



Concept Paper

Project Number: 48218-010
July 2019

Proposed Policy-Based Loan and Technical Assistance Grant Nepal: Food Safety and Agriculture Commercialization Program

This document is being disclosed to the public in accordance with ADB's Access to Information Policy.

Asian Development Bank

CURRENCY EQUIVALENTS

(as of 3 July 2019)

Currency unit	–	Nepalese rupee/s (NRe/NRs)
NRe1.00	=	\$0.00906
\$1.00	=	NRs110.32

ABBREVIATIONS

ADB	–	Asian Development Bank
ADS	–	Agriculture Development Strategy
GDP	–	gross domestic product
MOALD	–	Ministry of Agricultural and Livestock Development
MOLMAC	–	Ministry of Land Management, Agriculture, and Cooperatives
PBL	–	policy-based loan
TA	–	technical assistance

NOTES

- (i) The fiscal year (FY) of the Government of Nepal and its agencies ends in mid-July. “FY” before a calendar year denotes the year in which the fiscal year ends, e.g., FY 2019 ends on 16 July 2019.
- (ii) In this report, "\$" refers to United States dollars.

Vice-President	Shixin Chen, Operations 1
Director General	Hun Kim, South Asia Department (SARD)
Director	Mio Oka, Environment, Natural Resources and Agriculture Division, SARD
Team leaders	Navendu Karan, Senior Public Management Economist, SARD Arun Rana, Senior Project Officer, SARD
Team members	Mikael Andersson, Financial Management Specialist, SARD Brando Angeles, Associate Environment Officer, SARD Angelique Dawn Badelles, Associate Safeguards Officer (Resettlement), SARD Ricardo Barba, Principal Safeguards Specialist, SARD Cynthia Pancracia Ceniza, Senior Operations Assistant, SARD Adelita June Gacutan, Senior Operations Assistant, SARD Randall Jones, Senior Economist, SARD Manbar Khadka, Economics Officer, SARD Katie Heekyung Nam, Counsel, Office of the General Counsel Agnes A. Navera, Senior Operations Officer, SARD Rebekah Ramsay, Social Development Specialist, SARD Rachana Shrestha, Senior Public Management Officer, SARD Suman Subba, Senior Social Development Officer (Gender), SARD
Peer reviewer	Michiko Katagami, Principal Natural Resources and Agriculture Specialist, Rural Development and Food Security (Agriculture) Thematic Group, Sustainable Development and Climate Change Department

In preparing any country program or strategy, financing any project, or by making any designation of or reference to a particular territory or geographic area in this document, the Asian Development Bank does not intend to make any judgments as to the legal or other status of any territory or area.

CONTENTS

	Page
PROGRAM AT A GLANCE	
I. THE PROPOSAL	1
II. PROGRAM AND RATIONALE	1
A. Background and Development Constraints	1
B. Policy Reform and ADB's Value Addition	3
C. Impacts of the Reform	4
D. Development Financing Needs and Budget Support	4
E. Implementation Arrangements	4
III. TECHNICAL ASSISTANCE	4
IV. DUE DILIGENCE REQUIRED	4
V. PROCESSING PLAN	5
A. Risk Categorization	5
B. Resource Requirements	5
C. Processing Schedule	5
VI. KEY ISSUES	5
APPENDIXES	
1 Design and Monitoring Framework	6
2. Problem Tree	9
3. List of Linked Documents	10

