

## **Tonga**

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### **Tonga Rural Innovation Project - Phase II**

### **Supervision Report**

### **Main report and appendices**

Mission Dates: 24 March - 6 April 2019

Document Date: 13/05/2019

Project No. 2000001197

Report No. 5045-TO

Asia and the Pacific Division  
Programme Management Department

## Abbreviations and Acronyms

|                     |   |
|---------------------|---|
| <b>AWPB</b>         | Annual Work Plan and Budget                                 |
| <b>CADP</b>         | Community Agriculture Development Plan                      |
| <b>CDP</b>          | Community Development Plan                                  |
| <b>CEIG</b>         | Community Economic Infrastructure Grant                     |
| <b>CELG</b>         | Community Economic Livelihood Grant                         |
| <b>DA</b>           | Designated Account  |
| <b>DDP</b>          | District Development Plan                                   |
| <b>DO</b>           | District Officer  |
| <b>FAO</b>          | Food and Agriculture Organization                           |
| <b>FAO<br/>TCP</b>  | FAO Technical Cooperation Programme                         |
| <b>FFS</b>          | Farmer Field School   |
| <b>FPO</b>          | Finance and Procurement Officer                             |
| <b>FM</b>           | Financial Management  |
| <b>GFP</b>          | Gender Focal Point  |
| <b>IFAD</b>         | International Fund for Agriculture Development              |
| <b>IPM</b>          | Integrated Pest Management                                  |
| <b>KM</b>           | Knowledge Management  |
| <b>KPM</b>          | Knowledge and Partnerships Manager                          |
| <b>LPA</b>          | Lead Project Agency   |
| <b>MAFFF</b>        | Ministry of Agriculture, Food, Forests and Fisheries        |
| <b>MEKM</b>         | Monitoring, Evaluation and Knowledge Management             |
| <b>MIA</b>          | Ministry of Internal Affairs                                |
| <b>M&amp;E</b>      | Monitoring and Evaluation                                   |
| <b>MFNP</b>         | Ministry of Finance and National Planning                   |
| <b>MLNR</b>         | Ministry of Land and Natural Resources                      |
| <b>MORDI</b>        | Mainstreaming of Rural Development Innovation – Tonga Trust |
| <b>MORDI<br/>TT</b> | MORDI Tonga Trust   |
| <b>NGO</b>          | Non-governmental Organization                               |
| <b>OAG</b>          | Office of the Auditor General                               |
| <b>O&amp;M</b>      | Operations and Maintenance                                  |
| <b>PAC</b>          | Project Advisory Committee                                  |
| <b>PCC</b>          | Project Procurement Committee                               |
| <b>PEC</b>          | Procurement Evaluation Committee                            |
| <b>PEFA</b>         | Public Expenditure and Accountability Assessment            |
| <b>PFM</b>          | Public Finance Management                                   |
| <b>PIM</b>          | Project Implementation Manual                               |
| <b>PIP</b>          | Procurement Implementation Plan                             |
| <b>PM</b>           | Project Manager   |
| <b>PMU</b>          | Project Management Unit                                     |

|             |  |
|-------------|--|
| <b>PRAC</b> | Project Review and Appraisal Committee |
| <b>RIMS</b> | Results Impact Management System       |
| <b>SOEs</b> | Statements of Expenditures             |
| <b>SMA</b>  | Special Management Area                |
| <b>TASP</b> | Tonga Agriculture Sector Plan          |
| <b>TDB</b>  | Tonga Development Bank                 |
| <b>TO</b>   | Town Officer                           |
| <b>TOP</b>  | Tongan pa'anga                         |
| <b>TRIP</b> | Tonga Rural Innovation Project         |
| <b>WA</b>   | Withdrawal Application                 |

## A. Project Overview

|                   |   |                                    |                     |
|-------------------|---|------------------------------------|---------------------|
| Region:           | Asia and the Pacific Division             | Project at Risk Status:            | Not at risk         |
| Country:          | Tonga                                     | Environmental and Social Category: | B                   |
| Project Name:     | Tonga Rural Innovation Project - Phase II | Climate Risk Classification:       | 1                   |
| Project Id:       | 2000001197                                | Executing Institution:             | Ministry of Finance |
| Project Type:     | Rural Development                         | Implementing Institutions:         | MORDI Tonga Trust   |
| CPM:              | Tawfiq El-Zabri                           |                                    |                     |
| Project Director: | not available yet                         |                                    |                     |
| Project Area:     | not available yet                         |                                    |                     |

|                                 |                   |                          |                   |
|---------------------------------|-------------------|--------------------------|-------------------|
| Approval Date                   | 19/08/2017        | Last audit receipt       | not available yet |
| Signing Date                    | 23/02/2018        | Date of Last SIS Mission | 06/04/2019        |
| Entry into Force Date           | 23/02/2018        | Number of SIS Missions   | 1                 |
| Available for Disbursement Date | 11/07/2018        | Number of extensions     | 0                 |
| First Disbursement Date         | 23/07/2018        | Effectiveness lag        | 6 months          |
| MTR Date                        | not available yet |                          |                   |
| Original Completion Date        | 31/03/2023        |                          |                   |
| Current Completion Date         | 31/03/2023        |                          |                   |
| Financial Closure               | not available yet |                          |                   |

## Project total financing

|                              |                               |              |
|------------------------------|-------------------------------|--------------|
| IFAD Financing breakdown     | IFAD                          | \$4,500,000  |
|                              | IFAD                          | \$1,497,867  |
|                              | Debt Sustainability Framework | \$1,497,867  |
| Domestic Financing breakdown | Beneficiaries                 | \$1,427,989  |
|                              | National Government           | \$2,729,594  |
| Co-financing breakdown,      |                               |              |
| Project total financing      |                               | \$11,653,317 |

## Current Mission

|                      |   |
|----------------------|---|
| Mission Dates:       | 24 March - 6 April 2019   |
| Days in the field:   | 5   |
| Mission composition: | Mr Sakiusa Tubuna, Sub-Regional Coordinator and the Mission Leader; Mr Jens Kristensen, Agricultural and Value Chain Expert; Mr Anura Herath, Economist; Mr Edilberto Angeles, Financial Management Specialist; and Mr Ovini Ralulu, Regional Support Consultant. |
| Field sites visited: | Vava'u, Eua and Tongatapu islands   |

## 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   | 3        |
| Targeting and Outreach                       | 5        | Knowledge Management  | 3        |
| Gender equality & women's participation      | 4        | Value for Money   | 4        |
| Agricultural Productivity                    | 3        | Coherence between AWPB and Implementation                                       | 3        |
| Nutrition                                    |          | Performance of M&E System   | 3        |
| Adaptation to Climate Change                 | 4        | Requirements of Social, Environmental and Climate Assessment Procedures (SECAP) | 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              | 6        |
| Partnership-building                        | 5        | Quality of Financial Management           | 3        |
| Human and Social Capital and Empowerment    | 4        | Quality and Timeliness of Audit           |          |
| Quality of Beneficiary Participation        | 5        | Counterparts Funds                        | 4        |
| 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        |   |          |

|                  |          |
|------------------|----------|
| <b>Relevance</b> | <b>5</b> |
|------------------|----------|

## C. Mission Objectives and Key Conclusions

### Background and Main Objective of the Mission

The mission objectives are to assess (i) achievement of project inception requirements; (ii) the progress against the Annual Work Plan & Budget of 2018-19; and (iii) to provide implementation support for TRIP II. The mission team met with Deputy Chief Executive Officer, Ministry of Foreign Affairs and Trade; Chief Economist, Ministry of Finance and National Planning; Minister and Chief Executive Officer, Ministry of Agriculture, Food and Forestry; Minister and Chief Executive Officer, Ministry of Internal Affairs; and Acting Deputy CEO – Local Government Unit, Ministry of Internal Affairs. The team visited TRIP II communities, District Officers (DO) and Town Officers (TO) in Vava'u, Eua and Tongatapu islands during 27th to 31st March. The team also met with private sector actors, processors, and development partners. A wrap-up meeting held on 5 April 2019 was chaired by the CEO of Finance and National Planning and attended by the members of the project steering committee. The committee endorsed all the recommendations and proposed actions to be implemented listed in this aide memoire. The mission thanks the staff of MORDI TT for their highest hospitality and assistance provided to the team throughout the mission.

The supervision mission paid special attention on the adequacy of (i) the approach used in TRIP I for Community Development Plans (CDP) or whether improvements were needed to integrate newly introduced agricultural commercialisation elements; (ii) the skill level of DOs and TOs, for undertaking Community Agricultural Development Plan processes, and supporting communities in implementing economic livelihood grants; (iii) the process and the content of existing CDPs to be used as the foundation for CADP process; and (iv) whether there are new requests within the project scope that fall out of the scope of the existing CDPs but are emerging from the community or the government and warranting TRIP II support.

### Key Mission Agreements and Conclusions

The key agreements include:

- Expedite budget preparation, procurement and other applicable procedures towards the provision of a new water supply system responding to the Typhoid out-break in Leimatua community. This is in response to a government request.
- Competitively recruit external service providers to conduct training and skills development of project staff (including gender focal points) in the areas of results-based planning. This approach is important for infrastructure management and perhaps more so for economic livelihood improvements, as it encourage communities to expand the planning boundary (from focusing only on current priority problems, Step I of CDP) to a range of potential opportunities that exist in a community). It contrasts to the approach of TRIP I, which adopted an activity-based planning approach.
- Re-train all DOs and TOs of the project islands to strengthen the community planning processes. The training would be underpinned by a result-based approach. The contents of the training should include (i) setting of overall community outcome targets (such as clean water, and resilience and sustainable economic livelihood); (ii) understanding of the list of economic / livelihood opportunities that prevail or can be initiated in each community; (iii) basic financial literacy and record keeping skills (community meeting minutes and maintaining all documents relating to community activities); and (iv) maintaining a filing facility of essential documentation regarding the community planning and implementation of CDPs and CADPs. The project is encouraged to invite the other partners who are interested in the approach as both trainers and trainees.
- Target better quality of formulated CDPs, including the CADP portions and their effective implementation.
- Undertake an assessment of the “readiness” of both community natural resources (in the case of land and fisheries, the availability of the resource for the community concerned is assessed) and the people (ability to commit and contribute) in the community before graduating from CDP to CADP process.
- Provide a positive list of options among which the community can chose.
- Support the Ministry of Agriculture in their Rhinoceros Beetle eradication campaign. As the Ministry informed the project, the existing coconut plantations are threatened by this beetle, and as such urgent support has been requested. The proposal for this support should be subject to IFAD review.
- Establish a sufficient number of nurseries to supply planting material for replanting coconuts and planting climate-resilient, high-value timber/fruit/nut spices. The initial four nurseries that were established was in response to the damage of trees during the TC Gita, and also in anticipation that farmers will plant additional high value trees. Establishing new nurseries will be entirely based on a formal survey of demand forecast.
- Submit one WA every 3 months or once 30% of the advance has been incurred (as stated in the LTB). The Project has not submitted any WAs since it received the initial advance on 23rd July 2018 on its first WA.
- The mission is of the opinion that TRIP II has reached the state of maturity justifying the additional financial resources to be provided to fully close the financing gap of USD 3.757 million that was included in the project design, subject to the provision that all the recommendations of the mission be timely implemented.

The mission concludes that TRIP II, with the rich foundation built by TRIP I, has all the potential and experience required to deliver project outputs and achieve project outcomes within the five-year project period. With the completion of a large

number of CDPs and community readiness for investments established, project expenditure can now be expected to accelerate. However, the expansion of financial support to communities will require continued outreach and community engagement. In order to effectively achieve targeted outcomes, (i) new recruitments will need to be made with attention to staff selection and retention; and (ii) improvements proposed to the community planning process and capacity building activities will need to be rapidly rolled out.

## D. Overview and Project Progress

The overall progress of the project is rated as *moderately satisfactory* (4)[1].

In terms of regular project management, TRIP II's management is acceptable. However, management functions can still be improved through better coordination of project activities and ensuring that IFAD corporate requirements such as the AWPB and Withdrawal applications are submitted in a timely manner. The current Finance Manager is overloaded with a myriad of tasks and as such priority should be accorded to recruiting a Procurement Officer. Human resource remains as an issue and there is a need to strengthen two functional areas: (i) administration and (ii) training/business development. Given the difficulty in recruiting a full-time administrator, it is recommended that TRIP II (i) strengthen project management and administration by appointing a short-term administrator; (ii) engage a short-term consultant to expedite the training of project staff working on Component 2 and for the identification of new business opportunities in the communities.

In terms of progress since the project start-up workshop in September 2018, TRIP II (i) appointed most of the key staff for the project; (ii) procured vehicles and essential equipment needed for TRIP II implementation; (iii) conducted short induction sessions and ½ day community participatory planning exercises in each of 43 communities; and (v) prepared 38 CDPs. The disbursement of IFAD funds stood at USD 675,000 (TOP 1.5 million) which was the initial advance/deposit to the designated account. Actual expenditure has been recorded at USD 0.46 million as of 28 February 2019. However, no WA replenishment has yet been submitted to IFAD since July 2018, which is contrary to the Letter-to-the Borrower requisites of at least one WA every three months. The Project has submitted to MFNP for review and signature WA2 for USD 0.4 million (actual expenditure up to 31 January 2019).

TRIP II has suffered from high staff turnover. From a total staff establishment of 40 recruited staff, 11 have resigned. As a partial remedy, the mission recommends that the capacity of DOs and TOs would be enhanced to undertake result-based planning, implementation and monitoring of community activities with less supervision given the reduced staff contingent. MORDI will also need to improve its strategy for selection of new recruits and staff retention.

