

## **Nepal**

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### **Agriculture Sector Development Programme Supervision Report**

Mission Dates: 4 - 24 September 2020  
Document Date: 09/11/2020  
Project No. 2000001418  
Report No. 5530-NP

Asia and the Pacific Division  
Programme Management Department



## Abbreviations and Acronyms

<b>ADBL</b>	Agricultural Development Bank Limited
<b><u>ASDP</u></b>	<u>Agriculture Sector Development Program</u>
<b><u>AWPB</u></b>	<u>Annual Work Program and Budget</u>
<b><u>BCC</u></b>	<u>Behaviour Change and Communication</u>
<b>B2B</b>	Business to Business
<b>B2S</b>	Business to Service
<b>CAESC</b>	Community Agriculture Extension Service Centre
<b>CD</b>	Country Director
<b>CIC</b>	Corridor Investment Committee
<b>CPO</b>	Country Programme Officer
<b>DG</b>	Director General
<b>EOI</b>	Express of Interest
<b>FCHV</b>	Female Community Health Volunteer
<b>FEBL</b>	Financial Education and Business Literacy
<b>FY</b>	Fiscal Year
<b>GESI</b>	Gender Equality and Social Inclusion
<b>GoN</b>	Government of Nepal
<b>HHM</b>	Household Methodology
<b>HVAP</b>	High Value Agriculture Project in Hills and Mountain Areas
<b>IFAD</b>	International Fund for Agricultural Development
<b>MADC</b>	Municipal Agriculture Development Committee
<b>MAU</b>	Municipal Agriculture Unit
<b>M&amp;E</b>	Monitoring and Evaluation
<b>MDD-W</b>	Minimum Dietary Diversity of Women
<b>MIS</b>	Management Information System
<b>MOALD</b>	Ministry of Agriculture and Livestock Development
<b>MOU</b>	Memorandum of Understanding
<b>MPCIF</b>	Market-oriented Public and Community Infrastructure Fund
<b>MSP</b>	Multi-Stakeholders' Platform
<b>MSNP</b>	Multi Sector Nutrition Programme
<b>NPR</b>	Nepalese Rupees
<b>OSV</b>	Off-season Vegetables
<b>PCO</b>	Programme Coordination Office
<b>PDR</b>	Programme Design Report
<b>PCU</b>	Programme Coordination Unit
<b>PIC</b>	PCO Level Investment Committee
<b>POs</b>	Producer Organizations
<b>SDC</b>	Swiss Agency for Development Cooperation
<b>SDG</b>	Sustainable Development Goal
<b>SDR</b>	Special Drawing Rights
<b>SIP</b>	Strategic Investment Plan
<b>SP</b>	Service Provider
<b>TA</b>	Technical Assistance
<b>TOC</b>	Theory of change
<b>ToR</b>	Terms of Reference
<b>VC</b>	Value Chain
<b>VCD</b>	Value Chain Development
<b>VCDF</b>	Value Chain Development Fund
<b>WA</b>	Withdrawal Application

## A. Project Overview

Region:	Asia and the Pacific Division	Project at Risk Status:	Not at risk
Country:	Nepal	Environmental and Social Category:	B
Project Name:	Agriculture Sector Development Programme	Climate Risk Classification:	2
Project ID:	2000001418	Executing Institution:	Ministry of Agriculture Development
Project Type:	Storage, processing and marketing	Implementing Institutions:	not available yet
CPM:	Tarek Kotb		
Project Director:	not available yet		
Project Area:	not available yet		

Approval Date:	11/12/2017	Last audit receipt:	17/10/2020
Signing Date:	04/06/2018	Date of Last SIS Mission:	24/09/2020
Entry into Force Date:	04/06/2018	Number of SIS Missions:	3
Available for Disbursement Date:	10/04/2019	Number of extensions:	0
First Disbursement Date:	14/05/2019	Effectiveness lag:	6 months
MTR Date:	not available yet		
Original Completion Date:	30/06/2024		
Current Completion Date:	30/06/2024		
Financial Closure:	not available yet		

### Project total financing

IFAD Financing breakdown	Asia and the Pacific Division	\$1,800,000
	IFAD	\$38,200,000
Domestic Financing breakdown	Beneficiaries	\$6,681,000
	Other Domestic	\$3,440,000
	Private sector local	\$3,488,000
	National Government	\$11,480,000
Co-financing breakdown,	Swiss Agency for Development and Cooperation	\$3,000,000
Project total financing:		\$68,089,000

### Current Mission

Mission Dates:	4 - 24 September 2020
Days in the field:	Remote mission
Mission composition:	Mr. Shyam Khadka, Mission Leader and Project Management Specialist, Mr. Hari Prasad Dhakal, Procurement Specialist; Ms Kiran Hunzai, Monitoring and Evaluation Specialist; Tribhuban Paudel, Gender and Social Inclusion Specialist, Mr. Pradeep Shrestha, Financial Management Specialist, Mr. Sanjeev Kumar Shrestha, Value Chain Development Specialist, and. Mr. Bashu Aryal, CPO IFAD joined the Mission during the kick-off, presentations and pre-wrap-up and wrap-up meetings. Dr Tarek Kotb, Country Director, IFAD joined the Mission in the kick-off, pre-wrap-up and wrap-up meetings.
Field sites visited:	Virtual field visit to Bheri Municipality - 1 Kolchaur, Jajarkot, Siddha Kumah Municipality - 3 Salyan and Lekbesi Municipality - 9 Surkhet

## B. Overall Assessment

Key SIS Indicator #1	Ø	Rating	Key SIS Indicator #2	Ø	Rating
Likelihood of Achieving the Development Objective		4.17	Assessment of the Overall Implementation Performance		3.83
<b>Effectiveness and Developmental Focus</b>		<b>4</b>	<b>Project Management</b>		<b>4</b>
Effectiveness		4	Quality of Project Management		3
Targeting and Outreach		5	Knowledge Management		4
Gender equality & women's participation		4	Value for Money		4
Agricultural Productivity		4	Coherence between AWPB and Implementation		4
Nutrition		3	Performance of M&E System		4
Adaptation to Climate Change		4	Social, Environment, and Climate Standards requirements		4
<b>Sustainability and Scaling-up</b>		<b>5</b>	<b>Financial Management and Execution</b>		<b>4</b>
Institutions and Policy Engagement		5	Acceptable Disbursement Rate		2
Partnership-building		5	Quality of Financial Management		4
Human and Social Capital and Empowerment		4	Quality and Timeliness of Audit		4
Quality of Project Target Group Engagement and Feedback		5	Counterparts Funds		5
Responsiveness of Service Providers		5	Compliance with Loan Covenants		4
Environment and Natural Resource Management		4	Procurement		4
Exit Strategy					
Potential for Scaling-up		4			
<b>Relevance</b>					<b>5</b>

## C. Mission Objectives and Key Conclusions

### Background and Main Objective of the Mission

Designed with the goal of contributing to the achievement of Nepal's SDG 1 and SDG 2 targets by reducing poverty and nutrition insecurity amongst women and men in hill and mountain areas of Karnali State, the Agriculture Sector Development Programme (ASDP) is a joint initiative of the Government of Nepal (GoN) and the International Fund for Agricultural Development (IFAD). The Federal Ministry of Agriculture and Livestock Development (MOALD) of the Government of Nepal (GON) acts as the Lead Project Agency (LPA) of the Programme and implements programme activities in close cooperation and coordination with the State and Municipal (local level) governments as well as the private sector entities.

ASDP's total estimated cost of US\$68.1 million is funded through: a loan of US\$ 38.2million (SDR 27.2mn) and a grant of US\$ 1.8mn (SDR 1.3mn) from IFAD, US\$ 3mn from Swiss Agency for Development Cooperation (SDC) and rest by GON (\$11.5 mn), programme beneficiaries (US\$ 6.7mn) and the private sector (US\$ 3.5mn). ASDP was approved by IFAD Board on 11 December 2017 and initial advance was disbursed in May 2019. A Memorandum of Understanding (MOU) was signed between MOALD and Helvetas-Nepal, on 11 December 2018 for supporting implementation of establishment of municipal agricultural development committees (MADCs) and pluralistic extension service under component 1.4. It is expected to be completed by 30 June 2024.

This is the second supervision mission for ASDP. Its key objectives were to: (a) review overall progress made by the programme since the last supervision mission (23 September - 05 October 2019) also considering the contribution made by interim implementation support missions (23-31 July 2020), (b) review the annual work programme and budget (AWPB) for FY 2020/21 and implementation plan prepared by the programme management and provide comments and suggestions for finalising the plan and submitting to IFAD in the context of COVID-19; (c) review the performance of the programme management team, duly considering staff turnover and availability, in achieving programme outcomes and associated outputs and activities as stipulated in the design report; (d) review the M&E and MIS system put in place and provide guidance for further improvements; and (e) assess coordination and linkages mechanism put in place between/among three tiers of governments (federal, state and local) for a smooth and coordinated implementation of activities on the ground.

This Program supervision mission came at a time when social distancing standards related to COVID-19 were in place, which the mission strictly adhered to using virtual platforms and other means of telecommunication.

The mission led by Mr. Tarek Kotb, Country Director (CD), IFAD held a kick-off meeting on 4 September with MOALD which was chaired by Mr. Rajendra Prasad Bhari, Secretary and benefited from the participation of Dr. Rajendra Prasad Mishra, Joint Secretary, Dr. Rewati Raman Poudel, DG, Agriculture, Dr. Banshi Sharma, DG, Livestock, and Mr. Shankar Prasad Sapkota, Under Secretary, MOALD. This was followed by a briefing meeting on 6 September and verbal debriefing by the Mission on 15 September with the PCO. The Mission benefitted from a remotely held field visit programmes in Surkhet, Salyan and Jajarkot on 9 and 10 September.

The Mission led by the CD shared key findings and recommendations with the programme team led by Mr. Bhoj Raj Sapkota, Programme Coordinator and PCO staff in a pre-wrap-up meeting held remotely on 21 September 2020. A final wrap up meeting with Government was held on 24 September 2020 under the chairmanship of Mr Rajendra Prasad Bhari, Secretary, MOALD with participation from the National Planning Commission and the Ministry of Finance and other key stakeholders.

### Key Mission Agreements and Conclusions

While the Program is experiencing major delays in implementation, it has made some significant achievements since the last supervision mission, especially in reaching to 4,494 beneficiary households through value chain development. In this light, overall project performance is rated as *moderately satisfactory*.

Following the joint review of the achievements on the ground with the PCO and the Ministry of Agriculture and Livestock Development and the wrap-up meeting of 24 September 2020, a comprehensive set of recommendations were made by the Mission which were discussed in detail and agreed upon with minor modifications. Key agreements reached were:

- Maintaining the current Program Coordinator for at least the next 3 years;
- Restructuring of the PCO to fit for implementation purpose and recruitment of all remaining key personnel, including 60 Agricultural Technicians and 16 Field Agricultural Officers for field level implementation;
- Expediting piloting of Community Agricultural Extension Service Centers (CAESCs) in 5 Wards, and following the approval of the appropriate guidelines expand to 35 additional Wards in later part of the current financial year;
- Finalizing the modalities and arrangements for the implementation of infrastructure projects;
- Adjusting staff remuneration scales according to their level of expertise and performance; and,
- Using national consulting budget line for advisory services for expertise available nationally and if that proves to be inadequate draw budget from the international advisory budget line<sup>[4]</sup>

ASDP entered into force on 4 June 2018. So, it has been in operation for 2 years and 3 months and has thus spent over 37% of its design life. ASDP suffered from initial delays since full-time Programme Coordinator joined in May 2019 (2 years 4 months ago), and effective leadership of Jumla and Salyan Programme Coordination Units (PCUs) became available only in September 2019, about a year ago. The TA team fielded by HELVETAS in February 2019 while helped the Programme to make some headway for preparing key documents and initiating assessments, it suffered from vacancies of critical posts until about February-March 2020 when the entire rural finance team, Institutional Development Expert, Nutrition Expert, 3 Gender Equality and Social Inclusion (GESI) and nutrition officers, 2 sub-engineers joined. Soon after the relative strengthening of the programme management, GON declared a nation-wide lockdown followed by restrictions on a range of government expenditures and this significantly affected the performance of ASDP.

Delays in implementation continue to affect Programme delivery. Since its entry into force on 4 June 2018, the Programme has already spent 37% of its implementation lifetime against 8.7% of disbursement from IFAD funds, including initial advances. This is attributed to the delay in starting the Programme activities, the substantial understaffing until the first quarter of 2020, the high turnover of Programme Coordinators (3 full-time Coordinators with an average Coordinator uptime of less than 5 months) and the negative impact created by the COVID-19 induced lockdown.

The Programme has succeeded in building a "mud-track" on which substantial progress can be made in the near future. The main achievements of the Program include the creation of 29 Municipality Agricultural Development Committees (MADCs); concrete interventions in 21 municipalities connecting 4,494 households, organized into 157 producer organizations (POs); and the approval of about US\$ 1.17 million as co-investments. Likewise, under the market-driven public and community infrastructure sub-component, demand for 90 infrastructures, including 12 public infrastructure such as irrigation systems, was collected. Of these, design and cost estimate were completed for 45 schemes. Key initial activities for rural financial services and nutrition-related interventions have begun and preparatory documents for almost all activities have been drafted and adopted for implementation. With gradual easing of COVID-19 related strictures and resumption of normal budgetary operations under the approved AWPB of ASDP for FY 2020/21<sup>[2]</sup>, change in the project management leadership, and expected recruitment of 16 field agricultural officers and 60 agricultural technicians, ASDP's performance is expected to improve substantially in the remaining 9 months of the current fiscal year. Considering the factors stated, the overall performance of the Programme is rated as moderately satisfactory (4 out of 6).<sup>[3]</sup>

<sup>[1]</sup> The Programme has provided for 36.5 months of international advisers in 6 different areas of expertise, which given the strictures put by GON on hiring international consultants, the Programme has not made use; nor has it planned to use any of these advisory services in the current fiscal year.

<sup>[2]</sup> MOALD instruction dated 13 September 2020.

<sup>[3]</sup> In rating the performance under the Programme since the last supervision mission, the *force majeure* created by the COVID-19 pandemic and resultant lock-/shut-down has also been factored in.

## D. Overview and Project Progress

The Programme has two components: (i) Value chain development, and (ii) Programme coordination. The first component includes four sub-components: (i) Inclusive and sustainable agriculture value chains expanded and diversified; (ii) Market-oriented infrastructure functional; (iii) Rural financial services for value chain development strengthened; and (iv) Agriculture services sustainably support innovation and value chain development.

### Sub-component 1.1- Inclusive and sustainable value chain development

The performance of this sub-component is moderately satisfactory (4). As of July, 2020, the Programme has developed and finalised the Value Chain Development Fund (VCDF) guidelines<sup>[4]</sup>, assessment sheet and norms and started up the field implementation, engaging 4,494 households (13 % of total target) organised in 157 groups and sub-groups of 21 municipalities for co-investment in prioritised value chains as vegetables, milk and goat, however, grants disbursement yet to begin. The Programme also conducted 2 state level and 5 cluster level Multi-Stakeholder Platforms (MSPs) and validated as well as prioritised interventions. It also facilitated business to business (B2B) meetings, which resulted in formal and informal contractual arrangements between 47 producer organisations and 6 Agribusiness/buyers. This shows that successful engagement with agribusiness/buyers has started and expected to be progress well, though still in its early stages.

The Programme has already identified 145 clusters covering 72,714 households in 32 municipalities (Annex 1) and has called expression of interest from POs for value chain development fund (VCDF) and received 730 EoIs/proposals. Of these, 186 expression of interest (EoI) proposals were under window 1, covering 12 VCs prioritized under the Programme and 544 proposals on window 2 for vegetable, goat and milk value chains. These covered 99 clusters in 21 municipalities. Following desk review, the Programme undertook field verification (FV), provided support for business plan (BP) preparation, and obtained endorsement through MADCs. It has signed contracts with 157 groups and sub-groups involving 4,494 beneficiary households of 21 municipalities.

**Table 1- Status of Eols/Proposal received under by various windows under VCDF**

Description	No of Eols received under various Windows of VCDF			Total
	Window-1	Window-SP	Window-2	
No of Eols /Proposal received	104	82	544	<b>730</b>
No of EOIs/Proposal rejected from desk review	33	11	5	<b>49</b>
No of Eols accepted for field verification (FV) after desk review	71	71	539	<b>681</b>
No of Eols FV conducted	-	22	340	<b>362</b>
No of Eols selected after FV	-	16	229	<b>319</b>
No of BP prepared and POs contracted	-	-	157	<b>157</b>
<b>No of Eols remaining for FV and other process</b>	<b>71</b>	<b>49</b>	<b>199</b>	<b>319</b>

The programme team has: (i) fully engaged the local level elected representatives and municipality agricultural/livestock staff while conducting the field verification; (ii) committed NPR 138 million as co-investments, 49% of total investment excluding working capital; and (iii) conducted orientation in 85% of the total contracted POs either in field or virtually. In addition, remaining 319 Eols that have gone through the initial desk review and are expected to be contracted by November 2020 prior to the second planned Eol.

**Table 2 - Status of Programme and Beneficiaries contributions by Value Chains**

S. N	Value Chains	No of POS	HHs	Total budget excluding labour) and contributions amount (NPR in millions)			Remarks
				ASDP	Producer organizations	Total	
1	Turmeric	1	45	0.91	0.94	1.85	Jum-8; Kkt-
2	Goat	67	1958	59.69	65.84	125.53	12; Dlk-25;
3	Dairy	37	1052	33.59	33.88	67.47	Skt-33; Jkt-38;
4	OSV	52	1439	43.35	43.90	87.25	Sln-17; Ruk-
<b>Total</b>		<b>157</b>	<b>4494</b>	<b>137.56</b>	<b>144.53</b>	<b>282.09</b>	<b>24</b>

Note: Jum- Jumla; Kkt – Kalikot; Dlk- Dailekh; Skt-Surkhet; Jkt-Jajarkot; Sln-Salyan; Ruk-Rukum

It was agreed during the mission that the PCO will continue working on 4 priority commodities (vegetables, dairy, goat, seed potato<sup>45</sup>) and consider additional 5-8 district specific value chains as honey, ginger, turmeric, citrus fruits, apple, *timur* (*Z. armatum*), walnut and highly nutritious under-utilized crops having clear and credible market demand and interest from the market players/buyers to work with the producers group in sourcing the product during the current fiscal year as detailed in Annex 2. The programme will focus for co-investment support in nurseries supporting availability of quality high yielding saplings production in case of tree crops value chains as apple, *timur*, citrus fruit and walnut.

#### Sub-component 1.2 - Market-oriented public and community infrastructure

Under this sub-component, the programme has developed Market-oriented Public and Community Infrastructure Fund (MPCIF) Guidelines and produced drawings and design of various standard infrastructures. The Programme has collected demand for 90 infrastructures including 12 public infrastructures such as irrigation system, collection centre, market structures, roads, and dipping tanks. Till date, pre-feasibility study and detailed technical survey have been carried out for 51 Community schemes including 21 dipping tanks. The engineering team based at PCU has scrutinized the demand and carried out survey of 51 infrastructure and design and cost estimate of 45 community infrastructure have been completed<sup>6</sup>. ASDP plans to complete 102 community infrastructures during this fiscal year. Out of the total community infrastructures, 23 irrigation schemes benefit 1,059 HHs with command areas 597 ropani land (approximately 30 hectares) and 21 dipping tanks serve 5,888 goats owned by 603 HHs. So far there have been no contracts in place due to COVID-19 restrictions. Considering achievements made so far, this component is rated moderately unsatisfactory (3).

#### Sub-component 1.3 - Rural financial services for value chain development

Under the sub-component the Programme Management has: (i) mapped financial service providers, (ii) collected preliminary information on Cooperatives using virtual mean<sup>67</sup>, and (iii) completed the drafting of Implementation Guidelines and 3 volumes of financial education and business literacy (FEBL) resource book. The Programme Coordination Office (PCO) has completed the drafting of guidelines for cooperatives for: (i) capacity assessment, (ii) capacity Development, and (iii) short-listing criteria and key steps of capacity assessment and development. The Mission has reviewed and cleared these guidelines for adoption with minor revisions. Furthermore, ASDP has developed a concept note outlining possible strategies for collaboration with Bank and financial institutions. In following-up the strategy, the RF team has been meeting directly or facilitating farmers group to meet the BFIs<sup>8</sup>. The PCO: (i) plans to start soon the credit demand assessment of the grantees who already have entered into an agreement with ASDP, (ii) has prepared a plan to promote insurance agent in every district and cluster<sup>9</sup>, and (iii) has started the process of identifying wholesaler financial institutions which could provide on-site mentoring support for capacity development of cooperative in various aspects. Given the delayed start, performance against this sub-component, is rated moderately unsatisfactory (3). **1.4.1 Pluralistic agriculture services development**

#### Sub-component 1.4 – Agricultural services

The Programme has established and gave orientation to 29 MADCs led by elected local level (Municipal) representatives and facilitated for their planning, policy formulation, including local agriculture act in 12 municipalities and partnership development activities. MADCs, in turn, have supported in: (i) identifying potential value chains and the clusters for such VC development, (ii) verifying Eols, and (iii) endorsing of POs' business plan, and recommending to PCO for approval and contract. The PCO also conducted sectoral assessment in 22 Municipalities to identify and assess the status of legal/policy framework, institutions and human resources in operationalizing the agriculture related functions outlined in the Local Government Operation Act, 2017 and undertook capacity assessment of Municipal Agriculture Development Section and Livestock Development Section of 28 Municipalities.<sup>10</sup>

The ASDP PCO also drafted Operational Guideline for Community Agriculture and Extension Service Centre and submitted to MoALD and MoLMAC as well as to this Mission for feedback and suggestions. It has also identified 5 municipalities<sup>11</sup> for piloting CAESCs. It has also drafted Guideline for Resourcing Municipality for Strengthening Agriculture Extension Service Delivery Capacity at local level. Furthermore, the PCO has developed toolkits for institutional capacity assessment of groups and cooperatives and social resource mapping and well-being ranking. So far 125 farmers groups/cooperatives out of 157 grantees contracted have been oriented focusing on value chain development and co-investment. Similarly, mapping of local service providers has been completed in 28 municipalities<sup>12</sup> and one training on agri-extension services have been provided for the agro-vets. In the light of promotion of MADCs, facilitation in drafting and endorsement of Municipal Agricultural Act and full engagement of Municipalities at each step of value chains development performance against this sub-component, is rated moderately satisfactory (4).

#### A. Programme implementation progress

##### Programme area coverage

ASDP's detailed design report had proposed to cover 30, 20 and 10 municipalities and establish 120, 240, and 120 CAESCs in the first, second and third year, respectively. Against this, the programme so far has covered only 32 municipalities and no CAESCs. In addition, the mission has noted the continuation of capacity constraints in terms of staff faced by Surkhet-Dailekh corridor as this may adversely affect the performance of the overall programme performance. In this backdrop, the following actions were agreed upon.

#### Component 1: Value Chain Development

##### Sub-component 1.1 - Inclusive value chain development

The Programme plans to expedite the implementation by covering more than 300 groups and approximately 10,000 households within 40 identified clusters and in parallel accelerate co-investment with agribusiness/ traders/ processors and private service providers in facilitating market growth and competitiveness as well as strengthening service delivery markets for critical inputs and technical services. It is suggested that the Programme should consider interventions while addressing critical bottlenecks in the value chains and sequencing of interventions so that initial investments are affordable and opportunity for growth and scaling up exist. To this end, there is need to enhance capacity of existing staff to strengthen VC team portfolio with additional staff in PCO responsible for Surkhet-Dailekh corridor and in corridors offices<sup>13</sup>. It is suggested that the PCO should build the capacity of all staff on common understanding on the functions of MSP, inclusive cluster development and brokering process in addition to fund and facility implementation modality.

##### Sub-component 1.2 - Market-oriented public and community infrastructure

Apart from the 12 infrastructures PCO plans to start, other public infrastructures are yet to be selected. This has delayed the planned process for the selection of consultant for the design and supervision of public infrastructure. The mission is of the view that in the absence of a full list of public infrastructures that are to be designed and supervised, it seems imperative to recruit the consultant for design and supervision of infrastructure based on lots instead of the full lists. ASDP also needs to finalize the list of infrastructures to be constructed in the next fiscal year at the earliest so that the consultant selection process for those identified infrastructures can begin. In essence, the focus of the programme should now be on expediting the contract with user committee for construction of infrastructures that are instrumental for undertaking agricultural activities which will also contribute to creation of local employment in this COVID-19 situation. Likewise, the public infrastructures need to be validated during the MSP at various level and included in subsequent participatory community planning, endorsed, and aligned with Municipality infrastructure development plans. It is suggested that such infrastructures focus on development of targeted commodity value chain through enhanced connectivity and improved efficiency.

ASDP has not been able to recruit the Infrastructure Expert even after initiating the process two times. While the Mission believes that presence of infrastructure expert is essential, recruitment of a civil engineer on full-time basis in the PCO supported by an infrastructure expert visiting programme area intermittently may also serve the purpose. Contribution are to be made by the local (level) governments and by the beneficiary depending on the category in which the infrastructure falls. The implementation and payment modalities have not been finalized. ASDP therefore needs to hold discussions with the stakeholders for finalizing the implementation and payment modality. Similarly, in the case of market centres, it is necessary to: (i) undertake scoping study and develop revenue based sustainable operation and management guidelines including clarity on land ownership as well as on investments that has already taken place and possible future co-investments., and (ii) train local resource in transferring the knowledge of low-cost goat shed model.

### Sub-component 1.3 - Rural financial services

With the full team for rural finance now in place, the PCO is well placed to expedite the implementation. With a very enabling monetary policy adopted by the Central Bank in response to the adverse effect created by COVID-19 on the Nepalese economy, the interest subsidisation policy recently promulgated by the Karnali State Government, and approval by IFAD of VITA<sup>[14]</sup> programme with Karnali state as well under its area of coverage, overall environment in the supply side of the financial market is congenial and enabling. This opportunity can be grasped, however, only with significant effort in on developing active collaboration with the PFIs and building capacity of the financial service providers at the retail end and by assisting in developing appropriate financial products for which the Programme has allocated significant amount of resources. As the relatively high transactions cost continues to discourage the participating financial institutions in engaging in agricultural credit operations, they need to be able to see the investments made by the programme in building value chains in a concentrated manner in clusters. For this, the RF team should actively engage in orienting the staff of participating financial institutions (PFIs) to the approach of ASDP. The Programme should also: (i) actively assist PFIs to develop appropriate financial products that offer appropriate term structure required by most co-investments, (ii) complete the assessment of credit demand of the co-investment grantees, starting with 157 POs already selected using the form developed by the PCO with revisions suggested by the Mission, (iii) adopt the toolkits approved for assessing and developing capacity of the cooperatives and select cooperatives institutions for capacity development, and (iv) finalize FEBL Manual and Implementation Guidelines<sup>[15]</sup>.

### Sub-component 1.4 - Participatory and pluralistic extension services and strengthened farmers organization

The progress in establishing the MADCs and assessing their capacity has progressed well. There is now a need to help them build their capacity to plan, implement, and monitor the activities that will help achieving the goal of developing participatory and pluralistic extension services. The Programme has lagged far behind in developing the community-based extension services, however<sup>[16]</sup>. This is the result mainly of the failure to get approval for the Operational Guideline for CAESC. A draft of this Guideline was submitted to the Mission for its review which it has done and provided its comments. This therefore can undergo the adoption, followed by piloting. Similarly, there is a need to: (i) expedite implementation of activities related to strengthening farmer groups, and (ii) orient newly recruited agriculture technicians and field agriculture officer of ASDP methodology, focusing heavily on building capacity of MADCs and CAESCs rather than trying delivering services directly.

### Component 2: Programme Coordination

The Programme has suffered from high turnover of Programme Coordinators. Past 4 PC's stayed with programme varied from 2.1 to 9.6 months with an average of 5.7 months. For 3 past PCs who were appointed on full-time basis, this range is 2.1 to 5.3 months, with an average of 4.4 months. This, *inter alia*, is a key factor explaining the Programme's serious under-performance. Inability to recruit staff on time and relative high turnover even among those recruited have also significant bearing to programme performance. More recently the posts of rural finance expert and 3 rural finance officers, institutional development expert, nutrition expert, 3 GESI and nutrition officers experts 2 sub-engineers have been filled. The Programme management continues to suffer from the lack of key staff, especially, 16 field agricultural officers and 60 agricultural technicians, who are expected not only to replace the NGOs but also to substitute the Helvetas-assisted field team<sup>[17]</sup>. Other key vacancies include one each of infrastructure expert, GESI expert, Procurement officer, and accounts officer, and 2 junior technicians, and 1 sub-engineer.

With the withdrawal of Helvetas, lack of success in recruiting senior rural infrastructure expert, agreed changes on the speciality of field cadre to agricultural extension, and aligning the PCO structure with that of the field, the organization chart currently in practice needs a review and revision. In doing so consideration needs to be given to downgrade the post of senior rural infrastructure expert and realigning the TORs of institutions development expert, keeping in view of the need to absorb key tasks performed by Helvetas-provided TA team. Such revision will involve adjustments of grades and pay level. The Mission also has observed the need for strengthening the M&E functions by building more capacity for providing leadership and ensuring coordination with operational units. Overall, programme staff needs to be better-led and coordinated aiming at breaking the silos among various units.

With increased level of staffing, there is now a need to significantly enhance staff movements in the field. However, as a part of the fiscal austerity measures imposed by GON in response to the COVID-19 pandemic, vehicle purchase has been disallowed and the Programme will now have to rely on rented vehicles to a significant extent until the ban is lifted. Considering this, the following action was agreed upon.

<sup>[4]</sup> The list of documents prepared by HELVETAS appears in Annex Table 4.

<sup>[5]</sup> In line with the Agricultural Development Strategy-2014, ASDP design proposed the establishment of CAESCs in each ward of municipalities as membership-based organization composed of the farmers, private sector service providers, and agro-entrepreneurs. With the promulgation of Local Government Operations Act 2074, some revision in the concept of CAESC is required.

<sup>[6]</sup> Value chains for Inclusive Transformation of Agriculture Programme

<sup>[7]</sup> Manual and guideline shall integrate nutrition, GESI & technical classes additionally

<sup>[8]</sup> The programme currently has 2 senior value chain staff at PCO and 1 mid-level staff each in three corridors based PCUs.

<sup>[9]</sup> Confined in high altitude areas of the project districts.

<sup>[10]</sup> The total estimated costs of these 45 schemes is NPR 37.5 million, of which NPR 31.9 million would be shared by ASDP.

<sup>[11]</sup> Information collected on 131 Cooperatives shows 77 as agriculture cooperatives, 27 as multipurpose Cooperatives, and 27 as Saving and Credit Cooperatives. and using the guidelines and tools developed, the Programme will select the potential Cooperatives.

<sup>[12]</sup> These exploratory meetings involved the Province Head of Agriculture Development Bank Limited, Karnali and virtual meeting with DSL and SME Head of Machhpuchhre Bank Limited, and Senior Manager of Sana Kisan Laghu Bitta Bittiya Sanstha Limited (Small Farmers micro-finance Institution).

<sup>[13]</sup> Since crop and livestock insurance has been made mandatory for all producers groups and the absence of insurance agents in ASDP-Selected cluster is creating bottlenecks,

<sup>[14]</sup> Non-availability of qualified manpower for agricultural service provisioning appears to be a serious constraint at the municipal level. This contrasts with full devolution of agricultural extension services to the municipalities mandated by the new constitution of Nepal.

<sup>[15]</sup> Musikot, Siddakumakh, Nalgad, Lekbeshi and Bhagaawatimai.

<sup>[16]</sup> LARPs: 67, Agrovets: 136, Nursery: 55, Farm: 50, BFIs: 295.

<sup>[17]</sup> The VCDF and MPCIF guidelines have received no objection from IFAD after the approval of PIM and therefore override some provisions of PIM. The PCO is recommended to revise PIM accordingly.

