

Nepal

Improved Seeds for Farmers Programme

Supervision report

Main report and appendices

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Abbreviations and acronyms

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

A. Introduction¹

1. The Improved Seeds for Farmers Programme (ISFP) was approved by the IFAD Executive Board on 15 September 2012 for a Loan and a Grant of USD 19.5 million equivalent both. The total programme cost is 59.7 million, with Heifer International's financing of USD2.5 million, counterpart funding of government matching funds of USD 7.3 million, and beneficiary contributions equivalent to USD 10.9 million. The Financing Agreement was signed and became effective on 02 Dec. 2012. An official start-up was held in Kathmandu on 20 March 2013. The Programme's completion date is 31 Dec. 2019, and the financing closing date 30 June 2020.
2. The goal of the ISFP is to promote inclusive, competitive and sustainable agricultural growth within the target area such as to contribute to overall economic growth. The development objective of the Programme (PDO) is to improve household incomes through sustainable, market-drive productivity improvements, with the aim of scaling-up an agriculture-led growth model. The Programme is designed to support two key constraints of agriculture sector hampering productivity: the improvement of certified seed (cereals and vegetables) and improvement of smallholder livestock (goats and dairy) in order to increase income of the poor rural households. This will be achieved by developing partnerships between farmer organisations and the private sector. The Programme will be implemented for a period of seven years in two phases. During phase one, a total of 150,000 households from six districts including indirect beneficiaries from vulnerable groups are expected to be moved out of poverty. As a result of this investment in the seed and livestock industry, the potential impact on the wider farming community of the hills region is considered to comprise an additional 200,000 households benefiting from the programme and non-programme districts.
3. A second supervision cum implementation support mission was conducted in Nepal during the period of 14 – 28 April 2014. This mission focuses on: (i) **reviewing** the status of implementation progress of each component of the Programme; (ii) providing guidance to the implementing agencies to manage activities towards achieving objectives, sustainability and impact, (iii) interacting with the programme beneficiaries and programme partners and making on-the-ground assessment of challenges and issues in implementation; (iv) reviewing the financial management and fiduciary aspects of the programme in line with de due compliance requirements and the government regulations, and (v) reviewing the programme's sustainable efforts, with special attention on risks and opportunities, innovations and knowledge management, programme management effectiveness and efficiency including M&E and RIMS. The mission spent 10 of its 15 effective days² in the field, travelled to Butwal where the PMO is located, to Argakhanchi, and Gulmi districts to work closely with the PMO, District authorities (DDC, DAO), DADO, DLSO, DCCI, SFDB, NACCFL, and other local development stakeholders. Participatory discussions and consultations were held with local VDCs, farmers' cooperatives and groups in the visited villages. Pre-wrap-up exchanges were held on 24 April 2014 with the PMO and implementing partners to share the mission's field observations. A wrap-up meeting was chaired by Mr. Jaya Mukunda Khanal, Secretary of MOAD in Kathmandu on 28 April 2014 to highlight the mission's findings. An aide-mémoire was presented as joint agreement of the two parties on assessment of past performance, and related actions and follow-ups for further programme implementation. The mission would like to express its appreciation for the support, cooperation and hospitality extended to the mission by the Government, MOAD, all the implementing partners and related stakeholders, and beneficiaries met during its field visits.

¹ Mission composition: Ms Lorina Sthapit, M&E/Knowledge Management and Targeting Specialist, Mr S. Sriram, Financial Management and Fiduciary Specialist, IFAD India, Mr Richard Allen Agriculture Specialist, Mr Bhaba Tripathi, Seed specialist, IRRI, Mr Bashu Aryal, IFAD Country Programme Officer in Nepal, and Mr Peter Situ, Team Leader. Mr Mahendra Nath Paudel, Under Secretary, MOAD, and Mr Krishna Aryal, Area Manager Butwal joined the field mission.

² Two preliminary visits were organized: The CPM Benoit Thierry in Rolpa and Pyuthan during 27 – 30 March 2014, and Richard Allen in Salayan, Rukum and Butwal during 06 - 12 April 2014 before the mission assembly in Kathmandu.

B. Overall assessment of ISFP implementation

4. The Programme's overall assessment of implementation is moderately unsatisfactory (Rating = 3). After its effectiveness in December 2012, the ISFP struggled to roll out the implementation at the field level. At the coming end of the second fiscal year, the programme only recorded a disbursement rate of less than 1%, with a number of key elements of the implementation structure still undergoing the process of preparedness. Modest realisations have been reported in both financial and physical terms, mainly related to the programme management; implementation of the technical components still remain in the phase of preparatory consultations. By 14 March 2014, total programme implementation recorded a financial achievement of USD 483,000 (NRS 19.5 million), or 0.8% of the total programme financing of USD 59.7 million.
5. **Annual Implementation Progress.** Weighed against targets of AWPB 2013-2014, overall financial achievement reached 11% or a total USD 285,000, on a total AWPB of USD 2.58 million, with 15% attributed to government financing, and 85% to IFAD Loan and Grant financing. Implementation of technical components is still struggling in its preparatory stage, with the MOU on implementation partnership between the MOAD and Heifer International Nepal finally signed on 16 April 2014. A number of physical achievements were reported, mostly related to activities under the component 1 and the programme management. Though there are signs of participatory enthusiasm from both the beneficiaries in the villages and the implementing agencies at district level, physical progress appears to be of insignificant scale. The achievement of 11% of the annual financial target is accompanied by a very conservative budget release from the government for the PY 2, which totalled NRS 246,776,000 (USD 2.58 million @95.56) only, or 4% of the total programme financial target. The low progress rates in both financial and physical terms were caused mainly by the absence of the PMO technical team and the PIUs at district level, lack of effective partnerships with private firms for component 1 and the pending MOU between MOAD and Heifer International that grounded the component 2, and the lack of understanding on the programme combined efforts at operational level.
6. In view of the moderate progress rate currently achieved and the coming end of the fiscal year, the mission estimates that by mid July 2014, the ISFP would achieve its second AWPB's financial target at 50%.
7. **Likelihood of achieving development objectives.** It is very unusual by any standard that a project remains at such idle stage after nearly two years of effectiveness. Operational flexibility without compromising the programme fundamentals is urgently required in order to help the ISFP to shake off its current stagnation before it falls into a problem project.
8. There is practically no field operation of observable scale for the three technical components. Component 1 of Support to the Extension of the Formal Seed Sector did record a number of activities but appears to face the challenge of substantive support due to the absence of operational coordination by the PIU that yet to be established. Despite the recent efforts of preparedness in activating the three technical components in the upcoming third fiscal year of 2014 – 2015, the mission is concerned about the likelihood of achieving the development objectives that need to be solidly supported with substantial progress and performance. This would not be achieved without immediate actions from all the involved parties in search of improved operational effectiveness and efficiency. Operational flexibility without compromising the programme fundamentals is urgently required in order to help the ISFP to effectively take off.

Agreed action	Responsibility	Agreed date
Commit to and act with continued flexibility for improved operational efficiency	Government, IFAD, PMO, PIUs and all the partner organizations	Starting from May 2014

C. Outputs and outcomes

9. It is still too early to assess the programme performance in achieving the outputs and outcomes. Implementation of the technical components related mostly to the component 1, and procurement of equipment related to field operational set-up, with sparse activities reported in awareness building and mobilisation of the beneficiary groups. The programme input realization remains very moderate in real term as the previous fiscal year. The mission is not in a position of assessing the preliminary indications leading to the component-wise expected outcomes. The following paragraphs constitute an overview of the mission's observations on the witnessed samples of implementation; more observations and recommendations are included in the related working papers with greater details.
10. **Component 1 - Support to the Extension of the Formal Seed Sector.** The performance of component 1 is rated moderately satisfactory. This component aims at the increased and improved production of Truthful Labelled (TL) seeds within the target area, and its successful marketing. It addresses the very low seed replacement rates and often poor quality of seed found in the mid-hills for both cereals and vegetables.
11. *Agreed Actions of June 2013.* With reference to the agreed actions as recorded in the ISFP Supervision Report of June 2013, all main action agreed for the seeds component have been undertaken, completed or on-going.
12. *The Farmer Field Schools.* In the current fiscal year, 64 of the planned 90 FFSs have been completed, and the remaining 26, focused on maize, rice and some vegetables seed production, will be undertaken before the end of the fiscal year. 18 participatory variety trials are on-going or have been completed. The mission observed four ISFP-funded farmer field schools, implemented by the DADO field staff, in three of the programme districts. Classes take place every two weeks, and continue throughout the growing season, and harvesting, processing and marketing periods. Both classes and fields seem well managed, and the farmer groups appear to be involved, interested and enthusiastic. This sub-component is going well, although additional training in sustainable soil fertility management would enhance the benefits of the schools. The mission notes that overall, 48% of the FFS participants were women, and 27% were from the disadvantaged groups; Two FFS visited by the mission were all-women groups.
13. *Technical Implementers.* The DADO JTs and JTAs appear to play an effective role in implementing the FFS and the PVTs. However, it is felt essential that more emphasis is placed on decentralising responsibility for local agriculture and livestock development to the VDCs, as in line with the government's rural development strategy and the on-going programmes strongly supported by both MoAD and MoFALD. In Rukum and Salyan Districts, the Multi-Sector Forestry Programme (MSFP), implemented by the national NGO Rupantaram, is establishing *Agriculture, Forestry and Environment Committees* (AFECs) at VDCs to undertake the responsibility for agriculture, livestock, forestry and environmental development at the local level. It is recommended that the ISFP aligns with this approach and strong links are forged with the MSFP in order to place and strengthen the technical support capacity at VDC level. Possibility of placing the JTAs in each VDC should be considered in as strengthened support to the local agriculture development including seed and livestock product self-sufficiency.
14. *Seed Quality Assurance.* The mission consulted with a number of farmer groups involved in seed production, supported by ISFP through government farms and research institutions. This collaboration appears to be going well, although yields remain only moderate. Further active involvement of the private sector in the production process and in seed quality monitoring would be advantageous. There is provision of support to RSTL and some governments Farm operating in the programme districts for seed quality assurance. And through CGS & MGS, private seed company and agro-vet working in the field level will likely receive grant for establishment of seed laboratory. The RSTL should closely monitor the implementation of establishing seed laboratories in the districts to ensure high standards required.

15. The mission observed the Regional Seed Testing Laboratory (RSTL) at Bhairhawa, where a new seed laboratory is under construction through ISFP funding. Despite concerted efforts to effectively undertake the monitoring of seed quality both in the laboratory and in the field, these regional units have no transport, and are understaffed, under-equipped, and poorly maintained. ISFP support for this unit and the one at Nepalgunj are crucial to maintain quality, without which faith in seed production from the programme's six districts will rapidly decline. PMO needs to ensure rapid completion of the new laboratory and provision of the new equipment and vehicle; MoAD needs to commit to a full staff complement from the start of FY 2014 - 2015. Due to the on-going power problems in Nepal, back-up power units are essential for all such support, and must not be forgotten.
16. *Marketing of seed* reportedly encountered serious difficulties in some programme districts, mainly related to dealing with traders of noncompliance in due payments to the farmers. This has undermined the faith in a livelihood based on seed production, either for new groups and cooperatives, or for those involved in the seed production for decades. The Programme should pay important attention to the issue of improved seed marketing and work with all the sector supporters to establish a reliable marketing mechanism for the programme seed producers. Sales agreements with local Agrovets, traders and companies of proven sound record should be established by using the influence power and leading reference of the technical agencies such as DADO, AEC and DCCI. Capacity building should be provided to the seed groups and cooperatives in business planning and marketing, adapting the record-proven training models and modules in the country.
17. *Breeder and Foundation Seed.* ISFP has successively supported the production of wheat, maize and vegetable foundation seed on small areas of land by both individual farmers and government farms. The bottleneck here is in the multiplication of breeder seed from which the foundation seed is derived. The mission notes the opportunity for ISFP to additionally support the three NARC farms responsible for cereal seeds (rice, wheat and maize) in the production of breeder seed.
18. *Truthful Labelling.* Examples of "truthful labels" were observed in some cases to be smudged and unclear, and the mission believes that there is much scope for cheating and confusion in this area of the value chain. The PMO and its marketing and seed quality partners need to place much greater emphasis on ensuring that these truthful labels are truthful and backed-up by responsible testing.
19. *AEC Staffing.* The mission considers that the provision of only one AEC staff member in each district is far from being adequate to accomplish the challenging task of assisting farmer groups in marketing seeds. The staff member, all of which have very recently been appointed and stationed in the district headquarters for only 2 weeks at the time of the field mission despite agreement signed in August 2013, will have to struggle to establish an information centre in the coming fiscal year, while increasing tasks and responsibilities will come along the implementation progress. A list of key tasks and targets to be achieved under the AWPB 2014 – 2015 needs to be discussed and documented for these AEC District Programme Coordinators, and increased staff numbers need to be seriously considered.
20. *IRRI and Rice Seed.* Little work has been undertaken on rice to date. In order to stimulate improved productivity of the staple food grain of Nepal, the mission notes the opportunity for ISFP, in collaboration with IRRI, to demonstrate improved upland and lowland rice paddy varieties. Under the guidance of ISFP, IRRI can advise on and facilitate the supply of improved seed from the GoN-NARC seed production farms to DADOs in selected districts. This will also strengthen the linkage between ongoing projects supported by IFAD financing.
21. Overall the seed strategy to be adopted by the project is to produce enough seeds for the needs of each district and then sell the excess to other districts through private sector. This requires DADOs and districts smallholder groups to setup increased number of seed production

plots. Once a good productive capacity is in place and proven, then private sector can be attracted to sign contracts with seed producer groups

22. **Component 2 – Smallholder livestock development.** The performance of component 2 is rated unsatisfactory due to its idleness. The objective of this component is to build upon previous positive experience for development of sustainable dairy and goat production systems and enhance household income through improved farm productivity.
23. *Agreed Actions of June 2013.* None of the agreed actions recorded in the last supervision report have been attended to under this component; both physical and financial progress remain insignificant. With the use of ISFP funds, only Pyuthan, Aghakhanchi and Gulmi DLSOs formed five groups in total during the last fiscal year, and implemented one training and some forage and veterinary support activities.
24. *Relevance and Targeting.* It appeared from the mission's field visits that this component is highly relevant to improving the livelihoods of the rural communities and there was much interest expressed by the farmers especially in the goat sub-component. It is clear that the goat sub-component will benefit more the poor and those in more remote areas, while the dairy intervention should target the disadvantaged as a priority in or near the district headquarters or in one of the more major road corridors where market access is easier.