PROGRAM AT A GLANCE

1. Basic Data		Project Number: 48218-010	
Project Name	Food Safety and Agriculture Commercialization Program	Department/Division	SARD/SAER
Country	Nepal	Executing Agency	Ministry of Finance
Borrower	Government of Nepal		
2. Sector	Subsector(s)	ADB Financing (\$ million)	
✓ Agriculture, natural resources and rural development	Agricultural policy, institutional and capacity development		50.00
	Total		50.00
3. Strategic Agenda	Subcomponents	Climate Change Information	
Inclusive economic growth (IEG)	Pillar 2: Access to economic opportunities, including jobs, made more inclusive	Climate Change impact on the Project	Low
Environmentally sustainable growth (ESG)	Environmental policy and legislation		
4. Drivers of Change	Components	Gender Equity and Mainstreaming	
Governance and capacity development (GCD)	Organizational development	Effective gender mainstreaming (EGM)	✓
Knowledge solutions (KNS)	Knowledge sharing activities		
Private sector development (PSD)	Conducive policy and institutional environment		
5. Poverty and SDG Targeting		Location Impact	
Geographic Targeting	No	Rural	High
Household Targeting	No	Urban	Low
General Intervention on Poverty	Yes		
SDG Targeting	Yes		
SDG Goals	SDG1, SDG2, SDG5		
6. Risk Categorization:	Low		
7. Safeguard Categorization	Environment: C	Involuntary Resettlement: C	Indigenous Peoples: C
8. Financing			
Modality and Sources		Amount (\$ million)	
ADB		50.00	
Sovereign Stand-Alone Policy-Based Lending (Concessional Loan): Ordinary capital resources		50.00	
Cofinancing		0.00	
None		0.00	
Counterpart		0.00	
None		0.00	
Total		50.00	
Note: An attached technical assistance will be financed on a grant basis by the Technical Assistance Special Fund (TASF-6) in the amount of \$500,000.			
Currency of ADB Financing: USD			

I. THE PROPOSAL

1. The proposed Asian Development Bank (ADB) program supports the Nepal agriculture sector's policy and regulatory transition from a unitary state to a federal structure, particularly with regard to agriculture commercialization and food safety. Key reform areas will target the sector's policy and institutional development issues, and will foster an enabling environment for smallholder farmers and agribusinesses to engage in profit-making production and sales, while also strengthening the public sector's monitoring capacity for better food quality and safety regime to be applied across supply chains. The program is consistent with the country partnership strategy for Nepal, 2013–2017, which targets increased agricultural and livestock production, productivity, and commercialization.¹

2. The program is aligned with ADB's Strategy 2030, specifically the operational priorities on promoting rural development and food security, and strengthening governance and institutional capacity. Moreover, the government's 14th periodic plan (fiscal year [FY]2017–FY2019), 15th five-year plan (FY2020–FY2024), and Envisioning Nepal 2030 have highlighted modernization and commercialization of the agriculture sector as a national development priority in light of the country's aspiration to attain middle-income status by 2030.² The ADB-assisted Agriculture Development Strategy (ADS), 2015–2035 provides the government's 20-year strategic direction for the agriculture sector in Nepal, with a vision for a self-reliant, sustainable, competitive, and inclusive agriculture sector.³ The proposed program aligns well with the four ADS outcomes: (i) improved governance, with measures such as improving the credibility of policy commitment; (ii) higher productivity, with activities for improving quality and availability of key inputs and extension services; (iii) profitable commercialization, with measures such as improving value-chain linkages; and (iv) increased competitiveness through increase in agricultural exports and food safety and security, among others.

II. PROGRAM AND RATIONALE

A. Background and Development Constraints

3. Nepal is among the poorest countries in Asia, with gross domestic product (GDP) per capita of \$993 in 2018 and 25% of the population living in poverty, mostly in rural areas.⁴ Agriculture is the second-largest sector of the economy, contributing 27% of the GDP in 2019, and 57% of the working age population are employed in the sector.⁵ However, farmers largely practice subsistence farming, with half of the workforce employed in the sector producing only for own consumption, while more than 40% sell only when there is a surplus and less than 10% are farming to sell. Low agricultural surplus for sale is the key reason for Nepal's burgeoning negative

¹ ADB. 2012. [Country Partnership Strategy: Nepal, 2013–2017](#). Manila (extended to 2019). The program is also consistent with the draft country partnership strategy for 2020–2024, to be approved by September 2019. The program is included in the country operations business plan (ADB. 2018. [Country Operations Business Plan: Nepal, 2019–2021](#). Manila) as part of the sector development program loan of \$70 million of ADB financing (Targeted Value Chain Development Program). At the request of the government, this sector development program has been separated into two loans: a policy-based loan, and an investment project. An initial draft of the design and monitoring framework is in Appendix 1.