**Component 1: Community development**, aims to increase the community capacity to manage resilient infrastructure that built to required standards (USD 2.288 million). The progress is rated as *moderately satisfactory* (4).

The physical progress of the first component is limited to conducting induction sessions, which delivers an introduction to TRIP II to the DOs and TOs; and ½ day sessions on Community Development Planning (CDP). The design expectation in 2019 was to develop CDPs in 8 communities in Vava'u, 10 in Ha'apai, and 14 in Tongatapu, totalling 32 CDPs. TRIP II over-achieved the target by having 38 CDPs. CDP has used the same approach as in TRIP I. The mission reviewed the completed community development plan of TRIP II for Haveluliku, documented on 28th February 2019, and samples of TRIP I CDPs for Ha'afeva, Tungua, Fotuha'a, 'O'ua, Matuku, and Kotu.

TRIP II anticipates a substantial scaling up of the community development activities that were supported by TRIP I. In the already-targeted communities of TRIP I, where a community plan is in place, there are opportunities to expand then, roll out and consolidate TRIP I activities, and provide a basis for designing and implementing sustainable economic and climate resilient livelihoods plans in the scaling up process. The mission observation, however, is that the TRIP I's community platform needs to be strengthen with better outcome-based planning methods in achieving the scaling up process. As expected in the design, the mission observed that there are needs and opportunities in the targeted districts and communities to have a strong focus on climate resilience, in particular land management with soil conservation and reduced deforestation; high value crop production; simple processing of many products; and capture and wild caught fisheries for income generation; balance diets and nutrition (food) security; and support for women's handicrafts.

On the basis of the mission's observations of the CDPs that reviewed, the following key improvements to the community platform and CDPs of TRIP II are proposed: The following key improvements to the CDPs of TRIP II are proposed[2]: (i) outcomes (or objectives) in social and economic sectors pertaining to a community to be identified at the beginning of the planning process; (ii) existing priority problems and solutions per each outcome to be then identified that are preventing a particular outcome from being achieved; (iii) potential new ideas should also be identified to contribute to the outcomes; and (iv) community contributions to implement the CDP or CADP activities should also be elicited.

The mission assessed a sample of the DOs and TOs about their capacity and the skills that is required to mobilise the community and to formulate the CDPs and CADPs. It is expected that they should possess, among other skills, (i) the ability to use community participatory learning and action methods; (ii) skills to incorporating simple climate resilience methods in agriculture (such as putting contour drains in sloppy lands, establishing slopping agriculture land techniques etc) and fisheries (net sizes etc), and community infrastructure building (cyclone prone etc) into CDPs and CADPs; (iii) the technical skills to identify income generating opportunities and challengers that are required to formulate CADPs; (iv) experience to design community based simple monitoring systems; (v) ability to support the community to implement CDP and CADP activities; and (vi) the flexibility to be gender sensitive. It was revealed that such capacities need to be further improved before embarking on TRIP II since it is more challenging than TRIP I.

It is required that MORDI TT investigate the community preparedness to initiate, design and implement the CADPs, before commencing the process. Availability and readiness of resource that are required for economic livelihood activities that would be included in the CADP is one aspect of this investigation. In addition, it is more important to assess the readiness

of the community in terms of commitment and contribution, who would implement the CADPs, before undertaking the process. The discussion with the project staff, DOs and TOs revealed that (i) the “readiness” investigation needs to be undertaken on urgent basis; (ii) the project has most of the information to assess the resource pool (baseline surveys etc); and (iii) tools need to be developed and project staff to be made aware of the tools of assessing people’s “readiness”.

The DOs, TOs and MORDI TT would be expected to monitor the community economic infrastructure financed by the Community Economic Investment Grants (CEIGs). In its monitoring, the completion of construction of the structures; community contributions; and financial and implementation arrangements for operation and maintenance (O&M) of the infrastructure need to be focused. In few locations, the water committees were set up to collect water tariff to be used for O&M, for example, in TRIP I. However, the other monitoring requirements in terms of CDPs were hardly visible and documented in TRIP I. DOs and TOs that were interviewed had no information (except one DO having a photo gallery of various community meetings in his Apple Tab) relating to the aspects of monitoring. The need for a community-based M&E system is even more crucial for TRIP II with its CADP process. M&E agreed actions will address the related recommendations on this issue.

**Component 2: Sustainable economic livelihoods**, intends to increase the resilience of economic livelihoods through climate-smart, nutrition-sensitive agricultural production systems and agro-forestry based handicrafts (USD 3.920 million). The progress is rated as *moderately satisfactory* (4).

### **Component 2.1: Community Agricultural Development Plans**

This sub-component, intends to build 60 Community Agricultural Development Plans (CADP) as the basis for preparing business plans for the communities to receiving Community Economic Livelihood Grant under the Project.

Preparatory work undertaken to date in support of CADP include: (i) community joint lessons learned workshop; (ii) collecting community background information; (iii) obtaining potential new varieties from SPC/CEPACT; (iv) breadfruit activities supported by Tokyo University including planting material, cooking training, cultivation and pruning; (v) training in pruning of citrus supported by University of Sunshine Coast, Australia; (vi) in support of the positive list of activities supported under the project development of training material for farmers' field schools supported by VSA, New Zealand; (vii) training on soil testing in partnership with Brother International; (viii) translating the APP for Pacific Pests and Pathogen; (ix) facilitating exchange of planting material between communities in support of activities supported under the positive list; (x) establish seedling banks for eastern and western part of Tongatapu; and (xi) training of tractor operators/owners and mechanics in maintenance and repair.

The 10 CADPs for implementation under the AWPB 2018/19 are being finalised, and completed before June 2019. The initial steps in preparing the CADPs at the community level includes the establishment of eleven open nurseries for root-crop planting material, and twelve demonstrations. The demonstrations show improved land preparation methods and the cultivation of different types of root crops using mono and intercropping systems.

The nurseries appeared to be adequately managed, and able to provide the community with some of their required planting material. The demonstrations need considerable improvements, particularly in respect of land preparation, which follow farmer's traditional practice. It is the mission's assessment that improved land preparation, introduction of appropriate fallow/green manuring into the cropping system is necessary in order to increase productivity of any crop, and demonstrations must show this very clearly.

The project should prepare a positive list from which the communities can choose from, and incorporated into their CADP. Prior to preparing the CADP, the Project need to train the community in the benefit cost, advantage and disadvantages of the proposed activities on the positive list.

Simple Benefit/Cost (B/C) analysis needs to accompany business plans for requesting grant support under the project, both for community and individual investments. Simple value chain analysis should accompany new crops (field crops and tree crops), and new on and off farm enterprises to ensure that the market can absorb the new products.

During the first quarter of the financial year 2019/20, complete additional 25 CADP together with business plans for grant support. Finalize the remaining 25 CADP during the third quarter of 2019/20.

Investment proposals from a sub-group of the community (minimum 10 persons) is eligible for support under the project-matching grant if they can contribute 25% of the investment. To reflect this clearly amendments to the PIM will be undertaken[3].

### **Components 2.2: Farmers engaged in sustainable economic livelihoods**

Under the **second sub component** of the **Economic and Livelihood component**, Farmers engaged in sustainable economic livelihoods sub-component, the mission recommends that during its initial period the project should focus on: improved land preparation; elimination of the 2 to 3 year grass fallow and replace it with legumes for a period of 2 to 3 months between each crop; develop the Kava value chain in collaboration with PHAMA, including introduction of national standards as done in Fiji; promote coffee production; promote organic fruit production[4] for processing and freezing into ready to use product for coffee shops, restaurants for smoothies; support expansion of vanilla production;

demonstrate/trial fattening of mud-crabs in pens and vertical RAS; improve productivity of root crops; support production of squash, watermelon and other export crops, linking farmers to exporters of relevant crops.

In addition to supporting the production of handicraft (for which supply far outstrips demand), the project also will focus on developing small commercial production units of pickles, jams, honey, processing and freezing of fruits (for smoothies) to coffee bars and restaurants, for both domestic and for export markets.

It is the mission's assessment, that the present level of land preparation is the most limiting non-natural factor for increasing crop productivity. This is partly due to poor equipment, and wrongly adjusted equipment, and the other major hindrance is the grass fallow system (three to four year after two to three of cropping) making it very expensive to undertake land preparation. The cost of land preparation, increasingly encourage burning of the fallow grass and use of herbicide to reducing cost, reducing the effect of grass fallow. It is therefore recommended that the project promote the introduction legumes as green manure/mulching replacing grass fallow. To facilitate this change the project will support establishing seed multiplication and processing enterprises. In addition to multiplying legumes (Mucuna and Cowpeas), support will also be provide to multiply maize seed required to introduce production of animal feed and introduction of commercial livestock and poultry rearing.

In addition to training of tractors/owners and mechanics in maintenance and repair, they should also be trained in adjusting implement correctly to optimise land preparation and reduce cost and at the same time increase yields considerable. For demonstration purposes the project should procures tractor implements for planting and inter row weed cultivation of cassava/taro and sweet potato. The procurement of the equipment should be through be through a domestic dealer ensuring continues supply of equipment if demand is created by the demonstrations.

[1] The ratings are: 1: highly unsatisfactory; 2: moderately unsatisfactory; 3: unsatisfactory; 4: moderately satisfactory; 5: satisfactory; and 6: highly satisfactory.

[2] Smallholder Plantation Entrepreneurship Development Project in Sri Lanka (Village Development Planning) and Fisheries and Agriculture Development Project in Maldives (Co-op Development Planning) have adopted such approach.

[3] The MSS will provide the necessary support to mend the PIM

[4] Pasion fruit, pineapple, papaya, banana, coconut water, desiccated coconut, Noni, watermelon, vanilla, avocado, lime, sugarcane juice, etc.

| <b>Agreed Action</b>  | <b>Responsibility</b>                          | <b>Agreed Date</b> |
|---|--|--------------------|
| <b>Overview and Project Progress</b>  |  |                    |
| <b>Complete Third and Final Batch 25 CADP</b><br>Provide training of communities in activities short listed for support   | MODI/25<br>Communities                         | 03/2019            |
| <b>Revision of AWPB 2018-2019</b><br>The AWPB for 2018-2019 needs to be revised in line with the following suggestions: (i) in line with IFAD standard format of AWPBs; (ii) full estimated cost of the new water supply system for the Typhoid affected community with the indications of the community and IFAD contributions to be included; (iii) cost of the Rhinoceros Beetle eradication campaign; and (iii) additional funds if needed for all proposed training activities | MORDI TT<br>Planning<br>Officer                | 04/2019            |
| <b>Preparation of water supply scheme design and cost estimates</b><br>A professional engineering design with drawing and a cost estimate for the above-mentioned water supply scheme needs to be prepared, and all necessary approval to be taken on a fast track mode.  | MORDI TT<br>Planning<br>Officer                | 04/2019            |
| <b>Procurement of equipment and materials under AWPB 2018-19</b><br>Procure all equipment and other material listed in the AWPB 2018-19   | MORDI TT<br>Operations<br>Manager              | 04/2019            |
| <b>Readiness assessment to be undertaken before starting the CADP</b><br>Readiness assessment to be undertaken before starting the CADP   | MORDI TT<br>Community<br>Mobilisation<br>Teams | 04/2019            |

|   |   |         |
|---|---|---------|
| <b>Submission of proposal with cost</b><br><br>Support the Ministry of Agriculture in their Rhinoceros Beetle eradication campaign. The proposal with cost should be submitted to IFAD for review.  | MOA to share costs                                  | 04/2019 |
| <b>Positive List for Activities under CADP</b><br><br>Prepare the positive list for activities which can be supported under the project   | MODI/10 Communities                                 | 04/2019 |
| <b>Completion of water supply scheme construction</b><br><br>Construction of the above-mentioned water supply scheme will be completed  | MORDI TT Contracts Manager                          | 05/2019 |
| <b>Training of key project staff and gender focal points on results-based planning and readiness assessment</b><br><br>Key project staff, including gender focal points, trained on result-based planning methods and "readiness" assessment of the communities for graduation from CDP to CADP.        | MORDI TT to commission to external service provider | 05/2019 |
| <b>Re-training of DOs and TOs on CDP and CADP process</b><br><br>All DOs and TOs (mixed team TRIP 1 and new DOs and TOs) should be re-trained on result-based approach in CDP and CADP process. Trained project staff could conduct this training. Areas of training are specified in the aide memoire. | MORDI TT  | 05/2019 |
| <b>Complete First Batch 10 CADP</b><br><br>Provide training of communities in activities short listed for support   | MODI/10 Communities                                 | 05/2019 |
| <b>Conduct Demonstrating on improved land preparation</b><br><br>Train tractor operators/owners and conduct demonstrations  | MODI and CADP                                       | 05/2019 |
| <b>Mechanisation of planting and harvesting of root crops</b><br><br>Procure xx set of planters and harvesters  | MODI and CADP                                       | 07/2019 |
| <b>Demonstration on commercial compost making</b><br><br>Procure xx set of compost machines,  | MODI and CADP                                       | 07/2019 |
| <b>Demonstration on urea/DAP/compost briquette making</b><br><br>Procure a mobile briquette machines  | MODI and CADP                                       | 07/2019 |
| <b>Demonstrate the use of urea/DAP/compost briquette</b><br><br>Show the effect of conventional fertilization and use of briquettes   | MODI and CADP                                       | 07/2019 |
| <b>Demonstrations on Fattening of Mud crab</b><br><br>Procure a necessary fencing material for a ¼-acre mangrove mud crab-fattening pen and a vertical RAS for on land fattening unit. Procurement of commercial feed should also undertake for demonstration/trial runs for to cycles.                 | MODI and CADP                                       | 07/2019 |

|   |                        |         |
|---|------------------------|---------|
| <b>CADPs fully implemented</b><br>At least 10 CADPs will be fully implemented in the community                    | MORDI TT               | 08/2019 |
| <b>Complete Second Batch of 25 CADP</b><br>Provide training of communities in activities short listed for support | MODI/25<br>Communities | 12/2019 |

