuts with steep side slopes prone to erosion during rainy season hence need to be protected. Roadside slips are common in Chin and protecting them with retaining walls even along selected road sections alone is expensive in terms of materials and transport cost and estimated average unit cost for this type is about MMK 55 million (US\$ 42,700) per mile. An alternative is adopting bio-engineering technology like the use of coco nets planted with vetiver grass or any available indigenous slope protection mattings and local deep-rooted grasses where appropriate as cost-effectiveness measures for climate proofing while adopting retaining walls where necessary. These are said to be available in Myanmar and coco net making may prove to be a viable village industry in Chin.

11. It was observed that motorcycle roads of narrower width were also constructed along the Chin mountainsides under the food for work program. To further reduce the cost of roads in Chin, a criteria may be developed where standard road design will only be adopted if justified to serve large production areas where large volumes are transported by 4-wheeled vehicles otherwise, narrower roads for motorcycles or small farm tractor-driven carts with lesser loads may be adopted to minimize disturbance of the natural soil strata causing erosions and landslides during rainy season. This can be recommended as part of the provisions in the enhanced PIM.

12. A virtual site visit was done in the 4 townships where photos and videos of activities were presented by DRD, IWUMD, DOA, and the Implementing Partners NAG and CARE. The completed infra in Magway (irrigation, road) are of good quality and according to acceptable engineering practices. Roads are provided with embankment materials and gravel surfacing while irrigation canals were concrete lined to address seepage and for efficient delivery of irrigation water supply. The irrigation canals in Chin were also of good quality while the domestic water supply intake box are open weirs with protective fence. Photos of on-going roads in Kanpetlet, Chin are traversing mountainous area with through cuts and some road sections were provided with retaining walls as erosion and land slip protection works.

13. Under Component 2, sub-component 2.1, there are 50 units of KCs that was identified in the PDR. However, this was reduced to 30 units for reasons of land availability and limited staff for deployment. In addition, the DAR also requested for 1 unit of Agricultural Research Center to be located at Mindat, Chin. There were 4 units of KCs that were implemented for FY 2019-2020 all of which are still on-going with target completion date by EO December 2020. Another 14 units are planned for FY 2020-2021 bringing the number of KCs to 18 units representing 60% of PDR estimates. The Agricultural Research Center is planned to be implemented also in the coming fiscal year. While the on-going KCs have no provisions for toilet and water supply facilities, DRD reported that they are allocating additional funds for this purpose for implementation in this coming fiscal year.

14. The unit cost of KCs under WSAP in Magway were observed to be 50% higher than those implemented under FARM. FARM KC is 2,448 square feet with a total cost MMK 40.453 million translating to a unit cost of MMK 16,525 per square foot. In WSAP, KCs in Magway area (flat land region) is 800 square feet and total cost is MMK 19.7664 million equivalent to a unit cost of MMK 24,708 per square foot hence 50% higher. The main reason is on the materials used for the building where FARM was using bricks while WSAP adopted reinforced concrete to make the facility more durable and sustainably lasting. Compared to Chin, unit cost becomes higher than Magway due to KC location in mountainous area where the cost of transport, labor, and materials are much higher coupled with perennial bad weather condition.

15. Moving forward and with the completion of several infrastructures on irrigation schemes, domestic water supply, and rural access roads, there is a need to start the capacity building process for the community organizations established by NAG in Magway like the WUG for irrigation, WMC for domestic water supply, and RMC for the rural roads. The preparation of Operation and Maintenance (O&M) guidelines on systems and procedures for each type of Infra facility for the guidance of these organizations have to commence within FY 2020-2021. Given the late mobilization of CARE in Chin, their plans for next year should include re-visiting those areas with completed and on-going infrastructure and ensure that these community organizations are established and included in their capacity building activities.

16. The current version of the Project Implementation Manual still needs a few more enhancements under Component 1 procedures. These would include the following:

- Selection criteria for individual HH assistance on home garden irrigation and solar home system
- Mechanism to generate and account for beneficiary counterpart in the CosTab
- For common understanding, PIM needs to provide geometrical features and specifications for each type of infrastructure, a template of which will be provided
- To further reduce the cost of roads in Chin, the PIM should include a criteria in adopting standard road design against a narrower road for motorcycles or small farm tractor-driven carts with lesser loads to minimize disturbance of the natural soil strata causing erosions and landslides during rainy season; standard roads must be justified to serve large production areas where large volumes are transported by 4-wheeled vehicles
- To facilitate review and issuance of NO from IFAD, a list of technical documents to be submitted per type of infrastructure needs to be incorporated in the PIM as reminders to township ID engineers and have to be reviewed by DRD and IWUMD at the Union level for quality assurance, climate proofing measures, and completeness; this list will be provided
- A separate manual for O&M Systems and Procedures at village level for the guidance of WUGs for irrigation, WMCs for domestic water supply, and RMCs for rural access roads need to be developed and form part of the PIM; this should include the M&E systems and procedures to monitor compliance to O&M

XXXXX

Appendix 4.b: Agricultural services¹

1.1. 4.b. Agricultural services² 1.1.1 4.b.1. Knowledge centres

1.1.1.1. Overall setting and functioning of knowledge Centers

KC number and coverage.

While the target of KCs to be constructed is 50 as per PDR, DoA has planned to reduce this number to 30 units for reasons related to land availability and capacity to properly staff the KCs, besides other issues such as access to water, electricity, basic infrastructure and appropriate incentives for KC staff. The arguments in this respect are valid. The PMU proposes to reduce the target from 880 villages with 76,810 HHs expected to benefit from increased yields, as per PDR, to 589 village and almost 50,000 households. In addition, the construction of 30 KCs will take time and only 18 in total will be ready by 2021, with the remaining 12 planned only for 2022. With the next agricultural season starting in the second quarter of 2021, it is important to plan for the recruitment/assignment and training of KC staff in preparation for the season. KC staff for which no building is available will operate under different ad-hoc arrangements, including the use of existing village structures. Alternatively, a phased approach may be used to start securing human resource and capacities in priority intervention areas/village and the 14 planned KCs for 2021.

The mission agreed that i) DoA, with the support of MIC, will review the outreach and design plans for the 30 KCs, **(ii)** DoA will ensure the selection and appointment of the needed KC staff and train them in time for the next agricultural season.

Functions of KCs:

The current sections builds on PIM proposal and proposes some additional adaptation to strengthen the capacities of KC to become a demand driven structure fostering various collaborations.

- KCs will serve as focal points for improving capacities and access to markets and services of small farmers and non-farming households. They will broker services such as knowledge exchange, innovation systems (collaboration between KC stakeholders and research and associated trials, technology demonstration and adaptation), financial services, input supply, regional branding, value chain integration, contract farming, business services and market information.
- They will support CIGs, WUGs, SCGs, and other community organisations; and will organise trials, demonstrations and farmers' field schools. KC will also facilitate the use of relevant ICT innovations. Farmers will be able to access agricultural and livestock services, modern climate smart technologies and relevant AIT information and social media system. Advice will be offered on linking income generating activities with improved nutritional values of indigenous, locally available crops, and neglected/underutilised species.
- KCs will provide services to landless households engaged in micro/small on-farm and off-farm enterprises and will pay specific attention to reach "last mile farmers" and households as well as to mainstream gender and age considerations across its activities
- The identification and provision of KC services will be demand driven, based on a list of services offered but also considering emerging needs and innovations from the field. The list will be prepared and updated periodically based on research findings, on-farm demonstration results, farmers' experiences and feedback, private sector involvement, and market considerations. In addition, this list will be discussed along planning sessions which shall build on VDP planning and involve KC board and multi-stakeholders' consultation. The project could build on the experience acquired by

¹ **Marie-Aude Even**, Senior Technical Specialist, Agronomy, PMI with contributions from Robert Delve, Lead technical specialist Agronomy, PMI as well as from current IFAD grant partners working on similar topics in the region, DhruPAD Achoury, ICIMOD and Nicole Harari, Wocat for SALT

² **(Marie-Aude Even**, Senior Technical Specialist, Agronomy, PMI with contributions from Robert Delve, Lead technical specialist Agronomy, PMI as well as from current IFAD grant partners working on similar topics in the region, DhruPAD Achoury, ICIMOD and Nicole Harari, Wocat for SALT

NATP2 in Bangladesh to collate micro-extension plans coming from CIG and village every year to guide demand driven process. It will be publicised in KC, through project outreach strategy (such as watsap group etc.) and through regular awareness-raising activities.

The ownership, governance and management arrangements:

To ensure KC that works on demand and fosters various collaborations across actors, it is very important to ensure pluralistic and inclusive governance and planning systems including mechanisms for clear stakeholders engagement and feedbacks;. To achieve that:

- KCs will be owned by MoALI as an extended arm of the state extension system in the local level. From state management, DoA of the township will be directly responsible for staffing and managing the KCs; Staffing of KCs will be township DoA extensionists who are seconded and trained for managing the KCs. These extensionists will broker the services demanded by KC members, utilising existing capacities in the public, private and civil society sectors. Each KC will be staffed by at least two DoA extensionist, including at least originating from the area and understanding local cultures and languages of the main ethnic groups in the target villages.
- **To foster broader engagement of various stakeholders**, including both beneficiaries, other government departments and private sector, the KC will also develop multi-stakeholders board which would include both beneficiary but also representatives from contributing partners. Such system would facilitate inclusive planning and review of activities to adjust KC work to stakeholders needs; It is crucial to embed stakeholders feedback mechanisms, including through the use of log book & farmers registration system at KC level and use of dedicated watsap group. To further consolidate budget resources and ownership from such partners, some registration/ yearly fee or minimal contribution could be imagined with different amounts according to stakeholders type;
- **The KC will develop a last mile outreach system** to ensure that no one is left behind. Such system may notably include network of village/thematic farmer groups and Village volunteers be linked the KCs. Social media system (watsap group for instance but also sms-voice message delivery) and feedback system will be developed to ensure communication and responsiveness to beneficiaries.

Also, while KC need to have efficient operations to deliver project activities, it is important to pay continuous attention to **build capacities and process to ensure long term sustainable business model**. To achieve that, initial building blocks include:

- **Cost of operating KCs:** KCs will operate based on medium-term strategic plans and annual work plans and budgets. The project will finance construction and initial operation of the premises, while MoALI will cover the salaries of seconded personnel. Using project funds, MoALI and IP finance key activities of KC related to FFS, demo, market linkages etc. KCs will be equipped with basic office facilities, internet and AIT facilities, basic agricultural facilities (such as seed, soil test), water and an energy source (preferably renewable). The KC manager will obtain a motorcycle and mobile phone/tablet. Specific arrangement needs to be found to combine attention to ownership/maintenance of such equipment, continuity of activities and incentives for staff.
- In the medium term, it is envisaged that KCs will operate partly on cost recovery basis, being responsive to contextualised demands from households, and providing services that famers and the private sector are willing to pay for. Options for KC cost-recovery based on PPP business models will be tested and applied accordingly and will be suggested in project exit strategy.
- **Roles of IPs:** the IPs will initially support KC management and operations, lead value chain analyses, promote market linkages, and help broker contractual arrangements with agribusiness. The IP will notably support the development of KC implementation and operational manual which will be updated along project to include field experience and local innovations. They will help set in place and develop capacities for required planning, coordination, communication. They will also help set in place last mile outreach system through grassroot institutions and “volunteers” . Finally, the IP will always have in mind the long term view of developing sustainable KC centres, ensuring not to take charge of core “running” activities and guiding the development and test of sustainable business model.

1.1.1.2. *Last mile service delivery & outreach strategy*

The current implementation arrangements do not provide sufficient clarity on the delivery mechanisms and dissemination strategy for agricultural services. Even assuming that each KC will be staffed with two extension officers from DoA, the total 60 KC staff would have difficulties to implement the envisaged targets of about 7,000 training/demo/seed support and related follow up. In addition KC staff are supposed to broker other public-private service activities along the various project components. An effective last mile service delivery mechanism is needed to ensure outreach to the villages and communities.

The PIM and mission are projecting that the project will train one village extension worker (VEW) for every target village and one community animal health worker (CAHW) per every two villages. This network of VEWs and CAHWs will be linked to the KCs and managed by the KC managers who are the DoA seconded staff. VEWs and CAHWs will be mobilized in the provision of services by KCs and it will ensure sustainability of KCs after the completion of WSAP. In addition, PIM suggest the organization of Village development committee and common interest groups as the main instrument for delivering project support to farmers. The PIM suggest that CIG can be grouped along major project activities and provided technical knowledge and group management (financial management, marketing, negotiation skills etc.). The PIM also mentions village development committee while NAG suggest to also form/work with farmer association at cluster/KC / township level but such levels are not mentioned in such implementation mechanisms.

It was agreed during the mission that MIC, in consultation with DoA and the IPs, will develop and **validate a strategy and operational guidelines for KC to deliver its range of services** in articulation with a last mile outreach system and include them in the PIM; this will include elaborating on the range of services across staff and the IPs; realistic outreach; number and roles of extension volunteers and CIGs; budget, reporting and coordination arrangements. In addition, more detailed tentative work plan could identify roles of each actors to identify feasibility of such system. Some initial considerations and ideas are put forth.

- **Scope of activities expected from CIG and support required:** the PIM focussed on the development of business plans and support for inputs through PIO and eventual grant (which are not a confirmed option at such stage) as well as technical support etc. The project needs to design a system that would not be dependant on PIO but link more directly to KC, notably to organize provision of inputs and services. We need to clarify if CIG directly organize such technical exchange and access to inputs or whether another layer is indeed needed to support such functions (the "volunteer" and if the CIG are ready to pay some fee for it. In Farm, last mile outreach is done by farmer group facilitators. If there is only one volunteer per village, it is likely they may be overstretched among various activities and groups while not being able to carry out meaningful work for each thematic CIG group.
- **Building on such CIG needs, Identify scope and scale of activities delivered by CIG leaders vs volunteers.** Shall the volunteers serve all KC activities in one village or only thematic activities and what are the level of services/outreach expected (is it just about sharing knowledge informally or replicate partly training ? shall they help in data collection and reporting? shall they also support other KC outreach regarding aggregating input needs, market access etc.. ?).
- **Coordination mechanisms with KC and eventual link to VDC & cluster organization/block level entry** points: shall each KC deals with several thematic CIG, VDC and volunteers? And through which communication channels (watsapp groups, specific app managed by volunteers / coordination farmers to facilitate more organized communication etc.) Or shall the volunteers or cluster level system play an interface along the setting of the board? For KC in dense areas and serving over 50 villages, it may be difficult to imagine individual village relationship and cluster level organization may be required as mentioned in NAG inception report
- is also key to **design ways to motivate and ensure accountability of such last mile outreach system to KC** and it is difficult to imagine a pure volunteer system unless for CIG leaders benefiting in other ways from the project and accountable to their groups/village. Do we have to imagine result

based paiement? Shall they be the first beneficiary of demo plot/package/FFS and therefore have to agree to such last mile support to implement such activities? Shall we imagine at least to provide on cost recovery some smart phone to facilitate their use of AIT technologies

- **The respective roles of KC staff and IPs need to be clarified.** It is key that IP indeed have a strong role to develop training curriculum and support formation of CIG-volunteer network and help put in place process and capacities for KC to work with such last mile extension systems. Indeed, the last mile extension system should remain under the KC managers who would be the ultimate responsible to supervise their activities and coordinate the planned DoA trainings.
- **Feasibility and extent of IPs support to last mile outreach system.** The number of social mobilizers allocated by the IPs makes an average of one field staff for 29 villages, which is any way insufficient for the envisaged outreach. In addition, IP have specific thematic responsibilities so feasible work plan and training system need to be proposed

Additional outreach mechanisms could be considered, such as the use of social media, open field days and agricultural IT services. In particular, the development of an AIT system is part of the design, but has not been sufficiently unpacked in the PIM. A well-adapted, integrated app can play a crucial role in strengthening the service delivery for farmers and MIS agricultural data.

Finally, implementation delivery needs to seek to maximize co-benefits of limited direct support as farmers will best adopt innovations they may have tested directly, seen or heard about from trusted fellow farmers. So delivery mechanisms need to be closely articulated to such outreach mechanisms. For instance:

- Smaller size demonstration package to ensure all CIG have at least 1 demonstration
- CIG members direct beneficiary of “pack” to pay back/give seeds to fellow CIG members
- FFS/demo/trial = train VEW/CAW/CIG lead for dissemination: 1 event / village-CIG / year
- Trained seed / bio input producer can be VEW & manage demonstrations as this can help them expand their sale
- Additional dissemination: youtube video, leaflet, exchange visit, open day, social media etc.
- Considering linkage to existing and SCG that can help discuss / uptake of technology

1.1.1.3. Mainstreaming climate change adaptation across activities

Magway region was selected as WSAP target area mainly because of its vulnerability to climate change, especially increasing droughts, desertification, storms and floods. For Chin, the selected sites in the southern Chin State encompass the watershed that feeds the main river Yaw and subsidiary streams that run through the Northern Magway region. The widespread land degradation visible in both Chin and Magway, alongside with climate change impacts of erratic rainfall, intra and inter-annual drought, and record temperature highs, are undermining farm productivity and livelihood options of the rural poor. Thus addressing climate change in the project area is crucial.

At the moment, adaptation to climate change underlines all main activities and theory of change. Indeed, the project aims to develop climate resilient infrastructure and practices, which aim to improve capacities of farmers to deal with climate change, notably through improved climate resilient / climate proofing infrastructure for roads and irrigation/water harvesting, climate service, land and water management (SALT and other SLM) and income diversification (through crop diversification and financial inclusion), which shall decrease households' vulnerability to floods and drought prevalent in the area. However, climate adaptation strategy is not fully developed, articulated and mainstreamed across KC work and interventions. The project could develop more operational plan to integrate climate adaptation and climate advisory services in KC services and mainstreaming use of such information in the planning and delivery of its agricultural services. For instance:

- Climate service provision was planned at design, but requires additional partnership with research and meteorological stations for tailored agro-advisory services. There is no clear plan to develop such climate services, which could however be crucial for climate change adaptation and risk mitigation.
- The project needs to have a better integration of climate resilient crops / seed variety in value chain and crop planning. Such elements should be further incorporated in crop mix evaluation and selection along agricultural package of practices and could also provide ground for participatory research.
- Upland SLM investments shall contribute to decrease land degradation and erosion which further exacerbate impacts of flooding and climate change on downstream investments. Yet, at the moment, the project has not adopted watershed approaches in planning of downstream and upstream investments and scale of planned upland investments are not sufficient to mitigate flooding related risks.
- Saving and credit group can contribute to increase capacities of households to deal with shocks through increased financial inclusion. In addition, groups are non specialized which provides scope for diversified loan portfolio which decrease risks of collective failure. However, such climate change risks may need to be further embedded in strategy to broaden access to agricultural loans ;

1.1.1.4. Working towards sustainable business models

We need to **review the long term sustainability of the business model proposed, for both KC but also such last mile service delivery**. CIG leaders shall remain volunteers as they benefit from improved group activities and group may find ways to motivate. However, a distinct “volunteer” worker need to find some additional motivation / shared interest to continue activities. DOA may need to imagine develop minimal incentive/allocation/cash for work system so that this network remains accountable. In addition, we can imagine that such volunteers become trained and certified agro-entrepreneurs also delivering services and inputs for a fees (ex. Syngenta initiative, well known for paravet).

Inserting KC sustainability in exit strategy development

The development of a sustainable business model can be part of the **development of the project exit strategy which needs to be developed by Mid term** and build on the “Technical note – Developing exit strategies in IFAD projects”.

As per such guidelines, **an exit strategy is a plan describing how a project intends to withdraw its resources** while ensuring that the achievement of development goals in not jeopardized and that progress towards these goals continues.² It contributes to the sustainability and scale of a project's impact, because it promotes the continuation of benefits once project activities have finished and the major financial, managerial and technical assistance from external donors is over. In addition, a successful exit strategy ensures successful innovations, approaches and models are not only documented but also shared with relevant stakeholders to facilitate and trigger expansion of these successes. Ideally, an exit strategy **should seek to find a pathway for scaling up³ well-performing project activities, leading to greater impacts after the project ends**.

The exit strategy shall be notably fully integrated by the IP whose major support is likely to be discontinued after the project. The guidance note mentions that there is some consensus in the literature⁴ around the three main approaches to exit: phasing down, phasing over and phasing out. IP may need to have clearly in mind such process and identify the support activities that may need to be progressively phased down to other implementing agencies (such as government, KC and grassroots delivery systems) and have a process of phasing over some responsibilities to such entity. It may also identify activities that can be phased out as it is considered that they would have fully built the capacities of partners to implement them in the long run.

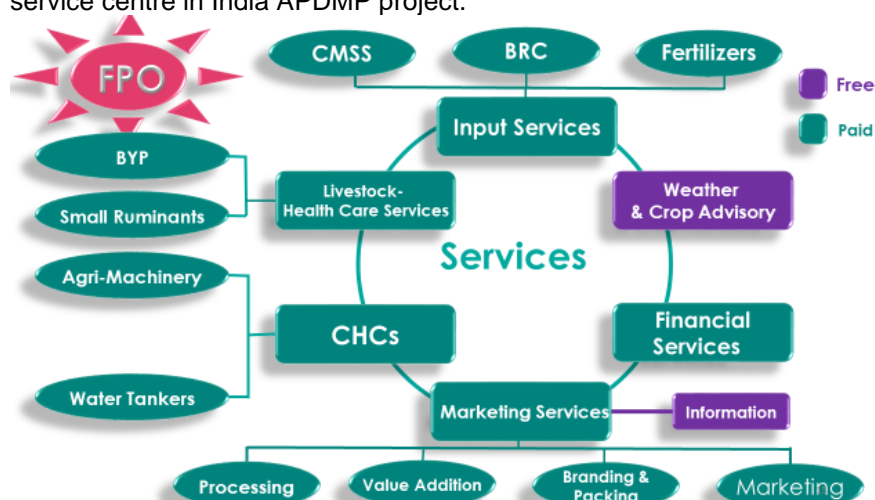
The technical note provides some **tentative steps and tools** which can be of use to develop and implement successful exit strategy, bearing in mind that such exit strategy may be regularly reviewed to take stock of project evolutions. The note also proposes a planning tool which can be used to identify the various activities being implemented from the KC/Township/PIO and to identify sustainable mechanisms to ensure continuity. Such tool also allows to further identify capacity development needed for actors to deliver such activities in the long run.

