

Nepal: Crop Diversification and Commercialization Project Project Preparatory Technical Assistance Concept Paper

Date: 11 August 2009

<p>1. Country partnership strategy (CPS) / Regional cooperation strategy (RCS): COBP 2008-2010</p> <ul style="list-style-type: none"> • Year included in CPS/RCS/COBP/ROBP/CPS or RCS Midterm Review Report: 2008 • Document reference number and date approved: IN.223-08 4 August 2008 • In case of change in the PPTA title, type, or amount, please state reason: 																												
<p>2. Coverage</p> <p><input checked="" type="checkbox"/> Country <input type="checkbox"/> Subregional <input type="checkbox"/> Interregional</p> <p>Mid-western and Far-western Development Regions (MWDR and FWDR)</p> <p><input checked="" type="checkbox"/> sovereign <input type="checkbox"/> non-sovereign</p>																												
<p>3. Assistance Focus</p> <p>a. Sector(s):</p> <table style="width: 100%; border: none;"> <tr> <td style="width: 50%; vertical-align: top;"> <input checked="" type="checkbox"/> Agriculture and natural resources <input type="checkbox"/> Education <input type="checkbox"/> Energy <input type="checkbox"/> Finance <input type="checkbox"/> Health and social protection </td> <td style="width: 50%; vertical-align: top;"> <input type="checkbox"/> Industry and trade <input type="checkbox"/> Public sector management <input type="checkbox"/> Transport and ICT <input type="checkbox"/> Water supply and other municipal infrastructure and services <input type="checkbox"/> Multisector </td> </tr> </table> <p>Subsector(s): Agricultural production and markets</p> <p>b. Targeting classification</p> <p><input type="checkbox"/> Targeted intervention</p> <table style="width: 100%; border: none;"> <tr> <td style="width: 33%;"><input type="checkbox"/> TI-H</td> <td style="width: 33%;"><input type="checkbox"/> TI-M</td> <td style="width: 33%;"><input type="checkbox"/> TI-G</td> </tr> </table> <p><input checked="" type="checkbox"/> General intervention (more indirectly addressing poverty reduction)</p> <p>c. Theme(s)</p> <table style="width: 100%; border: none;"> <tr> <td style="width: 50%; vertical-align: top;"> <input checked="" type="checkbox"/> Economic growth <input type="checkbox"/> Social development <input type="checkbox"/> Environmental sustainability <input type="checkbox"/> Regional cooperation and integration </td> <td style="width: 50%; vertical-align: top;"> <input checked="" type="checkbox"/> Gender equity <input type="checkbox"/> Private sector development <input type="checkbox"/> Governance <input type="checkbox"/> Capacity development </td> </tr> </table> <p>Subtheme: Widening access to markets and economic opportunities</p> <p>d. Location impact</p> <table border="1" style="width: 100%; border-collapse: collapse; text-align: center;"> <thead> <tr> <th style="width: 30%;">Relative weight of spatial impact of the project</th> <th style="width: 15%;">High</th> <th style="width: 15%;">Medium</th> <th style="width: 15%;">Low</th> </tr> </thead> <tbody> <tr> <td>Rural</td> <td><input checked="" type="checkbox"/></td> <td><input type="checkbox"/></td> <td><input type="checkbox"/></td> </tr> <tr> <td>Urban</td> <td><input type="checkbox"/></td> <td><input type="checkbox"/></td> <td><input type="checkbox"/></td> </tr> <tr> <td>National</td> <td><input type="checkbox"/></td> <td><input type="checkbox"/></td> <td><input type="checkbox"/></td> </tr> <tr> <td>Regional</td> <td><input type="checkbox"/></td> <td><input type="checkbox"/></td> <td><input type="checkbox"/></td> </tr> </tbody> </table>		<input checked="" type="checkbox"/> Agriculture and natural resources <input type="checkbox"/> Education <input type="checkbox"/> Energy <input type="checkbox"/> Finance <input type="checkbox"/> Health and social protection	<input type="checkbox"/> Industry and trade <input type="checkbox"/> Public sector management <input type="checkbox"/> Transport and ICT <input type="checkbox"/> Water supply and other municipal infrastructure and services <input type="checkbox"/> Multisector	<input type="checkbox"/> TI-H	<input type="checkbox"/> TI-M	<input type="checkbox"/> TI-G	<input checked="" type="checkbox"/> Economic growth <input type="checkbox"/> Social development <input type="checkbox"/> Environmental sustainability <input type="checkbox"/> Regional cooperation and integration	<input checked="" type="checkbox"/> Gender equity <input type="checkbox"/> Private sector development <input type="checkbox"/> Governance <input type="checkbox"/> Capacity development	Relative weight of spatial impact of the project	High	Medium	Low	Rural	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Urban	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	National	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Regional	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<input checked="" type="checkbox"/> Agriculture and natural resources <input type="checkbox"/> Education <input type="checkbox"/> Energy <input type="checkbox"/> Finance <input type="checkbox"/> Health and social protection	<input type="checkbox"/> Industry and trade <input type="checkbox"/> Public sector management <input type="checkbox"/> Transport and ICT <input type="checkbox"/> Water supply and other municipal infrastructure and services <input type="checkbox"/> Multisector																											
<input type="checkbox"/> TI-H	<input type="checkbox"/> TI-M	<input type="checkbox"/> TI-G																										
<input checked="" type="checkbox"/> Economic growth <input type="checkbox"/> Social development <input type="checkbox"/> Environmental sustainability <input type="checkbox"/> Regional cooperation and integration	<input checked="" type="checkbox"/> Gender equity <input type="checkbox"/> Private sector development <input type="checkbox"/> Governance <input type="checkbox"/> Capacity development																											
Relative weight of spatial impact of the project	High	Medium	Low																									
Rural	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>																									
Urban	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>																									
National	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>																									
Regional	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>																									
<p>4. Partnership: Swiss Agency for Development and Cooperation (SDC)</p>																												
<p>5. Name of the Specialist (project team leader) in charge of the project: Snimer K. Sahn</p> <ul style="list-style-type: none"> • Local Number: 4258 • Email Address: ssahn@adb.org 	<p>Name of the Alternate Specialist: Susanne Nebel</p> <ul style="list-style-type: none"> • Local Number: 6330 • Email Address: snebel@adb.org 																											
<p>6. Department/Division: SARD/SANS</p>																												
<p>7. Key Development Issues to be addressed:</p> <p>Slow economic growth and high poverty incidence. About 85% of Nepal's population lives in rural areas where the pace of development is slow and variable, particularly in the MWDR and FWDR (Central Bureau of Statistics [CBS], 2005). These regions have the lowest population densities and lag far behind the other three regions in almost all development indicators, mainly due to low access to health, education, roads, telecommunication, radio broadcast, electricity, water supply, and sanitation services. Poverty incidence in these two regions is estimated at about 45% and 41%, respectively, which is significantly greater than the country's overall poverty incidence rate of 31% and urban poverty rate of 10% (CBS NLSS, 2003-4). The widening gap between rich and poor regions has added to social and political tensions, which, in turn, have contributed to the armed conflict in the past and continue</p>																												

to pressure the government for solutions. As a consequence, household coping strategies have caused the most productive people to leave the villages, resulting in a rising trend in woman-headed households and the feminization of agricultural labor. Volatile economic conditions have also forced more than one million Nepalese to seek employment opportunities abroad.

Constraints that inhibit agricultural performance. Agriculture contributes about 33% to the country's gross domestic product (GDP) (CBS, 2005).¹ Despite the significant contribution of agriculture to the economy, the sector's performance is constrained by farmers' limited access to, or control over land, production technology, training, marketing, and employment opportunities. With women generally carrying out most of the work in crop and livestock activities, an increasingly important share of rural household income is generated by male labor migration and by off-farm employment in government or private services, casual labor, micro- or small enterprises and trade. Over the past four decades, average farm holdings have declined from 1.1 to 0.8 ha due mainly to a rapid increase in rural population. This has resulted in unequal distribution of land, with the group of landless (which comprise 1% of all landholdings) and farms up to 0.5 ha representing nearly 50% of all farms, but only covering 14% of the total farm area. On the other hand, about 31% of total farm area is operated by only 8% of the farmers (National Sample Census of Agriculture, 2002).

Inadequate support services/facilities for promoting commercialization. Nepal has great potential for agro-ecological diversity that provides unique opportunities for high-value commercial agriculture which, in turn, could improve livelihoods as well as promote food security. Best practices in sustainable agriculture need to be developed and promoted, particularly in crop production where there is significant potential for diversification and commercialization. Annual crops cover about 98% of the cultivable area, with cereals (i.e., rice, maize, wheat, millet and barley) accounting for nearly 80% of the cropped area and 56% of all agricultural production.² However, several constraints hinder the realization of the country's agricultural production potential and subsequently opportunities for commercialization. These include (i) low availability of production technologies and quality inputs for promoting high-value crop diversification, (ii) weak agricultural research and extension system, (iii) lack of access roads connecting farmers to input supplies and markets; (iv) weak supply chain connections between farmers and markets; (v) limited/absence of quality and value enhancement through grading and processing; and (vi) undeveloped and poorly maintained rural infrastructure support facilities such as irrigation, storage, drying, collection, and market facilities. More than 50% of rural households do not have an account with a formal financial institution. The rural poor rely heavily on cooperatives and microfinance institutions and on informal sources.