## E. Project implementation

### a. Development Effectiveness

| Effectiveness and Developmental Focus   |           |
|---|-----------|
| Effectiveness   | Rating: 4 |
| <b>Justification of rating</b>  |           |
| <p>TRIP II builds on the success of community empowerment under TRIP I. The requirement to have 80% of the community in attendance for any community planning exercise generates greater awareness, participation and ownership of priorities that are identified.</p> <p>There was some evidence from the field visits that some initiatives under TRIP I were not sustained by the community or Government. For TRIP II to be successful and its benefits sustainable, key elements in the approach need to be addressed such as partnering with active and strategic partners, providing a greater role for private sector involvement and leveraging technical expertise to build the capacity of farmers and introduce innovation into the current farming system.</p>   |           |
| <b>Log-Frame Analysis &amp; Main Issues of Effectiveness</b>  |           |
| <p>The project is currently on-track to deliver on its targeted outputs in Component 1. Whilst initially planning to begin the community planning exercise in the outer islands, MORDI TT had to review its plans due to unfavourable weather at the end of 2018. There have been three tropical depressions which have evolved into Tropical Cyclones warnings in early January, early February and early March. There was also an El-Nino warning issued for Tonga in mid-January.</p> <p>MORDI TT has carried out 43 induction programmes from mid-November 2018 to the end of January 2019, focusing on the island of Tongatapu. This laid the platform to commence Community Participatory Planning under Component 1 for 40 communities on Tongatapu from 23rd January – 23rd March 2019. A total of 62 Community Development Plans (CDP) will be delivered under Output 1.1. To-date, 32 CDPs have been completed from the target of 45 in the first year. To-date, over 9400 community members have undergone the community planning exercise, exceeding the project target of 620. At least 52 percent of those trained were women. A total of 4 District Officers, 30 Town Officers and 29 Community Facilitators, all of which reside on Tongatapu, have undergone the community planning training. Component 2 on Sustainable Economic Livelihoods will proceed after the CDP's have been formulated. The prioritisation of Resilient Community Infrastructure under Output 1.2 is also yet to proceed.</p> <p>Project delivery has also been constrained by staff turnover with the PMU losing 11 officers since it was established in August 2018. Without the full complement of technical staff, the PMU will struggle to effectively manage both financial and procurement processes in addition to M&amp;E and knowledge management, with the latter two beginning to lag behind.</p> <p>The current approach of TRIP II also needs to be reconsidered given the lack of sustainability in some of the interventions from TRIP I. Some partnerships proposed for TRIP II also need to be reconsidered in light of the current inactiveness or lack of initiative of the potential partner with the existing land or facilities at its disposal. Some of these partnerships may be better entered into with a private sector as opposed to a community group or community NGO to ensure sustainability after the project. The project needs to be wary of not adding to the stock of 'white elephants' from previous development partner interventions that have not been sustained by Government or the beneficiaries after external funding ends.</p> <p>A key ingredient to the transformational change that TRIP II seeks to bring is innovation. The absence or lack of innovation witnessed by the Mission on private farms, community farms and on government facilities lends to the conclusion that the project needs to look externally for innovative ideas. The conservative focus on food security and piecemeal interventions masks the huge potential that exists with the vast underutilised and unutilised plots of productive land that can support a viable production and processing sector if the intervention is focused and intentional, and market driven.</p> <p>TRIP II seeks to build upon the community empowerment started under TRIP I through Component 2 on Sustainable Economic Livelihoods. This however will be challenging without the availability of consistent technical advisory services. Based on discussions and site visits, there is a significant gap in the provision of technical advice to farmers. Agricultural farming, particularly expansion of kava plantations, is happening without technical oversight on sustainable best practices leading to low productivity, poor land use practices and environmental damage. This was witnessed by the Mission during site visits.</p> |           |
| Development Focus   |           |
| Targeting and Outreach  | Rating: 5 |

### Justification of rating

The project has purposely selected the islands and communities that represent the poor families. This process ensures geographic targeting. The CDP process is undertaken with selected community groups representing women, youth and men. The CDP and CADP process thus can absorb development opportunities and issues of different groups of the community. The process is thus an opportunity to include very representative list of existing problems and opportunities. The project activities, both public goods and income generating activities, are based on the priority problems, and thus adequately represent both self-targeting and geographic targeting. The cohesive and benevolent Tongan culture would hardly dispel any individuals enjoying from such benefits.

### Main issues

The CDPs which are being formulated for TRIP II and the one that is already in print would provide public goods according to the demand of the community. As such there will not be cases with direct targeting at individual families, but meeting geographic targeting, as mentioned above. As a limitation, there is hardly any evidence for a well-functioning M&E system using community based and participatory monitoring in TRIP I, except well prepared case stories from the field from TRIP I. Therefore, emphatic efforts should be put in place to set-up and implement an M&E system for TRIP II. This is particularly important since TRIP II will be eventually rolling out the economic livelihood activities, where the real time monitoring of all stages of CADP and the benefits of such activities need to be understood. The M&E system should capture the sex and age disaggregated data to demonstrate effective targeting.

Once the CADP process commences, DOs and TOs will have to target and reach the beneficiaries who have not only resources but also the initial interest on entrepreneurship. Both are currently not adequately visible although a vast potential exists for a variety of enterprises. The mission discussions with DOs and TOs revealed that only very few of them possess the skill set to capture the effective target communities or groups for cluster farming or cluster fisheries etc. As such capacity building of the DOs and TOs in these areas including some level of technical awareness about livelihood activities are essential to achieve correct targeting and also to encourage the community to take up such activities.

| <b>Agreed Action</b>   | <b>Responsibility</b> | <b>Agreed Date</b> |
|--|-----------------------|--------------------|
| <b>Development Effectiveness</b>   |                       |                    |
| <b>Targeting and outreach</b><br><br>Since DOs and TOs are involved in ensuring targeting, their capacity and skill set should be improved to identify the livelihood opportunities in CADPs and mobilise the community to take them up. | MORDI TT              | 04/2019            |

### Gender equality & women's participation

**Rating: 4**

### Justification of rating

TRIP II has two gender focal points (GFP), women staff members, appointed in March 2019. Their main function is to ensure that the CDP process is women-inclusive. Although the CDP is group-based, it is common that many of the facilitators are men. The GFPs facilitate the process with a gender balance. The two GFPs, even before their designation, were involved in CDP process and took the role of gender facilitation covering all 38 CDPs ensuring gender equity and inclusive community planning exercise. The TRIP I experiences show that women were adequately represented at CDP meetings. Since the same process would be applied in TRIP II with improvements, it is highly likely that women are included.

### Main issues

TRIP II has to develop a gender strategy which was absent in TRIP I. The two GFPs are fresh graduates with minimum development work experience. As such they should be given adequate training on gender related issues. As a part of the overall M&E system, the GFPs should initiate and maintain sex disaggregated M&E data collection system and recording. Such data should be summarised and presented in all progress reports of the project.

| <b>Agreed Action</b>  | <b>Responsibility</b> | <b>Agreed Date</b> |
|---|-----------------------|--------------------|
| <b>Development Effectiveness</b>  |                       |                    |
| <b>Gender strategy</b><br><br>Project is to prepare a gender action plan. In the preparation, IFAD Gender Guide and the checklist can be used. Gender Focal Points appointed for the project should be trained on IFAD requirement in rolling out the gender action plan. | MORDI TT              | 04/2019            |

#### **Agricultural Productivity**

**Rating: 3**

##### **Justification of rating**

Productivity for field crops, orchard crops including vanilla is estimated to be less than 50% of the potential. Scavenging is the main production system for livestock/poultry production, because of tradition, lack of knowledge in commercial rearing of livestock and very expensive imported feed leading to very low productivity.

##### **Main issues**

The rating of agriculture productivity is low compared to the potential. It will be difficult to increase productivity for field crops without drastically improve land preparation and mechanisation of planting and weeding. Better land preparation will require improving the operation and adjustment of tractor implements and change the present grass fallow system with a legume based system allowing year on year continuous cropping of the land. Furthermore, planters and harvesting needs to be improved by introduction of mechanization.

For orchard crops like coffee, vanilla, fruit, banana etc. the husbandry practices need to be improved including pruning, better planting material, spacing and wind breakers through replanting of coconuts (Tonga dwarf), fruit/nut trees and high value timber trees resilient to cyclones.

Introduction of high-quality compost for production of Kava will have a positive impact on productivity and frequency of cultivating at the same location.

Improved productivity of animal husbandry/poultry require domestic production of the main ingredients in the fodder e.g. maize and cassava, presently too expensive to use as feed due to poor land preparation mentioned above.

#### **Nutrition**

**Rating:**

#### **Adaptation to Climate Change**

**Rating: 4**

##### **Justification of rating**

CADP process has not started to assess the activities which have adaptation to climate change. However, the recommended practices of land preparation, crop rotations, and soil conservation would minimise the negative effect of climate change, which is mainly manifested as drought.

In the CDP process too, the public good such as cyclone centers etc. has not been constructed under TRIP II. The evidence shown in TRIP I however suggested that these structures are suitable for climate adaptation.

## **b. Sustainability and Scaling up**

#### **Institutions and Policy Engagement**

**Rating: 4**

##### **Justification of rating**

Mol has internalized the CDP process as a policy to elite community.

#### **Partnership-building**

**Rating: 5**

### Justification of rating

The project has already established strong partnerships with MOA, MoI, domestic private exporters, private input suppliers, advanced farmers, the participating communities, town offices, district offices, FAO, ADB, WB, VSA, regional institutions, three overseas universities and four bilateral donors. MODI is very instrumental to build synergy between the various partners also contributing to long-term sustainability. The mission meets with PHAMA, five private sector partners, VSA (New Zealand), the MoA, MoI, town and district representative and benefiting communities. It is clear from these meeting that the project plays an important role in building synergy at the field level in area of technology transfer, introduction of new varieties and skills, market linkage and value chain development, pest management, farmers field schools and nursery management.

#### Human and Social Capital and Empowerment

**Rating: 4**

### Justification of rating

TRIP II just started its planning process of CDP and is waiting to complete that process to commence the CADP process. These two processes would form the basis of developing human and social capital. It is therefore too early to assess the performance of this indicator.

### Main issues

Since TRIP II will roll out both CDP and CADP processes, it is essential that the DOs and TOs who would take the leadership in the empowerment process have adequate skill levels to interact with the communities. As reported by the Project Completion Report of TRIP I, the community has already been well empowered. Therefore, the DOs and the TOs will now have to deal with the empowered community and take them to the next level of empowerment, which is reflected in effective and sustainable livelihood development activities. The mission observation is that the project should improve the capacity of the DOs and TOs to face this challenge.

#### Quality of Beneficiary Participation

**Rating: 5**

### Justification of rating

The CDP formulation process is so far the only activity that informs about the participation. The project insists an 80% community participation in CDP formulation. This has been the practice and it is evident in the records of participants. For example, the community of Kolovai of the district of Kolovai (same name) of Tongatapu Island has a total of 196 male and 219 females of age above 15 years. For the CDP consultation that took place in January 2019, 80% of them have attended. The meetings are held in the evenings so that the participation could be at the maximum. The TOs and the Community Facilitators organise the community to participate. It is expected that the participation would be even better in TRIP II since the community has already experienced a similar process in TRIP I.

#### Responsiveness of Service Providers

**Rating: 4**

### Justification of rating

Two types of service providers (SP) have been used for TRIP II CDP process: (i) the manager of a FAO project bringing about technical knowledge to the process, and (ii) experienced DOs and TOs, the champions of the CDP process of TRIP I contributing to the social and community consultation techniques of the process. The project is satisfied with both. Both sets are paid by the project on the basis of their participation. It was revealed that there is no issue regarding their availability although both the parties are engaged in other activities as their regular employment.

### Main issues

While the responsiveness of the SPs is satisfactory, the mission observed that the current service providers' contributions are limited to technologies that are conservative in nature. The potential for innovations has not been fully demonstrated. The issue is more so, since the lessons learnt from TRIP I and also from other project were mainly on non-technical and non-technology innovative areas. Examples of such lessons, as reported in the PCR of TRIP I are community driven planning, importance of partnerships, and advantage of having pluralistic extension services particularly in remote areas etc. These lessons have not contributed to any notable leap in the technology that is needed for the livelihood development of TRIP II. It is therefore important that TRIP II bring in service providers that will provide an advancement to the technology in livelihood systems and also innovations.

| <b>Agreed Action</b>  | <b>Responsibility</b> | <b>Agreed Date</b> |
|---|-----------------------|--------------------|
| <b>Sustainability and Scaling Up</b>  |                       |                    |
| <b>Provision of Service providers</b><br><br>New service providers in the areas of outcome-based community planning and providing new technologies and innovation should be provided to the project | MORDI TT              | 04/2019            |

#### **Environment and Natural Resource Management**

**Rating: 4**

##### **Justification of rating**

The initial field activities of the project are sound in view of the environment and natural resource management. Activities under the project will contribute to improved environment and natural resource management. However, interventions conducted so far are too few to undertake a meaningful rating.

