

## India

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### Livelihoods and Access to Markets Project

### Supervision Report

### Main report and appendices

Mission Dates: 19 June - 3 July 2019

Document Date 13/08/2019

Project No. 1100001715

Report No. 5132-IN

Asia and the Pacific Division  
Programme Management Department

## Abbreviations and Acronyms

<b>AOS</b>	Annual Outcome Survey
<b>APD</b>	Additional Project Director
<b>AWPB</b>	Annual Work plan and Budget
<b>BDU</b>	Basin Development Unit
<b>BIRD</b>	Bankers Institute of Rural Development
<b>BRS</b>	Bank reconciliation statement
<b>CEO</b>	Chief Executive Officer
<b>CIP</b>	International Potato Centre
<b>DC</b>	District Collector / Deputy Commissioner
<b>DPM</b>	District Project Manager
<b>DPMU</b>	District Project Management Unit
<b>EFC</b>	Enterprise Facilitation Centre
<b>ERP</b>	Enterprise Resource Person
<b>Eoi</b>	Expression of Interest
<b>FIG</b>	Farmer Interest Group
<b>FSD</b>	Financial Services Division
<b>GoM</b>	Government of Meghalaya
<b>IBDLP</b>	Integrated Basin Development and Livelihoods Programme
<b>ICAR</b>	Indian Council of Agriculture Research
<b>INR</b>	Indian Rupee

<b>IVCS</b>	Integrated Village Cooperative Societies
<b>LAMP</b>	Meghalaya Livelihoods and Access to Markets Project
<b>LDC</b>	Livestock Development Centres
<b>JCOs</b>	Junior Cooperative Officers
<b>KM</b>	Knowledge Management
<b>MBDA</b>	Meghalaya Basin Development Authority
<b>MBMA</b>	Meghalaya Basin Management Agency
<b>MCAB</b>	Meghalaya Cooperative Apex Bank
<b>MGNREGS</b>	Mahatma Gandhi National Rural Employment Guarantee Scheme
<b>MIDC</b>	Meghalaya Industrial Development Corporation
<b>MIE</b>	Meghalaya Institute of Entrepreneurship
<b>MINRM</b>	Meghalaya Institute of Natural Resource Management
<b>MOA</b>	Memorandum of Agreement
<b>MoU</b>	Memorandum of Understanding
<b>MSP</b>	Multi Stakeholder Platform
<b>MWWDA</b>	Meghalaya Wasteland and watershed Development Agency
<b>NESAC</b>	North eastern space application centre
<b>NIC</b>	National Informatics Centre
<b>NICRA</b>	National Initiative on Climate Resilient Agriculture
<b>NIRD</b>	National Institute of Rural Development

<b>NOC</b>	No objection certificate
<b>NRM</b>	Natural Resource Management
<b>OSD</b>	Officer on Special Duty
<b>PACs</b>	Primary Cooperative Societies
<b>PD</b>	Project Director
<b>PG</b>	Producer Group
<b>PP</b>	Procurement Plan
<b>PRA</b>	Participatory Rural Appraisal
<b>RFQ</b>	Request for quotation
<b>SAHVOs</b>	Senior Animal Husbandry and Livestock Officers
<b>SCSTE</b>	State Council for Science and Technology and Environment
<b>SECAP</b>	Social, Environmental and Climate Assessment Procedures
<b>SFAC</b>	Small Farmer Agriculture Consortium
<b>SPMU</b>	State Project Management Unit
<b>SRES</b>	State Rural Employment Society
<b>TDS</b>	Tax deducted at source
<b>USD</b>	United States Dollars
<b>VDF</b>	Village Development Fund
<b>VEC</b>	Village Employment Council
<b>VLf</b>	Village level Facilitators
<b>VLRPs</b>	Village level resource persons

**VOF** Village Operating Fund

**VTF** Village Training Fund

**WA** Withdrawal application

## A. Project Overview

Region:	Asia and the Pacific Division	Project at Risk Status:	Not at risk
Country:	India	Environmental and Social Category:	B
Project Name:	Livelihoods and Access to Markets Project	Climate Risk Classification:	not available yet
Project ID:	1100001715	Executing Institution:	Meghalaya Basin Development Authority
Project Type:	Rural Development	Implementing Institutions:	not available yet
CPM:	Rasha Omar		
Project Director:	not available yet		
Project Area:	not available yet		

Approval Date:	08/04/2014	Last audit receipt:	25/02/2019
Signing Date:	19/11/2014	Date of Last SIS Mission:	03/07/2019
Entry into Force Date:	09/12/2014	Number of SIS Missions:	12
Available for Disbursement Date:	22/05/2015	Number of extensions:	0
First Disbursement Date:	27/05/2015	Effectiveness lag:	8 months
MTR Date:	25/06/2018		
Original Completion Date:	31/12/2022		
Current Completion Date:	31/12/2022		
Financial Closure:	not available yet		

## Project total financing

<b>IFAD Financing breakdown</b>	IFAD	\$50,062,624
<b>Domestic Financing breakdown</b>	Beneficiaries	\$12,682,458
	Domestic Financing Institutions	\$29,319,395
	National Government	\$49,664,797
	Other Domestic	\$28,175,482
<b>Co-financing breakdown,</b>		
<b>Project total financing:</b>		\$169,904,756

## Current Mission

Mission Dates: 19 June - 3 July 2019

Days in the field: 6

Mission composition: Mr N Srinivasan, Mission Leader & Rural Finance Specialist, Mr Shreekantha Shetty, Deputy Mission Leader and Value chain specialist, Mr Crispino Lobo, NRM Specialist, Mr Mahendra Chhetri, Civil Engineer, Mr Pradeep Shrestha, Finance Specialist, Mr Virender K Garg, Procurement Specialist, Ms Meera Mishra, IFAD Country Coordinator KM, Gender, Targeting

Field sites visited: Cham Cham, Mutong and Umkiang villages of East Jantia Hills district, Noglatem, Lumstong, Tyrshang and Nongthymme villages of West Jantia Hills district, Mawmihthied, Kyiern and Mmawthlong villages of East Khasi Hills district, Umkonm Umakadoh and Mawphru Mathan villages of Ri Bhoi district, Balat, Nongkdait-Nongtwah and Mawpylun of South West Khasi Hills district, Langumshing-A, Nongshram and Risiang villages of West Khasi Hills district, Bolmoram Agalgre, Dobu Bolsagittim, Dambo Bima and Upper Nongbak Apal of East Garo Hills district, Rajasimla Wari and Adokgre Songma villages of North Garo Hills district, Rengigre, Pedaldoba, Songadingre and Bolsalgre villages of West Garo Hills district, and Kalichar, Balughat of South West Garo Hills District.

## B. Overall Assessment

Key SIS Indicator #1	Ø	Rating	Key SIS Indicator #2	Ø	Rating
Likelihood of Achieving the Development Objective		4	Assessment of the Overall Implementation Performance		4

Effectiveness and Developmental Focus	Ø	Rating	Project Management	Ø	Rating
Effectiveness		4	Quality of Project Management		4
Targeting and Outreach		4	Knowledge Management		5
Gender equality & women's participation		4	Value for Money		3
Agricultural Productivity		4	Coherence between AWPB and Implementation		4
Nutrition		4	Performance of M&E System		4
Adaptation to Climate Change		4	Requirements of Social, Environmental and Climate Assessment Procedures (SECAP)		

Sustainability and Scaling-up	Ø	Rating	Financial Management and Execution	Ø	Rating
Institutions and Policy Engagement		4	Acceptable Disbursement Rate		2
Partnership-building		4	Quality of Financial Management		3
Human and Social Capital and Empowerment		4	Quality and Timeliness of Audit		4
Quality of Beneficiary Participation		4	Counterparts Funds		4
Responsiveness of Service Providers		4	Compliance with Loan Covenants		4
Environment and Natural Resource Management		4	Procurement		3
Exit Strategy		4			
Potential for Scaling-up		4			

<b>Relevance</b>		<b>4</b>
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## C. Mission Objectives and Key Conclusions

### Background and Main Objective of the Mission

This was the first full Supervision Mission (SM) post-Mid-Term Review and the main objectives of this mission were: (i) review physical and financial progress of the project against the targets revised at MTR; (ii) review the implementation of the recommendations made by the MTR and Implementation Support Missions and their effect on project implementation; (iii) review progress made so far, against the AWPB and procurement plan; (iv) review project targeting, effectiveness, gender equality and social inclusion; (v) make recommendations to improve project performance and help the project resolve any bottlenecks and develop a roadmap for enhancing performance of the project; and (vi) take stock of lessons learned from LAMP implementation so far.

The mission started with an initial meeting with Dr Vijay Kumar Damera, Project Director and key project officials on 19 June to discuss and review project progress, post-MTR restructuring, implementation issues and the field mission expectations and plans. The mission, in three groups, visited 34 villages in all the 11 project districts over six days. During the field visits, the mission reviewed a representative sample of project interventions across all the components such as INRM plan and, structures, roads including defective roads, markets, IVCS, supply chain initiatives. Meetings with key stakeholders were held to gain insights into implementation processes and progress. Registrar of Cooperative Societies, Mission Director- State Rural Livelihoods Mission, Senior bankers and others were met. After a debriefing meeting with the Project Director and other officials on 1 July 2019, the final wrap up meeting was held on 2 July 2019 under the chairmanship of Mr. P.S. Thangkhiew, Chief Secretary, Government of Meghalaya, in which Ms. R.V.Suchiang, Additional Chief Secretary and the Project Director also participated. The Aide-Mémoire was also discussed with Dr Prasanna Salian, Deputy Secretary, DEA, at a wrap-up meeting held on 4<sup>th</sup> July 2019 in New Delhi, and DEA endorsed the recommendations of the supervision mission on 10<sup>th</sup> July 2019.

### Key Mission Agreements and Conclusions

The progress in project implementation has shown marked improvement after MTR, especially in the last six months. While component 1 and component 2 have shown significant progress, component 3 (ISC &ED) is starting to gather momentum. The project has made rapid progress during the last six months with the changes made in the management structure, engagement of staff and streamlining implementation processes. Major achievements during the last six months include: (i) implementation of NRM plans in convergence with MGNREGS with substantial project investment; (ii) release of corpus funds to IVCSs that have achieved the performance targets; (iii) data collection to identify value chain clusters and exploratory meetings with market players; and (iv) expenditure settlement of Rs 54.87 crore during the last five months (Jan–May 2019) compared to expenditure of Rs 63.03 crore made during the last four years (Jan 2015 to December 2018). However, due to underperformance during the previous years, the overall financial performance continues to remain low. The project has utilized only 11% of the total project cost whereas 18% of the IFAD loan has been utilized.

Priorities for the upcoming months include building capacity of NRM staff to fast track activities related to agriculture productivity enhancement and natural resource management, release of funds of different types, such as VDF for INRM villages, corpus fund for IVCS, etc., to help institutions accelerate pace of implementation and capacity building for putting in place sound savings and credit systems including accounting and audit systems in rural finance. In addition, the project will have to take steps to release corpus funds and viability gap funding to IVCSs and ensure sanction of loans from Banks to IVCSs. The project will have to coordinate with the Cooperative Department to issue clarifications related to the status of IVCSs vis a vis Primary Agriculture Cooperatives and build systems and processes for smooth functioning of IVCSs.

The project will have to fast track activities related to ISC and ED by initiating actions concurrently to speed up implementation instead of adopting a sequential approach to implementation. The project will have to identify activities such as nurseries, pig breeding units and training of village animal health workers that constrain value chain, and start implementation of these activities without waiting for establishment of multi-stakeholder platforms. The team should immediately engage with the market players and allocate value chain clusters to the identified market players while continuing to scout for new ones. The project's market development activities need to be conceptualized with regard to establishment of collection centres and growth centres in some of the select value chain clusters. Overall, the project would gain from setting and monitoring quarterly targets for each component.

## D. Overview and Project Progress

**Component 1 - Integrated Natural Resources Management:** The component envisages preparation of community based INRM plans with substantial convergence funding. Typically soil and water conservation, afforestation, catchment area protection and securing drinking water sources and supply are the activities planned by the villages and further extension is envisaged to improve their land based livelihoods. Of the 1350 villages covered, 913 have prepared INRM plans. Village Resource Maps (VRMs) are prepared for 516 villages. It is expected that the remaining plans and maps will be completed during this year. Bank Accounts have been opened in 851 villages. Funds amounting to Rs.26.45 crores (Rs. 16.90 crores by way of VDF, Rs.5.07 crores as VOF and Rs.4.48 crores as VTF) have been released which is a significant improvement over MTR. The project has developed an Operational Manual and Process Guidelines for formulation of INRMPs and VRMs, updated PIM, prepared a Technical Assessment Template and Guidelines for selection of villages eligible for installation of water lifting devices/ hydrogers and formulated Guidelines for promotion of agricultural tools and for recruiting and deploying Master Trainers. A web based application has been developed and is will fully operational by July 2019.

The biggest achievement has been the convergence of MGNREGS with the NRM activities by using MGNREGS funds for wages and project funds for purchase of materials. The quality of construction of the INRM structures visited by the mission is satisfactory. Supervision of NRM works quality should be carried out by experienced engineers. The skill sets of some of the current staff in NRM need to be further improved. Most Field Engineers are freshers with hardly any field experience in INRM related works. There is a need to remedy the skill deficit. 100 master trainers (MTs) have been inducted and trained by the KVKs in some aspect of practical agriculture and a series of extension activities have been planned. A total of 1,034 persons received training/ exposure in agriculture related matters such as composting, bio-control, plant protection measures, organic growth promoters, Integrated Farming Systems, Agri Tools & Implements and Farm Machineries. A training film - "Visual Manual" – on use and benefits of modern hill-adapted farm tools and machinery was made and potential suppliers have been identified. However, investments in productivity enhancement is yet to pick up.

**Component 2 - Rural Finance:** The project has registered 113 IVCSs (till May 2019) against the target of 300 , but the preparatory work for completing the formation of remaining 187 IVCSs has been progressing satisfactorily and registration of all 300 IVCSs is expected to be completed by December 2019. There has been 21% increase in the female membership of the IVCS Managing Committee compared to last year. 70 IVCSs have received funds for office equipment, while 17 IVCSs have received either full or partial corpus fund after attaining benchmarks for membership, share capital and savings. With staffing in place, bulk loan linkages have been established with four banks agreeing to finance the first set of 21 IVCSs. The project has finalised deposits and credit policy for uniform adoption by IVCSs. Efforts have been made to improve coordination with Department of Cooperatives to ensure smooth roll out of remaining 187 IVCSs. Further capacity building of the staff of Department of Cooperatives is required covering aspects related to simplified IVCS registration process, IVCS accounting procedures and audit processes. IVCSs with low levels of membership enrolment and savings mobilization would require closer monitoring.

Business plan training and training on accounting was provided by BIRD through master trainers. These have been found effective, as the IVCS could commence operations within a short time. The main issues to be addressed include: (i) lack of continuous handholding of IVCS by experienced accountants; (ii) inability of RF staff to support the IVCS secretaries on account of their lack of accounting expertise; (iii) inconsistent application of cooperative rules particularly the need to obtain RCS clearance to withdraw funds from Banks, especially in West Garo Hills district; (iv) non-receipt of books of accounts by IVCSs even after registration in some districts; (v) inadequate ownership of Rural Finance component by the DPMs and limited integration of the IVCS related activities with other activities under INRM and ISC&ED; and (vi) non-payment of salaries to the Secretaries of IVCSs. The project has successfully linked 21 IVCSs with four banks for credit through the mechanism of the State Level Banker's Committee. The core committee of IVCS at the SPMU level has been reconstituted with more banks being taken as members. On financial literacy, 25 staff of RF have been trained. Where the VOs have been already formed, the IVCS and VO should find a way of working together. In other villages, SRLM will not be establishing VOs. The VOs should be encouraged to maintain their savings accounts with the IVCS so that their banking needs are met in the village itself. There is scope for IVCS to deliver payment of wages under MGNREGS (and other such government payments from different departments) to its members.

**Component 3 -Inclusive supply chains and enterprise development** Post-MTR, the project has prepared and approved guidelines required for implementing activities under this component and conducted a multi-stakeholder platform on 3 April 2019 attended by six market players with interest in the spice value chains facilitated by IDH (Sustainable Trade Initiatives). The project has: (i) trained 275 farmers in sustainable green technologies; (ii) conducted a technology innovation and entrepreneurship expo to bring innovators, buyers of farm produce, bankers and farmers together; (iii) conducted a workshop on food processing opportunities covering 600 participants; (iv) conducted a piggery and poultry workshop covering 600 participants; and (v) conducted 8 exposure visits. The tasks related to calling for "Expression of Interests" for engaging market players and also developing proposals of farmer producer groups and market players for implementation of supply chain activities are yet to start. The main issues are: (i) limited human resource with knowledge and experience in agriculture and livestock production and agribusiness; (ii) skewed staff allocation with two staff (a Supply Chain Coordinator and an Enterprise Development Officer) per district irrespective of the number of blocks/commodity clusters; and (iii) sequential implementation model as against concurrent implementation

of activities to address value chain constraints.

Three major value chains that require support are: (i) pig; (ii) pepper; and (iii) ginger. Other value chains that require largely marketing support are cashew nut, areca nut, pineapple, banana, bay leaf and broom grass. The activities to be implemented to address constraints in these value chains have been identified and an implementation modality has been prepared during the mission along with project staff and these plans need to be finalized and implemented. The project currently has the ability to provide up to 30 percent support for on-farm investment requirements of producer groups. However, there is no support for off-farm enterprise such as handicrafts, weaving, bakery, beauty parlours, etc. There is a need to bring these enterprises on par with the on-farm enterprise in terms of project support allocation. In order to give a push to these activities, it is necessary to allocate this task to rural finance staff involved in bank linkage. This apart, there are other value chains such as apiculture, medicinal and aromatic plants which are not capital intensive but have significant potential for increasing income of the hill farmers. The supply chain and sector development guidelines will have to be adjusted to enable the project to support: (i) 80 percent of the new investment requirement in respect of apiculture and medicinal and aromatic plant cultivation; (ii) support of 30 percent for off-farm enterprise with the exception of retail shops and trading; and (iii) support for engagement of technical service providers that have the ability to support and supervise the market players under supply chains and also those agencies that can bring new technology.

**Market Development:** the pre-MTR phase, the project had entered into MoUs with 8 market owners and in respect of 5 markets and the first installment of Rs 700,000 was released. Of these 5 markets, 4 markets have completed the construction activity as agreed and have submitted utilization certificate. In respect of one market (Kalachair, South West Garo Hills), only 10 percent of the works has been completed. The MoU signed with the market owners indicates that each market will get a support of Rs 14.00 lakhs in two installments. Out of 4 markets that have completed their works, two markets have requested the project to release the second installment of support. The main purpose of this support as per project design is to push for market reforms. These market reforms related conditions were not incorporated into the MoU signed between the project and the market owners and future project support is subject to compliance to reform agenda. IVCSs mobilized by the project provide necessary institutional foundation as well as social coherence required for establishing and successfully managing the markets; and this gives the project an opportunity develop marketing infrastructure owned/managed by the community.

**Market Access:** The Project had a total of 250 km of rural road construction linking villages from District roads and highways. During the MTR it was agreed to reduce the length of the road to 211.75 km. MBMA entrusted the construction of these 211.75 km of road to SRES. This contract with SRES will expire on 30 Oct. 2019. A total of 189.27 Km was completed as on 28 June 2019. Out of these PWD engineers verified 47.535 Km which were rated as satisfactory and 17.90 have received verification reports with adverse comments. During field visits nine defective roads in Khasi and Garo hills were inspected. The visited defective roads had mostly minor problems and based on these roads, recommendations to resolve the issues of all defective roads have been provided in the table below.

SN	Description of defects	Estimated Qty km	Actual Qty km	Defective length km	Action
i	Roads with defects in length	17.90	16.184	1.716	Recover from SRES @33 lakh /km = Rs 56.6 mil.
ii	Roads with defects in width	17.90	17.900	14.198	Average width is 2.794. Recover from SRES @ 46.853-43.636 = Rs 32.17 lakh if rectification is not possible
iii	Other minor defects comprising shoulder improvement, pothole repair, edge repair, passing places	14.90	16.184	16.184	SRES to carry out rectification at no additional cost
iv	Roads with defects which require no rectification such as minor cracks, camber, super elevation	17.90	17.900	0.000	These defects does not reduce the functionality of the road

	<b>Total recoveries</b>				<b>Rs 88.8 lakh</b>
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A 20m span RCC bridge on Risiang river, Nongstoin Block of West Khasi Hills was constructed in place of road with a total cost of 46.00 lakh without prior approval using the allocations for road construction. The construction quality of this bridge is satisfactory and has added value by making this road all weather; the construction of this bridge can therefore be approved post facto. The other issues to be addressed include: (i) extension of SRES contract until 30 April 2020; and (ii) takeover of 4 km of roads out of 17 kms from LAMP to GoM funding and settlement of UCs and verification of the remaining 13 kms. The construction of other communication infrastructures like submersible bridges and ropeways were deferred to 2020-21 . These will be constructed following supply chain and cluster development priorities, with prior approval from IFAD. The project needs to start making plans for construction of bridge and ropeways which include location identification with focus on supply chain clusters, design and BoQ preparation, bidding document preparation, evaluation bids, selection of contractor and construction supervision.

<b>Agreed Action</b>	<b>Responsibility</b>	<b>Agreed Date</b>
<b>Overview and Project Progress</b>		
<b>IVCS registration</b> Carry out a joint review of registration of IVCS with the office of RCS in the districts/blocks to expedite registration of pending applications; as well as applications to be filed in future.	RF, SPMU, DPMU	07/2019
<b>Issuance of clarification</b> Follow-up with RCS for issuance of clarification that the IVCS are PACS under the Meghalaya Cooperatives Societies Act.	RF, SPMU	07/2019
<b>Streamlining IVCS Accounting</b> Provide handholding to IVCS for rectification of errors in accounting with monthly visits by trained RF staff / others with accounting background in consultation with MCAB.	RF, SPMU	07/2019
<b>Staff training</b> Train the RF staff in IVCS accounting, with focus on identification of common mistakes and rectification	RF, SPMU	07/2019
<b>Interest calculation</b> Finalise a simplified method of interest calculation on SB accounts, that is easy to follow and advise the same to all IVCS secretaries; introduce ready reckoners for interest calculation in case of loan accounts and term deposits	RF, PSMU	07/2019
<b>Supply of books</b> Arrange for supply of books of accounts to those that have not received the same. In future, establish procedures by which IVCS get their books on the day of the Inaugural General Meeting itself.	RF, SPMU	07/2019

<p><b>Changes to Supply Chain Fund (SCF) and Sector Development Fund (SDF) Guidelines</b></p> <p>Revise the SCF guideline under Maximum amount of matching grant and grant percentage under Window 1 by including: Rs 8.00 lakhs for about 20 member group or 30% of the total fixed capital investment, This shall be guided by the overall financial limits prescribed and published by MBMA for each activity but not exceeding 30% of the total investment under normal circumstances. Off farm enterprises can also be covered under this window. MBMA will have the flexibility to offer higher levels of support in case of innovative and low cost activities such as apiculture and MAP cultivation.</p> <p>Revise the SDF guideline under types of SDF investments by including the following: Type of investment: Technical Cooperation Agreements to support producers, producer groups in supply/value chain activities Maximum ceiling : As approved by MBMA in consultation with IFAD Potential partners: Technical service agencies, Market Players</p> <p>Revise the SDF guideline under types of SDF investments, maximum investment for markets by including the following: Maximum ceiling: As approved by MBMA in consultation with IFAD.</p>	ISC&ED	07/2019
<p><b>Guidelines for supporting off-farm enterprise</b></p> <p>Prepare guidelines for supporting off-farm enterprise development (excluding retail shops and trading) with grant support not exceeding 30% of the investment cost not exceeding Rs 25,000 per entrepreneur. Allocate the task of off-farm enterprise development to RF</p>	RF and ISC&ED	07/2019
<p><b>Village Resource Maps (VRMs)</b></p> <p>Reduce the number of VRM to 2 (from 3) and the Precipitation/Temperature Map to 1 (from 2): total Maps to 3 (from current 5)</p>	SPMU	08/2019
<p><b>Selection and prioritisation of interventions/measures</b></p> <p>Measures that serve the needs of the largest number of the poor should be prioritised and implemented. Awareness of staff should be raised with regard to sequencing of implementation of activities so that they can provide inputs to the village for optimal prioritisation.</p>	SPMU/DPMU	08/2019
<p><b>Compliances: Record Keeping/ Documentation</b></p> <p>Nodal Officers, MTs and FEs be trained in maintenance of records/ accounts at the village level (for NRM) and support / supervise compliance with project procedures and requirements. Results in this regard should be part of their performance assessment.</p>	DPMU/ SPMU	08/2019
<p><b>Staff Capacity Enhancement</b></p> <p>Assess the skill sets/ competency deficit of project personnel and evolve a remediation plan</p>	SPMU/ DPMU	08/2019
<p><b>Payment of material costs of MGNREGS</b></p> <p>The GoM to take up the matter with the GOI to expedite release of material-related MGNREGS payments.</p>	SPMU	08/2019

<p><b>Brief for Master Trainers</b></p> <p>The Master Trainers' brief should also include supporting the agriculture and food security sub-component through extension facilitation and providing feedback to DPMUs</p>	SPMU/DPMU	08/2019
<p><b>Capacity building</b></p> <p>Identify and recruit two senior level officials with banking and accounting background (one each for Garo hills and Khasi/Jaintia Hills regions) for coordination, supervision, monitoring and guidance over IVCS and RF staff</p>	RF, SPMU	08/2019
<p><b>Progress reporting</b></p> <p>Introduce a monthly progress report format that will contain a monthly record of achievements on important indicators. The report will be filed by the RF staff during their monthly visits and deviance from targets and comparisons with previous month performance analysed.</p>	RF, SPMU	08/2019
<p><b>Guidelines for salary payment to Secretaries</b></p> <p>Finalise the guidelines for payment of salaries to Secretaries of IVCS that have already reached Corpus Fund benchmarks; dialogue with the Management Committees of IVCS on the subject and ensure that Secretaries are paid a salary and available to fully focus on IVCS business</p>	RF, SPMU	08/2019
<p><b>Support for off-farm activities</b></p> <p>Prepare an approach for identification of off-farm activities for financing either by IVCS or by banks utilising the different applicable investment windows under ISC&amp;ED.</p>	RF, SPMU	08/2019
<p><b>Construction of PCT roads</b></p> <p>The roads should not be constructed in patches with roads in between continuing to be of earth.</p>	PD	08/2019
<p><b>Verification of quality of works</b></p> <p>Engage a contract engineer to expedite the closure of works, payments and accounts.</p>	PD	08/2019
<p><b>Future roads</b></p> <p>Future roads should be planned in line with the value chain crops and selection criteria should be prepared for an objective selection of roads.</p>	PD	08/2019
<p><b>Hiring of 2 Experienced SWC Engineers Agronomists/ Horticulturalist/ Foresters</b></p> <p>Hire two experienced SWC engineers – one each for the eastern and western regions the PSU level ( each based at Tura and Shillong) to oversee the NRM works in the field and ensure quality and speed of implementation.</p> <p>Hire two 2 experienced professionals– one each for the eastern and western regions the PSU level ( each based at Tura and Shillong) to oversee promotion and development of the agriculture sub-component of the project</p>	SPMU	09/2019

<p><b>Tracking of Village level Project Performance</b></p> <p>A village level, participatory assessment framework with indicators be finalised and personnel trained in its use by end September 2019 for use on a 6-monthly basis beginning for the period April-September 2019.</p>	SPMU/ DPMU	09/2019
<p><b>Planning credit operations</b></p> <p>Facilitate the active IVCS that have crossed corpus fund benchmarks to commence loans business; through help in planning, creation of awareness of credit policy, linkage to banks for bulk loans for on-lending to members</p>	RF, SPMU	09/2019
<p><b>Human Resource Deployment</b></p> <p>Engage a short-term consultant with experience in mobilizing Agribusinesses for market linkage and also two full time staff either on contract or on deputation with horticulture/agriculture and livestock expertise (min 10 years of experience) to support the Officer on Special Duty - ISC&amp;ED to operationalize the value chain activities.</p>	PD/APD	09/2019
<p><b>Pig Value Chain</b></p> <p>Implement activities related to piggery value chain with immediate prioritization of pig breeding units and para vet services followed by support to producer groups and processing. Start training first batch of pig breeders.</p>	ISC&ED	09/2019
<p><b>Spice Value Chain</b></p> <p>Implement spice value chain activities with immediate prioritization of nursery development, supply of improved planting materials, bio-pesticides and bio-fertilizers followed by support to producer groups, value addition and marketing. Start training first batch of nursery entrepreneurs and invite expression of interest.</p>	ISC&ED	09/2019
<p><b>Engagement of technical service providers</b></p> <p>Engage agencies such as IDH and CIP with ability to support market players under supply chains and bring in new technology.</p>	ISC&ED	09/2019
<p><b>Human Resource Requirement</b></p> <p>Engage a civil engineer with minimum 5 years of experience to manage the market and other infrastructure related activities. This person can also be allocated work related to procurement after training – Administrative Staff College of India, Hyderabad offers courses on e-procurement and also on contract management.</p>	PD/DPD	09/2019
<p><b>Completion of unfinished activities</b></p> <p>Revise the MoU to include a binding commitment with market owners to incorporate governance related requirements and provide second installment of support to markets that have completed first phase of works and that have signed revised MoU. Provide first installment to 3 markets that have already signed MoU after signing the revised MoU incorporating market reform conditions. Follow up periodically with markets on implementation of agreed reforms.</p>	MSD	09/2019

<p><b>Routine maintenance of roads</b></p> <p>Routine maintenance of roads should be carried out by the community and in case of major repair Government intervention is required. Awareness building of communities is required.</p>	PD	09/2019
<p><b>Workshops</b></p> <p>Arrange for a one/two day awareness workshop for Cooperation Department officials in the districts and blocks on IVCS; include aspects of IVCS accounts in the workshop. Also coordinate with RCS and NABARD for conduct of a workshop on Cooperation Department auditors on IVCS accounting and audit.</p>	SPMU	10/2019
<p><b>MGNREGS payment through IVCSs</b></p> <p>Explore the opportunities for getting wage payments under NREGS and other government payments routed through the IVCS to their members. A pilot involving one mature IVCS in each district may be tried out.</p>	RF, SPMU	10/2019
<p><b>Staff Training</b></p> <p>Request IDH or any other national institution of repute to train ISC state level staff in GGAPs and value chains.</p>	ISC&ED	10/2019
<p><b>Other Value Chains</b></p> <p>Implement activities related to other value chains related to planting materials, village level aggregation, processing and value addition. Invite expression of interest</p>	ISC&ED	10/2019
<p><b>Village level collection centres</b></p> <p>Identify IVCSs in supply chain clusters with high levels of production spice/areca nut/cashew nut/bay leaf/broom grass/etc requiring collection centre and with ability to get required land. Enter into MoU with select IVCSs. Complete identification and engage experienced civil engineers to design and supervise construction</p>	IVC&ED and MSD	10/2019
<p><b>Village Collection Centres linked Growth Centres</b></p> <p>Identify IVCSs which are willing to establish growth hubs in partnership with the village traders/commission agents and with ability to get required land connected to the road network. Enter into MoU with select IVCSs. Complete identification and engage experienced civil engineers to design and supervise construction.</p>	IVC&ED and MSD	10/2019
<p><b>Farmer markets</b></p> <p>Identify ICVSSs in the vicinity of existing weekly markets with ability to get land allocation adjacent to existing weekly market, support and permission from DAC to establish a farmer market. Enter into MoU with select IVCSs. Complete identification and engage experienced civil engineers to design and supervise construction.</p>	IVC&ED and MSD	10/2019
<p><b>Practical Training of Field Engineers</b></p> <p>FEs to be sent outside the state for training in practical skills of watershed planning and implementation to reputed developmental institutions known for imparting high quality practice-oriented trainings.</p>	SPMU	12/2019



## E. Project implementation

### a. Development Effectiveness

Effectiveness and Developmental Focus		
Effectiveness	Rating: 4	Previous rating: 2

#### Justification of rating

The rating has been raised to 4 from 2 at MTR. Since MTR, major actions taken in all areas and progress achieved show that the project has improved its development focus and will be in a position to substantially achieve the outreach numbers apart from producing development outcomes. The project has resolved many bottlenecks related to staffing, programme management, convergence, fund release and accounts settlements which will accelerate its performance in future.

#### Log-Frame Analysis & Main Issues of Effectiveness

In terms of outreach, 40 % of the target has been so far covered. Outreach to 1.1 million people (0.2 million households) is feasible and at the current rate of progress, the project is on track for the same. The outcomes of different project interventions are yet to be measured. The Annual Outcome Survey for 2018 was not carried out on account of restructuring of components made during MTR. The first AOS after significant implementation progress in all the components will be carried out during 2019. INRM and Rural Finance are likely to achieve envisaged outcomes by the end of the project in the light of the ground work already carried out. In case of ISC&ED, outcomes will depend on the progress to be achieved during the current year.

In terms of outputs, available data shows that 30% villages have prepared INRM plans and 33% of villages have water related interventions as part of INRM plans. 90% of targeted IVCS have been mobilised. 35% of targeted IVCS have been established. Share capital and savings per member reached 22% of target levels. 34 out of 54 IPM clusters have commenced functioning. 20 Multi Stakeholder Platform meetings have been held. 80% of planned roads have been completed. 5 markets are being improved out of the 14 which expressed interest. The physical performance in respect of component 1 and component 2 show that with continuing momentum they will post better outputs and outcomes in the current year. With initial issues of a restructured Component 3 being sorted out, the ISC & ED is also expected to produce outputs during the current year. The interventions in Component 1 and 2 which show more progress are also less than 18 months old and hence not yet producing outcomes that are measurable. Typically, INRM plans will produce outcomes about one to two years after implementation of any phase. IVCS might take about 24 to 30 months from establishment to mature into a competent financial organisation with a viable member base and business turnover.

Supply chains also take time to mature with reliable market linkages over two to three marketing seasons. In the current year, some impact of early INRM plans and IVCS might be available for analysis. In 2020, much more outcomes are likely to be available for analysis. Staff shortages and multiple roles in the field, which had caused delays and bottlenecks, have been sorted out. As observed in MTR, some of the interventions were not well-planned and sequenced. Post-MTR, more attention was bestowed on careful planning and sequencing as also quality of implementation. Lack of clear guidelines on Supply Chain Fund and Sector Development Fund was also a reason for the slow progress in component 3. During the mission, approved guidelines were issued which is likely to speed up implementation. As the project has to catch up with a lot of initial delays, the pace of work has to be stepped up significantly in order to achieve the desired outcomes and the project goals. The recent performance of the project is encouraging and seems to be on the right path towards the project objective.

<b>Agreed Action</b>	<b>Responsibility</b>	<b>Agreed Date</b>
<b>Development Effectiveness</b>		
<b>Improve planning and sequencing</b> The annual planning should be based on field capacities and activities sequenced in a manner geared to deliver desired outputs and outcomes. In particular activities that can be taken up simultaneously for better effect should be planned accordingly.	PD/APD	08/2019
<b>Measurement of Impact</b> Ensure that apart from AOS, other quick studies to measure impact of interventions in different components are carried out from time to time for effective logframe analysis.	PD/APD, M&E	08/2019

### Development Focus

#### Targeting and Outreach

**Rating: 4**

**Previous rating: 4**

#### Justification of rating

Rating at MTR retained, moderately satisfactory (score=4). The INRM initiatives involve the entire village and benefit all households. Access to the benefits flowing from INRM plans are available for access to all. The project's management information system is now able to avoid double counting of beneficiaries and as a result, the project is able to provide reliable data on outreach.

