

## **Sri Lanka**

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### **Smallholder Tea and Rubber Revitalization Project**

#### **Supervision Report**

#### **Main report and appendices**

Mission Dates: 9 - 23 October  
2017

Document Date: 10/01/2018

Project No. 1100001731

Asia and the Pacific Division  
Programme Management Department

## A. Project Overview

Region:	Asia and the Pacific Division	Project at Risk Status:	Not at risk
Country:	Sri Lanka	Environmental and Social Category:	B
Project Name:	Smallholder Tea and Rubber Revitalization Project	Climate Risk Classification:	3
Project Id:	1100001731	Executing Institution:	Ministry of Plantation Industries
Project Type:	Marketing/Storage/Processing	Implementing Institutions:	Ministry of Plantation Industries
CPM:	Hubert Boirard		
Project Director:	not available yet		
Project Area:	not available yet		

Approval Date	17/12/2015	Last audit receipt	30/10/2017
Signing Date	26/04/2016	Date of Last SIS Mission	09/10/2017
Entry into Force Date	26/04/2016	Number of SIS Missions	1
Available for Disbursement Date	30/12/2016	Number of extensions	0
First Disbursement Date	24/04/2017	Effectiveness lag	4 months
MTR Date	not available yet		
Completion Date	30/06/2022		
Financial Closure	31/12/2022		

## Project total financing

<b>IFAD Financing breakdown</b>	IFAD	\$25,764,000
<b>Domestic Financing breakdown</b>	Beneficiaries	\$3,610,000
	Domestic Financing Institutions	\$3,251,000
	Private sector local	\$15,000
	National Government	\$32,762,000
<b>Co-financing breakdown</b>		
<b>Project total financing</b>		\$65,402,000

## Current Mission

Mission Dates: 9 - 23 October 2017

Days in the field:

Mission composition: Hubert Boirard, CPM, Mission Leader; Tamara Lampe, Co-mission Leader, Institutional Specialist; Alok Kumar, Rural Finance and Business Specialist; Michel Kouda, Agronomist and Environmental Specialist; Dayananda Ratnasekara, Financial Management Specialist; and Virginia Cameron, Senior Finance Officer joined the latter part of the mission.

Field sites visited: Monaragala, Galle, Matara and Badulla Districts and in Mathugama

## 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		4
<b>Effectiveness and Developmental Focus</b>		<b>4</b>	<b>Project Management</b>		<b>3</b>
Effectiveness		4	Quality of Project Management		4
Targeting and Outreach		4	Knowledge Management		4
Gender equality & women's participation		3	Value for Money		
Agricultural Productivity		4	Coherence between AWPB and Implementation		2
Nutrition			Performance of M&E System		2
Adaptation to Climate Change		4	Requirements of Social, Environmental and Climate Assessment Procedures (SECAP)		4
<b>Sustainability and Scaling-up</b>		<b>4</b>	<b>Financial Management and Execution</b>		<b>4</b>
Institutions and Policy Engagement		4	Acceptable Disbursement Rate		3
Partnership-building			Quality of Financial Management		4
Human and Social Capital and Empowerment		4	Quality and Timeliness of Audit		4
Quality of Beneficiary Participation		4	Counterparts Funds		5
Responsiveness of Service Providers		4	Compliance with Loan Covenants		4
Environment and Natural Resource Management		4	Procurement		4
Exit Strategy		4			
Potential for Scaling-up		4			

## C. Mission Objectives and Key Conclusions

### Background and Main Objective of the Mission

The USD 65.4 million Smallholder Tea and Rubber Revitalisation Project (STARR), including an amount of SDR 18.45 million (approx. USD 25.8 million) in IFAD-financing (loan on blend terms) was approved by IFAD's Executive Board in December 2015 and entered into force in April 2016. The project completion date and closing date are 30 June 2022 and 31 December 2022 respectively. The lead project agency is the Ministry of Plantation Industries.

The project's development objective is that smallholders' economic activities in tea and rubber become more productive, profitable and resilient in selected districts. The main project outcomes include: (i) 200 revitalized tea societies and 100 strengthened rubber societies able to effectively provide a range of services to their members; (ii) high-yield tea crops replanted on 5,500 hectares and rubber planted on 3,000 hectares by smallholders to provide a sustainable source of income and diversified livelihoods; and (iii) strengthened smallholders undertaking sustainable commercial business with the private sector.

This first joint IFAD and Government of Sri Lanka (GoSL) supervision mission of STARR took place from 9 to 23 October 2017. The main objectives of the mission were to: (i) assess the progress made in the start-up and implementation of the project; (ii) review progress against the 2017 AWPB and procurement plan; (iii) identify actual and potential/emerging operational problems; and (iv) propose solutions, corrective measures or improvements to be done.

The mission held consultations and working sessions with key partners, including TSHDA, RDD, TRI, CBSL, and private-sector 4P partners; six days were spent in the field visiting a representative sample of farmer/ producers (and their societies) and the private sector (tea factories, companies and commercial nurseries). In addition, the mission undertook an official field visit with the Secretary for Plantation Industries and other senior government officials. A final wrap-up meeting was held in Colombo on 23 October, chaired by the Additional Secretary/ MPI.

The mission would like to express its gratitude to the Government of Sri Lanka, the PMU/ DPMUs, partners, and beneficiaries for their cooperation and support during the mission. This Aide-Memoire reflects the main mission findings and recommendations, duly endorsed in the wrap-up meeting.

### Key Mission Agreements and Conclusions

Although some early process and outreach activities have started, the level of progress in a number of critical activity areas are significantly lagging, and require immediate attention. At the activity and field-level, there is need to complete the following: (i) undertake assessment of the tea and rubber societies (capacity, needs, potential) and prepare the consolidated capacity building plan as part of a finalised strategy for institutional strengthening of the societies; (ii) finalise the strategy for nursery development to ensure timely and sufficient quality and quantity of planting materials required for replanting targets; (iii) amend the matching grant strategy, with the principle that matching grants are provided only as part of a 4P (public-private-producer partnership) package; (iv) consolidate and identify the priority infrastructure requirements to complement tea and rubber production and marketing, taking into consideration the society development plans and any 4P arrangements; and (v) mainstream the inclusive rural finance component to facilitate and complement the tea and rubber smallholder development components, with linkages to the NADeP/ SAP consolidated line of credit (in order to avoid the component as a standalone component).

From the project management and coordination perspective, the following measures are critical: (i) review and amend the project organizational structure; (ii) finalise the staff performance assessment and take corrective actions as recommended; (iii) complete priority training and capacity building of project staff; (iv) procure and equip the PMU and DPMUs to facilitate staff work; (v) complete the baseline survey; and (vi) fully establish the M&E system and G/MIS system (Geographic and Management Information System) from field-level through to the consolidated PMU-level.