² Government of Nepal, National Planning Commission. 2016. [An Approach Paper of Fourteenth Plan, FY2016/2017–FY2018/2019](#). Kathmandu; Government of Nepal, National Planning Commission. 2018. [An Approach Paper of Fifteenth Plan, FY2019/2020–FY2023/2024](#). Kathmandu; Government of Nepal, National Planning Commission 2016. [Envisioning Nepal 2030: Proceedings of the International Seminar](#). Kathmandu; and Asian Development Bank. 2018. [Strategy 2030: Achieving a Prosperous, Inclusive, Resilient, and Sustainable Asia and the Pacific](#). Manila.

³ Government of Nepal, Ministry of Agriculture Development. 2014. [Agricultural Development Strategy 2015-2035](#). Kathmandu.

⁴ ADB. 2019. [Country Information Note: Nepal](#). Manila (Last updated 6 June 2019).

⁵ Central Bureau of Statistics. 2019. [Report on the Nepal Labour Force Survey, 2017/18](#). Kathmandu; and Central Bureau of Statistics. 2019. [National Accounts 2018/19](#). Kathmandu.

trade balance in food products since 1990. In response, the Government of Nepal has adopted the 15th plan aiming to reduce dependence on imports by improving agricultural productivity and promoting agriculture commercialization along with safe agricultural practices for food safety.

4. **Low agricultural productivity.** Nepal has rare and varied agro-climatic conditions suitable for high-value and off-season production. However, the country's agricultural productivity is the lowest in South Asia.⁶ The constraints on agricultural productivity are (i) lack of access to modern farming tools and quality inputs such as seeds, fertilizers, technology and irrigation; and (ii) lack of knowledge on modern farming methods. At the policy level, various acts and regulations related to inputs, such as the Seed Act 1988, need amendment to clarify the institutional mechanism and the responsibilities of the federal and subnational governments, and the involvement of the private sector in seed production and quality testing. To further enhance agricultural productivity, those policies will also need to be accompanied by implementation support, including preparation of manuals, and further promotion of ongoing government initiatives such as custom hiring services for improved access to farm equipment.⁷ Addressing these constraints would have a substantial impact on the living standards of the rural population, particularly women, as over 80% of women are employed in agriculture.⁸

5. **Lack of agriculture commercialization.** The diversity of agribusiness subsectors includes poultry, dairy processing, spices, fruit juices, tea, fresh apples, ginger, coffee, honey, and cut flowers. Agribusiness in Nepal is highly fragmented, with millions of small landholdings and many thousands of small agribusinesses and traders dominating the industry. In addition to low agricultural productivity, lack of suitable policies and measures on agribusiness and limited access to finance have hampered the growth of agribusinesses. One of the lessons learned from other ADB projects, and a key reason for limited rural outreach of banks, is farmers' lack of capacity to prepare business proposals for bank financing.⁹ Availability of bankable business plans can address this constraint. An agribusiness promotion bill is proposed, which can lay the foundation for development of bankable agribusiness proposals. This can be supported by developing focused investment plans and linking them with the medium-term expenditure frameworks at suitable government levels.

