

NEPAL

Western Uplands Poverty Alleviation Project

Supervision report

Main report and appendices

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Abbreviations and acronyms

CIF	: Community Investment Fund
CIP	: Community Investment Plan
CO	: Community Organization
COSOP	: Country Strategic Opportunities Programme
CPCU	: Community Project Coordination Unit
CPM	: Country Programme Manager (IFAD)
DDC	: District Development Committee
DDPC	: Deputy District Project Coordinator
DFO	: District Forest Office
DoF	: Department of Forest
DPC	: District Project Coordinator
DPCU	: District Project Coordination Unit
FCGO	: Financial Comptroller General Office
FFS	: Farmer Field School
FY	: Financial Year
GoN	: Government of Nepal
IFAD	: International Fund for Agricultural Development
LDF	: Local Development Fund
LDO	: Local Development Officer
LFUG	: Leasehold Forest User Group
LRP	: Local Resource Person
MAPs	: Medicinal and Aromatic Plants
MIS	: Management Information System
MoAD	: Ministry of Agriculture Development
MoCPA	: Ministry of Cooperatives and Poverty Alleviation
MoFALD	: Ministry of Federal Affairs and Local Development
MoF	: Ministry of Finance
MOU	: Memorandum of Understanding
NACCFL	: Nepal Agricultural Cooperative Central Federation Limited
NGO	: Non-governmental Organization
NPC	: National Planning Commission
NPR	: Nepalese Rupee
NTFPs	: Non-timber Forest Products
OAG	: Office of Auditor General
PCR	: Project Completion Report
PCU	: Project Coordination Unit
PRA	: Participatory Rural Appraisal
PY	: Project Year
RIMS	: Results an Impact Management System
SDR	: Special Drawing Rights
SFACL	: Small Farmer Agriculture Cooperative Ltd
SIMES	: Standard IFAD Monitoring and Evaluation System.
TOR	: Terms of Reference
USD	: United States Dollar
VAT	: Value added tax
VDC	: Village Development Committee
WA	: Withdrawal Application

A. Introduction¹

1. WUPAP is a project funded under the Flexible Lending Mechanism of IFAD being implemented in three phases and currently in Phase III. This project became effective on 1 January 2003. Phase I covered four districts (Bajhang, Bajura, Humla and Jumla) and was completed during 2007 after utilizing USD 2.885 million (82%) of the total Phase I allocation of USD 3.512 million. Phase II covered seven additional districts (Mugu, Dailekh, Jajarkot, Dolpa, Kalikot, Rolpa and Rukum) in addition to four Phase I districts and was completed during 2012 after utilizing USD 12.5 million (93%) of the total Phase II allocation of USD 13.49 million. Phase III implementation began in July 2012 and the project coverage was reduced to eight districts compared to 11 districts in Phase II; Mugu, Jumla and Dolpa districts were not included due to operational issues. The project completion date has been extended to 30 September 2016 and the loan closing date will be 31 March 2017.

2. The goal of the project is to strengthen livelihood systems and basic human dignity amongst poor and socially disadvantaged people in the mid and far western regions of Nepal; and improved living standard through sustained growth of employment, income and access to resources amongst the poor households in targeted areas. The total financial allocation for Phase III of the project is USD 14.82 million and IFAD has provided a loan of USD 10.64 million (SDR 6.60 million). IFAD fielded a Supervision Mission (SM) during 25 January to 10 February 2016 to review progress and agree on any changes and adjustments to be recommended for consideration by Government of Nepal (GoN) and IFAD and also to assess the preparatory activities to be undertaken for project completion including exit strategy and sustainability of outcomes. In Kathmandu, the mission met with Mr. Shankar Prasad Adhikari, Secretary, and Mr. Suresh Pradhan, Joint Secretary, Ministry of Cooperatives and Poverty Alleviation (MoCPA), and Mr. Purna Chandra Bhattarai, Joint Secretary, Ministry of Federal Affairs and Local Development (MoFALD) to solicit government's views on project closure formalities and to ensure long term sustainability of project investments.

3. After the initial briefing in Nepalganj, the mission visited Kalikot and Dailekh districts, spent six days in the field and met with the project communities, district teams and Local Development Officers. This Aide Memoire contains the findings and recommendations of the mission discussed and agreed in a pre-wrap up meeting chaired by the Mr. Suresh Pradhan, Joint Secretary, MoCPA. This Aide memoire was presented at a wrap up meeting in Kathmandu held on 8 February 2016 chaired by Mr. Shankar Prasad Adhikari, Secretary, MoCPA and participated by senior officials of MoFALD, MoF, Ministry of Livestock and DoF and WUPAP team.

4. During the wrap up meeting the Secretary and the Joint Secretary of MoCPA reaffirmed the ministry's interest to request MoF to allocate budget to continue activities related to cooperative promotion in WUPAP districts. MoCPA is also in the process of undertaking a pre-feasibility study to identify best practices in targeting and service delivery modality to target poorest households and has started issuing poverty identification cards to households below the absolute poverty line largely based on WUPAP targeting criteria. This apart, a new Cooperative Act is in the process of being enacted which will give further impetus to cooperative promotion.

B. Overall assessment of programme implementation

5. The overall performance of the project is rated Moderately Satisfactory (Score=4). The project is in the process of meeting all the revised project targets however, the achievement in respect of mobilization of COs and LFUGs is less than those anticipated at the time of design of Phase I on account of discontinuation of CO and LFUG mobilization during Phase III. The project has reached 120,682 households against the original design target of 115,000 households; achievement of 108%.

¹ Mission composition: Shreekantha Shetty, Mission Leader (Rural Development and Community Investment Specialist); Pradeep Shrestha, Consultant (Financial Management and Procurement Specialist) and Kaushal Shrestha, Consultant (Knowledge Management Specialist). Mr. Bashu Aryal, Country Programme Officer, IFAD joined the mission during 31 January- 5 February. Ms. Lakshmi Moola, Country Programme Manager, IFAD joined the mission during the initial briefing meetings. A team from MoCPA comprising Mr. Rajan Neupane, Accounts Officer, Mr. Narayan Karki, Planning Officer and Ms. Kala Kumari Gaire, Section Officer joined the mission and provided valuable inputs.

The project has reached 627,546 persons against the initial target of 632,500 persons; an achievement of 99%. Under Phase III, WUPAP had planned for 153 CIPs (one per VDC) and the project is in the process of implementing CIPs in all 153 VDCs. As a part of these CIPs, WUPAP has implemented 463 infrastructure works covering 22,585 households and livelihood activities covering 26,997 households.

6. WUPAP has started the process of promoting Cooperatives/SFACLs and 106 cooperatives/SFACLs have been registered. Out of this, 25 have received support from NAFCCCL and another 32 have received initial support from the PCU. The remaining 49 Cooperatives have not received any support from PCU till date but allocations have been made during this year. However, Cooperatives/SFACLs promoted under the project need continued support from GoN beyond project life to emerge as sustainable savings and credit organizations. In addition, in all project districts, LDFs are in operation and this duplicity is detrimental to the growth of Cooperatives/SFACLs. MoCPA will have to address these two issues and make budgetary allocation for continued support of Cooperatives/SFACLs.

7. WUPAP has till date received reimbursement of SDR 2,154,565 from IFAD out of the total Phase III allocation of SDR 6,600,000. WUPAP is yet to submit withdrawal applications in respect of expenditure for the period March 2015 to Jan 2016 amounting to SDR 2,380,078. Assuming that WUPAP will be able to spend 95% of the allocated budget (85% in respect of CIP) during this financial year amounting to SDR 1,587,000 and the proposed budget of SDR 739,358 for the financial year 2016-17, the project will be able to spend the entire loan amount including part of the balance of SDR 452,461 to be carried forward from Phase II. Assuming that the project will make expenditure plans as proposed, a small amount of about SDR 190,000 will remain unutilized. In the event, of WUPAP's inability to complete project activities as planned by 30 September 2016 and claim reimbursement, the balance in the IFAD loan account will be cancelled. GoN will have to request for reallocation of the loan amount allocated for Phase III and also request IFAD to allocate SDR 452,461 being the balance in the Phase II allocation to Category III-5 – Community Investment Fund in Phase III. In addition, there is a balance of USD 68,083 in the grant amount allocated to Phase II and GoN will have to request IFAD to transfer this amount to Phase III. This amount can be used for engagement of local consultants for Project Completion and Thematic Study related tasks which are defined in the section on Project Completion.

C. Outputs and outcomes

8. **Community Empowerment:** The performance under this component is rated as Satisfactory (Score=5). This is a major component of the project with an allocation of USD 8.57 million (57.85%) out of the total project cost of USD 14.82 million. The rating of this component has been upgraded as the project has largely delivered as per the project appraisal targets.

9. *Social Empowerment:* The project during Phase I and Phase II has mobilized 2641 Community Organization (COs) against the target of 4900 COs. About 88% of these COs are reported to be active. The membership composition indicates gender balance as well as focus on socially disadvantaged groups; women constitute 49.5% of the members and *dalits* and *janajati* constitute 32.6 % of the members. The project has promoted savings and credit by the members of the COs. The cumulative savings mobilized by these COs is NPR 31.84 million which works out to NPR 12,274 per CO. Each member contributes NPR 50-100 per month and this amount is used for inter-lending amongst members mostly for consumption purposes.

10. Capital accretion amongst members remain low and on account of the inability of the COs to establish financial linkages with formal financial institutions, COs have no ability to finance the members taking up economic activities. The only option available for growth and sustainability of COs was to establish Cooperatives. The project accessed grant support under IFAD-FAO Initiative on capacity development for better management of public investments in small-scale agriculture in developing countries and implemented Accelerated Capacity Development Plan (ACDP) to enable COs in a VDC to evolve into Small Farmer Agro Cooperatives Limited (SFACL). ACDP engaged Nepal Agricultural Cooperative Central Federation Ltd (NACCFL) to transform COs in 5 VDCs each in

five districts into SFACLs through capacity building of the members and WUPAP team in the districts. ACDP is expected to end in June 2016 and as result NACCFL will stop its support to Cooperatives/SFACLs. Based on this experience, the project expanded this activity into other VDCs in all the project districts.

11. WUPAP in total has promoted 106 cooperatives which includes 25 SFACLs promoted under ACDP and intends to start another 30 Cooperatives during 2015-16. The project during 2014-15 has provided support which includes NPR 425,000 per Cooperative/SFACL towards seed capital for 15 Cooperative/SFACL, NPR 150,000 per Cooperative/SFACL towards management support for 30 Cooperative/SFACL, NPR 230,000 per Cooperative/SFACL towards training for 30 cooperatives and NPR 150,000 per Cooperative/SFACL towards registration for 25 Cooperative/SFACL. In addition, WUPAP has also made an allocation of NPR 400,000 per Cooperatives for 136 cooperatives during 2015-16. The current system of fund allocation will result in Cooperatives established in 2014-15 accessing NPR 13.55 million while other recently promoted cooperatives accessing only NPR 4.00 million. Two issues need to be addressed: (i) possible dissatisfaction amongst the community on account of differential fund allocation amongst project promoted cooperatives; and (ii) need for continued backstopping and financial beyond project period until the Cooperative/SFACL achieve breakeven point.

12. The second type of community institution mobilized during Phase I and Phase II is Leasehold Forestry User Groups (LFUGs). The project has mobilized 887 LFUGs against the target of 1000 LGUGs. Membership of LFUGs comprises of 41.25% women and 23.89% *dalits* and *janajati* members. WUPAP has been able to maintain the gender and poverty focus while mobilizing LFUGs. WUPAP with the assistance of District Forest Offices (DFOs) in the project area has been able to ensure allocation of 11,326.12 ha of degraded forest land on 40 year lease to 887 LFUGs. The average per LFUG allocation of leasehold forest is 12.77 ha. The project has provided need based support to LFUGs in terms of training, fencing, supply of goats, NTFP and MAP saplings and other tree saplings. DFOs, at the time of issuing lease certificates have approved operational plan for five years. In respect of 435 LFUGs, such plans were renewed in 2015-16 and in case of remaining 262 LFUGs, these plans will have to be renewed. This apart, with the impending project closure, it is necessary that the project make arrangements to formally handover LFUGs to ensure that these LFUGs are mainstreamed into the activities of the DFOs.

13. During Phase III, the project planned to sharpen its poverty focus and deliver economic activities and community infrastructure through Community Investment Plans (CIPs) to be planned and implemented by Community Project Coordination Units (C-PCU). The project conducted rapid rural appraisal, participatory wealth ranking to identify pro-poor and poor households, baseline survey of pro-poor and poor households to authenticate the results of participatory wealth ranking and subsequent public review of the results at the VDC level to identify the target beneficiaries. Thereafter, the target beneficiaries from each ward selected a representative and these representatives became the members of C-PCU. The capacity of C-PCU was built to plan and to manage the project activities with the help of Social Mobilizers and the district team. The project established 153C-PCUs and identified 49,482 households as target beneficiaries out of 122,693 households in 153VDCs of 8 districts.

14. The ability of the households in the project area to access funds for implementing livelihood activities in future largely depends on the success of Cooperatives/SFACLs promoted under the project. Cooperative/SFACL promotion remains the key component of the exit strategy of MoCPA/MoFALD to sustain the grassroots institutions built under the project and also to make available funds for economic activities of the households beyond project life. Cooperatives/SFACLs are still weak and continued support is required for their evolution into financial intermediaries.

15. There is duplicity of roles between LDF and the Cooperatives/SFACL. Cooperatives/SFACLs on the one hand are trying to mobilize resources and lend to the CO members and over time make COs redundant and on the other hand LDF continues to ensure continued operation of COs by promoting savings and credit amongst CO member and continued lending to COs using LDF corpus. This situation will weaken both the organizations to the detriment of rural poor. The situation becomes

difficult in districts where LDF has large sums of funds and actively promotes continuation of COs (Rolpa and Dailekh districts of WUPAP). This calls for development of a strategy to address growth of financial service in the rural areas of Nepal. This strategy shall include: (i) uniform guidelines for savings and credit activities of cooperatives including legal framework, coverage requirement for ensuring viability, registration, book keeping, savings and credit operation and formation of producer groups/collectives; (ii) need for specialized institutions/human resource for cooperative promotion and handholding; (iii) mechanisms to cover promotion costs and operating deficits of cooperatives/SFACs to address longer tenure handholding requirement and longer period required to achieve breakeven in the high and mid hills; (iv) audit and regulatory framework for Cooperatives; (iv) future role of LDF including use of the funds provided by various donors including GoN in the scenario of cooperative development and establishment of linkages between CO members of Cooperatives; and (v) modalities for linking cooperatives/SFACs to wholesale lending institutions including preferential treatment for Cooperatives in the high and mid hills in terms of capital and portfolio size requirement to access loans from whole sale lending institutions, interest rate on loans and repayment terms.

Agreed action	Responsibility	Agreed date
Stop savings and credit activity of COs in VDCs where SFACs has started operation – ascertain the loan outstanding, cash on hand and bank balance to workout total amount with each CO and ensure distribution this amount amongst members based on savings contributed by each member.	PCU and DPCU	Immediate
Support only 106 cooperatives as against 136 cooperatives proposed in AWPB of 2015-16. Allocate a support of NPR 1.355 million for each cooperative including the support already provided subject to MoCPA/MoFALD agreeing to provide handholding support to Cooperatives beyond project life by engaging an agency or by engaging persons (retired bankers) in each district to ensure that the funds are properly utilized.	PCU and DPCU	Jul 2016
Prepare a guideline for use of funds to be provided under the project to the Cooperatives – conditions for release of funds should include stopping of savings and credit at the CO level.	PCU, MoCPA/MoFALD	Jul 2016
Prepare a strategy for growth of savings and credit operations taking into account the duplicity of roles of Cooperatives and LDF and the need for uniform guidelines for promoting savings and credit cooperatives.	MoCPA/MoFALD	May 2016
Complete the process of renewing the operation plans of 262 LFUGs	PCU, DFO	Jun 2016
Prepare an inventory of LFUGs by VDC and formally handover the LFUGs to the District Forest Offices concerned.	DPCU, PCU	Apr 2016

16. *Economic Empowerment:* WUPAP allocated a budget of USD 35,000 per VDC and the C-PCUs prepared Community Investment Plans (CIPs) for implementation of two categories of activities: (i) infrastructure development; and (ii) livelihoods. WUPAP provided funds to C-PCU for implementation of their CIP. Funds were provided to pro-poor and poor households to take up livelihood activities and other households have been provided with support for infrastructure development. Infrastructure development activities largely covered water supply schemes, irrigation, micro-hydro and improved water mills which benefitted 22,485 households out of the total 49,482 households identified as target beneficiaries. In total, WUPAP supported 212 water supply schemes, 110 irrigation schemes, 35 micro-hydro units and 106 improved water mills and also supported repair and maintenance of existing infrastructure. Budget for infrastructure development included 2% of the project cost as maintenance fund which remains in the bank account of C-PCUs. However, though the project established user committee for implementing infrastructure interventions, it did not put in place a system of payment of user charges for creating a fund required for maintenance. This needs to be addressed. This issue will be addressed by putting in place maintenance guidelines at the time of handover of infrastructure to VDCs.

17. WUPAP using the CIP modality implemented several livelihood activities targeting pro-poor and poor households. In total 26,997 households have benefitted from this activity out of the total 49,482

households identified as target beneficiaries. Major activities funded include: (i) goat rearing; (ii) backyard poultry; (iii) vegetable cultivation; (iv) fruit orchard development; and (v) NTFP cultivation. In addition, the project also provided support for off-farm activities including tailoring, black smithy, nettle product making and marketing, and weaving of woollen blankets. WUPAP provided full grant to the households and as a result of this intervention, there has been substantial improvement in the asset base of the pro-poor and poor households. Goat rearing continues to be the most preferred activity of the poorest households. The project has developed Local Resource Persons (LRPs) to provide vaccination and other prophylactic services. However, two issues become apparent. They are: (i) lack of knowledge of target households with regard to vaccination requirements; and (ii) lack of effort for breed improvement. These issues need to be addressed. WUPAP has also trained LRPs in other vocations and have required capacity to assist the households post project closure.

18. WUPAP had allocated NPR 361.06 million for implementation of CIPs in the financial year 2015-2016. During the first trimester the pace of implementation remains slow. There is a need to hasten implementation of this activity to ensure that all planned activities are completed by end June 2016. The project in its AWPB for 2015-2016 has allocated NPR 361 million for CIP activities and during this first trimester only NPR 26.32 million has been spent. Balance amount will have to be spent during the next six months. In addition, the project has been advised to make an allocation of 15% of this year's budget for the next financial year (up to 30 September 2016) in order to ensure that adequate funding is available for completing activities started during this financial year.

19. The modality of CIP which provides 100% grant support has its own positives and negatives. This modality definitely infuses quick capital into the households and helps alleviate extreme poverty. However, this modality is resource intensive and takes long time to reach the entire population of pro-poor and poor households. This apart, there is also a risk of creating government support dependency. This modality needs to be fine-tuned to ensure that the members repay at least a part of household level investment (excluding training, technical assistance, exposure visits and other support services provision) into the cooperative and this amount will boost the capital of the cooperatives. Using this fund, the cooperatives will be able to provide loans to members to grow their business.

