

TECHNICAL ASSISTANCE COMPLETION REPORT

Division: Nepal Resident Mission

TA No. and Name: 2851-NEP: Third Livestock Development Project			Amount Approved: \$750,000	
			Revised Amount:	
Executing Agency: Department of Livestock Services	Source of Funding: Government of Australia		Amount Undisbursed: \$867	Amount Utilized: \$749,133
			Completion Date	
			Original	Actual
			31 July 2003	31 December 2003
			Closing Date	
Approval	Signing	Field	Original	Actual
18 August 1997	12 November 1997	7 January 1998	31 July 2003	14 August 2004
<p>Description</p> <p>Agriculture accounts for about 38% of Nepal's gross domestic product, and of this, the livestock sub-sector contributes about one-third. The majority of the rural households raise livestock to support their agriculture production (draft power and compost), meet nutritional requirement (through consumption of milk, ghee and meat), and earn cash income (by selling livestock such as goat, poultry, pig, and buffaloes, and livestock products). Hence, livestock is important for rural livelihoods, and alleviation of rural poverty. Despite the importance of the sub-sector, farmers' still rely on low producing local breeds. Organized marketing/processing of live animals and related products are also limited. Adoption of improved-breeds started from the early 1980s to respond to emerging market demands of milk, ghee and meat. To help realize the potential of the sub-sector, ADB provided a loan of \$9.2 million¹ in 1997 co-financed by grants of \$4.8 million from the European Commission, United Nations Development Program (UNDP) and the Government of Australia. In 1985, ADB provided a second loan of \$14.0 million² co-financed by a \$1.6 million grant from UNDP. Although the above projects were rated partly successful, they contributed significantly to institutional development of the Department of Livestock Services (DLS). In particular, they established basic physical facilities and institutional structures/mechanisms for livestock extension services, designed and applied participatory livestock development approaches, and increased production of livestock and livestock products. Building on the lessons learned, and with the objective to further realize the potential of the sub-sector, in 1996, ADB provided a third loan of \$18.3 million,³ which was co-financed by a grant of \$0.75 million from the Government of Australia to fund this TA. The TA was administered by ADB.</p> <p>Objectives and Scope</p> <p>The TA objective was to further strengthen the institutional, technical, and management capacity of DLS to implement livestock programs in a participatory way and promote marketing/processing of livestock and related products through enhanced private sector participation. The scope of the TA was to assist DLS in (i) further refining, applying and managing participatory livestock development strategies and approaches, (ii) technical and management capacity building through training for delivery of quality extension services, (ii) establishing small and medium-sized business enterprises on milk and meat processing and marketing, and (iii) developing modalities for collaboration with NGOs, the private sector, and participating financial institutions (PFIs) to implement livestock programs. The scope also included to (i) coordinate inputs of consultants under Package A (this grant TA) and Package B (under the Loan), (ii) design and execute monitoring, evaluation and reporting systems; and (iii) organize other related training for staff of DLS, partner NGOs, private enterprises, and PFIs.</p> <p>Evaluation of Inputs</p> <p>Formulation of the TA was adequate and relevant as the objective and scope covered key areas where DLS needed assistance in addressing the emerging needs of the sub-sector and the TLDP objectives. DLS's participation in the TA design helped gain government ownership on the TA. The TA design included 87 person-month (p-m) of consulting services; 27 international and 60 national. While the inputs of the national consultant were adequate, those of the international proved to be inadequate. Although 23 p-m of international inputs (spread over five years) were for the team leader (TL)/resource-business-marketing advisor, the TOR were too broad encompassing: assistance to DLS in annual program planning; reorienting DLS and other stakeholders; supporting private sector; liaising/coordinating with DLS, ADB and other consultants; and reporting. Since it became apparent that the TOR were too ambitious, the TL's inputs were increased by reallocating 4 p-m originally provisioned for a livestock project design and management specialist, and adding a further 2 p-m utilizing surplus TA funds. The local consultant inputs were for the deputy team leader to assist DLS in designing modalities and implementing field programs with local stakeholders. His inputs were adequate and covered most of the original TLDP implementation period. However, with</p>				

¹ Loan No. 445-NEP: Livestock Development Project, approved on 19 December 1979.

² Loan No. 745-NEP: Second Livestock Development Project, approved on 24 October 1985.