PMO needs to work closely with the Heifer and DLSO staff to ensure that interventions are properly targeted to the poor and needy in the defined focal VDCs, that producer groups are inclusive, that elites do not capture the programme benefits, and that the challenges of establishing producer groups largely comprised of socially and economically deprived households are faced and met.
25. *Management and Organisation.* The mission stresses the importance of preparation in the months before the end of the current fiscal year. As some of the heads of DLSOs are very new to their posts, it is essential that PMO staff are mobilized for awareness raising, planning, budgeting and role definition with all concerned Heifer, DLSO and AEC district staff in the coming two months to ensure that all stakeholders are brought up to speed on the ISFP livestock component after the year's dormancy.
26. *The Role of the AEC.* With the AEC District Programme Coordinator now in place, a realistic role for this single staff member needs to be properly defined for the livestock component, especially in relation to the sourcing of bigger markets for dairy produce and goat meat.
27. *The Role of Heifer International.* Now that the MoU is signed a priority activity for the PMO is to define and document in detail the role of Heifer to the level of project activities - for both the two districts where Heifer will implement the programme and in the four districts where Heifer will provide advisory and technical back-stopping services. The PMO, Heifer, the NARC/Animal Breeding Division and the DLSOs will be responsible for identifying Boer goat breeder communities and farmers and Boer goat multiplication communities based on the agreed criteria. Two vehicles will be procured by Heifer under its funding provision to the Programme to ensure staff mobility; these vehicles however will be transferred to the programme districts at the time of the programme closing as defined in IFAD procedures.
28. *The Role of the National Livestock Breeding Centre (Pokhara).* This centre will preserve the semen imported by the Programme, and will provide the required semen and liquid nitrogen according to programme need.
29. *Action priorities.* Now that the GoN-Heifer MoU has been signed, it is crucial that no further time is lost and that result-based planning and strong focus are placed by the PMO and the relevant implementing agencies on the following activities:
 - (a) Hiring of sufficient number of field staff for implementation of this programme (which will take 6 months) – this needs to be expedited immediately as these staff are unlikely to be in place and effective in the districts and VDCs before 1 January 2015;

- (b) Detailed ToR, job responsibilities, and tasks against logframe targets for all the new staff need to be finalized by the end the current fiscal year;
 - (c) Final identification of the target VDCs and existing groups that have the greatest potential for goat and dairy commercial enterprises – follow-up missions need to confirm that PMO has ensured all stakeholders are singing from the same sheet in relation to focal VDCs and production areas – eg. Heifer, DLSOs, AEC;
 - (d) Due to the delay, there is now an excellent opportunity to link deployment of the new PMO field staff with the VDCs (and the newly established AFECs in four of the ISFP districts where MSFP is active) and the LSCs in the selected focal goat and dairy production areas;
 - (e) Consultations with the key partners (eg. NARC, MoAD, Heifer, DLSOs) on the import of genetic materials, semen and breeder stock for the goat and dairy sub-components must be finalized without delay – key dates and deadlines for the entire process from breed selection, sourcing, necessary permissions, clearances and import permits, transportation, payment details, and care and distribution on arrival in Nepal need to be documented by the end of the current fiscal year, so that as soon as funds are available in August 2014, the purchase procedure can begin;
 - (f) Three openings which can link component 1 with component 2, and provide new income generation opportunities to carefully selected and located farmers and groups need now to be considered and planned: i) nursery establishment for fodder crops; ii) seed production for forage crops; iii) management of animal waste and the production of quality packaged and branded organic animal manures for use by local high value seed and vegetable producers within and outside the programme districts.
30. **Component 3 – Local Entrepreneurship and Institutional Development.** The performance of component 3 is rated unsatisfactory due to its limited actions. The objective of the component is to promote a favourable and conducive environment for sustainable private sector enterprise development in the sector of seed and livestock. A number of physical and financial achievements were recorded.
31. As of 14 March 2014, the component recorded a cumulated financial realisation of USD 46,004, of which 93% were funded by IFAD loan and grant at a 50% - 50% basis and 7% by the government contribution. This represents less than 1% of the total appraisal allocation for the component 3. Weighted against the insignificant financial target of NRS 57 million for the AWPB 13 – 14, the component 3 recorded an achievement of 8% only up to 14 March 2014. Expenditures are mostly related to procurement of equipment and the selection of VDCs for the replication and promotion of SFACLs.
32. *Implementation progress.* At the end of the last fiscal year during May – June 2013, NACCFL/SKBBL started its awareness campaign at the district level. The MOU between the PMO/MOAD and NACCFL/SKBBL was revised and signed on August 2013. During the period of December 13 to January 14, field action was focused on the selection of potential VDCs for the replication of the SFACL model in the ISFP areas. 30 VDCs were selected, with other 14 identified as alternative VDCs in all the six project districts. The identification and selection of those VDCs were undertaken in close consultation with the District Agriculture Coordination Committees in order to build due synergy and integrate the ISFP intervention into the local rural economic development. Since, 30 new SFACLs were initiated, along with eight existing ones to receive the further capacity building and likely become eligible institutions for SKBBL's wholesale loan under the ISFP framework.
33. *The SFACL model* is aimed to constitute a cost-effective channel of credit with peer guarantee of the target groups. Members adhered to the cooperatives with membership shares ranging from NRS 100 at minimum to NRS 50,000 at maximum. The cooperatives have to mobilise

members' savings or other resources. Once SFACLs board and staff are trained and capable to manage institutions independently and generate Rs to million internally, SKBBL would consider a wholesale lending at a matching rate of 1:1. Under the current market conditions, SKBBL grants the loan to the *SFACL* at a declined rate of 9%, and the later lend to their members at 16 – 18%. Lending has been ongoing with existing eight *SFACL* , and expected to start soon with the new cooperatives, once the social mobilisers are in place and trained to roll out the field operations. There is no report yet on those ongoing lending regarding its outreach and performance. The PMO and NACCFL/SKBBL should agree on a start date of lending activities to be included under the programme framework, and a standard format of reporting tracking the financial performance, operational efficiency, portfolio quality, outreach and targeting effectiveness.

34. *The last supervision* outlined the importance of targeting and inclusion for the vulnerable groups and the risk management aspect of the current lending product; it also recommended the introduction of the Heifer method for social capitalization to help build the groups functions of solidarity and mutual assistance. The mission was informed that the NACCFL's *SFACL* model targets small farmers and disadvantaged groups, and group formed under the program are functioning effectively. While NACCFL may have no more need of introducing the Heifer model and use its own approach, the mission reminds that issues related to targeting, inclusion and group effectiveness need to be addressed technically by NACCFL in order to avoid the possible targeting deviation, and the loss of its own loan capital when uneven natural and economic conditions trigger the loan defaults.
35. *VDC selection* seems to be underway under the components 1 and 2. The NACCFL/SKBBL should share the list of 44 VDCs selected for the component 3 with the PMO and the implementing partners of components 1 and 2, exploring the potential of synergy building through mutual leverage from actions under different components.
36. *Institutional support to SKBBL/NACCFL.* The mission was presented a request for institutional support to SKBBL/NACCFL for the cost of two liaison officers, a number of necessary office equipment, and the related management cost. The total support would amount USD 362,095. In view of the leverage potential of the component 3 to the components 1 and 2, the relatively small amount of the support, the mission recommends the approval of the requested support. SKBBL/NACCFL should discuss the support package in details with the PMO and formulate a formal request for the PSC approval and IFAD concurrence.
37. *Cooperative development.* The mission witnessed a number of *SFACLs* well established, and with a large membership of more than 700 households involved in a number of income generating activities, of which some present the potential for scale or diversified- organized farming. The visited *SFACLs* tend to focus on accessing to SKBBL credit to support the member households' production-level activities. So far, the majority of the products and produce seem to be sold in the local market, mostly individually by the members themselves. In view of their continued credit access and scale potential in production, those cooperatives should explore the opportunities in organized contract farming and cooperative marketing. The ISFP should synchronize the programme strengths from the related implementing partners, and provide a tailor-made support to help those cooperatives graduate into a higher level of institutional capacity and market positioning. Meanwhile the cooperatives should systematically build those own capacities in terms of value-added services to members, such as processing, packaging and marketing.
38. **Operational follow-up.** Despite a number of activities reported, the Programme is still far away from an acceptable level of progress and performance. In view of the current absence of the technical team and the PIU, and the time required for effectiveness once the latter are in place, the mission stresses the importance of intensive follow-ups on actions, and the continued and repeat capacity building for the ISFP operational management. Follow-up and technical support to ISFP should be at three-month interval for the next 12 months from May

2014. A joint review should take place in Dec. 14 – Jan. 15 to further assess the programme follow-up performance and decide on further actions if necessary

Agreed action	Responsibility	Agreed date
Consider the possibility of placing the JTAs in each VDC and if feasible make related action plan to guide the future steps	MOAD, PMO, DADOs and DLSOs	Action plan completed by 15 July 2014
The RSTL should closely monitor the implementation of establishing seed laboratories in the districts to ensure high standards required in the programme districts	PMO, RSTL, private sector and seed producer groups	As per AWPB programming
Complete the quality construction of new laboratory of RSTL in Bhairhawa with due provision of new equipment and vehicle.	PMO, RSTL and contractors	As soonest as possible
work with all the sector supporters to establish a reliable marketing mechanism for the programme seed producers	PMO, AEC, NACCFL, Heifer, DADO and other sector supporters	Immediately and continuously
Capacity building should be provided to the seed groups and cooperatives in business planning and marketing, adapting the record-proven training models and modules in the country	PMO, AEC, NACCFL and other qualified technical service providers	Starting from 15 July 14 and continuously
Ensure that the truthful labels are truthful and backed-up by responsible testing	PMO, NARC, DADO, producers and other involved partners	Continuously
Define the key tasks and targets of the AEC Programme Coordinator for each district, and the required numbers of staff to achieve optimal outputs	PMO, AEC and DDCCI representatives	By September 2014
Prepare action plan for collaboration with IRRI-Nepal on the supply of improved rice varieties for both upland and lowland production	PMO and IRRI	By 15 June 2014
Re-awareness campaigns to all stakeholders in 6 districts	PMO	Completed by 15 July 2014
Define ToRs for all new staff and initiate the process of hiring for the livestock component immediately	PMO	To be announced in the press by end of July 2014
Consultation with stakeholders and finalization of specific defined roles, responsibilities, tasks and targets	PMO, NARC, DLS, DLSOs, Heifer, AEC	15 July 2014
Boer buck and genetic material, semen procurement specifications finalised	PMO, DLS, NARC, Heifer, DLSOs	30 June 2014
International/national bidding opened for genetic material and semen import	PMO	31 July 2014
Final selection of focal VDCs for component 2 implementation based on set of accepted criteria and wide consultation	PMO, Heifer, DLSOs, AEC	15 July 2014
Preparation of affordable plans for new livelihood initiatives to link with component 1 – fodder nurseries, forage seed production, animal waste management	PMO, DLSOs, DADOs, NARC, GoN farms	15 July 2014
Determine related activities under the programme framework and use a standard format of reporting to systematically track down the progress and performance	PMO, NACCFL and SKBBL	Starting from Mid July 2014
Consider accepting the institutional support request from SKBBL/NACCFL	The Government and IFAD	By August 2014
Build implementing partner synergy and provide tailor-made support to assist the potential SFACs to reach more market competitiveness	PMO, NACCFL/SKBBL, AEC, Heifer, involved institutional technical agencies and SFACs	Starting from mid July 2014 and continuously
Follow-up and technical support to ISFP should be at three-month interval for the next 12 months with joint review at the end of the first half of the fiscal year.	IFAD, Government	From May 2014. Review in Dec. 14 – Jan. 15

D. ISFP implementation progress

39. **Project management performance.** Programme performance in management is rated moderately unsatisfactory. There is no substantial progress in completing the operational management structure since the last supervision. While the government-seconded staffs have been in place since and they did accomplish a number of actions in management and coordination, the recruitment of the technical team remained pending until recently. The mission was informed that interviews of candidates of the technical team took place in April 2014, and the hiring may not be completed before the annual budget 2013 – 2014 being confirmed by the government. This practically means that the technical team would not be technically operational before September 2014, unless flexible measures are taken by the counterpart.
40. Similarly, the establishment of PIU at district level has not been completed. While DADOs in the programme districts showed signs of support to a number of implementation activities, the programme management structure at district level is far from being effective due to the absence of a key coordination link at district level to oversee the implementation with all different involved parties and at village level. Recruitment of the PIU staffs encountered some difficulties reportedly, mainly in finding qualified candidates for some announced positions. The PMO has planned to amend the related position levels and likely announce more junior positions instead. Nevertheless, it is not acceptable that at the end of the second fiscal year of the implementation, PIUs, which are the key element of the implementation structure, are not in place and operational.
41. *Weak follow-up to recommendations.* Follow-ups to the recommendations of the last supervision appear to be very weak. While the recommendations regarding the component 2 could not be properly followed up due to the lengthy negotiations on the MOU between MOAD and Heifer International, follow-up on the others seem to be random, and without observing the agreed actions and related timelines. The mission is not assured that further follow-ups will be more effective.
42. *Partnership building.* It took quite lengthy time to complete the MOUs on programme partnership between MOADs and Heifer International Nepal, FNCCI/AEC, and NACCFL/SKBBL. This basically led to the implementation idleness of components 2 and 3 for the current fiscal year.
43. **AWPB 2013-14.** Though the previous Mission was informed that the financial ceiling indicated in the Government of Nepal's Red Book was NRS 430 Million, PMO prepared the AWPB for NRS 339 Million. MOAD has further reduced the release by NRS 92 Million and the released annual budget amounts NRS 246 Million due to the reduced account of the idle Component 2 Livestock development. The Programme has reported an expenditure of NRS 27 Million equivalent to USD 285 000 up to March 14, 2014 achieving 11% of the budget released. The expenditures relating to procurement of vehicles, construction of seed testing laboratories are expected to be paid before the end of the fiscal year. The Programme made an optimistic and ambitious estimate of NRS 139 Million spent by July 15, 2014. The trend of the expenditures is mainly driven by procurement of vehicles, civil works, Programme management costs and the share of programme expenditure is still very low. The participation of the implementing partners (AEC and SFDB), which are critical for the programme, is yet to be fully performing. The activities are implemented in line with the approved AWPB but the timely execution tends to be a challenge. Major part of the two trimesters report moderate expenditure and the expenditure pattern surges in the third semester, probably to achieve the financial budget. PMO has to put in place a strict review mechanism for review of physical and financial targets every trimester, so that the delays in execution could be minimized.
44. **Coherence between AWPB and implementation** is rated unsatisfactory. Conservative planning and budgeting continues, despite very low level of physical and financial progress. The budgets approved and allocated by the government for the first two years of implementation represented 5.2% of the total programme financing, cumulated financial progress up to 14 March 2014 remains for less than 1% of the total programme provision. The mission was informed that MOAD had confirmed its approved financial ceiling of NRs 500 million for the ISFP in the fiscal year of 2014-2015. The mission reminds that from the start-up

till 14 March 2014, 47% of the expenditures were recorded under the category of operating cost, which indicates an extremely poor operating efficiency, leading to an unavoidable high administrative cost for the Programme. Flexibility is urgently required from both the government and IFAD in order to help speed up the implementation to a presentable level.