6. **A weak food quality testing and monitoring system** is affecting trade and public health. Despite its membership in the World Trade Organization, Nepal has not been able to adopt all international standards on sanitary and phytosanitary measures because of the lack of adequate resources.¹⁰ India is a major trade partner but the plant quarantine laboratories do not satisfy the prerequisites for mutual recognition agreement with India, which impedes exports. Exporters face significant delays because they are subject to multiple tests on both sides of the border. Similarly, the three central veterinary laboratories and the food safety laboratories under the Ministry of Agriculture and Livestock Development (MOALD) lack sufficient resources and international accreditation. The program will support the government in completing prerequisites for international certification in selected testing units among these laboratories. Among policy and regulatory interventions, a new pesticide management bill will replace the old Pesticide

⁶ A 34-year study (1980–2013) revealed that Nepal experienced the lowest agricultural productivity growth rate in South Asia (0.06%, compared to 1.05% in Bangladesh, 0.52% in India, and 0.38% in Pakistan). Asif Reza Anik, Sanzidur Rahman, and Jaba Rani Sarker. 2017. [Agricultural Productivity Growth and the Role of Capital in South Asia \(1980–2013\)](#). Basel: Multidisciplinary Digital Publishing Institute (MDPI).

⁷ Custom hiring service centers have been promoted by the government to provide services related to leasing of farm equipment by farmers.

⁸ World Bank. 2018. [Employment in agriculture, female \(% of female employment\) \(modeled ILO estimate\)](#).

⁹ ADB. [Nepal: Commercial Agriculture Development Project](#) (completed in 2014); ADB. [Nepal: High Mountain Agribusiness and Livelihood Improvement Project](#) (2011, completed in 2018); and ADB. [Nepal: Raising Incomes of Small and Medium Farmers Project](#) (2010, closing in 2019).

¹⁰ As a member of the World Trade Organization, Nepal is bound to enforce sanitary and phytosanitary measures based upon the standards, guidelines, and recommendations of the Codex Alimentarius Commission, International Animal Health Organization, and International Plant Protection Convention.

Management Act 1991 to further expand the definition of pesticides and regulate their production, sale, storage, and transportation and effective surveillance for discouraging the overuse of harmful chemicals by farmers.

7. **Policy-based lending is a suitable modality** to support the transition from a unitary state to a federal structure. The mandates pertaining to agriculture and allied sectors have been largely delegated to the provincial and local governments under the new constitution approved in 2015. However, the absence of clear procedures and standards associated with devolution and the lack of capacity of the nascent provincial and local governments present acute challenges. New regulations need formulation and newly inaugurated offices require institutional building and capacity development. The previously adopted ADS requires updating to adapt to the federal context. To prepare for this, the program will support orientation of the provincial governments on current ADS. Policy-based lending is hence the most appropriate instrument to address these policy and institutional bottlenecks and help the government manage this transition.

B. Policy Reform and ADB's Value Addition

8. **Policy reform.** A two-tranche, stand-alone, policy-based loan (PBL) is proposed to ensure that the reforms are properly identified and sequenced. The first tranche, to be released on loan effectiveness, will include fundamental reforms on the policy framework. The second tranche, to be released within 15 months of the first tranche, will further build on the first tranche actions to introduce regulations, strengthen institutional mechanisms, build capacity of key stakeholders, and strengthen the food safety and quality systems targeted towards both the domestic and export markets.¹¹ The following reform areas are envisaged:

- (i) **Reform area 1: agriculture commercialization promoted.** The program will target reforms for improved agricultural practices for higher productivity, and agribusiness promotion.
- (ii) **Reform area 2: food safety and quality monitoring systems improved.** The program will target reforms in pesticide management and control, plant quarantine mechanism for exports, livestock health management, and food safety quality monitoring.
- (iii) **Reform area 3: institutional capacity strengthened.** The program will support (a) integrating municipal and provincial investment plans with program budgeting in at least one municipality and one provincial Ministry of Land Management, Agriculture, and Cooperatives (MOLMAC); and (b) introducing gender and social inclusion aspects in at least one MOLMAC operation.

