



Investing in rural people

Republic of India

Meghalaya Livelihood and Access to Markets Project

Supervision Report

Main report and appendices

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Asia and the Pacific Division
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Conversion factors and exchange rate

Weights and Measures

1 quintal (q)	=	100 kg
1 square metre (m ²)	=	10.76 square feet (ft ²)
1 acre (ac)	=	0.405 ha
1 hectare (ha)	=	2.47 acres / 40 nali
1 lakh (lk)	=	100,000
1 crore (cr)	=	10,000,000

Currency Equivalents

Currency Unit	=	Indian Rupee (INR/Rs)
USD 1.00	=	INR 63.50

Fiscal year (FY)

1st April – 31st March

Abbreviations and acronyms

ADB	Asian Development Bank
AOS	Annual Outcome Survey
APD	Additional Project Director
AWPB	Annual Work Plan and Budget
BASIX	A non-government micro-finance and livelihood promotion company
BDS	Business Development Services
BDU	Basin Development Unit
BIAF	Resource NGO specializing in livestock development
CAAA	Controller of Aid, Accounts and Audit
CEO	Chief Executive Officer
CLF	Cluster Level Federation
CRP	Community Resource Person
DAH&V	Department of Animal Husbandry and Veterinary
DoA	Department of Agriculture
DoH	Department of Horticulture
DPM	District Project Manager
DPMU	District Project Management Unit
EFC	Enterprise Facilitation Centre
EoI	Expression of Interest
FNGO	Facilitating NGO
GoI	Government of India
GoM	Government of Meghalaya
HH/hh	Household
IBDLP	Integrated Basin Development and Livelihoods Programme
IFAD	International Fund for Agricultural Development
IFC	International Finance Corporation (of the World Bank)
IGA	Income Generating Activity
INR	Indian Rupee (also Rs)
IPM	Integrated Production and Marketing
IVCS	Integrated Village Cooperative Society

IVDP	Integrated Village Development Plan
KM	Knowledge management
KS	Knowledge Services
LAMP	Livelihoods and Access to Markets Project
LF	Lead Farmer
LIFCOM	Livelihood Investment and Finance Company
M&E	Monitoring and Evaluation
MBDA	Meghalaya Basin Development Authority
MBMA	Meghalaya Basin Management Agency
MCAB	Meghalaya Cooperative Apex Bank
MGNREGA/S	Mahatma Gandhi National Rural Employment Guarantee Act/Scheme
MIE	Meghalaya Institute of Entrepreneurship
MIG	Meghalaya Institute of Governance
MIS	Management Information System
MLIPH	Meghalaya Livelihood and Improvement Project for the Himalayas
MoU	Memorandum of Understanding
MTR	Mid-Term Review
NABARD	National Bank for Agriculture and Rural Development
NERCORMP	North East Region Community Resource Management Project for Upland Areas
NGO	Non-Government Organisation
NR	Natural Resources
NRLM	National Rural Livelihoods Mission
NRM	Natural Resource Management
PD	Project Director
PDS	Public Distribution System
PMC	Project Management Committee
PMU	Project Management Unit
RCS	Registrar of Cooperative Societies
RBI	Reserve Bank of India
RIMS	Results and Impact Monitoring System
RNGO	Resource NGO
RRTC	Rural Resource and Training Centre (Bosco Outreach Center)
SFAC	Small Farmers Agribusiness Consortium
SHG	Self Help Group
ToR	Terms of Reference
USD	United States Dollar
VEC	Village Employment Council
VF	Village Facilitator
VDF	Village Development Fund

A. Introduction

1. The Meghalaya Livelihoods and Access to Markets Project (LAMP) became effective in December 2014 with completion scheduled for December 2022. The project budget is USD 174 million which includes IFAD loan assistance of USD 50 million. The project objective is to improve family incomes and the quality of life in rural Meghalaya through expanded and sustainable livelihood opportunities adapted to the hill environment and to the effects of climate change. Key focus areas are natural resources and food security; livelihoods support; and knowledge services. LAMP is part of the Integrated Basin Development and Livelihoods Programme (IBDLP) of the Government of Meghalaya (GoM) and is being implemented by the Meghalaya Basin Management Agency (MBMA).

2. This is the first Supervision Mission¹ (SM) for LAMP and aims to review the initial steps which have been taken in implementation and assist the project team on rolling out activities in the field. The mission follows on from an implementation support mission in April 2015. The mission held discussions with staff and consultants of MBMA and then made visits to the field for 7 days before participating in a start-up workshop from 31 August to 3 September at which the project was officially inaugurated by the Hon'ble Chief Minister of Meghalaya, Dr. Mukul M Sangma.

3. The mission had meetings with Mr R.M. Mishra, Development Commissioner and Project Director of LAMP, Mr Hector Marwein, Additional Chief Secretary, Mr Pankaj Jain, Principal Secretary Planning, Dr B D R Tiwari, Additional Secretary Cooperatives, and Mr Vijay Mantri, Additional Project Director LAMP. The findings and recommendations of the mission were discussed at a wrap-up meeting held on 4 September and chaired by Mr P.B.O. Warjri, Chief Secretary, GoM.

B. Overall assessment of project implementation

4. **Annual implementation progress** is moderately satisfactorily (rating = 4). The project has been slow to get going. In particular it is taking time to put a management structure in place and to recruit key staff. There has been little progress in the preparatory work required for formation of IVCS. Focussed attention is needed to build momentum under this sub-component. However LAMP has only been effective for nine months so it is still at an early stage and there is plenty of time to make up for these initial delays.

5. **Likelihood of achieving development objectives** is moderately satisfactorily (rating = 4). Results from current IBDLP activities show that there is no reason why LAMP should not achieve its development objectives. Although, at the moment, Enterprise Development Centres have lost some of their earlier momentum, LAMP support has yet to kick in and there are other avenues available for LAMP to support enterprise development.

C. Outputs and outcomes

Component 1: Natural Resources and Food Security is rated as moderately satisfactory (rating =4)

6. LAMP is to support integrated natural resource management in 54 village clusters in 18 blocks – covering a total of 1,350 villages and 101,000 households. These same clusters will be used for the development of marketable crops and livestock under Component 2 of LAMP. Selection of these clusters is taking a little longer than anticipated as district Basin Development Units and other district level government agencies lack the detailed knowledge and data on individual villages to identify clusters with the best potential for livelihood development. Instead, MBMA has commissioned the village volunteers that have been drawing up Integrated Village Development Plans (IVDP) to make a rapid appraisal to identify potential production clusters and their existing links to markets. It is

¹ MrEdward Mallorie (Mission Leader, Natural Resources, Monitoring and Evaluation), Mr N Srinivasan, (Rural Finance and Enterprise), Mr S Sriram, IFAD ICO (Financial Management and Procurement), and Mr Shankar Kutty, IFAD HQ (Procurement). Mr Vincent Darlong, IFAD ICO, participated in the start-up workshop and final mission meetings.

expected that this work will be completed by October 2015 when a list of blocks, clusters and villages will be drawn up.

7. The project design document for this component of LAMP includes support for food crops along with natural resource management. With low returns for labour used in food crop production, and the availability of subsidised food and other social safety nets, the mission agrees with MBMA that the potential to improve food crops is limited, and LAMP should primarily focus on developing cash crops for the market.

8. Preparations are being made for remote sensing to produce village maps as an aid to drawing up natural resource management plans. MBMA proposes to use imagery from Unmanned Aerial Vehicles (UAV) operated by NECTAR (North East Centre for Technology and Applied Research). An MoU with NECTAR is being drawn up.

Agreed action	Responsibility	Agreed date
1. As a matter of priority the village clusters for natural resource and value chain development need to be identified. The team carrying out IVDP may well be able to do this, but selection may also be informed by the work being done by NGOs to identify clusters for enterprise development in specific sub-sectors. Preparation of IVDPs for identified villages for the first year should be prioritised and completed early.	OSD NRM	October 2015

Component 2: Livelihood Support is rated as moderately satisfactory (rating =4)

(a) Enterprise Development is rated as moderately satisfactory (rating =4)

9. MBMA has now established EFCs in all 39 blocks of the state and around 75,000 potential entrepreneurs have been registered². A specialised national RNGO, Institute of Livelihood Research and Training (ILRT), part of the Basix group, has been contracted to train EFC and other MBMA staff, and to support EFCs. In May 2015 eight local NGOs were also contracted to each support about five EFCs, with backstopping from ILRT.