45. **Monitoring and Evaluation (M&E).** Despite the existence of the SIMES system common to all IFAD projects in Nepal, the programme performance in M&E is rated moderately unsatisfactory due to the inconsistent presentation of progress reports to the mission, and the pending RIMS and baseline. There is no evidence of effective follow-up to the three key M&E activities that the last supervision mission highlighted. The mission urged the PMO to promptly follow up by referring to the observations and recommendations that the last supervision stressed in the area of M&E. Without this the programme management will not be considered in function.
46. Review of the progress reports presented to the mission indicated that the required IFAD record and report formats were not systematically used and mismatches and confusions indicated the likelihood of filling those forms only when the supervision was coming. In addition, different implementing partners reported to the mission some physical and financial activities that were not included duly in the PMO reports. The PMO needs to apply the required M&E and report forms and standardize its recording and reporting tools with all the agencies reporting the programme progress and performance. Otherwise, the M&E compatibility and accuracy will be compromised, especially when the programme activities will be implemented at due scale and in all the six programme districts.
47. *Outreach monitoring.* Besides the financial and physical progress, the Programme needs to carefully monitor its outreach. Numbers of programme VDCs, beneficiary groups, households and individuals should be recorded in disaggregated manner where applicable.
48. *RIMS and baseline surveys.* The RIMS and baseline surveys have not yet be conducted while the mission is in the country. The mission was informed that a consulting firm has been hired for the RIMS and baseline surveys, which should be completed before the end of the current fiscal year. The mission interacted briefly with the consulting firm and stressed on the importance of including the expected outcomes at household level in the baseline.
49. **Gender focus.** The programme performance in gender focus is rated moderately satisfactory. Through its design, the Programme promotes and strengthens women's participation and leadership positions in all the components, extending the women empowerment among beneficiary organizations at both social and economic levels. The position of programme GESI specialist is expected to be filled soon and it is under the process of recruitment. Field visits witnessed a substantial percentage of women participation in programme-related activities at village level, and the component 1 reported that women represent 46% of its active participants.
50. Regarding the programme staffing, only five out of 24 staff at PMO in Butwal and liaison office in Kathmandu are women, out of which three are office assistants, one junior technician and one liaison officer. As the Programme intends to work with a significant number of women, it is important to ensure an equitable percentage of women taking up due positions in its staffing.
51. **Poverty focus** is rated moderately satisfactory. The mission observed that visited villages are poor and remote, participant villagers in majority belong to the socio-economically disadvantaged and vulnerable groups. The Programme estimated the inclusion of 4% of Dalits³ and 28% of Janajatis in its current beneficiaries; the majority are Brahmins and Chhetris.
52. **Effectiveness of targeting approach** is rated moderately satisfactory. The ISFP design adapts a targeting approach that is based on inclusiveness of the disadvantaged groups such as the poor, women and minority ethnic groups in the producer groups, cooperatives and for access to the programme-supported. While villages visited by the mission are remote and poor, the VDC selection process and criteria were not clear, and the PMO staff had limited involvement in the process. Selection of the VDCs appears to be primarily based on the feasibility of the programme activities, which is essential but it should not compromise the targeting

³ The term 'Dalit' is generally used to identify those on the lowest rung in the caste hierarchy.

- inclusiveness that is equally important if not more. Orientation and guidance in effective targeting should be provided to staffs and agencies working in the related areas.
53. **Innovation and learning** is rated moderately unsatisfactory due to implementation idleness that shortens the programme time to adopt innovations from the other IFAD-assisted projects and generate its own good practices. The Programme does not have a position for a separate KM and Communications officer; the responsibility is placed under the M&E officer. The mission would like to stress that the KM is not only a function that the M&E/KM officer assumes, but all programme implementing partners should integrate the KM in their implementation, with staffs well trained in this regard. Meanwhile participatory learning and action KM should be introduced at the level of beneficiary households. A KM plan should be created and its road map should be well stated in order to capture the good practices and innovations and record the lessons learnt.
54. **Climate and environment focus** is rated moderately satisfactory. While it is still early to assess the Programme's climate and environment focus, and its effects and impacts on the beneficiaries resilience, concepts and technologies related to climate change adaptation and environmental protection have been included in the programme design and they will be introduced and applied to quality assurance and processing and household-level production, especially in relationship with natural resource management and the informed use of pesticides and fertilizers. One aspect observed during the mission was the generally poor use of local resources in terms of effective and efficient use of recycled materials available on the farm – essentially, improved farmyard manure preparation and storage, the collection of cattle urine for use as a plant tonic and a base for farm-made bio-pesticides, and rainwater harvesting. The mission recommends that the PMO, and the partner DADOs and DLSOs ensure that the field-based JTs and JTAs, the front-line troops, are made aware that the effective use of the local available resources should be communicated to all partner farmers, farmer groups and cooperatives, and made part of the coaching curricular during the FFSs and PVTs.
55. **Partnerships.** The programme performance in partnership building is rated moderately satisfactory despite the late signing of the MOU between MOAD and NACCFL/SFDB. The PMO has established good and productive working partnerships in relation to Component 1, with multiple partners engaged in seed production, varietal selection and seed quality evaluation. As the livestock component has yet to begin, the effectiveness of the partnerships is yet to be evaluated in the coming months. Two areas of concern however are: a) the role and responsibilities of the AEC staff at district level; and b) lack of designed actions in involving the VDC in the programme partnership. Both these areas need priority focus to ensure that both partners, the AEC at district level and the VDCs at local level, are fully engaged as the programme progresses.
56. *Investment Window.* A MOU was signed between the MOAD and the AEC for the latter to establish a service of Investment Window within the DCCI in the six programme districts. It will be a built-in service to provide technical services in support of the agri-business enterprises under the programme framework. While this is an opportunity of establishing a sustainable institutional technical service, challenges remain as due human and other resources and technical capacities need to be in place. Current agreement outlines the respective responsibilities and functions of the PMO and the AEC/DCCI, and outlines some activities over a seven-year budget. In view of the urgent need for such support at field level, the missions recommends that the Investment Window will be implemented as agreed with the current; the involved parties will maintain the flexibility of revising the agreement based on the emerging needs for such service support. The supervision of the next year will review the performance of the current set-up and if necessary, revision for optimal set-up should be carried out.

Agreed action	Responsibility	Agreed date
Complete the recruitment of technical team and provide intensive training to the newly recruited staff on programme framework and technical substance	PMO	By July 2014
Establish PIU in all the programme districts with due staffing and provide implementation guidance and technical training to turn the PIU operational	PMO	By July 2014
Establish an effective and result-based follow-up mechanism with regular monitoring intervals and apply it in the daily operational management	PMO and all implementing partners	May 2014 and continuously
Use the AWPB as an implementing tool and timely follow up on implementation delays to ensure the meaningfulness of the planning	PMO and all implementing partners	From 16 July 2014 and onward
Complete the RIMS and baseline surveys in accordance with IFAD requirements and send the reports to IFAD	PMO	By end August. 2014
Provide training and awareness building on gender and poverty focus and maintain the targeting strategy in all the relevant activities	PMO and all the implementing partners	From May 2014, repeatedly and continuously
Consider an equitable percentage of female staffs in composing the PMO technical team and PIU personnel	PMO and PIUs	Consistently
Integrate into the FFS, PVTs and other related support the available methods and technologies related to climate change adaptation and environmental protection by providing technical coaching to the farmers, their groups and cooperatives.	PMO, DADO, DLSO, field-based JTs and JTAs, and other mobilisers or facilitators at field level	From May 2014 and continuously
Ensure effectiveness of working partnership at operational level and align with government's development strategy by engaging the VDCs in relevant fields	PMO and all implementing partners	From May 2014 and continuously
Implement the Investment Window as agreed and review the set-up at next supervision	PMO, AEC, MOAD, IFAD	During the fiscal year of 2014-2015

E. Fiduciary aspects

57. **Financial management** is rated moderately unsatisfactory, for the Programme using GoN's accounting system in place. An Accounts Officer deputed from the FCGO to handle the financial transactions at PMO level, and DADO and DLSO Accountants at district level. The payments on eligible expenditures requested from PMOs and programme districts are released from the District Treasury Controllers. At present all the expenditure data are maintained manually and consolidated for Government of Nepal Account Headings, and IFAD Component and Category expenditure. The comparison of expenditure vs budget is not robust. PMO adheres to strict internal controls for recording and release of payments and all the payment requests to Treasury Office are authorised by the Programme Manager and as per the activity budget. The statements of expenditure are received from the districts on a trimester basis and consolidated at PMO. As per the GoN rules, monthly report of expenditure as per the account headings is required. PMO may have to ask for the monthly report from the districts, which are prepared in any case. This would strengthen the variance analysis and assist the PMO in addressing the implementation delays. Likewise standard formats for obtaining the financial data from the implementation partners on monthly basis should be introduced. Sample formats will be included as Annex in the related technical paper. The rigour in financial reporting will help in fully operationalising the accounting software. All the programme expenditures are pre-financed by the Government of Nepal and the IFAD financing is transferred from the Designated Account to the Government Treasury. As the expenditures are still low, the transfers are not per trimester.

58. **Tally accounting software.** The previous Mission recommended the introduction of Tally Accounting Software for the PMO and the software was purchased and installed. However, the Chart of accounts complying with GoN Account headings and IFAD reporting are yet to be prepared and customised. IFAD Nepal Country Office is taking the lead in facilitating the customisation. When the chart of accounts is prepared, the closing balances as per the audited financial statements will have to be transferred and integrated. The successful rollout of the accounting software depends upon the capacity building of the full functions. Also when the monthly reports of expenditure are obtained and entered into Tally, the Accounts Officer will need additional support that usually provides an Accounts Assistant.
59. **Disbursement.** The performance of disbursement is highly unsatisfactory. Except the initial deposit to the Designated Account, no further disbursements have taken place. The PMO reported the submission of the second WA for the period of 02 December 2012 to 15 July 2013 on 24 December 2013 and the third WA on 28 March 2014. It appears the second WA was never processed in IFAD. The Programme is advised to resubmit the WA for the period 2 December 2012 to 115 July 2013 again to IFAD citing the reasons for the resubmission. One of the expenditure included in the WA is above the SoE threshold of USD 30,000 equivalent hence documented claim for the expenditure above SoE threshold, and SoE for the other expenditures to be submitted. Even if the two WAs pending for disbursement are taken into account, the Programme disbursement will only be 1.03%, which is 10% of the Programme Disbursement Profile of similar Programmes. The disbursement was insignificant due to many factors. Now the implementation partners are in place and majority of the staff positions will be filled up before July 2014, the Programme has to accelerate the implementation progress. The Programme has about 17 trimesters till Programme completion and to fully utilise the IFAD Loan and Grant resources, the Programme has to achieve USD 2.341 Million every trimester which is a very daunting task. The PMO should plan ambitiously and request budget allocations from the Government of Nepal accordingly. If at the mid-term or progress review, if it is determined in consultation with MoAD that the Programme may not absorb the entire financing, the Programme will face the partial cancellation of the assistance.
60. **Counterpart funding** is rated satisfactory. Government of Nepal provides advance funding to the Programme to implement the activities. The share of the IFAD financing is transferred from the Designated Account to the Treasury account. Of the USD 482,734 expenditures recorded, USD 69,929 or 14.48% are from the government counterpart funding. Though in the previous year the Programme has faced delayed release of funding, in the current fiscal year, it was satisfactory. Beneficiary contributions have not yet accounted for the moment.
61. **Co-financing.** The long delayed MoU with Heifer International for the co-financing of USD 2.5 Million grant has been signed on 16th April 2014 and it is expected that the implementation of the Livestock development will pick up pace soon.
62. **Compliance with financing covenants.** The performance is moderately unsatisfactory. The Programme is in compliance with most of the covenants in the Financing Agreement and the General Conditions except: (i) appointment of staff other than Government staff through recruitment process (ii) establishment and maintenance of MIS; (iii) submission of progress reports in due time; and (iv) submission of financial statements within four months from the end of the fiscal year.
63. **Procurement** is rated moderately satisfactory. Procurement of goods, services and works under the Programme follow the provisions of the GoN's Public Procurement Act, consistent with IFAD Procurement Guidelines. The Procurement Plan for the year of 2013-2014 did not include procurement of consultancy services, though related budgetary provision was made in the AWPB. The Mission reviewed the bidding documents for the construction of seed testing laboratories. Though the advertisement, drawings and the contract specify the construction of building, the Bill of Quantities of the estimated cost covers only the construction up to the plinth level. The Mission was informed that this was done due to budgetary availability. The approved

contractor will complete only a part of the building as per the contract and another bidding needs to be announced in the next financial year for the construction of the rest of the buildings. Likely the same contractor will have to be selected by *fait accompli* to ensure the continued execution of same quality. The Mission recommends that all future civil works will have to be contracted out for the full construction, but with clauses specifying that continued works will be subject to the future allocation of the funds. The documentation for the prior review procurement does not include the no-objection from IFAD. The documentation of the prior review should contain the comments and the responses of the Programme and the no-objection for each stage. The responses to the procurement notices are only two bids for computers and vehicles and three for each of the civil works. In the next fiscal year, the Programme intends to undertake a lot of procurement actions. Engagement of a Contract Management/Procurement Manager to handle the procurement at the earliest would be crucial for effective and efficient procurement. The deliverables within the timelines are not always followed up. The procurement for the year 2013-14 tends to concentrate on the end of second trimester and third trimester. An ideal procurement plan should have major planned procurement spread out over the year to avoid rushing and other administrative delays.

64. **Audit** is rated satisfactory. The audit of the Programme for the year 2012-13 was done by the Office of Auditor General. The audit was unqualified, with minor observations on the achievement of targets, timely reimbursement of Government counterpart financing to the Treasury and observations on the direct contracting for some of the goods. The auditor certified to the compliance of Government of Nepal's accounting policies. The Audit report and the PFS as per IFAD templates were submitted to IFAD within the timeline (15th January 2014). In addition to the annual audit by the Office of AG, the District Treasury Control Office also conducts internal audit. The internal audit is supposed to be conducted for each trimester. However, the timeline is not always adhered to due to the often heavy workload at the district level. So far the Programme has not maintained an Audit Log. The Mission includes one template in the working paper and the PMO should maintain the Audit Log record till the end of the Programme.