#### **Exit Strategy**

**Rating: 4**

##### **Justification of rating**

Transfer of various enterprise technologies, business services, marketing arrangements, sound, and climate resilient management practises of the environment and natural resource will take place. Technologies and farm practices such as use of high-quality planting material, introduction of improved land preparation, mechanisation, compost and appropriate fertilizer, IPM these practices coupled with the commercial approach market approach will ensure a high likelihood for long-term sustainability. The community wide approach and strong participation will contribute to systemic adoption of the knowledge and technologies and contribute to long-term sustainability. This will ensure safe exit of the project support.

#### **Potential for Scaling-up**

**Rating: 4**

##### **Justification of rating**

Interventions supported by the project will be for the community and owned by the community providing a strong basis for ownership. The commercial aspect of the livelihood component will further increase the chance of ownership and long-term sustainability. Linking of productive activities of the community to the market is another element contributing to both ownership and long-term sustainability. The strong community participation will contribute to long-term social sustainability. The introduction of new technologies focusing on climate resilience and good agricultural practises will contribute to long-term environment sustainability.

The project approach will provide a very good basis for scaling-up of investments in commercial agricultural related activities both on farm and off farm.

### **c. Project Management**

#### **Quality of Project Management**

**Rating: 3**

##### **Justification of rating**

The project has been continuously battling the issue of high staff turnover that has led to the disruption of project activities. The number of established positions in the project is 29 and the PM has created an additional 11 posts to cater to the increasing demand to provide technical support such as nursery management. The total staff therefore is 40 and their salaries can be fully financed by the project budget. During the past three months eleven (11) staff have resigned for various reasons thus delaying the implementation of project activities.

##### **Main issues**

Human resources remain as an issue and there is a need to strengthen two functional areas namely the administration and the training/business development area to streamline the project activities. Given the difficulty in recruiting a full-time administrator, it is recommended that (i) strengthening of project management administration by appointing a short term

administrator; (ii) providing support to Component 2, Sustainable Economic Livelihoods to engage short term staff to expedite the task of training Component 2 staff, farmers and identifying new income generating opportunities in the communities.

MIAs is in recognition of the success of the CDP process and is interested in institutionalising the approach into the national planning strategy. The capacity of TOs and DOs to facilitate planning has increased in comparison to pre-TRIP I. However, more attention should be directed towards capacity building and training of TOs and DOs to be champions in the community planning and development in agriculture and fisheries sectors.

#### **Knowledge Management**

**Rating: 3**

##### **Justification of rating**

There is no knowledge management strategy or plan for TRIP II. The role of KM is currently embedded within the functions of the M&E team. Whilst the M&E system is still in its infancy, the PMU has developed various information brochures for farmers based on existing and past projects, including Government publications. This includes work currently on-going for breadfruit and vanilla. They are also in the process of converting the various programmes under the Tonga Agriculture Sector Plan into simplified brochures which can easily be used by members of the community.

A KM strategy needs to be developed for TRIP II to ensure staff are clear on how information and knowledge generated by the project will be managed for use by the project and also its stakeholders.

#### **Value for Money**

**Rating: 4**

##### **Justification of rating**

The cost indicators include the cost of training of DOs and TOs, staff training, workshops, technical assistance, procuring vehicles and other equipment, and the CDP process. These costs, as claimed in the project withdrawal application (March 2019), are in line with the design cost estimates and claimed to be sufficient to deliver the related outputs.

##### **Main issues**

The technical assistance provided for designing some of the community infrastructure such as water tanks had a budget that was allocated for few islands. The unit cost allocation for infrastructure design in the cost tables for one island is inadequate and the project thus aggregated the allocation across several islands. Since the engineering designs can be used for more than one community in different islands with similar situations, these designs can be shared. In that respect the use of aggregated budget makes good sense.

#### **Coherence between AWPB and Implementation**

**Rating: 3**

##### **Justification of rating**

At the completion of nine months of the financial year July 2018 to June 2019, the expenditure against the AWPB stood at 45% as at May 2019. The project has to complete the designing of community infrastructure and community agriculture activities to disburse the majority of the funds. Unless the implementation is on a faster track, the likelihood of spending at least 80% of the budget during the current financial year is at stake.

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

The quality and the timeliness of the AWPB and the planning depends on the ability to plan as realistically as possible and then deliver the outputs as planned. The disbursement progress of the current AWPB as at February 2019, about 60% of the time laps, varies from 5% financial progress of the planned expenditure in the AWPB for community economic livelihood activities; 16% for training and workshop; 10% for staff travel and support to DPs and TOs; to 20% for the technical assistance. This indicates that the planning has not been realistic and not in line with the capacity and the effectiveness of the project delivery system. As such it is essential that the delivery of project activities has to be expedited.

#### **Performance of M&E System**

**Rating: 3**

##### **Justification of rating**

TRIP II has developed an M&E Manual and a draft M&E Plan. However, the Manual and draft Plan are currently not being

followed. The PMU currently has a system in place to monitor participation at the community planning exercises currently being undertaken under Component 1. The current system captures attendance, disaggregates by gender and records issues discussed. Currently, no analysis or synthesis of data is undertaken. New templates will be required to monitor activities under the Sustainable Economic Livelihoods component when initiated. Having an effective system in place will require the full complement of the M&E team, therefore the recruitment of a Coordinator and a replacement M&E/KM Officer is critical.

## **M&E System Review**

The M&E system of TRIP II is at its infancy. A draft M&E Plan was developed during an earlier support mission in October 2018 but this has not been refined or finalised. This is most likely due to the inability to find a qualified person to fill the M&E/ KM Coordinator position. The M&E Team consists of a Coordinator and two junior officers. There were two M&E/ KM Officers on-board in October 2018 but one officer has since resigned. The lone M&E/KM Officer is currently being supervised by the Finance & Administration Coordinator. The absence of a dedicated and fully staffed team driving M&E is resulting in it being inadvertently pushed to the periphery of priorities.

The current system for monitoring the community planning activities being undertaken on Tongatapu is commendable and provides a good basis upon which to build a more robust and responsive M&E system. Various reporting forms have been prepared to capture the responses from each subgroup (Women, Men, Youth) and the overall feedback and prioritisation undertaken by the community. These forms make up the backbone of the Back-to-Office (BTO) Report by the Team Leader at the end of each community planning exercise which is currently submitted to the M&E Team the same evening. When consultations move to the outer islands, an agreed 'reporting back' period needs to be set for teams to adhere to for timely consolidation of reports by the PMU. The information collected is disaggregated by gender which ensures the level of participation of target groups such as women and youth can be monitored. The information is currently stored in hard copy and have yet to be fully converted into an electronic platform.

Currently, the Programme Manager is updated daily through a template showing the cumulative number of participants at the community planning exercises. There is room to improve the richness of the information captured by gauging the impact and effectiveness of the community planning exercises through simple evaluation surveys. Due to the limited capacity of the M&E team, the BTO Reports are also not being analysed thus no synthesis of issues and lessons from the community planning exercises is being generated.

The teams currently convene a daily debrief each morning the following day to discuss issues from the previous night's community planning exercise. Unfortunately, these debriefing sessions are informal and hence issues raised and courses of action agreed are not formalised. This is an area which the PMU can improve on to strengthen the feedback loop from the BTO Reports to inform management and influence decision making.

An M&E Manual was prepared at the beginning of the project. However, based on discussions with DOs and TOs in the field, there is a lack of understanding of roles as identified within the M&E Manual. There is therefore a need to create awareness amongst stakeholders at each level on their role in the M&E system. This includes the Community Committees and Sub-Committees, Agricultural Facilitators, Local Government Staff and Agricultural Extension Officers. The current draft M&E Plan needs to be updated and the M&E Team needs to prepare for monitoring the more complex sustainable livelihoods and infrastructure development activities under Component 2. This requires developing new reporting templates to capture information. A participatory approach is required to agree on what information is critical that needs to be collected to gauge progress towards the project objectives but also support the generation of knowledge products. When completed, training needs to be undertaken with all officers expected to fill reporting forms.

The PMU will need additional support to strengthen its M&E system, something which was identified as lacking under TRIP I.

## **Requirements of Social, Environmental and Climate Assessment Procedures (SECAP)**

**Rating: 4**

### **Justification of rating**

The approach used to address grievances and undertake ESMP is very robust and ensures a strong ownership both among the target group but also among development partners.

### **SECAP Review**

During the communities, monthly meetings the members are encourage them to bring forward any grievances, which will be resolved there and then. Management will address grievances related to Project performance, as soon as possible to resolve the problem.

A gender sensitive social impact assessment is undertaken when preparing the Community Development Plan. Likewise, development of the Community Agriculture/enterprise Development Plan are based on social aspects of the community

and environmental and climate assessment. Government institutions and other development partners use both the CDP and the CA/EDP. It is the mission's assessment that these measures are very robust tools to address both environmental and social issues as well as climate smart solution for both social infrastructure and livelihood commercial agriculture support.

## d. Financial Management & Execution

### Disbursement by financier

| Type                         | Name                | Current Amount | Disbursed Amount | Actual Rate |
|------------------------------|---------------------|----------------|------------------|-------------|
| Domestic Financing breakdown | Beneficiaries       | \$1,427,989    |                  |             |
|                              | National Government | \$2,729,594    |                  |             |

### Acceptable Disbursement Rate

Rating: 6

#### Justification of rating

Disbursement rate is 22% representing initial advance by IFAD of SDR0.48 million (USD675,000). Actual expenditures as of 28 February 2019 amounted to USD462,140. The 2nd WA application was submitted for review and signature to the Ministry of Finance and National Planning (MFNP) on 11 March 2019.

#### Main issues

The mission has advised the importance of timely submission of WA to meet project needs. The MFNP is currently engrossed with their 2019-2020 budget and the Project expects to submit to IFAD the WA2 by mid- April 2019.

The total expenditure of USD462,140 (approximately SDR0.33 million) for five months Project Implementation is 15% of the IFAD funds budget allocation of SDR2.18 million and 26% of the annual budget of USD1.8 million for IFAD.

The mission noted that the actual expenditures have not been inputted/monitored at the disbursement level against AWPB components/outputs; variances were not explained and action/s taken accordingly to address any issue on the implementation.

| Agreed Action   | Responsibility | Agreed Date |
|---|----------------|-------------|
| Financial Management & Execution  |                |             |
| WA2 submission to IFAD and thereafter, within 90 days of the last advance date or 30% of the advance balance; | TRIP II        | 04/2019     |

### Fiduciary Aspects

#### Quality of Financial Management

Rating: 3

#### Justification of rating

The appointment of Project key staff needs to be completed with appropriate TORs. MYOB accounting system has to be updated or a new system installed to accommodate budget monitoring and automatic production of financial reports. Internal audit for the project control procedures and documentation need to be undertaken.

#### Main issues

- Staffing: Key positions for finance, procurement and administration shall include: one Administrator, Finance and Procurement Manager (FAM), Finance Officer (FO) and Procurement Officer (PO). Currently, the Chief Operation Officer-Administration and Finance COO AF of MORDI TT acts as FAM and there is a Finance Officer (who started with the Project in November 2018). The Administrator who was hired in August 2018, quit the job last January 2019. The COO AF reports to the Chief Executive Officer (CEO) of MORDI TT who is also acts as the Project Manager. The Finance Officer is still undergoing training. In view of the experiences drawn from the previous IFAD Project TRIP1 as implemented by MORDI TT, the CEO, COO AF and COO (for Component 1 coordinator) are capable in implementing the activities of

TRIP II. A Procurement Officer (PO) had been recruited but has resigned. The Mission advised that the contracts of both the CEO and COO-AF of MORDI TT, should specifically indicate that the CEO is also the Project Manager of TRIP II and the COO-AF is also the Finance and Procurement Manager. The COO-AF was also engaged from February to December 2018 in the implementation of the Tropical Cyclone Gita Response Program with multiple donor funding of about USD1.0 million.

- MORDI TT has already sent a letter to IFAD on 25 March 2019 for the Project ICP authorized users.

- Budgeting: Annual Work Plan and Budget covering the period August 2018 to June 2019 has a total budget of USD2.72 million. It is critical that the Project upgrade the MYOB system to accommodate budget monitoring and customizing and automatic production of financial reports.

- Flow of Funds: Funds in the designated and project accounts have been reconciled. As of 28 February 2019, the Project fund balance is TOP476,423 (USD211,433). Monthly expenditure for salaries and operations is approximately USD35,000, hence the balance remaining is sufficient to cover these costs.

- Internal Control – Lack of finance and procurement staff support to the COO-AF on both TRIP II and the Cyclone Programme and failure to update the accounting system up to now, caused delays in meeting reporting requirements such as the submission of WA and the semi-annual financial report. Books of accounts for the funds of Cyclone Programme and TRIP II Project are segregated and accounted. The Project adopts the MORDI TT manual on Finance Procedure and Policy, specifically designed for TRIP II. The manual provided sufficient provisions to guide the Project staff in finance and procurement. The semi-annual financial report is due for submission to IFAD last February 2019. An IT Specialist has been recruited for the maintenance IT equipment, training of staff and periodic data back-up. The vehicle is equipped with log book for trip details, mileage, fuel, oil and works for the vehicle. Files are well kept.