## D. Overview and Project Progress

*This is the first supervision mission since the project entered into force; it follows on previous implementation support which provided guidance for project start-up.*

*Despite entry into force in April 2016, effective operationalisation of the project has been hindered by challenges experienced primarily at the project management level, including delays in the recruitment of PMU staff and establishing requisite procedures and systems to ensure timely strategic orientation and monitoring. The consequence is that field activities have been ongoing for less than six months, concrete results are still pending and there is not yet a robust M&E system in place to capture nor validate information and data. Furthermore, financial progress against the IFAD loan is very low, at 9.8%; when excluding the initial advance, this progress is reduced to 1.86%.*

*Nevertheless, within this brief period and in partnership with TSHDA and RDD (as technical partners), there has been considerable efforts to accelerate progress in the area of market-driven tea and rubber production support. Today, the 2016 and 2017 targets in terms of identification of beneficiaries for replanting (and surface area) has been achieved, although permits triggering upfront payments and the subsidies are still in progress. The heavy floods experienced mid-year within some project areas, has also served to slow-down field-level activities, as public sector staff were mobilised to rapidly respond to flood relief efforts as a priority.*

*Project achievements to-date include: finalisation and signing of the performance-based MoAs with TSHDA and RDD; identification of suitable lands for tea and rubber planting and receipt of applications for new planting; finalisation and signing of a 4P agreement between 15 tea societies and a tea factory; and the identification of other potential 4P arrangements in nursery production. At present, the project is overall, still largely in the 'process' stage of developing and fine-tuning the tools, approaches and strategies to implement field activities in a manner consistent with promoting an exit strategy and sustainability.*

*Component 1: Tea smallholder development. The related expected outcome is that high-yield tea crops are replanted on 5,500 hectares.*

*Component 1a: Strengthening tea societies in production and marketing. In the Sri Lankan context, tea smallholders, in order to receive government support for tea replanting (i.e. subsidies), have historically been organized into tea societies. Whilst there are some exceptions, beyond the simple coordination of tea smallholder producers to receive subsidies and other government support, tea societies do not provide extensive services (production/ technical, marketing and commercialisation) to their members. In the mission's assessment, whilst strengthening of these societies over the long-term is critical, expectations of the extent to which their maturity and capacity can be strengthened within the project lifetime must be moderate (in terms of governance, management and marketing), though focused on ensuring sustainability of the society as part of the exit strategy. Subsequently, the mission recommends that the project establish clarity and consensus on the expected role, responsibilities and capacity of project-supported tea societies at project completion. In the mission's assessment, tea societies should be viewed as the lead 'agency' or institution for tea development within their geographical catchment area, and as the guarantor of the subsidies or any external support provided to its members for the purposes of tea replanting and development. This suggests that the tea society must be the advocate for local tea development, and must have full knowledge and understanding of their membership, land area and production potential (i.e. knowledge of member profiles, land profile with mapping, development needs, etc.). With this knowledge, tea societies should be able to prepare development plans, identify the priority members to receive income generating activity (IGA) support, identify some basic marketing opportunities, identify the priority infrastructure needs, and finally, the tea society should be capacitated to monitor progress and development. It is important that the tea societies are well sensitized to these expectations of their role and responsibilities.*

*In order to establish an effective institutional strengthening and capacity building plan for the target tea societies, the mission recommends to urgently undertake a mapping and rapid diagnostic assessment of the 200 tea societies on the model utilised by the IFAD-supported NADeP programme, to be conducted by the field animators (FAs) under supervision of the DPMU BDOs and CDOs; this represents approximately 5 to 10 societies per FA. At the PMU level, the capacity building needs will be analysed for a consolidated plan to inform training and provision of other support to societies (by end November).*

*Component 1b: Market-driven production support. Annual targets have been established to expand tea replanting to cover 5500 ha. With the mobilisation of TSHDA and recruitment of FAs, identification of the beneficiaries and lands suitable for replanting are relatively well on-track. Following the awareness campaigns of the project and its benefits to the beneficiaries selected, activities carried out in the framework of market driven production support are the following: (i) 2096 ha (representing 126.6% of the annual target) of lands extent identified against 1655 ha targeted; and (ii) 7022 applications forwarded to TSHDA for permits (for tea replanting), though only 4056 permits have been issued, and 2966 are still pending.*

*Land preparation has started in some areas, but progress is moderate. During the field visit to lands under preparation, the mission observed the following: (i) there is need to keep some trees so as to contribute to mitigate the intensity of sun; and (ii) farmers have raised some issues of concern regarding delays in receiving upfront payments, lack of labour, and water stress during dry season.*

*Against the 2017 target of 1655 ha, pending permits (only 4056 permits issued, and 2966 pending) for replanting need to be issued by TSHDA by mid-November, allowing for release of upfront payments (LKR 150,000 per ha) and subsidy instalments; upfront payments should be released in one instalment upon confirmation that the permit has been issued and that the project, tea society and tea farmer member tri-partite contract is signed. The permits for 2250 ha for 2018 should be issued by end of Q1.*

*Based on consultations, the mission recommends to pilot test innovative tea development practices (as an alternative to traditional practices) to contribute to the evolving policy dialogue in the country related to the tea sector. Two 'pilots' are proposed as follows: (i) tea replantation on 15 ha for each district, avoiding the 18-month soil rehabilitation practice by using organic manure; and (ii) tea (continuous) refilling with 18 month plants, avoiding the need for full-scale traditional replantation. The mission also recommends that the project explore and propose further pilots regarding irrigation systems for improved tea production (2 ha in each district) and mechanization in tea harvesting; these pilots could overcome the emerging problems of increasing climate variability and increasing labour shortages respectively.*

*Today, TSHDA nurseries, commercial nurseries and to a lesser extent, farmer-own 'input' nurseries, would be the source of supply for planting materials. These supply needs are however substantial when considering that one acre of tea replantation requires 6000 plants (i.e. one hectare would require 14,800 plants); it is necessary that any potential supply gaps are identified early and appropriate action is taken, including the further development of tea nurseries.*

*Noting that the early stages of tea nursery development for quality planting material is highly technical, the mission recommends that 4P tea nursery outgrower schemes are explored and brokered with well-experienced commercial nurseries and interested smallholders.*

*Component 1c: Income and market diversification for tea smallholders. Under the traditional practice of tea replantation with 18 month soil rehabilitation, short-term losses to income are a certainty for smallholders, though off-set by the expected level of production once new tea plants have come into production maturity. Subsequently, the project proposes to encourage income diversification through IGAs, where potential is evident. Due to the limited funds available for provision of outright matching grants, the mission recommends that in order to better ensure sustainability and 'fairness' in a context where more than 60% of the society/ community membership are considered poor, the approach to be promoted should include the following principles: (i) matching grants will be provided only in conjunction with a 4P arrangement; and (ii) potential IGAs identified in consultation with the tea societies should be financed by facilitating linkages to existing financial products (credit) available on the market, especially the IFAD-financed consolidated line of credit managed under the NADeP/ SAP programme.*