Activity to continue post-project	IFAD Support end date	Who will take up the activity	Mechanisms for handover	Commitments from national actors to continue activity	Are further inputs required (funds, trainings, seeds, etc)? Who will provide them?	Can this activity reach greater scale? How?

Additional technical support to represent and review KC business model

The IP/MIC can also support the development of specific training to build the capacities of MoALi and KC to develop demand driven business models.

The project can develop pictorial representations to clarify the services provided by KC, its “value proposition” and its target beneficiary. For instance, below is the framework developed by FPO led service centre in India APDMP project.



The project could use the business model canva which is being used along a current 4P extension study across various extension systems. This framework is a well known tools used by entrepreneurs and companies to develop their business models, developing clear “value proposition” for their target “client / beneficiary”, identifying channels and modalities to deliver their services, reviewing resources, partnership and activities required to deliver the services, and identifying cost and revenue streams to sustain their business models . It is also used by Grow asia and VCBN network to review business models across ICT innovations and VC arrangement and used to train such partners. A filled example is provided below building on overall KC vision and farm example but which needs to be further reviewed and adapted to project vision.

Free course overview online: <https://www.coursera.org/learn/business-model-canvas> ; **Templates:** <https://canvanizer.com/new/business-model-canvas>

7. Key Partners	5. Key Activities	1. Value Propositions	2. Beneficiary Relationships: achieve demand driven & customized services to attract and retain farmers	3. Target beneficiaries
<p>Ministry : public extension staff and research</p> <p>Partner Financial institution : may be interested to expand agricultural loan portfolio with KC support & link PP</p> <p>Established VC companies support KC (demonstration, trials, GAP/standard trainings etc.) as benefit from increased scale of activities ;</p>	<p>Scoping study & VC analysis & overall planning</p> <p>Partnership</p> <p>Setting service centre, recruit staff, set up operational process</p> <p>Training curriculum</p> <p>Training implementation & backstop: for field, lead, farmers</p> <p>Evaluate and disseminate</p> <p>Communication/public awareness</p> <p>6. Key Resources</p> <p>VC & territory analysis</p> <p>KC building & equipment</p> <p>Training curriculum, Website – e-platform</p> <p>Field staff/ lead farmers</p> <p>CIG formed with ELF</p>	<p><i>“ hub of information, technical assistance and network working across project participants, relevant government departments, CSOs and private sector actors:</i></p> <p><i>”to facilitate farmers access to agricultural, technical, input, market & financial services to increase productivity, market price etc.</i></p>	<p>2. Beneficiary Relationships: achieve demand driven & customized services to attract and retain farmers</p> <p>: i) multi-stakeholders board ii) bottom up micro-planning & review ii) working with CIG-farmers federation; iii) online Participatory M&E system including farmers feedbacks/request</p> <p>4. Channels for outreach</p> <p>KC staff network agro-entrepreneurs / lead farmers / VEW CIG ICT4D tools, sms etc., radio, social media, Documentation</p>	<p>Smallholder farmers groups with various farm income based and having difficulties to access advise, input, market, finance and low income</p> <p>Need to know specific conditions, issues, needs to propose services</p>
<p>8. Cost Structure</p> <p>Overhead training centre/ service provider building and its running costs and staff cost (central + field).</p> <p>Running cost: mobility, transaction cost, co-financing field agent</p> <p>Training costs: demonstration/trial package, extension material, transport</p> <p>Considering higher proportion of costs, scaling service to more farmers is key make profit/recover costs + part training costs embedded in other partners</p>			<p>9. Revenue Streams: blended finance in 4P mechanisms</p> <p>Government: research, extension material, & formation of farmer groups;</p> <p>Private: co-investment in supporting supply chain investments & committed m increased sales from farmers or share of interest rate from increased access to credit</p> <p>Margin on aggregated sales of inputs and services</p> <p>E-platform/web-portal: advertisement & registration fees from partners</p> <p>Potential farmers registration fee? Larger farmer payment? Companies?</p>	

1.1.2. 4.b.2: Slopping Agricultural Land Technology (SALT)

The project design report suggest the implementation of SALT to support transitions of shifting cultivation to more sustainable and profitable system and address widespread erosion and land degradation in the uplands of Chin. The PDR refers to the SALT method developed initially in the Philippines in the 70s and which has been tested in various countries³ including currently in IFAD Focus project in India. Basically, the SALT method involves planting field crops and perennial crops in bands 3-5 m wide between double rows of nitrogen-fixing shrubs and trees planted along the contour. These minimize soil erosion and maintain the fertility of the soil. Field crops include legumes, cereals, and vegetables, while the main perennial crops are cacao, coffee, banana, citrus and fruit trees. SALT is supposed to help in the establishment of a stable ecosystem. The double hedgerows of leguminous shrubs or trees prevent soil erosion. Their branches are cut every 30-45 days and incorporated back into the soil to improve its fertility

As of September 30, 2020, DoA has developed a procedure and work plan to install SALT farms, with detailed plan and mix crop choice. Two SALT demo farms were completed but training was delayed to issue in seed procurement and covid.

During the mission, several challenges were highlighted in the implementation of SALT, notably regarding land tenure constrains, labor and financial requirements and articulation with nutrition/value chain issues. Successful implementation of SALT takes several years to strengthen green terracing and to yield full benefits of proposed rotations, fertility management and benefit from all planted species. Implementation of SALT requires substantial investments in labor and seeds. In addition, terracing remains fragile and needs regular maintenance, notably at the beginning. Therefore, the PDR envisaged that SALT implementation requires land ownership (Form 7) or some formal agreement of land purchase/lease as a precondition to access the start-up package and implement SALT activities. However, DoA **foresees issues for a large number of households in Chin to secure tenure right for SALT and be able to provide required investments in labor and land.** Accordingly, current targets are much below design target which limits economic and environmental expected benefits. Indeed, many complications arise from implementing SALT in a shifting cultivation context, including the temporary nature of cultivation of a plot (one or two years only), the practice of collective cultivation of a parcel and the tenurial arrangements which makes it difficult for our poorest target farmers to obtain longer term use to undertake such practices. For instance, in Chin, land allotment may be through lottery so no family has guarantee that they will return to the same field in the next round of cultivation. Under such circumstances, households will be reluctant to make any investments for plot improvement. Also, if cropping is for one year, they may see no logic in investments in a plot that they are not going to cultivate the next year.⁴

In addition to planned support to land tenure arrangement and community dialogue, it was agreed that the project **could adopt a more opened basket of options, stronger community driven process and review implement strategy** to develop and test options which can be implemented in community specific conditions and ensure wider inclusion, outreach and environmental benefits. The present note further elaborates on challenges and options discussed during the mission, notably i) options to broaden "SALT" package, ii) importance and proposed mechanisms to set participatory and community driven process for SALT extension and research support, iii) options to increase scale of SALT implementation.

1.1.2.1. Options to broaden "SALT" package against farmers needs and contexts

Considering severe constrains on access of poor households to permanent land and possible oppositions of community to such long term changes, it was agreed to broaden SALT package to various possible situations in terms of land tenure access and slope of areas, including possible support to shifting cultivation and fallow areas. The present sections review entry points to broaden such package of practices along SLM practices, crop choices and input package to "broaden SALT package"; These three dimensions need to be considered jointly along participatory process to design and test integrated packages for farmers that correspond to the main issues they face and meet their priority needs, including nutrition and fodder needs.

³ Various experiences were collated from ICIMOD, Wocat repository of practices and Focus India project

⁴ Inputs from Dhrupad Achoury, Icimod

Such issues and needs will likely vary both among villages and areas (depending on overall land tenure situation, land pressure, agro-ecological conditions and value chain specificities) but also within each village along different types of households. For instance, adoption of SALT and its alternative depends on capacity to obtain longer tenurial rights in various upland areas, capacity to invest in labor and cash into "SALT" packages. Ownership of livestock which can both provide organic manure but also may require fodder and feed from the "SALT package". Finally such package need to also meet households needs in terms of nutrition in articulation with potential of homegarden to fulfil such nutritional needs. A tentative decision tree could be developed to showcase how different households with various land access can benefit from diversity of options depicted in this section; Such targeting approach would need to be further delineated and developed in collaborations with beneficiaries, considering diversity of farming system and investment capacities.

Variety of Sustainable land management options

An initial review of such various experiences shows that 4 SALT models have been identified in IFAD Focus project in India with different combination of agro-forestry, orchard or livestock systems and additional investments in fallows/shifting cultivation areas. The below table provides some further features of such variations based on Focus manual on SALT

Table 1 Features of variances of "SALT" package building on Focus SALT manual

Variations of SALT	Key features & advantages according to Focus SALT manual	Possible targets
SALT-1 (Agro-forestry technology incorporating agricultural crops): 25-75% of trees	focuses mainly on food crop production; it is a simple, applicable, low cost, but effective agro-forestry technology with agricultural crops in forestry in a ratio of 75% and 25%. Based on experiences of MBRLC/ARLDF, this technology decreases erosion substantially compared to the traditional, upland farming management practices. In addition, it can increase crop yield by five to six-fold.	Can be for farmers not yet fully settled and build on shifting cultivation/fallow areas; but still requires arrangement of user rights/long term / community management to ensure maintenance of trees and system
SALT-2 (Agro-forestry technology incorporating livestock):	SALT-2, integrates livestock rearing with crop cultivation: Pigs, Cattle, Sheep/goat, Duck, Poultry and Fishery etc. Goats, preferred, as important component of the small farmers' farming systems, high fertility rates and short intervals between kidding, relatively inexpensive to stock. Goat/sheep manure is also a good source of fertilizer and goat offer milk, meat as well as hair and skin.	For farmers with livestock or interested to rear to complement revenues and ensure salts includes fodder & benefits from manure; Suggested for settled farms who can also build a barn for the livestock to facilitate manure management etc.
SALT-3 (Agro-forestry technology incorporating tree species	supplement production from other SALT components. SALT-3, includes three types of component, i.e., SALT-1, SALT-2, and a separate plot of land to produce valuable timber, using hedge-rows and valuable timber crops in the alleys.	For farmer who have some additional marginal land that cannot be cultivated but which can be converted into 'economically productive forest'; Farmers owning land holdings of about two hectares can practice it. But can also be used in fallow lands
SALT-4 (Agro-forestry technology incorporating horticulture/Orchard):	Focus has been on developing the horticulture and plantation crop-based SALT-4 system, popularly called the small 'agro-fruit livelihood technology'. This system is based on the realization that to improve hill economies, commercialization of hill agriculture is required. In this respect, horticulture is	For settled farmers/ long term ownership as needs to benefit from trees To make it sustainable, technological improvements are required to raise productivity and to maintain soil fertility as well as to ensure commercialization 60% of the upper portion of the whole farm can be allocated to horticulture. Fruit tree

	promising option with comparative advantages.	mixture can be designed in such way as to contain short term, medium term and long term fruit trees categories to ensure sustain benefits over time. Requires good nursery
Complementing SALT WITH IMPROVED JHUM, including salt 3	Builds on the traditional jhum/fallow system during which many crop species grow together in their own natural way and offer different ecosystem services over time. However, value has declined due to shorter fallows and less trees/diversity. Such issues can be addressed by actively supporting quicker regeneration with a wider range mix of agro-forestry with a mix of shrubs, herbs, trees and climbers of some economic value. In addition, suggest to collect beneficial micro-organisms strains so that they do not get destroyed along burning & to improve fertility Meets the requirements for reduced environment impact, whilst improving the potential for farm business productivity	Can be inserted in fallow Jhum system However, still requires to review user rights or to ensure that system is implemented across all fallows so that farmers know they will benefit from such investments

Other known **options which can sometimes be used on steeper slopes** include the use of log and bamboos (traditional way but often quickly removed for firewood), stones (in stone areas + labor) and earth contour. They are constructed along the contour lines to break the slope length to intercept the runoff and help in moisture conservation by increasing the time of concentration and enhancing the infiltration opportunity time. Adoption of contour bund usually increases the production by 15-20%. Discussions with DoA at district and township level show indeed that there are existing traditional practices could also be used to facilitate adoption. Below table provides further elements on such options and potential pros & cons building on Focus SALT manual.

Table 2 Other SLM options from Focus SALT manual

	Descriptions	Pros	cons & criteria for choice
Log bunds	It is an aged old practices of the Jhum farmers to construct bunds with locally available logs obtained during the time of slash and burn agriculture. Logs are placed across the slope to create bund Logs are removed for firewood purpose after crop harvest.	Part of traditional system to check soil erosion and crops are cultivated on the bunds.	Manpower as logs are heavy and requires to have sufficient logs/trees In addition, cost opportunity with use and need of fire wood so often logs are removed very early in shifting cultivation cycle...
Stone bunds:	These are practiced in places where stones are locally available in abundance in jhum and terrace fields. Stones are overlapped uniformly and placed across the slope to create bunds to check soil erosion.	Stone bunds are permanent structures and do not compromise with durability.	Requires stones and very labor intensive Permanent: Requires long term ownership/user right etc. Can be adapted to different slopes (from <30% to >50%) but require then different intervals
Whole or split bamboo bunds	Bamboo such as giant bamboo (<i>Dendrocalamus giganteus</i>), Bambusa bamboo and Bambusa tulda etc are the common species that are used for bunding. Sometimes bamboo such as giant	Crops are cultivated on the bunds The durability of whole bamboo bund is longer than split bamboo bund.	These are practiced in places where bamboos are locally available in abundance in the surroundings of the jhum fields Can also be adapted to different slopes ((from <30%

	bamboo and bamboo bearing larger diameter are used as whole bamboo bund. Others are split, laced and put across the slope forming wall to create bund for checking soil erosion.		to >50%)) but higher slopes require more spacing Farmers may tend to collect bamboo for firewood so may disappear quickly in traditional system
Contour trenches:	Contour trenches are broadly classified into continuous and staggered. It consists of excavating the soil along the contour and heaping it on the embankment and compacting them to impound runoff water behind them so that the impounded water is absorbed into the soil profile. It is normally designed to store 60-70% of runoff. The spacing of trench is computed using area of trench divided by direct runoff x 100.	Trenches are developed with a purpose to trap silt and runoff in the pits and can store up to 60-70% of run off Contour trenching is among the most popular soil conservation measures in the steep slopes of Mizoram.	Adapted to different slopes (from <30% to >50%); Spacing between two consecutive trenches for different slopes. Requires good expertise to construct such bunds (and trenches) High maintenance as gets easily filled with silt which needs to be removed from put to enable the pits to perform effectively.
Contour bunds in earth	Earthen bunding is practised to intercept the runoff flowing down the slope. It is an embankment to conserve moisture as well as reduce erosion. They are constructed by excavating the earth along the contour lines.	Erosion resisting Crops and feed/fodder forage crops can be cultivated on the bunds (grams, beans, colocasia, yam, perilla, ginger, etc.) meanwhile Cover crops are cultivated to manage soil erosion and soil fertility.	Normally constructed on mild slope (2-9%) to moderate slope (10-15%). Requires good expertise to construct such bunds (and trenches) If left unattended may result in many untold eventualities. Such as slipping of side slopes, breaching of bunds, excessive percolation and siltation
Bench terracing:	Bench terracing are flat beds that are constructed by earthen embankments across the slope. It is a cut and fill method that serve as barriers to break slope length and reduce the degree of slope. It is adopted where soil depth is more than 1m. t can also be developed with vertical stone/bamboo walling. To maintain top soils in terraces, it is advisable that construction should start from the foot hills.	Bench terraces are able to convert the surface topography of hilly slopes to suit for permanent agriculture and provides good in situ soil and water conservation	Recommended for slopes ranging from 16-33% but the hilly region practices even up to 50-60% land slopes. FOR SETTLED FARMERS /LT land tenure ; Terraces are prone to experience side slope failure in the first year of construction due to poor compaction of filled earth which requires prompt attention and repairs

SALT works best for farmland slopes **with a gradient ranging between 5 to 25 per cent or more, which may be** applicable to 50 per cent of hillside farms meanwhile other options can be adapted for steeper slopes. SALT appears **cheaper than terracing** in terms of both establishment and operational costs; in addition, it can be applied to situations in which terracing is not, or no longer, feasible. The **hedgerows provides an alternative to mechanical erosion** barriers but also provides additional benefits for soil fertility, biomass for mulching which participates to farming system. Soils build up on the upper side of the hedges, resulting in the natural development of terraces. **Aggregate hedgerows seems to provide a more effective system for stabilizing sloping lands.** SALT contributes to **increase water infiltration**, reduce flooding and erosion (with impacts on lowlands as well), retain plant nutrition and **improve soil fertility**. Additional innovations and adaptation can also contribute to that (water trenches, bio-input/amendment etc.)

SALT farm and other non permanent options (including log, bund, bamboos) **are not permanent and can easily convert back to forest land** if left unfarmed. On one hand, such prevents any permanent damage and allows for adaptation of terracing. On the other hand, such means that SALT and non permanent SLM options **are labor intensive for maintenance and restorations**, notably in the first years when the aggregate and double hedgerows are not fully grown and stabilized. Therefore, a key entry point remains minimal longer term benefits over land or wider implementation across shifting cultivation space so that farmers know they may benefit from it;

Crop mix adaptation for SALT and beyond

In design and initial PIM volume 2, it is indicated that WSAP will provide a SALT starter pack that will include a location-specific mix of planting materials as a resilient and highly productive agro-ecological farming system using SALT practices. Such package shall offer opportunity for sufficient income, income diversification and balance nutrition requirement. DoA plans suggest a pre-selection of crop mix which may meet some of these requirements but may not have considered community specific issues and preferences.

The mission agreed to introduce more **flexibility in crop choice** building on community preferences and needs for both income but also nutrition, fodder, medicine etc. In addition, such crop mix and crop rotation need to also contribute to enhancing soil fertility and decrease pressure from pest and diseases. Such community choices can be informed with **additional data coming from planned value chain studies and nutrition studies**. In addition, considering important vulnerability to climate change, crop and variety selection shall take into account climate change trend and resilience to such more uncertain weather related risks. In addition, IFAD focus and ICIMOD promotes **improved afforestation/fallow management** by introducing **other species to improve regeneration** of ecosystem services within shorter fallow period.

Last but not least, crop choice requires also to **make quality seeds and seedling available** as it has shown to be a regular constraining factor. PDR clearly mentions that implementation of SALT package requires **strong increase in seed supply**. Implementation of initial demonstration plots already faced issues to acquire required EFY seeds. Therefore, urgent attention is required to develop seed multiplication strategy, associating public private partnership for common varieties (such as envisaged partnership with Yam association in PDR and other partnership with private seed suppliers) and local community seed and nursery development for community/areas specific choices.

Considering the time required to undertake such community driven crop choice and the possible difficulties to get required seeds for upcoming cropping season, the project may first use the DoA plan to implement proposed demonstrations with eventual feasible amendments. In parallel, community driven process and planned studies shall help identify possible additional locally relevant choices for 2022 and prepare for seed availability in 2021.

The below table can be adapted to guide participatory discussion at village/group/cluster of groups on various crop options, their use, pros and possible issues regarding market, seed supply and nutrition.

Table 3 Review of possible crop options along the different upland areas (builds on Focus SALT guides and inputs from experiences in Myanmar from Dhrupad Achoury, ICIMOD)

Areas	Possible choices	Uses, pros and issues regarding SLM/fertility potential, VCD, nutrition etc.
SALT / SLM SYSTEM		
Furrows /ridge & other contouring options	Project envisages nitrogen-fixing trees and shrubs (NFTS) such as (Pigeon pea, white lead tree) and design was also identifying Moringa hedgerows. It is important that the project does not remain prescriptive and select some that can also be useful for the farmers and crop systems management (fertility, feed, manure etc.). Traditional soil erosion control measures like laying logs can be strengthened with introduction of legume trees (Parkia), Albizia and Alnus. Add Moringa for nutritional value.	Key element of SALT Maintaining terrace/prevent erosion Fertility with nitrogen fixing species Pruning is Used for firewood, green manure, fodder Very important to select with farmers to ensure farmers can make use of its outcome and are motivated to maintain them .

