

Myanmar

Fostering Agricultural Revitalisation in Myanmar Project Supervision Report

Main report and appendices

Mission Dates: 7-21 November 2017

Document Date: 19/01/2018

Project No. 1100001654

Report No. 4663-MM

Asia and the Pacific Division
Programme Management Department

Abbreviations and Acronyms

ADB	Asian Development Bank
AED	Agriculture Extension Department (<i>MOAI</i>)
AMD	Agriculture Mechanization Department (<i>MOAI</i>)
AMDA	Association of Medical Doctors in Asia
CARD	Center for Agriculture and Rural Development
CARI	Central Agricultural Research Institute
CARTC	Central Agricultural Research and Training Centre
CB	Cooperative Bank
CBM	Central Bank of Myanmar
CBs	Commercial Banks
CDZ	Central Dry Zone
CGAP	Consultative Group to Assist the Poor
COHRE	Centre on Housing Rights and Evictions
COSOP	Country Strategic Opportunities Programme (<i>IFAD</i>)
CPF	Country Programme Framework
DAR	Department of Agriculture Research (<i>MOAI</i>)
DOA	Department of Agriculture (<i>MOAI</i>)
DRD	Department of Rural Development (<i>MOLFRD</i>)
ED	Extension Department (<i>MOAI</i>)
EU	European Union
FAO	Food and Agriculture Organization
FARM	Fostering Agricultural Revitalization in Myanmar
FESR	Framework for Economic and Social Reform
FIND	Financial Inclusion for National Development
FPIC	Free, Prior and Informed Consent (<i>FARM</i>)
FPL	Food Poverty Line
GDP	Gross Domestic Product
GIZ	Gesellschaft für Internationale Zusammenarbeit
GOM	Government of Myanmar
GRET	Groupe de Recherche et d'Echange Technique
HDI	Human Development Index
HPI	Human Poverty Index
ICRAF	International Centre for Research on Agroforestry
ID	Irrigation Department (<i>MOAI</i>)
IFAD	International Fund for Agricultural Development
IFPRI	International Food Policy Research Institute
IGA	Income Generating Activities
IHLCA	Integrated Household Living Conditions Assessments

IRRI	International Rice Research Institute
JICA	Japan International Cooperation Agency
KCs	Knowledge Centers (<i>FARM</i>)
KEXIM	Korea Export-Import Bank
KOICA	Korean International Cooperation Agency
LCS	Labour Contracting Society (<i>IFAD</i>)
LDC	Least Developed Country
LIFT	Livelihoods and Food Security Trust Fund
MADB	Myanmar Agricultural Development Bank
MAP	Making Access Possible
MDG	Millennium Development Goals
MDRI	Myanmar Development Research Institute
MEB	Myanmar Economic Bank
MICDE	Myanmar Industrial Crop Development Enterprise
MIDB	Myanmar Small and Medium Industrial Development Bank
MMK	Myanmar Kyat
MOAI	Ministry of Agriculture and Irrigation
MOBA	Ministry of Border Affairs
MOECAP	Ministry of Environmental Conservation and Forestry
MOF	Ministry of Finance
MOLFRD	Ministry of Livestock, Fisheries and Rural Development
MONPED	Ministry of National Planning and Economic Development
MOU	Memorandum of Understanding
MFI	Microfinance Institution
MNCWA	Myanmar National Committee for Women's Affairs
MSE	Microfinance Supervisory Enterprise
MSMEs	Micro, Small and Medium Enterprises
NCDP	National Comprehensive Development Plan
NGO	Non-Governmental Organization
NMTPF	National Medium Term Priority Framework
NPL	Non-Performing Loans
NPSC	National Project Steering Committee (<i>FARM</i>)
NPT	Nay Pyi Taw
OCC	Opportunity Cost of Capital
PACT	Partner Agencies Collaborating Together
PAR	Portfolio at Risk
PARDAP	Poverty Alleviation and Rural Development Action Plan
PB	Public Bank
PCU	Project Coordination Unit (<i>FARM</i>)

PL	Poverty Line
PLUP	Participatory Land Use Planning (<i>FARM</i>)
PWC	Project Working Committee (<i>FARM</i>)
RIMS	Results and Impact Management System (<i>IFAD</i>)
RSC	Rice Specialized Company
SADC	Specialized Agricultural Development Company
SBFIC	Savings Bank Foundation for International Cooperation
SCCs	Savings and Credit Cooperatives
SEE	State Economic Enterprises
SLA	Subsidiary Loan Agreement
SLRD	Settlements and Land Records Department (<i>MOAI</i>)
TPCC	Township Project Coordination Committee (<i>FARM</i>)
UMFCCI	Union of Myanmar Federation of Chambers of Commerce and Industry
UNCDF	United Nations Capital Development Fund
UNDP	United Nations Development Programme
UNESCAP	United Nations Economic and Social Commission for Asia and the Pacific
UNGTG	United Nations Gender Theme Group
UNOPS	United Nations Office for Project Services
USAID	United States Agency for International Development
VFMG	Village tract Facilitation and Monitoring Group (<i>FARM</i>)
WB	World Bank
WFP	World Food Programme
WONM	Women Organization Network of Myanmar
WRUD	Water Resources Utilization Department
WUG	Water Users Group (<i>FARM</i>)
YAU	Yezin Agricultural University

A. Project Overview

Region:	Asia and the Pacific Division	Project at Risk Status:	Actual problem
Country:	Myanmar	Environmental and Social Category:	B
Project Name:	Fostering Agricultural Revitalisation in Myanmar	Climate Risk Classification:	2
Project Id:	1100001654	Executing Institution:	Ministry of Agriculture, Livestock and Irrigation
Project Type:	Irrigation	Implementing Institutions:	not available yet
CPM:	Omer Zafar		
Project Director:	U Tun Win, Project Director, Department of Agricultural Land Management and Statistics, Ministry of Agriculture Livestock and Irrigation		
Project Area:	Naypyitaw Union Territory		

Approval Date	08/04/2014	Last audit receipt	31/03/2017
Signing Date	22/10/2014	Date of Last SIS Mission	17/10/2016
Entry into Force Date	22/10/2014	Number of SIS Missions	2
Available for Disbursement Date	18/03/2015	Number of extensions	0
First Disbursement Date	25/03/2015	Effectiveness lag	6 months
MTR Date	08/11/2017		
Completion Date	31/12/2020		
Financial Closure	30/06/2021		

Project total financing

IFAD Financing breakdown	Asia and the Pacific Division	\$778,516
	IFAD	\$18,726,034
Domestic Financing breakdown	Beneficiaries	\$621,271
	Private sector local	\$2,402,435
	National Government	\$5,296,549
Co-financing breakdown		
Project total financing		\$27,824,805

Current Mission

Mission Dates:	7-21 November 2017
Days in the field:	10
Mission composition:	Mr Jens Kristensen (agribusiness), Mr Michele Pirazzoli (infrastructure), Mr Shankar A. Kutty (procurement), Mr Pradeep Shrestha (financial management), Ms Yvonne Diethelm (M&E), Ms Enika Basu (programme officer, mission co-leader), and Mr Omer Zafar (country programme manager, mission leader)
Field sites visited:	All five project townships (Lewe, Tatkon, Zeyathiri, Ottrathiri and Pyinmana)

B. Overall Assessment

Key SIS Indicator #1	Ø	Rating	Key SIS Indicator #2	Ø	Rating
Likelihood of Achieving the Development Objective		4	Assessment of the Overall Implementation Performance		3

Effectiveness and Developmental Focus	4	Project Management	4
Effectiveness	4	Quality of Project Management	4
Targeting and Outreach	4	Knowledge Management	4
Gender equality & women's participation	4	Value for Money	4
Agricultural Productivity	5	Coherence between AWPB and Implementation	3
Nutrition		Performance of M&E System	3
Adaptation to Climate Change	4	Requirements of Social, Environmental and Climate Assessment Procedures (SECAP)	

Sustainability and Scaling-up	4	Financial Management and Execution	3
Institutions and Policy Engagement		Acceptable Disbursement Rate	3
Partnership-building	5	Quality of Financial Management	3
Human and Social Capital and Empowerment	5	Quality and Timeliness of Audit	3
Quality of Beneficiary Participation	4	Counterparts Funds	4
Responsiveness of Service Providers	4	Compliance with Loan Covenants	3
Environment and Natural Resource Management	5	Procurement	3
Exit Strategy	4		
Potential for Scaling-up	6		

C. Mission Objectives and Key Conclusions

Background and Main Objective of the Mission

The Fostering Agricultural Revitalization in Myanmar (FARM) Project is IFAD's first investment project in Myanmar. It represents an investment of USD 27.8 million financed by IFAD (loan of USD 18.7 million and grant of USD 0.8 million), Government (USD 5.3 million), the private sector (USD 2.4 million) and beneficiaries (USD 0.6 million). The project goal is to improve the economic status of poor rural women and men in five townships of the Nay Pyi Taw Union Territory. Its objective is to increase incomes of smallholder and landless households. FARM was approved by IFAD's Executive Board in April 2014 and became officially operational in October 2014.

The objective of the mission was to undertake a Mid-Term Review (MTR) of the project jointly with the Government, in accordance with the Financing Agreement and relevant procedures and requirements. The mission assessed the project's progress toward achieving its objectives, reviewed its performance in terms of effectiveness and efficiency, and recommended revisions to its activities and targets to enhance project outreach, impact and sustainability.

The mission visited Myanmar from 7-21 November 2017. In Nay Pyi, it met with members of the National Project Steering Committee (NPSC) and senior officials of the Ministry of Agriculture, Livestock and Irrigation (MoALI), the Ministry of Planning and Finance (MoPF), the Office of the Auditor-General (OAG), and the FARM Project Coordination Unit (PCU). Field visits were undertaken to review project investments in land development, Knowledge Centres (KCs), common interest groups (savings and credit groups), and micro-enterprises, where the mission met with township staff, KC managers, extension agents, private companies and farming households.

The mission's main findings and recommendations, and the agreements reached, were recorded in an *Aide Memoire* which was discussed with, and endorsed by, Government at a Wrap Up meeting held in Nay Pyi Taw on 21 November 2017, chaired by Dr Tin Htut, Permanent Secretary, MoALI.