- Project expenditure payments are properly checked, verified and authorized. Transaction vouchers are prepared in excel by the Finance Officer. The Mission advised to input the transactions to MYOB for printing of voucher and to reflect each voucher information in the SOE with reference to AWPB budget line and voucher number. Some payment vouchers need complete supporting documents attachment such as travel authorization, budget proposal, activity report, signed contract, certification of services/works completed. The supporting documents have to be stamped "PAID".

- MORDI TT will have to recruit independent auditor as provided in the manual, in addition to external auditor, to assess the internal control system and procedures. The Mission advised the Project to ensure that the audit report is complete and in accordance with the IFAD Handbook for Financial Reporting and Auditing.

#### Quality and Timeliness of Audit

Rating:

#### Counterparts Funds

Rating: 4

#### Justification of rating

MORDI TT is in the process of obtaining tax exemption for the Project. IFAD financing proceeds are used to pay taxes. The Project will have to request the Government for tax refund equivalent to USD28,158 as 31 January 2019 as shown in draft of WA2. The Project did not include the tax payments in the SOE as eligible expenditures. Although, the Project has reported as of 28 February 2019 USD32,655 expenditure as Government counterpart funding on all categories (for taxes) against USD2.7 million budget in the FA.

#### Main issues

The taxes paid have to be refunded by the Government to the Project. The Project has to monitor and include in the financial reports, funding in terms of salaries of government staff involved in the Project and also the beneficiary's contribution in kind.

| <b>Agreed Action</b>   | <b>Responsibility</b> | <b>Agreed Date</b> |
|--|-----------------------|--------------------|
| <b>Financial Management &amp; Execution</b>  |                       |                    |
| <b>The Project has to request the Government for the refund of taxes paid from the Project funds.</b>  | TRIP II               | 04/2019            |
| <b>Monitor and include in the financial reports the salaries of government staff participating or involved in the Project as well as the beneficiary contributions</b> | TRIP II               |                    |

**Compliance with Loan Covenants****Rating: 4****Justification of rating**

Most of the loan covenants have been complied with.

**Main issues**

The Project has to recruit the Administrator and Procurement Officer. The Project needs to monitor and include in the financial reports, the information about the salaries of the government staff who are involved in the Project. The 2nd WA with SOE has yet to be submitted to IFAD.

**Procurement****Procurement****Rating: 4****Justification of rating**

Minor delays in procurement encountered, due to bottleneck in recruitment process coupled by high turnover of recruited newly contracted staff. A revised TRIP II Procurement Plan covering 18month period (July 2018 to Dec 2019) to be submitted.

**Procurement Review**

The first Procurement Plan has to be revised for 18 months plan to include other items as reflected in the AWPB such as the contracted staff and consultancy services.

MORDI is advise to ensure all NCB procurement amounting to TOP100,000 and above is submitted to IFAD's for its prior review and no objection in accordance with the provisions of the Letter to the Borrower/Recipient.

| <i><b>Agreed Action</b></i>   | <i><b>Responsibility</b></i> | <i><b>Agreed Date</b></i> |
|---|------------------------------|---------------------------|
| <b>Financial Management &amp; Execution</b>                                 |                              |                           |
| <b>Procurement plan</b><br>Submit updated 18-month Procurement Plan to IFAD | MORDI TT/PM                  | 04/2019                   |

**F. Agreed Actions**

| <i><b>Agreed Action</b></i>   | <i><b>Responsibility</b></i> | <i><b>Agreed Date</b></i> |
|---|------------------------------|---------------------------|
| <b>Overview and Project Progress</b>  |                              |                           |
| <b>Complete Third and Final Batch 25 CADP</b><br>Provide training of communities in activities short listed for support   | MODI/25 Communities          | 03/2019                   |
| <b>Revision of AWPB 2018-2019</b><br>The AWPB for 2018-2019 needs to be revised in line with the following suggestions: (i) in line with IFAD standard format of AWPBs; (ii) full estimated cost of the new water supply system for the Typhoid affected community with the indications of the community and IFAD contributions to be included; (iii) cost of the Rhinoceros Beetle eradication campaign; and (iii) additional funds if needed for all proposed training activities | MORDI TT Planning Officer    | 04/2019                   |

|   |   |         |
|---|---|---------|
| <b>Preparation of water supply scheme design and cost estimates</b><br>A professional engineering design with drawing and a cost estimate for the above-mentioned water supply scheme needs to be prepared, and all necessary approval to be taken on a fast track mode.                            | MORDI TT Planning Officer                           | 04/2019 |
| <b>Procurement of equipment and materials under AWPB 2018-19</b><br>Procure all equipment and other material listed in the AWPB 2018-19   | MORDI TT Operations Manager                         | 04/2019 |
| <b>Readiness assessment to be undertaken before starting the CADP</b><br>Readiness assessment to be undertaken before starting the CADP   | MORDI TT Community Mobilisation Teams               | 04/2019 |
| <b>Submission of proposal with cost</b><br>Support the Ministry of Agriculture in their Rhinoceros Beetle eradication campaign. The proposal with cost should be submitted to IFAD for review.  | MOA to share costs                                  | 04/2019 |
| <b>Positive List for Activities under CADP</b><br>Prepare the positive list for activities which can be supported under the project   | MODI/10 Communities                                 | 04/2019 |
| <b>Completion of water supply scheme construction</b><br>Construction of the above-mentioned water supply scheme will be completed  | MORDI TT Contracts Manager                          | 05/2019 |
| <b>Training of key project staff and gender focal points on results-based planning and readiness assessment</b><br>Key project staff, including gender focal points, trained on result-based planning methods and "readiness" assessment of the communities for graduation from CDP to CADP.        | MORDI TT to commission to external service provider | 05/2019 |
| <b>Re-training of DOs and TOs on CDP and CADP process</b><br>All DOs and TOs (mixed team TRIP 1 and new DOs and TOs) should be re-trained on result-based approach in CDP and CADP process. Trained project staff could conduct this training. Areas of training are specified in the aide memoire. | MORDI TT  | 05/2019 |
| <b>Complete First Batch 10 CADP</b><br>Provide training of communities in activities short listed for support   | MODI/10 Communities                                 | 05/2019 |
| <b>Conduct Demonstrating on improved land preparation</b><br>Train tractor operators/owners and conduct demonstrations  | MODI and CADP                                       | 05/2019 |
| <b>Mechanisation of planting and harvesting of root crops</b><br>Procure xx set of planters and harvesters  | MODI and CADP                                       | 07/2019 |
| <b>Demonstration on commercial compost making</b><br>Procure xx set of compost machines,  | MODI and CADP                                       | 07/2019 |

|   |                     |         |
|---|---------------------|---------|
| <b>Demonstration on urea/DAP/compost briquette making</b><br>Procure a mobile briquette machines  | MODI and CADP       | 07/2019 |
| <b>Demonstrate the use of urea/DAP/compost briquette</b><br>Show the effect of conventional fertilization and use of briquettes   | MODI and CADP       | 07/2019 |
| <b>Demonstrations on Fattening of Mud crab</b><br>Procure a necessary fencing material for a ¼-acre mangrove mud crab-fattening pen and a vertical RAS for on land fattening unit. Procurement of commercial feed should also undertake for demonstration/trial runs for to cycles. | MODI and CADP       | 07/2019 |
| <b>CADPs fully implemented</b><br>At least 10 CADPs will be fully implemented in the community  | MORDI TT            | 08/2019 |
| <b>Complete Second Batch of 25 CADP</b><br>Provide training of communities in activities short listed for support   | MODI/25 Communities | 12/2019 |
| <b>Development Effectiveness</b>  |                     |         |
| <b>Targeting and outreach</b><br>Since DOs and TOs are involved in ensuring targeting, their capacity and skill set should be improved to identify the livelihood opportunities in CADPs and mobilise the community to take them up.  | MORDI TT            | 04/2019 |
| <b>Gender strategy</b><br>Project is to prepare a gender action plan. In the preparation, IFAD Gender Guide and the checklist can be used. Gender Focal Points appointed for the project should be trained on IFAD requirement in rolling out the gender action plan.               | MORDI TT            | 04/2019 |
| <b>Sustainability and Scaling Up</b>  |                     |         |
| <b>Provision of Service providers</b><br>New service providers in the areas of outcome-based community planning and providing new technologies and innovation should be provided to the project   | MORDI TT            | 04/2019 |
| <b>Financial Management &amp; Execution</b>   |                     |         |
| <b>Procurement plan</b><br>Submit updated 18-month Procurement Plan to IFAD   | MORDI TT/PM         | 04/2019 |
| <b>WA2 submission to IFAD and thereafter, within 90 days of the last advance date or 30% of the advance balance;</b>  | TRIP II             | 04/2019 |
| <b>The Project has to request the Government for the refund of taxes paid from the Project funds.</b>   | TRIP II             | 04/2019 |

|   |         |  |
|---|---------|--|
| Monitor and include in the financial reports the salaries of government staff participating or involved in the Project as well as the beneficiary contributions | TRIP II |  |
|---|---------|--|

## Tonga Rural Innovation Project - Phase II

### Logical Framework

| Results Hierarchy   | Indicators  |          |          |            |                      |                          |                            | Means of verification   |                                    |  | Assumptions  |
|---|---|----------|----------|------------|----------------------|--------------------------|----------------------------|---|------------------------------------|--|--|
|   | Name  | Baseline | Mid-Term | End Target | Annual Result (2018) | Cumulative Result (2018) | Cumulative Result % (2018) | Source  | Frequency                          | Responsibility   |  |
| Outreach  | 1.a Corresponding number of households reached                    |          |          |            |                      |                          |                            | Progress Report   | Annual                             | Proejct  |  |
|   | Women-headed households   |          |          |            |                      |                          |                            |   |                                    |  |  |
|   | Households  |          |          |            |                      |                          |                            |   |                                    |  |  |
|   | 1 Persons receiving services promoted or supported by the project |          |          |            |                      |                          |                            | Progress Reports  | Annual                             | Project  |  |
|   | Males   |          |          |            | 4 367                | 4 367                    |                            |   |                                    |  |  |
|   | Females   |          |          |            | 4 843                | 4 843                    |                            |   |                                    |  |  |
|   | Young   |          |          |            |                      |                          |                            |   |                                    |  |  |
|   | Total number of persons receiving services                        |          |          |            | 9 210                | 9 210                    |                            |   |                                    |  |  |
|   | 1.b Estimated corresponding total number of households members    |          |          |            |                      |                          |                            | Progress Reports  | Annual                             | Project  |  |
|   | Household members   |          |          |            |                      |                          |                            |   |                                    |  |  |
| Goal<br>Contribute to improved and resilient livelihoods for Tonga’s rural population | Improvement in household assets ownership index                   |          |          |            |                      |                          |                            | RIMS impact surveys, 2016 HIES, EOP surveys, Focused group discussions (FGDs), Case studies | Beginning and End of Project (EOP) | Project Mgmt. Unit (PMU), Government of Tonga (Government) | No major changes in Government of Tonga’s Strategic Development Framework (2015 - 2025). |
|   | Households  |          |          |            |                      |                          |                            |   |                                    |  |  |
|   |   |          |          |            |                      |                          |                            |   |                                    |  |  |

| Results Hierarchy  | Indicators  |          |          |            |                      |                          |                            | Means of verification  |                                    |  | Assumptions   |
|--|---|----------|----------|------------|----------------------|--------------------------|----------------------------|--|------------------------------------|--|---|
|  | Name  | Baseline | Mid-Term | End Target | Annual Result (2018) | Cumulative Result (2018) | Cumulative Result % (2018) | Source   | Frequency                          | Responsibility   |   |
|  | Increased ability of people to manage environmental and climate-related risks                                       |          |          |            |                      |                          |                            | RIMS impact surveys, 2016 HIES, EOP surveys, Focused group discussions (FGDs), Case studies                        | Beginning and End of Project (EOP) | Project Mgmt. Unit (PMU), Government of Tonga (Government) |   |
|  | Males   |          |          |            |                      |                          |                            |  |                                    |  |   |
|  | Females   |          |          |            |                      |                          |                            |  |                                    |  |   |
|  | Households  |          |          |            |                      |                          |                            |  |                                    |  |   |
| <b>Objective</b><br>Communities are enabled to plan and manage resilient infrastructure and livelihood activities (including addressing food security and nutrition) | 3.2.2 Households reporting adoption of environmentally sustainable and climate-resilient technologies and practices |          |          |            |                      |                          |                            | Progress Reports   | EOP                                | PMU  | Communities are willing to participate in innovative forms of planning and support, and to contribute to their development - infrastructure and livelihoods. MAFFF is prepared to cooperate with TRIP II at central, district and village levels. |
|  | Households  |          |          |            |                      |                          |                            |  |                                    |  |   |
|  | Households  |          |          |            |                      |                          |                            |  |                                    |  |   |
|  | 1.2.1 Households reporting improved access to land, forests, water or water bodies for production purposes          |          |          |            |                      |                          |                            | Construction supervision and inspection reports, mid-term and EOP surveys, FGDs, case studies, FFS Project Reports | EOP                                | PMU  |   |
|  | Households reporting improved access to land  |          |          |            |                      |                          |                            |  |                                    |  |   |
|  | Households reporting improved access to forests   |          |          |            |                      |                          |                            |  |                                    |  |   |
|  | Households reporting improved access to water   |          |          |            |                      |                          |                            |  |                                    |  |   |
|  | Total no. of households reporting improved access to land   |          |          |            |                      |                          |                            |  |                                    |  |   |
|  | Total no. of households reporting improved access to forests  |          |          |            |                      |                          |                            |  |                                    |  |   |
|  | Total no. of households reporting improved access to water  |          |          |            |                      |                          |                            |  |                                    |  |   |
|  |   |          |          |            |                      |                          |                            |  |                                    |  |   |
|  |   |          |          |            |                      |                          |                            |  |                                    |  |   |
|  |   |          |          |            |                      |                          |                            |  |                                    |  |   |