Permanent crops along strips / agro-forestry	<p>b. Locally available, which are fast growing and can fetch high economic value is recommended during plantation.</p> <p>d. Neem (<i>Melia azaderach</i>), Tree bean (<i>Parkia roxburghii</i>), Alder (<i>Alnus nepalensis</i>), Oak tree (<i>Quercus spp</i>), Hollock, Khokon, etc. are found to thrive well in <i>jhum</i> land.</p>	<p>Agro forestry from first year of <i>Jhum</i> render advantages for the plantation crops -weed management and post maintenance and care.</p> <p>Plantation in staggered manner can help in intercepting runoff and reduce erosion. Economic value, Medicine, Nutrition etc.</p>
Crop rotation in strips with short term crops	<p>Suggested short and medium-term crops are pineapple, ginger, peanut, mung bean, cucurbits, melon, colocasia, Dioscoria, sorghum, upland rice, maize, Job's dears, millet, soybean, rice bean, French bean and various vegetables etc. To avoid shading, short plants are away from tall once.</p> <p>Suggest leguminous ground cover species to compliment the CH efforts – pulses, ground nut and similar crops inter mixed with whatever the farmers propose to grow. Beans and maize are another combination seen in Shan. These measures can be suggested for ginger cultivation as well.</p> <p>Rotate your Non-Permanent Crops: A good way of rotating is to plant grains (corn, upland rice, sorghum, etc.)*, tubers (camote, cassava, gabi, etc.) and other crops (pineapple, castor bean, etc.) on strips where legumes (mung bean, bush sitao, peanut, etc.) were planted previously and vice versa. This practice will help maintain the fertility and good condition of your soil..</p>	<p>As a source of food and regular income while waiting for the permanent crops to bear fruits.</p>
Improving fallows and regenerating forest		
Improving fallows	<p>See salt 3 and SALT in <i>jhum</i>: enriching <i>jhum</i> with indigineous original mixes + conserving micro-organisms;</p> <p>Advisable that plantation starts within the first year of <i>jhum</i> intercropped with other seasonal crops so that tree maintenance is combined with other cropping system. When <i>jhum</i> stops, trees shall be able to survive with less care and help the farmers to easily trace the plantation crops during weeding and other operations.</p> <p>Example: recent publication from CDE in Laos on the inclusion of benzoin tree in long rotation / fallow forest system as provides economic return and co-benefit</p>	<p>Helps improve income from fallows despite reducing fallows, contributing also to expand fallow duration as more income can be derived on less land</p> <p>High labor and maintenance cost right from the nursery to transplantation to bearing stage so need to combine with <i>jhum</i> cropping.</p> <p>Not clear land tenure/user rights may not motivate farmers to care for trees which they may not benefit from</p>
Non Timber forest products NTFPs in fallows/forest	<p>NTFPs are goods of biological origin other than timber : fruits and nuts, vegetables, medicinal plants, gum and resins, essences, bamboo, rattans and palms; fibers and flosses, grasses, leaves, seeds, mushrooms, honey and lac etc.</p> <p>Forest farming = agroforestry in a natural forest setting or in plantation. Management may range from intensive cultivated systems in which plants are introduced into the understory of a timber stand, to extensive approaches in which forest stands are modified to enhance the marketability of existing plants.</p> <p>Practices include: raised beds, canopy management for light, removing some species or adding others. Interventions range from canopy (fruits, nuts), Shrub layer - Small fruit trees and berry bushes, Herbaceous layer - medicinal and/or culinary herbs perennial vegetables, Groundcover - Mushrooms, creeping plants (<i>Rubus</i>spp.), Vertical layer - climbing berries, runner beans and vines (trained up trees or fences) as well as encouraging wild life</p>	<p>Can take place In forest and regenerated fallows as well as complement SALT agro-forestry</p> <p>The NTFPs provide the products for food, shelter, medicines, fibers, energy and cultural artifacts for many of the world's poorest people and a considerable proportion of the less poor.</p> <p>Often collection and use of NTFP are gender specific and may be carried out by landless under communal user rights; therefore, strong attention to user rights is required to ensure that original users, landless and women are not excluded from such activities.</p>

Home garden	In Chin, norad grant will also support nutritious homegarden; such homegarden can provide scope to compensate for change of cropping systems towards more commercial crops and ensure that community nutrition needs are met,	
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Inputs management to address fertility and pest-disease issues

In shifting cultivation areas, fertility management and pest-disease are partly controlled thanks to slash burning of regenerated fallows. Addressing fertility and pest-disease issue are therefore instrumental not only in permanent agriculture but also to facilitate longer term cultivation in shifting cultivation areas and improved fallows. During the mission, DAR already pointed out that improved pest management were among the core issues and priorities of farmers. In addition, upland areas are already degraded and very sensitive to erosion and pollution, which may have wide impact downstream.

The project could strengthen integration of IPM, soil testing and good input practices through its curriculum and PIM. Awareness on food safety and health hazards related to bad chemical management could be integrated in nutrition and health campaign.

More widely, developing **adapted package of practices to improve fertility, mitigate pest and disease exposure shall be integral part of the “SALT package”** for more permanent agriculture but also as a way to support longer cultivation in shifting cultivation areas. As planned in design, DAR and supported university could plan participatory research and trials to identify options to better address fertility and pest issues in such fragile context. Such options may combine careful selection of crop mix, rotations, organic amendment and careful use of additional inputs. In addition to options identified in PDR along positive crop mix, crop rotations and composting, review of international practices show good potential from improving soil fertility through conservation of microbium and organic methods (in Myanmar fish waste was used and combined with mixed cropping)..Such options need to balance carefully the availability of organic material for the bio-input and availability of labor and cash to investment in bio-input production or procurement . “Volunteer” network or CIG could be engaged in producing such bio-inputs to ensure their wider availability in 2022.

Table 4 organic input options from ICIMOD and Focus SALT manual

<i>Options</i>	<i>Pros / advantage/rationale</i>	<i>Cons/issues/requirements</i>
ICIMOD organic fertility and bio pesticide	ICIMOD piloted various organic inputs production for fertility and pest management, building on local available manure, including through biodigester etc. In Myanmar, a local organic concoction, named ‘fish amino acids’, was developed consisting of fish waste (scales, bones and fish innards) mixed with cow dung and primed with molasses. A dilution of the fish amino acid was used as a soil primer and nutrient supplement that improved plant health. In addition, the pilot also encouraged mixed and inter-cropping of commodity crops such as ginger with various nitrogen-fixing legumes, especially short beans and pigeon pea (<i>Cajanus</i>), harnessing the latter as a contour hedgerow to control soil erosion on sloping fields.	Need to adapt to availability of green and brown manure as well as such fish waste; Requires to train selected farmers, agro-entrepreneurs system or CIG who can further process and sell such organic amendments as done in India; requires also to build market / demand
IFAD Focus: conservation of beneficial microbium	Fertility management: encourages Assortment of beneficial microbium which may be destroyed during dry biomass burning . Identification, sample collection and archiving of local strains of beneficial microbes during the fallow phase are important task. These collected strains can later be revived and multiplied and released in the cropping phase to augment the biochemical activities of the <i>jhum</i> soil which in return will supplement the yield.	Capacity development of individuals/CIG to make it as a side business

1.1.2.2. Strengthening community driven approach & participatory extension

Review of various international experiences in implementing SALT package or its alternative share similar lessons learnt on the need to ensure strong community driven approach and committed extension support to facilitate adaption and adoption of SALT along the various options delineated.

- All permanent and semi permanent terracing are labor intensive and requires long term interest of communities to help maintain and use the created terraces. In addition, it is important to find ways to facilitate adoption of such practices within shifting cultivation context which is managed collectively. Therefore, process needs to adopt **a community driven process which ensures such community mobilization**. Therefore, as a first step, it is paramount to facilitate a concerted mobilization effort at regional, township and local level– discussing the principles of SALT with the community and co-designing a SALT model for shifting cultivation.
- **Participatory extension through committed local "agent of change" is key to implement participatory processes to adapt the SLM approach** to local constraints and opportunities and build on local good practices;
- **In addition, close support from participatory research is essential** to help understand and respond to local challenges and facilitate demand driven innovations

Therefore, it is proposed that the project adopts **an integrated and participatory approach** to well engage the community in deciding SLM interventions, reviewing existing practices, core needs and feasible options. However, to **avoid delaying project activities and to build on what has been already planned, the project can still adopt a phased approach**. The project can start by implementing proposed SALT package (or a more restricted set of possible options) where conditions are most suitable so as to further build awareness based on concrete activities. However, the project would present it as a first step to test jointly pros and cons of proposed package and identify possible adaptations to be developed in 2021 for implementation in 2022.

Such process could include:

- **Initial stock take and consultations to develop SALT guidance note 2** and common vision building on lessons learnt from other projects and initial consultations from communities. The project could seek to organize a stock take / consultative workshop at project / national level to discuss experiences of other partners, including IFAD current project in India on shifting cultivations (Focus), ICIMOD, FAO & ICRAF experience in SALT/SLM Myanmar, and experience from WOCAT in Philippines and Laos; Similar workshops can be organized at more decentralized level to build awareness and consultations;
- **Include specific questions related to SALT practices along baseline assessment, community mobilization and land use planning/mapping**. For instance, the project could include specific questions to review main issues faced by households, feasibility and interest of SALT implementation, existing practices and scope of interest of communities to address land erosion in upland, whether in permanent land and shifting cultivation areas.
- **Participatory process to select committed communities** The project could develop awareness building material and process which will both emphasize potential advantages of SALT, the openness to adapt the "SALT" packages to community preferences but also required conditions (e.g. community mobilization and capacity to meet required commitments in terms of labor and land, including for the poorest). When such tenural / poverty inclusion conditions are not met but communities remain interested, project can propose alternative options that can be implemented within shifting cultivation areas or along afforestation/improved fallows
- **Participatory process to guide selection of SLM practices, building on existing practices & priority issues & needs to be addressed**. In community selected, further consultation can be organized to review and validate priority options for SLM and crop mix, building on "basket of options" and existing practices. Such review shall integrate transversal issues related to agro-ecological specific conditions (slope, status of land degradation etc.), labor requirement and needs for maintenance & long term use, tenural security, priority needs in terms of nutrition, value chain, fodder, possible issues and practices related to fertility and pest management etc. Wocat, the international network on SLM practices, has for instance developed various tools to guide organization of participatory decision support at local level. As mentioned, such process can also be done through out 2021, building on initial lessons learnt from the demonstration plots, outcome of village profile, land mapping, VCD and nutrition studies and documentations of existing practices of farmers in the areas.
- **Undertake participatory review of demonstration and farmers results** in groups, wider field days and along KC publications so as to take stock of success, issues and plan for eventual additional adaptation and research needed. Such process shall also build capacities of last mile agent & CIG facilitators to keep records and carry out analysis of proposed practices.
- **Strengthen linkages and support from participatory research**: It is important to integrate research into planning of activities so that DAR & supported university can also propose

research activities that meet farmers needs and are articulated with extension plans. As envisaged in design, DAR / research university could already initiate pilot trials/experiments building on needs identified on the ground. DAR could also be involved in monitoring the various adaptation proposed by the communities and help the project evaluate cost-benefit of various options to inform community decisions.

Considering constrains in last mile outreach system, such reviews and process can be done in each village/concerned CIG but also along participatory workshop clustering a few villages /volunteer agents who can then organize further mobilization at village level.

Scale of support: strategy to decrease cost and increase outreach and impacts

1.1.2.3. Scale of support: strategy to decrease cost and increase outreach and impacts

The proposed implementation plan from DOA envisages the provision of SALT starter pack for 840 HHs meanwhile each KC shall organize a 2 acre demo plot. Total SALT area would be 876 households/acres. This is much below end target of PDR of 4,000 households and 12,000 acres benefiting from SALT and additional 1,250 households adopting the starter pack exclusively on credit. This plan therefore may limit outreach and impact of SALT implementation, notably in terms of broader contribution to decrease land degradation, erosion and deforestation.

In addition, the discussions with the project team highlighted additional challenges **related to expected contributions of households in terms of finance and labor**. Poorer households would most likely face difficulties to meet the required financial and labor contributions which represent over 50% of total cost. Landless farmers would face additional cost of acquiring / leasing land. COVID19 has further increased labor cost and reduced its availability. Access to financial services is limited, especially in Chin, and farmers may have difficulties to acquire inputs and seeds to scale up SALT package.

Therefore, the mission agreed that **the project shall develop a strategy to decrease cost and increase outreach**. Such could include:

1. Check options for **lower cost / local adaptation of SLM package**

Make a package for ¼ acres instead of 1 acre as was initially proposed in PDR, thereby multiplying by 4 the number of beneficiary households and scope for incremental adoption in wider areas. However, such limited scale may not be sufficient to bring any visible results;

Build/expand on existing practices & cropping system and alternatives (enrichment of fallows, fertility amendment etc.) which may be less costly or less labor intensive. Norad grant may support further identification & incorporation of local species for SALT but also for shifting cultivation space. Development of local production of bio inputs and seeds could also contribute to decrease costs and facilitate more informal lending / credit among households.

In addition, as planned in design, DAR and supported university could support development and trial of adapted mechanization tools which could alleviate part of labor constrains.

2. Identify options for access to finance & credit facilities:

The project may need to re-consider the “credit” approach envisaged in PDR and currently in PIM. Indeed, the PIM suggest that “starter pack scheme will initially operate on grant basis, and subsequently on credit basis. A number of households will be eligible for receiving starter packs, phased annually. The first year a household receives a starter pack, it will be on grant basis; in subsequent years, the same household will obtain starter packs on credit basis (through a savings/credit group or financial institution)”.

In addition, the “SALT” packages could be spread across villages/ CIG and initial beneficiary could agree to reimburse part/all of subsidy to the group or at least produce and share seeds to other group members. In addition, poorest households could be encouraged to join the credit and saving group to expand their access to required financial support and credit in future years.

3. Public private partnership

Specific partnership have been identified for to obtain specific seeds in 2021. Similar process can be undertaken yearly involving ministry of forestry and other stakeholders etc. Public partnership with actors along the selected value chain (required seeds, inputs, market) can also offer scope for such partners to contribute to the cost of the salt package along value chain agreement. Additional support to seed

grower, related partnership and participatory trial in communities offer scope for additional outreach of “SALT” package.

4. Opportunity for watershed approach & related partnership – selected impacts

The NAG inception report indicates that **site selection for both training and piloting should be based on watershed approaches** to protect and conserve the head portion of the whole of the catchment area. Indeed, for Chin, the selected sites in the southern Chin State encompass the watershed that feeds the main river Yaw and subsidiary streams that run through the Northern Magway region. Considerable land degradation in upland areas lead to destructive high intensity flows in downstream Chin and Northern Magway communities⁵.

The project may therefore seek to integrate catchment / watershed dimension in initial planning, building on various existing tools and experiences⁶. Planned participatory land use mapping could also help identify priority areas for SALT depending on extent of land degradation and downstream impacts, notably on project areas and investments. In addition, the project could pilot more intensive watershed dialogue in at least one area, to identify how beneficiaries of downstream investments and institutions responsible to maintain them could support such upland practices as these practices shall decrease their maintenance and desilting costs.

⁵ Additional references and data can be found on wocat project on [“on- and offsite “implications of SLM](#)

⁶ Please see the on- and offsite project website: Wocat is developing [a watershed tool](#) that can be used by GIS and SLM experts. It helps to calculate the impact of land use change on downstream flow and can inform policy-making at different levels

Appendix 4.c: Financial Services

1. **Purpose and Overall Implementation Status.** Sub-component 2.2 aims to increase financial inclusion among project beneficiaries and to provide financial resources to smallholders to support the agricultural modernisation and diversification activities that WSAP promotes. Most of the RF activities of WSAP are still at the planning stage, with field operations expected to start in 2021. As the planned beneficiaries of the RF support are members of CIGs or savings and credit groups (SCGs), the strict travel and meeting restrictions related to COVID-19 have significantly complicated and delayed the planned group mobilisation and training activities, and therefore the effective start-up of whole WSAP financial services support.

2. **Original Plans and Budget Reallocation.** The WSAP design, under Sub-component 2.2, includes various types of rural finance (RF) activities for a total budget of USD 2,688,000 shared in PDR as follows:

- Agribusiness Fund (ABF), USD 770,000, to cover up to 40% of maximum private agribusiness investments of maximum USD 400,000
- Rural Business Fund (RBF), USD 770,000, to provide matching grants (up to 75% of maximum cost of USD 5,000) to microenterprises as well as for groups for seed capital for on-lending
- Savings and Credit Groups (SCGs), USD 48,000, with the bulk of the cost of training and group formation included as part of the contract with the Implementing Partners
- Refinancing Capital (USD 1.1 million), to support WSAP-related lending by licensed financial institutions.

3. To improve the effectiveness, efficiency and sustainability of these operations, IFAD and the Government agreed in December 2019 on a number of modifications in the rural finance approach of WSAP. These modifications were further refined during this Supervision and Implementation Support Mission. Consequently, it is agreed that this sub-component will focus on three partly inter-related activities: (a) the establishment of an effective SCG network, (b) the provision of revolving seed capital grants to SCGs to expand their outreach and lending volumes among their membership, and (c) the establishment of lines of credit through licensed financial service providers (FSPs) to issue seasonal and small investment loans to WSAP-trained CIG and SCG members to finance their agro-projects. The use of RBF for financing agribusiness investments by CIGs will be considered at Mid-Term Review depending on the experience accumulated with CIGs. The following preliminary agreement of the new budget allocations for the sub-component was reached during the mission.

Category	USD	Remarks
Rural Business Fund	1,040,000	Increased by USD 270,000 with reallocation from Agri-Business Fund (ABF). Whole amount for revolving lending capital for SCGs.
Refinancing (credit lines)	1,600,000	Increased by USD 500,000 with reallocation from ABF fund. Funds to be used as loans to trained CIG and SCG members.
Support to SCGs	48,000	As per. The bulk of the SCG group formation and training costs are included in the contracts of the IPs.
Total Sub-component budget	2,688,000	

4. In the AWPB 2020-21, there is no allocation for Sub-component 2.2 activities. Yet, some activities will have to be undertaken already during this financial year, including the due diligence of the candidate institutions for FSPs in the credit line operations and the provision of limited material support to new SCG (see more on this support below). DRD should explore options to review the budget to allow for such allocations. Starting from the AWPB 2021-2022, substantial allocations for the Rural Business Fund and the Lines of Credit need to be included, based on plans to be made by the PMU/MIC. **Agreed action:** DRD will ensure budget allocation in 2020-21 for the undertaking of the required activities under this sub-component.

5. **Establishment of the SCG Network.** In the villages covered by each supported KC, the agreed target is to establish a minimum of 15 SCGs per KC, with a membership of 20-25 members. This would create a substantial network of 450 SCGs, with a total membership of approximately 10,000 rural households. The target for 2020-2021 is to establish 140 SCGs of 20 members in Magway and 55 SCGs of 25 members in

Chin. Largely due to COVID-19, this SCG group mobilisation and training process has not yet commenced in the two regions.

6. The main responsibility for the establishment of the SCGs will be with the Implementing Partners of the WSAP, NAG and CARE, and their network of field mobilisers. The support from the planned KC network is envisaged to be very limited, particularly with the delays in the construction of the Centres and in the setting up of the KC services. It was agreed that following this mission, MIC and the PMU, with support of the IPs, will re-write the sections of the PIM that describe a practical and uniform approach for the establishment and operations of the WSAP-supported SCGs. In the first months of 2021, MIC and the IP will organise the training of the all field staff of the IPs and the relevant staff from PIOs on the methodology and procedures of the WSAP-supported SCG operations. This will be particularly important as the revolving seed capital provision by the project is a new and innovative element in the SCG operation.

7. Furthermore, the SCG guidelines should acknowledge the differences in the operational and economic environments in Chin and Magway. The opportunities should be explored of using in some cases already existing agricultural and women's groups, to develop their savings and credit activities further with the WSAP services. Finally, as per standard practice, each SCG receive from the project a cashbox with two locks, as well as an initial set of stationery for bookkeeping and recording. The beginning of group formation activities is planned for the second quarter of 2021. **Agreed actions:** (i) by the end of 2020, the MIC and the PMU, with support from the IPs, will review the relevant sections of the PIM to describe a practical and uniform approach for the establishment and operations of SCGs; (ii) in the first months of 2021, the MIC and IPs will organise the training of the relevant field staff on the methodology and procedures, and (iii) from April 2021 onwards, IPs will proactively start SCG mobilisation, groups formation and training in the WSAP-supported villages, within the COVID-19-related restrictions on travel and meetings.

8. **Seed capital grants for on-lending.** To speed up the development impact and outreach of the promoted SCGs, the project will use the RBF funding to issue capital grants to SCGs for on-lending to increase their portfolio volumes with their members. The interested SCGs will apply for capital grants from the PIOs of their areas. Supported by a simple institutional assessment by the IP, the PIO will recommend the approval or rejection of the grant. The proposed maximum grant per SCG would be USD 5,000, and the average grant projected to be around USD 4,000. With a total WSAP allocation for these grants of USD 1,040,000, seed capital grants could be issued to some 250 SCGs.

9. The MIC and the PMU will before the end of 2020 develop the operational procedures and the eligibility criteria for these grants. The core eligibility criteria for the grants will ensure that an eligible SCG: (a) has reached an adequate competence and activity level in its savings and credit operations, (b) applies proactive policies to raise savings from its members to finance internal lending and (c) has established a strong cohesion and repayment discipline to be able to successfully operate also larger, capital grant-financed loans. Furthermore, when assessing the maturity of the SCGs, particular attention would be paid to their policies and practices on (i) after sharing profits, to retain a part of the saved capital from the 1st cycle to the 2nd cycle, (ii) allowing members to save different monthly amounts based on their income levels, and (iii) demonstrated capacity of the group to recover problem loans that fall into arrears. **Agreed actions:** By the end of 2020, the MIC and PMU will develop the operational procedures and the eligibility criteria for SCG seed capital grants as part of the PIM.

10. **Credit lines for agricultural loans.** An important element for the project's agricultural modernisation investments is the provision of loans for seasonal inputs and small investments from credit lines with FSPs. The borrowers from this facility will typically be members of CIGs and SCGs that have been trained in agricultural skills and in basic business skills by WSAP. The mission discussed with MoPFI and the MIC/PCU about the practical arrangements of the credit lines and reached a common understanding on the way forward. In the re-allocated Sub-component 2.2 budget, the allocation for this re-financing arrangement was increased to USD 1,600,000 and consists of: (a) USD 100,000 for the due diligence costs on the FSPs and for the possible support to establish FSP branches/agencies in the project area; and (b) USD 1,500,000 of credit line capital to lend by the FSPs to the WSAP-trained borrowers in Chin and Magway.