*Today, a highly innovative and advanced 4P model has been brokered and signed with the following stakeholders: STaRR, NADeP, Aruna Tea Group Pvt Ltd and 15 tea societies implicating 3000 tea smallholder households. Due to the innovative and multi-stakeholder nature of this 4P arrangement, it is urgent that the responsibilities across partners and actors are well defined for accountability, and are also reflected in a joint action plan. Specifically for STaRR, a specialised capacity building plan to support the 15 societies is key to support the investment.*

*With regards to infrastructure for improved marketing and market diversification, the mission recommends that on the basis of the diagnostic assessments undertaken and the consolidated report on capacity building for societies, the priority infrastructure to be financed should be identified and the proposal submitted for IFAD no-objection before the end of the year. In complement,*

*the strategy detailing the procurement, implementation/ construction and management of the proposed infrastructure (for type or scale) should be developed.*

*Component 2: Rubber smallholder development. The expected outcome is that rubber is planted on 3,000 hectares by smallholders to provide a sustainable source of income and diversified livelihoods.*

*Component 2a: Strengthening rubber societies in production and marketing. In general, the mission observed the same limitations of rubber societies as with tea societies, and the same recommendations (related to clarity on the expectations of the capacity and role of rubber societies, undertaking the rapid assessment, consolidation of the capacity building plan for the 100 rubber societies) apply for the way forward. It should be noted that rubber planting represents a new activity for smallholders in the project target areas of Ampara and Moneragala.*

*Component 2b: Market-driven production support. Progress against the 2017 target of 1100 ha of new rubber planting is slightly lagging due primarily to the delay in the formal release of public lands (largely from the Forestry Department and Mahaweli Authority) for rubber planting in Ampara district. It was only shortly prior to the mission, that confirmation was received for the release of 290 ha of land in Ampara (allowing for the issue of long lease land use certification to smallholders, a prerequisite for obtaining a rubber planting permit). This would increase the identification of the lands from the current 690 ha to 980 ha, which is still slightly below the 2017 target. Today, 679 rubber planting permits have been issued by RDD, representing a surface area of just 388 ha. The mission urges the issuance of all pending permits, and further recommends that the land identification for the increased 2018 target of 1700 ha (accounting for carry over from 2017) be completed before the end of the year.*

*Field visits by the mission to lands under preparation or newly planted rubber lands, revealed a practice of inter-cropping with sugar cane and pepper in particular. At the farm-level, farmers identified wildlife encroachment on lands and water availability/ water stress as emerging issues; in Ampara, drought was experienced in 2016.*

*With regards to planting materials, supply stems from the RDD nurseries. RDD has thus requested support for expansion of the nursery in Ampara, which should be submitted to IFAD for no objection, ensuring that sufficient quantities of planting material are readily available. The project should submit as well, a proposal addressing the challenges related to the transportation of planting material from the nurseries to the producer fields. In terms of the demand for inter-cropping, the project is tasked to consolidate the demand and propose the options to respond to this demand.*

*Component 2c: Income and market diversification for rubber smallholders. The issues are similar to that of tea smallholders. Therefore, the same principles and recommendations related to IGAs, matching grants and facilitating credit apply. To the extent possible, current priority commodities cultivated by rubber society members should be identified, and potential 4P arrangements should be explored and brokered with the support of NADeP/ SAP.*

*In general, the sub-component expectation is to diversify rubber smallholder income sources through profitable farming and to strengthen the price of latex by value addition and 4P partnerships. Today, the village-based Group Rubber Processing Centres (GRPCs) visited by the mission are running at 40-60% of their capacity. There is a lack of defined strategy to link these GRPCs to the direct brokers or rubber buyers and the middleman dominates the sector. The mission recommends to advertise for interested private companies to submit 4P GRPC proposals. As relates to GRPCs, the mission also recommends a study on the increased production and income stemming from new rubber planting under the previous SPEnDP project and its implications for supplying GRPCs. Regarding infrastructure, the priorities must be identified before the end the year taking into account consolidated rubber society requests.*

*Component 3: Inclusive rural financing. The objective of this component is to facilitate access of targeted smallholders to available financing for IGAs to diversify their income, as well as for production, harvesting and marketing of Tea and Rubber. At appraisal, the intention was to utilize existing liquidity in the banking system and products available for such activities. The increase in interest rate to 16% -18%, the requirement of conventional collateral and government worker guarantee, PFIs interest to lend to the target group segment for only 10% of their loan portfolio as minimally required by the CBSL and availability of targeted line of credit at much lower rate, has led the initial design assumptions to become obsolete in the present context.*

*IFAD and the GoSL, under the Smallholder Partnership Programme (SAP), are in the process to consolidate previously financed lines of credit. STARR targeted smallholders could access financing under the consolidated revolving fund to finance IGAs, production and marketing activities. The financing is available at 6.5% to the end borrower for a loan term up-to 36 months.*

*The mission recommends including three products in the operating guidelines of the consolidated revolving fund: i) Income generation Loan product to finance farm and non-farm activities, ii) establishment or expanding Tea Nursery, and iii) renovation of Tea Factory under the 4P arrangement of component 1C. Loan amount up-to LKR 300,000.00 for loan term up-to 24 months, with substitute collateral is recommended for the income generation loan product. As financing would be required for capital investment for nursery and Tea factory loan product, a loan amount of 5 and 15 Million is recommended respectively with a maximum loan term of 5 years. The PFIs should decide the type of collateral required as the loan amount is substantial for Tea Nursery and Tea Factory products. The mission recommends utilizing the expertise of NADeP/SAP through an MoU, to support management of financing facilities.*

## E. Project implementation

### a. Development Effectiveness

Effectiveness and Developmental Focus	
Effectiveness	Rating: 4

#### Justification of rating

The project development objective is that smallholders' economic activities in tea and rubber become more productive, profitable and resilient in selected districts. The main project outcomes include: (i) 200 revitalized tea societies and 100 strengthened rubber societies able to effectively provide a range of services to their members; (ii) high-yield tea crops replanted on 5,500 hectares and rubber planted on 3,000 hectares by smallholders to provide a sustainable source of income and diversified livelihoods; and (iii) strengthened smallholders undertaking sustainable commercial business with the private sector.