Limited domestic trade and trade relations with other countries. The limited volume of marketable surplus available for trade is generally carried out in local markets and is subject to gluts and price crashes. Trade, particularly in the *terai* belt, is often interrupted by strikes and conflicts due to continuing political and social tensions. About 95% of Nepal's agricultural trade is with India and other member countries of the South Asian Association for Regional Cooperation. The volume of agricultural exports, however, has been constrained by the domestic and trade policies of importing countries that tend to occasionally tighten/relax quarantine, phytosanitary, and quality requirements to protect specific domestic sectors in local surplus/shortage situations. The Agro-Enterprise Centre of the Federation of Nepalese Chamber of Commerce and Industry is lobbying with Government for the establishment with India of a positive list of Nepali agricultural export products.

8. TA Description:

The PPTA will design a project which will build upon the successful experiences and institutional structures established during implementation of the recently-completed *L1778-NEP: Crop Diversification Project* (CDP).³ The proposed project will contribute to poverty reduction among rural communities in 14 districts (including 6 of the 14 districts covered by CDP) of the MWDR and FWDR of Nepal, through promotion of market-led diversified crop

¹ Crops, livestock and horticulture contribute about 46%, 32% and 14%, respectively, to the agricultural GDP.

² International Fund for Agricultural Development (IFAD), Project Design Report, *High Value Agriculture Project in Hill and Mountain Areas*, March 2009.

³ The outcome (purpose) of CDP was promotion of production and marketing of secondary crops. The main outputs were gender-balanced farmer groups effectively mobilized, sustainable support services provided to farmer groups, client-oriented research conducted, and project activities effectively managed. The Government's project completion report (PCR) notes that performance targets have been largely achieved in the project districts: (i) area under secondary crops increased by 22,339 ha.; (ii) incremental quantity of secondary crops sold was 65,620 metric tons (MT); (iii) area under marketable secondary crops increased by 31% in the terai and about 34% in the hills (these were below targets); and (iv) yields of secondary crops have increased from 2.67 MT/ha to 3.69 MT/ha, while production went up from 362,147 MT to 582,528 MT during the same period. The project has contributed to an incremental 14,963 person-years of employment in crop production in the project area, and average annual household income increased by \$77 in the hill districts and \$102 in the terai districts.

production and commercialized agriculture. The project design will keep in view the post-conflict situation and weak institutional capacities as well as provide flexibility in implementation arrangements to allow for anticipated changes in governance systems and structures.⁴ Decentralized and participatory project implementation, with strong involvement of community-based groups, will minimize political risks.⁵

The project components will be determined and finalized during PPTA implementation and grant processing. However, it is envisaged, based on the fact-finding mission's discussions with stakeholders and further assessments, that these may include (i) extension and technology transfer for high value crops among farmers, including adaptive climate change farming and postharvest techniques, to meet market demand, (ii) strengthened institutional capacity of district agricultural development offices (DADOs) and farmer groups for more effective delivery of agricultural support services, (iii) improved marketing services and linkages through provision of support facilities, and (iv) project management services. These proposed project components will be finalized or revised during PPTA implementation through a series of stakeholder consultations. The project area will likewise be finalized in consultation with the Government as well as development partners (i.e., the World Bank, IFAD, FAO, and SDC) who are also preparing projects for these two regions, to avoid overlaps and to maximize project benefits through dovetailing of activities—although the focus will be on 14 districts, excluding districts covered by the World Bank's recently-approved Project for Agricultural Commercialization and Trade (PACT).

Project design will be simple and allow for flexibility in implementation in light of the conditions (i.e., post-conflict situation with weak institutional capacities and reoccurrence of political tensions and strikes) prevailing in the project area. Lessons learned from the implementation of the CDP will be considered and incorporated in project design. Some of these lessons identified by the PCR mission are: (i) social mobilization must have strong grassroots support, especially in areas with security risks, for it to be successful; (ii) locally-recruited field teams are able to work more effectively in a conflict situation; (iii) public-private partnership in providing extension services is viable and has potential for replication in the proposed project area; (iv) local participation should be encouraged in the design, implementation, operation, maintenance, and utilization to sustain project-supported facilities; and (v) adequate focus should be given to institutional development of farmer groups and farmer group coordination committees.

a. Link to Country Partnership Strategy/Regional Cooperation Strategy:

The Government's *Three-Year Interim Development Plan* emphasizes increased rural investment to increase agricultural growth, broaden income and employment opportunities, and improve connectivity and inclusion. The government aims to promote private sector participation in all economic spheres. Government policy will make the private sector more capable in competing in the global market by creating a conducive environment and allow businesses to operate in a socially accountable manner. Incentives such as income tax exemption, lower customs duties, and export tax are provided. The midterm review of the *Country Partnership Strategy 2005-2009* notes that enhancing agricultural productivity, food security, and diversifying rural economic opportunities continue to be central to addressing the root causes of poverty and conflict. It also observes that, while the sector strategy remains relevant, agriculture and rural development projects need to pay more attention to the link between production and marketing, giving emphasis to developing commercial skills and linking farmers to markets, increasing stakeholder participation, properly assessing institutional capacity of agencies involved in implementation, empowering local governments, fostering links between farm and off-farm activities, and improving connections between production clusters and market centers. PPTA is programmed for 2009 in the COBP 2008-2010, and is considered necessary for project preparation in view of the weak capacity of government agencies, particularly at the district level.

b. Impact

The impact will be increased marketing surplus and domestic trade, due to improved efficiency in production, postharvest, processing, and marketing of diversified high-value crops. The project is envisaged to contribute to increased employment and improved food security among poor, socially, and geographically excluded farmers in the 14 project districts. An incremental area of about 22,000 ha will be brought under diversified crop production, with technology transfer support to attain significant increases in crop yields, and consequently a substantial

⁴ The Interim Constitution of Nepal, 2007, provides for promoting more participation of the people in the country's governance system by adopting a federal system of governance, by concentrating on social and economic inclusiveness, and through interim local bodies based on decentralization and devolution. However, the timeframe for these changes is as yet uncertain.

⁵ The Government's PCR on CDP observes that the project has demonstrated that it is possible to implement a development project and impact upon the livelihoods of large numbers of resource-poor farmers even in the face of seemingly insurmountable potential risks due to the adverse security situation, if the project has a sound social mobilization component and strong grassroots support.

increase in volume of high-value crops and processed products in the local and national markets and for export.

c. Outcome

The outcome will be a project design that the Government and ADB will have agreed upon for a project to be financed by ADB. The tentative project title is *Crop Diversification and Commercialization Project*.

d. Outputs

PPTA outputs will include: (i) developed strategies for effective extension and technology transfer for high-value crops among farmers, including climate adaptive farming and postharvest techniques, to meet market demand; (ii) an assessment of the institutional capacity of the DADOs and farmer groups which will serve as basis for developing strategies for improving their capacity for delivering agricultural support services; (iii) selected production pocket areas (PPAs)⁶ requiring postharvest, processing, and market infrastructure support, including plans/strategies for strengthening marketing services and linkages through the value chain; and (iv) a project design that details the management and implementation plan/arrangements. These will be embodied in a project feasibility study report,⁷ acceptable to ADB and the Government.

To generate consensus on the project design, the following activities will be carried out during PPTA implementation: (i) conduct of consultative workshops/focus group discussions (FGDs) with DADO staff, farmers, NGOs, traders etc., to assess the productivity performance of high value crops currently grown in the project districts (Weeks 1-10); and (ii) conduct of three stakeholder workshops (inception, midterm participatory planning, and final planning) involving all relevant stakeholders to gain consensus on the project design and implementation arrangements (Week 5, Week 12, and Week 22, respectively). A tripartite meeting will be held in conjunction with each of the workshops to review the highlights discussed and agreed upon, as well as to periodically review and generate agreement on the project design and details. These high-level discussions will be complemented by a series of field-level stakeholder FGDs which will also be conducted in the course of PPTA implementation to solicit information and ideas on issues and problems that constrain agricultural development in each of the project districts, as well as to brainstorm on how to resolve/mitigate these. The information gathered from these field-level FGDs will serve as basis for the design of project interventions, within the context of crop diversification and commercialization. Key to the development of an integral approach is the establishment of a strong public-private partnership which emphasizes greater active participation of the private sector in the design and implementation of project activities such as social mobilization, agricultural extension, supply of agricultural inputs as well as in providing services related to postharvest, processing, and marketing of agricultural commodities.

9. Assumptions and risks

Weak capacity of the IA (Department of Agriculture) and its district offices (DADOs), particularly in new project districts, for implementing project interventions. This is due to inadequate resources and institutional capacity to provide required technical services and support for transferring technology for crop diversification and commercialization. This will be addressed by providing project management support and capacity enhancement assistance, as well as technical backstopping by outsourced technical assistance.

Lack of understanding by government agencies concerned on how to foster public-private partnership, which is critical to arriving at an effective and viable project design and to the successful implementation of the proposed project. In order to address this, a series of consultations will be conducted during PPTA implementation and project implementation among private and relevant government agencies to explore and facilitate the creation of potential viable partnerships. The PPTA will also explore the possibility of introducing a pluralistic delivery system.

⁶ The *Agriculture Perspective Plan* (APP) formulated in 1995 considers agricultural growth as key to poverty reduction and stresses the need to diversify agricultural production on the basis of geographical location and commercialization of agro-products. The strategies outlined under the APP emphasize commercialization of agriculture through the Production Pocket Package approach for which PPAs have been identified by MOAC. PPAs are areas with good production and marketing potential and connectivity of up to about 1,000 ha in the terai region for food crops, about 150 ha for fruits, and about 100 ha for vegetables. The PPA in the hilly region is smaller, with about 150 ha for food crops, 70 ha for fruits, and 40 ha for vegetables. These areas also have an existing, or have a developing, network of functional value chains. Under CDP, it was possible to implement production programs in PPAs to quickly increase area and production of commercial crops with limited investment in extension services and capacity building.