Key Mission Agreements and Conclusions

The MTR recommends that for the remaining project duration (3 years), the project should concentrate on activities that are proven to be implementable, provide real economic benefits to the target groups, ensure appropriate levels of investment and disbursement, and ensure achievement of the project goal and objective. Based on project experiences, emerging developments, and institutional capacities, the mission and MoALI agreed to make adjustments in the following areas: (i) land consolidation; (ii) irrigation infrastructure in rain-fed areas; (iii) expansion of project sites within the five project townships; (iv) contracting of service providers for the PLUP process; (v) contracting of service providers for rural finance activities; (vi) configuration of TA support; and, (vii) corresponding loan reallocations across categories.

More specifically, the following changes will be made: (i) reduce land consolidation target to 2,500 acres; (ii) line primary and secondary canals benefitting 2,900 acres in the Paunglaung command area; (iii) upgrade drains and related hydraulic structures, on demand basis, benefitting 3,600 acres in selected areas with KCs that have not benefitted from land consolidation activities; (iv) develop strategic investment plans for each of the 55 KCs; (v) expand the Rural Business Fund (RBF) to farmer common interest groups (CIGs), and introduce a two-pronged approach (a window for micro-enterprises, with a ceiling of USD 5,000, focused on women and youth; and a window for small and medium enterprises, with a ceiling of USD 30,000 for farmer CIGs implementing group investments); (vi) discontinue the proposed ABF support to agribusinesses; (vii) further improve the flow of funds by assigning a finance officer from Minister's Office to the PCU; and (viii) organise systems for annual performance evaluations of PCU staff and KC managers.

D. Overview and Project Progress

The overall performance of the project has been moderately satisfactory. While there has been limited overall progress since the last supervision mission, there have been some satisfactory outcomes. Despite the limited investments in KCs and support to KC managers, many KC managers have successfully facilitated rural households to access agricultural services and technologies. A total of 5,534 farming households have adopted the demonstrated technologies across 40 KCs, accounting for an adoption rate of 39% which is higher than mid-term targets (compared with the target of 60% at project completion). Project M&E data indicates that these households already have an average incremental annual income of USD 400. A number of KCs have also successfully engaged with the private sector, including 17 input suppliers; private companies have implemented 144 demonstrations and 117 training courses benefiting 4,598 farmers, at no additional cost to the project. To date, eight companies are engaging around 457 farmers in contract farming arrangements, facilitated by KC managers. Four MFIs are providing financial services to the target groups across 14 KCs. Furthermore, 609 savings and credit groups (farming and non-farming) are functional in 40 KCs, with a total of 7,949 households benefiting from RBF financing for microenterprises.

The PCU staffing has improved notably since the last supervision mission. While for most part of last year the PCU management and staff team remained incomplete, at the time of the MTR the PCU was fully staffed with personnel of required competencies and experience. The Department of Agriculture appointed a competent Project Director and Project Manager. Several technical specialists have been recruited, and the fiduciary team has been replaced. A financial management team servicing FARM has been appointed at the Minister's Office to facilitate an efficient fund flow system.

However, FARM continues to suffer from imbalanced implementation. Land consolidation is experiencing delays for multiple reasons, including: (i) lack of comprehensive MoALI-level operational procedures to guide land consolidation processes, (ii) difficulties experienced in obtaining agreement from all farmers in any scheme to agree on land consolidation, following lengthy PLUP process; and (iii) lack of timely planning and implementation of participatory land use planning (PLUP). Despite several procurement efforts, the project has been unable to contract a reputable NGO to lead PLUP activities.

Similarly, activities related to promotion of agribusinesses have not been launched. Development of small enterprise plans through farmer CIGs have not yet been facilitated, and thus investment in agribusinesses has not yet taken off. Furthermore, there is a general lack of understanding of the concept of public-private-producer partnerships (PPPs) and unwillingness to partner with the private sector, to the extent that the Agribusiness Fund (ABF) related activities have not yet been implemented.

As a result, physical progress is behind schedule, and the positive achievements outlined above remain at a limited scale. Both MoALI and IFAD recognise the urgent need to correct implementation problems in order to ensure timely achievement of project's development objectives. The MTR has issued a set of recommendations with view of accelerating implementation and disbursement. Timely implementation of these recommendations will ensure the achievement of project outreach, outcomes and impact.

At the end of 2017, loan and grant disbursement will amount to SDR 4.55 million, accounting for 35.9% of the total loan and grant allocation of SDR 12.66 million. As 48.6% of the project period has elapsed, financial progress is behind expectations. However, considering that FARM represents IFAD's first investment in Myanmar, and that project management capacities were extremely limited at project effectiveness in October 2014, financial progress is considered acceptable. Moreover, disbursement trends over the years show increasing acceleration.

Component 1: Agricultural Infrastructure is rated moderately unsatisfactory.

Participatory Land Use Planning (PLUP): Over the last year, the PCU issued two tenders for contracting a service provider to lead PLUP; both tenders were unsuccessful. Subsequently, the NPSC agreed to set up a team to support the PLUP process, consisting of 20 junior MOALI staff (mainly from DoA), who are yet to be assigned. In the meantime, the Project Manager (PLUP Team Leader) and the Irrigation and Water User Group Specialist (IWUGS) have actively continued the PLUP process since September 2017. The mission's visits to two land consolidation areas where PLUP was completed revealed a good level of awareness and readiness for implementation from participating farmers, and highlighted the key role of the KC manager in building consensus on the reallocation plan. The PLUP documentation is also found to be of required quality.

However, the major constraints to the successful completion of the PLUP process over the wider targeted area are: (i) difficulties to solve discrepancies between the land titles owned by the farmers and the results of the DALMS ex ante surveys; (ii) reluctance of farmers with relatively easier access to roads and irrigation to have their lands included in the land consolidation scheme, or give the right of way for tertiary channels; and (iii) farmers' concerns over crop and land losses. The limited number of conclusive PLUP processes for land consolidation as compared to the total engaged in the process (30% in terms of area) is attributable not only to some operational efficiencies of the PLUP team, but also to the nature of investments (insisting on private land) and to the lack of operational procedures to support land consolidation at the national level.

Land consolidation works. The outcomes reported by the 230 farming households benefiting from the completed land consolidation are positive. The assessment carried out by the PCU shows a 70% reduction in haulage costs, and an average increase in yields of 20%. While noting that the works were completed in the two areas in April 2016 and June 2017 respectively, neither the MTR mission nor the PCU surveys found evidence of the crop diversification occurring as a result of land consolidation.

The sub-optimal quality of land levelling and the limited capacity of the collector drain have negatively affected the recent monsoon rice crop in the first area of land consolidation during a particularly heavy monsoon season. These issues are being addressed through revised designs, including: (i) complementary investments in primary and secondary channels and structures; (ii) lining of one-third of the length of tertiary irrigation channels; and (iii) specific focus on the upgrading collector drains up to the recipient natural drain. These complementary investments together with the increased length of channels and roads to circumvent non-participating farmers have contributed to the increased unit cost of land consolidation (USD 1,700 per acre).

Over the last year, communities in the command area of Ngalaik and Sinthay dam have requested the PCU support for land

consolidation. While in principle land consolidation can be extended to these areas, the mission notes that the availability of irrigation water from IWUMD channels for the dry season crop (i.e. the possibility of cultivation of a third crop) shall be considered as a key factor in determining investment decisions. In the absence of irrigation water, the potential incremental returns on two crops (typically irrigated monsoon rice and pulses) attributable to investments in land consolidation are generally too low to justify an investment of USD 1700/acre. Recent investments on main channels coupled with the review of the updated time series of water levels and records of irrigated areas under Sinthay dam revealed a reduced risk of water shortages during the dry season, hence the suitability for FARM investment in land consolidation. On the contrary, the high level of abstractions in Ngalaik and Yezin dams and delays in the development of the main channels of Madan dam restrict opportunities for investments in land consolidation under the command areas of these three schemes.

Component 2: Agriculture and Business Services is rated moderately satisfactory.

Sub-component 2.1: Investing in Knowledge. *Knowledge Centres (KCs).* The project has demonstrated that KCs have been able to develop a conducive environment for rural households to access services and technologies, enabling them to improve their productive and economic activities. In this respect, KCs have not only conducted activities financed by the project, but have also facilitated implementation of activities by the private sector. Seventeen input suppliers organised 144 demonstrations and 117 training courses at KCs for 4,598 farmers. Eight companies are currently engaging some 457 farmers, serviced by the KCs, in contract farming. Four MFIs are also providing financial services to members of 14 KCs.

Common interest groups (CIGs). A total of 377 landless CIGs have been formed; of which 292 have received RBF financing. The KCs have supported CIGs investment in mushroom production, livestock activities, broom production, vegetable production, vegetable processing, sweets processing, tailoring, repair shops, retail shops, commodity trading, and other enterprises. In addition 232 agriculture CIGs have been formed, of which 81 are in the process of being supported to develop investment proposals for RBF financing. Proposals received include mechanical planters, power tillers, seed processing equipment, ginning equipment, and others.

A total of 979 demonstrations have been undertaken to date. Some 5,534 farming households have adopted the demonstrated technologies across 40 KCs, accounting for an adoption rate of 39% which is higher than mid-term targets (compared with the target of 60% at project completion). The farming households adopting improved technologies have experienced incremental income ranging from USD 25/acre (savings on input purchased), USD 250-350/acre (use of fertilisers), USD 250 (correct application of fertilisers), USD 200 (shifting to high yielding rice varieties) to USD 350-650 (producing vegetables on contractual basis). These gains are contributing significantly to improving the economic status of participating households.

The physical achievements have been possible because of initiatives taken by the KC managers, despite poor support from the PCU and under-funding of activities. However, there is variation in the performance of KC managers: it is assessed that 7 KCs are performing highly satisfactorily, 25 are moderately satisfactorily and 8 are unsatisfactory. Some of the best performing KCs have unfortunately had their managers promoted and transferred to other duty stations. This has hampered the momentum of KC activities.

Project financing of KC activities to date amounts to 33% of the allocated budget. This is a reflection of poor project management in the past, which provided little guidance and support to KC managers, lack of follow up and building on successful activities. With a strong new project management team in place, the conditions are now appropriate for the PCU to provide guidance and support to KCs, and for disbursement to accelerate.

Sub-Component 2.2: Financing Growth. *Common interest groups (savings and credit groups).* A total of 377 landless CIGs (covering 3,568 households) have been formed. Of these, 292 have been trained in financial literacy, have opened a bank account each and are undertaking saving and credit activities. Total savings amount to MMK 25.8 million, and the outstanding loan portfolio amounts to MMK 20.5 million. Of the 292 CIGs, 233 have received RBF funding for investments. A total 232 agriculture CIGs (4,381 households) have been formed, of which 212 are undertaking savings and credit activities benefiting 4,003 households. Of these, 81 have opened (or are in the process of opening) bank accounts and preparing business plans to apply for RBF financing. The investment proposals received include mechanical planters, power tillers, seed processing equipment, ginning equipment, and others. The PCU has provided substantial capacity building support to these CIGs.