Agreed action	Responsibility	Agreed date
Obtain information brochures in Nepali from Department of Livestock Services for goat rearing and poultry growing that cover best practices and also vaccination protocols and distribute to the members; reprint if required.	PCU	Mar 2016
Efforts for breed improvement of goats that include induction better breed bucks and castration of all males excluding introduced better quality bucks need to be fast tracked.	DPCU, PCU	Continuous
Hasten implementation of CIPs planned for this year in order to ensure that all target households get planned support.	PCU, DPCU	Jun 2016

20. **District Service Delivery Improvement:** Implementation performance of this component is rated as Moderately Unsatisfactory (Score=3). This component is very small compared to the Community Empowerment Component with only 7.7% of the project funding allocated for this component compared to 57.8% for Community Empowerment. The project design had envisioned a step change in the quality, responsiveness and effectiveness of technical service delivery to villages. The project has built in aspects related to: (i) vesting the beneficiary communities full decision making control on resource allocation for services and creation of a Beneficiary Oversight Board (BoB) to address responsiveness of service provision; (ii) involvement of Regional Directorates (livestock, forestry, agriculture) to strengthen technical supervision and quality; and (iii) use of government line agency and non-line agency service providers to provide similar service to create competition amongst the service providers. The project had designed three main activities under this component: (i) service excellence challenge fund; (ii) Farmer Field Schools; and (iii) human resource development.

21. *Service Excellence Challenge Fund:* Under this fund, the project expected the line departments and other non-line agency service providers to submit proposals for delivery of services to the target

communities. Though this concept is conceptually strong, two major challenges were encountered: (i) non-existence of non-line agency service providers in the project area to create competition amongst the service providers; and (ii) lack of interest on the part of the line agency service providers to participate in the service excellence challenge fund. WUPAP during Phase I and II had allocated budgets directly to the line departments to provide service to the project communities. In the absence of this direct allocation and the disinterest of line departments to participate in the service excellence challenge fund, negatively impacted service delivery to the target communities. There has been no expenditure under service excellence challenge fund. However, the project made arrangements to work with the line department officials by providing them with transport and DSA for project related work which mitigated the risk of complete non-participation by the line departments in the absence of budgetary allocation.

22. *Farmer Field Schools (FFS)*: The main objective of this activity is to reduce use of better package of practices and to move towards low external input regime using Integrated Pest Management Practices (IPM). Initially the project trained the District Resource Persons (DRPs) using a 14 day training module prepared by the Central Plant Protection Department. The project trained district resource persons were either those selected were the ones who have completed Junior Technical Assistant's training or Progressive Farmers in the village. Thereafter, a site for taking up vegetable cultivation was selected taking into account accessibility of the site by WUPAP beneficiaries and interest of the farmer to start FFS. Soil testing is carried out to verify the suitability of the site. Thereafter, three preparatory meetings are conducted to form a group of participating farmers consisting of 25 members.

23. Baseline information of the participants is collected. Special classes are conducted by the DRPs to provide technical inputs to the participants on cultivation practices including use of fertilizer and pesticides. The participants select the variety of crop to be cultivated, and undertake land preparation, nursery preparation, seed sowing, fertilization, pest management, irrigation, weeding and thinning based on the package of IPM practices recommended by the DRPs. The participants undertake cultivation using IPM practice on one plot and traditional practice on another plot. During the cultivation period, the participants are trained to: (i) observe the physical and physiological growth (Agriculture ecosystem analysis); (ii) collect various insects in the plot to understand their beneficial and harmful effects (Zoo and CUP model); and (iii) identify various inputs particularly for members with no formal education (Ballot experiment). The crop is harvested and the results between IPM practice and traditional practice are compared by the members. Thereafter, the members take up replication in their own field. In total, the project has supported 65 FFSs and trained 35 DRPs. FFSs have been attended by 1625 farmers and 189 farmers have taken up replication. The project intends to implement 49 FFSs during 2015-16 covering 1075 farmers. The field visit indicates that this is a very successful intervention but data needs to be collected to assess the impact of this activity.

24. *Human Resource Development*: WUPAP had planned provision of professional training and coaching for the technical staff of districts and line agencies including support for small number of best performing extension staff from the District Line Agencies to participate in regional (South Asia) professional development training or exposure visits in recognition of their performance. The project conducted an in-country training to train the Resource Persons for FFS, knowledge management, pro-poor value chain development, cooperative management and learning clinic on financial management and procurement. WUPAP was not able to take up any training abroad as GoN did not approve any foreign training on account of its austerity plan linked inability to allocate government funds.

Agreed action	Responsibility	Agreed date
Allocate funds to the Regional Directorate of Plant Protection to undertake a case study on the Farmer Field Schools implemented by the project which includes the concept, processes adopted, outreach, input, outputs and impact of the intervention. This needs to be presented in a workshop of the District Agricultural Officers from the project districts to enable replication.	PCU	Apr 2016

D. Project implementation progress

25. **Project management performance.** The performance of this component is rated as Moderately Satisfactory (Score=4). The project for the first time had a stable leadership in the PCU for the last four years with Mr. Uttam Nagila as the Project Coordinator. The current Project Coordinator has been promoted as Joint Secretary and is likely to take up his new posting. Mr. Shiva Prasad Rijal, has been designated as the Project Coordinator for WUPAP. This project is in its last leg of implementation with considerable unspent budget. This requires considerable focus on project implementation to ensure achievement of both physical and financial targets. This apart, several project closing activities need to be completed. In order to facilitate this process, it is advisable to immediately engage a Consultant with experience in project completion formalities for a period of six months. TORs will be provided in the Main Report.

26. As envisaged in the project design, a C-PCU was established at each VDC for the specific purpose of implementing the project activities at the village level. In addition to C-PCUs, the project also established a BoB at the district level by nominating two persons from each C-PCU. It was envisaged that these grassroots institution will close their operation with the closure of this project. However, the SM of 2015 had envisaged that the C-PCU will have a major role to enable the target group to access and manage external resources (from the VDC, DDC and other agencies) to address their developmental concerns. In order to achieve this, the SM of 2015 had recommended giving high priority to empower the C-PCU so as to make them capable of accessing resources from government and non-governmental organizations and managing them for their own development. WUPAP has started this work in terms of training the C-PCU members using SMs and other resource persons at the VDC level. It is necessary that their ability to network with DDC and other donors be enhanced to open up new avenues of funding to the target beneficiaries after WUPAP closure.

27. *Infrastructure Handover Process:* WUPAP is already in the process of preparing an inventory of all the infrastructures built at each VDC. It is necessary that these infrastructures are handed over to the VDC and DDC through a formal tripartite agreement handover agreement between the Project, DDC and VDC. The MoU shall include a guideline for maintenance of the infrastructure built under the project

28. *LFUG and CO Handover Process:* WUPAP will have to prepare an inventory of all LFUGs and COs promoted by the project. These LFUGs will have to be handed over to the District Forests Office (DFO) through a formal tripartite agreement between the Project, DFO and DDC and COs to the Cooperatives and VDC.

29. *Records Handover Process:* The records are currently maintained at the DPCU and these records need to be handed over for safekeeping after the project closure until the MoCPA establishes its office in each district. A two part inventory of district level WUPAP records (project implementation records and finance records) containing both soft and hard copies with indexing will have to be prepared. The documents related to finance will have to be handed over to the finance section through a MOU signed between MoCPA and DDC. The project implementation related documents will have to be handed to the authorized representative MoCPA. A two part inventory of PCU level WUPAP records (project implementation records and finance records) containing both soft and hard copies with indexing will have to be prepared and handed over to the authorized representative MoCPA.

30. **Project completion report (PCR).** The project is scheduled for completion on 30 September 2016. This calls for the preparation of a PCR by the PCU as indicated in the Project Financing Agreement. IFAD Guidelines for the preparation of the PCR have been provided to the PCU. PCU will have to initiate the PCR processes early on by engaging a Consultant for preparation of the PCR with PCU and DPCUs providing the field support. The project MIS has much to contribute in this process, for which consolidation of results would be required till the end of September 2016. WUPAP has allocated NRP 2.5 million for Output, outcome and impact survey and it is proposed to engage a Consultancy firm to conduct this study which may not be required as WUPAP is already in the process of preparing formats for output, outcome and impact survey. This survey can be conducted and data

can be analyzed by PCU covering districts in all three phases (including Mugu, Dolpa and Jumla). This data can be provided to the PCR consultant for analysis and inclusion into PCR.

31. Four activities need to be completed: (i) engagement of a Consultant for PCR preparation with three staggered inputs for review of formats, review of data analysis from a district and finally preparation of PCR including presentation at the validation workshop. The draft PCR should be submitted by 30 September 2016 to IFAD. IFAD will field a Mission in November-December 2016 to validate and finalize the PCR with Financial and Economic Analysis. *The Supervision Mission Report will contain detailed check list and data to be collected and other information for the purposes of the preparation of PCR.*

32. WUPAP has allocated budget for Exit Strategy and Best Practices (NPR 2.8 million) and for Success Stories (NPR 2.5 million). It will be better to convert this into preparation of thematic case studies covering aspects related outreach, outputs, gender focus, poverty focus, costs and benefits (where applicable), sustainability, lessons learned and strategies to sustain and replicate. It is suggested that WUPAP conduct thematic case studies on topics covering: (i) Rural financial service; (ii) Targeting and Delivery approach; (iii) Leasehold Forestry; and (iv) Livelihoods.

Agreed action	Responsibility	Agreed date
Send the curriculum vitae of the designated Project Coordinator to IFAD and obtain NOC.	MoCPA/MoFALD	Mar 2016
Engage a Consultant for facilitating project closure	PCU	Mar 2016
Conduct a workshop by district to prepare C-PCU leaders and VDC Secretary for exit of WUPAP and to enable them to network with line departments, DDC and other donor representatives to seek support for poverty alleviation in their respective VDC.	PCU, DPCU	May 2016
Prepare inventory and handover infrastructure, COs, C-PCUs, LFUGs and records at both districts and PCU level.	PCU, DPCU	Aug 2016
Review the staffing requirement post project completion date – 30 September 2016.	PCU	Apr 2016
Prepare AWPB and obtain approval for activities during 2016-17 which includes a provisional budget line for unfinished activities of 2015-16.	PCU	May 2016
Engage a Consultant for PCR preparation.	PCU	May 2016
Prepare terms of reference and engage Consultants for conducting thematic case studies and complete these case studies.	PCU	May 2016

33. **Monitoring and Evaluation** activities of the project is rated as Moderately Satisfactory (Score=4). The project has an M&E system that includes RIMS and SIMES. COSOP indicators are included partially. A Management Information System (MIS) is also in place that serves as data warehouse for data collection, entry, storage, analysis and reporting purposes. The project has regularly submitted its Annual RIMS Report and Annual progress reports with some delays. Annual Outcome Survey has not been carried out by the project since inception of this project. However such a survey is planned for the current year which is detailed under PCR. Currently, RIMS final survey has been initiated and the final report is expected by June 2016. The sample size needs to be reviewed taking into account all three phases of the project and also based on number of years of support provided. Discussions were held with the project management team with regard to data requirement for the PCR. Various templates and formats have been agreed for data collection which will be annexed to the Main Report for the use of the project.

34. The project has developed a simple off-line software to track household level information on CIP investment and this has been pilot tested in Rolpa district. The experience indicated that data from 1583 households were entered into the software in three days with support from the SMs in coordination with the DPCU. The system is quite useful considering the data requirement for the PCR. These formats need to be reviewed and data from all districts will have to be collected to feed into PCR. The mission provided a partially completed SIMES for the Phase I and II to the project. It contains updated data from PY 1-9 on logframe indicators, first and second level RIMS data and COSOP data. Data on physical and financial progress and disbursement needs to be inserted. SIMES for entire phase III needs to be completed. The position of Planning, Monitoring and Evaluation (PME)

Specialist is vacant since August 2015 and the Monitoring and Evaluation Officer also resigned in January 2016. The project has initiated recruitment of Monitoring and Evaluation Specialist and this process is expected to be completed within next 30 days.

35. **Coherence between AWPB and implementation** is rated as Moderately Unsatisfactory (Score=3). GoN had approved a total budget of NPR 505.60 million for the financial year 2014-15 and the total expenditure of WUPAP during FY 2014-15 was NPR 465.2 million being 92% of the budget allocation. During the financial year 2015-16, GoN has approved a budget of NPR 513.9 million for WUPAP and the project has spent only NPR 74.04 million (14.4%) during the first trimester. This requires the project to spend NPR 439.86 million during the next six months.

Agreed action	Responsibility	Agreed date
Review the sample size of RIMS final survey taking into account all 11 districts, number of years of project support.	PCU	Immediate
Revise the CIP investment tracking software and roll out this to all districts as a part of Outreach, output, outcome and impact survey planned for the PCR	PCU	Mar 2016
Complete the recruitment formalities and engage the PME Specialist	PCU	Immediate

36. **Gender focus** is rated Moderately Satisfactory (Score=4): The project maintains disaggregated data by sex and ethnicity. However, the data related to women indicate lower levels of participation in project activities as the project targets the households and has recorded head of the household as the beneficiary. However, in reality the participation of women in all project activities continues to be substantial. The project promoted 2641 COs with 49.5% women participation and established 887 LFUGs with 41.25% women participation. Infrastructure promoted by the project during Phase II and III significantly considers reduction of drudgery of the women and children with a provision of drinking water supply, improved water mill and micro-hydro schemes.

37. During phase III, the project promoted 153 C-PCUs, a decision making body of the project beneficiaries at VDC level, with 1313 members with 53% women, 31% *dalits* and 15% *janajati*. Women hold 40% of the key positions (Chairperson and Manager), *dalits* hold 27 percent of Chairperson and 28 percent of Manager positions and *janajati* hold 18 percent of Chairperson and 19 percent of Manager positions. Representation of women in BOB is only 27 percent and that of *dalits* and *janajati* is 19 and 12 percent respectively. This despite no special emphasis in the project design to ensure equal participation of women.

38. **Poverty focus** is rated Satisfactory (Score=5). The poverty focus of the project became sharp during Phase III. During Phase I and II, the project largely depended in geographic targeting and included most households in the VDC with the exception of those households with a member in government service. Phase III of the project used both geographic targeting and household level targeting and as result the poverty targeting has been sharp. The project selected poorest VDCs in the districts using the poverty ranking, dis-advantaged group raking, human development index and availability of degraded forest land. Thereafter, at the VDC level, the project conducted PRA, wealth raking, household survey to identify four categories of poor (pro-poor, poor, medium and better-off). The livelihood interventions of the project are directed towards only the Pro-poor and Poor. Out of 59,473 households mobilized as COs, the share of *dalit* and *janajati* works out to 32.6%. Out of 26,997 households supported for livelihood activities under CIF, 13,866 households (51.4%) households belong to *dalit* and *janajati*.

39. **Effectiveness of targeting approach** is rated as Satisfactory (Score=5). The project has effectively targeted the poorest households including the disadvantaged sections of the society (Dalits and Janajati) and also women headed households. The project's four stage identification of poorest households comprising PRA, wealth ranking, survey of households and community authentication of the results has been effective in identifying the poorest households. The project has allocated 70% of the CIP investment to livelihood activities of the pro-poor and poor sections of the society and remaining 30% for community infrastructure which benefits all sections of the society. The project

coverage varied from 36% in respect of Dailekh and 81% in respect of Humla. This indicates that Humla has large percentage of pro-poor and poor households.

40. During Phase III the project out of 122,693 households in 153 VDCs of eight districts, 49,482 households were identified. Of this 26,997 households were categories as pro-poor and poor and received direct support from CIF for livelihood activities. The remaining 22,485 received support for infrastructure. In addition, during Phase II, the project mobilized 59,473 households into COs in eight districts and of these households 14,486 households were included into pro-poor and poor category of Phase III to receive direct benefit. In addition, during Phase I and II, the project also support 9854 households in eight districts into LFUGs and were provided with 9,147 hectares and of these 3,830 households were classified as pro-poor and poor in Phase III and received direct support under CIF.

41. **Innovation & Learning** is rated Moderately Satisfactory (Score=4): From Phase I to Phase III, the project has taken a number of important steps to integrate lessons learned for improved implementation. In Phase I, focus on proving the viability of domestication of high value MAPS linked to commercial demand led to the production of case studies and video clips, and products shared at regional level events. Further, identifying need for baseline data during Phase II, the project conducted surveys in three new districts covered under Phase II and also in the newly selected VDCs of Phase 1 districts. Consequently, gender sensitive M&E indicators were added in Phase III. More significant has been the development of the project MIS in Phase III, which continues to serve as a valuable data warehouse.

42. Phase III has also made gains on knowledge production and dissemination. Several activities such as publication of success stories and best practices have been conducted, and additional activities budgeted for completion this year. A number of short documentaries have also been well produced, that retain the emotional and sensitive value of progress made in poverty reduction. Knowledge sharing at the community level is also well structured, as the project utilises various avenues, including farmer to farmer sharing through local resource persons, FFS trained lead farmers, learning routes and exposure visits.

43. One noteworthy example is the CIP Results Study recently conducted by WUPAP in Rolpa. Through this detailed study on CIP investment returns achieved, a number of lessons were identified, including the value of sequential and packaged support, and the comparative profitability of vegetable farming in high hill areas. However, the project staff do not see it as a major tool for driving innovation and learning. Various more opportunities exist for addressing the challenges experienced within WUPAP, including covering hesitation of COs in transferring funds to cooperatives, poor participation of beneficiaries in infrastructure maintenance, and others. These should be explored in detail through case studies. Institutional memory from Phase I and Phase II is also a concern. Though scattered and partial data and knowledge products exist with various project staff, current and previous, these are yet to be consolidated and made accessible. Key project data, such as the functional status of infrastructure, COs and LFUGs, also need to be updated, and a mechanism for transferring information to ministries is required.

44. **Climate and environment focus** is rated as Satisfactory (Score=5): The project has promoted small scale activities such as vegetable, cereal and livestock production mainly for subsistence and livelihood improvement. Through its FFSs, the project has worked to promote organic agriculture and integrated pest management (IPM) practices, including the introduction of agro-ecosystem analysis (AESA) and low external input sustainable agriculture (LEISA) to lead farmers. In addition, the project is also promoting the use of sustainable technologies such as gravity pumps, improved water mills, natural fencing of leasehold forests, tools and training for improved NTFP/MAP harvesting, and others. However, a significant number of goats are being distributed this year through the CIP. While 2-3 goats will be provided to each identified household, there is no cumulative increase in the number of goats as goats are purchased from families with large herd and distributed to poor households. As a result, there is little impact on the carrying capacity of the area.

E. Fiduciary aspect

45. **Financial management.** The implementation performance of this component is rated as Moderately Unsatisfactory (Score=3). The project follows the GoN's budgetary and Cash Basis of accounting and maintains accounts as per this requirement. The budget authorizations are issued by the MoCPA on approval of the AWPB. The PCU and the DPCUs incur expenditures within the budgeted amounts for the approved project activities. There is a proper system of authorization of payments and accounting to funding source. The PCU and DPCUs do not maintain bank account as payments are made by the District Treasury Controller Office issuing cheques in the name of payees based on request of the PCU and DPCUs under Single Treasury System. Tally software has been customized for maintaining accounts and reporting as per category and is being used in the project offices for reporting purposes only as government accounts namely Cash Book, Budget Sheet, Advance Register and Activity Ledger are being maintained using excel spreadsheet. Wherever, Tally is being used, the Activity Ledger is maintained in Tally otherwise it is maintained using spreadsheet. The DPCUs prepare a monthly statement of expenditures as per government budget line, approved activity and category and statement of advances and submit to the PCU. The Finance Analyst at the PCU consolidates the statement of expenditure received from the DPCUs to calculate the total expenditure incurred in each month under each category, activity and budget head.