#### Main issues

Participation of women in project activities and their share of benefits are in accordance with the gender strategy. The project beneficiaries are selected from the project areas and in accordance with the targeting strategy. The services rendered so far have been in accordance with the needs of people and in most cases (such as INRM Plans and implementation and IVCS) with participation from beneficiary households. INRM plans are prepared and implemented by the village households which are the beneficiaries too. Apart from participation, the households also contribute either labour or construction material for the implementation of INRM plans. In case of IVCS, the households become members of the society by contributing to equity share capital and also save money with the society. While currently no participatory monitoring is in place, the knowledge management function extensively documents community feedback on several aspects of the programme.

#### Gender equality & women's participation

**Rating: 4**

**Previous rating: 4**

#### Justification of rating

Rating is the same level as in MTR, moderately satisfactory (score=4). The project has a Gender Strategy and Action Plan in place. Women's participation continues to be a reasonable level, in proportion to their numbers in the local areas. The participation of women in governance and decision making in community organisation is at an acceptable level (women form more than 40% of members of IVCS managing committees). There has been an increase of 21% in women's participation in the IVCS Management Committee compared to last year. Orientation on Gender and social inclusion for the Project staff has been done both at the state and district level Training on leadership skills and gender is going on for IVCS governing members, lead farmers as well as entrepreneurs. Of people trained during the year 2018-19 under different components of the project, about 45% were women. Trainings offered at all levels for INRM, IVCS, EFC, etc., include a module on gender and social inclusion.

#### Main issues

There is no separate team for Gender and social inclusion; it is merged with the ISC&ED Team. The team works with different pillars to ensure that gender is mainstreamed into all trainings and women's participation is enhanced in all key activities. A key challenge is low representation of women in senior management roles in community institutions. A list of Master Trainers has been prepared who will undergo training on Leadership skills and gender at the state level and will become a resource on gender at the community level.

**Justification of rating**

Rating has been revised from 2 at MTR to 4 presently (moderately satisfactory). Farmers are more aware of and are increasingly using nature friendly practices and biological formulations and preparations for plant growth and protection. Water harvesting structures have increased the area under cultivation thus increasing agricultural productivity.

**Main issues**

MTR recommended a two-pronged cluster-based strategy: (i) on-farm extension support (advisories) and technology demonstration; and (ii) demonstration of and facilitating access to appropriate farm implements and portable machinery. With the induction of 100 MTs all of whom have been trained by the KVKs in some aspect of practical agriculture and they have been sourced from ATMA, for Kharif 2019, a series of extension activities have been planned and are being implemented across the project area. Moreover, the project has reached out to the Agriculture Department to obtain the list of progressive farmers who serve as village contact points to converge and benefit from schemes available with the Agriculture Department. Based on this experience, the plans for Rabi 2019 will be formulated.

A total of 1034 persons (19% women) received training/ exposure in agriculture related matters such as composting, bio-control plant protection measures and organic growth promoters; and Integrated Farming Systems, Agri Tools & Implements and Farm Machineries suitable for hills agriculture to the ICAR complex at Umian. A training film - "Visual Manual" – on use and benefits of modern hill-adapted farm tools and machinery was made and potential suppliers have been identified. However the provision of Rs. 60,000 provided to VECs to promote agricultural development is largely lying unused.

It is recommended that for Kharif (2019), project should intensify measures at the village/ cluster level to (i) prepare bio-formulations for plant protection and plant growth; (ii) promote adoption of tools and hill-adapted farm machinery for intercultural operations; (iii) undertake inter-cropping as a relay/ complementary crop, wherever feasible. It is recommended that (i) the DPMUs in consultation and coordination with the SPMU, ATMA, the Agriculture Department, ICAR, KVK and other stakeholders, as applicable, prepare a detailed Action Plan in dialogue with farmers for the coming Rabi 2019. Plans should also include use of the VTF.

Mission observed that in many project villages, jhum is still prevalent and cultivation on steep slopes is largely done along the slope. It is recommended that the project considers actively promoting SALT technologies (sloping agricultural land technologies) where vegetative and earthen measures are used to facilitate across-the-slope cultivation. This would not only result in better yields but also reduce soil erosion and fertility loss. Moreover, in collaboration with the Soil Conservation department, project should also consider actively promoting bench terracing in suitable areas preferably using indigenous methods or low impact interventions. It is recommended that promotion of both SALT/ across-the-slope cultivation and bench terracing be strongly promoted in feasible areas.

<b>Agreed Action</b>	<b>Responsibility</b>	<b>Agreed Date</b>
<b>Development Effectiveness</b>		
<b>Rabi Action Plan 2019</b> A detailed Rabi Action Plan 2019 should be prepared in consultation with farmers for implementation that should originate from the block	DPMU/SPMU	07/2019
<b>Kharif 2019 Action</b> Initiate measures at the village/ cluster level to (i) prepare bio-formulations for plant protection and plant growth; (ii) promote tools and hill-adapted farm machinery for intercultural operations; (iii) and inter-cropping as a relay/ complementary crop where feasible	DPMUs/ SPMU	07/2019
<b>Brief of Master Trainers</b> The Master Trainers' brief should also include supporting the agriculture and food security sub-component through extension facilitation and providing feedback to DPMUs	SPMU/DPMU	08/2019
<b>SALT/ across-the-slope cultivation and Bench Terracing</b> This should be promoted and implemented across the project wherever feasible.	SPMU	12/2019

#### **Nutrition**

**Rating: 4**

**Previous rating: 3**

#### **Justification of rating**

Rating upgraded from 3 to 4, as improved water security in INRM villages is leading to production of vegetables and other crops that enhance nutrition. The campaigns on Rabi and Kharif crops also aim at promoting a mix of crops that can improve availability of nutritious food.

#### **Main issues**

Nil

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

**Rating: 4**

**Previous rating: 2**

#### **Justification of rating**

The rating has been increased to 4 from 2 previously. A fairly wide range of INRM related activities have been undertaken and the appointment of a cadre of field engineers to guide the quality of implementation has significantly improved the quality of work. The INRM plans are now fully part of the MGNREGS plans in every village thus ensuring full convergence for financing the implementation of these plans.

#### **Main issues**

While addressing the impacts of climate change was not a specific objective of the project, all the interventions in the INRM component directly and indirectly contribute to building up the adaptation and resilience capacities of communities, the environment they live in and the natural resources they draw upon for sustenance and livelihood. By undertaking interventions related to afforestation, tree plantation and biodiversity protection, the adverse impacts of climatic variability on the ability of the environment to continue providing ecosystem services and support biotic life are attenuated. Similarly, undertaking soil and water conservation works, not only augment water stocks on ground, sub-surface and underground, but also help retard erosion, conserve soil fertility and improve the soil moisture regime thus enhancing the water security and ability of communities to raise crops and livestock for food and pursue livelihoods for income.

By encouraging nature-friendly, low external input agricultural practices that build soil health, support microbial life, friendly biota (pollinators, natural predators and dispersal agents) and reduction in chemical use for plant growth and protection, the project is making agriculture more climate resilient, more viable and better able to provide healthy foods. By informing communities of how precipitation and temperature patterns in their geography are likely to change in the coming years as

also the increasing likelihood of extreme weather events and apprising them of how these will affect their health, agriculture, livelihoods, access to water and agriculture, economic and social well-being, the project is preparing them to be able to cope better, adapt better and mitigate, to an extent, the adverse effects of climate variability and climate change. In brief, this component is helping communities become more resilient and better able to manage the impacts of climate change. The project now needs to focus on building capacity of its field staff through training and exposure and improving the link between INRM and agricultural productivity.

## b. Sustainability and Scaling up

<b>Institutions and Policy Engagement</b>	<b>Rating: 4</b>	<b>Previous rating: 3</b>
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### Justification of rating

The rating is raised from 2 in MTR to 4. The project has had three major policy successes in the past one year (i) INRM plans have now been fully subsumed under the MGNREGS plans owing to the highest level convergence between the project and Dept of Rural Development thereby ensuring sustained financing of the INRM plans (ii) the recognition by the National Green Tribunal, of the work done by the project in the mining area of Jaintia Hills converting contaminated water to potable drinking water. The NGT has advised all major organisations to deposit their CSR funds into MBMA to replicate this activity (iii) the project has successfully persuaded the Department of Cooperation to adopt a modified registration procedure that is simpler and less time-consuming..

### Main issues

The project has a strong KM team which can help in bringing greater visibility to its policy success. Also, the project needs to continue making efforts for greater policy engagement as it steps up its activities in all areas. While KM team documents successful practices and interventions, there is a need to identify those with potential for policy impact. The project should hold workshops and seminars, in which policy discussions become possible. The Project should also participate in events in which there is a possibility of influencing policy thinking.

<b>Agreed Action</b>	<b>Responsibility</b>	<b>Agreed Date</b>
<b>Sustainability and Scaling up</b>		
<p><b>Taking lessons to policy institutions</b></p> <p>The project should document successful initiatives and seek ways of ensuring that policy dialogue is influenced by such outcomes. Hold workshops and seminars under KM to disseminate successful field interventions that have elements of policy – for up scaling of adoption. Also participate in events in which policy discussions on the areas of relevance to LAMP are likely to take place.</p>	KM, PD	08/2019

<b>Partnership-building</b>	<b>Rating: 4</b>	<b>Previous rating: 2</b>
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### Justification of rating

The rating has been raised to 4 from 2 at MTR on account of rapidly increasing partnerships and collaborations that have been evidenced in the last one year. As explained earlier, under ISC&ED a number of marketing institutions have been brought on board. Discussions are ongoing with IDH for developing a market facilitation partnership. Similarly discussions with CIP and ICAR are on for setting up a potato seed facility and climate resilient villages on the lines of NICRA villages (respectively).

### Main issues

The project needs to expand private sector participation considering the market access related issues. The sector development facility established under ISC&ED component provides the space and resources for the same. Even the other windows provide funding to private sector partners that can offer market access, advice on production, processing and packaging and help set up enterprises. The guidelines required to operationalise these windows have been issued for implementation. When the investment windows become active, private sector investments are expected to be made. These investments accompanied by knowledge and practices in marketing are critical for the sustainability of supply chain initiatives. Suitable recommendations on this aspect are provided under the section on Overview and Project Progress.

**Human and Social Capital and Empowerment****Rating: 4****Previous rating: 4****Justification of rating**

Rating has been revised upwards from 3 at MTR to 4 currently. The evidence on the ground shows that a number of households have been trained and provided skills that will enable them to make informed choices. The participatory working models established in INRM and IVCS have further strengthened the natural community bonds that exist and have improved the social capital. Implementation strategies (with convergence) contributed to a feeling of autonomy of action and ownership. There has been increased interest on account of mobilisation carried out by project to become shareholding members of IVCS and also save money therein. In INRM activities, collective planning has been able to identify common problems at the village level which need priority attention.

**Main issues**

Nil

<i>Agreed Action</i>	<i>Responsibility</i>	<i>Agreed Date</i>
<b>Sustainability and Scaling up</b>		
<b>Tracking of Village level Project Performance</b> A village level, participatory assessment framework with indicators be finalised and personnel trained in its use by end September 2019 for use on a 6-monthly basis beginning for the period April-September 2019.	SPMU/ DPMU	09/2019

**Quality of Beneficiary Participation****Rating: 4****Previous rating: 4****Justification of rating**

Rating retained at the same level as at MTR. Beneficiary participation has been increasing and with contribution to project implementation and community institutions. In case of NRM plan implementation, beneficiaries not only participate in planning, but also contribute a share of the total investments. In case of IVCS, beneficiaries take up membership by buying shares in the cooperative society and also saving their surpluses.

**Main issues**

With high levels of beneficiary participation built into the project processes, it would be appropriate to involve beneficiaries in monitoring and assessment of outcomes. In case of INRM villages, levels participatory tracking of performance can be introduced.

<i>Agreed Action</i>	<i>Responsibility</i>	<i>Agreed Date</i>
<b>Sustainability and Scaling up</b>		
<b>Tracking of Village level Project Performance</b> A village level, participatory assessment framework with indicators be finalised and personnel trained in its use by end September 2019 for use on a 6-monthly basis beginning for the period April-September 2019.	SPMU/ DPMU	09/2019

**Responsiveness of Service Providers****Rating: 4****Previous rating: 3****Justification of rating**

The rating has been raised from 3 in MTR to 4 currently. The responsiveness of service providers, especially SRES has considerably improved. Several road projects had been completed in the last one year through SRES. The project has built up good working relations with the Soil Conservation Department with which it has entered into an MOU. Though the project does not have a formal agreement with the ICAR, this does not appear to be an impediment in securing their collaboration and technical inputs. BIRD has been providing good quality support in strengthening capacities of Rural Finance personnel on IVCS related matters.

**Main issues**

Nil

**Environment and Natural Resource Management**

**Rating: 4**

**Previous rating: 2**

**Justification of rating**

The rating has been raised from 2 in MTR to 4 currently. The project is proactively engaged in mobilising communities to regenerate and protect their environments. It has also piloted 2 initiatives which can have a major impact at scale in terms of improving water quality and greening degraded landscapes while creating alternate sources of good income.

**Main issues**

Some of the major environmental issues extant in Meghalaya are (i) increasing deforestation; (ii) land degradation due to poor cultivation practices; (iii) pollution of the environment and water sources due to unregulated and unscientific mining and quarrying practices, especially coal mining in the Khasi, Garo and Jaintia Hills. The project is promoting and undertaking SWC works, afforestation, water harvesting and conservation works, sustainable and conservation agricultural practices on a large scale. Mission has also recommended promoting SALT/ across-the-slope cultivation practices on steep slopes as well as conducting a study for implementation of low impact bench terraces as appropriate. The project has also piloted and joined hands with the AROMA Mission of the GoM in promoting the cultivation of medicinal and aromatic plant cultivation in wastelands, jhum lands and mine dump affected lands. Details of this engagement are below. Further the project has piloted an innovative approach to neutralising acid mine drainage (AMD) contaminated water and making water potable, details of which are detailed below.

Given the crisis of acid mine drainage (AMD) contaminated springs and streams which are the main source of water for drinking, crop cultivation and livelihoods in most of the mining regions of the state, LAMP, in March 2017 supported a pilot action research project to test out the Open Limestone Channel technology (OLC) in remediating AMD contaminated streams/ springs with a view to up-scaling it if successful. This technology was chosen because it has been tried elsewhere successfully, especially in mined watershed in the USA; is relatively cheap to construct and maintain; limestone is the most cost-effective method to neutralise AMD contaminated water; and importantly, in Meghalaya, limestone is found abundantly near the coal mining areas where water has become acidic due to mine drainage contamination. This intervention has been highly successful in reducing the Ph of water to potable levels. This intervention has been acclaimed and the National Green Tribunal has recommended use of this technology in areas with acid mine drainage. OLC technology would be up-scaled across affected areas in Meghalaya. There are substantial funds available in the Meghalaya Restoration and Protection Fund (MEPRF) which could be used for this purpose – Rs. 433 crores which has been collected as tax for restoration of the environment due to coal mining<sup>[1]</sup>.

[1] As informed by the Secretary of the Department of Mining and Geology on 26<sup>th</sup> June 2019 (ref: The Meghalaya Guardian, 27<sup>th</sup> June 2019, pg. 1 and 10).

<b>Agreed Action</b>	<b>Responsibility</b>	<b>Agreed Date</b>
<b>Sustainability and Scaling up</b>		
<b>Scaling up Open Lime Channel technology</b> The project should document is intervention with full technical details and make the same available to all concerned; scaling up the interventions in coal mined areas with water contamination.	OSD, INRM	10/2019

**Exit Strategy**

**Rating: 4**

**Previous rating: 2**

**Justification of rating**

Rating has been raised from 2 in MTR to 4 currently. The work done in components 1 and 2 with community participation, provides increasing comfort that at exit, community initiatives and institutions would sustain the momentum achieved during the project. The ability of the project to officially converge with MGNREGs has set in place a system of continuous access to government support making way for seamless project exit from NRLM activities. IVCSs being promoted are linked to banks to access loans and this permanent linkage will make it easy to wean IVCSs away from project support. Similarly, under supply chains, market players will be engaged and this private sector participation is expected to last beyond the project life.

**Main issues**

The pace of implementation in the past was not sufficient to develop sustainable institutions on the ground at exit. The

recent accelerated pace of implementation gives hope that the project might make up for lost time and ensure that institutions established during the project such as IVCS reach maturity at the end of the project. Recommendations on making the interventions and institutions sustainable for orderly exit have been provided in the relevant components.

<b>Potential for Scaling-up</b>	<b>Rating: 4</b>	<b>Previous rating: 2</b>
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**Justification of rating**

The rating has been raised from 2 at MTR to 4 now. Under INRM the Medicinal and Aromatic Plants intervention as also the Open Limestone Channels in Acid Mine Drainage areas are interventions that have been identified by NGT as appropriate for scale up. The convergence of INRM plans with MNREGS plans is a highly successful model that facilitates scale up of INRM activities. This model can also be scaled up in other states. IVCS modalities also offer ideas for replication and adoption in non-project areas and in other states too. The project has started identifying private sector market players for implementing value chain activities and this experience will provide valuable lessons for scaling up across other districts in the state.

**Main issues**

Nil

**c. Project Management**

<b>Quality of Project Management</b>	<b>Rating: 4</b>	<b>Previous rating: 2</b>
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**Justification of rating**

The rating has been raised from 3 in MTR to 4 now. The changes to the key personnel have brought about a sense of urgency to the project implementation. The delegation of powers to DPMUs has speeded up activities. Placement of adequate staff in each component has increased the field activities, resulting overall improvements.

**Main issues**

GoM has appointed senior officers of the State Government as the new Project Director (PD) and new Additional Project Director (APD). The new project management team has taken steps to accelerate project implementation (which had almost come to a standstill post MTR) and this has resulted in increased project expenditure, fast tracking of NRM activities in convergence with MGNREGS and also resolution of long standing issues related to road construction. Full complement of staff for the districts has been engaged. The district project management structure has been strengthened with delegation of the powers of APD to the Deputy Commissioners. DPMUs are now empowered to reach the Deputy Commissioners directly without the need to go through the Nodal Officers. A system of releasing the quarterly budgets to the districts has been implemented as against task-based release being undertaken previously.

Human resource capacity for project implementation remains a key issue. The project has deployed full complement of component specific staff for implementation at the district level. Each district has 6 officers for implementing three components whereas the project covers one block in some districts and three blocks in other districts. The technical capacity of the substantial number of district level staff is inadequate and this may impact acceleration in project implementation particularly in ISC&ED and RF components. These issues need to be addressed.

MBMA is yet to resolve some of the governance issues identified during ISM of 2018. They include: (i) non-filing details of some of the newly appointed Directors with the Ministry of Corporate Affairs; (ii) majority shareholding of the public sector company in the name of individual directors against the normal practice of holding it in the name of the Governor of the state; and (iii) nominal shares in the name of individual officers and not linked to their positions in the government. In respect of shareholding in the individual name of the Officers, the Company Secretary of MBMA was of the view that this is in accordance with the Articles of Association of MBMA. The mission is of the view that the Article 2 iii of the Articles of Association of MBMA is not in line with the requirements set out for state owned enterprise. It is necessary that MBMA seek a clarification from the Finance/Legal department of the GoM and act accordingly.

<b>Agreed Action</b>	<b>Responsibility</b>	<b>Agreed Date</b>
<b>Project Management</b>		
<b>Governance issues</b> Review the governance deficiencies related to filing of details of directors and also listed above and address these issues.	APD/PD	07/2019
<b>Human Resource Reallocation</b> Review staff allocation in project districts and work out a reallocation plan based on cluster-wise/commodity wise requirement per district. Review the staff capacity and take a decision on non-performing staff in consultation with component heads. Explore the possibility of transferring some of the SC&ED, NRM and RF staff to non-LAMP villages and engaging persons with basic technical skills (Horticulture/Agriculture/Animal Husbandry for ISC&ED, Accounting for RF and Agriculture Engineering/ Agriculture/Agro-forestry for NRM).	HRD- NRM – ISC-ED and RF	08/2019
<b>Capacity building of District level staff</b> Develop curriculum and training material for building basic skills of staff which should be component specific. Circulate the training material and conduct tests for confirmation in position or extension of contract.	KM and HRD	12/2019

## **Knowledge Management**

**Rating: 5**

**Previous rating: 5**

### **Justification of rating**

The rating has been retained at 5. With a solid KM strategy developed very early on in the project (in 2015) and detailed annual plan of action developed to support the implementation of the programme components, the KM function continues to do high quality work. With roll out of World Bank financed CLLMP, this team services both projects and acts as a bridge to facilitate cross learning and scale up. This year the team also focused on generation of information for convergence, in addition to routine work. Several posters on agriculture and horticulture schemes available with the government have been prepared in consultation with the departments and disseminated through the project.

### **Main issues**

Post restructuring, KM has become one of the mainstreamed units but this does not impact its delivery. It continues to provide weekly updates on various initiatives and 45 weekly updates were provided in 2018-19. The team continues to update the MBDA youtube and Facebook database regularly in addition to the project website. Over 204 documents have been synthesised, summarized and added. Social media presence through Youtube, Whatsapp, Instagram, twitter and Facebook has been enhanced. This has generated many queries, and appropriate responses in consultation with the respective component heads have been provided. The project has also enhanced its grassroots level knowledge generation activities to document lessons and best practices. The knowledge publications have been translated to local languages.

There are no issues with regard to knowledge management related activities. Continuous efforts to improve the delivery of knowledge services are being planned. The next level of efforts being planned are peer to peer knowledge dissemination. As a part of this effort, the KM team will focus on knowledge generation related to agriculture, horticulture, livestock and water related technologies from the farmers in local language and these will have to be disseminated to the farmers in the project area. IVCSs will give required platform for peer to peer knowledge generation and dissemination by interconnecting the members through social media. This apart, KM team can play a major role in building technical capacity of the district and block level staff in consultation with the respective Component Head. This requires consultation with the component heads on the technical capacity requirement, preparation of curriculum for technical training in various sectors (agriculture, horticulture, soil and water conservation and accounting) and preparation of training materials along with technical specialists, registration of candidates for technical capacity upgradation, distribution of training materials for home based learning, organizing interaction programmes with technical experts to resolve issues encountered by the registered candidates and finally conducting tests in consultation with the Human Resources Department. The team may also focus on increasing the visibility of the project through partnership with channels like GoodNews India (Doordarshan channel) and The Better India (print). The team can also start documenting the success of collaboration between CLLMP and LAMP.

<b>Agreed Action</b>	<b>Responsibility</b>	<b>Agreed Date</b>
<b>Project Management</b>		
<b>Knowledge dissemination</b> Start peer to peer knowledge generation and dissemination efforts with IVCSs as the focal point.	KMU	08/2019
<b>Training materials</b> Prepare first set of training materials related to Good Agricultural Practices on spice cultivation, harvesting and storing covering Pepper, Ginger, Turmeric and Bay leaf for use by IVC&ED staff. Expand the scope to cover other components.	KMU	12/2019

**Value for Money** **Rating: 3** **Previous rating: 2**

**Justification of rating**

The rating has been raised from 2 in MTR to 3 now. With more evidence on the ground on INRM Plans and IVCS, the value for money proposition has improved.

**Main issues**

The INRM plans, being participatory bring in information at a low effective cost, which otherwise is not easily captured. The convergence and beneficiary contributions result in project outputs that are far larger than would have been possible with the limited investments made by the project. In case of IVCS too, the project funding leverages share capital from members, savings from savers in the village and loan resources from banks. The access to finance provided by IVCS is many times more than what the project could achieve if it were to provide all financial resources for enterprise activities on the ground. Given these considerations, the outcomes in terms of sustainable financial institutions, the value for money proposition is positive. However the slow pace of implementation in the initial years has resulted in a high proportion of management expenditure compared to other categories of expenditure.

**Coherence between AWPB and Implementation** **Rating: 4** **Previous rating: 1**

**Justification of rating**

Financial achievement vs. AWPB was less than 10% till FY 2017-18 while it increased to 21.73% in FY 2018-19 and 38% just in two months of FY 2019-20. There was almost no coherence between AWPB and implementation during the previous years. The project - with the changes in project management and delegation of powers to the districts - has embarked on a new path of accelerated implementation during this year. The project has made significant improvement during the last four months in settlement of advances and also project expenditure as planned. This trend will continue due to changes in the project management and the project expenditure will be substantial during FY 2019-20.

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

The project has not been able to implement the planned activities as per approved AWPB up to FY 2018-19 causing very low percentage of expenditures. The project was able to spend only 13.12% of the cumulative amounts of AWPB from start of the project to FY 2018-19. While the percentage of expenditure was below 10% till FY 2017-18, it increased to 21.73% in FY 2018-19. The expenditure of project management cost is about 53% of the total budget from the start of the project to FY 2018-19. The expenditures in the previous years were low also due to outstanding advances of Rs.749.90 million as on 31 March 2019 which was more than the total expenditures of Rs. 687.54 million incurred up to FY 2018-19. The project was able to spend 38% of the AWPB in first two months of FY 2019-20 due to expenditures of works and grants and subsidy accounted on settlement of advance in FY 2019-20 exceeding the budgeted amounts. The project has achieved 515% of the works budget while 143.55% of grants and subsidy budget in just two months of FY 2019-20 as the project did not make provision of budget for the settlement of advance though it follows accrual accounting system. It was noted that some of the expenditures are less than the budgeted amount due to high unit cost in the budget. There was almost no coherence between AWPB and implementation of planned activities. AWPB is being prepared based on cost table instead of prevailing market price and without considering the field based realities and capability of the project staff. The AWPB is to be prepared considering the prevailing market price and in consultation of the DPMs, component management team and the responsible staff and they should be made accountable for timely implementation of activities. The project needs to plan carefully and take proactive action in implementation of activities in the coming years to achieve

the project objectives within the project period.

<b>Agreed Action</b>	<b>Responsibility</b>	<b>Agreed Date</b>
<b>Project Management</b>		
<b>Costing of activities in AWPB</b> Ensure that the costs in AWPB do not just go by the estimated costs in the cost tables, but also reckon the actual costs in the market.	M&E	01/2020

**Performance of M&E System** **Rating: 4** **Previous rating: 3**

**Justification of rating**

The rating has been increased to 4 from 3 earlier. A cloud based MIS has been developed and an on-line INRM monitoring App has been designed and capture of information on NRM investments on the ground has commenced (involving geo-tagging investments). AOS 2019 has been planned after incorporating the changes necessitated by restructuring of the components.

**M&E System Review**

The project has undertaken substantial work in terms of data collection and validation. The project has completed the design and development of MIS with support from National Informatics Centre, Shillong and is hosted in cloud. The project has improvised its Monitoring Evaluation Tool & Information System (METIS) which captures all aspects related to registration, prioritization and enterprise establishment by the partners registered with EFC. An on-line INRM Monitoring Application has been developed to digitize the INRM baseline data and to geo tag interventions for viewing pre and post intervention scenarios. This has been completed for 185 INRM sites. Annual Outcome Survey (AOS) for 2019 is yet to be conducted.

The project has not conducted AOS for 2018 which is due to major changes during MTR and also limited implementation progress achieved post-MTR. The project intends to carry out AOS during Feb 2020. This required review of the logframe, harmonization of logframe with ORMS reporting formats and revising the AOS questionnaire to reflect the outcome level requirements. The project has decided to increase the sample size for AOS from 300 to 600 from both intervention and control group. In view of this, the project will be able to stratify the samples by component and get better results related to outcomes of each component

The project had engaged three programmers for design and development of INRM Monitoring Application and their contract is set to expire by 31 August 2019. This team is required to complete data entry of remaining about 1000 villages, handholding districts for geo-tagging and operationalizing the modules related to impact of Climate change and prioritization of INRM activities. It is estimated that an additional four months of engagement of programmers is required for completing these tasks.

<b>Agreed Action</b>	<b>Responsibility</b>	<b>Agreed Date</b>
<b>Project Management</b>		
<b>ORMS data formats</b> Review the ORMS data formats and AOS questionnaires prepared during the mission and submit the same for review by IFAD.	M&E	07/2019
<b>Extension of contracts of Programmers</b> Extend the contract of programmers by another four months until 31 December 2019. Review the short term needs for handholding post December.	PD/APD and M&E	08/2019

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

**SECAP Review**

Attachment

NOT relevant.

## d. Financial Management & Execution

Disbursement by financier				
Type	Name	Current Amount	Disbursed Amount	Actual Rate
Domestic Financing breakdown	Beneficiaries	\$12,682,458		
	Domestic Financing Institutions	\$29,319,395		
	National Government	\$49,664,797		
	Other Domestic	\$28,175,482		

<b>Acceptable Disbursement Rate</b>	<b>Rating: 2</b>	<b>Previous rating: 1</b>
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### Justification of rating

The disbursement rate is 12.14% of allocated fund of SDR 32.40 million based on actual disbursement by IFAD but expenditures incurred up to 31 May 2019 are about 20.30% which is about 34% of the target of 60%. The withdrawal applications are submitted claiming advances. The disbursement rate is very low due to lack of coherence between AWPB and implementation. The advances given to various institutions and individuals for implementation of project activities are not settled on time. The project has to be proactive in implementation of activities as per approved in the remaining project period to achieve overall objective of the project.

### Main issues

As of 31 May 2019, the total disbursement is SDR 63 million under IFAD loan, which is about 12.14% of the total fund allocation of SDR 32.40 million. The expenditures of SDR 2,644,675 (Rs.253.39 million) incurred in the months of April & May 2019 are yet to be disbursed at the exchange rate of Rs. 95.8102 per SDR prevailing on 28 June 2019. The disbursement including expenditures yet to be disbursed comes to SDR 6.58 which is 20.30% of allocated amount under IFAD loan. The advances of Rs.386.13 million (USD 5.60 million equivalent to SDR 4.03 million) given to various institutions and individuals for implementation of project activities are outstanding as on 31 May 2019. The advance of Rs.383.72 million outstanding with SRES, MSWWDA, MIE & SCSTE have almost been spent and expenditure will increase on settlement of advances in FY 2019-20. The disbursement should have been at least 60% of the total project allocation while the actual expenditure is only 20.30%. Expenditures of Rs.26.15 million claimed in wrong categories have been adjusted from the claim amounts in WA 22. Appendix 2 shows actual financial performance by financier; by component and disbursements by category as on 31 May 2019.

The Project has claimed some of the advances provided by some of the DPMUs and more than expenditure amount. The project has prepared WA 24 for Rs.249.67 million out of Rs. 253.39 million expenditures incurred in the months of April & May 2019 and submitted to IFAD which is being processed for disbursement. The auditor has certified the expenditures of Rs.84.57 million incurred by Meghalaya Institute of Entrepreneurship (MIE) excluding expenditures of Rs. 6.42 million incurred without utilization certificate but the expenditures accounted without supporting documents have not been disallowed. Expenses incurred by MIE without supporting documents should be reviewed and declared ineligible expenses.

Agreed Action	Responsibility	Agreed Date
<b>Financial Management &amp; Execution</b>		
<b>Settle advance of MIE based on Audit report</b> Settle advance provided to MIE based on audit report and audit observations for ineligible expenses and outstanding fund balance.	MIE and Mega-LAMP	07/2019

<b>Fiduciary aspects</b>		
<b>Quality of Financial Management</b>	<b>Rating: 3</b>	<b>Previous rating: 2</b>

## Justification of rating

The financial management and procurement manuals are yet to be approved. The Tally software customization is yet to be completed to generate correct information in required format. There were some mistakes in the audited project financial statements of FY 2017-18 which have been revised and resubmitted. The project has not prepared interim quarterly financial statements. The advances are not settled on time of activities already carried out. There are some internal control weaknesses. The internal audit of the project accounts has not been conducted. The agreed actions are not fully implemented within agreed period.

## Main issues

The project is using accrual basis of accounting. The accounts are being maintained using Tally software which is being customized to input budget and generate information required for preparation of WA and interim financial reports. Currently, the withdrawal applications are prepared extracting category expenses report of each category and obtaining expenses report in the WA format from all DPMUs. 12 out of 15 finance staff have completed e-learning course. The financial management consultant recruited for 30 days for duration of three months from October to December 2018 has provided training and helped to strengthen the financial capability of finance staff but the finance staff of some of DPMUs require orientation and guidance in maintaining accounts and preparing financial reports. AWPB of FY 2019-20 was not submitted within specified period. Funds from government is being received and disbursed to DPMUs as required. Project Implementation Manual is yet to be approved by the Board. There were some mistakes in the project financial statements of FY 2017-18 which were revised during implementation support mission in Nov 2018. The project has not prepared interim quarterly financial statements to be prepared from 3rd quarter of DY 2017-18. The advances of Rs.259.80 million is yet to be settled out of Rs. 684 million given to SRES for construction of 211.37 KM due to defects found in verification & delay in verification of roads. Verification reports of Rs.13.63 million claimed in WA 18, 21 & 23 are yet to be obtained. Claim of INR 43.78 million for road construction has been made without deducting the amount for short of length & width. Some of the expenditures incurred by the DPMUs have not been reported to SPMU for claim with IFAD. It is recommended to tally the expenditures incurred as per statement of expenditures with the WAs submitted by the DPMUs. The project has received bids and is in process of evaluation of bids for appointing internal auditor to conduct internal audit from FY 2019-20 on half yearly basis. The project has fully complied with 8 agreed action and partially complied with 6 agreed actions while 3 agreed actions of the MTR are yet to be complied with. The status of compliance with agreed action of MTR & ISM recommendation is given in Appendix 8.

The mission reviewed the project expenditures of 14 months (April 2018 to May 2019) of all DPMUs and 6 months Dec 2018 to May 2019) of SPMU on sample basis with supporting documents and filing system and found some internal control weaknesses. They are: (i) vouchers are not printed by some DPMUs, (ii) invoices for road construction in the name of individual instead of BDO, (iii) no inspection report of the equipment purchased, (iv) either no attendance sheets of participants or less than the number billed for food expenses, (v) most of the food expenses and vehicle charges are on plain paper receipts, (vi) no acknowledgement of goods distributed to farmers producers organizations, (vii) payment of consultancy fee @ 22,000/month to 4 persons assigned by National Informatics Center for MIS development instead to the NIC, (viii) accounted expenses of Rs. 710,125 without supporting, (ix) claim of advances of Rs.241,900 and excess amount of Rs. 770,220 in WA, (x) almost same handwriting in payees' signatures for participants allowance payment, (xi) goods received is acknowledged by signing on Challan by procurement staff instead of issuing goods received note, (xii) hotel charge of Rs. 53,050 to staff is paid more than prescribed amount, (xiii) double payment of INR 12,850 and paid room charge of staff to Hotel Polo Orchid, (xiv) acknowledgement receipts and utilization certificates are not obtained, and (xv) vouchers and supporting documents are not filed properly.