11. As no CIGs or SCGs have yet been established by WSAP and as there is no refinancing budget for 2020/2021, the actual financing operations from the credit lines will only start in FY 2021-22. All the required start-up operations for the credit lines will be completed during FY 2020-21. The first step will be the pre-selection of potential partner FSPs for the WSAP credit line operations. Next, the due diligence processes will be conducted by a rating institution or an experienced local consultant. The Subsidiary Loan Agreements will then be drafted and signed between MOPFI and the selected FSPs. The MIC will have a key role in supporting the negotiations between the FSPs and MOPFI. The FSPs will take the responsibility of the implementation of

the financing operations, with the project providing training to their borrowers/clients and monitoring and following-up the results of the activities.

12. It should be noted that the duration of the credit line operations is not limited to the project period of WSAP. The limit for the duration of the Subsidiary Loan Agreements is the repayment period of the IFAD loan, which extends the impact of the credit lines well beyond the life of the project. The procedures of financing from the credit lines should follow as much as possible the standard lending procedures of the FSPs, which carry the credit risk for the funds they borrow from MOPFI for these operations. The ultimate target is that well performing borrowers will develop positive credit histories for themselves with this credit line support and then graduate to qualify for larger loans from financed from the FSP's own funds, which would enable these WSAP beneficiaries to further develop and expand their on-farm and off-farm businesses. **Agreed Actions:** By September 2021, the MIC and the PMU will conduct due diligence on the FSPs and draft the Subsidiary Loan Agreements, with the target of starting the issuing of agricultural loans from the WSAP credit lines from October 2021 onwards.

13. **PIM, Inception Reports, AWPB and WSAP LogFrame.** As indicated above, the implementation of the rural finance activities under WSAP is still at the very early stages. This situation is reflected in the status of the PIM, Inception Reports, the AWPB and the WSAP LogFrame, as far as rural finance support is concerned. As already discussed in this Annex, the current status of these reports and the actions required on them can be summarised as follows:

- The current version of **the PIM** is based on the PDR and does not reflect the current plans on rural finance. It is agreed that the MIC, with support from PMU and the IPs, develops an appropriate and uniform PIM section for rural finance, focusing on the planned three key operations: SCG development, the provision of on-lending seed capital to SCGs and the WSAP-financed credit line operations with licensed FSPs.
- Based on the new PIM revised in the above described manner, the MIC, NAG and CARE will revise the rural finance sections in the final versions of their **Inception Reports**.
- As discussed in this Annex, the **AWPB for 2020/21** does not include any allocations for rural finance activities. The agreed way forward includes two actions: (a) DRD will ensure budget allocation in 2020-21 for the undertaking of the required rural finance activities and (b) in the AWPB for 2021-22, adequate allocations for rural finance operations will be made, including the projected capital spending requirements for the SCG seed capital provision and for the WSAP credit lines.
- The **WSAP LogFrame** indicators for rural finance need to be revisited, with the MIC taking the lead. The current LogFrame has two rural finance related indicators: (a) % of farmers received loan from SCGs, and (b) % of farmers received loans from FSPs refinanced by WSAP. It may be difficult to define in a meaningful manner what is the total population of farmers (beneficiaries) that the actual number of loan recipients will be compared with. It may be more practical to use as indicators (a) the number of HHs that have members participating in the SCGs (with a potential total target at 10,000 as indicated above) and (b) the number of borrowers from the WSAP-financed credit lines (the MIC/PMU could project the target figure for this based on value of an estimated average agro-loan size and the available total funding from the credit lines, taking into consideration the revolving of these funds during the project period).

Appendix 4.d: Nutrition

(Antonella Cordone, Senior Technical Specialist, Nutrition and Social Inclusion, ECG).

1. The present note summarizes key issues from WSAP design and issues emerged during the supervision mission to cohesively plan and start implementing nutrition activities. It should be noted that the supervision mission discussions and the process of designing a top up IFAD grant financed through NORAD supplementary funds, aimed to strengthen achievement of nutrition outcomes in WSAP, represents in itself a process for strengthening capacities on nutrition-sensitive agriculture in WSAP implementing institutions and staff. This note contextualize WSAP within IFAD's overall approach to mainstreaming nutrition.

2. **IFAD approach to nutrition-sensitive agriculture.** Malnutrition causes health problems and losses in economic productivity, including GDP losses. Over the course of their lifetimes, malnourished individuals can earn 10 per cent less than those who are well-nourished. Without access to adequate, affordable, nutritious food, generations remain trapped in poverty, unable to take advantage of educational and job opportunities to fulfil their potential. Investing in nutrition through agriculture is not only socially responsible, it is sound development policy and good economics. Its impact is multi-generational, allowing children to reach their full physical and intellectual potential, so that they can grow into healthy adults and lift themselves out of poverty. To combat malnutrition, IFAD combines solid technical knowledge with investments in nutrition- and gender-youth-sensitive agriculture, through unique food-based approaches. It finances nutritional education and support actions that reshape food systems and improve nutrition security. IFAD also pays special attention to the role of women and adolescent girls, who make up a large percentage of the workforce in agriculture and food systems in developing countries. They are also the safeguards of nutritious diets in their households. Empowering women by improving their knowledge of nutrition, as well as promoting maternal nutrition and nutrition of adolescent girls, dietary intake, and hygiene behaviours, can reduce undernutrition for entire generations. Gender-sensitive agricultural projects help ensure women have more control over resources and that both rural men and women understand the important role that they can play in supporting good nutrition. Climate change exacerbates the already vast burden of malnutrition and undermines current efforts to reduce hunger and promote nutrition. IFAD has increased its commitment to providing resources for issues related to nutrition and is mainstreaming nutrition, gender and climate change actions across all of its programmes and projects. Nutrition cuts across several dimensions in development projects, such as food production and consumption, gender equality and women empowerment, environment and climate change, and livelihood systems. It is against this multidisciplinary approach that mainstreaming nutrition in WSAP is being discussed in this technical note.

3. **WSAP Targeting.** The project area consists of the Kanpetlet and Mindat townships in Chin State with the highest poverty and malnutrition in Myanmar, and Pauk and Myaing in Magway. During the mission, it was reported that the village selection was undertaken through participatory process at township level, in consultation with all village chiefs and based on the agreed criteria Region whereby households are highly vulnerable to climate change.

4. **The project target group** consists of small and medium size farming households in upland and lowland areas, livestock producers and non-farming and landless households. Women and women-led households are prioritised, and youth, as the primary agents of change at community level, are the focus of activities involving technological innovation and commercialisation. Each component and scheme supported by the project foresees targeting methodologies to reach out to the poor and poorest people, who will be identified through wealth ranking and engaged in the project through participatory planning at village level.

5. **Ethnicity:** Southern Chin is populated entirely by indigenous ethnic groups such as the Nyaga, the Da Yin Du, the Mong, the Dai and the Oppu, each of whom have their own distinct language, culture, governance and land tenure systems. Efforts are being made to ensure that all activities are demand driven, culturally sensitive, socially appropriate, suited to local traditions, environmentally sustainable, and consistent with evolving land tenure systems. The project establishes mechanisms to ensure that its investments are culturally sensitive and do not have negative impacts on the livelihoods and practices of ethnic groups. A timely, meaningful and culturally sensitive consultation process is being undertaken with all participating ethnic groups, to ensure free, prior and informed consent (FPIC) on activities, implementation schedules, management and operation roles, risk mitigation, results and sustainability. Ethnic peoples' aspirations, needs, and preferred options is sought and addressed to enhance benefits or mitigate negative

impacts. All project interface with ethnic groups is going to be in ethnic languages, and M&E data will be disaggregated by ethnicity.

6. **Gender equality and women empowerment.** In the project area, women play a fundamental role in a range of economic activities, particularly in horticulture, livestock production, and casual wage labour (both on- and off-farm). Women are responsible for feeding the family, and almost all women in the project area cultivate home gardens of varying sizes to try to ensure household food supply. Although rural women appear to have equal decision-making power within the household, they are under-represented in community institutions and planning processes. Women do not own productive assets such as land titles, and often miss out on agriculture technology and extension work. The gender action plan elaborated in the PIM establishes quota for women participation and leadership roles in committees and groups the project is forming at community level: VDCs, WUGs, CIGs, SCGs. Rural and indigenous women in the targeted communities will particularly benefit from specific activities such as SCGs and some CIGs (i.e. home gardening) as well as from social infrastructure schemes, particularly domestic water supply, home gardens irrigation tanks and solar panels. Efforts made on engagement of women in WSAP trainings and cash for work activities can already be appreciated in the participation of women in trainings on soil water management and value chain development as well as in labour opportunities generated during the establishment of SALT demonstration plots in Chin state. Efforts have been made at WSAP management level to achieve a gender balance in staff with 56% women as DRD officers and 50% in MIC at the national level, including 2 gender specialists at PMU and UTA level. At district level 45% of Project Implementation Offices (PIOs), are women, of which 14 staff in Magway (29% women) and 15 in Chin (60% women). Implementing Partners such as CARE in Chin State have experience in gender equality and women empowerment and will undertake nutrition education with an integrated approach to women empowerment, which will also be supported through the IFAD grant financed by NORAD SF to accelerate nutrition outcomes in WSAP. With these initial encouraging findings, it is recommended that as the project advances, it maintains a strong focus on gender equality and women empowerment.

7. **Climate change.** In addition to land degradation in both states, climate change impacts of erratic rainfall, intra and inter-annual drought, and record temperature highs are further undermining farm productivity and the livelihood options of the rural poor. Located within the central dry zone, northern Magway suffers from limited rainfall, volatile rainfall patterns, frequent droughts, and poor and shallow soils. Climate data demonstrates a clear trend towards increasing climate variability, with increasing temperatures, drier seasons, more intense rainfall, and the unpredictable distribution of rainfall. This trend is aggravating the negative impact on the geophysical environment caused by greater concentration and density of population. The climate data for Chin state shows intense rain and exposure to strong winds. Farmers report increasing temperature, erratic rainfall and late onset of monsoon rains, intense rainfall leading to soil erosion and landslides, drying up of natural springs (exacerbated by deforestation), intra-seasonal drought, increasing forest fires, and flooding in some areas.

8. **Impact of COVID-19–** Myanmar confirmed its first COVID-19 case on 24 March and as of 28 October 2020, WHO COVID19 dashboard reported 47,666 confirmed cases and 1,147 deaths, although the true extent of the virus is potentially much higher. The Government of Myanmar has taken steps to curtail the spread of the virus, including closing land borders, restricting migration, and quarantining infected and exposed individuals, encouraging social distancing, improvement of hygiene behaviours. Food and nutrition insecurity were widespread even prior to the current crisis. Hence, even without the imposition of more restrictive anti-COVID-19 measures, it is likely that food and nutrition insecurity are already rising further. The Government has issued the Covid Emergency Response Plan (CERP) in response to the Covid-19 pandemic. A Cash for Work (CFW) was specified as one component of the CERP and DRD was assigned as the focal agency for CFW component. To operationalize this, DRD has developed the CFW Programme and requested IFAD to incorporate the CFW intervention in WSAP. As of October 2020, CFW schemes, as a response to COVID19, covered 35 villages benefiting 7,984 people (48% women and 48% youth). Under the IFAD Facility Preventing the COVID-19 crisis becoming a food crisis-IFAD's Rural Poor Stimulus Facility (RPSF), opportunities are being sought with the Government of Myanmar to support smallholder farmers on agriculture digitalization. The COVID19 related restrictions, started in April 2020, are still largely applied, further exacerbating the situation, limiting the operations on the ground, in particular community mobilization and training and capacity building activities.

9. **At the country level.** Myanmar is making significant efforts to address the nutrition situation. The country joined the global Scaling Up Nutrition (SUN) movement in May 2013. According to the Myanmar Micronutrient and Food Consumption Survey (MFCS 2017-2018), almost one in three children (26.7 percent)

under the age of five are stunted, 6.7 percent are wasted, and 19.1 percent are underweight. Only 16 percent of children aged 6-23 months countrywide receive a minimum acceptable diet, according to the Myanmar Demographic and Health Survey 2015-16. Nearly 20 percent of adult men and 15 percent of adult women are underweight. The integrated household living conditions (IHLIC) surveys conducted in Myanmar in 2005 and 2010 showed that there was a significant reduction in food poverty incidence from 10% to 5% in five years, but this was found to be higher in rural areas, with the highest in Chin State (25%). The MFCS 2017-2018 stressed that improving balanced diets can be difficult from a cultural perspective, and although local supplies of some foods may be sufficient, such as meat, eggs, and vegetables, traditional food habits and cooking practices cause nutrient loss, play a crucial role in inadequate food and nutrient consumption, and need to be addressed by improving knowledge on nutrition. The Household Dietary Diversity Score was developed with 12 food groups and showed significant difference among regions: while the Bago region had the highest HDDS with 86% households consuming more than 6 food groups per day, in contrast, households from Chin State consumed less variety of foods, with only 17.7% consuming more than 6 food groups per day.

10. **Policy.** Several public policy institutions in Myanmar have a direct effect on the food systems. In 2016, the Ministry of Agriculture and Irrigation merged with the Ministry of Livestock, Fisheries and Rural Development to form the Ministry of Agriculture, Livestock and Irrigation (MoALI). MoALI is the primary ministry responsible for promoting food availability and access in Myanmar. Additional key players are the Ministries of Commerce, Health, Finance and Planning, Education, and the Ministry of Social Welfare and Resettlement. Several policy institutions and networks constitute and contribute to the Myanmar food system development and its effects on nutritional outcomes. MoALI is currently guided by the Second Five Year Agriculture Policy. The document includes five sub-policies covering the following thematic areas: 1) Right of land ownership, production of crops, livestock and fish; 2) Water resources utilization; 3) Investment and procurement of farm machineries and equipment; 4) Research, technology, inputs and human resources; and 5) Natural environment conservation. Other relevant policy documents for the agricultural sector include the Myanmar Rice Sector Development Strategy, the Myanmar Climate-Smart Agriculture (CSA) Strategy and the Agricultural Development Strategy. Among its many objectives, the Second Short-Term Five Year Agriculture Policy aims “to ensure food and nutrition security and food safety”, but steps towards achieving this goal are not elaborated upon. The document strongly emphasizes food availability and access but does not link this directly to utilization. Improved nutrition is assumed as a by-product of increased yields and farmer incomes. These are pre-requisites for nutrition security but by no means a guarantee. Nutritional considerations must be thoroughly integrated within agricultural policies and programs.

11. **Mainstreaming Nutrition in WSAP.** While at design stage, activities were planned in WSAP to achieve nutrition outcomes, they have not been conceived through a coherent nutrition strategy. The PDR did not include adequate financial resources and technical expertise to achieve the expected results of reaching out to 1,500 households with nutrition activities and to 70% of women who will report improvements in their minimum dietary diversity (MDDW). For instance, while nutrition education is among the activities WSAP will undertake, resources allocated are insufficient to reach out to the majority of the target groups, particularly in remote areas in Chin State. Other gaps identified in the project design relate to weak coordination capacity of government staff on issues related to nutrition sensitive agriculture; M&E; the linkages between water infrastructure, production and nutrition outcomes, as well as an integrated approach to nutrition, gender, youth and climate. An IFAD top up grant financed through NORAD supplementary funds for an amount of about USD 600,000 is being designed to fill this gap and to provide nutrition-sensitive agriculture expertise for the overall project, while focusing its key activities in Chin State, whereby malnutrition reaches high rates as mentioned above. The mission agreed to finalize the grant design document as part of the mission outputs. The draft grant design document is annexed to the supervision mission report.

12. WSAP nutrition impact pathways can be identified at the:

- **Production** level by increasing households’ accessibility to nutrition foods. This is planned through the home gardens and related irrigation scheme programmes, as well as through the domestication of high nutritional value indigenous crops (IFAD/NORAD grant) and planned nutrition education and Social Behaviour Change Communication (SBCC) activities.
- **Income**, by increasing poor households incomes through agricultural production and promoting smallholder farming businesses that improve their livelihoods and linkage to the market. Improved income and cash flow at household level can meet household nutritional needs while being accompanied by nutrition education and SBCC.

- **Women's empowerment.** Together with home gardening, WSAP promotes women's empowerment by supporting women's groups within their communities to improve their decision-making in planning and implementation of village development investments such as drinking water supply and renewable energy. About 5000 households are expected to benefit from access to domestic water and improvement in water sanitation and hygiene (WASH) and reporting a significant reduction in the time spent for collecting water or fuel, which is generally the responsibilities of women. Nutrition education and SBCC activities will empower women to improve their knowledge of nutrition, as well as promoting maternal nutrition and nutrition of adolescent girls, dietary intake, and hygiene behaviours, can reduce undernutrition for entire generations.

13. **Mainstreaming nutrition in WSAP components.** The table below shows entry points for mainstreaming nutrition in WSAP, including through the financial support provided by the top-up IFAD/NORAD grant.

Nutrition activities in WSAP COMPONENTS	ENTRY POINTS FOR NUTRITION INTERVENTIONS
<p>COMPONENT 1 <u>Productive Infrastructure.</u> Rehabilitation of irrigation schemes; rural access roads linking farms to markets; irrigation technology for home gardens to ensure food security and nutritional diversity; and, land consolidation on a pilot basis. Investments to generate increased incomes and improve food security for communities and households. The project will invest in small plastic storage tank-based irrigation technology for home gardens. This activity will be targeted to women to support the cultivation of home gardens during the dry season. Promoting diversification of crops and improving yields, to enhance nutritional diversity and food security for poor households. The project will finance 100 such irrigation systems, operated and maintained by communities: Mindat Township, 50 Kitchen garden water storage tanks; 8 Small scale community irrigation schemes. Kanpetlet Township, 50 Kitchen garden water storage tanks; 8 Small scale community irrigation schemes. Applied research foresees the following activities: Testing the domestication of HV indigenous species (70 demonstrations); Development and dissemination of high value indigenous species; Test introduction of new crops and tree mix within SALT; Livestock health care and feeding.</p> <p><u>Social infrastructure</u> facilities at household level, particularly targeting the needs of women and the poorest households. Domestic water supply, rainwater harvesting, and renewable energy solutions. All project investments in domestic water supply will generate positive effects on household health, sanitation, food security, nutritional balance, and women's workloads. The construction of every domestic water supply scheme will be accompanied by information on the importance of WASH. This will complement the activities aimed at dietary diversification (such as home gardens) to improve households' nutrition base.</p>	<ul style="list-style-type: none"> ✓ Strengthen activities planned by the project on ✓ Testing the domestication of HV indigenous species (total allocated project budget is low USD 14,000) to identify nutritious indigenous species; ✓ Development and dissemination of high value indigenous species (total budget allocated budget in the project is low USD 9,000) and ✓ Conduct a participatory in loco research on the variety of indigenous species and Neglected and Underutilized Species (NUS) with high nutritional value for HHs consumption and potential for value chain building on the activities planned by the project with the support of implementing partners; ✓ Developing farmers' capacities on post-harvest loss reduction, processing and value addition; ✓ Complement the existing social infrastructure with technologies for reduction of post-harvest loss of nutritious foods (e.g. solar dryers, cooking equipment, etc.) and labour saving technologies for women; ✓ Strengthen Nutrition Education activities (Allocated resources are low Lump Sum USD 60,000) for: ✓ Developing the capacities of extension workers on nutrition education, WASH (response to COVID19) and providing technical support to undertake and Social Behavior Change (SBC) activities ✓ Conduct campaigns on nutrition education and promotion of local and indigenous foods through radio, food festivals, recipes books <p>Both activities will need specific support in different languages, especially in areas inhabited by ethnic groups.</p>

<p><u>Capacity Building.</u> The project will build the capacities of MoALI and DRD (responsible for productive and social infrastructure respectively) through the provision of technical assistance, strengthening of staffing and office facilities, <u>awareness of water, sanitation and hygiene</u> issues, awareness (WASH) of nutrition diversity, and capacity development in social mobilisation and beneficiary communities. The project will partner with implementing partners for nutrition education in the project area, working especially through existing or new women's groups. In Magway, where livestock is more prevalent, the project will emphasize integrated homestead food production linking livestock with gardening to increase overall dietary diversity.</p>	
<p>COMPONENT 2 Agricultural Modernisation will invest in a range of agriculture, livestock and technical services to modernise production and trigger improvements in food security and nutrition, livelihoods, and economic returns. Service delivery to farming households will include land titling, technology transfer, skills improvement, access to inputs and supplies, access to markets and information, contractual linkages, and access to financial resources. Climate resilient sloping agricultural land technology (SALT) will be promoted. Service delivery to the landless will focus on technical and business management skills, micro-enterprise development and private sector linkages. Knowledge Centres will be established and will serve as focal points for improving capacities and access to markets and services of small farmers and non-farming households. Technical and market linkages will be promoted: In Chin state the project will assist in establishing a seed farm at the Agriculture Institute in Mindat, while in Magway region it will work with the four existing seed farms. The project will encourage linkages between these seed farms and village-based seed production that will be supported by KCs. Advice will be offered on linking income generating activities with improved nutritional values of indigenous, locally available crops, and neglected and underutilised species. Sloping agricultural land technology (SALT) starter packs will be promoted particularly in areas prone to erosion under current shifting cultivation practices. A starter pack will include a location-specific mix of planting materials for cultivation of up to one acre of land as a resilient and highly productive agro-ecological farming system using SALT practices. The project will support financial inclusion for small farmers, livestock owners and the landless, ensuring equal access for ethnic groups and women. Agribusiness Fund (ABF) providing strategic matching funds.</p>	<ul style="list-style-type: none"> ✓ Strengthen the capacity of implementing partners (extension workers) on nutrition through trainings of trainers on nutrition sensitive agriculture with the implementing partners and harmonization and coordination of nutrition messages and approaches. There is a need to coordinate and train with both agriculture extension workers and animal health workers (department of Livestock) as the two work together with the communities; ✓ Strengthen capacity in KCs staff to provide advice and trainings on nutrition sensitive agriculture in all activities they will support; ✓ Carefully adapt SALT starter pack to include nutritious crops and assess risk on food security, nutrition and loss of biodiversity when proposing transition from shifting cultivation to more permanent systems; ✓ Livestock activities to include advice on nutrition for animal protein; ✓ Market linkages to support advice on branding of nutritious food and food safety standards; ✓ Trainings and awareness of SCGs and CIGs on nutrition sensitive agriculture, WASH and food safety; ✓ Opportunity for CIGs to establish community seed banks, including on neglected and underutilized species with high nutritious value.