10. All these EFCs are being supported by LAMP, with the cost of staff and support from NGOs being financed from project funds. The mission visited four EFCs, all of them established at least two years ago. Since they opened these EFCs have registered between 525 and 1580 partners (clients). At each EFC between 80 and 150 partners have been provided with training, and some of those the mission met were able to describe what they had learned and adopted, resulting in some cases in significant increases in income. However very few seem to have been able to get bank loans. Despite efforts to link partners into government schemes for additional support, few, if any, have been able to get grants or inputs. The mission met partners who said that they had been promised bee hives after apiculture training and trellis after squash production training, but these had not been forthcoming. However, training should motivate people to make their own investments and one of the bee-keepers met had purchased five hives in Shillong, while another had built his own.

11. The mission was struck by the significant downturn in EFC activity. Compared with the vibrancy of newly established EFCs visited by design missions in 2013, the level of activity has declined. The number of new registrations has now slowed to a trickle, as little as one or two per month, and with few people visiting, the EFCs, they have not become a one-stop shop for enterprise development. Although booklets on pig and honey production are now stocked at EFCs, staff said that not many are being distributed as they have few visitors.

12. Staff who the mission met at four EFCs were not all that clear on the role of the NGOs tasked to support them. This is because at this initial phase of their work (from May to the end of September), as well as training of their staff, NGOs have been asked to carry out a household survey in one or two villages per block (where a number of households have registered with EFCs) to familiarise themselves with major livelihood activities with potential for further development.

² Data from a few EFCs has not yet been included in this total. Of the 75,000, about 25,000 are on a GoM programme for women's financial inclusion (and so not really part of LAMP – although some of them may be linked to specific livelihood opportunities).

13. The mission appreciates that EFCs are a new and largely untried approach for enterprise development. Being entirely demand driven they have the advantage that most of their clients are genuinely interested in enterprise development. MBMA is well aware of the down-turn in EFC activity and is actively considering other roles and formats for EFCs, such as working as Community Service Centres providing access to e-governance under a GoI initiative.

14. MBDA has established Basin Development Units (BDU) in district headquarters under the control of the District Collector. BDUs implement a range of MBDA activities as well as overseeing EFCs. They largely focus on facilitating convergence, with IBDLP funds used to top-up support from other schemes. Although this has resulted in some useful investments, contributions from farmers and other users are low (in the order of 15%) and seem to be driven more by the availability of support than real demand from local entrepreneurs. In this respect the BDUs seem to diverge from the demand-driven support structure in EFCs. The scale of investment is also limited by the availability of convergence funds – for example West Khasi Hills district has been only able to provide trellis to 30 squash growers per year – when there are thousands of farmers growing this crop

Agreed action	Responsibility	Agreed date
2. MBMA will focus on developing packages of support that meet the needs of EFC partners. This includes training on appropriate technologies, ensuring access to inputs, and enable access to bank finance as well as linking to markets. This support cannot be put in place overnight, but LAMP needs to draw up plans to do this for each of the major sectors that EFC partners are interested in.	APD	Start in September 2015
3. The mission welcomes the contracting of NGOs to provide field support, and these contracts should be included in a future revision of the AWPB.	MBMA planning staff	December 2015
4. NGOs must focus on helping EFCs deliver support to partners. In particular NGOs should be tasked with providing follow-up support after training, identifying clusters of producers and organising producer groups and supporting services, including identification of marketing channels and suppliers of critical inputs.	OSD EFC	October 2015
5. Effective support for enterprise development should attract new partners to register at EFCs. At this stage it will be worth investing in upgrading the appearance of EFCs and providing them with a wider range of technical and enterprise information materials.	OSD EFC	February 2016
6. To give greater attention and impetus to EFCs, and give direction to the supporting NGOs, an OSD should be appointed to coordinate their activities and monitor their performance.	PD	October 2015
7. BDUs roles are to: (i) support EFC, (ii) NRM agenda, and (iii) convergence with other government schemes. BDUs need to pay far more attention to the first two tasks – EFCs and NRM, rather than mainly focusing on convergence.	Manager BDU	October 2015
8. Reporting on EFC partners needs to differentiate between those who have registered an interest in a certain enterprise or livelihood and those who have registered for loans or financial inclusion. These two groups may well overlap, with some partners registering interest in both an enterprise and financial inclusion.	OSD EFC	November 2015

(b) Integrated production and marketing is rated as moderately satisfactory (rating =4)

15. This sub-component will be implemented in the natural resource management clusters. As these clusters have not yet been selected, field implementation of this LAMP sub-component has not started. However MBDA has been supporting a honey value chain which is making good progress with 2,600 new honey producers now involved.

16. MBDA commissioned ILRT to carry out studies for six value chains (oranges, cashew, areca nut, bay leaf, pigs and poultry). The ISM in April identified some areas where these reports needed improvement and an addendum report has now been produced. This has some useful information on the price build up between farmers and final markets for cashew, oranges and pigs. However there is still little information on volumes passing through different marketing channels, which particularly concerns oranges where the crop is divided between sales in the local area, urban centres in

Meghalaya, shipments to other states and informal exports to Bangladesh. If LAMP is to develop marketing channels for oranges, we need to know which of these channels are important and worth developing.

17. MBDA has met with the International Potato Research Centre (CIP) to discuss how CIP can support development of root and tube crops (RTC) through its FoodSTART+ project (funded by an IFAD/EU regional grant). CIP has proposed that they first carry out a scoping study for RTC and follow this with value chain study for potatoes, based on detailed ToR drafted by the April ISM.

18. IFAD is in the process of approving a regional grant to support capacity building for value chain development. This grant will support an agency in India as a centre of excellence for training of staff from different projects and organisations in value chain development. The grant will also provide other capacity related support – such as information sharing within the region. LAMP has been identified as the prime project in India which should benefit from this support.

Agreed action	Responsibility	Agreed date
9. LAMP should develop plans to engage agencies to support value chain development clusters – although external agencies may not be needed in all cases. In this regard it would be useful to visit ILSP Uttarakhand to see how NGOs are organising producer organisations and supporting field activities at the block level.	APD	October 2015
10. The CIP proposals are good and should go ahead (the mission has sent some minor suggestions to MBMA). However it needs to be established what, if anything, LAMP will need to pay CIP towards the costs of this work, and/or if it should provide logistical support and counterpart staff.	APD	Start in October 2015

(c) Livestock development is rated as moderately satisfactory (rating =4)

19. At the time of project design it was anticipated that BAIF (a national livestock-focused RNGO) would be contracted to implement livestock development clusters for LAMP. BAIF is no longer interested in doing this work, and MBDA has been considering alternative strategies for supporting the livestock sector. Both MBDA and IFAD have discussions with the International Livestock Research Institute (ILRI) resulting in a proposal from ILRI for it to provide support in the pig sub-sector for LAMP. ILRI have particular experience and expertise in the pig sector in north-east India. Pig production is the most frequent sub-sector that people registering state they wish to develop. MBMA has also been in contact with the National Research Centre for Pigs (NRCP) in Assam, which could also provide support – in particular information on the feed value of locally available crops and by-products, provision of improved breeding stock, and practical training at their research centre.