<b>Agreed Action</b>	<b>Responsibility</b>	<b>Agreed Date</b>
<b>Financial Management &amp; Execution</b>		
<b>Preparation of voucher</b> West , North & South West Garo Hills, DPMUs should print vouchers of all financial transactions.	FD	07/2019
<b>Internal Audit</b> Appoint independent professional auditor to conduct internal audit of the project on half yearly basis from FY 2019-20 for submission of internal audit report to the BoD for taking corrective measures.	BoD/PD/FD	07/2019
<b>Orientation to DPMUs Finance Staff</b> Review accounts of all DPMUs on quarterly basis and provide orientation and guidance in maintaining accounts and preparation of financial reports.	FD	07/2019
<b>Tally customization</b> Complete customization of Tally software to generate expense report in required format based on category and information required for preparation of WA and interim financial reports.	PD/APD/FD	07/2019
<b>Settle overdue advance</b> Settle overdue advances given to the staff and service providers except SRES	PD/APD/FD	07/2019
<b>Approval of Financial Management</b> Finalize the Financial Management Manual and get it approved from the Board.	BoD/PD/APD FD	07/2019
<b>Revision of PIM</b> Revise PIM and get it approved from the Board.	BoD/PD/APD/ FD	07/2019
<b>Quarterly report</b> Obtain financial reports from DPMUs and prepare consolidated quarterly Interim Financial Reports (IFR) for submission to the IFAD .	PD/APD/FD	08/2019
<b>Recover payment</b> Recover excess payment made to staff for hotel, double payment to Hotel Polo orchid and payment without supporting documents.	FD	08/2019

**Quality and Timeliness of Audit**

**Rating: 4**

**Previous rating: 3**

**Justification of rating**

The audit work appears thorough, the only point is that the unqualified opinion had an emphasis of matter which really pertained to internal control weaknesses that should largely have been confined to the Management Letter

**Main issues**

The audited financial statements were originally received on time, however, there were inconsistencies that need to be corrected and re-presented, resulting in a final delay of over one month. The audit covered both the MBMA and the IFAD loan, the latter being presented by expense category, project component and financier. The Management Letter

comments were reasonable although most of them were not relevant for inclusion as an Emphasis of Matter. Management's response to the recommendations was not shown.

<b>Agreed Action</b>	<b>Responsibility</b>	<b>Agreed Date</b>
<b>Financial Management &amp; Execution</b>		
<b>The recording of fixed assets, their insurance and periodic verification thereof need improving</b>	PMU	03/2019
<b>Vouchers should be numbered and filed</b> Only the cheque number and date is mentioned which makes it difficult to trace to the cash book and ledger. further the filing system should be organised.	PMU	03/2019
<b>Lack of internal control over attendance of staff</b> Given the size of the payroll controls over attendance can be improved	PMU	03/2019

#### Counterparts Funds

Rating: 4

Previous rating: 4

#### Justification of rating

The GoM pre-finances the expenses of the project and the GoM share is being accounted based on the financing percentage specified in the Financing Agreement. The GoM has been providing counterpart funds as and when required based on the expenditures incurred and fund balance. There is no system of capturing expenditures incurred for convergence by other government offices and loan provided to the beneficiaries by the bank. The project was not able to utilize the allocated budget in the previous fiscal year. Most of the activities were not carried as per AWPB causing low percentage of counterpart fund utilization.

#### Main issues

The GoM pre-finances the expenses of the project without mentioning the amount of GoM and IFAD share. The project received Rs. 2,895.34 million up to FY 2018-19 including Rs.153.01 million for IFAD share. The project has not received any fund for FY 2019-20 due to fund balance of Rs.1,271.49 million at SPMU & DPMUs as on 31 March 2019. The project has prepared budget of Rs.802.43 million for GoM and IFAD share for FY 2019-20. The project has incurred expenditures of Rs. 555.58 million up to 31 May 2019, Rs. 141.18 million in FY 2018-19 million and Rs. 241.80 million up to 31 May 2019 in FY 2019-20. The GoM share is being accounted based on the financing percentage specified in the Financing Agreement. The project has not received tax exemption and tax is being funded from GoM counterpart funds. The GoM has been providing funds as required based on the expenditures incurred and fund balance instead of total amount in the beginning of the fiscal year as per AWPB. The statements of expenditures with the supporting documents for INRM activities are being obtained but contributions made by the beneficiaries are not being accounted. But, there is no system of obtaining expenditures incurred for convergence by other government offices and loan provided to the Integrated Village Cooperative Society Limited by the financial institutions. The system of capturing expenditures incurred for convergence by other government offices, beneficiaries' contribution and loan provided to the beneficiaries by the banks is yet to stabilise. Currently the project field staff collect expenditures incurred by the beneficiaries and through convergence and upload in the M&E system instead of obtaining statement of expenditures incurred by the government offices for convergence, contribution made by the beneficiaries for integrated NRM and livelihood support activities, and loan provided to the beneficiaries by the bank.

<b>Agreed Action</b>	<b>Responsibility</b>	<b>Agreed Date</b>
<b>Financial Management &amp; Execution</b>		
<b>Reporting of contribution</b> Develop system of reporting of expenditures incurred by other government offices for convergence, the contributions made by the beneficiaries and loan provided by the bank & incorporate in Financial Management Manual.	PD/APD/FD	07/2019

#### Compliance with Loan Covenants

Rating: 4

Previous rating: 4

#### Justification of rating

The project has complied with the most of the covenants of Financing Agreement, Letter to the Recipient and General Conditions for Agricultural Development Financing except few provisions but there are still some of the covenants to be complied with for implementation of project activities as per AWPB and procurement plan, maintaining financial discipline and reporting financial progress.

### Main issues

The project has generally complied with the financing agreement covenants but some of the provision of the Financing Agreement, Letter to the Borrower/recipient and General Conditions for Agricultural Development Financing are yet to be complied with. Financial management and procurement manuals have not yet been approved. The village level LAMP natural resources management (NRM) activities to be implemented through the VECs are also being implemented through Meghalaya State Watershed & Wasteland Development Agency. The roads to be constructed through contractors and consulting engineers but the 21 KMs roads and one bridge are being constructed by Basin Development Unit and 211.37 KMs out of contracted 216.62 KMs roads by State Rural Employment Society. The audit is being conducted by the auditor appointed by the Office of the Comptroller and Auditor General of India (OCAG) and audit reports are reviewed by OCAG to check whether supplementary audit is required or not. The auditor for FY 2018-19 to be appointed within 120 days after the beginning of each fiscal year was appointed by OCAG on 15 October 2018. Some of the procurement procedures have not been complied with. The register of contracts is not updated properly & submitted to IFAD Country Program Manager on monthly basis. The quarterly interim financial reports to be submitted for 3rd quarter of FY 2017-18 and subsequent quarters have not been prepared for submission to IFAD. The draft AWPB of FY 2019-20 to be submitted to IFAD within 60 days before the beginning of the project year was submitted on 10 March 2019. Other equipment and project staff except vehicle and motorbikes have not been insured. Some of the plans, design, standards, reports, contract documents, specifications and schedules relating to the Project and material modifications subsequently made therein are not being submitted to the IFAD. The audit reports of FY 2017-18 issued on 2 Sept 2018 by the auditor were submitted to IFAD on 3 November 2018 without response on management letter. The revised audited financial statements were resubmitted to IFAD. The details of compliance with loan covenants are given in Appendix 3.

<b>Agreed Action</b>	<b>Responsibility</b>	<b>Agreed Date</b>
<b>Financial Management &amp; Execution</b>		
<b>Compliance with loan covenants</b>	PD/APD/FD	08/2019
Prepare plan to comply with the provisions of the Financing Agreement, Letter to the Borrower/recipient and General Conditions for Agricultural Development Financing.		

### Procurement

**Procurement**

**Rating: 3**

**Previous rating: 3**

#### Justification of rating

Full time procurement manager has been hired and procurement manual has been prepared. Difficiencies continue to be observed in the evaluation of procurement contracts. The implementation of the approved procurement plan is affected by delays and poor planning especially for consultancy.

#### Procurement Review

Procurement Unit consists of one procurement consultant on retainer basis with one full time Asst. Manager (AM) and one Associate for 50% time. AM and the Associate do not have prior procurement experience before joining this project and need hand holding. The consultant will have to focus more on capacity building of these two staffs.

Deficiencies in Evaluation- e.g. one RFQ was issued for only motor cycles, but along with motor cycle, scooters have also been purchased, not complying with RFQ specification. In another case, 5 bidders quoted for handheld GPS and 3 were declared compliant and two lower bidders non-compliant even though they had authorization from same manufacturer and they submitted same technical pamphlets and quoted exactly the same specific model as the compliant bidder. Procurement of cars have been made from a bid which was non-compliant to RFQ specification. In addition, this was a case requiring prior review and IFAD no objection has not been taken at any stage including draft bid document and bid evaluation report etc.

Contract management continues to be weak; provisions of contracts are not understood and thus inadequately monitored. The contract registers have been partly updated during mission with some cells still blank. Procurement Plan for the years 2018-19 and 2019-20 was submitted to IFAD for approval but without indicating the dates mainly in case of direct contracting. There are delays in many items of procurement as compared to the plan but the delay is more evident in

consultancy cases due to difficulty in framing of ToRs.

<b>Agreed Action</b>	<b>Responsibility</b>	<b>Agreed Date</b>
<b>Financial Management &amp; Execution</b>		
<b>Updating of Procurement Plan</b> Procurement Plan to be updated with revised dates and deletion of items not required.	PD	07/2019
<b>Finalise and submit pending contracts</b> All contracts for single source selection of agencies to be finalised and submitted to IFAD for no objection.	PD	07/2019
<b>Record keeping and Management</b> Contract registers and logs are to be updated regularly from the start of the project, and submitted to IFAD on a quarterly basis. Record keeping including storing of bids, sequential filing, absence of indent/request etc. requires improvement.	PD	07/2019
<b>Take action to reduce the risk level of project procurement</b> In line with the procurement review and the issues identified by IFAD, take priority steps to strengthen the procurement functions of the project	PD	08/2019
<b>Capacity building of Procurement Staff</b> OSD/Procurement to focus on capacity building of procurement staff along with online training. Staff to be made aware that even for Direct Procurement whether from private or public institution, proper procurement process should be undertaken including finalization of ToR/Employers requirement and complete justification of price and evaluation by a committee above a threshold.	PD	12/2019

## F. Relevance

<b>Relevance</b>	<b>Rating: 4</b>	<b>Previous rating: 4</b>
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### Justification of rating

Rating of 4 maintained, same as MTR. In the context of Meghalaya, the project continues to be relevant. Issues of Natural resource utilisation leading to water shortages and low productivity, lack of orientation in livelihoods towards markets and limited market access even in high value niche crops, require co-ordinated and planned efforts and the project is increasingly playing a role in directly responding to the situation as well as through convergence and partnership building. The project outcomes and realisation of goals will significantly help the beneficiary population to improve their livelihoods sustainably.

### Main issues

The development objective of the project (expanded livelihood opportunities, well adapted to climate change issues) is relevant and in line with the development strategies of both IFAD and the Central and State Government. With the restructuring of the project components during MTR, the project is better placed to achieve the development objective substantially. There are some initial results over the last one year, but clear evidence of desired results are likely at the end of the current year 2019-20.

## G. Project Modifications

Responsibility	Modification type	Description
IFAD	Logical Framework	The Logical Framework presented at MTR was further modified. The indicators were revised to make them "smart" and to incorporate core indicators where applicable. The goal, objective and outcome formulation were not modified.

## H. Agreed Actions

<i>Agreed Action</i>	<i>Responsibility</i>	<i>Agreed Date</i>
<b>Overview and Project Progress</b>		
<b>IVCS registration</b> Carry out a joint review of registration of IVCS with the office of RCS in the districts/blocks to expedite registration of pending applications; as well as applications to be filed in future.	RF, SPMU, DPMU	07/2019
<b>Issuance of clarification</b> Follow-up with RCS for issuance of clarification that the IVCS are PACS under the Meghalaya Cooperatives Societies Act.	RF, SPMU	07/2019
<b>Streamlining IVCS Accounting</b> Provide handholding to IVCS for rectification of errors in accounting with monthly visits by trained RF staff / others with accounting background in consultation with MCAB.	RF, SPMU	07/2019
<b>Staff training</b> Train the RF staff in IVCS accounting, with focus on identification of common mistakes and rectification	RF, SPMU	07/2019
<b>Interest calculation</b> Finalise a simplified method of interest calculation on SB accounts, that is easy to follow and advise the same to all IVCS secretaries; introduce ready reckoners for interest calculation in case of loan accounts and term deposits	RF, PSMU	07/2019
<b>Supply of books</b> Arrange for supply of books of accounts to those that have not received the same. In future, establish procedures by which IVCS get their books on the day of the Inaugural General Meeting itself.	RF, SPMU	07/2019

<p><b>Changes to Supply Chain Fund (SCF) and Sector Development Fund (SDF) Guidelines</b></p> <p>Revise the SCF guideline under Maximum amount of matching grant and grant percentage under Window 1 by including: Rs 8.00 lakhs for about 20 member group or 30% of the total fixed capital investment, This shall be guided by the overall financial limits prescribed and published by MBMA for each activity but not exceeding 30% of the total investment under normal circumstances. Off farm enterprises can also be covered under this window. MBMA will have the flexibility to offer higher levels of support in case of innovative and low cost activities such as apiculture and MAP cultivation.</p> <p>Revise the SDF guideline under types of SDF investments by including the following: Type of investment: Technical Cooperation Agreements to support producers, producer groups in supply/value chain activities Maximum ceiling : As approved by MBMA in consultation with IFAD Potential partners: Technical service agencies, Market Players</p> <p>Revise the SDF guideline under types of SDF investments, maximum investment for markets by including the following: Maximum ceiling: As approved by MBMA in consultation with IFAD.</p>	ISC&ED	07/2019
<p><b>Guidelines for supporting off-farm enterprise</b></p> <p>Prepare guidelines for supporting off-farm enterprise development (excluding retail shops and trading) with grant support not exceeding 30% of the investment cost not exceeding Rs 25,000 per entrepreneur. Allocate the task of off-farm enterprise development to RF</p>	RF and ISC&ED	07/2019
<p><b>Village Resource Maps (VRMs)</b></p> <p>Reduce the number of VRM to 2 (from 3) and the Precipitation/Temperature Map to 1 (from 2): total Maps to 3 (from current 5)</p>	SPMU	08/2019
<p><b>Selection and prioritisation of interventions/measures</b></p> <p>Measures that serve the needs of the largest number of the poor should be prioritised and implemented. Awareness of staff should be raised with regard to sequencing of implementation of activities so that they can provide inputs to the village for optimal prioritisation.</p>	SPMU/DPMU	08/2019
<p><b>Compliances: Record Keeping/ Documentation</b></p> <p>Nodal Officers, MTs and FEs be trained in maintenance of records/ accounts at the village level (for NRM) and support / supervise compliance with project procedures and requirements. Results in this regard should be part of their performance assessment.</p>	DPMU/ SPMU	08/2019
<p><b>Staff Capacity Enhancement</b></p> <p>Assess the skill sets/ competency deficit of project personnel and evolve a remediation plan</p>	SPMU/ DPMU	08/2019
<p><b>Payment of material costs of MGNREGS</b></p> <p>The GoM to take up the matter with the GOI to expedite release of material-related MGNREGS payments.</p>	SPMU	08/2019

<p><b>Brief for Master Trainers</b></p> <p>The Master Trainers' brief should also include supporting the agriculture and food security sub-component through extension facilitation and providing feedback to DPMUs</p>	SPMU/DPMU	08/2019
<p><b>Capacity building</b></p> <p>Identify and recruit two senior level officials with banking and accounting background (one each for Garo hills and Khasi/Jaintia Hills regions) for coordination, supervision, monitoring and guidance over IVCS and RF staff</p>	RF, SPMU	08/2019
<p><b>Progress reporting</b></p> <p>Introduce a monthly progress report format that will contain a monthly record of achievements on important indicators. The report will be filed by the RF staff during their monthly visits and deviance from targets and comparisons with previous month performance analysed.</p>	RF, SPMU	08/2019
<p><b>Guidelines for salary payment to Secretaries</b></p> <p>Finalise the guidelines for payment of salaries to Secretaries of IVCS that have already reached Corpus Fund benchmarks; dialogue with the Management Committees of IVCS on the subject and ensure that Secretaries are paid a salary and available to fully focus on IVCS business</p>	RF, SPMU	08/2019
<p><b>Support for off-farm activities</b></p> <p>Prepare an approach for identification of off-farm activities for financing either by IVCS or by banks utilising the different applicable investment windows under ISC&amp;ED.</p>	RF, SPMU	08/2019
<p><b>Construction of PCT roads</b></p> <p>The roads should not be constructed in patches with roads in between continuing to be of earth.</p>	PD	08/2019
<p><b>Verification of quality of works</b></p> <p>Engage a contract engineer to expedite the closure of works, payments and accounts.</p>	PD	08/2019
<p><b>Future roads</b></p> <p>Future roads should be planned in line with the value chain crops and selection criteria should be prepared for an objective selection of roads.</p>	PD	08/2019
<p><b>Hiring of 2 Experienced SWC Engineers Agronomists/ Horticulturalist/ Foresters</b></p> <p>Hire two experienced SWC engineers – one each for the eastern and western regions the PSU level ( each based at Tura and Shillong) to oversee the NRM works in the field and ensure quality and speed of implementation. Hire two 2 experienced professionals– one each for the eastern and western regions the PSU level ( each based at Tura and Shillong) to oversee promotion and development of the agriculture sub-component of the project</p>	SPMU	09/2019

<p><b>Tracking of Village level Project Performance</b></p> <p>A village level, participatory assessment framework with indicators be finalised and personnel trained in its use by end September 2019 for use on a 6-monthly basis beginning for the period April-September 2019.</p>	SPMU/ DPMU	09/2019
<p><b>Planning credit operations</b></p> <p>Facilitate the active IVCS that have crossed corpus fund benchmarks to commence loans business; through help in planning, creation of awareness of credit policy, linkage to banks for bulk loans for on-lending to members</p>	RF, SPMU	09/2019
<p><b>Human Resource Deployment</b></p> <p>Engage a short-term consultant with experience in mobilizing Agribusinesses for market linkage and also two full time staff either on contract or on deputation with horticulture/agriculture and livestock expertise (min 10 years of experience) to support the Officer on Special Duty - ISC&amp;ED to operationalize the value chain activities.</p>	PD/APD	09/2019
<p><b>Pig Value Chain</b></p> <p>Implement activities related to piggery value chain with immediate prioritization of pig breeding units and para vet services followed by support to producer groups and processing. Start training first batch of pig breeders.</p>	ISC&ED	09/2019
<p><b>Spice Value Chain</b></p> <p>Implement spice value chain activities with immediate prioritization of nursery development, supply of improved planting materials, bio-pesticides and bio-fertilizers followed by support to producer groups, value addition and marketing. Start training first batch of nursery entrepreneurs and invite expression of interest.</p>	ISC&ED	09/2019
<p><b>Engagement of technical service providers</b></p> <p>Engage agencies such as IDH and CIP with ability to support market players under supply chains and bring in new technology.</p>	ISC&ED	09/2019
<p><b>Human Resource Requirement</b></p> <p>Engage a civil engineer with minimum 5 years of experience to manage the market and other infrastructure related activities. This person can also be allocated work related to procurement after training – Administrative Staff College of India, Hyderabad offers courses on e-procurement and also on contract management.</p>	PD/DPD	09/2019
<p><b>Completion of unfinished activities</b></p> <p>Revise the MoU to include a binding commitment with market owners to incorporate governance related requirements and provide second installment of support to markets that have completed first phase of works and that have signed revised MoU. Provide first installment to 3 markets that have already signed MoU after signing the revised MoU incorporating market reform conditions. Follow up periodically with markets on implementation of agreed reforms.</p>	MSD	09/2019

<p><b>Routine maintenance of roads</b></p> <p>Routine maintenance of roads should be carried out by the community and in case of major repair Government intervention is required. Awareness building of communities is required.</p>	PD	09/2019
<p><b>Workshops</b></p> <p>Arrange for a one/two day awareness workshop for Cooperation Department officials in the districts and blocks on IVCS; include aspects of IVCS accounts in the workshop. Also coordinate with RCS and NABARD for conduct of a workshop on Cooperation Department auditors on IVCS accounting and audit.</p>	SPMU	10/2019
<p><b>MGNREGS payment through IVCSs</b></p> <p>Explore the opportunities for getting wage payments under NREGS and other government payments routed through the IVCS to their members. A pilot involving one mature IVCS in each district may be tried out.</p>	RF, SPMU	10/2019
<p><b>Staff Training</b></p> <p>Request IDH or any other national institution of repute to train ISC state level staff in GGAPs and value chains.</p>	ISC&ED	10/2019
<p><b>Other Value Chains</b></p> <p>Implement activities related to other value chains related to planting materials, village level aggregation, processing and value addition. Invite expression of interest</p>	ISC&ED	10/2019
<p><b>Village level collection centres</b></p> <p>Identify IVCSs in supply chain clusters with high levels of production spice/areca nut/cashew nut/bay leaf/broom grass/etc requiring collection centre and with ability to get required land. Enter into MoU with select IVCSs. Complete identification and engage experienced civil engineers to design and supervise construction</p>	IVC&ED and MSD	10/2019
<p><b>Village Collection Centres linked Growth Centres</b></p> <p>Identify IVCSs which are willing to establish growth hubs in partnership with the village traders/commission agents and with ability to get required land connected to the road network. Enter into MoU with select IVCSs. Complete identification and engage experienced civil engineers to design and supervise construction.</p>	IVC&ED and MSD	10/2019
<p><b>Farmer markets</b></p> <p>Identify ICVSSs in the vicinity of existing weekly markets with ability to get land allocation adjacent to existing weekly market, support and permission from DAC to establish a farmer market. Enter into MoU with select IVCSs. Complete identification and engage experienced civil engineers to design and supervise construction.</p>	IVC&ED and MSD	10/2019
<p><b>Practical Training of Field Engineers</b></p> <p>FEs to be sent outside the state for training in practical skills of watershed planning and implementation to reputed developmental institutions known for imparting high quality practice-oriented trainings.</p>	SPMU	12/2019

<b>Development Effectiveness</b>		
<b>Rabi Action Plan 2019</b> A detailed Rabi Action Plan 2019 should be prepared in consultation with farmers for implementation that should originate from the block	DPMU/SPMU	07/2019
<b>Kharif 2019 Action</b> Initiate measures at the village/ cluster level to (i) prepare bio-formulations for plant protection and plant growth; (ii) promote tools and hill-adapted farm machinery for intercultural operations; (iii) and inter-cropping as a relay/ complementary crop where feasible	DPMUs/ SPMU	07/2019
<b>Improve planning and sequencing</b> The annual planning should be based on field capacities and activities sequenced in a manner geared to deliver desired outputs and outcomes. In particular activities that can be taken up simultaneously for better effect should be planned accordingly.	PD/APD	08/2019
<b>Measurement of Impact</b> Ensure that apart from AOS, other quick studies to measure impact of interventions in different components are carried out from time to time for effective logframe analysis.	PD/APD, M&E	08/2019
<b>Brief of Master Trainers</b> The Master Trainers' brief should also include supporting the agriculture and food security sub-component through extension facilitation and providing feedback to DPMUs	SPMU/DPMU	08/2019
<b>SALT/ across-the-slope cultivation and Bench Terracing</b> This should be promoted and implemented across the project wherever feasible.	SPMU	12/2019
<b>Sustainability and Scaling up</b>		
<b>Taking lessons to policy institutions</b> The project should document successful initiatives and seek ways of ensuring that policy dialogue is influenced by such outcomes. Hold workshops and seminars under KM to disseminate successful field interventions that have elements of policy – for up scaling of adoption. Also participate in events in which policy discussions on the areas of relevance to LAMP are likely to take place.	KM, PD	08/2019
<b>Tracking of Village level Project Performance</b> A village level, participatory assessment framework with indicators be finalised and personnel trained in its use by end September 2019 for use on a 6-monthly basis beginning for the period April-September 2019.	SPMU/ DPMU	09/2019
<b>Tracking of Village level Project Performance</b> A village level, participatory assessment framework with indicators be finalised and personnel trained in its use by end September 2019 for use on a 6-monthly basis beginning for the period April-September 2019.	SPMU/ DPMU	09/2019

<p><b>Scaling up Open Lime Channel technology</b></p> <p>The project should document its intervention with full technical details and make the same available to all concerned; scaling up the interventions in coal mined areas with water contamination.</p>	OSD, INRM	10/2019
<b>Project Management</b>		
<p><b>Governance issues</b></p> <p>Review the governance deficiencies related to filing of details of directors and also listed above and address these issues.</p>	APD/PD	07/2019
<p><b>ORMS data formats</b></p> <p>Review the ORMS data formats and AOS questionnaires prepared during the mission and submit the same for review by IFAD.</p>	M&E	07/2019
<p><b>Knowledge dissemination</b></p> <p>Start peer to peer knowledge generation and dissemination efforts with IVCSs as the focal point.</p>	KMU	08/2019
<p><b>Human Resource Reallocation</b></p> <p>Review staff allocation in project districts and work out a reallocation plan based on cluster-wise/commodity wise requirement per district. Review the staff capacity and take a decision on non-performing staff in consultation with component heads. Explore the possibility of transferring some of the SC&amp;ED, NRM and RF staff to non-LAMP villages and engaging persons with basic technical skills (Horticulture/Agriculture/Animal Husbandry for ISC&amp;ED, Accounting for RF and Agriculture Engineering/ Agriculture/Agro-forestry for NRM).</p>	HRD- NRM – ISC-ED and RF	08/2019
<p><b>Extension of contracts of Programmers</b></p> <p>Extend the contract of programmers by another four months until 31 December 2019. Review the short term needs for handholding post December.</p>	PD/APD and M&E	08/2019
<p><b>Training materials</b></p> <p>Prepare first set of training materials related to Good Agricultural Practices on spice cultivation, harvesting and storing covering Pepper, Ginger, Turmeric and Bay leaf for use by IVC&amp;ED staff. Expand the scope to cover other components.</p>	KMU	12/2019
<p><b>Capacity building of District level staff</b></p> <p>Develop curriculum and training material for building basic skills of staff which should be component specific. Circulate the training material and conduct tests for confirmation in position or extension of contract.</p>	KM and HRD	12/2019
<p><b>Costing of activities in AWPB</b></p> <p>Ensure that the costs in AWPB do not just go by the estimated costs in the cost tables, but also reckon the actual costs in the market.</p>	M&E	01/2020
<b>Financial Management &amp; Execution</b>		

<b>The recording of fixed assets, their insurance and periodic verification thereof need improving</b>	PMU	03/2019
<b>Vouchers should be numbered and filed</b> Only the cheque number and date is mentioned which makes it difficult to trace to the cash book and ledger. further the filing system should be organised.	PMU	03/2019
<b>Lack of internal control over attendance of staff</b> Given the size of the payroll controls over attendance can be improved	PMU	03/2019
<b>Updating of Procurement Plan</b> Procurement Plan to be updated with revised dates and deletion of items not required.	PD	07/2019
<b>Finalise and submit pending contracts</b> All contracts for single source selection of agencies to be finalised and submitted to IFAD for no objection.	PD	07/2019
<b>Record keeping and Management</b> Contract registers and logs are to be updated regularly from the start of the project, and submitted to IFAD on a quarterly basis. Record keeping including storing of bids, sequential filing, absence of indent/request etc. requires improvement.	PD	07/2019
<b>Settle advance of MIE based on Audit report</b> Settle advance provided to MIE based on audit report and audit observations for ineligible expenses and outstanding fund balance.	MIE and Mega-LAMP	07/2019
<b>Preparation of voucher</b> West , North & South West Garo Hills, DPMUs should print vouchers of all financial transactions.	FD	07/2019
<b>Internal Audit</b> Appoint independent professional auditor to conduct internal audit of the project on half yearly basis from FY 2019-20 for submission of internal audit report to the BoD for taking corrective measures.	BoD/PD/FD	07/2019
<b>Orientation to DPMUs Finance Staff</b> Review accounts of all DPMUs on quarterly basis and provide orientation and guidance in maintaining accounts and preparation of financial reports.	FD	07/2019
<b>Tally customization</b> Complete customization of Tally software to generate expense report in required format based on category and information required for preparation of WA and interim financial reports.	PD/APD/FD	07/2019

<p><b>Settle overdue advance</b></p> <p>Settle overdue advances given to the staff and service providers except SRES</p>	PD/APD/FD	07/2019
<p><b>Approval of Financial Management</b></p> <p>Finalize the Financial Management Manual and get it approved from the Board.</p>	BoD/PD/APD FD	07/2019
<p><b>Revision of PIM</b></p> <p>Revise PIM and get it approved from the Board.</p>	BoD/PD/APD/ FD	07/2019
<p><b>Reporting of contribution</b></p> <p>Develop system of reporting of expenditures incurred by other government offices for convergence, the contributions made by the beneficiaries and loan provided by the bank &amp; incorporate in Financial Management Manual.</p>	PD/APD/FD	07/2019
<p><b>Compliance with loan covenants</b></p> <p>Prepare plan to comply with the provisions of the Financing Agreement, Letter to the Borrower/recipient and General Conditions for Agricultural Development Financing.</p>	PD/APD/FD	08/2019
<p><b>Take action to reduce the risk level of project procurement</b></p> <p>In line with the procurement review and the issues identified by IFAD, take priority steps to strengthen the procurement functions of the project</p>	PD	08/2019
<p><b>Quarterly report</b></p> <p>Obtain financial reports from DPMUs and prepare consolidated quarterly Interim Financial Reports (IFR) for submission to the IFAD .</p>	PD/APD/FD	08/2019
<p><b>Recover payment</b></p> <p>Recover excess payment made to staff for hotel, double payment to Hotel Polo orchid and payment without supporting documents.</p>	FD	08/2019
<p><b>Capacity building of Procurement Staff</b></p> <p>OSD/Procurement to focus on capacity building of procurement staff along with online training. Staff to be made aware that even for Direct Procurement whether from private or public institution, proper procurement process should be undertaken including finalization of ToR/Employers requirement and complete justification of price and evaluation by a committee above a threshold.</p>	PD	12/2019

## Livelihoods and Access to Markets Project

### Logical Framework

Results Hierarchy	Indicators							Means of Verification			Assumptions
	Name	Baseline	Mid-Term	End Target	Annual Result (2019)	Cumulative Result (2019)	Cumulative Result % (2019)	Source	Frequency	Responsibility	
Outreach	1.b Estimated corresponding total number of households members										
	Household members			500 000	206 531	438 281	87.7				
	1.a Corresponding number of households reached							RIMS	Annual		
	Non-women-headed households										
	Women-headed households										
	Households			100 000	37 826	80 271	80.3				
	1 Persons receiving services promoted or supported by the project										
	Females										
	Males										
	Young										
	Not Young										
	Indigenous people										
	Non-Indigenous people										
Total number of persons receiving services			100 000								
Project Goal Higher family incomes & better quality of life in rural Meghalaya	Households reporting increase in Household asset index							RIMS+ baseline and impact assessment surveys			Relative stability in general economic conditions are conducive to poverty reduction
	Households			75							
	% of HH reporting increase in asset index										

Results Hierarchy	Indicators						Means of Verification			Assumptions
	Name	Baseline	Mid-Term	End Target	Annual Result (2019)	Cumulative Result (2019)	Cumulative Result % (2019)	Source	Frequency	
	% Households reporting increase in income						Impact assessment	Baseline and Completion	PMU	
	Households			75						
	Households reporting increase in food security						Impact assessment	Baseline and Completion	PMU	
	Households			75						
<b>Development Objective</b> Expanded and sustainable livelihood opportunities adapted to the hill environment and to the effects of climate change	Households report reduced time to collect domestic water						Thematic studies Annual Outcome survey Project progress reports			Rural people respond to opportunities for improved livelihoods - Political stability and security situation allow communities access to economic opportunities and natural resources
	Households			20 000						
	Households linked to supply chain and enterprise development interventions						Thematic studies Annual Outcome survey Project progress reports			
	Households			50 000						
	210 IVCS are financially sustainable and have loan recovery rates of at least 95%						Thematic studies Annual Outcome survey Project progress reports			
	No. of IVCS financially sustainable			210						

Results Hierarchy	Indicators							Means of Verification			Assumptions
	Name	Baseline	Mid-Term	End Target	Annual Result (2019)	Cumulative Result (2019)	Cumulative Result % (2019)	Source	Frequency	Responsibility	
<b>Outcome</b> Increased sustainable management by communities of their soil, water and biodiversity resources	1.2.2 Households reporting adoption of new/improved inputs, technologies or practices							RIMS	Annual		Changes in weather patterns do not seriously affect farming. Prices do not fall to a level where local production unviable
	Households			70							
	1.2.4 Households reporting an increase in production							Thematic studies Annual Outcome survey Project progress reports	Annual	PMU	
	Total number of household members			50 000							
	Households reporting increased area under irrigation										
	Households			10 000							
<b>Output</b> Capacity development & natural resource planning	No of persons trained in NRM							Project monitoring	annual	PMU	
	Males			6 200	360	789	12.7				
	Females			4 100	230	504	12.3				
	Village/community plans formulated							Project monitoring	Annual	PMU	
	Number village plans			1 350	202	428	31.7				
<b>Output</b> Land, water resource and food crop development	No of villages with water-related interventions							MIS/project progress reports	annual	PMU	Adequate funds are available for the implementation of activities from convergence
	No. of villages			1 000	339	339	33.9				
	No of Villages with land and conservation related interventions							MIS/project progress reports	annual	PMU	
	No. of villages			1 000	19	19	1.9				
<b>Outcome</b> Increased use of financial services by rural households	1.2.5 Households reporting using rural financial services							Project monitoring	Annual	PMU	Support from the Department of Cooperatives and quality handholding from MCAB
	Males										
	Females										
	Households			90 000							

Results Hierarchy	Indicators						Means of Verification			Assumptions	
	Name	Baseline	Mid-Term	End Target	Annual Result (2019)	Cumulative Result (2019)	Cumulative Result % (2019)	Source	Frequency		Responsibility
	Average combined share capital and savings per household with IVCS (in Rupees)						Project monitoring	Annual	PMU		
	Value in INR			10 000		2 291					22.9
<b>Output</b> Rural finance	IVCS societies cover 1350 villages with 120,000 members						ICVS MIS system			Support from the Department of Cooperatives and quality handholding from MCAB	
	No. of villages			1 350							
	No. of members			120 000							
	1.1.5 Persons in rural areas accessing financial services						RIMS	Annual			
	Women in rural areas accessing financial services - savings										
	Young people in rural areas accessing financial services - savings										
	Not young people in rural areas accessing financial services - savings										
	Indigenous people in rural areas accessing financial services - savings										
	Men in rural areas accessing financial services - savings										
	Non indigenous people in rural areas accessing financial services - savings										
Men in rural areas accessing financial services - credit											

Results Hierarchy	Indicators							Means of Verification			Assumptions
	Name	Baseline	Mid-Term	End Target	Annual Result (2019)	Cumulative Result (2019)	Cumulative Result % (2019)	Source	Frequency	Responsibility	
	Women in rural areas accessing financial services - credit										
	Young people in rural areas accessing financial services - credit										
	Not young people in rural areas accessing financial services - credit										
	Indigenous people in rural areas accessing financial services - credit										
	Non indigenous people in rural areas accessing financial services - credit										
	Total persons accessing financial services - savings										
	Total persons accessing financial services - credit										
	IVCS formed/strengthened							RIMS	Annual		
	No. of savings and credit groups			300	285	285	95				
	IVCS formed/strengthened with women in leadership positions							RIMS	Annual		
	No. of groups			300							

Results Hierarchy	Indicators						Means of Verification			Assumptions	
	Name	Baseline	Mid-Term	End Target	Annual Result (2019)	Cumulative Result (2019)	Cumulative Result % (2019)	Source	Frequency		Responsibility
<b>Outcome</b> Increased real net income for individuals and households in competitive inclusive supply chains and local micro- and small enterprises	Households reporting increased crop and livestock sales							Annual outcome surveys Thematic studies of costs & returns	Annual	PMU	Households have adequate labour for the expansion of enterprise and good returns in sub-sector
	Households			50							
	Households reporting increased sale prices by 15%							Annual outcome surveys Thematic studies of costs & returns			
	Households			50							
	Households linked to Market Players						Annual outcome survey	Annual	PMU		
	Households			50							
	Rural entrepreneurs expand the turn over of their business by at least 30%						Project monitoring	Annual	PMU		
Number of entrepreneurs			5 000								
<b>Output</b> Integrated production and marketing support	Supply chain clusters established						MIS/project progress reports			Viable value chain development opportunities exist	
	No. of clusters			54	0	34					63
	20,000 households participating in cluster based production						MIS/project progress reports				
	Households			20 000							
	1.1.4 Persons trained in production practices and/or technologies						RIMS	Annual	PMU		
	Women trained in crop										
	Men trained in crop										
Total persons trained in crop			1 350								