Rural Business Fund (RBF). Implementation of the RBF is in line with targets. Across 40 KCs, 232 CIGs (2,195 households) have received USD 418,770 from the RBF for investment in micro/small businesses. The aggregate investments amount to USD 598,243, which includes 30% contribution/savings of CIGs. Business activities include commodity trading, retail shops, hair dressing, metal works, basket-making, broom-making, food processing, mushroom production, livestock keeping, machine repair, tailoring, etc. These investments have generated incremental incomes ranging from USD 20/household/month for livestock activities to USD 200/household/month for mushroom production. A total of 81 CIGs are still expected to receive RBF during the 2017/18 financial year. Some 7,949 households representing 50% of the project's targeted beneficiaries are benefitting from SCGs and RBF, indicating progress in line with targets at mid-term.

Agribusiness Fund (ABF). Despite much preparatory work by the PCU, the ABF has not been implemented due to uncertainty in Government on whether it should provide loans or competitive grants. As the remaining project period will not be sufficient for the target groups to benefit from the market expansion envisaged under the ABF, the MTR recommends that the ABF be dropped, and the balance of funding reallocated to expanding the amounts and categories of financing under the RBF.

Refinancing Facility. The project initiated the activities for refinancing by selecting the first two participating MFIs during 2016/17, but the process of establishing a refinancing facility has been slow. It is assessed that it will take at least another year for a refinancing unit to be established under MoPF. This will leave less than two years to implement refinancing activities, which is considered to be inadequate. The MTR recommends that the refinancing facility be dropped, and the funds reallocated to the RBF.

E. Project implementation

a. Development Effectiveness

Effectiveness and Developmental Focus

Effectiveness

Rating: 4

Justification of rating

Effectiveness is rated moderately satisfactory. Although physical and financial progress has been slow to date, there are positive trends for improvement over the next three years. In particular, MoALI and IFAD have taken decisive steps to address project management issues, and implementation performance is improving noticeably. A strong PCU management team is now in place, with competent management and staffing; an international project management advisor (TA) is supporting MoALI and the PCU; and disbursement is now increasing steadily. Combined with the implementation of the MTR recommendations, it is likely that the project will achieve its development goal and objectives.

Log-Frame Analysis & Main Issues of Effectiveness

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. The specific indicators of the DO are:

- 60% of farming beneficiary HHs with increased net income of USD 400/annum in real terms

Progress: Project M&E indicates that 5,534 HHs have an average incremental annual income of USD 400 (27%);

- 80% of landless beneficiary households with increased average food expenditure of USD 20/month

Progress: This indicator will be assessed through the project completion survey. However, enterprises operated by landless CIGs are generating incremental incomes ranging from USD 20 to USD 200 per household per month, and positive impact on food expenditure is highly likely.

Component 1: Agricultural Infrastructure rated moderately unsatisfactory. LF outcome indicators are: (i) land and water resources sustainably managed on 10,000 acres; (ii) access to water all year secured for 3,300 households; (iii) 165 water users' groups (WUG) registered and functional.

The current AWPB (April 2017-March 2018) targeted land consolidation on 3,000 acres, with a budget allocation of USD 3.2 million. However, to date, PLUP activities have been successfully completed on only 823 acres (in Pauk Myaing and Pyan Chi area) under the Paunglaung scheme, with farmers' consensus on designs and reallocation plans. These sites are only two out of the ten sites (totalling 2,842 acres) identified as potential. Subject to the timely start of the works by IWUMD, the construction in these two sites is likely to be completed within the current construction season. The contracts between the PCU and IWUMD are ready for signature. This is definite progress compared to the achievements of previous years. However, cumulative achievement will remain limited at 1,304 acres, or 13% of the appraisal target. In view of the difficulties experienced with the implementation of land consolidation, the requirement of achieving targets in the next three years, and emerging investment opportunities, the mission and MoALI recommend a reduction in land consolidation targets replaced by investment in alternative options in irrigation infrastructure in the project area. The revised target for improved water management infrastructure would be 9,000 acres (rather than 10,000) with 3,300 beneficiary households.

The way forward for the next three years has been articulated in the agreed actions below.

Component 2: Agriculture and Business Services rated moderately satisfactory. LF outcome indicators are: (i) 15% increase in net income per acre; (ii) 60% of households report adoption of new/improved inputs, technologies or practices; (iii) 3,000 households benefit from livelihood opportunities; and, (iv) 70% of households report using rural financial services.

Sub-component 2.1: Investing in Knowledge. The status of the sub-component is described in Section D above. The way forward for the next three years is articulated in the agreed actions below.

Sub-Component 2.2: Financing Growth.

The status of the sub-component is described in Section D above. The way forward for the next three years is articulated in the agreed actions below.

Agreed Action	Responsibility	Agreed Date
Monitoring and trial plots on land consolidation Immediate set up of trial plots under strictly controlled variables, for close monitoring of the impact of land consolidation. This will allow collecting primary data on the before and after project scenario, complementing M&E assessments of the improved irrigation system's capacity to facilitate crop diversification, reduce irrigation water losses, and ensure timely delivery of irrigation water. Trial plots need to be identified at various distances from the irrigation channels and provided with the necessary inputs until project completion. Analysis of the results will provide valuable information to inform investment decisions on land consolidation.	PD Advisor/OFRS	01/2018

National technical assistance for engineering Recruitment of national TA (already approved by NPSC) to support the PCU and IWUMD engineers in engineering design and to improve coordination between the PCU and IWUMD at all stages of implementation. The role of engineering NTA would cover: (i) carrying out preliminary site assessments, particularly for drainage works; (ii) supporting the design of irrigation canal lining and the evaluation of alternative technical options based on site conditions; and (iii) on behalf of the PCU, participating in the works acceptance committees, to ensure quality.	PCU	01/2018
Enhanced PCU support to KCs Enhanced PCU support to KCs It is assessed, that the newly hired technical specialists (e.g. value chain specialist, agriculture research specialist, community development and gender specialist, rural finance specialist and facilitators) will be able to deliver high performance management and support to KC activities. It is agreed that the CDGS is assigned to coordinate KC activities under the guidance of the project manager. The CDGS will organise awareness of farmers to become familiar with potential activities which can be supported by the project and private sector. Systematic planning and coordination of KC activities is required to achieve the outcomes and objective of the project.	PCU	02/2018
KC strategic investment plans. The PCU will prepare a long list of potential activities which are suitable for each KC based on ecological/farming systems and potential of tangible benefits for their farming and non-farming households. The list will include potential RBF investments of different categories. The higher value RBF investments will focus on activities aimed at reducing the cost of primary agriculture, increasing productivity/income and expanding the market for primary produce (i.e. value addition). To the extent possible RBF will also focus on adding value to output produced in the respective areas. RBF will also continue to support financially viable off-farm investments. Expenditure for working capital should not exceed 30% of the investment; therefore, investments in retail shops and product trading will be carefully evaluated in this context. Based on the long list, the value chain specialist will organise meetings with relevant associations (processors, traders, exporters, transporters, etc) to understand the potential market for area-specific products, the required quality and the logistic of moving produce to final destination. The CDGS will organise the KCs and discuss the list with them, and KC members will decide on their choice of investments. Subsequently, the KC managers with the assistance of assigned specialists will prepare a Strategic Investment Plan for each KC. The SIPs will include plans on demonstrations, training, CIGs, RBF investments, farmer to farmer visits, meetings with companies for linkage arrangements, and meetings with MFIs for rural financial services.	PCU	02/2018
Agriculture information and communication technology (AICT) The PCU will engage with a national service provider of AICT to develop training modules for production (livestock, crops, beekeeping, and HVC production) and off farm investment which can be viewed using the service provider's app. The selected service provider will organise ToT training for farmers under KCs. The KC long list of activities and SIPs will form the basis for deciding which modules have the most demand. The app will also provide market information.	PCU	03/2018
Expansion of RBF to small and medium enterprises CIGs which have registered as a legal entities and/or SMEs can obtain matching grants for a maximum of USD 30,000 at an equity to grant ratio of 40-60%, against evaluated business plans.	PCU	04/2018
Increase of RBF ceiling for micro-enterprises to USD 5,000 Revolving funds to CIGs (both landless and agriculture) will be increased to USD 5,000. CIGs can apply for financing of business activities for a value up to the limit of USD 5,000 per investment, with an equity to matching grant ratio of 30% to 70%. The terms of the financing will be determined by each group.	PCU	04/2018

Drainage improvement Allocation of a financing package to support re-sizing of drains and upgrading of hydraulic structures. The KCs not benefitting from land consolidation investments would be eligible for upgrading selected sections of drains, with an indicative average budget of USD 16,000. The engineering specialist of the PCU will lead the assessments of technical feasibility; the CDGS would facilitate a PLUP process as required; IWUMD would execute the works with its own equipment. This activity targets an area of 3,600 acres operated by 1,200 farming households.	KC mangers/NTA Irrigation Engineer / IWRUD	05/2018
Primary and secondary canals lining Lining of primary and secondary canals in the left (southern) part of Paunglaung scheme, to supply 2,900 acres of incremental area with year-round availability of irrigation water, thereby expanding project outreach to disadvantaged areas. Analysis of the benefit streams, based on the standard cropping pattern for fully irrigated lands (monsoon rice-pulses-summer rice) shows a FIRR in excess of 50% for lining of secondary canals and 30% for lining of the primary canal. The works are valued at USD 3.0 million and will be implemented by IWUMD during the 2018-19 and 2019-20 construction seasons.	NTA Irrigation Engineer/ IWRUD	10/2018
Irrigation water management With the recruitment of the IWUGS, since September 2017 five WUGs have been formed (62 members/20% women) on the 130 acres of land consolidated in 2017, in addition to the 11 previously formed on the initial 351 acres. The evidence of poor maintenance of consolidated land highlights the need to further strengthen and enhance the capacity of these WUGs. WUG activities would be extended to areas where the project will support the upgrading of drains and the lining of primary and secondary canals. In these areas, farmers sharing a watercourse or a common outlet on a secondary canal would be supported to: (i) improve on farm and off farm water management practices; (ii) consolidate demands and coordinate with IWUMD for scheduling irrigation and maintenance; and (iii) access technologies and financing for mobile surface pumps, drip irrigation pipes and other instruments.	IWUGS	
Revised land consolidation physical target Reduction in the loan allocation for land consolidation to USD 4.0 million (i.e. 53% of the original allocation). In light of increased unit costs, the corresponding cumulative final physical target would be reduced to 2,500 acres and about 800 directly benefitting households.	PCU/IWUMD/TA	

Development Focus

Targeting and Outreach

Rating: 4

Justification of rating

Targeting and outreach is rated moderately satisfactory. At MTR, the project services had reached 17,741 HHs or 44% of the appraisal target. Of these, 20% are very poor, 50% are poor and 30% are moderate and better-off households. Women headed households account for 19%. While outreach is slightly short of the 50% as expected at mid-term, the project's targeting strategy has proved to be satisfactory. Aside from a strong poverty focus, the project has been entirely driven by self-targeting, ensuring that the investments and services provided respond to the demands of the various target groups.