46. A Finance Analyst has been appointed from 17 December 2015 who is currently preparing WAs to claim expenditures incurred till 16 November 2015 and the audited project account. Though the project has been using Tally, the WAs and project account are being prepared using Excel spreadsheet as the software has not been fully customised for preparing WA and project account. Some of the DPCUs are using Excel for accounting activity and category expenditures instead of Tally. The use of Excel spreadsheet may be due to problems in the software and lack of technical back up. The problem in Tally should be resolved and all DPCUs should use Tally to generate the monthly statements of expenditures based on activity and category instead of preparing these statements in spreadsheets. However, if the accountants are comfortable to use Excel spreadsheet for preparing statements of expenditures, as this being the last year of the project, the same can be continued provided the electronic data is provided to the PCU to enable quick compilation of statement of expenditures and preparation of WA.

47. The project has not maintained a special account covering the initial deposit, amounts transferred to the government treasury and subsequent reimbursement received from IFAD and instead a reconciliation of fund is prepared based on the bank statement. The vouchers for amounts transferred from the special account and amounts replenished by IFAD are also not prepared. There is balance of USD 112,739.95 in the special account as on 5 February 2016. The IFAD loan and grant accounts and exchange gain/loss account are not maintained in the ledger and these have been maintained in a spreadsheet without preparing vouchers. The amounts of grant and loan disbursement as per project records were not tallied with the IFAD record of disbursement. This was resolved during the mission.

48. The mission visited DPCUs of Kalikot and Dailekh and reviewed the statement of expenditures on sample basis. Payment documentation was found to be inadequate with lack of payees' signatures for some of payments in Kalikot. In a few cases of payment of full daily and lodging allowance for the day of return was noticed in Dailekh which is against the approved policy. DPCU-Kalikot has approved the cost of poles for electrification of Vaccuna Micro hydro project being funded by Alternative Energy Promotion Centre (AEPIC) at an estimated cost of NPR 2.13 million. DPCU-Kalikot has approved a contribution of NPR 1.00 million whereas provision for the cost of poles amounting to NPR 2.2 million has been made in the AEPIC project. There is likelihood of either misappropriation or use of IFAD funds to fund beneficiary contribution of AEPIC project. Most of the proposed projects of DPCU Kalikot are for repair of the existing projects. This became necessary as a system of charging user fee for maintenance has not been implemented. The newly formed cooperatives have been operating and maintaining accounts following the standard procedures and format but they need handholding for some period as they have not followed some legal procedures like preparing loan deed and obtaining group guarantee and not calculating interest correctly on loan. The contribution made by the COs

members are recorded and made public in the meetings held for public audit but the total contribution of the beneficiaries are not reported to the PCU. The expenses and contribution of the COs are also not reported in the project account.

49. **Disbursement:** The implementation performance of this component is rated as moderately unsatisfactory. As on 5 February 2016, the total disbursement of IFAD loan is SDR 11.37 million including the initial deposit of SDR 0.67 million for all three Phases, which is about 72.88% of the total loan allocation of SDR 15.60 million and net disbursement excluding initial deposit is SDR 10.70 million which is about 68.60%. The total disbursement of Phase III is only SDR 2.82 million including initial deposit of SDR 0.67 million which is about 42.75%. The net disbursement excluding initial deposit is SDR 2.15 million being 32.64% IFAD loan of SDR 6.60 million for Phase III. The project has submitted the WA No. 51 for NPR 96,185,542 (USD 887,238.65) for expenses incurred in FY 2014-15 and is yet to claim NPR 259,033,637 (USD 2,398,459.60) for the expenses incurred in the FY 2014-15 and first half year of FY 2015-16. The disbursement rate of third phase including the expenses incurred till 14 January 2016 will be 78.82% including initial deposit and 68.71% excluding initial deposit. The project has also an unused balance of USD 68,083 in the Grant Account (DSF-8010-NP) allocated for the Phase II including initial advance balance of USD 18,900.

50. WAs have been submitted and disbursed by the IFAD for the expenses incurred up to 14 March 2015 (second trimester of FY 2014-15). The project was not able to submit the WA because of resignation of the Finance Analyst till the new Finance Analyst was appointed in December 2015. The project also needs to claim the expenses of NPR 44,237,884 (USD 409,610.03) incurred till 14 January 2016 in the FY 2015-16 at the exchange rate of NPR 108 per USD. The project is advised to submit WA for the expenditures of the each trimester with 45 days from the end of the trimester to facilitate release of funds from the government.

51. The total disbursement including expenses incurred till 14 January 2016 will be SDR 13.08 million which is about 83.86%. Considering the projected expenditures of the remaining project period and ability to spend 95% of the budget of FY 2015-16 except CIF which is estimated to be 85%, the project will be able to utilize SDR 15.41 million leaving balance of SDR 0.19 million. The total funds required for the Phase III taking into account the projected expenditures of SDR 2,326,358 come to SDR 6,861,000 causing net shortfall of SDR 261,000. The net shortfall of Phase III should be reallocated from Phase II where there is surplus of SDR 452,461.48. As the project is in the last year of implementation, the initial advance deposit should be recovered from WA No. 53 so that there will not be any need to refund the balance to IFAD.

52. **Counterpart funds.** The implementation performance of this component is rated as Satisfactory (Score=5). The GoN pre-finances all expenditure incurred by the project through budget allocation. The budget of NPR 513.996 million consisting NPR 307.798 million from IFAD source (59.88%) and NPR 206.198 million from GoN source (40.12%) has been approved for the FY 2015-16. Out of total budget, NPR 49.70 million is allocated to the PCU and NPR 464.30 million is allocated to the DPCUs. The budget authorization of the FY 2014-15 were issued to PCU on 23 July 2015 which was received on 7 August 2015. The funds for the incurred expenditures within the approved AWPB are released issuing cheques for the requested payments by the DTCO under Single Treasury System. The second trimester funds could not be released due to delay in reimbursement of the expenditures to be financed by the IFAD.

53. **Compliance with loan covenants.** The implementation performance of this component is rated as Moderately Satisfactory (Score=4). The project has generally complied with all the Loan Covenants. The project has not complied with Section 3.02 relating to submission of the AWPB for the year 2015-16 within the due date, Section 5.01 in respect of submission of detailed financial statements of the operations, resources and expenditures related to the Project for each fiscal year within three months and Section 5.02 about submission of audited project accounts within six months of the end of the fiscal year for the fiscal year 2013-14.

54. The project during 2015-16 received additional budget allocation to comply with the GoN contribution requirement stipulated in the financing agreement. In order to utilize this amount, the

project allocated funds for financing CIPs at 57.46% from IFAD loan and 42.54% from GoN contribution which not in consonance with the financing agreement requirement of 84% IFAD loan and 16% GoN contribution. In view of this, it is recommended that the project claim reimbursement at 84% from IFAD loan and 16% from GoN in respect of six districts and in respect of remaining 2 districts claim 100% from GoN sources.

55. **Procurement.** The implementation performance of this component is rated as Satisfactory (Score=5). The procurement plan of the FY 2015-16 has been prepared and approved by the National Planning Commission which is tabled for intimation to the Project Steering Committee meeting held on 28 August 2015. The status of the procurement plan has not been updated. The Procurement Committee has been formed to undertake the procurement. The procurement by the DPCUs is usually done from the list of suppliers approved by the DDC. The PCU has approved the list of vendors selected based on the notice published at the beginning of the year; procurement is made from the approved list of vendors and in compliance with the Procurement Act and Regulation by obtaining quotations. Procurement process was reviewed and the same is found to be in order. Stock registers have been maintained at the project offices but some of the items have been recorded without Value Added Tax at the PCU. Physical verification has been carried out on August 13, 2015 and report has been submitted. The fixed assets except vehicles are not insured. One of the project vehicles that met with an accident was repaired and the insurance claim has been lodged. The PCU has maintained the Register of Contracts for the PCU and the DPCUs but the register is not complete.

56. **Audit.** The performance of audit is rated as Moderately Unsatisfactory (Score=3). Audit of the project is being carried out by the Office of the Auditor General (OAG). Separate audit teams assigned from the OAG conduct the audit of the DPCUs and the PCU. The audit reports of the DPCUs are submitted to the concerned DDC and the audit report of the PCU is only submitted to the PCU. The OAG issues the audit report on the Project Account (Project Financial Statements) prepared consolidating the financial statements of all the DPCUs and PCU. The project has already prepared the unaudited project account of the FY 2014-15 and submitted on 7 January 2016. The audit report of the FY 2013-14 issued by OAG along with the management letter on 24 March 2015 was unqualified only after three months from the due date of 15 January 2015. There are no major issues in the management letter except non-compliance with Section 9.03(b) of General Conditions which requires submission of audit report within 6 months from the end of the fiscal year and response to the management letter to the OAG within one month of receipt thereof.

57. The audit of the FY 2014-15 has been conducted by the OAG but the audit report is yet to be issued which was due on 15 January 2016 as the unaudited Project Account is to be submitted to the OAG for verification. The unaudited project account of FY 2014-15 submitted to IFAD within 3 months from the end of the fiscal year as per Section 5.01 of the Financing Agreement. The audit of the project after financial closure should be conducted at the MoCPA as the DPCUs and PCU will be closed after 31 March 2016 and the audit will be conducted thereafter. The project has maintained the detailed audit log of the DPCUs and PCU but the audit irregularities are yet to be settled after follow up audit by the OAG. The public audit of the infrastructure is being held in the presence of the members of CO and information about the income and expenditures incurred with the details of contribution of members are made public.

58. The DTCO conducts internal audit of the PCU whereas the internal audit of the DPCUs is being conducted by the internal audit unit of the concerned DDC. There are audit observations in the internal audit report of the PCU relating to short advance income tax deduction, additional charges paid for electricity, excess payment, meeting allowance, purchases from suppliers not registered with VAT or short listed by the Committee and outstanding advance. The internal audit of FY 2015-16 of the PCU to be conducted every trimester has not yet been conducted.

Agreed action	Responsibility	Agreed date
Use the software to generate monthly reports at the DPCUs and for compilation at the PCU	Accountants	15 Mar 2016
Examine the funding provided to micro-hydro project in Kalikot and take appropriate actions	PCU	Immediate

Request IFAD for reallocation of the loan, carry forward balance of SDR 452,461 from Phase II to Category III-5 - Community Investment Funds in Phase III and also to carry forward balance in grant from Phase II to Phase III	PCU, MoCPA, MoF	28 Feb 2016
Submit WAs of the FY 2014-15 and first trimester of FY 2015-16	PCU	15 Feb 2016
Claim reimbursement in respect of 6 districts using normal financing percentage of 84% from IFAD loan and 16% from GoN and in respect of remaining 2 districts claim 100% from GoN	PCU	Immediate
Submit audited accounts of FY 2014-15	OAG/ PCU	20 Feb 2016
Include audit observations of the DPCUs with that of the PCU in the management letter	OAG/PCU	In the audit report of 2014-15 and thereafter

F. Sustainability

59. **Institutional building.** The sustainability of institutions built under the project is rated as Moderately Satisfactory (Score=4) Out of 2,641 COs formed under earlier phases of the project, around 88% were categorized as active in 2015. The 5-year operational plans of 458 LFUGs have also been recently renewed, as recommended by the previous supervision mission, to push for continuity of leasehold forestry activities in WUPAP districts. The project has taken steps towards promotion of cooperatives by the CO members and this step will help build sustainability of savings and credit operations at the VDC level. The project is currently working with around 106 cooperatives. These include 25 SFACLs in 5 VDCs facilitated by NACCFL. There is a need for continued support to Cooperatives/SFACLs promoted under this project and this long term requirements needs to be planned by MoCPA which is further detailed in the section on Community Empowerment.

60. **Empowerment and social sustainability** of the project is rated as Satisfactory (Score=5). The project has made good progress in socially and economically empowering the poor, and linking their CIPs to the VDC and DDC planning processes. Various capacity building initiatives have been implemented as per the needs of the beneficiaries, relating to both on and off-farm skills, cooperative management, leadership, business literacy, nutrition and others, through trainings, farmer field schools, exposure visits and learning routes. These skills have enabled the target group to access government service delivery channels and also raise the demands of the poorest sections of the society in various forums of the government at VDC and DDC levels.

61. **Economic and financial sustainability** of the project is rated as Moderately Satisfactory (Score=4). The project supported the households in various livelihood activities such as goat rearing, vegetable cultivation, poultry, cow rearing, NTFP cultivation and off-farm activities. The project has trained and placed LRPs. These LRPs provide support services to the community and a system of paying for the services of LRPs has been established. Since the implementation of the economic activities started only two years ago, these activities are making progress towards sustainability.

62. **Environmental Sustainability** of the project is rated as Satisfactory (Score=5): The activities promoted by the project are small scale in nature and hence unlikely to have significant impact on the environment. However, there is likely to be improvement in quality and number of goats on account of reduction in mortality of kids. This risk has been mitigated with the focus on fodder development and also on stall feeding. LFUGs have taken up protection of the degraded forest land allocated to them and as a result, there is improvement in crown cover. This is a major environment benefit accruing from the project.

63. **Quality of beneficiary participation** is rated Moderately Satisfactory (Score=4). The project implements an intensive participatory targeting process of involving beneficiaries adopting the PRA methodologies. Up to 2 days are spent in each ward for wealth ranking of each HH, and for social and resource mapping. Needs are collected directly from the beneficiaries through the CPCU, project interventions are prioritized in detail using positive discrimination, and CIPs are consequently included into the project AWPB and VDC plans. Such levels of beneficiary participation in targeting and delivery, according to the SMs, have resulted in minimal conflicts during implementation. The monitoring of project activities is also carried out at the community level through the monthly meeting

of C-PCUs and annual meetings of BoBs. While C-PCU meetings in the villages are held regularly on a monthly basis. The meetings focus on sharing the status of activities implemented at household level and the problems farmers have been facing, with detailed logs of activities and decisions made. The participation of beneficiaries in infrastructure maintenance remains an issue.

64. **Responsiveness of service providers** is moderately unsatisfactory (Score=3). The project works with several institutions, public and private, to provide services to project beneficiaries. These include the district line agencies and LRPs for technical sector services, the NACCFL for the providing technical and handholding support to SFACLs. The government line agencies are major service providers in the project area and the private service providers are virtually non-existent. In the beginning of Phase III on account of changes in the modality of engaging with the line agencies, there has been deterioration in the responsiveness to address project needs. This has been partially addressed by providing the line agency staff allowance for travel to project area and also by training LRPs.

65. **Exit strategy** related activities are rated Moderately Unsatisfactory (Score=3). The strategy of the project largely hinges on the promotion of Cooperatives to take the COs to the next level of growth by increasing their ability to mobilize higher order internal resources in the form of equity and savings. In addition, the Cooperative will have to be linked to wholesale lending institutions to access lending funds and on-lend the same members. However, the activities related to this have started only in 25 SFACLs and in the remaining 81 Cooperatives/SFACLs; the activities are still in their initial stages. Recommendations related to this are provided in Community Empowerment section of this Aide Memoire. As a part of the exit strategy, it is necessary that the project prepare and include maintenance guidelines into the MoU between the project and VDC/DCC to ensure that the infrastructure maintenance becomes the responsibility of the community and VDC.

66. **Potential for scaling up** is rated Moderately Satisfactory (Score=4). As identified by the previous SM, the WUPAP targeting/planning process has been recognized by a number of development agencies, including NCCSP/DFID, PAF and MEDEP/UNDP. More important, however, is the current interest of MoCPA in adopting and scaling up the best practices of WUPAP's targeting/planning process, and the Cooperative/SFACL model. This clearly indicates WUPAP's achievement in developing an effective approach for beneficiary targeting and programme delivery.

G. Other

67. **Impact on Physical and financial assets** is rated Moderately Satisfactory (Score=4). The project has supported construction of 1078 community infrastructures (all three phases) including irrigation channel, drinking water supply, bridges, school buildings etc. The project has also promoted 2641 COs and 106 Cooperatives/SFACL which are providing opportunities to save and borrow to the beneficiaries. Moreover, the project through CIP has supported the targeted households for various livelihoods activities such as crop production, livestock rearing and skill development both on off-farm and on-farm. All these activities have contributed to expand the physical and financial assets base both at community and household level.

68. **Impact on Food security** is rated Moderately Satisfactory (Score=4). Percentage of households experiencing one hungry season from 88 percent in 2007 has dropped to 67 percent in 2011 according to first two RIMS surveys. Similarly, households experiencing two hungry seasons has dropped from 71 percent to 37 percent. The same surveys indicate that chronic malnutrition (height for age) has reduced to 59 percent from 65 percent, acute malnutrition (weight for height) has dropped to 14 percent from 17 percent and underweight (weight for age) has dropped to 43 percent from 64 percent.

69. **Impact on Incomes:** In 2015, the project has started a systematic comparison of income of the beneficiaries with a simple tool developed by the project. A sample of 64 households from Budhagaon, Rolpa indicates an increase of income per capita ranging from NPR 126 to NPR 512. Interview with the selected beneficiaries during mission's field visit gave an indication of increased income however it is difficult to ascertain in absence of systematic analysis of comparable information.

70. **Policy impact:** GoN has started distribution of Poverty Card from year 2015. A survey carried out by the government to identify the poorest household was based on the project's targeting approach. This was the biggest influence of the project in policy issues. NTFP/MAP domestication initiated by the project during Phase I has been adopted by the government and several other development partners in remote mountain areas. Extension modality for technical support to the beneficiary households, mainly the Local Resource Person (LRP) has been replicated by other IFAD funded project such as High Value Agriculture Project.

71. **Impact on Quality of natural asset improvement and climate resilience** is rated Moderately Satisfactory (Score=4). WUPAP has supported a number of activities with potential of contributing to natural resource management and climate resilience. LFUGs have taken up protection of degraded forests and as a result there has been substantial improvement in crown cover. About 70% of the degraded forests allocated to the LFUGs are covered with various types of fodder, trees and NTFP. FFS led IPM and SLM practices have resulted reduction in the use of fertilizer and pesticides and also replication of these practices by other households.

H. Conclusion

72. This project has evolved in three phases and the lessons learned during each phase have been incorporated into the project design of the next phase. As a result, there has been substantial improvement in the processes adopted for targeting poorest households. The project has made substantial progress in terms of delivery of livelihood activities and infrastructure and also to kick start a process of consolidation of savings and credit activities through promotion of Cooperatives/SFACL. CIP preparation through participatory processes and implementation of the activities by the target group with complete control over the finance is the hallmark of this project. This has resulted in increased ownership of the community.

73. The project is expected to largely achieve the physical targets with the implementation of activities during 2015-16 and is well on its way to achieve the development goals. All the project activities need to be completed by 30 September 2016. Three areas require specific attention of MoCPA. They are: (i) preparation of a strategy to address growth of savings and credit institutions in the Nepal taking into account growth of cooperatives and existence of LDFs; (ii) provision handholding support to Cooperatives/SFACL with budgets for human resource and for covering operating deficits during the initial years; and (iii) institution of a modality for maintenance of infrastructure built under the project with user charges.