Results Hierarchy	Indicators							Means of Verification			Assumptions
	Name	Baseline	Mid-Term	End Target	Annual Result (2019)	Cumulative Result (2019)	Cumulative Result % (2019)	Source	Frequency	Responsibility	
	2.1.3 Rural producers' organizations supported							Project monitoring	Annual	PMU	
	Rural POs supported			55							
	Women in leadership position			55							
	2.1.4 Supported rural producers that are members of a rural producers' organization							RIMS	Annual		
	Females										
	Males										
	Indigenous people										
	Non-Indigenous people										
	Young										
	Not Young										
<b>Output</b> Livestock development	Paravets trained & providing services							MIS/project progress reports			Sufficient number of CLP and VRLP can be recruited and trained
	No. of CLF trained			120	0	29	24.2				
	No. of VLRP trained			720	0	48	6.7				
<b>Output</b> Market development	2.1.5 Roads constructed, rehabilitated or upgraded							RIMS	Annual		Traditional leadership allows market development
	Length of roads			250	38.85	199.98	80				
	2.1.6 Market, processing or storage facilities constructed or rehabilitated							RIMS	Annual	PMU	
	Market facilities constructed/rehabilitated			55	4	4	7.3				
	Staff of service providers trained							RIMS	Annual		
	Males			877							
	Females			800							

Results Hierarchy	Indicators							Means of Verification			Assumptions
	Name	Baseline	Mid-Term	End Target	Annual Result (2019)	Cumulative Result (2019)	Cumulative Result % (2019)	Source	Frequency	Responsibility	
<b>Output</b> Maintenance of Infrastructure	Groups managing productive infrastructure formed/strengthened							RIMS	Annual		Support from the Department of Cooperatives and quality handholding from MCAB
	No. of groups			1 350							
	Groups managing productive infrastructure formed/strengthened with women in leadership position							RIMS	Annual		
	No. of groups			1 350							
<b>Output</b> Enterprise Development	Entrepreneurs register with EFCs							EFC MIS/project progress reports			Technical support can reach scattered entrepreneurs Convergence funds available
	No. of entrepreneurs			65 000	297	64 471	99.2				
	Applications submitted for loans and convergence funding							EFC MIS/project progress reports			
	No. of applications for loans submitted										
	2.1.2 Persons trained in income-generating activities or business management							RIMS	Annual		
	Females										
	Males										
	Indigenous people										
	Non-Indigenous people										
	Young										
	Not Young										
	2.1.1 Rural enterprises accessing business development services										
	Rural enterprises										
	<b>Outcome</b> Information hub providing useful data	Number of producers benefiting from information services							Project progress reports		
No. of producers											

Results Hierarchy	Indicators							Means of Verification			Assumptions
	Name	Baseline	Mid-Term	End Target	Annual Result (2019)	Cumulative Result (2019)	Cumulative Result % (2019)	Source	Frequency	Responsibility	
<b>Output</b> Lesson learning	Number of knowledge products and events generated by project							Progress Reports			Useful lessons available for dissemination
	No. of knowledge products										
<b>Output</b> Information hub	Amount of information collected, collated and stored in the information hub							MIS/project progress reports			Relevant information is available for collection by hub
	No. of information										

## India

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### Livelihoods and Access to Markets Project

### Supervision Report

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

Mission Dates: 19 June - 3 July 2019  
Document Date 13/08/2019  
Project No. 1100001715  
Report No. 5132-IN

Asia and the Pacific Division  
Programme Management Department

## Appendix 1: Financial - Actual Financial performance by financier, by component and disbursements by category

### Appendix 1.a1: Financial performance by financier as at 31 May 2019 based on original appraisal amount

Financier	Approval (US\$ '000)	Disbursements (US\$ '000)	Percent disbursed
IFAD	50,063	9,140	18.26
Govt. of Meghalaya	49,665	7,834	15.77
Convergences	28,175	144	0.51
Banks	29,319	1,562	5.33
Beneficiaries	12,682	152	1.20
<b>Total</b>	<b>169,905</b>	<b>18,832</b>	<b>11.08</b>

### Appendix 1.a2: Financial performance by financier as at 31 May 2019 based on revised appraisal amounts (Note 1)

Financier	Revised Approval (US\$ '000)	Disbursements (US\$ '000)	Percent disbursed
IFAD	43,525	9,140	21.00
Govt. of Meghalaya	30,908	7,834	25.35
Convergences	19,551	144	0.74
Banks	22,514	1,562	6.94
Beneficiaries	2,207	152	6.87
<b>Total</b>	<b>118,705</b>	<b>18,832</b>	<b>15.86</b>

#### Note:

1. The approval amounts have been revised based on expenditures incurred up to 30 September 2018 at the exchange rate of INR 62 per USD and expenditures estimated in the cost table prepared in MTR for the remaining project period from 1 October 2018 and outstanding advances already given at the exchange rate of INR 70 per USD.
2. The IFAD and GoM disbursement include expenditures incurred up to 31 May 2019 excluding advances.
3. The expenditures yet to be disbursed have been calculated at the exchange rate of Rs. 68.92365 per USD.
4. The expenditures incurred by the GoM have been calculated at the same exchange rates used for IFAD loan.
5. Bank loans and beneficiary contribution have been reported based on project MIS.

**Appendix 1.b1: Financial performance by financier by component as at 31 May 2019 (Amount in USD '000) based on original appraisal amount**

Components	IFAD Loan			Government			Convergence			Banks			Beneficiaries			Total		
	Approval	Actual	%	Approval	Actual	%	Approval	Actual	%	Approval	Actual	%	Approval	Actual	%	Approval	Actual	%
<b>A. Natural Resources &amp; Food Security</b>																		
1. Integrated NRM	8,759	1,649.53	18.83	7,679.46	1,466	19.09	16,555	144	0.87	-	-	-	1,742	152	8.70	<b>34,736</b>	<b>3,411</b>	9.82
<b>B. Livelihood support</b>																		
1. Integrated village cooperatives	774	244.17	31.54	3,062.59	103	3.35	-	-	-	9,677	-	-	-	-	-	<b>13,514</b>	<b>347</b>	2.57
2. Enterprises development	7,688	578.31	7.52	14,432.97	102	0.70	8,980	-	-	15,158	1,562	10.30	7,643	-	-	<b>53,902</b>	<b>2,242</b>	4.16
3. Integrated production & marketing	3,756	467.62	12.45	4,454.62	259	5.82	2,613	-	-	3,919	-	-	2,613	-	-	<b>17,355</b>	<b>727</b>	4.19
4. Livestock Development	4,720	0.01	0.00	1,255.16	0	0.00	-	-	-	565	-	-	113	-	-	<b>6,653</b>	<b>0</b>	0.00
5. Access to markets	15,002	3,812.88	25.42	10,739.26	3,080	28.68	27	-	-	-	-	-	572	-	-	<b>26,340</b>	<b>6,893</b>	26.17
<b>C. Knowledge Services</b>																		
1. Knowledge services	4,762	298.77	6.27	1,803.64	96	5.30	-	-	-	-	-	-	-	-	-	<b>6,566</b>	<b>394</b>	6.01
<b>D. Project Management</b>																		
1. Project Management Unit, Shillong	1,301	1,017.86	78.26	1,517.76	1,356	89.37	-	-	-	-	-	-	-	-	-	<b>2,818</b>	<b>2,374</b>	84.24
2. District Project Management Units	3,301	1,071.14	32.45	4,719.33	1,372	29.07	-	-	-	-	-	-	-	-	-	<b>8,020</b>	<b>2,443</b>	30.46
<b>TOTAL</b>	<b>50,063</b>	<b>9,140.29</b>	<b>18.26</b>	<b>49,664.80</b>	<b>7,834</b>	<b>15.77</b>	<b>28,175</b>	<b>144</b>	<b>0.51</b>	<b>29,319</b>	<b>1,562</b>	<b>5.33</b>	<b>12,682</b>	<b>152</b>	<b>1.20</b>	<b>169,905</b>	<b>18,832</b>	<b>11.08</b>

- Note:
1. The IFAD and GoM disbursement include expenditures incurred up to 31 May 2019 excluding advances.
  2. The expenditures yet to be disbursed have been calculated at the exchange rate of Rs. 68.92365 per USD.
  3. The bank loan of USD 1,561,702 (INR 101.846 million) including amounts of USD 689,749 (INR 4.754 million) yet to be identified for the specific fiscal year, which has been reported by the project, has been included under enterprises development due to lack of purpose of loan and identification of loan taken for the project intervention areas and activities.

**Appendix 1.b2: Financial performance by financier by component as at 31 May 2019 (Amount in USD '000) based on revised Appraisal Amounts**

Components	IFAD Loan			Government			Convergence			Bank			Beneficiary			Total		
	Appraisal	Actual	%	Appraisal	Actual	%	Appraisal	Actual	%	Appraisal	Actual	%	Appraisal	Actual	%	Appraisal	Actual	%
<b>A. Natural Resources &amp; Food Security</b>																		
A. Integrated NRM	8,975	1,649.53	18.38	7,771.00	1,466	18.87	19,551	144	0.74	-	-	-	1,589	152	9.54	<b>37,886</b>	<b>3,411</b>	9.00
B. Rural Finance (Integrated Village Cooperative Society)	9,462	244.17	2.58	4,517.00	103	2.27	-	-	-	20,871	-	-	-	-	-	<b>34,850</b>	<b>347</b>	0.99
<b>C. Inclusive Supply chain &amp; ED</b>																		
1. Inclusive Supply Chains & Enterprise Development	7,806	359.10	4.60	5,376.00	240	4.47										<b>13,182</b>	<b>599</b>	4.55
2. Enterprises development	621	578.31	93.13	109.00	102	93.31	-	-	-	1,643	1,562	95.07		-	-	<b>2,373</b>	<b>2,242</b>	94.48
3. Integrated production & marketing	132	108.52	82.21	23.00	19	83.26	-	-	-		-	-		-	-	<b>155</b>	<b>128</b>	82.37
4. Livestock Development	971	0.01	-	243.00	0	-	-	-	-		-	-		-	-	<b>1,214</b>	<b>0</b>	-
5. Access to markets	9,467	3,812.88	40.28	7,581.00	3,080	40.63				-	-	-	618	-	-	<b>17,666</b>	<b>6,893</b>	39.02
<b>D. Knowledge Services</b>																		
1. Knowledge services	2,827	298.77	10.57	1,103.00	96	8.66	-	-	-	-	-	-	-	-	-	<b>3,930</b>	<b>394</b>	10.03
<b>E. Project Management</b>																		
1. Project Management Unit, Shillong	1,856	1,071.14	57.71	2,466.00	1,372	55.63	-	-	-	-	-	-	-	-	-	<b>4,322</b>	<b>2,443</b>	56.52
2. District Project Management Units	1,408	1,017.86	72.29	1,719.00	1,356	78.91	-	-	-	-	-	-	-	-	-	<b>3,127</b>	<b>2,374</b>	75.93
<b>TOTAL</b>	<b>43,525</b>	<b>9,140.29</b>	<b>21.00</b>	<b>30,908.00</b>	<b>7,834</b>	<b>25.35</b>	<b>19,551</b>	<b>144</b>	<b>0.74</b>	<b>22,514</b>	<b>1,562</b>	<b>6.94</b>	<b>2,207</b>	<b>152</b>	<b>6.87</b>	<b>118,705</b>	<b>18,832</b>	<b>15.86</b>

- Note: 1. The appraisal amounts have been revised based on expenditures incurred up to 30 September 2018 at the exchange rate of INR 62 per USD and expenditures estimated in the cost table prepared in MTR for the remaining project period from 1 October 2018 and outstanding advances already given at the exchange rate of INR 70 per USD.
2. The IFAD and GoM disbursement include expenditures incurred up to 31 May 2019 excluding advances.
3. The expenditures yet to be disbursed have been calculated at the exchange rate of Rs. 68.92365 per USD.
4. The bank loan of USD 1,561,702 (INR 101.846 million) including amounts of USD 689,749 (INR 4.754 million) yet to be identified for the specific fiscal year, which has been reported by the project, has been included under enterprises development due to lack of purpose of loan and identification of loan taken for the project intervention areas and activities.

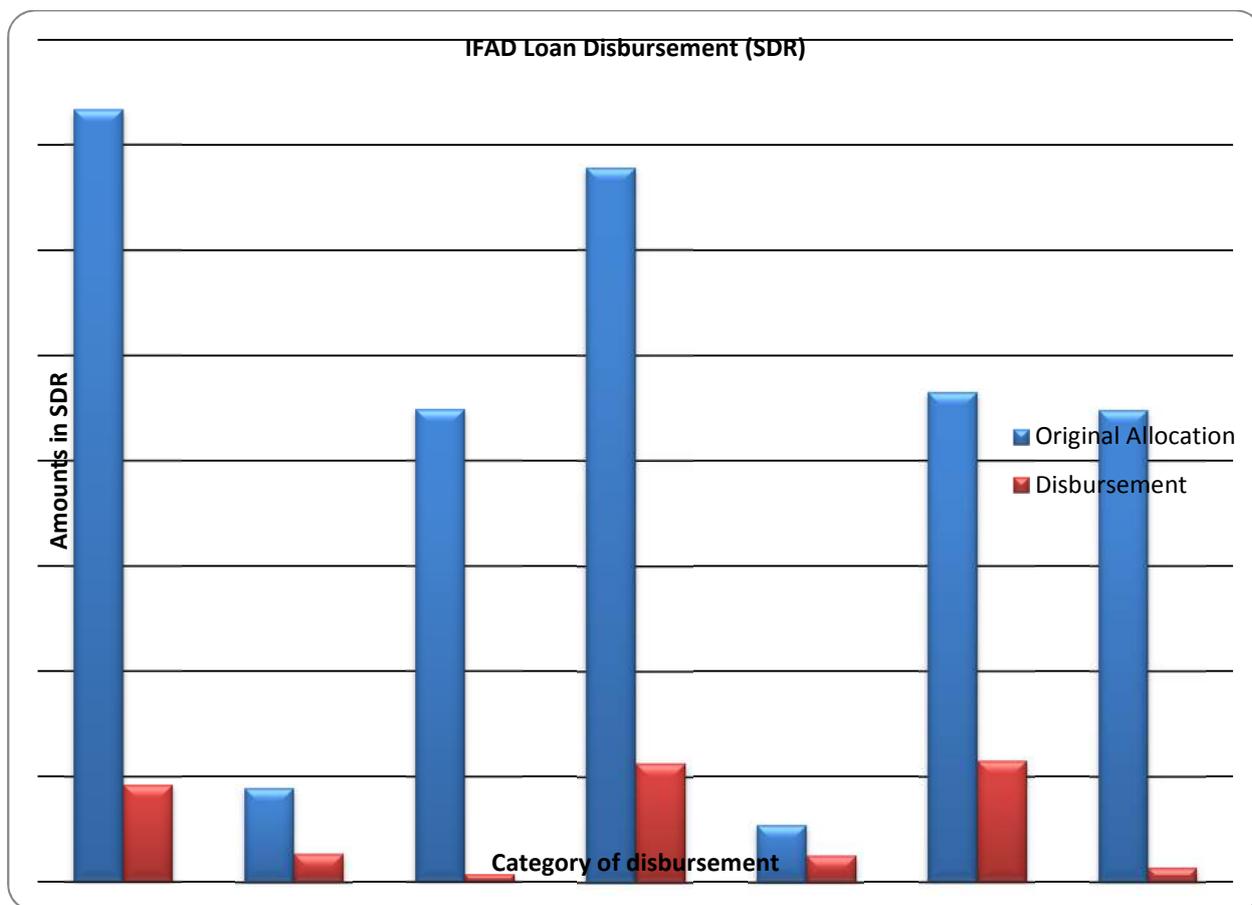
**Appendix 1.c: (i): IFAD Loan disbursements (SDR, as at 31 May 2019)**

<b>Code</b>	<b>Categories</b>	<b>Original Allocation</b>	<b>Disbursement</b>	<b>WA pending</b>	<b>Balance</b>	<b>Percent Disbursed</b>
200003	Works	7,340,000	921,261	1,577,281	6,418,739	12.55
200011	Equipment & Materials	880,000	266,200	17,048	613,800	30.25
200012	Grants and Subsidies	4,490,000	74,079	919,944	4,415,921	1.65
200013	Goods, Services & Inputs	6,780,000	1,131,586	26,689	5,648,414	16.69
200016	Operating Costs	530,000	249,422	17,601	280,578	47.06
200018	Salaries & Allowances	4,650,000	1,153,485	67,857	3,496,515	24.81
200019	Training	4,480,000	137,038	18,255	4,342,962	3.06
270001	Authorized Allocation	-	-	-	-	-
290001	Unallocated	3,250,000		-	3,250,000	-
	<b>Total</b>	<b>32,400,000</b>	<b>3,933,071</b>	<b>2,644,675</b>	<b>28,466,929</b>	12.14

Note:

- 1 The expenditures incurred in the months of April & May 2019 have been reported in the WA pending column using exchange rate of Rs. 95.8102 per SDR prevailing on 28 June 2019.
- 2 The disbursements made on 6 June 2019 for expenditures incurred in the months of January to March 2019 have been reported in disbursement column.

**Graph 1: IFAD Loan disbursement against original allocation**





Investing in rural people

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**Livelihoods and Access to Markets Project**

**Supervision Report**

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

Mission Dates: 19 June - 3 July 2019

Document Date 13/08/2019

Project No. 1100001715

Report No. 5132-IN

Asia and the Pacific Division  
Programme Management Department

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

Component/subcomponent/activity	Unit	AWPB for FY 2018 - 19	Total Actual Achievement during the FY 2018-19		Total project target	
		Physical			Physical	
			Phy	%		
1.1 Integrated Natural Resources Management						
I. Investment Costs						
A. INRM planning	village	1350	147	10.89%	1350	
	INRM plans + VRM /CPs formulation /a					
B. Capacity building and training						
	1. Project staff	event	1	0	0.00%	1
	Engineers: on social mobilisation skills /b	event	0	0		1
	Engineers and others: on vulnerability assessment /c	event	1	0	0.00%	1
	Engineers: on watershed management outside the state /d	event	1	0	0.00%	1
	Climate resilient agriculture /e	event	0	0		1
	Exposure + learning visits, outside the state /f					
	Subtotal Project staff					
	2. Village level					
	District Level Workshop	village	1350	57	4.22%	1350
	Awareness raising at village level	cluster	54	2	3.70%	54
	Book-keeping and project management at cluster level /g	events	0	0		6
	Cross-learning events, regional level /h	cluster	54	0	0.00%	54
	Social communication skills for VF, WV at cluster level /i	clusterr	54	0	0.00%	54
	Training of watershed volunteers /j					

	Subtotal Village level					
	3. Equipment & materials	each	28	0	0.00%	28
	Laptops /k	each	54	128	237.04%	54
	GPS (handheld) units	each	20	20	100.00%	20
	Digital camera, one per Block	each	18	0	0.00%	18
	LD Projector, mobile units, one per Block	each	28	0	0.00%	28
	Internet data card					
	Subtotal Equipment & materials					
	Subtotal Capacity building and training					
	C. Technical extension support	pers_day	864	0	0.00%	12096
	TA/DA to SWCD staff /l	pers_day	432	0	0.00%	3456
	On site agriculture extension /m	lead farmer	162	0	0.00%	1296
	Farm inputs package /n	cluster	0	0		54
	Drudgery reducing implements /o	cluster	0	0		54
	Multipurpose portable farm implementsfor demonstration /p	LS	0	0		1
	Technical exposure for farm implements and technologies					
	Subtotal Technical extension support	sites	0	0		200
	D. Installation of water lifting devices for domestic water supply	pers_monthth	8	0	0.00%	56
	E. Consultancy/ TOT					
	F. Village development fund (VDF)	village	350	50	14.29%	350
	VDF 1st instalment /q	village	0	1		1350
	VDF 2nd installment	village	0	0		1350
	VDF Additional fund /r	village	1350	0	0.00%	4050
	Beneficiary participation /s					
	Subtotal Village development fund (VDF)					
	G. VEC operating costs	VEC	350	1	0.29%	350

	VEC operating costs including payments to PF /t	VEC	0	0		2700
	VEC operating costs from year 2019/20					
Subtotal VEC operating costs		village	0	0		5400
H. Convergence from MGNREGA & other						
Total Investment Costs						
II. Recurrent Costs						
A. Staff salary		pers_month	6	0	0.00%	51
	NRM component manager	pers_month	18	6	33.33%	153
	NRM training and data management officers	pers_month	6	6	100.00%	51
	NRM GIS officer	pers_month	138	3	2.17%	1173
	Field Engineers	pers_month	30	6	20.00%	255
	Regional coordinators					
Subtotal Staff salary						
B. Operating costs /u		year	12	0	0.00%	104
	SWC engineer units, 23	year	12.5	0	0.00%	104.5
	Mobility allowance, 23 SWC units	pers_days	2300	0	0.00%	20700
	TA/DA for 23 SWC units	year	2.5	0	0.00%	20
	Regional coordinators,5	year	2.5	0	0.00%	20
	Mobility allowance for Regional coordinators	year	300	0	0.00%	2550
	TA/DA for Regional Coordinators					
Subtotal Operating costs						
Total Recurrent Costs						
Total Integrated Natural Resources Management						
2.1 Rural Finance (IVCS)						
I. Investment Costs						
A. Capacity building and training						
	1. Vehicles and equipment	each	2	0	0.00%	2
	Vehicles	each	2	0	0.00%	2

	Desktops	each	28	0	0.00%	28
	Laptops /a	each	2	0	0.00%	2
	Printers	each	2	0	0.00%	2
	External hard drive	each	1	1	100.00%	1
	Digital camera					
	Subtotal Vehicles and equipment					
	2. Training & capacity building (state level)	IS	3	0	0.00%	8
	Tool kits, operations manual, training course design /b	batch	8	1	12.50%	23
	Training/exposure visits for project staff , MCAB staff and Department facilitators					
	Subtotal Training & capacity building (state level)					
	3. Training and capacity building at district level	batch	200	34	17.00%	600
	Awareness programme /c	batch	103	2	1.94%	265
	Training IVCS staff /d	batch	67	7	10.45%	211
	Training IVCS board members /e	batch	4	0	0.00%	24
	Exposure visits within the state	batch	2	0	0.00%	14
	Exposure visits (outside the state)	batch	0	0		13
	TOT for BL facilitators at community level	batch	0	0		30
	Financial literacy programme for Trainers	IVCS	0	0		300
	Financial literacy programme for IVCS members					
	Subtotal Training and capacity building at district level					
	Subtotal Capcity building and training	year	1	0	0.00%	4
	B. Cooperative development support agency					
	C. IVCS development	IVCS	100	0	0.00%	300
	Corpus fund for IVCS	IVCS	0			300
	Risk fund for IVCS	IVCS	50			900
	Viability gap fund	IVCS	100	6	6.00%	300
	Office equipment & furniture					

Subtotal IVCS development						
D. Credit linkages						
1. Training for credit linkages	visits	11	0	0.00%	33	
Visits by project staff	batch	1		0.00%	4	
Training of project staff /f	LS	0.5	0	0.00%	4	
IVCS cell in MBDA						
Subtotal Training for credit linkages						
2. Credit linkages	IVCS	0			300	
IVCS borrowing from banks	enterprise	0			36000	
credit linkages for entrepreneurs	cluster	8	0	0.00%	54	
Bank loans in IPM clusters	producer	0			6000	
Bank loans to livestock producers						
Subtotal Credit linkages						
Subtotal Credit linkages						
Total Investment Costs						
II. Recurrent Costs						
A. Staff salary	pers_month	18	3	16.67%	153	
RF Component Manager	pers_month	18	9	50.00%	153	
RF Senior managers HQ	Pers_month	12	0	0.00%	102	
RF Regional Coordinators	Pers_month	132	81	61.36%	1122	
RF District Officers	pers_month	12	9	75.00%	102	
RF Officers at HQ	pers_month	12	0	0.00%	102	
Multi tasks Assistants						
Subtotal Staff salary						
B. Operating costs						
1. Office operating costs						
District Level Workshop	year	12	0	0.00%	102	
IVCS core group meeting	monthly	6	0	0.00%	51	
FSD staff meeting	meeting	2	0	0.00%	17	

	Quarterly review meeting /g	month	12	0	0.00%	102
	Vehicle operating costs (2 vehicles)	year	0.5	0.048	9.60%	4.25
	TA/DA to staff	year	0.5	0.029	5.80%	4
	Miscellaneous costs					
	Subtotal Office operating costs					
	2. Facilitators	pers_month	66	0	0.00%	198
	IVCS facilitators for formation /h					
	Training of Village Facilitators	pers_month	100	0	0.00%	300
	Village facilitators					
	Subtotal Facilitators					
	Subtotal Operating costs					
	Total Recurrent Costs					
	Total Rural Finance (IVCS)					
	3.1 Inclusive supply chain & enterprises development					
	I. Investment Costs					
	A. Inclusive supply chain development					
	1. Vehicles	each	2	0	0.00%	2
	4WD field vehicle /a	each	36	0	0.00%	36
	Motor cycles /b					
	Subtotal Vehicles					
	2. Equipment and materials	each	72	0	0.00%	72
	Laptops	each	4	0	0.00%	4
	Multi-task printers	each	6	6	100.00%	6
	Digital camera	each	0	0		500
	Tablets for data collection for BFLF	each	65000	0	0.00%	65000
	Printing of Farmers Diary	LS	1	0	0.00%	1
	Software design & customisation for the use Farmers diary	batch	0	0		16
	Hands on training to BFLF on the use of tablets					

	Subtotal Equipment and materials					
	3. Brokering & facilitation	batch	20	20	100.00%	69
	MSP at Hub level /c	event	47	0	0.00%	427
	MSP at cluster level /d	event	18	1	5.56%	188
	Exposure visits to farmers /e	batch	167	0	0.00%	1498
	Production/post harvest training to farmers /f	event	0	0		15
	Exposure to farmers, traders & processors /g	batch	20	1	5.00%	46
	Enterprises promotion & management training /h	person	0	0		12
	Trade fair participation for non-handicrafts and handlooms					
	Subtotal Brokering & facilitation					
	4. Gender and social inclusion	batch	2	0	0.00%	4
	Gender and social inclusion /i	batch	15	0	0.00%	93
	Training on leadership skills for registered women entrepreneurs /j					
	Subtotal Gender and social inclusion					
	5. Staff capacity building	batch	3	0	0.00%	10
	Staff Training on supply chains and business plans	visits	0	1		6
	Exposure visits to supply chain development initiatives	batch	0	0		13
	TOT for BL facilitators at community level /k	set	0	0		68000
	Development of training materials for business and financial literacy	batch	0	0		1200
	FE & BS training to community /l	batch	0	0		13
	Refresher training on Financial education business literacy /m	year	0	0		400
	SIM activation & monthly recharge for mobiles	year	0	0		1200
	BLF partial remuneration for data collection + data entry via Tablets /n					
	Subtotal Staff capacity building					
	6. Market development	study	1	0	0.00%	4
	Supply chain market study & TA	LS	1	0	0.00%	5

	Market price collection and dissemination through MIE	LS	1	1.91	191.00%	2
	Manual & investment guidelines publication					
	Subtotal Market development					
	7. Supply chain development facilities /o	LS		4		
	Market-led infrastructure & action research, tech demo	LS		1		
	Grant support from LAMP /p					
	Subtotal Supply chain development facilities					
	Subtotal Inclusive supply chain development					
	B. Enterprises development	study	1	0	0.00%	1
	1. Enterprises scoping study					
	2. Enterprises creation & development	event	8	5	62.50%	60
	Basic product diversification training /q	batch	0	0		8
	Exposure visit /r					
	Subtotal Enterprises creation & development					
	3. Trade and services /s	batch	2	0	0.00%	30
	Subtotal Enterprises development					
	Total Investment Costs					
	II. Recurrent Costs					
	A. Inclusive supply chain					
	1. Staff salary	pers_month	6	3	50.00%	51
	Supply chains Component Manager	pers_month	6	3	50.00%	51
	Senior supply chain development Manager	pers_month	12	3	25.00%	102
	Business development officers /u	pers_month	12	0	0.00%	102
	Regional Supply chain coordinators (Hub level) /v	pers_month	84	3	3.57%	714
	Supply chain coordinators /w	pers_month	216	3	1.39%	1836
	ERP at 2 per 18 Blocks	pers_month	108	2	1.85%	918
	Producer group development officer /x	pers_month	108	3	2.78%	918

	MTA, one per Block					
	Subtotal Staff salary					
	2. Operating costs	pers_day	444	0	0.00%	3714
	Staff travel allowance	per year	1	0.39	39.00%	5
	Office operating costs	per year	2	1	50.00%	10
	Vehicles operating costs					
	Subtotal Operating costs					
	Subtotal Inclusive supply chain					
	B. Enterprises development					
	1. staff salary	person_month	6	3	50.00%	51
	Enterprises coordinator at PMU level	pers_month	66	3	4.55%	588
	Enterprises manager at districts					
	Subtotal staff salary					
	2. Operating costs	pers_day	72	0	0.00%	610
	Travel allowances					
	Subtotal Enterprises development					
	Value Chain & market Studies					
	Business Volunteers/Grass Roots Services Provider					
	Regional Cluster Level Business Development Services					
	Total Recurrent Costs					
	Total Inclusive supply chain & enterprises development					
	3.2 Access to Market					
	I. Investment Costs	LS		29		
	A. Rural roads, bridges & markets	pers_month	12	0	0.00%	72
	B. Engaging consulting engineers					
	Total Investment Costs					
	II. Recurrent Costs					

A. Maintenance costs		year		0		
	Maintenance of civil structures /a					
Total Recurrent Costs						
Total: Access to Market						
4.1 Knowledge Resource Management						
I. Investment Costs /a						
A. Knowledge services management		unit	2	0	0.00%	2
	Vehicles	set	0	0		0
	Equipment & furniture	sum	1	0	0.00%	1
	Knowledge management strategy					
Subtotal Knowledge services management						
B. Information for NRM & governance		LS	2	0	0.00%	2
	GIS unit equipment	village	750	0	0.00%	750
	village maps from remote-sensing	LS	0	0		0
	GPS equipment	LS	1	0	0.00%	1
	Gathering indigenous knowledge	year	1	0	0.00%	5
	Collation of bio-envvironmetal data	year	1	0	0.00%	5
	Collation of NRM good practices					
Subtotal Information for NRM & governance						
C. Information for Enterprises development						
	1. Data collection	study	2	0	0.00%	5
	Value-chain & market studies	year	1	0	0.00%	5
	Collection of enterprises & market data					
	Subtotal Data collection	number	2	0	0.00%	4
	2. Preparation of manuals & guidelines (miscellaneous)					
	3. Telephone support unit	year	1	0	0.00%	2

	Needs assessment, design support	set	1	0	0.00%	1
	Computer equipment	year	0	0		4
	Operating costs					
	Subtotal Telephone support unit	LS	1	0	0.00%	5
	4. Support to Meghalaya Trade Promotion Organisation					
Subtotal Information for Enterprises development		year	0			0
D. Technology testing & action research						
E. Monitoring and evaluation		set	0	0		1
	Computer & other equipment	Number	0	0		0
	Vehicle	number	0	0		6
	Motor cycles	set	0.5	0	0.00%	0.5
	Other equipment, crop cutting etc	batch	2	0	0.00%	8
	Staff capacity building	LS	0	0		0
	Baseline survey	LS	2	1	50.00%	5
	Case studies, other studies	LS	0	0		1
	Impact Assessment Survey	year	0.5	0.75	150.00%	2.5
	M&E Support agency	pers_month	6	0	0.00%	48
	Short-term specialist	LS	1	0	0.00%	5
	Annual outcome survey	LS	0	0		1
	Thematic survey	LS	0.5	0	0.00%	0.5
	M&E development, agency support	pers_month	2	0	0.00%	8
	Consultant for MIS development	persons	5	0	0.00%	20
	Exposure visits to other IFAD projects	persons	0	0		10
	Exposure visits to other IFAD international projects					
Subtotal Monitoring and evaluation						
F. Knowledge management & lessons learning						
	1. Staff level	meetings	108	1	0.93%	756

	Monthly meetings at Block level	meeting	66	0	0.00%	462
	Monthly meetings at district level	meetings	2	1	50.00%	17
	Quarterly meetings at state level	batch	1	0	0.00%	2
	Training in KM methods for sharing	LS	0	0		0
	Development of KM strategy	person	1	0	0.00%	2
	Overseas training & study tours					
	Subtotal Staff level					
	2. Participant level	meetings	66	0	0.00%	264
	Focus group & participatory M&E	meetings	54	0	0.00%	378
	Cluster level meetings, half-yearly	meeting	11	0	0.00%	55
	Annual district meetings for villages	year	1	0	0.00%	5
	Documentation of lessons	batch of 10	1	0	0.00%	2
	Learning routes-international	batch of 10	0	0		2
	Learning routes-national	LS	10	0	0.00%	10
	Internal training of staff	LS	0	0		46
	Building the capacity of local institutions	set	0	0		46
	Knowledge sharing equipment	LS	0	0		4
	Technical backstopping					
	Subtotal Participant level					
	Subtotal Knowledge management & lessons learning					
	G. Dissemination and communications	village	100	0	0.00%	1350
	Village information kit	year	1	0	0.00%	4
	Posters and leaflets	year	1	0.0097	0.97%	5
	Translation of technical materials	year	1	0	0.00%	5
	Printing of technical materials	event	1	0	0.00%	5
	Annual knowledge-sharing event	persons	0	0		35
	Attending national events	year	1	0.45	45.00%	5
	Editing & design of publications	year	1	7.68	768.00%	5

	LAMP website design & operation	year	1	0	0.00%	4
	Printing of communication materials	year	1	0.4	40.00%	4
	Communication videos	year	0.5	0	0.00%	2
	KM & Communication Support Agency					
	Subtotal Dissemination and communications					
	Total Investment Costs					
	II. Recurrent Costs					
	A. Knowledge management service	pers_month	6	6	100.00%	54
	KM Manager	Pers_month	6	6	100.00%	42
	KM Asst Manager	Pers_month	24	15	62.50%	192
	KM Programme Associates, Research	pers_month	24	3	12.50%	192
	KM Programme Associates Video	pers_month	12	1	8.33%	84
	KM Programme Associates Regional Offices (Research)	Pers_month	12	6	50.00%	84
	KM Programme Associates Regional Offices (Video)	Pers_month	6	0	0.00%	54
	KM Desktop publisher-Editor	Pers_month	6	6	100.00%	42
	Gender & Social Inclusion Manager	pers_month	6	6	100.00%	42
	Driver	month	6	0	0.00%	30
	Vehicle running costs	month	6	0	0.00%	42
	Office expenses					
	Subtotal Knowledge management service					
	B. Monitoring & evaluation	pers_month	6	6	100.00%	51
	M&E Manager	pers_month	6	0	0.00%	51
	Senior Analyst -Monitoring	pers_month	6	6	100.00%	51
	Senior Analyst -Evaluation	pers_month	6	6	100.00%	51
	Data Analysts -MIS Officers	pers_month	6	0	0.00%	51
	Comp 1 NRM M&E specialist	pers_month	6	0	0.00%	51
	Comp 2 RF M&E Specialist	pers_month	6	0	0.00%	51
	Comp 3 Supply chain M&E specialist	pers_month	42	24	57.14%	537