Main issues

The project's AWPBs are finalised following extensive consultation with beneficiaries. Consequently, the package of investments and services offered are tailored to the demands of beneficiaries, and include support for a range of crops, livestock, processing and non-agricultural activities.

There are two main issues with targeting and outreach. First, the project has adopted an inclusive targeting approach for agricultural infrastructure development, to ensure that all farming households in the project area will benefit. However, the project requires the land consolidation works to be preceded by free and prior informed consent of all farming households in the selected areas. The process of PLUP is very detailed and lengthy, and ultimately leads to self-targeting. This is not only resulting in severe delays in implementation of Component 1, but also increasing costs and restricting the total number of households reached. In this context, the MTR recommends to limit the targeted acreage under land consolidation to 2,500 acres, and to channel funding to activities which will facilitate inclusive targeting and increase the numbers of households reached, such as drainage rehabilitation and lining of main and secondary canals, as explained in previous sections.

Secondly, the RBF was initially designed to finance rural micro-enterprises, directly targeting women and youth. It was assumed that the

farming households would be supported for investments through the micro-finance institutions. However, since at MTR the project has not established the refinancing mechanism in support of MFIs, farming households have not received rural financial services. In view of this, the MTR recommends that the RBF be expanded to farming groups, as explained in previous sections.

Gender equality & women's participation

Rating: 4

Justification of rating

Gender equality and women's participation is rated moderately satisfactory. The gender mainstreaming focus of project activities could be improved. While there have been positive results in enhancing women's empowerment especially under the rural finance sub-component, there is scope to enhance women's involvement and participation across all activities and committees. In addition, it is important to track qualitative enhancement of women's participation in the project and the overall impact of the project on women's empowerment.

Main issues

At the level of staffing, it is pertinent to note that of the 40 KC managers appointed, 21 are women. All KC managers are oriented on gender mainstreaming concepts and activities at the start of their engagement. A gender mainstreaming workshop was organized in June 2016 and was attended by representatives from project's governance and management committees, officials at ministry and township levels, and civil society partners and women's representatives from project villages.

This year women's participation in project activities, specifically under sub-component 2.1, has not been given sufficient attention. For example, only 31% of members of farming CIGs are women, and only 28% of participants at demonstrations on GAP and farming technologies are women. Similarly, few women have participated in field days (28%) and farmer to farmer visits (14%). However, there have been notable successes under sub-component 2.2, particularly the activities of saving and credit groups and the RBF. Of 7,700 landless CIG members, 56% are women and 75% of revolving funds have been accessed by women members to start or expand microenterprises. The mission urges the PCU to document the success stories for dissemination.

Agreed Action	Responsibility	Agreed Date
Improved participation of women in farming related activities Set a quota of a minimum of 35% women's participation in farming CIGs, agriculture demonstrations, and farmer to farmer exchange visits.	PCU	

Agricultural Productivity

Rating: 5

Previous rating: 4

Justification of rating

Agricultural productivity is rated satisfactory. A total of 979 demonstrations have been undertaken by the project to date. A total of 5,534 farming HH have benefited/adopted the technologies demonstrated by the 40 KCs, accounting for an adoption rate of 39%. The farming households adopting knowledge and technologies have reported a per acre yield increase ranging from 6% (paddy) to 26% (groundnut). Incremental incomes range from USD 25/acre (savings on input purchased), USD 250-350/acre (use of fertilisers), USD 250 (correct application of fertilisers), USD 200 (shifting to high yielding rice varieties) to USD 350-650 (producing vegetables on contractual basis). These gains are contributing significantly to improving the economic status of participating households.

Adaptation to Climate Change

Rating: 4

Justification of rating

Adaptation to climate change is rated moderately satisfactory. The project is built around vulnerability reduction, including the introduction of climate resilient agricultural technologies and development of resilient irrigation infrastructure. An international TA is supporting ID to ensure that good design principles are applied to minimize environmental risks. Field observations in the indicate that design has minimised the risk of loss of fertility of top soil and allows for improved use available water resources

Main issues

A recent case of extreme weather (flooding) a few months preceding the MTR, negatively affected the recent monsoon rice crop in the area that benefitted from land consolidation under the first lot. These issues have been addressed in recent designs, applying a more comprehensive approach, including: (i) complementary investments in primary and secondary canals and structures; (ii) lining of one-third of the length of the tertiary irrigation canals; and iii) specific focus on the upgrading of collector drains up to the recipient natural drain. In consideration of the small area in which land consolidation has been completed and the envisaged scope for improved irrigation management by the WUGs, the mission rates the project climate and environmental focus to be moderately satisfactory.

b. Sustainability and Scaling up

Partnership-building

Rating: 5

Justification of rating

Partnership building is rated satisfactory. One of the most important achievement of the project so far has been the partnerships established by the project, through the KCs, with the private sector. So far, KCs have successfully engaged 17 input suppliers, for 144 demonstrations and 117 training course benefiting 4,598 farmers at no additional cost to the project. Eight companies are engaging around 457 farmers in contract farming arrangements, facilitated by KC managers. Four MFI are providing financial services to the target groups under 14 KCs. The direct partnership between the private sector and CIGs at KCs are evidence of the arrangement functioning beyond the project funded activities.

Human and Social Capital and Empowerment

Rating: 5

Previous rating: 4

Justification of rating

Human and social capital and empowerment is rated satisfactory. The mission visited micro-enterprises started by women through the Rural Business Fund. Interviews with beneficiaries reveal not only that the women have supplemented HH income, but they have expressed their sense of empowerment in terms of financial literacy, their business acumen, informed decision making for HH expenditure and capacity to participate in and function as a group. This year, the MTR noticed improved group cohesion in the farmer CIGs. Farmers' groups have been formed and strengthened to participate proactively in determining AWPBs of KCs, partnerships with private sector and following MTR they will participate in developing strategic investment plans for each KC. Farmer CIGs have also started their own SCGs and are eager to start implementing group investment plans.

Main issues

Due to the lag in implementation of the civil works, the targeted formation and strengthening of water users' groups have also been significantly delayed. A WUG Specialist has been finally hired by the PCU and five WUGs have been formed in the areas where civil works have been completed. However, capacity building activities for WUGs are still significantly behind schedule.

Agreed Action	Responsibility	Agreed Date
Formation of WUGs in all areas of civil work WUG activities to be extended to areas where the project will support the upgrading of drains and the lining of primary and secondary canals. In these areas, farmers sharing a watercourse or a common outlet on a secondary canal would be supported to: (i) improve on farm and off farm water management practices; (ii) consolidate demands and coordinate with IWUMD for scheduling irrigation and maintenance; and (iii) access technologies and project financing for mobile surface pumps, drip irrigation pipes and other instruments.	IWUG	

Quality of Beneficiary Participation

Rating: 4

Justification of rating

Quality of beneficiary participation is rated moderately satisfactory. An enthusiastic participation of beneficiaries was noted by the mission during the KC visits to discuss project progress. Participants also freely discussed their grievances with project services in some KCs, which were mostly related to delay in planning of civil works. Participation of landless CIG members was particularly notable, especially considering that these groups are now also operating beyond the PCU supervision.

Main issues

Participation needs to be improved in demonstrations and farmer to farmer exchanges, especially ensuring greater participation of women in such exchanges. The mission recommends to increase the outreach of this activity by increasing number of sites of demonstrations within the village, to ensure close proximity of demonstration plots to farmers.

Responsiveness of Service Providers

Rating: 4

Justification of rating

Responsiveness of service providers is rated moderately satisfactory. The performance of the two main service providers, ID and Department of Agricultural Research (DAR) has been satisfactory. ID has been able to timely deliver works in project sites where PLUP processes have been successfully concluded. Similarly, DAR has been a satisfactory partner in developing and implementing demonstration protocols. Contractors for construction of the first lot of 15 KCs had been found responsive and had met the necessary specifications during construction.

Main issues

However, there were construction defects visible during the successive mission. The second lot of 25 KCs did not meet the expected standards and defects are already visible in a year. The PCU requested the construction companies to undertake repairs; however, the repairs have not been of satisfactory quality. For the next lot of KCs to be constructed, the PCU will recruit an engineer to monitor the quality of works.

Environment and Natural Resource Management**Rating: 5****Previous rating: 4****Justification of rating**

Environment and natural resource management is rated satisfactory. In the irrigation sites visited by the mission in Pauk Myaing and Pyan Chi area, under the Paunglaung scheme, which have benefitted from both civil works and agricultural services, the mission observed that the completed irrigation works, designed to improve control of the water flow in the irrigated basins, resulted in a number of environmental benefits including (i) 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). This was confirmed through multiple meetings with beneficiaries.

Main issues

Concrete data and analysis is not yet available. The MTR recommended the immediate identification of trial plots under strictly controlled variables, for close monitoring of the impacts of land works and demonstration activities. This will allow collecting primary data on with and without project scenario and will complement the M&E assessments of the improved irrigation and agricultural system's contribution to improved environment and natural resource management.

Exit Strategy**Rating: 4****Previous rating: 5****Justification of rating**

Exit strategy is rated moderately satisfactory. So far the exit strategy as envisaged in the project design, particularly related to agricultural services, is already evident in implementation. The project's activities are mainstreamed into the MoALI's annual workplan and budget. The KC managers are Ministry extension officers, and are successfully brokering linkages among the private sector and farmers. These are proving to be instrumental in modernising agriculture and stimulating rural business growth. The direct partnership between the private sector and CIGs at KCs are already evidence of the arrangement functioning beyond the involvement of the project. Similarly, some SCGs are functioning without project funding. There is a possibility at a later stage to federate them.