⁷ This will detail the design of interventions for a project to be financed by an ADB grant, including design and monitoring framework, sector analysis, project implementation arrangements, implementation schedule, cost estimates and financing plan, procurement plan, terms of reference for consulting services, economic and financial analyses, financial management assessment, gender action plan, social and environmental safeguards, selection criteria for subprojects and project partners (if needed), and project benefit monitoring and evaluation framework. The PPTA will conduct a detailed rural and social analysis, review and confirm the suitability of proposed project sites, identify stakeholders, and carry out a baseline survey.

traditional agricultural practices and products, and (ii) that commercial farming and efficient management of exports could provide a lucrative source of income for many of Nepal's poor (Voices from the Field, September 2008). Discussions with DOA officials, DADO staff, and relevant stakeholders (i.e., farmer, officers and members of farmer groups, heads of farmer and women cooperatives, traders, private sector representatives) were held during the TA fact-finding mission at Kathmandu and Kailali district, to validate the project objective and concept as a basis for preparing an initial design and monitoring framework. The Government confirmed the Aide Memoire of the TA fact-finding mission on 30 June 2009.

12. Cost Estimates and Proposed Financing Arrangements

The total cost of technical assistance for project preparation/development is estimated at \$550,000 equivalent. The Government has requested ADB to finance \$400,000 equivalent. The TA will be financed on a grant basis from TASF-IV (external financing is not available for this TA). The Government will finance \$50,000 equivalent, while SDC will finance the remaining \$100,000 equivalent, as parallel cofinancing. The Government has been informed that approval of this TA does not commit ADB to finance any ensuing project. The cost estimates and financing plan are set out in Appendix 3.

Source	Amount
ADB Financing	400,000
Government Financing	50,000
Parallel Cofinancing by SDC	100,000
Total Cost	550,000

Source: ADB staff estimates

13. Estimated period of TA implementation:

- a. Approval of TA: August 2009
- b. Physical completion of TA: April 2010
- c. Closing of TA: October 2010

14. Expected Year of Ensuing Loan/Grant: 2010

15. Indicative Amount of Ensuing Loan/Grant: \$20.00 million

16. Description of Ensuing Loan: see 8. above

17. Indicative loan/grant modality: ADF Project Grant

PRELIMINARY DESIGN AND MONITORING FRAMEWORK
Preparing the Crop Diversification and Commercialization Project

Design Summary	Performance Targets/Indicators	Data Sources/Reporting Mechanisms	Assumptions and Risks
<p>Impact</p> <ul style="list-style-type: none"> Increased marketing surplus and domestic trade, due to improved efficiency in production, postharvest, processing, and marketing of high-value crops. 	<ul style="list-style-type: none"> Technology packages for crop diversification and commercialization are climate change adaptive and are accepted by target populations. 	<ul style="list-style-type: none"> Poverty Reduction Strategy Paper Nepal Living Standard Survey Nepal statistical reports on agriculture 	<p>Assumptions</p> <ul style="list-style-type: none"> Political stability Government and political parties continue support for the peace process. <p>Risks</p> <ul style="list-style-type: none"> Government priority shifts away from agricultural sector development and poverty reduction, particularly in the Mid-western and Far-western Development Regions.
<p>Outcome</p> <ul style="list-style-type: none"> Crop Diversification and Commercialization Project designed and agreed between the Government of Nepal and ADB. 	<ul style="list-style-type: none"> Signed MOU based on 100% participation of relevant stakeholders in project planning workshop and consensus on the design of the project. 	<ul style="list-style-type: none"> PPTA Final Report RRP Minutes of final tripartite meeting. 	<p>Assumptions</p> <ul style="list-style-type: none"> Executing agency (EA), implementing agency (IA), and project stakeholders are in agreement and share a common poverty reduction strategy agenda. EA and IA are able to commit counterpart staff to support PPTA implementation. <p>Risks</p> <ul style="list-style-type: none"> EA and IA staff is inadequate (in number and capacity) to provide support to the PPTA.
<p>Outputs</p> <ul style="list-style-type: none"> Strategies for effective extension and technology transfer for high-value crops among farmers developed, including climate adaptive farming and postharvest techniques, to meet market demand. <ul style="list-style-type: none"> Assessment of institutional capacity of District Agricultural Development Offices (DADOs) and farmer groups as basis for developing strategies for 	<ul style="list-style-type: none"> Number and types of high-value crops identified. Number and types of corresponding adaptive technology packages identified for transfer among project districts within the context of prevailing socioeconomic and climatic conditions. Number of district-level stakeholder (i.e., farmers, DADO staff, NGOs, traders, etc.) workshops for high-value crop identification and technology transfer strategy development. Number of districts identified requiring capacity strengthening and corresponding requirements (e.g., human resource development, management and service 	<ul style="list-style-type: none"> DADO reports MOAC reports DOA reports World Bank, IFAD, SDC, FAO, etc. project reports <ul style="list-style-type: none"> MOAC reports DOA reports World Bank, IFAD, SDC, FAO, etc. project reports 	<p>Assumptions</p> <ul style="list-style-type: none"> Project districts will remain accessible despite the occurrence of frequent <i>bandas</i> (strikes and traffic blockades). <p>Risks</p> <ul style="list-style-type: none"> Farmers and businessmen are not receptive to technological packages offered. Players (i.e., farmers, traders, processors, marketing agents, retailers, etc.) within the marketing/value chain may not agree on the plans and strategies for improving marketing services and linkages.

Design Summary	Performance Targets/Indicators	Data Sources/Reporting Mechanisms	Assumptions and Risks
<p>improving delivery of agricultural support services.</p> <ul style="list-style-type: none"> Identified production pocket areas (PPAs) requiring postharvest, processing, and market infrastructure support, including plans/strategies for strengthening marketing services and linkages through the value chain. Developed project management and implementation plan. 	<p>delivery improvement, etc.) determined and discussed with the DADO staff.</p> <ul style="list-style-type: none"> Number of workshops with farmers on the requirements for improving the delivery of agricultural extension services to suit their needs. Number of PPAs identified and the corresponding types of infrastructure support to be provided and strategy/plans for providing these. Number of district-level workshops with farmers and other major players within the marketing chain to agree on the infrastructure support package to be provided. All concerned stakeholders involved in implementation agree on the final project design, management, and implementation arrangements. 	<ul style="list-style-type: none"> DADO reports Individual reports of PPTA consultants (i.e., institutions specialist, postharvest and processing specialist, agricultural marketing specialist, rural infrastructure specialist, and social and gender specialists) PPTA Mid-term and Final Reports Report on the highlights of the project planning workshop. PPTA Final Report ADB loan fact-finding mission 	
<p>Activities with Milestones</p> <ol style="list-style-type: none"> 1.1. Conduct workshops/focus group discussions (FGDs) with DADO staff, farmers, NGOs, traders, etc. to assess the productivity performance of high value crops currently grown in the project districts (Weeks 1-10). 1.2. Identify additional/alternative high value crops suited to the area which are adaptable to the socioeconomic and climatic conditions in the project districts, together with technology transfer strategies (Week 6). 1.3. Conduct an agricultural sector analysis and assessment of overall sector growth and performance, including the identification and recommendations for mitigating/overcoming the constraints to crop diversification and commercialization and development of the sector (Week 10). 2.1. Assess the capacity of extension institutions and identification of requirements for their strengthening for improving delivery of agricultural support services, particularly for promoting crop diversification and commercialization (Week 6). 2.2. Assess farmer organizations, processing and marketing groups, and NGOs to determine how to strengthen coordination among these groups and DADOs for crop diversification and commercialization (Week 14). 3.1. Design a strategy for (i) promoting diversification and commercialization of specific high value crops, (ii) establishing and strengthening forward and backward market linkages, and (iii) encouraging private sector participation in agribusiness investments in the project area (Week 18). 3.2. Determine area of investments where public-private partnerships may have potential and require strengthening such as market information, establishment of 			<p>Inputs</p> <ul style="list-style-type: none"> Consultant input ADB: <ul style="list-style-type: none"> International – 7 person-months National – 17 person-months Consultant input Swiss Agency for Development and Cooperation (SDC): <ul style="list-style-type: none"> International – 3.5 person-months ADB \$400,000 Government \$50,000 SDC parallel cofinancing \$100,000

Design Summary	Performance Targets/Indicators	Data Sources/Reporting Mechanisms	Assumptions and Risks
<p>market/collection points on government land, and provision of agricultural services (i.e., seed production and technology transfer (Week 18).</p> <p>3.3. Determine the constraints, problems, and issues that hinder investments in small rural infrastructure facilities to support the agricultural crop sector in the project area which, in turn, constrain crop diversification and commercialization (Week 6).</p> <p>3.4. Design strategies for improving agribusiness support infrastructure, including recommendation of specification of the types of infrastructure support facilities that need to be prioritized for further improvement and/or construction under the project (Week 13).</p> <p>4.1 Submit reports (inception, midterm, and draft final report) for ADB and MOAC review and comment (Week 4, Week 10, and Week 20, respectively).</p> <p>4.2. Conduct three workshops (inception, midterm participatory planning, and final planning) involving all relevant stakeholder to gain consensus on the project design and implementation arrangements (Week 5, Week 12, and Week 22, respectively).</p> <p>4.3. Conduct socioeconomic baseline survey (Week 12).</p> <p>4.4. Conduct economic benefit-cost analysis to determine project viability (Week 20).</p> <p>4.5. Conduct poverty and social impact analysis (Week 20).</p> <p>4.6. Prepare environmental and social safeguards plans (Week 18).</p> <p>4.7. Develop a project monitoring and evaluation system (Week 20).</p> <p>4.8. Recommend a project management and implementation plan (Week 20).</p> <p>4.9. Submit final report (Week 24).</p>			

DADO = District Agricultural Development Office, EA = executing agency, FAO = Food and Agriculture Organization, FGD = focus group discussion, IA = implementing agency, IFAD = International Fund for Agricultural Development, MOAC = Ministry of Agriculture and Cooperative, NGO = nongovernment organization, PPA = production pocket area, SDC = Swiss Agency for Development and Cooperation.