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

*Today, the project has preliminarily reached some 11,179 households, or 35% of the overall appraisal target of 32,000 households. This includes 8,179 households reached through a process of sensitization, mobilisation, assessment of compliance with targeting criteria and first inspection of the suitability of lands for planting of tea and rubber; this figure stems from the number of applications for replanting/ new planting permits currently under processing at the district offices of TSHDA and RDD. Of the number of applications approved for TSHDA and RDD processing, 4477 permits have been issued, triggering the release of upfront payments to beneficiary households. As well, 3000 households organized in 15 tea societies, are implicated in the signed 4P tea arrangement that expects to yield dividends and improved prices to smallholders. First indications of production and marketing potential through project interventions, confirm the relevance of the project for increasing smallholder income and improved livelihood conditions.*

*In terms of appraisal targets and outcomes, recent negotiations (including for the release of public lands for rubber replanting) suggest that there are no major impediments for achieving the interim physical annual targets. However, it is incumbent on project management to ensure that the mission recommendations are addressed, to enable the achievement of the development objective and expected outcomes in a sustainable manner.*

Development Focus	
Targeting and Outreach	Rating: 4

#### Justification of rating

Field visits and discussions with the beneficiaries of project assistance confirm that there is in general, adherence to the targeting criteria as set out in the appraisal document; as well, societies report that more than 60% of their members are considered poor households with incomes of less than LKR 30,000 per month. The targeting and identification of potential project beneficiaries follows on the process of initial training of project staff and technical service providers, participatory rural appraisal exercises and sensitization of communities on project targeting criteria and conditions that need to be met to be able to be eligible for project support for tea and rubber planting. In terms of outreach, the project has already been able to reach some than 11,179 households whilst all these households may not yet have the full benefit of project assistance they have been mobilised, sensitized and preliminary activities have been undertaken to validate their eligibility as project beneficiaries.

#### Main issues

*The main issue of concern today, lies not with the targeting per se, but in the record keeping of information and data on the beneficiaries. In the absence of the M&E system, third-party validation (with some measure of confidence) of the adherence to criteria is difficult - i.e. this is an issue of the quality of the information available.*

Gender equality & women's participation	Rating: 3	Previous rating: 4
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#### Justification of rating

Despite that the appraisal document presents a relatively well-developed guidance for the project to promote activities in favour of gender equality and women's empowerment, there has not yet been any substantive effort to mainstream and more deeply address gender issues at the project implementation level. Whilst a basic sensitization on gender issues has been undertaken for staff and during community consultations, this has been the limit to-date; furthermore, there has also been no effort to map the current status of women in the target communities, and hence there is no basis on which to measure or assess any changes to their social or economic status or well-being. In terms of outreach however, initial indications suggest that the 30% target of women receiving project services is being met.

#### Main issues

*Although the project document appoints the Project Director with overall responsibility for gender, in terms of practical follow up and application, the mission recommends that the training coordinator be appointed as the gender and youth focal point. A gender strategy is still to be developed, and this focal point should lead the exercise and promote its implementation and monitoring.*

Agricultural Productivity	Rating: 4
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#### Justification of rating

Despite that the project has only become effectively operational in the last six months, the concentration of ongoing efforts has been in accelerating the implementation of activities related to the expansion of tea and rubber production. Subsequently, the 2017 targets of land (and beneficiary) identification have been fully met, and the issuance of permits for planting are underway. Whilst the project faced some initial delays, these have largely been overcome. Whilst a minimum of 36 to 72 months is required for tea and rubber respectively to reach a level of production that will generate cash, the project in the case of tea production, is in the process of introducing new technologies on a pilot basis that will reduce the waiting period. Under rubber production, the project is finalising a proposal to factor in inter-cropping to supplement producer income. Other pilots to improve emerging challenges such as labour shortage or water stress, are currently under development.

#### Main issues

*The processing and issuance of planting permits by TSHDA and RDD is currently the key factor delaying the provision of upfront payments and subsidies to producers. A multi-stakeholder effort is needed to ensure effective sensitization and mobilisation of potential beneficiaries, early identification and validation of tea and rubber lands, preparation of applications and processing of planting permits, all within a reasonable time period. Once permits have been issued, the project should also avoid introducing additional 'process' layers (such as multiple instalments for upfront payments).*

*As a necessary and complementary feature to promoting tea and rubber production expansion, it is critical that the planting materials required are available on time to the producer and are of satisfactory quality. Under tea production, the supply of planting material through public nurseries, commercial nurseries and/ or farmer-own 'input' nurseries need to be confirmed. Under rubber production, the further development of the public nursery to adequately supply the targets of new rubber planting has to be finalised; as well, the issue of the transportation of rubber planting material to farmer fields (and how this is costed and paid for) has to be addressed.*

Adaptation to Climate Change	Rating: 4
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#### Justification of rating

The SECAP Review Note undertaken at appraisal identified climate vulnerability as an emerging issue; in the context of tea and rubber production especially, suggestions were provided for improving capacity to adapt to climate change. Today, despite that climate hazards have been experienced, and whilst key stakeholders including TSHDA, RDD and TRI are well aware of the issues, the discussion and actions to systematically mitigate risks of climate change remains ad-hoc. Whilst new technologies and measures are proposed, there is need for a more refined strategy (whether related to communication or process) to identify the specific challenges, and to implement or support the measures to address these. Agencies with a technical or research mandate (such as TRI) could be tasked with providing recommendations and pilots to test adaptive technologies; multi-stakeholder dialogue at District Secretariat levels are also a platform to be utilised to promote measures for improved adaptation to climate change.

## Main issues

*Within the first year since entry into force, some project areas have been subjected to extreme climatic conditions in the form of drought in rubber producing areas of Rathnapura, Moneragala and Ampara, and severe floods experienced in Galle and Matara. In response, public agencies have implemented disaster recovery schemes, mainly in the form of grants. With the initial activities now completed, the teams (primarily public sector agencies and officers) that have been set up for disaster recovery could be transformed with a more direct focus on risk mitigation (forecasting, regular communication, coordination amongst key public authorities, awareness raising, etc.), in a more pro-active spirit.*

## b. Sustainability and Scaling up

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

The policy environment around the smallholder tea and rubber sectors are well-established, and the project is well-positioned to engage in policy dialogue, falling within the institutional housing of the Ministry of Plantation Industries. In this young project, no specific policy issues have yet been fully identified, though discussions are already on-going related to piloting of new technologies (avoiding 18-month soil rehabilitation) within the framework of the policies/ procedures for the smallholder tea subsidies.

## Main issues

N/A

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

The project is still in its early days of implementation. However, in terms of human and social capital at the individual level, the provision of support in the form of upfront payments and subsidies, as well as extension support to improve the productive capacities of smallholders is on track with the annual targets; the support provided is expected to further contribute to smallholder economic empowerment through improved income levels. With regards to 'collective' capital, the societies offer a forum through which smallholders can discuss emerging issues of concern, and more collective voice; for this to be effective however, the society as an institution, requires strengthening.