Agreed action	Responsibility	Agreed date
11. LAMP should sign agreements with ILRI and maybe also with NRCP to support specific activities for pigs. The mission has sent LAMP its comments on the proposals from these agencies.	APD OSD Livestock OSD Enterprise	October 2015
12. After pigs, poultry is the sub-sector that is of most interest to EFC partners. LAMP needs to develop an improved package of practices for back-yard poultry production and should take some ideas from the Bangladesh poultry model of village level poultry breeding, hatching, and rearing units supported by trained women vaccinators. The mission gave LAMP an idea on how the mini-hatchery concept might be modified to operate in the colder climate of Meghalaya.	OSD Livestock	Develop a package by June 2016
13. LAMP should consider that some of the NGOs who have now been contracted to support EFCs might also be asked to set up and support clusters of livestock producers. These NGOs have some staff (maybe not now involved with MBDA) with experience of developing village level livestock production which could be useful for LAMP.	APD OSD Enterprise	October 2015

(d) Market access infrastructure is rated as moderately satisfactory (rating =4)

20. A nodal person has been hired to lead market development sub-component. Once the clusters for NRM and value chain development have been selected, then the project can start to draw up a short list of markets with potential for inclusion on LAMP development plans (although market

development is not limited to these clusters, these areas should be given priority). The initial task is to identify a shortlist of about 15 markets that are convergence points between several villages, connected to other larger markets, working on more days in a week than others and have a reasonable volume of business turnover. Dialogue with the shortlisted market committees has to be initiated to select those with the appetite for reform of market practice, where committees agree to carry out reform measures. Support for complementary infrastructure and improvements can be provided in a time bound manner. A framework for such financial assistance should be prepared (in the form of a scheme) to define the negotiating position of the project and the desired reform measures.

Agreed action	Responsibility	Agreed date
14. Prepare a potential framework of financial assistance for market development to enable discussions with market committees to commence	OSD Markets	Approach note by September 2015, Finalised by November 2015
15. Identify 15 potential markets for a dialogue	OSD Markets	October 2015
16. Initiate the dialogue with potential market committees for the selection of 10 pilot markets	OSD Markets	November 2015
17. To show people how market infrastructure development and improvements in management of rural markets can generate benefits it would be useful to take stakeholders from potential markets to see how markets are developed and operate in other countries – such as Thailand. It will also be useful to take key project and MBDA staff to see how IFAD projects have improved the infrastructure and management of small local markets in Bangladesh. This may also include workshops for chairmen/ members of executive committees of selected markets and taking them to some of the developed mandis within India (Karnataka, Gujarat, AP, Delhi)	OSD Markets	Start by December 2015

(e) Rural finance is rated as moderately satisfactory (rating =4)

21. The rural finance component is to be implemented by forming and nurturing about 300 Integrated Village Cooperative Societies across the state in 54 clusters covering 1350 villages. A number of start-up activities identified for rollout of IVCS have not been completed in the last four months. The current position with regard to agreed actions in the last ISM is as follows:

Activity	Timeline	Current Position
Act Amendments, Byelaw notification	July 2015	No amendments are considered necessary for IVCS. A drafting committee is set up for finalisation of byelaws.
Identification of a core group of officials from RCS staff, MCAB and MBDA to act as resource persons to support IVCS formation	May 2015	Identified during the mission and a familiarisation workshop conducted during start-up
Design of a training course for resource persons (IVCS core team)	June 2015	Process commenced during startup
Conduct of training for resource persons	July 2015	Yet to be planned
Data collation from Cooperative Officers on feasible locations for IVCS formation	May 2015	Some data received – being compiled
Preparation of village plans in the identified locations	August 2015	No action
Classification of existing PACS to identify feasible PACS for conversion in to IVCS	July 2015	Classification done
Classification of existing CLFs to identify feasible CLFs for conversion in to IVCS	July 2015	IIBM had carried out a study. A relook is necessary
Selection and contracting of a TA provider to support IVCS formation and stabilisation	June 2015	Draft RFP prepared
Preparation of guidelines for funding of IVCS	August 2015	No action
Commencement of formation of IVCS in the field	October 2015	Likely to be delayed

22. The above actions continue to be priorities and should be completed. The existing Cooperative Societies Act (which is before the state assembly for certain amendments) appeared to be adequate for the purpose of the proposed IVCS. The GOM should finalise a model byelaw for IVCS so that new

societies get some guidance on the legal requirements. A suggested draft of the byelaws has been discussed with RCS and a core team of officials during the mission visit. A drafting committee constituted by the RCS will examine and finalise the model byelaws.

23. Before finalisation of the guidelines and formal start-up, 50 IVCS had been registered in different parts of the state. These IVCS do not conform to the features of IVCS as designed in the project as they have been formed in the absence of guidelines and model byelaws. There is a need to restructure the feasible Societies out of these 50 IVCS to develop them as member driven institutions in accordance with the design envisaged in the project.

24. A Technical Service Provider (TSP) was to have been hired to carry out critical documentation and capacity building activities in the initial stage. The process of hiring the TSP has to be initiated. A number of activities listed in the following table have not been taken up in the absence of the Technical Service Provider. The TSP hiring process should be speeded up so that the first set of IVCS is established before end of the current year.

Preparation of Process manual for formation of IVCS and check list of tasks	August 2015	To be carried out by selected TSP
Training of field mobilisers (volunteers)	September 2015	To be carried out by TSP
Process manual for conversion of existing PACS/CLF in to IVCS – legal and administrative processes	August 2015	To be carried out by TSP
Preparation of business planning template for IVCS and training course on business planning	September 2015	To be carried out by TSP
Member education training design	August 2015	To be carried out by TSP
Member education training rollout	October 2015	To be carried out by TSP
Board member training design	September 2015	To be carried out by TSP
Board member training rollout	November 2015	To be carried out by TSP
IVCS secretary/staff training design	September 2015	To be carried out by TSP
IVCS secretary training rollout	October 2015	To be carried out by TSP

25. Discussions with Additional Chief Secretary in charge of Department of Cooperation (DOC) and RCS helped bring clarity to the roles of LAMP and the DOC. DOC will support LAMP with notification of model byelaw for IVCS, inputs on identification of location of IVCS, deletion of unserved villages from the area of operation of existing PACS, depute two to three staff to be part of LAMP team that will lead the IVCS component, depute staff to be part of the core team that will support IVCS formation under the project, facilitate registration of the IVCS that are formed, arrange for audit and supervision of IVCS in accordance with their mandate and objectives. LAMP will consult the DOC in all matters relating to IVCS, train the core team, train the staff of DOC on IVCS governance, accounting and MIS and as also audit and supervision.

26. A core team of 23 officials comprising functionaries of Department of Cooperatives, GOM, MCAB and LAMP has been formed to guide, monitor and supervise the process of formation and nurturing of IVCS in the state. A workshop was held separately during the start-up mission for the core team in which issues relating to existing PACS, information requirements for selection of locations for IVCS, process for releasing the uncovered villages now with existing PACS and the documentation and training requirements for the IVCS rollout, etc., were discussed. Based on the discussions in the workshop and the subsequent discussions with RCS, the following priority actions were agreed in respect of tasks to be completed by the department of cooperation.

Activity/task
Deletion of un-served villages from PACS
Identification of locations for IVCS
Finalisation of bye-laws and notification
Finalisation of documents required for registration of IVCS
Finalisation of process for conversion of CLF in to IVCS
Finalisation of process for conversion of PACS in to IVCS
Decision on new IVCS formed without preparatory work
Training of IVCS core team

27. The core team will require intensive training on IVCS formation and stabilisation processes as also exposure to good cooperative societies. The project should approach training institutions with expertise in financial cooperatives such as Bankers Institute of Rural Development for conducting a customised course, coupled with an exposure visit.

28. Financial linkage, especially that of credit is likely to be provided by the initial set of IVCS only after eighteen months, at the earliest. It might take four to five years for all the proposed IVCS to be fully functional and provide services. Project activities in food security, value chain clusters, enterprises and marketing will require loan funds right from the current year. Some bank and financial institution partnerships are required to ensure that project activities get adequate funding support during the period during which the IVCS are still finding their feet. Meghalaya Rural Bank and Meghalaya Cooperative Apex Bank are two locally active banks with which there has been some dialogue. This should be pursued and some strategic partnerships for supporting project activities should be established. MFIs that operate in the state such as RGVN Microfinance (North East), Ujjivan Microfinance can also be partners. NABFINS, a subsidiary of NABARD is collaborating with a project of IFAD in Tamil Nadu and has expressed interest in working in Meghalaya. The project should pursue a dialogue with NABFINS and explore how best they can be utilised in financing livelihoods in Meghalaya. New banks such as Bandhan and IDFC Bank might have an interest in expanding presence in Meghalaya, as per the initial indications. Partnerships with these new banks should be explored by the project. The MFIs and NABFINS may look for some support from LAMP such as equity contribution, initial infrastructure costs for setting up operations, etc. A support framework should be developed that offers incentives aligned directly to assured incremental outreach and volume of funding in the project area.

