

THE REPUBLIC OF THE UNION OF MYANMAR

Fostering Agricultural Revitalization in Myanmar (FARM)

Supervision report

Main report and appendices

Mission Dates: 11 – 25 July 2015
Document Date: 31-Jul 2015
Project No. 1654
Report No: 3879-MM

Asia and the Pacific Division
Programme Management Department

Contents

Abbreviations and acronyms	ii
A. Introduction	1
B. Overall assessment of FARM implementation	1
C. Outputs and outcomes	2
D. FARM implementation progress	6
E. Fiduciary aspects	9
F. Sustainability	10
G. Other	11
H. Conclusion	12

Appendices

Appendix 1: Summary of project status and ratings	13
Appendix 2: Updated logical framework: Progress against objectives, outcomes and outputs	15
Appendix 3: Summary of key actions to be taken within agreed timeframes	17
Appendix 4: Physical progress measured against AWP&B, including RIMS indicators	19
Appendix 5: Financial: Actual financial performance by financier; by component and disbursements by category	25
Appendix 6: Compliance with legal covenants: Status of implementation	29
Appendix 7: Knowledge management: Learning and Innovation	35

Abbreviations and acronyms

ADB	Asian Development Bank
AMD	Agricultural Mechanization Department
AWPB	Annual Work Plan and Budget
CIG	Common Interest Groups
DA	Designated Account
DALMS	Dept. of Agricultural Land Management and Statistics
DOP	Department of Planning
DOA	Department of Agriculture
FM	Finance management
FPIC	Free, Prior and Informed Consent
GAP	Good Agricultural Practices
GoM	Government of Myanmar
HH	Households
ID	Irrigation Department
IFAD	International Fund for Agrocltural Development
IQF	Individually quick frozen
JICA	Japan International Cooperation Agency
KC	Knowledge Centre
KOICA	Korea International Cooperation Agency
LTB	Letter to the Borrower
MHDO	Myanmar's Heart Development Organization
MFI	Micro-Finance Institution
MOAI	Ministry of Agriculture and Irrigation
MOF	Ministry of Finance
NGO	Non-governmental organization
NPSC	National Project Steering Committee
OAG	Office of Auditor General
PA	Project Account
PCU	Project Coordination Unit
PIM	Project Implementation Manual
PLUP	Participatory Land Use Planning
PWC	Project Working Committee
RBF	Rural Business Fund
SLRD	Settlement and Land Records Department
TA	Technical Assistance
TORs	Terms of reference
UNOPS	United Nations Office for Project Services
WB	World Bank
WUG	Water Users' Group

A. Introduction¹

1. The Fostering Agricultural Revitalization in Myanmar (FARM) Project is IFAD's first investment project in Myanmar. The project's objective is to improve household income of smallholder and landless households in five townships² of the Nay Pyi Taw Union Territory. The project supports land development, productive infrastructure, agricultural and business services, flow of knowledge and capacity building to promote an inclusive development model. The main components of the project are: (i) Agricultural Infrastructure development: expansion of irrigated areas with complementary investments in land development identified through a participatory process; (ii) Agricultural and Business Services: creating a pluralistic participatory extension service platform to support farming households; and provide services to landless entrepreneurs to start/develop rural micro-businesses.
2. The project is financed by IFAD through a loan of USD 18.8 million, on highly concessional terms, and a grant of USD 0.8 million. The project is being co-financed by the Government, with a contribution of USD 5.3 million, private sector contribution of USD 2.4 million and beneficiary contribution of USD 0.6 million. FARM was approved by the IFAD Executive Board in April 2014 and become officially operational on 22 October 2014.
3. The first IFAD-GoM joint supervision mission for FARM took place from 11 to 25 July 2015 in Nay Pyi Taw Union Territory. The main objectives of the mission were to: (i) assess the progress made in the implementation of the project since becoming effective in October 2014; (ii) identify the actual and potential/emerging operational problems; and (iii) propose solutions, corrective measures or improvements to be done. The mission held debriefing meetings with the Ministry of Agriculture and Irrigation and the PCU on the 13th of July. Follow-up meetings with individual departments of MOAI took place between 14-17 July. Field visits were undertaken between 13-20 July. The mission also met with counterparts from the Ministry of Finance and the Office of the Auditor General on 16 July. The mission was able to visit representative samples of the activities being implemented under FARM. This included visits to selected irrigation sites and Knowledge Centres (KCs), participating in meetings for implementing community participatory processes and meeting the main representatives of the target groups as well as the township level administration. The mission also interacted with partners such as the Asian Development Bank (ADB), the Korea International Cooperation Agency (KOICA), and the United Nations Office for Project Services (UNOPS). It met with relevant private sector entities including microfinance institutions and agri-businesses.
4. A pre-wrap meeting up was held on 21 July 2015 with the various departments of MOAI to finalize the Aide Memoire and agree on the recommendation before translation of the document. The wrap-up meeting was held on 24th July 2015, chaired by H.E. The Union Minister of Agriculture and Irrigation. The IFAD Mission would like to express its gratitude to the Government of Myanmar, the FARM Project Coordination Unit, UNOPS Project Management Advisor and project beneficiaries for their cooperation and support during the mission.

B. Overall assessment of FARM implementation

5. ***The Overall Implementation Progress is rated as moderately satisfactory (4).*** It is the mission's assessment that project performance is moderately satisfactory to date. The project has now been operational for eight months, and its governance, management, fiduciary and operational frameworks have been established. The IFAD capacity building grant in favour of MOAI, executed by UNOPS, has been instrumental in this respect.
6. With regard to Component 1, preparatory works are being carried out for some 4,000 acres of land development (double the appraisal target), and the participatory land use planning approach which is a precondition for civil works is in the initial stages of execution. The

¹ Mission composition: Mr Omer Zafar, Country Programme Manager and Mission Leader; Mr Jens Kristensen, Agribusiness Specialist; Mr Michele Pirazzoli, Infrastructure Specialist; Mr Shankar A. Kutty, Procurement Specialist; Ms Han Lei, Financial Management Specialist; Ms Enika Basu, Programme Analyst and Targeting and Community Development Specialist and Myat Thiri Wai, Country Programme Facilitator.

² The five townships are: Lewe, Tatkon, Zeyathiri, Ottathiri and Pyinmana

Irrigation Department (ID) has identified the areas to be considered for land development. These consist of 5 contiguous areas in the upstream sections of the Paunglaung and Chauangmange irrigation schemes. The MOAI/PCU has established an inter-departmental Participatory Land Use Planning (PLUP) team. The PLUP process was piloted during the mission and will be rolled out as of 20 July 2015. Infrastructure design teams have been organised and machinery allocated for civil works. As for Component 2, 15 Knowledge Centres (KCs) have already been constructed in the five townships. Fifteen KC managers have been seconded from MOAI and are currently receiving a range of trainings to enable them to understand the project and deliver the services foreseen in the project. The KCs are already brokering public-private partnerships in support of small farmers, well in advance of expectations

7. The targeting strategy is still in the process of being defined. The project will hire technical assistant to draw out a gender and social inclusion strategy that will be the basis of the targeting. Wealth ranking exercise is already being undertaken in the project villages to update the baseline data that was collected during the design of the project.
8. ***The Likelihood of achieving development objectives is rated satisfactory (5).*** The overall goal of the project is to improve the economic status of poor rural women and men in the project area. Its development objective is to increase the incomes of smallholder and landless households. It is too early to assess the outcomes of the project as of yet, nonetheless the mission has already observed that a major agribusiness with large foreign investment has entered into agreement with the PCU to conduct demonstrations at each KC; it will offer contract farming arrangements for supplying produce to a new local processing plant that will export IQF vegetables to lucrative overseas markets. The new ADB Irrigated Agriculture and Inclusive Development Project, valued at USD 100 million, will scale up the KC model to Mandalay and Magway states. Two microfinance institutions have started lending operations in the project area and are actively seeking collaboration with the project. All required elements appear to be in place for achievement of the project's development objectives.

C. Outputs and outcomes

The project performance in achieving the outputs and outcomes is as rated moderately satisfactory (4)

9. ***Component 1: Agricultural Infrastructure is rated as moderately satisfactory (4).***
10. ***Preparatory works.*** While project design envisaged 2,000 acres of land development works for 2015-16, the AWPB set an ambitious target of 4,000 acres for this period. Preparatory works are underway to initiate of civil works starting in November 2015 at the end of the monsoon. These works consist of the implementation of a participatory land use planning (PLUP) process which involves a sequence of activities: (i) establishment of a PLUP field team; (ii) identification of target areas; (iii) awareness building in targeted villages; (iv) consultation meetings with farmers; (v) formation of project implementation committees consisting of farmers' representatives at block level; (vi) re-survey of plots at block level by the Dept. of Agricultural Land Management and Statistics (DALMS, formerly SLRD) to enable the Project Implementation Committees (PICs) to manage plot reallocations on equitable basis as required; (vii) development of layouts showing the indicative overlays of before/after configuration of plots within and across blocks. Once the plot reallocations proposed by PICs are agreed and signed by each farmer, the PLUP process is complete and the design of land development works at block level can be undertaken.
11. Project design envisaged that the PCU would contract a local NGO to execute the PLUP process as outlined above. However, over the past few months it has become evident that procurement of an NGO would not constitute a cost-effective solution, in light of the time required to procure, contract and mobilise a suitable NGO, the high cost structure of external service providers, the additional institutional layer in the decision making process, and most importantly the lack of added value that an external player would provide. On the other hand, it is noted that relevant MOAI departments have gained considerable experience over the past two years by directly implementing PLUP processes on contiguous land development schemes financed by JICA, KOICA, and Indian bilateral assistance. The mission reviewed the MOAI's

PLUP processes and visited relevant land development sites where they have been applied, and found them to be compliant with IFAD requirements and PIM specifications in terms of participation, quality, cost and implementation timeframe. On this basis, the mission concurs with MOAI's recommendation for direct implementation of PLUP processes rather than the proposed involvement of an NGO.