## Main issues

N/A

<b>Quality of Beneficiary Participation</b>	<b>Rating: 4</b>
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### Justification of rating

At present, the demands/ needs of project beneficiaries are being articulated through their societies, as well as directly through their interaction with project field animators and public agents (tea inspectors, rubber development officers). Field visits and discussions with society members (i.e. existing and potential beneficiaries) also indicate their interest and willingness to deepen their engagement with the project and pursue multiple activities beyond access to subsidies - especially, smallholders have expressed an interest to obtain access to financial products such as credit for income-generating activities or other on or off-farm investments, at reasonable interest rates (such as offered by the consolidated revolving fund (line of credit) with favourable terms and conditions and interest rate of 6.5%).

## Main issues

N/A

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

eaching out to the tea and rubber smallholders. With the establishment of the DPMUs, in many cases hosted within the premises of TSHDA and RDD district offices, the level of communication and interaction is strong, and is furthermore replicated at the central level in Colombo. In general, the technical partners have carried out their responsibilities as agreed in the MoA; some delays in the processing and issuance of permits for planting have been experienced (due to prioritisation of flood recovery efforts and limited human resources at district-level), though it is expected that all pending permits would be issued before the end of the year, and in line with the annual targets.

## Main issues

*The absence of the M&E system, prevents a more solid and validated monitoring and reporting of the progress at the field-level. Once the project M&E system is in place, there is need to ensure that data collection and information are harmonised across the partners and project.*

*During the course of the mission, TSHDA and RDD did request for additional support beyond what was agreed in the MoAs to enable field staff to carry out their tasks and responsibilities in a more timely and efficient manner. Given that the outreach targets of the STaRR project are greater in scope than what had previously been the workload of TSHDA and RDD, the mission recommends that the needs are jointly re-assessed and that if warranted, a proposal should be submitted to amend the MoAs, including the budget implications.*

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

It is too early in the project implementation cycle to assess whether there are any positive or negative changes on the natural resource base as a result of project interventions. However, with the focus on tea and rubber smallholder development (planting and production), and through the project-promoted technologies and agricultural practices, it is expected that the project will contribute to soil protection, prevent soil erosion (as well as landslides), and similarly contribute to carbon sequestration.

## Main issues

N/A. No observations at present.

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

Opportunities to innovate are only just being identified; pilots are underway, though the project is too young to have yielded any results. The institutional setting of the project, and the partnership with key agencies, suggests that there would be space and scope to discuss scaling-up of approaches or innovations once evidence is available.

## Main issues

N/A

## c. Project Management



<b>Quality of Project Management</b>	<b>Rating: 4</b>
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#### Justification of rating

Despite extensive implementation support from IFAD, the project still does not have the minimum tools nor staffing in place to effectively implement the project. Progress against the AWPB is very low at 5%, and there is a evident lack of leadership and pro-activity to significantly change this status. Subsequently, PMU/DPMU staff do not have the requisite guidance, both technical and strategic. Some capacity and experience gaps related to both technical and private sector/ business know-how are observed. In terms of tools, there is no M&E system in place, no baseline report, no diagnostic surveys conducted and subsequently no strategic model or plan for institutional strengthening of societies. Today, key staff positions are still vacant.

#### Main issues

*The mission has reviewed the current organizational structure (PMU and DPMU), and given the gaps and project performance to-date, recommends for an overhaul of the structure, including the cancellation of some currently vacant positions, and reduced number of positions.*

*At PMU-level, to urgently address the capacity gap and lack of leadership on key institutional development and business development issues, experienced consultants should be recruited immediately for an initial six month period to finalise the strategies/ approaches and provide the requisite training to other staff members. At the DPMU level, the current number of field animators do not appear justified for the work and outreach to be undertaken; subsequently, the mission recommends that the DPMU should comprise five FAs at most.*

*The mission has also requested the Project Director to address the unacceptable delay in procuring an accounting package for STARR project. For efficiency, action should be taken to expedite the process by awarding the contract on sole source basis, based on the software solution identified for NADeP/SAP.*

*In summary and in view of the above, there is need to: (i) review all position TORs and expected deliverables; (ii) to complete the staff performance assessment; and (iii) propose the new structure of the PMU and DPMU. The mission recommends that the staff performance assessment should include an IFAD external observer for key management positions before end November; for the performance assessment of the Project Director, the Secretary/ MPI and an IFAD representative will undertake the assessment, and the recommendation should be provided for IFAD's no objection by mid November. Where the assessment recommends a replacement or cancellation of a position, these should be strictly adhered to. Once the staffing levels are confirmed, it is absolutely critical that staff are fully functional and operational, ensuring they are equipped (equipment, mobility, etc.) to be able to carry out their duties and responsibilities. Furthermore, effective training must be provided to staff, especially at the field level. At the DPMU level, ensuring a conducive office space and equipment (not least for M&E purposes) has to be completed.*

*During the course of the mission, TSHDA and RDD requested additional support to enable their staff to carry out their responsibilities related to the project (as the key technical partners). The mission therefore recommends that the MoAs with the two institutions be re-assessed jointly, the bottlenecks and gaps clearly identified, and any proposal to amend the MoA, including the budget implications, be submitted for IFAD no objection before mid November – the mission reminds the partners that support should have direct positive contribution to reach project targets and objectives.*

*Regarding the promotion of 4Ps, developing the 4P partnerships and evaluating the proposal requires a specific skills set. The IFAD-financed NADeP has developed this skill set over the years and has in place a full-fledged business development unit comprised of private sector experienced professionals, financial analysts, bankers, and an agronomist to carry out development and 4P appraisal activities. The NADeP 4P process is well defined from the call for proposal, brokering, to project evaluation and to the signing of legal agreements. Leveraging this advantage, the mission recommends STARR to enter into result-based MoU with NADeP/ SAP for the development of 4P projects under the tea and rubber sectors, up-to the preparation of the legal agreement. The implementation, monitoring and evaluation of the 4P would be carried out by STARR.*

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

It is still too early to capture any clear lessons learned from project interventions. However, discussions with leading farmers has offered up alternative options in agricultural practices that are innovative in the Sri Lanka context, and first consultations with public research entities (e.g. Tea Research Institute) and MPI suggest a willingness to pilot these technologies that have significant potential for improving the incomes of tea smallholders.

#### Main issues

*In view of emerging and promising technologies in the tea production sector, the mission recommends to pilot test these practices in collaboration with the relevant public institutions, potentially for future upscaling.*

*A second innovation that has developed, is the relatively advanced 4P model being promoted with tea societies and the tea factory described in sub-component 1c. This 4P model should be well monitored, and lessons should be captured to offer a favourable model for smallholders.*

<b>Coherence between AWPB and Implementation</b>	<b>Rating: 2</b>	<b>Previous rating: 4</b>
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#### Justification of rating

The current level of execution of the 2017 AWPB is very low at 5%. This may be an indication that the budget may have been grossly over-estimated, but more especially, is an indicator that the processes, procedures and staffing were not in place in a timely manner in order to implement the intended activities – i.e. heavy delays have been experienced. Every effort should be mobilised to ensure an acceleration of activities as recommended by the mission, and to disburse funds appropriately. The 2018 AWPB planning exercise must also commence immediately.