	Field monitoring officers	year	0.5	0	0.00%	3.25
	Operating expenses					
Subtotal Monitoring & evaluation						
Total Recurrent Costs						
Total: Knowledge Resource Management						
District Project Management Units						
I. Investment Costs						
A. Equipment and vehicles		units	0	0		11
	Vehicles /a	units	0	0		0
	Laptops	units	0	0		22
	Printers	set	0	0		56
	Desks & chairs	unit	0	0		0
	Cupborads	units	0	0		40
	Visitors chairs	units	0	0		11
	Photocopiers	units	0	0		11
	Powerback ups	sets	7	0	0.00%	11
	Other furniture & equipment					
Subtotal Equipment and vehicles		LS	1			4
B. staff capacity building						
Total Investment Costs						
II. Recurrent Costs						
A. Staff salary & allowances		pers_month	66	36	54.55%	561
	District Project Managers	pers_month	66	36	54.55%	561
	Accounts officers, Managers	pers_month	66	33	50.00%	561
	Monitoring Assistants	pers_month	66	36	54.55%	561
	Office Assistants	pers_month	66	36	54.55%	561
	Drivers /b	pers_month	0	0		36
	Short-term specialists					

	staff salary & allowance					
Subtotal Staff salary & allowances						
B. Office operating costs		office_month	66	0	0.00%	561
	Office rent	office_month	66	16	24.24%	561
	Consumables /c	office_month	66	5	7.58%	561
	Utilities /d	office_month	395	0	0.00%	3366
	Motor cycle use charges /e	pers_month	397	25	6.30%	3368
	Travel allowance	vehicle_month	66	32	48.48%	561
	Fuel & maintenance /f	office_month	66	37	56.06%	561
	Other costs					
Subtotal Office operating costs						
Total Recurrent Costs						
Total: District Project Management Units						
5.2 State Project Management Unit, Shillong						
I. Investment Costs						
A. Vehicles and Equipment		units	0	0		3
	4 wheel drive vehicles /a	units	0	0		7
	Laptops	units	0	0		4
	Desktop computers	units	0	0		7
	Printers	set	11	0	0.00%	11
	Desks & chairs	units	0	0		0
	Cupboards	units	0	0		0
	Visitor chairs	units	0	0		2
	Photocopiers	units	0	0		2
	Powerbacks	LS	0	0		0
	Other furnitures & equipment	LS	0	0		0
	Other costs					
Subtotal Vehicles and Equipment		batch	1	0	0.00%	4

B. Staff training						
C. Audit & accounting		year	1	0	0.00%	5
	Internal auditing /b	year	1	0	0.00%	5
	Annual auditing	LS	1	0	0.00%	0
	Accounting software /c					
Subtotal Audit & accounting						
D. Enterprises development portal		set	0	0		0
	Computer equipment	year	1	0	0.00%	5
	Technical support	year	1	0	0.00%	5
	Other costs					
Subtotal Enterprises development portal						
Total Investment Costs						
II. Recurrent Costs						
A. Salary & allowance						
	1. PM Team	pers_month	6	0	0.00%	51
	State Project Director	pers_month	6	2	33.33%	51
	Additional Project Director	pers_month	6	1	16.67%	51
	Chief Finance Officer	pers_month	6	3	50.00%	51
	HR Officer	pers_month	6	3	50.00%	51
	Accounts & Finance Manager	pers_month	6	1	16.67%	51
	Compliance Officer	pers_month	12	3	25.00%	102
	Accounts Assistants	pers_month	6	3	50.00%	51
	Procurement Manager	pers_month	12	3	25.00%	102
	Project Assistants	pers_month	30	3	10.00%	255
	Office Assistants	pers_month	30	3	10.00%	255
	Drivers					
	staff salary & allowance					
	Subtotal PM Team					

B. Operating costs		month	0	0		0
	Office rent	month	12	0	0.00%	60
	Consumables	month	12	5	41.67%	60
	Utilities	year	1	1.43	143.00%	5
	Travel allowance	vehi_month	30	71	236.67%	255
	Fuel & maintenance	month	12	51	425.00%	60
	Other costs					
Subtotal Operating costs						
Total Recurrent Costs						
Total: State Project Management Unit, Shillong						
Total : AWPB 2018-19						



## India

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### Livelihoods and Access to Markets Project

### Supervision Report

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

Mission Dates: 19 June - 3 July 2019

Document Date 13/08/2019

Project No. 1100001715

Report No. 5132-IN

Asia and the Pacific Division  
Programme Management Department

### Appendix 3: Compliance with legal covenants: Status of implementation

Article/ Section of FA, LTB & GC	Covenant	Target/Action Due Date	Compliance Status
Financing Agreement (FA)- Section B -6	There shall be an account denominated in USD designated to receive a one-time initial advance of USD 1.5 million to be settled by the borrower in the first twelve months following the disbursement of such advance.	On Loan Effectiveness 09-12-2014	Complied.
FA -Section B - 7	There shall be a project account denominated in local currency opened and operated by the State Project Management Unit ( SPMU ) which shall be maintained in a bank mutually acceptable to the Fund and the State Government.	On Loan Effectiveness	Complied.
FA -Section B - 8	There also shall be sub project accounts denominated in local currency opened and operated by the District Programme Management Units ( DPMU ) which shall be maintained in a bank mutually acceptable to the Fund and the State Government.	On Loan Effectiveness	Complied
FA -Section B - 9 & LTB Para 12	The borrower shall cause the State to provide an amount of approximately USD 50 million equivalent as counterpart financing for the project. The Borrower, in cooperation with the State, shall undertake proactive measures/policies to ensure credit flow to the enterprises, convergence of other Government schemes and contributions from beneficiaries to achieve the design projections.	Ongoing	Being complied
FA -Section C - 1	The Planning Department of the Government of Meghalaya will be the nodal agency at the state level, whilst the Lead Project Agency shall be the Meghalaya Basin Management Agency (MBMA).	On Loan Effectiveness	Complied
FA - Section E- 2	The following are designated as additional general conditions precedent to withdrawal, as well as additional conditions for eligibility of expenditures under IFAD financing:  (a) The State Level Project Committee (PMC) and the SPMU shall have been duly established. (b) A project Director (PD) shall have been duly appointed. (c) An Additional Project Director (APD) shall have been duly appointed.	On Loan Effectiveness	(a) Complied

FA -Schedule 1 Section II –Para C	<p>(d) Key Project finance staff shall have been duly opened at SPMU level.</p> <p>(e) The Project Account shall have been duly opened in the SPMU.</p> <p>(f) The Project Agreement shall have been duly concluded between the Fund and the State of Meghalaya.</p> <p>(g) A PIM has been prepared and approved by the Board of Directors (BoD) of MBMA and the Fund.</p>		<p>(b) Complied</p> <p>(c) Complied</p> <p>(d) Complied</p> <p>(e) Complied</p> <p>(f) Complied</p> <p>(g) Partially complied as Financial management and procurement sections are yet to be approved.</p>
FA -Schedule 1 , Section II , Para A-2	A Project Management Committee will be constituted to support the Project, chaired by the Development Commissioner/Principal Secretary, Planning Department, this will include the PD of LAMP, heads of relevant line departments at the state level, representatives from the banks and at least one representative from civil society, one district Project Co-ordinator/District Project Manager participating on rotational basis and APD being the Member Secretary.	On Loan Effectiveness	Complied
FA- Schedule 1 , Section II , Para A-3	At the district level coordination and convergence will be ensured by having the Deputy Commissioner for the district as District Project Coordinator (DPC). The Project will be included in the regular District Development Coordination meetings and in other cross-programme meetings at the district level.	During implementation period	Complied
FA- Schedule 1 , Section II , Para A-4	At the village level LAMP natural resources management (NRM) activities will be implemented through the VECs, of the suitable community organization. Each VEC will employ a village facilitator (VF) to support the implementation of LAMP activities in the village.	During implementation period	<p>Being complied.</p> <p>Meghalaya State Watershed &amp; Wasteland Development Agency is also implementing VDF and Operating Fund of INRMP in some of villages. Advance of Rs.21.12 million is outstanding out of Rs.104</p>

			million advance given on 6 Nov 2017.
FA -Schedule 1 Section II –Para B -5	The PD in charge of the management of LAMP will be a government appointee, preferably an Indian Administrative Service Officer who is the full time Executive Director of MBMA. PMU staff, including an APD, will be recruited from the open market on a contract basis or made available on deputation from the Government.	On Loan Effectiveness and every year	Complied.  PD is Chief Executive Director of MBMA.
FA- Schedule 1 Section II –Para B -7	In case of road and market infrastructure development, the Project will use contractors for construction and Consulting Engineers to design and supervise construction, selected based on the approved Procurement Plan.	During implementation period	Not complied with.  The road and market infrastructure works to be constructed through contractors and consulting engineers but the 21 KMs road and one bridge are being constructed by Basin Development Unit and 216.62 KMs out of 228 KM roads by State Rural Employment Society entering an agreement on 7 August 2017 which was revised and reinstated on 17 January 2019 which is valid till 31 October 2019. The total length of roads has been decreased to 211.37 KMs to be constructed by SRES.
FA- Schedule 1 , Section II , Para B - 8.1	The State of Meghalaya shall enter into a Memorandum of Understanding (Subsidiary Agreement) with the MBMA mutually acceptable to the State and the Fund.	On Loan Effectiveness	Complied. .
FA- Schedule 1 , Section II , Para B - 8.1 (a)	The State shall transfer the proceeds of the Financing and State's Counterpart funds as Grants in Aid as per the approved AWPB to MBMA in advance.	On Loan Effectiveness and every year	Being complied
FA- Schedule 1 , Section II , Para B - 8.1 (c)	The MOU between the State of Meghalaya and MBMA shall provide that withdrawal claims for the financing to the Borrower shall be submitted through the Planning Department of Government of Meghalaya.	During project period	Being complied.  WA is being submitted directly to Controller of Aid Accounts and Audit (CAA&A) and copied to Planning

			Department of government of Meghalaya.
FA - Schedule 1 , Section II , Para B - 8.1 (d)	The MOU between the State of Meghalaya and MBMA shall provide that the procurement of works, goods and services undertaken by MBA shall follow the Fund's Procurement Guidelines and the approved annual Procurement Plan.	During implementation period	Partly being complied.
FA- Schedule 1 , Section II , Para B - 8.1(e)	The MOU between the State of Meghalaya and MBMA shall provide that the financial statements of MBMA may also be audited by the Office of the Comptroller and Auditor General of India and observations resulting from the audit and the action thereof shall be communicated to the Fund within a reasonable time.	During project period	Partially complied with.  Auditor is being appointed by OCAg and audit report is being reviewed by OCAg for supplementary audit if required. OCAg issues letter if supplementary audit is not required after review of the audit report.
FA - Schedule 1 , Section II , Para B - 9	The Deputy Commissioner of the district will be the ex officio DPC of LAMP. At the district level the LAMP district Project Management unit (DPMU) will be integrated into the existing Basis Development Units (BDU). A full time District Project Manager (DPM), reporting to the DPC will be hired from the market and will be responsible for the day to day management of the Project activities at the district level and below..		Complied.
FA- Schedule 1 , Section II - Para C	The MBMA shall prepare a draft PIM to be approved by the BoD of MBMA and the Fund. The PIM shall include procedures and processes for project implementation, financial administration and reporting.	On Loan Effectiveness	Partially complied.  Procurement Manual finalized and IFAD has provided No objection on 1 March, 2019 But Financial Management and Procurement manuals are not yet approved.
FA- Schedule 1 , Section II - Para D and GC-Section 8.03 (b).	The LPA and the Fund shall jointly carry out a review of the project implementation no later than the fourth anniversary of the date of entry into force (the Mid Term Review)	Prior to December 2018	Complied.  Carried out during 25 June to 12 July 2018.
Letter to Borrower (LTB) Para 6	The proceeds of the financing may not be used to pay taxes.	During implementation period.	Being complied.

LTB Para 8	Before withdrawal can begin IFAD needs to receive from the Joint Secretary, Department of Economic Affairs, Ministry of Finance, a letter designating the name(s) of official(s) authorized to sign withdrawal applications, which includes the authenticated specimen signature (s)	On Loan Effectiveness	Complied.
LTB Para 13	As provided in IFAD's Procurement Guidelines, each procurement plan shall include the proposed contracts, method of procurement and related IFAD review procedures.	On Loan Effectiveness & during implementation period	Mostly being complied.
LTB Para 14 & GC - Section 7.05 (a)	Procurement of goods, works and services financed by IFAD shall be carried out in accordance with the provisions of IFAD Procurement Guidelines and IFAD Procurement Handbook. The first 18 months procurement plan and the subsequent 12 month procurement plan shall have been submitted to IFAD.	On Loan Effectiveness & during implementation period	Partly being Complied.  12 months rolling procurement plan is being prepared. Procurement Plan for the years 2018-19 and 2019-20 was submitted to IFAD for approval but without indicating the dates mainly in case of direct contracting.
LTB Para 15	Any amendments to the Procurement Plan shall be subject to the Fund's no objection.	During implementation period	Complied.
LTB Para 21	All direct contracts for goods and civil works and single source selection for service providers above the prescribed procurement and selection method thresholds shall be undertaken in accordance with the provisions of IFAD procurement Guidelines for direct contracting and single selection and subject to IFAD prior review.		Partly being complied.  But there is no MOU with the BDU for the road construction of 21 KM and one bridge.
LTB Para 23	The Project Implementation Manual shall outline and detail the requirement as outlined in the LTB and shall be subject to IFAD prior review.		Partially complied  Financial management and procurement manuals are not yet approved.
LTB Para 24	All contracts, with or without prior IFAD approval, should be listed in the Register of Contracts with the dates of approval. The register is updated and submitted to the IFAD Country Programme Manager on a monthly basis.		Partially complied  Some of the contracts and some information are not recorded in the

			register of contracts and it is not sent to the IFAD.
LTB Para 26	The first auditors shall be appointed no later than 120 days after entry into force.	By 08-04-2015	Not Complied
LTB Para 26	For every fiscal year the same auditors, subject to satisfactory performance, or new independent auditors shall be appointed no later than 120 days after the beginning of each fiscal year. In case of availability, preference for the audit exercise shall be given to the Comptroller ad Auditor General (CAG) of India.	By 31 <sup>st</sup> July each year	Delayed compliance.  For the year 2017-18 & 2018-19, auditor was appointed on 21 August 2017 & 15 October 2018.
LTB Para 27	The log of audit observations in the template prescribed in Annex 8 of the LDH should be maintained and updated regularly .	During project period	Complied.  Audit log is updated for audit observations of FY 2017-18 during ISM.
Revised LTB Para (b)	Borrower shall submit interim financial reports (IFRs) at quarterly intervals, within 45 days after the period-end, in the format specified in Annex 1 of the LTB. The first set of IFRs shall be submitted to IFAD within 15 April 2018 for the quarter January - March 2018.	15 April 2018	Not complied
Revised LTB Para (C)	Withdrawal applications will be submitted to IFAD on a quarterly basis independently from the amount. In case of specific cash needs, or during the project's closing phase, withdrawal applications can be submitted anytime.		Being complied.  WA No 24 of the April and May 2019 of FY 2019-20 was submitted to CAA&A.
General Condition (GC)-Section - 7.01 (b)(II) & (IV)	(II) The LPA shall submit the draft AWPB to the Fund no later than sixty days before the beginning of the relevant project year.  (IV) The LPA may propose adjustments in the Project AWPB during the relevant Project year, which shall become effective after acceptance by the Fund.	By 31 <sup>st</sup> January each year	Complied with up to FY 2017-18 but delayed compliance for FY 2019-20.  Revised AWPB for 2017-18 and AWPB of FY 2018-19 were approved by the Board on 30 Jan 2018. Revised AWPB of FY 2018-19 has been approved by the Board on 20 Nov 2018. First draft of AWPB of FY 2019-20 was submitted on 10 March 2019 and

			finalized on receipt of comments from IFAD on 22 March 2019 which has been approved by IFAD on 8 April 2019.
Section 7.03(b)	Borrower/Recipient shall make available to the Project Parties during the Project Implementation Period counterpart funds from its own resources in accordance with its customary national procedures for development assistance.	During implementation period	Being complied.
GC-Section 7.05 (a)	Procurement of goods, works and services financed by the Financing shall be carried out in accordance with the provisions of the Borrower/Recipient's procurement regulations, to the extent such are consistent with the IFAD Procurement Guidelines. Each Procurement Plan shall identify procedures which must be implemented by the Borrower/Recipient in order to ensure consistency with the IFAD Procurement Guidelines.	During implementation period	Partially being complied.
GC-Section 7.06	All goods, services and building financed by the Financing shall be used exclusively for the purpose of the Project.	During implementation period	Being complied
GC-Section - 7.08 (a)	The LPA shall insure all goods and buildings used in the Project against such risks and in such amounts as shall be consistent with sound commercial practice.	On procurement	Partially complied  Vehicles have been insured but other equipment have not been insured.
GC-Section 7.09 (a)	The Borrower/Recipient shall ensure that no Project Party shall enter into any Subsidiary Agreement, or consent to any modification thereof, inconsistent with the Financing Agreement or the Project Agreement.	During implementation period	Being complied.
GC-Section 7.09 (c)	No provision of any Subsidiary Agreement to which the Borrower/Recipient is a party shall be assigned, waived, suspended, abrogated, amended or otherwise modified without the prior consent of the Fund.	During implementation period	Being complied.
GC-Section 7.11	The Borrower/Recipient or the Lead Project Agency shall insure key project personnel against health and accident risks to the extent consistent with sound commercial practice or its customary practice in respect of its national civil service, whichever is applicable.	On appointment	Not Complied
GC-Section 8.02 (a)	The LPA shall establish and thereafter maintain an appropriate information management system in accordance with the Fund's Guide for Project Monitoring and Evaluation with which it shall continuously monitor the Project.	During implementation period	Complied.

GC-Section 8.03 (a)	The LPA shall furnish to the Fund periodic Progress Reports containing at least the minimum information specified in this Section.	Each year periodically	Being complied
GC-Section 8.05	The Project Parties shall furnish to the Fund promptly upon their preparation, such plans, design, standards, reports, contract documents, specifications and schedules relating to the Project, and any material modifications subsequently made therein.	During implementation period	Partially complied.
GC-Section 9.01	The Project Parties shall maintain separate accounts and records in accordance with consistently maintained appropriate accounting practices adequate to reflect the operations, resources and expenditures related to the Project until the Financing Closing Date, and shall retain such accounts and records for at least ten (10) years thereafter.	During implementation period	Partially complied  The accounts of the LAMP is maintained with MBMA under separate chart of accounts.
GC-Section 9.02	The Borrower shall deliver to the Fund detailed Financial Statements within four months of the end of each Fiscal Year.	31 <sup>st</sup> July every year	Reported to have complied during the year 2016-17 & FY 2017-18.
GC-Section 9.03 (a)	The Borrower/Recipient shall, each Fiscal Year, have the accounts relating to the Project audited in accordance with auditing standards acceptable to the Fund and the Fund's Guidelines on Project Audits by independent auditors acceptable to the Fund	During project period	Complied
GC-Section 9.03 (b)	Within six months of the end of each fiscal year the Borrower shall furnish to the Fund , a certified copy of the audit report. The borrower/Recipient shall submit to the Fund the reply to the management letter of the auditors within one month of receipt thereof.	30 <sup>th</sup> September each year	Not Complied.  Audit reports of FY 2017-18 issued on 2 Sept 2018 by the auditor were submitted to IFAD on 3 November 2018 without response on management letter. There were mistakes in the financial statements which were revised and resubmitted.

## India

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### Livelihoods and Access to Markets Project

### Supervision Report

### Appendix 4: Technical background analysis

Mission Dates: 19 June - 3 July 2019

Document Date 13/08/2019

Project No. 1100001715

Report No. 5132-IN

Asia and the Pacific Division  
Programme Management Department

## Appendix 4: Technical Background Analysis

### I. Natural Resources Management

#### A. Financial Progress

1. A total of 1034 persons (19% women) received training/ exposure in agriculture related matters such as composting, bio-control plant protection measures and organic growth promoters; and Integrated Farming Systems, Agri Tools & Implements and Farm Machineries suitable for hills agriculture. The total amount budgeted under this component post MTR is Rs. 2,635,828,000. Of this, the GOM contributes Rs. 540,907,000 (21%); IFAD - Rs. 615,107,000 (23%); Convergence – 1,368,576,000 (52%) and people- 111,238,000 (4%).

2. Pre-MTR (upto September 2018), the total amount disbursed (expenditure and advances) was Rs.14,382,132. Post MTR (October 2018 up to May 2019), the amount disbursed (expenditure and advances) was Rs.198,813,673 bringing the total amount of funds disbursed by MBDA/PSU on this component to Rs.213,195,805 (8.1 % of total budgeted costs or 34.65% of the revised budgeted amount of IFAD).

3. An analysis of the 2018-2019 and 2019-2020 AWPBs as on date indicates the following: pre-MTR (April-September 2018) the achievement was only 3.07% of planned expenditures. Post MTR (Oct 2018-March 2019), the financial achievement was 7.9% making an overall achievement of 5.38% for the year. In the first quarter of 2019-2020, which is the peak working period, an amount of Rs. 255,813,760 (36%) of planned expenditures was achieved.

4. The restructuring post MTR, management and leadership challenges, application of the Election Code of Conduct<sup>1</sup> and lack of adequate technical personnel affected the progress of work. Nevertheless, with new leadership and direction, the pace of work has increased as reflected in the spike in expenditures made in the first 2 months of 2019-2020.

5. If the necessary suggested corrective measures are undertaken, it is quite possible to largely achieve the financial spend targets of the AWPB INRM component (Rs.718,735,000) this financial year (2019-2020).

#### B. Physical Progress

6. INRMPs: Of the 1350 NRM plans and Village Resource Maps (VRMs) to be prepared, 913 and 516 respectively have been prepared. It is expected that the balance will be completed during this year.

7. VECs: Bank Accounts have been opened in 851 villages. Funds amounting to Rs.26.45 crores (Rs. 16.90 crores by way of VDF, Rs.5.07 crores as VOF and Rs.4.48 crores as VTF) have been released/ to be released to 1000 villages as on June 2019, which is a significant increase as compared to the situation at the time of the MTR.

8. The following table gives an overview of the progress in this regard:

Sr. No	Phase	No. of Villages	Status		Funds Disbursed to VECs – 1 <sup>st</sup> Instalment (lakh Rs.)				Funds Disbursed to VECs – 2 <sup>nd</sup> Instalment (lakhs Rs.)				Total Disbursed (1 <sup>st</sup> + 2 <sup>nd</sup> (Install) (9+13)
			INRMPs	VRMs	VDF	VOF	VTF	Total Disbursed (6+7+8)	VDF	VOF	VT F	Total Disbursed (10+11+12)	
1	2	3	4	5	6	7	8	9	10	11	12	13	14
1	1	325	325	237	650	195	195	1040	196	58.8	-	254.8	1294.8
2	2	675	610	279	844	253.2	253.2	1331.2	-	-	-	-	1350.4
3	3	350	-	-	-	-	-	-	-	-	-	-	-
4	TOTAL	1350	935	516	1494	448.2	448.2	2390.4	196	58.8	-	254.8	2645.2

<sup>1</sup> The Election Code of Conduct was in force from 3<sup>rd</sup> week of January 2019 up to the 1<sup>st</sup> week of March (district elections) and from the 3<sup>rd</sup> week of March to the last week of May 2019 (Parliamentary elections)

9. 2019, Implementation of works have begun in 334 villages. Under the sub-category of “Water Security”<sup>2</sup>, 641 items have been constructed; under “Land Resource Development”<sup>3</sup>, 6 works have been undertaken; under “Conservation /Protection”<sup>4</sup>, 21 works; under “Integrated Farming and Agricultural Production”<sup>5</sup>, 8 works; and under “Renewable Energy”<sup>6</sup>, 5 items have been installed.

### **C. Preparation of Manuals/ Guidelines:**

10. The project has developed and disseminated an Operational Manual and Process Guidelines for formulation of INRMPs and VRMs covering the various sub-components of Component 1 including agricultural production planning in both English and the local language. A Technical Manual has also been prepared. PIM has also been revised and published. A Technical Assessment Template and Guidelines for selection of villages eligible for installation of water lifting devices/ hydrogers together with Guidelines for promotion of agricultural tools and for recruiting and deploying Master Trainers have been developed and issued.

### **D. Village Resource Maps:**

11. Instead of the 5 VRMs being currently prepared per village (a goggle image with boundaries delineated; a LULC map; a Slope map; a forecasted (2020-2050) precipitation map and temperature map – these latter two being of the Block), it is recommended that only 2 maps per village be prepared and one block-level map covering forecasted precipitation and temperature hotspots (2020-2050), as follows:

- (a) A Google map with village boundary delineated which includes a grid (lat/long and a coded reference system);
- (b) A LULC map of the village with grid (lat/ long+ coded reference system) on which community proposed treatments and measures (obtained through PRA) are indicated;
- (c) A block level Precipitation and Temperature Vulnerability Map (forecast for 2020-2050) in which project villages are indicated. Precipitation may be indicated by using shades of blue and temperature by using isotherms represented by shades of red colour<sup>7</sup>.
- (d) The LULC Map should have a brief Note attached (1-2 pages only) listing sequentially the measures and geo-locations of works proposed to be undertaken (the coded reference grids are sufficient for this purpose. GPS marking is not required at this stage) as well as the purpose of the same<sup>8</sup> in the order of the intended month and year of completion. The proposed interventions should be determined in consultation with the people/ stakeholders and using PRA methods, including on-site visits/ transects which should be used to identify their needs and priorities. A ridge-to-valley approach to catchment treatment measures should be adopted.
- (e) The likely impacts of climate change – precipitation and temperature variability – can be explained to the people with the one block level composite map indicated above.

### **E. Software Development:**

12. MTR had recommended the development of an IT-enabled platform that automates the process of data collation, analysis and formulation of INRMPs and VRMs together with geo-tagging of interventions on VRMs. This web based application has been developed and is partially operational

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<sup>2</sup> Includes tube well/ ring wells; check dams/ water reservoirs for drinking water and irrigation; distribution channels; spring rejuvenation, spring chambers; dug wells; ponds, etc.

<sup>3</sup> Includes afforestation; multi-layered plantation; agro-forestry; fencing; reclamation of degraded lands; etc

<sup>4</sup> Includes afforestation and fencing

<sup>5</sup> Includes Footbridges over streams; etc

<sup>6</sup> Includes solar street lights; etc

<sup>7</sup> The GIS team has confirmed that this approach is practical and cost effective and more efficient than the present system which involves greater preparation effort. Mission worked with the team to finalise the formats/ presentation.

<sup>8</sup> For example, water security; land resources development; conservation/ protection; integrated farming and agriculture development and renewable energy – categories that are currently used to classify data.

with 6 of 8 modules<sup>9</sup> activated and the rest scheduled for July 2019. These modules are in line with the Process Guidelines for INRMPs and VRMs preparation. Data entry is in progress with the project having engaged 22 Data Entry operators at the district level for this purpose. Integration of geo tagging of INRM interventions sites into the VRMs is also possible and this has been done presently for 185 INRM sites. Geo-referenced images (pre-and-post implementation) of interventions can also be reflected in the VRMs. Once fully operational, the software will be able to generate INRMPs, VRMs and various reports.

#### **F. Community Contribution and Convergence**

13. Work has begun in 1000 villages to which project has disbursed/ in the process of disbursing Rs. 16.90 crores by way of VDF. As on date, convergence averaging 11% and community contribution of 14% has been obtained. It should be remembered that since works are on-going in many places, final figures can only be ascertained later.

14. The GoM has undertaken concrete steps and follow up action to streamline and better integrate related departments and programs/ schemes (“convergence”) with LAMP. On 14<sup>th</sup> December 2018, the government issued a Notification setting up a Committee to examine and release funds on a quarterly basis to DPMUs. On 14<sup>th</sup> May 2019, a video conference was chaired by the Commissioner and Secretary, C&RD attended by Deputy Commissioners, District Program Coordinators and related officials of all districts/ LAMP blocks on the issue of financing of M-LAMP roads and NRM works through NREGA.

15. Instructions were issued to prioritise implementation of NRM works through NREGA with at least 60% of these funds utilised for these, as desired by the Ministry (RD). Further, it was directed that NRM works pertaining to spring recharge and water harvesting should be taken up before the onset of the monsoons. This was followed up by another Notification on the 25<sup>th</sup> May 2019 making the Agriculture Production Commissioner (APC) responsible for coordination and convergence of all departments (including the C&RD) and flagship programs (RKVY, NREGA, NRLM, etc) as well as of externally-aided projects related directly and indirectly to development of agriculture. All these interventions have resulted in the activation of the District Coordination Committees as well as the Block Core Groups which is resulting in better convergence. Moreover, with the recent appointment of a dynamic Project Director, there is a discernible improvement in staff morale, atmospherics, accountability and performance of the NRM component project.

16. Together with this and the strengthening of the NRM component with an addition of 100 Master Trainers as well as 23 Field Engineers at the block level, there is now much better coordination and follow up, quicker project formulation, sanction and disbursement of funds as well as greater interface and cooperation between departments. A booklet prepared by the project outlining and explaining the salient features of various government schemes in the local language is under development and should further progress matters.

17. A serious impediment to communities fulfilling the convergence requirement for obtaining additional VDF instalments (and the related VOF) is the considerable delay being experienced in receipt of material costs of works already implemented under NREGA (in most cases, over a year). Communities visited mentioned that as much as between Rs. 12-13 lakhs is outstanding. As suppliers have not been paid, they are refusing to provide material on credit and this is hampering works and straining relationships.

18. It is recommended that the GoM take up the matter with the GOI to expedite release of material-related NREGA payments.

#### **G. Availability of Technically qualified Personnel/ Staff**

19. The MTR had recommended recruiting 23 Field Engineers (FEs) and the same has been complied with by the project. Project has hired 5 women and 18 men as on January 2019. This has resulted in quicker implementation of NRM related works. In 5 blocks there are 2 engineers placed, the rest having one each. While these field engineers are enthusiastic and bright and have undergone a basic training, there is need to build up their practical skill sets as noted in the Capacity Building section below (# 9).

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<sup>9</sup> Village Master Data Base, 2) Village profile, 3) Land resource Management, 4) Water Security, 5) Energy security; 6) Integrated Farming and Agricultural Production, 7) Impact of Climate Change on Natural Resources, 8) Triangulation and Prioritisation of Proposed INRM interventions.

20. In addition, it is recommended that project hire two (2) experienced SWC engineers – one each for the eastern and western regions - at the PSU level to mentor them in terms of planning and implementation and regularly supervise/ monitor interventions and measures undertaken. These Engineers must have at least 10 years of field experience, have an ability to interact and enthuse people, have strong communication skills, are comfortable engaging with rural folk, are less than 45 years of age and are able to travel to the field several days in the month.

21. In order to progress agricultural development, it is recommended that project hire two (2) experienced persons having a background in agronomy/ horticulture/ forestry – one each for the eastern (based at Tura) and western regions (based at Shillong) – to organise, coordinate and supervise the planning, formulation and implementation of the agriculture development sub-component. The professionals must have at least 10 years of field experience, have an ability to interact and enthuse people, have strong communication skills, are comfortable engaging with rural folk, are not older than 40 years of age and are able to travel to the field several days in the month.

22. Capacity building of rural stakeholders' holds the key to successful project implementation and sustainability of established measures. Given the huge training/ sensitization requirement – over 6,700 persons across widely dispersed geographies – as well as the need to have regular follow up in order to ensure that knowledge and skills imparted in these learning events are deepened and utilised at the implementation, as reflected in greater compliance and adoption of project-mandated processes, procedures and requirements, the project has appointed 100 Master Trainers (MTs). Their task will be to support the capacity building efforts at the implementation level and the necessary guidelines in this regard have been issued.

23. However, it is recommended that the Master Trainers' brief should also include supporting the agriculture and food security sub-component through extension facilitation - coordination and organising FFSs in collaboration with the VFs, technology demonstrations, data collection and reporting of crop status, impacts of FFSs/ demonstrations/ exposure visits, pest/ disease attacks, successful indigenous technologies/ innovations deployed and feedback of measures undertaken as well as farmers' needs.

24. The MTR's recommendation of appointing 2 Watershed Volunteers (WVs) at the village level to promote and facilitate afforestation and catchment management practices was not implemented. Accordingly, it is unlikely that the RIMs/ Log-frame requirement, namely, bring at least 15% of barren, degraded lands under tree cover (afforestation, plantations, horticulture, conservation protection) can be complied with and the same has been removed as an indicator.

#### **H. On Staff Performance and Incentives:**

25. Since one only achieves what one measures, it is recommended that Project develops a Performance Rating System and conducts performance assessment of project staff (from the Block upwards) bi-annually (twice a year). This should cover performance in terms of target achievement, timeliness and quality of delivery, skills and competencies acquired and contribution to progressing the project. Above average performers should be incentivised (through recognition, promotions, financial awards, learning/ training/ exposure visits outside the state, amongst others) and below par performers offered remedial options or discontinued from service.

26. Each staff should develop an Action Plan and Gantt Chart on a weekly basis outlining actions to be taken and time frame aligned to fulfilling their mandate and expected outcomes. An example of such a Gantt Chart regarding project level activities was done by the PSU-INRM team during the MTR and is available.

27. The Project is recommended to develop a Performance Rating System, get it approved and implement the same from October 2019 on a bi-annual basis. An attractive reward/ recognition system should also be developed and approved as part of the performance incentive system.

#### **I. Capacity Building:**

28. From April 2018 upto May 2019, the project has conducted 16 sensitization and training workshops/ exposure programs for VECs, VFs, farmers and project staff ranging from 1-3 days (with the one for field engineers being of 15 days) in which a total of 1,995 people (1399 men and 596 women -30%) were trained in NRM related matters from April 2019 to June 2019 (Ref. Annex 2).

29. During the field visits it was noticed that while some of the leaders and VEC members met knew the purpose of interventions undertaken (check dams, irrigation systems, etc), most of the

people did not know what the project sought to achieve, what was being planned, where these would be implemented and who would benefit. To remedy this, the MTR recommended that when preparing INRMPs/ VRMs, related project personnel and departmental staff spend at least 1 -2 nights in the village so as to build relationships and bonds of trust with the communities, understand local dynamics, familiarise people with the project and actively involve them in identifying and prioritising measures/ interventions on-site. This would greatly facilitate planning and implementation of treatment measures and secure their “buy-in”. In this regard, project staff have mentioned (and have represented to the management) that the TA/DA should be raised as it does not cover costs.

30. It is recommended that the present TA/ DA be reviewed and revised taking into consideration block-specific conditions so that staff who have to travel and spend overnights in the villages are not disadvantaged.

31. Moreover, it was observed, in some cases, that basic documentation like Minutes of Meeting and maintaining of cash book entries with related proof of expenditure (vouchers, receipts, invoices), which in the case of the NRM component is uncomplicated, are not being regularly done in the field. This reflects adversely on the trainings given to village level functionaries and also on project staff who are not providing the necessary handholding and guidance as well as ensuring compliance with project discipline and processes.

32. It is recommended that Nodal Officers, MTs and FEs be trained in how accounts/ records/ documentation *applicable to this component* (which is not at all complicated) be maintained at the village level (Minutes of Meeting, Receipt and Expenditure Records, required documentary support) and they should provide hand-holding support and supervise compliance with project procedures and requirements. Reporting on this should be included in the activity brief of staff, should be part of their KRAs/ KPIs and should be included in their performance assessment.

33. There is urgent need to upgrade the conceptual and practical skills of project staff in regard to INRM, community mobilization, conflict resolution, project management, communication and social mobilisation. It is recommended that an assessment be undertaken by PMU of the related skill sets of its personnel and competency deficits identified and remedied.