9. **ADB's value addition.** ADB has been Nepal's key partner in the agriculture sector since the first sector engagement in 1971. Notably, ADB provided technical assistance (TA) as the lead coordinator of the multidonor initiative to design the ADS, 2015–2035.¹² Simultaneously ADB implemented three agricultural value chain development projects during the current country partnership strategy period (2013–2017) to ensure that the strategy is well-grounded on lessons learned from field experiences (footnote 9). Lessons from these projects reveal that agribusiness growth is largely constrained by (i) weak policies for creating an enabling environment for investment in the sector and ensuring quality assurance for exports; (ii) poor input supply, particularly seed, to enhance productivity; and (iii) limited capacity of farmers to prepare business

¹¹ A two-tranche program has the advantage of sequencing policy actions over a period, which allows deeper policy dialogue engagement and provision of capacity development support. Nepal's recent performance in implementing stand-alone, multitranches PBLs has been satisfactory, e.g., ADB. 2017. [Completion Report for Bangladesh, Bhutan, Nepal: South Asia Subregional Economic Cooperation \(SASEC\) Trade Facilitation Program](#). Manila.

¹² Footnote 3. Also, as an advocate of regional cooperation and integration, ADB is undertaking studies on sanitary and phytosanitary measures as a trade facilitation instrument under the South Asia Subregional Economic Cooperation program (ADB. 2018. [Implementing Trade Facilitation Initiatives under the South Asia Subregional Economic Cooperation Program](#). Manila).

proposals. The program aims to address these constraints by supporting the government to implement its policy commitments.

10. **Development partner and/or donor coordination.** ADB has been closely coordinating with other development partners in Nepal. Currently, the two main coordination mechanisms are (i) the Development Partners' Food Security Group, which comprises major development partners in the agriculture sector and meets monthly; and (ii) the ADS Joint Sector Review Committee, a joint development partner–government platform currently cochaired by the United States Agency for International Development and MOALD. The program also complements other development partner efforts in ADS implementation.¹³

C. Impacts of the Reform

11. The program is aligned with Nepal's overarching development objective of accelerated profitable commercialization in the agriculture sector (footnote 3). The effect of the reform will be Nepal's improved competitiveness in commercial agriculture.

D. Development Financing Needs and Budget Support

12. The fiscal deficit of the federal government in Nepal was 7.3% of GDP in FY2018.¹⁴ To support the government's growing development financing needs, and to effectively support the cost of implementing the reforms, a loan of \$50 million from ADB's concessional ordinary capital resources has been allocated to help finance the program. The funds will be released in two tranches, each of \$25 million. The government will incur additional costs from the reforms, including (i) incentives given to the agriculture sector and agribusiness for promoting best practices in agriculture, (ii) upgrading food safety and quality monitoring systems and initiating procedures for accreditation, and (iii) conducting a pilot on-farm mechanization with farmer group(s) led by women.

E. Implementation Arrangements

13. The executing agency will be the Ministry of Finance and implementing agencies will be MOALD, one provincial MOLMAC, and one municipal government. The program will be implemented over 2 years. The Ministry of Finance will guide and monitor the overall program implementation. A program management unit will be formed under MOALD.

III. TECHNICAL ASSISTANCE

14. An attached transaction TA grant is proposed to support the government's efforts to implement various policy actions under the PBL and undertake institutional capacity development. The TA is estimated to cost \$500,000, to be financed from ADB's Technical Assistance Special Fund (TASF-6). The TA report and terms of reference of the consultants will be finalized during the fact-finding mission.

IV. DUE DILIGENCE REQUIRED

15. Due diligence may include the following:

- (i) **Economic:** A qualitative program impact assessment, covering externalities of the proposed policy interventions, will be conducted.

¹³ The ongoing ADS implementation effort includes (i) the European Union's \$40 million policy-based facility, (ii) livestock (World Bank, Heifer International), (iii) the seed industry (United States Agency for International Development, International Fund for Agricultural Development), and (iv) access to finance (Department for International Development of the United Kingdom).

¹⁴ ADB. 2019. [Macroeconomic Update: Nepal, Vol. 7 \(No.1\)](#). Manila; Budget Speech for FY2020, 29 May 2019.