OUTLINE TERMS OF REFERENCE FOR CONSULTANTS

I. Scope of Services

1. To support the implementation of the PPTA, consulting services will be provided which will comprise of a team of international and national consultants. The team will require a total of 27.5 person-months (pm) of consultant services, broken down as follows: 10.5 pm of international consultants and 17 pm of national consultants. The international consultants will comprise of (i) an agribusiness/institutions specialist/team leader (5 pm), (ii) agricultural economist (3.5 pm), and (iii) a postharvest and processing specialist (2 pm) while the national consultants will consist of (i) an agricultural specialist/deputy team leader (6 pm), (ii) social development specialist (2 pm), (iii) gender specialist (2 pm), (iv) agricultural marketing specialist (2.5 pm), (v) financial management/procurement specialist (1.5 pm), (vi) rural infrastructure specialist (1.5 pm), and (vii) environment specialist (1.5 pm).

2. The Swiss Agency for Development and Cooperation (SDC) will independently recruit the international agricultural economist and will finance the costs required for his/her fielding, including remuneration and per diems, international and local travel, and contingencies related to the accomplishment of his/her work. The ADB will recruit the other consultants through an international consulting firm following a Quality and Cost Based Selection process in accordance with the Guidelines on the Use of Consultants (2007, as amended from time to time).

II. International Consultants

3. During the course of the PPTA, each individual international and national consultant will carry out tasks in close consultation with, as well as report to, the team leader (TL) of the PPTA. The terms of reference (TOR) of each of the individual consultants are presented below.

1. Agribusiness/Institutions Specialist/Team Leader (5 pm)

4. The TL will guide the direction of the PPTA team to ensure team integration and quality control through regular meetings with team members and Government counterparts. The TL will report to the Department of Agriculture (DOA) and ADB and will also liaise with the steering committee and conduct PPTA workshops.

5. The consultant, as TL, will undertake the following tasks:

- (i) Conduct meetings with stakeholders and government officials of relevant line agencies and beneficiary groups to facilitate participatory project development and stakeholder consensus regarding the design of the ensuing CDCP;
- (ii) With support from the social and gender specialists, and using ADB's *Staff Guide to Consultation and Participation* (<http://www.adb.org/participation/toolkit-staff-guide.asp>), as well as *CSO Sourcebook: A Staff Guide to Cooperation with Civil Society Organizations*: (<http://www.adb.org/Documents/Books/CSO-Staff-Guide/default.asp>), conduct stakeholder analyses to ensure that the relevant stakeholders are identified and included in the participatory project design process;
- (iii) Prepare the work plan for the conduct of the PPTA activities according to the phased approach of the PPTA;
- (iv) With assistance from the deputy team leader, and inputs from the PPTA consultants, take the lead in the design of the project monitoring and evaluation framework;
- (v) Prepare and conduct, in collaboration with government counterparts, an initial workshop to develop a common vision for the future development of the agriculture sector with focus on crop diversification and commercialization for attaining increased farm income, as well as subsequent mid-term and final project development workshops with stakeholders; and
- (vi) Coordinate the work of team members, ensuring that ADB guidelines¹ are followed; supervise assessments and inputs of individual consultants which he/she shall consolidate and incorporate

¹ In particular, guidelines for governance risk assessments <http://www.adb.org/Documents/Guidelines/GACAP-II->

into the PPTA reports such as inception, mid-term, and final reports; and conduct an EA procurement capacity assessment.

6. As Agribusiness Specialist, the consultant will:

- (i) Lead the PPTA team in developing clear and specific selection criteria for identifying agricultural products and sites based on a value chain/market analysis by working closely with the IFAD team on *High Value Agriculture Project in Hill and Mountain Areas* currently developing value chain/market analysis for a number of commodities and in partnership with potential private agribusinesses, and obtain DOA's concurrence on the criteria used;²
- (ii) Design a strategy for (a) promoting diversification and commercialization of specific crops, (b) establishing and strengthening forward and backward market linkages, and (c) encouraging private sector participation in agribusiness investments in the project area;
- (iii) Determine areas of investments where public-private partnerships may have potential and require strengthening such as market information, establishment of market/collection points on government land, and provision of agricultural services (e.g., seed production and technology transfer);
- (iv) Following consultation with key stakeholders, including relevant NGOs, recommend measures for removing constraints to the adoption of appropriate high-value crops and value-added products, including organic produce, by stakeholders; and
- (v) In consultation with the agricultural specialist, agricultural marketing specialist, and postharvest and processing specialist, design an agribusiness development plan with priority crops identified for each district.

7. As Institutions Specialist, the consultant will:

- (i) Identify the requirements and recommend strategies for capacity building of institutions, at all levels, relevant to promoting crop diversification and commercialization for incorporation in the design of the proposed project;
- (ii) Determine the requirements for strengthening the capacity of District Agricultural Development Offices (DADOs) in order that these may effectively provide agricultural support services and promote the diversification and commercialization of agricultural crops in the project districts;
- (iii) Conduct an assessment of existing farmer organizations, processing and marketing groups, and potential investors, and recommend an effective institutional mechanism for ensuring coordination among various groups (including NGOs, District Agricultural Development Committees, Village Development Committees) for successful project implementation;
- (iv) Based on (ii) and (iii) establish baseline data for each of the identified capacity development dimensions to facilitate quantifiable measurement of capacity improvements during project implementation;
- (v) Determine areas for improving the role and involvement of non-government organizations (NGOs) in capacity building and institutional strengthening of farmer groups in order that they may be able to effectively participate in project-related activities and sustain these activities even after project implementation;
- (vi) Develop strategies for strengthening linkages between existing local government agencies and farmer groups/organizations to ensure well-coordinated planning, budgeting, implementation, and monitoring;
- (vii) Determine project implementation arrangements and funds flow at the national, district, and community levels, taking into account the devolution of agricultural services; and
- (viii) Coordinate with other similar projects being implemented in the Project area by other donors such as the World Bank, the International Fund for Agricultural Development, Food and Agriculture Organization, and SDC (in particular on soil conservation methodologies) to determine potential areas for cooperation and dovetailing of activities.

[Guidelines.pdf](#) and <http://www.adb.org/documents/books/Diagnostics-to-Assist-Preparation-of-GRAs/default.asp>

² Other criteria for consideration may include: (i) proximity to viable markets; (ii) state of transport infrastructure and services; (iii) simplicity of technology; and (iv) affordability/accessibility of inputs, among others.

2. Agricultural Economist (3.5 pm)

8. The consultant will be responsible for the following tasks:

- (i) Conduct an agricultural sector analysis and assess overall sector growth and performance as well as identify the factors, issues, and problems (i.e., market and non-market failures) that constrain the promotion of crop diversification and commercialization and the development of the sector, in general;
- (ii) Assess the demand for selected agricultural crops with significant market potential and recommend strategies for their commercialization;
- (iii) With the assistance of the agricultural specialist and postharvest and processing specialist, prepare concise financial and economic models of proposed priority crops and agribusiness investments, including the identification of viable crops and agribusiness investments that have the most potential to improve incomes and living standards in the project area and with the most potential for growth;
- (iv) Develop cost recovery schemes, with assistance from the postharvest and processing specialist, agricultural marketing specialist, and rural infrastructure specialist, for the proposed postharvest, processing, marketing etc. infrastructure facilities for long-term sustainability of their operation;
- (v) Prepare detailed cost estimates and financing plan for the project, using COSTAB, and a first draft of the procurement plan;
- (vi) Conduct financial and economic analyses for the project, including sensitivity and risk analyses, and determine the viability of the project, in accordance with ADB's *Financial Management and Analysis of Projects Guidelines* <http://www.adb.org/Documents/Guidelines/Financial/default.asp> as well as related references including *Guidelines for the Economic Analysis of Projects* http://www.adb.org/Documents/Guidelines/Eco_Analysis/default.asp; and
- (vii) Evaluate the distribution of benefits among the different types of stakeholders as well as conduct a poverty impact analysis based on information derived from the socioeconomic assessment conducted by the national social and gender specialists.

3. Postharvest and Processing Specialist (2 pm)

9. The consultant will undertake the following tasks:

- (i) Assess the current state of existing postharvest (e.g., cold storage, drying, oil extraction, milling, etc.) and processing facilities for specific crops in the project area and determine the requirements for improvement, with focus on maintaining/improving product quality and improving farmers' capability for negotiating for higher product prices;
- (ii) Determine the roles of the private sector, government, NGOs, and farmer groups in encouraging investments in improving/establishing postharvest and processing centers in the project area;
- (iii) Develop a framework and plan for improving the existing postharvest and processing facilities in the project area and identify specific locations where these facilities may be improved and/or established;
- (iv) Identify postharvest and processing (value-adding) investment ventures for encouraging public-private or farmer groups-businessmen partnerships and conduct dialogues with potential investors for implementing pilot ventures in selected areas;
- (v) Assess the capacity of potential investment partners or groups to maintain and operate postharvest and processing facilities as well as in implementing cost recovery schemes for sustainability of the facilities and services provided;
- (vi) Assist the agricultural economist develop cost recovery schemes for the proposed postharvest, processing infrastructure facilities for long-term sustainability of their operation; and
- (vii) Work closely with the World Bank-funded *Project for Agriculture Commercialization and Trade (PACT)* regarding food safety issues, particularly those dealing with sanitary and phytosanitary facilities and food quality management.