Key Issues and way forward

14. Nutrition activities planned by the project have not yet started. A cohesive approach to nutrition, and integrating IFAD/NORAD's additional support on nutrition can be fully embedded in the project planning and its implementation arrangements. This includes a) developing a coherent WSAP nutrition strategy in coordination with the implementing partners; b) hire experts on nutrition sensitive agriculture at the national and Chin state levels; c) train project staff and extension workers on nutrition sensitive approach; d) identify nutrition-sensitive value chains; identify high nutritional indigenous value crops for production in home gardens and inclusion in SALT packages; e) conduct nutrition education and SBCC campaigns; and d) ensure expertise to measure nutrition indicators. At the national level and township levels, opportunities should be sought for engaging WSAP implementing actors and the different ministries that are required for a multi-sectoral implementation arrangement conducive to achieving nutrition outcomes.

15. Malnutrition should not only be addressed in Chin State. The nutrition situation in Magway will need to be analysed, as well through the baseline survey and a cohesive strategy to address malnutrition in both regions needs to be developed.

16. WSAP PDR logframe included IFAD COI 1.2.8 *Minimum Dietary Diversity for Women MDD-W* which is being replaced by other indicators in the proposed revised logframe, while TORs for WSAP baseline survey include MDD-W questionnaire and KAP questionnaire which is related to IFAD COI 1.2.9. IFAD mandatory output indicator 1.1.8 *Number of HHs provided with support to improve their nutrition* is not included in the logframe. IFAD COI 1.2.8 needs to be reintroduced in the logframe as per PDR and indicator 1.1.8 on outreach needs to be included. TORs for baseline survey need to be simplified to include MDD-W for both regions, while in Chin state the baseline survey will integrate the IFAD/NORAD grant M&E additional indicators.

17. Transitioning from shifting cultivation to permanent agriculture production poses several challenges that need to be taken in serious consideration by the project in order to avoid impoverishment and food and nutrition insecurity of the ethnic indigenous peoples in Chin State. Shifting cultivation is not merely a production system, it is a livelihood system in place from millennia that encompasses social (including gender and youth), economic and environmental dimensions. It is part and parcel of the social, cultural and belief systems of the ethnic people who inhabit the Chin hills, and who are repository of traditional knowledge and skills. It is the pivot around which annual work and ritual cycles revolve and thus an intricate part of their way of life and closely tied to their identity. Any change in these livelihoods systems needs thorough assessment of the social cohesion, reciprocity and solidarity systems in place on which this practice is rooted. If practiced sustainably, shifting cultivation contributes to forest cover, wildlife conservation, agro-biodiversity, soil and water conservation, organic farming, market niche for high value products by preserving the cultural integrity and social security. Converting shifting cultivation in permanent agriculture and tree plantation, and the introduction of cash crops may lead to impoverishing the people and can increase landless and food insecure people. The consequences on the collective land tenure, landlessness, social cohesion, loss of biodiversity, soil depletion, and loss of traditional knowledge need to be assessed as consequences of introducing perennials on shifting cultivation land. The diversified foods grown in shifting cultivation (up to 100) which provide food and nutrition security to the people needs to be assessed together with the risks of what the changes will bring in terms of sustainability and in terms of social roles, man, women, elders, youth, clans, intra-clans, poor and poorest people, as well as social cohesion need to be analysed and pros and cons assessed. For instance, in terms of women's role, the FAO 2015 publication on *Shifting Cultivation Livelihoods and Food Security* highlights that "*Researchers and participants estimated that indigenous women perform about 70 percent of the work done in shifting cultivation. Women are responsible for the selection and preservation of seeds (which is a great opportunity in WSAP for CIGs) and have extensive knowledge of cultivated and wild plants grown and gathered in the fields, fallow and forest. They face considerable challenges when they are prevented from practicing shifting cultivation or when displaced from their territories. Their roles in and contribution to food security, sustainable resource management and health care are severely weakened and their traditional knowledge is being lost*". This said, in these traditional systems *Gender disparities need to be addressed and effectively reduced*. Land tenure and access rights together with SALT packages were the topics that the mission discussed in length and in an integrated manner. Highlights on issues to focus are the following : a) village awareness raising on tenure options, especially to support land ownership for permanent agriculture by landless households; b) the participatory planning process to pay particular attention to land tenure issues in Southern Chin; b) FPIC to be sought from communities on issues related to land tenure and rights access and from neighbours and other interested parties for the land agreement; c) identification of land for landless households; d) negotiations of appropriate agreements for land ownership or use (e.g. lease or purchase) for

these households; e) interfacing with DALMS and other government services for land surveying and registration; f) DoA, in consultation with MIC and the IPs, will revisit the proposed SALT packages to ensure the envisaged scale and impact; and g) DoA in consultation with MIC and the IPs to revisit the proposed SALT packages to broaden and adapt them to different conditions and needs as well as to ensure the envisaged scale and impact.

Appendix 4.e: Monitoring and Evaluation and Knowledge Management

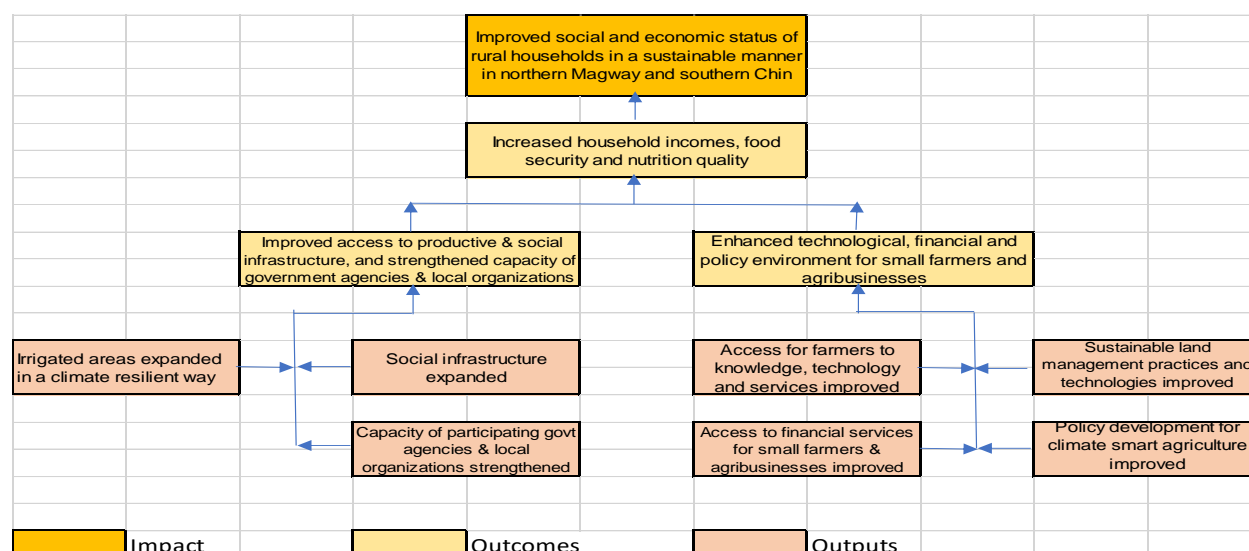
A. Introduction

1. The Project's M&E system is in its foundational stage of development. It has done the following: (i) updated its logframe, (ii) prepared M&E manual, (iii) standardized the village profiling, (iii) prepared the ToRs for the outcome baseline (iv) assigned DRD M&E staff at the PMU and PIOs, and (iv) prepared two quarterly reports.
2. The WSAP M&E system is complex as it involves different implementing partners (government agencies and service providers); has multi-levels of data collection and aggregation (villages, townships, districts/states, project-wide/Union); involves several types of organizations and mechanisms of project delivery (SCGs, CIGs, WUGs, VDCs, KCs); has diverse menu of project interventions; and has to report to several stakeholders (mainly government and IFAD).
3. Requirements for monitoring and reporting of government agencies are varied. At MoALI, the Ministry has developed an M&E system under technical assistance of EU which is still at early stage of operation. DRD has advanced its M&E system requiring all overseas development assisted (ODA) projects to feed to this system. Other MoALI departments' M&E system including that of the MOFP are still on the developing stage.
4. This technical note outlines areas for further development of the Project's M&E system and for its knowledge management (KM).

B. Logical Framework (LF)

5. A revised logframe was submitted to the mission for review. This logframe was a result of a series of consultations between the DRD, MIC, government implementing partners and also with IFAD. Figure below illustrates the level of results which corresponds to the Theory of Change (ToC) illustrated in the Project's PIM. There are some changes in the formulation of statements at the output level for consistency of style.

Figure 1: Project's hierarchy of results



6. Attachment 1 contains the comments and suggestions for the revision of the logframe at the outcome and output levels. It was agreed that changes at the goal and development objective levels will be introduced at mid-term review (MTR). The only modification introduced at the development

objective level is the reintroduction of the MDDW indicator (IFAD COI indicator 1.28) which was contained in the PDR. The Project will further revise the logframe based on the comments and suggestions in Attachment 1 and submit the third version of the Project's LF to IFAD for final review and issuance of no objection.

7. As earlier discussed with the Project management, the revised logframe can be further elaborated or expanded to contain activities and additional indicators for **planning** and **M&E** requirements. The Annual Work Plan and Budget (AWPB) presents the activities to be carried out every fiscal year. The AWPB also shows the planned targets on an annual basis. Elaborated indicators in an expanded M&E will also guide the M&E system what performance indicators will be monitored and evaluated and the data/information to be gathered, analysed and reported.

D. Monitoring and Evaluation System

8. The Project has defined its M&E system in the PIM. It shows the structure of monitoring and evaluation as illustrated in Figure 2 and the data collection and reporting staffing and procedures.

Figure 2. Structure of the WSAP M&E system (source: Project's PIM)

Management Information System (MIS)	Externally collected information
MIS [Data reporting forms, M&E database frequently updated]	COIS surveys (baseline, mid-term, end line surveys)
Project reports [various reports such as project periodical progress reports, missions' Aide Memoires]	Annual Outcome Survey (AoS)
	Other data collection tools (e.g Most Significant Changes, thematic assessment, KAP surveys)

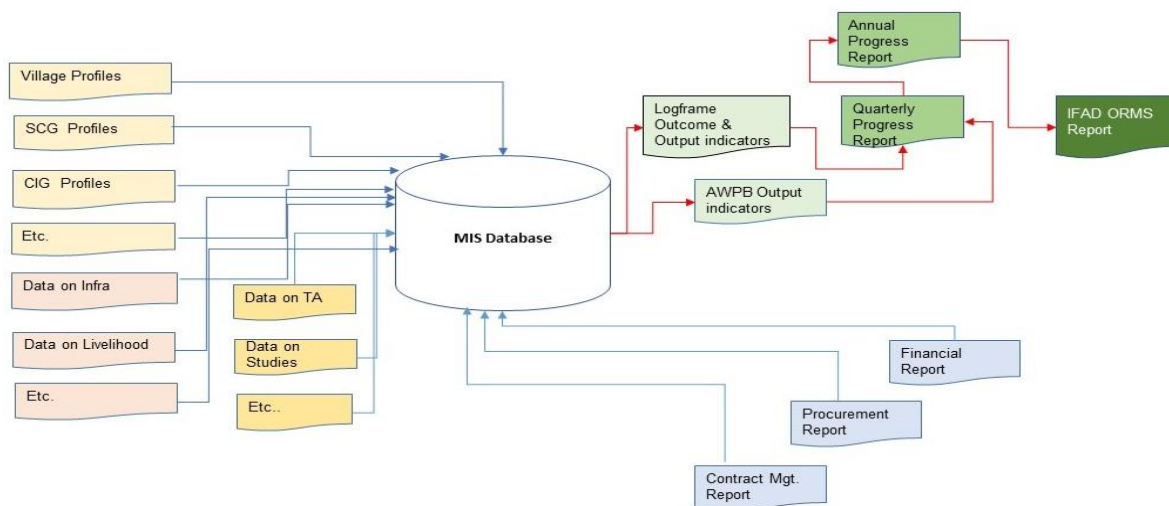
9. There are two sources of data/information for the project – from the internally generated data/information as expressed on Figure 2 and from commissioned evaluation and thematic studies. While the figure above delineates the role of monitoring and evaluation, it should be also noted that the two complement in assessing the progress of implementation and reviewing the pathways of achieving the project outcomes and impact. The management information system should contain both the results of monitoring and evaluation that will provide a more robust analysis of data/information gathered.

10. **Management information system (MIS).** The Project plans to establish a centralized and integrated computerized MIS, based on the logframe and M&E system requirements. The associated database will contain all relevant data of project inputs, outputs and outcomes. Considering the computer literacy of the project staff at all levels, the management plans to use excel for establishing the database. This should be carefully considered, given the expected volume and diversity of data/information the database will store and generate. Consideration will be given to using the existing DRD MIS to integrate the project's information

11. Figure 3 proposes a structure for a WSAP common database. The sources of data are from village profiles, project operations, evaluation and thematic studies, financial/procurement data, etc. The data are stored in a central database which is programmed to generate automated pre-determined reports and statistics in form of graphs and tables. The generated reports are translated information for updating progress of implementation (output level) and for updating the progress in achieving project outcomes, which are measured in the AWPB indicators and logframe indicators. These information feed into the quarterly reports and annual reports of the Project and eventually to the IFAD Operations and Results Management System (ORMS). Part of this MIS design is that the PIOs have access to the database in terms of data inputs and report generation.

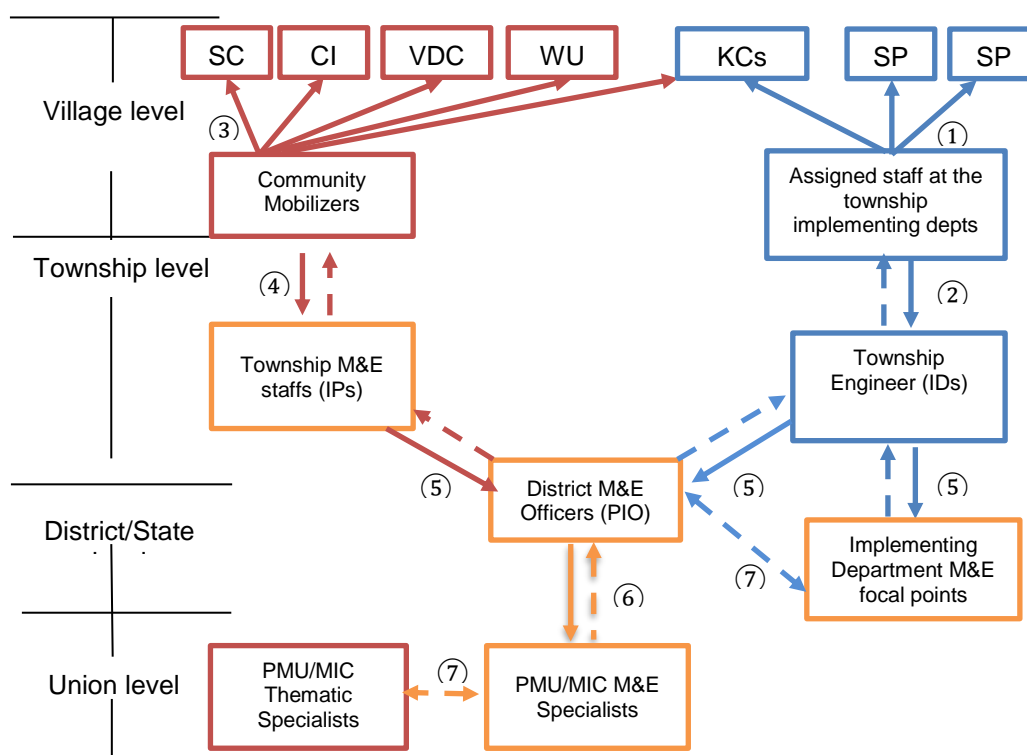
12. Should the Project adopt the proposed WSAP MIS structure, it should tap the MIS expertise at DRD or hire a short-term MIS consultant to set up the system. Part of the ToR of the MIS consultant is to review the existing capacity of the DRD MIS to absorb the Project's MIS requirements and the needed equipment/software to make the Project's MIS functional.

Figure 3: Proposed structure of the WSAP MIS



13. **Data collection and analysis.** The PIM has outlined data collection flows from the village level up to the union level with corresponding responsible persons/units/agencies/partners to collect, aggregate, and analyse the data. There are seven steps in Project's data collection and analysis flow as shown in Figure 3. Please refer to the WSAP PIM Volume 1 for the details of each step and the responsibilities of each person/unit/agency/partner.

Figure 4: Data collection and analysis flow



14. As agreed in this supervision and implementation support (SIS) mission, the PIOs at the districts will have key function in planning, monitoring and evaluation as project implementation is focused on the context of each state. Figure 4 reflects this change. Step number 6 will now be revised as: PIOs M&E officers consolidate the data and prepare reports at the district/state levels. The data files at the district levels will automatically be shared to the PMU database. PIOs will prepare state level reports. Step number 7: The PMU/MIC M&E specialists will review the data sets and may request the PIO M&E officers to check consistency, and validate the data if needed and coordinate with the M&E focal points of the implementing departments and other PMU/MIC thematic specialist to validate the data before compiling the M&E database at the project- level. The PMU will prepare project-wide reports.

15. **Outreach tracking.** The Project targets 880 villages in the townships of Myaing and Pauk in Magway and Mindat and Kanpetlet in Chin, to benefit 76,810 households (respectively 66,620 in Magway and 10,190 in Chin) and an estimated 390,000 rural women and men. The revised logframe has to reflect these targets which will be reported at the IFAD's ORMS on an annual basis. In the case of WSAP, ORMS shall be re updated during supervision missions or at the end of each fiscal year. To systematically monitor the project reach, the Project has to prepare an outreach tracking guide and reporting format.

16. **Village profiling.** This exercise is undertaken to assist in geographic targeting, planning, and in the conduct of the baseline survey. The village profile can be also used as a tool to track changes occurring in the villages. As agreed, the PMU/MIC together with CARE and NAG would come up with a standardized format to capture the essential information in every village which are needed in the planning as well also in the common database.

17. **Baseline outcome survey.** The Project baseline outcome survey is now on the procurement stage. As agreed, the baseline outcome survey will be conducted by the first quarter of 2021. As the pandemic is still expected to affect the mobility of people in 2021, the Project should include in the review of the baseline outcome survey proposals how the service provider will navigate the restrictions on travel as well as physical meetings. The survey methodology should include health and safety protocols for the enumerators, other survey field workers, and the respondents.

18. One of the activities of the WSAP proposal on nutrition for NORAD funding is the conduct of baseline study on nutrition in Chin. As this proposal is on the final stages of designing, its entry into force may come later and thus the nutrition baseline study cannot be included in the Project -wide baseline study. It is agreed that the baseline study dedicated on nutrition for the NORAD funded project will be conducted separately.

19. **M&E action plan.** Aside from the M&E manual, it is highly proposed that the Project should prepare an annual M&E action plan. This plan will guide the Project's and partners' M&E staff and focal persons what are the M&E activities for the implementing fiscal year, who are responsible, timeline for action and the deliverables. Attachment 2 provides a sample format for a project-wide M&E plan on a yearly basis.

C. Knowledge Management and Communication

20. In the PIM, the Project has outlined some key learning modes that are mainly linked to the project's M&E activities. This section has to be elaborated to identify the users, their needs, knowledge products and the platforms of knowledge sharing aside from face to face interaction. It can start by preparing project briefers in local language, which can be used in social mobilization activities.

21. To help the Project have a better direction and outputs on knowledge management and communication, it was agreed that MIC M&E Specialist, who is responsible for KM and communication aspects, will take the lead in preparing a KM and communication plan. It is recommended that the KM/Communication Strategy/Plan may include the following: (i) Background, (ii) Framework/Principles, (iii) Objectives and Key Result Areas, (iv) Analysis of Users and Stakeholders, (v) Outputs/Products, (vi) Strategies, (vii) Implementation Arrangements, (viii) Budget/Cost, and (ix) Activities, Responsibilities, Timeline. IFAD can assist in the preparation of the KM/Communication Strategy/Plan.

Attachment 1: WSAP Revised Logframe: Comments/Suggestions

Note: There are some style editing in the formulation of the summary column. As to the column of comments, there are three suggestions: (i) delete some indicators, (ii) reformulate some indicators, (iii) add some indicators. If the indicators found in the revised logframe are not stated in the second column, it means that the mission team agrees to the formulation. For targets, always disaggregate the data of individuals/persons/farmers as male, female, youth, tribal nationalities.