- (ii) **Governance.** Challenges related to the federal structure, financial management, policy and legal constraints, and institutional capacity will be assessed.
- (iii) **Poverty and social.** The initial poverty and social analysis, provided in the linked document,¹⁵ will be updated and will include conduct of a gender analysis relevant to the program's outputs.
- (iv) **Safeguards.** The proposed PBL is unlikely to have any environmental impact or cause any involuntary resettlement impact. The program is likely to provide benefits to indigenous peoples.

V. PROCESSING PLAN

A. Risk Categorization

16. The program is categorized *low risk* based on (i) the loan size of \$50 million; (ii) ADB's sound record in Nepal's agriculture sector (para. 7); (iii) the government's reasonable track record in implementing externally financed agriculture projects and programs;¹⁶ and (iv) the fact there are no anticipated safeguard issues related to environment, resettlement, and indigenous peoples.

B. Resource Requirements

17. The program will be processed by ADB staff with an estimated input of 25 person-months. The preparatory work for the proposed program design and advisory services until loan effectiveness are also supported by one international consultant (14 person-days) and two national consultants (4 person-months) under ADB's ongoing TA.¹⁷

C. Processing Schedule

18. The proposed processing schedule is given below.

Proposed Processing Schedule

Milestones	Expected Completion Date
Loan fact-finding	July 2019
Staff review meeting	August 2019
Loan negotiations	September 2019
Board consideration	November 2019
Loan signing	November 2019
Loan effectiveness	November 2019

Source: Asian Development Bank.

VI. KEY ISSUES

19. The most critical issue is to ensure effective and practicable implementation arrangements in the changing landscape of Nepal's ongoing transition to federalism and associated government capacity constraints at all levels. Support from ADB's Nepal Resident Mission will be critical for project processing and implementation.

¹⁵ Initial Poverty and Social Analysis (available in the list of linked documents in Appendix 3).

¹⁶ Since 2018 the government has been implementing a budget support program of the European Union, entitled European Union Contribution to Agriculture and Rural Development in Nepal. It is making progress in meeting policy milestones, such as an increase in the percentage of farmland owned by women.

¹⁷ ADB. 2017. *Technical Assistance to Nepal for Support for Value Chain Development Under the Nepal Agriculture Development Strategy*. Manila (TA9444).

DESIGN AND MONITORING FRAMEWORK

Country's Overarching Development Objective Profitable commercialization accelerated in the agriculture sector (Agriculture Development Strategy, 2015–2035) ^a			
Results Chain	Performance Indicators with Targets and Baselines	Data Sources and Reporting Mechanisms	Risks
Effect of the Reform Nepal's competitiveness in commercial agriculture improved	<p>By 2022</p> <p>a. Compliance with food safety standards improved to xx (2019 baseline: xx)</p> <p>b. Commercial bank credit to agriculture sector and agribusiness increased to xx% of total bank lending (2018 baseline: xx%)</p>	<p>a. Agriculture Development Bank Limited statistics</p> <p>b. Nepal Rastra Bank statistics</p>	Political instability creates new obstacles in Nepal's business environment.
Reform Areas 1. Agriculture commercialization promoted	<p>Indicative Policy Actions</p> <p>Improved agricultural practices and higher production</p> <p>By 2019:</p> <p>1a. Seed Act 2045 (1988) (Second Amendment) endorsed by the Cabinet and submitted to the Parliament (2018 baseline: not endorsed)</p> <p>1b. Plant Protection Act 2064 (2007) amendment endorsed by the Cabinet for submission to the Parliament (2018 baseline: not endorsed)</p> <p>By 2021:</p> <p>1c. A manual on socially inclusive and environmentally sensitive technology in at least two value chains prepared and adopted by at least one MOLMAC (2019 baseline: manual not available)</p> <p>1d. Farm mechanization pilot tested by MOLMAC under PMAMP and Smart Krishi Program, through at least one farmer group and/or cooperative led by women and one marginalized farmers' cooperative. (2019 baseline: not applicable)</p> <p>1e. Updated national standards for establishing a seed testing laboratory approved and posted on MOALD website for public access and dissemination among provinces and municipal governments (2019 baseline: not updated)</p>	<p>1a–b. Cabinet's endorsement</p> <p>1c–d. MOLMAC report</p> <p>1e. MOALD notification on standards</p>	The transition from a unitary state to a federal structure delays implementation of reforms.