III. National Consultants

10. The TORs of the individual national consultants are presented below.

1. Agricultural Specialist/Deputy Team Leader (6 pm)

11. As Deputy Team Leader, the consultant will undertake the following tasks:

- (i) Assist the TL in the conduct of meetings with stakeholders and government officials of relevant line agencies and beneficiary groups to facilitate participatory project development and stakeholder consensus regarding the design of the ensuing CDCP;
- (ii) Assist the TL in the preparation and conduct of an initial workshop to develop a common vision for the future development of the agriculture sector with focus on crop diversification and commercialization for attaining increased farm income as well as subsequent mid-term and final project development workshops with stakeholders;
- (iii) Guide the social and gender specialists in drafting the terms of reference (TOR) for and design of the socioeconomic surveys, and ensure the timely hiring of survey teams and commencement of their fieldwork. With the assistance and support of DOA and CDCP Project Coordinator, identify project districts to be covered in the socioeconomic survey and identify beneficiaries and stakeholder representatives to participate in the first stakeholder workshop; and
- (iv) Assist the TL in coordinating the work of team members and in liaising with relevant government agencies over the duration of PPTA implementation.

12. As Agricultural Specialist, the consultant will undertake the following tasks:

- (i) With inputs from the postharvest/processing and agricultural marketing specialists, identify constraints in the agricultural crop subsector, including access to resources, availability and quality of inputs, technology, postharvest storage, marketing, and transport;
- (ii) Evaluate the policy, regulatory, and institutional framework for the development of the agricultural crop subsector, with particular focus on the impacts on crop diversification and commercialization;
- (iii) Incorporate the findings from items (i) and (ii) into the agricultural sector analysis report prepared by the international agricultural economist;
- (iv) Identify alternative options for improving crop production performance through changes in cropping pattern, cropping schedules, cultivation of crop varieties that are less sensitive to drastic weather/climate changes etc. and recommend approaches (e.g., adaptive research, technology transfer, farm demonstration, farm observation visits, farmer-to-farmer training, etc.) that may be suitable to site-specific conditions;
- (v) Assess the effectiveness of the dissemination of research information through extension among farmers and determine how to further strengthen the process and link between research and extension;
- (vi) Determine the potential for expanding the production of other horticultural crops in the project area and assess their potential for postharvest and processing value addition in specific districts, taking into consideration production capacity, access to markets, potential demand, and interest of the private sector to invest in these ventures;
- (vii) Assess the potential for organic fruits and vegetables as well as herbal and medicinal plants, especially in the export markets, and identify areas in the global market that provide opportunities for domestic producers;
- (viii) Provide inputs to the agricultural economist in preparing concise financial and economic models of proposed priority crops and agribusiness investments;
- (ix) Evaluate the available training of producers and other stakeholders in crop production and recommend strategies for improving the knowledge of farmers and processors through technology transfer programs, e.g., farmer observation visits, study tours, field demonstration etc.; and

- (x) Using the findings from items (i) – (vi), formulate an action plan to improve input supplies, production, handling, postharvest storage, transport, and processing of each major category of agricultural crops and recommend options for value addition.

2. Social Development Specialist (2 pm)

13. The social development specialist will be responsible for the following tasks:

- (i) Determine and assess significant changes in agrarian and traditional community relationships that need to be monitored during project preparation and address these to the extent possible, if serious risks emerge;
- (ii) Identify key stakeholders and prepare a "consultation and participation" plan as basis for conducting consultations with different stakeholders in the selected districts covered by the project to assess needs, access to resources, capacity and mandates of stakeholders, etc. As necessary, reinforce these consultations with the conduct a series of focus group discussions which include women, *dalits*, and marginalized indigenous groups;
- (iii) Conduct poverty and social analysis in the potential project districts based on a socioeconomic survey with the assistance of qualified institutions (e.g., NGO, research institution, survey group, etc.) and generate suitable socioeconomic and gender sensitive indicators for use in project monitoring and evaluation;
- (iv) Based on the survey results, identify potential target groups and suggest potential areas for the establishment of subprojects;
- (v) Assess social mobilization approaches that have been implemented in the similar projects (e.g., CDP) related to the agricultural sector and crop subsector particularly focusing on their effectiveness to bring the poor and excluded (e.g., women, youth, elderly, etc.) into the mainstream activities;
- (vi) Gather lessons learned from these approaches and provide recommendations for an appropriate modality that may be applied in the project, with consideration of NGO and CBO involvement;
- (vii) Assess the potential social impacts of possible land acquisition and resettlement and draft an action plan to reduce negative impacts;
- (viii) Prepare an *Indigenous People Plan* if there is evidence of negative impacts on indigenous people based on the assessment undertaken in item (vii); and
- (ix) In collaboration with the gender specialist, prepare a *Gender and Social Inclusion Action Plan* for the project with relevant activities, targets, performance and result indicators, implementation arrangements, and an indicative budget.

3. Gender Specialist (2 pm)

14. The gender specialist will be responsible for the following tasks:

- (i) Provide inputs to tasks (i) – (vi) of the social development specialist, particularly with respect to gender issues and relevant to carrying out gender analysis;
- (ii) Review and assess Government gender and social inclusion policies;
- (iii) Based on an assessment of the capacity of MOAC, DOA, and the DADOs, determine appropriate institutional arrangements and mechanisms for implementing these gender and social inclusion policies within the agencies;
- (iv) Conduct a gender and social exclusion analysis in the potential project districts, including (a) identification of issues relevant to the effective inclusion of women and excluded groups, (b) recommendation of actions and specific measures for ensuring that these groups benefit directly from project interventions, and (c) incorporation of these recommendations into the project design;
- (v) Conduct a gender-differentiated needs analysis to identify the specific needs of women farmers which result from gender-divisions of labor in the agriculture sector, in production as well as postharvest, processing, and marketing;
- (vi) Determine alternative approaches for facilitating access to microcredit by poor farmers, women, and disadvantaged and recommend viable modalities for incorporation in project design; and

- (vii) In collaboration with the social development specialist, prepare a *Gender and Social Inclusion Action Plan* for the project with relevant activities, targets, performance and result indicators, implementation arrangements, and an indicative budget.

4. Financial Management/Procurement Specialist (1.5 pm)

15. The consultant will carry out the following tasks:

- (i) Using the ADB financial management assessment questionnaire (a) assess staffing and internal control procedures of the executing agency (MOAC), implementing agency (DOA), District Development Councils (DDCs), and DADOs, (b) review the financial and management accounting systems, including reporting, auditing, and internal controls, of MOAC, DOA, DDCs, and DADOs, (c) carry out an assessment whether the executing and implementing agency's financial management arrangements are considered capable of, and adequate for, recording all transactions and balances, supporting the preparation of regular and reliable financial statements, and safeguarding the entity's assets as per ADB's *Financial Management and Analysis Guidelines 2005 – Knowledge Management Addendum* (pp. 14-36), and (d) determine whether these are subject to audit, of substance and form acceptable to ADB;
- (ii) Based on the issues or weaknesses identified during the financial management assessment, recommend financial control and other measures (e.g., training and institutional strengthening) that could be undertaken during project implementation to ensure that the proceeds of the grant are used only for the purposes for which they were granted;
- (iii) Review the audited and unaudited financial statements of the implementing agency, as applicable;
- (iv) Assess the adequacy of financial management arrangements and potential financial management risks and recommend corresponding mitigation measures for institutional strengthening;
- (v) Based on project needs and capacity of EA/IA to manage funds flow and disbursement, design the fund flow mechanism (from EA to IA and down to the farmer group level), develop a suitable financial management system, and identify appropriate ADB disbursement procedures, drawing lessons learned from ongoing ADB projects (e.g., CADP); and
- (vi) Prepare the procurement plan for the ensuing project, in accordance with ADB *Procurement Guidelines*.

5. Agricultural Marketing Specialist (2.5 pm)

16. The consultant will be responsible for the following tasks:

- (i) Assist the international agricultural economist in the conduct of an agricultural sector analysis by identifying the factors, issues, and problems (i.e., market and non-market failures) that constrain the promotion of crop diversification and commercialization and the development of the sector;
- (ii) Prepare and supervise surveys for stakeholder feedback on factors that inhibit efficiencies in the marketing chain;
- (iii) Prepare TOR and contract for the stakeholder feedback survey which will be undertaken through the services of a qualified NGO or institution with experience in conducting agricultural marketing surveys;
- (iv) Using feedback from surveys, analyze the supply and demand chain for product categories (e.g., perishables and non-perishables) selected for their potential in the agricultural crop subsector to identify primary inefficiencies, logistical barriers, barriers to entry, and factors that increase transaction costs;
- (v) Review the marketing arrangements for various types of agribusiness/commercialized products;
- (vi) Evaluate the adequacy of support infrastructure, such as markets, collection centers, storage facilities, transport, packaging, and cold chain facilities, and recommend improvements on existing facilities and/or the construction of new ones, as required;
- (vii) Determine the adequacy of existing market intelligence and information systems, including those established by MOAC and WFP, for agricultural crops and recommend improvements, including

mechanisms for rapid transfer of price information to farmers and the dissemination of information on market opportunities;

- (viii) Recommend improvements to the chain management, including the required capacity development, vertical and/or horizontal integration, and internationalization;
- (ix) Assist the agricultural economist develop cost recovery schemes for the proposed marketing facilities for long-term sustainability of their operation; and
- (x) Coordinate with the value chain specialist of the IFAD-funded *High Value Agriculture Project in Hill and Mountain Areas* and determine potential areas of work for possible dovetailing.