29. A nodal officer from LAMP should be identified to keep a continuous dialogue with banks and financial institutions. The business advisors hired in EFCs have the responsibility to facilitate bank loans for EFC registrants, but have so far not been able to make much headway. The nodal officer should first negotiate with different controlling offices of banks and secure their willingness for a specific number of loans and amounts in each of the blocks and figure out the nature of comfort that banks need for the purpose. Based on the understanding achieved with banks, the Nodal Officer should guide business advisors on the details of arrangement with each bank and how to approach the branches for loans. Dialogue with MRB and MCAB should be prioritised. Joint visits of controlling office personnel of the bank and nodal officer to the blocks might be useful in establishing rapport at the branch levels. Further details on the rural finance component are in Annex A.

Agreed actions	Responsibility	Agreed date
18. Select locations for new IVCS after deletion of uncovered villages from PACS and identifying villages with no financial cooperatives	Core team	31 Oct 2015
19. Finalisation of IVCS byelaws and notification	RCS	30 Nov 2015
20. Finalisation of process for conversion of CLF in to IVCS	Core team	30 Oct 2015
21. Finalisation of process for conversion of PACS in to IVCS	Ore team	20 Dec 2015
22. Training of IVCS core team	APD	31 Oct 2015
23. Preparation of schemes of financial support to IVCS for corpus, risk fund and viability gap. The best form in which corpus contribution (not to be perceived as a grant by members, but at the same counting towards capital funds) can be made by LAMP to IVCS has to be identified. (A note on the subject to be provided by IFAD consultant for the purpose.)	Core team	30 Nov 2015
24. Selection and contracting of Technical Service Provider	APD	15 Nov 2015
25. Identify a nodal officer to dialogue with banks and financial institutions for financial, especially credit linkages	APD	1 Oct 2015
26. Explore linkages with MCAB, MRB, SBI, PNB, HDFC Bank, Bandhan Bank, IDFC Bank, NABFINS, RGVN Microfinance, Ujjivan and others	Nodal officer for financial linkage	Ongoing

Component 3: Knowledge services is rated as moderately satisfactory (rating =4). The progress of this component is covered under the sub-sections on Monitoring & Evaluation and Knowledge Management.

D. Project implementation progress

30. **Project management performance** is moderately satisfactory (rating=4). Recognising the need for a well-organised management structure, LAMP had made efforts in the last four months to hire necessary staff at key levels, establish clearer reporting relationships and clarify roles and tasks. In a welcome development, the APD, who was earlier having multiple responsibilities, has been released from his additional duties and now looks after LAMP exclusively. Key staff are continuing to be hired such as a finance and accounts manager and manager for market development. In the districts most District Project Managers have been hired as also some field staff. The positioning of a nodal officer from the Government appears to be a well-thought out initiative to ensure continuing focus on the project from the district administration. Staffing at other levels has been strengthened such as in NRM, knowledge management, gender, accounts and administration. Some of the staff continue to work for the IBDLP, outside of LAMP activities and areas, as originally envisaged at the time of project design. However the proportion of work rendered for LAMP has to be indicated in order that accounting for their costs and deliverable services are clear to the concerned managers in LAMP.

31. As pointed out the report of last ISM, the shortage of senior staff has been a critical factor in slowing down preparation for LAMP implementation. With most senior positions having been filled, job descriptions and deliverables should be clearly articulated so that field implementation can commence. During the mission it was seen that there was limited progress in IVDPs for NRM, formation of IVCS, provision of services from EFCs to registrants and value chain related development work. There is a need to translate the AWPB in to action plans at the level of each staff so that at the end of the year significant progress is achieved against the targets. The engagement of NGOs to act as extended delivery arm of EFCs is a welcome initiative. Their management by the EFCs and BDU for clearly defined deliverables in terms of outreach and quality of services will be critical factor in the success of demand driven services offered by EFCs.

32. The following actions are needed to help improve project management and make LAMP fully operational:

- Ensure all the work and finance flows of LAMP are channelled through the APD so that an overall and composite picture of progress and achievements, as well finances, are available at a single point from which reporting can be taken to higher levels
- An indication is needed of the proportion of total MBDA staff cost which is attributed to LAMP work. The mission has agreed with MBMA that 65% of total staff cost will be attributed to LAMP. This proportion may be reviewed from time to time. MBMA will provide IFAD with a list of all the staff posts that are filled to support the calculation of the 65% of that will be attributed to LAMP.
- The feasibility of bringing all the staff of LAMP in to one location should be explored. This might bring in greater cohesion and better coordination.
- While IVCS formation will be steered by a team from DOC and MCAB to be placed with LAMP, linkages with banks and financial institutions need to be strengthened through continuous dialogue. A nodal person for negotiating with banks for securing financing for project households in respect of their livelihoods is necessary.
- Procurement management requires strengthening. A suitable person accountable for procurement and adherence to due processes should be in place at an early date.
- Contracts for hiring staff continue to be issued for one year at a time. During the last mission the possibility of issuing longer-term contracts in case of staff that were found to be well-performing at the end of the first year was discussed. To avoid high attrition rates in competent staff and reduce uncertainty in minds of staff, introducing longer-term contracts, after the first year of service, may be considered.

Agreed action	Responsibility	Agreed date
27. The APD to be the nodal point through whom all project information, sanctions and finances flow	PD	30 Sept 2015
28. Apportion total MBDA staff cost between LAMP and MBDA non-LAMP activities in the proportion of 65% LAMP, 35% other. Communicate this to the accounts department	Sr. Manager HR	15 Sept 2015
29. Appoint a nodal person for financial linkages	PD	1 Nov 2015
30. The Project Implementation Manual needs to be updated with the changes agreed in the April 2015 ISM and further changes in implementation processes agreed by this mission – such as the use of NGOs to support EFCS, use of volunteers in formation of IVCS.	APD	November 2015
31. Job cards and job descriptions to be drawn up and given to each member of staff	Sr. Manager HR	30 Oct 2015

33. **Monitoring and Evaluation (M&E)** is rated as moderately satisfactory (rating =4). LAMP has hired an M&E consultant (OSD) who has developed M&E plans and initiated a rapid assessment survey (which is now being implemented by an external agency). The LAMP M&E section now has four members of staff in the PMU and one in the Garo Hills. M&E staff for districts will be appointed by October 2015. A draft strategy has been draw up with an outline of an M&E system. This proposes an MIS (which include level 1 & 2 RIMS indicators), a rapid assessment survey (pre-baseline), a baseline survey, annual and thematic outcome surveys, and KAP studies. The strategy proposes that the MIS (including data collection and entry) and most survey implementation be contracted to external agencies. An outline specification for an MIS has been drawn up as the basis for procurement of the software and support.

34. Based on its experience of IFAD projects in India and elsewhere, the mission urges LAMP to adopt a cautious approach in the implementation of MIS. A system for managing data on EFC partners, the original Meghalaya Entrepreneur Development Portal had problems in data entry and was only operational in eight EFCs³. It also attempts to track more indicators than are really needed to monitor the requests for support from partners and to record the services delivered by EFCs and partner agencies. Another MIS is being developed for data from IVDP.

35. The mission has updated some of the indicators in the logframe to make them compatible with a feasible system of M&E data collection. The updated logframe is in Appendix 2.