74. Project completion related activities need to be implemented. They include: (i) hiring of Consultants for various project completion related activities; (ii) conducting outreach, outcome, output and impact assessment survey; (iii) conducting RIMS impact survey; (iv) preparing PCR and presenting the same in a validation workshop; (v) handing over of infrastructure and grassroots institutions to DDC/line agency for further handholding; and (vi) handing over DPCU records to DDC and also PCU records to MoCPA. These activities need to be concluded during the first trimester of 2016-17. The current plan indicates that the project plans to spend more than the allocations for Phase III. This requires reallocation of Phase III resources within the categories and to carry forward the balance from Phase II to Category III-5 – Community Investment Funds under Phase III. This apart, the balance of USD 68,082 in the Phase II Grant will have to be carried forward to Phase III. A summary reallocation request to be sent is provided below:

Category	Description	Amount in SDR			
		Phase III Allocated Amount	Phase III Reallocation Request	Carry forward Request from Phase II	Total projected requirement
III-1	Equipment & Vehicles	170,000	81,400	-	81,400
III-2	Studies, Survey, Training and workshop	2,110,000	1,580,000	-	1,580,000
III-3	Local Technical Assistance	500,000	442,400	-	442,400
III-4	Challenge Fund	220,000	-	-	-
III-5	Community Investment Fund	2,880,000	3,955,000	452,461	4,407,461
III-6	Operation & Maintenance	520,000	541,200	-	541,200
	Unallocated	200,000	-	-	-
	Total	6,600,000	6,600,000	452,461	7,052,461

Appendix 1: Summary of project status and ratings

Basic Facts

Country	Nepal	Project ID	1119 [1100001119]	Loan/DSF/Grant FI No.	1000000485, 1000002482
Project	Western Uplands Poverty Alleviation Project			Top-up Loan/DSF/Grant FI No.	
Date of Update	10-Feb-2016				
Supervising Inst.	IFAD				
No. of Supervisions	13	No. of Implementation Support/Follow-up missions	4		
Last Supervision	Mar 2015	Last Implementation Support/Follow-up mission	22-Aug-2013		

					USD million	Disb. rate %
Approval	06-Dec-2001			Total financing	32.56	66
Agreement	05-Feb-2002	Effectiveness lag	13 months	IFAD Total	20.57	87
Entry into force	01-Jan-2003	PAR value	-----	IFAD loan	19.94	87
First disbursement	30-Apr-2003			DSF grant	0.19	74
MTR	05-Jun-2010	Last amendment	20-Aug-2007	IFAD grant	0.44	100
Original completion	31-Mar-2014	Last audit	13-May-2014	Domestic Total	8.24	44
Current completion	30-Sep-2016			Beneficiaries	0.08	0
Current closing	31-Mar-2017			Local Gov	2.20	0
No. of extensions	2			National Govern	5.93	61
				Local private	0.04	0
				External Co-financing Total	4.03	0
				WFP	4.03	0

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	4
2. Acceptable disbursement rate	3	3	2. Performance of M&E	4	4
3. Counterpart funds	4	5	3. Coherence between AWPB & implementation	3	3
4. Compliance with financing covenants	4	4	4. Gender focus	3	4
5. Compliance with procurement	5	5	5. Poverty focus	5	5
6. Quality and timeliness of audits	3	3	6. Effectiveness of targeting approach	5	5
			7. Innovation and learning	4	4
			8. Climate and environment focus	5	5
B.3 Outputs and outcomes	Last	Current	B.4 Sustainability	Last	Current
1. Community Empowerment	4	5	1. Institution building (organizations, etc.)	4	4
2. Service Delivery	4	3	2. Empowerment	4	5
			3. Quality of beneficiary participation	4	4
			4. Responsiveness of service providers	3	3
			5. Exit strategy (readiness and quality)	4	3
			6. Potential for scaling up and replication	4	4

B.5 Justification of ratings

Overall performance of the project remains unchanged from last year's assessment at moderately satisfactory. All 153 CIPs are under implementation and is likely to be completed before June 2016. Amount of government's share has been increased for

the implementation of activities for the current year and disbursement from IFAD fund has also improved. Communities are better empowered as the implementation of CIPs has accelerated. There has been delay in claiming reimbursement from IFAD on account of the resignation of the financial analyst. The project has appointed a new financial analyst and the process preparing withdrawal applications has been fast tracked.

Overall Assessment and Risk Profile

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

Rationale for implementation progress rating

Project implementation at the field level accelerated during the financial year 2014-15 and it is expected that the pace of implementation will continue to accelerate during this financial year (2015-16). Implementation of all activities related to community empowerment including both institution development and economic activities has made good progress and as a result the rating has been upgraded. However, this year being the last year of project implementation efforts will have to be directed to ensure that all identified household access project support.

C.5 Likelihood of achieving the development objectives (section B3 and B4)	4	4
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Rationale for development objectives rating

The project is well on its way to largely achieve the physical and financial targets set out in the project documents. However, this is subject to the project completing all activities related to CIP implementation planned during the financial year 2015-16. The project has started the process of cooperatization of COs mobilized under this project and this development will facilitate development of a sound savings and credit system at the VDC level. This efforts needs to be strengthened beyond project life and GoN is in the process of developing a plan. CIP implementation has given a boost to the poorest households in terms of capital infusion and diversification of livelihoods resulting in reduced migration and improved food security.

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

Fiduciary aspects	Due to human resource constraints, the project is yet to claim expenditure for the last one year from IFAD. In the event this is not fast tracked as agreed during this mission, there is a likelihood that the project will face shortage of funds for the implementation of activities including investments planned under CIPs. Delayed submission of Audit Report remains persistent problem. However, there are no issues with regard to audit observations.
Project implementation progress	The Project Coordinator has been promoted as the Joint Secretary and the government as already a designated a new Project Coordinator. This project is in its last year of implementation and this change coupled with high levels of delivery target for this year and project completion activities may seriously impact the implementation progress. In addition, some of the key technical staff have already left and human resource strength of the project has depleted. This risk will have to be mitigated by appointment of a Consultant experienced in project completion activities and to hasten project implementation.
Outputs and outcomes	During this financial year 2015-16, the project is yet to start implementation of CIP promoted livelihood activities. With the impending closure of the project, in the event the project does not complete all CIP activities within the stipulated timeframe, there is a risk of partial completion of CIP. This will result in identified target beneficiaries not getting any support resulting dissatisfaction amongst the beneficiaries.
Sustainability	The project interventions related to household level investments are largely sustainable. The cooperatives promoted under the project are still young and needs support beyond the project life to emerge as sustainable savings and credit organizations. MoCPA during this mission has agreed to consider continued support to Cooperatives beyond the project life.

Proposed Follow-up

Issue / Problem	Recommended Action	Timing	Status
Sustainability of Cooperatives	Support only 106 cooperatives as against 136 cooperatives proposed in AWPB of 2015-16. Allocate a support of NPR 1.355 million for each cooperative including the support already provided subject to MoCPA/MoFALD agreeing to provide handholding support to Cooperatives beyond project life by engaging an agency or by engaging persons (retired bankers) in each district to ensure that the funds are properly utilized.	Jul 2016	ongoing
Service Delivery	Hasten implementation of CIPs planned for this year in order to ensure that all target households get planned support.	Jun 2016	ongoing
Project management	Send the curriculum vitae of the designated Project Coordinator to IFAD and obtain NOC.	Mar 2016	ongoing
Project Closure	Engage a Consultant for facilitating project closure.	Mar 2016	ongoing

Appendix 2: Updated logical framework: Progress against objectives, outcomes and outputs

Narrative Summary	Key Performance Indicators	Means of Verification	Assumptions (A) / Risks (R)
Goal:			
Strengthened livelihood systems and basic human dignity amongst the poor and socially disadvantaged people in the Mid and Far Western regions of Nepal	<ul style="list-style-type: none"> Improvements in household assets ownership index Reduction in prevalence of child malnutrition, especially chronic malnutrition (height for age) # of household directly participating in the project 	<ul style="list-style-type: none"> RIMS plus - Phase III baseline & end-line Project activity reports 	<p>Socio-economic stability maintained so as not to disrupt market or project implementation.</p> <p><i>Government administrative structures at national and sub-national levels remain stable and supportive of project</i></p>
Project Development Objective:			
Improved living standard through sustained growth of employment, income and access to resources amongst the poor households in targeted area	<ul style="list-style-type: none"> % increase in average household net income% increase in average HH production of crops, NTFP/MAFS % increase in average household herd size (livestock index) % of HH with >20% increase in physical (e.g. land, equipment) or financial resources 	<ul style="list-style-type: none"> RIMS plus - Phase III baseline & end-line 	<p>Socio-economic stability maintained so as not to disrupt market or project implementation.</p> <p><i>Government administrative structures at national and sub-national levels remain stable and supportive of project</i></p>
Outcome 1: Community Empowerment	<ul style="list-style-type: none"> 70% of people who believe their priorities were equitably reflected in CIP plans and implementation 70% of participants are satisfied with CIP process (planning, implementation and governance) 70% of CIP implementation that exceeds 70% physical and financial progress against plan for each year 70% of CO and other groups graduating to self-sustaining status 70% of HH adopting improved nutrition practice 	<ul style="list-style-type: none"> Annual VDC-level results monitoring survey RIMS plus - Phase III baseline & end-line 	<p>Social environment within target villages is conducive to participatory investment processes</p>

Narrative Summary	Key Performance Indicators	Means of Verification	Assumptions (A) / Risks (R)
Outputs: 1.1 Social empowerment	<ul style="list-style-type: none"> ▪ 153 participatory Community Investment plans prepared. ▪ 70% of people are satisfied with the pre-feasibility technical advice on agriculture including livestock and forestry) and infrastructure ▪ 70% of identified target households in each VDC reporting active participation of women and men from the HH in participatory CIP process (Active = attending 2 or more meetings in the planning process where they either voted or spoke to raise an issue) ▪ 90% VDC conducting public audit each year covering all project supported activities ▪ 80% satisfaction with overall services, infrastructure and other investments under CIP (disaggregated by respondent) ▪ Number of HH where men and women both receive nutrition training and/or awareness raising activities 	<ul style="list-style-type: none"> ▪ CIP feedback survey · Annual VDC-level results monitoring survey ▪ VDC activity reports ▪ RIMS plus - Phase III baseline & end-line 	Social environment within target villages is conducive to participatory investment processes
1.2 Economic Empowerment	<ul style="list-style-type: none"> ▪ # of investments completed for the five types of eligible investment ▪ # beneficiaries by each of the five types of investment ▪ <u>Farming Improvement</u> ▪ 80% satisfaction among farmers with farming improvement services and technical support / training ▪ 80% of house hold adopt at least 50% of the technology components they receive training on for at least 2 production seasons after training ▪ <u>Market linkage</u> ▪ Number of households reporting increase in unit sales price for produce above changes in local market prices ▪ <u>Vocational training</u> ▪ % of vocational trainees receiving > 25% increase in 	<ul style="list-style-type: none"> ▪ VDC activity reports ▪ Annual VDC-level results monitoring Survey ▪ D-PUC progress reports (CIP's submitted) ▪ VDC Public Audit Report ▪ Pre and Post activity beneficiary surveys and group discussions 	Appropriate technical service providers can be identified and contract to work in project areas to complement Government technical line agencies

Narrative Summary	Key Performance Indicators	Means of Verification	Assumptions (A) / Risks (R)
	wage rate after training (corrected for inflation) <ul style="list-style-type: none"> ▪ <u>Infrastructure</u> ▪ 80% of infrastructure with appropriate design, construction and O&M system Labour savings infrastructure ▪ No. Of households using schemes ▪ Average monthly time and / or cost savings per household Productive infrastructure ▪ Increase in annual irrigated production area (= area of actual irrigated land X number of seasons irrigated) ▪ <u>Loan Capital</u> ▪ 70% of CO's planned in CIP to receive capital meet criteria and receive Loan Capital by end of 3 year plan. 		
Outcome 2: District Service Delivery Improvement	<ul style="list-style-type: none"> ▪ 80% satisfaction of target people with farming improvement services and technical support / training provided by DADO, DLSO and DFO ▪ 80% of household trained by DADO/DLSO/DFO adopt at least 50% of the technology components they receive training on for at least 2 production seasons after training (monitor each season) 	<ul style="list-style-type: none"> • Pre-and post-activity beneficiary surveys and group discussion • Annual VDC-level results monitoring survey ▪ RIMS plus – Phase III baseline and end-line 	District agencies have sufficient number of appropriate skilled staff to deliver required service
Outputs: 2.1 Service Excellence Challenge Fund	<ul style="list-style-type: none"> ▪ 80% of district service improvement projects implemented meet the key implementation and impact targets set in their proposal 	<ul style="list-style-type: none"> ▪ District Agencies progress reports ▪ PCU progress report 	District agencies are committed to participate in project
Outputs: 2.2 Farm Field School Pilots & Rollout	<ul style="list-style-type: none"> ▪ 5FFS training courses developed / adapted, including all training materials, approaches and ToT materials ▪ At least 25 FFS pilot courses implemented ▪ At least 40 technical staff trained in each successful FFS methodology 	<ul style="list-style-type: none"> ▪ FFS training materials and documents ▪ FFS pilot activity and impact reports ▪ ToT training records 	

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

Action Area	Actions Agreed	Date	Whom	Progress (as of January 2016)
Outputs	Social empowerment: Give high priority to empower the beneficiaries to enable them to access resources from government and NGOs and manage them.	30-May-15	PCU/district teams	Social Mobilizers trained, C-PCU members oriented and voiced their demands in various planning forums in the district.
Outputs	Economic empowerment: DPCUs should assess the needs of beneficiaries to adequately package goat or pig programmes and allocate adequate budget for next fiscal year.	30-Jul-15	DPCUs	Additional resources provided to districts where required with authorization after need assessment. CIPs revised to include package support.
Outputs	Economic empowerment: The project should discontinue giving pigs to very poor households. They should be made aware of risks and assisted to undertake risk and cost benefit analysis before he/she makes any decision to take up this business.	30-May-15	PCU/District teams	Project has stopped supporting pigs to very poor households.
Outputs	Service delivery: All types of training related to livestock production should be field based and hands-on or practical.	30-May-15	PCU/district teams	Field-based hands-on training organized in livestock rearing where feasible.
Outputs	Service delivery: The project should assist the Leasehold Forestry User Groups to renew their certificates with the District Forest Office before the project closes	30-May-15	PCU	448 Operational Plans renewed with support from DFO in 2014-15. Additional 248 Operational Plans will be renewed in year 2012-16.
Project Implementation	M&E: Create mechanism to improve coordination between district level M&E team and PCU M&E team	31-May-15	PCU / DPCU	Organized an M&E workshop at PCU engaging all M&E officers from the project districts. Roles and responsibilities between PCU and district M&E team clarified/agreed and is under implementation.
Project Implementation	M&E: Update M&E indicator in the logical framework as per recommendation of previous mission	31-Jul-15	PCU	Updated partially.
Project Implementation	M&E: Create tools to monitor and evaluation HR needs and performance, as well as project activity performance	31-Aug-15	PCU	Not complied with. No tools created.
Project Implementation	Gender: Develop a pragmatic activity strategy to address gender discrimination and gender mainstreaming by project beneficiaries	31-Aug-15	PCU	Not complied with. Strategy not developed.
Project Implementation	Gender: Identify and address areas of gender inequalities within households and the society, and obstacles women face to participate in project activities and apply it in activity strategies	31-Oct-15	DPCU / PCU	No action.

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

Project Implementation	Gender: Train project related personnel (staff and CPCU members) to address gender discrimination and gender mainstreaming issues	31-May-15	PCU	Gender issue is included under in Leadership and Management training to Social Mobilizers. A two days' empowerment training has been provided to CPCU members including gender aspect by Social Mobilizers.
Project Implementation	KM: Pilot and implement KM tools such as most significant change method, outcome mapping, and learning route as a component within KM systems	30-Jun-15	PCU	Not complied with. No action.
Project Implementation	KM: Organize training workshop for staff and stakeholders on the three methodologies—most significant change, outcome mapping, and learning route	30-Jun-15	PCU	Partially complied. Staff members and beneficiaries participated in a learning route organized by PROCASUR from four districts.
Project Implementation	KM: Compile WUPAP experience documents from the beginning of the project to improve its knowledge repository	31-Dec-15	PCU	Collection started and work-on-progress.
Project Implementation	KM: DPCU teams assist all beneficiaries to create business plans for their businesses, which should be innovative and cater to literate and illiterate beneficiaries	31-Dec-15	PCU/DPCU	DPCU staff trained on business plan preparation and mobilized in supporting the project beneficiaries in business planning.
Project Implementation	Climate and environment: Project to allocate budget and assist goat farmers to plant at least 20 sets of mulato and napier grass per household	31-Aug-15	PCU/ district teams	CIPs revised and forage/fodder planted in some districts during 2014-15. Resources allocated for 2015-16 to continue plantation.
Fiduciary	Cash advances: Restrict advances to personal accounts only for petty cash or where payment by cheques is not possible. All other payments to be made by cheque from the DTCO	15-Apr-15	PC	PCU issued instruction to all districts together with Aid Memoir. Advance is given is given for petty cash and project related activities.
Fiduciary	Audit reports: Submit audited accounts within the stipulated period of six months from the end of the fiscal year	15-Apr-15	OAG/PC	Submitted to IFAD in March 2015.
Fiduciary	Audit reports: Include audit report of the DPCUs with that of the PCU for submission to IFAD	15-Apr-15	OAG/PC	A consolidated audit report was submitted to IFAD. The management letter still needs to include audit observations from the districts.
Fiduciary	WAs: Submit WAs promptly after completion of each trimester to have sufficient funds in the DA	30-May-15	FA	Partially complied with. Expenditure from last trimester of 2014-15 and first trimester is still to be claimed.
Fiduciary	Monthly reports: Use software to generate monthly reports at all DPCUs and for compilation at the PCU	15-Jun-15	Accountants	Tally is under use in PCU and in 5 districts however does not generate monthly reports as required.
Fiduciary	Training: Conduct a refresher training for all accounting staff in computerized accounting (tally) and use of Excel	30-Jun-15	FA, PCU	One event organized during 2014-15 and additional one event is planned for 2015-16 too.

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

Sustainability and Exit Strategy	Training: CPCU members should be trained in accessing and managing resources from VDC, line agencies, NGOs	30-Apr-15	PCU/district teams	Training organized to CPCU members in August - September 2015.
Sustainability and Exit Strategy	Technical support: The project should identify critical points of all businesses where technical support is required, and develop and implement technical backstopping plans; should prepare stringent selection criteria to give additional funds	30-Apr-15	PCU/district teams	Partially complied with. Identification of critical points for 24 business completed, plans to put in place.
Sustainability and Exit Strategy	Work plan and budget: The project should prepare a work plan and budget reflecting the proposed reallocated amounts under different categories	31-May-15	PCU	Completed. AWPB of this FY is based on this action.
Sustainability and Exit Strategy	Reallocation of funds: The government should request IFAD to approve the proposed reallocation of funds under different budget categories	31-May-15	MOF/MCPA	A request letter has been sent to IFAD from MoF for reallocation.
Sustainability and Exit Strategy	No-cost extension: The government should request IFAD for a 6-month, no-cost extension to allow the project activities to be completed as planned	31-May-15	MOF/MCPA	This is already done by IFAD's letter.