6. Rural Infrastructure Specialist (1.5 pm)

17. The rural infrastructure specialist will be responsible for the following tasks:

- (i) Assist the agricultural marketing specialist in evaluating the adequacy of existing support infrastructure in the project area, such as markets, collection centers, postharvest and storage facilities, transport, packaging, and cold chain facilities by assessing their status and condition;
- (ii) Determine the constraints, problems, and issues that hinder investments in infrastructure facilities to support the agricultural crop sector which, in turn, constrain the promotion of crop diversification and commercialization;
- (iii) Recommend strategies for improving the agribusiness support infrastructure and specify the types of infrastructure support facilities that need to be prioritized for further improvement and/or construction under the proposed project;
- (iv) Based on the recommendations of the agricultural marketing specialist on the types of support infrastructure facilities that need to be provided in specific project districts, prepare detailed design/drawings of indicative agribusiness infrastructure facilities that need to be constructed under the project;
- (v) Assist the international economist in estimating the cost of improving and/or constructing specific types of agribusiness infrastructure facilities; and
- (vi) Assist the agricultural economist develop cost recovery schemes for the proposed rural infrastructure facilities for long-term sustainability of their operation.

7. Environment Specialist (1.5 pm)

18. The environment specialist will carry out the following tasks:

- (viii) Conduct environmental screening using rapid environmental assessment checklist;
- (ix) Prepare environmental categorization form based on the screening, and then submit to RSDD as early as possible;
- (x) Prepare TOR for CDCP environmental specialist to include items to address following specific issues/potential risks and mitigation measures for them such as (a) impacts on water resources and usage, (b) impacts caused by pesticide usage, (c) impacts on geo-stability of slope of the target areas, and (d) impacts on ecological resources in the target areas;
- (xi) Evaluate the extent and impact of project activities and prepare an environmental assessment report in accordance with the ADB's *Environment Policies and Environmental Guidelines*, as well as the requirements of the Nepal national and local government;
- (xii) Assist the borrower to conduct an environmental assessment;
- (xiii) Evaluate the potential and recommend measures for reusing and/or disposing by-products or waste products of agroprocessing industries in an environmentally sound manner;
- (xiv) Develop a framework for increasing environmental awareness within the project area, particularly with regard to adopting hygienic and sanitary practices in market and processing centers;
- (xv) If the project will be implemented in a sector modality, prepare environmental assessment and review procedures as part of environmental assessment; and
- (xvi) Recommend mitigation measures and monitoring programs, estimate their share of project cost, develop environmental guidelines for selected project components, and specify an institutional framework for monitoring the project's environmental impact.

IV. Reporting and Schedule

19. The consultants will prepare the following reports during the course of the PPTA:
- (i) **Inception report** (one month after PPTA commencement) which will be submitted by the team leader and deputy team leader to ADB and MOAC for review and comment. The report will describe the consultants' detailed work plan, including the methodology to be employed, a list of indicative potential niche high-value agricultural crops per district, survey and sampling design for the conduct of the socioeconomic and marketing/value chain surveys, field visit schedules, and a preliminary assessment, based on secondary data, of socioeconomic and poverty situation in the project area;
 - (ii) **Interim report** (two and a half months after PPTA commencement) which will provide the status of the fieldwork and the developing project outline as presented in a project design and monitoring framework;
 - (iii) **Draft final report** (five months after PPTA commencement) which will describe in detail the project components and activities, project cost and financing plan, implementation arrangements, a social and environmental assessment framework (including a preliminary EARP, resettlement framework, and social development and poverty reduction strategy, if required) and financial and economic assessments for justifying the project; and
 - (iv) **Final report** (six months after PPTA commencement) which will incorporate comments/views discussed at the final workshop and all other comments received from Government and ADB.

V. Schedule of Consultant Services and Important Milestones

20. The schedule of consultant services and important milestones are presented in the chart below. The TA will be undertaken in three phases and will cover a period of six months. Phase I, the inception phase, will require one month of intensive activities covering organization and planning of TA work activities, team building, initial information gathering, rapid rural appraisal, preliminary social assessment, stakeholder identification and analysis, and collection of relevant secondary baseline information (i.e., Government plans, policy and regulatory framework, important agricultural and socioeconomic statistics, etc.). Phase II, the project design preparation phase, will be carried out over a period of 1.5 months and will involve activities such as conduct of stakeholder consultations, fieldwork, and project design preparation. Phase III, the project design phase and covering three months, will involve all activities related to the detailed design and completion of the project feasibility study report.

Schedule of Consultant Services and Important Milestones

		Activities																								
		Phase I Inception				Phase II Project Design Preparation								Phase III Project Design												
		- PPTA planning and organization - Information gathering - Stakeholder identification - Rural appraisal, social assessment - Baseline data collection				- Status of field work - Agricultural crop situational analysis and assessment of sector performance with particular focus on crop diversification and potential for commercialization. - Preparation of Project design and monitoring framework.								- Conduct of Project design including details of Project components and activities, Project cost and financing plan, implementation arrangements, social and environmental assessments framework, and financial and economic assessments for Project justification. - Preparation of draft final report												- Preparation of final report
		Month																								
		Week																								
		Expertise																								
		Person-month																								
		Month																								
		Week																								
		1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24																								
A. International Consultants																										
Agribusiness/Institutions Specialist/Team Leader		5	[Gantt bar from Week 1 to Week 10]																							
Agricultural Economist		3.5	[Gantt bar from Week 1 to Week 10]																							
Processing and Postharvest Specialist		2	[Gantt bar from Week 11 to Week 16]																							
B. National Consultants																										
Agricultural Specialist/Deputy Team Leader		6	[Gantt bar from Week 1 to Week 10]																							
Social Development Specialist		2	[Gantt bar from Week 1 to Week 4]																							
Gender Specialist		2	[Gantt bar from Week 1 to Week 4]																							
Financial Management/Procurement Specialist		1.5	[Gantt bar from Week 5 to Week 8]																							
Marketing Specialist		2.5	[Gantt bar from Week 5 to Week 10]																							
Rural Infrastructure Specialist		1.5	[Gantt bar from Week 5 to Week 8]																							
Environment Specialist		1.5	[Gantt bar from Week 11 to Week 16]																							
C. Workshops																										
D. Tripartite Meetings																										
E. Reports																										
						IR								MTR								DFR				FR

Legend: PPTA - project preparatory technical assistance; IWS - inception workshop; MTWS - midterm workshop; FWS - final workshop; IM - inception mission; TM1 - first tripartite meeting; TM2 - second tripartite meeting; TM3 - third tripartite meeting; IR - inception report; MTR - midterm report; DFR - draft final report; and FR - final report.

VI. PPTA Counterpart Staff to Support PPTA Consultant Team

21. To facilitate the work of the PPTA consultant team, DOA will provide two counterpart staff, i.e., one PPTA project coordinator and an agricultural economist, who will work closely with the consultants. The PPTA project coordinator will:

- (i) assist the TL in identifying relevant stakeholders to be invited for participation in the workshops as well as for conducting key person interviews;
- (ii) assist the consultants in finalizing the selection of the PPAs and specific interventions to be recommended;
- (iii) assist in identifying suitable institutions that may be subcontracted to undertake relevant surveys;
- (iv) provide coordinating support to the PPTA consultant team in workshop preparation, conduct of surveys, and organization of FGDs;
- (v) coordinate with DADO staff in the scheduling of field visits and participate in the visits as required;
- (vi) participate in various workshops scheduled under the PPTA as well as in discussions with the PPTA consultant team, Government officials, and other relevant stakeholders in determining the types of interventions proposed under the CDCP;
- (vii) provide assistance in sourcing technical information/documents from the MOAC, DOA, and project districts as required;
- (viii) proactively contribute to preparing the assessments, strategies and roadmaps; and
- (ix) review the PPTA outputs and provide timely feedback to the consultants.

22. The counterpart agricultural economist will:

- (i) provide/collect the required information in the conduct of an agricultural sector analysis;
- (ii) assist the PPTA agricultural economist in the conduct of the agricultural sector analysis;

- (iii) provide/collect required data (e.g., farm budgets, input and commodity prices, cost data, etc.) for facilitating the financial and economic analyses to be undertaken by the PPTA agricultural economist;
- (iv) assist the national agricultural marketing specialist in the conduct of value chain analysis of selected product categories;
- (v) participate in various workshops scheduled under the PPTA as well as in discussions with the PPTA consultant team, Government officials, and other relevant stakeholders in determining the types of interventions proposed under the CDCP;
- (vi) proactively contribute to preparing the assessments, strategies and roadmaps; and
- (vii) review the PPTA outputs and provide timely feedback to the consultants.

23. In addition, the Government will provide an administrative/accounts assistant, a driver, and a messenger to support the PPTA team.