Main issues

Further works need to be done to strengthen WUGs in order to ensure the sustainability of the improved water management solutions introduced by project.

Potential for Scaling-up**Rating: 6****Justification of rating**

From "Nay Pyi Taw to the Nation". 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 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 will scale up the KC model to Mandalay and Magway states. Four microfinance institutions have started lending operations in the project area and are actively seeking collaboration with the project. MoALI has requested (and IFAD complied) to replicating the KC extension model in its future projects (model is being replicated in ESAP and pipeline WSAP projects).

c. Project Management**Quality of Project Management****Rating: 4****Previous rating: 3****Justification of rating**

Governance and oversight is moderately satisfactory. The inter-ministerial NPSC has been meeting regularly and providing strategic guidance to the project as required. 59. Management is moderately satisfactory. For most of the period under review, the PCU did not have a functional leadership. A project director had been appointed for eight months, on a part-time basis. Following the resignation of the director due to discontinuation of project financed salary top-up, coupled with the absence of a project manager, there was a vacuum in project management that led to substantial slowing down of project implementation.

Main issues

Governance and oversight. While to date the NPSC has carried out its statutory functions, there may be scope to improve its problem resolution role. The Project Working Committee meets regularly to coordinate project activities across relevant departments; it appears to be exercising its statutory functions. In the recent months, it has been actively engaged in completing PCU staffing.

In September 2017, MoALI appointed a third project director and a project manager, both staff of MoALI. The new project management team was intensively supported by a project management advisor (TA). With a competent project management team finally in place, the financial management team was also replaced (as recommended by the previous supervision mission). Several specialists have been

recruited to support implementation, including a value chain specialist, water users' group specialist, community development and gender specialist, M&E specialist, rural finance specialist and agriculture specialist. At the time of the MTR the PCU was fully staffed, with the exception of a procurement specialist. The PCU is noticeably revitalised under the competent leadership of the project manager and director.

However, it is noted that the project director has just been promoted, and would not serve on full time basis in the future. Similarly, the project manager also operated on part time basis. In this context, the mission recommends the recruitment of an experienced national project management advisor (TA) to support the management team in daily management and coordination.

Agreed Action	Responsibility	Agreed Date
Recruitment of national project management advisor An experienced national project management advisor will be recruited from the market to support the MoALI appointed PD and PM for day to day management of the project.	PD/PWC	01/2018
PCU staff performance evaluated annually Contracts will be performance-based, and annual performance evaluations will determine extension of contracts.	PD/PM	

Knowledge Management

Rating: 4

Justification of rating

KM is rated moderately satisfactory. At mid-term no Knowledge Management Strategy or plan has been developed. Some learning dissemination material on trial protocols have been produced, but there is no systematic record of lessons learned and successful stories from the field. Moreover, there is no communication strategy to disseminate lessons and stories from the field. A project website exists but is not very active and not continuously updated. However, the project does have an active facebook page being accessed by project staff and beneficiaries alike.

Main issues

The mission noted that there are no regular reviews of activities undertaken, drawing from M&E data and lessons learned. It is suggested that the PCU prepares a knowledge management and communication plan for the purpose to document learnings from the project, make case studies of successful initiatives like women's broom making and mushroom production enterprises and disseminate widely among the development practitioners community. These knowledge products should be archived and posted on the social media means (youtube, facebook, etc.) to attract wider audiences. Sufficient budget should be allocated for these activities, including for new training material for the KCs.

The project could also benefit from organizing workshops for various stakeholders to share and exchange lessons on the various activities which are implemented in the field and could generate interest for upscaling.

Agreed Action	Responsibility	Agreed Date
Documentation of lessons learned Start documenting lessons learned, successful field stories, videos and use social media to archive and post	PCU	
Knowledge management and communication plan Prepare a knowledge management and communication plan.	PCU	

Value for Money

Rating: 4

Justification of rating

Value for money is rated moderately satisfactory. The analysis of cost ratio of inputs to date to outputs achieved is positive.

Main issues

At MTR, under Component 2.1 (agricultural and business services), the project has been able to achieve 54.30% of the physical targets, with 30.5% of allocated budget. Similarly, for Component 2.2 (financial services), the project was able to achieve 50% of its planned targets, spending only 13% of the allocated budget. However, on the contrary, cost-ratio of infrastructure works is not positive. Under the component, the project has only achieved 3.7% of its targeted output at 10% of allocated budget. With regard to the management component, since the Government's decision to discontinue salary top-up for seconded staff, the project has spent only 25% of allocated management costs at MTR.

Justification of rating

Coherence between AWPB and implementation is moderately unsatisfactory and needs to be improved.

AWPB Inputs and Outputs Review and Implementation Progress

The initial AWPB 2017/18 was submitted to IFAD in March 2017. Subsequently, following an implementation support mission, the AWPB was revised and submitted to IFAD for approval in August 2017. The mission noted that the PCU does not maintain a system of monitoring physical progress to compared with the financial progress. The estimated physical progress was determined by the mission in consultation with the PCU. The absence of this tracking results in lack of information for management decisions. Hence, the coherence between the AWPB and implementation progress is weak as actual plans are observed not to be aligned with the AWPB. The mission has strongly recommended the Project Director and the CTA to maintain physical progress records.

Justification of rating

The project has no accurate information system in place to monitor implementation of project activities, nor results at all levels. Due to the high turnover of M&E officers, there is little consistency in data collection, monitoring and analysis. Moreover, M&E reports are not being used for project planning and reporting, nor for strategic decision-making purposes. Nevertheless, the PCU is trying to catch up with the low performance of M&E and undertook an outcome survey in 2017, with a sample of 800 households, comparing the data to the baseline survey of 2014. This survey has shown progress in some of the outcome level indicators. Likewise a new M&E officer has been appointed in mid-November, who will start to systematically collect and validate data from the KC managers; consolidate and analyse data not only for routine monitoring but also for documenting learning; and for developing case studies of successful initiatives.

M&E System Review

The project has a detailed M&E framework, which was developed under the UNOPS grant, however it is not being utilised. From the start of the project two M&E officers have left the PCU, the last one in July 2017. In mid-November a new M&E officer has been appointed. Unfortunately, no proper hand over was provided.

The previous M&E officer developed excel sheets for the KC managers for monitoring and planning purposes for all activities. KC managers have received a laptop to monitor activities, as well as basic training. During the field visits, the mission was pleased to note that the KC managers actually use the PCs to timely record and properly monitor project activities, as recommended by the last supervision mission. However, the previous M&E officer did not spend sufficient time in the field to regularly validate existing data. Unfortunately, this also resulted in a lack of reporting of lessons learned and best practices; nor were reports produced and shared for knowledge and information sharing.

The previous supervision mission recommended that the PCU perform an annual outcome survey; for this purpose, guidelines have been provided to the M&E officer. A survey has been undertaken by the PCU, though it does not follow the guidance and standards of an annual outcome survey and the methodology was not specified. This survey compared 2014 with 2017 data, using a sample of 800 households. A participatory wealth ranking was also conducted in 34 villages, with the participation of 8,646 households. Moreover, the debt status of households was surveyed in 28 villages receiving RBF funding. The following indicators have been surveyed: farmer household income; farmer household expenditure; net income per household; landless household expenditure for food; poverty level; households with outstanding loans.

A service provider has been appointed to prepare a baseline survey, however the PCU has rejected the report as it has not met the required standards. Several reminders to the service provider were sent to complete satisfactorily the report, however as of the time of mission, the baseline survey is still not completed. However, a baseline survey undertaken during project design provides useful benchmark data.

The mission and PCU have revised the logframe by streamlining and aligning the outcomes/outputs indicators to the theory of change. The progress achieved has been analysed, and the need to re-align certain activities needs to be reflected, also in a review of the final targets.

It was noted favourably by the mission that the PCU, although without an M&E officer for the last three months, was in a position to provide most of the final targets.

Agreed Action	Responsibility	Agreed Date
M&E plan Prepare a M&E plan and discuss with KC managers and PCU	M&E Officer	01/2018
Refresher trainings Conduct refresher training for KC managers on planning & monitoring	M&E Officer	01/2018
Annual outcome survey Conduct an annual outcome survey in 2018	M&E Officer	08/2018
Data collection Systematically collect and validate data from the KC managers	M&E Officer	

d. Financial Management & Execution

Disbursement by financier

Type	Name	Current Amount	Disbursed Amount	Actual Rate
Domestic Financing breakdown	Beneficiaries	\$621,271		
	Private sector local	\$2,402,435		
	National Government	\$5,296,549		

Acceptable Disbursement Rate

Rating: 3

Justification of rating

While loan and grant disbursement are behind schedule, the trends are promising, with an accelerating rate of disbursement over time.

Main issues

Aggregate loan and grant disbursement to date amounts to SDR 3.63 million, accounting for 28.7% of the loan and grant allocation of SDR 12.66 million. Two additional withdrawal applications will shortly be submitted to IFAD: (i) WA-8 amounting to SDR 0.48 million, in the first week of December; and (ii) WA-9 amounting to SDR 0.44 million, in the second week of December. At the end of 2017, loan and grant disbursement will amount to SDR 4.55 million, accounting for 35.9% of total loan and grant allocation. As 48.6% of the project period has elapsed, financial progress is behind schedule. However, considering that FARM represents IFAD's first investment in Myanmar, and that project management capacities were extremely limited at project effectiveness in October 2014, financial progress is considered acceptable. Moreover, disbursement trends are promising, as demonstrated in the graph below (data in USD).

Agreed Action	Responsibility	Agreed Date
Allocate sufficient budget for FY 2018-19 Allocate sufficient budget for all activities of the FY 2018-19 AWPB.	MOALI and MOPF	03/2018

Fiduciary Aspects

Quality of Financial Management

Rating: 3

Justification of rating

Currently, accounts are being maintained in excel spreadsheets and financial statements are prepared using excel. The stock and fixed asset registers require updating. Statements tracking the Ministry Department bank accounts are not maintained. The vouchers for receipt/payments of DA/OA accounts and receipts of MD bank accounts are not prepared. The amount of USD 15,652 transferred to government treasury has not yet been refunded to OA bank account; however, MoPF has promised to refund in the next fiscal year. The advance of MMK 1 million (petty cash) is not sufficient to meet the requirement of petty expenses of the PCU and KCs. Advances of up to 70% of estimated expenditures provided also hampers smooth implementation of project activities. There are no documentary trails for various agricultural inputs purchased. However, the KC centres maintain lists of distribution of input to the farmers. Many of the actions agreed during previous supervision mission have not been implemented.