Agreed Action	Responsibility	Agreed Date
<b>Public infrastructure</b>  Develop clear workable mechanism in implementation and funding modality of public infrastructures sub project, revisit the MPCIF guidelines and seek approval along with technical support from programme ensuring quality of the construction. Ensure that all public private infrastructures, investments selection (market centres, road, ropeways, suspension bridges etc.) follow value chain and cluster development priorities as per the guidelines (selection criteria) for which concerned municipality has agreed to co-fund. Focus on productive and economically viable infrastructures such as irrigation and develop local resource person in transferring the knowledge of low-cost goat-shed model in coordination with other organisations that are working on goat value chain.	PCO	10/2020
<b>Recruitment of consultant</b>  As an urgent transitional measure, recruit two consultants with high level of expertise to support programmes related to: (i) value chain and infrastructure development, and (ii) institutions development and agricultural extension.	PCO	10/2020



<b>Eols</b> Call on phased manner for Eols from producer organisations, private service providers and agribusiness in 145 clusters of 32 municipalities already identified and in clusters of additional 8 municipalities	PCO	11/2020
<b>CAESC methodology</b> Working collaboratively with MADCs start 5 pilots to test CAESC methodology based on draft Operational Guidelines discussed with the SM.	PCO	11/2020
<b>Strengthening farmers' organization and consolidation of cooperatives/ cluster groups</b> Prioritize strengthening farmers' organization and consolidation of cooperatives/ cluster groups. The PCO may also try exploring the possibility of collaborating with IFAD's global and regional initiatives for strengthening farmers' organization.	PCO/PIUs	11/2020
<b>Conduct MSPs consultative meetings</b> Conduct MSPs or similar consultative meetings for validating 4 SIPs with concrete action plans and prepare SIPs for 4-5 VCs.	PCO/ VC Team	01/2021
<b>Service providers for financial product</b> Procure the service providers for financial product development and for mentoring and groups/cooperatives consolidation.	PCO	01/2021
<b>Staffing</b> Ensure continuity of the current Programme Coordinator at least for next 3 years. Complete the recruitment of 60 agriculture technicians and 16 field agricultural officers. 3. Strengthen the staffing structure in PCO (Surkhet -Dailekh) and PCU offices, responsible for inclusive value chain development and cluster brokering process once additional staff (FAO) recruited. Complete posting Junior Technician (1) of Liaisons Office (1), agricultural officer (PCO, 1), accounts officer (PCO, 1), and JT (Jumla, 1). Complete the recruitment of Procurement officer, Infrastructure officer , knowledge management and communication officer and GESI Experts .	MOALD/PCO	01/2021
<b>Linkages between credit facility and financial institutions</b> Link the co-investment grantees requiring credit facility with appropriate financial institutions as per the conclusion of credit demand assessment.	PCO/PIUs	02/2021
<b>Guidelines for Resourcing Municipality for Strengthening Agriculture Extension Service Delivery Capacity</b> Revise, process, and get approval of the Guidelines for Resourcing Municipality for Strengthening Agriculture Extension Service Delivery Capacity at local level and start resourcing MADCs based on the capacity assessment results. The total amount of resource envelope provided per municipality be limited to NPR 5 million.	PCO/ PIUs	02/2021
<b>List of public infrastructures</b> Finalize the list of public infrastructures to be carried out in the next fiscal year.	PCO	03/2021
<b>Expanding the collaborative relationships</b> On the supply side, building on the initial work already done, the RF Expert, taking support from the PC as well as IFAD CO, as necessary, explore the possibility of expanding the collaborative relationships with the provincial/ regional/ head offices of BFIs. To this end, the PCO will :a) establish a functioning collaboration with ADBL, also keeping in view of the recently approved VITA programme; b) develop collaborative relationship with SKBBL to act as a wholesaler FI for selected cooperatives; and c) sign and MOU with at least one additional PFIs for collaborative work under ASDP.	PCO/PIUs	03/2021
<b>Conduct FEBL facilitators</b> Conduct FEBL TOT for 60 facilitators already selected by PCO and arrange for imparting FEBL training to 100 Producer Groups.	PCO, RF & VC Team	03/2021
<b>Prioritize capacity building of Agrovets and LRPs on production and extension services</b> Prioritize capacity building of Agrovets and LRPs on production and extension services and make them operationally available to PO's already granted with co-investments. Provide business support grant to agrovets when found to be necessary.	PCO/PIUs	03/2021
<b>Vehicles</b> Plan to procure 2 units of 4x4 double cabin pickup with canopy and motorcycles as required in the first quarter of FY2021/22 or in current FY if the ban is lifted.	PCO	03/2021
<b>Mobilize and strengthen additional POs</b> Mobilize and strengthen additional 300 POs involving approx. 10,000 HHs in selected commodities to meet the traders/buyer's requirements with co-investments for private sector and also initial investments are affordable and credible.	PCO/VC team	06/2021
<b>Operational Guidelines for CAESC</b> Revise Operational Guidelines for CAESC, get approval and initiate CAESC development process in remaining 35 wards.	PCO/PIU	06/2021
<b>Establish additional CAESCs</b> Extend the programme coverage to 50 municipalities, adding 18 more in the current FY, covering some 170 clusters with intensive operations. Establish 35 additional CAESCs, following 5 pilots and plan for covering around 150 CAESCs in FY 2021/22.	PCO	07/2021
<b>Possible extension of coverage programme area</b> Explore the possibility of extending the coverage of the Programme to Humla and Dolpa and if found feasible initiate the establishment of MADCs and CAESCs on selected municipalities.	PCO	07/2021
<b>Individual performance</b> Adjust pay levels of staff currently in the payroll based on the individual performance also keeping in view of the need to reduce staff turnover.	PCO	07/2021
<b>Extend contract to POs</b> Extend contract for a minimum of 2 years along with technical service provision to POs involving municipality and private service providers aiming at developing service markets and sustainable business operations.	PCO	12/2021

<b>Strategic directions</b> Define strategic directions of the programme as to: (i) work on both the demand and supply sides of the financial market, and (ii) work methodically and systematically to build the capacity of the rural financial institutions in the programme area while catering actively to the immediate needs of farmers/ entrepreneurs who have been selected as co-investments grantees.	PCOs/PIUs	
<b>Capacity development support</b> Provide capacity development support, including training, to cooperatives, starting with those that are likely to support 157 POs already selected and continuing with those to be selected in future.	PCO/PIUs	

## E. Project implementation

### a. Development Effectiveness

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

#### Justification of rating

The results achieved so far, especially in terms of generating enthusiasm among primary producers in actively participating in the programme-sponsored activities and enthusiastic participation by the local governments in strengthening the agricultural extension service indicates that project objectives will be met, unless there are unforeseen disruptions to project delivery. VC clusters identified so far offer the opportunity to achieve significant productivity gains in crops, livestock and horticulture sub-sectors which is expected to be enhanced further by the productive community infrastructure support such as irrigation schemes that are being demanded and processed by PIUs/ PCO. With greatly improved market linkages sustainable improvement in income and food security of smallholders is likely to be achieved.

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

As stated, the Programme had a slow start and the implementation performance even after that remained weak for lack of staff strength. When substantial number of staff joined and implementation was about to be expedited, nation-wide lockdown was declared in Nepal beginning 24 March and it created severe adverse impact on ASDP. The implementation of activities has begun since; however, the outputs and outcomes are yet to be seen in a substantive scale. As a result, it is not possible to assess the development effectiveness at this stage and a default rating of 'moderately satisfactory' (4/6) has been assigned, therefore.

Development Focus		
Targeting and Outreach	Rating: 5	Previous rating: 4

#### Justification of rating

The PCO has developed Gender and Social Inclusion Strategy and Action Plan-1 and completed targeting exercise in 145 clusters of 32 municipalities. The number of groups covered are higher in Jajarkot, Surkhet (>33) and less so in Jumla and Kalikot (<12). Dolpa, Mugu and Humla are yet to be reached out. In 157 POs reached so far, percentage of women, Dalits and Janajatis representation is 71, 19 and 13 percent, respectively. Of these, 33 are managed by women only, 3 of which are of Dalit women's. However, there are a total of 22 POs which has less than 50% (11 POs <40 %, 2 POs <30 % and 2 POs <20 %) representation of women. Representation of Dalits & Janajatis is 19.7% and 13.9% in these POs. Women representation in Programme staff is 25% and 22% among support staff (drivers and messengers). Therefore, while recruiting remaining experts and agricultural technicians including deputed staff, the PCO will have to consider making the Programme Team gender inclusive and diverse.

#### Main issues

Aggregate data of represents a generally satisfactory achievement in terms of targeting. Consideration needs to be given, however, to ensure that >60% women representation in all POs along with proportionate representation of Dalits, Janajatis and the poor in all clusters is ensured/achieved in future as well. It seems that interventions designed so far are self-targeted to address the needs of women and poor; however, it needs to be further strengthened with increased understanding by the Programme team and by introducing innovations in designing drudgery reduction related interventions. Other related issues are: (i) poverty analysis of either clusters or POs involved is yet to be undertaken; (ii) no provision was made for targeting and inclusion in EoI calls administered in the first round; (iii) there is a need to make Programme team gender inclusive and diverse.

Agreed Action	Responsibility	Agreed Date
<b>Representation of targeted groups</b> Ensure representation of women and other marginalized groups while selecting the POs to involve in VCDs and initiate targeted social mobilization to enhance the participation of Dalits' and Janajatis'.	PCO/PIU	
<b>Targeting sensitization</b> Deliver proper message through EoI calls regarding targeting requirements and sensitize key stakeholders during time of field verification and investment plan preparation process to ensure targeting.	PCO/PIU	

Gender equality & women's participation	Rating: 4	Previous rating: 4
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#### Justification of rating

Gender and Social Inclusion (GESI) Strategy and Action Plan is adopted from previous project i.e. HVAP. Financial Education and Business Literacy (FEBL) including gender related sessions targeted to women is in the process of implementation. Resource materials developed are in the process of finalization. ToR to conduct survey for drudgery reduction of women to support appropriate technology and tools are being planned. Training manuals and guidelines on GESI and Household Methodology (HHM) are prepared. Of the total 57 groups under Jajarkot PIU, women's leadership in the position of Chairperson is 42 per cent. It is 73, 58 and 81 per cent, respectively for vice chairperson, secretary and treasurer positions.

#### Main issues

Key issues facing ASDP include: (i) need to develop common understanding among the PCO/PMU team about the role of complementing each other's area of work in fulfilling the mandatory requirements mentioned in the log-frame with respect to mainstreaming and cross-cutting themes; (ii) continued vacancy of key strategic in strategic areas of gender, inclusion and women empowerment; (iii) need to update GESI Strategy and Action Plan adopted from HVAP; and (iv) need to adopt a strategy to engage left out households in the community around POs where VCD interventions are on-going. In addition, it is also necessary to: (i) include GESI and nutrition responsibility in the ToR of all ASDP professional staff so as to mainstream this theme in all the program interventions; (ii) include the GESI Expert and Officers in the teams that reviewed the investment proposals and facilitate the VCD process to promote inclusiveness and make GESI responsive investment plans; and (iii) collect disaggregated data of women, Dalits and Janajatis maintain in MIS.

<b>Agreed Action</b>	<b>Responsibility</b>	<b>Agreed Date</b>
<b>Update GESI Strategy and Action Plan</b> Update GESI Strategy and Action Plan with analysis of present issues that detriment women and marginalized section to enhance their productive capacity with empowerment measures considering PDR and policies of IFAD and GoN.	PCO/PIU	12/2020
<b>FEBL Resource Materials</b> Prepare additional audio-visual materials to make FEBL meaningful with prepared resource materials along with additional sessions and materials to address the gender issues, educate and promote changes in traditional discriminatory gender norms, adopt gender transformative approaches.	PCO/PIU	12/2020
<b>3. Women in Construction Guideline</b> Prepare 'women in construction' guidelines to involve the landless poor women in construction activities with provisions of safety, security, prevention of sexual harassment in workplaces, and orient the user committee/POs for community and market infrastructures and contractors and their workers involved in public infrastructures.	PCO/PIU	12/2020
<b>Drudgery Reduction tools Support</b> Initiate drudgery reduction technology, equipment's and tools support specifically to the women headed households based on recommendation of the survey conducted.	PCO/PIU	12/2020
<b>Roll out HHM</b> Assign one GESI and Nutrition Officer who has previous experience on HHM with support of Nutrition Expert to start implementation of HHM with technical backstopping from IFAD.	PCO/PIU	

<b>Agricultural Productivity</b>	<b>Rating: 4</b>	<b>Previous rating: 4</b>
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#### Justification of rating

With major delay in implementing the CAESCs, the Program has not been able to deliver the expected level of agricultural extension services. However, anecdotally observed during the mission, there appear to have been some gains in starting agricultural activities in the beneficiary households that would enhance both productivity and profitability. The inclusive value chain development approach envisaged under the Programme is generally being implemented in line with the Program design and significant productivity gains in crops, livestock and horticulture sub-sectors can be expected to accrue over time in view of substantial support by the programme both for production and marketing.

#### Main issues

While the agricultural activities have been initiated the ward level extension services through the CAESCs are yet to begin. The ratings assigned is based more on the prospect.

<b>Nutrition</b>	<b>Rating: 3</b>
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#### Justification of rating

Preparatory work have been completed in developing strategies and action plans, manuals and guidelines for; (i) Nutrition and Strategies Strategy and Action Plan, (ii) GESI and Nutrition Training Guideline, (iii) Resource Materials for Nutrition Field School, (iv) Minimum Dietary Diversity of Women (MDD-W) checklist, and (v) Gender Action Learning System (GALS) Training Manual. PCO plans to finalize all these documents and roll out in draft form. The PCO has also undertaken nutrition training for staff and mapping of nutrition stakeholders at cluster level. Given the delayed start, performance against this sub-component, is rated moderately unsatisfactory (3).

#### Main issues

PCO is planning to support Dalits, poor and women headed households to manage nutrition garden to produce nutritious vegetables on their own to supplement their dietary diversity of their meal. More focus needs to be given on empowerment of women, behaviour change and communication through nutrition field school promote development and growing nutritious food in homestead garden specially to the poor and Dalits. Similarly, growing vegetables in own homestead garden is important, especially for the targeted Dalits, the poor and women headed households. Nutrition field school is important initiative to sensitize women and girls to sensitize the women and adolescent girls in bringing changes in their actions and behaviours and improve the intake of nutritious food and improve the health status. For this, Nutrition school can be built on FEBL deliver the message through trained facilitators with effective behaviour change and communication (BCC) materials. It also is also equally important to maintain coordination with ongoing nutrition sector programmes (e.g. Multi-Sector Nutrition Programme (MSNP) and SUAHHARA-II) to avoid duplication of resources and build collaboration to bring the change complementing each other.

<b>Agreed Action</b>	<b>Responsibility</b>	<b>Agreed Date</b>
<b>Up-date and finalize Nutrition Strategy and Action Plan</b> Up-date and finalize Nutrition Strategy and Action Plan considering the theory of change mentioned in PDR and policies of both GoN and IFAD.	PCO/PIU	12/2020
<b>Finalize resource and BCC materials</b> Finalize nutrition resource materials along with audio visual and BCC materials that can be adopted from ongoing Nutrition Sector Programmes and roll out effectively.	PCO/PIU	

<b>Adaptation to Climate Change</b>	<b>Rating: 4</b>	<b>Previous rating: 4</b>
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#### Justification of rating

ASDP is required to pursue climate change adapted value chain development pathways and promote value chains that help poor households to diversify their source of livelihood while increasing their total income and making them food secure. By promoting productive rural infrastructure such as irrigation it also helps them to reduce their dependence on heavily weather dependent livelihoods sources. Increased access to rural financial services, including crops and livestock insurance and to the agricultural advisory services will help these households to formulate viable coping strategies and help improving further adaptation and resilience. These will be further bolstered by adopting specific measures such as: (i) applying climate resilient technology including plastic houses for OSV production, (ii) promoting fodder production for stall-fed goats; and (iii) investing in climate-proofed infrastructure that reduces climate risk. In general, while implementing the activities, ASDP has been following design parameters and therefore helping beneficiaries to gradually adapt to climate change.

#### Main issues

Specific support to the programme beneficiaries for enabling them to adapt to the climate change is yet to be planned and implemented. The schemes being designed under productive infrastructure sub-component also needs to adopt climate proofing measures. A more conscious effort through an explicit strategy will be required to yield better results. Such strategy needs to be drafted before the MTR and should be reviewed and adopted during the MTR review. ASDP also should initiate consultation with IFAD's ASHA project, preparing Ward-level Local Adaptation Plan for Action where they are not already available and start testing climate change adaptation with all SIPs.

### b. Sustainability and Scaling up

<b>Institutions and Policy Engagement</b>	<b>Rating: 5</b>	<b>Previous rating: 4</b>
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#### Justification of rating

While initial evidence is only just coming in, the first results on new approaches to increase private investment in agriculture are of considerable interest to policy makers. As further evidence grows, it is expected that the programme will generate important policy insights on the issues related to substantially increasing private investment in agriculture. Even more importantly, ASDP is poised to initiate the piloting and thereafter the expansion of the CAESCs and GON is keenly observing the process and outcomes of a community-led extension service for the first time in Nepal. As observed by the last supervision mission, with major devolution of authority to local governments as mandated by the new Constitution of Nepal and the Local Government Operations Act – 2074, the programme is well-placed to support good governance practices and adopt policies that allow sustainably increasing income among the target group. To this end, ASDP-supported MADCs have already begun the process for the Municipalities to accord higher priority to agriculture.

## Main issues

The PCO needs to start piloting CAESCs as soon as possible and start expanding following the adoption of the Guidelines with some experience-based adaptations. A rigorous knowledge management system needs to accompany this process keeping in view of GON's strong desire to learn from this exercise and scale-up substantially, if found appropriate.

<b>Partnership-building</b>	<b>Rating: 5</b>	<b>Previous rating: 4</b>
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### Justification of rating

The overall performance of partnership between the PCO and SDC-supported and Helvetas-implemented component was very satisfactory. The Programme through a number of instruments including MSPs is promoting active partnership with the key private sector actors who are inalienable part of the agricultural value chains. Similarly, state and municipal level government units are increasingly being engaged in the Programme activities and MOU with 29 municipalities have already been signed. Furthermore, some initial contact has been made with ADBL and other commercial banks and this relationship will be significantly deepened once IFAD-funded VITA programme enters into force. The programme has initiated the assessment of the capacity of the grassroots cooperatives and is expected to start the process for building their capacity further. Finally, the Programme is initiating partnership development process involving a very large number of the farmers' organization that has been or will be formed in the programme area.

## Main issues

While ASDP has initiated dialoguing ADBL, other commercial banks, and cooperative societies a functional partnership is yet to be forged. Similarly, contact with local private sector, including the chambers of commerce needs further strengthening.

<b>Human and Social Capital and Empowerment</b>	<b>Rating: 4</b>	<b>Previous rating: 4</b>
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### Justification of rating

PCO has set up the mechanisms to develop capacity of the beneficiaries in general and specially focusing the women and poor to enhance their human and social capital. Targeting and GESI, institutional development and rural finance section with staff are in place and vacant positions are planned to be filled up. A 40-week regular coaching & mentoring platform like FEBL is created that will cover all aspects of interventions to empower women. HHM specially focused to the poor and vulnerable sections is planned to rollout. Existing GESI and Nutrition Officer already trained in HHM is assigned to lead. Targeting, inclusion & institution development strategies to assess, increase and strengthen the role of women and marginalized section in leadership positions are in process to adopt.

## Main issues

Engagement of programme with beneficiary started from last trimester of FY 2019/20 along with the signing of the grant agreements. Preparatory works and mechanisms to roll out the overall empowerment process has begun. What is therefore needed is expediting of the implementation so as to deliver the results. A rating of 4 has therefore been assigned to account for initiating implementation that will take time to produce concrete results.

<b>Quality of Project Target Group Engagement and Feedback</b>	<b>Rating: 5</b>
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### Justification of rating

The mechanism of engaging the programme target groups, consultation, collect and handling feedbacks through different mechanisms are in place. Citizen charter with information of all activities covered under the Programme with the identification of relevant staff and suggestion boxes are placed in front of the PCO and PIU offices. Grievances handling mechanism has been set up with the provision of a nodal officer. Provisions of public hearing during initial period and public auditing before payment of grant instalment is also in place. Information board placement with number of beneficiaries and financing arrangements to promote transparency and accountability have been made in the grant guidelines. Consultations with beneficiaries during MSP, B2B interaction and other public forums are adopted. Also, anyone can place the grievances directly to the nodal officer.

## Main issues

Since the programme interventions are reaching out to the larger number of beneficiaries, the effectiveness of engaging target groups, collection and handling of grievances and its effectiveness are to be reviewed in days to come. Mechanisms are in place; their effectiveness are to be reviewed periodically, however.

<b>Responsiveness of Service Providers</b>	<b>Rating: 5</b>	<b>Previous rating: 4</b>
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### Justification of rating

Helvetas is the major service providers engaged with the programme as an implementing partner for technical assistance for implementation of component 1.4 Pluralistic agriculture extension service strengthened funded by SDC. The quality and responsiveness of Helvetas involvement is excellent for undertaking formation of Municipality Agriculture Development Committee (MADC) formation in 29 municipalities led by elected local bodies representatives and facilitated their planning, policy formulation, including local agriculture act in 12 municipalities and partnership development activities. This initiative has helped ASDP to take-off, with full ownership of the ASDP programme and thus MADC also supported programme in: (i) identifying potential value chains and the potential clusters for identified VC development, (ii) verifying EoLs, (iii) field verification, (iv) endorsing of POs' business plan, and recommending to PCO for approval and contract including selection of control and treatment sample households for baseline survey undertaken by the Programme.

Helvetas also conducted sectoral assessment in 22 Municipalities to identify and assess the status of legal/policy framework, institutions and human resources in operationalizing the agriculture related functions outlined in the Local Government Operation Act, 2017 jointly with municipality executives and sectoral staff and also undertook capacity assessment of Municipal Agriculture and Livestock Development Section of 28 Municipalities. Helvetas has also supported in developing the community-based extension services Operational Guidelines, which needs to be approved and execute implementation.

## Main issues

Because of the COVID-19, the service provider for the baseline survey is not actively pursuing data collection. A more innovative approach to data collection has been suggested by this Mission. Similarly, the service provider for staff recruitment services need to support more actively for filling remaining vacancies.

<b>Environment and Natural Resource Management</b>	<b>Rating: 4</b>	<b>Previous rating: 4</b>
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### Justification of rating

In designing the ASDP adequate care have been taken to ensure that it promotes sustainable agriculture and livestock production systems resilient to climate change. ASDP management continues to observe the design priorities with respect to environment and natural resource management. A set of guidelines accompanying specific productive market infrastructure schemes guiding the use of natural resources and protecting the environment has been developed and more guidelines will be developed to support the expansion of selected value chains (i.e. goat value chain).

## Main issues

In Value chain development, the project has already supported improved cow shed management for urine collection to supplement the use of urea as well as vermicomposting to reduce the use of chemical fertilizer in the project areas, as the Provincial Government has declared Karnali Province as Organic and working towards it. The project is promoting the nutritious indigenous crops (fox millet, millet, proso millet, buck wheat) value chain development having social and nutritional values in the high hill districts. A set of additional guidelines accompanying specific value chains will be developed for review by MTR.

<b>Exit Strategy</b>	<b>Rating:</b>	<b>Previous rating: 4</b>
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<b>Potential for Scaling-up</b>	<b>Rating: 4</b>	<b>Previous rating: 4</b>
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### Justification of rating

Since reliable performance assessment is not feasible at this stage as the Programme implementation on some key features stated above are just about to begin, a default rating of 'moderately satisfactory' has been assigned. Overall, the prospect for scaling-up some of the methodologies developed under the programme is excellent.

## c. Project Management

<b>Quality of Project Management</b>	<b>Rating: 3</b>	<b>Previous rating: 3</b>
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### Justification of rating

ASDP has suffered from high turnover of Programme Coordinators (PCs) due to ongoing administrative restructuring of the country following the decentralization process. The current PC is a right selection, and the LPA has assured continuation of the current PC for the rest of the programme period. The programme management has prepared a transition plan to fulfil the absence of SDC TA, completed recruitment of almost all technical positions except social mobilizers as agreed during the last supervision mission and quickly established the facilities for teleworking to continue the business once a nationwide lockdown started from 24 March which continued for four months. As such, the quality of project management is expected improve significantly and along with that the

progress in implementing the Programme. The rating assigned has not factored-in this prospect.

#### Main issues

The major issues related to the Programme management and the agreed recommendations have been presented under the heading Programme Coordination above as part of the main text .

<b>Knowledge Management</b>	<b>Rating: 4</b>	<b>Previous rating: 3</b>
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#### Justification of rating

The KM has a prominent function in the programme as outlined in the PIM, and the the KM strategy and Action Plan with clear deliverables and guiding questions covering all sub-components and thematic areas is being prepared and almost fully implemented The Programme has started pasting the information on the number of beneficiaries and financing arrangements which has helped in promoting transparency and accountability as required by the grant guidelines. This will be completed as soon as the full-time KM expert is fully on board.

#### Main issues

As agreed during the last supervision mission, the Programme has prepared the Knowledge Management Strategy providing a framework for knowledge sharing and learning mechanisms, fostering partnership and Programme's visibility, promoting knowledge sharing culture and deliverables for knowledge management within the Programme. It has identified various themes and guiding questions mostly in value chain development, which will be updated considering all the sub-components/ thematic areas of the Programme. It is meant to link monitoring and knowledge management systems so together they can contribute to the achievement of better results and impact. The Programme had planned to shift the officer at Liaison office, Kathmandu to PCO, Surkhet to take full time responsibility as knowledge management and communication expert as recommended by the last supervision mission.

<b>Agreed Action</b>	<b>Responsibility</b>	<b>Agreed Date</b>
<b>Finalise KM Strategy and Action Plan</b> Finalize the KM Strategy and action plan with clear deliverables and guiding questions covering all sub-components and thematic areas.	KM Officer	11/2020
<b>Capacity building</b> Build capacity of staff on KM tools and techniques including on latest techniques for data visualization, story-cycle etc. Impart to them training on GIS, keeping KM in perspective.	PCO	12/2020
<b>Implement KM Strategy</b> Ensure full implementation of the approved KM Strategy to meet the set deliverables and outcomes, with clarification of responsibilities of all staff involved.	PCO, PCU lead by KM team	03/2021

<b>Value for Money</b>	<b>Rating: 4</b>	<b>Previous rating: 4</b>
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#### Justification of rating

By 15 July 2020, ASDP has spent only 1.47 per cent of the total amount available under IFAD loan. As a result, outputs targets are yet to be achieved to any significant degree. Costs incurred so far have generally followed design parameters and unit costs are usually lower than estimated during design. In this light, assessing value for money is not possible and therefore a default rating of 'moderately satisfactory' has been assigned.

#### Main issues

ASDP needs to expedite implementation and thereby achieve outputs and outcomes that justify the resources used for managing the programme.

<b>Coherence between AWPB and Implementation</b>	<b>Rating: 4</b>	<b>Previous rating: 3</b>
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#### Justification of rating

The AWPB for 2019-20 was revised following the last supervision mission's recommendation and received 'no objection' from IFAD on 20 November 2019. The programme implementation was in line with the approved revised budget, however the physical and financial progress including Helvetas TA has been slow in the implementation due to COVID-19.

#### AWPB Inputs and Outputs Review and Implementation Progress

The programme implementation was in line with the approved revised budget, however the physical and financial progress including Helvetas TA is quite low which stands at 23.12% and 8.92 % respectively. The frequent change in the leadership positions, late recruitment of significant number of staff, delayed amendment of the GoN approved AWPB in LMBIS (24 May 2020) and the lockdown situation due to COVID in the last trimester of FY are the major factors contributing to low physical and financial progress. The summary of expenditure against the approved budget by components/sub-components including of Helvetas during the FY 2019-20 is as follows:

Components / Sub-components	FY 2019-20		Percentage
	Planned Budget	Expenditure	
1.1 Value Chain Development	477,289,676.60	6,006,664.00	
1.2. Market led Infrastructures	202,950,000.00	553,700.00	
1.3. Rural Finance	64,940,000.00	-	
1.4 Pluralistic extension Service	144,301,525.00	32,185,784.00	
2. Programme Management	100,666,842.13	51,267,092.47	
<b>Total</b>	<b>990,148,043.73</b>	<b>90,013,240.47</b>	<b>9.00%</b>
<b>Total as per LMBIS excluding Helvetas</b>	<b>685,700,000.00</b>	<b>61,174,000.00</b>	<b>8.92%</b>

The programme has prepared AWPB for the FY 2020-21 with total budget of NPR 1243 million including NPR 672 million of IFAD loan and grant, and 156.7 million government counterpart funding, entered in LMBIS and submitted IFAD country office on 16 March. IFAD provided comments to plan the activities as per the design report and the final version of AWPB after incorporating comments were uploaded in NOTUS on 14 August and IFAD has provided NoL on AWPB on 19 August 2020. The programme should start the process of revision in Annual Work Programme (LMBIS entry) in line with the IFAD-approved AWPB and submit to MoALD/MoF for approval and also the Programme should consider preparing the AWPB incorporating all activities as per the design report meeting the programme objectives and submit to IFAD 60 days before beginning of FY for No objection before entering in LMBIS. In addition, the programme should develop timely action plans to ensure implementation of planned activities of FY 2020-21 to improve coherence between AWPB and execution in reaching out the programme beneficiaries as well as increasing programme expenditures.

<b>Agreed Action</b>	<b>Responsibility</b>	<b>Agreed Date</b>
<b>Revise AWPB</b> Initiate the process of revision in Annual Work Programme (LMBIS entry) in line with the IFAD-approved AWPB and submit to MoALD/MoF for approval.	PCO	10/2020
<b>Timely preparation of AWPB</b> Prepare, each year, the AWPB on timely basis and submit to IFAD 60 days prior to the next FY for NoL, get endorsement from PSC, upload in LMBIS and obtain approval from MoF.	PCO	03/2021
<b>Develop and execute monthly action plan of PCO</b> Develop and execute monthly action plan of PCO, PCU and thematic team, especially focusing on execution of AWPB that support programme goals and objectives.	PCO	
<b>PCO Meetings</b> Continue monthly PCO team meetings with IFAD's PO and national consultant aiming at loosening implementation bottlenecks and thereby expedite programme implementation and increase financial uptake and investments in the grassroots level activities.	PCO	

#### Performance of M&E System

Rating: 4

Previous rating: 4

#### Justification of rating

The M&E team consists of one expert in PCO, supported by an MIS and IT officer, and one officer each in the 3 PCUs. So far, the Programme has put in place the PIM on planning, M&E and knowledge management system and these have been developed and operationalized along with the detailed M&E plan and indicator measurement plan. Prior to the nationwide lockdown, the field survey for baseline data collection managed to cover 426 households, of 1,600 households sampled. The data entry of 4,494 grantees, Eol tracking and 157 POs contracted is in place and has been entered into the MIS system together with data collected on 65 farmer's diaries. Altogether 8,000 farmer's diaries have been printed, of which 1,100 have been distributed so far. The M&E system needs further structural development and needs to include the current COIs requirements of IFAD. Information on activities, outputs, outcome and impact level need to be updated within the MIS system and utilised by the programme staff and by local government institutions.

#### M&E System Review

With respect to the activities related to M&E: (i) action plan to operationalize the M&E and GIS based MIS system have been prepared and implemented, and (ii) the PIM on planning, and M&E and knowledge management systems is in place. These have been developed and operationalized along with the detailed M&E plan and indicator measurement plan. A service provider (SP) together with a local consultant prepared the baseline survey questionnaire with technical support from the IFAD RIA unit. The SP rolled out the field survey in February and covered a total of 426 households, until it was halted following the nationwide lockdown beginning 24 March.

The farmers diary, forms, formats, checklist, AWPB tracking system, Eol tracking, together with the repository system of programme documents are inbuilt into the MIS system. The data entry of 4,494 grantees covered under subcomponent 1.1 and other events have been entered into the MIS system. The data collection tools such as forms, formats, checklists, and farmer's diary have been updated and finalized. A total of 8,000 farmer's diaries have been printed, out of which 1,100 have been distributed.