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

*To date, the scope of project outputs is largely limited to the sensitization and mobilisation of tea and rubber societies, as the entry point for identification of tea lands to be replanted and lands for rubber planting. Whilst the potential land surface area identification has been exceeded and applications for planting permits have been handed over to the TSHDA and RDD authorities, the processing of the applications has been delayed. Under tea production, only 4056 permits have been issued, and 2966 are still pending; in rubber production, only 679 permits have been issued. In consequence, the provision of upfront payments and the kick-starting of Government subsidies (contingent on issuance of permits and validation by TSHDA and RDD extensionists) has also been delayed. As the provision of these payments form the bulk of the 2017 budget, the delays account for the low level of execution. Furthermore, the non-implementation of activities related to diagnostic surveys and needs assessment of the societies has meant that no society development plans, capacity building plans and infrastructure plans are in place.*

<b>Performance of M&amp;E System</b>	<b>Rating: 2</b>	<b>Previous rating: 4</b>
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#### Justification of rating

In the interim period since entry into force, the project has not been able to set up the M&E system, including tools, templates or reporting systems. Subsequently, there is no systematic means for data/ information recording (on beneficiary profiles, socio-economic status, progress of replanting, etc.), consolidation and analysis and no means to effectively validate information and results as there is no single repository of data and information collected. Furthermore, the baseline survey has also not yet taken place.

#### M&E System Review

*The project M&E system as a whole has suffered from lack of leadership and issues regarding recruitment of a competent M&E coordinator. With the resignation of the previous M&E coordinator and delays in replacing this position, the mission recommends to immediately hire an M&E specialist consultant on a three-month contractual basis, renewable.*

*Today, there is no M&E system in place, and no development of M&E tools, templates or reporting systems. Responsibilities for M&E are not clear and reporting is done in a haphazard manner. In addition to the absence of an M&E system, the project is further challenged by a lack of computers at the DPMU level, with the consequence that information on beneficiaries and their socio-economic status are being kept by field animators (FAs) in an informal and ad-hoc manner.*

*Furthermore, the absence of baseline information (the baseline survey has not yet been awarded) the validation of targeting and analysis of changes to income levels and livelihood conditions are difficult to definitively ascertain. In view of the above, the following needs to be done with some urgency: completion of the baseline survey, set-up of the M&E system (including all tools, etc.) and training of project staff and other project stakeholders on M&E principles and the system.*

*Interestingly, despite that the formal M&E system is non-existent, a complementary measure in the form of a Geographical Information System/ Management Information System (G/MIS) has been in the process of development. The early efforts of the responsible staff in setting up this system is yielding a tool/ product that has very good potential, though must be linked to the M&E system; as well, GPS equipment and other necessary equipment must also be procured to make use of the system. With a fully developed G/MIS system incorporating the M&E system, more systematic mapping, more reliable information, and analysis can be done and readily facilitate field implementation and management decision-making. Finally, the G/MIS has very good potential for supporting environmental and natural resources management assessment.*

<b>Requirements of Social, Environmental and Climate Assessment Procedures (SECAP)</b>	<b>Rating: 4</b>
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#### Justification of rating

A SECAP Review Note was elaborated at appraisal, and key measures to mitigate negative impacts were identified. In general, these measures have been adhered to, with some slippages. These slippages relate to the period during which land preparation has taken place; whilst the SECAP calls for land preparation during dry weather conditions, the delays in issuing the planting permits (as a trigger for commencing land preparation activities) has in some cases, meant that smallholders have only recently begun land preparations despite the onset of the rainy season. In terms of intercropping (another proposed SECAP measure), the demand for intercropping by smallholders is in the process of being consolidated and addressed. Other measures are not yet implemented, as they relate to activities that have not yet started (e.g. farm access roads, rubber processing centres, etc.).

#### SECAP Review

As a category B project, the proposed negative impact mitigation measures have already been articulated and identified in the SECAP review note, and no further related documents were deemed necessary at this stage. As stated under the justification for the rating, most measures have been adhered to.

Furthermore, the nature of the close partnership between the project and TSHDA and RDD, and with MPI as the lead project agency, facilitates the engagement of key stakeholders (including TRI and RRI - reasearch) in implementing SECAP requirements, especially those of a technical nature. However, the project would benefit from a more systematic means of open discussion of the progress and issues identified around the SECAP.

### d. Financial Management & Execution

#### Disbursement by financier

Type	Name	Current Amount	Disbursed Amount	Actual Rate
Domestic Financing breakdown	Beneficiaries	\$3,610,000		
	Domestic Financing Institutions	\$3,251,000		
	Private sector local	\$15,000		
	National Government	\$32,762,000		

<b>Acceptable Disbursement Rate</b>	<b>Rating: 3</b>	<b>Previous rating: 1</b>
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#### Justification of rating

The disbursement rate on the IFAD loan stands at 9.78%, or 1.86% disbursement when excluding the initial advance. Based on IFAD's project disbursement profile for agricultural projects, this level of disbursement is considered unsatisfactory.

#### Main issues

Various administrative challenges (late start, some issues relating to incentive package of technical service providers, delay in recruitment of staff, etc.), and the severe weather conditions (drought and floods) experienced during the implementation year has served to delay the start and pace of project activities. Despite that mobilisation and sensitization activities have been carried out, the bulk of the funds expected to be disbursed are contingent on the provision of upfront payments triggered upon the issuance of planting permits by TSHDA/ RDD and following the minimum land preparations by the beneficiaries. A more accelerated rate of disbursement will only be possible if the bottlenecks along the process for issuance of permits are addressed (land identification, validation exercises, data entry of permit applications, processing of permits), and in a timely manner that is aligned with the production (seasonal) cycle. Once permits are issued, the societies should guarantee that the upfront payment will be utilised for its intended purposes, and the project should be able to disburse the funds in one instalment and without delay.

At present, category reallocations are not foreseen, and the authorized allocation to-date, ensures that adequate funds are available.

#### Fiduciary Aspects

<b>Quality of Financial Management</b>	<b>Rating: 4</b>
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#### Justification of rating

Based on the FMAQ review, financial management, procurement and audit aspects of the project are generally in accordance with IFAD guidelines and the Financing Agreement, and largely in compliance with loan covenants; the exceptions are the timely submission of Annual Work Plans and Budget (AWPB), Procurement Plan, Annual Project Financial Statement (PFS) and the Audit Report. Although the PIM has been revised, further adjustments are required and should be submitted to IFAD; as well, the project internal audit unit has yet to be established. Finally, the mission highlights that the project accounts are still being kept manually, as an accounting software is yet to be procured and installed.