Agreed action	Responsibility	Agreed date
32. It was agreed that MIS (using database or spreadsheet software) would be used to monitor the progress of LAMP activities and outputs, with most outcome level data being collected by small periodic (e.g. annual) sample surveys with separate surveys covering EFC partners, NRM clusters, livestock clusters and, possibly value chain clusters. These would replace the normal AOS required in all IFAD projects. For 2016, the only outcome survey would be of EFC partners. Impact level data would primarily come from baseline and impact sample surveys, along with some outcome survey data. A proposal for an outcome survey for EFCs is in Annex B.	OSD M&E	From November 2015
33. The LAMP database MIS should be rolled out one module at a time, with activity and output data being recorded on spreadsheets before the MIS becomes operational. The first module should be for managing data generated by EFCs and the second module on the physical (but not financial) progress of the AWPB (which would track the progress of LAMP activities).	OSD M&E	Roll out in January 2016
34. While there is no over-riding need for all activities of LAMP (and MBDA as a whole) to use a single MIS, there should be commonality in terms of household and village codes, data formats etc. so, where needed, data from two MIS can be combined for analysis. In particular this will become important in order to calculate the total number of households participating in the project (an IFAD RIMS indicator) as some households will be involved in more than one component or sub-	OSD M&E OSD NRM OSD MIE	From October 2015

³ An improved version of the portal is just starting to be rolled out, which has addressed the data entry issue by removing the SMS data entry facility (which did not work well). A major effort is to be made to enter the backlog of data from all EFCs.

Agreed action component.	Responsibility	Agreed date
35. A specialised MIS (e.g. Tally) will be used to handle financial expenditure and accounts. Tally also has modules that can manage human resource and office administration data, so there is no need to develop modules for the LAMP MIS for these tasks. The financial transactions and operations of IVCS will be better managed by a finance-based MIS as is now operated by MCAB.	OSD Finance Sr. Manager HR	Roll out financial MIS in February 2016
36. LAMP should not attempt to use MIS to record data on outcomes at the household level – such as the volumes of production and sales of enterprises, improvements in the availability of water, or the uses of IVCS loans. This information would be easier to collect via small sample outcome surveys at regular intervals.	OSD M&E	From October 2015
37. A specialised consultant should be hired to help in drawing up the specification of the LAMP MIS and in procurement of a firm to supply and support the system. Draft ToR are in Annex B..	OSD M&E	October 2015
38. MIS data should be entered by project staff and not by external software or data collection firms. This will avoid potential problems of staff claiming that data that reflects on their performance has not been correctly recorded. However large sample surveys (baseline and impact) should be contracted to an external agency. Smaller sample surveys used to gather outcome data on different sub-components should be implemented by LAMP M&E staff – with monitoring officers in BDUs (or NGO staff) acting as enumerators, maybe using tablets or mobile phones to complete questionnaires.	OSD M&E District BDU Managers	From October 2015
39. Although MIS (and the M&E system as a whole) may collect information on IBDLP as a whole, it should facilitate production of reports specific to LAMP activities as may be required for different purposes. This will enable LAMP to comply with reporting requirements as also effective monitoring of what it has done.	OSD M&E	From October 2015
40. Results of the rapid assessment survey should shortly be available and the draft report should be sent to IFAD ⁴ . This survey will help in planning the main baseline survey, and IFAD will provide advice on the final ToR/RFP for this survey – which will build on the experience with recent baselines in other projects.	OSD M&E	September 2015
41. As per the loan agreement, a six-monthly progress report (basically a table showing AWPB progress) covering the period from April to September 2015 should be prepared by the end of October. A more comprehensive annual report for FY 2015-16 should be produced by the end of April 2016.	OSD M&E APD	End October 2015

36. **Knowledge Management (KM)** is rated as satisfactory (rating =5). The LAMP KM team is led by a full time consultant / OSD and now has 10 staff. A KM strategy has been produced based on the Knowledge Services component in the project design document – but without the M&E activities. The KM strategy document includes knowledge-related activities that are primarily the responsibility of other LAMP components – such as documents for planning natural resource management, value chain studies and technical enterprise booklets. The strategy sets out how the KM team will provide a support to the teams involved in generating knowledge in these areas. The KM strategy sets out how LAMP will foster communications, knowledge sharing and lesson learning including production of a newsletter. The KM team has some good ideas for innovative ideas for KM, especially for sharing within LAMP and IBDLP.

⁴ The mission was given the questionnaire for this survey and it will be interesting to see if the survey really is able to collect data on land areas and the detailed breakdown of household expenditure. The main baseline survey should include questions on out-migration, use of PDS shops, and on how products are marketed, with less information being collected on individual members of each household.

Agreed action	Responsibility	Agreed date
42. Compared to other IFAD projects, LAMP will have more extensive KM activities and will generate more outputs. It will be useful to share details of KM processes and outputs with IFAD and with other projects in India.	OSD KM	From April 2016
43. To make good use of knowledge being generated, the KM team should review and synthesise key findings from progress reports from district BDUs and from the NGOs and ILRT supporting the EFCs.	OSD KM	October 2015

37. **Gender focus** is rated as moderately unsatisfactory (rating =3) LAMP has appointed a Social Mobilisation and Gender Manager and three staff have been placed in the MBDA gender section. The Gender Manager has produced facilitator manual for staff training on the Fundamentals of Gender, but still needs to draft a Gender Strategy for LAMP along with a Gender Action Plan.

Agreed action	Responsibility	Agreed date
44. Hire a short term consultant to provide assistance in drafting a Gender Strategy and Gender Action Plan for LAMP. The IFAD ICO can suggest some potential gender experts.	APD Gender Manager	November 2015

38. **Poverty focus** is rated as moderately satisfactory (rating =4) Compared to most of India, village communities in Meghalaya are relatively homogenous and the project focuses on reaching these entire communities rather than targeting individual households within communities. Although slightly richer households with greater risk-taking ability may well be the first to benefit from enterprise development efforts, it is noteworthy that the greatest interest at EFCs are in pigs and poultry, which do not require access to land.

39. **Targeting performance** is rated as moderately satisfactory (rating =4) Around 70,000 potential entrepreneurs (partners) were registered at EFCs prior to the start of LAMP, so the coverage of LAMP for the EFC sub-component can be measured in terms of additional registrations since that date (which so far will not be very many). However most of the 70,000 registered partners have not yet received support or established enterprises, so LAMP may well reach out to many of this group. It will therefore be important for LAMP to record the number of EFC partners who have been supported, regardless of if they registered prior to the start of LAMP.

40. **Climate and environment** is rated as moderately satisfactory (rating =4) The natural resource management activities of component 1 will strengthen resilience to climate change and help mitigate its effects. However this work is yet to start.

41. **Partnerships** are rated as satisfactory (rating =5) LAMP is already establishing partnerships with a number of agencies for implementing key activities. These include with NECTAR for remote sensing and marketing support, and ILRI and NRCP for pig improvement. LAMP is working with two IFAD grant partners: CIP (for potatoes) and ICIMOD (for Participatory Value Chain Analysis and Knowledge Management), and has already enlisted a number of local NGOs and a national RNGO to strengthen the capacity of EFCs. MBDA partnerships (convergence with many government programmes, chambers of commerce, and the ADB funded project for skill development) will also be valuable.

Agreed action	Responsibility	Agreed date
45. ICIMOD has provision, under its IFAD grant project, to assist in a baseline survey. This would be best used to support the collection of baseline data in IVDP rather than for the baseline survey of LAMP being organised by the M&E unit.	OSD NRM APD	December 2015

E. Fiduciary aspects

42. **Financial Management** is rated as moderately unsatisfactory (rating =3). MBMA has engaged most of the finance staff in the LAMP PMU and the district Basin Development Units. It has engaged a qualified Chartered Accountant for the position of OSD (Finance) who has joined the position during the mission. Out of the 11 districts, finance staff still have to be engaged for 5 districts, and the recruitment process is continuing.