34. Project has hired 23 young and enthusiastic engineers who have undergone a 15 days training program at the Conservation Training Institute, Shillong. While they have been broadly familiarised with the concept and practice of watershed and catchment development, they lack practical experience, understandably so, in the design, location and implementation of measures on the ground. Mission saw instances where contours trenches/ water absorption trenches/ staggered trenches were wrongly designed and implemented which could result in increased erosion and gullies being created. The engineers concerned had not been adequately trained in how layouts should be done and the instruments (dumpy levels, hydro-markers, A-frames) that need to be used to delineate contour lines.

35. These engineers are the back bone of the SWC component of the project and there is urgent need to provide them exposure and hands-on training (“experiential learning”) on the practice and management of watershed development. The MTR had made concrete suggestion in this regard.

36. It is recommended that the Project take advantage of the slack period during the monsoons to equip these personnel with the practical skills needed to effectively deliver on this component. It is the considered opinion of the Mission that they should be sent outside the state for this purpose, especially where watershed management programs have been successfully implemented at scale and to institutions with a track record in providing high quality practice oriented trainings.

37. MTR had recommended that periodic participatory reviews and assessments at the village level against objective criteria be conducted wherein performance against related indicators (progress against financial, physical, social, institutional, impact targets, quality, etc) is rated using quantitative scores in order to track performance, allow inter village/ block/ district comparisons so that timely remedial measures can be undertaken. While to date the project has not commenced such reviews, preliminary work in this regard has begun.

38. It is recommended that a framework with indicators be finalised, disseminated and personnel trained in its use by end September 2019. Assessments should then be conducted on a 6 monthly basis beginning for the period April-September 2019 with the first results being declared by the end of October 2019, this being the benchmark for tracking progress in subsequent periods. The next

assessment results will be due in April 2020. A comparative dashboard can be developed to track, assess and compare performance across the project.

## **J. Agricultural Development and Extension**

39. MTR recommended a two-pronged cluster-based strategy: (i) On-farm extension support (advisories) and technology demonstration; and (ii) Demonstration of and facilitating access to appropriate farm implements and portable machinery.

40. While no focussed, systematic and organised efforts were made in regard to providing on-farm extension support and technology demonstrations during Rabi, 2018, with the induction of 100 MTs (sourced from ATMA) all whom have been trained by the KVKs in some aspects of practical agriculture, a series of events have been planned and are being implemented across the project area for Kharif, 2019. These activities will be conducted throughout the season. Moreover, the project has reached out to the Agriculture Department to obtain the list of Farmers' Friends (progressive farmers who serve as village contact points of the department) as well as to converge and source schemes available with the Agriculture Department. Based on this experience, the plans for Rabi 2019 will be formulated.

41. A total of 1,034 persons (19% women) received training/ exposure in agriculture related matters such as composting, bio-control plant protection measures and organic growth promoters; Integrated Farming Systems; Agri Tools ,Implements and Farm Machineries suitable for hills agriculture. A training film - "Visual Manual" – on use and benefits of modern hill-adapted farm tools and machinery was made and potential suppliers (along with price lists) have been identified. Apart from this, the project has not done any notable work in this regard. The provision of Rs. 60,000 provided to VECs to promote agricultural development is largely lying unused.

42. It is recommended that for Kharif (2019), project should intensify measures at the village/ cluster level to (i) prepare bio-formulations for plant protection and plant growth; (ii) promote adoption of tools and hill-adapted farm machinery for intercultural operations<sup>10</sup>; (iii) undertake inter-cropping as a relay/ complimentary crop, wherever feasible.

43. Mission observed that in many project villages, *jhum* is still prevalent and cultivation on steep slopes is largely done along the slope. It is recommended that the project consider actively promoting SALT technologies (sloping agricultural land technologies) where vegetative and earthen measures are used to facilitate across-the-slope cultivation. This would not only result in better yields but also reduce soil erosion and fertility loss. Moreover, in collaboration with the Soil Conservation department, project should also consider actively promoting bench terracing in suitable areas preferably using indigenous methods or low impact interventions.

44. It is recommended that promotion of both SALT/ across-the-slope cultivation and bench terracing be strongly promoted in feasible areas.

45. It is recommended that (i) the DPMUs in consultation and coordination with the SPMU, ATMA, the Agriculture Department, ICAR, KVK and other stakeholders, as applicable, prepare a detailed Action Plan in dialogue with farmers for the coming Rabi 2019. The plan should identify and articulate farmers needs and seek to address them by sourcing the necessary technical, financial and organisational resources for the same. This Rabi 2019 Action Plan should be sanctioned by August 2019 and be ready for roll out. Plans should also include use of the VTF.

## **K. Environmental and Natural Resources Management**

46. Some of the major environmental issues extant in Meghalaya are (i) increasing deforestation; (ii) land degradation due to poor cultivation practices; (iii) pollution of the environment and water sources due to unregulated and unscientific mining and quarrying practices, especially coal mining in the Khasi, Garo and Jaintia Hills.

47. In regard to the first two and the first part of the third issue (i+ii+part/iii), the project is promoting and undertaking SWC works, afforestation, water harvesting and conservation works, sustainable and conservation agricultural practices on a large scale. Mission has also recommended promoting SALT/ across-the-slope cultivation practices on steep slopes as well as low impact bench terraces, as appropriate. The project has also piloted and joined hands with the AROMA Mission of the GoM in

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<sup>10</sup> There is 80% subsidy available under the Sub-Mission on Agricultural Mechanisation.

promoting the cultivation of medicinal and aromatic plant cultivation in wastelands, *jhum* lands and mine dump affected lands. Details of this engagement are below.

48. In regard to the third issue (iii), the project has piloted an innovative approach to neutralising acid mine drainage (AMD) contaminated water and making water potable, details of which are detailed below.

49. Medicinal and Aromatic Plants (MAPS)/AROMA MISSION: On 27<sup>th</sup> May 2019, Meghalaya launched the MEGH-AROMA Mission with the objective to promote and popularise the cultivation of medicinal and aromatic plants (MAPs) in 1000 ha in 5 years covering all 11 districts of the state (90-100 ha in one block in each district), these eventually becoming “demonstration blocks” for further expansion. This initiative is the outcome of experiences and collaboration between the MBDA, INR, BRDC, CSIR-CIMAP and the GoM.

50. This Mission arose from the following key drivers: (i) the serious consequences of coal mining and sand and limestone quarrying particularly in eastern Meghalaya resulting in serious environmental damages, loss of bio-diversity, damage to farmland and contamination of water sources; (ii) the need to find remunerative alternatives to *jhum*, bring wastelands under cultivation and increase farmer incomes; (iii) the unique eco-climatic endowment of Meghalaya (temperate, sub-tropical and topical) which offers significant potential (and comparative advantages) for the cultivation of a wide range of MAPs; and (iv) the high demand (national and global) for MAPs resulting in attractive returns.

51. M-LAMP has supported 2 sub-projects for the cultivation of medicinal and aromatic plants (MAPs), one implemented by the MBDA/ INR in Cham Cham (Khliehriat block/ East Jantia Hills; project period Oct/2017-Sept/2020) and the other implemented by the VEC in Nongriangka and surrounding villages (Mawshynrut block/ WKHs).

52. The objective of MAPs is 3-fold: (i) to reclaim mine-spoilt areas and degraded lands; (ii) augment livelihoods and incomes and promote alternative high value crops; (iii) assess and define parameters/ conditions for successful establishment of the MAPs value chain from cultivation, processing to market.

53. In October 2017, in 10 villages of the West Khasi Hills, plantation of MAPs (citronella, vetiver and lemongrass) was undertaken through the Aroma Mission (7 villages) and LAMP (3 villages - Nongriangka, Langshongthiang and Umdang in which 8 farmers have grown the crop). A distillation plant has also been installed at Nongstoin which is 68 kms from the plantation site leading to high transportation costs and loss of oil content in the grass. There have been teething troubles and not much income has yet been earned. However, seeing the good growth of the crop and the good high value yield (3.5 litres were extracted from 500 kgs of lemon grass), a few more farmers have expressed interest in growing the grasses. The project is confident that the area under cultivation will grow. Once a production of between 20-25 tonnes per harvest and 4-6 harvests per year are achieved, with each harvest producing on average 160-170 litres, establishing of a distillation plant in the vicinity would result in remunerative returns.

54. In Cham Cham, plantation has been undertaken in different patches totalling 1 acre of mine-spoilt and degraded land since Oct 2017 – 33,000 Vetiver slips have been planted as a soil amendment measure<sup>11</sup> (mine-spoilt lands) together with other aromatic grasses such as Citronella(10,000), Lemongrass ( 42,000) and Geranium (2,600 saplings only in nursery; plantation in paddy fields will be undertaken in November 2019), these latter two with a view to enhance livelihoods and create opportunities for agri-entrepreneurship.

55. No action research studies have been undertaken as the crop has not matured. The proposed distillation unit will be installed in the early half of 2020 through the Aroma Mission. In parallel, efforts will be made to expand the area under these crops and link farmer groups to markets/ buyers.

56. Key Observations and Learnings from the Cham Cham experience:

- (i) Vetiver can be grown in nutrient poor, acidic, dry and hard soil and is a slow grower. It took more than a year for the crop to fully establish itself and develop good vegetative growth. The plants started to multiply to 4-5 slips/plant after a year.

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<sup>11</sup> The soil is acidic (pH of 3.48) with low organic carbon (0.7%)

- (ii) It is better suited for soil reclamation purpose in E. Jantia rather than livelihood generation as it takes a long time to grow and once harvested, replantation needs to be done (the roots are harvested for oil distillation), thereby increasing costs.
- (iii) Lemongrass, citronella and Geranium grow well in wastelands. Observing this, some farmers have decided to grow these crops in their wastelands within the village.
- (iv) Since vetiver helps in retaining soil moisture content, it is suggested that some water frugal vegetables/ herbs be inter-cropped to assess whether wastelands can also, eventually, support food/ cash crop production.
- (v) Lemongrass and Citronella multiplies 15-20 times in 8-10 months resulting in a high rate of return (both financially and in terms of increasing area under cultivation)
- (vi) Since Geranium can grow on residual soil moisture, it is an excellent follow-on crop after paddy, thus putting to use lands that would have been left fallow and benefiting the farmer through additional income. It is a short duration crop and can be harvested after 4 to 5 months of planting.

57. Open Lime Channel for Acid Mine Drainage (AMD) Contaminated Water Neutralization: The large scale and rampant coal, sand and limestone quarrying done in an unscientific manner in the Khasi, Garo and Jaintia Hills has not only been prejudicial to life and safety (many miners have lost their lives through tragic accidents), but also resulted in massive environmental degradation - accelerated soil erosion, contamination of water supplies, pollution and siltation of rivers and streams, damage to biodiversity (flora and fauna), forests, vegetation and croplands. Coal mine spoils have resulted in soils and water become becoming acidic and laced with heavy metals in large tracts of mining and downstream areas. This has adversely affected the health, quality of life of affected communities as well as the ecosystems they live in and depend upon for sustenance and livelihoods.

58. In April 2014, the National Green Tribunal (NGT) ordered a ban on mining in Meghalaya on the grounds that most such activities were illegal, dangerous and extremely polluting.

59. Given the crisis of acid mine drainage (AMD) contaminated springs and streams which are the main source of water for drinking, crop cultivation and livelihoods in most of the mining regions of the state, LAMP, in March 2017 supported the INR/ MBDA to undertake a pilot action research project to test out the Open Limestone Channel technology (OLC) in remediating AMD contaminated streams/ springs with a view to up-scaling it, if successful. This technology was chosen because it has been tried elsewhere successfully, especially in mined watersheds in the USA; are relatively cheap to construct and maintain; limestone is the most cost-effective method to neutralise AMD contaminated water; and importantly, in Meghalaya, limestone is found abundantly near the coal mining areas where water has become acidic due to mine drainage contamination.

60. Accordingly, Moolawar stream (a source of drinking water) in Mukhaialong village, EJH, was selected and Open Limestone Channels (OLCs) were constructed on 2 originating Moolawar streams (referred to as A and B respectively) using locally available limestone. This included shaping/ training the streams, filling them with pieces of limestone, building limestone filled gabion structures and a check dam at the outflow point. These water retarding and retaining structures ensured inundation of limestone with contaminated steam water. It was found that after a few days after construction, the OLC was able to raise the pH of stream A from 4.31 initially to 6.57, an average increase on pH value of 2.26 and of stream B from 5.49 to 6.32, an average increase of 0.83. This near-neutral water has led to the reappearance of local aquatic flora and fauna including two species of fish and insects. And the people are comfortable drinking this water<sup>12</sup>.

61. In the meantime, following upon its order of April 2014 and in response to several petitions to reverse or modify its stand, the NGT, by order dated 31<sup>st</sup> August 2018<sup>13</sup>, constituted a Committee headed by Justice B.P. Katakey<sup>14</sup> to take stock of all actions undertaken for restoration of environment and rehabilitation of victims of coal mining in the State and to prepare a time bound action plan to deal with the above issues and ensure its implementation.

<sup>12</sup> Prybot W, Shabong L, Singh O.P; "Neutralisation of Acid Mine Drainage Contaminated Water and Eco-restoration of Stream in Coal Mining Area of East Jaintia Hills, Meghalaya, Manuscript No. MWEN-D-18-00191 (Draft)

<sup>13</sup> In the O.A. No. 110 (T<sub>HC</sub>) / 2012 in the matter of Threat to Life Arising Out of Coal Mining in South Garo Hills District Vs State of Meghalaya & Ors. and other connected matters.

<sup>14</sup> Former Judge, Guwahati High Court

62. This Committee formulated an Action Plan in which the MBDA and NEHU<sup>15</sup> were given the role to restore water quality in rivers/ streams affected by Acid Mine Drainage (AMD), given its success in the LAMP financed pilot project.

63. Accordingly, MBDA/ NEHU (Prof. O.P. Singh) submitted a pilot proposal on 7 December 2018 for neutralisation of AMD contaminated water in selected streams of East Jaintia Hills using Open Limestone Channel (OLC) treatment for Rs. 19.76 lakhs.

64. On the 29<sup>th</sup> January 2019, at a Meeting chaired by the Secretary, Mining and Geology Department, it was decided that, (i) MBDA would, be the nodal agency for implementing the submitted pilot proposal with the State Pollution Control Board monitoring the implementation and impact of the project; (ii) and the same would be financed by cement companies in the Jaintia Hills who agreed to deposit the money by the 1<sup>st</sup> February 2019 using their CSR funds.

65. At the meeting held in Shillong by the NGT-appointed Committee on 11<sup>th</sup> February 2019, it was noted that the cement companies had already deposited the amount in the account of the MBDA. In the first week of March 2019 the funds were released to the MDBA and NEHU and work was started. On the 25<sup>th</sup> of March, MDBA/ NEHU submitted a Status Report in which it identified 16 streams/ springs in 8 villages in the EJH of which it prioritised 3 springs and 2 streams (5 in all) in 3 villages to begin with. Based on the results obtained, application of the OLC technology would be scaled up across affected areas in Meghalaya. There are substantial funds available in the Meghalaya Restoration and Protection Fund (MEPRF) which could be used for this purpose – Rs. 433 crores which has been collected as tax for restoration of the environment due to coal mining<sup>16</sup>.

#### **L. Foodstart+**

66. Foodstart+ has delivered on its expected outputs. Particularly noteworthy is the value chain analysis done in regard to potato and cassava, the field demonstrations undertaken in regard to production of quality planting material, organic production of potato, integrated disease and pest management, treatment of seed tubers, introduction of a new dual purpose (food and feed) sweet potato and useful knowledge products developed in both print and video format.

67. However, there does not seem to have been adequate interaction with the INRM (component 1) and the Integrated Supply/ Enterprise and Value Chain sub-component of Component 2 for transfer of knowledge/ technologies that could have resulted in increased production of these crops and better returns to the farmers through reduced crop losses (field and storage), lower costs of cultivation and higher price realisation through value addition or improved market access.

68. In regard to the new proposal submitted: Its focus is to strengthen both the formal and informal potato seed system in Meghalaya. This would address the acute shortage of high quality seed stock of potato in Meghalaya and would be a needed follow up to the on-going project.

69. However, with the core idea being that of transfer of technology for enhanced propagation of high quality seed stock, the proposal would need to assess whether it has a comparative advantage in engaging itself with market linkages (ref component 4 of the proposal).

70. Given that (i) “going –to-market” requires a different sets of skills as well as organisational arrangements and (ii) LAMP already has a core component in this regard with substantial resources, it would be preferable to exclude this aspect from the project proposal. It would be advantageous for CIP to focus on the technology aspect (production, storage, protection of seed stock/ planting material, storage, silage making, etc.), its application and adaptation to field conditions and leave the steps beyond the farm gate to the related components of LAMP.

71. Further to this, it would be necessary to set up an effective interface and coordination mechanism with LAMP and the Agriculture Department in order to scale up and disseminate technology developments/ breakthroughs that might be achieved by the project.

#### **M. Climate Resilient Agriculture Villages (“NICRA”)**

72. While discussions with ICAR Complex NEH at Umiam have been ongoing, no proposal has been formulated to date. It is suggested that the project contact CRIDA for assistance in designing such a proposal given CRIDA’s role in the design, roll out and management of NICRA.

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<sup>15</sup> North Eastern Hill University

<sup>16</sup> As informed by the Secretary of the Department of Mining and Geology on 26<sup>th</sup> June 2019 (ref: The Meghalaya Guardian, 27<sup>th</sup> June 2019, pg. 1 and 10)

73. The 3 villages to be selected should be representative of the different agro-climatic zones of the state; within reasonable distance from district HO and where there is a significant number of farmers who are cooperative and progressive

## **II. Rural Finance**

74. The component aims at facilitating access to finance to the rural households through setting up of 300 village multipurpose cooperatives (IVCS) and facilitating bank loans for different livelihood and enterprise activities. While the number of IVCS registered (113 IVCS till May 2019) is below the target (70% achieved), the preparatory work for completing the formation of remaining 187 IVCS (total project target being 300) has been done well enough for completion of formation of all IVCS by December 2019. 113 IVCS had been registered so far and registration process initiated in respect of 73 IVCS. 70 IVCS have received funds for office equipment while 17 IVCS have received either full or partial corpus fund after attaining benchmarks for membership, share capital and savings. With staffing in place, bulk loan linkages have been established with four banks agreeing to finance the first set of 21 IVCS. The project has finalised deposits and credit policy for uniform adoption by IVCS, so that the business operations can proceed along stable lines.

75. The Registrar of Cooperative Societies notified a simplified registration for the IVCS in 2015. In the recent months, registration process has been taking longer despite the simpler, modified process. Coordination with Department of Cooperatives should improve to ensure smooth roll out of remaining 190 IVCS before end of the calendar year. Registrar of Cooperative Societies, during discussions indicated that the staff of Department of Cooperatives should be provided a one/two day training to increase their awareness of IVCS and the simplified registration process. Further district wise meetings with Department of Cooperatives will improve the disposal of applications for registration. The auditors from the Department of Cooperatives will require familiarization with the IVCS and the accounting procedures introduced for them which is different from other cooperatives in the state. The RCS also indicated a short workshop for auditors would result in better audit outcomes.

76. Some recommendations of the MTR have not been implemented. Post-MTR restructuring and general elections have slowed the progress and resulted in weak monitoring of the IVCS. Some slow moving IVCS (in membership enrolment and savings mobilization) would require closer monitoring. Business plan training and training on accounting was provided by BIRD through master trainers. These have been found effective, as the IVCS could commence operations within a short time. But lack of continuous handholding of IVCS through the envisaged monthly visits by experienced accountants led to weaknesses in accounting and record keeping. RF staff were not able to support the IVCS secretaries on account of their lack of expertise. Concerted efforts should be taken to upgrade the skills of the RF staff in accounting, provide on-site handholding to IVCS secretaries and high level supervision of IVCS introduced. The lack of accounting background and aptitude in some of the RF staff is also a reason for the deficiencies observed in the IVCS. Many IVCS reported having difficulties in interest calculations, which need to be resolved. During field visits some IVCS in the Garo Hills region reported having difficulties in withdrawing money from their savings accounts with MCAB (on account of insistence of clearance from RCS office). Some recently formed IVCS reported that they have not received the books of accounts even though a few months have passed from their date of registration. In some districts, the DPM was not fully conversant with the IVCS component and its progress. Such operational issues need to be resolved at the district level without delay. DPMs should take ownership of the Rural Finance component and take active steps for integration of the IVCS related activities with other activities under INRM and ISC&ED.

77. There was demand from members for loans from the IVCS and many of the societies were trying to find ways of providing loans to their members. Initial planning for how many members, how much loans and how to raise the resources that may be needed has to be done by the Managing Committees with support from the Project staff. While the tasks relating to member acquisition, savings and credit keep increasing, the Secretaries in most IVCS have not been paid any salary, despite the guidance given in the MTR. Unless the Secretaries are paid a salary, they may not provide reliable services to members on a continuous basis.

78. The project has successfully linked 21 IVCS with four banks for credit through the mechanism of the State Level Banker's Committee. The process of application, sanction and disbursement of loans by banks to IVCS is underway. The other IVCS that require funds for lending will have access to bulk funds through this mechanism. The project should ensure that a review of performance of IVCS finds a regular place in the SLBC agenda so that bank linkage continues unhindered. The core committee of IVCS at the SPMU level has been reconstituted with more banks being taken as

members. This is on the right lines as more IVCS will be looking for loans from banks. Discussions with MCAB and NABARD indicated that MCAB will need a formal notification from the RCS that the IVCS are primary agricultural cooperative societies to be eligible for benefits under some schemes of NABARD and the State government.

79. On financial literacy, 25 staff of RF have been trained. Manuals on financial literacy have been developed and translation in to local languages is ongoing. Financial Literacy Facilitators (FLF) have been identified in each IVCS. The financial literacy programmes in the field will commence after the FLF are trained. Awareness campaigns combined with financial literacy campaigns would be of help in mobilizing new members for IVCS as also increasing savings.

80. The issue of Village Organisations of SHGs being formed in those areas where IVCS are already functional was discussed with Mission Director, SRLM, GOM. He had indicated that GOM had decided not to open Village Organisations under SRLM in those villages where IVCS had already been formed. However in the few villages (about 10 villages) where the VOs have been already formed, the IVCS and VO should find a way of working together. The VOs should be encouraged to maintain their savings accounts with the IVCS so that their banking needs are met in the village itself.

81. There is scope for IVCS to deliver payment of wages under NREGS (and other such government payments from different departments) to its members. Banks can be asked to credit the accounts of IVCS with the total amount of payment due to the members of IVCS and the IVCS in turn credit the amount to different member's savings accounts.

82. IVCS have been provided desktop computers with accessories. A plan for providing software for accounting, transactions and consolidation of accounts and information at the Apex Bank level should be prepared. Training of staff in the software should also be provided. A visit to one of the states such as Telengana or Andhra Pradesh (where Primary Agricultural Societies have been fully computerized) will be helpful in drawing up the plan.

## **II. Inclusive supply chains and enterprise development:**

83. The "Inclusive supply chains and enterprise development" component was designed during MTR by incorporating the integrated production and marketing component and Market access and infrastructure. The project has prepared and approved guidelines for supporting; (i) producer groups, service providers, entrepreneurs through a Supply Chain Fund; and (ii) sector specific and infrastructural needs through a Sector Development Facility. Subsequently, the project conducted a Multi-stakeholder platform on 3 April 2019 attended by six market players with interest in the spice value chains facilitated by IDH (Sustainable Trade Initiatives) headquartered in The Netherlands. IDH was advised to submit a proposal to support the project in its spice value chain related activities. A database comprising information related to commodity clusters, production volumes and marketable surplus, traders, transporters, infrastructure and community organization is being compiled and this will be completed by 15 July 2019. The project has: (i) trained 275 farmers in sustainable green technologies; (ii) conducted a technology innovation and entrepreneurship expo to bring innovators, buyers of farm produce, bankers and farmers together; (iii) conducted exposure visit for 2 persons; (iv) conducted a workshop on food processing opportunities covering 600 participants; (v) conducted a piggery and poultry workshop covering 600 participants; and (vi) conducted 8 exposure visits.

84. The tasks related to calling for "Expression of Interests" for engaging market players and also developing proposals of farmer producer groups and market players for implementation of supply chain activities are yet to start. The project both at state and district level has limited human resource with knowledge and experience in agriculture and livestock production and agribusiness. Staff allocation at the district level is also skewed with two staff (a Supply Chain Coordinator and an Enterprise Development Officer) irrespective of the number of blocks/commodity clusters. The project is currently following a sequential implementation model which is a correct fit for a project in its initiation stage. At this stage of project implementation, it is necessary that the project work on a multi-pronged strategy to address different supply chain constraints concurrently. This requires implementation process to be broken down into sector specific value chain activities that cover production, value addition and marketing. Three major value chains that require support are: (i) pig; (ii) pepper; and (iii) ginger. Other value chains that require largely marketing support are cashew nut, areca nut, pineapple, banana, bay leaf and broom grass.

85. The activities to be implemented in respect of pig value chain include: (i) identifying pig clusters and providing support for pig breeding units to address shortage of quality piglets; (ii) promoting para-vet services to address animal health issues through training and support for establishment of para

vet services; (iii) training in silage making in clusters with excess production of pumpkins and sweet potato; (iv) supporting producer groups to expand pig fattening enterprise including support for piglets, silage making, weighing scales for weight based sale, etc.; (v) inviting expression of interest and engaging agencies interested in supporting pig clusters in production, value addition and marketing; and (vi) inviting expression of interest and supporting entrepreneurs interested starting pig based enterprise such as small feed units, slaughterhouses, hygienic retail units and meat processing units.

86. Spice supply chains comprising pepper and ginger require comprehensive support covering production improvement, introduction of Global Good Agricultural Practices (GGAPs) leading to organic certification and market linkage. The major activities that need to be taken up include: (i) supporting establishment of nurseries through training and establishment support; (ii) procuring quality planting materials, bio-pesticides and bio-fertilizers; (iii) engagement agencies (such as IDH) with ability to bring in market players to support value chains in Meghalaya, handhold the market player to develop proposals for supporting farmers in the allocated clusters and ensure implementation of GGAPs by the market players; (iv) inviting expression of interest, selecting the market players, allocating clusters, and supporting the market player to prepare proposals for supporting the farmers in the allocated clusters and provide funding to implement activities proposed; and (v) inviting expression of interest, selecting and supporting entrepreneurs to start spice value addition enterprise.

87. In some of the project blocks, the Horticulture Department has already started activities related to organic certification. CNC Mission Organic has promoted two producer companies in Zik Zak block of Southwest Garo Hills district and the process of organic certification is being undertaken. These producer companies are also looking for quality planting materials and also market linkages. It is necessary that the project undertake consultations with the Horticulture Department and CNC Mission Organic, work out modalities of convergence and provide planting material, market linkage and other support to these producer companies. The other value chain commodities of commercial interest include, banana, areca nut, cashew nut. These require support in terms of improved planting materials and marketing. The activities that need to be taken up include: (i) procurement of quality planting materials and seeds from research stations for multiplication in the nurseries; (ii) supporting producer groups within IVCSs to aggregate areca nut, cashew nut, etc in order to reduce the system of pre-selling of harvest to meet the cash needs during festival; and (iii) inviting expression of interest, selecting and supporting entrepreneurs to expand existing value addition units or start new ones related to banana, areca nut, cashew nut, etc.

88. The project currently has the ability to provide up to 30 percent support for on-farm investment requirements of producer groups. However, there is no support for off-farm enterprise such as handicrafts, weaving, bakery, saloons, etc. There is a need to bring these enterprise on par with the on-farm enterprise in terms of project support allocation. In order to give a push to these activities, it is necessary to allocate this task to rural finance staff involved in bank linkage. This apart, there are other value chains such as apiculture, medicinal and aromatic plants which are not capital intensive but have significant potential for increasing income of the hill farmers. The supply chain and sector development guidelines will have to be adjusted to enable the project to support: (i) 80 percent of the new investment requirement in respect of apiculture and medicinal and aromatic plant cultivation; (ii) support of 30 percent for off-farm enterprise with the exception of retail shops and trading; and (iii) support for engagement of technical service providers that have the ability to support and supervise the market players under supply chains and also those agencies that can bring new technology.

89. **Market Development:** MTR has revised the market development target to 14 markets and had indicated that new market development has to be taken up as part of supply chain development activities to ensure that the markets are established to address the aggregation and primary processing needs of the project clusters. In the pre-MTR phase, the project had entered into MoUs with 8 market owners and in respect of 5 markets and the first installment of Rs 700,000 was released. Of these 5 markets, 4 markets have completed the construction activity as agreed and have submitted utilization certificate. The works undertaken have been verified by the Public Health Engineering Department. In respect of one market (Kalachair, South West Garo Hills), only 10 percent of the works has been completed. The MoU signed with the market owners indicates that each market will get a support of Rs 14.00 lakhs in two installments. Out of 4 markets that have completed their works, two markets have requested the project to release the second installment of support.

90. The main purpose of this support as per project design is to push for market reforms which include: (i) introduction of a fair entry fee for small producers-sellers and casual participants; (ii) weight based wholesaling of farm produce; (iii) reconstitution of the market committee to include representatives from producer-sellers from the area; (iv) fixing market fees on traders who buy rather

than on farmers that bring produce to sell; (v) development of a plan for improving cleanliness and hygienic conditions of the market; and (vi) allocation of separate space for the producer-sellers and casual participants. These market reform related conditions were not incorporated into the MoU signed between the project and the market owners. The project post MTR did not take up any activity related to market development including finalization of activities in the markets that have received partial support. The project needs to complete the activities in the markets that have signed MoU. In addition, there is demand from the IVCSs to establish different types of aggregation facilities, farmer's markets and growth centres. IVCSs mobilized by the project provide necessary institutional foundation as well as social coherence required for establishing and successfully managing the markets which gives the project an opportunity to develop marketing infrastructure owned/managed by the community.

91. The Project had a total of 250 km of rural road construction linking villages from District roads and highways. During the MTR it was agreed to reduce the length of the road to 211.75 km. MBMA entrusted the construction of these 211.75 km of road to SRES. This contract with SRES will expire on 30 Oct. 2019. A total of 189.27 Km was completed as on 28 June 2019. Out of these PWD engineers verified 47.535 Km which were rated as satisfactory and 17.90 have received verification reports with adverse comments. These comments fall in two categories: (i) shorter length by 1.716 km, than actual length contracted; (ii) deficiency in width (less than required 3 meters) which needs rectification, (iii) other minor defects which requires rectification before the final takeover and (iv) minor deficiencies which are not possible to rectify such as camber, super elevation, extra width in curves (these deficiencies will not affect the intended functions of the road). During field visits nine defective roads in Khasi and Garo hills were inspected.

92. A 20m span RCC bridge on Risiang river, Nongstoin Block of west Khasi Hills was constructed in place of road with a total cost of 46,00,000.00. There was no proposal earlier to construct this bridge and therefore the road budget is used. Considering the usage of the road the bridge has added value by connecting this road and making it an all season one, which otherwise would be a seasonal road on account of the Risiang river which cannot be crossed during rainy season.

93. Out of the total 211.75 kms contracted to SRES, works on 22.10 Kms are yet to be completed and on 5.5 kms which was not started is cancelled after ISM, April 2019. This and to carry out rectification requires extension of contract with SRES as the extended contract ends in Oct. 2019 where road works cannot be done in monsoon. BDUs have completed construction of 17 kms of road and it was decided on 19 June 2019 that remaining 4 km will be done through the Government. Full UCs with supporting documents have been submitted for 16 kms and UCs for 1 Km is yet to be submitted and 7 kms have been verified by PWD Engineers.

94. There is no clause for retention money in SRES contract (deleted). This clause should be retained to carry out the defective works and or recover the amount from the retention money. Similarly the insurance clause should be made applicable for any eventuality.

95. The construction of other communication infrastructures like submersible bridges and ropeways were deferred to 2020/21 which are to be constructed following supply chain and cluster development priorities with prior approval from IFAD. There is no progress as the multi-stakeholder platform meeting has been delayed which may take place within 6 months and it is difficult to construct all 20 bridges and 4 rope ways, therefore this needs to be re-studied and reduce the numbers. The construction of bridge and rope ways need to be designed and supervised by the engineer for which it is recommended to outsource. It is suggested that instead of submersible bridges to construct steel suspension bridges where upto power tillers can ply which are cost effective and less maintenance.

96. On the market infrastructure construction of public toilets, open surface drains and water tanks have been carried out. The construction of water tanks were mainly RCC type which are not only expensive but may leak and become un-functional if not properly done. Therefore it is worth exploring other methods like plastic tanks and ferro-cement tanks which are not only cheap but are more reliable.

97. It is suggested to engage a local engineer on contract who should assist the project on the verification of the completed roads, design of the market structures such as collection centres having sorting/grading facilities and other ancillaries.

98. Programme management, described in greater detail later, changed with the Project director and Additional Project director having been recently replaced. Adequate staff have been recruited and placed with different components. However providing more field experience and adequate training are priorities for accelerating implementation.

### **III. Suggested implementation steps for activities under Inclusive Supply Chain and Enterprise Development**

#### **A. Pig Value Chain**

##### **i) Steps to implement pig breeding unit support**

1. Prepare simple guidelines for establishing pig breeding units, get the same approved by the Project Director and circulate the same to the districts.
2. ISC&ED to identify specialized national training institutions who can give practical training to the identified pig breeders, prepare a shortlist with costs and get approval of APD/PD. Training to include breed selection, breeding techniques, brood stock management, disease management and vaccination requirement, feed management and silage making using local material.
3. ISC&ED to identify agencies with ability to supply good quality boars and sows and provide the list to DPMUs.
4. Request each DPMU to select pig breeders in batches of 10-20 persons. Each training batch should consist of 20 pig breeders.
5. DPMUs to obtain application from each selected pig breeder for project support to expand the breeding business.
6. DPMUs to get the applications approved from Chairperson of DPCC and send the list to ISC&ED.
7. ISC&ED will arrange for training of selected pig breeder in the shortlisted training institutions.
8. After training, DPMU to release funds to trained pig breeder to expand their pig breeding unit.
9. DPMUs to facilitate the pig breeders to preferably procure boars and sows from agencies identified by ISC&ED.
10. DPMUs to submit a completion report on utilization of project support within two months of fund release.
11. DPMUs to review the performance after one year and in the event of satisfactory performance prepare proposals for next stage of expansion.

##### **ii) Steps to promote pig fattening units in clusters**

1. Prepare simple guidelines for establishing pig fattening units, get the same approved by the Project Director and circulate it to the districts.
2. Request each DPMU to select pig clusters and obtain applications from existing SHGs, and producer groups and also create new producer groups wherever required. Each producer group to have not more than 20 members and to have a savings account with an IVCS or a Bank.
3. ISC&ED to identify specialized training institutions who can give practical training to pig farmers, prepare a shortlist with costs and get approval of APD/PD. Training to include piglet selection, pig farm management, disease management including vaccination requirements, feed management and silage making using local material.
4. ISC&ED to identify agencies in consultation with DPMUs with ability to supply good quality piglets and provide the list to DPMUs.
5. DPMUs to obtain application from the SHGs/Producer Group for receiving project support to expand their pig fattening unit.
6. DPMUs to get the applications approved from Chairperson of DPCC and send the list to ISC&ED.

7. ISC&ED will arrange for training of selected pig farmers of the producer groups in the shortlisted training institutions.
8. After training, DPMU to release funds to trained pig farmer producer groups to expand their pig fattening business.
9. DPMUs to facilitate the pig fattening producer groups to procure quality piglets from agencies identified by ISC&ED.
12. DPMUs to submit a completion report on utilization of project support within two months of fund release.