#### Main issues

The PMU is responsible for maintenance of all accounting records, preparation and submission of Withdrawal Applications (WAs), annual project financial statements, periodical financial progress reports, reconciliation of the Designated Account, bank accounts and budget monitoring. The PMU performs these functions with the support of seven DPMUs located in Matara, Galle, Kandy, Nuwaraeliya, Badulla, Monaragala, Ampara and Ratnapura. A centralized system of accounting is in operation and the district offices receive funds in the form of advances and petty-cash imprests to meet their expenses. Withdrawal Applications (WAs) have been submitted regularly and the project has not experienced any liquidity issue to date. Out of 04 WAs submitted, 03 have been replenished by IFAD since the project start. The mission reviewed all 04 WAs, and verified the supporting documents related to disbursements under the statement of expenditure (SOE) threshold on a sample basis; the review found these to be in accordance with IFAD requirements.

Whilst the project keeps its accounts in accordance with Generally Accepted Accounting Principles (GAAP), a key area of concern is the absence of a suitable accounting software for project accounting and practice of keeping all accounting records in Excel spread sheet format in a laptop computer of the Finance Manager. Although the back-ups are available, regularity of updating and security are questionable. Monthly print-outs are taken for auditing purposes. Therefore, the mission strongly recommends procurement of a suitable accounting software as a matter of priority. Reports generated by the accounting software should cater to both IFAD and Government requirements.

The project is yet to recruit some of the supporting staff for the Financial management unit. It has been noted that provision of approved staff for the finance and procurement unit facilitates segregation of duties among the staff and ultimately strengthens the system of internal control. As anticipated at appraisal, it is recommended that the internal audit function of the project be assigned to the Ministry's Internal Audit unit in consultation with the Secretary MPI from 2018 as the project is expected to accelerate its activities in the rest of the project life. The Annual internal audit work-plan should be made available to IFAD two weeks before beginning of each financial year. The PMU maintains Fixed asset register in spread sheets consisting of three parts, namely assets procured by the PMU direct, assets procured by MPI and transferred to the PMU and assets received from SPeNDP project. As the value of assets received from SPeNDP is not available, it has not been reflected in the annual project financial statement. In order to regularize this, the mission recommends valuing these assets when the year-end annual board of survey is conducted.

In summary, and in order to overcome some of the weakness observed in the system of financial administration, the mission recommends early action on recruitment of approved staff for the Finance and Procurement Unit, installation of a suitable accounting package, finalising PIM / operating manual, procurement of necessary office equipment and introduction of financial delegation of authority among project staff.

<b>Quality and Timeliness of Audit</b>	<b>Rating: 4</b>
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#### Justification of rating

The audit report for 2016 was received with a two week delay. Although the Auditor General has examined the operation of the DA and whether the withdrawals under credit have been made in accordance with the specifications laid down in the FA to form his opinion, no separate opinion on the operation of DA or SOE have been made as required by IFAD's Audit Guidelines. IFAD has now taken steps to issue revised audit guidelines and a communication will be issued to projects and auditors in the coming months. As well, an interim audit covering a six-months period has been conducted, and the quality of the audit is acceptable.

#### Main issues

*The slight delay in submission of the report and absence of separate opinion on DA operation and SOE are the main issues.*

*The main concerns expressed by the Auditor General were: (i) the delay in receiving initial advance of IFAD by eight months; (ii) slow disbursement of the advance released to RDD Monaragala for upfront payments; (iii) delays in recruitment of project staff; (iv) writing-off the cost of office equipment against cost of office building and thereby not showing the item as an asset in the financial positions statement; and (v) the determination of salaries of the project staff based on a Management Circular applicable only for projects with a foreign contribution above 60%. In general, most concerns expressed by the Auditor are related to the late start of the project.*

*The PMU is agreeable to make the necessary adjustments in the PFS for 2017 showing assets separately. Regarding the issue of staff salaries, the mission recommends MPI to take-up the issue with the General Treasury and explore the possibility of obtaining an exception in consideration of the special nature of the STaRR project; as well, it should be noted that if the government subsidy component is excluded from the total project cost, foreign contribution exceeds the threshold of 60% as provisioned in the Management Circular. Even in the absence of the project, it would be assumed that the Government would in any case incur this expenditure under their regular replanting programme. The PMU should forward a copy of the response to the Management letter sent by MPI to IFAD with an English translation.*

<b>Counterparts Funds</b>	<b>Rating: 5</b>	<b>Previous rating: 4</b>
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#### Justification of rating

Counterpart funds by the Government were received in a timely manner and were adequate to meet project expenditures. As there were no IFAD funds provided during 2016, counterpart funds were utilized to cover expenses under IFAD's contribution and were later settled.

#### Main issues

*Government counterpart funding for the project covers subsidies related to the national ongoing tea and rubber replanting program, taxes, and other expenditures as defined in the AWPB. As there were no IFAD funds during 2016 (initial advance was received in April 2017), counterpart funds received from GoSL amounting to LKR 26.8 million were utilized to meet IFAD's contribution of LKR 19,015,739.00 as well as the agreed percentage of contribution of GoSL. Accordingly, GoSL contribution, mainly for salaries, was LKR 7,857,952.84. The amount advanced from counterpart funds were recovered from IFAD funds during 2017. Counterpart fund contribution during the current year up to third quarter was LKR 10,080,158 (advance received was LKR 24.5 Mn out of the commitment of LKR 425 Mn earmarked in the AWPB for FY 2017). Adequate financial provision is available in the government budget to meet the project requirements. However, low utilization of funds was mainly due to the slow pace of implementation. As the project is still at the early stage of implementation, no beneficiary contributions or co-financiers contributions are expected at present.*

<b>Compliance with Loan Covenants</b>	<b>Rating: 4</b>
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#### Justification of rating

The project has complied with most of the loan covenants, with the exception of the timely submission of the AWPB, Annual Project Financial Statement, and Audit report. The establishment of an Internal Audit Unit is also pending.

#### Main issues

*Delays in submission of AWPB, PP, PFS and audit reports.*

Procurement	
Procurement	Rating: 4

#### Justification of rating

Procurements so far made are in accordance with IFAD procedures; no serious lapses were observed. A Contract Register is being maintained, though there is need for regular contract monitoring. There was also some delay in submission of the procurement plan for IFAD no objection, and this procurement plan also needs to be regularly updated. The mission did observe that in some instances, the necessary accompanying documentation to be submitted with some of the requests for no objection were missing and which led to delays in obtaining no objection; delays have also been observed in the timely meeting of the procurement or technical evaluation committees. A procurement officer has been recently hired.