Results Chain	Performance Indicators with Targets and Baselines	Data Sources and Reporting Mechanisms	Risks
	<p>Agribusiness promotion By 2019: 1f. Agribusiness Promotion Bill 2075 (2018) submitted to the Cabinet (2018 baseline: draft bill not submitted)</p> <p>By 2021: 1g. Sample business plans comprising technical, financial, branding, and marketing aspects for an agricultural machinery custom hiring service and at least two high-value crops and commodities (including seeds/saplings/breeds) approved by at least one MOLMAC and two municipal governments and posted on respective government websites for public access (2019 baseline: not applicable)</p>	<p>1f. MOALD's letter of submission to the Cabinet</p> <p>1g. Sample business plan with website links</p>	
2. Food safety and quality monitoring systems improved	<p>Pesticide Management and Control By 2019: 2a. Pesticide Management Bill 2075 (2018) amendment endorsed by the Cabinet for submission to the Parliament (2018 baseline: draft bill not endorsed)</p> <p>By 2021: 2b. Pesticide management regulation (amended) approved by MOALD for submission for legal consent (2019 baseline: draft regulation not submitted) 2c. Pesticide residue surveillance protocol developed and incorporated into an operational plan and at least xx surveillance conducted in accordance with the plan (2019 baseline: yy surveillance conducted)</p> <p>Quarantine Facilities for Exports By 2021: 2d. All prerequisites for mutual recognition agreement with India completed by MOALD in at least two plant quarantine laboratories (2019 baseline: none)</p> <p>Livestock health management By 2021: 2e. All prerequisites for ISO/IEC 17025 certification for molecular unit in the Central Veterinary Laboratory completed and application filed (2019 baseline: none)</p>	<p>2a. Cabinet's endorsement</p> <p>2b. MOALD's letter of submission for legal review 2c. MOALD report</p> <p>2d. MOALD report</p> <p>2e–f. MOALD compliance report</p>	Budget constraints restrict the conduct of pesticide surveillance

Results Chain	Performance Indicators with Targets and Baselines	Data Sources and Reporting Mechanisms	Risks
	<p>2f. All prerequisites for ISO/IEC 17025 certification for poultry and PPR vaccine testing unit in the Veterinary Standards and Drug Administration Laboratory completed and application filed (2019 baseline: none)</p> <p>Food Safety By 2021: 2g. Two existing food testing laboratories of DFTQC upgraded to international standards ISO/ IEC 17025 (2019 baseline: not upgraded)</p>	2g. MOALD compliance report	
3. Institutional capacity strengthened	<p>Integrating investment plan with program budgeting By 2021: 3a. A socially and gender-inclusive municipal agriculture investment master plan formulated and submitted to the municipal council for approval, and aligned with the municipal MTEF (2019 baseline: not applicable) 3b. A socially and gender-inclusive provincial agriculture investment master plan submitted to provincial cabinet by MOLMAC and aligned with the provincial MTEF (2019 baseline: not applicable)</p>	<p>3a. Municipality's compliance report</p> <p>3b. MOLMAC's compliance report</p>	

Budget Support

ADB: \$50 million (concessional OCR loan)

Technical Assistance:

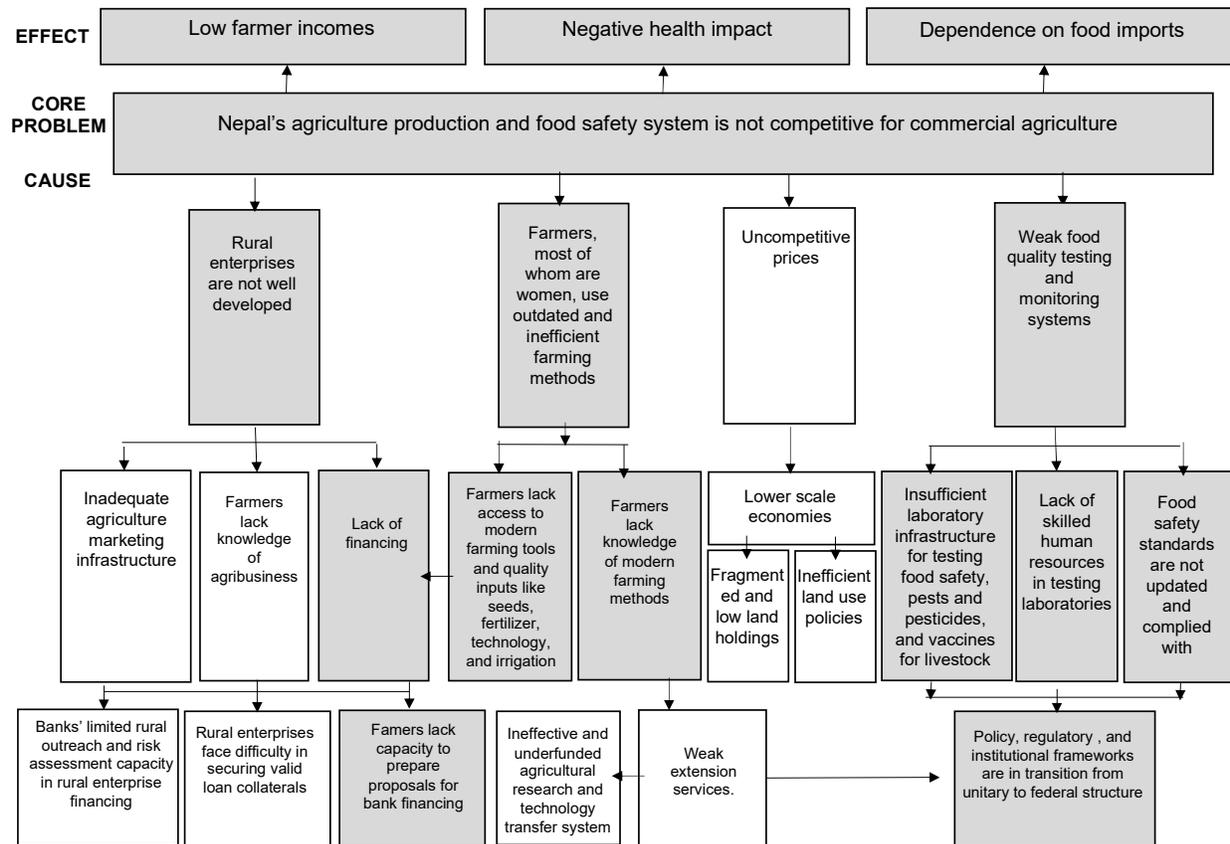
TASF-6: \$500,000

ADB = Asian Development Bank; DFTQC = Department of Food Technology and Quality Control; MOALD = Ministry of Agricultural and Livestock Development; MOLMAC = Ministry of Land Management, Agriculture, and Cooperatives; MTEF = medium-term expenditure framework; OCR = ordinary capital resources; PMAMP = Prime Minister Agriculture Modernization Project; PPR = Peste Des Petits Ruminants; TASF = technical assistance special fund.

^a Government of Nepal, Ministry of Agricultural Development. 2014. *Agriculture Development Strategy, 2015–2035*. Kathmandu.

Source: Asian Development Bank.

PROBLEM TREE



Note:

1. The shaded cells indicate areas that the proposed program aims to address directly or indirectly.
2. Unshaded cells are areas that the program is not addressing. Issues related to land are outside the program but the federal government is currently preparing a land zoning map for the country.

LIST OF LINKED DOCUMENTS

<http://www.adb.org/Documents/LinkedDocs/?id=48218-010-ConceptPaper>

1. Initial Poverty and Social Analysis