Main issues

The budget of FY 2017-18 allocated to DoA was reallocated to the MoALI in July 2017, in order to avoid the delays in payments experienced under DoA. The vacant positions of finance manager and accountant were filled in April 2017 and October 2017 respectively. In the meantime, delays were experienced in maintaining books of accounts, and preparation and submission of financial reports and withdrawal applications on time. There is one book keeper and one clerk seconded by the government.

The financial statements are being prepared using data from excel spreadsheets. The accounting software needs to be customized for accounting and reporting as per Government and IFAD requirement. After customization, the financial transactions up to FY 2015-16 should be taken as opening balance and financial transactions from FY 2016-17 should be input so that information can be generated from accounting software for the project period. The receipt of goods purchased based on quotations and tenders are being acknowledged through letters rather than preparing goods received notes. There is no proper trail to ensure that all goods have been recorded in the stock register. The fixed assets register requires updating. There is no physical verification of assets. Many of the actions agreed during previous supervision mission have not been implemented.

The PCU has maintained designated account and project operating (OA) bank accounts but not the Ministry Department (MD) bank accounts. The vouchers for receipt and payments of DA and OA accounts and receipts of MD bank accounts are not prepared. As per the new payment arrangements due to Government financial procedure, payments are made by the Finance team of MoALI dedicated for the payment of project expenditures after checking the supporting documents. This arrangement is far better than the previous arrangement, but it takes about one week to receive payments after submission of the payment request and supporting documents. It is decided with the MoALI finance team that one finance officer will be deputed to the PCU for checking the supporting documents before requesting for payment, so that payments can be expedited faster.

The PCU has to revise the PIM to change the payment procedures to align with existing procedure, increase the limit of petty cash, and modify the advance mechanism for the project expenditures.

The mission reviewed the accounting of expenditures, supporting documents (invoices, receipts and related documents) for project expenditures, statement of expenditures submitted along with the withdrawal application, filing system and found minor inaccuracies in accounting expenses and claiming against incorrect categories and payment without required supporting documents. The expenses accounted to wrong categories and claimed from IFAD until September 2017 should be calculated and adjusted to correct categories. The Financing Agreement and Letter to the Borrower for funding tax and duties from the IFAD loan have to be amended.

Agreed Action	Responsibility	Agreed Date
Reverse expenditures charged to erroneous accounting categories and revise financial statements. Expenditures charged to wrong account heads and claimed to incorrect categories should be rectified and the financial statements should be revised accordingly to reflect actual expenditures incurred under the respective expenditure heads.	PCU	12/2017
Preparation of vouchers and maintenance of MD bank accounts PCU should prepare vouchers of receipts and payments of all financial transactions of designated and project operating bank accounts and maintain MD bank accounts to ensure proper accounting of banking transactions.	PCU	12/2017
Allocate budget to refund amounts transferred to treasury from MD bank account Government has to allocate sufficient amount in the budget of FY 2018-19 to refund the amount of MMK 15,45,556 (USD 15,652) transferred from MD bank account to government treasury as this amount is advance received from IFAD.	MoALI and MoPF	03/2018

Quality and Timeliness of Audit

Rating: 3

Previous rating: 4

Justification of rating

The audited financial statements of FY 2014-16 did not fully comply with the IFAD guidelines on project audits and sample of project audited financial statements. The audit was conducted based on generally accepted auditing standards instead of ISSAI issued by INTOSAI. The audit reports of FY 2016-17 to be submitted within September 30, 2017 have not yet been issued though audit has already been completed; it is undergoing translation. The internal audit up to FY 2016-17 was not conducted due to delay in appointment of internal auditor. The tender is in process for appoint of the internal auditor for FY 2017-18.

Main issues

The audit reports with qualified opinion on the financial statements and Statement of Expenditures (SOEs) and unqualified opinion on designated accounts for the period October 22, 2014 to March 31, 2016 conducted based on generally accepted auditing standards and issued on October 11, 2016 by OAG in Myanmar language after six months from the end of the financial year was translated in English language and submitted to the IFAD on February 1, 2017. The audited financial statements partially complied with the IFAD guidelines on project audits and sample of project audited financial statements as the audited project financial statements do not contain (i) statement of receipts and payments by component, (ii) source of funding in the statement of comparison of budget and actual amounts, (iii) statement of designated account activities, (iv) statement of withdrawal application of SOEs (annual and cumulative), (v) cumulative status of funds by category in local currency, USD and SDR, and (vi) notes to accounts on information specified in the sample of project audited financial statements. The management letter issued by OAG has pointed out some internal control weaknesses and lack of

physical progress as budgeted. The audit of FY 2016-17 has already been conducted by OAG but the audit report is yet to be issued; it is undergoing translation. The internal audit up to FY 2016-17 was not conducted due to delay in appointment of internal auditor. Project has already evaluated the bids and is in process of appointment of internal auditor for FY 2017-18.

Agreed Action	Responsibility	Agreed Date
Submission of audit report of FY 2016-17 in English language Audit report of FY 2016-17 to be received from OAG should be translated in English language and submitted to IFAD.	PCU and MoALI	12/2017
Resolve the previous year audit observations Take actions to resolve the audit observations and also not to repeat same observations in future.	PCU and MoALI	12/2017

Counterparts Funds

Rating: 4

Previous rating: 5

Justification of rating

Counterpart funds were released on time and did not impede the achievement of any outcomes in the current AWPB. The Government covers the salaries and allowances of the numerous staff seconded to the project, design and supervision of KC construction, additional capital costs of KC construction and steering committee costs. There is a need to improve the reporting mechanism for the Government contribution to the project. The project calculates Government contribution based on information provided by the seconded staff for salary, statement of cost for use of construction equipment provided by ID, estimated cost of additional construction, budgeted amount for KC design and supervision, and steering committee meetings. The project should develop a mechanism to properly account for Government contribution.

Main issues

The Government contribution to the project is clearly in excess of expectations, in terms of additional civil works, agricultural activities, staff salaries, and operating costs. However, there is no clear reporting mechanism to account for Government and beneficiary contribution, and records of contribution are not maintained. The project is calculating the Government contribution based on information provided by the seconded staff for salaries, statement of cost for use of construction equipment provided by the IWUMD, estimated cost of the additional construction and budgeted amount for KC design and supervision, and steering committee meetings.

Agreed Action	Responsibility	Agreed Date
Develop system of recording government and beneficiaries contribution. The project should develop a system of recording total expenditures funded by IFAD, Government, beneficiaries and the private sector systematically.	PCU and MoALI	12/2017

Compliance with Loan Covenants

Rating: 3

Justification of rating

The project has complied with most of the covenants of Financing Agreement, but there is scope for improvement.

Main issues

The project has generally complied with the covenants that have become due, except provisions of: (i) Section B, Para 7 - exemption of taxes & duties; (ii) Schedule 1, Para 11 - autonomy of the PCU, (iii) Schedule 1, Para 13 - formation of grievance committee; (iv) Schedule 1, Para 17.2 - broker an agreement with a microfinance institution(s); and, (v) Schedule 3, Para 4 - support to obtain proper identification documents. The MoPF and IFAD have already that the IFAD loan will cover duties and taxes; the Financing Agreement will be amended accordingly.

Agreed Action	Responsibility	Agreed Date
Compliance with Financing Agreement, Letter to the Borrower and General Conditions Comply with all covenants of the Financing Agreement.	MoALI and PCU	03/2018

Procurement

Procurement

Rating: 3

Justification of rating

Procurement is rated as moderately unsatisfactory as a result of delays, weaknesses in internal controls, and inconsistencies with the approved procurement plan which is not regularly updated and revised.

Procurement Review

The implementation of the approved procurement plan is affected by delays, poor planning and ad-hoc procurement resulting in variances between the approved plan and actual procurement undertaken. While the procurement plan was updated, monitored and revised during implementation, some inconsistencies are noted. Given the insignificant number of procurements undertaken, the mission validated all minor procurement undertaken, identifying procurement processes and documents to be acceptable (but not optimal). The processes (internal controls) and quality of documentation could be improved further ensuring, consistency with the procurement manual, and reducing errors and delays.

As envisaged in the Letter to the Borrower, project procurement will be undertaken in accordance with the provision of IFAD's Project Procurement Guidelines and its Project Procurement Handbook. FARM's procurement procedures and process are outlined in the FARM Project Procurement Manual which has been approved by the NPSC. The project director, as the delegated project authority, is solely responsible to undertake all approved procurement, which includes the construction of the additional 15 KCs specified in the AWPB and PP. The PCU does not need to seek prior approvals from the MoALI on individual procurement packages.

The PCU should revise its annual consolidated procurement plan for the fiscal year 2017-2018 and seek IFAD's clearance. Examples of changes to be incorporated in the procurement plan include:

- (a) Removing any redundant procurement such as motorcycles for KCs, computers and office equipment which will no longer be purchased. All future KC managers would need to use their own motorcycles, and would be paid a monthly allowance for fuel and maintenance as per exiting arrangements.
- (b) Revising the procurement plan and its budget for the 15 KCs to be constructed. The final design and estimated bill of quantities should be submitted to IFAD for its review and concurrence.
- (c) Recruitment of the project management specialist.
- (d) Rental of additional vehicles until the project is able to procure vehicles.
- (e) Adjusting inconsistencies in the procurement plan, such as procurement methods and prior/post review requirements.

The PCU will not undertake any procurement of goods, civil works and services under grants released under RBF. The grant recipients will be responsible in procuring goods, civil works and services directly, while the PCU will support them to identify the sources of supply, the various options available, and the offers that are available. The PCU will ensure that grants funds are used for the purposes intended.

Contract management continues to be weak; provisions of contracts are not understood thus inadequately monitored. The contract registers and logs are not adequately updated. IFAD recommends that contract registers and logs are updated regularly from the start of the project, and submitted to IFAD and a quarterly basis.

Due to performance issues, the PCU has not extended the contract of the procurement specialists beyond November 2017. Instead, procurement will be handled by the project management specialist. As such, the TOR of this specialist will incorporate procurement functions, as well a role in supporting RBF grant recipients in sourcing appropriate equipment and machinery.