Agreed action	Responsibility	Agreed date
Improve the disbursement of the Programme by continuously monitoring the progress and provide appropriate directions to resolve implementation bottlenecks.	MOAD/PMO	Continuously
Prepare the Chart of Accounts in line with GON Account Headings and IFAD Components and Categories and customize the software. The financial statements for the next year should be generated through the software.	PMO	31 August. 2014
Introduce Monthly reporting of expenditure from DADO and all other implementation partners	PMO and all involved implementing partners	Starting July 16, 2014
Review the physical and financial targets at the end of each trimester to monitor the progress and performance in support of operational decisions	PMO, MOAD	Each trimester
Resubmit the first WA (documented claim and SoE) and all future WAs to be submitted for each trimester	PMO	May 15, 2014
Initiate action to fully comply with the Loan covenants related to MIS, progress and financial reports	PMO	By August 2014
Procurement Plan to include consultancy services; Future civil works to be for the entire construction and not to be split up; Plan the procurement actions spreading over the entire year and not rushed on the third trimester.	PMO	May 15, 2014

F. Sustainability

65. **Institution building.** The programme performance in institutional building is rated moderately satisfactory. The ISFP implementation relies on a close collaboration mechanism among a number of technical agencies and service providers such as DADOs, DLSOs, DCCIs SQCC, NARC, FNCCI/AEC, NACCFL/SKBBL, SEAN, and the strengthening of private sector companies, community-based and beneficiary-driven groups and organizations. Involving the existing institutions and using them as entry point in programme implementation enhance the likelihood of institutional sustainability. So far, there is no sign of non-commitment from all the involved parties.
66. **Empowerment and social sustainability** is rated moderately satisfactory despite the limited implementation at field level. The visited communities and beneficiaries showed high spirit for reinforcing the community solidarity and build the capacity in self-governance.
67. **Quality of beneficiary participation** is rated moderately satisfactory despite the limited sampling by the mission. The mission witnessed the active participation of women, beneficiary groups and cooperatives. They showed indications of good determination for success and persistence in working towards the expected results.
68. **Responsiveness of service providers** is rated moderately satisfactory, in view of the mixed results of DADO and DLSO support at village level, and the limited operations of implementing partners under the MOU framework at field level. The Programme is not yet fully geared up to operationally respond to the direct beneficiaries.
69. **Economic and financial sustainability.** The programme base case FIRR is estimated at 27.4%, and the EIRR at 23%. It is too early to measure the economic and financial sustainability of the Programme, either at macroeconomic level or at micro household level. However, the delayed field implementations are expected to have some impact on the programme's future EIRR.
70. **Technical sustainability** is rated moderately satisfactory in view of no fundamental changes in this regard since the design. While the technical sustainability still needs to be assessed once results of different components will be systematically recorded, PMO and the participating agencies and organizations were assessed at design for their technical viability.
71. **Environmental sustainability.** This Programme will have a positive impact on the environment, notably through the implementation of the informed implementation of sustainable seed production and livestock, and adoption of environment friendly technologies by the target groups. It is still too early to assess the sustainability in this regard. The mission did not find any evidence of negative impact related to environment protection and conservation.
72. **Exit strategy.** The exit strategy for the Programme relies on the institutional and operational strengthening of the technical support system and on the involvement of the private sector in order to ensure the need-driven approach in improved productivity and in market linkage. It is still too early to assess the programme performance in its movements towards the exit strategy.
73. **Potential for scaling up.** It is still too early to systematically assess the programme potential for scaling up.

G. Other

74. **Top-up of USD five million.** This top-up, originally assigned to PAF, was transferred to ISFP further to Government request. Its utilisation is aimed at improving the performance of the rural finance components and interventions within the IFAD-assisted projects in the country, by setting up a rural finance unit with sound technical support capacities under the IFAD country programme in Nepal.
75. Consultations are underway among MOF, MOAD, IFAD country programme office and other possible partners to further define the sustainable and institutional set-up of such technical capacity and its business scope. It is expected that a detailed proposal will be formulated to assist the signing of agreement between the government and IFAD.

H. Conclusion

76. There is practically no field operation of observable scale for the three technical components. Component 1 of Support to the Extension of the Formal Seed Sector did record a number of activities but appears to face the challenge of substantive support due to the absence of operational coordination by the PIU that yet to be established. The disbursement pressure mentioned by the last supervision is still present and has even climbed up to a higher level for the onward years. It is crucial to allocate a substantial annual budget, in order to take advantage of the accrued knowledge and experience gained during the first two years, and to avoid the built-up financial and physical targets at the programme end. Despite the recent efforts of preparedness in activating the three technical components in the upcoming third fiscal year of 2014 – 2015, the mission is concerned about the likelihood of achieving the development objectives that need to be solidly supported with substantial progress and performance. This would not be achieved without immediate actions from all the involved parties in search of improved operational effectiveness and efficiency. Operational flexibility without compromising the programme fundamentals is urgently required in order to help the ISFP to shake off its current stagnation before it falls into a problem project.
77. The urgent and priority follow-ups can be summarised as: a) putting in place well-trained PMO technical team and PIUs at district level, a) quick release of due budget to the implementing partners and agencies, c) a functioning and consistent M&E, d) result-based implementation monitored frequently, and e) building and activating a demand-driven service support based on the programme partnership to mainstream the target groups to the market opportunities.
78. This Programme needs particular attention and intensive follow-up and support from the government and IFAD to remain on its path towards success.

Appendix 1: Summary of project status and ratings

A. Basic Facts

Country	Nepal		Project ID	L-I—881-	IFAD Loan #	I-881-NP
					IFAD Grant #	I-DSF-8106-NP
Project	IMPROVED SEEDS FOR FARMERS PROGRAMME (ISFP)				Supp. Loan/Grant	xxx
Date of Update:	01-May-14	Last Supervision	June 2013		Financing terms	HC
Supervising Inst.	IFAD/IFAD	No. of Supervisions	1			
					USD million	Disb.rate%
Approval	15-Sept-12	Quality at entry rating		Total costs	59.7	0.8%
Agreement	02-Dec.-12	Effectiveness lag		IFAD loan	19.5	1.1%
Effectiveness	02-Dec.-12	Problem project		DSF grant	19.5	1.1%
MTR				Heifer Int'l Nepal	2.5	0.00%
Current completion	31-Dec.-19	Last Amendment		Gov.	7.3	1.0%
Current closing	30-June-20	Last Audit	N/A	Beneficiaries	10.9	0.00%
No. of extensions	0					

B. Project Performance Ratings

B.1 Fiduciary Aspects	Last	Current	B.2 Project implementation progress	Last	Current
1. Quality of financial management	4	3	1. Quality of project management	4	3
2. Acceptable disbursement rate	3	1	2. Performance of M&E	4	3
3. Counterpart funds	3	4	3. Coherence between AWPB & implementation	4	2
4. Compliance with loan covenants	4	3	4. Gender focus	N/A	4
5. Compliance with procurement	4	4	5. Poverty focus	N/A	4
6. Quality and timeliness of audits	N/A	4	6. Effectiveness of targeting approach	N/A	4
			7. Innovation and learning	N/A	3
			8. Climate and environment focus	N/A	4
B.3 Outputs and outcomes	Last	Current	B.4 Sustainability	Last	Current
1. Component 1: Formal seed sector	N/A	4	1. Institution building (organizations, etc.)	4	4
2. Component 2: Smallholder livestock	N/A	2	2. Empowerment	N/A	4
3. Component 3: Local entrepreneurship & institutional development	N/A	2	3. Quality of beneficiary participation	N/A	4
			4. Responsiveness of service providers	N/A	4
			5. Exit strategy (readiness and quality)	N/A	4
			6. Potential for scaling up and replication	N/A	4

C. Overall Assessment and Risk Profile

	Last	Current
C.1 Physical/Financial assets	N/A	3
C.2 Food security	N/A	3
C.3 Quality of natural asset improvement and climate resilience	N/A	4
C.4 Overall implementation progress rating (Sections B1 and B2)	4	3

Rationale for implementation progress rating:

The project's disbursement is less than 1% of the total project financing at the end of the second fiscal year.

C.5 Likelihood of achieving the development objectives (Sections B 3 and B4)	4	3
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Rationale for development objectives rating:

The implementation idleness has shortened the required time projected for achieving the expected objectives

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

Fiduciary aspects	Low budget spending approved by the government for PY 1 and PY 2 may lead to target built-up for the following years and pressure for disbursement. Less than 1% of total financial target achieved and insignificant physically realizations.
Project implementation progress	Absence of the PMO technical team and yet-to-set-up PIUs, pending partnership MOUs may restrain the operational roll-out at field level. M&E system set-up may be dragged behind the implementation progress and performance.
Outputs and outcomes	No risks identified at this stage.
Sustainability	No risks identified at this stage.

D. Follow-up Action

Issue/problem	Recommended Action	Status/Timing
Implementation idleness	Commit to and act with continued flexibility for improved operational efficiency	Starting from May 2014
PMO technical team	Complete the recruitment of technical team and provide intensive training to the newly recruited staff on programme framework and technical substance	By July 2014
District level PIUs	Establish PIU in all the programme districts with due staffing and provide implementation guidance and technical training to turn the PIU operational	By July 2014
M&E	Establish an effective and result-based follow-up mechanism with regular monitoring intervals and apply it in the daily operational management. Use the AWPB as an implementing tool and timely follow up on implementation delays to ensure the meaningfulness of the planning	May 2014 and continuously By end August 2014
RIMS and baseline	Complete the RIMS and baseline surveys in accordance with IFAD requirements and send the reports to IFAD	By end August. 2014

Additional observations:

Appendix 2: Updated logical framework: updated in December 2012

It is still too early for significantly sizable progress in terms of outcomes and outputs in accordance with the log-frame.

Objective Hierarchy	Key Performance Indicators and Targets (by end of programme)	Monitoring and Information Sources	Assumptions and Risks
Goal Increased competitive, sustainable and inclusive rural growth	<ul style="list-style-type: none"> Value of agricultural & livestock production in target area increases by at least 15% and 10% respectively. At least 150,000 families (including among disadvantaged groups) increase household food security [RIMS] At least 20 percent of Programme area HHs show improvement of more than 10% in household assets ownership index [RIMS] Reduction of at least 20% in prevalence of child malnutrition among participating HHs [RIMS] 	Baseline, mid-term and completion surveys and impact studies that contain disaggregated data based on sex, ethnicity, caste and geographical remoteness	Macro-economic and political conditions do not deteriorate further No major natural disasters affect target area
Development Objective Improve rural household incomes through sustainable, market-driven agricultural productivity improvements	<ul style="list-style-type: none"> Productivity in beneficiary HHs increases by (a) goat meat : 25%; (b) milk production: 50%; (c) crop yields using improved seeds: 15 % [RIMS] At least 70% of supported production groups actively functioning at the end of the implementation period [RIMS] Private purchase contracts established with at least 50 % of supported seed and dairy production groups [RIMS] 75 % production groups receiving infrastructure support sign production contracts within 2 years [RIMS] 	DADO & DLS records Outcome studies with data disaggregated (ethnicity, sex, caste and remoteness). Periodic surveys & reports part of the monitoring RIMS reports at 2 nd level	Participation in, and support for, programme activities from relevant local-level GON agencies Ability of Programme to collaborate with other projects.
Outcome 1. Extension of formal seed sector Increased production of Truthful Labelled seeds within the target area and marketed locally and beyond	<ul style="list-style-type: none"> Strengthened NARC and SQCCs able to produce required foundation seed and perform adequate seed quality control functions, respectively Truthfully labeled seed production, formal marketing and distribution system to meet GON recommended SRRs At least 7,000 farmers participate in at least 700 seed producer groups [RIMS] At least 5 seed companies establish cereal and/or vegetable seed purchasing operations in the target area At least 25,000 farmers participate in more than 1,000 seed demonstrations for improved seeds [RIMS] At least 240,000 ha sown with TL seed for cereals and vegetables 	District DLS reports Programme annual and trimester reports as part of the regular programme monitoring RIMS 1 st level annual reports	Target households willing and able to utilize improved seed Private companies involved in seed sector interested and willing to participate in sector growth Adequate capital base or financing access to permit private sector firms to invest in required assets
Outcome 2. Smallholder Livestock Development Animals with improved genetic potential result in improved growth of animal products	<ul style="list-style-type: none"> At least 550 dairy and goat new and existing groups supported by the programme [RIMS] At least 80 % of the participating HHs have improved animals through breed improvement program At least 60 % of dairy group HHs produce forage At least 50 % dairy and goat HHs use stall-feeding At least 80 % of animals in dairy HHs covered by routine vaccination against HS, BQ and FMD [RIMS] At least 15 local livestock collection centres/markets and 25 milk chilling centers established and functioning [RIMS] 60 % of dairy groups and 25 % of goats groups are engaged in marketing activities. 	District DLS reports Programme annual and trimester reports as part of the regular programme monitoring RIMS 1 st level annual reports	Sufficient forest areas approved for goat production Cross breeds improve growth rates Demand for goat meat and dairy products in Nepal continues Private companies willing to participate in sector growth
Outcome 3. Local Entrepreneurship & Institutional Devt Strengthened capacity of rural institutions to provide services to smallholder farmers.	<ul style="list-style-type: none"> Strengthening of participating local institutions through training: (a) participating VDCs - 80 %; (b) participating Production groups and Cooperatives – 70% ; (c) participating Agrovets – 80%. [RIMS] At least 50 % of groups formed/strengthened with women in leadership position [RIMS] At least 80 % of members of new SFACLs and bank branches access production loans At least 5 multi-stakeholder platforms functioning in the programme area. 	VDC and DADC records SFDB and SFACL reports and records. Programme annual and trimester reports as part of the regular programme monitoring RIMS 1 st level annual reports.	Active collaboration will be possible with government and other agencies Collaborating agencies will have sufficient staff and resources to provide effective services.