The M&E system needs further structural development since it needs to be re-oriented to function in line with the Operational Result Management System (ORMS) and include the current COIs requirements of IFAD. The M&E Plan needs to be revised to clearly define and include the programme ToC, which should then be aligned with the LF. While the programme has developed the indicator measurement plan both for output and outcome level indicators, it needs to be extended to include activity level indicators. The M&E strategy and Knowledge Management Strategy have been drafted and need feedback from the IFAD technical team to finalize these documents.

The M&E system has defined 22 types of reports in MIS to generate the information required by the PCO, since at the impact level there is a strong focus on household assets, nutritional status, literacy rate, and food security level. This could be better aligned with the current COI requirements. The information on activities, outputs, outcome and impact level need to be updated within the MIS system and utilised by the programme staff and by local government institutions.

The recruitment and orientation of agricultural technicians (social mobilizers) who will be responsible for the field level data collection process needs to be prioritized, to avoid further delays. In the meantime, to bridge the gap until the recruitment and orientation of the SM has been completed, PCO could recruit local data entry operators and provide them with rigorous training and field them for data collection. To ensure data quality, the trained FEBL facilitators together with +2 educated women from each group/cluster could be mobilised to provide continuous support to households to record data. Taking into consideration the restrictions on mobility in the current context and to accelerate the data collection process for the baseline survey, the Mission consulted with IFAD HQ and obtained the decision to reduce the sample size to 1,200. It is recommended that the households in each district are reduced proportionally, to ensure that the sample size remains statistically robust. This along with some innovative arrangements for data collection would allow to avoid further delays in undertaking baseline survey. As such, there is an urgency to complete baseline survey since the programme interventions will soon reach to programme beneficiaries.

The Mission went through the log-frame and proposed to include one additional output level and several performance indicators to better capture the real function of some of the components and to align with the result chain. The updated log-frame, agreed by the PCO, is provided in Section H.

<b>Agreed Action</b>	<b>Responsibility</b>	<b>Agreed Date</b>
<b>Baseline survey</b> Rearrange data collection approach and complete baseline survey.	PCO	01/2021
<b>Implement M&amp;E Action Plan</b> Implement M&E action plan to fully operationalize the M&E and GIS based MIS system and roll out at the field level.	PCO	01/2021
<b>Staff Training</b> Impart specialized training to the programme staff on GIS.	PCO	01/2021

#### Social, Environment, and Climate Standards requirements

Rating: 4

#### Justification of rating

Since ASDP's interventions are expected to create significant impact on the use of natural resources such as water and by changing the cropping patterns, the soil and, through goatery, local vegetation, the programme is implementing measures to do no harm to natural resources and environment. The project has actually developed criteria that covers the social and environment aspects as key criteria for selection of the infrastructures thus promoting socio-environment friendly infrastructures. The project has selected 51 infrastructures till date using the developed template. With respect to climate change impacts, the immediate climate risks in the program area are assessed as manageable, provided they are identified and addressed through multi-options approaches that are socially inclusive.

#### SECAP Review

The project has developed market oriented public and community infrastructures guidelines in supporting the irrigation schemes that includes canal irrigation, water harvesting tanks, snow harvesting ponds and solar lift irrigation using renewable energy and improvement of rural roads (1-2 km) linking the production pockets to market using human workforce (no machineries). The project has developed guidelines also for the different infrastructure proposed to ensure the safety of the people. The guideline stipulates among others, to check, if the infrastructure proposed are environmentally friendly, there is no negative consequence in any group, socially acceptable and participated by majority of the community.

In value chain development, the project is already supporting organic approaches and the reduction of chemical fertilisers, in line with the declaration of the Kamali Province as organic by the Government. Additional guidelines to support environment and natural resource management in goat value chains will be developed.

#### d. Financial Management & Execution

#### Acceptable Disbursement Rate

Rating: 2.0

Previous rating: 1

#### Justification of rating



Automated rating based on IFAD disbursement data

#### Main issues

As on 15 July 2020, the net disbursement up to 15 July 2020 is about 1.46% against target of about 28% and the total disbursement under IFAD loan and grant is only SDR 2.59 million including advance of SDR 2.17 million, which is about 9.08% of the total allocation of SDR 28.50 million. The Project has incurred expenditures of USD 1,647 (SDR 1,163) under IFAD grant in FY 2019-20, which have been claimed in withdrawal application (WA) No. 3 but the claimed amount was not disbursed due to less than the threshold amount. The expenditures of IFAD grant yet to be disbursed have been calculated at the actual exchange rate of NPR 120.00 per USD prevailing on transfer date of 23 March 2020 and USD 1.41664 per SDR prevailing on 15 September 2020. The actual expenditures excluding advance up to 15 July 2020 are only SDR 417,927 (USD 582,449), which is about 1.47% of total allocated funds while the disbursement including advance is 9.09% of allocated amount. Appendix 1 shows actual financial performance by financier, by component and disbursements by category as on 15 September 2020. The disbursement is considerably low due to delay in startup, approval of the AWPB of first year, recruitment of key project staff, preparation and approval of various implementation guidelines, signing a MOU with Municipalities, and implementation of planned activities.

As on 15 July 2020, there is balance of SDR 28.09 million (USD 39.78 million equivalent to NPR 4,666.26 million) of IFAD loan and grant. For FY 2020-21, the budget of NPR 686 million has been approved as per AWPB for IFAD source. Assuming the project can spend 100% of the allocated budget in FY 2020-21, there will be still balance of USD 33.93 million (NPR 3,979.26 million). The project is required to spend at least NPR 1,326.42 million (USD 11.31 million) per year in the next three years to utilise the allocated funds. Considering the absorption capacity of about 80% of the allocated budget, the yearly budget of IFAD source should be increased to NPR 1,658.02 million and project should be proactive in implementation of planned activities to spend the allocated budget and achieve project objectives.

Fiduciary aspects		
Quality of Financial Management	Rating: 4	Previous rating: 4

#### Justification of rating

The Account Officer transferred from the project on 17 August 2020 is yet to be deputed. The revised AWPB was submitted after one month from start of new fiscal year to IFAD for approval. Category-wise and component-wise expenditures reported in the financial statements up to FY 2019-20 have not been reconciled with the expenditures generated by the accounting software. Second Interim financial reports (IFRs) of FY 2019-20 and unaudited project account of FY 2018-19 were submitted after due date. Advance income tax not to be deducted is being deducted on payments made to suppliers.

#### Main issues

There are positions of one Finance Officer, one Accountant and one Fund and FM expert at the PCO. All positions have been filled but Account Officer transferred from the project on 17 August 2020 is yet to be deputed. Accountant was transferred on 30 August 2020. The new Accountant joined from 7 September 2020 AWPB of NPR 1,258.37 million for 2020-21 was submitted for review on 16 March 2020. IFAD provided no-objection on 19 August 2020 on revised AWPB submitted on 14 August. The approved budget with activities has been inserted in the accounting software to monitor expenditures against the budget.

Government pre-finances the expenditures for Government and IFAD sources and requests either for reimbursement to government treasury or replenishment to designated account after transfer of expenditure amounts from designated accounts to the government treasury. Payments by DTCO are made through online and by crossed cheques to deposit tax. The designated accounts are reconciled during preparation of WAs. There are segregation of duties between the Accountant and Accounts Officer.

The accounts are maintained in the accounting software developed for the IFAD funded projects based on cash basis of accounting of Nepal Public Sector Accounting Standards to generate financial reports for the government, the WA and statements of category-wise and component-wise expenditures required for preparation of IFRs and project financial statements (PFS). The IFRs and PFS are being prepared in excel spreadsheet using the information generated by the accounting software. The government has made mandatory to use Computerized Government Accounting System (CGAS) from FY 2020-21 not having features of reporting expenditures category-wise and component-wise. It is recommended to use the accounting software developed for the project. The expenditures accounted to the respective categories and components in accounting software up to the FY 2019-20 have not been tallied with the actual amounts of categories and components expenditures reported in the PFS due to not properly accounting to the respective categories and components. The statement of category-wise and component-wise expenditures of the previous fiscal years with details of activities as reported in the project financial statements should be prepared and entered in the accounting software to generate required up to date information from the accounting software. The fixed assets register has been maintained. The physical verification of fixed assets has been conducted. Two motorbikes transferred from HVAP have been handed over to District Administration Office, and Transport Management Office, Surkhet. The contract register has been maintained and submitted to IFAD along with the WA.

The trimester IFRs of FY 2019-20 were submitted within due date but second trimester IFRs was submitted on 22 June 2020. The unaudited project account of FY 2018-19 was submitted on 9 Dec 2019. The IFAD disbursement reported in the IFRs and PFS is being reconciled. The internal audit report of FY 2019-20 has reported (i) NPR 7,200 excess paid for grade to one staff, (ii) NPR 56,200 excess paid to the participants, (iii) no original invoices of NPR 457,500 and NPR 47,460, and (iv) overdue advance of NPR 94,669. Internal audit observations except excess paid to staff have been resolved. The expenditures incurred in FY 2019-20 were reviewed based on scanned supporting documents during mission and found that (i) advance income tax not subject to deduction is being deducted on payment to the suppliers, and (ii) "PAID" stamp has not been affixed on some of supporting documents. Out of 8 agreed actions of the previous SM, 6 agreed actions have been complied, one is on-going and one is yet to be completed.

Agreed Action	Responsibility	Agreed Date
Submission of unaudited project financial statements of FY 2019-20.  Prepare and submit the project financial statements of FY 2019-20 as per IFAD guidelines based on Financial reporting under Cash basis of accounting of Nepal Public Sector Accounting Standards with full disclosures in the notes to the financial statements.	PCO	11/2020

Quality and Timeliness of Audit	Rating: 4
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#### Justification of rating

The audit submission to IFAD is slightly late (2 days), no disbursement was made from Loan and Grant designated account.

#### Main issues

Audit provide sufficient financial report in compliance to IFAD reporting and auditing requirement.

Management letter was included in the AFS, no response from management on the findings.

Counterparts Funds	Rating: 5	Previous rating: 3
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#### Justification of rating

The government has allocated sufficient government counterpart fund for the approved AWPB in FY 2020-21 though the budget allocated for government counterpart fund was less than the required amount in the FY 2019-20. The expenditure percentage in the FY 2019-20 was 8.92% against allocated budget while counterpart expenditure was NPR 31.19 million, which were 40.09 of counterpart budget of NPR 77.80 million.

#### Main issues

The Government counterpart funds are used for VAT and custom duties and operating expenses. The Government needs to allocate counterpart budget at the financing percentage specified in the Letter to the Borrower (LTB) for the approved amount of AWPB. The government counterpart fund in FY 2019-20 was not sufficient to cover 15% of the total expenses but GoN counterpart expenses were less than the budgeted amount in FY 2019-20 and hence the allocated budget could cover 15% of the expenses. The budget for FY 2020-21 has been approved for NPR 838 million consisting of NPR 152.00 million, NPR 673.70 million and NPR 12.30 million from GoN, IFAD loan and IFAD grant source respectively as per approved AWPB of NPR 1,258.37 million based on required percentage. The AWPB also includes the budget of NPR 246.07 million of beneficiaries' contribution, NPR 119.00 million of private investment and NPR 55.31 million of municipalities' contribution.

The expenditures of FY 2019-20 were NPR 61.17 million (NPR 57.98 million in PY), which was only 8.92% (23.32% in PY) of budgeted amount of NPR 685.70 million (NPR 248.60 million in PY) whereas GoN counterpart expenditures were NPR 31.19 million (NPR 29.48 million in PY), which was 40.09% (37.04% in PY) of counterpart budget of NPR 77.80 million (NPR 79.60 million in PY). The SDC incurred expenditures of NPR 12.28 million against budget of NPR 65.40 million representing 18.78% only in FY 2018-19 but the expenditures were increased to NPR 30.69 million, which was 55.80% of the budget amount of NPR 55.00 million. The expenditures from other counterpart (municipalities, beneficiaries and private sector) were not incurred till FY 2019-20 due to delay in implementation of activities to be funded jointly. The guidelines for the activities to be implemented from joint funding of the project, local government and beneficiaries are yet to be developed for implementation and disbursement modality which has also caused delay in implementation.

Agreed Action	Responsibility	Agreed Date
<b>Develop guidelines for implementation of project activities of joint funding</b>  Develop guidelines for implementation and payment arrangement for the project activities to be funded jointly by the project, local government and beneficiaries in consultation of local government.	PCO	10/2020

#### Compliance with Loan Covenants

Rating: 4

Previous rating: 3

#### Justification of rating

Three PSC meetings were held till August 2020. Recruitment of social mobilizers initiated, and a concept note on establishment of Community Agriculture Extension Service Canters (CAESCs) prepared and shared with MOALD and IFAD. The first & third IFRs were submitted on time whereas the second IFR and unaudited project financial statements of FY 2018-19 were submitted with some delay. Periodic progress reports are not submitted to IFAD. Audit report was submitted with delay of 2 days and management reply on audit management letter was not submitted to IFAD.

#### Main issues

The project has complied with the most of the covenants of the Financing Agreement, LTB and General Conditions except the following: **(a) Financing Agreement:** (i) Schedule 1 – Section II Para 7.2- three PSC meeting were held till August 2020 instead of eight meetings, (ii) Schedule 1 – Section II Para 11.3 - the social mobilizers are yet to be recruited, (iii) Schedule 1 – Section II Para 11.5 - CAESCs are yet to be established, **(b) Letter to the borrower:** (i) Paragraph 33 - financial statements of FY 2018-19 were submitted after due date on 9 December 2019, (ii) Paragraph 34 - second interim financial report (IFR) of FY 2019-20 was submitted after due date on 22 June 2020, (iii) Paragraph 35 - audit report of FY 2018-19 issued on 15 January 2020 was submitted on same date but it was received on 17 January 2020 with delay of 2 days, and **(c) General Conditions:** (i) Section 8.03 (a) - non-submission of periodic progress reports, and (ii) Section 9.02 - Financial statements of FY 2018-19 were submitted with delay on 9 December 2019, and (iii) Section 9.03 (b) Audit report and management letter of FY 2018-19 issued on 15 January 2020 were submitted on same day but received on 17 January 2020 and the management response on management letter was not submitted. The details of compliance with loan covenants are given in Appendix 3.

Agreed Action	Responsibility	Agreed Date
<b>Compliance</b>  Comply with all financing covenants of the Financing Agreement, Letter to the Borrower and General Conditions.	PCO	12/2020

#### Procurement

#### Procurement

Rating: 4

Previous rating: 4

#### Justification of rating

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

#### Procurement Review

The Mission took a review of the procurement management procedures and progress made in making procurements and in doing so covered the Procurement Plan, Contract Register, and Contract related files. All needed documentations were made available to the mission. ASDP has started using the ICP after getting training from HQ. Given the low value of actual contract award in fiscal year 2019/20 extra efforts are to be made for award of contract including contract management in this fiscal year.

**Procurement Plan:** The Procurement Plan has been approved. However, procurement planning exhibits some shortcomings and inconsistencies across some of the requirements. All the activities of the AWPB are not included in the Procurement Plan as the details of procurement to be carried out have not been worked out at the beginning. The procurement plan has been revised/upgraded twice to include the activities as they become clearer. The Programme is using NOTUS for getting IFAD's no-objection of procurement plan and all prior review activities.

**Processes and Procedures from Prequalification to bidding:** During the mission some procurement packages were randomly selected and reviewed. The processes and procedures are in compliance with the Public Procurement Act/Regulation of Nepal and consistent with IFAD's Procurement Guidelines. Processes and procedures applied in bidding, evaluation and contract management exhibit minor gaps and inconsistencies that have little or no impact on Programme implementation and performance.

**Process and Procedures for Evaluation and Contract Award:** The programme provides most of the document to the IFAD hired procurement expert for its review prior to uploading it in NOTUS. In some instances, the expert has rejected the evaluation committee's assessment as the bid were not in compliance to the requirements of the bidding document.

**Review of Contract Administration and Management:** The Contracts Register (C10) and Individual Contract Information/Payment Monitoring Template (C11) are up to date, with information on all the awarded contracts for the life of the project. There are room for improvement for monitoring of physical and financial performance of contracts. Consulting Service Contracts are monitored by the person responsible for the respective component.

**Review of project's procurement filing system and the ease of document retrieval:** During the last SM it was noted that the documents related to the procurement are available. However, most of the procurement records/documents are kept with the accounts section as they are required during the auditing by Office of Auditor General. They have informed that they are keeping copies as far as possible at the component responsible for that contract.

Programme needs to put extra effort to initiate the procurement as planned so that the procurement does not hamper the smooth implementation of the activities planned in AWPB. To resolve the issue and build capacity of the Programme in procurement, implementation support is required. A full time Procurement Expert/Officer with an experience in donor funded Programme will help mitigate the risk in procurement and at the same time will train engineers working in corridor offices on procurement.

A short-term Procurement Expert was hired as advised by the last SM, however, a full-time procurement Expert/Officer to support the project in procurement is yet to be hired.

Agreed Action	Responsibility	Agreed Date
<b>Implementation of activities</b>  Implement activities within timelines as specified in the approved AWPB and procurement plan I	PCO	
<b>Procurement progress</b>  Submit Procurement progress as well as contract implementation status to IFAD every two months.	PCO	

#### e. Key SIS Indicators

#### Likelihood of Achieving the Development Objective

Rating: 4.17

Previous rating: 4.0

#### Assessment of the Overall Implementation Performance

Rating: 3.83

Previous rating: 4.0

#### F. Agreed Actions

Agreed Action	Responsibility	Agreed Date
Overview and Project Progress		



<b>Public infrastructure</b> Develop clear workable mechanism in implementation and funding modality of public infrastructures sub project, revisit the MPCIF guidelines and seek approval along with technical support from programme ensuring quality of the construction. Ensure that all public private infrastructures, investments selection (market centres, road, ropeways, suspension bridges etc.) follow value chain and cluster development priorities as per the guidelines (selection criteria) for which concerned municipality has agreed to co-fund. Focus on productive and economically viable infrastructures such as irrigation and develop local resource person in transferring the knowledge of low-cost goat-shed model in coordination with other organisations that are working on goat value chain.	PCO	10/2020
<b>Recruitment of consultant</b> As an urgent transitional measure, recruit two consultants with high level of expertise to support programmes related to: (i) value chain and infrastructure development, and (ii) institutions development and agricultural extension.	PCO	10/2020
<b>Eols</b> Call on phased manner for Eols from producer organisations, private service providers and agribusiness in 145 clusters of 32 municipalities already identified and in clusters of additional 8 municipalities	PCO	11/2020
<b>CAESC methodology</b> Working collaboratively with MADCs start 5 pilots to test CAESC methodology based on draft Operational Guidelines discussed with the SM.	PCO	11/2020
<b>Strengthening farmers' organization and consolidation of cooperatives/ cluster groups</b> Prioritize strengthening farmers' organization and consolidation of cooperatives/ cluster groups. The PCO may also try exploring the possibility of collaborating with IFAD's global and regional initiatives for strengthening farmers' organization.	PCO/PIUs	11/2020
<b>Conduct MSPs consultative meetings</b> Conduct MSPs or similar consultative meetings for validating 4 SIPs with concrete action plans and prepare SIPs for 4-5 VCs.	PCO/ VC Team	01/2021
<b>Service providers for financial product</b> Procure the service providers for financial product development and for mentoring and groups/cooperatives consolidation.	PCO	01/2021
<b>Staffing</b> Ensure continuity of the current Programme Coordinator at least for next 3 years. Complete the recruitment of 60 agriculture technicians and 16 field agricultural officers. 3. Strengthen the staffing structure in PCO (Surkhet -Dailekh) and PCU offices, responsible for inclusive value chain development and cluster brokering process once additional staff (FAO) recruited. Complete posting Junior Technician (1) of Liaisons Office (1), agricultural officer (PCO, 1), accounts officer (PCO, 1), and JT (Jumla, 1). Complete the recruitment of Procurement officer, Infrastructure officer, knowledge management and communication officer and GESI Experts.	MOALD/PCO	01/2021
<b>Linkages between credit facility and financial institutions</b> Link the co-investment grantees requiring credit facility with appropriate financial institutions as per the conclusion of credit demand assessment.	PCO/PIUs	02/2021
<b>Guidelines for Resourcing Municipality for Strengthening Agriculture Extension Service Delivery Capacity</b> Revise, process, and get approval of the Guidelines for Resourcing Municipality for Strengthening Agriculture Extension Service Delivery Capacity at local level and start resourcing MADCs based on the capacity assessment results. The total amount of resource envelope provided per municipality be limited to NPR 5 million.	PCO/ PIUs	02/2021
<b>List of public infrastructures</b> Finalize the list of public infrastructures to be carried out in the next fiscal year.	PCO	03/2021
<b>Expanding the collaborative relationships</b> On the supply side, building on the initial work already done, the RF Expert, taking support from the PC as well as IFAD CO, as necessary, explore the possibility of expanding the collaborative relationships with the provincial/ regional/ head offices of BFIs. To this end, the PCO will :a) establish a functioning collaboration with ADBL, also keeping in view of the recently approved VITA programme; b) develop collaborative relationship with SKBBL to act as a wholesaler FI for selected cooperatives; and c) sign and MOU with at least one additional PFIs for collaborative work under ASDP.	PCO/PIUs	03/2021
<b>Conduct FEBL facilitators</b> Conduct FEBL TOT for 60 facilitators already selected by PCO and arrange for imparting FEBL training to 100 Producer Groups.	PCO, RF & VC Team	03/2021
<b>Prioritize capacity building of Agrovets and LRPs on production and extension services</b> Prioritize capacity building of Agrovets and LRPs on production and extension services and make them operationally available to PO's already granted with co-investments. Provide business support grant to agrovets when found to be necessary.	PCO/PIUs	03/2021
<b>Vehicles</b> Plan to procure 2 units of 4x4 double cabin pickup with canopy and motorcycles as required in the first quarter of FY2021/22 or in current FY if the ban is lifted.	PCO	03/2021
<b>Mobilize and strengthen additional POs</b> Mobilize and strengthen additional 300 POs involving approx. 10,000 HHs in selected commodities to meet the traders/buyer's requirements with co-investments for private sector and also initial investments are affordable and credible.	PCO/VC team	06/2021
<b>Operational Guidelines for CAESC</b> Revise Operational Guidelines for CAESC, get approval and initiate CAESC development process in remaining 35 wards.	PCO/PIU	06/2021
<b>Establish additional CAESCs</b> Extend the programme coverage to 50 municipalities, adding 18 more in the current FY, covering some 170 clusters with intensive operations. Establish 35 additional CAESCs, following 5 pilots and plan for covering around 150 CAESCs in FY 2021/22.	PCO	07/2021

<b>Possible extension of coverage programme area</b> Explore the possibility of extending the coverage of the Programme to Humla and Dolpa and if found feasible initiate the establishment of MADCs and CAESCs on selected municipalities.	PCO	07/2021
<b>Individual performance</b> Adjust pay levels of staff currently in the payroll based on the individual performance also keeping in view of the need to reduce staff turnover.	PCO	07/2021
<b>Extend contract to POs</b> Extend contract for a minimum of 2 years along with technical service provision to POs involving municipality and private service providers aiming at developing service markets and sustainable business operations.	PCO	12/2021
<b>Strategic directions</b> Define strategic directions of the programme as to: (i) work on both the demand and supply sides of the financial market, and (ii) work methodically and systematically to build the capacity of the rural financial institutions in the programme area while catering actively to the immediate needs of farmers/ entrepreneurs who have been selected as co-investments grantees.	PCOs/PIUs	
<b>Capacity development support</b> Provide capacity development support, including training, to cooperatives, starting with those that are likely to support 157 POs already selected and continuing with those to be selected in future.	PCO/PIUs	
<b>Development Effectiveness</b>		
<b>Update GESI Strategy and Action Plan</b> Update GESI Strategy and Action Plan with analysis of present issues that detriment women and marginalized section to enhance their productive capacity with empowerment measures considering PDR and policies of IFAD and GoN.	PCO/PIU	12/2020
<b>FEBL Resource Materials</b> Prepare additional audio-visual materials to make FEBL meaningful with prepared resource materials along with additional sessions and materials to address the gender issues, educate and promote changes in traditional discriminatory gender norms, adopt gender transformative approaches.	PCO/PIU	12/2020
<b>3. Women in Construction Guideline</b> Prepare 'women in construction' guidelines to involve the landless poor women in construction activities with provisions of safety, security, prevention of sexual harassment in workplaces, and orient the user committee/POs for community and market infrastructures and contractors and their workers involved in public infrastructures.	PCO/PIU	12/2020
<b>Drudgery Reduction tools Support</b> Initiate drudgery reduction technology, equipment's and tools support specifically to the women headed households based on recommendation of the survey conducted.	PCO/PIU	12/2020
<b>Up-date and finalize Nutrition Strategy and Action Plan</b> Up-date and finalize Nutrition Strategy and Action Plan considering the theory of change mentioned in PDR and policies of both GoN and IFAD.	PCO/PIU	12/2020
<b>Representation of targeted groups</b> Ensure representation of women and other marginalized groups while selecting the POs to involve in VCDs and initiate targeted social mobilization to enhance the participation of Dalits' and Janajatis'.	PCO/PIU	
<b>Targeting sensitization</b> Deliver proper message through EoI calls regarding targeting requirements and sensitize key stakeholders during time of field verification and investment plan preparation process to ensure targeting.	PCO/PIU	
<b>Roll out HHM</b> Assign one GESI and Nutrition Officer who has previous experience on HHM with support of Nutrition Expert to start implementation of HHM with technical backstopping from IFAD.	PCO/PIU	
<b>Finalize resource and BCC materials</b> Finalize nutrition resource materials along with audio visual and BCC materials that can be adopted from ongoing Nutrition Sector Programmes and roll out effectively.	PCO/PIU	
<b>Project Management</b>		
<b>Revise AWPB</b> Initiate the process of revision in Annual Work Programme (LMBIS entry) in line with the IFAD-approved AWPB and submit to MoALD/MoF for approval.	PCO	10/2020
<b>Finalise KM Strategy and Action Plan</b> Finalize the KM Strategy and action plan with clear deliverables and guiding questions covering all sub-components and thematic areas.	KM Officer	11/2020
<b>Capacity building</b> Build capacity of staff on KM tools and techniques including on latest techniques for data visualization, story-cycle etc. Impart to them training on GIS, keeping KM in perspective.	PCO	12/2020
<b>Baseline survey</b> Rearrange data collection approach and complete baseline survey.	PCO	01/2021

<b>Implement M&amp;E Action Plan</b> Implement M&E action plan to fully operationalize the M&E and GIS based MIS system and roll out at the field level.	PCO	01/2021
<b>Staff Training</b> Impart specialized training to the programme staff on GIS.	PCO	01/2021
<b>Implement KM Strategy</b> Ensure full implementation of the approved KM Strategy to meet the set deliverables and outcomes, with clarification of responsibilities of all staff involved.	PCO, PCU lead by KM team	03/2021
<b>Timely preparation of AWPB</b> Prepare, each year, the AWPB on timely basis and submit to IFAD 60 days prior to the next FY for NoL, get endorsement from PSC, upload in LMBIS and obtain approval from MoF.	PCO	03/2021
<b>Develop and execute monthly action plan of PCO</b> Develop and execute monthly action plan of PCO, PCU and thematic team, especially focusing on execution of AWPB that support programme goals and objectives.	PCO	
<b>PCO Meetings</b> Continue monthly PCO team meetings with IFAD's PO and national consultant aiming at loosening implementation bottlenecks and thereby expedite programme implementation and increase financial uptake and investments in the grassroots level activities.	PCO	
<b>Financial Management &amp; Execution</b>		
<b>Develop guidelines for implementation of project activities of joint funding</b> Develop guidelines for implementation and payment arrangement for the project activities to be funded jointly by the project, local government and beneficiaries in consultation of local government.	PCO	10/2020
<b>Submission of unaudited project financial statements of FY 2019-20.</b> Prepare and submit the project financial statements of FY 2019-20 as per IFAD guidelines based on Financial reporting under Cash basis of accounting of Nepal Public Sector Accounting Standards with full disclosures in the notes to the financial statements.	PCO	11/2020
<b>Compliance</b> Comply with all financing covenants of the Financing Agreement, Letter to the Borrower and General Conditions.	PCO	12/2020
<b>Implementation of activities</b> Implement activities within timelines as specified in the approved AWPB and procurement plan I	PCO	
<b>Procurement progress</b> Submit Procurement progress as well as contract implementation status to IFAD every two months.	PCO	

## **Nepal**

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### **Agriculture Sector Development Programme Supervision Report**

### **Logical Framework**

Mission Dates: 4 - 24 September 2020  
Document Date: 09/11/2020  
Project No. 2000001418  
Report No. 5530-NP

Asia and the Pacific Division  
Programme Management Department



## Agriculture Sector Development Programme

### 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										
	Household members		40 000	131 250	0	16 853	12.8				
	1.a Corresponding number of households reached							RIMS	Annual		
	Women-headed households		2 770	5 950	0	0	0				
	Non-women-headed households		13 524	29 050	0	0	0				
	Households		16 294	35 000	0	0	0				
	1 Persons receiving services promoted or supported by the project										
	Females		11 569	24 850	3 191	3 191	12.8				
	Males		4 725	10 150	1 303	1 303	12.8				
	Young		4 000	8 750	0	0	0				
	Not Young		11 500	26 250	0	0	0				
	Indigenous people		5 377	11 550	1 483	1 483	12.8				
	Non-Indigenous people		10 917	23 450	3 011	3 011	12.8				

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	
	Total number of persons receiving services		16 294	35 000	4 494	4 494	12.8				
<b>Project Goal</b> To contribute to the achievement of Nepal's SDG 1 - Poverty and SDG 2 – Zero Hunger targets by reducing poverty yand nutrition insecurity amongst women and men in hill and mountain areas of State 6	24,000 more women of 15-49 years of age, consume at least 5 out of 10 defined food groups daily							Field Survey	Mid-term and completion surveys	ASDP	
	Number of Women		5 000	24 000	0	0	0				
<b>Development Objective</b> To contribute to the achievement of Nepal’s SDG 8 Decent Work and Economic Growth target through sustainable improvement in the income and food security of smallholders and disadvantaged rural groups involved in commercially-oriented production and marketing systems in selected high value agricultural value chains. (number of beneficiaries effectively reached assuming a 75 per cent success rate)	Reduction in poverty incidence amongst 35,000 Programme households (measured as a lower HFIAS score)							Field Survey	Mid-term and completion surveys	ASDP	Socioeconomic conditions remain reasonably stable and manageable climatic disasters. Macro-economy continues to improve New provincial and municipal administrative systems take time to stabilize. Business regulatory system does not deteriorate with new Federal structure.
	Number of HHs		8 000	35 000	0	0	0				
	26,000 value chain linked farm households double their household income							Field Survey	Mid-term and completion surveys	ASDP	
	Number of value chain linked farm HHs		5 000	26 000	0	0	0				
	1.2.8 Women reporting minimum dietary diversity (MDDW)							Field survey	Baseline; mid-term and completion	PMU	
	Women (%)		20	70	0	0	0				
	Women (number)		5 000	24 000	0	0	0				
	Households (%)		20	70	0	0	0				
	Households (number)										

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	
	Household members										
	Households reporting an increase in production in the value chain commodities							Baseline, midline and completion Reports	Baseline, midline and completion survey	PCO	
	Households		30	75	0	0	0				
<b>Outcome</b> Inclusive and sustainable agriculture value chains expanded and diversified	Amount of agribusiness and household investment leveraged by ASDP co- financing (USD million)							ASDP records	Annual	ASDP	Municipal governments committed to participatory, market-led development. Elite capture/ disadvantaged groups unable to participate effectively
	Amount of Agribusiness and household investment		4	10	0	0	0				
	2.2.3 Rural producers' organizations engaged in formal partnerships/agreements or contracts with public or private entities							MIS data, Agreement papers with groups/Cooperatives	Annual	PCO	
	Number of POs		300	900	0	6	0.7				
	Percentage of POs										
	Percentage of indigenous POs										
	Women in leadership position										