Table A3.1 COST ESTIMATES AND FINANCING PLAN
(\$'000)

Item	Total Cost
A. ADB Financing ^a	
1. Consultants	
a. Remuneration and Per Diem	
i. International Consultants	170.0
Number of Person-months	7
ii. National Consultants	88.0
Number of Person-months	17
b. International and Local Travel	34.0
c. Reports and Communications	5.0
2. Equipment (Computer, Printer, etc.) ^b	5.0
3. Workshops & Conferences ^c	10.0
4. Vehicle Hire ^d	16.0
5. Surveys	30.0
6. Representative for Contract Negotiations ^e	5.0
7. Contingencies	37.0
Subtotal (A)	400.0
B. SDC Parallel Cofinancing ^f	
1. Consultant	
a. Remuneration and Per Diem	
i. International Consultants	83.0
Number of Person-months	3.5
b. International and Local Travel	11.0
2. Contingencies	6.0
Subtotal (B)	100.0
C. Government Financing	
1. Office Accommodation, Meeting Facilities, and Utilities	30.0
2. Remuneration and Per Diem of Counterpart Staff	20.0
Subtotal (C)	50.0
Total	550.0

^a Financed by TASF-IV

^b Equipment

Type	Quantity	Cost (\$)
Desktop computer	2	1,400
Laptop	1	1,000
Photocopying machine	1	1,000
Printer	1	600
Digital projector	1	800
Projection screen	1	200
Total Equipment		5,000

^c Workshops & Conferences

Purpose	Venue
Inception and Stakeholder Workshop	Kathmandu, Nepal
Mid-term Participatory Planning and Project Design Workshop	In one project district to be determined during PPTA.
Final PPTA Workshop	In one project district to be determined during PPTA.

^d **Vehicle**

Please justify the use of and the need to purchase or lease a vehicle.	Expected Length of Usage
The project area will cover 15 districts in the mid-western and far-western regions of Nepal and will require substantial field visits by the Consultant Team in order to familiarize themselves with ground-level issues and constraints to crop diversification and commercialization in the project area as well as gain insights on how to address these to meet the objectives of the PPTA and to develop an appropriate project design.	12 vehicle-months

^e **Representative for Contract negotiations:** As per PAI 2.02D, the user division, in consultation with COSO will decide on mode of negotiation. Negotiations are usually conducted by correspondence when the assignment budgets are equal to or less than \$600,000.

^f Financing by the Swiss Agency for Development and Cooperation (SDC) is limited to financing the remuneration, per diems, and international and local travel costs of the international Agricultural Economist who will work as a member of the PPTA consultant team.



Initial Poverty and Social Assessment

Project Number: 38423
August 2009

Nepal: Crop Diversification and Commercialization Project

INITIAL POVERTY AND SOCIAL ANALYSIS

Country and Project Title:	NEP: Crop Diversification and Commercialization Project		
Lending or Financing Modality:	Project	Department and Division:	SARD/SANS

I. POVERTY ISSUES

A. Linkages to the National Poverty Reduction Strategy and Country Partnership Strategy

1. Based on the country poverty assessment, the country partnership strategy and the sector analysis describe how the project would directly or indirectly contribute to poverty reduction and how it is linked to the poverty reduction strategy of the partner country.

Although Nepal's poverty incidence declined to 31% from 42% in the last decade (between NLSS 1995/96 and 2003/2004), the disproportionate benefits to different regions, people from different origins, caste and ethnicity has been a bitter fact.¹ Poverty issues remain as wide as before, with increasing disparity among poor and rich, rural and urban, and various social groups. One manifestation of divergent poverty effects within the country is the Gini coefficient which increased from 34.2 in 1995/96 to 41.4 in 2003/04. After the end of the 10-year long conflict, there was a high expectation of the people for faster development and new opportunities for the betterment of life. The Interim Constitution 2007 and the Three Year Interim Development Plan (TYIDP 2008/10) are the major policy documents the Government has so far formulated to respond to the people's aspirations, reconstruction and poverty reduction. The TYIDP aims for economic and social transformation through (i) employment-oriented, pro-poor and broad-based economic growth; (ii) reconstruction and reintegration; (iii) good governance and effective service delivery; (iv) investment in physical infrastructure; and (v) inclusive development and targeted programs. The thrust of the TYIDP is on ensuring growth contributing to social and economic equality as a means to poverty reduction. It aims for a GDP growth rate of 3.3% per annum in agriculture (6.8% in non-agriculture) and to lower the poverty incidence to 24% by 2010.

Approximately 85% of Nepal's population lives in rural areas, of which the majority depends on subsistence farming for their livelihoods. Agriculture and forestry together contribute 39.3% of total GDP, of which two-thirds is contributed by the crop subsector. Despite the fact that the potential of agriculture for development and poverty reduction has been underutilized in Nepal, it continues to be the largest contributor to the economy. Although the share of farm income in the average composition of household income in total has declined from 61% in 1995/96 to 48% in 2003/04 (NLSS II), it still generates employment to 66% of the population (78% of the poor) and supports livelihoods for 79% farm households. The income from agriculture makes 49% of the household income.²

There has been a gradual shift in Nepalese agriculture from subsistence to commercial farming; nevertheless, the problems associated with the sector are yet to be addressed with adequate policies and mechanisms. The main issues in the agriculture sector are low production and productivity that have resulted due to constraining factors such as (i) issues of land fragmentation; (ii) inadequate irrigation facility and poor coordination between agriculture and irrigation; (iii) inadequate supply of quality improved agricultural production inputs; (iv) lack of appropriate markets and right prices for farmers' produce; (v) limited or no access by farmers to agricultural credit with low interest rates on time; (vi) risks in commercialization due to internal conflicts and political instability; and (vii) inadequate access of farmers to improved technologies. Meanwhile, agriculture is becoming more and more feminized due to high rural to urban migration (even overseas) of the male population. Therefore, it is high time for engendering the agriculture sector. The ADB-assisted Crop Diversification Project (CDP) had greatly emphasized the participation of women and disadvantaged communities. In CDP women farmers' participation was 48.5%. Of the total farmers' groups (2,914) formed by the project, 20% were exclusively women's groups. Similarly, disadvantaged groups comprised 54.7% of total farmers who participated. In CDP, women were empowered through group savings and utilization of funds in productive activities which increased their access to income earning opportunities. A similar modality could be useful in

¹ Poverty incidence varies across geographical regions, rural/urban locations and identity (gender, caste and ethnicity). Poverty is higher in rural areas, across the mid and far-western regions, and among the socially excluded groups (Dalits, Janajatis, Muslims). The latest data and analysis confirm that in Nepal poor people's participation in the benefits of growth have been constrained for four main reasons: (i) their physical distance from markets (connectivity issues); (ii) low access to factors of production (finance, land, agricultural inputs); (iii) their low human capital (education, health, skills); and (iv) their discriminatory access to opportunities and assets (social exclusion). The incidence of poverty in Nepal is much higher among the landless and marginal farmers than among those with small or medium land holdings. The cause of higher poverty is the poor quality of land operated by marginal farmers and their lower access to agricultural inputs (in particular, irrigation systems, chemical fertilizer, high-yielding seed varieties and credit). The NLSS II exercise estimates that the poverty incidence among households that own 1 hectare or less of land (which comprises two-thirds of rural households) is 50 percent. NLSS also claims that the poorest households of all are those headed by agricultural wage laborers (approximately 9 percent of rural households), among whom the average poverty incidence has remained virtually stagnant since 1995/96. (MTR Report of CPS Nepal, 2008).

² Mainali, P. 2009. Agriculture Development Framework in Nepal. MOAC and the World Bank, January 2009.

the CDCP design by integrating the social empowerment component.

The Nepal Country Partnership Strategy (CPS 2005-2009) of ADB fully aligns its interventions with the poverty reduction strategy of the Government when it was formulated during the Tenth Five Year Plan period. The midterm review of the CPS held in 2008 had direct interactions with the people in the community and the government and nongovernmental organizations at the districts and the centre. These interactions clearly revealed and demanded more intensive, inclusive and result-oriented interventions from ADB to benefit the poor and the most disadvantaged population. The review noted that enhancing agricultural productivity, food security and diversifying rural economic opportunities are central to addressing the root causes of poverty and conflict. ADB's CPS for 2010-2014, currently under preparation, is expected to address these issues with full commitment.

ADB's CPS recognizes the critical importance of improving the performance of the agriculture sector for reducing poverty and promoting food security in Nepal. This project, following the lessons learned from CDP, could be instrumental for promoting high value crops for commercialization and will benefit the majority of the poor in terms of food security and increasing income. The proposed project will provide support in developing production pocket areas and market infrastructures, and provide new technology and access to credit to the poor farmers, promoting private extension services and client-oriented researches.

B. Targeting Classification

1. Select the targeting classification of the project:

General Intervention (GI) Individual or Household (TI-H); Geographic (TI-G); Non-Income MDGs (TI-M1, M2, etc.)

2. Explain the basis for the targeting classification:

The project will target small farmers of the rural areas in the hills and terai districts of the mid-western and far-western development regions. The project will target disadvantaged communities³, if necessary, forming even homogeneous groups. The PPTA will clearly define 'disadvantaged groups' relevant to the project, based on the analysis of existing national data and policies.

C. Poverty Analysis

1. If the project is classified as TI-H, or if it is policy-based, what type of poverty impact analysis is needed?

None

2. What resources are allocated in the project preparatory technical assistance (PPTA)/due diligence?

[summarize after writing TOR]

A Gender Specialist and a Social Development Specialist will be part of the PPTA team of consultants. They will prepare (i) poverty and social analysis of the project districts and potential beneficiaries (ii) stakeholder analysis to assess needs, resource, mandate and capacity (iii) assessment of social mobilization modality in the sector (iii) gender and social exclusion assessment of sector/subsector policies, guidelines and institutional capacity (iv) assessment of service delivery for inclusiveness (v) gender and social exclusion analysis relevant to the sector and identification of alternative approaches for their inclusion in the project (vi) social impact assessment and preparation of IP framework, and (vii) preparation of gender and social inclusion action plan etc.