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

Action Area	Action Agreed	Date	Whom	Progress
Project Implementation	Commit to and act with continued flexibility for improved operational efficiency	Starting from May 2014	Government, IFAD, PMO, PIUs and all the partner organizations	
	Consider the possibility of placing the JTAs in each VDC and if feasible make related action plan to guide the future steps	Action plan completed by 15 July 2014	MOAD, PMO, DADOs and DLSOs	
Outputs	The RSTL should closely monitor the implementation of establishing seed laboratories in the districts to ensure high standards required in the programme districts	As per AWPB programming	PMO, RSTL, private sector and seed producer groups	
	Complete the quality construction of new laboratory of RSTL in Bhairhawa with due provision of new equipment and vehicle. work with all the sector supporters to establish a reliable marketing mechanism for the programme seed producers	As soonest as possible Immediately and continuously	PMO, RSTL and contractors PMO, AEC, NACCFL, Heifer, DADO and other sector supporters	
	Capacity building should be provided to the seed groups and cooperatives in business planning and marketing, adapting the record-proven training models and modules in the country	Starting from 15 July 14 and continuously	PMO, AEC, NACCFL and other qualified technical service providers	
	Ensure that the truthful labels are truthful and backed-up by responsible testing	Continuously	PMO, NARC, DADO, producers and other involved partners	
	Define the key tasks and targets of the AEC Programme Coordinator for each district, and the required numbers of staff to achieve optimal outputs	By September 2014	PMO, AEC and DDCI representatives	
	Prepare action plan for collaboration with IRRI-Nepal on the supply of improved rice varieties for both upland and lowland production	By 15 June 2014	PMO and IRRI	
	Re-awareness campaigns to all stakeholders in 6 districts	Completed by 15 July 2014	PMO	
	Define ToRs for all new staff and initiate the process of hiring for the livestock component immediately	To be announced in the press by end of July 2014	PMO	
	Consultation with stakeholders and finalization of specific defined roles, responsibilities, tasks and targets	15 July 2014	PMO, NARC, DLS, DLSOs, Heifer, AEC	
	Boer buck and genetic material, semen procurement specifications finalised	30 June 2014	PMO, DLS, NARC, Heifer, DLSOs	

Implementation Progress	International/national bidding opened for genetic material and semen import	31 July 2014	PMO
	Final selection of focal VDCs for component 2 implementation based on set of accepted criteria and wide consultation	15 July 2014	PMO, Heifer, DLSOs, AEC
	Preparation of affordable plans for new livelihood initiatives to link with component 1 – fodder nurseries, forage seed production, animal waste management	15 July 2014	PMO, DLSOs, DADOs, NARC, GoN farms
	Determine related activities under the programme framework and use a standard format of reporting to systematically track down the progress and performance	Starting from Mid July 2014	PMO, NACCFL and SKBBL
	Consider accepting the institutional support request from SKBBL/NACCFL	By August 2014	The Government and IFAD
	Build implementing partner synergy and provide tailor-made support to assist the potential SFACs to reach more market competitiveness	Starting from mid July 2014 and continuously	PMO, NACCFL/SKBBL, AEC, Heifer, involved institutional technical agencies and SFACs
	Follow-up and technical support to ISFP should be at three-month interval for the next 12 months with joint review at the end of the first half of the fiscal year.	From May 2014. Review in Dec. 14 – Jan. 15	IFAD, Government
	Complete the recruitment of technical team and provide intensive training to the newly recruited staff on programme framework and technical substance	By July 2014	PMO
	Establish PIU in all the programme districts with due staffing and provide implementation guidance and technical training to turn the PIU operational	By July 2014	PMO
	Establish an effective and result-based follow-up mechanism with regular monitoring intervals and apply it in the daily operational management	May 2014 and continuously	PMO and all implementing partners
	Use the AWPB as an implementing tool and timely follow up on implementation delays to ensure the meaningfulness of the planning	From 16 July 2014 and onward	PMO and all implementing partners
	Complete the RIMS and baseline surveys in accordance with IFAD requirements and send the reports to IFAD	By end August. 2014	PMO
	Provide training and awareness building on gender and poverty focus and maintain the targeting strategy in all the relevant activities	From May 2014, repeatedly and continuously	PMO and all the implementing partners
	Consider an equitable percentage of female staffs in composing the PMO technical team and PIU personnel	Consistently	PMO and PIUs
	Integrate into the FFS, PVTs and other related support the available methods and technologies related to climate change adaptation and environmental protection by providing technical coaching to the farmers, their groups and cooperatives.	From May 2014 and continuously	PMO, DADO, DLSO, field-based JTs and JTAs, and other mobilisers or facilitators

	Ensure effectiveness of working partnership at operational level and align with government's development strategy by engaging the VDCs in relevant fields Implement the Investment Window as agreed and review the set-up at next supervision	From May 2014 and continuously During the fiscal year of 2014-2015	at field level PMO and all implementing partners PMO, AEC, MOAD, IFAD
Fiduciary Aspects	Improve the disbursement of the Programme by continuously monitoring the progress and provide appropriate directions to resolve implementation bottlenecks.	Continuously	MOAD/PMO
	Prepare the Chart of Accounts in line with GON Account Headings and IFAD Components and Categories and customize the software. The financial statements for the next year should be generated through the software.	31 August. 2014 Starting July 16, 2014	PMO PMO and all involved implementing partners
	Introduce Monthly reporting of expenditure from DADO and all other implementation partners		
	Review the physical and financial targets at the end of each trimester to monitor the progress and performance in support of operational decisions	Each trimester	PMO, MOAD
	Resubmit the first WA (documented claim and SoE) and all future WAs to be submitted for each trimester	May 15, 2014	PMO
	Initiate action to fully comply with the Loan covenants related to MIS, progress and financial reports Procurement Plan to include consultancy services; Future civil works to be for the entire construction and not to be split up; Plan the procurement actions spreading over the entire year and not rushed on the third trimester.	By August 2014 May 15, 2014	PMO PMO

Appendix 4: Physical progress measured against AWP&B, including RIMS indicators

Results #	Objectives/Expected Results	Indicators		Implementation targets						
		Project Indicators	RIMS Indicators	Appraisal (Total)	Unit	Achieved (Cumulative)	%	Achieved till date in 2nd trim	Achieved (Annual)	%
(A)	(B)	(C)	(F)			(H)	(I)		(J)	(K)
C1	Component 1 - Purpose: Extension of formal seed sector : To increase production of Truthfully Labelled Improved seeds which are marketed within and beyond the target area	1. Seed production entering the formal marketing and distribution system within the programme area meets suitable Seed Replacement Rates 2. At least 15,000 farmers are organised in seed producer groups and are linked to the formal seed sector 3. At least 5 major national seed producing companies have established cereal and vegetable seed businesses in the programme area 4. National vegetables seed imports reduced by at least 20 percent and exports increased by at least 5 percent 5. At least 240,000 ha sown with TL seed for cereals and vegetables 6. Cereal crop productivity in target area increases by at least 15 percent				0				
I	Investment costs					0				
SC1.1	Sub-Component 1.1: Ensuring an Effective Enabling Environment					0				
	Output 1.1.1: Improving Policy and regulation	1 seed Act amended and finalized				0				
	Output 1.1.2: Increasing the capacity of DADOs/PMO	6 DADOs supported. 48 DADO staffs trained.				0				
	Activity 1.1.2.1: Infrastructure support	1 Building construction of Agriculture Service center supported		6	unit	0				
	Activity 1.1.2.2: Motorbikes	1 motorbikes for each programme districts and 2 for PMO component implementation.		36	unit	11		8	3	
	Activity 1.1.2.3: Office/ Field equipment and Furniture	6 DADOs supported with one set of office equipment (ICTs) and furniture		6	unit	0				
	Activity 1.1.2.4: Trainings	1. Training on seed production and quality maintenance -6 DADOs- 24 participants. 2. Training on Field inspection and quality control of seed crops- 6 DADOs and 2 RSTL- 24 Participants		90	persons	2		2		
	Activity 1.1.2.5: Vehicles for PMO to implement component 1.	1 four wheel vehicle supported to PMO		1	unit	0				
	Output 1.1.3: Improving the Seed quality control systems	2 Regional Seed Testing Laboratories renovated and facilities updated. 24 staffs trained.				0				
	Strengthening Laboratory Bhairahawa and Nepalgunj					0				

Activity 1.1.3.1: Infrastructure support , equipment and Furniture	2 RSTL supported with building construction of seed lab, lab equipment, ICT materials and furniture.			Lump sum	0				
Activity 1.1.3.2: Vehicles (Pick-up)	2 RSTL supported with a vehicle (four wheel pick up each)			unit	0				
Sub-Component 1.2: Improved seed production					0				
Output 1.2.1: Production of required foundation seed	7 centers from NARC and 4 Government farms will be strengthened with improved equipment and infrastructure. 70 farmer groups (Average 25 members per group) with contact farming.				0				
Activity 1.2.1.1 : Infrastructure for seed processing plant at NARC (Wheat Research Center, Bhairahawa)	1 Research Station of wheat at Bhairawa supported with seed processing plant		1		0				
Activity 1.2.1.2 :Cereals foundation seed production	Cereal Foundation seed produced, 1. Rice-5ha-National Wheat Research Program, Bhairahawa, 2. Wheat-5ha- National Wheat Research Program, Bhairahawa 3. Maize-5 ha - National Maize Research Program, Rampur, Chitwan.		1880	ha	0				
Activity 1.2.1.3 :Vegetables foundation seed production	Vegetable foundation seed produced, 1. Bean- 2.5 ha- Government farm , Palpa and different vegetables in Vegetable Research Farm Malepatan, Pokhara, Kaski.		51	ha	0				
Output 1.2.2 : Strengthening Seed producer Groups and Cooperatives	400 Cereal seed producer groups (average 25 members) will be involved in supplying seed requirements .				0				
Activity 1.2.2.1 :Cereals seed production from existing groups					0				
A. Group orientation and start-up	30 Group orientation conducted		280	groups	30		30		
B. Distribution of production materials (50 % grant)	30 group supported with production materials such as Improved Seed, Threshers, Power tillers etc on Matching grant scheme		280	groups	1			1	
Activity 1.2.2.2:Vegetalve seed production from existing groups					0				
A. Group orientation and start-up	12 Group orientation conducted		320	groups	12		12		
B. Distribution of production materials (50 % grant)	12 group supported with production materials such as Improved Seed, Threshers, Power tillers etc on Matching grant scheme		320	groups	0				
Activity 1.2.2.3: Mapping of Seed producer groups, cooperatives and traders in the programme districts	1 study conducted related to mapping of seed sector		NA	unit	1		1		
Activity 1.2.2.4: Grant screening and Evaluation Committees	2 training and 6 workshop conducted about the grant scheme, 2 evaluation committee formed,43 grant scheme screened and selected				0				
A. Matching Grant Scheme			4	Lump sum	1		1		
B. Competitive Grant Scheme			2	Lump sum	1		1		
C. Cost related to screening and evaluation of proposals			10	Lump sum	0				
D. Competitive Grant and matching Grant Scheme operating manual publication with validation workshop	1 CGS & MGS operating manual prepared		NA	unit	1		1		
Activity 1.2.2.5: Study, Training and workshops					0				
A. Study tour related to Seed development and Marketing of seed sector	2 study tour related to seed sector conducted to understand the success proven model of seed sector in IFAD funded countries.		NA	unit	0				

	B. Training					0				
	C. Workshops (Central and district level)	1 central level workshop and 6 district level workshop conducted about the performance and effectiveness of the programme in seed sector.		NA	unit	2		2		
	Activity 1.2.2.5: Investment for cereal and vegetable seed producing companies (50% Grant)	1 seed company supported with competitive grant scheme.		3	unit	0				
1	Sub component 1.3 Promoting Farmer demand for TL seed	30,000 smallholder household (5,00 per district will reach to use TL seed within project period				0				
3	Output 1.3.1 Demonstration through Farmers Field School	90 Demonstration will be established (15 per district),		1200	unit	60		60		
	Output 1.3.2 Participatory variety selection	18 PVS conducted in coordination with NARC.		270	unit	16		16		
	Output 1.3.3 : TOT for Facilitators (at SQCC regional Laboratory)					0				
II	Recurrent costs					0				
	A. Implementation Management					0				
	1. Technical Experts					0				
	1.1 Seed Component Coordinator			NA	months	0				
	1.2 District seed Coordinator			NA	months	0				
	1.3 Engineer			29	months	0				
	1.4 Seed Assistant			134	months	0				
	2. Other Administrative costs					0				
	2.1 Driver			NA	months	0				
	2.2 Travel and per Diem					0				
	2.2.1 DADOs			NA	Lump sum	1			1	
	2.2.2 RAD			NA	Lump sum	0				
	2.2.3 PMO			NA	Lump sum	0				
	3. Vehicle O&M for DADOs and Labs			NA	Lump sum	0				
						0				
						0				
2	Component 2 : Smallholder Livestock Development : To improve Productivity of livestock systems which are more closely linked to markets	1. At least 550 dairy and goat new and existing groups supported by the programme [RIMS] 2. At least 80 % of the participating HHs have improved animals through breed improvement program 3. At least 60 % of dairy group HHs produce forage 4. At least 50 % dairy and goat HHs use stall-feeding 5. 60 % of dairy groups and 25 % of goats groups are engaged in marketing activities.				0				
A	PMO Part					0				
I	Investment costs					0				
	1. Implementation Arrangement					0				
	Programs for DLSOs (goat pen construction and forage plantation					1			1	

	1.1 Motorbikes for DLSOs/implementation management(PMO)	1 motorbike for each programme districts and 2 for PMO component implementation.		11	nos	0					
	1.2 Equipment and furniture for DLSOs	1 set of ICTs and furniture for each DLSOs supported		2	set	0					
	1.3 Office equipment for Animal Breeding Division, NARC	1 Laptop and one Desktop computer supported		NA	Nos	0					
						0					
C 3	Local Entrepreneurship and Institutional Development	1. Strengthening of participating local institutions through training: (a) participating VDCs - 50 %; (b) participating Production groups and Cooperatives – 70% ; (c) participating Agrovet – 80%. At least 50 % of groups formed/strengthened with women in leadership position At least 80 % of members of new SFACLs and bank branches access production loans At least 5 multi-stakeholder platforms functioning in the programme area.				0					
A	PMO Part					0					
I	Investment costs					0					
	1. Implementation Management					0					
	1.1 Vehicle (4*4 pick-up)	1 vehicle supported to implement PMO Component		1	unit	0					
	1.2 Office equipment and furniture	ICT materials and 5 set of furniture supported		4	ls	4		4			
	SC 3.1 Institutional strengthening					0					
	Output 3.1.1 Strengthening of District Agriculture Development Committee	6 DADCs will be involved in the programme activities				0					
	Activity 3.1.1.1 Workshop on Planning of Agriculture sector inclusion at local level	6 DADCs , one in each program districts will be involved in the workshop		NA		3		3			
	Output 3.1.2 Strengthening of Village Development Committees					0					
	Output 3.1.3 Strengthening of Farmers group/cooperatives					0					
	Activity 3.1.3.1 Training on Benefit- Cost Analysis of a Agri-business (3 days)	6 training events conducted one in each district, 25 member in each training, participants from farmers group and cooperatives		334	session	3		3			
	Activity 3.1.3.2 Training on Business Management (3 days), Business development (3 days), Account and Book-Keeping Operation (3 days), Financial and cash flow management (3 days)	6 training events conducted one in each district, 25 member in each training, participants from farmers group and cooperatives		24	session	4		4			
	Activity 3.1.3.3 Training on Gender and social Inclusion (2 days)	30 training events conducted 5 in each district, 25 member in each training, participants from farmers group and cooperatives		312	session	15		15			