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	
<b>Output</b> Profitable high-value agriculture value chains identified	Profitable new agriculture value chains operating in Programme area at project-end (ROI>12%)							MIS data, Agreement papers with groups/Cooperatives	Annual	PCO	Municipal governments committed to participatory, market-led development. Elite capture/ disadvantaged groups unable to participate effectively
	Number of profitable high value agriculture VC implemented (including pro poor VC)		6	12	0	4	33.3				
	Strategic Investment Plans (SIP) Validated through Multi-Stakeholders Consultive (MSP)Platforms							MIS data, Agreement papers with groups/Cooperative	Annual	PCO	
	Number of SIP validated through MSP		8	12	0	4	33.3				
<b>Output</b> Agricultural value chain development co-financed	Co-investment both on-farm and at agribusiness level (USD million)							Field Survey	Periodic surveys	ASDP	“Market gatekeepers” and farmers willing to invest in value adding agri-businesses.
	Total investment of groups and Cooperatives (USD million)		1	3	0	0	0				
	Total investment of private sector on VC (USD million)		3	7	0	0	0				
	Number of innovator investors linked with VC		70	170	0	0	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	
Outcome Market-oriented infrastructure functional	2.2.6 Households reporting improved physical access to markets, processing and storage facilities							Field Survey	Mid-term and completion surveys	PMU	Value chain infrastructure requirements align with municipal investment plans. Municipalities willing to co-finance infrastructure needs,
	Households reporting improved physical access to markets		15	80	0	0	0				
Output Co-financed public and community market infrastructure	2.1.5 Roads constructed, rehabilitated or upgraded							ASDP records	Annual	PMU	Timely implementation of Infrastructure O&M
	Length of roads		5	70	0	0	0				
	1.1.2 Farmland under water-related infrastructure constructed/rehabilitated							ASDP records	Annual	PMU	
	Hectares of land		200	1 000	0	0	0				
	Climate proofing of transport infrastructure (CPTI)							ASDP records (engineering data, MIS data)	Annual	PCO	
	Number of Climate proofing of transport infrastructure (CPTI) completed										
	Public infrastructure		10	25	0	0	0				
	Public Private Partnership		5	10	0	0	0				
	Community infrastructure		100	500	0	0	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	
<b>Output</b> Marketable skills development.	2.1.2 Persons trained in income-generating activities or business management							ASDP records	Annual	PMU	Rural youth perceive better economic opportunities
	Females		100	1 200		0	0				
	Young		40	800		0	0				
	Persons trained in IGAs or BM (total)		140	2 000		0	0				
<b>Outcome</b> Rural financial services for value chain development strengthened	1.2.5 Households reporting using rural financial services							Field survey	Annual	PMU	No major change in financial climate, lending terms
	Households		10	30	0	0	0				
<b>Output</b> Rural financial services development	1.1.6 Financial service providers supported in delivering outreach strategies, financial products and services to rural areas							ASDP and financial service provider records	Annual	ASDP, banks, MFIs, credit coops.	Financial service providers not interested to invest in Programme-targeted value chains. Borrowers divert loans for other purpose. Insufficient historic weather data limits spread and quality of insurance products.
	Service providers		3	5	0	0	0				
	Financial Products							Field survey, (bank, FSP, insurance co. records)	Annual	PCO and PCUs	
	No. of Financial Products		1	3	0	0	0				
	Improving insurance uptake										
	Percentage of farmers using insurance (%)		10	30	0	0	0				
<b>Output</b> Support to credit access	1.1.7 Persons in rural areas trained in financial literacy and/or use of financial products and services							Field Survey	Mid-term and completion surveys	PMU	Cooperatives not interested in amalgamation and increased business efficiency.
	Females		6 800	35 000	0	0	0				
	Males					0					
	Young		1 700	8 750	0	0	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	
	Not Young		5 100	26 250	0	0	0				
	Indigenous people		2 244	11 550	0	0	0				
	Non-Indigenous people		4 556	23 450	0	0	0				
	Persons in rural areas trained in FL and/or use of FProd and Services (total)		15 000	35 000	0	0	0				
	Households who have completed the business/financial skills trainings from the project, owning active savings accounts with banks/FI (%)							Field survey	Field survey	PCO/PCUs	
	Households		30	80	0	0	0				
Outcome Agriculture services sustainably support innovation and value chain development	1.2.2 Households reporting adoption of new/improved inputs, technologies or practices							RIMS	Annual	PMU	Municipalities adopt ADS-recommended institutions and approaches for agricultural service governance and delivery
	Households		25	70	0	0	0				
Output Participatory and pluralistic extension services and strengthened farmers organizations	Number of community agricultural extension service centres							ASDP records	Annual	ASDP	Technical service support system is pluralistic and responds to the grassroots level needs
	Number of community agricultural extension service centres		15	400	0	0	0				
	Households receiving services from CAESC							ASDP records	Annual	ASDP	
	Households		1 500	35 000	0	0	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	
<b>Output</b> Women's empowerment and household nutrition	Improvement in Women's empowerment in agriculture index							Field Survey	Mid-term and completion surveys	ASDP	Programme-promoted methodologies for women's empowerment successfully applied.
	Percentage of women's empowerment in agriculture index		0.2	0.6	0	0	0				
	1.1.8 Households provided with targeted support to improve their nutrition							RIMS	Baseline Survey, mid-term and completion	PMU	
	Total persons participating		1 500	35 000	0	0	0				
	Males		435	10 150	0	0	0				
	Females		5 000	24 000	0	0	0				
	Households		1 500	35 000	0	0	0				
	Household members benefitted		1 500	35 000	0	0	0				
	Indigenous people		1 485	11 550	0	0	0				
	Non-Indigenous people		3 515	23 450	0	0	0				
	Young		375	8 750	0	0	0				
	Not Young		3 000	26 250	0	0	0				
	Women-headed households		255	5 950	0	0	0				
	Non-women-headed households		1 245	29 050	0	0	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	
	Number of new farmer groups linked to Value Chains							ASDP records	Annual	PCO/PCUs	
	Number of groups		300	1 200	0	157	13.1				

## **Nepal**

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### **Agriculture Sector Development Programme Supervision Report**

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

Mission Dates: 4 - 24 September 2020  
Document Date: 09/11/2020  
Project No. 2000001418  
Report No. 5530-NP

Asia and the Pacific Division  
Programme Management Department







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

**Table 1.a: Financial performance by financier, as at 15 September 2020**

Financier	Approval (USD '000)	Disbursements (USD '000)	Per cent disbursed
IFAD Loan	38,200.00	549.56	1.44
IFAD Grant	1,800.00	32.89	1.83
Government/ <sup>2</sup>	11,480.84	465.32	4.05
SDC - HSI/ <sup>3</sup>	3,000.00	373.99	12.47
Municipality	3,440.10	-	-
Private Sector	6,681.45	-	-
Beneficiaries	3,487.91	-	-
<b>Total</b>	<b>68,090.29</b>	<b>1,421.76</b>	<b>2.09</b>

**Note:**

- 1 The IFAD and GoN disbursement include expenditures incurred up to 15 July 2020 excluding advances.
- 2 The expenditures of IFAD grant yet to be disbursed have been calculated at transfer exchange rate of NPR 120.00 per USD of 23 March 2020.
- 3 Government contribution and expenditures incurred by SDC - HSI reported based on the statement of expenditures provided by Helvetas have been converted using the average exchange rates of the respective fiscal year.

**Table 1.b: Financial performance by financier by component (USD '000) as at 15 September 2020**

No.	Component	IFAD Loan			IFAD Grant			Government			SDC - HSI		
		Approval	Actual	%	Approval	Actual	%	Approval	Actual	%	Approval	Actual	%
<b>1</b>	<b>1. Value Chain Development</b>	<b>34,448.09</b>	<b>75.38</b>	<b>0.22</b>	<b>1,671.60</b>	<b>32.89</b>	<b>1.97</b>	<b>7,731.87</b>	<b>18.40</b>	<b>0.24</b>	<b>3,000.00</b>	<b>373.99</b>	<b>12.47</b>
1.1	Inclusive and sustainable agriculture value chains expanded and diversified	20,179.50	44.75	0.22	488.02	28.02	5.74	2,998.23	12.12	0.40	-	-	-
1.2	Market-oriented public and community infrastructure functional	2,621.63	4.22	0.16	-	-	-	2,428.67	0.72	0.03	-	-	-
1.3	Rural financial services for value chain development strengthened	3,463.96	-	-	332.40	-	-	601.68	-	-	-	-	-
1.4	Agriculture services sustainability support innovation and value chain development	8,182.99	26.40	0.32	851.18	4.87	0.57	1,703.29	5.57	0.33	3,000.00	373.99	12.47
<b>2</b>	<b>2. Program Management</b>	<b>3,751.91</b>	<b>474.18</b>	<b>12.64</b>	<b>128.40</b>	<b>-</b>	<b>-</b>	<b>3,748.96</b>	<b>446.92</b>	<b>11.92</b>	<b>-</b>	<b>-</b>	<b>-</b>
	Program Management	3,751.91	474.18	12.64	128.40	-	-	3,748.96	446.92	11.92	-	-	-
	<b>Total</b>	<b>28,200.00</b>	<b>549.56</b>	<b>1.44</b>	<b>1,800.00</b>	<b>32.89</b>	<b>1.83</b>	<b>11,480.84</b>	<b>465.32</b>	<b>4.05</b>	<b>3,000.00</b>	<b>373.99</b>	<b>12.47</b>

No.	Component	Municipality			Beneficiaries			Private Sector			Total		
		Approval	Actual	%	Approval	Actual	%	Approval	Actual	%	Approval	Actual	%
<b>1</b>	<b>1. Value Chain Development</b>	<b>3,440.10</b>	<b>-</b>	<b>-</b>	<b>6,681.45</b>	<b>-</b>	<b>-</b>	<b>3,487.91</b>	<b>-</b>	<b>-</b>	<b>60,461.02</b>	<b>500.66</b>	<b>0.83</b>
1.1	Inclusive and sustainable agriculture value chains expanded and diversified	-	-	-	4,230.93	-	-	3,273.04	-	-	31,169.72	84.89	0.27
1.2	Market-oriented public and community infrastructure functional	2,243.85	-	-	1,325.66	-	-	-	-	-	8,619.81	4.94	0.06
1.3	Rural financial services for value chain development strengthened	-	-	-	-	-	-	214.86	-	-	4,612.91	-	-
1.4	Agriculture services sustainability support innovation and value chain development	1,196.25	-	-	1,124.86	-	-	-	-	-	16,058.58	410.83	2.56
<b>2</b>	<b>2. Program Management</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>7,629.27</b>	<b>921.10</b>	<b>12.07</b>
	Program Management	-	-	-	-	-	-	-	-	-	7,629.27	921.10	12.07
	<b>Total</b>	<b>3,440.10</b>	<b>-</b>	<b>-</b>	<b>6,681.45</b>	<b>-</b>	<b>-</b>	<b>3,487.91</b>	<b>-</b>	<b>-</b>	<b>68,090.29</b>	<b>1,421.76</b>	<b>2.09</b>

- Note:** 1 The IFAD and GoN disbursement includes expenditures incurred up to 15 July 2020 excluding advances.  
2 The expenditures of IFAD grant yet to be disbursed have been calculated at transfer exchange rate of NPR 120.00 per USD of 23 March 2020.  
3 Government contribution and expenditures incurred by SDC - HSI reported based on the statement of expenditures provided by Helvetas have been converted using the average exchange rates of the respective fiscal year.

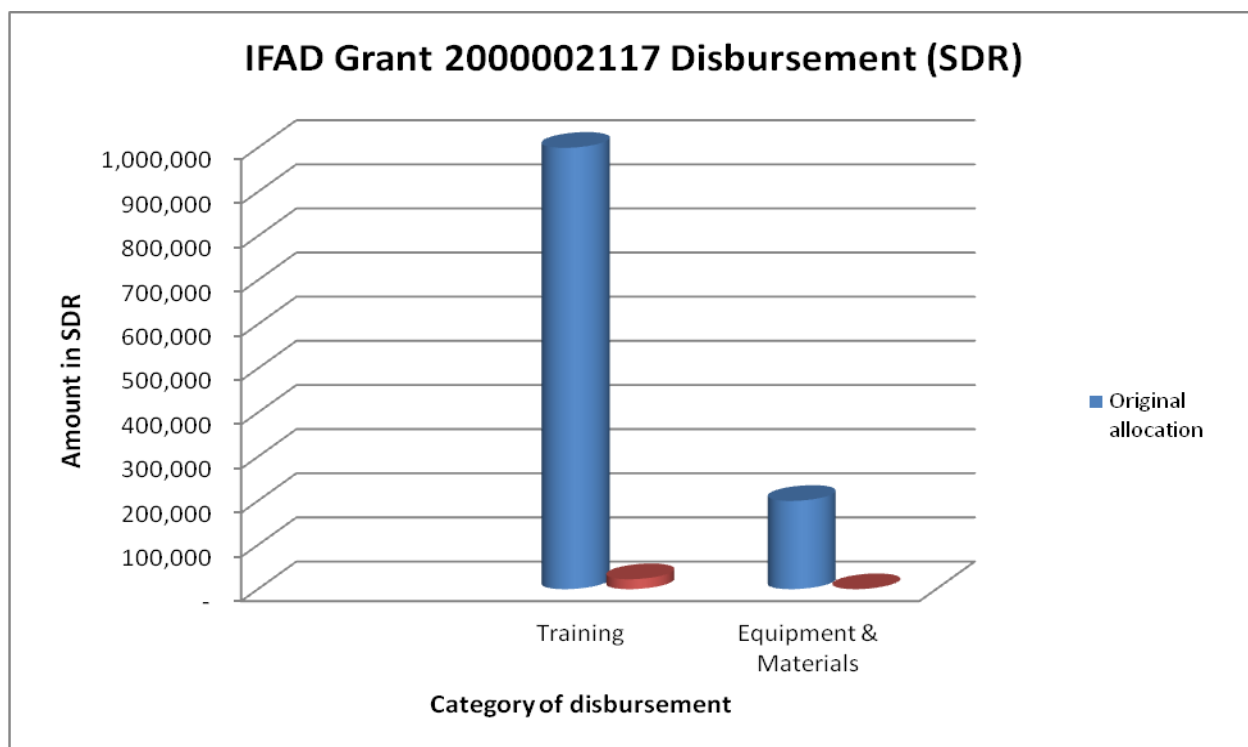
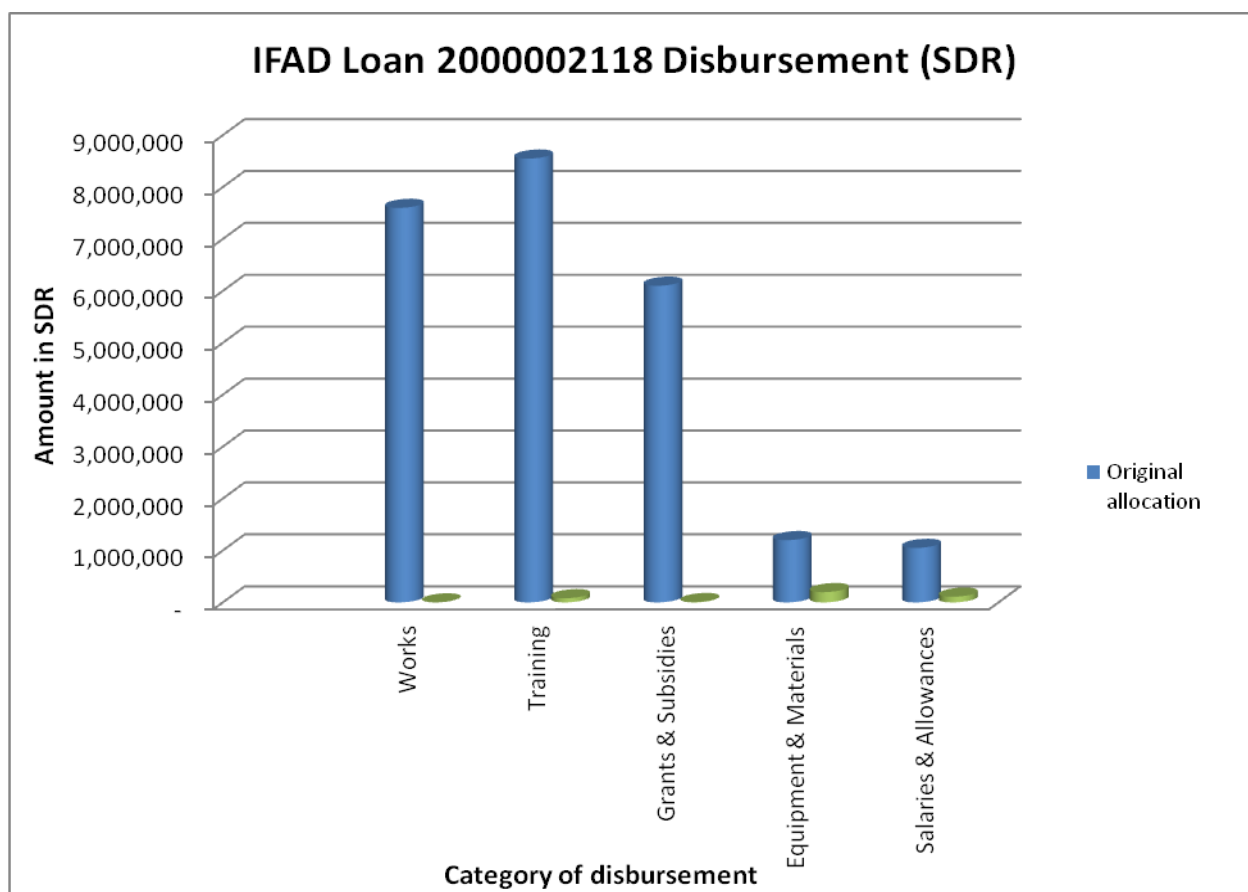
**Table 1.c.1: IFAD Loan 2000002118 Disbursements (SDR, as at 15 September 2020) by category**

Category	Category description	Original Allocation	Revised Allocation	Disbursement	W/A pending	Balance	Per cent disbursed
A-I	Works	7,600,000.00	-	-	-	7,600,000.00	-
A-II	Training	8,550,000.00	-	80,636.44	-	8,469,363.56	0.94
A-III	Grants & Subsidies	6,100,000.00	-	6,049.69	-	6,093,950.31	0.10
A-IV	Equipment & Materials	1,200,000.00	-	198,088.94	-	1,001,911.06	16.51
A-V	Salaries & Allowances	1,050,000.00	-	109,464.19	-	940,535.81	10.43
	Unallocated	2,700,000.00	-	-	-	2,700,000.00	-
	Initial deposit			1,806,528.07			
	<b>Total</b>	<b>27,200,000.00</b>	<b>-</b>	<b>2,200,767.33</b>	<b>-</b>	<b>26,805,760.74</b>	<b>8.09</b>

**Table 1.c.2: IFAD Grant 2000002117 Disbursements (SDR, as at 15 September 2020) by category**

Category	Category description	Original Allocation	Revised Allocation	Disbursement	W/A pending	Balance	Per cent disbursed
B-II	Training	1,000,000.00	-	22,525.61	1,162.53	976,311.86	2.25
B-IV	Equipment & Materials	200,000.00	-	-	-	200,000.00	-
	Unallocated	100,000.00	-	-	-	100,000.00	-
	Initial deposit			365,256.78	-		
	<b>Total</b>	<b>1,300,000.00</b>	<b>-</b>	<b>387,782.39</b>	<b>1,162.53</b>	<b>1,276,311.86</b>	<b>29.83</b>

- Note: 1 The advance disbursement has been reported in disbursement column against initial deposit.  
2 The expenditures incurred but yet to be disbursed have been reported in the WA pending column using exchange rate of USD 1.41664 per SDR prevailing on 15 September 2020.



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

Section and Para Ref	Covenant	Target/Action Due Date	Compliance Status/Date
<b>Financing Agreement:</b>			
Section B – Para 6 and Section E- Para 1(a)	There shall be two Designated Accounts, denominated in United States dollar opened at the Nepal Rastra Bank through which the proceeds of the loan and the grant shall be channeled.	Additional condition precedent to withdrawal	Complied The specimens of authorized signatories' were submitted on 22 June 2019 and Designated Accounts for Loan and Grant were opened on 8 July 2019.
Section E- Para 1(b)	The Project Steering Committee (PSC) and the Project Coordination Office (PCO) shall have been duly established in accordance with Schedule 1 Section II Paragraph 7 and 9.	Additional condition precedent to withdrawal	Complied
Section E- Para 1(c)	The Programme Coordinator and other PCO key staff as described under Schedule I Section II Paragraph 9 shall have been duly appointed/designated.	Additional condition precedent to withdrawal	Complied
Section E- Para 1(d) & Schedule 1 – Section II Para 13	A Programme Implementation Manual (PIM) shall have been prepared in form and substance satisfactory to the Fund. The LPA shall forward the draft PIM to the Fund for comments and approval. The LPA shall adopt the PIM, substantially in the form approved by the Fund, and the LPA shall promptly provide copies thereof to the Fund.	Additional condition precedent to withdrawal	Complied PSC approved PIM on 18 April 2019.
Section E- Para 1(e)	The LPA and Helvetas Swiss Inter-Cooperation (HSI) shall have entered into an Agreement: as outlined in paragraph 11.2 section II of Schedule 1 to this Agreement, in form and substance satisfactory to the Fund.	Additional condition precedent to withdrawal	Complied. Agreement was signed on 11 Dec 2018.
Schedule 1 – Section II Para 7.1 & 7.2	A PSC chaired by the Secretary MoALD and composed inter alia of, other federal ministry representatives, State Secretary for Agriculture or equivalent for State 6. Additionally, the PSC shall, by nomination, include representatives of National Farmers Commission and private sector entities related to the Programme. The PSC will meet at least quarterly to coordinate Programme implementation and make recommendations, to the LPA, as needed.	June 2018	Partially Complied. Three PSC meetings have been held on 18 April 2019, 22 September 2019 and 10 July 2020 till August 2020 instead of eight meetings in two fiscal years.
Schedule 1 – Section II	Technical Advisory Group (TAG), chaired by the State Secretary for Agriculture or equivalent for State 6, with the Programme	June 2018	Complied. Three meetings have

Section and Para Ref	Covenant	Target/Action Due Date	Compliance Status/Date
Para 8	Coordinator as member secretary, federal state and local government representatives of agriculture, livestock, forestry, agri-business and food technology/safety experts, shall be established to advise the PCO on technical aspects of the Programme implementation.		been held on 11 July 2019, 21 October 2019 & 24 June 2020.
Schedule 1 – Section II Para 9	A Programme Coordination Office (PCO) shall be established and composed of a management team, a technical team of externally recruited experts, and support staff. Key Programme staff shall include a programme Coordinator, with the relevant qualifications and experience, a senior agriculture officer, a funds and contract specialist and an account officer.	June 2018	Complied.
Schedule 1 – Section II Para 11.2	The LPA shall have entered into an agreement with HSI to define the terms and conditions of such technical assistance.	June 2018	Complied Agreement was entered on 11 December 2018.
Schedule 1 – Section II Para 11.3	The Programme will work closely with the NGOs of proven competence and sustainability, particularly in supporting and capacitating the extension system, community participatory planning, cooperative and Micro Finance Institutions (MFI) institutional reform and gender development and nutrition support at municipal level.	December 2018	Partially complied. First supervision mission fielded in September to October 2019 agreed to implement program activities directly by PCO through social mobilizers (subsequently named Agriculture Technician by PSC meeting) and agriculture officers. The process of recruiting has been started and they are expected to be on board by Dec 1, 2020.
Schedule 1 – Section II Para 11.4	Private enterprises, cooperatives, farmers' organizations, lead farmers and farmers' groups engaged in commodity production, the supply of goods and services, commodity processing, marketing or related fields will participate in programme implementation as co-financiers and/or service providers.	During implementation period	Being complied. Contracts with 157 farmers groups have been entered and they have been engaged in commodity production.
Schedule 1 – Section II Para 11.5	The establishment of Municipality Agriculture Units (MAUs) and Community Agriculture Extension Service Centers (CAESCs) under Municipalities will strengthen the grassroots-level management and operational capacity, fostering community-governed and equitable representation and participation of	FY 2018	Partially complied. MOU has been signed between PCO and Municipalities and 14 Municipality Agriculture Development Committees have been established.

Section and Para Ref	Covenant	Target/Action Due Date	Compliance Status/Date
	the vulnerable groups in community decision making structure.		CAESC Guideline has been prepared and submitted to MoALD, MoLMAC and IFAD for feedback and suggestions. Five municipalities have been selected for CAESC piloting but CAESCs are yet to be established.
Schedule 1 – Section II Para 14	The LPA, including State and Municipal representatives and the Fund shall jointly carry out a review of Programme implementation no later than the end of the third year of the Programme (the Mid -Term Review) based on terms of reference prepared by the Borrower/Recipient and approved by the Fund.	At the end of the third year of the Programme	Not yet due
Schedule 2 – Para 2	The Borrower/Recipient shall provide counterpart financing for the programme in the approximate amount of eleven million five hundred thousand United States dollars (USD 11,500,000) to mainly cover duties and taxes related to the Programme expenditures.	During implementation period	Being complied. Counterpart fund was not sufficient at the financing percentage for FY 2019-20 but it is sufficient for FY 2020/21.
Schedule 2 – Para 1	The Borrower/Recipient shall ensure that the HVAP beneficiaries shall not be eligible to this programme financing under the Value Chain Component	During implementation period	Being complied
<b>Letter to the borrower</b>			
Paragraph 5	Before disbursement can begin, IFAD must receive from the Designated Representative specified in Section E of the Agreement a letter designating the name(s) of official(s) authorized to sign withdrawal applications, and Statement of Expenditure (SOEs), which includes their authenticated specimen signature(s).		Complied on 22 June 2019
Paragraph 6	The Borrower/Recipient may request an advance withdrawal up to USD 400,000 equivalent to incur Programme start-up expenditure before the satisfaction of the conditions precedent to withdrawal, in accordance with Section 4.02(b) of the General Conditions and Schedule 2 to the Agreement.		Not required
Paragraph 14	The proceeds of the IFAD financing may not be used to pay taxes which will be part of the contribution of the Government of Nepal to the programme. Considering the current	During implementation period	Being complied. The proceeds of IFAD financing have not been used to pay the taxes and

Section and Para Ref	Covenant	Target/Action Due Date	Compliance Status/Date
	taxation scheme for VAT at 13 percent, the Government of Nepal's contribution to all categories of expenditures foreseeing the purchase of goods and services will be fixed at least at 15 percent. Social security benefits (employee's portion) and income less (employee deductions) are eligible for IFAD financing.		the expenditures are correctly accounted at the financing percentage to IFAD fund.
Paragraph 14	The Borrower/Recipient is required to open and maintain two Designated Accounts denominated in USD at Nepal Rastra Bank, respectively for the loan and for the grant, in order to receive the proceeds of the financing in advance as soon as possible after entry into force of the Agreement. The Designated Accounts will be administered following Imprest Accounts arrangements.	June 2018	Complied
Paragraph 18	Documentation evidencing the opening of the designated Accounts, with details of the names and titles of the persons authorized to operate these accounts, must reach IFAD before withdrawal from the loan and grant accounts can begin.		Complied
Paragraph 20	Counterpart funding in the estimated amount of USD 11.50 million as provided in Schedule 2 of the Agreement, will be provided in accordance with the budgetary process of the Government.	During implementation period	Being complied. Counterpart fund was not sufficient at the financing percentage for FY 2019-20 but it is sufficient for FY 2020/21.
Paragraph 21	Procurement of goods, works and consulting services under ASDP financed from resources provided or administered by IFAD will be undertaken in accordance with the provision of the Government of Nepal's Public Procurement Act 2007 and associated regulations, the Public Procurement Regulations 2007 as amended from time to time to the extent they are consistent with the provisions of IFAD's Programme Guidelines and Handbook (dated September 2010) and as amended from time to time.	During implementation period	Being complied
Paragraph 22	Each Annual Work Plan and Budget (AWPB) must contain as Procurement Plan, identifying procurement to be undertaken by the Borrower/recipient and IFAD shall review and provide its no objection to the Procurement Plan.	FY 2018-19 and subsequent fiscal years	Being complied
Paragraph 23	Any amendments to the Procurement Plan shall be subject to the fund's no objection.	During implementation period	Being complied



Section and Para Ref	Covenant	Target/Action Due Date	Compliance Status/Date
Paragraph 28	Any entrepreneur or users group requesting for co-financing from ASDP shall agree to constitute a procurement committee for procuring materials, labour etc. as provided by the procurement rules and regulations.	During implementation period	Funding to entrepreneur and users group is yet to be started.
Paragraph 32	All contracts must be listed in the Register of Contracts, which should be updated and submitted to the IFAD Country Programme Manager every quadrimester.	During implementation period	Being complied. All contracts are listed in the register of contracts and it is submitted to IFAD every trimester along with the WA.
Paragraph 33	In accordance with Section 9.01 and 9.02 of the General Conditions, the Borrower/Recipient must prepare and submit to IFAD detailed financial statements of all the operations, resources and expenditures related to the Programme for each fiscal year.	Within 15 November of every year	Delayed in compliance Financial statements of FY 2018-19 were submitted on 9 December 2019 after due date of 16 November 2019.  The financial statements of FY 2019-2020 have been prepared but need revision before submission deadline of 15 Nov. 2020 to IFAD.
Paragraph 34	In addition, summary interim financial reports (IFRs) must be submitted to IFAD at intervals of four months after the end of the period-end.	31 December 2018 and onwards	Being complied with delay First and third IFRs were submitted within due dates on, 26 Dec 2019 and 23 August 2020 but second IFRs was submitted to IFAD on 22 June 2020 against due date of 30 April 2020.
Paragraph 35	The programme audit must be submitted to IFAD within six months after the end of the financial year.	Within 15 January of every year	Being complied Audit report of FY 2018-19 issued on 15 January 2020 was submitted on same date but it was received on 17 January 2020 with delay of 2 days.
Paragraph 36	The Log of Audit Observation should be maintained and updated regularly.	14 January 2020 and onwards	Complied.
<b>General Condition for Agricultural Financing:</b>			
General	The first AWPB has been approved by the		Complied.