**iii) Steps to implement para-vet services promotion**

1. Prepare simple guidelines for establishing para vet services, get the same approved by the Project Director and circulate the same to the districts.
2. ISC&ED to identify specialized training institutions who can give practical training to the identified persons for training as para vets and prepare a shortlist with costs and get approval of APD/PD.
3. Request each DPMU to select trainees for para vet training in batches of 10-20 persons. Training to include diagnosis and treatment of the most frequently occurring diseases, vaccination of animals, teeth clipping (pigs), castration (cattle) and training in extension of best practices in animal health and production to farmers focussing mainly on pigs and cattle.
4. DPMUs to obtain application from each selected para vet trainee for project support to establish a para vet centre.
5. DPMUs to get the applications approved from Chairperson of DPCC and send the list to ISC&ED.
6. ISC&ED will arrange for training of persons selected for para vet training in the shortlisted training institutions.
7. After training, DPMU to release funds to trained para vet to establish a para vet centre.
13. DPMUs to submit a completion report on utilization of project support within two months of fund release.

**B. Spice Value Chain**

**i) Steps to implement nursery development and support**

1. Prepare simple guidelines for establishing nurseries, get the same approved by the Project Director and circulate to the districts.
2. ISC&ED to identify specialized training institutions who can give practical training to the identified persons in nursery management and prepare a shortlist with costs and get approval of APD/PD.
3. Request each DPMU to select nursery entrepreneurs (persons interested in nursery development) in batches of 10-20. Training to include selection of quality mother planting materials, sources of quality mother planting material, managing mother stock in the nursery, nursery management techniques and grafting techniques.
4. DPMUs to obtain application from each selected nursery entrepreneurs for project support to establish a nursery.
5. DPMUs to get the applications approved from Chairperson of DPCC and send the list to ISC&ED.
6. ISC&ED will arrange for training of persons selected for nursery entrepreneurs in the shortlisted training institutions.
7. After training, DPMU to release funds to nursery entrepreneurs to establish nurseries.

8. DPMUs to facilitate nursery entrepreneurs to procure quality mother stock, tools and trays, bio-fertilizers and bio-pesticides and materials for fencing.
14. DPMUs to submit a completion report on utilization of project support within two months of fund release.
9. DPMUs to review the performance after one year and in the event of satisfactory performance prepare proposals for next stage of expansion.

**ii) Steps to implement seed multiplication unit establishment for ginger and turmeric**

10. Prepare simple guidelines for establishing seed units, get the same approved by the Project Director and circulate to the districts.
11. ISC&ED to identify specialized training institutions who can give practical training to the identified persons in ginger and turmeric seed multiplication and prepare a shortlist with costs and get approval of APD/PD.
12. Request each DPMU to select ginger and turmeric seed entrepreneurs (persons interested in seed multiplication) in batches of 10-20 persons. Training to include selection of quality seed identification, multiplication methods, cultivation practices and managing and storing seed ginger and turmeric.
13. DPMUs to obtain application from each seed multiplication unit entrepreneurs for project support.
14. DPMUs to get the applications approved from Chairperson of DPCC and send the list to ISC&ED.
15. ISC&ED will arrange for training of persons selected for seed multiplication entrepreneurs in the shortlisted training institutions.
16. After training, DPMU to release funds to seed multiplication entrepreneurs to establish ginger/turmeric seed units.
17. DPMUs to facilitate seed multiplication entrepreneurs to procure quality mother stock, tools and trays, bio-fertilizers and bio-pesticides, etc.
15. DPMUs to submit a completion report on utilization of project support within two months of fund release.
18. DPMUs to review the performance after one year and in the event of satisfactory performance prepare proposals for next stage of expansion.

**iii) Steps to promote spice (pepper and ginger) production in clusters**

1. Prepare simple guidelines for supporting spice production in clusters and get the same approved by the Project Director and circulate it to the districts.
2. Request each DPMU to select spice clusters (pepper and ginger) and obtain applications from existing SHGs, and producer groups and also create new producer groups wherever required. Each producer group to have not more than 20 members and to have a savings account with an IVCS or a Bank.
3. ISC&ED to identify specialized training institutions who can give practical training to spice cultivation. Training to include selection of quality planting materials, common pests and diseases and their management, package of practices for spice cultivation and use of bio-pesticides and bio-fertilizers.
4. ISC&ED to identify agencies in consultation with DPMUs with ability to supply good quality planting materials, bio-pesticides and bio-fertilizers.
5. DPMUs to obtain application from the SHGs/Producer Group for receiving project support to expand their spice production.
6. DPMUs to get the applications approved from Chairperson of DPCC and send the list to ISC&ED.

7. ISC&ED will arrange for training of spice farmers of the producer groups in the shortlisted training institutions.
8. After training, DPMU to release funds to trained spice farmers producer groups to expand their spice production activity.
9. DPMUs to facilitate the spice producer groups to procure the good quality planting materials, bio-pesticides and bio-fertilizers from agencies/nurseries set up under the project identified by ISC&ED.
16. DPMUs to submit a completion report on utilization of project support within two months of fund release.
17. DPMUs to review the performance after one year and in the event of satisfactory performance prepare proposals for next stage of expansion.

**iv) Steps for engaging Market Players in spice value chains**

1. MBMA to advertise expression of interest seeking engagement of market players in the pepper, ginger and other important spices. The market players to submit letters of intent with their basic experience, business profile and a basic concept note.
2. The main functions of the market players would include:
  - a. Mobilization of the farmers in the allocated production clusters into producer groups/organizations to serve as a community institutions to cost effectively deliver supply chain services to the members- Start with groups with members not more than 20.
  - b. Preparing investment proposals to enable producer groups/organizations to receive project support. The project will provide 30% of the cost investment covering investment costs (micro-irrigation, low cost agriculture machinery and tools, etc.) and recurrent costs (planting materials, bio-fertilizers and bio-pesticides, etc. The financial limit from the project is pegged at Rs 8.00 lakh per producer group/ organization.
  - c. Training the members of the producer organization to improve productivity and product quality. This will include assistance in selection of planting materials, guidance on appropriate Good Agricultural Practices for cultivation/ and harvesting.
  - d. Take up certification related activities where necessary.
  - e. Participate in the MIS for spice value chain to mainly for ascertaining quantity of production and traceability.
  - f. Ensure that the producer organizations utilize the project support for the intended purpose and submit reports to the project on its utilization.
  - g. Procure the vale chain commodities from production clusters allocated to the market player.
  - h. Where feasible establish primary processing units in the allocated clusters in joint ownership with the producer groups/organizations.
3. MBMA to evaluate letters of intent with business profile and concept note and place shortlist before the Project Director (PD)/Additional Project Director (APD) and seek approval to call for proposals.
4. MBMA may engage technical agency/ies such as IDH to carry out market player identification, preliminary due diligence and shortlist the market players to implement value chain activities of Megha LAMP by: (i) calling for expression of interest; (ii) receiving letters of intent with their basic experience, business profile and a basic concept note; (iii) evaluating letters of intent with business profile and concept note; and (iv) submission of shortlist to MBMA for approval of shortlist by the PD/APD.
5. MBMA to conduct a meeting with the shortlisted market players along with technical agency and decide on the allocation of clusters for implementation of value chain activities in the project area.

6. MBMA to seek proposals from the market players. These proposals shall be in two parts covering the requirements of: (i) producers for improving cultivation in terms of better planting materials, bio-pesticides, improved tools, etc.- project will fund 30% of the cost of investment (subject to a ceiling of Rs 8.00 lakhs per producer organization) and this will be provided directly by the project to the producer group; and (ii) market players for training the farmers in Good Agricultural Practices and handholding the clusters which will be covered 100% from the project under sector development facility and for establishing value addition units which will be funded up to 30% of the cost of investment from the project.
7. The proposals shall follow the guidelines of Supply Chain Fund and Sector Development Funds. The proposal shall clearly specify the overall objective, outreach in terms of number of households to be covered and results expected with activities, timelines and budgets, means of financing (community contribution, market player contribution and project contribution) and fund flow mechanism.
8. Shortlisted market players to submit proposals to MBMA and MBMA to evaluate and approve/reject/seek modification of the proposal.
9. Finalization of MOU terms in a joint meeting between MBMA, Market Player and the technical agency.
10. MBMA to enter into MOU with Market Players specifying the activities, timelines, fund flow and settlement systems.

**C. Steps for supporting supply chain commodity aggregation**

1. Identify IVCSs in the supply chain clusters and discuss with them a possibility to start a producer group for aggregation of non-perishable supply chain commodities such as cashew nuts, areca nuts, bay leaf, pepper, broom grass, etc.
2. In the event IVCSs are interested in this activity, establish a producer group comprising the shareholders of the IVCSs. Constitute a Chairperson and a Treasurer for this group. The members of the management committee of the IVCSs cannot be the Chairperson and Treasurer of the producer group. Preferably, the person currently engaged in small time aggregation of supply chain commodities need to be in the producer groups for aggregation.
3. The Producer Group to open an account with the IVCS/Bank with powers to the Chairperson and Treasurer to operate the account.
4. MBMA to seek a joint application from the IVCS. MBMA to release Rs 100,000 as capital contribution for launching an aggregation loan product. The support will be released to IVCSs. IVCS will sanction loan to the Producer Group. Interest on loan, repayment period and repayment frequency will be specified in the loan agreement.
5. The recommended loan terms are: (i) interest rate of 12%; (ii) repayment period of one year; (ii) bullet repayment with repayment at the end of 12 months. IVCS will have provide loan to the producer group every season.

**D. Steps for implementing off-farm enterprise activities**

1. Prepare simple guidelines for supporting off-farm enterprise and get the same approved by the Project Director and circulate it to the districts.
2. DPMUs to select persons registered with EFCs and other entrepreneurs interested in starting an off-farm enterprise (with the exception of retail shops and trading) and obtain applications from them to receive project support.
3. DPMUs to facilitate the entrepreneurs to prepare loan proposals and approach the bank for financial assistance or for other convergence funding. RF Staff will have the responsibility to facilitate the funding from banks.
4. DPMUs to get the applications approved from Chairperson of DPCC and release support to the entrepreneurs.
18. DPMUs to submit a completion report on utilization of project support and confirm that the enterprise has been set up within two months of fund release.

**E. Steps for supporting proposals for agriculture and livestock processing/ value addition units**

1. MBMA to advertise expression of interest seeking engagement of processors interested in setting processing units covering the supply chain commodities of LAMP. Interested parties to send letters intent with their basic experience, business profile and a basic proposal with details of cost of investment, financing plan, and land availability for establishing processing units.
2. MBMA to establish a committee to evaluate the basic proposals received comprising representatives from MBMA, MBDA, relevant line department, NABARD, Lead Bank Manager and any other subject matter specialists.
3. MBMA to evaluate the letters of intent with basic proposals to either shortlist the proposals for providing project support or to reject the proposal.
4. MBMA to seek detailed proposal from the shortlisted applicants. The pre-requisites are: (i) necessary registrations of the enterprise under the acts and rules of the government; (ii) necessary approvals for establishing the enterprise in the state of Meghalaya; (iii) approval of loan from banks for any investment proposal beyond Rs 10 lakh; and (iv) confirmation on availability of land for establishing processing units.
5. Evaluate the proposal and provide a sanction letter to the proposal considered technically and financially viable.
6. Enter into a MoU with the selected entrepreneur and the release of grant shall be subject to startup of the project after full investment is made in case of entrepreneurs not seeking bank loan. In respect of others, the project support will be released directly to the account of the entrepreneur with the bank financing the enterprise.
7. DPMUs to submit a completion report on utilization of project support and confirm that the enterprise has been set up within a reasonable time after fund release as stipulated in the MOU.

**IV. Suggested Supply Chain Development Schemes for consideration by MBMA**

SI No	Scheme	Estimated investment cost (Rs.)	Project Support	Eligible beneficiaries	Remarks
1	Pig Breeding Unit	100,000	<p>First phase of support: 40% of the total investment cost subject to a maximum grant of Rs. 40,000 under Window 2. This does not include training cost.</p> <p>Second phase of support to finance expansion - 40% of the total investment cost subject to a maximum grant of Rs. 40,000 under Window 2 – This support will be subject to satisfactory performance in utilizing first phase support based on an assessment after one year of implementing first phase.</p>	<p>Individual small time pig breeders.</p> <p>Persons trained as para vets under various projects/programmes.</p> <p>Persons with required financial resources (own funds or loan) to complete the investment and activity.</p>	<p>Training to be arranged in national level institutions by MBMA.</p> <p>Project grant support to be used for purchase of good quality, sows and boars, insurance, veterinary service and feed.</p>
2	Pig Fattening Unit	50,000	30% of the total investment cost subject to a maximum grant of Rs 15,000 per farmer under Window 1.	<p>Individual pig farmers in a producer groups of about 20 members preferably with pig housing supported under MGNREGS.</p> <p>Persons with required financial resources (own funds or loan) to complete the investment and activity.</p>	<p>Producer group to have a savings account preferably in IVCS.</p> <p>Project grant support to be used for purchase of piglets, veterinary service and feed.</p>
3	Para vet support	125,000	40% of the total investment cost subject to a maximum grant of Rs 50,000 under Window 2. This does not include training cost.	<p>Individuals who have basic training in livestock development.</p> <p>Individuals who have passed at least Class 8.</p> <p>Persons with required financial resources (own funds or loan) to complete the investment and activity.</p>	<p>Training to be arranged in reputed institutions by MBMA.</p> <p>Project grant support to be used for purchase equipment and tools including a small refrigerator, medicines including vaccines and feed.</p>
4	Nursery development – spices	100,000	<p>First phase of grant support: 40% of the total investment cost subject to a maximum grant of Rs. 40,000 under Window 2. This does not include training cost.</p> <p>Second phase of grant support to finance expansion - 40%</p>	<p>Individual small time nursery owners.</p> <p>Persons involved in spice cultivation with schooling up to</p>	Training to be arranged in national level institutions by MBMA with focus on pepper and areca nut.

			of the total investment cost subject to a maximum grant of Rs. 40,000 under Window 2 – This support will be subject to satisfactory performance in utilizing first phase support based on an assessment after one year of implementing first phase.	Class 8– 10. Persons with required financial resources (own funds or loan) to complete the investment and activity.	Project grant support to be used for purchase of quality planting materials, bio-pesticide and bio-fertilizer, fencing for the nursery. Tie-up with IVCS, producer groups, etc to be facilitated.
5	Seed units – Ginger and Turmeric	100,000	First phase of grant support: 40% of the total investment cost subject to a maximum grant of Rs. 40,000 under Window 2. This does not include training cost. Second phase of grant support to finance expansion - 40% of the total investment cost subject to a maximum grant of Rs. 40,000 under Window 2 - This support will be subject to satisfactory performance in utilizing first phase support based on an assessment after one year of implementing first phase.	Individual small time ginger and turmeric seed growers. Persons with required financial resources (own funds or loan) to complete the investment and activity.	Training to be arranged in national level institutions by MBMA with focus on ginger and turmeric. Project support to be used for purchase of quality planting materials, bio-pesticide and bio-fertilizer and construction of seed storage. Tie-up with IVCS, producer groups, etc to be facilitated
6	Support to producers – pepper and ginger	40,000	First phase of grant support: 30% of the total investment cost subject to a maximum grant of Rs. 10,000 per producer under Window 1. Second phase of grant support to finance expansion - 30% of the total investment cost subject to a maximum grant of Rs. 10,000 per producer under Window 1 - This support will be subject to satisfactory performance in utilizing first phase support based on an assessment after one year of implementing first phase.	Individual farmers growing these crops in a producer groups of about 20 members. Persons with required financial resources (own funds or loan) to complete the investment and activity.	Producer group to have a savings account preferably in IVCSs. Project support to cover cost of planting materials and bio-pesticide and bio-fertilizer.
7	Apiculture		Rs 15,000 per household to buy bee boxes, tools and materials. Grant to be 80% of the new investment by Household.	Individual farmers in a producer group of about 20 members in the identified cluster. Each household should have a minimum of 2 boxes.	Producer group to have a savings account preferably in IVCS. Project grant support to be used for purchase of bee boxes and other small equipment and materials.
9	Support for aggregation	250,000	Maximum grant support of Rs 100,000 to select IVCSs to give loans to village level aggregators under Window 2. Loan terms from IVCS to village level aggregators: (i) 12%	IVCSs in pepper, cashew, areca nut and other important crop clusters.	RF to provide guidelines to IVCSs to launch this loan product with interest rate, repayment

			p.a. interest; and (ii) repayment at the end of 12 months from the date of disbursement. Loan to be provided every year subject to repayment performance of the traders involved.		period and frequency and documents to be obtained before disbursement. Payments to farmers for aggregation to be routed through the IVCS.
10	Support for Off Farm Enterprise	85,000	30% of the investment cost subject to maximum grant support of Rs 25,000 under Window 1. (weaving, handicrafts, steel fabrication, farm machinery repair, carpentry, blacksmithy, construction, plumbing, electrical works, etc.	Entrepreneurs registered and trained by EFCs. Entrepreneurs with ability to get bank/IVCS loans	No grant support for retail shops and trading. Project grant support to be used for purchase of fixed assets.
11	Support for agriculture produce/livestock processing - Microenterprise	25 lakh	30% of the investment cost subject to maximum grant support of Rs 7.5 lakh under Window 3	Entrepreneurs selected through expression of interest and appraisal of proposals.	Support to projects with investment cost of more than Rs 10.00 lakh shall be subject to approval of bank loans
12	Support for agriculture produce/livestock processing – Small Enterprise	More than Rs 25 lakh and not to exceed Rs 5.00 crore	30% of the investment cost subject to maximum grant support of Rs 25 lakh under Window 4	Entrepreneurs selected through expression of interest and appraisal of proposals.	Support to these projects shall be subject to approval of bank loans
13	Support for agriculture produce/livestock processing – Medium Enterprise	More than Rs 5.00 crore and not to exceed Rs 10.00 crore	30% of the investment cost subject to maximum grant support of Rs 75 lakh under Window 4	Entrepreneurs selected through expression of interest and appraisal of proposals.	Support to these projects shall be subject to approval of bank loans

## V. Roads, Markets and other infrastructure

99. The Project had a total of 250 km of rural road construction linking villages from District roads and highways. During the MTR it was agreed to reduce the length of the road to 211.75 km. MBMA entrusted the construction of these 211.75 km of road to SRES. This contract with SRES will expire on 30 Oct. 2019. A total of 189.27 Km was completed as on 28 June 2019. Out of these PWD engineers verified 47.535 Km which were rated as satisfactory and 17.90 have received verification reports with comments. These comments fall in two categories: (i) The reduction in length by 1.716 km, actual length contracted and paid to SRES was 17.90 and actual execution is 16.184 km. (ii) deficiency in width which needs rectification, some roads constructed with less than 3m width (iii) other minor defects which requires rectification before the final takeover and (iv) minor deficiencies which are not possible to rectify such as camber, super elevation, extra width in curves, these deficiencies will not affect the intended functions of the road. These deficiencies need to be resolved. A field visit had been conducted to inspect the defective roads, about 9 roads in Khasi and Garo hills were inspected and rest could not be inspected due to time constraint. However looking at the nature of the comments they are mostly common and thus the visited roads can be taken as adequate sample to provide recommendations to resolve the issues. A 20m span RCC bridge on Risiang river, Nongstoin Block of west Khasi Hills was constructed in place of road with a total cost of 46,00,000.00. More detail is provided in Annex I. There was no proposal earlier to construct this bridge and therefore the road budget is used. Considering the usage of the road the bridge has added value by connecting this road which otherwise would be a seasonal road as the Risiang river is big and is not possible for vehicles to cross.

100. Out of the total 211.75 kms contracted to SRES, works on 22.10 Kms are yet to be completed and on 5.5 kms which was not started is cancelled after ISM, April 2019. This and to carry out rectification requires extension of contract with SRES as the extended contract ends in Oct. 2019 where road works cannot be done in monsoon.

101. BDUs have completed construction of 17 kms of road and it was decided on 19 June 2019 that remaining 4 km will be done through the Government. Full UCs with supporting documents have been submitted for 16 kms and UCs for 1 Km is yet to be submitted and 7 kms have been verified by PWD Engineers. MBMA and IFAD has approved construction of a 20m span RCC bridge using funds provided by MBMA for building 1 km of road in Nongstoin Block of West Khasi Hills and the BDU has submitted UC for this construction.

102. There is no clause for retention money in SRES contract (deleted). This clause should be retained to carry out the defective works and or recover the amount from the retention money. Similarly the insurance clause should made applicable for any eventuality.

103. The construction of other communication infrastructures like submersible bridges and ropeways were deferred to 2020/21 which are to be constructed following supply chain and cluster development priorities with prior approval from IFAD. There is no progress as the multi-stakeholder plat form meeting has been delayed which may take place within 6 months and it is difficult to construct all 20 bridges and 4 rope ways, therefore this needs to be re-studied and reduce the numbers. The construction of bridge and rope ways need to be designed and supervised by the engineer for which it is recommended to outsource. It is suggested that instead of submersible bridges to construct steel suspension bridges where upto power tillers can ply which are cost effective and less maintenance.

104. The construction of INRM structures are nearing completion and the quality of constructions were found good. The staffs lack field experience due to which they could not provide innovative and creative alternatives which would have benefited in cost and functionality. Many check dams which in fact were intakes were constructed for drinking water and irrigation. A nice pool of water is created after the construction of check dams which are susceptible to human and animal contamination. It was recommended in the MTR to cover with graded stone which should be the case for protection and a typical design was provided, this however was not adopted. It is recommended once again to fill the pond with graded material which will also act as a filter media and also to test the water for potability. In terms of spending the Sanctioned VDF 1st instalment is Rs 138 million out of which 54.761 million has been spent as on 28 June 2019. In terms of spending the Sanctioned VDF 1st instalment is Rs 138 million out of which 54.761 million has been spent. Summary of INRM intervention activities and counterpart funding. Summary of INRM intervention activities and counterpart funding is presented in Annex II. The first phase of INRM is nearing completion which was delayed due to transaction and opening bank accounts where banks are far away. The project intends to expand to about 500 more

villages. The construction should be done in these villages after revision of the designs and apply lessons learned.

105. On the market infrastructure construction of public toilets, open surface drains and water tanks have been carried out. The construction of water tanks were mainly RCC type which are not only expensive but may leak and become un-functional if not properly done. Therefore it is worth exploring other methods like plastic tanks and ferro-cement tanks which are not only cheap but are more reliable.

106. It is suggested to engage a local engineer on contract who should assist the project on the verification of the completed roads, design of the market structures such as collection centres having sorting/grading facilities and other ancillaries.

107. Maintenance of roads and bridges: Since 90% of the roads and one RCC bridge have been completed, it is high time that the communities be made aware on the maintenance part. Most importantly the routine maintenance for roads and bridges have to be carried out which require only labour component. When there is substantial damages due to monsoon or other forces it is essential that the community be supported by the Government in terms of materials. The community should be given hands on training on routine maintenance so that they can form user groups to maintain the roads. The routine maintenance activities should be listed and given to the communities. A sample activities are provided in Annex III.

#### 108. **Conclusion and recommendations**

- i) **Roads and bridges:** Roads and bridge (one number) were constructed satisfactorily. However the package does not include the drainage part. Although these short length roads which would not require concrete drains but simple earth drains need to be constructed and maintained. The construction of RCC bridge has connected the road and has increased the use of the road for all season, therefore the construction of the bridge with the road budget is justified.
  - The PCT roads are built with less planning as in most of the cases they are built in the middle of the existing earth road and connectivity in monsoon may become an issue. The construction of these roads in stretches leaving behind the rest as unpaved road may not contribute significantly to the improvement of livelihood as the roads were already there.
  - Although the completed roads have been verified by the third party (PWD) which is taking longer time to complete the verification and closing of accounts, it is suggested to engage a contract engineer to expedite the closing of accounts. This was recommended in the MTR, 2018 also.
  - All defective roads should be resolved as stated in the table 1. The observation points made for the bridge should be carried out. By taking action on these defective roads, account closure should be expedited. The project has written to SRES on 22<sup>nd</sup> April 2019 where it is informed that SRES has agreed to carry out the rectification works. This needs to be followed up for early settlement.
  - A 500m PCT road was constructed in Mawsynram in East Khasi hills as per the plan. However it needs another 100m to connect to the black top road. Therefore it is suggested to construct this 100m stretch which will greatly improve the accessibility. There will be savings from other roads where it is constructed less.
  - It is suggested to plan the future roads in line with the value chain crops and selection criteria should be prepared for an objective selection of roads. A study needs to be carried out for the PCT roads before up scaling in future as whether they are maintainable, long lasting and economic.
  - Although the construction is simple with no complexity, it is still essential to be properly designed, estimated and supervised to give value for money.
  - Retention money should be retained when contracting the construction so the rectification becomes easy.

- Routine maintenance have to be carried out by the community and in case of major repair Government intervention is required. A simple maintenance approach is presented in Annex III.
- ii) **NRM structures:** The NRM structures mainly comprises of water retaining protection structures, water absorption trenches to prevent siltation of the lake, stream recharge trecnches etc. These are cheap structures and if done properly it yields good result. The other part is the drinking water supply and irrigation from the conserved sources and open wells where feasible. Based on the field observations the structures constructed will serve the intended purpose even though, may not be optimally i.e. further improvements are required to enhance efficiency and economise construction.
- The construction of check dams, intakes, water tank, absorption trenches, recharge trenches and water supply are constructed with varying designs in Districts and BDUs. This indicate lack of centrally designed modular schemes. The modular design (even basic design) centrally would enable easy implementation, less mistakes and cost effective. Therefore such practice is recommended while up scaling in future.
  - The good practice adopted by one district should be shared to other districts to improve in terms of design and construction.
  - In case of water supply, Garo Hills in particular adopted open wells, this is perfectly fine, however if the communities are shared with plastic hand pumps or in some cases even electric pumps it gives them opportunity to select the best system based on their conditions and affordability. In all cases it was found that RCC water tanks are built which are not only costly but also creates maintenance problems. A cost comparison between the different types were not made. It is therefore recommended to make a cost comparison between different types such as plastic tanks, ferro cement tanks etc. and select the most appropriate one.
  - Once the intake or the check dams are constructed and if it is meant for drinking water supply, the pond should be covered by graded stones to prevent contamination. It is worth to test the water for contamination. Work in collaboration with PHE.
- iii) **Communication facilities:** The construction of submersible bridges and ropeways are kept on hold as the multi-stakeholder platform meeting could not take place. The meeting should be organized soon to decide on these facilities so that they can be built within the project period. These facilities should be constructed in the value chain cluster areas to optimize benefit.
- i) The construction of submersible bridges and rope ways are specialized works and thus needs to be done with proper designs. The
  - ii) It is suggested to engage consultant to design and supervise the structures
  - iii) An option of steel suspension bridge which can be used for power tillers should be studied in place of submersible bridges.

## Annex I

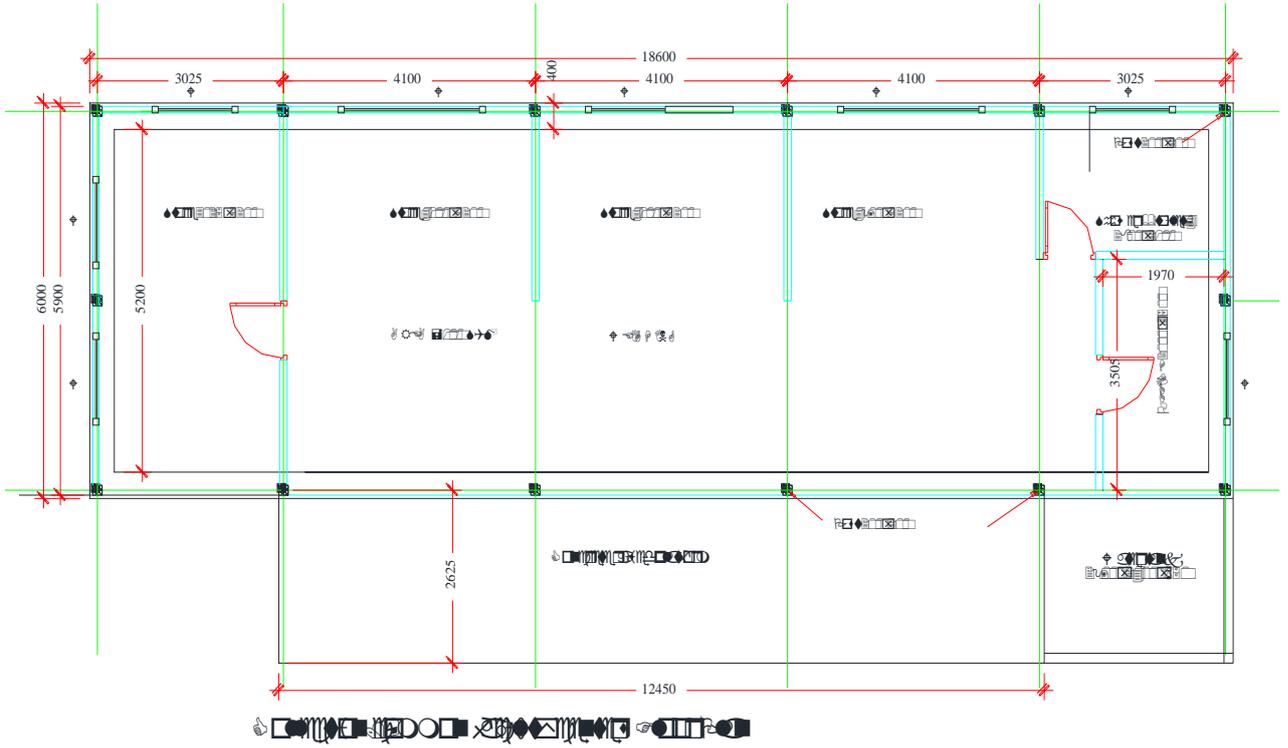
1. **Status on road construction:** The construction of 250 km of road has been finalized to 211.75 km. Out of these roads, a total of 189.27 Km was completed as on 28 June 2019. Out of these PWD engineers verified 47.535 Km which were rated as satisfactory and 17.90 have received verification reports with comments. These comments fall in two categories: (i) The reduction in length by 1.716 km, actual length contracted and paid to SRES was 17.90 and actual execution is 16.184 km. (ii) deficiency in width which needs rectification (iii) other minor defects which requires rectification before the final takeover and (iv) minor deficiencies which are not possible to rectify such as camber, super elevation, extra width in curves. However in general the construction quality has been found satisfactory considering in the context of rural roads with construction in remote areas. To resolve the defects it is suggested as below in table 1.
2. **Field verification of the defective roads:** A field visit was made to assess the impact of the comments made by PWD. A total of 9 roads in Garo hills and Khasi hills were visited. A comment made by PWD on the grade of concrete is M40 whereas it should be M15. However all roads could not be covered due to time constraint and is also not required as the type of observation made were similar. In general the roads are in good conditions with minor defects pointed out by PWD. All roads are plyable does not affect the function of the road. The defects were analysed and presented below for action by the MBMA.

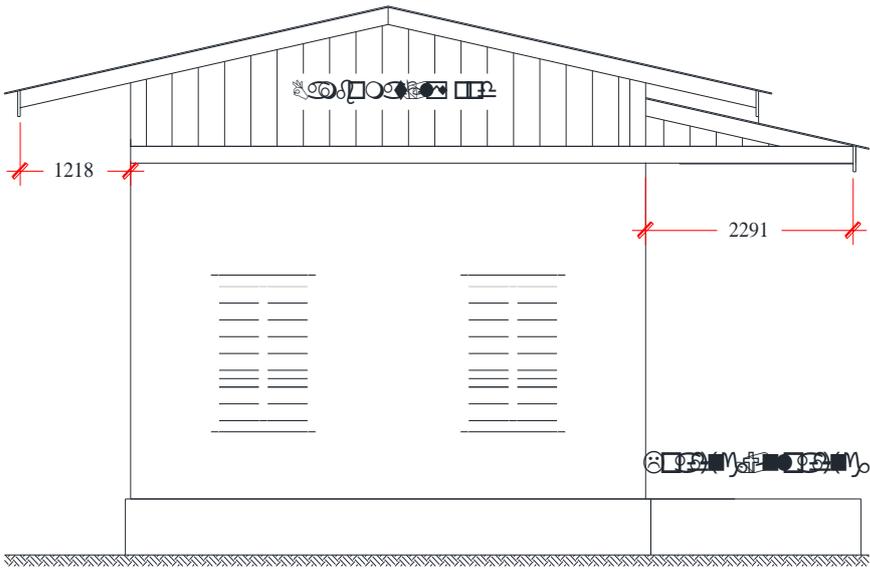
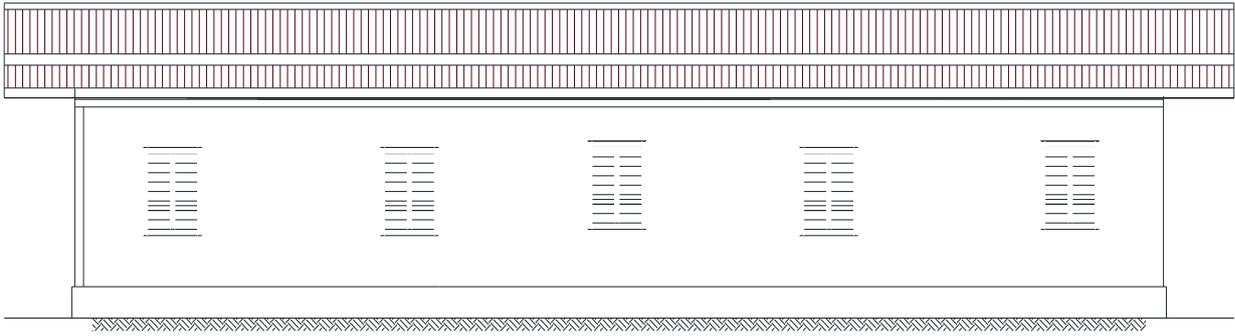
### Summary status of roads as of 28 june 2019

1	Initial proposed roads	250	km	
2	Length of roads after MTR	216.62	km	
3	After ISM April 2019	211.37	km	
4	Total length completed	189.27	km	
5	Ongoing roads	22.1	km	
6	Yet to start roads	0	km	
7	Total length completed and paid in full	47.535	km	verified by PWD
8	Length of roads completed and submitted for WA	77.139	km	
9	Length of roads not submitted for WA	7.93	km	
10	Total length of defective roads	17.9	km	
11	Total roads constructed under Rs 3.0 mil per km till mar 2018	22.5	km	
12	Total roads constructed under Rs 3.3 mil per km	188.87	km	
13	Total payment made to SRES			684 million
14	Total payment made to BDU			66 million

3. **Bridge construction:** A 20m span RCC bridge on Risiang river, Nongstoin Block of west Khasi Hills was constructed in place of road with a total cost of 46,00,000.00. The construction was done satisfactorily and there is no observation as such in the construction. However following points were made which need actions from the BDU on the operation and maintenance of the bridge:
  - i) The construction of the abutment has constricted the width of the river which may lead to increase in the high flood level. Although in lean season the free board appears adequate but during the floods and as per the local community the big river downstream backflows which may cause overflow of bridge. This needs to be monitored.
  - ii) The abutment have no offset from the low water level which may cause scouring to the abutment. Since the bridge location is at the low current site there is little chance for scouring but is still worth observing for necessary protection works if required.