12. Relevant MOAI departments and the mission have agreed on a comprehensive workplan for the PLUP process to be included in the 2015-16 AWPB. This plan details PLUP steps and timelines, and applies a staggered rolling approach across contiguous blocks. This will allow works to start on first-stage blocks while the PLUP process is being finalized on second-stage blocks. It is noted that the PLUP process takes about four months at block level, implying that a rapid start to PLUP processes at this stage will allow construction works to commence by November in the first-stage blocks and to be completed by the end of the 2015-16 fiscal year. In light of the new project approach, a PLUP team has been set up by MOAI with PCU support and oversight; it consists of 18 specialists from relevant MOAI departments, township and village representatives and PCU staff. It is noted that the Irrigation Dept (ID) has been proactively raising awareness about the project across the targeted areas since project start up.
13. Further steps for the timely implementation of PLUP include: (i) streamlining the process by merging key steps in order to optimise the number of village meetings; (ii) increasing project ownership at MOAI level through the secondment of relevant department staff in support of the process; (iii) underlining the pivotal role of the PLUP team leader in coordinating and assigning tasks to relevant PCU staff and MOAI seconded staff; (iv) ensuring access to vehicles by the PLUP team for field level engagement. The mission recommends that the PLUP process for the 2016-17 land development programme be initiated at the beginning of 2016.

Table 1: Sites for land development under AWPB 2015-16

Irrigation scheme	Block ID	Area (acres)	# of Village Tracts	# of HH owning plots	Remarks
Paunglaung	PL-1	200	1	62	
Paunglaung	PL-2	800	1	302	
Paunglaung	PL3	1000	6	386	ID may consider split into 2 blocks
Chaungmange	CM-1	1000	4	377	ID may consider split into 3 blocks
Chaungmange	CM-2	1000	3	315	ID may consider split into 2 blocks
TOTAL		4000	15	1442	

Note: Block ID starting from upstream to downstream

14. *Site selection.* In consultation with the PCU, the ID has selected the areas to be considered for land development in 2015-16 (Table 1). These consist of five contiguous areas in the upstream sections of Paunglaung and Chauangmange irrigation schemes amounting to 4,000 acres. Field visits confirmed the favourable topographic conditions for land development. As three of the contiguous blocks identified cover relatively large areas (1,000 acres each), it is recommended that they be split into smaller but homogeneous blocks to facilitate PLUP and civil works.
15. *Design and construction preparations.* The ID has mobilized two topographic survey teams to start fieldwork after the first PLUP consultations are completed in targeted villages; and has assigned four designers for subsequent design works. The ID design team will be supported by TA providing on-the job training and quality assurance during the engineering design process, and exploring viable design upgrade solutions and cost-reducing options. The mission concurs with MOAI's proposal to contract the TA provided by development partners (such as JICA and KOICA) who are engaged in similar land development works. TA assignments are scheduled to commence simultaneously with the preliminary design of the first blocks in mid-August.
16. The procedures necessary for allocation of machinery and equipment required for civil works between November 2015 and March 2016 have already been completed; and the Agricultural Mechanization Dept. (AMD) has reportedly secured precision equipment for land levelling works across the 4,000 acres. The DALMS has ensured the prompt mobilisation of teams to carry out the re-surveys of targeted areas. The mission emphasises the importance of timely execution of this activity, as it will enable farmers to express their Free, Prior and Informed Consent (FPIC) on the adequacy of design solutions and to agree on equitable solutions for reallocation of plots. The PCU should rapidly enter into a contractual agreement with ID in this context.

17. **Participatory water management.** The formation and training of water users' groups to operate and maintain tertiary level irrigation will commence after the roll out of PLUP processes, when relevant units (i.e. tertiary channels) are identified through design works. In preparation, the PCU has established a 'water users formation team' which will be responsible for forming WUGs. The mission and ID agree to strengthen this team by mobilising a water engineer from JICA's Irrigation Training Centre in Bago, and to integrate this activity within PLUP process.
18. **Revised budget.** The mission was informed that the average cost of land development works in recently-completed schemes amounts to about MMK 1.24 million acre (about USD 1,030/acre); this represents a 18% increase compared with design estimates. As verified by the mission, the key drivers of this increase are: (i) higher standards applied for field roads; (ii) addition of a dump track to the machine combination for road fill; (iii) additional access culverts. The mission and MOAI have agreed to a corresponding revision in the budget allocation for land development (under IFAD financing) in the 2015-16 AWPB. It is also agreed that, while not compromising on quality, design works would seek cost-reducing options such as: (i) different standard widths for farm roads depending on use; (ii) location of field access culverts based on land ownership; (iii) following existing embankments/alignments; (iv) increasing average plot length to reduce field road density. These and other options will be evaluated during the design process, with TA support. Other corrections to the 2015-16 budget emerging from experience include: (i) increasing budgets and correcting the financing rule for DALM's ex-ante surveys; (ii) postponing MOAI training activities and study tours to 2016; (iv) renting vehicles for the PLUP process.

Agreed action	Responsibility	Agreed date
Re-consider boundaries for areas selected for land development to about 500 acres per contiguous block	PLUP Team / ID	Immediately
Send request to DALMS team; start DALMS verification survey of targeted areas	PCU / PLUP Team / ID/ DALMS	Immediately
Plan training activities in detail	ID / TA (UNOPS grant)	15 Jan. 2015
Contract TA to support the ID design team	ID/ PCU	15 Aug. 2015
Complete the PLUP process across 4,000 acres	PLUP TL	15 Dec. 2015
Contracting and start of construction works	PCU / ID / AMD	1 Nov. 2015

19. **Component 2: Agriculture and Business Services is rated as moderately satisfactory (4).** The mission reviewed the current AWPB and recommended necessary changes to the activities and budget in view of enhancing implementation speed of Component 2. Consequently, detailed activity budgets have been prepared for the component by the PCU and DOA necessitating adjustment of the AWPB 2014/16. Presently the implementation of the AWPB is behind schedule, however it will be feasible to implement the revised AWPB if the MOAI seconds two senior officers taking the lead in implementation of the KC support and the five agriculture advisory specialists are hired together with the two Business Development Specialists.
20. **Sub-component 2.1: Investing in Knowledge is rated moderately satisfactory (4).** This sub-component revolves around Knowledge Centres (KCs) and involves the selection of KC locations, construction of KC premises, appointment and training of KC managers, election of KC Boards of Directors, and formation of water users' groups (WUGs) and common interest groups (CIGs) in each KC. The selection of locations for the first 15 KCs – three in each of the five participating townships – was undertaken during FARM design. Construction was completed in the first quarter of 2015-16; the mission finds the quality of design and construction to be appropriate. Each KC is equipped with furniture, a computer and printer, office equipment and training materials. These 15 KCs serve 74 villages consisting of 18,000 households (30% of the project target) and cover 22,745 acres (20% of the target) of lowlands and uplands.
21. Fifteen KC managers, of whom six are women, have been appointed by MOAI on the basis of a competitive process in early 2015. They have each received a motorcycle (hire purchase) and

- mobile telephone. The KC managers have been trained in computer literacy skills, participatory approaches, demonstration methods, water management, and formation of WUGs and CIGs.
22. The mission visited three KCs and met with farming and landless households as well as nine KC managers. These consultations confirmed significant farmer demand for the project's services, underpinning the relevance of the KC approach. It emerged that village households are eager for project support to proceed with the election and training of KC Boards of Directors, the set-up of WUGs and CIGs, and the selection of extension facilitators. It is important that these activities are implemented on priority basis to ensure the participation of all segments of KC constituencies. While farmers appreciated the demonstrations planned for the monsoon season, it emerged that many were not consulted in selection of demonstration topics. It was also noted that the demonstrations were expected to achieve high yields, rather than to generate optimum market returns. These short-comings are expected to be corrected when proper governance is in place, community groups are set up, and extension facilitators are operational. To guide the processes, it is important that the training of KC managers is implemented immediately.
 23. Plans are underway for conducting value chain analyses for the main commodities chosen by WUGs and CIGs. These analyses will be used to develop value chain action plans which address the key constraints and allow households to optimise benefits from value chain participation. The business development specialists (TA) to be contracted by MOAI are expected to support the process. KCs require assistance to solicit support from input suppliers and agribusinesses to increase the demonstrations programme to the satisfaction of WUGs and CIGs.
 24. To ensure the efficient and timely implementation of KC activities, the mission encourages MOAI to second senior staff to take the lead in the guiding KCs, supported by the PCU. In addition, it is envisaged that two agribusiness/value chain specialists, one standards expert (ASEAN GAP, GGAP, C4), two farming systems advisors and two rural finance/business specialists will be contracted to help KCs deliver services to lowlands/uplands farmers and landless households.
 25. The mission is encouraged to note that KCs have already started to assume their intended roles as brokers of public-private partnerships for the benefit of farmers. On behalf of KCs, the PCU has entered into an agreement with a major agribusiness (Myanmar Agri Foods Co. Ltd) under which the company will carry out varietal demonstrations at each KC for okra, pumpkin, kidney beans, taro and spinach. These demonstrations will be used to establish the best production locations and to attract farmers to become contract producers of vegetables for the company's individually quick frozen (IQF) facility. This facility is currently under construction and will be completed at the end of 2015; it will have a capacity of 5,000 Mt per annum and will require production on about 1,000 acres. The company proposes to supply inputs to farmers on cost recovery basis, and advisory services using systems similar to GAP. Contracting of interested farmers is expected to commence after the harvest of demonstration crops in early 2016.
 26. A further 20 KCs are planned to be established in 2016-17. The lessons learned from the first 15 KCs indicate that KC managers should be appointed and trained prior to construction, the KC governance framework should be set up in advance, the WUGs and CIGs should be formed on timely basis, and the extension facilitators become operational upon completion of works.

Agreed action	Responsibility	Agreed date
Recruit TA: two agribusiness/value chain specialists, one standards expert (ASEAN, GAP, GGAP, C4), two farming systems advisors and two rural finance/business specialists	Selected by MOAI/PCU; contracted by PCU	15 Aug 2015
Train the KC managers and recruit short term consultants to support them	Selected by MOAI/PCU; contracted by PCU	15 Aug 2015
Support KC constituencies to elect KC Board of Directors and provide them with the required training	MOAI with PCU support	15 Aug after training mgr.
Support KC constituencies to form WUGs/CIGs, to elect office bearers, to appoint and train extension facilitators	MOAI with PCU support	15 Aug after training BoD

27. **Sub-component 2.2: Financing Growth is rated moderately satisfactory (4).** To ensure effective the targeting of financial services for the target groups, plans are underway for a wealth ranking exercise to be undertaken in all villages covered by the 15 new KCs and the second batch of 25 KCs. The PCU has developed modalities for this exercise, and refined them based on piloting in two villages. A set of enumerators and a qualified consultant will be contracted to execute the wealth ranking and analyse the results. It is anticipated that the process will be completed by end-September for the first 15 KCs and end-December for the next 25 KCs. The project will then assist the landless to form CIGs, and initiate their training.
28. The project has identified two microfinance institutions (MFIs) operating in the project area. One (MHDO) is licensed to operate in the townships of Laewe, Tatkone and Pinyinmana, while another one is licensed to operate in Pinyinmana township. These institutions have expressed interest to collaborate with the project and expand their operations. The project will coordinate its engagement with development partners who are supporting these MFIs, and will explore opportunities to attract other reputable MFIs to operate in the project area.
29. The PCU is gearing up to establish two competitive grant funds – one for agribusiness and the other for landless micro-entrepreneurs. A 'matching grant committee' will be established under the Rural Business Fund (RBF) to co-finance micro-enterprises operated by landless households. The initial announcement inviting applications for the RBF will be issued in November and will be repeated periodically. It is anticipated that some 550 micro-enterprises will be financed in 2015-16. Two business development specialists will be contracted by PCU to facilitate RBF operations. They will set up a micro-enterprise demonstration at each KC, and assist landless households to prepare simple cash flow-based investment proposals, approach MFIs for financing, obtain vocational skills training, and access markets. Business services will for farmers will include links with financial institutions, input suppliers and processors/consolidators of produce, as well as training in business planning.
30. In the last quarter of 2015/16 the PCU will issue a call for potential entrepreneurs/investors to access the competitive grants of the Agribusiness Fund for establishing or expanding operations in the project area. An independent 'matching grant committee' will be constituted to evaluate applications for accessing this Fund.