Agreed Action	Responsibility	Agreed Date
Procurement of goods, civil works and services under grants released under the RBF. The grant recipients will be responsible for procuring goods, civil works and services directly, with PCU support as required.	PCU and RBF grant recipient	12/2017
Replacement of Procurement Specialist and training Project management specialist to be recruited. TOR to incorporate procurement functions as well as support to RBF beneficiaries.	PCU	12/2017
Annual Procurement Plan for 2017-2018 and internal controls Revise, update and resubmit the annual procurement plan for 2017-2018, and ensure all procurement documentation is adequately, in compliance with the FARM Project Procurement Manual.	PCU	12/2017

F. Relevance

Relevance	Rating: 5
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Justification of rating

FARM's development objectives are aligned and consistent with the needs of the target groups as well as IFAD and Government policies and priorities. While field activities have been limited, the outcomes from those few activities have been satisfactory, and appreciated by both the beneficiaries and the Government, thereby validating the soundness of the project's concept. The KCs constitute a demonstrated instrument of commercialising smallholder agriculture and breaking the dependency/subsistence/poverty trap. MoALI has adopted the KC concept pioneered under FARM as its policy for agricultural service delivery and market linkages. The KC concept is being scaled up by the World Bank, through its USD 100 million investment project in Bago, Mandalay and Sagaing, and the Asian Development Bank, through its USD 135 million irrigation project proposal across the central dry zone.

G. Project Modifications

Responsibility	Modification Type	Description
PCU and IFAD	Logical Framework	The project logframe was reviewed and revised. The logframe at design included 53 indicators that required tracking. At MTR the mission carefully reviewed the list of indicators to streamline the logframe with on-going activities, and the most important outputs and outcomes that requires tracking to validate the theory of change proposed by the project. In this context, the MTR recommended dropping 20 indicators that were not relevant. This revision will make it possible for the PCU to focus data collection activities on the most important outputs and outcomes. The indicators at goal and DO level were retained as at design. The revised logframe is herein attached.

H. Lessons Learned

Participatory processes

While MoALI has increasing levels of technical capacity, it lacks the social mobilisation skills required to interact meaningfully with communities and ethnic groups. The implementation of participatory approaches requires substantial support from experienced NGOs with strong community engagement skills and track record.

Services

The pluralistic service delivery platform organised in the form of Knowledge Centres (KCs), which build on the structure and network of public extension services, has proved to be an early resounding success. KCs have stimulated production and business linkages within their first year of operation. They are brokering markets and services for over 7,000 smallholder households. Input supply companies and private agribusinesses (processors, exporters) have established operations in the FARM locations, using KCs as focal points for demonstrations, farmers' field schools, training and contract farming. Services are also being provided by the public sector (Depts of Agriculture, Research, Irrigation, Mechanisation, Land Records) through KCs. Four financial institutions have requested project management to operate within KCs for administering financial services. Some 295 savings and credit groups have been established in KCs and are operational. KCs constitute a demonstrated instrument under the COSOP strategy of commercialising smallholder agriculture and breaking the dependency/ subsistency/poverty trap. MoALI has adopted the KC concept pioneered under FARM as its policy for agricultural service delivery and market linkages. The KC concept is being scaled up by the World Bank, through its USD 100 million investment project in Bago, Mandalay and Sagaing, and the Asian Development Bank, through its USD 135 million irrigation project proposal across the central dry zone.

Capacity building

Following five decades of isolation, MoALI is relatively weak in terms of staff capacities, technical knowledge, project management, fiduciary compliance and farmer outreach. In this context, MoALI greatly benefitted by a small capacity building grant financed by IFAD and executed by UNOPS. The grant developed the capacities of the Ministry in project management; work planning and budgeting; budgeting and monitoring; financial management; procurement and contracting; and monitoring and evaluation. This support proved to be fundamental in enabling MoALI to absorb and properly manage externally-financed projects. Based on this experience, it is now considered best practice in APR to develop Ministerial statutory and fiduciary capabilities in advance of loan-financed project support.

I. Agreed Actions

Agreed Action	Responsibility	Agreed Date
Preparation of vouchers and maintenance of MD bank accounts PCU should prepare vouchers of receipts and payments of all financial transactions of designated and project operating bank accounts and maintain MD bank accounts to ensure proper accounting of banking transactions.	PCU	12/2017
Annual Procurement Plan for 2017-2018 and internal controls Revise, update and resubmit the annual procurement plan for 2017-2018, and ensure all procurement documentation is adequately, in compliance with the FARM Project Procurement Manual.	PCU	12/2017
Resolve the previous year audit observations Take actions to resolve the audit observations and also not to repeat same observations in future.	PCU and MoALI	12/2017
Replacement of Procurement Specialist and training Project management specialist to be recruited. TOR to incorporate procurement functions as well as support to RBF beneficiaries.	PCU	12/2017
Reverse expenditures charged to erroneous accounting categories and revise financial statements. Expenditures charged to wrong account heads and claimed to incorrect categories should be rectified and the financial statements should be revised accordingly to reflect actual expenditures incurred under the respective expenditure heads.	PCU	12/2017

Submission of audit report of FY 2016-17 in English language Audit report of FY 2016-17 to be received from OAG should be translated in English language and submitted to IFAD.	PCU and MoALI	12/2017
Procurement of goods, civil works and services under grants released under the RBF. The grant recipients will be responsible for procuring goods, civil works and services directly, with PCU support as required.	PCU and RBF grant recipient	12/2017
Develop system of recording government and beneficiaries contribution. The project should develop a system of recording total expenditures funded by IFAD, Government, beneficiaries and the private sector systematically.	PCU and MoALI	12/2017
M&E plan Prepare a M&E plan and discuss with KC managers and PCU	M&E Officer	01/2018
National technical assistance for engineering Recruitment of national TA (already approved by NPSC) to support the PCU and IWUMD engineers in engineering design and to improve coordination between the PCU and IWUMD at all stages of implementation. The role of engineering NTA would cover: (i) carrying out preliminary site assessments, particularly for drainage works; (ii) supporting the design of irrigation canal lining and the evaluation of alternative technical options based on site conditions; and (iii) on behalf of the PCU, participating in the works acceptance committees, to ensure quality.	PCU	01/2018
Monitoring and trial plots on land consolidation Immediate set up of trial plots under strictly controlled variables, for close monitoring of the impact of land consolidation. This will allow collecting primary data on the before and after project scenario, complementing M&E assessments of the improved irrigation system's capacity to facilitate crop diversification, reduce irrigation water losses, and ensure timely delivery of irrigation water. Trial plots need to be identified at various distances from the irrigation channels and provided with the necessary inputs until project completion. Analysis of the results will provide valuable information to inform investment decisions on land consolidation.	PD Advisor/OFRS	01/2018
Recruitment of national project management advisor An experienced national project management advisor will be recruited from the market to support the MoALI appointed PD and PM for day to day management of the project.	PD/PWC	01/2018
Refresher trainings Conduct refresher training for KC managers on planning & monitoring	M&E Officer	01/2018

<p>KC strategic investment plans.</p> <p>The PCU will prepare a long list of potential activities which are suitable for each KC based on ecological/farming systems and potential of tangible benefits for their farming and non-farming households. The list will include potential RBF investments of different categories. The higher value RBF investments will focus on activities aimed at reducing the cost of primary agriculture, increasing productivity/income and expanding the market for primary produce (i.e. value addition). To the extent possible RBF will also focus on adding value to output produced in the respective areas. RBF will also continue to support financially viable off-farm investments. Expenditure for working capital should not exceed 30% of the investment; therefore, investments in retail shops and product trading will be carefully evaluated in this context.</p> <p>Based on the long list, the value chain specialist will organise meetings with relevant associations (processors, traders, exporters, transporters, etc) to understand the potential market for area-specific products, the required quality and the logistics of moving produce to final destination. The CDGS will organise the KCs and discuss the list with them, and KC members will decide on their choice of investments.</p> <p>Subsequently, the KC managers with the assistance of assigned specialists will prepare a Strategic Investment Plan for each KC. The SIPs will include plans on demonstrations, training, CIGs, RBF investments, farmer to farmer visits, meetings with companies for linkage arrangements, and meetings with MFIs for rural financial services.</p>	PCU	02/2018
<p>Enhanced PCU support to KCs</p> <p>Enhanced PCU support to KCs</p> <p>It is assessed, that the newly hired technical specialists (e.g. value chain specialist, agriculture research specialist, community development and gender specialist, rural finance specialist and facilitators) will be able to deliver high performance management and support to KC activities. It is agreed that the CDGS is assigned to coordinate KC activities under the guidance of the project manager. The CDGS will organise awareness of farmers to become familiar with potential activities which can be supported by the project and private sector. Systematic planning and coordination of KC activities is required to achieve the outcomes and objectives of the project.</p>	PCU	02/2018
<p>Allocate sufficient budget for FY 2018-19</p> <p>Allocate sufficient budget for all activities of the FY 2018-19 AWPB.</p>	MOALI and MOPF	03/2018
<p>Agriculture information and communication technology (AICT)</p> <p>The PCU will engage with a national service provider of AICT to develop training modules for production (livestock, crops, beekeeping, and HVC production) and off farm investment which can be viewed using the service provider's app. The selected service provider will organise ToT training for farmers under KCs. The KC long list of activities and SIPs will form the basis for deciding which modules have the most demand. The app will also provide market information.</p>	PCU	03/2018
<p>Allocate budget to refund amounts transferred to treasury from MD bank account</p> <p>Government has to allocate sufficient amount in the budget of FY 2018-19 to refund the amount of MMK 15,45,556 (USD 15,652) transferred from MD bank account to government treasury as this amount is advance received from IFAD.</p>	MoALI and MoPF	03/2018
<p>Compliance with Financing Agreement, Letter to the Borrower and General Conditions</p> <p>Comply with all covenants of the Financing Agreement.</p>	MoALI and PCU	03/2018
<p>Increase of RBF ceiling for micro-enterprises to USD 5,000</p> <p>Revolving funds to CIGs (both landless and agriculture) will be increased to USD 5,000. CIGs can apply for financing of business activities for a value up to the limit of USD 5,000 per investment, with an equity to matching grant ratio of 30% to 70%. The terms of the financing will be determined by each group.</p>	PCU	04/2018