	Activity 3.1.3.4 Office Management Support to Groups and Cooperatives	40 groups/cooperative supported with furniture and/or ICTs		70	groups	0					
	SC 3.2 Access to Non-Financial Services					0					
	SC 3.3 Increasing Outreach of Microfinance Institutions					0					
	Output 3.3.1 SFACLS/ NACCFL/ SFDB Model development and strengthening					0					
	Output 3.3.2 Non-cooperative Model development and strengthening					0					
	Activity 3.3.2.1 Feasibility study on the access to the rural microfinance and other financial institutions	1 study conducted to access the rural microfinance sector		1	unit	1			1		
	Activity 3.3.2.2 Validation workshop on the feasibility study	1 validation workshop of the study		NA	unit	1			1		
II	Recurrent costs					0					
	1 Implementation Management					0					
	1.1 Cross component/ Local entrepreneurship development coordinator	1 full time Local entrepreneurship development coordinator recruited		84	Months	0					
	1.2 Driver			NA	Months	0					
	1.3 Monitoring and evaluation for PMO			NA	Lum sum	0					
B	AEC Part					0					
I	Investment costs					0					
	1 Implementation managements					0					
	1.1 Motorcycle			NA	nos	7			7		
	1.2 Laptop with software			NA	nos	7			7		
	1.3 Photocopy machine			NA	nos	0					
	1.4 Printer					7			7		
	1.5 Projector			NA	nos	1			1		
	1.6 Digital camera			NA	nos	7			7		
	1.7 Furniture			NA	set	3			3		
						0					
	SC3.2 Access to Non-financial Services					0					
	Output 3.2.1 Creation of an investment window at the District Chamber of Commerce and Industry (DCCI)	Investment window at DCCI will be operational @ 6 per district				0					
	Activity 3.2.1.1 District level learning program for formal seed sector support program	1 district level learning program in each district conducted		NA	Nos	1			1		
	Activity 3.2.1.2 District level learning program for formal seed sector support program					0					
	Activity 3.2.1.3 Entrepreneurship development meetings					0					
	a. Farmers groups/cooperatives business planning meeting	1 meeting in each district conducted		NA	Nos	0					

	b. Farmers group/ cooperatives business group meeting	1 meeting in each district conducted		NA	Nos	0					
	c. Buy -Back facilitation meeting			NA	Nos	0					
	d. Establishment of Investment window			NA	Nos	0					
	Activity 3.2.1.3 Capacity Development of DCCI Staffs					0					
	a. Training on operation and management of Investment windows			NA	Nos	0					
	Activity 3.2.1.3 Advocacy program					0					
	a. Rules and Regulation modification feasibility workshop			NA	Nos	0					
	b. District level public private hearing workshop			NA	Nos	0					
	c. Central level public private auditing workshop			NA	Nos	0					
	Activity 3.2.1.4 Establishment of district information center			NA	Nos	0					
	Activity 3.2.1.5 Information collection and management					0					
	a. Publication of Investment window operation and management manual			NA	Nos	0					
	b. Sample buy-back agreement preparation and management manual publication			NA	Nos	0					
	Activities 3.2.1.5 District level trainings to the stakeholders					0					
	a. Training on business development plan (3 days)			NA	Nos	0					
	b. Training on market development plan (3 days)			NA	Nos	0					
II	Recurrent costs					0					
	1 Technical experts					0					
	1.1 Project coordinator			NA	Months	4			4		
	1.2 District advisors			NA	Months	0					
	2 Other operational costs					0					
	2.1 Chief executive officer salary			NA	Months	4			4		
	2.2 Deputy Director- Information center salary			NA	Months	4			4		
	2.3 Senior Account manager			NA	Months	4			4		
	2.4 Monitoring and evaluation costs for AEC staffs			NA	Lump sum	1			1		
	2.5 Monitoring and evaluation cost for Ministry and PMO Staffs			NA	Lump sum	1			1		
	2.6 Operation maintenance and fuel cost for AEC			NA	Lump sum	1			1		
	2.7 AEC management costs			NA	Lump sum	1			1		
						0					
C	SFDB Part					0					
I	Investment costs					0					
	1 Implementation managements					0					
	1.1 Motorcycle			NA	Nos	0					
	1.2 Laptop with software			NA	Nos	0					
	1.3 Photocopy machine					0					

	1.4 Printer			NA	Nos	0					
	1.5 Projector					0					
	1.6 Digital camera					0					
	1.7 Furniture			NA	Nos	0					
	SC 3.3 Increasing outreach of Microfinance Institutions					0					
	Output 3.3.1 SGACLs/NACCFL/SFDB Model development and strengthening	30 SFACLs will be organized and functional. 3 NACCFL personnel will be trained.				0					
	Activity 3.3.1.1 Establishment cost of SFACLs			30	Lump sum	0					
	Activity 3.3.1.1 Training/capacity buildings of SFACLs					0					
	a. Accounting training (7 days)			24	session	0					
	b. Microcredit Portfolio Management training (7 days)			48	session	0					
II	Recurrent costs					0					
	1. Technical experts					0					
	1.1 Head trainer			NA	Months	0					
	1.2 Field trainer			NA	Months	0					
	2 Other operational costs					0					
	2.1 Monitoring and evaluation for SFDB/NACCFL			NA	Lump sum	0					
	2.1 Monitoring and evaluation for Ministry and PMO staffs			NA	Lump sum	0					
	2.3 Operational maintenance and fuel costs for SFDB			NA	Lump sum	0					
	2.4 SFDB Management costs			NA	Lump sum	1			1		
						0					
						0					
C	Component 4 : Programme Coordination and Management.					0					
I	Investment costs					0					
A	Vehicles and Equipment					0					
	1. vehicles (4x4)	2 four wheel vehicle procured		4	nos	1				1	
	3. Motor bike for messenger	7 motorbike procured		2	nos	7			7		
	4. Office equipment and furniture	20 set of furniture and 52 ICTs and office equipment procured		NA	Nos	73			72	1	
						0					
B	Planning, Studies, Training and Technical support					0					
	1. Planning and orientation					0					
	Planning and Review meetings	5 Planning and review meeting conducted		NA	nos	3			3		
	Publication of Annual progress report	1 Annual progress report published		NA	Nos	1			1		
	Preparation of programme review mission (with logistics)			NA	Nos	1				1	
	Programme steering committee meetings	3 PSC Meeting held		9	Nos	3			1	2	
	Programme website update and modification			4	Lump sum	1				1	

	Officer level training on seed (Seed vision, seed act and regulations)	1. Training on Prevailing Acts, Rules, Regulation and seed vision 2025 to officers. (DADO-12, SQCC-2, PMO-4, RSTL-4, CDD-4 participants). 2. Training on Prevailing Acts, Rules, Regulation and seed vision 2025 to Assistant level. (DADO-12, SQCC-2, PMO-4, RSTL-4, CDD-4 participants). 3. Training on Prevailing Acts, Rules, Regulation and seed vision 2025 to Cooperatives, Agrovet, seed companies etc.. (Cooperatives-12, Agrovet-6, Seed companies-6 participants)		NA	Nos	1		1		
	2. Studies and TA supports					0				
	Baseline survey (with RIMS Survey)	1 Baseline survey with RIMS Survey conducted		3	Lump sum	0				
	Accounting software design	Talley software designed		NA	Lump sum	0				
	Social and geographic mapping of programme area through GIS	Geographic mapping of the programme area conducted through GIS.		NA	Lump sum	0				
						0				
C	Monitoring & Evaluation and Knowledge management					0				
	National and District launch workshop			7	Nos	0				
	Programme M&E update and modification	Programme M&E framework updated and modified		NA	Lump sum	1			1	
	Communication materials and dissemination	4 types of Communication materials of the programme prepared, published and disseminated		21	lump sum	5		2	3	
	National stakeholder workshop on M&E/KM	1 National level workshop on M&E/KM Conducted		6	nos	7			7	
	District level training /workshop on M&E/KM	6 district level workshop on M&E/KM Conducted		36	nos	0				
	Travelling Seminar for knowledge sharing about programmes between Journalists and other stakeholders	3 travelling seminars for knowledge sharing between stakeholders and Journalist conducted		NA	nos	0				
						0				
D	Financial control and Governance					0				
	Anticorruption action plan					0				
	Support action for governance					0				
	Audit					0				
						0				
II	Recurrent costs					0				
	1 Technical expert					0				
	1.1 M&E and KM officer			84	Months	0				
	1.2 GESI Advisor			84	Months	0				
	1.3 Administrative Assistants			84	Months	0				
	1.4 Fund and Contract Management Specialist			84	Months	0				
	1.5 Selection of TA team by consultancy firm	1 Recruit firm selected for the selection of technical team of PMO.		NA	Lump sum	0				
	2 Other utilities and Administrative costs					0				
	A. Support staffs costs	15 support staffs recruited		NA	Nos	12		7	5	
	B. Monitoring and evaluation costs for PMO staffs	12 months Programme monitoring		NA	Lump sum	2		1	1	

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

Table 5A: Financial performance by financier, as of 14 March 2014

Financier	Appraisal (USD '000)	Disbursements (USD '000)	Percent disbursed
IFAD loan	19516.2	206.402	1.06
IFAD grant	19516.2	206.402	1.06
Beneficiary contribution	10907.1	0	0
Government	7304.5	69.929	0.95
Heifer International	2507.4	0	0
Total	59 751.40	482.73	0.81

Table 5B: Financial performance by financier by component (USD '000), as of 14 March 2014

Component	IFAD loan			IFAD grant			Co-financier			Government			Domestic 1			Total		
	Appraisal	Actual	%	Appraisal	Actual	%	Appraisal	Actual	%	Appraisal	Actual	%	Appraisal	Actual	%	Appraisal	Actual	%
Support to expansion of formal seed sector	7814.9	20.544	0.26	7814.9	20.544	0.26				2805.1	4.034	0.144	4,887.80	0		23,322.70	45.122	0.19
Smallholder Livestock Commercialisation	6741.3	2.684	0.04	6741.3	2.684	0.04	2507.4	0	0	2435.9	0.096	0.004	2,068.20	0		20,494.10	5.464	0.03
Local Institutional and Entrepreneurial Development	2743.9	21.517	0.78	2743.9	21.517	0.78				1268.6	3.008	0.237	3951	0		10,707.40	46.042	0.43
Programme Coordination and Management	2216.1	161.656	7.29	2216.1	161.656	7.29				794.9	62.789	7.899	0			5,227.10	386.101	7.39
Total	19516.2	206.402	1.06	19516.2	206.402	1.06	2507.4	0	0	7304.5	69.929	0.957	10907.1	0	0	59,751.40	482.733	0.81

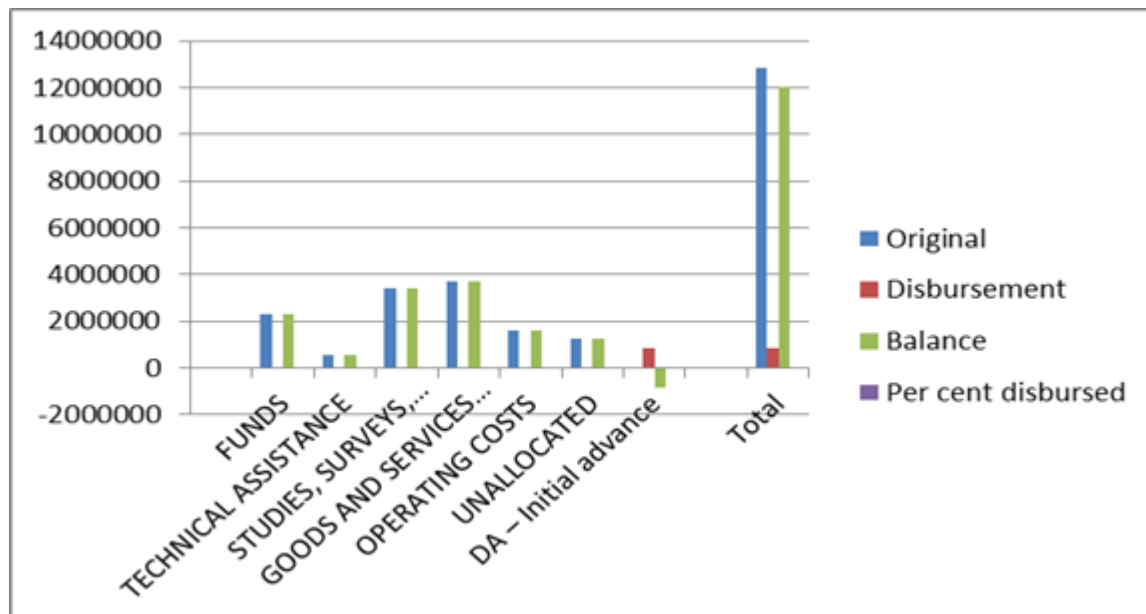
Table 5C: IFAD loan disbursements (SDR, as at 25 April 2014)