Agreed action	Responsibility	Agreed date
Contract two business development specialists	MOAI/PCU	15 Aug. 2015
Undertake wealth ranking for the first 15 KCs and next 25 KCs	MOAI/PCU	Aug-Dec 2015
Finalise the selection of financial institutions for providing financial services to target groups	MOAI/PCU	15 Aug. 2015
Constitute the matching grant committee under RBF	MOAI/PCU	Aug. 2015
Constitute the matching grant committee under ABF	MOAI/PCU	Dec. 2015

D. FARM implementation progress

31. **The Quality of project management is rated as moderately satisfactory (4).** The MOAI is the implementing agency of FARM. It is the very first externally funded project being managed and implemented by the MOAI. Considering the limited project management experience of the MOAI with regard to externally funded projects, an IFAD grant (implemented by UNOPS) is providing technical assistance to the MOAI and FARM project to establish its governance and management framework and its fiduciary procedures. The mission observed that this grant has been fundamental for ensure implementation readiness of FARM.
32. The inter-ministerial National Project Steering Committee has been constituted as required. It convenes quarterly and provides strategic guidance to the project. While to date it has carried out its statutory functions of approving work plans and budgets, overseeing the recruitment of project staff, and clearing major procurement actions, there is ample scope to improve its problem resolution responsibilities. The Project Working Committee has also been established and serves as MOAI's internal committee to coordinate project activities across its relevant departments. It appears to be exercising its statutory functions as required. Only one Township

- Project Coordination Committee has been established to date; this committee needs to be set up in the other four townships on priority basis in light of the rapid operationalisation of KCs.
33. The PCU is appropriately staffed. A full-time project Director has been seconded by MOAI to the PCU with an appropriate level of delegated authority to manage the project. While the critical Project Manager position was advertised several times, the competitive selection processes did not yield a suitable candidate for the position. The mission and MOAI have now agreed on a suitably qualified and experienced MOAI official to be appointed as project manager on interim basis (until the end of the fiscal year). The incumbent's performance will be assessed at the end of this period, and an appropriate decision on possible extension will be considered by MOAI and IFAD. All other staff members of the PCU have been recruited and contracted on the basis of a transparent competitive selection process. The PCU has suitable premises, furniture, office equipment and connectivity.
34. The PCU is supported by the IFAD grant to UNOPS in favour of MOAI capacity building. In this context, UNOPS is providing valuable long-term technical assistance (project management advisor), short term inputs, systems development and training for PCU and relevant MOAI staff. This support has strengthened FARM implementation readiness and enabled MOAI to internalise modern project management and financial management systems, with broader benefits for its overall development operations. The mission finds UNOPS performance to be very good.
35. It is observed that technical expertise of relevance for the project now exists within MOAI, and may be leveraged to further strengthen the speed and quality of implementation. In this context, the mission recommends the secondment of two officials each from ID, DOA and SLRD, on full-time or part-time basis as feasible, to guide land development and KC operations.
36. The mission advises the PCU to increasingly guide the project towards development objectives in a proactive manner, rather than considering project design as a blueprint to be implemented. Based on the evolving policy and investment environment as well as its emerging operational experiences, there is scope for the PCU to continually adjust its work plans and budgets as opportunities arise. In particular, it may increasingly seek opportunities to foster public private partnerships in support of target groups. This process has started with the revision of the 2015-16 AWPB to accommodate changes in implementation modalities, targets, and unit costs.
37. ***The Performance of M&E system is rated as moderately satisfactory (4).*** The project has recruited a full time M&E officer. Under the guidance of the Project Management Advisor, the PCU had drafted a detailed M&E strategy that includes, among others, an operative project logframe, RIMS indicators, project performance rating tool, data collection, aggregation and reporting tools, M&E activities work-plan and on site data verification tools. The manual will be refined in September and new data monitoring tools included as the KCs start updating the baseline data. The mission recommends intensive training of KC managers on the M&E manual.
38. ***The coherence between the AWPB and implementation is rated moderately satisfactory (4).*** The first AWPB covers the period between 22 October 2014 and 31 March 2016. The AWPB was formulated considering the simultaneous implementation of all components. Presently the implementation of the AWPB is behind schedule. Implementation of activities under component 1 has been delayed due to the late start up of the PLUP process and the deferred planning of the training activities. As for component 2, there are delays in undertaking village wealth rankings and formation of common interest groups. During the mission, a review of the AWPB has necessitated a revision of activities and budget for both components 1 and 2. Detailed activity and budgets for both components have been revised jointly by the MOAI and the PCU necessitating adjustment of the current AWPB 2015/16. The revised AWPB will be submitted to the National Project Steering Committee for approval and for IFAD's no objection before August 2015.
39. ***The Gender focus is rated as moderately satisfactory (4).*** At the project management level, there is visible attention to gender mainstreaming. Five out of nine PCU staff at FARM are women. Similarly, the project appointed 15 KC Managers of whom six are women. Currently, the project does not have a defined gender mainstreaming and social inclusion strategy. The

mission recommends the hiring of a technical assistant to jointly develop a gender mainstreaming strategy.

40. **The Poverty focus is rated as satisfactory (5).** Fifteen KCs have been established so far, 3 in each of the 5 townships. According to the baseline survey at design, in the 5 townships 24% of the households are poor (USD 0.86/day) while 37% of the households are categorized as very poor (USD 0.44/day). A wealth ranking exercise is currently under way in the 5 townships to identify moderate, poor and very poor households in order to form common interest groups. Targeted services (for extension, rural finance and micro-enterprises) will be provided by the KCs specifically to these groups.
41. **Effectiveness of the targeting approach is rated as moderately satisfactory (4):** The project has adopted an inclusive targeting approach for Component 1, agricultural infrastructure, that will benefit all farming HHs in the project area. The land consolidation works require the participation and free and informed consent of all farming households in the selected areas. Project Implementation Committees are being set up in each contiguous block by the PCU to monitor the PLUP process and civil works. These committees will have proportional representation of farmers owning 0-5 acres, 5-10 acres and >10 acres to ensure there is no elite capture in decision making. The mission attended two PLUP meetings and confirm the participatory nature of the discussions for planning of infrastructure work.
42. The services of the KCs will be directed to smallholder farmers and landless households through direct targeting. The following mechanisms are being considered by the PCU to ensure that the poorest households receive maximum benefits: poverty criteria for identification of the location of KCs, the selection of HHs for farmer demonstration trials, and the identification of training modalities – in terms of medium, content, place and timing that take into account the capacities and constraints of poor households. A gender and social inclusion strategy will be soon developed by the PCU, with TA, to further define these criteria.
43. **Innovation and learning is rated moderately satisfactory (4):** The project is still in an early stage to report on innovation and learning. However, it should be noted that the KC approach, as a pluralistic participatory extension service platform, is a recognized innovation in Myanmar. The effectiveness of the KC approach has already been acknowledged by other development partners, including KOICA and the World Bank (implementing the KC approach in Bago, Sagaing and Mandalay). The KC model will be replicated by ADB's Irrigated Agriculture and Inclusive Development Project, valued at USD 100 million, in Mandalay and Magway states.
44. **Climate and environment focus is rated satisfactory (5):** The project is built around vulnerability reduction and addresses issues related to climate change and its impact on rural economies. These include introduction of climate resilient agricultural technologies and development of resilient irrigation infrastructure. As the ID starts design of land development works in the coming month, an international TA will be hired to ensure that good design principles are applied to minimize environmental risks. The TORs of the TA, already drawn up, include, among others, ensuring compliance with good engineering practices and in-built environmental enhancement features. The TA will also support the ID designers to ensure that the design of the levelling works is done in such a way so as to minimize risk of loss of fertility of top soil.

Agreed action	Responsibility	Agreed date
Appointment of an interim project manager from MOAI	MOAI, PCU	15 Aug. 2015
Secondment of staff from ID (3), DOA (2) and DALMS (2) on full-time or part-time basis, initially for one year	MOAI, PCU	15 Aug. 2015
Formation of township project coordination committees in four townships	PCU	31 Aug. 2015
Approval of revised AWPB	NPSC, IFAD	31 Aug. 2015
Initiation of gender mainstreaming and social inclusion strategy	PCU	31 Aug. 2015