Section and Para Ref	Covenant	Target/Action Due Date	Compliance Status/Date
Conditions Section 4.02	Fund and all other conditions specified in the Financing Agreement as additional general conditions precedent to withdrawal have been fulfilled.		The first AWPB of FY 2018-19 was approved on 31 January 2019.
General Conditions Section 7.01 (b) (i & ii)	The implementation of the Project by the implementation parties in accordance with the approved AWPB and the Procurement Plans. The AWPB and the PP shall be submitted two months before the start of the Programme Year.	During implementation period 15 May of every year	Partially complied The revised AWPB and PP of FY 2018-19 were submitted on 31 January 2019 which was approved on same day. The AWPB and PP of FY 2019/20 was submitted on 2 July 2019. The revised and final AWPB were submitted to IFAD on 16 September 2019 and 20 November 2019 respectively. The PP was revised and submitted on 12 Dec 2019 which was again revised and submitted on 14 Dec 2019 for approval which was approved by IFAD on same day. AWPB and PP for 2020/21 were submitted for review on 16 March 2020 and revised AWPB and PP were again submitted on 14 August 2020 after various level of review for approval which were approved on 19 August 2020.
Section 7.03(b)	Borrower/Recipient shall make available to the Project Parties during the Project Implementation Period counterpart funds from its own resources in accordance with its customary national procedures for development assistance.	During implementation period	Being complied
Section 7.08 (a)	Insurance of vehicles, equipment and civil works financed from the loan proceeds to be consistent with sound commercial practice.	During implementation period	Complied New three vehicles against comprehensive and old vehicles transferred from HVAP and motorbike against third parties have only been insured.
Section 8.02 (a)	The Lead Project Agency shall establish and thereafter maintain an appropriate	During implementation	Complied Upgraded the previous

Section and Para Ref	Covenant	Target/Action Due Date	Compliance Status/Date
	information management system in accordance with the Fund's Guide for Project Monitoring and Evaluation with which it shall continuously monitor the Project.	period	MIS developed by HVAP.
Section 8.03 (a)	<b>Progress Report:</b> The Lead Project Agency shall submit to the Fund periodic progress reports on the Project, in such form and substance as the Fund shall reasonably.	During implementation period	Partially complied Annual progress reports of FY 2018-19 and 2019-20 have been submitted. Periodic progress reports being prepared and submitted only for the IFAD implementation and supervision mission.
Section 8.03 (b)	<b>Mid-Term Review:</b> The Lead Project Agency and the Fund shall jointly carry out a review of Project implementation no later than the midpoint of the Project Implementation Period (the "Mid-Term Review") based on terms of reference prepared by the Borrower and approved by the Fund.	July 2021	Not yet due
Section 8.05	<b>Plans and Schedules:</b> The Project Parties shall furnish to the Fund promptly upon their preparation, such plans, design, standards, reports, contract documents, specifications and schedules relating to the Project, and any material modifications subsequently made therein.	During implementation period	Complied All required reports and other documents are being submitted to IFAD and No-objection letters have been obtained as required.
Section 9.01	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.	During implementation period	Being complied
Section 9.02	<b>Financial Statements:</b> The borrower shall deliver to the Fund detailed financial statements of the operations, resources and expenditures related to the Program for each Fiscal Year in accordance with standards and procedures acceptable to the Fund within 4 months of the end of each Fiscal Year.	Within 15 November of every year	Complied Financial statements of FY 2018-19 were submitted with delay on 9 December 2019. The financial statements of FY 2019-2020 have been prepared but to be

Section and Para Ref	Covenant	Target/Action Due Date	Compliance Status/Date
			revised and submitted within due date of 15 November 2020.
Section 9.03 (a)	<b>Audit:</b> The Borrower/Recipient shall, each Fiscal Year, have the accounts relating to the Project audited in accordance with auditing standards acceptable to the Fund by independent auditors acceptable to the Fund.	During implementation period	Complied The Office of the Auditor General acceptable to the Fund conducts audit of the project in accordance with the ISSAI issued by INTOSAI.
Section 9.03 (b)	The borrower shall, within six (6) months of the end of each Fiscal Year, furnish to the Fund a certified copy of the audit report. The Borrower/Recipient shall submit to the Fund the reply to the management letter of the auditors within one month of receipt thereof.	Within 15 January of every year	Partially complied Audit report and management letter of FY 2018-19 issued on 15 January 2020 were submitted on same day but received on 17 January 2020 and the management response was not submitted.

## **Nepal**

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### **Agriculture Sector Development Programme Supervision Report**

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

Mission Dates: 4 - 24 September 2020  
Document Date: 09/11/2020  
Project No. 2000001418  
Report No. 5530-NP

Asia and the Pacific Division  
Programme Management Department



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

S.No.	Components/Subcomponents and Activities	Unit	Cumulative Actual (as of Jul 15, '20)	Appraisal Target	Cumulative Achieved %
<b>1. Component 1: Value Chain Component</b>					
<b>S.C: 1.1 Inclusive and Sustainable agriculture value chains expanded and diversified;</b>					
1.1.1.1	Study and Preparation of SIP	Number	9	12	75
1.1.1.2	Scoping Study /Assessment of Potential Agriculture for Provincial Planning	Lump Sump	0	1	0
<b>1.1.2 Agricultural value chain development co-financed</b>					
<b>1.1.2.1 Value Chain Business Development</b>					
1.1.2.1.2	National business management advisers	Person month	0	18	0
1.1.2.1.3	National technical assistance	Person month	0	24	0
1.1.2.1.4	Business management and marketing training	Lump Sump	0	1	0
<b>1.1.2.2 Multi-Stakeholder Platform programme</b>					
1.1.2.2.1	MSP coordinated participatory action research , demonstration and business fair	Lump Sump	1	5	20
1.1.2.2.2	MSP Formation and Workshops at Provincial Level	Each	4	174	4
1.1.2.2.3	MSP Formation and Workshops at Palika/cluster level	Each	11		
1.1.2.2.4	MSP participation in VC bid field verification (including MSP and participant)	Each	255	1,325	19
1.1.2.2.5	MSP engagement in contract negotiation/facilitation (B2B and B2S Interaction )	Each	6	220	3
<b>1.1.2.3 Co-financing value chain investment</b>					
1.1.2.3.1	Entrepreneur orientation/briefing on co-financed value chain investment (Businesspersons)	Workshop	2	6	33
1.1.2.3.2	Competitive Value Chain Co-investment (Private Sectors)	Lump Sump	0	1	0
<b>1.1.2.4 Value chain-linked farmer group grants</b>					
1.1.2.4.1	Orientation/briefing on Value Chain Development and Co-investment (farmers groups/cooperatives)	Workshop	25	216	12
1.1.2.4.2	Co-investment for demand-based Value Chain Development for Farmers groups and cooperatives	lump Sump	157	1	
<b>S.C.1.2. Market-oriented infrastructure functional</b>					
<b>1.2.1.1 Public Good infrastructures Fund</b>					
1.2.1.1.1	Public good infrastructures	Lump Sump	0		
1.2.1.1.2	Public-Private Partnership infrastructure	Lump Sump	0		
<b>1.2.1.2 Collective good infrastructure fund</b>					
1.2.1.2.1	Community-based infrastructure	Lump Sump	0		
<b>1.2.1.3 Infrastructure design and construction supervision</b>					
1.2.1.3.1	Study and design	Lump Sump	0	1	
1.2.1.3.2	Construction supervision	Lump Sump	0	1	0
<b>A.1.2.1.4 Equipment</b>					

S.No.	Components/Subcomponents and Activities	Unit	Cumulative Actual (as of Jul 15, '20)	Appraisal Target	Cumulative Achieved %
1.2.1.4.1	Auto Level Machine (Topcon AT-B2, with 32X magnification, ultra-short focusing (20 cm), rapid accurate and automatic compensation, endless fine horizontal adjustments, water resistant)	Number	1	4	25
1.2.1.4.2	Abney level (with clinometer, 0-90° semi-circular arc graduated in both directions, vernier reading up to 10 minutes, grade 0-100% )	Number	1	4	25
1.2.1.4.3	GPS (with sunlight-readable screen, high sensitivity GPS and GLONASS receiver, barometric altimeter, wireless connectivity via Bluetooth, micro SD, high speed USB compatible, maps& memory, compass and live tracking, area calculation, automatic routing)	Number	1	4	25
1.2.2	<b>Youth Focus skills development</b>				
1.2.2.1	Skill Enhancement Training/ Placement for Youth	Number	0	2000	0
<b>S.C.1.3</b>	<b>S.C.1.3 Rural financial services for value chain development strengthened</b>				
1.3.1.1	<b>Support to commercial banks</b>				
1.3.1.1.2	National TA for value chain financial product development	Person month	0	24	0
1.3.1.1.3	Private banker VC financing training	Course	0	4	0
1.3.1.2	<b>MFI/Provincial cooperative MFI development</b>				
1.3.1.2.1	National TA for loan product development	Person month	0	24	0
1.3.1.2.2	IT based cooperatives MIS installation	Each	0	12	0
1.3.1.2.3	Staff training on new loan products	Each	0	12	0
<b>1.3.1.3</b>	<b>Capacity building for municipality cooperatives</b>				
1.3.1.3.1	Trainings on business management	Course	0	15	0
1.3.1.3.2	Training on internal and external fund raising	Course	0	15	0
1.3.1.3.3	Training on agriloan product development	Course	0	15	0
1.3.1.3.4	Training on cooperative standards, internal audit and governance	Course	0	200	0
1.3.1.3.5	Mentoring support to cooperatives	Person month	0	120	0
1.3.1.3.6	Management fees for cooperative training and mentoring institution	Lump Sump	0	1	0
1.3.1.3.7	Equipment and accounting and MIS software	Each	0	50	0
1.3.2	<b>Support to credit access</b>				
<b>1.3.1.4</b>	<b>Insurance product development</b>				
1.3.1.4.1	National TA: insurance product development/modification	Person month	0	12	
1.3.1.4.2	Asia region weather insurance study tour	Study tour	0	2	
1.3.1.4.3	Training on insurance of different value chains	Course	0	1	0
<b>1.3.2.1</b>	<b>Business and financial literacy training</b>				
1.3.2.1.1	TOT for social mobilisers and Rural Finance on rural financial services	Course	0	2	0



S.No.	Components/Subcomponents and Activities	Unit	Cumulative Actual (as of Jul 15, '20)	Appraisal Target	Cumulative Achieved %
1.3.2.1.2	TOT for Rural finance staff and social mobilisers on FEBL	Course	0	2	0
1.3.2.1.3	TOT for farmer financial Education and Business literacy (FEBL) training	Course	0	28	0
1.3.2.1.4	Training of women farmers in FEBLC/s	Course	0	1000	0
<b>S.C.1.4 Agriculture services sustainably support innovation and value chain development.</b>					
<b>1.4.1.1.1</b>	<b>Establish MADCs at Municipal level</b>				
1.4.1.1.1.1	Capacity assessment of Municipality technical capacity	Each	26	60	43
1.4.1.1.1.2	Establishment of Municipal agriculture development committee	Number	29	60	48
1.4.1.1.1.3	Orient stakeholders on MADC roles and responsibilities	Workshop	29	15	193
1.4.1.1.1.4	Resource Municipal technical staff	Each	0	60	0
1.4.1.1.1.5	Capacity building for Municipal technical staff (training on formation of MADC/CAESC)	Lump Sump	0	60	0
1.4.1.1.1.6	MADC- CAESC support fund	Each	0	290	0
<b>1.4.1.1.2</b>	<b>Establish CAESCs at Ward level</b>				
1.4.1.1.2.1	CAESC establishment fund	Each	0	400	0
1.4.1.1.2.2	Orient stakeholders on CAESC roles and responsibilities	Each	0	120	0
1.4.1.1.2.3	Local adaptation plan of action (LAPA)	Each	0	250	0
1.4.1.1.2.4	Annual CAESC participatory planning	Each	0	2000	0
<b>1.4.1.1.3</b>	<b>Private sector engagement in agriculture extension services</b>				
1.4.1.1.3.2	Training in enterprise plan preparation	Course	1	2	50
1.4.1.1.3.3	Training of agro-vets and up to 3 LRPs per agro-vet	course	1	4	25
<b>1.4.1.1.4</b>	<b>Strengthening Provincial Agriculture Policy and guidelines</b>				
1.4.1.1.4.1	Provincial Agriculture Development Strategy /Policy Formulation	Number	0	1	0
1.4.1.1.4.2	Organic Agriculture Promotion Guidelines and Outreach Plan Development	Number	0	1	0
<b>1.4.1.2.1</b>	<b>Government organisations</b>				
1.4.1.2.1.2	Programme orientation at Municipality/District level	Course	38	10	380
<b>1.4.1.2.2</b>	<b>Develop Farmer Institutions</b>				
1.4.1.2.2.1	National/International TA Support	Person month	0	1	0
1.4.1.2.2.2	Exposure study tour(Training tour to Asian country organized by IFAD)	Study tour	0	3	0
<b>1.4.1.2.3</b>	<b>NGO Orientation to market-led development</b>				
1.4.1.2.3.2	Orientation of SMs on Assessment of groups and cooperatives	Workshop	0	4	0
1.4.1.2.3.3	Orientation of SMs on social mobilisation	Workshop	0	4	0
1.4.1.2.3.4	Orientation of SMs on value chain development	Workshop	0	4	0

S.No.	Components/Subcomponents and Activities	Unit	Cumulative Actual (as of Jul 15, '20)	Appraisal Target	Cumulative Achieved %
1.4.1.2.3.5	Orientation of SMs on business development	Workshop	0	4	0
<b>1.4.1.2.4</b>	<b>Palika Support to CAESCs and farmer associations for Piloting for Strengthening Agriculture Extension at community Level</b>				
<b>1.4.1.2.5</b>	<b>Strengthening Farmer organizations</b>				
1.4.1.2.5.1	Group leader training	Event	0	172	0
1.4.1.2.5.2	Group member training	Event	0	3,331	0
1.4.1.2.5.3	TA for the consolidation of groups into commodity cooperatives	Lump Sump	0	138	0
<b>1.4.1.2.6</b>	<b>Commodity cluster group/cooperative consolidation</b>				
1.4.1.2.6.1	Community discussions on group/cooperative consolidation	Each	0	35	0
1.4.1.2.6.2	Group/cooperative consolidation planning	Lump Sump	0	1	
1.4.1.2.6.3	Consolidated group/cooperative support	Each	0	45	0
<b>1.4.2.1</b>	<b>Technical assistance</b>				
1.4.2.1.2	National TA for Household methodology approach	Person month	0	15	0
<b>1.4.2.2</b>	<b>Gender equality</b>				
1.4.2.2.1	Training/refresher Events for Programme staff	Course	0	10	0
1.4.2.2.2	Drudgery reduction technology assessment	Person month	0	3	0
1.4.2.2.3	Drudgery reduction technology procurement	Lump Sump	0	1	0
1.4.2.2.4	Drudgery reduction toolkits for farmer groups	Lump Sump	0	400	0
1.4.2.2.5	GESI strategy revision and launch	Person	0	1	0
1.4.2.2.6	International TA support to GESI strategy revision	Person-month	0	1	0
1.4.2.2.7	Gender analysis toolkit	Each	0	5	0
<b>1.4.2.3</b>	<b>Household methodology approach</b>				
1.4.2.3.1	Training of village volunteers at two per Ward	Each	0	240	0
1.4.2.3.2	Field implementation: logistics, materials, etc	Number	0	5,000	0
1.4.2.3.3	Monitoring and supervision including documentation costs	Each	0	3	0
<b>1.4.2.4</b>	<b>Nutrition</b>				
1.4.2.4.1	No junk food campaign	Ward	0	350	0
1.4.2.4.2	Nutrition training for programme staff at all levels	Each	0	8	0
1.4.2.4.3	Nutrition Training Events for social mobilisers and Agriculture officer	Each	0	10	0
1.4.2.4.4	Nutrition education and communication materials	Each	0		
1.4.2.4.5	ToT for Nutrition Facilitators -30	Lump Sump	0	1	0
1.4.2.4.7	Operation costs for farmer nutrition schools: within Value chain Group	Each	0	280	0
1.4.2.4.8	Field visits for Municipal health and sewerage and water supply departments	Each	0	20	0
<b>Component 2:Programme Management</b>					

S.No.	Components/Subcomponents and Activities	Unit	Cumulative Actual (as of Jul 15, '20)	Appraisal Target	Cumulative Achieved %
<b>A.2.1.1.2</b>	<b>Vehicles</b>				
2.1.1.2.1	4x4 double cabin pick-up with canopy	Each	3	5	60
2.1.1.2.2	Motorcycles/scooters	Each	15	30	50
<b>A.2.1.1.3</b>	<b>Office Equipment</b>	<b>Lump Sump</b>			
2.1.1.3.1	Desktop computers/Laptop computers(branded and software) and external hard disk	Number	5		
2.1.1.3.2	Printers (with photocopy and scanner)	Number	2		
2.1.1.3.3	Digital camera (Compact size). Up to 20 Megapixels, video resolution-4K, image stabilization system, LCD, 10X Zoom) with GPS	Number	4		
2.1.1.3.4	Multimedia projector	Number	4		
2.1.1.3.5	Server computer	Number	2		
2.1.1.3.6	Furnitures	Number	5		
<b>A.2.1.1.4</b>	<b>Planning and orientation</b>				
2.1.1.4.1	Planning meetings/workshops	Workshop	6	18	33
2.1.1.4.2	Review meetings/workshops(corridor)	Workshop	0	15	0
2.1.1.4.4	Program related workshops with Partner Organisations (Palikas/DCC Orientation)	Workshop	4	10	40
2.1.1.4.5	PSC meeting	Number	3	18	17
2.1.1.4.6	meeting (TAG)	Number	4	18	22
2.1.1.4.7	Consultative Workshop with Municipalities on Agriculture centred Planning and Budgeting	Number	0	45	0
<b>A.2.1.1.5</b>	<b>Technical Assistance</b>				
2.1.1.5.2	National technical assistance (nutrition)	Person month	0	7	0
2.1.1.5.3	Consultants (Procurement service/ rolling baseline service from firm)	Lump Sump	0		
<b>A.2.1.1.6</b>	<b>Studies and training</b>				
2.1.1.6.1	Short-term national training of MoALD/PCO staff	Lump Sump	0	0	
<b>B2.1.2</b>	<b>Monitoring and evaluation and knowledge management</b>				
<b>B.2.1.2.1</b>	<b>Monitoring and evaluation</b>				
2.1.2.1.1	upgrading of HVAP M&E system	Person month	1	4	25
2.1.2.1.2	Upgrading MIS and tablet monitoring	Lump Sump	0	1	0
2.1.2.1.3	Tablets for M&E field programme	Each	15	66	23
2.1.2.1.4	Communication and Knowledge strategy preparation	Lump Sump	0	1	0
2.1.2.1.5	Baseline survey	Lump Sump	1	45	2
2.1.2.1.7	Municipal level workshop on M&E and KM	Each	0	45	0
2.1.2.1.8	Logistic software purchase	Lump Sump	0	1	0
2.1.2.1.9	Programme website updating	Lump Sump	0	1	0
2.1.2.1.10	Communication materials and dissemination	Number	0	18	0
<b>B.2.1.2.2</b>	<b>Knowledge management and communication</b>				

S.No.	Components/Subcomponents and Activities	Unit	Cumulative Actual (as of Jul 15, '20)	Appraisal Target	Cumulative Achieved %
2.1.2.2.1	Preparation and publication of knowledge products (Video documentary, leaflets, booklets, brochures, technical manuals, study reports.....)	Lump Sump	1	1	
<b>C.2.1.3</b>	<b>Governance</b>				
2.1.3.1	Anti-corruption action plan	Each	0	1	0



## **Nepal**

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### **Agriculture Sector Development Programme Supervision Report**

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

Mission Dates: 4 - 24 September 2020  
Document Date: 09/11/2020  
Project No. 2000001418  
Report No. 5530-NP

Asia and the Pacific Division  
Programme Management Department



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

Section and Para Ref	Covenant	Target/Action Due Date	Compliance Status/Date
<b>Financing Agreement:</b>			
Section B – Para 6 and Section E- Para 1(a)	There shall be two Designated Accounts, denominated in United States dollar opened at the Nepal Rastra Bank through which the proceeds of the loan and the grant shall be channelled.	Additional condition precedent to withdrawal	Complied The specimens of authorized signatories' were submitted on 22 June 2019 and Designated Accounts for Loan and Grant were opened on 8 July 2019.
Section E- Para 1(b)	The Project Steering Committee (PSC) and the Project Coordination Office (PCO) shall have been duly established in accordance with Schedule 1 Section II Paragraph 7 and 9.	Additional condition precedent to withdrawal	Complied
Section E- Para 1(c)	The Programme Coordinator and other PCO key staff as described under Schedule I Section II Paragraph 9 shall have been duly appointed/designated.	Additional condition precedent to withdrawal	Complied
Section E- Para 1(d) & Schedule 1 – Section II Para 13	A Programme Implementation Manual (PIM) shall have been prepared in form and substance satisfactory to the Fund. The LPA shall forward the draft PIM to the Fund for comments and approval. The LPA shall adopt the PIM, substantially in the form approved by the Fund, and the LPA shall promptly provide copies thereof to the Fund.	Additional condition precedent to withdrawal	Complied PSC approved PIM on 18 April 2019.
Section E- Para 1(e)	The LPA and Helvetas Swiss Inter-Cooperation (HSI) shall have entered into an Agreement: as outlined in paragraph 11.2 section II of Schedule 1 to this Agreement, in form and substance satisfactory to the Fund.	Additional condition precedent to withdrawal	Complied. Agreement was signed on 11 Dec 2018.
Schedule 1 – Section II Para 7.1 & 7.2	A PSC chaired by the Secretary MoALD and composed inter alia of, other federal ministry representatives, State Secretary for Agriculture or equivalent for State 6. Additionally, the PSC shall, by nomination, include representatives of National Farmers Commission and private sector entities related to the Programme. The PSC will meet at least quarterly to coordinate Programme implementation and make recommendations, to the LPA, as needed.	June 2018	Partially Complied. Three PSC meetings have been held on 18 April 2019, 22 September 2019 and 10 July 2020 till August 2020 instead of eight meetings in two fiscal years.
Schedule 1 – Section II Para 8	Technical Advisory Group (TAG), chaired by the State Secretary for Agriculture or equivalent for State 6, with the Programme Coordinator as member secretary, federal state and local government representatives of agriculture, livestock, forestry, agri-business and food technology/safety experts, shall be established to advise the PCO on technical aspects of the Programme implementation.	June 2018	Complied. Three meetings have been held on 11 July 2019, 21 October 2019 & 24 June 2020.
Schedule 1 – Section II Para 9	A Programme Coordination Office (PCO) shall be established and composed of a management team, a technical team of externally recruited experts, and support staff. Key Programme staff shall include a programme Coordinator, with the relevant qualifications and experience, a senior agriculture officer, a funds and contract specialist and an account officer.	June 2018	Complied.



Section and Para Ref	Covenant	Target/Action Due Date	Compliance Status/Date
Schedule 1 – Section II Para 11.2	The LPA shall have entered into an agreement with HSI to define the terms and conditions of such technical assistance.	June 2018	Complied Agreement was entered on 11 December 2018.
Schedule 1 – Section II Para 11.3	The Programme will work closely with the NGOs of proven competence and sustainability, particularly in supporting and capacitating the extension system, community participatory planning, cooperative and Micro Finance Institutions (MFI) institutional reform and gender development and nutrition support at municipal level.	December 2018	Partially complied. First supervision mission fielded in September to October 2019 agreed to implement program activities directly by PCO through social mobilizers (subsequently named Agriculture Technician by PSC meeting) and agriculture officers. The process of recruiting has been started and they are expected to be on board by Dec 1, 2020.
Schedule 1 – Section II Para 11.4	Private enterprises, cooperatives, farmers' organizations, lead farmers and farmers' groups engaged in commodity production, the supply of goods and services, commodity processing, marketing or related fields will participate in programme implementation as co-financiers and/or service providers.	During implementation period	Being complied. Contracts with 157 farmers groups have been entered and they have been engaged in commodity production.
Schedule 1 – Section II Para 11.5	The establishment of Municipality Agriculture Units (MAUs) and Community Agriculture Extension Service Centers (CAESCs) under Municipalities will strengthen the grassroots-level management and operational capacity, fostering community-governed and equitable representation and participation of the vulnerable groups in community decision making structure.	FY 2018	Partially complied. MOU has been signed between PCO and Municipalities and 29 Municipality Agriculture Development Committees have been established. CAESC Guideline has been prepared and submitted to MoALD, MoLMAC and IFAD for feedback and suggestions. Five municipalities have been selected for CAESC piloting but CAESCs are yet to be established.
Schedule 1 – Section II Para 14	The LPA, including State and Municipal representatives and the Fund shall jointly carry out a review of Programme implementation no later than the end of the third year of the Programme (the Mid -Term Review) based on terms of reference prepared by the Borrower/Recipient and approved by the Fund.	At the end of the third year of the Programme	Not yet due
Schedule 2 – Para 2	The Borrower/Recipient shall provide counterpart financing for the programme in the approximate amount of eleven million five hundred thousand United States dollars (USD 11,500,000) to mainly cover duties and taxes related to the Programme expenditures.	During implementation period	Being complied. Counterpart fund was not sufficient at the financing percentage for FY 2019-20, but it is sufficient for FY 2020/21.
Schedule 2 – Para 1	The Borrower/Recipient shall ensure that the HVAP beneficiaries shall not be eligible to this programme financing under the Value Chain Component	During implementation period	Being complied
<b>Letter to the borrower</b>			

Section and Para Ref	Covenant	Target/Action Due Date	Compliance Status/Date
Paragraph 5	Before disbursement can begin, IFAD must receive from the Designated Representative specified in Section E of the Agreement a letter designating the name(s) of official(s) authorized to sign withdrawal applications, and Statement of Expenditure (SOEs), which includes their authenticated specimen signature(s).		Complied on 22 June 2019
Paragraph 6	The Borrower/Recipient may request an advance withdrawal up to USD 400,000 equivalent to incur Programme start-up expenditure before the satisfaction of the conditions precedent to withdrawal, in accordance with Section 4.02(b) of the General Conditions and Schedule 2 to the Agreement.		Not required
Paragraph 14	The proceeds of the IFAD financing may not be used to pay taxes which will be part of the contribution of the Government of Nepal to the programme. Considering the current taxation scheme for VAT at 13 percent, the Government of Nepal's contribution to all categories of expenditures foreseeing the purchase of goods and services will be fixed at least at 15 percent. Social security benefits (employee's portion) and income less (employee deductions) are eligible for IFAD financing.	During implementation period	Being complied. The proceeds of IFAD financing have not been used to pay the taxes and the expenditures are correctly accounted at the financing percentage to IFAD fund.
Paragraph 14	The Borrower/Recipient is required to open and maintain two Designated Accounts denominated in USD at Nepal Rastra Bank, respectively for the loan and for the grant, in order to receive the proceeds of the financing in advance as soon as possible after entry into force of the Agreement. The Designated Accounts will be administered following Imprest Accounts arrangements.	June 2018	Complied
Paragraph 18	Documentation evidencing the opening of the designated Accounts, with details of the names and titles of the persons authorized to operate these accounts, must reach IFAD before withdrawal from the loan and grant accounts can begin.		Complied
Paragraph 20	Counterpart funding in the estimated amount of USD 11.50 million as provided in Schedule 2 of the Agreement, will be provided in accordance with the budgetary process of the Government.	During implementation period	Being complied. Counterpart fund was not sufficient at the financing percentage for FY 2019-20, but it is sufficient for FY 2020/21.
Paragraph 21	Procurement of goods, works and consulting services under ASDP financed from resources provided or administered by IFAD will be undertaken in accordance with the provision of the Government of Nepal's Public Procurement Act 2007 and associated regulations, the Public Procurement Regulations 2007 as amended from time to time to the extent they are consistent with the provisions of IFAD's Programme Guidelines and Handbook (dated September 2010) and as amended from time to time.	During implementation period	Being complied
Paragraph 22	Each Annual Work Plan and Budget (AWPB) must contain as Procurement Plan, identifying procurement to be undertaken by the Borrower/recipient and IFAD shall review and provide its no objection to the Procurement Plan.	FY 2018-19 and subsequent fiscal years	Being complied

Section and Para Ref	Covenant	Target/Action Due Date	Compliance Status/Date
Paragraph 23	Any amendments to the Procurement Plan shall be subject to the fund's no objection.	During implementation period	Being complied
Paragraph 28	Any entrepreneur or users group requesting for co-financing from ASDP shall agree to constitute a procurement committee for procuring materials, labour etc. as provided by the procurement rules and regulations.	During implementation period	Funding to entrepreneur and users group is yet to be started.
Paragraph 32	All contracts must be listed in the Register of Contracts, which should be updated and submitted to the IFAD Country Programme Manager every quadrimester.	During implementation period	Being complied. All contracts are listed in the register of contracts and it is submitted to IFAD every trimester along with the WA.
Paragraph 33	In accordance with Section 9.01 and 9.02 of the General Conditions, the Borrower/Recipient must prepare and submit to IFAD detailed financial statements of all the operations, resources and expenditures related to the Programme for each fiscal year.	Within 15 November of every year	Delayed in compliance Financial statements of FY 2018-19 were submitted on 9 December 2019 after due date of 16 November 2019.  The financial statements of FY 2019-2020 have been prepared but need revision before submission deadline of 15 Nov. 2020 to IFAD.
Paragraph 34	In addition, summary interim financial reports (IFRs) must be submitted to IFAD at intervals of four months after the end of the period-end.	31 December 2018 and onwards	Being complied with delay First and third IFRs were submitted within due dates on, 26 Dec 2019 and 23 August 2020 but second IFRs was submitted to IFAD on 22 June 2020 against due date of 30 April 2020.
Paragraph 35	The programme audit must be submitted to IFAD within six months after the end of the financial year.	Within 15 January of every year	Being complied Audit report of FY 2018-19 issued on 15 January 2020 was submitted on same date, but it was received on 17 January 2020 with delay of 2 days.
Paragraph 36	The Log of Audit Observation should be maintained and updated regularly.	14 January 2020 and onwards	Complied.
<b>General Condition for Agricultural Financing:</b>			
General Conditions Section 4.02	The first AWPB has been approved by the Fund and all other conditions specified in the Financing Agreement as additional general conditions precedent to withdrawal have been fulfilled.		Complied. The first AWPB of FY 2018-19 was approved on 31 January 2019.
General Conditions Section 7.01 (b) (i & ii)	The implementation of the Project by the implementation parties in accordance with the approved AWPB and the Procurement Plans. The AWPB and the PP shall be submitted two months before the start of the Programme Year.	During implementation period 15 May of every year	Partially complied The revised AWPB and PP of FY 2018-19 were submitted on 31 January 2019 which was approved on same day. The AWPB and PP of FY 2019/20 was submitted on 2 July 2019. The revised and final AWPB were submitted

Section and Para Ref	Covenant	Target/Action Due Date	Compliance Status/Date
			to IFAD on 16 September 2019 and 20 November 2019 respectively. The PP was revised and submitted on 12 Dec 2019 which was again revised and submitted on 14 Dec 2019 for approval which was approved by IFAD on same day. AWPB and PP for 2020/21 were submitted for review on 16 March 2020 and revised AWPB and PP were again submitted on 14 August 2020 after various level of review. The final AWPB and PP based on comments of IFAD were submitted on 14 August 2020 for approval which was approved on 19 August 2020.
Section 7.03(b)	Borrower/Recipient shall make available to the Project Parties during the Project Implementation Period counterpart funds from its own resources in accordance with its customary national procedures for development assistance.	During implementation period	Being complied
Section 7.08 (a)	Insurance of vehicles, equipment and civil works financed from the loan proceeds to be consistent with sound commercial practice.	During implementation period	Complied New three vehicles against comprehensive and old vehicles transferred from HVAP and motorbike against third parties have only been insured.
Section 8.02 (a)	The Lead Project Agency shall establish and thereafter maintain an appropriate information management system in accordance with the Fund's Guide for Project Monitoring and Evaluation with which it shall continuously monitor the Project.	During implementation period	Complied Upgraded the previous MIS developed by HVAP.
Section 8.03 (a)	<b>Progress Report:</b> The Lead Project Agency shall submit to the Fund periodic progress reports on the Project, in such form and substance as the Fund shall reasonably.	During implementation period	Partially complied Annual progress reports of FY 2018-19 and 2019-20 have been submitted. Periodic progress reports being prepared and submitted only for the IFAD implementation and supervision mission.
Section 8.03 (b)	<b>Mid-Term Review:</b> The Lead Project Agency and the Fund shall jointly carry out a review of Project implementation no later than the midpoint of the Project Implementation Period (the "Mid-Term Review") based on terms of reference prepared by the Borrower and approved by the Fund.	July 2021	Not yet due
Section 8.05	<b>Plans and Schedules:</b> The Project Parties shall furnish to the Fund promptly upon their preparation, such plans, design, standards, reports, contract documents, specifications and schedules relating to the Project, and any	During implementation period	Complied All required reports and other documents are being submitted to IFAD and No-objection letters have been

Section and Para Ref	Covenant	Target/Action Due Date	Compliance Status/Date
	material modifications subsequently made therein.		obtained as required.
Section 9.01	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.	During implementation period	Being complied
Section 9.02	<b>Financial Statements:</b> The borrower shall deliver to the Fund detailed financial statements of the operations, resources and expenditures related to the Program for each Fiscal Year in accordance with standards and procedures acceptable to the Fund within 4 months of the end of each Fiscal Year.	Within 15 November of every year	Complied Financial statements of FY 2018-19 were submitted with delay on 9 December 2019. The financial statements of FY 2019-2020 have been prepared but to be revised and submitted within due date of 15 November 2020.
Section 9.03 (a)	<b>Audit:</b> The Borrower/Recipient shall, each Fiscal Year, have the accounts relating to the Project audited in accordance with auditing standards acceptable to the Fund by independent auditors acceptable to the Fund.	During implementation period	Complied The Office of the Auditor General acceptable to the Fund conducts audit of the project in accordance with the ISSAI issued by INTOSAI.
Section 9.03 (b)	The borrower shall, within six (6) months of the end of each Fiscal Year, furnish to the Fund a certified copy of the audit report. The Borrower/Recipient shall submit to the Fund the reply to the management letter of the auditors within one month of receipt thereof.	Within 15 January of every year	Partially complied Audit report and management letter of FY 2018-19 issued on 15 January 2020 were submitted on same day but received on 17 January 2020 and the management response was not submitted.