Summary	Indicator	Comments/Suggestions	Targets	Comments/Suggestions
Outreach		1. No. of Persons receiving services promoted or supported by the projects -males (m) -females (f) -youth (y) -tribal nationalities (tn) -total 1.a. Corresponding No. of households reached - women headed households - total households 1.b. Estimated corresponding total No. of household members -household members – total people		
Goal: Improve the social and economic status of rural households in a <i>sustainable</i> manner in northern Magway and southern Chin				
Development Objective: Increase household incomes, food security and nutrition quality		% of target households reporting Adequate Food Security through MAHFP calculation Reintroduce here the MDD-W indicator as originally included at project design which contributed to qualify WSAP as nutrition sensitive project. 1.2.8 Women reporting minimum dietary diversity (MDDW). The baseline survey includes the MDD-W questionnaire. If to keep the food security indicator, this has to be in addition to MDD-W.		
Outcome 1: Improved access to productive and social infrastructure, and strengthened capacity of government agencies and local organizations		% of HH benefited from WASH-related activities reported improvements in WASH awareness and practices This indicator is not required. This is a KAP indicator, in IFAD COI. Include one outcome indicator, which is MDD-W. Consider IFAD indicator: Indicator 1.28. (Number) Percentage of women reporting improved quality of their diets This is not needed. This is KAP indicator. Consider Indicator 1.28.		
		% of women benefited from nutrition-related activities reported improvements in nutrition awareness and practices		

	% target villages having Village Development Committees established and capacitated	This is at the output level. Are you going to establish and train VDC in every village? At output level you should have number.		
	No. of acres with access to year-round water for supplemental irrigation	No. of farmers with access to year-round water for supplemental irrigation (m/f/y/tn)	6,280 acres	XXX XX farmers (m/f/y/tn)
		Consider IFAD indicator: Indicator 1.2.3. Percentage of persons/households reporting reduced water shortage vis-à-vis production needs		
Outputs: 1.1 Irrigated areas expanded in a climate resilient way	-No. of small and medium irrigation schemes rehabilitated in Chin	No. of acres of small and medium irrigation schemes rehabilitated in Chin and Magway	38 34	6,280
	-No. of small irrigation and medium schemes rehabilitated in Magway			
1.2 Social infrastructure expanded		None		
1.3 Capacity of participating government agencies and local organizations strengthened	No. of Hhsattended integrated nutrition/WASH awareness raising activities	Not needed		
Outcome 2: Enhanced technological, financial and policy environment for small farmers and agribusinesses	No. of Hhswith improved agricultural practises in upland rainfed areas	No. of hhs reporting adoption of improved agricultural practices, SLM including SALT, homegarden and animal husbandry practises in project area		
	No. of Hhswith increased yields (upland and lowland)	No of hhs with increased agricultural income (to consider both yield, production cost & price which can be sub-indicator collected)		
	No. of CIGs reported with market linkages established	In the MIS to disaggregate to report on end market, input, seed market...		
	No. of beneficiaries	This is an output and duplicates output 2.1.		
	Hhsreceived technical support from KCs			
	% of farmers received loans from RBF	Is the project directly dispensing loans from RBF? If yes, this is an output and unit is number		
	% of Hhsreported improvements in nutrition related practices	No need to have this. It is at the objective level.		
		Consider for livestock: No. of hhsreporting decrease of mortality rate for livestock / Improved livestock productivity		
Outputs: 2.1 Access for farmers to knowledge,	No. of KCs established in selected locations of Chin and Magway	No. of KCs established in selected locations of Chin and Magway and total DOA staff providing services (m/f/y/tg)		

technology and services improved	No. of Hhs provided with services from the KCs	No. of hhs/ persons provided with services from the KCs (m/f/y/tn) (disaggregated for access to input, seeds, market linkage, training, FFS, demonstrations, crop advisory, etc..)	
	No. of demonstration plots and nurseries established	No. of FFS, demonstration plots and nurseries established and total hh / members & acreage involved	No. need ed (m/f/y /tn)
	No. of CIGs (according to different types) established and supported;	No. of CIGs (according to different types) established and supported; and No. of beneficiary members	No. need ed (m/f/y /tn)
	% of CIG members attended technical training on the activities proposed;		No. need ed (m/f/y /tn)
		Consider for AIT application: No. of persons received information from the AIT application introduced by WSAP (m/f/y/tn)	No. need ed (m/f/y /tn)
		Consider for livestock: No of hhs benefiting from livestock services: training (m/f/y/tn); improved health care; feed; market	
		Consider for nutrition: Output indicator 1.1.8. Output indicator. No. of households provided with support to improve their nutrition.	No. need ed (m/f/y /tn)
2.2 Sustainable land management practices and technologies improved	No. of acres are under sustainable land management systems (I,e, SALT)	What exactly will be delivered here? Consider this IFAD output indicator: Indicator: 1.1.1. No. of persons whose ownership or user rights over natural resources have been registered in national cadasters and/or geographic information management systems	No. need ed (m/f/y /tn)
2.3 Access to financial services for small farmers and agribusinesses improved	No. of investments supported through the RBF No. of CIGs in value chains received loans from RBF No. of MFIs financed by WSAP; 22.	No. and volume of investments of CIG and SCG supported with loans from WSAP credit lines Delete this indicator. The project is not providing loans to CIGs. As there may be one refinancing deal in each district/state, this indicator does not provide much information. Delete this indicator. Consider this indicator: No. of hhs participating in the SCGs (can be added to no. of SCGs formed) thus, No. of SCGs formed with no. of households participating	400 SCGs/ 10,000 hhs
2.4 Policy development for climate smart agriculture improved		Consider this indicator: No. of functioning multi-stakeholder platforms supported (no platform planned	

but we may need to monitor the coordination process within public but also the PPP, engagement of farmers which is planned and contributes to policy engagement)

Attachment 2: WSAP M&E Action Plan (Sample Format)

M&E Tasks	Responsible	Deadline	2020					2021					Budget	Status as of XXXXXX	
			O	N	D	J	F	M	A	M	J	J			A
1. Monitoring															
1.1. Data Collection															
1.1.1.															
1.1.2.															
1.1.3.															
1.2. Data Aggregation															
1.2.1.															
1.2.2.															
1.2.3.															
1.3. Data Analysis															
1.3.1.															
1.3.2															
1.3.3.															
2. Evaluation															
2.1. Village Profiling (Planning)															
2.1.1.															
2.1.2.															
2.1.3.															
2.2. Baseline Outcome Survey															
2.2.1.															
2.2.2.															
2.2.3.															
3. Reporting															
3.1. Quarterly Report															
3.1.1.															
3.1.2.															

3.1.3.

3.2. Semi Annual

3.2.1.

3.2.2.

3.2.3.

3.3. Annual

3.3.1.

3.3.2.

3.3.3.

4. Capacity Building

4.1. Training

4.1.1.

4.1.2.

4.1.3.

4.2. Coaching/Mentoring

4.2.1.

4.2.2.

4.2.3.

5. MIS/Database Establishment

5.1.

5.1.1.

5.1.2.

5.1.3.

6. XXXXXX

6.1.

6.1.1.

6.1.2.

6.1.3.

Appendix 4.f: Fiduciary Risk Assessment Data Sheet

Financial Management Assessment Questionnaire at Supervision

Country: Myanmar	Performed by: Fabrizio Vivarini	
Project Name: WSAP	Mission Ref.: Supervision Mission 1	Date of review: 14-10-2020

Summary

Pillars	Brief description of current issues	Inherent (Current) Risk H/S/M/L	Inherent (current) Risk H/M/L	Planned Mitigation Measures	(Future) Residual Risk H/S/M/L
1. Organization and Staffing <i>Risk that the implementing entity does not have the necessary number of adequately qualified and experienced financial management staff in the national and regional centers, resulting in limited ability to meet the functional needs of the project</i>	<p>The organizational structure of PMU is well defined and adequate to meet functional needs of the project. All key positions approved in the original design have been filled with clear job description for each position.</p> <p>DRD finance units at PMU, PIOs and townships level are fully staffed, in adherence with the requirements set out in the project design report. At PMU level, financial management is administered by the existing Finance Unit of DRD with the support of one Finance Officer and two Finance assistants.</p> <p>Under DRD, at district and sub-district level, there is one finance officer (finance counterpart) who is government staff assigned from DRD to the project.</p> <p>However, the organization of FM units in the other departments (DoA, DoA, DAR, IWUMD, LBVD) is not yet optimal, as there are no finance staff exclusively assigned to the project at the departments and PIOs.</p> <p>Finance staff are seconded from relevant government departments, who are dedicated and proactive with willingness to learn and adopt IFAD requirements to the country systems.</p>	S		- Assign a dedicated finance staff member from the finance/accounting unit to the project. Staff will undergo a dedicated training on the financial management of IFAD funded projects.	M
2. Budgeting	2020-2021 AWPB was prepared in the IFAD templates with slightly delay in submitting to IFAD in 2 October	S		- Beneficiary contributions to be included in AWPB.	M

<p><i>Risk that budgeted expenditures are not realistic, not prepared or revised on a timely basis, and not executed in an orderly and predictable manner, resulting in funds not being available when needed, ineligible costs and reallocation of project funds and slow implementation progress</i></p>	<p>2020 in NOTUS. There exists the difficulty in complying with IFAD's deadline for the AWPB submission (no later than sixty 60 days before the beginning of the relevant Project Year) as the budget is approved by Parliament in September each year.</p> <p>However, beneficiary contributions are not included in the AWPB.</p> <p>The activities that have not been implemented in the previous year of 2019-2020 were not included or not in the AWPB of 2020-2021 which they should be.</p> <p>Unit cost and quantities should be clarified in the appropriate manner.</p>			<ul style="list-style-type: none"> - IFAD training on budget preparation to be provided. - Activities not implemented or finalized in the previous year should be included and carried over to the next AWPB; including - Disclose unit cost and quantities for each budget line; - Presenting the quarterly allocations of the budget. 	
<p>3. Funds flow & Disbursement Arrangements</p> <p><i>Risk that funds from multiple financiers disburse with delay due to cumbersome treasury arrangements or inability of project cost centers and service providers to justify prior advances, resulting in delayed implementation</i></p>	<p>IFAD directly transfers fund to DAs (Loand & Grant) in USD without the requirement of transitting in ministry accounts. Issues of complex fund flows from FARM lessons have been resolved.</p> <p>The project finance staff do not comprehensively understand about IFAD disbursement methods but only initial advance (reimbursement, direct payment). They misunderstood the Imprest Account arrangements with the revolving funds arrangement. Therefore, the preparation of WAs is still vague.</p> <p>Over the advances given to implementing agencies at district level, PMU do not have yet the appropriate monitoring over the justification of advances due to the limitation of manual accounting environment.</p> <p>Project bank accounts are opened at the PMU level (for both the loan and the grant), Ministry's departments and district level. PMU provides quarterly advances to the departments and PIOs for admin costs and activities tagged advances. The DA for credit lines has not yet been opened.</p>	S		<ul style="list-style-type: none"> - Timely and adequately submit the audit reports with all required statements. - IFAD to provide trainings on financial reports preparation for project staff and IFAD requirements for auditors - Develop a summary file in Excel to monitor the advances given to district level for now until the accounting software is in place. - Open the Designated Accounts for credit lines 	M
<p>4. Internal Controls</p> <p><i>Risk that appropriate controls over Project funds are not in place, leading to the inefficient or inappropriate use of project resources.</i></p>	<p>The project has overall satisfying internal controls over project payment process and documentation.</p> <p>It is a good practice with internal audit done for each project of DRD semi-annually. WSAP was audited internally.</p>	M		<ul style="list-style-type: none"> - Training on fixed assets management to be provided. - The asset register should include a unique identification code for each asset item. 	L

	<p>Fixed assets management is not comprehensively practiced yet. Training will be given.</p> <p>The system to capture and report the beneficiaries contribution has not been set up yet; in this regard, it is agreed that IFAD's Hanoi hub will provide a clear guidance during a tailored training.</p>			<ul style="list-style-type: none"> - Set up a system for capturing, monitoring and reporting the beneficiaries' contribution. 	
<p>5. Accounting and Financial Reporting</p> <p><i>Risk that accounting systems – including policies and standards – are not integrated and reliable, leading to inaccuracies in financial records and that reasonable records are not prepared, issued and stored, leading to lack of informed decision-making.</i></p>	<p>The project currently uses MS excel for accounting and reporting purposes, as it has not yet purchased and installed an accounting software.</p> <p>There is adequate documentation of and control over financial records. However, the use of MS excel exposes the project to huge risks due to the security limitations of the software, virus exposure and corruption of files, possible human errors whilst manually entering the data, and the lack of an audit trail.</p> <p>The backup of financial records is not secured; rather it is being stored in separate folder in the same computer. All the sub-systems of data being maintained are not integrated for information authenticity.</p> <p>Furthermore, MS excel does not allow for the automatic monitoring of advances and commitments, preparation of financial reports (including annual Financial Statements), reconciliation of bank accounts, generation of payment vouchers and Withdrawal Applications. The risk is also amplified by the complex structure of the project and the number of cost centres operating under WSAP.</p> <p>Interim financial reports were not submitted to IFAD at half-yearly period as stated in the Letter to the Borrower.</p>	S		<ul style="list-style-type: none"> - Getting the agreement and authorization from authority to set priority to procure and install the accounting software incorporating with national system. - Liaise with WB-NCDDP and ADB-ERLIP projects to verify the accounting software currently in use; - Prepare the software's ToRs with the support of IFAD hub in Hanoi; - Seek required authorization from MoALI for the purchase of the accounting software; - Carry out a market survey and initiates the procurement process. - Prepare and submit IFRs at half-yearly. 	M
<p>6. External Audit</p> <p><i>Risk that independent and competent oversight of the Project financial statements is not in place or performed timely leading to possible misrepresentation of the financial results and/or suspension or other remedies due to compliance breaches.</i></p>	<p>OAG is the auditors. The project does not need to pay audit fees but taken from government contribution.</p> <p>The first audit is combined audit from Oct 2018 to Sept 2020 which will be due in March 2021.</p> <p>However, the project should have prepared the annual financial statements at year end of each fiscal year. It is stated by project that they are learning to work on the first set of financial statements now.</p>	M		<ul style="list-style-type: none"> - Prepare unaudited Financial statements at year-end. - Timely and adequately submit the audit reports with all required statements. - IFAD to provide trainings on financial reports preparation 	L

				for project staff and IFAD requirements for auditors.	
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Assessment of overall FM risk – Substantial

Overall financial management risk of WSAP is assessed as Substantial as the project's risk is hindered by two major factors: (i) the lack of an accounting software; and (ii) gaps in setting up FM units in the Ministry's department and in the PIOs. The quality of the project's FM performance is also affected by the fact that WSAP has not been enrolled yet in the IFAD Client Portal (ICP). The timely implementation of the action plan agreed with the PMU will significantly mitigate the current FM risk.

Note: Where the FMAQ will be performed via a Financial Management Report Supervision (FMRS), the attached checklist should serve as quick guide indicating the documents required and source of such documents. Where documents can be accessed through IFAD systems this should be sought to reduce time required by project staff to compile documentation. See also separate Guidance Note on FMRS.



Remote FMAQ -
document checklist.xls

Myanmar

Western States Agribusiness Project Supervision Report

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

Mission Dates: 12 to 25 October 2020
Document Date: 26/11/2020
Project No. 2000000964
Report No. 5548-MM

Asia and the Pacific Division
Programme Management Department

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

Mission preparation and planning

The mission team prepared the mission TORs on and shared it to WSAP project for their information and review on 30th October 2020. The mission is the first remote supervision mission in Western States Agribusiness Project (WSAP) and it has done the zoom meeting on Remote Missions Sharing of Experience with WSAP project Team and IFAD Myanmar team on 5th October 2020 while the detail mission schedule was drafted. Then mission team sent the list of documents which needed be made available to the team for undertaking the assignment, one week before the start of the mission. Moreover, IFAD mission team arranged the internal team meeting for mission preparation on 12th October 2020.

TORs of mission team members

Alessandro Marini, Team Leader. He will be responsible for coordinating the team members to ensure that the mission reaches its objectives and responds to its terms of reference in a professional, efficient, effective and timely manner. This includes coordinating, reviewing and managing the contributions of team members and working closely with them to ensure proper quality of the final outputs. Besides his overall task of leading the mission, he will:

- Review the implementation progress of the market linkage and agri-business related activities under sub-component 2.1, Agriculture Modernization, in particular the strategy of implementing partners to provide services in this specific area and how VC-market concerns are integrated in agricultural extension and the activities more specifically targeting landless HH;
- Apply IFAD new Integrated Project Risk Management framework to the project and prepare the necessary related reporting;
- Prepare and present the mission Aide Memoire at a wrap-up meeting with relevant stakeholders at the end of the mission with relevant inputs from mission members;
- Be responsible to assemble the final supervision report following IFAD's template and ensure its compliance with IFAD's required formats and quality standards;
- Prepare a Management Letter to be sent to Government at the end of the mission highlighting the key findings and agreements.

Audrey Nepveu de Villemarceau, Project Technical Lead. She will support the team Leader in ensuring that the mission reaches its objectives and responds to its terms of reference in a professional, efficient, effective and timely manner. In particular, she will:

- Based on the nature, scope, and specifications of the infrastructure investments (irrigation and drainage, rural access roads, land consolidation, etc.), undertake a review of the environmental and climate risks and expected impacts of the project versus the assessment made at design (SECAP) and identify, if any, areas requiring special attention and mitigation measures. In particular, she will ensure (a) FPIC is available for the new channel to be developed in Nagabwak irrigation scheme (Magway) and for farm roads in Chin, and (b) national environmental safeguards for farm roads are adhered to;
- Propose any new environmental mitigation and climate adaptation measure to be integrated into the project including recommendations to maximise the project's environment and climate adaptation benefits;
- Review implementation modalities for HH water storage and solar systems in Chin;
- Assess the project's technical and financial capacity to monitor environmental and climate adaptation performance of the project and recommend capacity building activities (if necessary)
- Review or discuss the capacity development plan for Government staff involved in engineering.

She will contribute to the final Aide Memoire, Supervision Report and Management Letter as required by the Team Leader.

Ike Clovis Payumo, Infrastructure Specialist. Within the overall objectives of the mission and in collaboration with Audrey Nepveu, he will be responsible for reviewing the implementation progress of Component 1, Infrastructure. In particular, he will:

- Review the infrastructure work plan for the project period;
- Assess the progress made on the procurement process and actual physical works for both social and productive infrastructure planned for AWPB 2020-21;
- Assess the quality and cost effectiveness of the infrastructure design and works undertaken;
- Assess the extent of community consultation and participation in the design and supervision process the infrastructure components of the project and in particular the role of (and methodology used by) the implementing partners for community mobilization;
- Assess the progress made with regard to establishing participatory infrastructure management systems in the project areas;
- Identify implementation challenges and provide clear recommendations on how to address them;
- Discuss the relevant sections of the Project Implementation Manual (PIM) and provide guidance as necessary;
- Review the plans for capacity building and institutional strengthening at all levels.

He will contribute to the final Aide Memoire and Supervision Report in relation to the above areas and as required by the Team Leader, following the IFAD document templates. He will also prepare a brief technical note summarizing the findings in his area of competence.

Marie-Aude Even and Rob Delve, Agronomy Specialists. Within the overall objectives of the mission, she will be responsible for reviewing the implementation progress of the agriculture-related activities under sub-component 2.1, Agriculture Modernization. In particular, she will:

- Assess the project strategy for provision of agricultural extension services through the KCs, review the role of the implementing partners in this respect and assess their capacity to deliver planned services;
- Review the technical curricula and implementation arrangements for agro-forestry and SALT activities, including the role of implementing partners, and the articulation with other sub-components and activities;
- Review the implementation arrangements for the SALT start-up packages;
- Review and identify possible issues regarding coordination mechanisms with other activities (for instance between infrastructure & extension, SALT & land tenure, agriculture and overall planning of activities etc.);
- Review M&E system & KM regarding agricultural activities for both project and KC to ensure adaptative & evidence based research/extension;
- Identify implementation challenges and provide clear recommendations on how to address them;
- Discuss the relevant sections of the Project Implementation Manual (PIM) and provide guidance as necessary;
- Review the plans for capacity building and institutional strengthening at all levels.

She will contribute to the final Aide Memoire and Supervision Report in relation to the above areas and as required by the Team Leader, following the IFAD document templates. She will also prepare a brief technical note summarizing the findings in his area of competence.

Harold Liversage, Land Tenure Specialist. Within the overall objectives of the mission, he will be responsible for looking at aspects related to land tenure systems in the project area. In particular, he will:

- Undertake a review of potential land tenure issues that are likely to emerge and impact on project implementation;
- Undertake interviews and focus group discussions with key stakeholders to enhance the understanding of land tenure issues in the project area;
- Discuss with the relevant counterparts the strategy and implementation aspects related to land tenure systems and identify concrete activities to be implemented by the project in this respect, including more specifically for agro-forestry/SALT activities;
- Identify challenges and opportunities for addressing tenure security measures in the project;
- Undertake a review of the social risks of the project versus the assessment made at design (SECAP) and identify, if any, areas requiring special attention and mitigation measures.

He will contribute to the final Aide Memoire and Supervision Report in relation to the above areas and as required by the Team Leader, following the IFAD document templates. He will also prepare a brief technical note summarizing the findings in his area of competence.

Jorma Routsis, Rural Finance Specialist. Within the overall objectives of the mission, he will be responsible for reviewing the implementation progress of sub-component 2.2, Financial Services. In particular, he will:

- Discuss with the IPs the plans for the implementation of activities related to the support to the savings and credit groups (SCGs) and assess the adequacy of the methodology proposed and the capacity of the IPs themselves;
- Review the eligibility criteria for the implementation of the RBF;
- Discuss with MoPF the implementation arrangements for the refinancing activities;
- Identify implementation challenges and provide clear recommendations on how to address them;
- Discuss the relevant sections of the Project Implementation Manual (PIM) and provide guidance as necessary.