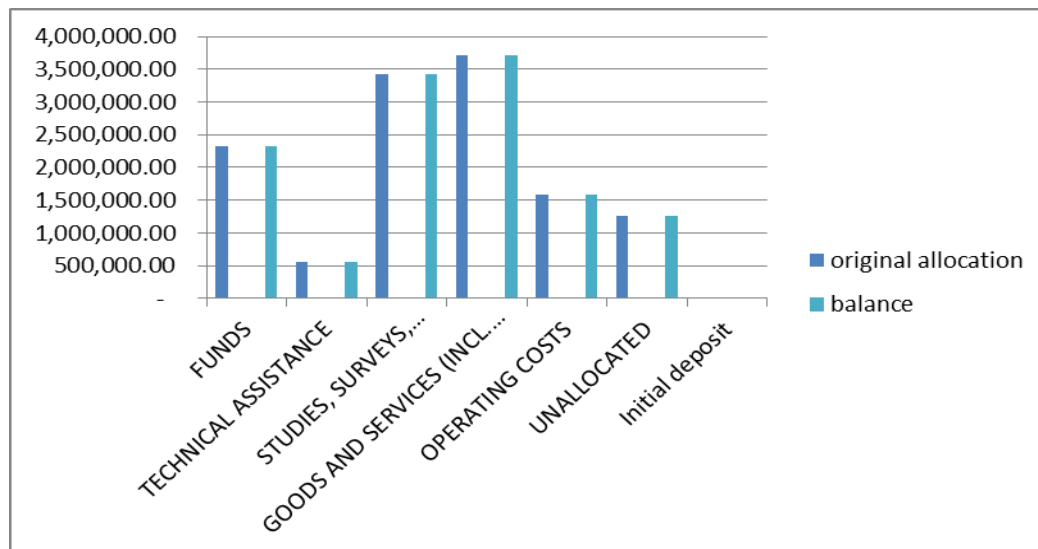
Category	Category description	Original Allocation	Revised Allocation	Disbursement	W/A pending	Balance	Per cent disbursed
122055	FUNDS	2,320,000.00	2,320,000.00	0		2,320,000.00	0
122056	TECHNICAL ASSISTANCE	550,000.00	550,000.00	0		550,000.00	0
122057	STUDIES, SURVEYS, TRAININGS AND WORKSHOPS	3,420,000.00	3,420,000.00	0		3,420,000.00	0
122058	GOODS AND SERVICES (INCLUDING VEHICLES)	3,720,000.00	3,720,000.00	0		3,720,000.00	0
122059	OPERATING COSTS	1,590,000.00	1,590,000.00	0		1,590,000.00	0
122060	UNALLOCATED	1,250,000.00	1,250,000.00	0		1,250,000.00	0
7945	DA – Initial advance			828,764.07		-828,764.07	100
	Total	12,850,000	12,850,000	828,764.07		12,021,235.93	6.45

IFAD DSF Grant disbursements (SDR, as at 25 April 2014)

Category	Category description	Original Allocation	Revised Allocation	Disbursement	W/A pending	Balance	Per cent disbursed
122055	FUNDS	2,320,000.00	2,320,000.00	0		2,320,000.00	0
122056	TECHNICAL ASSISTANCE	550,000.00	550,000.00	0		550,000.00	0
122057	STUDIES, SURVEYS, TRAININGS AND WORKSHOPS	3,420,000.00	3,420,000.00	0		3,420,000.00	0
122058	GOODS AND SERVICES (INCLUDING VEHICLES)	3,720,000.00	3,720,000.00	0		3,720,000.00	0
122059	OPERATING COSTS	1,590,000.00	1,590,000.00	0		1,590,000.00	0
122060	UNALLOCATED	1,250,000.00	1,250,000.00	0		1,250,000.00	0
7945	DA – Initial advance			828,764.07		-828,764.07	100
	Total	12,850,000	12,850,000	828,764.07		12,021,235.93	6.45

Figure 1: IFAD loan/grant disbursement, comparisons between original and revised allocations and actual disbursement





Appendix 6: Compliance with legal covenants: Status of implementation

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

Section	Covenant	Target/Action Due Date	Compliance Status/Date	Remarks
Section 4.02		and for each WA	complied for each WA	
General Conditions Section 7.01	The implementation of the Project by the implementation parties in accordance with the approved AWPB and the Procurement Plans (ii) The AWPB and the PP shall be submitted two months before the start of the Programme Year	Each Programme Year	Being complied	
General Conditions Section 7.03(b)	Borrower/Recipient shall make available to the Project Parties during the Project Implementation Period counterpart funds from its own resources in accordance with its customary national procedures for development assistance.	During implementation period	Being complied	Government of Nepal provides advance funding to the Programme as per its national procedures.
General Conditions Section 7.05	Procurement of goods, works and services financed by the Financing shall be carried out in accordance with the provisions of the B/R's procurement regulations, to the extent such are consistent with the IFAD Procurement Guidelines. Each Procurement Plan shall identify procedures which must be implemented by the B/R in order to ensure consistency with the IFAD Procurement Guidelines.	During implementation period	Being complied	The approved Procurement Plan did not include procurement of consultancy services.
General Conditions Section 7.08	Insurance of vehicles, equipment and civil works financed from the loan proceeds to be consistent with sound commercial practice.		Being complied	
General Conditions Section 7.09	Subsidiary Agreements The B/R shall ensure that no Project Party shall enter into any Subsidiary Agreement, or consent to any modification thereof, inconsistent with the Financing Agreement or the Project Agreement. (ii) No provision of any Subsidiary Agreement to which the B/R is a party shall be assigned, waived, suspended, abrogated, amended or otherwise modified without the prior consent of the Fund.		Complied	Subsidiary Agreements with AEC and SFDB have been entered into after no objection from IFAD.
General Conditions Section 8.02	Establishment and thereafter maintenance of MIS as per IFAD Guidelines.		Not complied	MIS System is yet to be set up. M&E Manager is being recruited. The formats for collection and analysis of data is being designed.
General Conditions Section 8.03	Progress Reports	Six monthly and Yearly	Partially complied	

Section	Covenant	Target/Action Due Date	Compliance Status/Date	Remarks
General Conditions Section 9.02	The B/R shall deliver to the Fund detailed financial statements of the operations for each fiscal year prepared in accordance with standards and procedures acceptable to the Fund within 4 months of the end of each Fiscal Year.	15 th November of every year	Not complied	
General Conditions Section 9.03	Audit Report as per the IFAD Guidelines on Project Audit	15 th January of every year	Complied	Audit Report for the year 2012-13 was submitted within the timeline.

Appendix 7: Knowledge management: Learning and Innovation

There are no current activities undertaken by the project under knowledge management. The main reason behind this is that the project is yet to recruit a KM officer to facilitate and guide KM activities. Further, it was also observed during the mission that there is a lack of understanding among project staff on how to use KM tools and the importance of KM in project management. A number of the recommendations and KM tools are included in the annexed technical paper.

Appendix 8: Progress against Previous Mission Recommendations.

Action Area	Action Agreed	Date	Whom	Progress
Project Implementation	Speed up implementation and activate all the components	Starting from mid July 2013,	PMOs, PIUs and other partner organization	Initiated
Outputs	Support the ADS implementation unit and the forming of national platforms on policy dialogue in both seeds and livestock sectors	With the national agenda in this regard	PMO	Not accomplished
	Start implementing the component 1 without any additional value chain analysis, selection of the supported seed value chains should be guided by the district development plan and determined by the private sector and seed producers	Starting from July 2013	PMO, PIU, Private sector and seed producer groups	Started
	Assignment of technical tasks should take into account of the recipients relevant expertise and operational capacity, FFS should be assigned to DADOs and participatory variety selection to NARC	Starting from July 2013	PMO and PIUs	Accomplished
	Work with SEAN and map its members producer in the program districts work with IFAD grant managed by bio-versity and Li-Bird on neglected seeds	By Sept 2013	PMO and SEAN	Initiated
	Implementation action plan and progress report with disaggregated and quantitative realizations weighed against expected targets need to be introduced	31 July 2013 and continuously	PMO, DLSOs	Initiated
	Programme support tailored to the disadvantaged groups should not benefit the better-off, such as the elite individuals who run the commercial firm	31 July 2013	PMO	Initiated
	Boer buck and semen procurement specifications prepared	15 Sep, 2013	PMO/DLS	Not started
	International/National bidding opened for buck import	30 Nov, 2013	PMO	Not started
	Goat breeding pockets selected based on set of criteria	30 Sep, 2013	TA, NARC, DLS, DLSOs	Not started
	Goat selection criteria for both breeder and multiplication herds defined			Not started
	Goat groups mapping for project intervention completed	31 Dec, 2013	TA/DLSOs	Not started
	New goat program implementation sites identified	31 Dec, 2013	TA/goat, DLSOs	Not started
	Define dairy pockets for program intervention	30 Nov, 2013	DLSOs, TA	Not started
	Introduce the methods of social capitalization of heifer to strengthen SFACs	By Dec. 2013	PMO, Heifer, NACCFL and SKBBL	Not started
	Revise group and cooperative lending producer to reflect risk Management	By Sept, 2013	SKBBL	Not started
Implementation progress	Start the recruitment of technical team with mention of subject to approved budget	Start end June 13 and complete by Sept 2103	PMO, recruiting firm	In final Process
	Establish PIUs in all Program districts with necessary staffs in position	By Sept 2013	PMO, related DADOs and DLSOs	Process started
	Update the PIM and submit to PSC for approval and to IFAD for no objection	By July, 2013	PMO, MoAD, Heifer International, FNCCI/AEC, NACCFL/SKBBL	Accomplished
Fiduciary Aspects	Proceed to sign the MOUs before the finalization of the AWPB 13-14	By June 2013	PMO	Completed
	Prepare AWPB early enough to propose an annual budget of more than USD 10 Million to reduce disbursement pressure at the program end	April 2014, and for the next three years	PSC, PMO	3.93 Million USD Proposed
	Revisit the log frame and quantify the indicators for RIMs and COSOP reporting	By July 2013	PMO	Initiated

Revise the M& E plan through a participatory workshop involving PMO, DADOs, DLSOs and implementing partners	By January, 2014	PMO	Initiated
Consider outsource the RIMS and baseline surveys and conduct the field exercise and analysis before the next supervision	During Sept-Dec.2013	PMO	Outsourcing completed
Consider an equitable percentage of female staffs in composing the PMO technical team and PIU personnel	Consistently	PMO and PIUs	In process
Sign the first contract of programme purchase in June with Tally and start the accounting customization and integration in August	By Sept 2013	PMO	Tally stalled, not functional
Finalize the PIM and AWPB/PP for the period of 16 July 2013 to 15 July 2014 for approval by PSC and subsequent no objection from IFAD	By July 2013	PMO	Accomplished
Submit to IFAD the programme's Financial statement for the period December 2012-15 July 2013	By November, 2013	PMO, MoAD	Accomplished
Clarify the change of project accounts number and update to IFAD on the account state of all project funded projects with the Nepal Rastra Bank	By end June, 2013	MoF	Accomplished
Submit to IFAD the Programme's Audit Report for the period December 2012-15, July 2013	By December 2013	PMO, MoAD	Accomplished

Appendix 9: Supervision Mission Schedule and Persons Met

A. Mission Schedule

Date	Time	Activities
15 April, 2014-Tuesday	9:00 AM-10:00 AM	Team assembly
	10:00 AM-4:00 PM	Courtesy meeting with MoAD @ 10:30 AM, Meeting in SAHAYATRI @ 12 PM and Meeting with AEC/FNCCI @ 2 PM
16 April, 2014-Wednesday	9:00 AM-12:00 PM	Security Briefing
	1:00 PM-5:00 PM	Meeting with implementing partners (Heifer @ 1 PM and SFDB/NACCFL @ 3 PM)
17 April, 2014-Thursday	7:30 AM-12:00 PM	Flying to Butwal
	2:00 PM-5:00 PM	-Meeting with PMO and arrangements -Stay in Butwal
18 April, 2014-Friday	10:00 AM – 5:00 PM	-Meeting/visits to NWRP/NARC/ RSTL and Seed Companies at Bhairahawa/Team assembly for field visits -Stay in Butwal
19 April, 2014- Saturday	9:00 AM – 1:00 PM	Reach to Arghakhanchi
	3:00 PM-5:00 PM	Courtesy Meeting with DADO/DLSO/DDC/FNCCI/Seed Companies -Night stay in Arghakhanchi
20 April, 2014-Sunday	9:00 AM-4:00 PM	Field Visit to group/cooperatives (FFS/Seed Production) and interaction Night Stay in Arghakhanchi
21 April, 2014-Monday	8:00 AM – onwards	Reach to Gulmi/ on the way Visit to group/cooperatives and interaction (FFS/Seed Company)/Participatory Varietal Selection -Night Stay in Gulmi
22 April, 2014-Tuesday	8:00 AM – 10:00 AM	Courtesy Meeting with DADO/DLSO/DDC/FNCCI/Seed Companies
	12:00 PM-6:00 PM	Field Visit to group/cooperatives and interaction (FFS/Seed Companies)/Moving to Palpa Night Stay in Palpa
23 April, 2014-Wednesday	8:00 AM-10:00 AM	Field Visit to Palpa Farm (Foundation Seed Production) and move to Butwal
	2:00 PM-4:00 PM	Meeting with PMO/Interaction with officials
24-25 April, 2014-Thursday/Friday	10:00 AM-5:00 PM	Discussion/Interaction with PMO/ AM preparation
26 April, 2014-Saturday	9:00 AM – 12:00 PM	Pre-wrap up with Project
	2:00 PM-6:00 PM	Team Flying back to KTM
27 April, 2014-Sunday		Distribution of AM/Discussion

B. Persons met by the mission (as recorded by the PMO)

S.N.	Name	Position	Gender
Kisanka Lagi Unnat Biu-Bijan Karyakram			
1	Mr. Surya Prasad Paudel	Program Manager	M
2	Dr. Pradip Chandra Bhattarai	Deputy Program Manager	M
3	Mr. Indra Prasad Paudel	Account Officer	M
4	Dr. Sharan K. Pandey	Livestock Development Officer	M
5	Mr. Kul Prasad Dawadi	Seed Development Officer	M
6	Mr. Bhim Chaulagain	Agricultural Officer	M
7	Mr. Ishwor Barshila	Planning Officer	M
Ministry of Agricultural Development			
1	Mr. Mahendra Paudel	Senior Agri-economist	M
District Agricultural Development Office, Arghakhanchi			
1	Mr. Kamansingh Thapa	Senior Agriculture Development Officer	M
2	Mr. Sharad Pandey	Agricultural Extension Officer	M
3	Balaram Ghimire	Junior Technician	M
4	Tikaram Neupane	Junior Technician	M
District Livestock Service Office, Arghakhanchi			
1	Dr. Ram Narayan Mandal	Senior Livestock Development Officer	M
2	Dr. Narayan Ghimire	Veterinary Officer	M
District Agricultural Development Office, Gulmi			
1	Mr. Chet Nath Adhikari	Senior Agriculture Development Officer	M
2	Mr. Parashu Ram Adhikari	Plant Protection Officer	M