## **Nepal**

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### **Agriculture Sector Development Programme Supervision Report**

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

Mission Dates: 4 - 24 September 2020  
Document Date: 09/11/2020  
Project No. 2000001418  
Report No. 5530-NP

Asia and the Pacific Division  
Programme Management Department



**Appendix 4: Note on List of Clusters by value chains identified in 32 municipalities**

S N	District	Palika	V C Priority	Value chain	Ward	Tole	HHs	Contracted POs
1	Dailekh	Dullu	1	Goat	1,2,3,4,5,6,7,8,9,10,11,12,13	All Palika	0	0
2	Dailekh	Gurans	1	OSV	6,8	All	1000	0
3	Dailekh	Gurans	2	Seed Potato	4,5	Lekali Belt (>1000 masl)	500	0
4	Dailekh	Gurans	3	Goat	1,2,3,7	All	1800	0
5	Dailekh	Narayan	2	Goat	1,8,9	Pidallne, Dhauni, Bhagwati Tol, Sadu Baskot, Salkharka, Tartang, Dhakane, Nauli, Dhulpur, Gartari	300	0
6	Dailekh	Narayan	3	Seed Potato	10	Majhgaun, Xanna, Dashrathe	300	0
7	Dailekh	Narayan	3	Seed Potato	11	Kada, Jufiya	300	0
8	Dailekh	Bhagawatimai	2	Timur	1,2,3,4	Upper belt of all ward	300	0
9	Dailekh	Bhagawatimai	2	Timur	5,6,7	Upper belt of all ward	300	0
10	Dailekh	Bhagawatimai	1	Goat	1,2	Sano pagnath, Thulo Pagnath, Mathillo Ganma, Dhadgaun, Sidar, Sale Bajeda	400	0
11	Dailekh	Bhagawatimai	3	Citrus Fruits	7	Panimul, Ghodadauna, Pachala, Taplung	300	0
12	Dailekh	Bhagawatimai	3	Citrus Fruits	4,6	Manghar, Dadimil, Wanjadi Tol, Dobata, Wase Patla, Bagdada, Katti, Majhgau	300	0
13	Dailekh	Bhagawatimai	3	Citrus Fruits	1,2	Lower Belt of Sano Pagnath, Thulo Pagnath, Kurmi and Thulo Ganma, Majhgaun	300	0
14	Dailekh	Dungeshwar	2	OSV	2	Uma, Guyeli, Upper lakuri	350	0
15	Dailekh	Dungeshwar	2	OSV	1,6	latali, dhungeshwor, Chupra, Soladi	300	0
16	Dailekh	Dungeshwar	1	Goat	4,5,6	Aagra, Khanichaur, Waskoti, Basthala, Awal	350	0
17	Dailekh	Dungeshwar	1	Goat	4,3	Ranaban, Saludada, Dansaini, Rakacha Chaufuda, Bagina, Ratamata, Dalchedunga, Wale, Xana, Thalikada	335	0
18	Dailekh	Dungeshwar	3	Dairy	1,6	Tallolakuri, Kapartola, Belpata, Thulo Oire, Aatrali	300	0
19	Dailekh	Narayan	1	OSV	5,7	Chhatikot, Dhaden, Rajigaun, Bini, Siranwani, Thadijangan, Chausila	300	1
20	Dailekh	Bhagawatimai	1	Goat	5,6	Chakhla sera, Thuwa Badalek, Sadkhola, Pantala, Sani gaun, Chipin, Gothi	400	1
21	Dailekh	Dungeshwar	1	Goat	1,2,5,6	Paiyachaur, Bijkot, Daurkharka, Jadipangkot, Balena, Matela, Kafalsaini, oeil oul	400	1
22	Dailekh	Dungeshwar	2	OSV	3,4,5	Pokharapata, Simtol, Bagina Khola, Bhusaldanda, Bahunegaun, Jogideu, Sanamul, Dungra	450	2
23	Dailekh	Dungeshwar	3	Dairy	3,4,5,6	Haneta, Awalparajul, Jyamire, Dadaparajul	300	3
24	Dailekh	Bhagawatimai	1	Goat	3,4	Baisera, Pugya, Ratamata, Bidane, Mehaltoli, Rumi, Tursa, Sim	400	4
25	Dailekh	Narayan	1	OSV	2,3,4,6,8	Simada, Jaharkot, Dhungekhani, Kusada, Khursanibari, Kalimati, Bhurti, Sota, Bhirmaura, Kurkana	300	5



S N	District	Palika	V C Priority	Value chain	Ward	Tole	HHs	Contracted POS
26	Dailekh	Narayan	2	Goat	2,3,4,5,6,7	Dalit Tol, Tallo Kusada, Malli, Panikalna, Thakuritol, Bijaura, Nayagaun, Jajaikhola	300	5
27	Jajarkot	Bheri	1	OSV	6,11	Bhere, Kastara, Matela	358	0
28	Jajarkot	Bheri	3	Goat	10,12	Bhorchaur, Belgada, Bharati Gaun	265	0
29	Jajarkot	Bheri	3	Goat	13	Kudu	375	0
30	Jajarkot	Bheri	3	Goat	7	Punma, Mithangra, Rupakot	439	0
31	Jajarkot	Bheri	2	Dairy	2	Timile, Bahunthana, Darneta, Purano risang, Pokhara, Rangsi, Risang, Dinga,	1060	0
32	Jajarkot	Bheri	2	Dairy	5	Ebar, Chiprena	257	0
33	Jajarkot	Chhedagad	1	Timur	1,2,3,4		300	0
34	Jajarkot	Chhedagad	3	Seed Potato	10		300	0
35	Jajarkot	Shiwalaya	2	Timur	2,3,5,6,7,8,9	Nepa, Dungra, Ghodachhal, Kaula, Dandawada, Rokayajat, Risina, Palta, Sungurkhal, Thakurjat, Lotpakha, Dhirpanna, Burada, Lispani, Odalpata	1180	0
36	Jajarkot	Nalagad	1	Honey	1,2,4	Pali, Kalpat, Chiuri, Baksikhola, Gwara, Laha, Pipalchaur	700	0
37	Jajarkot	Bheri	1	OSV	1,4	Kalegaun, Rawatgaun, Pipe, Boharagaun	510	4
38	Jajarkot	Shiwalaya	3	OSV	2,3	Nepa, Rakhma, Sima, Airari	400	5
39	Jajarkot	Nalagad	3	Dairy	2	Dadagaun	300	5
40	Jajarkot	Shiwalaya	1	Goat	1	Aulaghar Dovan Samuha, Haralapani	350	7
41	Jajarkot	Nalagad	2	Goat	9,10,11,12,13	Tatra, Ragda, Bhagwati	1500	7
42	Jajarkot	Chhedagad	2	Goat	5,6,7,8		300	8
43	Jumla	Patarasi	1	OSV	6,7			0
44	Jumla	Patarasi	2	Local Crops	1,2,3,4			0
45	Jumla	Patarasi	3	Walnut	1,2,3			0
46	Jumla	Tila	1	Apple	4	Nuwakot, Sakkuli, Rawatbada	500	0
47	Jumla	Tila	1	Apple	1	Nipane, Jyula, Basatbada, Sanyas, Patala, Dhulikhel	336	0
48	Jumla	Tila	1	Apple	2	Syala, Pukhala, Gaath, Puru	200	0
49	Jumla	Tila	2	Walnut	3,5,8		300	0
50	Jumla	Tila	3	Local Crops	1,9		550	0
51	Jumla	Chandannath	1	Apple	8	Rokayabada, Kotila, Jatibhet, Salagaun	532	0
52	Jumla	Chandannath	1	Apple	9	Barkotewa, Bohora, Gehagaun, Khalata	700	0
53	Jumla	Chandannath	3	Walnut	3,4		125	0
54	Jumla	Tatopani	1	Apple		Udayana, Litakot, Kabu, Gothi, Mul, Kharmata, Lasu, Jarmi, Haku	400	0
55	Jumla	Tatopani	2	Walnut	2,7,8		200	0
56	Jumla	Tatopani	3	Local Crops	5,6		200	0
57	Jumla	Chandannath	2	OSV	1,7	Talichaur, Micha	200	8

S N	District	Palika	V C Pri ori ty	Value chain	Ward	Tole	HHs	Contracte d POS
58	Kalikot	Raskot	1	OSV	1	Neupanebada, Hepkot, Dudaribada, Rawalbada	300	0
59	Kalikot	Raskot	2	Seed Potato	4	Basantapur, Syuna, Sunarbada, Bawanbada	250	0
60	Kalikot	Raskot	3	Turmeric	8	Bhattadi, Bakharkot, Patedil, Palatibada	350	0
61	Kalikot	Tilagufa	1	Apple	1	Nagma, Bhigma	385	0
62	Kalikot	Tilagufa	1	Apple	3	Foimahadev	325	0
63	Kalikot	Tilagufa	1	Apple	4	Rachuli	85	0
64	Kalikot	Tilagufa	1	Apple	9	Chilkhaya	365	0
65	Kalikot	Tilagufa	2	OSV	7	Chhapre	410	0
66	Kalikot	Tilagufa	2	OSV	8	Okharbhitta	250	0
67	Kalikot	Tilagufa	2	OSV	6	Galje	80	0
68	Kalikot	Tilagufa	2	OSV	5	Khalla Dhanada	230	0
69	Kalikot	Tilagufa	3	Local Crops	2	Ratada, Diyartoli	175	0
70	Kalikot	Tilagufa	3	Local Crops	10	Ranabada, Mehelchini, Rudu	200	0
71	Kalikot	Tilagufa	3	Local Crops	11	Dhimniya, Kamkhet	380	0
72	Kalikot	Khandachakra	2	Apple	8	Tamechaur, Manchara	200	0
73	Kalikot	Khandachakra	2	Apple	9,10	Mahadev, Sikenidada, Jhapa, Patlisen, Ramikada, Dudhekada	555	0
74	Kalikot	Khandachakra	3	Dairy	1,2,4	Manma	200	0
75	Kalikot	Khandachakra	3	Dairy	3,11	Badalkot,Baratu, Siyala	250	0
76	Kalikot	Khandachakra	3	Dairy	5,6,7	Daha, Molma, Tadi	250	3
77	Kalikot	Khandachakra	1	OSV	1,2,3,4,11	Manma, Badri, Taadi,Baratu, Regil, Serigad, Talakhor, Poripali, Pili, Pakha, Chauki, Serawada, Lasi, Bihani, Garuwa, Daha, Bhul	1000	9
78	Mugu	Chhayanath Rara	1	Walnut	7	Topla, Dujyami, Khola	81	0
79	Mugu	Chhayanath Rara	2	Apple	2	Pashahalna	61	0
80	Mugu	Chhayanath Rara	3	Local Crops	7,8,10	Dujyami, Khola, Jhyari, Ghattalekh	210	0
81	Rukum	Musikot	1	Dairy	9,10,12,14	Chaukhabang, Hill, Lingur, Holetara, Bhalakchha, Lahunga, Jumlabang, Purunchaur, Harle, Nayagaun, Bhuma, Chhibangkhola, Haibang	675	0
82	Rukum	Chaurjahari	3	Goat	6,10,12	Purtimkanda, Kholagaun	250	0
83	Rukum	Chaurjahari	2	Dairy	4,5,11,14	Chaurjahari, Kholagaun	200	0
84	Rukum	Chaurjahari	1	Veg. Seed	10,11,13	Kholagaun, Nuwakot	300	0
85	Rukum	Aathbiskot	2	Citrus Fruits	3,7,8,9	Patagaun, Laha, Lamtara, Sinchaur, Dang, Daje, Ghartgaun, Aul, Dafe	795	0
86	Rukum	Aathbiskot	2	Citrus Fruits	10,11,12,13,14	Madchaur, Kota, Goire, Dhairana, Pural, Khali, Bake,Lata, Farsa, Pipalchaur, Hamja	934	0
87	Rukum	Aathbiskot	1	Seed Potato	1,2,8	Chaitekhara, Rokaja, Okhle, Syala, Pahada,Banchere	415	0

S N	District	Palika	V C Pri ori ty	Value chain	Ward	Tole	HHs	Contracte d POs
88	Rukum	Sani Bheri	1	OSV	7		200	0
89	Rukum	Sani Bheri	1	OSV	9		200	0
90	Rukum	Sani Bheri	2	Goat	5,6		200	0
91	Rukum	Sani Bheri	3	Dairy	10,11		200	0
92	Rukum	Tribeni	2	Veg. Seed	9,10	Ratmata, Bhurtibad, Bairibad, Lampata, Salghari	700	0
93	Rukum	Tribeni	3	Citrus Fruits	4,6	Kural, Talnoo	600	0
94	Rukum	Tribeni	1	Ginger	1,2,3,4,5,7		1800	0
95	Rukum	Sani Bheri	2	Goat	3,4		200	1
96	Rukum	Sani Bheri	1	OSV	1,2		200	2
97	Rukum	Musikot	3	OSV	2,3,4,13,14	Ratamata, Machhmi, Chera, Ghurikhola, Tyakhola, Tharadhunga, Kaulechaur, Bhuma, Sadhanchaur, Loribang, Batulechaur	900	3
98	Rukum	Aathbiskot	3	Dairy	9,10,11	Dharbot, Bhaurathi, Batalagaun, Sanasath Pakha, Radipakha, Gija, Dhara, Falate, Dhadikhola, Khase Bhaure, Totnaula, Bhaidanda, Jhakre salla, Gauri, Chaur, Dadagaun, Chisapani	500	3
99	Rukum	Aathbiskot	3	Dairy	12,13,14	Thulibarkhu, Sanibarkhu, Tarchibag, Latahappa, Kuridhara, Ghetma, bhalma, Jyamirekot, Chabari, Farchechaur, Bakegaun	950	4
100	Rukum	Sani Bheri	3	Dairy	8		200	5
101	Rukum	Musikot	2	Goat	5,6,7,8,10	Ghimane, Tharpu, Ghuyalepani, Kanebang, Basibang, Melchaur, kamle, Sankh, Khalbot, Jatrabang, Kamwakhola, Ghorpani, Kapribaas, Lasunbari, Chuna, Galampati	505	7
102	Salyan	Sharada	1	OSV	6,7	Barala, Ramkhola	100	0
103	Salyan	Sharada	3	Dairy	4,5,6	Suntakura, Ratamata, Barala	100	0
104	Salyan	Bagchaur	3	OSV	1,2,3	Lower part of Tharmare, Kalakhet, Jiula	150	0
105	Salyan	Bagchaur	1	Citrus Fruits	8,9	Kotmaula	250	0
106	Salyan	Bangad Kupinde	3	OSV	7,8,9,11	Majkada, Kupinde	300	0
107	Salyan	Bangad Kupinde	2	Timur	9,10,11,12	Nigalchula, Kupinde, Majhkanda	800	0
108	Salyan	Bangad Kupinde	2	Timur	3,6,7	Wame	600	0
109	Salyan	Siddha Kumakh	2	Timur	4	Chad karenji	250	0
111	Salyan	Siddha Kumakh	2	Timur	5	Chhapdada	200	0

S N	District	Palika	V C Pri ori ty	Value chain	Ward	Tole	HHs	Contracte d POS
0								
1 1 1	Salyan	Siddha Kumakh	1	Goat	1	Chhalighat, Kagkhola, Upper Bajhkada	200	0
1 1 2	Salyan	Siddha Kumakh	2	Goat	2,3,5	Dandagaun, Melghari, Panikhola, Maisepani, Jagatekhola, Ranikot, Badakhola, Sijawaltakura	200	1
1 1 3	Salyan	Bangad Kupinde	3	OSV	1,4,5,6	Devsthal, Mulkhola, Ghajari	300	1
1 1 4	Salyan	Siddha Kumakh	3	OSV	1	Mokhala, Bajhkanda	600	1
1 1 5	Salyan	Siddha Kumakh	3	OSV	3	Siddheshwori	400	1
1 1 6	Salyan	Siddha Kumakh	1	Goat	4,5	Chade Karenji, Chhapdada	500	2
1 1 7	Salyan	Siddha Kumakh	1	Goat	2,3	Falate, Dadakateri	300	3
1 1 8	Salyan	Bagchaur	2	Goat	3,4,5	Upper part of Tharmare, Shivarath	150	4
1 1 9	Salyan	Bangad Kupinde	1	Goat	1,2,3,4,5,6,7,8	Wame, Mulkhola, Ghajari, Kupinde, Devsthal	600	5
1 2 0	Surkhet	Birendranagar	2	Goat	13,15,16		1125	0
1 2 1	Surkhet	Birendranagar	3	Dairy	12,13,14,16	Khoriya Tol	4378	0
1 2 2	Surkhet	Birendranagar	1	OSV	2	Daulatpur, Jaipur, Koldanda, Bhatekuna	1790	0
1 2 3	Surkhet	Birendranagar	1	OSV	3	Itaura, Pateni, Mulpani	2238	0
1 2 4	Surkhet	Birendranagar	1	OSV	4	Bhairavsthan	1736	0
1 2 5	Surkhet	Birendranagar	1	OSV	9	Tilpur, Kalimati	1606	0
1 2 6	Surkhet	Birendranagar	1	OSV	10	Ghusra, Manikapur, Bamekhola	1998	0
1 2 7	Surkhet	Birendranagar	1	OSV	11	Charkune	1570	0
1 2 8	Surkhet	Birendranagar	1	OSV	13	Indrapur, Sitapur	300	0
1 2 9	Surkhet	Lekbeshi	2	OSV	6,7	kalyan	400	0
1 3 0	Surkhet	Simta	3	Dairy	1,2,3,4	Ghoreta, Japulkot, Aagrigaun, Bajedichaur	300	0
1 3 1	Surkhet	Gurbhakot	1	OSV	10,11,12,13	Bhattechaur, Suvaghat, Bhamka, Nayagaun, Bhedabari, Aapsoti	730	0
1 3 2	Surkhet	Gurbhakot	1	OSV	6,7,8,9	Saatmule, Nakale, Timare, Toribari, Gokulpur, Gangate, Bhalukhola, Nadekot, Bhulke	550	0
1 3 3	Surkhet	Gurbhakot	1	OSV	1,4,5	Kalche, Baghchor, Thakleni, Rajigaun	650	0
1 3 3	Surkhet	Gurbhakot	2	Goat	1,2,3,9	Dharapani, Malarani, Lekmalarani, Dadadhap, Kholachhap, Ramrikada,	600	0

S N	District	Palika	V C Pri ori ty	Value chain	Ward	Tole	HHs	Contracte d POs
4						Dapcha, Kot, Hile		
1 3 5	Surkhet	Gurbhakot	2	Goat	10,11,12,13,14	Bhitri Khola, Pipaltakuri, Pandit kanla, Beteni, Losea, Haniman, Naringmaseri	300	0
1 3 6	Surkhet	Barahatal	2	Dairy	9	Lekgaun		0
1 3 7	Surkhet	Bheriganga	2	OSV	4,5,10,12	Harre, Hattisude, Jhilmil, Talbari, Masina, Chinchu, Kalidamar		0
1 3 8	Surkhet	Bheriganga	3	Dairy	3,4,6,8,11,13	Dungi Khola, Damar, Murali Khola, Rolpali Baha Gaun, Dabre Tole, Kich Ghariban, Jhigni, Fulbari, Bhagwati, Kuiretole, Thulo Kareli Tole		0
1 3 9	Surkhet	Lekbeshi	1	Goat	3,4	Dashrathpur	500	2
1 4 0	Surkhet	Simta	2	Goat	7,8,9	Kaprichaur, Dadakhali, Khatikhola	300	2
1 4 1	Surkhet	Simta	1	OSV	5,6,7	Aali, Rakam, Lower belt of Kaprichaur	300	4
1 4 2	Surkhet	Gurbhakot	3	Dairy	2,3,4,5,9	Wardi, Darkhase, Kharigaira, Gairibajar, Baghkhori, Parekhet, Aapkhola, kosighat, Thagleni, Ratamata, Rajigaun, Pokharipata, Bhalukhola, Nadekot, Jalukeni	750	5
1 4 3	Surkhet	Lekbeshi	3	Dairy	8,9,10	Satakhani	600	6
1 4 4	Surkhet	Barahatal	1	OSV	5	Rakseni	155	6
1 4 5	Surkhet	Bheriganga	1	Goat	1,2,3,5,6,7	Lekhparajul, Babai, Hattikhal, Geruwani, Bharleni, Lekh Jhigniu, Thulo Khal, Sanokhoriya, Kuienepani, Katheghari, Maankot, Jhyakre, Darmalitole, Rajigaun	2900	7

## Annex 2: Potential Value chains by Districts for Value Chain Development Fund Co- investment

Value Chain	Surkhet	Dailekh	Salyan	Rukum West	Jajarkot	Kalikot	Jumla	Mugu	Remarks
OSV	W2	W2	W2	W2	W2	W2	W2	W2	W2
Goat	W2	W2	W2	W2	W2				W2
Dairy	W2	W2	W2	W2	W2	W1			W2W1
Seed Potato		W2			W2	W2	W2	W2	W2
Veg Seed				W1					W1
Apple						W1,W1SP	W1,W1SP	W2	W2, W1, W1SP
Walnut						W1,W1SP	W1,W1SP	W1,W1SP	W1, W1SP
Indigenous						W1	W1	W1	W1
Citrus		W1,W1SP	W2	W1,W1SP					W2, W1, W1SP
Ginger	W1		W1	W1	W1				W1
Turmeric	W1		W1		W1	W1			W1
Timur		W1,W1SP	W1,W1SP		W1,W1SP				W1,W1SP
Honey	W1		W1	W1	W1				W1

Note: W1-Window 1(Private sector); W2- Window 2 (producers); W1SP(Technical Service Providers)



## **Nepal**

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### **Agriculture Sector Development Programme Supervision Report**

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

Mission Dates: 4 - 24 September 2020  
Document Date: 09/11/2020  
Project No. 2000001418  
Report No. 5530-NP

Asia and the Pacific Division  
Programme Management Department





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

**Terms of Reference for Consultants and other persons hired by IFAD to participate in missions under a non-staff contract**

**COUNTRY OF ASSIGNMENT/LOCATION: NEPAL – Agriculture Sector Development Programme (ASDP), Loan # 2000002118; Grant # 2000002117**

**MISSION NAME: Supervision Mission**

**MISSION START AND END DATES: 4 - 30 September 2020**

**REPORT TO: Mr. Tarek Kotb, Country Director**

### **MISSION COMPOSITION:**

Mr. Shyam Khadka, Mission Leader and Project Management Specialist

Mr. Sanjeev Kumar Shrestha, Value Chain Development Specialist

Ms. Kiran Hunzai, Monitoring & Evaluation Specialist

Mr. Pradeep Shrestha or Mr. Prakash Jung Thapa, Financial Management Specialist

Mr. Hari Prasad Dhakal, Procurement Specialist

Mr. Tribhuvan Poudel, Gender, Social Inclusion and Nutrition Specialist

### **Background:**

1. The Agriculture Sector Development Programme (ASDP) is a joint initiative of the Government of Nepal (GoN) and the International Fund for Agricultural Development (IFAD) for a period of six years effective from 04 June 2018. The Programme was approved by the IFAD's Executive Board on 11 December 2017. The completion and closing dates are 30 June 2024 and 31 December 2024 respectively. Federal Ministry of Agriculture and Livestock Development (MOALD), GON is the Lead Programme Agency (LPA). Helvetas Intercooperation – a Swiss NGO, is a technical assistance provider. The Programme intends to implement activities in close cooperation and coordination with the State and Municipal (local level) governments.

2. ASDP will apply the ADS<sup>1</sup> principles to the development of the Agriculture Sector building on the successful experiences of the previous IFAD-financed High Value Agriculture Project in Hill and Mountain Areas (HVAP) in Nepal. Its strategic goal is to 'contribute to the achievement of Nepal's SDG 1 and SDG 2 targets by reducing poverty and nutrition insecurity amongst women and men in hill and mountain areas of Karnali State (previously State 6). The development objective of the Programme is to contribute to the achievement of Nepal's SDG 8 target through sustainable improvement in the income and food security of smallholders and disadvantaged rural groups. The Programme intends to cover all 10 districts<sup>2</sup> of Karnali State following a corridor approach in and

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<sup>1</sup>Agriculture Development Strategy (ADS), prepared by the GoN with the involvement of Development Partners including IFAD in 2015 sets a new and dynamic direction for driving agricultural sector growth in Nepal (<http://moad.gov.np/en/publication/index?page=4>)

<sup>2</sup> Surkhet, Dailekh, Salyan, Jajarkot, Kalikot, Jumla, Mugu, Dolpa, Humla and Rukum West

around the main four roads: (i) Chhinchu-Jajarkot–Dolpa (Dolpa corridor) (ii) Surkhet-Kalikot-Jumla-Mugu (Karnali corridor) (iii) Surkhet- Dailekh corridor, and (iv) Salyan-Rukum West (Rapti corridor).

3. The Programme has mutually reinforcing two components: Value Chain Development, and Programme Coordination. The Value Chain Development Component has four Sub-components: (i) inclusive and sustainable agriculture value chains expanded and diversified; (ii) market-oriented infrastructure functional; (iii) rural financial services for value chain development strengthened; and (iv) agriculture services sustainably support innovation and value chain development. The total Programme cost is approximately USD 68.2 million. IFAD financing is about 58.7 per cent (Loan: USD 38.2 million – 56.0% and Grant: USD1.8 million – 2.6% ) with an SDC grant of about 4.4 per cent (USD 3.0 million), Federal Government's counterpart fund of USD 11.5 million, Municipalities' co-financing of USD 3.4 million, private sector's co-financing of USD 3.5 million and USD 6.7 million contributed by the beneficiaries.

4. ASDP intends to achieve three main expected results by the end of the Programme period: (i) 24,000 more women in Programme area of 15-49 years of age, consume at least 5 out of 10 defined food groups daily (disaggregated by ethnicity), (ii) reduction in poverty incidence amongst 35,000 Programme households (disaggregated by gender and disadvantaged group); and (iii) 26,000 value chain linked farm households double their household income (disaggregated by ethnicity and female-headed households).

5. The Programme met all the disbursement conditions as laid out in the Financing Agreement and successfully completed the start-up workshop on 19 April 2019. The initial advance was disbursed in May 2019.

6. The first supervision mission for this programme was carried out during 23 September - 03 October 2019.

7. **Mission Objectives and Outputs:** This is the second supervision mission for ASDP. The key objectives of this mission are to:

- (a) review overall progress made by the programme since the last supervision mission (23 September - 05 October 2019) also considering the contribution made by interim implementation support missions
- (b) review the annual work programme and budget (AWPB) for FY 2020/21 and implementation plan prepared by the programme management and provide comments and suggestions for finalising the plan and submitting to IFAD in the context of COVID-19;
- (c) review the performance of the programme management team, duly considering staff turnover and availability, in achieving programme outcomes and associated outputs and activities as stipulated in the design report;
- (d) to review the M&E and MIS system put in place and provide guidance for further improvements; and
- (e) assess coordination and linkages mechanism put in place between/among three tiers of governments (federal, state and municipal) for a smooth and coordinated implementation of activities on the ground;

8. The mission shall work closely with key stakeholders at all levels (federal, state and municipal), the Programme Team, sector/thematic leads, financial management staff members and other implementing partners.

9. The mission shall prepare an Aide-Memoire and Management Letter including the main findings conclusions, recommendations and agreed actions with the ASDP PCO and submit to the Country Director (CD) no later than 30 September 2020. A Full Supervision Report following IFAD template should also be prepared and submitted to the CD no later than 05 October 2020.

### **Individual Responsibilities, Expected Outputs and Required Completion Dates**

**Mr. Shyam Khadka, Mission Leader and Project Management Specialist (ML)**

10. The Mission Leader (ML) will be responsible for leading the mission and ensuring that the terms of reference are fully met in a professional, efficient, effective, and timely manner. To this end, the ML will coordinate, manage and review the work of the team. The ML will also have responsibility for supervising the outputs of each mission member and for ensuring the overall consistency and quality of all mission's written contributions. The ML will be directly responsible for preparing the draft final aide memoire, the draft management letter, and the supervision report in collaboration with other team members. Specific responsibilities, among others, include:

- (a) Review the overall performance of the Programme implementation progress and make an evaluation of realized implementation as compared to the expected results and development objectives specifically on the quality of Programme management and efficiency of the implementing agencies/partners;
- (b) Assess implementation progress in relation to the first two year's annual programme and budget (AWPB), also considering the delays and bottlenecks created due to the lockdown and other restrictive measures adopted in response to Covid-'19 pandemic and suggest appropriate measures to recover the delays experienced in the programme implementation;
- (c) Review the progress made under Sub-component 3 and 4 of Component 1 (rural financial services and pluralistic extension services) and suggest measures to recover from the delays experienced so far due to COVID-'19;
- (d) Review the progress made in relation to hiring of staff and other required service providers such as under sub-component 3 for rural financial services implementation facilitation and provide guidance to the programme team as appropriate;
- (e) Assess the quality of programme management (PM); rate the programme management and implementing agencies on how well they co-ordinate and manage activities; also assess the programme management's appreciation and commitment to the development objective and its capacity to implement;
- (f) Review the Human Resources Management Plan and provide feedback for its improvements, if any;
- (g) Review the updated PIM and guide the programme management for its further improvement if so required;
- (h) Provide guidance to the team members on review the various plans put forth by the technical specialists such as district coverage plan, beneficiaries outreach plan, financial delivery plan, procurement plan etc. and support in formulating the strategies to implement the plan with their periodic review and assessment in the context of delayed implementation in the first year and COVID-19 in the second year;
- (i) Assess the overall and specific risks and their impact on achievement of development objectives and sustainability focusing on the risks within the control of the programme team; also include macro risks such as ongoing decentralization, climate change, economic policies etc. beyond the control of PM;
- (j) Identify and list the main issues/problems requiring IFAD follow-up affecting Programme implementation and recommend follow up action for each issue/problem with time frame and responsibility;
- (k) Review the functioning of the partnership between the three tiers of the governments (federal, state, and municipal) and Programme Management, as applicable and to the extent possible, involving the present/past partners;
- (l) Identify critical activities for the next 6 months to be implemented by the PCO and the implementing partners, and come up with a detailed action plan including timelines and responsibilities with defined results;

- (m) Prepare a draft Aide-Mémoire (AM) with contribution from the team members for presentation to Government at the wrap-up meeting; and
- (n) Undertake any other relevant tasks as reasonably requested by the Country Director (CD).
- (o) The ML will join the mission for 17 days of actual work spread over the duration of the proposed mission (4-30 September 2020).

**Mr Sanjeev Shrestha, Business Development Specialist (BDS)**

11. The Business Development Specialist will work, with guidance from the ML, with other team members with a specific focus on all aspects of value chain (VC) development focusing on sub-components 1 and 2 under component 1. The focus will be on strategic investment plan (SIP), multi-stakeholders consultation (MSP) processes and grant award under various windows. Specific responsibilities, among others, include:

- (a) Review the implementation progress of sub-components 1 and 2 under component 1, make an evaluation of realized implementation, and suggest measures to recover from the delays experienced so far, also due to COVID-19;
- (b) Support the programme team to screen and select the priority commodities/VCS, besides goat, off-season vegetable, honey, milk and potato to be supported by the programme based on the results of market demand analysis, returns and investment pathways; examine the efforts put forward for SIP preparation for additional commodities, if any;
- (c) Review the intervention strategy and support the programme team to identify critical bottlenecks for each of selected commodity VC;
- (d) Review the municipality coverage plan prepared by the programme and provide pragmatic support to refine it as needed considering the required contribution from the Municipal government;
- (e) Support the programme team in appropriate allocation of resources across various value chain, activities and facilities under the current AWPB and recommend changes if so required;
- (f) Review relevant sections of the updated PIM especially focussing on investment windows and risk sharing mechanism (programme grants) and provide inputs to the ML to prepare a consolidated comment from the supervision mission for its improvements, if any;
- (g) Together with the VC team, review the MSP processes, template for grant proposals and its administration mechanism; suggest measures to simplify these processes as appropriate;
- (h) Review the functioning of various VC teams and SMT to develop a high performances team culture and dynamics within the programme;
- (i) Assess the level of understanding of the programme team on programme's working modalities; identify needs for training to the programme staff on supply chain development and inclusive cluster development facilitation processes such as MSP, B2B /B2S linkages;
- (j) Contribute to the relevant sections of the AM as agreed with the ML; and
- (k) Undertake any other tasks as agreed with the ML and the CD.