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

AWPB Period: 16 July 2014 – 15 July 2015

All amount expressed in NPR '000

All amount expressed in NR K 000											
Results #	Objectives/Expected Results	Indicators	Implementation targets						Expenses		
		Project Indicators	Planned (Annual)	Achieved (Annual)	%	Planned (Annual)	Spent (Annual)	%	Total	Financier	
										IFAD	GoN
	(A)	(B)	(G)	(J)	(K)	(M)	(R)	(S)			
C1	Component 1: Community Empowerment	70% of people who believe their priorities were equitably reflected in CIP plans and implementation									
		70% of participants are satisfied with CIP process (planning, implementation and governance)									
		70% of CIP implementation that exceeds 70% physical and financial progress against plan for each year									
		70% of Co and other groups graduating to self- sustaining status									
		70% of CO and other groups graduating to self-sustaining status									
		70% of HH adopting improves nutrition practices									
1.1	Component 1.1: Social Empowerment	153 participatory Community Investment Plan Prepared									
		70% of the people are satisfied with the pre-feasibility technical advice on agriculture (including livestock and forestry) and infrastructure									
		70% of identified household in each VDC reporting active participation of women and men from the HH in participatory CIP process (Active= attending 2 or more meeting in the planning process where they either voted or spoke to raise an issue)									
		90% VDC conducting public audit each year covering all project supported activities									
		80% satisfaction with overall services, infrastructure and other investments under CIP(disaggregated by respondent)									

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

		Number of household where men and women both receive nutrition training and/ or awareness activities									
	Output 1.1.1 Participatory planning, investment, management and governance	preparation of community Investment Plan									
		Ongoing supervision of implementation of activities under CIP									
		Annual social and public audit of activities, investment, support groups and impact									
		Annual review and updating of CIP									
	Activities 1.1.1. 1 Pre-feasibility assessment and advice	Prefeasibility Study and advice by technical manpower on demanded infrastructure and non-infrastructure in 108 VDC		45			1224.5		1486.025	1248.261	237.764
	Activities 1.1.1.2 Participatory Community Investment Planning Process	153 CIP preparation will be completed		45		-			50	42	8
	Activities 1.1.1.2.1 CIP format preparation	Preparation of the format for the CIP preparation	-	1		-					
	Activities 1.1.1.2.2 days orientation training to S.M about the CIP	S.M will be aware about the concept and working modality of CIP	-	8		-	1161				
	Activities 1.1.1.2.3 Training to the CPCU members about the participatory planning for 2 days	CPCU members will be trained on the issued	-	8		-	1988.86				
	Activities 1.1.1.2.4 CIP preparation for each district and publish	8 district level consolidated CIP will be prepared	-	0		-	0		50	42	8
	Activities 1.1.1.2.5 CIP publication at central level	1 PCU level consolidated CIP will be prepared	-	0		-	0				
	Activities 1.1.1.3 Annual public audit and CIP updating	Designed CIP will be updated by community and implementation status will be approved from community through public audit	306			4,590.00			0	0	0
	Activities 1.1.1.3.1 Annual public audit	Implementation of the sub project will be approved by the community through public audit	-	0		-					
	Activities 1.1.1.3.2 Updating of CIP	CIP will be updated by community if necessary		0							
Total Budget for output 1.1.1							4,590.00		1536.025	1290.261	245.764
	Output 1.1.2 Graduation of existing community organization and groups	Raising the internal management capacity, transparency and governance within the group									
		Establishing a reliable process for local external oversight and review to strengthen the accountability and governance of the group									

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

		Consolidation of the saving and credit activities of the various groups within the VDC into one or two larger saving and credit organization								
	Activities 1.1.2.1 Cos consolidation and link to MFI's/Banks	Merger of CO's or graduation of CO's into cooperatives and link with financial institution for sustainability	-	0		4,077.00	0			
	Activities 1.1.2.1.1 ToT to Community members on CO consolidation and graduation into cooperative	Co's which are eligible for graduation will be graduate into cooperatives	153	0		4,077.00				
	Activities 1.1.2.1 .2 Support in linking CO's	Co's or cooperative will be link to financial institution	-	0		-				
	Activities 1.1.2.2 Short term national TA for CO consolidation	TA will support project in Cos consolidation process	-	0		-				
	Activities 1.1.2.3 CO's graduation grant	60% of the Co's will receive this grant bases on reaching self-sustaining status	-	0		-				
	Total Budget for output 1.1.2					4,077.00				
	Output 1.1.3 Nutrition Awareness	Number of household where men and women both receive nutrition training and/or awareness activities								
	Activities 1.1.3.1 ToT and refresher	Provide refreshers to the SMs and Community	-			5,000.00		1130	949.2	180.8
	Activities 1.1.3.1.1 Awareness training for 2 days to the S.M about the nutrition	135 SM will be trained on nutrition in 8 district	-	0		-		988.00	829.92	158.08
	Activities 1.1.3.1.2 Nutrition awareness program	Awareness program will be conducted in 113 VDC	155	1		5,000.00		142.00	119.28	22.72
	Activities 1.1.2.2 Short term national TA for nutrition campaign	Ta will support project in nutrition awareness campaign	-	0		-				
	Activities 1.1.5.3 Campaign material	Materials will be prepared for the nutrition awareness	-	0		-				
	Total Budget for output 1.1.3					5,000.00		1130	949.2	180.8
	Total for Component 1.1					13,667.00		2,666	2,239	427
	Component 1.2 Economic Empowerment	No of investments completed for five types of eligible investment								
		No of beneficiaries by each of the five type of investment								
		<u>Farming improvement</u> 80% satisfaction among farmers with farming improvement services and technical support/training 80% of HHs adopt at least 50% of the technology components they receive training on for at least 2 production season								

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

		<u>Market linkage</u> Number of households reporting increase in unit sales price for produce above changes in local market prices								
		<u>Vocational training</u> % of vocational trainees receiving >25% increase in wage rate after training (corrected for inflation)								
		Infrastructure 80 % of infrastructure with appropriate design, construction and O&M system Labour savings infrastructure No. of households using schemes Average monthly time and/or cost savings per household Productive infrastructure Increase in annual irrigated production area (=area of actual irrigated land X number of seasons irrigated)								
		<u>Loan capital</u> 70% of CO's planned in CIP to receive capital meet criteria and receive Loan Capital by end of 3 yr plan.								
	Activities 1.2.1 CIF investment according to CIP in 8 district	No of investments completed for five types of eligible investment	153			306,000.00			71,490.32	60051.86964 11438.45136
	Output 1.2.1 Farming Improvement	80% satisfaction among farmers with farming improvement services and technical support/training 80% of HHs adopt at least 50% of the technology components they receive training on for at least 2 production season								
	Activities 1.2.1.1									
	Total for output 1.2.1					306,000.00			71490.321	60051.87 11438.451
	Activities 1.2.2.1									
	Total for output 1.2.2					-				
	Output 1.2.3 Social Mobilization	153 people at the community level will be used for the social mobilization at the field level	306			38,084.00				
	Activity 1.2.3.1 Social Mobilizers salary and allowance	Salary paid to social mobilizers	153	153		34,884.00			28,608.47	24031.11564 4577.35536
	Activity 1.2.3.12. Mobilization allowance for Social Mobilizers	Allowance paid to social mobilizers	153			3,200.00				
	Activity 1.2.3.2 ToT and Training to S.M	Training provided to S.M	17			5,163.00			1048.041	880.35444 167.68656

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

	Activity 1.2.3.2.1 ToT to S.M on participatory Rural appraisal	Training provided to S.M		8		-					
	Activities 2.3.2.1. TOT on Leadership Development to the project staffs	9 Training to project staffs to be organized to develop capacity and skill for effectively manage and function Cos and CPCU etc.	9			2,240.00					
	Activity 1.2.3.2.2 .2. ToT to S.M on Cooperative Development	153 SM will be trained	8	0		2,923.00			1048.041	880.35444	167.68656
	Total for output 1.2.3					43,247.00			29,657	24,911	4,745
	Total for Component 1.2					349,247.00			101,147	84,963	16,183
	Total for Component 1					362,914.00			103,813	87,203	16,610
	Component 2 District Service Improvement	80% satisfaction of target people with farming improvement services and technical support/training provided by DADO, DLSO and DFO.									
		80% of household trained by DADO/DLSO/DFO adopt at least 50% of the technology components they receive training on for at least 2 production seasons after training (monitor each season)									
	Output 2.1 Service Excellence Challenge Fund	80% of district service improvement projects implemented meet the key implementation and impact targets set in their proposal									
	Total for output 2.1										
	Output 2.2 Farm Field School Pilots & Rollout	5 FFS training courses developed/adapted, including all training materials, approaches and ToT materials									
		At least 25 FFS pilot courses implemented									
		At least 40 technical staff trained in each successful FFS methodology									
	Activities 2.2.1 FFS Designed and material preparation	FFS materials for Potato and Cauliflower will be prepared	-			-					
	Activities 2.2.2 FFS Pilot	FFS in 2 sites will be carried out	40			10,000.00			200	168	32
	Activities 2.2.3 FFS roll out of capacity building	ToT will be provided to the Line agency staffs	2			5,000.00			100	84	16
	Total for output 2.2					15,000.00			300	252	48
	Output 2.3 Human resource Development	Professional training to service provider staffs	-			-					
	Activities 2.3.1 ToT to Service providers	Training to service providers to give more effective service to beneficiaries	31			3,208.75					

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Total for output 2.3					3,208.75					
Total for Component 2					18,208.75			300	252	48
Component 3 Project management	8 Beneficiaries oversight Board formed									
	Project Coordination and Meeting									
	Regional Directorate M& Admin cost									
	Program Monitoring									
	Planning Monitoring Evaluation and Knowledge Management System									
	Baseline Survey and Poverty mapping									
	Capital Purchase									
	Local Technical Assistance									
	Studies and Reports									
	Admin and Management									
	Salary									
Output 3.1 Meeting and workshop at District level	Various nature of meeting and workshop will be held in district level	16			26,056.00					
Activities 3.1.1 Beneficiaries Oversight Board (BoB) Event	2 BoB meeting in each district	16	2		1,000.00			122.5	102.9	19.6
Activities 3.1.2 Project Meeting, Coordination committee and workshop	8 DSCC meeting in each district	710			25,056.00			740.435	621.9654	118.4696
Activities 3.1.2.1 District Service Coordination Committee formation and Meeting		96	64		576.00			312.36	262.3824	49.9776
Activities 3.1.2.2 Formation and meeting of Community Project Coordination Unit	153 CPCU will be formed. 153 meeting will be conducted	-	45		-			428.075	359.583	68.492
Activities 3.1.2.3 Orientation at the District level	Orientation about the new phase in each district at various level	-	8		-					
Activity: Empowerment of the community people	Trainings/ meetings/ coaching/ campaigns to enabling community people to claim their rights and meaningful participation	614			24,480.00					
Total for output 3.1					26,056.00			862.935	724.8654	138.0696
Output 3.2 Meeting and workshop Ministry, PCU and Regional Level	Various nature of meeting and workshop conducted by PCU for coordination	16			4,660.00			347.879	292.21836	55.66064
Activities 3.2.1 Orientation to different stakeholders at Ministry, District and regional level about the project by PCU	Awareness about the new project modality to various stakeholders including Ministry	2			900.00					
Activities 3.2.2 PSC meeting	4 PSC meeting will be conducted in this year	6	4		400.00			292.409	245.62356	46.78544
Activities 3.2.3 Regional Coordination Meeting	Meeting with various regional line agencies	6	3		360.00			55.47	46.5948	8.8752
Activity 3.2.4 Review Planning Workshop		2	1		3,000.00			0	0	0
Total for output 3.2					4,660.00			347.879	292.21836	55.66064
Output 3.3 Human Resource Development	Support in development of project H.R through training, workshops, and visits	40			13,608.25					
Activity 3.3.1 Professionals training and Exposure visits	Training and exposure visits to the Project staffs	1			3,591.25			829.062	696.41208	132.64992

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	Activity 3.3.2 Professional training and workshop participation cost to project staffs organized by IFAD and other organization	Training and exposure visits to the Project staffs	3	2		300.00			149.062	125.21208	23.84992
	Activity 3.3.3 Training to staffs on various issues (M&E Workshop on Illrd phase data collection system finalization, Business counselling and Entrepreneurship Development Training, Training on periodic & strategic commodities business planning to cooperative, CIP compilation software application orientation for operation , account staffs and other as required by the project)	5 planned training will be conducted to the staffs Other activities will be based on demands and requirement	-			-			680	571.2	108.8
	Activity 3.3.4. Learning Route training on Youth and Rural Finance	9M&E Officers and 1 MIS officer of projects will be trained in LR	9			1,600.00					
	Activity 3.3.5. Enterprises Advice and Entrepreneurship Development Training	8 trainings will be provided at district level	8			2,817.00					
	Activity 3.3.6. Knowledge Management Training for the project staffs (2 PCU/ 8 district level)	10 trainings (2 PCU/ 8 districts) will be provided	10			1,800.00					
	Activity 3.3.7 Training on Appreciative Inquiry for effective service delivery and management	9 appreciative inquiry trainings will be provided to the project staffs and service providers	9			3,500.00					
	Total for Output 3.3					13,608.25			829.062	696.41208	132.64992
	Output 3.4 Monitoring, Evaluation and Knowledge Management										
	Activity 3.4.1 Project Monitoring Cost		9			14,166.00			8536.594	7170.739	1365.855
	Activity 3.4.1.1 Regional Directors operation and Monitoring Cost	At least 1 field visit by RD technical staff in districts	-			-			375.84	315.7056	60.1344
	Activity 3.4.1.2. Monitoring and Supervision cost by Cooperative office for support in graduation of CO's into cooperatives		-			-					
	Activity 3.4. 1.3 Program Monitoring Cost by PCU, and District					9,960.00			7847.634	6592.01256	1255.62144
	Activity 3.4. 1.4 Program Monitoring Cost by districts (only outside districts)					600.00					
	Activity 3.4.1.4 Knowledge Management System										
	Activity 3.4.1.4.1 Documentary preparation, brochures, baseline format printing, newsletter and WUPAP program awareness program through FM and radio	At least 2 documentary 3 newsletter 32 FM program and brochures will be prepared and printed	1	2		1,176.00			313.12	263.0208	50.0992
	Activity 3.4.1.4.2 MIS system preparation	1 MIS system will be prepared	-			-					
	Activity 3.4.1.4.3 Accounting Software installation	Talley software installation in 8 district and renew in PCU	1	1		30.00					

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Activity 3.4.1.4.4 Baseline information analysis software		-	1		-				
Activity 3.4.1.4.5 CIP progress mapping tool	1 CIP process mapping tool will be prepared	-							
Activity 3.4.1.4.6 Project Knowledge Management	different KM activities will be carried out and published	1			2,400.00				
Activity 3.4.2 Studies and Publication		3			800.00		1810.75	1521.03	289.72
Activity 3.4.2.1 Appreciative Participatory Rural Appraisal with well-being ranking and Baseline	APR in 108 VDCs will be carried out and baseline data will be filled of targeted HHs	-	45		-		1810.75	1521.03	289.72
Activity 3.4.2.2 Data collection format for Baseline in each VDC		1	45		300.00				
Activity 3.4.2.3 Baseline data compilation and selection of core beneficiaries	Baseline will be compiled for 153 VDCs	-	45		-				
Activity 3.4.2.4 Project implementation guideline		-	1		-				
Activity 3.4.2.5 Report Preparation and Publication	Different Studies will be carried out and published	2			500.00				
Total for output 3.4					14,966.00		10347.344	8691.769	1655.575
Output 3.5 Equipment Purchase									
Activity 3.5.1 Vehicle Purchase	1 four Wheel Drive vehicle will be purchased	-			-				
Activity 3.5.2 Motorbike purchase		-	9		-	179.1			
Activity 3.5.3 Laptop Computer purchase		-	30		-	2390			
Activity 3.5.4 Office equipment and furniture		-			-		0	0	0
Activity 3.5.3 Audio Visual equipment Purchase		-			-	0			
Activity 3.5.4 Information Management related equipment purchase		-							
Activity 3.5.5 Furniture, Solar and battery for electricity support	Solar Panel and batteries will be purchased	9			920.00				
Activity 3.5.6 Printer, Scanner purchase, Multimedia Projector	Printer, scanner and projector will be purchased	9			2,150.00	0			
Total for output 3.5					3,070.00	0	0	0	0
Output 3.6 Local Technical Assistance		21.00			16,097.00		7487.283	6289.3177	1197.9653
Activity 3.6.1 Staff hiring Cost	5 position of TA and 1 position of Accountant in 8 districts will be filled	2			800.00	689.57	579.24048	110.33152	
Activity 3.6.2 LTA Cost	17 regular TA will be paid salary and short term TA	19			15,297.00	6797.711	5710.07724	1087.63376	
Activity 3.6.3 Subproject Account preparation					-				
Total for output 3.6					16,097.00	7487.283	6289.3177	1197.9653	
Output 3.7 Admin and Management									

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

	Activity 3.7.1 Admin Cost		9			12,006.00			4595.52974	3860.244982	735.2847584
	Activity 3.7.2 Salary to Staff		9			34,246.00			18983.3851		18,983.39
	Total for output 3.7					46,252.00			23578.91	3860.24	19718.67
	Total for 3					124,709.25			43453.42	20554.83	22898.59
	Grand Total					505,832.00			147566.28	108009.63	39556.65

AWPB Period: 16 July 2015 – 15 November 2015 (FY 15/16 First Trimester)

All amounts expressed in NPR '000

Results #	Objectives/Expected Results	Indicators	Implementation target			Budget Planned (Annual)	Expenditure			
			Planned (Annual)	Achieved (Annual)	%		Spent (Annual)	%	Financier	
		Project Indicators							IFAD	GoN
	(A)	(B)	(G)	(J)	(K)	(M)	(R)	(S)		
C1	Component 1: Community Empowerment	70% of people who believe their priorities were equitably reflected in CIP plans and implementation								
		70% of participants are satisfied with CIP process (planning, implementation and governance)								
		70% of CIP implementation that exceeds 70% physical and financial progress against plan for each year								
		70% of Co and other groups graduating to self-sustaining status								
		70% of CO and other groups graduating to self-sustaining status								
		70% of HH adopting improves nutrition practices								
1.1	Component 1.1: Social Empowerment	153 participatory Community Investment Plan Prepared								
		70% of the people are satisfied with the pre-feasibility technical advice on agriculture (including livestock and forestry) and infrastructure								
		70% of identified household in each VDC reporting active participation of women and men from the HH in participatory CIP process (Active= attending 2 or more meeting in the planning process where they either voted or spoke to raise an issue)								
		90% VDC conducting public audit each year covering all project supported activities								
		80% satisfaction with overall services, infrastructure and other investments under CIP(disaggregated by respondent)								
		Number of household where men and women both receive nutrition training and/ or awareness activities								
	Output 1.1.1 Participatory planning, investment, management and governance	preparation of community Investment Plan								
		Ongoing supervision of implementation of activities under CIP								
		Annual social and public audit of activities, investment, support groups and impact								
		Annual review and updating of CIP								