| Results Hierarchy   | Indicators  |          |          |            |                      |                          |                            | Means of verification   |                             |                | Assumptions  |
|---|---|----------|----------|------------|----------------------|--------------------------|----------------------------|---|-----------------------------|----------------|--|
|   | Name  | Baseline | Mid-Term | End Target | Annual Result (2018) | Cumulative Result (2018) | Cumulative Result % (2018) | Source  | Frequency                   | Responsibility |  |
| <b>Outcome</b><br>Increased community capacity to manage resilient infrastructure built to required standards | 2.2.6 Households reporting improved physical access to markets, processing and storage facilities |          |          |            |                      |                          |                            | Mid-Term and EOP surveys, FGDs (gender disaggregated), case studies, gender studies on community planning, study on youth inclusion | Annual and Mid-term and EOP | PMU            | MIA and MAFFF officials and technical staff willing to support plan preparation. Communities prepared to participate in planning. Communities willing to make in-kind and/or cash contributions for development of economic infrastructure. Communities willing to maintain economic infrastructure. Communities willing to participate in self-monitoring and reporting activities. |
|   | Households reporting improved physical access to markets  | 0        | 80       | 80         |                      |                          |                            |   |                             |                |  |
|   | Households reporting improved physical access to processing facilities                            | 0        | 80       | 80         |                      |                          |                            |   |                             |                |  |
|   | Households reporting improved physical access to storage facilities                               | 0        | 80       | 80         |                      |                          |                            |   |                             |                |  |
|   |   |          |          |            |                      |                          |                            |   |                             |                |  |

| Results Hierarchy                               | Indicators   |          |          |            |                      |                          |                            | Means of verification  |           |                | Assumptions  |
|---|--|----------|----------|------------|----------------------|--------------------------|----------------------------|--|-----------|----------------|--|
|   | Name   | Baseline | Mid-Term | End Target | Annual Result (2018) | Cumulative Result (2018) | Cumulative Result % (2018) | Source   | Frequency | Responsibility |  |
| Output<br>1.1 Community Development Plans (CDP) | Number people trained in community management topics (RIMS) - Town and District Officers (TOs, DOs), Committee Members (CM), and Community Facilitators (CF) |          |          |            |                      |                          |                            | Project/training records, gender study to track women's participation, survey on youth inclusion | Biannual  | PMU            | MIA and MAFFF officials and technical staff willing to support plan preparation. Communities prepared to participate in planning. Communities willing to make in-kind and/or cash contributions for development of economic infrastructure. Communities willing to maintain economic infrastructure. Communities willing to participate in self-monitoring and reporting activities. |
|   | DOs  | 0        | 19       | 19         | 4                    | 4                        | 21.1                       |  |           |                |  |
|   | TOs  | 0        | 122      | 122        | 38                   | 38                       | 31.1                       |  |           |                |  |
|   | CMs  | 0        | 14 954   | 18 693     | 9 210                | 9 418                    | 50.4                       |  |           |                |  |
|   | CFs  | 0        | 62       | 62         | 38                   | 38                       | 61.3                       |  |           |                |  |
|   | Number of CDPs formulated and revised  |          |          |            |                      |                          |                            | Project Records, published CDPs  | Biannual  | PMU            |  |
|   | Revised CDPs   | 0        | 60       | 60         |                      |                          |                            |  |           |                |  |
|   | New CDPs   | 0        | 62       | 62         | 35                   | 35                       | 56.5                       |  |           |                |  |
|   |  |          |          |            |                      |                          |                            |  |           |                |  |

| Results Hierarchy   | Indicators  |          |          |            |                      |                          |                            | Means of verification  |                             |                | Assumptions  |
|---|---|----------|----------|------------|----------------------|--------------------------|----------------------------|--|-----------------------------|----------------|--|
|   | Name  | Baseline | Mid-Term | End Target | Annual Result (2018) | Cumulative Result (2018) | Cumulative Result % (2018) | Source   | Frequency                   | Responsibility |  |
| <b>Output</b><br>1.2 Resilient community infrastructure based on CDPs | 2.1.6 Market, processing or storage facilities constructed or rehabilitated |          |          |            |                      |                          |                            | Mid-Term and EOP surveys, CDPs, detailed grant applications, construction supervision and inspection reports, assessments as required by Mol | Biannual                    | PMU            | MIA and MAFFF officials and technical staff willing to support plan preparation. Communities prepared to participate in planning. Communities willing to make in-kind and/or cash contributions for development of economic infrastructure. Communities willing to maintain economic infrastructure. Communities willing to participate in self-monitoring and reporting activities. |
|   | Market facilities constructed/rehabilitated                                 | 0        | 30       | 62         |                      |                          |                            |  |                             |                |  |
|   | Processing facilities constructed/rehabilitated                             | 0        | 30       | 62         |                      |                          |                            |  |                             |                |  |
|   | Storage facilities constructed/rehabilitated                                | 0        | 30       | 62         |                      |                          |                            |  |                             |                |  |
|   | Number of community infrastructure management committees trained            |          |          |            |                      |                          |                            | Mid-Term, EOP Reports, detailed grant applications, construction supervision and inspection reports  | Annual and Mid-term and EOP | PMU            |  |
|   | Committee members   |          | 5 560    | 11 120     |                      |                          |                            |  |                             |                |  |
|   | Committees  | 0        | 30       | 62         |                      |                          |                            |  |                             |                |  |
|   |   |          |          |            |                      |                          |                            |  |                             |                |  |

| Results Hierarchy   | Indicators  |          |          |            |                      |                          |                            | Means of verification  |                             |                | Assumptions  |
|---|---|----------|----------|------------|----------------------|--------------------------|----------------------------|--|-----------------------------|----------------|--|
|   | Name  | Baseline | Mid-Term | End Target | Annual Result (2018) | Cumulative Result (2018) | Cumulative Result % (2018) | Source   | Frequency                   | Responsibility |  |
| <b>Outcome</b><br>Increased resilience of economic livelihoods based on climate smart and nutrition-sensitive agricultural production systems | 1.2.2 Households reporting adoption of new/improved inputs, technologies or practices |          |          |            |                      |                          |                            | Mid-Term and EOP surveys, projects Records (FFS Coordinator Reports) | Annual and Mid-term and EOP | PMU            | (A) MIA and MAFFF officials and technical staff are willing to support CADP preparation. (A) Communities prepared to participate in planning. (A) Communities willing to make in-kind and/or cash contributions for the development of economic livelihoods. (A) Communities willing to maintain their investments in economic livelihoods. (A) Communities willing to participate in in self-monitoring and reporting activities. (A) Farmers willing to attend and participate in structured FFS activities. (A) MAFFF significantly increases travel allowances beyond current levels. (R) MAFFF has further reductions in operational funding. |
|   | Households  |          |          |            |                      |                          |                            |  |                             |                |  |
|   | Households  |          |          |            |                      |                          |                            |  |                             |                |  |
|   |   |          |          |            |                      |                          |                            |  |                             |                |  |

| Results Hierarchy   | Indicators  |          |          |            |                      |                          |                            | Means of verification   |                    |                | Assumptions  |
|---|---|----------|----------|------------|----------------------|--------------------------|----------------------------|---|--------------------|----------------|--|
|   | Name  | Baseline | Mid-Term | End Target | Annual Result (2018) | Cumulative Result (2018) | Cumulative Result % (2018) | Source  | Frequency          | Responsibility |  |
| <b>Output</b><br>2.1 Community Agricultural Development Plans (CADPs) - reflecting climate resilient agricultural systems | Number of people trained in climate change risks and responses for increased resilience in agricultural systems |          |          |            |                      |                          |                            | Annual Project Reports, mid-Term and EOP surveys, projects Records (Training Records) | Biannual, periodic | PMU            | (A) MIA and MAFFF officials and technical staff are willing to support CADP preparation. (A) Communities prepared to participate in planning. (A) Communities willing to make in-kind and/or cash contributions for the development of economic livelihoods. (A) Communities willing to maintain their investments in economic livelihoods. (A) Communities willing to participate in in self-monitoring and reporting activities. (A) Farmers willing to attend and participate in structured FFS activities. (A) MAFFF significantly increases travel allowances beyond current levels. (R) MAFFF has further reductions in operational funding. |
|   | Officials   | 0        | 200      | 200        |                      |                          |                            |   |                    |                |  |
|   | FFS   |          |          | 1 200      |                      |                          |                            |   |                    |                |  |
|   | Number of revised/updated village maps including data from village surveys, and included in CADPs               |          |          |            |                      |                          |                            | Projects Records, physical count of maps  | Biannual           | PMU            |  |
|   | Village Maps  |          | 60       | 60         |                      |                          |                            |   |                    |                |  |
|   |   |          |          |            |                      |                          |                            |   |                    |                |  |

| Results Hierarchy  | Indicators   |          |          |            |                      |                          |                            | Means of verification   |                    |                | Assumptions   |
|--|--|----------|----------|------------|----------------------|--------------------------|----------------------------|---|--------------------|----------------|---|
|  | Name   | Baseline | Mid-Term | End Target | Annual Result (2018) | Cumulative Result (2018) | Cumulative Result % (2018) | Source  | Frequency          | Responsibility |   |
| <b>Output</b><br>2.2 Improved practices for increased climate resilience of agroforestry systems on households' tax allotments | 3.1.1 Groups supported to sustainably manage natural resources and climate-related risks |          |          |            |                      |                          |                            | Projects/training records Focused group discussions, case studies, participatory end of FFS cycle evaluations disaggregated by gender | Biannual, periodic | PMU            | (A) MIA and MAFFF officials and technical staff are willing to support CADP preparation. (A) Communities prepared to participate in planning. (A) Communities willing to make in-kind and/or cash contributions for the development of economic livelihoods. (A) Communities willing to maintain their investments in economic livelihoods. (A) Communities willing to participate in self-monitoring and reporting activities. (A) Farmers willing to attend and participate in structured FFS activities. (A) MAFFF significantly increases travel allowances beyond current levels. (R) MAFFF has further reductions in operational funding. |
|  | Groups supported   | 0        | 55       | 120        |                      |                          |                            |   |                    |                |   |
|  | Total size of groups   | 0        | 550      | 1 200      |                      |                          |                            |   |                    |                |   |
|  | 3.1.4 Land brought under climate-resilient practices                                     |          |          |            |                      |                          |                            | Project records (village maps), mid-Term and EOP surveys  | Biannual           | PMU            |   |
|  | Hectares of land   | 0        | 900      | 2 000      |                      |                          |                            |   |                    |                |   |
|  |  |          |          |            |                      |                          |                            |   |                    |                |   |

| Results Hierarchy   | Indicators  |          |          |            |                      |                          |                            | Means of verification   |           |                | Assumptions   |
|---|---|----------|----------|------------|----------------------|--------------------------|----------------------------|---|-----------|----------------|---|
|   | Name  | Baseline | Mid-Term | End Target | Annual Result (2018) | Cumulative Result (2018) | Cumulative Result % (2018) | Source  | Frequency | Responsibility |   |
| <b>Output</b><br>2.3 Improved practices for increased climate resilience of homestead gardens | 1.1.4 Persons trained in production practices and/or technologies   |          |          |            |                      |                          |                            | Projects/training records   | Biannual  | PMU            | (A) MIA and MAFFF officials and technical staff are willing to support CADP preparation. (A) Communities prepared to participate in planning. (A) Communities willing to make in-kind and/or cash contributions for the development of economic livelihoods. (A) Communities willing to maintain their investments in economic livelihoods. (A) Communities willing to participate in self-monitoring and reporting activities. (A) Farmers willing to attend and participate in structured FFS activities. (A) MAFFF significantly increases travel allowances beyond current levels. (R) MAFFF has further reductions in operational funding. |
|   | Men trained in crop   |          |          |            |                      |                          |                            |   |           |                |   |
|   | Women trained in crop   |          |          |            |                      |                          |                            |   |           |                |   |
|   | Young people trained in crop  |          |          |            |                      |                          |                            |   |           |                |   |
|   | Total persons trained in crop   | 0        | 405      | 900        |                      |                          |                            |   |           |                |   |
|   | Agricultural production facilities with increased water availability (rainwater tanks for 60 FFS model gardens) |          |          |            |                      |                          |                            | Project records (village maps, procurement records), mid-Term and EOP surveys | Biannual  | PMU            |   |
|   | Rainwater Tanks   | 0        | 27       | 60         |                      |                          |                            |   |           |                |   |
|   | 1.1.8 Households provided with targeted support to improve their nutrition                                      |          |          |            |                      |                          |                            | Project records (village maps, procurement records), mid-Term and EOP surveys | Biannual  | PMU            |   |
|   | Households  | 0        | 936      | 2 080      |                      |                          |                            |   |           |                |   |
|   |   |          |          |            |                      |                          |                            |   |           |                |   |

| Results Hierarchy   | Indicators   |          |          |            |                      |                          |                            | Means of verification   |           |                | Assumptions  |
|---|--|----------|----------|------------|----------------------|--------------------------|----------------------------|---|-----------|----------------|--|
|   | Name   | Baseline | Mid-Term | End Target | Annual Result (2018) | Cumulative Result (2018) | Cumulative Result % (2018) | Source  | Frequency | Responsibility |  |
| <b>Output</b><br>2.4 Improved agro-forestry-based production and processing centres (weaving sheds) for handicrafts | Number of processing facilities constructed or rehabilitated for cyclone proof weaving sheds |          |          |            |                      |                          |                            | Project records (village maps, procurement records), mid-Term and EOP surveys | Biannual  | PMU            | (A) MIA and MAFFF officials and technical staff are willing to support CADP preparation. (A) Communities prepared to participate in planning. (A) Communities willing to make in-kind and/or cash contributions for the development of economic livelihoods. (A) Communities willing to maintain their investments in economic livelihoods. (A) Communities willing to participate in in self-monitoring and reporting activities. (A) Farmers willing to attend and participate in structured FFS activities. (A) MAFFF significantly increases travel allowances beyond current levels. (R) MAFFF has further reductions in operational funding. |
|   | Facilities   | 0        | 20       | 60         |                      |                          |                            |   |           |                |  |
|   | Number of women benefiting from cyclone-proof weaving sheds                                  |          |          |            |                      |                          |                            | Mid-Term and EOP surveys, FGDs  | Biannual  | PMU            |  |
|   | Females  | 0        | 400      | 900        |                      |                          |                            |   |           |                |  |