Expansion of RBF to small and medium enterprises CIGs which have registered as a legal entities and/or SMEs can obtain matching grants for a maximum of USD 30,000 at an equity to grant ratio of 40-60%, against evaluated business plans.	PCU	04/2018
Drainage improvement Allocation of a financing package to support re-sizing of drains and upgrading of hydraulic structures. The KCs not benefitting from land consolidation investments would be eligible for upgrading selected sections of drains, with an indicative average budget of USD 16,000. The engineering specialist of the PCU will lead the assessments of technical feasibility; the CDGS would facilitate a PLUP process as required; IWUMD would execute the works with its own equipment. This activity targets an area of 3,600 acres operated by 1,200 farming households.	KC managers/NTA Irrigation Engineer / IWRUD	05/2018
Annual outcome survey Conduct an annual outcome survey in 2018	M&E Officer	08/2018
Primary and secondary canals lining Lining of primary and secondary canals in the left (southern) part of Paunglaung scheme, to supply 2,900 acres of incremental area with year-round availability of irrigation water, thereby expanding project outreach to disadvantaged areas. Analysis of the benefit streams, based on the standard cropping pattern for fully irrigated lands (monsoon rice-pulses-summer rice) shows a FIRR in excess of 50% for lining of secondary canals and 30% for lining of the primary canal. The works are valued at USD 3.0 million and will be implemented by IWUMD during the 2018-19 and 2019-20 construction seasons.	NTA Irrigation Engineer/ IWRUD	10/2018
PCU staff performance evaluated annually Contracts will be performance-based, and annual performance evaluations will determine extension of contracts.	PD/PM	
Formation of WUGs in all areas of civil work WUG activities to be extended to areas where the project will support the upgrading of drains and the lining of primary and secondary canals. In these areas, farmers sharing a watercourse or a common outlet on a secondary canal would be supported to: (i) improve on farm and off farm water management practices; (ii) consolidate demands and coordinate with IWUMD for scheduling irrigation and maintenance; and (iii) access technologies and project financing for mobile surface pumps, drip irrigation pipes and other instruments.	IWUG	
Improved participation of women in farming related activities Set a quota of a minimum of 35% women's participation in farming CIGs, agriculture demonstrations, and farmer to farmer exchange visits.	PCU	
Documentation of lessons learned Start documenting lessons learned, successful field stories, videos and use social media to archive and post	PCU	

<p>Irrigation water management</p> <p>With the recruitment of the IWUGS, since September 2017 five WUGs have been formed (62 members/20% women) on the 130 acres of land consolidated in 2017, in addition to the 11 previously formed on the initial 351 acres. The evidence of poor maintenance of consolidated land highlights the need to further strengthen and enhance the capacity of these WUGs. WUG activities would be extended to areas where the project will support the upgrading of drains and the lining of primary and secondary canals. In these areas, farmers sharing a watercourse or a common outlet on a secondary canal would be supported to: (i) improve on farm and off farm water management practices; (ii) consolidate demands and coordinate with IWUMD for scheduling irrigation and maintenance; and (iii) access technologies and financing for mobile surface pumps, drip irrigation pipes and other instruments.</p>	IWUGS	
<p>Revised land consolidation physical target</p> <p>Reduction in the loan allocation for land consolidation to USD 4.0 million (i.e. 53% of the original allocation). In light of increased unit costs, the corresponding cumulative final physical target would be reduced to 2,500 acres and about 800 directly benefitting households.</p>	PCU/IWUMD/TA	
<p>Data collection</p> <p>Systematically collect and validate data from the KC managers</p>	M&E Officer	
<p>Knowledge management and communication plan</p> <p>Prepare a knowledge management and communication plan.</p>	PCU	

Fostering Agricultural Revitalisation in Myanmar Project

Logical Framework

Results Hierarchy	Indicators							Means of verification			Assumptions
	Name	Baseline	Mid-Term	End Target	Annual Result	Cumulative Result	Cumulative Result %	Source	Frequency	Responsibility	
Outreach	1.b Estimated corresponding total number of households members							RIMS survey	Twice during implementation	PMU	
	Household members	4.5									
	1.a Corresponding number of households reached							RIMS report	Annual	PCU	
	Non-women-headed households			27000	4818	4818	17.8%				
	Women-headed households			7000		3500	50.0%				
	1 Persons receiving services promoted or supported by the project							RIMS report	Annual	PCU	
	Males			68850	7150	7150	10.4%				
	Females			84150	8738	8738	10.4%				
Goal Economic status of poor rural women and men in the project area improved	Child nutrition standards improved							UNICEF	start; mid-term and endline surveys	PCU	
	Improvement in child nutrition standards	31.5									
	HHs expenditure increased above the poverty line							UNDP	start; mid-term and endline surveys	PCU	
	Increase in HH expenditure	31.6									
Objective 34,000 households in 5 townships of Nay Pyi Taw Union have higher incomes and improved nutrition	Percentage of farming HHs with increased income of USD400/annum in real terms							RIMS survey, focus group discussions	Annual	PCU	Programme successes are replicated, scaled-up; Public sector governance is improved.
	Households			60							
	Percentage of landless households with increased average food expenditure of USD20/month							RIMS impact survey	Annual	PCU	
	Landless HHs			40							
	Shift in relative asset ownership for 2 poorest quintiles (RIMS relative measure)							RIMS survey, focus group discussions	Annual	PCU	

	Shift in relative asset ownership for 2 poorest quintiles			20		8	40.0%				
Outcome 1.1 Land and water resources sustainably managed	Access to water all year secured for 3,300 HHs							RIMS survey, focus group discussions, HH survey	Annual	PCU	Farmers with free crop choice
	Households			3300		190	5.8%				
	Field to roadside haulage costs reduced by 15%							RIMS survey, focus group discussions, HH survey	Annual	PCU	
	Reduction in field to roadside haulage costs			15		75	500.0%				
Output Improved water availability and management in 9000 acres	Lining of primary and secondary canals							NGO progress reports, ID/MOAI records GPS and satellite pictures	Annual	PCU	NGO recruited to assist in adopting PLUP & FPIC approaches Risks: Lack of skills, equip. for land consolidation; Land confiscation by GoM Political interference in land consolidation works.
	length of canals			19		0	0.0%				
	Out of 3642 ha of farmland, 1012 ha are land consolidation area							NGO progress reports, ID/MOAI records GPS and satellite pictures	Annual	PCU	
	Hectares of land			1012		192.4	19.0%				
	2.1.5 Roads constructed, rehabilitated or upgraded							NGO progress reports, ID/MOAI records GPS and satellite pictures	Annual	PCU	
	Length of roads			50		15.23	30.5%				
	Out of 3642 ha of farmland, 1456 ha are area under improved drainage							NGO progress reports, ID/MOAI records GPS and satellite pictures	Annual	PCU	
	Hectares of land			1456		0	0.0%				
	1.1.2 Farmland under water-related infrastructure constructed/rehabilitated								Annual	PCU	
	Hectares of land			3642		192.4	5.3%				
	Out of 3642 ha of farmland, 1174 ha are area under lined primary and secondary canals							NGO progress reports ID/MOAI records, GPS and satellite pictures	Annual	PCU	
	Hectares of land			1174		0	0.0%				

	1.1.1 Persons whose ownership or user rights over natural resources have been registered in national cadasters and/or geographic information management systems						Settlements and Land Records Department (SLRD) records	Annual	PCU		
	Males			800		190					23.8%
	Females										
Outcome 1.2 Water Management Organizations functional	Water users group (WUG) registered						WUGs admin. Records	Annual	PCU		
	WUG registered			165	16	16					9.7%
	People in groups managing productive infrastructure						WUGs admin. Records	Annual	PCU		
	Females			952	6	6					0.6%
	Males			238	12	12					5.0%
Outcome 2.1 Skills of farming HHs enhanced and relevant value chains upgraded	Increase in net income per acre						Surveys, SMEs records, Rural businesses records	Mid-term	PCU		
	increase			15							
	1.2.2 Households reporting adoption of new/improved inputs, technologies or practices						Surveys, KC records	Mid-term	PCU		
	Households			60		30					50.0%
	Number of Knowledge Centres established and functional						project report	Annual	PCU		
	KCs			60		40					66.7%
Output Value chains strengthened	Value chain analyses undertaken						NGO progress reports	Annual	PCU	SMEs/entrepreneurs interested in contract farming with farming HHs.	
	Value chain analyses undertaken			6		1					16.7%
	1.1.4 Persons trained in production practices and/or technologies						NGO progress reports	Annual	PMU		
	Men trained in crop			12240	539	539					4.4%
	Women trained in crop			8160	196	196					2.4%
	Number of demonstrations undertaken						KC records	Annual	PCU		
	demonstrations			1500		967					64.5%
	Number of farming CIGs formed						KC records	Annual	PCU		
	farming CIGs			300		232					77.3%
	Number of farmers in contract arrangements						KC records; progress reports	Annual	PCU		

	farmers in contract arrangements			600		472	78.7%				
Outcome 2.2 Skills of landless HHs enhanced and employment opportunities improved	Households benefit from livelihood opportunities							KC records; surveys, SMEs records	Annual	PCU	NGOs engage to assist landless entrepreneurs in NPT
	HHs			9000		1833	20.4%				
Output Rural businesses for landless entrepreneurs sustainably implemented	Number of landless CIGs formed							KC records; CIGs records	Annual	PCU	MFI and commercial banks agree to finance rural businesses and SMEs to complement project grant
	CIGs			500		351	70.2%				
	Number of training courses for landless CIGs							KC records; CIGs records	Annual	PCU	
	training courses			4		4	100.0%				
	Business plans developed and financed							KC records; CIGs/SME records	Annual	PCU	
	business plans			2000		609	30.5%				
Outcome 2.3 Financial environment for creation/expansion of sustainable and profitable rural businesses improved	1.2.5 Households reporting using rural financial services							MFI records	after mid-term annually	PCU	Commercial banks and MFIs have resources to lend to beneficiaries. Financial institutions are actively targeting FARM villages
	Households			70		60	85.7%				
	Rural businesses and SMEs operating after 3 years							rural business & SMEs records	after mid-term annually	PCU	
	SMEs			80		10	12.5%				
	rural businesses			60		20	33.3%				
	Percentage of SCGs have a PAR less than 5%							MFI records	after mid-term annually	PCU	
	SCGs			80							
Output Rural businesses and SMEs access sustainable financing	Landless entrepreneurs financed							MFI records	Annual	PCU	MFI and commercial banks agree to finance rural businesses and SMEs to complement project grant
	Males			200	539	539	269.5%				
	Females			1800	196	196	10.9%				
	Entrepreneurs financed for processing SMEs							MFI records	Annual	PCU	
	Entrepreneurs financed			7							
Output Microfinance outreach extended to at least 5,000 HHs	No. of Savings and Credit Groups (SCGs) formed							SCG records	Annual	PCU	NGO willing to promote Savings and Credit Institutions Risk: lack of sufficient capitalization to reach sustainability
	SCG			750	183	183	24.4%				
	1/3 of SCGs members are women							SCG records	Annual	PCU	
	Males			9900	539	539	5.4%				

	Females			5100								
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