E. Fiduciary aspects

45. **Quality of financial management is rated moderately satisfactory (4).** The project's financial management (FM) systems and procedures are generally in compliance with the Financing Agreement and IFAD requirements, apart from a few areas which require immediate correction. The establishment of project FM systems is led by the IFAD grant to UNOPS for 'Project Management Capability of MOAI' which is providing TA and support for all FM related matters. The PCU has qualified FM staff who are well aware of their responsibilities, and compliant financial accounting software (Sage50) which has been installed by UNOPS.
46. The FARM financial manual has been prepared by the PCU, with UNOPS support, in compliance with IFAD guidelines. The manual includes a set of standard operating procedures (SOPs) for all FM operations; a concise version of the manual has been translated into the Myanmar language and provided to MOAI for internal review. The MOF and OAG were consulted during preparation of the manual, and the document is generally consistent with Government procedures although some procedures require further agreement with MOF and MOAI.
47. **Designated Accounts (DA) and Project Accounts (PA):** Two DAs in USD have been opened in the Myanmar Economic Bank (MEB) for the IFAD loan and grant respectively. These accounts are jointly operated by MOF and MOAI. Two corresponding PAs in MMK have been opened in the same bank; they are jointly operated by the Project Director and MOAI. Current arrangements for the PAs do not comply with the Letter to the Borrower as they are classified as 'department accounts' which apply fixed exchange rates and the balance of which are transferred to MOF at the end of each fiscal year. As such, the balance in the loan PA (about MMK 16 million) at 31 March 2015 was transferred to MOF. The PCU had informed IFAD of this violation in June 2015, and IFAD had promptly communicated officially with MOAI to immediately change the account type and refund the amount transferred. These corrective actions have yet to be implemented.
48. **Flow of funds.** The project's flow of funds and payment cycle are currently administered by the MOAI rather than the PCU. This results in delays in effecting payments to vendors for project activities. As advised by the UNOPS PMA and the PCU FM unit, the mission recommends that the PCU should be fully empowered to manage the flow of funds and to effect payments to vendors, while the MOAI retains its authority to approve payments and co-sign PA transactions. Furthermore, a petty cash mechanism should be established at PCU level for daily recurrent costs. A petty cash facility should also be set up at KC level for monthly meetings with farmers.
49. The mission advises the PCU to open a bank account in each targeted township to receive the proceeds of the project's cost recovery mechanisms, namely (i) farmers' share of demonstration plots expenditures; (ii) annual WUG fees; (iii) payments by KC managers under the motorcycle hire purchase scheme. These accounts should be jointly operated by the project director, the township DOA officer, and the MOAI.
50. **Statements of expenditure.** The mission reviewed the project accounts and filing systems, and the original supporting documents (invoices, evidences of payment) for project expenditures, and found them to be in order. The inventory of fixed assets was also found to be compliant.
51. **Disbursement is rated moderately satisfactory (4).** Since entering into force on 22 October 2014, it took the project five months to meet all conditions for receiving the initial DA deposits, amounting to USD 1.5 million for the loan (representing 9% of the total loan proceeds) and USD500,000 for the grant (representing 35% of the grant total). So far there has been no WA on replenishment made by PCU to claim on accumulative expenditures under either loan or grant. The PCU has accumulated payments in approximately USD453,352.06 which are due to be submitted to IFAD for replenishment. A request was sent to the IFAD Finance Officer by the PCU to request a delay in the submission of the WA, as the PCU is currently waiting for the completion report of the KCs. Hands-on training was provided to the PCU FM team and for the preparation and submission of the WAs.
52. **Taxation.** According to the Financing Agreement, the project shall be exempt from duties and taxes. However, OAG and MOF informed the mission that tax exemption can only be authorised

by the Parliament on an ad hoc basis. Should the Government deny tax exemption, duties and taxes will not be financed by IFAD but will be charged to the Government contribution.

53. **The counterpart funding from the GoM is rated as satisfactory (5).** As reported in the October 2014-March 2015 project progress report, Government contribution to the project is substantial. It includes salaries and allowances, KC design and supervision of construction (originally to be charged to the loan), additional capital costs of KC construction, and steering committee costs. The PCU has now established clear procedures and accurate accounting of Government contribution which will be rolled out shortly.
54. **Compliance with loan covenants is rated moderately satisfactory (4).** In general, most provisions of the Financing Agreement and LTB are being complied with except for non-compliance with arrangement of the programme accounts, taxation and preparation of PIM. The mission urges immediate correction accordingly.
55. **Procurement is rated as satisfactory (5).** Project procurement is undertaken based on needs as identified in the approved procurement plan. The procedures are in compliance with the FARM procurement manual which is consistent with IFAD procurement guidelines and handbook. The mission verified the limited procurement actions undertaken by the project to date and found these to be satisfactory. All internal controls and records have been adequately maintained. To date three staff (one from the PCU and two from MOAI) have received external training and certification in procurement organised by UNOPS.
56. **The quality and timeliness of Audit is rated moderately satisfactory (4).** The mission reviewed with MOAI and OAG the options for the annual external audit of project accounts. The audit may be performed either by the OAG or by a competitively selected private sector auditor. The mission notes that the current national legislation requires the OAG to audit externally financed projects, and that other IFI-financed projects utilise the OAG for external audit purposes. The mission also takes into account the suggestion of the IFAD Director, Controller's and Financial Services Division, to utilise OAG. As such, the mission recommends that the PCU initiate discussions with the OAG for the audit of project accounts for the fiscal years 2014-15 and 2015-16. It will be important for OAG to comply with IFAD's audit requirements as outlined in its published audit guidelines.

Agreed action	Responsibility	Agreed date
Obtain refund of amount transferred to MOF; open Project Accounts which comply with IFAD requirements; signatories to consist of project director and two MOAI officials; project director signature to always be required	MOAI	as an urgent priority
PCU finance unit to be authorised to effect payments to vendors (after obtaining MOAI approvals for payments) and to operate the project cheque book	MOAI	as an urgent priority
Petty cash mechanisms to be set up at PCU and KC levels	MOAI	30 Aug. 2015
Project bank accounts to be opened at township level for the only purpose of cost recovery mechanisms	MOAI	30 Aug. 2015
Negotiate with OAG for the external audit of project accounts for 2014-15 and 2015-15	PCU	30 Sept. 2015
Submission of PIM related manuals to IFAD and the Cabinet for an official non-objection	PCU and MOAI	By 15 October, 2015
MOAI to consider requesting tax exemption from Parliament	MOAI	as appropriate

F. Sustainability

57. **Institution building is rated as moderately satisfactory (4).** It is still early to assess the efficiency of the project in its institution building aspect. Under Component 1, the project envisages the creation and registration of WUGs and strengthening of existing ones. The PCU has established a 'water users formation team' which will be responsible for forming WUGs and currently the initial process of formation of water users' groups (WUGs) is underway. Once formed the project will provide support to strengthen the groups governance and technical

aspects. In the medium term, should the conditions be appropriate, the project will support WUGs to federate into water users' associations at secondary level.

58. **Empowerment is rated as moderately satisfactory (4).** Although it is early to assess the empowerment aspect of the project, the mission noted during the PLUP meetings with beneficiaries, an enthusiastic level of participation in discussing infrastructure design plans. It is on the basis of demand from the farmers that the project has now included the activity of re-surveying plots before actual infrastructure works design is done. This activity was not initially planned at appraisal.
59. **The quality of beneficiary participation is rated as satisfactory (5).** As reflected above the project ensures a participatory process in planning and implementation of both its components. Apart from the visible quality contribution from the beneficiaries in the infrastructure works design, the mission also noted that the beneficiaries concurred to losing one cropping season in order to allow for the land development works. This fact should be accounted for as beneficiary contribution to the project.
60. **The Responsiveness of service providers is rated as satisfactory (5).** Contractors for the construction of KCs have been found very responsive and have all met the necessary specifications during construction.
61. **Exit strategy is rated as satisfactory (5).** So far, the exit strategy as envisaged in the project design is already evident in implementation. The project's activities are mainstreamed into the MOAI's annual workplan and budget. Closer links between the PCU and the MOAI are being established through seconded MOAI high-level officials and physical movement of the PCU into MOAI's premises. The MOAI is already taking the lead in coordinating the activities under components 1 and 2 with the support of the PCU. As already highlighted the ID has taken the lead to implement PLUP. KC managers are MOAI employees and KC activities will be coordinated by the DoA. The MOAI staff are being trained in technical fiduciary aspects that will enable them to implement similar projects beyond the life of FARM.
62. **The potential for scaling-up and replication is rated as highly satisfactory (6).** The Government considers the project to be a pilot to be scaled up beyond the project area through government financing. As such the modular approach of the project components is designed to enable replication in similar contexts. The FARM design has already been scaled up by the World Bank through a USD 100 million investment in Bago, Sagaing and Mandalay states. The new ADB Irrigated Agriculture and Inclusive Development Project, valued at USD 100 million, will scale up the KC model to Mandalay and Magway states. Two microfinance institutions have started lending operations in the project area and are actively seeking collaboration with the project.

G. Other

63. **The Physical and financial assets rating is as satisfactory (5).** The mission noted that the contracts for construction of the 15 KCs have been completed. The design of the KCs is very appropriate and construction is of high quality. Each KC has been equipped with furniture, computer/printer and other necessary office/training equipment. The 15 KCs are already brokering public-private partnerships in support of small farmers, well in advance of expectations. A major agribusiness with large foreign investment has entered into agreement with the PCU to conduct demonstrations at each KC; it will offer contract farming arrangements for supplying produce to a new local processing plant that will export IQF vegetables to lucrative overseas markets.
64. **Food Security is rated as moderately satisfactory (4).** It is still too early to assess the impact of the project on food security of the beneficiaries.
65. **Quality of natural asset improvement and climate resilience is rated moderately satisfactory (4).** It is too early to assess the impact of the project on natural assets and climate resilience. Nonetheless it can be said that the planned irrigation works, designed to improve control of the water flow in the irrigated basins, will result in a number of environmental benefits including (i) potential increases in field level irrigation efficiencies, (ii) better control over the use

of nutrients and pesticides and (iii) reduced greenhouse (methane) emission (with regard to the practice of alternating submergence and drying of the rice basins).

H. Conclusion

66. In eight months since the date of effectiveness, FARM has completed most of the preparatory activities to launch the implementation of project activities. Albeit the delays in the implementation of AWPB, and taking into account that this is the first externally funded project being managed and implemented by MOAI, the project has achieved notable results in a short time with regard to formulation of its governance, management, fiduciary and implementation framework. The IFAD capacity building grant in favour of MOAI, executed by UNOPS, has been instrumental in this respect.
67. The mission notes that there is a high level of expertise and experience within the MOAI that should be leveraged for providing technical guidance and coordination to the project's activities. Dedicated teams within the MOAI, and with the assistance of PCU, have taken initiatives to achieve an ambitious AWPB. The successful implementation of the AWPB would ultimately result in a significant move ahead in terms of overall physical and financial progress, especially with regard to agricultural infrastructure development activities. The mission also notes with appreciation the commitment demonstrated by MOAI to applying a participatory approach in planning and implementation of the project activities, which has been confirmed by beneficiaries during field visits.
68. Despite these positive trends, the project faces several challenges that require immediate and decisive corrective action. Key elements of project financial management are not consistent with formal IFAD requirements. The project manager position continues to be vacant, creating managerial difficulties, and collaboration between MOAI and PCU has been less than optimal. Delays have been experienced in initiation of PLUP processes required for land development. The KCs governance framework is not yet in place, and these centres have not internalised participatory approaches to the desired degree. As a result of the above, project physical and financial progress has been slow to date.
69. In order to resolve these challenges, the mission recommends that MOAI and PCU focus on several priority areas over the next two months: (i) ensuring financial management compliance; (ii) appointing a project manager and seconding MOAI staff to the PCU; (iii) strengthening MOAI-PCU collaboration through joint teams focused on implementation; (iv) rapidly executing PLUP processes; (v) establishing the KC governance framework and participatory methods.
70. The IFAD mission once again wishes to express its gratitude to the Government of Myanmar, the FARM Project Coordination Unit, UNOPS Project Management Advisor and project beneficiaries for their cooperation and support during the mission.