43. MBDA is incurring expenditure on behalf of LAMP so far. The chart of accounts for LAMP needs to be urgently created so LAMP related expenditure can be booked and claimed from IFAD financing. It is recommended that from 1st October 2015 onwards, LAMP expenditure to be done under the LAMP chart of accounts only. The draft chart of accounts is to be sent to IFAD India Country Office for comments, as these have to comply with the Project Cost Tables Expenditure accounts.

44. Accounting Software (like Tally) needs to be introduced at all levels and financial reporting and WA documentation should only be done through this software. It is recognised that procuring the software and customising it to generate the reports will take some time, so manual registers/books need to be introduced as per the chart of accounts in the interim. The LAMP PMU will calculate the eligible expenditure from the date of entry into force till date and appropriately account for the same. As indicated in the Project Management section, the proportionate percentages for the positions who have dual responsibilities needs to be worked out and the staff costs to be claimed on this basis.

45. LAMP has opened its Programme Accounts at the PMU and BDU levels. These accounts are to be used exclusively for channelling LAMP resources. During the Start-up Workshop, brief sessions were provided on financial management and procurement covering the basic and immediate aspects. The setting up of financial management systems and internal controls are at a very early stage, hence the Mission recommends that the OSD (Finance) be asked to consult IFAD India Country Office for support whenever required.

46. **Disbursement is rated as moderately unsatisfactory (rating =3)** Based on the agreement arrived at during Loan Negotiations, IFAD disbursed a one-time advance of USD 1.5 million (equivalent to INR 95,389,200) on 27th May 2015. This advance will have to be justified within one year of disbursement by submitting withdrawal applications of eligible expenditure. The Government of Meghalaya has transferred INR 100 million towards advance funding to implement LAMP programme. The provision of advance funds including government counterpart funding is smooth and satisfactory.

47. **Procurement is rated as moderately satisfactory (rating =4)** MBMA has experienced some delays in recruiting a suitable OSD for procurement but it is managing procurement through its existing finance staff. The mission recognises a need for MBMA to establish its own procurement manual/policy and controls and has also agreed to support MBMA with regular feedback and technical support by IFAD. There are 11 on-going contracts/work orders attributed to the Project (eight contracts with NGO's to support the implementation of the IBDLP Programme and also LAMP; one contract with Synergy Technofin Pvt Ltd for the rapid assessment study for LAMP; and two work orders with ILRT - one for the training programme on entrepreneurship and capacity building support to local NGO's and the second for capacity building support to the MBMA and EFC's). The mission reviewed the procurement for the rapid assessment study and found this to be relatively acceptable recognising that MBMA requires time and support to develop and strengthen its capacities in procurement and procurement management. The mission was unable to review the procurement documentation for the eight NGO contracts and the two work orders with ILRT. All proposals for single source selection of consultancy services and procurement documents requiring IFAD prior review are to be submitted to IFAD for its concurrence.

48. **Audit is rated as moderately satisfactory (rating =4)** LAMP entered into force on 9 December 2014 and no expenditure was incurred from the Programme Account till the end of financial year. Therefore, submission of audit report for the year 2014-15 is not necessary.

Agreed action	Responsibility	Agreed date
46. Establish a Chart of Accounts in line with the Cost Table Expenditure Accounts and send this to IFAD ICO for review and comments	APD/OSD (F)	30 Sept 2015
47. Finalise Delegation of Powers including financial and procurement powers to APD and DC/DPM	PD/Dy.CEO, MBMA	31 st Oct 2015
48. Finalise and approval of Finance Manual by BoD and IFAD	APD/OSD(F)	Draft by 31 Oct 2015, Final approval by 30 Nov 2015
49. Submit the first withdrawal application for justification of advance	APD/OSD(F)	15 Oct 2015
50. Recruit a Procurement Manager	PD	
51. Develop a Procurement Manual/Policy in consultation with IFAD India Country Office (IFAD to provide a working draft)	APD/OSD(F) IFAD	15 Oct 2015
52. Submit all procurement documentation and contracts for the 8 NGO contracts and 2 work orders with ILRT for IFAD review.	PD	15 Sept 2015
53. Nominate ad interim two staff to attend procurement clinics or short one-two week certification training	PD	30 Sept 2015
54. Expedite procurement of office equipment, vehicles and other consultancy services as per the approved procurement plan	APD	15 Oct 2015

F. Sustainability

49. The exit strategy is rated as satisfactory (rating =5) It is too early to report on progress towards sustainability, however the project design has a built in exit strategy as LAMP is part of the IBDLP and its activities are integrated into IBDLP – which will continue after the end of LAMP. At the household level enterprises and commercial farm production should be profitable and so sustainable. Lastly, community institutions involved in local level implementation, the IVCS and VECs (Village Employment Councils) are permanent bodies rather than being created especially for the purposes of LAMP.

50. The potential for scaling up is rated as satisfactory (rating =5) The approaches adopted in LAMP should have good potential to be replicated and scaled up. The design document has provision for scaling-up at mid-term in terms of coverage of area and households if additional funding were to be available.

G. Other

51. It is also too early to report on the impact of the LAMP. However mission field visits, as well as reports from IBDLP, show that the interventions that will be implemented under LAMP, will generate significant benefits in terms of increases in household income and assets and in increasing resilience to climate change. For example, the mission interviewed a woman farmer from Mairang block (eastern part of West Khasi Hills district) who was trained for two days in 2013 by DoA through the EFC. She said this training was useful as she learned about a new way of growing potatoes using manure and urea/DAP fertiliser. She has adopted this and her yield has increased from 5 to 10 or 12 tubers per plant. In 2014 her total sales of potato increased from 2-3 quintal (of 100 kg) to 10 quintal (she also increased the area grown). In 2015 production has fallen due to poor weather and the price has fallen from Rs25 to Rs10 per kg.

H. Conclusion

52. Overall LAMP is now beginning to take shape and there are good prospects for its successful implementation. However a number of key actions are needed over the next three or four months. These are as follows:

1. Select the village clusters for natural resource and value chain development.
2. LAMP should develop plans to engage agencies to support value chain development clusters – although external agencies may not be needed in all cases.
3. Agreements should be reached with a number of partner and other technical support agencies and MoUs signed
4. Potential priority markets should be selected and dialogue commenced with market committees
5. Select locations for new IVCS after deletion of uncovered villages from PACS and identifying villages with no financial cooperatives
6. Make other preparations to roll out ICVS (see recommendations 18 to 23 above)
7. Identify a nodal officer to dialogue with banks and financial institutions for financial / credit linkages including with MCAB, MRB, SBI, PNB, HDFC Bank, Bandhan Bank, IDFC Bank, NABFINS, RGVN Microfinance, Ujjivan
8. The APD to be the nodal point through whom all project information, sanctions and finances flow
9. Job cards and job descriptions for each of the staff
10. Hire a specialised consultant to help draw up the specification of the LAMP MIS and in procurement of a firm to supply and support the system. This should take account of recommendations 32 to 39 above.
11. Establish a Chart of Accounts in line with the Cost Table Expenditure Accounts and send this to IFAD ICO for review and comments
12. Finalise Delegation of Powers including financial and procurement powers to APD and DC/DPM
13. Finalise and approval of Finance Manual by BoD and IFAD
14. Submit the first withdrawal application for justification of advance
15. Recruit a Procurement Manager
16. Develop a Procurement Manual/Policy in consultation with IFAD India Country Office
17. Submits all procurement documentation and contracts for the 8 NGO contracts and 2 work orders with ILRT for IFAD review.