He will contribute to the final Aide Memoire and Supervision Report in relation to the above areas and as required by the Team Leader, following the IFAD document templates. He will also prepare a brief technical note summarizing the findings in his area of competence.

Antonella Cordone, Social Inclusion and Nutrition Specialist. Within the overall objectives of the mission, she will be responsible for reviewing IFAD mainstreaming priorities and in particular aspects related to social inclusion (targeting, gender, youth and Indigenous Peoples) and nutrition. In particular she will:

- Discuss with the implementation arrangements for the activities envisaged to be financed by the NORAD grant;
- Review the project strategy, tools and arrangements for targeting, social mobilization, participatory planning and implementation of the free prior and informed consent (FPIC) process;
- Review and assess the implementation of the project targeting strategy, the effectiveness of reaching the intended target group and assess the overall quality of the performance on gender, targeting and issues of social inclusion;
- Assess the progress made on promoting Gender Equality and Women Empowerment (GEWE), and provide relevant recommendations;

- Review the PIM and provide advice to the Project to ensure that aspects related to social inclusion and nutrition are duly included;
- Support the Team in assessing the status of achievements of mainstreaming themes logframe targets (e.g. nutrition indicators, data disaggregation by gender, youth, indigenous peoples, etc.).

She will contribute to the final Aide Memoire and Supervision Report in relation to the above areas and as required by the Team Leader, following the IFAD document templates. She will also prepare a brief technical note summarizing the findings in her area of competence.

Yolando Arban, Project Management and Monitoring & Evaluation (M&E) Specialist. Within the overall objectives of the mission, he will be responsible for reviewing the arrangements and systems related to project management and M&E. In particular, he will:

- Review project implementation arrangements and staffing at all levels, including the adequacy of the staffing structure, as well as the overall quality of project management and oversight systems;
- Review the adequacy of the support provided by the Union TA;
- Review the adequacy of the implementation arrangements established with the IPs;
- Assess status of achievements against the AWPB 2019-20 targets and the overall logframe targets;
- Review the overall project strategy to ensure the achievement of the outreach targets;
- Undertake an overall assessment and rating of the M&E system and make necessary recommendations for its improvement;
- Review the plans and timeline for the undertaking of the baseline survey;
- Assess the progress of preliminary 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 logframe and ensure consistency with IFAD Corporate indicators within the ORMS;
- Ensure consistency and alignment between the indicators reported on by the project (and their regular updating) and those included in the logframe;
- Ensure that the relevant inclusion indicators (gender, youth, etc.) are properly embedded in the project monitoring system and regularly reported on;
- Discuss the relevant sections of the Project Implementation Manual (PIM) and provide guidance as necessary and take overall responsibility to coordinate the inputs of all other mission members in this respect;
- Collect information on KM-related matters and provide recommendations and comments on how to integrate KM and Communication in every-day project implementation linked to M&E;
- Support the team leader in assembling the final supervision report following IFAD's template.

He will contribute to the final Aide Memoire and Supervision Report in relation to the above areas and as required by the Team Leader, following the IFAD document templates. He will also prepare a brief technical note summarizing the findings in his area of competence.

Arthur Tantuan, Procurement Specialist. Within the overall objectives of the mission, he will be responsible for reviewing and assessing the arrangements for procurements of goods, services and works financed under WSAP and ensure that project procurement management is effective and in accordance with IFAD and/or Government procurement guidelines. In particular, he will:

- Review the current Procurement Plan in order to assess it has been fully updated and upgraded, ascertain its completeness, its concurrence with the AWPB, and its consistency with the country systems and/or IFAD Procurement Guidelines and Handbook;

- Provide support, advice and recommendations on the following:
 - The thresholds, ceilings and preferences to be applied in the implementation of procurement under the project;
 - The contract types and contractual arrangements for goods, works and consulting services required to implement the projects;
 - The proposed methods of procurement;
 - The related IFAD review procedures and provide suggestions to improve the overall quality of the procurement processes;
- Review a minimum sample of 10% of all procurement contracts for compliance;
- Carry out spot checks on past procurement activities and assess the extent these adhere to Government and/or IFAD Procurement Guidelines and Handbook; in particular, verify that the goods, services and works procured correspond with the approved AWPB and Procurement Plan, in terms of quality and quantities;
- Review the procurement, contracting and implementation processes and timeliness and appropriateness of procurement actions;
- Assess contract administration and management procedures;
- Assess the procurement capacity of all entities to be reviewed in terms of manpower, levels of training of procurement staff, work environments and independence of procurement staff to carry out their statutory assignments;
- Conduct specific analysis of value for money (VFM) at all levels and the reasonableness of prices for:
 - Goods, equipment, etc using available price indicators;
 - Civil Works, compared to locally accepted standards and prices; and
 - Services compare quality-output to international standards and prices;
- Determine whether adequate systems are in place for procurement planning, implementation and monitoring, and whether documentation are maintained as per required standards and can be relied upon;
- Verify to the extent possible, whether goods, works and consulting services contracted were supplied/completed according to the required specifications and technical standards;
- Review issues identified in the previous procurement review and aide-mémoire and procurement related issues identified in project audit reports;
- Identify deficiencies and make recommendations for improvements and control mechanisms in the procurement procedures and processes;
- Conduct a review of any significant changes in the borrower/recipient's procurement system and practices, and ensure project procurement procedures and systems are updated accordingly;
- Review/update the Procurement Risk Assessment, using the IFAD Procurement Risk Matrix (Module I of the IFAD Procurement Manual);
- Assess further procurement staff training needs and ensure relevant training is planned and provided to project management and procurement staff in a timely manner.

He will contribute to the final Aide Memoire and Supervision Report in relation to the above areas and as required by the Team Leader, following the IFAD document templates. He will also prepare a brief technical note summarizing the findings in his area of competence.

Fabrizio Vivarini / Ngoc Lan Chi Nguyen, Finance Officer. Within the overall objectives of the mission, he will be responsible for reviewing all aspects related to financial management, including disbursement performance. Using the IFAD FMAQ as the basis to collect the relevant information, he 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. In particular, he will:

- Review financial management progress, 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 and make recommendations, if any, to customise the software in order to enhance its usefulness for project reporting purposes;
- 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 COA, document findings of internal audit reports;
- Discuss findings of previous audit reports with finance team, describe planning for addressing audit observations;
- Discuss Mission recommendations with the project 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; and

He will contribute to the final Aide Memoire and Supervision Report in relation to the above areas and as required by the Team Leader, following the IFAD document templates. He will also prepare a brief technical note summarizing the findings in his area of competence.

Myat Thiri Wai, Mission Facilitator. Within the overall objectives of the mission, she will be responsible for providing overall support to the supervision team and ensuring logistical arrangements to carry out the planned mission activities. In particular, she will:

- Liaise between the mission and the concerned government agencies and officials;
- Support the mission meetings with government at all levels;

- Provide inputs in drafting the mission Aide Memoire; and,
- Any other relevant tasks as requested by the Team Leader.

Tentative mission schedule

Date	Time (MMT)	Activity	IFAD personnel	Gov/WSAP personnel
12 Oct (Mon)	13:00- 15:00	Mission kick-off meeting. Overview of project status	All mission team	WSAP PMU with related departments
13 Oct (Tue)	12:30- 13:00	Introductory meeting with WSAP team and IFAD mission team	All mission team	WSAP PMU+ MIC
	13:00- 15:00	Comp. 1 – Infrastructure	Ike, Audrey, THIRI, Art	IWUMD+ DRD
	13:00- 15:00	Comp. 2.1 – Agricultural modernization	Marie Aude/Rob, Harold, Alessandro, Antonella	DRD + DOA
	13:00- 15:00	Financial Management	Fabrizio/Chi	WSAP finance team
	15:00- 17:00	Comp. 2.2 – Financial Services (SCG+ RBF)	Jorma, Lando	WSAP–(to prepare and submit the performance reports, with comprehensive statistics, narrative analysis and proposals for the way forward)
14 Oct (Wed)	15:00- 17:00	Social inclusion and nutrition (NORAD top up financing on nutrition and social inclusion)	Antonella, Marie Aude/Rob, Harold, THIRI, Audrey	-
	9:30- 11:00	Project management and M&E	Lando, Alessandro	-
	9:30- 11:00	Procurement –	Art, Ike	-
	13:00- 15:00	Chin State Kanpetlet + virtual field visit (Photos and videos)	Audrey, Marie Aude/Rob, Harold, Antonella	PIO+ IP+ Relevant MoALI staff from townships/region (DRD, IWUMD, DA, etc.)
15 Oct (Thu)	13:00- 15:00	Magway Region Myaing+ virtual field visit (Photos and videos)	Ike, Alessandro, Lando, Jorma, THIRI	PIO+ IP+ Relevant MoALI staff from townships/region (DRD, IWUMD, DA, etc.)
	13:00- 15:00	Chin State Mindat+ virtual field visit (Photos and videos)	Audrey, Marie Aude/Rob, Harold, Antonella	PIO+ IP+ Relevant MoALI staff from townships/region (DRD, IWUMD, DA, etc.)
15 Oct (Thu)	13:00- 15:00	Magway Region Pauk + virtual field visit (Photos and videos)	Ike, Alessandro, Lando, Jorma, THIRI	PIO+ IP+ Relevant MoALI staff from townships/region (DRD, IWUMD, DA, etc.)
	13:00- 15:00	Chin State Mindat+ virtual field visit (Photos and videos)	Audrey, Marie Aude/Rob, Harold, Antonella	PIO+ IP+ Relevant MoALI staff from townships/region (DRD, IWUMD, DA, etc.)

16 Oct (Fri)	9:30- 11:00	MIC- revised PDR (proposed changes from MIC)	Alessandro, Jing, Art, Lando, Thiri	MIC
	12:30- 14:30	CARE meeting	All team	CARE
	15:00- 17:00	NAG meeting	All team	NAG
17 Oct (Sat)	Team Meeting- 13:00 MMT			
18 Oct (Sun)	Report Writing			
19 Oct (Mon)	9:30- 11:00	M&E Knowledge Management meeting	Lando	WSAP
	13:00- 15:00	MOPFI- Implementation arrangements for Refinancing Loan	Alessandro, Jorma, Jing, THIRI	MOPFI focal person+ WSAP
20 Oct (Tue) 21 Oct (Wed)	Further meetings (to be decided based on work of first week)			
22 Oct (Thu)	13:00- 15:00	Technical discussions on first draft of Aide Memoire	All team	WSAP team
23 Oct (Fri)	13:00- 15:00	Final Wrap Up Meeting	All team	WSAP team+ MOPFI focal persons+ PMU with related departments

Persons met

No.	Name	Position	Organization/Department
1	U Khant Zaw	Director General	Department of Rural Development
2	U Myo Naing Aung	Deputy Director General/ WSAP Project Director	Department of Rural Development
3	Daw Khin Swe Oo	Deputy Director General	Treasury Department/ MOPFI
4	Dr. Zarni Min	Director/ Project Manager	Department of Rural Development
5	U Khin Maung Nyunt	Director	Department of Agriculture
6	U Tay Zar Nay Myo Win	Deputy Director/ Project Coordinator	Department of Rural Development
7	Dr. Win Min Oo	Deputy Director	Department of Rural Development (WSAP infrastructure counterpart)
8	Daw Nwe Nwe Than	Deputy Director	Department of Rural Development (finance officer)
9	U Win Ko Ko	Deputy Director	Irrigation and Water Utilization Management Department
10	U Michael	Deputy Director	Department of Agriculture Land Management and Statistics
11	Daw Khaing Khaing Htwe	Senior Researcher	Department of Agriculture Research
12	U Htay Aung Tint	Assistant Director	Irrigation and Water Utilization Management Department
13	Daw Aye Aye Mon	Assistant Director	Agriculture Mechanization Department
14	Dr. Phyo Thu Aung	Assistant Director	Livestock, Breeding and Veterinary Department
15	Dr. Khin Myo Thant	Assistant Director	Department of Agriculture
16	Daw Zar Chi Soe	Staff Officer	Irrigation and Water Utilization Management Department
17	U Zaw Win	Staff Officer	Irrigation and Water Utilization Management Department

18	U Zaw Min Oo	Staff Officer	Irrigation and Water Utilization Management Department
19	Daw Su Yee Phyu	Staff Officer/ Procurement Officer	DRD
20	Daw Theint Thinzar Maung	Finance Assistant	DRD
21	Daw Khin Thuzar Win	Finance Assistant	DRD
22	U Khaing Tun	Project coordinator for Chin State	DRD (Mindet district)
23	U Aung Lwin	Staff Officer	DRD (Mindet township)
24	Daw San San Aye	Staff Officer	Department of Agriculture (DOA)
25	U Htang Naing	Staff Officer	DOA (Mindet district)
26	U Tam Aung	Staff Officer	DOA (Mindet township)
27	U Maung Om	Staff Officer	DOA (Kanpalet township)
28	U Zaw Min Oo	Staff Officer	IWUMD (Mindet township)
29	Daw Htet Moh Moh Oo	Agriculture/value chain and rural finance counterpart	DRD/ PMU
30	Daw Theingi Cho	Procurement Assistant	DRD/ PMU
31	Daw Thidar Aye	Community Development, Gender and Training Counterpart	DRD/ PMU
32	U Kyaw San Maung	Admin & Safeguard Counterpart	DRD
33	U Thein Than Tun	Infrastructure Assistant	DRD
34	Daw Aye Aye Nwe	M&E Officer	DRD
35	Mr. Camilo Gudmalin	Project manager and Team Leader	MIC team
36	Mr. Pham Thai Hung	Agri Business Value Chain Expert	MIC team
37	Ms. Mary Joy Gundran	Rural Finance Expert	MIC team
38	U Bobby Maung	Chief Executive Officer	NAG/ IP
39	U Moe Sam	Deputy Team leader	MIC team
40	U Tun Tn Win	Financial Management Expert	MIC team
41	Daw Yin Yin Aung	Agriculture/value chain and rural finance Expert	MIC team
42	Daw Hnin Hnin Khaing	M&E and Knowledge Management Expert	MIC team
43	Daw Min Min Myat	Gender & Social Safeguards/ Community Development and Capacity Building Specialist	MIC team
44	Mr. Gary McGurk	Country Director	CARE International
45	Daw Nilar Shwe	Program Director	Care International
46	U Dominic	Senior Manager	Care International
47	Samuel Dai	Manager - Business Development	Care International
48	U Htan Law Kee	Manager - Agriculture (Mindet)	Care International
49	U Myint Soe Oo	Senior Land Advisor	Care International

50	U Swe Lin	Manager- Agriculture (Kanpalet)	Care International
51	Daw Ohn Kyaw Ti	Manager- Women Economic Empowerment	Care International
52	Daw Aye Aye Cho	Finance Officer	Care International
53	U Si Thu Tun	Program Manager	NAG
54	U Myo Lwin	Project Coordinator	NAG
55	Daw Khin Phyu Win	Team Leader (Pauk)	NAG
56	Daw Thae Mar Win	Program Finance Officer	NAG
57	Daw Chaw Yupar	District Project Finance Officer	NAG
58	Daw Ei Pwint Phyu	Program M&E Assistant	NAG
59	Daw Htet Yadanar Lin	Program Assistant	NAG
60	U Kyaw Thu Ko Ko	District Project M&E officer	NAG
61	U Min Min Htike	Team Leader (Myaing)	NAG

Myanmar

Western States Agribusiness Project Supervision Report

Appendix 6: Procurement

Mission Dates: 12 to 25 October 2020
Document Date: 26/11/2020
Project No. 2000000964
Report No. 5548-MM

Asia and the Pacific Division
Programme Management Department

Procurement Review Working Paper

WESTERN STATES AGRIBUSINESS PROJECT
12-23 October 2020

Field Locations: Remote Supervision Mode

Contents

i.	Review of Procurement Plan	1
ii.	Review of Ongoing/Completed Procurement Activities and Documentation	3
iii.	Review of Contract Administration and Management	4
iv.	Review of project's procurement filing system and the ease of document retrieval	5
vi.	Assessment of further procurement staff training needs	7
vii.	Review of any significant changes in the Borrower/Recipient's procurement system and practices	8
viii.	Key findings and conclusions from the PRM assessment update	10
ix.	Procurement performance indicator rating and justification	11
x.	Recommendations for improvement and follow-up actions for the Borrower/Recipient and/or IFAD ¹²	
	Annotated Guide for procurement review	13

i. Review of Procurement Plan

Procurement Review Working Paper

WESTERN STATES AGRIBUSINESS PROJECT
12-23 October 2020

Procurement Plan (PP) for Fiscal Year 2019-2020 is consistent with latest approved AWPB, updated to reflect actuals and upgraded as of the mission dates. Although delayed partly due to the COVID 19 pandemic, completed procurements are consistent with the PP. Except for procurement of vehicles which was cancelled and proposed to be procured under the 2020-2021 PP, all other planned procurements listed were completed. PP follows the IFAD PP template, has a summary page with an AWPB reference column, methods and thresholds are entered correctly. All procurements carried out are in the PP, as consistent with the Financing Agreement and the Letter to the Borrower. Project acquiring familiarity in updating and upgrading the PP. However, PP is not easily and publicly accessible. Project agreed to upload in agency and project website the PPs upon issuance of NO to upgraded PPs. Project personnel involved in procurement need technical capacity training in preparation of bidding documents.

ii. Review of Ongoing/Completed Procurement Activities and Documentation

From shortlisting to bidding, processes and procedures applied by the Lead Project Implementing Agency exhibit consistency, fairness, value for money, competition, efficiency, and responsiveness to requests for information and to complaints. Processes and procedures are consistent and comply with IFAD Project Procurement Guidelines and Handbook; the Financing Agreement and Letter to the Borrower (including provisions for prior review); and, other policies and requirements, such as the IFAD Policy on Preventing Fraud and Corruption in its Activities and Operations. Shortlisting criteria and schedules of requirements (i.e. technical specifications, quantities or terms of reference, etc.) are clearly expressed and measurable. However, evaluation methodology was not fully disclosed in the bidding documents. There are no requirements in the bidding documents that present a barrier to entry for bidders, except for acceptable national participation requirements. There is evidence that: more than the minimum number of bidders were invited to participate; all bidders received the bidding documents; minimum number of bids were received, as per method requirements; and, competition was maximised. Items subjected to procurement were in the Procurement Plan. A formal Procurement Requisition initiates a procurement process with Methods proposed in the PP utilized as mode of procurement. Enough was done to ensure competition with at least three bidders participating in procurement activities. Sufficient time was provided for bidders to request and receive clarifications before the submission deadline. Sufficient time was allotted for bidders to prepare quotations, bids and proposals. No late bids were accepted.

Processes and procedures applied by Regional/state Bid Evaluation Committee(BEC) for evaluation and contract award lacked consistency and efficiency. In civil works(roads and domestic water supply), the evaluation employed a merit point system not prescribed in the issued bidding documents. BEC need to review bidding requirements and evaluation methodology before commencing bid evaluation. One time waiver was given by IFAD with warning to comply with prescribed bidding procedures in future procurements. Procurements under national shopping subjected to post review appear to be fair and competitive.

iii. Review of Contract Administration and Management

The Lead Project Implementing Agency has sound processes, procedures and systems in place for administration, supervision and management of contracts, including for non-procured contracts/agreements such as grants, partnership agreements etc. Contract formats are consistent with bid documents and/or other legal templates, and include provisions regarding prohibited practises and IFAD's right to audit. Contracts are signed by Project/Government authorities. Warranties, guarantees (advance payment, performance, retention) and insurance are available or valid. Payments are consistent and timely in accordance with contract provisions. Supervision of works contract is undertaken but delays are noted partly due to the pandemic. Contract amendment to extend delivery periods due to the fore majeure was recommended. IFAD prior review requirements are complied with. Contract register follows IFAD's template and is updated correctly and submitted in accordance with provisions in the Letter to the Borrower.

Procurement Review Working Paper

WESTERN STATES AGRIBUSINESS PROJECT
12-23 October 2020

iv. Review of project's procurement filing system and the ease of document retrieval

Based on the self assessment checklist project's procurement filing system appear to be in order. However, PMU will still need to ensure it has copies of procurement files at the PIO level. During the mission, PMU had to secure docs from the Region/State(PIO level).

Procurement Review Working Paper

WESTERN STATES AGRIBUSINESS PROJECT
12-23 October 2020

v. **Review of issues identified in the previous procurement supervision and aide-mémoire and procurement related issues identified in project audit reports**

Except for the submission of the draft procurement manual which was given to the mission, all agreed actions under the December 2019 ISM have been complied by the project.

Procurement Review Working Paper

WESTERN STATES AGRIBUSINESS PROJECT
12-23 October 2020

vi. Assessment of further procurement staff training needs

Government personnel assigned to the project on procurement including PIO members of Bids Evaluation Committee need procurement technical capacity training to be given by the MIC Procurement National Consultant with IFAD support from an accredited Procurement Consultant.

Procurement Review Working Paper

WESTERN STATES AGRIBUSINESS PROJECT
12-23 October 2020

vii. **Review of any significant changes in the Borrower/Recipient's procurement system and practices**

There are no significant changes in the Borrower's procurement system and practices. Directive No. 1/2017 will be factored in PRM update.

Procurement Review Working Paper

WESTERN STATES AGRIBUSINESS PROJECT

12-23 October 2020

Procurement Review Working Paper

WESTERN STATES AGRIBUSINESS PROJECT
12-23 October 2020

viii. Key findings and conclusions from the PRM assessment update

First complete PRM assessment undertaken during this mission that includes Project Institutional Risk Assessment. Project at medium risk rating. Project is at medium risk in procurement planning and procurement processes that requires mitigation.