3. If GI, is there any opportunity for pro-poor design (e.g., social inclusion subcomponents, cross subsidy, pro-poor governance, and pro-poor growth)?

There is an opportunity for pro-poor and socially inclusive design. The project will identify gender and social exclusion issues in the subsector and develop relevant approaches to ensure gender and social inclusion. The aim will be to mainstream gender and social inclusion in all project components and, if needed, design a specific component, based on the poverty and social analysis. The project design will keep in view the post-conflict situation and weak institutional capacities, and look for changes in policy, governance systems and structures for improved inclusiveness and decentralization.

³ Disadvantaged groups are those marginalized and excluded from the mainstream development. Gender, caste, ethnicity, poverty, location, religion, regional identities are the causal factors of exclusion in Nepal. There are various groups socially excluded and economically poor who are considered as disadvantaged as per Government's existing national policies and plans. They could be dalits, indigenous ethnic minorities, madhesis, muslims, those from far and mid western regions, spatially marginalized and had remained poor due to several factors.

II. SOCIAL DEVELOPMENT ISSUES

A. Initial Social Analysis

Based on existing information:

1. Who are the potential primary beneficiaries of the project? How do the poor and the socially excluded benefit from the project?

Small farmers are the primary beneficiaries. Social mobilization activities will help to organize poor farmers in groups and empower them to access project services. The project will address food insecurity among the poor farmers through diversification of crops thereby increasing the cropping intensity, leading to more income. Land leasing options will be identified for the landless during PPTA to benefit them from project resources.

2. What are the potential needs of beneficiaries in relation to the proposed project?

Beneficiaries will need awareness about the project activities and empowerment to access and better utilize project inputs. They will also need effective extension services to help diversify crop production. Farmers will need access to credit; hence linkage to microfinance institutions is required.

3. What are the potential constraints in accessing the proposed benefits and services, and how will the project address them?

The potential constraints will be the lack of access to information by the poor and disadvantaged; could be weak extension services; lack of adequate number of service centers and microfinance institutions in rural areas; geographical difficulties and lack of infrastructure to access market. These constraints will be addressed by the project by social mobilization through NGOs, supporting improved extension services through service centers, developing market infrastructure and linkage with microfinance institutions.

B. Consultation and Participation

1. Indicate the potential initial stakeholders.

Farmers groups, farmers' associations, women farmer groups, local and national NGOs, District Agriculture Development Offices (DAO), Village Development Committees, District Development Committees, Department of Agriculture, Ministry of Agriculture and Cooperatives, Ministry of Local Development, District Women Development Office, other development partners and private sector service providers are the initial stakeholders.

2. What type of consultation and participation is required during the PPTA or project processing (e.g., workshops, community mobilization, involvement of nongovernment organizations and community-based organizations, etc.)?

During PPTA fact-finding a national and district level consultation process was implemented. Consultation was conducted in one CDP district in the far-western region with key stakeholders and community groups. The PPTA will conduct workshops at the community, district and central levels. Community-based organizations and local NGOs will be involved in mobilizing farmers' groups.

3. What level of participation is envisaged for project design?
 Information sharing Consultation Collaborative decision making Empowerment
4. Will a consultation and participation plan be prepared? Yes No Please explain.

C. Gender and Development

1. What are the key gender issues in the sector and/or subsector that are likely to be relevant to this project or program?

It is a well known fact that women in Nepal make up a majority of the agriculture labor force, and yet women did not have legal rights to own land. The new Interim Constitution 2007 and the amended law in 2006 ensured women's equal rights over ancestral property, which mainly includes land. In the last decade, there has been increasing participation of women in farmers' groups on an equal footing with men farmers, and representation in the decision-making committees due to mandatory sector policy and project initiative. Yet gender discrimination does exist in agricultural wages for women, despite women's high involvement in production. Ownership over land is still very low. Increasing feminization of agriculture is another factor in recent years because of high rate of male out-migration from the rural villages. Women's issues related to the sector and subsector are mainly the lack of adequate training programs that are suitable for illiterate and less educated farmers as majority of rural women are illiterate, no easy access to credit and agricultural inputs, less access to market knowledge and availability of appropriate technology and extension services. Lack of women extension workers can also be considered as one of the issues

in women's participation in the sector. Enhancement of leadership, decision making capacity and mobility are important skills for increasing their active participation when it is about commercial farming. Generally there has been less participation of women when it comes to commercialization of agriculture. Women's less access to market information and less risk bearing capacity are constraining factors to this. It is even harder for women from poor and disadvantaged communities and those from remote areas. The women of terai *madhesi* and *muslim* groups are socio-culturally more restricted compared to those of the hill caste and ethnic groups. Their participation in farmers' groups has been lower compared to their hill counterparts. Hence, a simultaneous sensitization and awareness-raising among men is also necessary to create conducive environment for women within the household and in the community.

The National Agriculture Policy 2004 has ensured women's equal participation in farmers' groups and has recognized women as farmers. The Gender Equity and Environment Division within MOAC have been instrumental in mainstreaming gender equity in the programs of the Ministry. However, to some extent, the division itself faces challenges in implementing its responsibilities due to low budget and absence of a proper gender-sensitive monitoring mechanism. Undoubtedly, there is an opportunity for strengthening existing institutional mechanisms for gender mainstreaming within the Ministry, Departments and district offices. There is an increasing need for engendering the sector with efficient and effective institutional mechanisms.

2. Does the proposed project or program have the potential to promote gender equality and/or women's empowerment by improving women's access to and use of opportunities, services, resources, assets, and participation in decision making?⁹ Yes No Please explain. A gender action plan will be prepared during PPTA implementation.

The project will help to empower women by raising their knowledge on high value crop production, and increasing their participation in farmers' groups, marketing and planning, farm-related decision-making processes and commercial farming activities. It will give them economic opportunities and raise their income earning capacity, leading to their social and economic empowerment. The project will ensure women's access to project resources and benefits by implementing a Gender and Social Inclusion Action Plan (include activities, target and performance/results indicators and adequate resource provisions) which will be integrated in the project design. The Action Plan will address gender inequity and social exclusion issues and recommend measures to be undertaken by the project. This action plan will be prepared during PPTA implementation.

3. Could the proposed project have an adverse impact on women and/or girls or widen gender inequality?¹⁰
 Yes No Please explain **{If yes, actions or measures should be prepared during PPTA or due diligence.}**

III. SOCIAL SAFEGUARD ISSUES AND OTHER SOCIAL RISKS

Issue	Nature of Social Issue	Significant/Limited/ No Impact/Not Known	Plan or Other Action Required
Involuntary Resettlement	Neither resettlement nor land acquisition are anticipated. Market centers will be constructed on government land. Project selection criteria will exclude any subprojects that may involve land acquisition and resettlement.	No impact	<input type="checkbox"/> Full Plan <input type="checkbox"/> Short Plan <input type="checkbox"/> Resettlement Framework <input checked="" type="checkbox"/> No Action <input type="checkbox"/> Uncertain
Indigenous Peoples	The regions targeted for the project will have indigenous people. The project will have positive impact on them. Their inclusion and participation will be ensured through gender equality and social inclusion action plan. No adverse impacts are anticipated from the project. However, the TA will assess likely impact of the projects on these groups and prepare necessary documents, including indigenous people's framework for the project and indigenous people's plan for specific sample subprojects as needed.	Limited	<input type="checkbox"/> Plan <input type="checkbox"/> Other Action <input checked="" type="checkbox"/> Indigenous Peoples Framework <input type="checkbox"/> No Action <input type="checkbox"/> Uncertain

Labor <input checked="" type="checkbox"/> Employment Opportunities <input type="checkbox"/> Labor Retrenchment <input checked="" type="checkbox"/> Core Labor Standards	The project will enhance employment opportunities for the poor and marginal farmers, including both women and men by introduction of high value crops and commercialization.	Significant	<input type="checkbox"/> Plan <input type="checkbox"/> Other Action <input checked="" type="checkbox"/> No Action <input type="checkbox"/> Uncertain
Affordability	The PPTA will assess willingness to pay and affordability for agriculture extension services.	Not known	<input checked="" type="checkbox"/> Action <input type="checkbox"/> No Action <input type="checkbox"/> Uncertain
Other Risks and/or Vulnerabilities <input type="checkbox"/> HIV/AIDS <input type="checkbox"/> Human Trafficking <input checked="" type="checkbox"/> Others (conflict, political instability, etc.), please specify	Neither serious risks nor vulnerability are foreseen. Some political unrest in the terai region might cause minor disturbances.	No impact, as flexible design will mitigate the risk.	<input type="checkbox"/> Plan <input type="checkbox"/> Other Action <input checked="" type="checkbox"/> No Action <input type="checkbox"/> Uncertain
IV. PPTA OR DUE DILIGENCE RESOURCE REQUIREMENT			
1. Do the terms of reference (TOR) for the PPTA (or other due diligence) include poverty, social and gender analysis and the relevant specialist(s)? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No If no, please explain why. 2. Are resources (consultants, survey budget, and workshop) allocated for conducting poverty, social and/or gender analysis, and consultation and participation during the PPTA or due diligence? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No If no, please explain why.			