³ Loan No. 1461-NEP: Third Livestock Development Project, approved on 19 September 1996.

extension of TLDP, these inputs were increased by 10.5 p-m utilizing surplus TA funds. The TA inputs and consulting firm's (ANZDEC Consultants, New Zealand) performance were satisfactory.

The TA inputs were not properly scheduled. TLDP's private sector promotion/marketing programs started after 1999, which was one of the key areas requiring the TL's inputs. However, about 60% of his inputs were exhausted in 1998 and 1999 helping DLS to recruit Package B loan consultants, and set up project management structures, leaving inadequate inputs for private sector promotion when they were most needed. However, despite some limitations, TLDP acquired marketing/processing services from its staff trained by the TL. ADB supervised the TA several times during TLDP review missions and took measures to optimize utilization of TA inputs. The performance of ADB is deemed satisfactory, particularly after delegation of the TA to NRM for direct administration, which allowed ADB to frequently interact with the consultants and monitor their work more closely. DLS was satisfied with the TA inputs.

Evaluation of Outputs

The twin objectives of the TA were (i) to assist DLS to design and implement livestock programs in a participatory way, and (ii) promote marketing/processing of livestock and livestock products through private sector participation.

Participatory process: The TA helped to plan livestock programs with target groups and implement them in collaboration with the Project, NGOs and beneficiaries on a cost-sharing basis. As a result, TLDP utilized 71 local NGOs to implement its field programs, and visible results are encouraging. Over 50% of the project beneficiaries are women, many of them at decision-making level in their groups. The Ministry of Agriculture and Cooperatives (MOAC) adopted TLDP's guidelines and modalities for working with NGOs, with NGOs now taking a key role in implementing and monitoring its programs. The TA also assisted in designing strategies and mechanisms for collaboration with small and medium-sized PFIs to deliver credit to farmer groups and entrepreneurs. A total of 19 PFIs, most of them from project districts, delivered credit under TLDP. This strengthened credit delivery capacity in the field. DLS institutionalized the participatory approach through orientation programs and short and long-term training (at home and abroad) arranged by the TA. Consequently, DLS is now one of government departments with qualified human resource committed to implement programs in a highly participatory way.

Private sector participation in milk and meat processing and marketing has now increased by about 25% in the project districts. The TA contributed to this by preparing training manuals for small and medium-sized dairy cooperatives, private milk and meat processors, and organizing training at district and regional levels. A total of 81 dairy processing enterprises were promoted; all of them are now operational and many have even enhanced their operational capacity. Observation visits to India arranged by the TA for proprietors and technicians of these dairies helped to diversify dairy products and optimize procurement of milk during surplus production season (August-December). The TA assisted to establish live animal markets jointly with municipalities in six project districts, and all are fully functional. It also trained 50 butchers in hygienic meat handling and processing and arranged observation visits to India for them. As a result, 42 slaughter slabs have been upgraded and quality of meat handling has improved significantly. Business management training was provided to proprietors and technicians of slaughterhouses in Kathmandu (two already operational and one being established). The consultants submitted all reports on time (inception, semiannual progress, and completion). The consultants performed well, maintaining an excellent working relation with the project management team. DLS was satisfied with the overall TA outputs.

Overall Assessment and Rating

While the original TA design did not specify quantifiable targets, the key achievements include (i) DLS-wide adoption of the participatory approach, (ii) improved DLS capacity to implement participatory programs, (iii) MOAC's adoption of policy and guidelines to work with NGOs, (iv) substantial increase in private sector participation in milk and meat processing/marketing, and (v) enhanced image of DLS as a capable government department. In view of these achievements, the TA is rated as successful.

Major Lessons Learned

The TA design, particularly the TOR of the team leader, was overly ambitious compared to inputs provided, which should be avoided. Outputs with measurable targets also need to be clearly defined, with properly developed monitoring mechanism to ascertain results. TA inputs should be planned and scheduled consistent with the implementation schedule of the associated project.

Recommendations and Follow-Up Actions

Capacity built under the TA needs to be carried forward during implementation of the fourth project in the sub-sector recently approved by ADB.⁴ A critical requirement to achieve this is commitment of the Government to provide continuity of leadership and project staff, to continue the participatory approach, and further promote the private sector. This will ensure the TA impacts are sustained. This will be followed up during reviews of the new project.

Prepared by Govinda P. Gewali

Designation

Project Implementation Officer

⁴ Loan No. 2071-NEP: Community Livestock Development Project for \$20.0 million, approved on 19 December 2003.