Appendix 1: Summary of project status and ratings³

Project 1654 [1100001654] Fostering Agricultural Revitalisation in Myanmar Project

Basic Facts

Country	Myanmar	Project ID	1654 [1100001654]	Loan/DSF/Grant/ASAP FI No.	2000000649, 2000000650
Project	Fostering Agricultural Revitalisation in Myanmar Project			Top-up Loan/DSF/Grant/ASAP FI No.	
Date of Update	31-July-2015				
Supervising Inst.	IFAD				
No. of Supervisions	1	No. of Implementation Support/Follow-up missions	0		
Last Supervision	11-25 July 2015	Last Implementation Support/Follow-up mission			

USD million Disb. rate %

Approval	08-Apr-2014			Total financing	27.82	
Agreement	22-Oct-2014	Effectiveness lag	6.6	IFAD Total	19.50	
Entry into force	22-Oct-2014	PAR value	-----	IFAD loan	18.73	9
First disbursement	25-Mar-2015			DSF grant		
MTR		Last amendment		IFAD grant	0.78	35
Original completion	31-Dec-2020	Last audit		ASAP grant	0.00	0
Current completion	31-Dec-2020			Domestic Total	8.32	
Current closing	30-Jun-2021			Beneficiaries	0.62	0
No. of extensions	30-Jun-2021			National Govern	5.30	0
	0			Local private	2.40	0
				External Cofinancing Total		

Project Performance Ratings

B.1 Fiduciary Aspects	Last	Current	B.2 Project implementation progress	Last	Current
1. Quality of financial management	4	4	1. Quality of project management	4	4
2. Acceptable disbursement rate	5	4	2. Performance of M&E	4	4
3. Counterpart funds	4	5	3. Coherence between AWPB & implementation	4	4
4. Compliance with financing covenants	4	4	4. Gender focus	4	4
5. Compliance with procurement	4	5	5. Poverty focus	4	5
6. Quality and timeliness of audits	4	4	6. Effectiveness of targeting approach	4	4
			7. Innovation and learning	4	4
			8. Climate and environment focus	4	5

³ Last ratings are based on guidelines for PSR ratings assigning a standard rate of 4 for new projects that have not yet had a supervision mission.

B.3 Outputs and outcomes	Last	Current	B.4 Sustainability	Last	Current
1. Agricultural Infrastructure	4	4	1. Institution building (organizations, etc.)	4	4
2. Agricultural and Business Services	4	4	2. Empowerment	4	4
			3. Quality of beneficiary participation	4	5
			4. Responsiveness of service providers	4	5
			5. Exit strategy (readiness and quality)	4	5
			6. Potential for scaling up and replication	4	6

B.5 Justification of ratings

In eight months since the date of effectiveness, FARM has completed most of the preparatory activities to launch the implementation of project activities. Albeit the delays in the implementation of AWPB, all elements are in place for full achievement of the 2015-16 AWPB.

Overall Assessment and Risk Profile

	Last	Current
C.1 Physical/financial assets	4	5
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

The project became effective on 22 October 2014. All activities are still at a start-up stage. Therefore, as per the Portfolio Review Guidelines 2014, the ratings have been assigned considering the initial stages of implementation.

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

Rationale for development objectives rating

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

Fiduciary aspects	The risk for fiduciary aspects is rated medium mainly due to a few areas which require immediate correction, such as changing the PA type to be in compliance with IFAD Letter to the Borrower and delegating authority to PCU to be fully empowered to manage the flow of funds. The GoM have noted these issues and action will be taken immediately.
Project implementation progress	The absence of a Project Manager is causing some issues in coordination of the work of the PCU and MOAI. The MOAI has agreed to second a senior staff as interim PM at the earliest.
Outputs and outcomes	There has been some delays in the implementation of the activities as planned in AWPB. However, during the mission several issues were resolved to ensure that the target for 2015-16 AWPB are achieved.
Sustainability	There are no present identifiable risks with regard to sustainability of the project.

Proposed Follow-up

Issue / Problem	Recommended Action	Timing	Status
Current arrangements for the PAs do not comply with the Letter to the Borrower as they are classified as 'department accounts' which apply fixed exchange rates.	IFAD has promptly communicated officially with MOAI to immediately change the account type and refund the amount transferred.	31 August 2015	On-going

Additional observations

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

Results Hierarchy	Measure	Source	Assumption
Goal/Development Objective: Economic status of poor rural women and men in the project area improved.	<ul style="list-style-type: none"> Net income of farming households will be increased by USD 400 per annum in real terms 		
Specific Objective: 59 000 households in 5 townships of Nay Pyi Taw Union have higher incomes and improved nutrition	<ul style="list-style-type: none"> Net annual income of farming HHs increased from about USD 1,300 to USD 1,700 across the whole 112'000 acres (approx. 37,600 HH of which at least 29 000 HH are classified as moderately poor, poor or very poor) Landless HHs average food expenditure increased by USD 20/month 20% shift in relative asset ownership for 2 poorest quintiles (RIMS relative measure) 	RIMS impact survey, Focus groups discussions	Programme successes are replicated, scaled-up Public sector governance is improved
Outcome 1: Land and water resources sustainably managed	<ul style="list-style-type: none"> Access to water all year secured for 3,300 HHs Field to roadside haulage costs reduced by 15% Post-harvest losses reduced by 20% for each crop 	HHs surveys, Focus group discussions Comparative data of beneficiaries and control group	Farmers with free crop choice
Output 1.1: 10'000 acres of irrigated land consolidated and improved in 3 schemes	<ul style="list-style-type: none"> 20 PICs established and block development plans agreed 10'000 acres levelled 340 km of tertiary canals completed 180 km of drainage network completed 200 km of farm roads completed 3'400 small hydraulic structures built 	NGO progress reports, ID/MOAI records, PIC and UNOPS completion of work certificates, GPS and satellite pictures Farmers' grievance records	NGO recruited to assist in adopting PLUP & FPIC approaches <i>Risks:</i> – Lack of skills, equip. for land consolidation – Political interference in land consolidation works
Output 1.2: 3 300 farms re-titled and delineated	<ul style="list-style-type: none"> 3,300 land users' rights re-issued and 3,300 land users' documents signed Earth bunds and PVC turnouts constructed on 3,300 farms to delineate plot boundaries 	SLRD records, Township and village tracts records	<i>Risk:</i> Land confiscation by GoM
Output 1.3: 165 Water Management Organizations functional	<ul style="list-style-type: none"> 165 Water Users' Groups registered At least 2 members of each WUG trained by project 20 Labour Contracting Societies established Cost recovery scheme developed for each WUG At least 200 HHs accessing hydropower electricity 	WUGs admin. records LCSS admin. records Training documents/data, Service provider/Supplier administrative records	
Outcome 2: Skills of farming and landless HHs enhanced, employment improved, relevant value chains upgraded	<ul style="list-style-type: none"> Yield increase by 15% on trad. crops after 3 years At least 3,100 HHs benefit from job opportunities Farmgate price of rice increased by 20% At least 20% of farming HHs adopting high value crops in consolidated land Sale of at least 50% of high value crops on contractual basis 	KCs administrative records, Surveys, SMEs records, Rural businesses records	KCs become focal points for commercial and technical partnerships
Output 2.1: 55 Knowledge centers established and functional	<ul style="list-style-type: none"> 55 Knowledge centers rehabilitated/constructed 55 extension officers from Ministry of Agriculture and irrigation 	MOAI records, NGO progress report,	Farmers allowed free crop choice

Results Hierarchy	Measure	Source	Assumption
	seconded to project <ul style="list-style-type: none"> At least one meeting per month per KC with farming HHs, suppliers, buyers, processors and other service providers 	MOAI work certificates, KCs logbooks/records Input suppliers records Surveys and focus groups	MOAI extension officers remain in project area Input suppliers finance demos
Output 2.2: 4 900 Rural businesses for landless entrepreneurs sustainably implemented	<ul style="list-style-type: none"> At least 250 CIGs st up for landless entrepreneurs At least 2 training courses per CIGs At least 4,900 business plans submitted to financial institutions and financed at affordable cost 	NGO progress reports CIGs admin. records MFI records	<i>Risk:</i> No NGO actively engaged to assist landless entrepreneurs in NPT
Output 2.3: Value chains strengthened	<ul style="list-style-type: none"> At least 6 value chain analyses undertaken At least 7 processing plants established in project area (1 for rice and 6 for high value crops) At least 20% of project-assisted farming HHs engaged in contract farming 	NGO progress reports, SMEs registration record, SMEs by-laws, SMEs financial statements	SMEs/entrepreneurs interested in contract farming with farming HHs
Outcome 3: Financial environment for creation/expansion of sustainable and profitable rural businesses improved	<ul style="list-style-type: none"> At least 5,000 incremental HHs accessed microfinance products in project area Farming HHs' indebtedness down by 50% by PY4 At least 60% of rural businesses and 80% of SMEs operating after 3 years Selected MFI financially sustainable At least 90% of LSCIs financially sustainable 	MFI/NGO records, Commercial bank records, PCU financial statements LSCIs records	Commercial banks and MFIs have resources to lend to beneficiaries Financial institutions are actively targeting FARM villages
Output 3.1: Rural businesses and SMEs accessed sustainable financing	<ul style="list-style-type: none"> 4,900 landless entrepreneurs financed 7 entrepreneurs financed for processing SMEs USD 1.4 mln disbursed as grants for SMEs and USD 2.1 mln as contribution from entrepreneurs USD 0.84 mln disbursed as grant for rural businesses and USD 0.28 mln as contribution from landless entrepreneurs 	PCU financial statements Commercial banks and MFIs financial statements SMEs and rural businesses financial statements	MFI and commercial banks agree to finance rural businesses and SMEs to complement project grant
Output 3.2: Access to rural finance improved	<ul style="list-style-type: none"> Activities of at least 10,000 HHs financed in project area At least 1 MFI/NGO with license operating in project area USD 0.95 mln provided to MFI/NGO as investment grant and/or loan for financing activity PAR < 10% after 3 years 	MFI/NGO progress reports, MFI/NGO financial statements, SMEs financial statements	MFI willing to deepen outreach in NPT <i>Risk:</i> Political interference hindering loan repayments
Output 3.3: Microfinance outreach extended to at least 5000 households	<ul style="list-style-type: none"> At least 1 MFI/NGO with license to assist HHs At least 55 Savings and Credit Institutions PAR < 5% One third of SCI leaders are women 	LSCIs financial statements, MFI/NGO financial statements, NGO progress reports,	NGO willing to promote Savings and Credit Institutions <i>Risk:</i> Lack of sufficient capitalization to reach sustainability