#### Procurement Review

*The mission had access to all procurement transactions and documentation for the period under review. The procurement review revealed no major issues, and procurement has been undertaken in accordance with procedures.*



# Smallholder Tea and Rubber Revitalization 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										
	Household members										
	1.a Corresponding number of households reached							RIMS	Annual		
	Non-women-headed households			32000							
	Women-headed households										
	1 Persons receiving services promoted or supported by the project										
	Indigenous people										
	Males										
	Not Young										
	Non-Indigenous people										
	Young										
	Females										
	Individuals receiving project services										
	Number of individuals receiving project services (men/women)			144000							

<b>Goal</b> Enable poor rural people to improve their food security, increase their incomes and strengthen their resilience	Number of households (HH) benefiting from project services						RIMS impact surveys at baseline and completion - Special impact evaluation studies by external agencies	Year 1 - At the end of 4th project year	M&E Coordinator/ Project Manager	Government will continue to have favorable policies towards tea and rubber sub-sectors - The economy in general will have favorable growth and low cost escalations - Less or no natural calamities affecting tea and rubber community
	Number of HHs		7300	27600						
	Improved HH assets						RIMS impact surveys at baseline and completion - Special impact evaluation studies by external agencies	Year 1 - At the end of 4th project year	M&E Coordinator/ Project Manager	
	% improved HHs assets		30	40						
	Improved food security						RIMS impact surveys at baseline and completion - Special impact evaluation studies by external agencies	Year 1 - At the end of 4th project year	M&E Coordinator/ Project Manager	
	No. of HHs not experiencing hunger period of more than 1 year			27600						
	Reduction in prevalence of child malnutrition						RIMS impact surveys at baseline and completion - Special impact evaluation studies by external agencies	Year 1 - At the end of 4th project year	M&E Coordinator/ Project Manager	
	% of prevalence of child malnutrition reduced			20						
<b>Objective</b> Smallholders' economic activities in tea & rubber become more productive, profitable and resilient	Increased productivity						M&E reports - Records of rubber societies - Reports of service providers, BDOs, pvt sector linkage coordinator	Monthly	M&E Coordinator/ Community Development Officer as the field-level M&E supported by Business Development Officers (BDOs)	Price recovery over next five-year economic/price cycle - Lands be timely available for planting
	Average of production kg/ha									
<b>Outcome</b> Better organized tea & rubber smallholders able to sustainably produce & market their products	Societies organised and selling members' tea & rubber						M&E reports - Records of tea & rubber societies	Monthly	M&E Coordinator to coordinate with originators of reports	No holdups of the project tea replanting incentive and the TSHDA subsidy paid to the beneficiaries
	No. of societies		50	70						
	2.2.6 Households reporting improved physical access to markets, processing and storage facilities						RIMS	Annual		

Non-Indigenous people						
Size of households						
Males						
Non-Indigenous people						
Young						
Not Young						
Women-headed households						
Young						
Young						
Households reporting improved physical access to processing facilities						
Non-women-headed households						
Not Young						
Indigenous people						
Indigenous people						
Females						
Not Young						
Females						
Males						
Size of households						
Non-women-headed households						
Women-headed households						

	Households reporting improved physical access to storage facilities										
	Size of households										
	Females										
	Indigenous people										
	Women-headed households										
	Non-Indigenous people										
	Males										
	Non-women-headed households										
	Households reporting improved physical access to markets										
<b>Output</b> Tea societies capacity built including gender	Number of tea societies diagnosed & capacity built							M&E reports - Records of tea societies - Reports of service providers, BDOs	Monthly	M&E Coordinator to coordinate with originators of reports	MPI use a scheme to pay the “target related incremental payment” to participating TSHDA staff - TSHDA will continue with the proposed modified infilling scheme
	No, of tea societies		100	150							
<b>Output</b> Smallholder tea replanted in 5 districts	Tea replanted extent							M&E reports - Records of tea societies - Reports of service providers, BDOs	Monthly	M&E Coordinator to coordinate with originators of reports	MPI use a scheme to pay the “target related incremental payment” to participating TSHDA staff - TSHDA will continue with the proposed modified infilling scheme
	Ha of tea replanted extent		2250	5500							



<b>Output</b> Overhauling farm roads in tea areas	Farm road length overhauled							M&E reports - Records of tea societies - Reports of service providers, BDOs	Monthly	M&E Coordinator to coordinate with originators of reports	MPI use a scheme to pay the “target related incremental payment” to participating TSHDA staff - TSHDA will continue with the proposed modified infilling scheme
	Km of farm road overhauled		50	80							
<b>Output</b> Rubber society capacity built including gender	Number of rubber societies diagnosed & capacity built							M&E reports - Records of rubber societies - RReports of service providers, BDOs	All months	M&E Coordinator to coordinate with originators of reports	MPI resolves at earliest the scheme to pay the “target related incremental remuneration” to participating RDD staff
	No. of societies		40	60							
<b>Output</b> Smallholder rubber planted in 2 districts	Rubber planted extent							M&E reports - Records of rubber societies - RReports of service providers, BDOs	All months	M&E Coordinator to coordinate with originators of reports	MPI resolves at earliest the scheme to pay the “target related incremental remuneration” to participating RDD staff
	HA of rubber planted		900	3000							
<b>Output</b> Overhauling farm roads in rubber areas	Farm road length overhauled							M&E reports - Records of rubber societies - RReports of service providers, BDOs	All months	M&E Coordinator to coordinate with originators of reports	MPI resolves at earliest the scheme to pay the “target related incremental remuneration” to participating RDD staff
	Km of farm road lenght overhauled		50	70							
	2.1.5 Roads constructed, rehabilitated or upgraded							RIMS	Annual		
	Length of roads										
<b>Outcome</b> Tea & rubber smallholders get increased access to credits	Number of tea & rubber growers got loans							Partner bank monitoring reports; progress reports of facilitators	Partner bank reports quarterly and others monthly	BDOs at the field level and M&E Coordinator at PMU level	Commitment of banks in financing tea and rubber sub-sectors - Political uncertainties and special initiatives related to agricultural finance do not affect credit culture
	No, of tea & rubber growers		1450	16000							
	1.2.5 Households reporting using rural financial services							RIMS	Annual		
	Households										
	Females										

	Non-Indigenous people														
	Young														
	Total number of household members														
	Not Young														
	Males														
	Women-headed households														
	Non-women-headed households														
	Indigenous people														
	2.2.5 Rural producers' organizations reporting an increase in sales											RIMS	Annual		
	Number of rural POs - livestock														
	Number of rural POs - fisheries														
	Rural POs with women in leadership position														
	Number of rural POs														
	Number of rural POs - crop														
	Percentage of rural POs														
	Number of rural POs - forestry														
Output Persons in rural areas accessing financial services	1.1.5 Persons in rural areas accessing financial services							RIMS	Annual						
	Indigenous people in rural areas accessing financial services - credit														

[illegible]

<b>Output</b> Rural producers members of rural producers' organizations	2.1.4 Supported rural producers that are members of a rural producers' organization							RIMS	Annual		
	Non-Indigenous people										
	Women in leadership position										
	Young										
	Females										
	Indigenous people										
	Males										
	Not Young										