12. The Business Development Specialist will join the mission for 14 days of actual work spread over 4-27 September 2020) and make contributions as agreed with the ML, including the arrangements for web-meetings and remote communications between/among the Mission, PM, other stakeholders, and programme beneficiaries. The Specialist will remain available for any other tasks as assigned by the ML during the mission.

**Ms. Kiran Hunzai, Monitoring & Evaluation (M&E) Specialist**

13. The M&E Specialists will work closely with the ML, the other team members and with the PCO. The scope of work includes the assessment of the established M&E and MIS systems including Programme Database and provide hands-on support to the PCO for its further improvements so as to enable the Programme to report on the log-frame indicators. Key considerations during the assessment is to ensure that the established system produces accurate and adequate data and information considering the relevance, efficiency, effectiveness, and sustainability of the Programme towards Mid-Term Review and Programme Completion Review Processes. Specific responsibilities, among others, include:

- (a) Review the M&E and MIS systems to assess the level of adequacy of data and information contained or planned to be generated; carry out a few sample test during the remotely conducted field visit to ensure the level of accuracy; identify gaps and suggest measures to mitigate the gaps to ensure that required data and information is collected on a periodic basis;
- (b) Review the M&E guidelines for the Programme and provide guidance to programme staff members for effective implementation of M&E and MIS systems;
- (c) Working closely with the ML and BDS, review various plans in place such as i) district coverage plan, ii) municipality coverage plan, iii) beneficiary outreach plan, iv) cost (financial) management plan, and v) project results framework based on total Programme targets;
- (d) Review the status of ongoing Baseline Survey work and examine the adequacy of data and information under collection considering the mid-term and end-line surveys; provide recommendations to mitigate the gaps, if any;
- (e) Provide guidance on administration and management of Core Outcome Indicators (COIs) and Operational Results Management System (ORMS) to ensure that required data and information is collected to report to the key log-frame indicators;
- (f) Guide the Programme in consolidating the data and information required to assess implementation effectiveness on i) target and output delivery, ii) outcomes and impact, and iii) targeting and outreach;
- (g) Validate the RIMS data as applicable;
- (h) Contribute to the relevant sections of the AM as agreed with the ML; and
- (i) Any other tasks as agree with the ML and the CD.

14. The M&E Specialist will join the mission for 14 days of actual work spread over 4-27 September 2020 and make contributions as agreed with the ML. The Specialist will remain available for all web-based meetings of the mission and any other tasks as assigned by ML during the mission.

### **Pradeep Shrestha, Financial Management Specialist**

15. The Financial Management Specialist (FMS) shall have appropriate "financial assurance" experience, and work undertaken should be in compliance with the IFAD Financial Management Assessment Guidance Note (December 2011). FMS will review the financial management aspects related to the Programme and provide practical support and guidance to the relevant Programme staff. The Specialist will identify potential problems and/or risks and make concrete suggestions to facilitate future implementation.

16. Specific tasks and responsibilities will include:

- (a) Using the IFAD FM Guidance Questionnaire as the basis to collect the relevant information re-assess the strengths and weaknesses of financial management systems, internal controls and financial reporting systems relating to financial management and financial administration of programme funds in order to ensure that they satisfy IFAD's fiduciary requirements;

- (b) Do desk review of latest External Audit Report (including specifically the Management Letter) to ascertain whether any issues raised by the auditor identify potential fiduciary risks - where relevant follow up on issues arising by meeting on-site with SAI;
- (c) Meet SAI to discuss issues raised in latest Audit Report (if relevant);
- (d) Review the most recent trimester programme progress report;
- (e) Review programme disbursement and flow of funds from IFAD. Identify any issues in disbursement and fund flow and timely availability of adequate counterpart funds;
- (f) Examine utilization and status of the Special Account and Programme Accounts. Summarize financial progress by expenditure categories and by component in line with the required AM formats. Provide support to the programme staff as required;
- (g) Review overall financial management system including installation of Accounting Software and use of IFAD Client Portal (ICP). Review functioning of the Borrower's record-keeping and accounting systems, including ensuring that the accounting records are kept updated;
- (h) Provide guidance to the programme staff on preparing financial statements and withdrawal applications in line with IFAD procedures and requirements using ICP;
- (i) Review programme expenditure relative to plans in the AWPB and assist the PCO to produce a statement showing component and item-wise expenditure by financial year to date;
- (j) Review the system for Statement of Expenditures (SOE), including the utilisation of funds and spot-checking of the documentation of expenditures claimed under SOE, the need for reallocations and compliance with financial covenants. Provide support and guidance to the programme as required;
- (k) Follow-up issues raised in audit reports. Assist the programme in preparing an audit log to manage and follow up on audit observations as appropriate;
- (l) Review the issue of payment of taxes and compliance on the repayment of taxes;
- (m) Review structure and organisation, and recommend strengthening of the financial management unit especially on financial functions and audit;
- (n) Identify current risks arising from material deficiencies and propose practical recommendations for improving financial management functions and/or capacity of staff for financial operations needed to mitigate risks. Prepare the current Summary Risk Analysis;
- (o) Assess the Programme 's Financial Performance;
- (p) Reporting: Prepare a technical note on the above and a relevant section for the AM. The report should cover specifically:
  - Input to Main body of the aide-memoire: - Section E. Fiduciary Aspects covering : (a) financial management; (b) disbursement; (c) counterpart funds; (d) loan covenants; (e) procurement; (6) external Audit; and the summary Risk Analysis table specifying, as relevant, the agreed actions, responsibilities and dates in respect of fiduciary mitigation actions;
  - The Programme Status Report (aide-memoire appendix 1): covering: (a) Disbursement rates of domestic and co-financing funding sources (Section A. Basic Facts); (b) ratings for section B.1 (Fiduciary Aspects) indicators; (c) description of fiduciary risks and their impact on programme performance under section C.5; (d) follow up action on fiduciary aspects under section D;
  - Appendix 3 (Financial: Actual financial performance by Financier; Disbursements by Category and by component): Tables 3A, 3B and 3C as well as Appendixes 5, 5A and 5B;
  - Appendix 4 (Compliance with Loan Covenants: Status of implementation): Assessment of loan covenants in relation to fiduciary aspects.
- (q) Any other tasks as agreed with the ML and the CD.

17. The FMS will join the mission for 14 days of actual work spread over 4-27 September 2020 and make contributions as agreed with the ML. The Specialist will remain available for all web-based meetings of the mission and any other tasks as assigned by ML during the mission.

**Mr. Hari Dhakal, Infrastructure and Procurement Specialist**

18. The Infrastructure and Procurement Specialist will work closely with the ML and the FMS to assess performance of the Programme in carrying out procurement related activities and with other members of the team in relation to infrastructure related aspects.

19. Infrastructure: The performance of the Programme on infrastructure will be rated in terms of the efficiency and transparency with which it is managed, and its effect on implementation will be indicated. Specific tasks, among others, include:

- (a) Check the alignment of proposed infrastructure sub-projects with the strategic investment plan (SIP) under each commodity supply chain;
- (b) Review the quality of the pre-feasibility, feasibility and detailed design completed by the programme on a sample basis covering various types of infrastructures;
- (c) Provide guidance to the programme staff in preparation of EOI, RFPs and Bid Documents as applicable; and
- (d) Ensure that all proposed infrastructures are included in the Procurement Plan.

20. Procurement: The performance of the Programme on procurement will be rated in terms of the efficiency and transparency with which it is managed, and its effect on implementation will be indicated. The rating will take into account compliance with the procurement plan and also clearly identify variances in compliance of the Procurement Plan on a) classification and grouping of the procurement of goods, works, materials, consulting services and other services; b) the proposed method of procurement as clearly established in the Legal Agreement or Letter to the Borrower; and c) the adherence to the IFAD's prior review requirement. Specific tasks, among others, include:

- (a) Review procurement management plan and fixed assets management plan for efficiency and effectiveness; also provide hands-on support to update these plans as required;
- (b) Review the procurement procedures, documentation, correspondences, contracts and records management of procurement which establishes evidence in support of decisions and actions taken, and provide an audit trail for verification of transparency, accountability and effectiveness;
- (c) Validate and review the management of contracts and disbursement against the contracts and highlight any deficiencies in the contract management system of the Programme. The quality of the documentation and number and severity of substantiated complaints should be considered;
- (d) Review the procurement register, contract logs and review and evaluate the procurement process, undertake post-reviews as appropriate;
- (e) Review the contract register and the contract monitoring forms, specially note the coherence of procurement plan with the AWPB;
- (f) With the FMS, review the progress of procurement; based on comparisons of the records of IFAD and the Programme, verify the terms of the contracts awarded and the commitments and disbursements made, and obtain copies of approved contracts not yet submitted to IFAD, if any;
- (g) Assess the procurement capacities including staffing, training needs and capacity to use NOTUS. Make recommendations to mobilise additional resources for training, capacity building and technical assistance if so required;
- (h) Validate the quality of procured goods, equipment and materials in line with the approved specifications;
- (i) Contribute to the relevant sections of the AM as agreed with the ML; and



(j) Any other tasks as agreed with the ML and the CD.

21. The Procurement Specialist will join the mission for 14 days of actual work spread over 4-27 September 2020 and make contributions as agreed with the ML. The Specialist will remain available for all web-based meetings of the mission and any other tasks as assigned by ML during the mission.

**Mr. Bashu Aryal, CPO IFAD**

22. The CPO will provide guidance to the mission throughout. He will organize and lead the initial briefing and debriefing meetings (following the circulation of the AM by the ML) with key stakeholders in Kathmandu and with the State government authorities. The CPO's technical responsibilities, among others, include:

- (a) Assess the coordination mechanism put in place by the PCO with the state and municipal governments;
- (b) Review the functioning of the PSC at the federal level and TAG at state level and implementation status of the decisions made by these structures;
- (c) Review the implementation arrangements put in place by the PCO to formalize the implementation of programme activities in the municipalities and provide guidance to strengthen the coordination mechanism with the Municipalities;
- (d) Provide guidance to the programme team to ensure integration of ASDP's activities in the Municipal Plans and also to acquire co-financing for the programme activities; and
- (e) Examine the relationship/coordination mechanism in place between the PCO and federal/state level field offices of the technical ministries such as Divisional Forest Office, Agriculture Knowledge Centres, NARC research stations etc and provide feedback to PCO for improvements, if any.

23. The CPO will join the mission for 7 days of actual work spread over 2-30 September 2020 with all contributions as agreed with the ML. The CPO will support the CD in leading the web-based pre-wrap meeting with the PCO and the State government in Surkhet and the final wrap up meeting at federal level in Kathmandu.

**Mr. Tarek Kotb, Country Director, IFAD**

24. The CD will guide the overall work of the mission through web-based meetings and remote connections.

**Documentation**

25. The following documents will be made available prior to start of the mission:

From IFAD

- 1. Programme Design Report with Working Papers
- 2. Programme Financing Agreement
- 3. Supervision Mission Report 2019 and ISM report 2020

From PCO

- 4. Programme Implementation Manual
- 5. AWPB for 2019/2020 and 2020/2021
- 6. Annual Progress Report for 2019/2020
- 7. Audit Report for 2018/2019
- 8. Physical and financial progress vs Annual Work Plans and Budget for 2019/2020
- 9. Actions taken against the Agreed Actions on the 2019 supervision mission and 2020 implementation support mission
- 10. Relevant guidelines, manuals and study reports prepared or finalized since the beginning

## Mission Schedule:

26. This Supervision is taking place at a time when actions such as local lock-/shut-downs are expected to be in force in response to the Covid-'19 pandemic. Against this backdrop, Mission members are expected to strictly adhere to the instructions and guidelines issued of GoN, provincial and local governments, IFAD, and UN country team with respect to their own safety as well as the safety of all other stakeholders. As the situation continues to evolve instructions and guidelines may change during the duration of the mission, Mission members are required to remain alert and adapt to the evolving situation.

27. The Covid-'19 context also requires the Mission to follow a flexible schedule and use remote communication facility in collecting information and interacting with programme beneficiaries. Mission members remaining within the stipulated working days will undertake the task, in close co-ordination with the ML, over a longer period so that stakeholders avail themselves of a reasonable time to respond.

28. The mission schedule was as follows:

Date	Day	Time	Activity
2-Sep	Wed	AM	Informal remote team meeting, for planning the conduct of the mission, detailed discussion on the approaches to be adopted in view of COVID-19-induced travel restriction/ safety requirements and clarification on specific responsibilities among mission members. All Mission members participated.
4-Sep	Fri	AM	Mission's formal start date. Mission members meet to prepare themselves for the kick-off meeting and plan more specifically by each member. Participation: All mission members and CPO.
		PM	Kick off meetings with MOALD, chaired by Secretary Mr. Rajendra Prasad Bhari, attended by Joint Secretaries and DGs of Agriculture and Livestock Departments, NPC, Project Coordinator etc. Participation: All mission members, CPO.
5-Sep	Sat	AM, PM	Preparation by each mission member for respective tasks including the formulation of questions to be asked.
6-Sep	Sun	AM	Preparation by each mission member for their respective tasks.
		PM: up to late evening	Introduction among members of mission and PCO staff, general briefing on ASDP progresses and issues, including the withdrawal of SDC financing and of Helvetas Team from ASDP, finalization of detailed mission itinerary, and identification of virtual field visit sites. Participation: All mission members, CPO.
7-Sep	Mon	AM	Mission members start interacting with their respective counterpart programme staff.
		PM till late evening	Virtual meeting with Mr. Govind Prasad Sharma, JS. MOLMAC, Karnali State.
			Virtual meeting with Mr. Gagan Singh Sunar, Mayor, Lekbesi municipality
			Thematic presentations on: Value Chain Development, Market Led Infrastructures, Rural Finance, Institutional Development, Gender, Targeting and Nutrition, M&E and KM System, and MIS System. Participation: All mission members, CPO.
8-Sep	Tue	AM	Mission members interact with their respective counterpart programme staff and prepare questions to be asked during field visits.
		PM	Thematic presentations on procurement and financial management and questions and answers. All Mission members participated.
9-Sep	Wed	AM	Field visit and Interaction (Virtual) with Members of Srijansil Dudh Utpadan Samuha, Lekbeshi, Surkhet (Milk VC Grantees).

		PM	Working Sessions continue
10-Sep	Thu	AM	Field visit and interaction (Virtual) with Pahadi Nashla Sudhar Bakhrapalan Krishak Samuha, Siddhakumakh Rural Municipality, Ward No. 3 Majhgaun, Phalate
		PM	Field visit and Interaction (Virtual) with Kolchaur Mahila Krishak Samuha, Bheri Municipality-1, Jajarkot
11-Sep	Fri	AM	Working Session Continue
		PM	Mission team meeting, reflections on interactions with programme beneficiaries and review of progress on mission's work and any hitch on information collection.
12-Sep	Sat	AM, PM	Mission members review progress reports and other documents shared by the PCO
13-Sep	Sun	AM, PM	Mission members continue working with their counterparts and reviewing documents submitted
14 Sep.	Mon	AM	Mission members continue working with their counterparts and reviewing documents submitted
		PM	Mission team meets to discuss on the review results and possible set of recommendations to be made.
15-Sep	Tue	AM	Mission members continue working with their counterparts and prepare themselves for verbal presentation on findings and recommendations to be shared with the PM.
		PM till early evening	Verbal debriefing by each mission member in their respective areas and feedback/ clarifications from the CPO. Participation: All mission members, CPO.
16-Sep	Wed	AM, PM	Mission members draft Aide-Memoire (AM) along with one-to-one consultation and sharing of drafts with ML.
17-Sep	Thu	AM, PM	Mission Leader gives feedback/ suggestion on draft submissions to mission members and in turn they submit final drafts. Mission Leader shares zero draft AM to mission members, received some comments/ suggestions.
18-Sep	Fri	AM	Mission members read the AM and provide feedbacks, suggestions to ML.
18-Jan	Fri	PM	ML revises and circulates draft AM to CD, CPO, and MMs.
19-Sep	Sat	AM, PM	CD, CPO review the draft AM, Mission members start working on the Supervision Report
20-Sep	Sun	AM	CD, CPO share their comments on draft AM with ML
		PM	ML incorporates the comments of CD, CPO and share the draft with the PCO.
21-Sep	Mon		Pre-wrap-up meeting with PCO/ PIUs. Participation: CD, CPO, all mission members.
24-Sep	Thu	PM	Wrap up meeting with the MOALD and other federal government ministries/ departments. Participation: CD, CPO, all mission members.
30-Sep	Wed		Final version of AM and draft management letter submitted to CD, CPO.
7-Oct	Tues		Draft Supervision Report submitted by the Mission Leader to CD, CPO.

29. The Mission met with following person in a virtual setting.

#### A. Federal level

S.N.	Name	Designation	Organization	Places
1.	Rajendra Prasad Bhari	Secretary	Ministry of Agriculture and Livestock Development (MoALD)	Kathmandu
2.	Dr. Hari Bahadur KC	Joint Secretary	MoALD, Planning and Development Cooperation Coordination Division	Kathmandu
3.	Bishnu Dutta Panday	Joint Secretary	Ministry of Federal Affairs and General Administration	Kathmandu
4.	Prakash Lamsal	Joint Secretary	Ministry of Forest, Environment and Soil Conservation	Kathmandu
5.	Dr. Rajendra Prasad Mishra	Secretary	Ministry of Land Management, Agriculture and Cooperatives, Karnali Province	Surkhet
6.	Dr. Ram Chandra Adhikari	Joint Secretary	National Planning Commission	Kathmandu
7.	Khim Bahadur Kunwar	Under Secretary	MoF, Financial Sector Management & Corporation Co-ordination Division	Kathmandu
8.	MS. Bidhya Pandey	Deputy Director	Farmers' Commission	Kathmandu
9.	Deepak Bhandari	Executive Director	Nepal Agriculture Research Council, NARC	Kathmandu
10.	Shankar Sapkota	Senior agriculture Economist	MoALD	Kathmandu
11.	Resham Kandel	Under Secretary	MoFAGA	Kathmandu
12.	Dr. Bashu Dev	Head	Planning Division, NARC	Kathmandu

## B. List of ASDP Staff Met

	Name	Post	Workstation
1.	Bhoj Raj Sapkota	Programme Coordinator	PCO, Surkhet
2.	Deepak Kumar Sharma	Senior Agriculture Officer	PCO, Surkhet
3.	Suresh Kumar Thapa	Agriculture Officer	PCU, Jajarkot
4.	Chandika Lama	Planning Officer	PCO, Surkhet
5.	Padam Bahadur Subedi	Agriculture Officer	PCU, Jumla

	Name	Post	Workstation
6.	Jeevan Subedi	Agriculture Officer	PCU, Salyan
7.	Dhansara Rana Magar	Accountant	PCO, Surkhet
8.	Sudeep Saru	Fund & Financial Management Expert	PCO, Surkhet
9.	Buddhi lal Chaudhary	M&E and KM Expert	PCO, Surkhet
10.	Bijaya Wagle	Value Chain Expert (Business)	PCO, Surkhet
11.	Shiva Adhikari	Value Chain Expert (Technical)	PCO, Surkhet
12.	Madan Lal Karki	Institutional Development Expert	PCO, Surkhet
13.	Purusottam Aryal	Nutrition Expert	PCO, Surkhet
14.	Tarka Raj Joshi	Rural Finance Expert	PCO, Surkhet
15.	Birkha Raj DC	IT & MIS Officer	PCO, Surkhet
16.	Shila Adhikari Devkota	M&E and KM Officer	PCU, Salyan
17.	Gobinda Sunar	M&E and KM Officer	PCU, Jajarkot
18.	Rudra Prasad Acharya	M&E and KM Officer	PCU, Jumla
19.	Krishna Raman Adhikari	Value chain and Business Development Officer	PCU, Jajarkot
20.	Bharat Kumar Paudel	Civil Engineer	PCU, Jajarkot
21.	Chandra Bahadur Karki	Value chain and Business Development Officer	PCU, Salyan
22.	Aliza Bhandari	Civil Engineer	PCU, Salyan
23.	Kiran Narsingh Rana	Value chain and Business Development Officer	PCU, Jumla
24.	Dipendra Lamichhane	Civil Engineer	PCU, Jumla
25.	Sharada Sherpa	GeSI and Nutrition Officer	PCU, Jajarkot
26.	Indira Bhandari	GeSI and Nutrition Officer	PCU, Jumla
27.	Santosh Kumar Dubey	GeSI and Nutrition Officer	PCU, Salyan
28.	Khem Raj Bhatta	Rural Finance Officer	PCU, Jajarkot
29.	Kishor Gautam	Rural Finance Officer	PCU, Jumla
30.	Indira Sharma Acharya	Rural Finance Officer	PCU, Salyan
31.	Debindra Bahadur Karki	Overseer	PCU, Salyan
32.	Atma Ram Karki	Overseer	PCU, Jajarkot
33.	Bishnu Kumar Bishwokarma	State Manager (HELVETAS)	PCO, Surkhet

### C. Beneficiary groups met

S.N.	Name of Institutions	No. of person	Place
1	Kolchaur Mahila Krishak Samuh – OSV, Bheri NP-1, Kolchaur	25	Jajarkot
2	Pahadi Nasla Sudhar Bakhra Palan Samuh-Goat (Siddha Kumah-3 Salyan)	15	Salyan
3	Srijanshil Krishi तथा Pashupalan Krishak Samuh - Dairy, Lekbesi-9, Surkhet	19	Surkhet

## **Nepal**

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### **Agriculture Sector Development Programme Supervision Report**

#### **Appendix 6: Procurement**

Mission Dates: 4 - 24 September 2020  
Document Date: 09/11/2020  
Project No. 2000001418  
Report No. 5530-NP

Asia and the Pacific Division  
Programme Management Department





## **Appendix 6: Procurement**

### **I. Review of Procurement Plan**

The PP for the fiscal year 2019/20 includes goods and consulting services for a total cost of NPR 53.8 million. Under the goods category, procurement amounting to NPR 3.3 million and consulting services amounting to NPR 5.1 million have been carried out. PP is consistent with the latest approved AWPB and the nature and quantity of goods/services appear to be generally consistent with the activities in the AWPB. ASDP have been using the normal PP template of IFAD but from fiscal year 2020/21 they have started to use the standard Project Procurement Plan template. The PP has been revised/upgraded two times and NOs obtained from IFAD. The estimated amount placed in the PP is approximate based on the budgeted amount in the AWPB. Threshold is entered based on the budgeted amount. PP is being updated only when it is upgraded. Procurement are not being carried out as planned in the PP. ASDP is using NOTUS for the revision of PP. The selection of procurement method is consistent with the Letter to Borrower.

### **II. Review of Ongoing/Completed Procurement Activities and Documentation**

Procurement carried out during the last fiscal year under consulting services are the selection of consultant for conducting the Baseline Survey, recruitment agency for hiring experts and Individual consultant for Baseline Survey Monitoring. Major procurement under goods are procurement of Multimedia Projector – 3 Nos., Digital Camera – 4 Nos., Laptops – 7 Nos., Server – 1 No, Auto Level – 4 Nos., Abneys Hand Level – 4 Nos., GPS - 4 Nos.; Printer – 3 Nos. and necessary furniture and fixtures. Procurement of vehicle, motorcycles, laptops and tablets was not possible as either the bids were non-responsive or no bids were received. ASDP had included mechanical engineer (as a member of the evaluation committee) from other government office for the technical evaluation of bids for vehicle and motorcycles/scooters. However, the bids were treated non-responsive as the bid security validity period was shorter than required.

Given the low value of actual contract award in fiscal year 2019/20 extra efforts are to be made for award of contract including contract management in this fiscal year. The following procurement carried out by ASDP were reviewed and is included as Annex.

### **III. Review of Contract Administration and Management**

**Contract Register:** They have provided an up-to-date contract register. ASDP are now using ICP.

**Contract administration review:** There has not been much procurement. Except the procurement of three Baseline Survey (prior review), recruitment agency for hiring experts and Individual consultant for Baseline Survey Monitoring (post review) other procurements were for goods under shopping. Major procurement under goods are procurement of Multimedia Projector – 3 Nos., Digital Camera – 4 Nos., Laptops – 7 Nos., Server – 1 No, Auto Level – 4 Nos., Abneys Hand Level – 4 Nos., GPS - 4 Nos.; Printer – 3 Nos. and necessary furniture and fixtures. Procurement of vehicle, motorcycles, laptops and tablets was not possible as either the bids were non-responsive or no bids were received. The two consulting contract provides for an advance payment. As other goods procurement were made using shopping methods, there was no provision of advance payment.

**Contract management review:** There has not been much procurement. Except the procurement of three Baseline Survey (prior review), recruitment agency for hiring experts and Individual consultant for Baseline Survey Monitoring (post review) other procurements were for goods under shopping. The work for the baseline survey has to be extended as a result of delay in approval of the survey questionnaire which was finalized with technical support from the IFAD RIA unit and the shut-/lockdown because of COVID 19. Goods and equipment procured have been verified by relevant experts, if in-house experts are not available then experts from other government offices are called to verify the goods supplied by the supplier.

### **IV. Review of issues identified in the previous review and aide-mémoire and procurement related issues identified in project audit reports**

Last mission raised the issue that the contract register has been maintained only for contracts awarded through tender but not submitted to IFAD every trimester. However, now ASDP has started entering all contracts in the ICP and have provided Form C-10 - Register of Contracts and Form C-11 - Contract Payment Monitoring Form.

### **V. Review of project's procurement filing system and the ease of document retrieval**

During the last SM it was noted that the documents related to the procurement are available. However, most of the procurement records/documents are kept with the accounts section as they are required during the auditing by Office

of Auditor General and therefore, all the records are not at one place. The project has been requested to maintain a consolidated contract filing system. However, they have informed that they are keeping copies as far as possible at one place.

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

The Council of Ministers (Cabinet) has made amendments in the Public Procurement Regulation (9<sup>th</sup> amendment on 30 December 2019 and 10<sup>th</sup> amendment on 17 April 2020). The amendment added a requirement of line of credit (financial resource requirement) for works valued over NPR 20 million at the time of bidding and time extension for contracts that could not be completed due to various reasons (sick projects). The amendment to the regulations will require the bidders to submit line of credit prior to signing of the contract. This will apply to the ASDP infrastructure works to be carried out through contractors. The Council of Ministers on 13 July 2020 has decided to grant an extension of time of up to 6 months as a result of COVID-19 pandemic.

## **VII. Assessment of further procurement staff training needs**

Government staff are not acquainted with the procurement guidelines of the donors. Therefore, they fail to understand the importance of procedures to be followed during procurement and its implementation. Although IFAD's procurement consultant has been advising/supporting the project, there is a need for capacity building on procurement with special focus on procurement of consulting services.

IFAD conducted procurement workshop in New Delhi, India in December 2019 in which ASDP staffs were present. They have also been given online training on ICP in July 2020. This has helped in improving in the quality of the PP. Such trainings should be continued in future as well.

## **VIII. Key findings and conclusions from the PRM assessment update**

Amendments to the Public Procurement Regulation have been made by the government as stated in VI above and the contractor for the infrastructure work, to be carried out through contracting, needs to submit the line of credit from the bank for the specified amount in the bidding document.

Direct contracting is allowed for procurement below NPR 100,000. At least three quotations are required for any procurement between NPR 100,000 and NPR 500,000. Competitive bidding is required for any procurement over NPR 500,000. A procurement method called "Sealed Quotation" is used for procurement of works and goods over NPR 500,000 and up to NPR 2,000,000. Sealed Quotation is similar to NCB but with reduced bidding period of 15 days and bid validity and bid security period of 45 and 75 days respectively. However, for consulting services between NPR 500,000 and NPR 2,000,000, the shortlist is to be made from the standing list of consulting firms whereas REOI is to be carried out for consulting services of more than NPR 2,000,000.

## **IX. Procurement performance indicator rating and justification**

Pillars	Rating	Justification
A. Review of Procurement planning	<b>3 Moderately Unsatisfactory</b>	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.
B. Process and Procedures: from prequalification to bidding	<b>4 Moderately Satisfactory</b>	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	<b>4 Moderately Satisfactory</b>	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.
D. Contract management	<b>4 Moderately Satisfactory</b>	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	<b>3 Moderately Unsatisfactory</b>	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 time.
<b>Overall</b>	<b>4</b>	Processes, procedures and systems applied exhibit some gaps and inconsistencies that have limited impact on project implementation and performance. Implementation support is required, however, for promptly resolving issues/constraints.

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

1. The project has to prepare the PP that is aligned with the AWPB, is prepared and updated consistently and accurately and is based on consultative and collaborative processes. ASDP needs to update the PP (with the "actuals" rows updated) and upgraded as necessary in a timely manner and No-objection obtained from IFAD.
2. Project needs to initiate procurement activities in a timely manner as planned in the PP
3. ASDP needs to recruit a Procurement Expert on a full-time basis.
4. The staff involved with the procurement are to be provided with training on the recent process and procedures being followed by IFAD.

**Annex. Review of ongoing/Completed Procurement Activities and documentation**

S. No.	Description	Check	Remarks
<b>A</b>	<b>Procurement Planning (for entire PP)</b>		
1	Are there planned dates for all procurements?	x	Yes
2	Are the planned dates consistent with the procurement process and methods?	x	Generally, yes. In some cases, the dates are more optimistic.
3	Are the procurement methods consistent with the estimated budget for each procurement?	x	Yes
4	Is the reviewed Procurement Plan an updated one?	x	Yes
5	How many <b>updates</b> of the current Procurement Plan were submitted for the year?	x	None. They have been updated while submitting for upgrades.
6	How many <b>upgrades</b> of the current Procurement Plan were submitted for the year?	x	For the FY 2019/20, two revisions have been submitted/approved.

S. No.	Description	Check	Remarks	Check	Remarks
<b>B</b>	<b>Bidding Process:</b>	<b>Baseline Survey for ASDP (Consulting Services)</b>		<b>Selection of Recruitment Firm (Consulting Services)</b>	
1	Is the item in the Procurement Plan?	x	Yes.	x	Yes.
2	Is there a formal Procurement Requisition that initiates the process?	x	Yes. The project prepares estimates and gets approval from competent authority.	x	Yes. The project prepares estimates and gets approval from competent authority.
3	Is the Method proposed in the PP used?	x	Yes. QCBS specified in the PP used.	x	Yes. QCBS specified in the PP used.
4	Is enough done to demonstrate that competition was achieved?	x	REOI was advertised in national newspaper. After evaluation off EOI, RFP were issued to five firms of which four were qualified technically.	x	Shortlisted 5 firms from the Standing List. RFP were issued to the five shortlisted firms of which three were qualified technically.
5	Is there time provided for bidders to request and receive clarifications before the submission deadline?	x	Yes. Clarifications may be requested up to 10 days prior to deadline for proposal submission.	x	Yes. Clarifications may be requested up to 7 days prior to deadline for proposal submission.
6	Is there sufficient time allotted for bidders to prepare quotations, bids and proposals	x	Yes. 30 days have been provided (PPA/PPR requires a minimum of 30 days for contracts with cost estimate more than NPR 2 million).	x	Yes. 15 days have been provided (PPA/PPR requires a minimum of 15 days for contracts with cost estimate less than NPR 2 million).
7	Ensure that no late bids were accepted	x	All proposals were submitted within time.	x	All proposals were submitted within time.
<b>C</b>	<b>Evaluation Process</b>				
1	Was Preliminary Examination done?	x	Yes.	x	Yes.
2	Are there objective and justifiable reasons for rejections at Preliminary Examination?	x	No firms failed in preliminary evaluation.	x	No firms failed in preliminary evaluation.
3	Was Technical Evaluation done?	x	Yes.	x	Yes.
4	Are there objective and justifiable reasons for rejections at Technical Evaluation?	x	Yes. A firm failed as it was unable to get qualifying score (set at 70% in the RFP).	x	Yes. Two firms failed as they were unable to get qualifying score (set at 70% in the RFP).
5	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?	x	Yes, as the amount was above the threshold for prior review and Financial Proposal were opened after getting IFAD's NO.	x	Not applicable. The procurement is under post review threshold.