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

	Activities 1.1.1.1 Participatory Community Investment Planning Process	153 CIP preparation will be completed	108			5508				
	1.1.1.2 CPCU meeting	CPCU of 8 districts meeting will be held	1539	513	33.3	5508	114	2	95.76	18.24
Total Budget for output 1.1.1						5508	114	2	95.76	18.24
	Output 1.1.2 Graduation of existing community organization and groups	Raising the internal management capacity, transparency and governance within the group								
		Establishing a reliable process for local external oversight and review to strengthen the accountability and governance of the group								
		Consolidation of the saving and credit activities of the various groups within the VDC into one or two larger saving and credit organization								
Total Budget for output 1.1.2										
	Output 1.1.3 Nutrition Awareness	Number of household where men and women both receive nutrition training and/ or awareness activities				2400				
	Activities 1.1.3.1. Suhara (nutrition) related Public awareness campaign(training material prepared, public awareness, program material distribution)	Public awareness campaign will be conducted in 153 VDCs.	153	-		2400				
Total Budget for output 1.1.3						2400				-
Total for Component 1.1						7908	114	1	96	18
	Component 1.2 Economic Empowerment	No of investments completed for five types of eligible investment								
		No of beneficiaries by each of the five type of investment								
		<u>Farming improvement</u> 80% satisfaction among farmers with farming improvement services and technical support/training 80% of HHs adopt at least 50% of the technology components they receive training on for at least 2 production season								
		<u>Market linkage</u> Number of households reporting increase in unit sales price for produce above changes in local market prices								
		<u>Vocational training</u> % of vocational trainees receiving >25% increase in wage rate after training (corrected for inflation)								

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		Infrastructure 80 % of infrastructure with appropriate design, construction and O&M system Labour savings infrastructure No. of households using schemes Average monthly time and/or cost savings per household Productive infrastructure Increase in annual irrigated production area (=area of actual irrigated land X number of seasons irrigated)								
		<u>Loan capital</u> 70% of CO's planned in CIP to receive capital meet criteria and receive Loan Capital by end of 3 yr plan.								
	Activities 1.2.1 CIF investment according to CIP in 8 district	No of investments completed for five types of eligible investment	153	4	2.61	361055	9163	3	5265.06	3897.94
	Activities 1.2.1.1									
	Total for output 1.2.1					361055	9163	3	5265.06	3897.94
	Activities 1.2.2.1									
	Total for output 1.2.2									
	Output 1.2.3 Social Mobilization	153 people at the community level will be used for the social mobilization at the field level				56,953				
	Activity 1.2.3.1 Social Mobilizers salary and allowance	Salary will be paid to social mobilizers, and other expenditure	153	31	20.3	38083	6944		5832.96	1111.04
	Activity 1.2.3.2.DRR related 5 days training to SM (including earthquake)	153 SM will be trained	8	4	50	3900	2009	52	1687.56	321.44
	Activity 1.2.3.3. Honey package program for possible VDC of Jajarkot District	Honey package program will be launched in possible VDC of Jajarkot	1	1	100	2000	650	33	546	104
	Activity 1.2.3.4 Business Plan training for Co-operative	Co-operative will get Business plan training	2			1800				
	Activity 1.2.3.5 Account and Tally related refresher training	Accountant and Tally related refresher training will be received	2			600				
	Activity 1.2.3.6 Project exit strategy workshop	Project exit strategy workshop will be conducted	16			2800				
	Activity 1.2.3.7 Income generating activities especial program for Badi Family	31 Badi family will receive Income generating activities especial program in Dailekh District	2			1600				
	Activity 1.2.3.8 Technical assistance for Barsha Pump	Technical assistance will be provided for Barsha Pump	1			400				
	Activity 1.2.3.9 Barsha Pump conducted by user group	12 Barsha pump will be established	6			1800				
	Activity 1.2.3.10 Monitoring and Evaluation Workshop	Monitoring and Evaluation workshop will be conducted	2			800				
	Activity 1.2.3.11 knowledge management workshop	Knowledge management workshop will be conducted (PCU and District)	2	1	50	1300	468	36	393.12	74.88

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	Activity 1.2.3.12 Knowledge management process related training for staff	Staff will be get knowledge management process related training	14			1870				
	Total for output 1.2.3					56953	10071	18	8460	1611
	Total for Component 1.2					368963	19234	5	13725	5509
	Total for Component 1					425916	19348	5	13820	5528
	Component 2 District Service Improvement	80% satisfaction of target people with farming improvement services and technical support/training provided by DADO, DLSD and DFO.								
		80% of household trained by DADO/DLSD/DFO adopt at least 50% of the technology components they receive training on for at least 2 production seasons after training (monitor each season)								
	Output 2.1 Service Excellence Challenge Fund	80% of district service improvement projects implemented meet the key implementation and impact targets set in their proposal								
	Total for output 2.1									
	Total for output 2.2									
	Output 2.3 Human resource Development	Professional training to service provider staffs								
	Total for output 2.3									
	Total for Component 2									
	Component 3 Project management	8 Beneficiaries oversight Board formed								
		Project Coordination and Meeting								
		Regional Directorate M&admin cost								
		Program Monitoring								
		Planning Monitoring Evaluation and Knowledge Management System								
		Baseline Survey and Poverty mapping								
		Capital Purchase								
		Local Technical Assistance								
		Studies and Reports								
		Admin and Management								
		Salary								
	Output 3.1 Meeting and workshop at District level	Various nature of meeting and workshop will be held in district level				1376				
	Activities 3.1.1 Beneficiaries Oversight Board (BoB) Event	2 BoB meeting in each district	8	1	12.5	800	100	13	84	16
	Activities 3.1.2 District Service Coordination Committee formation and Meeting	DSCC meeting cost	48	5	10.4	576	59	10	49.56	9.44
	Total for output 3.1					1376	159	12	133.56	25.44
	Output 3.2 Meeting and workshop Ministry, PCU and Regional Level	Various nature of meeting and workshop conducted by PCU for coordination				1475				

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Activities 3.2.1 PSC meeting	4 PSC meeting will be conducted in this year	6	1	16.7	400	54	14	45.36	8.64
Activities 3.2.2 Regional Coordination Meeting	Meeting with various regional line agencies	3	1	33.3	75	93	124	78.12	14.88
Activity 3.2.3 Review Planning Workshop	Review meeting will be conducted	1	1	100	1000	783	78	657.72	125.28
Total for output 3.2					1475	930	63	781.2	148.8
Output 3.3 Human Resource Development	Support in development of project H.R through training, workshops, and visits				1700				
Activity 3.3.1 Professional training and workshop participation cost to project staffs organized by IFAD and other organization	Training and exposure visits to the Project staffs	2			1000				
Activity 3.3.2 Exposure visit to other Project success Practice	Exposure visit will be done to the other project in the Country	2			700				
Total for Output 3.3					1700				
Output 3.4 Monitoring, Evaluation and Knowledge Management									
Activity 3.4.1 Project Monitoring Cost		9			21809				
Activity 3.4. 1.1 Program Monitoring Cost by PCU, and District		1225	153	12.5	10100	2519	25	2115.96	403.04
Activity 3.4.2 Studies and Publication		2			11709				
Activity 3.4.2.1 Report Preparation and Publication	Different Studies will be carried out and published	2			259				
Activity 3.4.2.2 Information dissemination at regional level regarding good practices of WUPAP	WUPAP,s regional and district level good practice information will be dissemination	18			2800				
Activity 3.4.2.3 Empowerment handbook for CPCU member	Handbook of empowerment will be received by CPCU member	2			150				
Activity 3.4.2.4 Handbook for Cooperative on business plan	Handbook of business plan for cooperative will be published	2			300				
Activity 3.4.2.5 Risk Analysis of Business Plan related to Goods & Service	Risk analysis of Business plan related to goods & service will be done	2			300				
Activity 3.4.2.6 Business plan collection & publication of Goods and services	Business plan Collection & publication will be done of goods and service	2			300				
Activity 3.4.2.7 Success story publication	Success story will be published	2			300				
Activity 3.4.2.8 Publication of project III phase achievement	Project III phase achievement will be published	9			800			-	
Activity 3.4.2.9 RIMS end survey	RIMs end survey will be conducted	2			1500				
Activity 3.4.2.10 Survey of Project Output/Outcome/ Impact	Survey of Project Output/outcome Impact will be conducted	2			2500				
Activity 3.4.2.11 Project success story (Report and Video)	Video and Report will be broadcasted and Project success story will be Published	2			2500				
Total for output 3.4					21809	2519	12	2115.96	403.04
Output 3.5 Equipment Purchase					400				
3.5.1.External hard disk	20 external hard disk will be purchased	10	-		100				
3.5.2.Mechinary equipment (laptop, fax machine, GPS etc)	machinery equipment(laptop, fax-machine & GPS) will be purchased	1	-		300				

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	Total for output 3.5					400				
	Output 3.6 Local Technical Assistance		21							
	Activity 3.6.1 LTA Cost	35 regular TA will be paid salary and short term TA	35	12	34.3	19566	4878	25	4098	780
	Total for output 3.6					19566	4878	25	4098	780
	Output 3.7 Admin and Management									
	Activity 3.7.1 Admin Cost		9	-		12419	1752	14	1472	280
	Activity 3.7.2 Salary to Staff		9	-		29335	9669	33	0	9669
	Total for output 3.7					41754	11421	27	1472	9949
	Total for 3					88080	19907	23	8600	11307
	Grand Total					513996	39255	8	22420	16835

WUPAP RIMS

RIMS was introduced in WUPAP in 2005. WUPAP has completed two surveys on RIMS third level results (impacts) in 2007 and 2011. The survey found that acute malnutrition decreased by 3 to 4 percentage points among boys and girls, and chronic malnutrition by 6 percentage points against the benchmark of 2007. Food security of project beneficiaries increased by 21 percentage points, access to water by 28percentage points and sanitation by 22 percentage points for the same duration. The third survey for impact level indicators has been scheduled for 2016.

The project is currently updating the RIMS table with data for FY 2014/15. The following is the table with first and second level results up to FY 2013/14.

**Cumulative from Phase II*

Cumulative from Phase II

FIRST LEVEL RESULTS (Outputs)															
Back to Summary	Indicators	Unit	Target current year	Per year				Cumulative years					End of Project		
				PY10 * (12-13)	PY11 (13-14)	PY12 (14-15)	PY13 (15-16)	PY10 (12-13)	PY11 (13-14)	PY12 (14-15)	PY13 (15-16)	Total	Project target	Actual	% of project target
Total Project															
	Persons receiving project services (total)	Individuals		358,746	68,890			358,746	427,636	427,636	427,636	427,636	632,500	427,636	67.6%
	Male	men		179,373	36,187			179,373	215,560	215,560	215,560	215,560	316,250	215,560	68.2%
	Female	women		179,373	32,703			179,373	212,076	212,076	212,076	212,076	316,250	212,076	67.1%
Per Component															
1.Component	Irrigation schemes rehabilitated/constructed	ha		0	35			0	35	35	35	35		35	#DIV/0!
	Farmers working on rehabilitated/new irrigation schemes	farmers		0				0	0	0	0	0		0	#DIV/0!
	Community projects implemented by type	number		0	4			0	4	4	4	4	750	4	1%
	Sanitation (toilets)	number		0	0			0	0	0	0	0		0	#DIV/0!
	Small Irrigation	number		0	35			0	35	35	35	35		35	#DIV/0!
	Community building (School, health post, market shed, micro-hydro power house etc.)	number		0	0			0	0	0	0	0		0	#DIV/0!
	Wooden bridges and mule trails	number		0	0			0	0	0	0	0	475	0	0%
	Improved Pani Ghatta (traditional grinding device)	number		0	26			0	26	26	26	26		26	#DIV/0!
	Drinking water	number		0	71			0	71	71	71	71		71	#DIV/0!
	Others (Slaughter house, drenching and dipping house etc.)	number		0	0			0	0	0	0	0		0	#DIV/0!
	Micro-irrigation only for LFUG	number		0	0			0	0	0	0	0		0	#DIV/0!

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

1.Component	Interest groups formed by type												
	leasehold forest user groups – LFUGs	number		0	696	0	696	696	696	696	1,000	696	70%
	People belonging to groups, by gender												
	LFUGs – men	men			5,726	0	5,726	5,726	5,726	5,726	5,750	5,726	100%
	LFUGs – women	women			3,855	0	3,855	3,855	3,855	3,855	5,750	3,855	67%
Social Empowerment	Area under resource management plans												
	area covered in leasehold forestry plans	ha			9,710	0	9,710	9,710	9,710	9,710	13,000	9,710	75%
2.Component	Demonstrations held on farmers' land	number		2	2	2	4	4	4	4		4	#DIV/0!
	Persons trained, by gender and sector									0			
	village animal health workers – men	men		0	101	0	101	101	101	101	190	101	53.2%
	village animal health workers – women	women		0	18	0	18	18	18	18		18	#DIV/0!
	animal husbandry – men	men		0		0	0	0	0	0		0	#DIV/0!
	animal husbandry - women	women		0		0	0	0	0	0	5,000	0	0.0%
3.Component	Interest groups formed by type												
	savings and credit groups	number		0	54,933	0	54,933	54,933	54,933	54,933	4,900	54,933	1121%
	Active savers (disaggregated by gender)												
	Men	men		27,088	24,300	27,088	51,388	51,388	51,388	51,388	35,300	51,388	146%
	Women	women		27,845	23,640	27,845	51,485	51,485	51,485	51,485	35,300	51,485	146%
	Value of savings mobilized	USD		998,223	1,019,667	998,223	2,017,890	2,017,890	2,017,890	2,017,890		2,017,890	#DIV/0!
	Active borrowers (disaggregated by gender)												
	Men	men		10,122	8,956	10,122	19,078	19,078	19,078	19,078		19,078	#DIV/0!
	Women	women		12,113	9,459	12,113	21,572	21,572	21,572	21,572		21,572	#DIV/0!
Project Management	Value of gross loan portfolio (loans outstanding – loans written off)	USD		70,223	488,223	70,223	558,446	558,446	558,446	558,446	1,026,666	558,446	54%
3.Component	% disbursement of IFAD loan	SDR		61	27	61	88	88	88	88	9,685,690	88	0.0%
	% disbursement of IFAD loan	USD		61	27	61	88	88	88	88		88	#DIV/0!
	% disbursement of IFAD grant	SDR		0		0	0	0	0	0	441,318	0	0.0%
	% disbursement of IFAD grant	USD		0		0	0	0	0	0		0	#DIV/0!

SECOND LEVEL RESULTS (Outcomes)																		
Back to Summary	Rating indicators	Indicators justifying rating	Unit	Target current year	Per year				Cumulative years					End of Project			Ratings*	Ratings previous year
					PY10 (12-13)	PY11 (13-14)	PY12 (14-15)	PY13 (15-16)	PY10 (12-13)	PY11 (13-14)	PY12 (14-15)	PY13 (15-16)	Total	Project target	Actual	% of project target		
Per Component																		
1.Component	1.Component	Community projects functional, by type Sanitation (toilets) Small Irrigation Community building (School, health post, market shed, micro-hydro power house etc.) Wooden bridges and mule trails Improved Pani Ghatta (traditional grinding device) Drinking water Others (Slaughter house, drenching and dipping house, River bank protection, Compound wall etc.)	number number number number number number number		6 126 231 25 25 203 5	0 35 0 0 26 71 0			6 126 231 25 25 203 5	6 161 231 25 51 274 5	6 161 231 25 51 274 5	6 161 231 25 51 274 5	6 161 231 25 51 274 5	6 161 231 25 51 274 5	#DIV/0! #DIV/0! #DIV/0! #DIV/0! #DIV/0! #DIV/0! #DIV/0!			
2.Component	1.Component	Groups operational/functional, by type (total no.of member under LFUGs) Common property resources (area under improved management practices, i.e handed over under forestry lease agreements) HHs provided with long-term security of tenure of natural resources, including land and water	Groups ha HHs		781 11,938 4,243	698 11,938 4,243			781 11,938 4,243	1,479 23,876 8,486	1,479 23,876 8,486	1,479 23,876 8,486	1,479 23,876 8,486	1,479 23,876 8,486	#DIV/0! #DIV/0! #DIV/0!			
3.Component	Component 1 and 2	Farmers adopting technology recommended by project crop production technologies animal husbandry Farmers reporting production/yield increases crop production/yield increases animal production/off take increases	farmers farmers farmers farmers		3 0 0 0	60 70 0 0			3 0 0 0	63 70 0 0	63 70 0 0	63 70 0 0	63 70 0 0	63 70 0 0	#DIV/0! #DIV/0! #DIV/0! #DIV/0!			
4.Component	Component 3	Portfolio at risk (outstanding balance of overdue loans)	%		6									6	#DIV/0!			
Micro-finance and Marketing Promotion	Project Management																	

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

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

Table 5A: Financial performance by financier as at 15 July 2007

Phase I (As at 15 July 2007)

Financier	Approval (USD '000)	Disbursements (USD '000)	Per cent disbursed
IFAD loan	2,921.00	2,549.34	87.28
IFAD grant	292.00	232.54	79.64
Co-financier			-
Government	299.00	103.16	34.50
Total	3,512.00	2,885.04	82.15

Phase II (As at 12 February 2014)

Financier	Approval (USD '000)	Disbursements (USD '000)	Per cent disbursed
IFAD loan ¹	10,050	10,605.76	105.53
IFAD grant	288	324.08	112.53
Government	2,243	1,367.63	60.97
Local Government	501		-
Beneficiaries	390		-
Private Sector	14		-
Total	13,486	12,297.47	91.19

Phase III (As on 5 February 2016)

Financier	Approval (USD '000)	Disbursements (USD '000)	Per cent disbursed
IFAD loan ²	10,643	4,145.95	38.95
IFAD grant			
Government	4,180	2,418.83	57.87
Local Government		8.45	
Beneficiaries			
Private Sector			
Total	14,823	6,573.23	44.34

Notes:

¹ IFAD loan of Phase II has been recalculated based on historical disbursement and difference of USD 203.02 thousand has been adjusted.

² IFAD loan disbursement includes initial advance of USD 1 million and based on actual Flexcube data.