53. The mission agreed with MBMA that an ISM should be fielded by IFAD in the first quarter of 2016.

Appendix 1: Summary of project status and ratings

A. Basic Facts

Country	India	Project ID	1715	Loan number	2000000648
Project	Meghalaya Livelihood and Access to Markets Project			Supp. Loan/Grant	
Date of Update:	30-Oct-15	Last Supervision	24 Aug 2015	Financing terms	Blend
Supervising Inst.	IFAD	No. of Supervisions	1		
				USD m	% Disb. %
Approval	08-Apr-2014			Total costs	
Agreement	19-Nov-2014	Effectiveness lag	8.2	IFAD loan	50.0 29 3%
Effectiveness	09-Dec-2014	Problem project	No	Nat. Govt	49.7 29
First disbursement	27-05-2015			Dom Fin Inst	29.3 17
MTR	-			Other dom	28.2 17
Current completion	31-Dec-2022	Last Amendment		Beneficiaries	12.7 7%
Current closing	30-Jun-2023	Last Audit		Total	169.9 100
No. of extensions	-				

B. Project Performance Ratings

B.1 Fiduciary Aspects	Last	Current	B.2 Project implementation progress	Last	Current
1. Quality of financial management		3	1. Quality of project management		4
2. Acceptable disbursement rate		3	2. Performance of M&E		4
3. Counterpart funds		5	3. Coherence between AWPB & implementation		3
4. Compliance with loan covenants		4	4. Gender focus		3
5. Compliance with procurement		4	5. Poverty focus		4
6. Quality and timeliness of audits		4	6. Effectiveness of targeting approach		4
			7. Innovation and learning		5
			8. Climate and Environment Focus		4
B.3 Outputs and outcomes	Last	Current		Last	Current
1. Natural Resources and Food Security livelihood		4			
2. Livelihood Support		4			
3. Knowledge Services		4			
B.4 Sustainability	Last	Current	B.5 Impact	Last	Current
1. Institution building		4	1. Physical/financial assets		4
2. Empowerment		4	2. Food security		4
3. Quality of beneficiary participation		4	3. Increase in incomes		4
4. Responsiveness service providers		4	4. Policy impact		4
5. Exit strategy		5			
6. Potential for scaling up/replication		5	B.6 Partnerships		5
C. Overall Assessment and Risk Profile					
C 1 Overall implementation progress (Sections B1 and B2)					4
C 2 Likelihood of achieving the development objectives (section B 3 and B4)					4
C 3 Quality of Natural Asset Improvement and Climate Resilience					4
Rationale for implementation progress rating. Fiduciary and implementation progress ratings (Sections B1 and B2) reflect that the project has only been effective for nine months and is still very much at a start- up phase. Where appropriate ratings are based on the preparations made for implementation. The rating for disbursement reflects the fact that only 3% of the IFAD loan has been disbursed (USD 1.5 million out of USD 50 million) in 8 months – amounting to around 5% per year, which is 50% of the desired disbursement profile. Overall there is plenty of time for progress to catch up.					
Rationale for development objectives rating. Preparations to implement project components are progressing. However it is too early to rate sustainability and impact apart from saying that the service providers so far contracted (NGOs to support EFCs and a firm for an initial assessment survey) are carrying out their tasks in a satisfactory manner. Being embedded in the government's basin programme means that it has good potential for scaling-up and has a built-in exit strategy.					

C 4 Risks

Fiduciary aspects	The financial management systems is still being set up and needs to be put in place as soon as possible to allow LAMP expenditure to be recorded along with LAMP specific financial controls. An audit system will need to be put in place.
Project implementation progress	Although initial progress has been a bit slower than was envisaged in project design, this is not a risk as the project is year to complete its first year and there is plenty of time for progress to catch up.

C 4 Risks

Outputs and outcomes	There is no reason why project activities, once completed, should not generate the projected outputs and outcomes. Initial feedback from households who have been supported by similar activities in the basin programme show significant increases in production and income. However the shape of enterprise development support delivered via EFCs may change as these institutions evolve.
Sustainability	It is too early to say much about risks to sustainability apart from saying that, being part of the basin programme, LAMP has a built-in exist strategy.

C. Follow-up Action

Issue/ problem	Recommended Action	Status/Timing
Start-up of NRM activities	Select the village clusters for natural resource and value chain development.	October 2015
Start of value chain development	LAMP should develop plans to engage agencies to support value chain development clusters – although external agencies may not be needed in all cases.	October 2015
Technical support	Agreements should be reached with a number of partner and other technical support agencies and MoUs signed	From October 2015
Market development	Potential priority markets should be selected and dialogue commenced with market committees	November 2015
Financial inclusion and rural financial services	Select locations for new IVCS after deletion of uncovered villages from PACS and identifying villages with no financial cooperatives	October 2015
	Make all necessary preparations to roll out ICVS	Nov-Dec 2015
Access to loans for enterprise development	Identify a nodal officer to dialogue with banks and financial institutions for financial / credit linkages including with MCAB, MRB, SBI, PNB, HDFC Bank, Bandhan Bank, IDFC Bank, NABFINS, RGVN Microfinance, Ujjivan	October 2015
Project management	The APD to be the nodal point through whom all project information, sanctions and finances flow	September 2015
	Job cards and job descriptions for each of the staff	October 2015
MIS	Hire a specialised consultant to help draw up the specification of the LAMP MIS and in procurement of a firm to supply and support the system. This should take account of recommendations 32 to 39 above.	October 2015
M&E	Carry out an Annual Outcome Survey of EFC partners	Complete by March 2016
Financial management	Establish a Chart of Accounts in line with the Cost Table Expenditure Accounts and send this to IFAD ICO for review and comments	September 2015
	Finalise Delegation of Powers including financial and procurement powers to APD and DC/DPM	September 2015
	Finalise and approval of Finance Manual by BoD and IFAD	October 2015
	Submit the first withdrawal application for justification of advance	October 2015
Procurement	Recruit a Procurement Manager	October 2015
	Develop a Procurement Manual/Policy in consultation with IFAD India Country Office	October 2015
	Submits all procurement documentation and contracts for the 8 NGO contracts and 2 work orders with ILRT for IFAD review.	September 2015

Appendix 2: Updated logical framework

Narrative summary	Key performance indicators	Means of verification	Risks
Goal Higher family incomes & better quality of life in rural Meghalaya for 143,000 households	30% increase in household asset index (RIMS anchor)# Reduction in child malnutrition from xxx% at present to yyy% (RIMS anchor) 75% of households* report increased income, food security and quality of life	Baseline and impact assessment surveys	Relative stability in general economic conditions are conducive to poverty reduction
Objective Expanded sustainable livelihood opportunities adapted to the hill environment and to the effects of climate change	At least 50,000 households* adopt new livelihood opportunities linked to markets and have increased average farm or enterprise income by at least 50%#	Baseline and impact assessment surveys Annual outcome surveys (EFC & NRM, IPM clusters)	Rural people respond to opportunities for improved livelihoods Political stability and security situation allow communities access to economic opportunities and natural resources
Outcomes			
1.1 Improved access to water and increased production of food crops	20,000 households* report reduced time of 2? hours/day to collect domestic water. 50,000 farmers* report increased crop production 200,000 ha under improved management for watershed/forest conservation	Annual Outcome Survey (NRM) Annual Outcome Survey (NRM) MIS (IVDP)	Changes in weather patterns do not seriously affect farming. Prices do not fall to a level where local production unviable.
2. 1 Improved access enterprise development	47,000 entrepreneurs* supported by EFCs start or expand an enterprise 80% of enterprises* receiving investment support operate profitably three years later	Annual Outcome Survey (EFC)	Banks come forward provide required credit to start enterprises
2.2 Expansion of clusters producing commodities for the market	Sales of commodities by 54 clusters amount to Rsxxx/yr	Annual outcome surveys (IPM) Cluster progress reports & case studies	Households have adequate labour for the expansion of enterprise and good returns in sub-sector
2.3 Improved livestock production	32,500 households* increased annual sales of livestock from Rs5,000 to Rs20,000	Annual Outcome survey (livestock)	Vaccines are available to control infectious diseases
2.4 Improved access to rural markets	Annual sales in 41 markets increase by 50% from Rsxxx to Rsxxx Transport cost on improved roads decline from Rsxxx per ton/km to Rsxxx per ton/km	Thematic/ case studies of markets and roads	Resources for maintenance of markets available.
2.5 Increased use of financial services by rural households	210 IVCS are financially sustainable and have loan recovery rates of at least 95%. IVCS have 90,000 savers* and 60,000 borrowers*	MIS (IVCS) & ICVS audit reports	Meghalaya Cooperative Apex Bank provides required finance and other support.
3. Information hub providing useful data	xxx producers* benefiting from information services	KM progress reports	Information services prove to be useful.
Outputs			
1. Natural Resources and Food Security			