S. No.	Description	Check	Remarks	Check	Remarks
6	For all advertised procurement, were bidders informed of the (technical) evaluation outcome?	x	Unqualified bidder was informed, and its Financial Proposal was returned unopened. Qualified bidders were requested to be present in the opening of financial proposal. Confirmed during last SM.	x	Unqualified bidders were informed, and its Financial Proposal was returned unopened. Qualified bidders were requested to be present in the opening of financial proposal. Confirmed during last SM.
7	Were the bidders given sufficient explanation as to their performance at the (technical) evaluation, if one or more requested this information?	x	The project informed that none have requested for information.	x	The project informed that none have requested for information.
8	Were bidders given enough time to submit a challenge/protest?	x	7 days have been provided for information/complaint for failure to obtain qualifying score in technical proposal and/or if the consultant is not satisfied with the award decision.	x	7 days have been provided for information/complaint for failure to obtain qualifying score in technical proposal and/or if the consultant is not satisfied with the award decision.
9	For consulting services under QCBS, QBS and LCS, was there a formal opening of financial proposals?	x	Yes. The bidders qualified in technical proposal were requested to be present for opening of financial proposal. Financial Proposal opening Record has been prepared.	x	Yes. The bidders qualified in technical proposal were requested to be present for opening of financial proposal. Financial Proposal opening Record has been prepared.
10	Was Financial evaluation done and properly?	x	Yes. It uses combined evaluation with Technical and Financial weightage ratio of 80:20.	x	Yes. It uses combined evaluation with Technical and Financial weightage ratio of 80:20.
11	Were corrections to Bidders' financials/prices were done, is there correspondence to show that the bidders were (i) notified and (ii) accepted the correction?	x	No corrections were needed.	x	No corrections were needed.
12	Are there objective and justifiable reasons for rejections at Financial Evaluation?	x	None rejected during financial evaluation.	x	None rejected during financial evaluation.
13	For consulting services under QCBS, were bidders provided the results of the combined evaluation and accorded sufficient time to challenge/protest?	x	7 days' time was given as provided in the PPA/PPR for complaints.	x	7 days' time was given as provided in the PPA/PPR for complaints.
14	Were challenges/protests received? Were they handled properly?	x	No protests have been reported.	x	No protests have been reported.
<b>D</b>	<b>Award and Negotiations</b>				
1	Was award done after all challenges/protests were received?	x	Project informed that no protests received. Award done after expiry of the period of 7 days.	x	Project informed that no protests received. Award done after expiry of the period of 7 days.
2	Ensure that negotiations were not held for Goods and Works	x	NA	NA	NA
3	Ensure that negotiations were held for consulting services?	x	Negotiation were held and draft contract submitted to	x	The project informed that the assignment being straight forward, no

S. No.	Description	Check	Remarks	Check	Remarks
			IFAD for NO (being prior review contract).		negotiation was held.
4	Did the negotiations significantly alter (i) the scope, (ii) the duration and (ii) the prices?	x	No.	x	No, as no negotiations were held.
<b>E</b>	<b>Contract, Contract Administration and Management Process</b>				
1	Was the Contract signed by both parties? (A copy must be evident in file)	x	Yes. It has also been uploaded in NOTUS.	x	Yes.
2	Has the contract the standard commercial and contractual terms required for a proper procurement agreement, as per relevant category and method?	x	Yes. The contract is as per document issued by Public procurement Monitoring Office.	x	Yes. The contract is as per document issued by Public procurement Monitoring Office for Direct Contracting.
3	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?	x	Yes.	x	Yes.
4	Was a Contract amendment made to extend time/add funds/add scope?	x	ASDP has initially awarded an extension of time for 18 days. The Council of Ministers have decided to extend the time up to 6 months due to COVID 19 on 13 July 2020. ASDP have got the instruction from the ministry to extend the contract up to the time lockdown is in place. The consultant still has not been able to resume the work.	x	No amendment have been made.

S. No.	Description	Check	Remarks	Check	Remarks
<b>B</b>	<b>Bidding Process:</b>	<b>Procurement of Auto Level (4 nos.) (Direct Procurement)</b> <b>Contract Amount: NPR 289,280.00</b>		<b>Procurement of Digital Camera (4 nos.) (Direct Procurement)</b> <b>Contract Amount: NPR 317,360.00</b>	
1	Is the item in the Procurement Plan?	x	Yes.	x	Yes.
2	Is there a formal Procurement Requisition that initiates the process?	x	Yes. The project prepares estimates and gets approval from competent authority.	x	Yes. The project prepares estimates and gets approval from competent authority.
3	Is the Method proposed in the PP used?	x	Yes. Direct Procurement has been specified in PP (DP threshold: Below NPR 500,000.00)	x	Yes. Direct Procurement has been specified in PP (DP threshold: Below NPR 500,000.00)

S. No.	Description	Check	Remarks	Check	Remarks
4	Is enough done to demonstrate that competition was achieved?	x	Although DP has been specified in the PP, three quotations have been obtained.	x	Although DP has been specified in the PP, three quotations have been obtained.
5	Is there time provided for bidders to request and receive clarifications before the submission deadline?	x	No time frame specified. Three quotations have been obtained.	x	No time frame specified. Three quotations have been obtained.
6	Is there sufficient time allotted for bidders to prepare quotations, bids and proposals	x	NA.	x	NA.
7	Ensure that no late bids were accepted	x	This being procured under DP, not applicable.	x	This being procured under DP, not applicable.
<b>C</b>	<b>Evaluation Process</b>				
1	Was Preliminary Examination done?	x	NA.	x	NA.
2	Are there objective and justifiable reasons for rejections at Preliminary Examination?	x	None rejected.	x	None rejected.
3	Was Technical Evaluation done?	x	NA.	x	NA.
4	Are there objective and justifiable reasons for rejections at Technical Evaluation?	x	Not applicable.	x	Not applicable.
5	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?	NA	NA	NA	NA
6	For all advertised procurement, were bidders informed of the (technical) evaluation outcome?	NA	NA	NA	NA
7	Were the bidders given sufficient explanation as to their performance at the (technical) evaluation, if one or more requested this information?	x	NA	x	NA
8	Were bidders given enough time to submit a challenge/protest?	x	NA	x	NA
9	For consulting services under QCBS, QBS and LCS, was there a formal opening of financial proposals?	NA	NA	NA	NA
10	Was Financial evaluation done and properly?	x	Not needed.	x	Not needed.
11	Were corrections to Bidders' financials/prices were done, is there correspondence to show that the	x	Not needed.	x	Not needed.



S. No.	Description	Check	Remarks	Check	Remarks
	bidders were (i) notified and (ii) accepted the correction?				
12	Are there objective and justifiable reasons for rejections at Financial Evaluation?	NA	NA	NA	NA
13	For consulting services under QCBS, were bidders provided the results of the combined evaluation and accorded sufficient time to challenge/protest?	NA	NA	NA	NA
14	Were challenges/protests received? Were they handled properly?	x	Not applicable as the procurement is under Direct Procurement.	x	Not applicable as the procurement is under Direct Procurement.
<b>D</b>	<b>Award and Negotiations</b>				
1	Was award done after all challenges/protests were received?	x	Not applicable as the procurement is under Direct Procurement.	x	Not applicable as the procurement is under Direct Procurement.
2	Ensure that negotiations were not held for Goods and Works	x	Negotiation not held.	x	Negotiation not held.
3	Ensure that negotiations were held for consulting services?	NA	NA	NA	NA
4	Did the negotiations significantly alter (i) the scope, (ii) the duration and (ii) the prices?	x	Not applicable as the procurement is under Direct Procurement.	x	Not applicable as the procurement is under Direct Procurement.
<b>E</b>	<b>Contract, Contract Administration and Management Process</b>				
1	Was the Contract signed by both parties? (A copy must be evident in file)	x	Purchase order issued as the procurement is under Direct Procurement.	x	Purchase order issued as the procurement is under Direct Procurement.
2	Has the contract the standard commercial and contractual terms required for a proper procurement agreement, as per relevant category and method?	x	Not applicable as the procurement is under Direct Procurement.	x	Not applicable as the procurement is under Direct Procurement.
3	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?	x	Not applicable as the procurement is under Direct Procurement.	x	Not applicable as the procurement is under Direct Procurement.
4	Was a Contract amendment made to extend time/add funds/add scope?	x	No.	x	No.

S. No.	Description	Check	Remarks	Check	Remarks
<b>B</b>	<b>Bidding Process:</b>	<b>Procurement of Server (1 no.) (Shopping)</b>  <b>Contract Amount: NPR 410,000.00</b>		<b>Procurement of Laptop Computer (with software) – 6 Nos. (Shopping)</b>  <b>Contract Amount: NPR 457,500.00</b>	
1	Is the item in the Procurement Plan?	x	Yes. PP revision was approved by IFAD to let the project purchase 1 Server using Shopping as the value was within the shopping threshold.	x	Yes. PP revision was approved by IFAD to let the project purchase 6 laptops as no Bidders submitted bids in the NCB process
2	Is there a formal Procurement Requisition that initiates the process?	x	Yes. The project has prepared the estimate and has been approved by the Program Coordinator.	x	Yes. The project has prepared the estimate and has been approved by the Program Coordinator.
3	Is the Method proposed in the PP used?	x	Yes. Shopping method has been specified in revised PP and shopping has been used.	x	Yes. Shopping Method has been specified in PP and has been used.
4	Is enough done to demonstrate that competition was achieved?	x	Shopping method has been specified in the PP; three quotations have been obtained.	x	Shopping method has been specified in the PP; three quotations have been obtained.
5	Is there time provided for bidders to request and receive clarifications before the submission deadline?	x	No time frame specified. Three quotations have been obtained.	x	No time frame specified. Three quotations have been obtained.
6	Is there sufficient time allotted for bidders to prepare quotations, bids and proposals	NA	NA	NA	NA
7	Ensure that no late bids were accepted	x	This being procured under Shopping, not applicable.	x	This being procured under Shopping, not applicable.
<b>C</b>	<b>Evaluation Process</b>				
1	Was Preliminary Examination done?	x	NA.	x	NA.
2	Are there objective and justifiable reasons for rejections at Preliminary Examination?	x	None rejected.	x	None rejected.
3	Was Technical Evaluation done?	x	No.	x	No.
4	Are there objective and justifiable reasons for rejections at Technical Evaluation?	x	Not applicable.	x	Not applicable.
5	For QCBS and QBS was a Technical Evaluation Report submitted to and no-objected to by IFAD before the Financial Proposal(s) was/were	NA	NA	NA	NA

S. No.	Description	Check	Remarks	Check	Remarks
	opened?				
6	For all advertised procurement, were bidders informed of the (technical) evaluation outcome?	NA	NA	NA	NA
7	Were the bidders given sufficient explanation as to their performance at the (technical) evaluation, if one or more requested this information?	x	NA	x	NA
8	Were bidders given enough time to submit a challenge/protest?	x	NA	x	NA
9	For consulting services under QCBS, QBS and LCS, was there a formal opening of financial proposals?	NA	NA	NA	NA
10	Was Financial evaluation done and properly?	x	Yes. Cost were compared and the quotation with lowest cost was awarded the contract.	x	Yes. Cost were compared and the quotation with lowest cost was awarded the contract.
11	Were corrections to Bidders' financials/prices were done, is there correspondence to show that the bidders were (i) notified and (ii) accepted the correction?	x	Not needed.	x	Not needed.
12	Are there objective and justifiable reasons for rejections at Financial Evaluation?	NA	NA	NA	NA
13	For consulting services under QCBS, were bidders provided the results of the combined evaluation and accorded sufficient time to challenge/protest?	NA	NA	NA	NA
14	Were challenges/protests received? Were they handled properly?	x	Not applicable as the procurement is under Shopping although within the DP threshold.	x	Not applicable as the procurement is under Shopping although within the DP threshold.
<b>D</b>	<b>Award and Negotiations</b>				
1	Was award done after all challenges/protests were received?	x	Awarded to the bidder proposing lowest cost.	x	Awarded to the bidder proposing lowest cost.
2	Ensure that negotiations were not held for Goods and Works	x	No negotiation were held.	x	No negotiation were held.
3	Ensure that negotiations were held for consulting services?	NA	NA	NA	NA
4	Did the negotiations significantly alter (i) the scope, (ii) the duration and (ii) the prices?	x	Not needed. The procurement is under Shopping.	x	Not needed. The procurement is under Shopping.
<b>E</b>	<b>Contract, Contract Administration and Management Process</b>				

S. No.	Description	Check	Remarks	Check	Remarks
1	Was the Contract signed by both parties? (A copy must be evident in file)	x	No. Purchase order was issued to the bidder.	x	No. Purchase order was issued to the bidder.
2	Has the contract the standard commercial and contractual terms required for a proper procurement agreement, as per relevant category and method?	x	No. However, the purchase order specifies that the firm's quotation have been accepted and to proceed with the works.	x	No. However, the purchase order specifies that the firm's quotation have been accepted and to proceed with the works.
3	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?	x	The purchase order specifies that the firm's quotation have been accepted and to proceed with the supply.	x	The purchase order specifies that the firm's quotation have been accepted and to proceed with the supply.
4	Was a Contract amendment made to extend time/add funds/add scope?	x	No.	x	No.

S. No.	Description	Check	Remarks
<b>F</b>	<b>Implementation Support Mission Reviews</b>		
<b>F1</b>	<b>Review of the procurement process</b>		
1	Review of the Procurement Plan	x	Some procurements are lumped together. Project needs to have details of each activity in the PP.
2	Review of the formal requests/requisition	x	Yes. The project prepares estimates and gets approval from competent authority.
3	Review of the number of days bidding documents were issued for	x	The time period given is in accordance with that stipulated in PPA/PPR.
4	Review of the evaluation outcome	x	Generally acceptable.
5	Review of the handling and management of procurement securities (for e.g. bid, advance payment, performance and retention securities), as appropriate	x	None required for the sampled procurements
6	Review of the effectiveness of the procurement practices, processes and procedure, generally	x	Generally acceptable.
<b>F.2</b>	<b>Review of final contract</b>		
1	Check that the original signed contract amount is consistent with the relevant evaluation report and draft contract, and that any revisions made to the contract during its implementation were based on NOs provided by IFAD as and when required	x	Reviewed and checked the document including IFAD's NOL.

<b>F.3</b>	<b>Review of contract implementation</b>		
	The review includes contract administration and management; ensuring that the contract administration and management actions follow benchmarked and/or laid-down principles and processes that, contract performance was of the required quality and within the expected timeframe, and that the contract (and/or project) outputs and outcomes were realized. This review will include handling and management of contract provisions and documents (advance payment recovery, performance security administration, timeliness of payments, liquidated damages, contract amendments, etc.)	x	Not much procurement has been carried out except services for Baseline Survey and hiring of recruitment agency (mainly goods procured). The contract is managed by the concerned component expert/Programme Coordinator.













IFAD Procurement Risk Matrix

Division		Asia Pacific				
Country		Nepal				
Project		Agriculture Sector Development Programme (ASDP) Loan No.: 2000002118 Grant No.: 2000002117				
Date		14 - 22 March 2020			NET RISK RATING	
INHERENT RISK RATING		2.32				2.50
#	Description of Risk Feature	Rating	Assessment Basis	Remarks	Recommendation /Mitigation	Rating
A	COUNTRY RISK ASSESSMENT	2.50				2.50
1	Legal and Regulatory Framework	2.20				2.20
a	Country procurement law, regulations and manual exist	2	3 they all exist, 2 only two exist, 1 only one exist or none	Public procurement Act 2007 (First amendment in July 2016) and Public Procurement Regulation 2007 (Ninth Amendment in December 2019). Public Work Directive existed prior to the issuance of Public Procurement Act/Regulation. However, no manual has been issued by Public Procurement Monitoring Office responsible for preparing and issuing manuals/guides etc. based on the existing procurement act/regulation.	To be updated once manual are prepared by Public Procurement Monitoring Office (PPMO).	2
b	Existence of Standard Bidding Documents for Goods, Works and Services	3	3 all exist, 2 only for NCB & ICB, none for Shopping, 1 none exists	There are Standard Bidding Documents for ICB, NCB, Sealed Quotation (similar to NCB but for smaller threshold (NPR 500,000 to NPR 2 million) with 15 days time period for bidding), Direct Purchase (up to NPR 500,000) for Goods and Works. There is no provision of "Shopping" as such. However, there is standard document for Catalogue Shopping. There are BSOI template, SRFP for Lump Sum and Time Based Contracts.		3
c	Procurement Monitoring	3	Use PEFA Framework, see worksheet for details	Transparency, comprehensiveness and competition in the legal and regulatory framework: PEFA observation - The legal framework meets five of the six listed requirements. PEFA Rating: B; IFAD Rating: 3 PEFA Assessment for Year 2013/14; Published in May 2015.		3
d	Procurement Methods	1	Use PEFA Framework, see worksheet for details	Use of Competitive Procurement methods: PEFA observation - For less than 60 percent of the value of the contracts awarded or reliable, data is not available. PEFA Rating: D; IFAD Rating: 1 PEFA Assessment for Year 2013/14; Published in May 2015.	To be updated after new PEFA Assessment is available.	1
e	Public access to procurement information	2	Use PEFA Framework, see worksheet for details	Public access to complete, reliable, and timely procurement information: PEFA observation - At least two of the key procurement information elements are complete and reliable for government units representing 50 percent of procurement operations (by value) and made available to the public through appropriate means. PEFA Rating: C; IFAD Rating: 2 PEFA Assessment for Year 2013/14; Published in May 2015.	Need to ascertain and ensure IFAD Funded Project's PP are public.	2
2	Accountability and Transparency	2.80				2.80
a	Procurement Complaints Management	3	Use PEFA Framework, see worksheet for details	Existence of an independent administrative procurement complaints system: PEFA observation - The procurement complaints system meets all seven criteria. PEFA Rating: A; IFAD Rating: 3. PEFA Assessment for Year 2013/14; Published in May 2015.		3
b	Country Corruption Perception Index score	2	The score is published on Transparency.org. 0 to 29 = 1, 30 to 60 = 2, 61 to 100 = 3	CPI is 34/100 (Rank 113/180) according to Corruption Perception Index 2019 of TI (data taken on 03/03/2020)	N/A	2
c	2-tiered system to handle complaints	3	3 as stated, 2 only a single level system, 1 no system	Public procurement Act 2007 provides for complaint to the Public Entity (PE) within 7 days of publication of Letter of Intent to Award and the PE to respond within 5 days. If the Bidder is not satisfied with the response or no response is provided by the PE, then the Bidder may complain to the Review Committee within 7 days of the PE's response or no response. The Review Committee is headed by either Judge/ex Judge of high court or ex Secretary of Government of Nepal. However, complaints cannot be lodged to the Review Committee for procurement valued at less than NPR 20 million.		3
d	Existence of a debarment system	3	3 full existence, 2 existence of complaints body that is the authority, 1 does not exist	The Public Procurement Act/Regulation has a provision of Black-listing. The Black-listing/delisting is done by Public Procurement Monitoring Office. The procedures and conditions for blacklisting are described in the procurement act/regulation. List of black-listed firms displayed at <a href="https://ppmo.gov.np/index.php/route/information/black_list">https://ppmo.gov.np/index.php/route/information/black_list</a>		3

	Existence of an Independent and competent local authority responsible for investigating corruption allegations	3	3 existence of Independent Anti-Corruption agency; 2 existence of an office within a government ministry/agency that carries out some/all of these functions; 1 does not exist	There exists Commission for the Investigation of Abuse of Authority (CIAA), a constitutional body; and a National Vigilance Centre (under Prime Minister's Office), which are responsible for investigating corruption allegations.	3
<b>B</b>	<b>PROJECT INSTITUTIONAL RISK ASSESSMENT</b>	<b>2.13</b>			<b>2.50</b>
<b>1</b>	<b>Capability in Public Procurement</b>	<b>2.20</b>			<b>2.40</b>
a	Existence of a Procurement Unit with at least 2 staff members (Design stage, reference is to govt agency) Existence of a Procurement Officer (Implementation)	2	3 as stated, 2 one staff member, 1 does not exist (at Design stage) 3 as stated, 2 someone else doing Procurement, 1 procurement function not consistently handled by anyone	There is no specific procurement unit. However, a committee exists in the project, as required by the public procurement act/regulation, for evaluation of bids/proposals.	2
b	Staff member(s) have at least 7 years experience in donor-funded public procurement	2	3 as stated, 2 for less than 7 years and/or experience in public procurement but not donor-funded, 1 for less than 3 years experience	Staff members are experienced in public procurement but do not have much experience in Donor funded public procurement.	3
c	What is the general quality of documents produced by the procurement officer?	2	3 for very good bidding documents, evaluation reports and contracts, 2 for mediocre documents, 1 for documents with bad quality	ASDP uses bidding documents prepared based on SDOs issued by PPMO. However, the quality of the document is mediocre.	2
d	Do procurement staff have immediate access to the legal and regulatory framework documents?	3	3 for all, 2 for some, 1 for none	Majority of the documents are available online.	3
e	Are the procurement and financial management functions separated?	2	3 for total separation, 2 for some separation, 1 for procurement being done by FM staff	There is no position of Procurement Expert in the project and the senior agriculture officer is responsible for procurement. He is supported by other personnel of ASDP and the Fund and Financial Management Expert. Only government permanent staff are members of the Bid Evaluation Committee (BEC), hired staff or consultants support them as invitee member, if requested. The BEC includes Accounts Officer as a member. Hence, functions are not fully separated.	2
<b>2</b>	<b>Public Procurement Processes</b>	<b>2.06</b>			<b>2.60</b>
<b>i</b>	<b>Procurement Methods</b>	<b>1.75</b>			<b>2.75</b>
a	Procurement methods for Goods consistent with IFAD Guidelines	2	3 as stated, 2 for national or international, 1 for none	Methods are generally consistent. PPA/PPR does not have Shopping method (for national/international). PPA/PPR has a "Sealed Quotation" method which is like NCB but for value between NPR 500,000 to NPR 2,000,000 (with 15 days bidding period, 45 days bid validity period etc.) Any procurement above NPR 2 million (which is not ICB) has to follow NCB procedure.	3
b	Procurement methods for Works consistent with IFAD Guidelines	2	3 as stated, 2 for national or international, 1 for none	Methods are generally consistent. PPA/PPR does not have Shopping method (for national/international). PPA/PPR has a "Sealed Quotation" method which is like NCB but for value between NPR 500,000 to NPR 2,000,000 (with 15 days bidding period, 45 days bid validity period etc.) Any procurement above NPR 2 million (which is not ICB) has to follow NCB procedure.	3
c	Procurement methods for Services consistent with IFAD Guidelines	2	3 for large-value method for firms, small value method for firms and method for individual consultants; 2 for two of the above; 1 for only one or less	Methods are generally consistent. Although Consultant Qualification Selection method is provided in the PPA/PPR, detailed procedures are lacking. SRFP document exists for Time based and Lump-Sum Contracts and direct purchase (for amount below NPR 500,000).	3
d	Easy access to bidding documents by foreign firms	1	3 bidding documents are free and could be issued/ sent electronically; 2 foreign bidders have to wire funds to Project to buy bidding doc; 1 bidding doc not practically available to foreign bidders	Bidding documents for goods and works are not free. The bidders have to deposit the cost of bidding document (specified for hard copy) even when electronic procurement is used. Foreign bidders have (i) either to wire funds to the Project (ii) or request someone (their agent) to buy bidding documents.	2
<b>ii</b>	<b>Procurement Planning</b>	<b>2.00</b>			<b>2.33</b>
a	Are procurement plans prepared ahead of time and consistent with annual work plans/budgets?	2	3 prepared ahead and consistent, 2 one of either, 1 none	Procurement plans are prepared and are generally consistent with annual work plans/budgets. However, there have been delays in requesting for NOL.	2
b	Do procurement people participate in the annual work planning processes?	1	3 if required by regulation and practiced, 2 if required by regulation, 1 if none of above	No procurement staff. Recently, they have hired one procurement consultant on part time basis.	2
c	Are Procurement Plans done using an effective format with planned and actual rows across 3 different categories	3	3 for all, 2 for some, 1 for none	Procurement plans are prepared in the format issued by PPMO (for GoN purpose) and in IFAD's format (for IFAD's NOL).	3
<b>iii</b>	<b>Procurement Processes</b>	<b>3</b>			<b>3</b>

a	Minimum number of quotations established by law	3	3 for three or more; 2 for two, 1 if it does not state or less than two	Different numbers are specified for different methods in the PPA/PPR. For direct purchase, the number of quotation is three. For Sealed Quotation, there should be three responsive quotations. For NCB/ICB, only one bid is sufficient if the advertisement was widely circulated and is competitive.	3
b	Minimum number of days for advertised procurement under competitive bidding processes	3	3 for minimum of 30 days; 2 for minimum of 20 days; 1 for less than 20 days or not stated	The minimum period is 15 days for Sealed Quotation, 30 days for NCB and 45 days for ICB.	3
c	Is there enough time provided for bidders to ask questions and receive answers in the bidding process?	3	3 if bidders have a minimum of 3 days for the RFQ method and 7 days for competitive methods to ask questions, 2 if less than 3 days for RFQ and less than 7 but more than 4 days for competitive methods, 1 if not mentioned in RFQ and less than 4 days for competitive procurements	There is no method as RFQ but Sealed Quotation which is like simplified version of NCB. Bidders may request for clarification up to 10 days prior to the deadline for submission of bids as instructed in the SBD for NCB. For Sealed Quotation, the time is up to 5 days prior to bid submission deadline.	3
d	Are clarifications provided to all bidders?	3	3 for all, 2 for some, 1 for none	Yes, clarifications are provided to all bidders.	3
e	Are bids received prior to the deadline securely stored?	3	3 for all, 2 for some, 1 for none	Yes.	3
f	Are procurement securities securely stored?	2	3 for all, 2 for some, 1 for none	As the procurement securities are with the bids itself they are stored safely. However, securities are not stored separately.	3
g	Are public bid openings conducted for advertised procurements, and within an hour of receipt of bids?	3	3 for both, 2 for bid openings being conducted more than an hour after receipt, 1 for bid openings not being conducted	PPA/PPR requires the bid to be opened immediately after submission. Bid Opening is normally carried out within one hour of submission.	3
h	Are minutes of bid openings taken, and sent to bidders who submitted bids?	2	3 for both, 2 for minutes being taken but not being sent, 1 for none	Bid opening records are prepared. However, although some SBDs issued by PPMO requires copy of the record to be distributed to all Bidders who submitted bids within the deadline, and posted on line when electronic bidding is permitted, the opening record is not made available to the bidders.	2
i	Are evaluations conducted by a suitably qualified ad-hoc evaluation committee?	2	3 for both, 2 for qualified but not ad-hoc, 1 for ad-hoc or none	PPA/PPR requires a permanent evaluation committee in every office headed by: (i) the chief or a senior officer (as far as possible Technical person), (ii) Chief of accounts section, (iii) subject matter specialist, and (iv) legal officer (if a post exists in the office). However, experts are invited for evaluation based on the necessity of technical experts.	2
j	In evaluation, is responsiveness based on criteria requirements in the bidding documents?	3	3 for all, 2 for some, 1 for none	Yes. However, for procurement of works of value less than NPR 20 million, as per PPA/PPR no qualification criteria are required except eligibility criteria.	3
k	Are evaluations completed within the bid validity period?	2	3 for all, 2 for some, 1 for none	Generally, yes.	3
l	Are conditions precedent to contract effectiveness clearly stipulated in the contract? (i.e., advance payment security, performance security, insurance, etc)	3	3 for all, 2 for some, 1 for none	As the SBDs issued by PPMO are used, these conditions are in the contract.	3
m	Does the agency maintain a complete record of the process? This would include copies of all public advertisements, pre-qualification documents (if used, the pre-qualification evaluation report documenting any decisions not to pre-qualify certain potential bidders), the bidding documents and any addenda, a record of any pre-bid meetings, the bid opening minutes, the final bid evaluation report (including a detailed record of the reasons used to accept or reject each bid), appeals against procedures or award recommendations, a signed copy of the final contract and any performance and advance payment securities issued, etc.	2	3 for all, 2 for some, 1 for none	Generally yes. However, the documents may not be at the same place. Some original documents are kept with accounts section as they are needed during auditing while others may be in the section who will be implementing the contract.	3
n	Are all contracts awarded advertised publicly?	1	3 for all, 2 for some, 1 for none	Letter of intent to Award is given for all NCB. However, a separate award are not always advertised.	3
iv	<b>Contract Administration and Management</b>	<b>2.00</b>			<b>2.45</b>
a	Existence of authority levels in the contract management process	2	3 for existence, 2 for some practice, 1 for none	Only the PD has the ultimate authority. However, he normally assigns the contract management functions to the relevant officer.	2
b	Existence of approval thresholds for contract amendments	3	3 for existence, 2 for some practice, 1 for none	PPA/PPR has provided threshold for approval of amendments to different level of officers in the capacity of chief of an office. If within the authority of the PD, all contracts amendment requires his signature. If it is not within his authority, he has to get approval from higher level.	3
c	Is there an effective contract monitoring system/framework in place?	1	3 for all, 2 for some, 1 for none	There are no system/framework for effective contract monitoring system. Monitoring is done on ad-hoc basis.	2
d	Is there a process to monitor delivery of goods to verify quantity and quality?	2	3 for all, 2 for some, 1 for none	The delivered quality/quantity of goods are verified by experts and recommended for payment. However, there is no set process to monitor it.	2
e	Is there a framework for approval of deliverables and payment process for consulting services contract?	2	3 for all, 2 for some, 1 for none	There are no system/framework for approvals of deliverables and payment process. However, the deliverables are reviewed by experts and if found acceptable, are recommended for payment.	2



f	Is there a process for resolution of final payment and contract closure?	 2	3 for all, 2 for some, 1 for none	The final payments are made when all deliverables are completed. If there are any dispute regarding the payment, the dispute settlement procedure applies.	All the reports should be verified by the technical teams/Procurement Specialist for checking the milestones/deliverables schedule prior to forwarding to account for final payment and contract closure.	 2
g	Are contract disputes handled in accordance with a formal complaints/arbitration system?	 3	3 for all, 2 for some, 1 for none	Yes. The dispute settlement procedure is specified in the contract (Nepal Arbitration Act). However, alternate dispute resolution procedures (Dispute Board, Adjudication) are not provisioned in the PPA/PPS.		 3
h	Are works contracts supervised by independent engineers or a named project manager?	 2	3 for all, 2 for some, 1 for none	No works contracts have been let out so far. Normally in house technician supervise simple works. However, for more complex works, the supervision needs to be outsourced.	In house technician to supervise simple works. Supervision of complex works to be outsourced.	 3
i	Are contracts completed on schedule and within the approved/contracted contract price?	 2	3 for all, 2 for some, 1 for none	Mostly.	Contractwise records for contracts with cost and time overrun.	 3
j	Does the organization have contract registers that register all contracts (with names, prices and dates), per procurement category?	 1	3 for all, 2 for some, 1 for none	Although the accounts section have records of contracts, they have not maintained a consolidated contract register per procurement category.	Contract Register being maintained in ICP.	 3
k	Are adequate contract administration records maintained? (These would include contractual notices issued by the supplier, contractor, purchaser or employer; a detailed record of all changes or variation orders issued affecting the scope, quantities, timing or price of the contract; records of invoices and payments, progress reports, certificates of inspection, acceptance and completion; records of claim and dispute and their outcomes; etc.)	 2	3 for all, 2 for some, 1 for none	Yes. But the records may not be at one place.	Project needs to keep all documents related to a contract at one place.	 2

3	<b>L</b> : Low Risk
2	<b>M</b> : Medium Risk
1	<b>H</b> : High Risk