3	Mr. Chetnarayan Panthi	Junior Technician	M
4	Mr. Hari Prasad Achharya	Junior Technician	M
5	Mr. Dashrath Pandey	Junior Technician	M
District Chamber of Commerce and Industries, Gulmi			
1	Mr. Akhileshwor Prasad Pandey	President	M
District Chamber of Commerce and Industries, Arghakhanchi			
1	Mr. Netra Prasad Bhusal	Secretary General	M
Heifer International Nepal			
1	Dr. Shuv Narayan Mahato	Country Director	M
2	Dr. Kriahna Paudel	Senior Resource Mobilization Manager	M
3	Mrs. Neena Joshi	Senior Program Manager	F
4	Mrs. Pratigya Pandey	Senior Finance Manager	F
Agro-Enterprise Center			
1	Mr. Pradip Maharjan	CEO, AEC/FNCCI	M
2	Mr. Keshav Adhikari	Project Coordinator	M
3	Mr. Damodar Pokherel	District Advisor, Gulmi	M
4	Mr. Baburam Chudali	District Advisor, Arghakhanchi	M
Small Farmer Development Bank			
1	Mr. Jalan Kumar Sharma	CEO	M
2	Mr. Jhalendra Bhattarai	Manager	M
3	Mr. Krishna Aryal	Manager	M
4	Navraj Simkhada	Consultant	M
Nepal Agriculture Cooperative Central Federation Limited			
1	Mr. Rudra Bhattarai	Managing Director	M

2	Mrs. Meena Pokherel	Program Manager	F
3	Mr. Omkar Pandey	Program Officer	F
4	Mr. Rishi Kumar Dhakal	Field Trainer	M
Srijanshil Seed Production Farmers Group, Khanchikot-8, Kitani			
1	Mr. Ram Bahadur K.C	President	M
2	Mrs. Anita Khatri	Farmer	F
3	Mrs. Basta KC	Farmer	F
4	Mrs. Anita KC	Farmer	F
5	Mrs. Radha Paudel	Farmer	F
6	Mrs. Sarita KC	Farmer	F
7	Mrs. Laxmi Paudel	Farmer	F
8	Mrs. Kopila KC	Farmer	F
9	Mrs. Indrakala Panthi	Farmer	F
10	Mrs. Rinkala KC	Farmer	F
11	Mrs. Goma Paudel	Farmer	F
12	Mrs. Bindu Paudel	Farmer	F
13	Mrs. Dhankumari Khadka	Farmer	F
14	Mrs. Gita KC	Farmer	F
15	Mrs. Yamkala Khatri	Farmer	F
16	Mrs. Sharmila Neupane	Farmer	F
17	Mrs. Laxmi Paudel	Farmer	F
18	Mrs. Rama Paudel	Farmer	F
Small Farmer Agriculture Cooperative Limited, Khanchikot-5, Arghakhanchi			
1	Mr. Sipi Raj Bhattarai	President	M
2	Mr. Bishnu Prasad Marasini	Manager	M
3	Mr. Ganesh Gyawali	Farmer	M
4	Mr. Nirmal Raj Chudali	Farmer	M
5	Mr. Laxman Kandel	Farmer	M
6	Mr. Ramu Khanna	Farmer	M
7	Mr. Hirandaya Paudel	Farmer	M
8	Mr. Nityananda Chudali	Farmer	M
9	Mr. Trilok Singh	Farmer	M
10	Mr. Humlal Puri	Farmer	M
11	Mr. Krishnalal Puri	Farmer	M
12	Mr. Netra KC	Farmer	M
13	Mrs. Madhu KC	Farmer	F

14	Mr. Pom Bd. Khatri	Farmer	M
15	Mr. Shobhakar Puri	Farmer	M
16	Mrs. Chanhawati Pokhrel	Farmer	F
17	Mrs. Manju Pokhrel	Farmer	F
18	Mrs. Gita Acharya	Farmer	F
19	Mrs. Mankala Bhattarai	Farmer	F
20	Mrs. Rita Marasini	Farmer	F
21	Mrs. Bishnu Thapa	Farmer	F
22	Mrs. Mankala Nepali	Farmer	F
23	Mrs. Shanta Khanal	Farmer	F
24	Mrs. Sabitra Nepali	Farmer	F
25	Mrs. Pabitra Nepali	Farmer	F
26	Mrs. Gita KC	Farmer	F
27	Mrs. Arati Tandan	Farmer	F
28	Mrs. Babita KC	Farmer	F
29	Mrs. Narayan KC	Farmer	F
30	Mrs. Gita Thapa	Farmer	F
31	Mrs. Radha KC	Farmer	F
32	Mrs. Khimkala KC	Farmer	F
33	Mrs. Shivakumari Thapa	Farmer	F
34	Mrs. Dilkumari Thapa	Farmer	F
35	Mrs. Parvati Thapa	Farmer	F
36	Mrs. Sharada Thapa	Farmer	F
37	Mrs. Kamala Thapa	Farmer	F
38	Mrs. Basanta Thapa	Farmer	F
39	Mr. Shovakhar Bhattarai	Farmer	M
40	Mr. Dhundiraj Gyawali	Farmer	M
41	Mr. Agya Pd. Gyawali	Farmer	M
42	Mr. Dildar Husen	Farmer	M
43	Mr. Keshab Raj Bhattarai	Farmer	M
45	Mr. Thaman Bd. Chhetri	Farmer	M
46	Mr. Ram Bd. KC	Farmer	M
47	Mr. Resham Bd. KC	Farmer	M
48	Mr. Damodar Bhattarai	Farmer	M
49	Mrs. Radha Kc	Farmer	F
50	Mrs. Sabitra Bhattarai	Farmer	F
51	Mr. Baburam Acharya	Farmer	M
Small Farmer Agriculture Cooperative Limited, Gaudakot-6, Gulmi			
1	Mr. Binod Kumar Bhusal	President	M

2	Mr. Bhupal Thapa	Manager	M
3	Mr. Mitra Chudali	Farmer	M
4	Mrs. Sita Chudali	Farmer	F
5	Mrs. Parvati Chudali	Farmer	F
6	Mrs. Humkala Ghimire	Farmer	F
7	Mr. Chhabilal Basnet	Farmer	M
8	Mrs. Sumitra Gharti	Farmer	F
9	Mrs. Bishnu Khatri	Farmer	F
10	Mrs. Kashikala Gaha	Farmer	F
11	Mr. Bhup Bd. Sinjali	Farmer	M
12	Mrs. Bhimkaka Thapa	Farmer	F
13	Mrs. Indrakala Kunwar	Farmer	F
14	Mrs. Maisara Pulami	Farmer	F
15	Mrs. Dev kumari Pemi	Farmer	F
16	Mrs. Ganga Khas	Farmer	F
17	Mrs. Bishnu Rayamajhi	Farmer	F
18	Mrs. Dhankala Kunwar	Farmer	F
19	Mrs. Padam Kumari Khadka	Farmer	F
20	Mrs. Rekh Bd. Basnet	Farmer	F
21	Mrs. Ruma Basnet	Farmer	F
22	Mrs. Kanta BK	Farmer	F
23	Mrs. Laxmi Chudali	Farmer	F
24	Mrs. Narmata Basnet	Farmer	F
25	Mrs. Shanti Pariyar	Farmer	F
26	Mrs. Man Kumari Basnet	Farmer	F
27	Mrs. Mina Basnet	Farmer	F
28	Mrs. Kamala Thapa	Farmer	F
29	Mr. Tuk Bd Pemi	Farmer	M
30	Mr. Top Bd Tanami	Farmer	M
31	Mr. Prem Thapa	Farmer	M
32	Mr. Hum Bd. Ghimire	Farmer	M
33	Mr. Janga Bd. Karki	Farmer	M
34	Mr. Kehar Singh Ghimire	Farmer	M
35	Mrs. Aasha Basnet	Farmer	F
36	Mr. Bal Bd Khatri	Farmer	M
37	Mr. Padam Bd Palli	Farmer	M
38	Mr. Bhoj Bd. Pulami	Farmer	M
39	Mr. Dol Bd. Rajali	Farmer	M
40	Mr. Kehar Sin Raskoti	Farmer	M
41	Mr. Kehar Singh Rayamajhi	Farmer	M
42	Mr. Luman Singh Dhenga	Farmer	M
43	Mr. Megh Raj Rana	Farmer	M
44	Mr. Mehar Singh Rajali	Farmer	M

45	Mr. Gopal Bhusal	Farmer	M
46	Mr. Muktisara Khasu	Farmer	M
47	Mr. Shiva Khasu	Farmer	M
48	Mrs. Parvati Gharti	Farmer	F
49	Mr. Tej Bd. Gharti	Farmer	M
50	Mr. Kul Bd. Pemi	Farmer	M
51	Mr. Bhup Raj Khatri	Farmer	M
52	Mr. Shiva Basnet	Farmer	M
53	Mr. Atmaram Pandey	Farmer	M
54	Mr. Ram Bd. Nepali	Farmer	M
55	Mr. Anil Gharti	Farmer	M
56	Mr. Parsuram Pantha	Farmer	M
57	Mrs. Saraswati Khas	Farmer	F
58	Mrs. Suntali Thapa	Farmer	F
59	Mrs. Lila Chudali	Farmer	F
60	Mrs. Ganga Ghimire	Farmer	F
61	Mrs. Man Kumari Ghimire	Farmer	F
62	Mrs. Bhimkala Tandan	Farmer	F
63	Mrs. Kausila Chudali	Farmer	F
64	Mrs. Sarita Chudali	Farmer	F
65	Mrs. Dhanikala Ghimire	Farmer	F
66	Mrs. Kalikala Nepali	Farmer	F
67	Mrs. Khagikala Rajali	Farmer	F
68	Mrs. Tama Devi Suryabansi	Farmer	F
69	Mrs. Sumitra BK	Farmer	F
70	Mrs. Kamala BK	Farmer	F
71	Mr. Rul Bd. Sarankoti	Farmer	M
72	Mr. Lok Bd. Thapa	Farmer	M
73	Mr. Tek Bd. Karki	Farmer	M
74	Mr. Laxman Kunwar	Farmer	M
75	Mr. Khim Bd. Subedi	Farmer	M
76	Mr. Top Bd. Bhusal	Farmer	M
77	Mr. Kaman singh Puware	Farmer	M
78	Mr. Tek Bd. Karki	Farmer	M
79	Mrs. Dhanikala Basnet	Farmer	F
80	Mrs. Putali Basnet	Farmer	F
81	Mrs. Shabitra Sharma	Farmer	F
82	Mrs. Harikala Thapa	Farmer	F
83	Mrs. Mithu Tandan	Farmer	F
84	Mrs. Dinukala Thapa	Farmer	F
85	Mrs. Bishnu Maya Thapa	Farmer	F
86	Mrs. Shanti Dhenga	Farmer	F

87	Mr. Pasupati Pandey	Farmer	M
88	Mr. Hari pandey	Farmer	M
89	Mr. Binod Bhusal	Farmer	M
90	Mr. Sudarsan Thapa	Farmer	M
91	Mr. Damodar Pokhrel	Farmer	M
92	Mr. Keshab Nath Adhikari	Farmer	M
93	Mr. Parsuram Adhikari	Farmer	M
94	Mr. Bhupal Thapa	Farmer	M
95	Mr. Krishna Aryal	Farmer	M
96	Mr. Sriram Aryal	Farmer	M
97	Mr. Dammar Singh Khas	Farmer	M
Shree Malika Agriculture Cooperative Limited/Community Seed Bank, Simichaur, Gulmi			Gender
1	Mr. Hari Chhantel	President, Farmer Co-operative Limited, Gulmi	M
2	Mr. Hari Prasad Pandey	President	M
3	Mr. Risi Ram Aryal	Vice President	M
4	Mr. Bhojendra Banjade	Accountant	M
5	Mr. Dolraj Panthi	Secretary	M
6	Mrs. Maya Marasini	Member	F
7	Mr. Ramesh Kumar Aryal	Member	M
8	Mr. Lalmani Pandey	Member	M
9	Mr. Dilli Raj Pandey	Member	M
10	Mr. Lal Kumari Basnet	Member	M
11	Mr. Om Prakash Ghimire	Member	M

Appendix 10: Audit Log

Detailed Audit Table

Sl. No.	Financial year	Class: Serious/general	Audit Ref.	Audit observation	Total Amount per Observation (NRs)	Action taken by the project/PMU (Reply of para wise)	Present status (Auditors Validation Result)	Total amount not settled/outstanding (NRs)	Remarks
	2012-13	General		Target and achievement: As per the target achievement submitted by KUBKISFP, it seemed 95.4% weighted progress and 89.4% financial progress of the programme	-	General observation on the target and achievement.		-	Settled
		General		Reimbursement: As per the part 27 of Financial Procedures Rules 2064, amount expended from the source of GoN and to be reimburse from donor should be applied with application form within 45 days. Programme should pay attention towards amount expended Rs 18.996 million by the programme before audit report which is to be reimbursed as per legal provision. During discussion, it is found that Programme is in		General observation.			Programme has started compliance. Settled.

Sl. No.	Financial year	Class: Serious/general	Audit Ref.	Audit observation	Total Amount per Observation (NRs)	Action taken by the project/PMU (Reply of para wise)	Present status (Auditors Validation Result)	Total amount not settled/outstanding (NRs)	Remarks
				process of application for reimbursement as soon as possible.					
		General		Programme has purchased some items directly from quotation not by sealed quotation or bidding. In discussion, programme responded that for establishing the office immediately, it had purchased directly and for next time, it would purchase abiding by the rules and regulations.		Specific observation on direct contracting			Programme has satisfied the Auditor that it will comply with the rules and regulations in future and the instant case for setting up the office at the earliest.

Appendix 11: Summary of implementation support provided by IFAD

#	Time	Descriptions/topics	Agencies/persons
1	19 August – 04 Sept. 2012	Post design support	Mr. Peter Situ, IFAD consultant
2	02 – 22 Dec. 2012	Pre-start-up support	Mr Peter Situ IFAD Consultant
3	18 – 26 March 2013	Official start-up	Mr Benoit Thierry, IFAD CPM Ms. Irene Li, IFAD Financial Controller Mr Peter Situ, IFAD Consultant
4	02 – 16 June 2013	Annual supervision	Mr Surya Singh, Livestock and Institutional Development Specialist, Mr Yolando Arban, Agriculture and Fiduciary Specialist, Ms Louise Duquesne, M&E and Knowledge Management Specialist, Mr Bashu Aryal, IFAD Country Programme Officer in Nepal, and Mr Peter Situ, Team Leader
5	27 – 30 March 2014	Field review prior to annual supervision	Benoit Thierry, IFAD CPM
6	06 – 13 April 2014	Follow-up prior to annual supervision	Richard Allen, IFAD Consultant
7	14 – 28 April 2014	Annual supervision	Ms Lorina Sthapit, M&E/Knowledge Management and Targeting Specialist, Mr S. Sriram, Financial Management and Fiduciary Specialist, IFAD India, Mr Richard Allen Agriculture Specialist, Mr Bhaba Tripathi, Seed specialist, IRRI, Mr Bashu Aryal, IFAD Country Programme Officer in Nepal, and Mr Peter Situ, Team Leader