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

Action Area	Action Agreed	Date	Whom	Progress
Project Implementation	Appointment of an interim project manager from MOAI	15 Aug. 2015	MOAI, PCU	On-going
	Secondment of staff from ID (3), DOA (2) and DALMS (2) on full-time or part-time basis, initially for one year	15 Aug. 2015	MOAI, PCU	On-going
	Formation of township project coordination committees in four townships	31 Aug. 2015	PCU	On-going
	Approval of revised AWPB	31 Aug. 2015	NPSC, IFAD	On-going
	Initiation of gender mainstreaming and social inclusion strategy	31 Aug. 2015	PCU	On-going
Outputs and outcomes	Re-consider boundaries for areas selected for land development to about 500 acres per contiguous block	Immediately	PLUP Team / ID	On-going
	Send request to DALMS team; start DALMS verification survey of targeted areas	Immediately	PCU / PLUP Team / ID/ DALMS	On-going
	Plan training activities in detail	15 Jan. 2015	ID / TA (UNOPS grant)	On-going
	Contract TA to support the ID design team	15 Aug. 2015	ID/ PCU	On-going
	Complete the PLUP process across 4,000 acres	15 Dec. 2015	PLUP TL	On-going
	Contracting and start of construction works	1 Nov. 2015	PCU / ID / AMD	On-going
	Recruit TA: two agribusiness/value chain specialists, one standards expert (ASEAN, GAP, GGAP, C4), two farming systems advisors and two rural finance/business specialists	15 Aug. 2015	Selected by MOAI/PCU; contracted by PCU	On-going
	Train the KC managers and recruit short term consultants to support them	15 Aug. 2015	Selected by MOAI/PCU; contracted by PCU	On-going
	Support KC constituencies to elect KC Board of Directors and provide them with the required training	15 Aug. after training mgr.	MOAI with PCU support	On-going
	Support KC constituencies to form WUGs/CIGs, to elect office bearers, to appoint and train extension facilitators	15 Aug. after training	MOAI with PCU support BoD	On-going
	Contract two business development specialists	15 Aug. 2015	MOAI/PCU	On-going
	Undertake wealth ranking for the first 15 KCs and next 25 KCs	Aug-Dec 2015	MOAI/PCU	On-going
	Finalise the selection of financial institutions for providing financial services to target groups	15 Aug. 2015	MOAI/PCU	On-going
	Constitute the matching grant committee under RBF	Aug. 2015	MOAI/PCU	On-going
	Constitute the matching grant committee under ABF	Dec. 2015	MOAI/PCU	On-going

Fiduciary Aspects	Obtain refund of amount transferred to MOF; open Project Accounts which comply with IFAD requirements; signatories to consist of project director and two MOAI officials; project director signature to always be required	as an urgent priority	MOAI	On-going
	PCU finance unit to be authorised to effect payments to vendors (after obtaining MOAI approvals for payments) and to operate the project cheque book	as an urgent priority	MOAI	On-going
	Petty cash mechanisms to be set up at PCU and KC levels	30 Aug. 2015	MOAI	On-going
	Project bank accounts to be opened at township level for the only purpose of cost recovery mechanisms	30 Aug. 2015	MOAI	On-going
	Negotiate with OAG for the external audit of project accounts for 2014-15 and 2015-15	30 Sept. 2015	PCU	On-going
	Submission of PIM related manuals to IFAD and the Cabinet for an official non-objection	By 15 October, 2015	PCU and MOAI	On-going
	MOAI to consider requesting tax exemption from Parliament	as appropriate	MOAI	On-going

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

CODE	October 2014 – March 2016	Link ed to indi cato r	Where	Unit	When					Year 1 Target	Achieved	% achieved	Comments
	Activity				SU	Q1	Q2	Q3	Q4				
Component 1. Agricultural Infrastructure													
1.1	Irrigation land in 3 schemes is consolidated												
1.1.1.1	Service Provider Assisting in Participatory Planning		Paung laung	Service Provider						1	0	0%	The SP is expected to start activities in September 2015
1.1.1.2	International TA to Irrigation Department Design Group		Nay Pyi Taw	Person /month						3	0	0%	This activity was delayed because it was initially planned to outsource this activity to the Service Provider. This issue will be discussed with the IFAD mission
1.1.1.3	International Trainer on Irrigation Design		Nay Pyi Taw	Lump						1	0	0%	As above
1.1.1.4	Cost of running design course at Training Centre		Nay Pyi Taw	Lump						1	0	0%	As above
1.1.1.5	Regional Study Tour		TBD	Tour						1	N.A.		International study tour for senior management and technical staff - 6 people, 10 days - fare \$1,500, per diems \$1,500 (financed by IFAD L)
1.1.1.6	Extension and Rehabilitation of Minors and Main Drains - Direct Costs	1.1.2	Paung laung (2 Ha + Area 2)	Lump sum						0.4	N.A.		This activity was not due in the reporting period. The area of the land development in year 1 is 4,000 acres corresponding to 2,000 acres in each of the two schemes. Before this activity starts, the project shall: 1) Implement PLUP; 2) Recruit TA; 3) Receive authorization for establishment of PLUP Team;
1.1.1.7	Extension and Rehabilitation of Minors and Main Drains - Indirect Cost	1.1.2	Paung laung (2 Ha + Area 2)	Lump sum						0.4	N.A.		
1.1.1.8	Irrigation works at tertiary level – Direct costs	1.1.2	Paung laung (2 Ha + Area 2)	acres						4,000	N.A.		
1.1.1.9	Irrigation works at tertiary level – indirect costs	1.1.2	Paung laung (2 Ha + Area 2)	acres						4,000	N.A.		

CODE	October 2014 – March 2016	Link ed to indi cator	Where	Unit	When					Year 1 Target	Achieved	% achieved	Comments
	Activity				SU	Q1	Q2	Q3	Q4				
1.1.1.10	Dismantling of existing levee, land levelling and re-construction of new levee – Direct cost	1.1.2	Paung laung (2 Ha + Area 2)	acres						4,000	N.A.		
1.1.1.11	Dismantling of existing levee, land levelling and re-construction of new levee – Indirect cost	1.1.2	Paung laung (2 Ha + Area 2)	acres						4,000	N.A.		
1.1.1.12	Survey, Design and Supervision of Irrigation Works	1.1.2	Paung laung	Lump sum						7.2% of direct cost	N.A.		Undertaken by the Irrigation Department and costed at standard rates (7.2% of direct works cost) - on average spent about half a year ahead of works undertaken.
1.2	Farms are re-titled and delineated												
1.2.1.2	Re-alignment of bunds	1.1.2		acre						4,000	N.A.		
1.2.1.3	Resurvey and re-registration of new alignments	1.1.2		50 acre block						250	N.A.		
1.2.1.4	Field allowance			Person /day						10	N.A.		
1.2.1.5	Catastral survey	1.1.2								4,000	N.A.		A letter was sent to the DG of SLRD informing about the need to carry out the catastral survey before the land consolidation works and after.
1.3	Water User Groups are organized and functional												
1.3.1.1	Village Selection-Wealth Ranking	3.1.1.	Area 1	Villages						82	0	0%	The target is not yet established as this activity will be performed by the selected Service Provider.
1.3.1.2	Formation and advice for Water User Group	1.3.1	Area 1	Groups						66	0	0%	This activity will be performed by the selected Service Provider.
1.3.1.3	Monthly meeting/training of WUGs and CIG's ELF		Area 1	Meetings						66	0	0%	This activity will be performed by the selected Service Provider.
Component 2.1. Agriculture and Business Services – Investing in Knowledge													
2.1.1	Knowledge Centers are established and functional												

CODE	October 2014 – March 2016	Link ed to indi cator	Where	Unit	When					Year 1 Target	Achieved	% achieved	Comments
	Activity				SU	Q1	Q2	Q3	Q4				
2.1.1.1	Support on KC Design and Location	2.1.1	Nay Pyi Taw	Lump sum						15,000	0	N.A.	The MoAI decided that this activity will not be paid by the loan and it will be part of the Government contribution.
2.1.1.2	Construction of Knowledge Centres	2.1.1	Project Area 1	KC						40	15	37.5%	See paragraph 3.2.3
2.1.1.3	Installation of generators for KCs	2.1.1	Project Area 1	Units						40	0	0%	Not implemented due to delay in approval of Procurement Plan
2.1.1.4	Supervision of KC Construction	2.1.1	Project Area 1	Lump sum						1,000	0	0%	Implemented by GoMM but official data not shared yet with the FARM project
2.1.1.5	Furniture and housewares for KC	2.1.1	Project Area 1	KC						40	15	37.5%	Includes workstations (desks, chairs etc.) and library and filing facilities as well as initial stocks of stationery.
2.1.1.6	Motor Cycles for KC based Extension Staff	2.1.1	Nay Pyi Taw	m/c						40	15	37.5%	Provided to all KCMs of 15 KC.
2.1.1.7	Mobile Phones for KC based extension Staff	2.1.1	Nay Pyi Taw	phone						40	15	37.5%	Provided to all KCMs of 15 KC.
2.1.1.8	IT equipment for KCs	2.1.1	Nay Pyi Taw	KC						40	15	37.5%	Provided to all KCMs of 15 KC.
2.1.1.10	Election of KC Board of Directors	2.1.1	Area 1	Meeting						40	0	0%	This activity is undergoing
2.1.1.11	Recruitment of Legal Adviser		Nay Pyi Taw	Person/month						1	0	0%	
2.1.1.12	International TA for ToT		Nay Pyi Taw	Person Month						2.25	0	0%	
2.1.1.13	Initial Training of Trainers		Area 1	Person						20	0	0%	
2.1.1.15	Technical Training Support		Area 1	KC year						40	0	0%	
2.1.1.16	Farmers Demonstration Plots	2.	Area 1	Demo						200	0	0%	This activity has started in July 2015 and it is