## **Tonga**

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### **Tonga Rural Innovation Project - Phase II**

### **Supervision Report**

### **Appendix 1: Financial: actual financial performance; by financier by component and disbursements by category**

Mission Dates: 24 March - 6 April 2019  
Document Date: 13/05/2019  
Project No. 2000001197  
Report No. 5045-TO

Asia and the Pacific Division  
Programme Management Department

## Tonga Rural Innovation Project Phase II (TRIP 2)

### Appendix 1: Financial: actual financial performance by financier; by component and disbursements by category

Table 1A: Financial performance by financier (As of 28 February 2019)

| Financiers    | Approved Budget Allocation | Actual Disbursement | Percent Disbursed (%) |
|---------------|----------------------------|---------------------|-----------------------|
|               | USD                        | USD                 |                       |
| IFAD Loan     | 1,536,900                  | 337,500             | 21.96%                |
| IFAD Grant    | 1,536,900                  | 337,500             | 21.96%                |
| Government    | 2,729,594                  | 32,655              | 1.20%                 |
| Beneficiaries | 1,427,989                  | 0                   | 0.00%                 |
| <b>Total</b>  | <b>7,231,383</b>           | <b>707,655</b>      | <b>9.79%</b>          |

Table 1B: Financial performance by component (as of 28 February 2019 )  
In US dollars

| Component   | IFAD Loan        |                |              | IFAD Grant       |                |              | Government       |               |             | Beneficiary contribution |          |                | Total            |                |              |
|---|------------------|----------------|--------------|------------------|----------------|--------------|------------------|---------------|-------------|--------------------------|----------|----------------|------------------|----------------|--------------|
|   | Approved         | Actual         | %            | Approved         | Actual         | %            | Approved         | Actual        | %           | Approved                 | Actual   | %              | Approved         | Actual         | %            |
| <b>Component 1 Community Development</b>                              |                  |                |              |                  |                |              |                  |               |             |                          |          |                |                  |                |              |
| Sub- Component 1.1 CDPs   | 141,622          | 15,363         | 10.8%        | 141,622          | 15,363         | 10.8%        | 40,725           | 3,634         | 8.9%        | -                        | -        | #DIV/0!        | 323,970          | 34,360         | 10.6%        |
| Sub-Component 1.2 Development of Infrastructures based on CDPs        | 178,252          | -              | 0.0%         | 178,252          | -              | 0.0%         | 268,147          | -             | 0.0%        | 424,092                  | -        | 0.0%           | 1,048,743        | -              | 0.0%         |
| <b>Sub-Total Component 1 Community Development</b>                    | <b>319,874</b>   | <b>15,363</b>  | <b>4.8%</b>  | <b>319,874</b>   | <b>15,363</b>  | <b>4.8%</b>  | <b>308,872</b>   | <b>3,634</b>  | <b>1.2%</b> | <b>424,092</b>           | <b>-</b> | <b>0.0%</b>    | <b>1,372,712</b> | <b>34,360</b>  | <b>2.5%</b>  |
| <b>Component 2 Sustainable Economic Livelihood</b>                    |                  |                |              |                  |                |              |                  |               |             |                          |          |                |                  |                |              |
| Sub- Component 2.1 Support to CADPs                                   | 43,279           | 10,682         | 24.7%        | 43,279           | 10,682         | 24.7%        | 20,449           | 997           | 4.9%        | -                        | -        | #DIV/0!        | 107,007          | 22,362         | 20.9%        |
| Sub- Component 2.2 Support to Farmers engaged in Economic Livelihoods | 607,815          | 19,418         | 3.2%         | 607,815          | 19,418         | 3.2%         | 486,158          | 708           | 0.1%        | 1,003,897                | -        | 0.0%           | 2,705,685        | 39,543         | 1.5%         |
| <b>Sub-Total Component 2 Sustainable Economic Livelihood</b>          | <b>651,094</b>   | <b>30,100</b>  | <b>4.6%</b>  | <b>651,094</b>   | <b>30,100</b>  | <b>4.6%</b>  | <b>506,607</b>   | <b>1,705</b>  | <b>0.3%</b> | <b>1,003,897</b>         | <b>-</b> | <b>0.0%</b>    | <b>2,812,692</b> | <b>61,905</b>  | <b>2.2%</b>  |
| <b>Component 3 Project Management</b>                                 | <b>565,932</b>   | <b>185,607</b> | <b>32.8%</b> | <b>565,932</b>   | <b>185,607</b> | <b>32.8%</b> | <b>1,914,115</b> | <b>27,316</b> | <b>1.4%</b> | <b>-</b>                 | <b>-</b> | <b>#DIV/0!</b> | <b>3,045,979</b> | <b>398,530</b> | <b>13.1%</b> |
| Sub-Total Expenditure (should be totalbudget)                         | 1,536,900        | 231,070        | 15.0%        | 1,536,900        | 231,070        | 15.0%        | 2,729,594        | 32,655        | 1.2%        | 1,427,989                | -        | 0.0%           | 7,231,383        | 494,795        | 6.8%         |
| Outstanding IFAD Advances   |                  | 106,430        |              |                  | 106,430        |              |                  |               |             |                          |          |                | -                | 212,860        |              |
| <b>TOTAL DISBURSEMENTS</b>  | <b>1,536,900</b> | <b>337,500</b> | <b>22.0%</b> | <b>1,536,900</b> | <b>337,500</b> | <b>22.0%</b> | <b>2,729,594</b> | <b>32,655</b> | <b>1.2%</b> | <b>1,427,989</b>         | <b>-</b> | <b>0.0%</b>    | <b>7,231,383</b> | <b>707,655</b> | <b>9.8%</b>  |

Note: As recorded in the Project Books of Accounts

Table 1C: IFAD Financial performance by category of expenditure (as of 28 February 2019)

IFAD Loan ( In SDR)

|   | Category description                      | Original Allocation | Revised Allocation (if applicable) | Disbursement per WA | Disbursement Pending Submission WA2 | Total Disbursement | Disbursed percentage % | Balance          |
|---|---|---------------------|------------------------------------|---------------------|-------------------------------------|--------------------|------------------------|------------------|
| 1 | <i>Cat-1 Works</i>                        | 380,000             |                                    | 42,004              | 13,492                              | 55,496             | 14.6%                  | 324,504          |
| 2 | <i>Cat-2 Equipment &amp; Vehicles</i>     | 30,000              |                                    | 36,902              | 40,775                              | 77,677             | 258.9%                 | -47,677          |
| 3 | <i>Cat-3 Trainings &amp; Workshops</i>    | 130,000             |                                    | 54,412              | 13,730                              | 68,141             | 52.4%                  | 61,859           |
| 4 | <i>Cat-4 Goods, Services &amp; Inputs</i> | 80,000              |                                    | 21,437              | 3,448                               | 24,884             | 31.1%                  | 55,116           |
| 5 | <i>Cat-5 Consultancies</i>                | 80,000              |                                    | 15,308              | 11,093                              | 26,401             | 33.0%                  | 53,599           |
| 6 | <i>Cat-6 Recurrent Costs</i>              | 280,000             |                                    | 70,119              | 60,123                              | 130,241            | 46.5%                  | 149,759          |
|   | <i>Unallocated</i>                        | 110,000             |                                    | 0                   | 0                                   | 0                  | 0.0%                   | 110,000          |
|   | <i>Sub-total</i>                          | 1,090,000           |                                    | 240,181             | 142,660                             | 382,841            |                        | 707,159          |
|   | Balance of IFAD Advance                   |                     |                                    | 240,181             | 142,660                             | 382,841            |                        | 382,841          |
|   | <b>Total</b>                              | <b>1,090,000.00</b> | <b>-</b>                           | <b>-</b>            | <b>-</b>                            | <b>0</b>           | <b>0.0%</b>            | <b>1,090,000</b> |

IFAD Grant ( In SDR)

|   | Category description                      | Original Allocation | Revised Allocation (if applicable) | Disbursement per WA | Disbursement Pending Submission WA2 | Total Disbursement | Disbursed percentage % | Balance          |
|---|---|---------------------|------------------------------------|---------------------|-------------------------------------|--------------------|------------------------|------------------|
| 1 | <i>Cat-1 Works</i>                        | 380,000             |                                    | 42,004              | 13,492                              | 55,496             | 14.6%                  | 324,504          |
| 2 | <i>Cat-2 Equipment &amp; Vehicles</i>     | 30,000              |                                    | 36,902              | 40,775                              | 77,677             | 258.9%                 | -47,677          |
| 3 | <i>Cat-3 Trainings &amp; Workshops</i>    | 130,000             |                                    | 54,412              | 13,730                              | 68,141             | 52.4%                  | 61,859           |
| 4 | <i>Cat-4 Goods, Services &amp; Inputs</i> | 80,000              |                                    | 21,437              | 3,448                               | 24,884             | 31.1%                  | 55,116           |
| 5 | <i>Cat-5 Consultancies</i>                | 80,000              |                                    | 15,308              | 11,093                              | 26,401             | 33.0%                  | 53,599           |
| 6 | <i>Cat-6 Recurrent Costs</i>              | 280,000             |                                    | 70,119              | 60,123                              | 130,241            | 46.5%                  | 149,759          |
|   | <i>Unallocated</i>                        | 110,000             |                                    | 0                   | 0                                   | 0                  | 0.0%                   | 110,000          |
|   | <i>Sub-total</i>                          | 1,090,000           |                                    | 240,181             | 142,660                             | 382,841            |                        | 707,159          |
|   | Balance of IFAD Advance                   |                     |                                    | 240,181             | 142,660                             | 382,841            |                        | 382,841          |
|   | <b>Total</b>                              | <b>1,090,000.00</b> | <b>-</b>                           | <b>0</b>            | <b>-</b>                            | <b>(0)</b>         | <b>0.0%</b>            | <b>1,090,000</b> |

Note: WA2 includes expenditure up to 31 January 2019 only

TRIP II

Figure : IFAD Loan Disbursement comparison between original allocation and actual disbursement