Procurement Review Working Paper

WESTERN STATES AGRIBUSINESS PROJECT
12-23 October 2020

ix. Procurement performance indicator rating and justification

Pillars	Rating	Justification
A. Review of Procurement planning	5	Procurement planning exhibits minor shortcomings that have no impact on project implementation and performance
B. Process and Procedures: from prequalification to bidding	4	Processes and procedures applied exhibit minor shortcomings that have no impact on project implementation and performance. Processes and procedures applied exhibit some gaps and inconsistencies that have limited impact on project implementation and performance. Implementation support is required, however, prompt resolution of issues/constraints is likely
C. Process and Procedures: from evaluation to awards	4	Processes and procedures applied exhibit minor shortcomings that have no impact on project implementation and performance. Processes and procedures applied exhibit some gaps and inconsistencies that have limited impact on project implementation and performance. Implementation support is required, however, prompt resolution of issues/constraints is likely
D. Contract management	4	Processes, procedures and systems for administration, supervision and management of contracts exhibit some weaknesses. Implementation support is required, however, prompt resolution of issues/constraints is likely
E. Record Retention	4	The project's record retention exhibits some weaknesses. Implementation support is required, however, prompt resolution of issues/constraints is likely
Overall	4	Processes, procedures and systems applied exhibit some gaps and inconsistencies that have limited impact on project implementation and performance. Implementation support is required, however, prompt resolution of issues/constraints is likely.

Procurement Review Working Paper

WESTERN STATES AGRIBUSINESS PROJECT
12-23 October 2020

x. Recommendations for improvement and follow-up actions for the Borrower/Recipient and/or IFAD

a) Recommendations

Agreed Action	Responsibility	Agreed Date
Complete procurement process for remaining civil works under 2018 and 2019 PPs Review civil works contracts for extension due to the COVID-19 pandemic	PMU/PIO	30Nov2020
Upload in government website the 2020-2021 Procurement Plan	PMU	15Nov2020
Secure copies of all procurement documents at PIO level	PMU	Continuous
Training on IFAD Procurement Procedures	IFAD/MIC	30Nov2020
Recruit a new Procurement Specialist	MIC	30Nov2020

b) Follow-up

Recommendation	Follow-up action	Responsibility	Agreed Date
Review civil works contracts for extension due to the COVID-19 pandemic	Conduct of coordination meetings between PMU and PIO	PMU/PIO	15Nov2020
Upload in government website the 2020-2021 Procurement Plan	PMU to advise IFAD of uploading after IFAD NO to Procurement Plan	PMU	10Nov2020
Secure copies of all procurement documents at PIO level	PMU to update IFAD of status of submission of docs from PIO	PMU	15Nov2020

Procurement Review Working Paper

WESTERN STATES AGRIBUSINESS PROJECT
12-23 October 2020

Training on IFAD Procurement Procedures	PMU to inform IFAD of schedule	PMU	15Nov2020
Recruit a new Procurement Specialist	MIC to submit to PMU new procurement Specialist	MIC	10Nov2020

Annotated Guide for procurement review

Review of Procurement Plan

A. Procurement planning process - PP is aligned with the AWPB, is prepared and updated consistently and accurately and is based on consultative and collaborative processes. PP follows the IFAD PP template, has a summary page with an AWPB reference column, methods and thresholds are entered correctly, and no less than 80% of the procurements listed are ongoing/completed as planned. PP is updated (with the “actuals” rows updated) and upgraded as necessary in a timely manner, with IFAD NOs provided accordingly. All procurements carried out are in the PP, as consistent with the Financing Agreement and the Letter to the Borrower. PP is easily and publicly accessible – demonstrating transparency and promoting participation and competition.

Review of Procurement Plan for each procurement should be completed in accordance to the following questions:

- Is it consistent with the latest approved AWPB:

- Do the nature and quantity of goods/works/services appear consistent with the activities in the AWPB?
- Is the procurement schedule consistent with the implementation schedules in the AWPB (does the delivery of goods, works and services correspond to targets in the AWPB)?
- Is the procurement budget adequate?
- Is the selection of procurement methods in compliance with the provisions of the LTB?
- Do the time estimates indicated seem realistic?
- Adequacy of procurement packaging:
 - Are the procurement activities systematically and logically grouped according to the categories of the procurement (goods/works/services)?
 - Has packaging been done in a way that generally facilitates the use of the most competitive and efficient procurement method, that ensures the best value for money and that avoids pseudo-packaging?
- Progress in implementing and updating and upgrading the PP, including identifying significant delays and causes, proposing adjustments to the PP and recommending improvements relating to planned/ongoing procurement processes (e.g. in the preparation of the bidding documents)

Review of Ongoing/Completed Procurement Activities and Documentation

B. Process and Procedures from Prequalification to bidding - From prequalification (if applicable) to bidding, processes and procedures applied by the Lead Project Implementing Agency exhibit consistency, fairness, value for money, competition, efficiency, and responsiveness to requests for information and to complaints. Processes and procedures are consistent and comply with the following: national procurement regulations and laws; IFAD Project Procurement Guidelines and Handbook (including any ancillary IFAD Procurement Documents/Templates); the Financing Agreement and Letter to the Borrower (including provisions for prior review); and, other policies and requirements, such as the IFAD Policy on Preventing Fraud and Corruption in its Activities and Operations. Prequalification criteria and schedules of requirements (i.e. technical specifications, quantities or terms of reference, etc.) are clearly expressed and measurable. Evaluation methodology is fully disclosed in the bidding documents. There are no requirements in the bidding documents that present a barrier to entry for bidders, except for acceptable national participation requirements. There is evidence showing the following: more than the minimum number of bidders were invited to participate; all bidders received the bidding documents; minimum number of bids were received, as per method requirements; and, competition was maximised.

Process and Procedures from Prequalification to bidding for each procurement should be completed in accordance to the following questions:

- Is the item in the Procurement Plan?
- Is there a formal Procurement Requisition that initiates the process?
- Is the Method proposed in the PP used?
- Is enough done to demonstrate that competition was achieved?
- Is there time provided for bidders to request and receive clarifications, before the submission deadline?
- Is there sufficient time allotted for bidders to prepare quotations, bids and proposals?
- No late bids were accepted?

C. Process and Procedures from Evaluation to Awards: Processes and procedures applied by the Lead Project Implementing Agency for evaluation and contract award exhibit consistency, fairness, value for money, competition, efficiency, and responsiveness to requests for information and to complaints. Processes and procedures are consistent and comply with the following: national procurement regulations and laws; IFAD Project Procurement Guidelines and Handbook (including any ancillary IFAD Procurement Documents/Templates); the Financing Agreement and Letter to the Borrower (including provisions for prior review); and, other policies and requirements, such as the IFAD Policy on Preventing Fraud and Corruption in its Activities and Operations. Proper number of evaluation committee members as per IFAD, including at least 1 member with the technical knowledge and experience in coherence with the type of procurement. Evaluation done across 3 steps, Preliminary Examination, Technical Evaluation and Financial Evaluation, consistent with the methods of procurement. Evidence of signatures of evaluation committee members in the pages that carry final recommendation and final scores. Arithmetic corrections are accurate with evidence to show that the errors were formally communicated to bidders, and bidders' acceptance of such corrections. For Prior Review procurements, Technical and Combined Evaluation Reports and Draft Contracts evident with IFAD No Objection filed. Evidentiary documents and/or justification to show how bidders were eliminated from each step. For Post Review procurements, evaluation reports and contracts showing the steps, evident in file.

The Evaluation process for each procurement should be completed in accordance to the following questions:

- Was Preliminary Examination done?
- Are there objective and justifiable reasons for rejections at Preliminary Examination?
- Was Technical Evaluation done?
- Are there objective and justifiable reasons for rejections at Technical Evaluation?
- For QCBS and QBS was a Technical Evaluation Report submitted to and no-objected to by IFAD before the Financial Proposal(s) was/were opened?

- For all advertised procurement, were bidders informed of the (technical) evaluation outcome?
- Were the bidders given sufficient explanation as to their performance at the (technical) evaluation, if one or more requested this information?
- Were bidders given enough time to submit a challenge/protest?
- For consulting services under QCBS, QBS and LCS, was there a formal opening of financial proposals?
- Was Financial evaluation done and properly?
- Were corrections to Bidders' financials/prices were done, is there correspondence to show that the bidders were (i) notified and (ii) accepted the correction?
- Are there objective and justifiable reasons for rejections at Financial Evaluation?
- For consulting services under QCBS, were bidders provided the results of the combined evaluation and accorded sufficient time to challenge/protest?
- Were challenges/protests received? Were they handled properly?

The Award and negotiations process for each procurement should be completed in accordance to the following questions:

- Was award done after all challenges/protests were received?
- Negotiations were not held for Goods and Works
- Negotiations were held for consulting services?
- Did the negotiations significantly alter:
 - the scope
 - the duration
 - the price

Review of Contract Administration and Management

D. Contract management and Administration: The Lead Project Implementing Agency has sound processes, procedures and systems in place for administration, supervision and management of contracts, including for non-procured contracts/agreements such as grants, partnership agreements etc. Contract formats are consistent with bid documents and/or other legal templates, and include provisions regarding prohibited practises and IFAD's right to audit. Contracts are signed by Project/Government authorities. Correspondences and communication between the parties to the contract are available. As applicable, warranties, guarantees (advance payment, performance, retention) and insurance are available or valid. Payments are consistent and timely in accordance with contract provisions. Delivery of goods, works and services is in accordance with timelines. Supervision of works contract is undertaken. Delays are managed and liquidated damages are applied consistently. Complaints and disputes are managed and promptly resolved. IFAD prior review

requirements are complied with. Contract register follows IFAD's template and is updated correctly and submitted in accordance with provisions in the Letter to the Borrower.

To ensure that **contract administration review** is effective and efficient, the following should be addressed:

- Advance payment (for Goods and Works): review should include checks for a copy of the advance payment security, acceptability of the format (guarantee, bond, etc.), validity, advance payment recovery plan as captured in the contract, and formal correspondence from issuing bank/financial institution confirming security was issued by them;
- Performance security (for Goods and Works): review should include checks for a copy of the performance security, acceptability of the format (guarantee, bond, etc.), validity (should be valid up to 28 days after contract completion), and formal correspondence from issuing bank/financial institution confirming security was issued by them;
- Retention money guarantee (for Works): review should include checks for need for a retention money guarantee as against a retention, validity, and formal correspondence from issuing bank/financial institution confirming security was issued by them;
- Timeliness of progress payments; and
- Validity of insurance policies.

To ensure that **contract management review** is effective and efficient, the following should be addressed:

- Assessing if contracts are effectively managed by the technical units in charge; and if contracts are executed as per the original schedule.

To ensure that **contract payment monitoring form** review is effective and efficient, the following should be addressed:

- Identifying issues and weaknesses (and the relevant underlying causes of these issues and weaknesses) in contract administration and management and recommend improvements.

The contract, contract administration and management process for each procurement should be completed in accordance to the following questions:

- Was the Contract signed by both parties? (A copy must be evident in file)

- Has the contract the standard commercial and contractual terms required for a proper procurement agreement, as per relevant category and method?
- Is the procurement requirement (terms of reference, description of services, schedule of requirements, technical specifications) expressed in the contract as consistent with the successful bidder's bid evaluation report and negotiated outcome?
- Was a Contract amendment made to extend time/add funds/add scope?

Review of project's procurement filing system and the ease of document retrieval

E. Record retention: The Lead Project Implementing Agency keeps procurement records orderly in file records in shelves or other safe place, or even better if records are saved orderly electronically and are uploaded to the cloud or other safe electronic environment (including a protected in-house server). The file record should not be cramped. Excess papers should be in additional volumes in one or more additional lever-arch folders. Bids and proposals submitted by bidders may be left out of the lever arch file and kept in appropriately labelled box files. Lever arch folders should have a side label and a file index.

File Index should carry the following minimum information:

- Copy of Procurement Plan, with the item highlighted
- Signed Requisition
- Bidding Document
- Bid Opening documents
- Bids, proposals or quotations (when these are voluminous, a box-file should be used)
- Evaluation documents
- Contract documents
- Any other relevant documents

Review of issues identified in the previous procurement supervision and aide-mémoire and procurement related issues identified in project audit reports

Such review assesses if adequate remedial actions are being taken to address issues or weaknesses raised in the previous procurement supervision, aide-mémoire and in recent project audit reports, as well as identifying any outstanding risk mitigation actions and other procurement-related issues arising from implementation support and monitoring. Based on such review, further actions to be taken by IFAD, the project or the Borrower/Recipient will be recommended.

Assessment of further procurement staff training needs

The assessment of further procurement staff training needs entails ensuring relevant training is planned and provided to project management and procurement staff in a timely manner. The

assessment should refer to the Capability in Public Procurement under Project Institutional risk assessment of the Risk Matrix. The following must be addressed:

- Existence of a Procurement Unit with at least 2 staff members (Design stage, reference is to government agency)
- Existence of a Procurement Officer (Implementation)
- Staff member(s) required experience in donor funded public procurement
- General quality of documents produced by the procurement office
- Procurement staff having immediate access to the legal and regulatory framework documents
- Procurement and financial management functions being separated

Review of any significant changes in the Borrower/Recipient's procurement system and practices

The review should ensure project procurement procedures and systems are updated accordingly and should focus on the Legal and Regulatory Framework and the Accountability and Transparency under the Country Risk Assessment of the Procurement Risk Matrix. The following must be addressed:

Legal And Regulatory Framework

- Country procurement law, regulations and manual exist
- Existence of Standard Bidding Documents for Goods, Works and Services
- Procurement Monitoring
- Procurement Methods
- Public access to procurement information

Accountability and Transparency

- Procurement Complaints Management
- Country Corruption Perception Index score
- 2-tiered system to handle complaints
- Existence of a debarment system
- Existence of an independent and competent local authority responsible for investigating corruption allegations

Key findings and conclusions from the PRM assessment update

A project's PRM will need to be reviewed and updated every time the procurement performance of a project is supervised. The PRM will be updated in light of evolving conditions or circumstances, for example, with respect to the national procurement system, improvement/deterioration of project procurement performance, overall implementation

Procurement Review Working Paper

WESTERN STATES AGRIBUSINESS PROJECT
12-23 October 2020

progress and results delivery. As a result, procurement and prior review thresholds may be revised, other existing risk mitigation measures may be adjusted or additional measures may be introduced.

If the colour of the circle under the **NET RISK RATING** of the Procurement Matrix changes from:

- 1) **Low risk to High Risk or Medium Risk to High Risk-** (● → ●) (● → ●)

Procurement specialist must give thorough explanation why the change has occurred, and what the recommendations are

- 2) **High Risk to Medium Risk or Medium to Low Risk** (● → ●) (● → ●)

Procurement Specialist must give thorough explanation why the change has occurred and how

- 3) **Risk remains the same** (colour remains the same)

Procurement Specialist is not required to provide any justification

Procurement performance indicator rating and justification

The Borrower/Recipient and Lead Project Implementing Agency's performance with respect to procurement is assessed in terms of the quality, reliability, transparency and efficiency with which it carries out procurement processes it is responsible for, and the effects on project implementation and results delivery. The procurement performance indicator consists of five pillar sub-ratings that must be averaged (on an equal weight basis) to compute the overall rating. This indicator will be assessed at least once a year.

Ratings (as per below):

Pillars/Ratings	(6) Highly satisfactory	(5) Satisfactory	(4) Moderately Satisfactory	(3) Moderately unsatisfactory	(2) Unsatisfactory	(1) Highly unsatisfactory
A. Planning	Procurement is very well planned, and all related processes and procedures applied fully meet requirements	Procurement planning exhibits minor shortcomings that have no impact on project implementation and performance.	Procurement planning exhibits some gaps and inconsistencies that have limited impact on project implementation and performance. Implementation support is required, however, prompt resolution of issues/constraints is likely	Procurement planning exhibits significant shortcomings and inconsistencies across some of the requirements. Project implementation is negatively impacted and delayed; implementation support is required; resolution of issues/constraints is likely but will take some time.	Procurement planning exhibits serious shortcomings and inconsistencies across the board. Project implementation is severely impacted and delayed; procurement risk is high; significant implementation support is required; resolution of issues/constraints is uncertain. Some evidence of prohibited practices.	Procurement planning is non-functional. Project implementation and achievement of development objectives are compromised; procurement risk is very high; resolution of issues/constraints is unlikely. Extensive evidence of prohibited practices.

Procurement Review Working Paper

WESTERN STATES AGRIBUSINESS PROJECT
12-23 October 2020

B. Pre-qualification - Bidding	Processes and procedures applied fully meet requirements.	Processes and procedures applied exhibit minor shortcomings that have no impact on project implementation and performance.	Processes and procedures applied exhibit some gaps and inconsistencies that have limited impact on project implementation and performance. Implementation support is required, however, prompt resolution of issues/constraints is likely	Processes and procedures applied exhibit significant shortcomings and inconsistencies across some of the requirements. Project implementation is negatively impacted and delayed; implementation support is required; resolution of issues/constraints is likely but will take some time.	Procurement process and procedures applied exhibit serious shortcomings and inconsistencies across the board. Project implementation is severely impacted and delayed; procurement risk is high; significant implementation support is required; resolution of issues/constraints is uncertain. Some evidence of prohibited practices.	Processes and procedures are non-functional. Project implementation and achievement of development objectives are compromised; procurement risk is very high; resolution of issues/constraints is unlikely. Extensive evidence of prohibited practices.
C. Evaluation - Award	Processes and procedures applied fully meet requirements.	Processes and procedures applied exhibit minor shortcomings that have no impact on project implementation and performance.	Processes and procedures applied exhibit some gaps and inconsistencies that have limited impact on project implementation and performance. 21 Implementation support is required, however, prompt resolution of issues/constraints is likely.	Processes and procedures applied exhibit significant shortcomings and inconsistencies across some of the requirements. Project implementation is negatively impacted and delayed; implementation support is required; resolution of issues/constraints is likely but will take some time.	Procurement process and procedures applied exhibit serious shortcomings and inconsistencies across the board. Project implementation is severely impacted and delayed; procurement risk is high; significant implementation support is required; resolution of issues/constraints is uncertain. Some evidence of prohibited practices.	Processes and procedures are non-functional. Project implementation and achievement of development objectives are compromised; procurement risk is very high; resolution of issues/constraints is unlikely. Extensive evidence of prohibited practices.
D. Contract management	Processes, procedures and systems for administration, supervision and management of contracts exhibit high performance across all requirements	Processes, procedures and systems for administration, supervision and management of contracts exhibit minor shortcomings that have no impact on project implementation and performance.	Processes, procedures and systems for administration, supervision and management of contracts exhibit some weaknesses. Implementation support is required, however, prompt resolution of issues/constraints is likely	Processes, procedures and systems for administration, supervision and management of contracts exhibit numerous shortcomings. Project implementation is negatively impacted; implementation support is required; resolution of issues/constraints is likely but will take some time.	Processes, procedures and systems for administration, supervision and management of contract exhibit significant lapses and gaps in terms of performance standards, inconsistently applied controls, inefficiency, and transparency. Project implementation is severely impacted; procurement risk is high; significant implementation support is required; resolution of issues/constraints is uncertain. Some evidence of	Processes, procedures and systems for administration, supervision and management of contracts are non-functional. Project implementation and achievement of development objectives are compromised; procurement risk is very high; resolution of issues/constraints is unlikely. Extensive evidence of prohibited practices.
E. Record retention	The project's record retention fully meets requirements, and can be regarded as a best practice.	The project's record retention exhibits minor shortcomings that have no impact on project implementation and	The project's record retention exhibits some weaknesses. Implementation support is required, however, prompt resolution of issues/constraints is like	The project's record retention exhibits numerous shortcomings. Project implementation is negatively impacted; implementation support is required; resolution of issues/constraints is likely but will take some	The project's record retention exhibits serious shortcomings and inconsistencies across the board. Project implementation is severely impacted and delayed; procurement risk is high; significant	The project's record retention is non-functional. Project implementation and achievement of development objectives are compromised; procurement risk is

Procurement Review Working Paper

WESTERN STATES AGRIBUSINESS PROJECT
12-23 October 2020

		performance.		time.	implementation support is required; resolution of issues/constraints is uncertain. Some evidence of prohibited practices.	very high; resolution of issues/constraints is unlikely. Extensive evidence of prohibited practices.
OVERALL	Processes, procedures and systems applied fully meet requirements.	Processes, procedures and systems applied exhibit minor shortcomings that have no impact on project implementation and performance.	Processes, procedures and systems applied exhibit some gaps and inconsistencies that have limited impact on project implementation and performance. Implementation support is required, however, prompt resolution of issues/constraints is likely.	Processes, procedures and systems applied exhibit significant shortcomings and inconsistencies across some of the requirements. Project implementation is negatively impacted and delayed; implementation support is required; resolution of issues/constraints is likely but will take some time.	Processes, procedures and systems applied exhibit serious shortcomings and inconsistencies across the board. Project implementation is severely impacted and delayed; procurement risk is high; significant implementation support is required; resolution of issues/constraints is uncertain. Some evidence of prohibited practices.	Processes, procedures and systems are non-functional. Project implementation and achievement of development objectives are compromised; procurement risk is very high; resolution of issues/constraints is unlikely. Extensive evidence of prohibited practices.

Recommendations for improvement and follow-up actions for the Borrower/Recipient and/or IFAD

Based on the supervision review, recommendations for improvement and follow actions should be worked out.

- c) In the recommendations, agreed actions should be worked out in order to improve the procurement process

Agreed Action	Responsibility	Agreed Date

- d) The follow-up actions must be based on what has been stated in the recommendation for the improvement.

Recommendation	Follow-up action	Responsibility	Agreed Date

Procurement Review Working Paper

WESTERN STATES AGRIBUSINESS PROJECT
12-23 October 2020