CODE	October 2014 – March 2016	Link ed to indi cator	Where	Unit	When					Year 1 Target	Achieved	% achieved	Comments
	Activity				SU	Q1	Q2	Q3	Q4				
		1. 3											expected to be completed within the next month in 15 sites.
2.1.1.17	Farmer to Farmer Visits		Area 1	KC year						25	0	0%	
2.1.1.18	Training of Seed Inspectors		Area 1	Training						2	0	0%	
2.1.2	Rural business for landless entrepreneurs and farming HHs are sustainably implemented												
2.2.1.1	NGO Support to Landless entrepreneurs	2. 2. 1	Project Area 1	Person /month									Selection process to start in 2 nd week of July
2.2.1.2	Formation of CIGs	2. 2. 1	Area 1										Activity implemented by NGO assisting in participatory planning and PCU
2.2.1.3	Vocational training of entrepreneurs CIGs	2. 2. 3	Area 1										Activity implemented by NGO assisting in participatory planning and PCU
2.1.3	Value Chains are strengthened												
2.3.1.1	Sub Project Design Support		Project Area 1	Lump sum						0.1	0	0%	
2.3.1.2	Value Chain Analysis	2. 3. 1	Project Area 1	Study						2	0	0%	
2.3.1.3	Market Promotion		Project Area 1	Lump sum						0.1	0	0%	
2.1.4	Beneficiaries' participatory planning and monitoring												
2.4.1.1	Weekly progress review at KC		Project Area 1	Meetings						1,020	0	0%	This activity will start soon as the KC are now operative.
2.4.1.2	KC and Village Tracks participatory planning workshop		Project Area 1	Meetings						40	0	0%	As above
2.1.5	Project Staff & Allowances												
2.5.1.1	Recruitment of Project Agriculturalist & Manager		Nay Pyi Taw	Person						1	0	0%	It is an ongoing process and the Project can recruit PM very soon.
2.5.1.2	Recruitment of Project Special		Nay Pyi	Person						1	1	100%	He has been appointed since Jan 2015.

CODE	October 2014 – March 2016	Link ed to indi cator	Where	Unit	When					Year 1 Target	Achieved	% achieved	Comments
	Activity				SU	Q1	Q2	Q3	Q4				
	Adviser		Taw										
2.5.1.3	Recruitment of Community Development & Gender Specialist		Nay Pyi Taw	Person						1	1	100%	She has been appointed since Jan 2015
2.5.1.4	Recruitment of Water Management/WUG Specialist		Nay Pyi Taw	Person						1	1	100%	She has been appointed since Jan 2015
2.5.1.5	Travel Costs for Specialists		Project Area 1	Travels						36	00		Average of 9 trips per quarter per specialist. Minor local travel only.
2.5.1.6	Recruitment of KC Managers		Project Area 1	Person						40	15	37.5%	The 15 KC Managers have been appointed since 15 th June, 2015.
2.1.7.8	Recruitment of KC Caretaker		Nay Pyi Taw	KC/year						40	0	0%	It is an ongoing by the MoAI. They will be appointed at all the KCs very soon.
Component 2.2. Agriculture and Business Services – Financing for growth													
2.2.1	Rural business and SMEs have access to sustainable financing												
3.1.1.1	Implementation Cost Sharing with MFIs	3.1.4		Lump sum						0.1	0	N.A.	Not due for the reporting period
2.2.3	Microfinance outreach is extended												
3.3.1.1	Beneficiaries' Contribution to IGAs	3.1.4	Project Area 1	Lump sum						0.1	0	N.A.	
3.3.1.2	Matching Grant Fund for IGAs	3.1.3		Lump sum						0.1	0	N.A.	
2.2.4	Project Staff & Allowances												
3.4.1.1	Recruitment of Rural Finance Specialist		Nay Pyi Taw	Person						1	1	0%	Contract started on 19th January 2015

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

Table 5A: Financial performance by financier

Financier	Approval (USD '000)	Disbursements (USD '000)	Per cent disbursed
IFAD loan	18 726	453.30	2%
IFAD grant	779	-	0%
Government	5 296	0.47	0%
Private Sector	2 402	-	0%
Beneficiaries	621	-	0%
Total	27 824	453.77	2%

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

Component	IFAD loan			IFAD grant			Government			Private Sector			Beneficiaries			Total		
	Approval	Actual	%	Approval	Actual	%	Approval	Actual	%	Approval	Actual	%	Approval	Actual	%	Approval	Actual	%
1 . Agricultural Infrastructure	8 736.20		0.0%	283.90		0.0%	3 808.40		0.0%				341.30			13 169.80	-	0.0%
2.1 Agricultural and Business services- Investing in Knowledge	4 583.40	375.70	8.2%	357.50			775.10			302.40						6 018.40	375.70	6.2%
2.2. Agricultural and Business services- Financing Growth	3 300.20	12.00	0.4%							2 100.00			280.00			5 680.20	12.00	0.2%
3.Project Management and Coordination	2 106.20	65.60	3.1%	137.10			712.10	0.47	0.1%							2 955.40	66.07	2.2%
Total	18 726.00	453.30	2.4%	778.50	0.00	0.0%	5 295.60	0.47	0.0%	2 402.40	0.00	0.0%	621.30	0.00	0.0%	27 823.80	453.77	1.6%

Table 5C(i): IFAD loan disbursements (SDR, as at 30/6/2015)

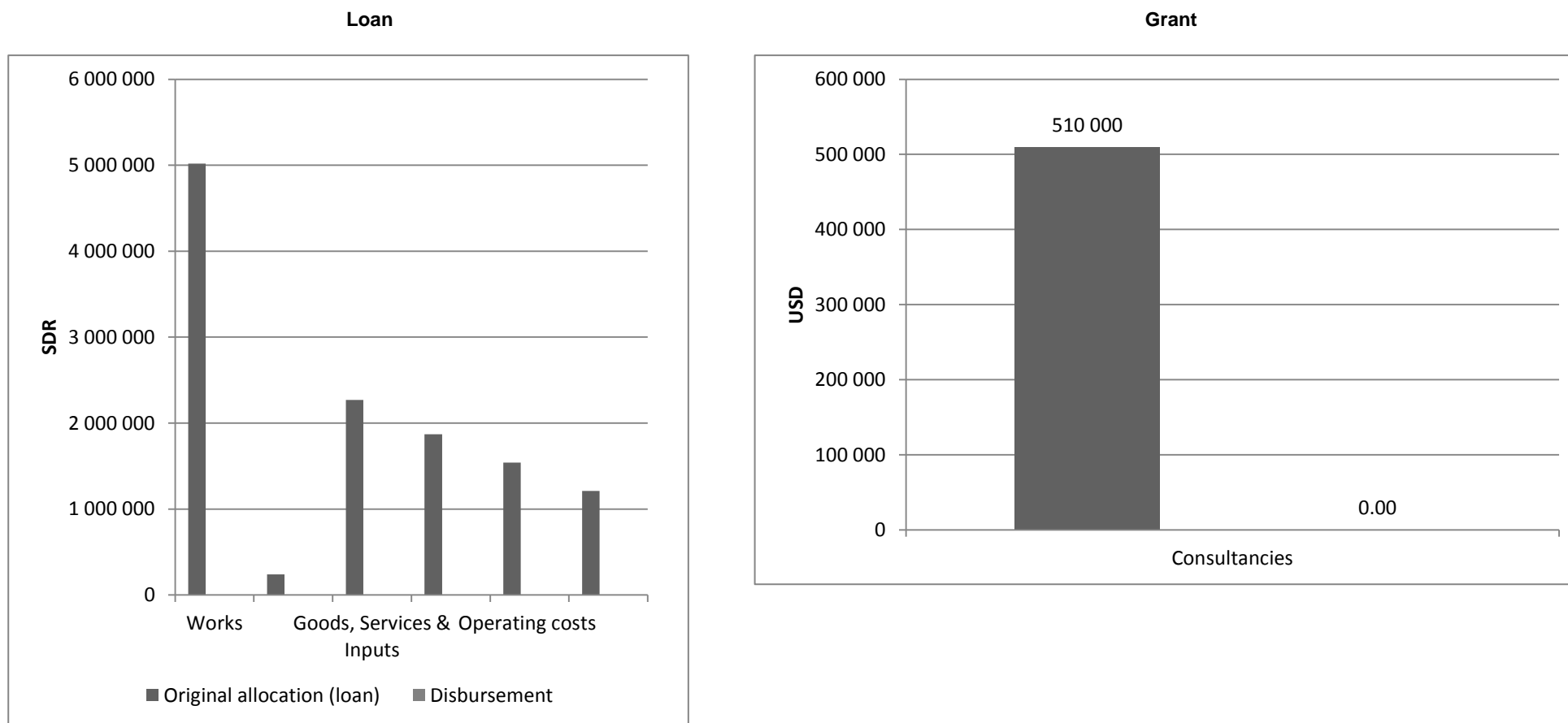
Category	Category description	Original allocation (loan)	Disbursement	Pending WA	Balance	Per cent disbursed	Per cent implemented
I	Works	5 020 000	0.00	206 478.51	4 813 521.49	0%	4%
II	Equipment & Materials	240 000	0.00	35 411.13	204 588.87	0%	15%
IV	Goods, Services & Inputs	2 270 000	0.00		2 270 000.00	0%	0%
V	Grants & Subsidies	1 870 000	0.00		1 870 000.00	0%	0%
VI	Operating costs	1 540 000	0.00	82 483.76	1 457 516.24	0%	5%
99	Unallocated	1 210 000			1 210 000.00	0%	0%
	Initial deposit	1 077 849.47				9%	
	Total	12 150 000	-	324 373.40	11 825 626.60	0%	3%

* The exchange rate for pending WA: 1USD to 0.7155 SDR 1 077 849.47 9% 12%

Table 5C(ii): IFAD grant disbursements (SDR, as at 30/6/2015)

Category	Category description	Original allocation	Disbursement	Pending WA	Balance	Per cent disbursed	Per cent disbursed
III	Consultancies	510 000	0.00	0.00	510 000.00		
	Initial deposit	179 651.58				35%	
	Total	510 000	-	-		0%	0%
			179 651.58		330 348.42	35%	0%