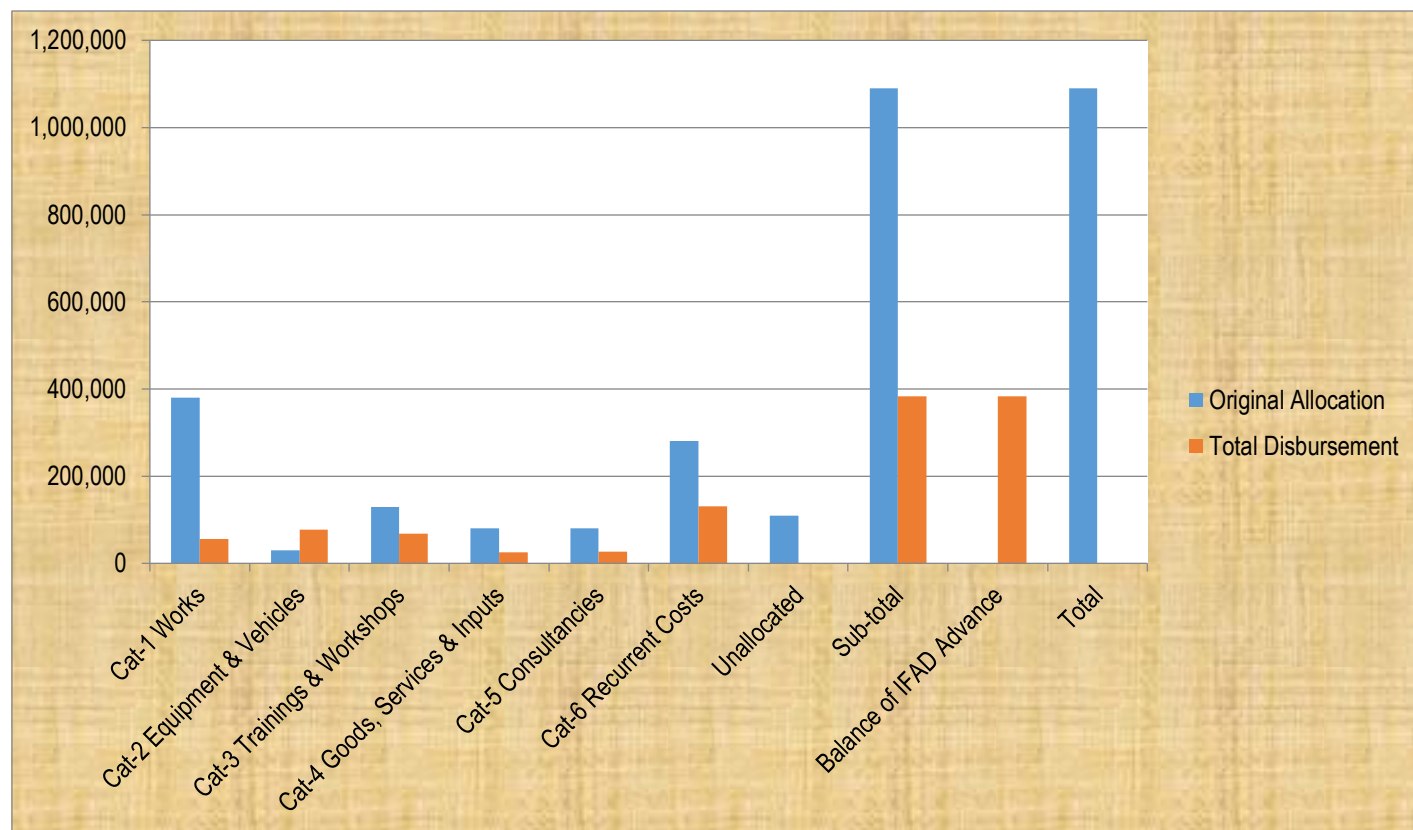
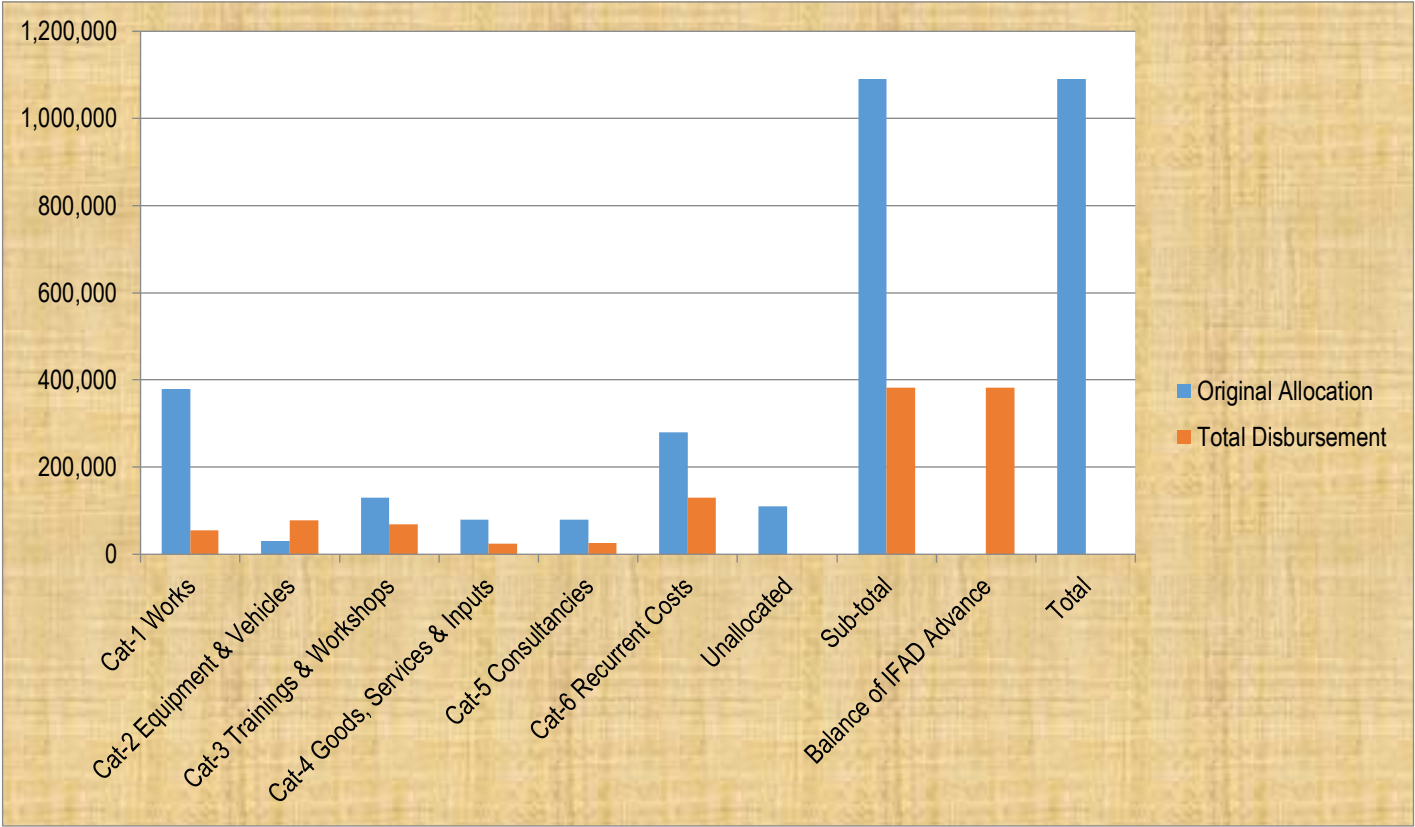


Figure : IFAD Grant Disbursement comparison between original allocation and actual disbursement







## **Tonga**

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### **Tonga Rural Innovation Project - Phase II**

### **Supervision Report**

### **Appendix 2: Physical progress measured against AWP&B**

Mission Dates: 24 March - 6 April 2019

Document Date: 13/05/2019

Project No. 2000001197

Report No. 5045-TO

Asia and the Pacific Division  
Programme Management Department

## Appendix 2: Physical progress measured against AWP&B

| PROJECT PHYSICAL PROGRESS SUMMARY  |  |            |                             |        |            |           |       |
|--|--|------------|-----------------------------|--------|------------|-----------|-------|
| Component / Sub-component  | Indicators   | Unit       | PY-1<br>Jul 2018 – Jun 2019 |        | Cumulative |           |       |
|  |  |            | AWPB                        | Actual | Actual     | Appraisal | %     |
| <b>Component 1: Community Development</b>  |  |            |                             |        |            |           |       |
| <b>1.1 Community Development Plans</b>   | People trained in community management topics specified for Town and District Officers (TOs, DOs), Committee Members (CM), and Community Facilitators (CF) | DO's       | 11                          | 4      | 4          | 15        | 27%   |
|  |  | TO's       | 45                          | 38     | 38         | 62        | 61%   |
|  |  | CF's men   | 45                          | 33     | 38         | 62        | 61%   |
|  |  | CF's women |                             | 5      |            |           |       |
|  |  | CM men     | 450                         | 4,367  | 9,210      | 620       | 1485% |
|  |  | CM women   |                             | 4,843  |            |           |       |
|  | No. of CDP's formulated  | number     | 45                          | 35     | 35         | 62        | 0%    |
| <b>1.2 Resilient community infrastructure based on CDPs</b>  | Number of market, processing or storage facilities constructed / rehabilitated   | number     | 10                          | -      | -          | 62        | 0%    |
|  | No. of community infrastructure management committees trained  | number     | 45                          | -      | -          | 62        | 0%    |
| <b>Component 2: Sustainable economic livelihood</b>  |  |            |                             |        |            |           |       |
| <b>2.1 Community Agriculture Development Plans (CADPs) - reflecting understanding of climate change and resilient agricultural systems</b> | Number of people trained in climate change risks and responses for increased resilience in agricultural systems Officials                                  | men        | 360                         | -      | -          | 800       | 0%    |
|  |  | women      |                             | -      |            |           |       |
|  | Number of people trained in climate change risks and responses for increased resilience in agricultural systems FFS  | men        | 540                         | -      | -          | 1,200     | 0%    |
|  |  | women      |                             | -      |            |           |       |
|  | No. of revised/updated village maps including data from village surveys, and included in the CADP's  | number     | 27                          | -      | -          | 60        | 0%    |

| Component / Sub-component  | Indicators   | Unit   | PY-1<br>Jul 2018 – Jun 2019 |        | Cumulative |           |    |
|--|--|--------|-----------------------------|--------|------------|-----------|----|
|  |  |        | AWPB                        | Actual | Actual     | Appraisal | %  |
| 2.2 Improved and climate resilience agroforestry systems on households' tax allotments             | Number of persons/ groups supported to sustainably manage natural resources and climate-related risks  | men    | 540                         | -      | -          | 1,200     | 0% |
|  |  | women  |                             | -      |            |           |    |
|  | Area of land under improved management practices <b>Model Farm</b>   | acre   | 113                         | -      | -          | 250       | 0% |
|  | Area of land under improved management practices <b>Cluster Farm</b>   | acre   | 2,115                       | -      | -          | 4,700     | 0% |
| 2.3 Improved and climate resilience home gardens   | Number of persons trained in production practices and/or technologies  | men    | 405                         | -      | -          | 900       | 0% |
|  |  | women  |                             | -      |            |           |    |
|  | Agricultural production facilities in vulnerable areas with increased water availability specified for rainwater tanks for 60 FFS model garden | number | 27                          | -      | -          | 60        | 0% |
|  | Increased dietary diversity score at HH level  | number | -                           | -      | -          | 4         | 0% |
| 2.4 Improved agro-forestry-based production and processing centres (weaving sheds) for handicrafts | No. of processing facilities constructed or rehabilitated specified for cyclone proof weaving sheds  | number | 27                          | -      | -          | 60        | 0% |
|  | Number of women benefiting from the improved cyclone-proof weaving sheds   | women  | 405                         | -      | -          | 900       | 0% |

## **Tonga**

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### **Tonga Rural Innovation Project - Phase II**

### **Supervision Report**

### **Appendix 3: Compliance with legal covenants: status of implementation**

Mission Dates: 24 March - 6 April 2019

Document Date: 13/05/2019

Project No. 2000001197

Report No. 5045-TO

Asia and the Pacific Division  
Programme Management Department

### Appendix 3: Compliance with legal covenants: status of implementation (as of 1 April 2019)

| Section                                    | Covenant  | Target/Action Due Date  | Compliance Status/Date | Remarks   |
|--|---|-------------------------|------------------------|---|
| <b>Section B6/E.2 (b)</b>                  | The Designated Account shall have been duly opened by MNFP and MORDI TT shall have opened a Project account, the authorized signatories have been submitted to the Fund | Precedent to withdrawal | Complied               |   |
| <b>Section B7</b>                          | The Borrower counterpart financing for the Project will be approximately USD2.7 million to cover government staff salaries, duties and taxes                            |                         | On-Going compliance    | Tax Paid and for refund as of 31 January 2019 IS USD28,158. No record of government salaries.                                   |
| <b>Section E.2 (a)</b>                     | MOU has been signed between MNFP and MORDI TT for the appointment of MORDI TT as the Lead Project Agency.   | Precedent to withdrawal | Complied               |   |
| <b>Section E.2 (c)</b>                     | Project Management Unit (PMU) within MORDI TT has been established and key staff appointed to the satisfaction of IFAD  |                         | Not-Complied           | Project Manager; Finance and Procurement Manager; Procurement Officer needs to be appointed for the Project                     |
| <b>Section E.2 (d)</b>                     | MORDI TT has prepared a draft PIM in form and substance satisfactory to the Fund  | Precedent to withdrawal |                        | The CEO of MORDI TT advised that it has submitted the draft PIM to IFAD. However, the Mission had not been provided a copy.     |
| <b>Section I. II.8.1</b>                   | Project Advisory Committee has been established and maintained throughout the Project Implementation  |                         | Complied               |   |
| <b>Section I.11</b>                        | Establishment of Project Review and Appraisal Committee   |                         | Not-Complied           | To be established around June 2019 in time for review of sub-project proposals  |
| <b>Section 3.3</b>                         | The Borrower shall ensure that the Project is granted with a Tax Exemption Status and the proceeds from the IFAD financing shall not be used to pay taxes               |                         | On-going Compliance    | The Project (MORDI TT) submits to the Ministry of Revenue claim for tax refund as reflected in the DA reconciliation statement. |
| <b>Section 4.02 (b) General Conditions</b> | Submission of First AWPB  | Precedent to Withdrawal | Complied               |   |
| <b>Section 4.04 (b) General Conditions</b> | Submission of Certification of authorized signatories to Withdrawal Application   | Precedent to Withdrawal | Complied               |   |

| Section                                | Covenant  | Target/Action Due Date | Compliance Status/Date  | Remarks                |
|--|---|------------------------|---|------------------------|
| <b>Section 4.08 General Conditions</b> | Submission to IFAD of Statement of Expenditure only with eligible expenditures                                      | On-going               | WA/SOE for period August 2018 to January 2019                             | For Submission to IFAD |
| <b>Section 7.05 General Conditions</b> | Procurement in accordance with GoT procurement regulations such are consistent with the IFAD Procurement Guidelines | On-going               | MORDI TT Finance and Procurement Manuals have been adopted by the Project |                        |
| <b>Section 9.02 General Conditions</b> | Submission of Financial Statements to IFAD 4 months after financial year  | Not due yet            |   |                        |
| <b>Section 9.03 General Conditions</b> | Submission of Audit report to IFAD 6 months after the financial year  | Not due yet            |   |                        |