Table 5B: Financial performance by financier by component (USD '000)

Phase I

Component	IFAD loan			IFAD grant			Co-financier			Government			Beneficiaries & Private Sector			Total		
	Appraisal	Actual	%	Appraisal	Actual	%	Appraisal	Actual	%	Appraisal	Actual	%	Appraisal	Actual	%	Appraisal	Actual	%
Infrastructure		504.60			2.81											416.00	507.41	121.97
Leasehold Forest and NTFP		348.95			0.69											677.00	349.64	51.65
Crops and Livestock		332.59			4.90											428.00	337.49	78.85
Microfinance and Marketing		111.61														238.00	111.61	46.89
Institutional Development		1,251.59			224.13					299.00	103.16	34.50				1,753.00	1,578.88	90.07
Total	2,921.00	2,549.34	87.3	292.00	232.53	79.6				299.00	103.16	34.50				3,512.00	2,885.03	82.15

Phase II

Component	IFAD loan			IFAD grant			Local Government			Government			Beneficiaries & Private Sector			Total		
	Appraisal	Actual	%	Appraisal	Actual	%	Appraisal	Actual	%	Appraisal	Actual	%	Appraisal	Actual	%	Appraisal	Actual	%
Community Infrastructure	3,106.00	3,257.05	104.9				385		-	181.00		-	42.00		-	3,714.00	3,257.05	87.7
Leasehold Forest and NTFP	1,954.00	2,227.15	114.0				116		-	132.00		-	362.00		-	2,564.00	2,227.15	86.9
Crops and Livestock	1,442.00	1,624.14	112.6							188.00		-				1,630.00	1,624.14	99.6
Microfinance and Marketing	1,325.00	470.04	35.5							401.00		-				1,726.00	470.04	27.2
Institutional Support	1,786.00	3,027.38	169.5	169.00	324.08	191.8				1,341.00	1,367.57	102.0			-	3,296.00	4,719.03	143.2
Unallocated	437.00		-	119.00		-										556.00		-
Total	10,050.00	10,605.76	105.5	288.00	324.08	112.5	501.00			2,243.00	1,367.57	61.0	404.00			13,486.00	12,297.41	91.2

Phase III

Component	IFAD loan			IFAD grant			Local Government			Government			Beneficiaries & Private Sector			Total		
	Appraisal	Actual	%	Appraisal	Actual	%	Appraisal	Actual	%	Appraisal	Actual	%	Appraisal	Actual	%	Appraisal	Actual	%
Community Empowerment	7,194.00	5,091.91	70.8				-	8.45		1,370.00	995.70	72.7				8,564.00	6,096.06	71.2
Social Empowerment	2,543.00	359.23	14.1							484.00	72.05	14.8				3,027.00	431.28	14.2
Economic Empowerment	4,651.00	4,732.68	101.8					8.45		886.00	923.65	104.3				5,537.00	5,664.78	102.3
District Service Delivery Improvement	953.00	137.37	14.4							182.00	27.17	14.9				1,135.00	164.54	14.5
Project Management	1,657.00	1,201.79	72.5							2472.00	1,411.94	57.1				4,129.00	2,613.73	63.3
Unallocated	839.00		-							156.00		-				995.00	-	-
Total	10,643.00	6,431.07	60.4		-	-		-	8.45	4,180.00	2,434.80	58.3		-	-	14,823.00	8,874.32	59.9

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

Phase I

Category	Category description	Original allocation	Revised allocation	Disbursement	W/A pending	Balance	Per cent disbursed
I	Civil Works for Part A (II) of Project	240,000.00	322,562.11	322,562.11	-	-	100.00
II	Equipment, Materials & Vehicles	520,000.00	195,427.21	195,427.21	-	-	100.00
III	Training & Studies & CSO Services	970,000.00	776,575.65	776,575.65	-	-	100.00
IV	Credit	70,000.00	63,917.13	63,917.13	-	-	100.00
V.a	Institutional & Management Support	200,000.00	184,986.38	184,986.38	-	-	100.00
VI	Incremental Operating Cost (Excluding salaries and allowances)	210,000.00	149,427.30	149,427.30	-	-	100.00
	Unallocated	90,000.00					
	Total	2,300,000.00	1,692,895.78	1,692,895.78			100.00

Phase II

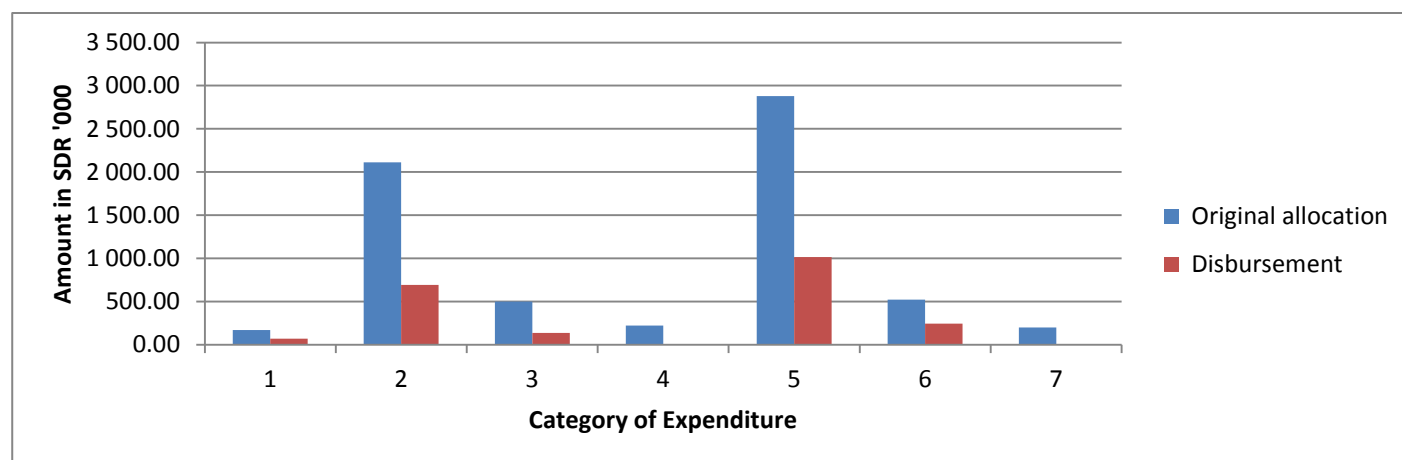
Category	Category description	Original allocation	Revised allocation	Disbursement	W/A pending	Balance	Per cent disbursed
VIII	Community Infrastructure	2,060,000.00	2,060,000.00	2,024,505.84		35,494.16	98.28
IX	LFUG Development Investments	470,000.00	900,000.00	862,150.02		37,849.98	95.79
X	Equipment, Materials and Vehicles	870,000.00	80,000.00	75,572.63		4,427.37	94.47
XI	Crop & Livestock Sub-projects	160,000.00	540,000.00	513,138.85		26,861.15	95.03
XII	Training and Workshops	930,000.00	1,200,000.00	1,135,285.75		64,714.25	94.61

XIII	Studies and Research	290,000.00	240,000.00	239,397.37		602.63	99.75
XIV	Contract for NGO Services and Institutional and Management Support	500,000.00	1,750,000.00	1,758,230.42		(8,230.42)	100.47
XV	Credit Capital	600,000.00	7,000.00	6,403.19		596.81	91.47
XVII	Operations & Maintenance	520,000.00	350,000.00	239,958.67		110,041.33	68.56
	Unallocated	300,000.00	180,104.22			180,104.22	-
	Total	6,700,000.00	7,307,104.22	6,854,642.74		452,461.48	93.81

Phase III

Category	Category description	Original allocation	Revised allocation	Disbursement	W/A pending	Balance	Per cent disbursed
III-1	Phase III Equipment & Vehicles	170,000.00		69,170.94	10,017.24	90,811.82	40.69
III-2	Phase III Studies, Survey, Training and workshop	2,110,000.00		690,421.40	553,675.62	865,902.98	32.72
III-3	Phase III Local Technical Assistance	500,000.00		136,122.38	68,712.98	295,164.64	27.22
III-4	Phase III Challenge Fund	220,000.00		-	-	220,000.00	0.00
III-5	Phase III Community Investment Fund	2,880,000.00		1,013,874.52	1,659,355.49	206,769.99	35.20
III-6	Phase III Operation & Maintenance	520,000.00		244,975.32	88,317.09	186,707.59	47.11
	Phase III Unallocated	200,000.00		-	-	200,000.00	0.00
	Initial deposit			667,227.11	-	(667,227.11)	
	Total	6,600,000.00	-	2,821,791.67	2,380,078.42	1,398,129.91	42.75

Figure 1: IFAD loan disbursement, comparisons between original allocation and actual disbursement



IFAD Grant C 567 disbursements (SDR, as at 5 February 2016)

Category	Category description	Original allocation	Revised allocation	Disbursement	W/A pending	Balance	Per cent disbursed
Phase I							
V b	Technical Support for Training, Implementation Support and Travel Allowance for Part E of the Project	230,000.00	156,957.46	156,957.46		-	100.00
	Sub Total	230,000.00	156,957.46	156,957.46	-	-	100.00
Phase II							
X VII	Local Technical Assistance Training, Implementation Support and Travel Allowance for Part E of the Project	60,000.00	133,042.54	133,020.66		21.88	99.98
	Initial deposit	-					
	Total	290,000.00	290,000.00	289,978.12		21.88	99.99

IFAD Grant DSF 8010/NP- Disbursements (SDR, as at 5 February 2016)

Category	Category description	Original allocation	Revised allocation	Disbursement	W/A pending	Balance	Per cent disbursed
Phase II							
V b	Local Technical Assistance	190,000.00	-	121,916.98		68,083.02	64.17
	Sub Total	190,000.00	-	121,916.98	-	68,083.02	64.17
	Initial deposit	-		18,900.01		(18,900.01)	
	Total	190,000.00	-	140,816.99		49,183.01	74.11

Table 5D: Reallocation of Phase III and Carry Forward from Phase II

Category	Description	Amount in SDR						
		Allocated Amount	Disbursed	WA Pending	Expected Expenditure in Remaining Period	Total	Reallocation of Phase III	Reallocation (Carry Forward) from Phase II
III-1	Equipment & Vehicles	170,000	69,171	10,017	2,137	81,325	81,325	-
III-2	Studies, Survey, Training and workshop	2,110,000	690,421	553,676	335,928	1,580,025	1,580,025	-
III-3	Local Technical Assistance	500,000	136,122	68,713	237,505	442,340	442,340	-
III-4	Challenge Fund	220,000	-	-	-	-	-	-
III-5	Community Investment Fund	2,880,000	1,013,875	1,659,355	1,542,815	4,216,045	3,955,045	452,461
III-6	Operation & Maintenance	520,000	244,975	88,317	207,973	541,265	541,265	-
	Unallocated	200,000	-	-		-	-	-
	Total	6,600,000	2,154,565	2,380,078	2,326,357	6,861,000	6,600,000	452,461

Appendix 6: Compliance with legal covenants: Status of implementation

Section	Covenant	Target/Action due date	Compliance Status/Date	Remarks
1.05	Appointment of the Cooperating Institution. The Fund intends to appoint the United Nations Office for Project Services (UNOPS) as the Cooperating Institution, with the responsibilities set forth in Article III (The Cooperating Institution) of the General Conditions, to administer the Loan and supervise the Project, at the expense of the Fund, in accordance with the Cooperation Agreement. The Borrower hereby agrees to such appointment.	On Loan effectiveness	Complied with. IFAD now directly supervising since 2008.	
2.03	Special Account. (a) The Borrower shall open and thereafter maintain in the Kathmandu Bank Office of the Nepal Rastra Bank a Special Account denominated in US Dollars for the purpose of financing the Project.	On loan effectiveness	Complied with	
.	(c)The Project Director shall operate the Special Account jointly with the Project Accounts Officer of the Ministry of Local Development in accordance with Section 4.08 of the General Conditions	On loan effectiveness	Complied with	
2.04	The Borrower and each Project Party shall use the proceeds of the Loan and the Grant exclusively to finance Eligible Expenditures in accordance with this Agreement and the General Conditions. Without limited the generality of the foregoing, it is agreed and understood that it is the policy of the Fund that neither the Loan nor the Grant proceeds be used to pay Taxes, including (but not limited to) any Taxes levied on the importation, procurement or supply of any goods, civil works or services financed by the Loan.	During project period	Ongoing Compliance	
3.01	The Borrower declares its commitment to the goals and purposes of the project as stated in Schedule 1	During project period	Ongoing Compliance	
3.02	The PCU shall prepare a draft annual work plan and budget ("AWPB") for each Project Year in accordance with the procedure described in paragraph 17 of Schedule 3. Each draft AWPB shall include, among other things, a detailed description of planned project activities during the coming Project Year, and the sources and uses of funds therefore	During project period	Ongoing compliance	AWPB's are prepared at the district level in consultation with the VDCs and SMs based on Community Investment Plan for each VDC with inputs from PCU and consolidated at the PCU.
	The PCU shall submit each draft AWPB through the PSC and the Lead Project Agency to the Fund, for their respective comments and approval, no later than 15th April of each fiscal year. If neither the Fund nor the Cooperating Institution comments on the draft AWPB within 30 days after receipt, the AWPB shall be deemed approved.	15th April of each year	Delayed compliance	AWPB for 2015-16 submitted on 02-09-2015

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	The Lead Project Agency shall adopt each AWPB approved by the Fund and the Cooperating Institution, and the PCU shall provide copies thereof to the Fund and the Cooperating Institution, prior to the commencement of the relevant Project Year.	Before 15 th July each year	Complied with	
	If required, the PCU, through the Lead Project Agency, may propose adjustments to the AWPB during the relevant Project Year, which shall become effective upon approval by the PSC and the Fund.		Ongoing compliance	
3.03	The Lead Project Agency shall open and thereafter maintain in the Kathmandu Banking Office of the Nepal Rastra Bank a current account denominated in US Dollars for receiving Grant funds to partially finance the Institutional Support component. The Project Director and the Project Accounts Officer of the Ministry of Local Development shall each be fully authorised to jointly operate the Grant Project Account.	On Grant effectiveness	Complied with	
	The Lead Project Agency shall open and thereafter maintain in the Nepalganj branch of the Nepal Rastra Bank a current account denominated in Nepalese Rupees to receive Loan proceeds for PCU support. The PCU Project Account shall be protected against set-off, seizure or attachment on terms and conditions proposed by the Borrower and accepted by the Fund. The Project Coordinator and the Project Accounts Officer of the Ministry of Local Development shall each be fully authorised to jointly operate the PCU Project Account.	On loan effectiveness	Not complied	Not relevant as the Government of Nepal is applying a Treasury Single System in all 75 districts. A current account denominated in Nepalese Rupees to receive Grant proceeds for PCU support is opened and maintained in Nepal Rastra Bank. Nepalganj Branch.
	The Lead Project Agency shall cause each DDC to open in the local branch of a commercial bank two current accounts in Nepalese Rupees for project operations one for funds for Green Road Sub-Component and the other for other project operations. The Local Development Officer and the Accounts Officer of the DDC shall each be fully authorised to jointly operate both the Green Road Project Account and the DDC Project Account.	On loan effectiveness	Not complied with.	Not relevant as the Government of Nepal is applying a Treasury Single System in all 75 districts. The Green Road Sub-component has already been dropped.
	The Lead Project Agency shall cause each LDFB to open in the local branch of a commercial bank a current account in Nepalese Rupees to receive funds from the DDC for project operations other than the Green Road Sub-Component. The Executive Secretary of the LDFB and the Team Leader of the District Team shall each be fully authorised to jointly operate the LDFB Project Account.	On loan effectiveness	Not complied with.	Not relevant as the Green Road Sub-component has already been dropped.
3.04	The Borrower shall make the proceeds of the Loan available to the Lead Project Agency in accordance with the AWPBs and its national procedures for development assistance to carry out the Project.	During project period	Ongoing compliance	

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Appendix 6: Compliance with legal covenants: Status of implementation

3.05	In addition to the proceeds of the Loan, the Borrower shall make available to the Lead Project Agency and each other Project Party, promptly as needed, such funds, facilities, services and other resources as may be required from time to time to carry out the Project in accordance with this Agreement.	During project period	Ongoing compliance	
	Borrower shall ensure that the State makes available to the Lead Project Agency during the Project Implementation Period counterpart funds in an aggregate amount of approximately USD 5 926 000. In accordance with its national procedures for development assistance. For such purpose, the Borrower shall make budgetary allocations, annually in advance for each Fiscal Year, in an amount equal to the estimated counterpart contribution called for in the AWPB for the relevant Project Year and make such allocations available to the Lead Project Agency every four months in advance.	During project period	Ongoing compliance	
	The Borrower shall also cause each DDC and VDC to make available to the LDFB during the Project Implementation Period counterpart funds in accordance with the relevant District Agreement as described in paragraph 9 of Schedule 3.	During project period	Ongoing compliance	
3.06	The Lead Project Agency shall transfer funds to the DDC and LDFB only if the relevant District Agreement is signed and delivered to the Fund and the Cooperating Institution.	Prior to first transfer of funds to DDC	Complied with	
3.07	The PCU and each of the Project Parties shall procure all items financed by the Loan or Grant in accordance with Schedule 4.	During project period	Ongoing compliance	
4.01	The PCU shall establish, as soon as practicable but in no event later than twelve months after the Effective Date, and thereafter maintain an appropriate information management system to enable it to continuously monitor the Project in accordance with Section 8.02 (Monitoring of Project Implementation) of the General Conditions, based on indicators selected by the PCU in consultation with the Participants and accepted by the Borrower and the Fund.	Before December 2003	Complied with.	
4.02	The PCU shall submit to the PSC, the Fund and the Cooperating Institution thrice-annual and annual progress reports on Project implementation, as required by Section 8.03 (Progress Reports) of the General Conditions, no later than two months after the end of each reporting period.	Before January 15, May 15, September 15, each year	Complied with	
4.03	The Borrower, the Fund, the Cooperating Institution and the Participants shall jointly carry out a review of Project implementation at the beginning of the second half of each of the fourth and eighth Project Years. Each Phase Review shall consider progress as well as constraints regarding achievement of Project objectives, and recommend such	In July 2007 and 2011	Complied with	