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



Appendix 6: Compliance with legal covenants: Status of implementation

Section	Covenant	Target/Action Due Date	Compliance Status/Date	Remarks
Financing Agreement:				
Section B, Para 7	The Borrower/Recipient shall provide counterpart contribution for the Project in a total amount equivalent to approximately USD5,300,000, in order to cover, inter alia, machinery for works under Component 1, extension staff salaries and allowances under Subcomponent 2.1 and taxes and duties levied on the implementation of the Project.	Request MOF on permit and procedure for Tax and duties exemption	Partially Complied	
Section C, Para 1	The Lead Project Agency shall be the ministry of Agriculture and Irrigation (the "MOAI")		Complied	
Section C, Para 2	Additional Project Parties shall include, inter alia, the participating government agencies, Yezin Agricultural University, and the Non-Governmental Organizations (the "NGO") and contracted services providers selected to implement the Components of the Project.		Not yet complied	
Section D	The Financing shall be administered and the Project supervised by the Fund. In addition to supervision missions which shall normally be carried out, by the Fund, jointly with the Borrower/Recipient, shall conduct 2 mid-term reviews at the end of the second and fourth years of Project Implementation respectively.		Not yet complied	
Schedule 1, Para 5	<i>Lead Project Agency.</i> The MOAI, in its capacity as the Lead Project Agency, shall have the overall responsibilities for the Project's implementation.		Complied	
Schedule 1, Para 6	Governance. The project's governance framework shall consist of: (i) the NPSC; (ii) the Project Working Committee(the PWC); (iii) the Township Project Coordination Committees (the TPCC); and (iv) the Village Tract Facilitation and Monitoring Groups.		Partially Complied. Ongoing	Total TPCCs and VTGs are yet to be established
Schedule 1, Para 7	NPSC shall be established at Province, Prefecture and County levels respectively and co-chaired by the MOAI Deputy Minister for Irrigation and the Deputy Minister for Agriculture		Complied	
Schedule 1, Para 8	PWC. The PWC shall serve as the MOAI committee to provide guidance and oversight for Project Implementation.		Complied	
Schedule 1, Para 9	TPCC. In each project township, a TPCC shall be established, co-chaired by a local officer of the DOA of the MOAI and a local official, with other members representing relevant MOAI departments, implementing agencies and farmers' organizations.		Being complied	
Schedule 1, Para 10	Village Tract Facilitation and Monitoring Groups. The project village tracts, facilitation and monitoring groups shall be established.		Not yet complied	

Schedule 1, Para 11	PCU. The PCU shall be established by the Lead Project Agency and managed by the Project Director. The PCU shall be responsible and accountable for the management of the Project and the achievement of its results. It shall be an autonomous entity reporting to the NPSC, and will be located in Nay Pyi Taw. Its structure shall reflect project component and investments, and it shall be enjoy a certain level of financial autonomy in order to fulfil its mandate. The PCU will consist of three units: (i) the administration office responsible for financial management, accounting, procurement and contracting, headed by a financial manager;(ii) the investment office responsible for investment activities, consisting of a rural finance specialist and an irrigation/water management specialist; (iii) the capacity building office responsible for mobilising communities and strengthening their organisations, consisting of a community/ gender specialist.		Being complied	PCU maintains separate account books and prepares AWPB. However, the project accounts are administrated by DOA of MOAI. PD is not yet one of the signatories of the PAs.
Schedule 1, Para 18	The PCU shall prepare a draft Project Implementation Manual (PIM) which shall be approved by the NPSC before the Fund's non-objection shall be obtained.		Not yet Complied	Draft PIM is ready for approval. It is recommended the PIM shall send to the Cabinet for approval through NPSC.
Schedule 1, Para 19	The Lead Project Agency shall cause the PPMO to forward the draft PIM to the Fund for its non-objection. If the Fund does not comment on the draft PIM within thirty (30) days after receipt, it shall be deemed approved		Not yet Complied	
Letter to the borrower:				
LTB paragraph 6	The proceeds of the Financing may not be used to pay taxes.		Not yet Complied	
LTB paragraph 7	The Borrower/Receipt is required to open a bank account of the loan (Loan Designated Account) and another bank account for the Grant (Grant Designated Account) for the purpose of receiving and channelling the proceeds of the loan and the grant respectively and financing the project. Both Designated Accounts shall be opened, and maintained by the Borrower/Recipient in a bank acceptable to the Fund, and shall be denominated in USD. The DAs shall be administered following Imprest Fund arrangements. The DA will be segregated with other financing sources.		Complied	

LTB paragraph 9	There shall be separate loan and grant Project Account denominated in MMK opened in Myanmar Economic Bank(MEB) or another Bank acceptable to the Fund and maintained and operated by the PCU. The director of the project shall be fully authorized to operate the relevant PAs. The PCU shall maintain separate Implementation Accounts in local currency to receive proceeds of the financing from the counterpart funding. The PCU shall ensure that funds received at each level are transferred without delay.		Partially Complied	The management arrangements for PAs are found improper. It is agreed that new PAs shall be opened and remedial arrangements will be implemented.
LTB Paragraph 20	As soon as possible after project commencement, the PCUs shall submit to IFAD the draft AWPB and the Procurement Plan covering the initial 18 months period of project implementation.		Complied	
LTB Paragraph 21	In accordance with Paragraph 3, Module F5 of the IFAD's procurement Handbook, International Competitive Bidding will be mandatory method of procurement for contracts above the following value: Goods: Above USD 200,000 Works: Above USD 1,000,000 Services: Above USD 100,000		Being complied	
LTB Paragraph 22	Methods for procurement of goods/works as per thresholds is established as follows: a. Goods i. National Competitive Bidding for contract value greater than USD 25,000 and less than or equal to USD 200,000; ii. National shopping for contracts greater than USD 1000 and less than or equal to USD 25,000 iii. Direct contracting for contracts less than or equal to USD 1000 b. Works iv. National Competitive Bidding for contract values greater than USD 50,000 and less than or equal to USD 1,000,000 v. National shopping for contracts less than or equal to USD 50,000		Being complied	

LTB paragraph 24	the following shall be subject to prior review by the Fund: (a) Award of all ICB contracts for goods and works; (b) Award of all direct contracts between the MOAI/PCU and Irrigation Department for design, civil works and supervision; (c) Award of NCB contracts for goods and works estimated to cost USD 25,000 or more; (d) Award of direct contracts for goods estimated to cost USD 1000 or more; (e) Award of all contracts for consulting services to firms and individuals.		Being complied	
LTB paragraph 26	All contacts, with or without prior IFAD approval, shall be listed in the Register of Contracts with the dates of approval. The register shall be updated and submitted to the IFAD on a six-month basis.		Being complied	
LTB paragraph 30	The project shall utilize a computerized accounting software for the project.		Complied	
General Condition for Agricultural Financing:				
Section 9.01	The Project Parties shall maintain separate accounts and records in accordance with consistently maintained appropriate accounting practices adequate to reflect the operations, resources and expenditures related to the Project until the Financing Closing Date, and shall retain such accounts and records for at least ten (10) years thereafter.		Being complied	
Section 9.02	Financial Statements: The borrower shall prepare consolidated financial statements of the operations, resources and expenditures related to the Programme for each Fiscal Year. Within 4 months of each Fiscal Year end, such financial statements shall be delivered to the Fund.		Not yet applied	
Section 9.03	Audits: (a) Each Fiscal Year, the borrower shall have the accounts relating to the Project audited in accordance with auditing standards acceptable to the Fund.		Not yet applied	
Section 9.03	(b) The borrower shall, within six (6) months of the end of each Fiscal Year, furnish to the Fund a certified copy of the audit report. The Borrower/Recipient shall submit to the Fund the reply to the management letter of the auditors within one month of receipt thereof		Not yet applied	
Section 9.03	(c) If the Borrower/Recipient does not timely furnish any required audit report in satisfactory form and the Fund determines that the Borrower/Recipient is unlikely to do so within a reasonable period, the Fund may engage independent auditors of its choice to audit the accounts relating to the Project.		Not yet applied	
Section 8.02 (a)	Establish and thereafter maintain an appropriate information management system in accordance with the Fund's Guide for Project Monitoring and Evaluation with which it shall continuously monitor the Project;		Being complied	

Section 8.03	Progress Report: The Lead Project Agency shall submit to the Fund, trimester and annual progress reports on Project Implementation no later than 2 months after end of each reporting period during the Programme Implementation Period.		Not yet applied	
	Mid-Term Review: The Lead Project Agency and the Fund shall jointly carry out a review of Project implementation no later than 48 months after the Effective Date (the "Mid-Term Review") based on terms of reference prepared by the Borrower and approved by the Fund.		Not yet applied	
Section 8.04	Completion Report: The borrower shall submit to the Fund the completion report on the Programme no later than six (6) months after the Programme Completion Date.		Not yet applied	
Section 8.05	Annual Work Plan and Budgets: AWPB to be submitted to the Fund, for its review and approval		Complied	1 st AWPB reviewed by IFAD and received no objection
Section 7.13	The Borrower/Recipient and the Project Parties shall ensure that the resources and benefits of the Project, to the fullest extent practicable, are allocated among the Target Population using gender disaggregated methods.		Being complied	Targeting and outreaching to improve
Section 7.11	The Borrower/Recipient or the Lead Project Agency shall appoint the Project Director and all other key Project personnel in the manner specified in the Agreement or otherwise approved by the Fund. All key Project personnel shall have qualifications and experience specified in the Agreement or otherwise approved by the Fund.		Complied.	
Section 7.09	The Borrower/Recipient shall ensure that no Project Party shall enter into any Subsidiary Agreement, or consent to any modification thereof, inconsistent with the Financing Agreement or the Project Agreement.		Being complied	

Appendix 7: Knowledge management: Learning and Innovation

Learning

- The political environment and discourse has changed very much in Myanmar since the design of FARM project. During design there was limited participation from the Government in discussions regarding planning of activities. The government was careful about giving out information and hesitant to share data. However, with the changing political environment and through IFAD team's consistent efforts at establishing a positive relation with MOAI, there has been noted change in attitude of the Government. MOAI is more forthcoming in sharing information and are increasingly comfortable discussing issues with the IFAD team, across hierarchical orders. This positive change will definitely have an impact on enhancing project implementation.
 - The mission also learnt that there is a high level of expertise and experience within the MOAI that should be leveraged for providing technical guidance and coordination to the project's activities. Dedicated teams within the MOAI, and with the assistance of PCU, have taken initiatives to achieve an ambitious AWPB. The successful implementation of the AWPB would ultimately result in a significant move ahead in terms of overall physical and financial progress, especially with regard to agricultural infrastructure development activities.
-

Innovation: Describe any interesting innovation noted during supervision

- the KC approach, as a pluralistic participatory extension service platform, is a recognized innovation in Myanmar. The effectiveness of the KC approach has already been acknowledged by other development partners, including KOICA and the World Bank (implementing the KC approach in Bago, Sagaing and Mandalay). The KC model will be replicated by ADB's Irrigated Agriculture and Inclusive Development Project, valued at USD 100 million, in Mandalay and Magway states.
-