Narrative summary	Key performance indicators	Means of verification	Risks
1.1 Capacity development & natural resource planning	1350 NRMPs implemented	MIS IVDP) res reports	
1.2 Land, water resource and food crop development	Water-related interventions in 1000 villages Land use management plans implemented by 50,000 farmers* involved in crop interventions.	MIS (AWPB / IVDP)	Adequate funds are available for the implementation of activities from convergence.
2. Livelihood Development			
2.1 Enterprise Development	300,000 entrepreneurs* register with EFCs 100,000 applications submitted for loans and convergence funding are approved* 60,000 entrepreneurs* trained	MIS (EFC)	Technical support can reach scattered entrepreneurs Convergence funds available
2.2 Integrated production and marketing support	54 village clusters implement commodity-based production and marketing plans 1350 Lead Farmers* trained by commodity 20,000 households* participating in cluster based production	MIS (AWPB) IPM progress reports	Viable value chain development opportunities exist
2.3 Livestock development	120 livestock clusters covering 720 villages 120 CLF* and 720 VLRP* trained & providing services 43,200 households* trained and participating	MIS (AWPB, livestock)	Sufficient number of CLP and VRLP can be recruited and trained.
2.4 Market Development	55 improved markets built 55 markets with maintenance plans 41 markets establish a procedure for maintenance by using the revenue collected	MIS (AWPB)	Traditional leadership allows market development
2.5 Communications Infrastructure	250 kms of village roads, 20 bridges and 10 ropeways built 8,000 households have access to village roads built under the project*	MIS (AWPB)	Villagers and traditional leaders provide land for road construction
2.6 Rural finance	IVCS societies cover 1350 villages with 120,000 members*.	MIS (IVCS)	Support from the Department of Cooperatives and quality handholding from MCAB
3. Knowledge services			
3.1 Lesson learning	100 knowledge products and events generated by project	KM progress reports	Useful lessons available for dissemination
3.3. Information hub	Information collected, collated and stored in the information hub.	KM progress reports	Relevant information is available for collection by hub

*Indicators disaggregated by gender or gender of household head

Annual outcome surveys are to be done separately for EFC, NRM (IVDP), livestock and possibly for IPM clusters.

MIS has modules for EFC, IVDP, AWPB, IVCS and possibly livestock.

Changes in these performance indicators are change for project households less change in control group (i.e. if project group increases indicator by 80%, and control group increases by 50%, the logframe should show an increase of 30%)

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

Action area	Action agreed	Date	Whom	Progress
Start-up of NRM activities	Select the village clusters for natural resource and value chain development.	October 2015	OSD NRM	
Start of value chain development	LAMP should develop plans to engage agencies to support value chain development clusters – although external agencies may not be needed in all cases.	October 2015	APD	
Technical support	Agreements should be reached with a number of partner and other technical support agencies and MoUs signed	From October 2015	APD	
Market development	Potential priority markets should be selected and dialogue commenced with market committees	November 2015	OSD markets	
Financial inclusion and rural financial services	Select locations for new IVCS after deletion of uncovered villages from PACS and identifying villages with no financial cooperatives	October 2015	Core IVCS team & APD	
	Make all necessary preparations to roll out ICVS	Nov-Dec 2015		
Access to loans for enterprise development	Identify a nodal officer to dialogue with banks and financial institutions for financial / credit linkages including with MCAB, MRB, SBI, PNB, HDFC Bank, Bandhan Bank, IDFC Bank, NABFINS, RGVN Microfinance, Ujjivan	October 2015	APD	
Project management	The APD to be the nodal point through whom all project information, sanctions and finances flow	September 2015	PD	
	Job cards and job descriptions for each of the staff	October 2015	Sr Manager HR	
MIS	Hire a specialised consultant to help draw up the specification of the LAMP MIS and in procurement of a firm to supply and support the system. This should take account of recommendations 32 to 39 above.	October 2015	OSD M&E	
M&E	Carry out an Annual Outcome Survey of EFC partners	Complete by March 2016	OSD M&E	
Financial management	Establish a Chart of Accounts in line with the Cost Table Expenditure Accounts and send this to IFAD ICO for review and comments	September 2015	APD, OSD(F)	
	Finalise Delegation of Powers including financial and procurement powers to APD and DC/DPM	September 2015	PD/Dy.CEO, MBMA	
	Finalise and approval of Finance Manual by BoD and IFAD	October 2015	APD, OSD(F)	
	Submit the first withdrawal application for justification of advance	October 2015	APD, OSD(F)	
Procurement	Recruit a Procurement Manager	October 2015	PD	
	Develop a Procurement Manual/Policy in consultation with IFAD India Country Office	October 2015	APD/OSD(F) IFAD	
	Submits all procurement documentation and contracts for the 8 NGO contracts and 2 work orders with ILRT for IFAD review.	September 2015	PD	

Appendix 4: Physical progress measured against AWPB

Specific LAMP activities have yet to get off the ground, so progress against the AWPB for 2015-16 has not been recorded. . However since the IFAD loan became effective in December 2014, a number of initiatives have taken place that will be funded by LAMP. These include EFCs, which are now operational in all 39 blocks of the state. The status of EFCs at the time of the supervision mission was as follows:

	Cumulative to date
Number of active EFCs	39
Number of EFC visitors	119000
Number of one to one interactions conducted	52505
Number of partners (clients) registered	74538

This data may slightly under-state the numbers of households who have been in contact with EFCs as up-to-date information is not available from a few EFCs.

Around one third of people registered as EFC partners have been women who have been linked to the Women's Economic Empowerment and Financial Inclusion (WEEFI) programme of the government. This is not a LAMP supported initiative, but many of these women may well want to take up enterprise development, which will be supported by LAMP. Of the remaining two thirds of EFC partners, 37% have stated that they are interested in livestock enterprises (mainly piggery) with 10% each saying that they want to establish horticultural and non-farm enterprises (mainly shops).

Sector	Number registering	
Agriculture	436	0.9%
Aquaculture	4,851	9.6%
Apiculture	1,498	3.0%
Horticulture	9,298	18.3%
Sericulture	1,475	2.9%
Livestock	18,835	37.1%
Forestry	5,042	9.9%
Non-farm	8,802	17.3%
Soil and water	141	0.3%
Energy	109	0.2%
Tourism	102	0.2%
Handicraft	66	0.1%
Others	120	0.2%
total enterprise	50,775	100.0%
WEEFI	24,275	
SHG	29	
Cooperatives	16	
Total partners	75,095	

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

The LAMP financial management system has not yet been activated and no expenditure has, to date, been booked to LAMP, so it has not been possible to generate tables for this appendix.

Appendix 6: Compliance with financing agreement covenants

This will be reported in the next Supervision Report

Appendix 7: Knowledge management: Learning and Innovation

Learning

A number of lessons are being learned about the operation of EFCs, which are a new and largely untried approach for enterprise development. Being entirely demand driven they have the advantage that most of their clients are genuinely interested in enterprise development.

A major challenge is to actually deliver enterprise development services to people who have registered with EFCs. It has not been so easy for EFCs to facilitate bank loans for enterprise development, nor to link entrepreneurs with support from other government programmes - the latter being more successfully done through some district-level BDUs.

Innovation

LAMP will support innovation through a number of initiatives. One of these is the use of a new type of remote sensing for natural resource management planning. Although it was initially planned to use satellite imagery to create village maps (in the absence of cadastral surveys) a new option has emerged of using imagery from Unmanned Aerial Vehicles (UAV) operated by NECTAR (North East Centre for Technology and Applied Research). Unlike satellite images, UAVs can take photos to order and so will be more up-to-date and can be repeated if needed for specific times of year. Being taken at a low altitude, the resolution can also be greater, and NECTAR has achieved 5 cm accuracy on the horizontal plain and 10 cm on the vertical.



A NECTAR UAV