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	<p>reorientation as may be required to achieve such objectives. Such progress and / or constraints shall be evaluated based on terms of reference prepared by the PCU and approved by the Fund and the cooperating Institution. Specific trigger indicators, described in paragraphs 19 and 20 of Schedule 3 shall set the minimum threshold to be met before the Project may proceed to the following Phase. The Fund shall determine whether the trigger indicators have been met.</p> <p>The results of the Phase review and recommendations thereon shall be communicated to the Fund, and shall be the basis upon which (i) the Fund shall determine whether its funding for the Project shall continue during the following phase, and (ii) in the event that the Fund shall continue its funding for the Project, a mutually accepted Action Plan and Design for the following Phase shall be formulated. The Borrower hereby acknowledges that unsatisfactory performance during any Phase, as evaluated according to the terms of reference and trigger indicators described above, may result in the decision by the Fund to delay the commencement of, or cease funding for, the following phase.</p> <p>(i) cease funding for the Project, any unused Loan and Grant Proceeds shall be cancelled;</p> <p>(ii) Delay the commencement of the following Phase of the Project, the Borrower agrees to take any action as recommended and communicated by the Fund. A second review shall be conducted in accordance with the procedures set out. The results of such review shall be communicated to the Fund, which shall then make a final determination as to whether to continue to the following Phase or to cease funding under the Project. The delay shall not extend beyond one year, during which period the Borrower shall not incur eligible expenditures; or</p> <p>(iii) Proceed with the following Phase of the Project, the Borrower and the Fund shall agree on an Action Plan and Design for the following Phase, based on the findings of the current Phase Review. Such Action Plan and Design shall be finalised no later than two months prior to the end of the current phase, and shall result in reallocations of Loan and Grant Proceeds and/or other modifications to the Loan Documents.</p> <p>The Borrower shall ensure that, should the Fund decide the Project shall continue to the following Phase, the recommendations resulting from the current Phase Review are implemented within the time specified therefore and to satisfaction of the Fund. It is agreed and understood that such recommendations may result in modifications to the Loan Documents or cancellation of the Financing. It is further agreed and understood that failure to implement the recommendations resulting from</p>			
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	any Phase Review within the time limits specified may result in cancellation of the Financing.			
4.04	The PCU and the Cooperating Institution shall agree on the form and content of the Project Completion Report required by Section 8.04 (Completion Report) of the General conditions, and the PCU shall submit such Completion Report to the Borrower, the Fund and the Cooperating Institution for discussion no later than six months after the Project Completion Date. In addition to those minimum requirements specified in said Section 8.04, the completion report shall follow such relevant guidelines as the Fund may establish from time to time.	By 31 March 2017	Discussed and being agreed	
4.05	The Borrower and each Project Party shall facilitate all evaluations and reviews of the Project that the Fund may carry out during the Project Implementation Period and for ten years thereafter, as required by Section 10.05 (Evaluations of the Project) of the General Conditions.	During project implementation and ten years thereafter	Ongoing compliance	
5.01	The PCU shall prepare the financial statements of the operations, resources and expenditures related to the Project required by Section 9.02 (Financial Statements) of the General Conditions in respect of each Fiscal Year and deliver such financial statements to the Borrower, and the Fund within three months after the end of each Fiscal Year.	By October 15 each year	Complied with	Submitted on 7 January 2016 for the year 2014-15.
5.02	a) The Auditor-General of the Borrower or his or her designated representative shall audit the accounts relating to the Project for each Fiscal Year until the Closing Date. b) The Borrower shall have the financial statements relating to the Project audited each Fiscal year by the Auditor General in accordance with the International Standards of Auditing. In accordance with Section 9.03 of the General Conditions. The PCU shall deliver the audited accounts and reports as required to the Fund within six months of the end of each Fiscal Year	By January 15 each year	a) Ongoing compliance. b) Not complied	Audited financial statements for 2014-15 not yet submitted. Audited statement for 2013-14 signed on 24 March 2015 which is delayed by almost three months.
6.01	The Fund, after consultation with the Borrower, may suspend, in whole or in part, the right of the Borrower to request withdrawals from the Loan and / or Grant Account in accordance with Section 12.01 of the General Conditions, upon the occurrence of any of the events set forth therein;		N/A	
6.02	The Fund may terminate the right of the Borrower to request withdrawals from the Loan and / or Grant Account in accordance with Section 12.02 of the General Conditions upon the occurrence of any of the events set forth therein, or if any Phase Review has recommended that the Project be terminated.		N/A	
6.03	The Fund may declare the outstanding principal amount of the Loan, together with all accrued and unpaid service charge thereon, immediately		N/A	

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	due and payable in accordance with Section 12.05 of the General Conditions, upon the occurrence of any of the events set forth therein.			
6.04	If the Borrower does not timely furnish any audit report required by Section 5.02 and the Fund, after consultation with the Borrower, determines that the Borrower is unlikely to do so within a reasonable period thereafter, the Fund, or the Cooperating Institution on behalf of the Fund, may engage independent auditors of its choice to audit the accounts relating to the Project. For such purpose, the Borrower and the Project Parties shall make their financial and other records available to such auditors promptly upon request, accord them full rights and privileges as agents of the Fund. The General Conditions and otherwise cooperate fully with such audit. The Fund shall make the audit report available to the Borrower promptly upon its completion. The Borrower hereby authorises the Fund to finance cost of such audit by withdrawal from the Loan Account on behalf of the Borrower.		N/A	
7.01	This Agreement shall become effective in accordance with Article XIII of the General Conditions			
SCH. 3 1.1	Ministry of Local Development in its capacity as the Lead Project Agency, shall have overall responsibility for the implementation of the project.	On loan effectiveness	Not complied	GoN has transferred implementation of the project to Ministry of Cooperative Poverty Alleviation
2.1	The Borrower shall establish and maintain throughout the Project Implementation Period a Programme Steering Committee ("PSC").	During project period	Ongoing compliance	
3.1	The Borrower shall establish and maintain a Project Coordination Unit (the "PCU") within the Lead Project Agency. The PCU shall enjoy operational autonomy and, to this end, the Borrower shall issue a delegation of authority to the Project Coordinator to take any action necessary for Project implementation.	During project period	Ongoing compliance	
4.1	The Borrower shall appoint a qualified and experienced Project Coordinator from among the civil servants of the Borrower with experience in managing people-centered poverty alleviation projects. The PC shall serve for at least two years and any successor shall be acceptable to the Fund.	During project implementation	Complied with	
6.1	The Lead Project Agency shall establish maintain throughout the Project period a District Team in each District, which shall act as the executing arm of the LDFB.	During project implementation	Ongoing compliance	The District Team lies within DDC instead of LDFB following a restructured management structure of the Phase III.
7.1	The Borrower shall appoint and train a Local Development Fund Advisor to support the District Team. He/she shall remain in the Project at least	During project implementation	Complied with.	Position title has been changed as Deputy District

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	until the formation of the District-level CO federations			Project Coordinator.
8.1	Each LDFB shall recruit Social Mobilizers who shall report to the Senior Social Mobilizer of each District Team.	During project implementation	Complied with.	SMS contracted directly by DDPCU in Phase III
9.1	The Lead Project Agency and the LDFB and DDC of each District shall enter into a tripartite District Agreement for Project implementation at the District level		Complied with.	In Phase III District PCU now under DDC. LDFB is not main project implementer in districts.
15.3	The Borrower shall prepare draft Micro-credit By-laws for the Micro-finance Component not later than 12 months after the Effective Date.	By December 2003	Complied with.	Micro-credit activities now discontinued in Phase III
18.1	The PMU shall prepare draft Project Implementation Manual not later than 12 months after the Effective Date.	By December 2003	Complied with.	A new PIM prepared for Phase III.
SCH. 3A 1	The Borrower shall : (a) Make available to the participants public land requested by the DFO within six months of such request, including ensuring that the RFD approves the DFO operational plans in a timely manner; (b) Lease the land to each LFUG for a period not less than 25 years, with a provision of additional 15 years and (c) Ensure that each DDC establishes a leasehold oversight committee to ensure that leasehold lands are made available exclusively to the Target Group.		Ongoing compliance	
2	Within six months of the date of effectiveness, the Borrower shall have obtained the grant funding necessary for the entire Project Implementation Period	By June 2003	Not complied	
3	The Borrower shall ensure that the concerns of the women and dalits are integrated into all Project activities during Project implementation.	During project implementation	Ongoing compliance	Women and dalits are encouraged to participate in CIP processes in Phase III and in LFUG and CO activities
4	Within six months of the Effective date the Borrower shall have concluded agreements with private companies for , inter alia, the Nursery and NTFP Marketing Sub Components on the terms and conditions accepted by the Cooperating Institution.	By June 2003	Complied with.	Activities discontinued in Phase III
5	The Borrower shall ensure that the monitoring and evaluation system is established within 12 months of the Effective date	By December 2003	Complied with	
6	The Borrower shall insure Project personnel against accident risks and shall insure all vehicles and equipment funded by the Project	During project period	Partially Complied with	Equipment are not insured 3xcept vehicle & District project staff except DDPC

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				are not insured
SCH 4 1	Procurement of goods and civil works financed by the Loan shall be subject to the provisions of the "Guidelines for Procurement under Financial Assistance from the International Fund for Agricultural Development of 1982", as such guidelines may be amended from time to time by the Fund (the "Procurement Guidelines").	During project period	Ongoing compliance	The Public Procurement Act and Regulation of Govt of Nepal are being followed for procurement.
2	Procurement of consultant services financed from the proceeds of the Loan shall be undertaken in accordance with procedures proposed by the Borrower and approved by the IFAD.	During project period	Ongoing compliance	
3	To the extent possible, the goods, civil works and services shall be bulked into sizeable bid packages in such a manner as to permit the optimal use of competitive bidding. Before the commencement of procurement, the Borrower shall furnish to the Cooperating Institution, for approval: (i) a list or lists of goods and services to be procured; (ii) the proposed grouping of these goods and services; and (iii) the proposed number and scope of civil works contracts to be awarded.	During project period	Ongoing compliance	
8	Local Competitive Bidding (LCB). Each contract for the supply of equipment, materials and vehicles estimated to cost USD 10000 equivalent or more but less than USD 1000000 equivalent shall be awarded on the basis of competitive bidding advertised locally, in accordance with procedures approved by the IFAD.	During project period	Ongoing compliance	
10	Local Shopping Each contract for the supply of goods, vehicles and equipment estimated to cost less than USD 10 000 equivalent may be awarded on the basis of evaluating and comparing bids invited from at least three suppliers, in accordance with procedures approved by the IFAD.	During project period	Ongoing compliance	
11	Procurement of civil works shall be conducted with the established national procedures of the Borrower.	During project period	Ongoing compliance	
12	Local Competitive Bidding (LCB). Each contract for consultant services estimated to cost USD 20 000 equivalent or more shall be awarded on the basis of competitive bidding procedures approved by the IFAD.	During project period	Ongoing compliance	
13	Direct Contracting. Each contract for consultant services estimated to cost less than USD 20 000 equivalent shall be awarded through direct contracting with the consultant, in accordance with the procedures approved by the IFAD.	During project period	Ongoing compliance	
14 & 15	Procurement of Goods and Services. In the procurement of goods and consultant services, everything else being equal, preference shall be given to goods manufactured in the territory of the Borrower and consultants from developing Member States of the Fund.	During project period	Ongoing compliance	

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16	The award of any contract for goods, vehicles and equipment or civil works estimated to cost USD 50 000 equivalent or more shall be subject to prior review by the IFAD in accordance with the provisions of Annex 3 to the Procurement Guidelines.	During project period	Ongoing compliance	
17	The award of any contract for consultant services estimated to cost USD 50 000 equivalent or more shall be subject to prior review by the IFAD.	During project period	Ongoing compliance	

Appendix 7: Knowledge management: Learning and Innovation

The keen interest of MoCPA in adopting and scaling up WUPAP's best practices clearly states the project's achievement in developing an effective approach for beneficiary targeting and programme delivery. While the best practices are discussed below, the mission strongly recommends the development of thematic case studies, as outlined in the agreed actions, to address the challenges for a more effective replication of WUPAP's approach.

Reaching Poorest Households–Targeting: WUPAP implements an intensive participatory targeting process of involving beneficiaries using PRA methodologies. Up to 2 days are spent in each ward for wealth ranking of each HH, and for social and resource mapping, followed by verification by key informants. Needs are then collected directly from the beneficiaries through the CPCU, and as a community, the beneficiaries prioritize project interventions in detail using positive discrimination. The CIPs are consequently integrated into the project AWPB and VDC plans.

As recognized by the previous supervision mission, through this intensive process, the project has focused on the poor and marginalized groups, including Dalits, Janajatis and women-headed households, in remote areas of mid-western and far-western regions of the country. Till date, out of 26,997 households supported for livelihood activities under CIF, 13,866 households (51.4%) belong to the *dalit* and *janajati* communities. Among the 153 C-PCUs promoted by the project in Phase III, 31% are *dalits*, 15% *janajatis*, and 53% are women. As a result, the project's poverty focus and targeting effectiveness has been appreciated by not just GoN and IFAD, but also by the beneficiaries themselves. According to the social mobilisers, such levels of beneficiary participation in targeting and delivery have resulted in minimal conflicts during implementation.

However, for providing timely support to the extreme poor, the need to improve the targeting processes in terms of flexibility and responsiveness has been recognized. The project's current targeting and planning structure is fairly rigid, as it does not allow mid-year inclusion of previously unidentified or missed households into the CIPs. The need for flexibility arises in including households that have recently slipped into poverty due to unforeseen circumstances. A few cases were identified during the field visits, where households had suffered untimely death of its breadwinner, or a single household had split in two, but were waiting for the annual PRA cycle for inclusion in the CIP, and for at least 3 additional months for receiving support. Therefore, the delay in service delivery due to lengthy targeting and planning processes is of concern, and should be explored for enhancement through case studies.

Building Gender Concerns into Project Interventions: Although WUPAP does not have a consolidated strategy for gender mainstreaming, gender concerns are woven into the project activity plans, with fairly gender sensitive implementation of project interventions targeting female beneficiaries.

In Phase II and III, the project mobilised 2641 COs and 887 LFUGs with 49.5% and 41.25% female membership respectively. For this significant number of female beneficiaries, in Phase III, the project promoted meeting and training times suitable for rural women, usually after 12pm. In addition, in several occasions, provisions were also made for the trainee's child as well as the child's caretaker.

Promoting women as decision makers has also been significant, particularly in Phase III. Women hold 40% of the key positions within the 153 C-PCUs. Further, women are also provided equal voting rights in cases where C-PCU decisions on project intervention priorities are not unanimous. As a result, WUPAP interventions directly respond to the needs voiced by rural women, including livelihood improvement support on on-farm activities such as goat rearing and vegetable cultivation, and off-farm activities such as tailoring, nettle product making, blanket weaving, and others. Even more significant, perhaps, is the level of women's drudgery reduced as a direct result of the 212 water supply schemes and 106 improved water mills funded by WUPAP.

WUPAP's 153 social mobilisers (SMs), majority of whom are women, play a major role in ensuring gender sensitive interventions. Over a period of several years, the project has capacitated SMs with

various trainings on social empowerment, GESI and leadership. As residents of their respective 153 VDCs, these empowered female SMs have become key channels for the empowerment of their own communities. A number of female SMs have also independently taken the responsibility as Managers of WUPAP supported cooperatives, with the intention of continuing their facilitation post project.

However, a clear gender mainstreaming strategy to guide the Project M&E and KM would have been ideal, particularly to address unforeseen circumstances. During field visits, the SMs revealed cases where female beneficiaries were unable to make full use of WUPAP's livelihood improvement support, specifically due to pregnancy or old age. While true needs from these women had been initially collected, such as improved cooking stove to reduce the drudgery in collecting firewood, they did not fall under WUPAP's scope of interventions. In cases of the pregnant and elderly, the basic needs expressed must be respected, and provisions must be made either for direct funding as an exception, or at least coordination with relevant institutions.

Foundation for the Economic Growth Trajectory of Rural Households: With a total of 2641 COs, 887 LFUGs and 106 cooperatives, the project has set the foundation for economic growth at the grassroots level. While the COs and LFUGs have continued since Phase II, the recently graduated cooperatives, however, need further support for sustainability.

The project promoted savings and credit amongst CO members, and about 88% of these are reported to be active. The cumulative savings mobilized by these COs have amounted to NPR 31.84 million, with an average of NPR 12,274 per CO. Each member contributes between NPR 50-100 per month, and the fund is used for inter-lending largely for need-based consumption purposes. The LFUGs have also been particularly active. With a total of 11,326 hectares of forest land on a 40-year lease, LFUG members have both rehabilitated the degraded forest area through land management, and enhanced their income generation opportunities through various NTFP and MAP cultivation in the forest area.

To further sustain and enable growth within these grassroots institutions, the project began facilitating the graduation of COs into cooperatives in Phase III. WUPAP in total has promoted 106 cooperatives, including 25 SFACLs, and intends to start another 30 Cooperatives in FY 2015-16. The project during 2014-15 has provided significant contribution towards seed capital, management costs, training costs, and registration costs to a number of cooperatives. In addition, WUPAP has also made an allocation of NPR 400,000 each for 136 cooperatives this year.

However, many of the cooperatives remain young, and require continued support for their evolution into financial intermediaries. Given the challenge of meeting cooperative milestones with poor members of the rural community, both technical and financial backstopping are required to cover operating deficits beyond the project period, until the cooperatives achieve the breakeven point.

MoCPA's keen interest in adopting WUPAP's best practices for scaling up, and continuing support to young cooperatives is a promising step forward. The thematic case studies, recommended by the mission, should take a deeper look into this concern, and provide informed recommendations for future support.

Community Ownership of Project Interventions: WUPAP's participatory targeting and service delivery processes, which provide the beneficiary communities significant control over the application of the investment fund, has directly resulted in an increased ownership of project interventions. The community members, as part of the C-PCU and with support from the SMs and the PCU, have the responsibility to develop and improve the community investment plans (CIP) for inclusion in the project AWPB and VDC plans. In addition, the C-PCUs also have the right to select and reject service providers, monitor progress and effectiveness of interventions, and hold public audits.

The leasehold forestry and farmer field school (FFS) programmes under WUPAP were observed as being particularly valued by the beneficiaries. Understanding the potential economic benefits and value of leasehold forests, LFUGs have actively sought to protect the forest area using natural as well as wired fencing, to protect their investments in NTFP and MAP cultivation. Further, some LFUGs have even managed to independently secure VDC funding. Similarly, FFS participants met during the field visits had also replicated the sustainable agriculture and IPM practices by mobilizing their own

resources, without facilitation from WUPAP. Using the FFS promoted practices in vegetable cultivation, a female farmer in Dailekh had made enough profits to pay back the amount borrowed, and tore-invest in the upcoming vegetable season as well.

However, the demand driven strategy for defining CIF investments has also resulted in poor selection of activities by some households, while innocently following their peers. For example, as goat rearing continues to remain popular among rural communities, cases exist where elderly households have realized investment in poultry to more suitable, but only after receiving goats and failing to take good care of the livestock. In such cases, adequate counselling by SMs and LRPs may be necessary.

The maintenance and repair of small infrastructure is also a concern. Though the project established user committees for implementing infrastructure interventions, it did not put in place a system of payment of user charges for creating a fund required for maintenance. As a result, the communities seek the project to take responsibility for maintenance and repair. To address this issue, the mission recommends the inclusion of a maintenance guideline when handing over infrastructures to the VDC.

Structured Support for Economic Activities: Through the CIP model, WUPAP has implemented several livelihood activities targeting the ultra-poor and poor households, including goat rearing, backyard poultry, vegetable cultivation, fruit orchard development, and NTFP cultivation. In addition, the project has also provided support for off-farm activities including tailoring, black smithy, nettle product making, and weaving of woollen blankets.

The project utilizes a more rounded approach to providing support, as opposed to simply providing investment funds. In addition to grant support to kick-start income generating activities, beneficiaries also receive business planning facilitation. Further, the project works with several institutions, public and private, to provide technical support on livelihood activities. These include the district line agencies and LRPs for technical services in agriculture, livestock and forestry, and DADO for facilitating FFS trainings to promote sustainable agriculture and IPM practices. In addition, local skilled persons are also recruited for providing vocational training on mobile repair, sewing, furniture making and others.

However, the limited coverage as well as quality of technical services provided by line agencies remains a concern. While the project has partially addressed this through the development of LRPs, the technical support required to make poor household investments a success is still lacking in coverage. Especially in the sector for livestock, as goat rearing continues to be the most preferred activity for poor households, the mission observed two major issues: i) lack of knowledge of target households on livestock vaccination requirements, and ii) lack of effort for breed improvement.

In the FFS and financial management trainings, the trainer's knowledge of the subject matter has been in question. Situations have emerged where a more experienced technical expert is required, especially for the FFS IPM training where new pests are emerging. Further, SMs have stated the inadequacy of FM trainings provided, with a notable lack of clarity in the trainers themselves.

The teaching experience and communication skills of the resource persons are equally important. While finding skilled experts in WUPAP target districts is understandably difficult, it remains important to address the challenge of business literacy among the poor who have received no formal education or training. The project's recent study on CIF investment returns in Rolpa exemplifies this, and highlights the need for a more prolonged and innovative form of support while targeting the ultra-poor, disadvantaged and minority groups.