- iii) The design does not specify the class of the bridge, therefore it is suggested to consult the design engineer and put load restriction sign board or a frame restricting loads as per the carrying capacity of the bridge, if required. This will also protect the PCT road constructed after the bridge. This is suggested because the coal trucks are plying.
4. The NRM structures such as markets, check dams, water tanks, toilets, drainage and open wells were visited and found in good conditions and functional. However the BDUs and MBMA should create awareness in maintaining hygiene for drinking water. The pond created by intake/check dam should be covered by graded stones to prevent human and animal contamination. It is suggested to test the water for at least Ecoli content which may cause health problems. The communities should be given options for example plastic hand pumps in place of open well which are more convenient, hygienic and cheap, plastic tanks instead of RCC tanks which reduce construction time as well as cheaper. There already exist construction of trenches to re-charge of streams which should be shared across the project area to have uniformity. In terms of spending the Sanctioned VDF 1st instalment is Rs 138 million out of which 54.761 million has been spent. Summary of INRM intervention activities and counterpart funding is presented in Annex II.
5. **Market structures and collection centres:** The scope and specification of market development would be tailored to the need of each market. It is suggested to construct the required number of market sheds depending the value chain crops. A typical market shed should comprises the following:
- Open sheds for to provide stalls for sale of products on market days. Each shed would be about 16'x18'
  - One storehouse, 16'x18' to provide secured storage
  - One latrine block with male and female sections
  - Concrete pathways around the trading sheds.
6. There is a need to construct market collection centres which should be taken up with proper site studies and accommodate in the design, all facilities required. These collection centres are neither constructed nor planned. However the project intends to propose about five collection centres in the value chain clusters mostly spices. Therefore careful thought should be given while designing the centres so that it accommodates all required facilities. The centres should be equipped with basic essential tools and equipment like weighing machines, trampolines, wheel barrows, sorting tools etc. A typical design is attached for reference which should be modified appropriately as per the type and number of crops. The collection centres should be cheap, functional and maintainable constructed with local materials. All construction should be supervised and preferably with contract engineer at MBMA to monitor and oversee the design and construction.





## Annex II

### Summary of INRM intervention activities and counterpart funding

District	Block	VDF Amount		MGNREGS/ Line Dept Convergence (Rs)	Community	
		Sanctioned VDF 1st intallment (Rs)	Amount utilised for intervention		Labour in (Rs)	Material (Rs)
East Garo Hills	Songsak	6,400,000	5,998,793		1,108,869	
	Dambo Ronjeng	4,600,000	3,000,000		588,604	
	<b>Total</b>	<b>11,000,000</b>	<b>8,998,793</b>	<b>0</b>	<b>1,697,473</b>	<b>0</b>
East Jaintia Hills	Khliehriat	9,400,000	3,200,000		2,274,290	885,290
	<b>Total</b>	<b>9,400,000</b>	<b>3,200,000</b>	<b>0</b>	<b>2,274,290</b>	<b>885,290</b>
East Khasi Hills	Mawphlang	6,800,000	2,654,254	404,827	63,000	56,000
	Shella Bholaganj	5,800,000	2,820,000	781,196	150,000	150,000
	Khatarshnong Laitkr	5,200,000	1,464,406		80,000	80,000
	<b>Total</b>	<b>17,800,000</b>	<b>6,938,660</b>	<b>1,186,023</b>	<b>293,000</b>	<b>286,000</b>
North Garo Hills	Kharkutta	9,000,000	2,940,980	11,086,129	909,470	
	<b>Total</b>	<b>9,000,000</b>	<b>2,940,980</b>	<b>11,086,129</b>	<b>909,470</b>	<b>0</b>
Ri Bhoi	Umling	7,400,000	200,000		193,720	89,655
	<b>Total</b>	<b>7,400,000</b>	<b>200,000</b>	<b>0</b>	<b>193,720</b>	<b>89,655</b>
South Garo Hills	Baghmara	14,200,000	1,662,280		84,000	83,583
	<b>Total</b>	<b>14,200,000</b>	<b>1,662,280</b>	<b>0</b>	<b>84,000</b>	<b>83,583</b>
South West Garo Hills	Zikzak	9,400,000	2,830,817	4,940,000	1,011,100	617,000
	<b>Total</b>	<b>9,400,000</b>	<b>2,830,817</b>	<b>4,940,000</b>	<b>1,011,100</b>	<b>617,000</b>
West Garo Hills	Dadenggre	8,400,000	7,200,000			105,000
	Selsella	9,200,000	8,000,000	2,237,160		51,500
	Tikrikilla	8,400,000	1,000,000		10	300
	<b>Total</b>	<b>26,000,000</b>	<b>16,200,000</b>	<b>2,237,160</b>	<b>10</b>	<b>156,800</b>
West Jaintia Hills	Amlarem	8,800,000	3,000,000	0	0	431,592
	Thadlaskein	9,000,000	2,800,000	850,000	0	383,744
	<b>Total</b>	<b>17,800,000</b>	<b>5,800,000</b>	<b>850,000</b>	<b>0</b>	<b>815,336</b>
West Khasi Hills	Mawshynrut	9,200,000	2,989,750	661,500		3,500
	<b>Total</b>	<b>9,200,000</b>	<b>2,989,750</b>	<b>661,500</b>	<b>0</b>	<b>3,500</b>
South West Khasi Hills	Ranikor	6,800,000	3,000,000		863,276	57,385
	<b>Total</b>	<b>6,800,000</b>	<b>3,000,000</b>	<b>0</b>	<b>863,276</b>	<b>57,385</b>
<b>Overall Grand Total</b>		<b>138,000,000</b>	<b>54,761,280</b>	<b>20,960,812</b>	<b>7,326,339</b>	<b>2,994,549</b>

## Annex III

### Maintenance Approach for PCT Roads

#### 1. Routine Maintenance

All minor maintenance works which are of regular nature and could not be accurately estimated are categorised under routine maintenance. It covers the work involved in keeping the road in proper shape and maintaining the waterways free from debris, boulders, logs and other obstructions that are either placed by human beings or by natural causes. In general, only unskilled labour is involved in routine maintenance.

The following works are considered as routine maintenance:

- clearing/cleaning of road surface
- clearing/cleaning of drains, waterways and openings of culverts and bridges
- clearing of small slides from the road formation and water management structures
- trimming of road edges and slopes by cutting grasses, bushes and humps
- maintaining road signs and delineators
- filling potholes, ruts and run-off cuts
- any other minor works

#### 2. Maintenance of PCT Roads

The maintenance of PCT roads is responsibility of the community with labour contribution. When significant damage occur where materials are required Government intervention should be sought.

##### 2.1 Maintenance Planning and Budgeting

###### *Planning*

Routine maintenance must be based on a regular monitoring of the road condition by walking along the entire alignment. This will ensure a timely reaction when the first signs of disturbance or damage become visible. If such disturbances are removed in their early stage when they are still small, it will cost less. The longer one waits, the bigger the damage and the more expensive will be its repair. Experiences have shown that the cost increase of damages not immediately attended to is growing not gradual but exponential. During the dry season, the road condition should be monitored in monthly intervals, during the monsoon the intervals should be daily.

Due to the unpredictable occurrence of slides/slips, monsoon restoration works cannot be properly planned, so there should always be an adhoc plan.

###### *Budgeting for routine maintenance*

As a rough and first estimate, the following average costs may be considered:

No	Items of work	Task rate	Estimated	Rate
1	Clearing of carriage way		25	
1a	Clear culverts	2 culverts	2	
1b	Clear drains	50 metres	5	
1c	Clear landslides	3 m <sup>3</sup>	5	

2	Clearing vegetation/jungle from drains, <del>road shoulder and road corridor</del>	250 m <sup>2</sup>	8	
3	Surface dressing of road shoulder	100 m <sup>2</sup>	10	
4	Pot hole patch repair of concrete	2 m <sup>2</sup>	15	
5	Road surface cleaning and sweeping	1 km	10	
6	Cleaning of structures		5	
7	Bridge maintenance (1)		5 md/bridge	
	Supervision		10	
	Tools/equipment		Rs/km/year	
	Grease and paint		Rs/km/year	Pm

The costs for routine maintenance after this period are estimated at about Rs 30,000/km/year (about 100 mandays including supervision by contractor).

## 2.2 Maintenance Execution

The work items used for routine maintenance can be detailed as follows:

1. cleaning of road formation, drains, culverts and catch pits:
  - remove obstacles, debris and foreign matter interfering with traffic and run-off water
  - re-excavate silted drains
  - construct scour checks in earthen drains, if required
  - dispose of all cleared rubbish to suitable disposal sites
2. clearing of road shoulder, drains and road corridor:
  - cutting and removing of vegetation from drains and cross drainage structures
  - trimming grass on road shoulders
  - cutting but not uprooting the vegetation in the road corridor, if the required sight distance is obstructed
3. dressing of road shoulders:
  - repair eroded road shoulders so that the full design width is provided at all times
4. repair of carriageway:
  - repair ruts, potholes and corrugations in the road carriageway
5. cleaning and sweeping of road surface
  - rubbish and debris shall be cleaned off
  - periodical sweeping
6. cleaning and repairing of structures:
  - clean all structures such as walls and bridges
  - repair damages on all structures such as walls and causeways, if required
7. maintain bridges:
  - check and clean drain spout
  - repair railings and carriage way

- abutment protection
- approach repair

The **supervision** of these works will be the task of the **Junior Engineer** or the technician of the village.

## **VI. Procurement**

### **A. Review of Procurement Plan**

109. PP 2019-20 has been analysed and found to be generally Consistent with the latest approved AWPB:

110. Nature and quantity of goods/works/services is largely consistent with the activities in the AWPB. However, many of the consultancy contract packages have not been initiated. ToRs are required for initiating procurement of consultancy, which have not been provided by the technical teams. There are also some goods cases which are awaiting framing of specifications. Procurement Unit does not have capacity to suggest specifications and it is apparent that the user departments are also not able to provide specifications for some of the items.

111. Procurement schedule is consistent with the implementation schedules in the AWPB but procurement is not finalised as per the time schedule in PP for some cases. Some of the cases especially in consultancy have not yet been initiated and even ToR have not been finalized for some cases pertaining to last year i.e. 2018-19. *OSD(Procurement) responded that Procurement is dependent on the specs or ToR from the concerned unit, the division has been reminding the units, but in vain.*

112. Procurement budget is generally adequate. Whenever there is some short fall, APWB can be revised easily and availability of funds is not a problem.

113. Selection of procurement method is not in compliance to letter to borrower in some cases. There is a typical problem of availability of suppliers. Thus RFQ process is followed even for procurement of goods which would have required NCB. Procurement staff has explained that suppliers are not willing to prepare lengthy bids for NCB methods and they have to follow up with them for even a one page bid against RFQ. IFAD has agreed for procurement of even vehicles for a particular brand due to availability and after sales service problems.

114. There is a normal tendency to go for direct contracting. There is lack of capacity for procurement of consultancy in MBMA and procurement unit staff except the consultant herself and perhaps that may be one of the reasons for delay in procurement of consultancy services. *OSD(Procurement) mentioned that the teams are not preparing ToRs even after they have been given a training on how to prepare ToRs and how to do evaluations.* I suggest that continuous training and arranging previous ToRs from other projects may be a good solution for overcoming such deficiencies.

115. Time estimates indicated in the PP seem realistic. However time line in more than 50% of the cases are not achieved. In some cases, especially consultancy, time lines have not been indicated in PP. There is also no time line for most direct contracting cases in PP. There is a need to improve system of revising time lines in PP even after significant delays.

116. The reason for delay seems to be absence of capability for preparing ToR and cost estimates. In case, there is no capability, MBMA should hire some individual consultant for writing ToR as this is a specialized job. Another way could be to get sample ToRs from other projects and customize the same. IFAD may be able to provide ToRs from other projects all over the world, if available.

### **B. Adequacy of procurement packaging:**

117. Procurement activities have been systematically and logically grouped according to the categories of the procurement. This has been implemented even on addition of new procurement activity say cars. However, there is a need to have framework agreement for recurring demands like conducting of seminar, printing of stationery/advertising material etc.

118. Packaging has been done in a way that generally facilitates the use of the most competitive and efficient procurement method that ensures the best value for money.

119. However in one case of procurement of books and forms for IVCS (Integrated Village Cooperative Society), Just to make lots, items were divided in 4 lots like enrolment, membership and subscription; Deposit mobilisation; loans and advances and other books. The fact is that if one of the lot items are not available, IVCS cannot function. Four lots could be won by 4 different vendors, but in this case, two vendors won. If one vendor supplies and the other does not do so, part money would have been spent and work will not start with IVCS. Besides there could be different quality and appearance and books cannot be issued unless both vendors supply. Total procurement is only about INR 12 lakhs. I consider that making four lots is not a wise decision in this case. Procurement should have been made in one lot.

120. Procurement Plan was submitted to IFAD for approval in March for 2018-19 and 2019-20 but still deficiencies are continuing including absence of dates especially for direct contracting. There are delays in many items as compared to procurement plan but this delay is more evident in consultancy cases. There is need for revision of dates or deletion of activity (by putting a remark for that item in PP) where delays have occurred or activities no more required respectively. Delay can be appreciated from the table below-

S. No	PP year	PP item No	Description	PP target	comments by procurement unit	Remarks
1	2018-19	C-19	IPM Resource Agency in the second year for Cluster 1 (including Cluster Specific Value chain Studies, farmers training, exposure visits and trial marketing) - Markets Division	Contract award target Sep 2016 and revised to April, 2018	Only Proposed. The activity was not undertaken by the respective component	Activity not yet started. May be deleted from PP by putting a remark for that item, if not needed or revise dates
2	2018-19	C-20	Midterm assessment study	Contract target date July 2018	Only Proposed. The activity was not undertaken by the respective component. It was cancelled by IFAD	Activity not yet started. May be deleted from PP by putting a remark for that item, if not needed or revise dates
3	2018-19	C-22	Enterprises support agency	Contract target date Sep 2018 and revised to March 2019	Only Proposed. The activity was not undertaken by the respective component	Activity not yet started. May be deleted from PP by putting a remark for that item, if not needed or revise dates
4	2018-19	C-22A	Engagement of 2 Consulting Engineers for quality assessment of rural roads construction	Contract target date Sep 2018 and revised to Dec 2018	Only Proposed. The activity was not undertaken by the respective component	Activity not yet started. May be deleted from PP by putting a remark for that item, if not needed or revise dates
5	2018-19	C-23	2 Case studies, other studies under M&E	Contract target date Sep 2018 and revised to Dec 2018	Only Proposed. The activity was not undertaken by the respective component	Activity not yet started. May be deleted from PP by putting a remark for that item, if not needed or revise dates
6	2018-19	C25	2 Consultant for MIS development	Contract target date Sep 2018	Only Proposed. The activity was not undertaken by the respective component	Activity not yet started. May be deleted from PP by putting a remark for that

						item, if not needed or revise dates
7	2018-19	C27	Supply chain market study & TA (ISCD); hiring of short term expert for conducting the study	Contract target date Jan 2019	Carried forward to next year	
8	2018-19	C28	Market price collection and dissemination through telephone support unit (toll free line)	Contract target date Nov 2018	Only Proposed. The activity was not undertaken by the respective component	Activity not yet started. May be deleted from PP by putting a remark for that item, if not needed or revise dates
9	2018-19	C29	Needs assessment, design support for market price collection through telephone support unit (hiring of two persons for Garo and Khasi Hills)	Contract target date Nov 2018	Only Proposed. The activity was not undertaken by the respective component	Activity not yet started. May be deleted from PP by putting a remark for that item, if not needed or revise dates
10	2018-19	C30	Hiring of an Internal Auditor	Contract target date Nov 2018	Carried forward to next year	Is under evaluation. Needs to be expedited.
11	2018-19	C32	Software design & customisation for the use Farmers diary under ISC&ED	No dates	Only Proposed. The activity was not undertaken by the respective component	Activity not yet started. May be deleted from PP by putting a remark for that item, if not needed or revise dates
12	2019-20	C37	Supply chain market study & TA (ISCD); hiring of short term expert for conducting the study	No dates	No ToR has been shared by concerned division	Activity not yet started. May be deleted from PP by putting a remark for that item, if not needed or revise dates

121. Besides above consultancy cases, a number of goods procurement cases are held up as specifications have not been provided. For the sake of ready reference, PP with remarks of Procurement Unit is attached.

122. As mentioned earlier, reasons for delay seems to be absence of capability for preparing ToR and cost estimates. There is also a possibility that this service is no more required. In case, there is no capability, MBMA should hire some individual consultant for writing ToR as this is a specialized job. Another way could be to get sample ToRs from other projects and customize the same. IFAD may be able to provide ToRs from other projects all over the world, if available.

123. Some of the consultancy items in Procurement Plan like C20 and C21 are with approximate value INR 6 million and 6.7 million respectively, which is more than USD 50,000 prior review threshold. However, these two items have been shown as post review.

### C. Review of Ongoing/Completed Procurement Activities and Documentation.

124. Deficiencies have been noticed in Evaluation. e.g. one RFQ was issued for procurement of motor cycles and as part of this RFQ, scooty not complying to the specification of RFQ, have also been purchased. Technical evaluation was found to be deficient in some other cases in which bids have been declared non-compliant without specifying the reasons. In one case, 5 bidders quoted for handheld GPS

and 3 were declared compliant and two non-compliant even though they had authorization from same manufacturer and they submitted same technical pamphlets and quoted exactly the same specific model as the compliant bidder. *OSD (Procurement) has mentioned that the technical capacities of the technical staff who are part of the evaluation committee, it basically is their expertise which is leading to these kind of decisions. Procurement may not always be in a position to make technical judgment. There have always been the specs provided and specs offered.* I am of strong opinion that such type of decisions should be avoided.

125. In one more case, RFQ was issued for cars in 3 lots. Lot 2 was for 6 seat car and lot 3 was for 7 seat car. However, the evaluation committee decided to buy 5 seat cars for both the lots. Value of the procurement as well as PP estimated cost, this was a prior review case and PP also mentioned this as a prior review. However, no objection was not taken from IFAD at any stage including draft bid document and evaluation etc.

126. For some prior review cases e.g. purchase of cars, no objection from IFAD has not been obtained even though this case continues to be a prior review in latest submitted procurement plan.

127. It has not been understood in the project that even if some item has been agreed in principle as direct contract in Procurement Plan, full justification for such method should be taken from IFAD for value above a threshold which is USD 5000 for consultancy presently.

128. There is an urgent need for sensitization of all concerned that even for Direct Procurement whether from private or public institution, proper procurement process should be undertaken including finalization of ToR/Employers' requirement, receipt of proposals/bids and complete justification of rates along with appropriate contracting instruments. Evaluation Committee recommendations should be taken even for direct procurement cases above a threshold to be decided by management say USD 10,000.

129. No indices have been maintained in the procurement unit. However, some of the items like cars, motor cycles, office equipment as seen from prices on internet, have been bought at reasonable prices.

#### **D. Review of Contract Administration and Management**

130. **Contract register review:** Updated Contract register was not available. However, by 28 June, 2019, it has been updated. Still some entries including IFAD no objection date etc. are blank and it is not clear if No objection has been taken. Procurement unit has been requested to keep it updated immediately on issue of any new contract.

131. Full payment has been made in advance to State Rural Employment Society (SRES) for construction of 211.37 Kms without any bank guarantee. It should be ensured that such advance payments are not made to this extent and whatever mobilization advance etc. is paid, it should be against bank guarantee (or at least indemnity bond for government agency with the no objection of IFAD) to safeguard project interests.

132. **Contract administration review.** Contractual administration is not effective and leaves mostly on the contractors for works, who are mainly government agencies and they report the progress on monthly basis. For goods, there is no major problem and supplies have been effected. There are not many consultancy cases, but there is no standard monitoring system.

133. Performance security (for Goods and Works): Performance guarantee in the shape of bank guarantee has been examined. As per the contract, BG requirement is for INR 4,65,827 representing 5% of contract amount and valid 60 days after the performance date which is 12 weeks plus 60 days for procurement of office equipment. The supplier, M/s Nice Infotech has submitted BG issued by Viaya Bank now Bank of Baroda for INR 4,65,827 and valid up to 4 August, 2020. This represents sufficient validity. The supplier has submitted confirmation letter from the bank along with the BG but no independent verification has been made by MBMA as per the record available.

134. Retention money guarantee (for Works): No such guarantee available with the project as no contract required this. Even contract for rural roads with SRES does not have provision for retention money. It is recommended that even for government agency, retention money clause may not be waived in future. Because of absence of retention money, rectification of defects is getting delayed.

135. Timeliness of progress payments- Payments have been made timely. In case of rural road improvements, payment has been made in advance to State Rural Employment Society (SRES) for construction of 211.37 Kms. As on date, 187.27 Kms have been constructed. The agency has not hired Engineers for verification of works and it was handed over to PWD engineers. They have found 17.9

Kms of the road defective, which has to be finally settled whether it is of finally acceptable quality. The contract has now been formalized, No objection taken from IFAD and last extension of the contract is up to 31 October, 2019.

136. Validity of insurance policies- OSD procurement mentioned that there are no insurance policies available and not required as per the contracts. However, insurance policies are required as per the contract with SRES. However, it has not been insisted, which is a failure on the part of contract manager.

**E. Review of issues identified in the previous review and aide-mémoire and procurement related issues identified in project audit reports (see paragraph 59)**

137. Previous missions and MTR had highlighted following major issues. Some of the issues have been resolved and action taken but many issues are still outstanding as given in table below

Actions	Deadline agreed for completion	Status at the time of review
<p><b>1. Finalising the Procurement Manual</b> Prepare a Procurement Manual consistent with IFAD Procurement Guidelines and Procurement Handbook, elaborating the processes and standard templates. The project could refer to a Manual prepared by other IFAD projects in India for guidance. DEA issued manuals could also be referred to.</p>	31 Oct 2018	Procurement Manual finalized and IFAD has provided No objection on 1 March, 2019
<p><b>2. Engaging a Procurement Officer</b> A full time qualified Procurement Officer, conversant with IFI Procurement Principles and Processes.</p>	30 Sep 2018	Full time Procurement Officer (Assistant Manager/Procurement) has been appointed in December, 2018. She is intelligent and can pick up fast but she needs to be provided on the job training by hand holding coupled with online training program instituted by World Bank
<p><b>3. Contract Management</b> Contract registers and logs are to be updated regularly from the start of the project, and submitted to IFAD on a quarterly basis.</p>	31 August 2018	Not yet satisfactory. With continuous follow up during this mission, staff updated the register. But still there are some blank cells including IFAD no objection date. This completed register to be sent to IFAD on regular basis.
<p><b>4. Finalise and submit SSS proposals</b> Number of single source selection of government agencies to be finalized and submitted to IFAD for no objection.</p>	31 July 2018	This activity has been mostly completed.

**F. Review of project's procurement filing system and the ease of document retrieval**

138. Procurement filing system needs improvements. Bids are stored in the same envelope as received and bundled together. It is difficult to retrieve by a person other than who stored them.

139. Procurement files have many duplicate papers and many of them are not placed sequentially.

140. Files have been stored properly with proper numbering and can be retrieved easily. 5.4 In many cases, mails have not been printed and kept on file for record.

141. There are no boxes maintained for submission of bids before opening. However, as seen, bids are kept securely in lock and key.

142. System can be said to be moderately satisfactory.

#### **G. Review of any significant changes in the Borrower/Recipient's procurement system and practices**

143. There are no significant changes in the borrower's procurement system and practices.

#### **H. Assessment of further procurement staff training needs**

144. Procurement Unit consists of one procurement consultant, Ms. Binu Malhotra on part time basis with one full time Assistant Manager (AM), Ms. Penelope and one Associate (working for 50% time on this project), Ms. Damaphi. AM and Associate do not have prior experience in procurement before joining this project. Ms. Penelope and Ms. Damaphi are responsive and intelligent and can learn fast. The consultant may have to focus more on capacity building of these two staffs. *However, OSD(Procurement) is of the opinion that they have been given on the job training all this while and have built capacities.*

145. Associate (Ms Damaphi) has no procurement background and has to be trained on basic procurement modules. It is suggested that she can do online MOOC program of World Bank which is free of cost and subsequently a diploma course (World Bank recognized) which is offered by many institutes recognized by World Bank in India. Fees of around INR 20,000 can be sponsored by the project. Same diploma may be acquired by the Asstt Manager (Procurement) also. In due course, Ms. Damaphi may also be exposed to 2 weeks World Bank procedure training organized by Administrative Staff College of India, Hyderabad and NIFM, Faridabad. Coupled with above trainings and on the job training by consultant, these two staff can achieve desired level of proficiency in next 6 months.

146. **Key findings and conclusions from the PRM assessment update:** Score received is 2.0 which is medium risk. Procurement Unit is excellent in using standard bidding document, giving adequate time for submission of bids and seeking clarification, storing of bids securely before opening and announcement of award publicly.

147. However, weakness has been observed in following areas-

- a. Procurement staff does not participate in the annual work planning processes.
- b. Procurement securities are not securely stored but are kept in procurement file.
- c. There is no approval thresholds for contract amendments and approval is to be taken from PD/APD only. *OSD (Procurement) mentioned that they are the only government employees, the authority of delineation may please be seen. Contractual staff is not given any thresholds.* Generally, delegation of authority to contractual staff may not be forbidden for increasing efficiency. However, it is a management decision.
- d. There is no effective contract monitoring system/framework in place.

148. There is a need to improve in areas mentioned in paras (a) to (d) above to improve risk rating.

#### **I. Procurement performance indicator rating and justification**

149. Procurement is rated as moderately unsatisfactory (3), which is same as earlier. Full time procurement manager has been hired and procurement manual has been prepared. There are some deficiencies in evaluation. e.g. one RFQ was issued for procurement of motor cycles and as part of this RFQ, scooty not complying to the specification of RFQ, have also been purchased. Technical evaluation was found to be deficient in some other cases in which bids have been declared non-compliant without specifying the reasons. In one case, 5 bidders quoted for handheld GPS and 3 were declared compliant and two non-compliant even though they had authorization from same manufacturer and they submitted same technical pamphlets and quoted exactly the same specific model as the compliant bidder. In one more case, RFQ was issued for cars in 3 lots. Lot 2 was for 6 seat car and lot 3 was for 7 seat car. However, the evaluation committee decided to buy 5 seat cars for both the lots even though there was no such specification in RFQ. This is not a case of normal shopping but this is a NCB value case but permitted as RFQ due to lack of competition in Meghalaya. Value of the procurement as well as PP estimated cost, this was a prior review case and PP also mentioned this as a prior review. However, no objection has not been taken from IFAD. *OSD (Procurement) mentioned that they had opted for what was best available in the market and this is minor deviation, can be considered.* However, I strongly disagree with her especially when this was not a shopping but a usual NCB case agreed as RFQ due to lack of competition. No objection should have been taken from IFAD at every required stage including draft bid document and bid evaluation report.

150. Recommend that expenditure under these three procurement cases may be declared as ineligible expenditure.

151. Procurement Plan need to be updated to include dates for all items including direct contract.

152. The implementation of the approved procurement plan is affected by delays and poor planning especially for consultancy. The procurement plan is not monitored and updated regularly.

**J. Recommendations for improvement and follow-up actions for the Borrower/ Recipient and/or IFAD**

153. Based on the procurement review carried out, following recommendations are made for improvement.

154. There is an adhoc system of procurement for arrangement of workshops and seminars, which are arranged by user divisions I have not come across any instance in which procurement unit has been involved. User department is not expected to do professional procurement and there is merit in argument that procurement may take a bit too long time and not worth taking pain for each frequently happening seminar. To avoid such problems, it is suggested to have a framework agreement which may include places as Shillong and Tura if frequency of seminars is expected at least 3-4 times in a year. *OSD(Procurement) mentioned that Workshops and seminars have been booked under operational expenses and not under procurement plan.* In my opinion, action should be taken as suggested above.

155. Framework agreement is also recommended for recurring required items like printing etc.

156. It is strongly suggested that GeM should be used by MBMA to fast track procurement of number of goods available at GeM. This will be not only more transparent method of procurement for low value procurement, it will also be cost effective. *OSD(Procurement) mentioned that It was tried for cloud servicing, even after one month the vendor did not confirm the order, hence not taken forward. For goods we tried looking into GeM for various training equipment (world Bank project) and the exercise was futile because the equipment did not meet the specifications and we only had the option to buy what is available on GeM, hence not taken forward.* However, I will suggest that one or two bad experiences should not be the reason to abandon such useful program of Government of India and efforts should be made to use this platform for increasing efficiency.

157. There is problem in carrying out consultancy procurement as seen from inordinate delays in the Procurement Plan. As understood and discussed, there are problems in preparing ToR, cost estimates etc., in addition to procurement process as a whole. It is suggested that a 2 days training program may be conducted at Shillong for about 20-25 participants specifically for consultancy procurement involving procurement and other responsible staff from other divisions. This will help in making number of procurements which will be required in remaining project duration. *OSD(Procurement) has mentioned that The training was conducted by herself in September 2018 for both LAMP and CLLMP officials, but teams are not equipped to handle these kind of procurement.* I insist that with training, staff can be equipped for carrying out such procurements.

158. There is no system of storing and verifications of securities/guarantees. A system should be in place for independent verification from issuing bank, monitoring of BGs to have timely extension/encashment, storing them separately with a responsible person in lock and key.

159. It has been pointed out in all earlier missions and this weakness of not monitoring and updating Procurement Plan still exists. To avoid further occurrence of this issue, it is suggested that the Procurement Unit may update Procurement Plan every month and may be reviewed initially by PD/APD every quarter. This will help in resolving the issues like non submission of ToRs, specifications etc and reduce delays. *OSD(Procurement) mentioned that It has been done by PD from last three months now.* It is suggested that procurement plan may be reviewed by management, in the format as no objected by IFAD, periodically.

160. Updated contract register was not available in the procurement unit. As per practice, immediately on issue of any contract, it should be entered in the contract register and the updated register should also be sent to IFAD every month as per letter to borrower and also the procurement manual. This can also be used as a management tool by PD/APD to review any wasteful expenditure. It is suggested that PD/APD may also review contract register at least once in a quarter and a system should be in place that the register is put up to them at decided frequency.

161. Procurement Procedure should be followed even for single source procurement. E.g. ToR/Employers requirement should be framed, bids/proposals should be taken and above a threshold

say USD 10,000, evaluation should be made by an Evaluation Committee. I have not seen any case where evaluation committee has examined direct contract bid/proposal. There in an improvement in recent cases that proper contractual instrument have been used for signing the contract. However, activities before signing of contract should be streamlined.

162. As discussed with other IFAD team members and MBMA staff, it is suggested that prompt action should be taken to hire a partner company for value chain. If there are players available, it can be advertised immediately for seeking EOI. If only one company has been identified, complete justification should be sent to IFAD for single source selection and procedure should be followed to prepare ToR, take proposal from the prospective partner, evaluation by designated committee and no objection by IFAD as required in consultancy cases. This partner will help MBMA in following activities- they will float an EOI, conduct due diligence and submit shortlisted market players to MBMA with supporting documents; MBMA will seek, evaluate, approve/reject the proposals; and market players implement the MBMA approved proposals at no cost to MBMA, in partnership with the community and handholding by the partner. This modality is expected to fast track supply chain related activities and build capacity of staff involved in implementation. This experience, will be a guiding factor for ISC&ED to go forward independently to seek proposals from both producers and market players.

163. State Rural Employment Society (SRES) has been awarded a contract for construction of 211.37 Kms. As on date, 187.27 Kms have been constructed. PWD engineers have found 17.9 Kms of the road defective. Thus the contractor has to construct about 24 Kms road and also rectify 17.9 Kms road found defective. Earlier contract was to be completed up to 30 April, 2019 which has been extended up to 31 October, 2019. However due to monsoon season, this contract is not expected to be completed as they will have to complete construction and rectify defects. After that PWD engineers will verify the quality and some more rectification may be needed. It is recommended that time for completion may be extended up to 31 January, 2019.

164. For releasing corpus funds to IVCS, it was observed during field visit that IVCSs have not submitted any documents and have been provided funds simply on recommendation of District Project Manager. It is recommended that there may be at least a Board resolution from IVCS, agreeing to implement fraud and corruption guidelines and a small agreement to that effect with the project.

## India

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### Livelihoods and Access to Markets Project

### Supervision Report

### Appendix 5: Mission preparation and planning, TORs, schedules, people met

Mission Dates: 19 June - 3 July 2019

Document Date 13/08/2019

Project No. 1100001715

Report No. 5132-IN

Asia and the Pacific Division  
Programme Management Department

## Appendix 5: Mission Preparation and Planning, TORs, Schedules, People met.

### Mission ToR

**COUNTRY OF ASSIGNMENT/LOCATION:** India

**MISSION NAME:** Supervision Mission of Meghalaya Livelihoods and Access to Markets Project (Megha LAMP)

**MISSION START AND END DATES:** 19 June to 3 July, 2019 (field dates)

**REPORT TO:** Ms Rasha Omar, CPM (India), APR/PMD.

### MISSION COMPOSITION:

(Team members full name and specialization)

	Name	Thematic areas/specialization	Dates
1	Mr N Srinivasan <a href="mailto:shrin54@yahoo.co.in">shrin54@yahoo.co.in</a>	Mission Leader & Rural Finance Specialist	19 June to 3 July
2	Mr Shreekantha Shetty <a href="mailto:shreeshetty57@gmail.com">shreeshetty57@gmail.com</a>	Deputy Mission Leader and Value chain specialist	19 June to 3 July
4	Mr Crispino Lobo <a href="mailto:cslobo1@gmail.com">cslobo1@gmail.com</a>	NRM Specialist	19 June to 3 July
5	Mr Mahendra Chhetri <a href="mailto:hemc2010@gmail.com">hemc2010@gmail.com</a>	Civil Engineer	19 June to 25 June
6	Mr Pradeep Shrestha <a href="mailto:pradeep.stha@gmail.com">pradeep.stha@gmail.com</a>	Finance Specialist	19 June to 3 July
7	Mr Virender K Garg <a href="mailto:vkargarun@yahoo.com">vkargarun@yahoo.com</a>	Procurement Specialist	19 June- 3 July
8	Ms Meera Mishra <a href="mailto:m.mishra@ifad.org">m.mishra@ifad.org</a>	IFAD Country Coordinator (KM, Gender, Targetting)	19-22 June & 29 June 3 July

## **BACKGROUND:**

The Megha- LAMP project became effective in Dec 2014 and the completion is scheduled for Dec 2022. The programme budget is USD 174 million which includes IFAD assistance of USD 50 million. The Project objective is to improve family incomes and the quality of life in rural Meghalaya through expanded and sustainable livelihood opportunities adapted to the hill environment and to the effects of climate change.

Following the third Supervision Mission of Dec 2017 when the project was found to be at risk the Mid Term Review (MTR) of the project was brought forward to June 2018. At the time of MTR, 45% of project duration had passed. The MTR rated the overall implementation performance to date as *unsatisfactory* stressing that little progress had been made towards the development objectives. Physical progress in almost all areas was limited, and extremely so in some areas critical to achieving the project development objective. A turnaround plan was put in place with full ownership from the state government and it was agreed that IFAD will provide period support through ISMs. Accordingly 2 ISMs have been organised in Nov 2018 and April 2019.

Post MTR, the restructured project components have been adjusted as below:

**Component 1: Integrated natural resource management:** Overall approach will remain broadly the same with the following adjustments:

- Greater devolution of responsibility and authority for project execution onto communities
- Establishing a pathway to empower communities and building up their capacities through targeted training and learning events;
- Development of a cadre of trained village “para-engineers” called “Watershed Volunteers” who will be the backbone of the implementation effort in their respective catchments;
- Introduce bottom-up planning process beginning from the village upwards.
- Recruit a dedicated and technically competent team, preferably with a soil- water- agriculture engineering background.
- Decentralise financial powers to the district level

**Component 2: Rural Finance:** Overall approach will remain with the following adjustments:

- Accelerating mobilization and drive to achieve minimum viable membership in support of sustainable business model. All IVCS' to be registered by Dec 2019.
- Greater focus on business and financial literacy through peer- based training.
- Strengthen team at district level to support improved bank linkages
- Phased introduction of computerized accounting in-line with roll-out in the state to supported strengthen internal governance and bank linkages.

**Component 3: Inclusive supply chains and enterprise development:** Activities will be fully restructured to focus on two sub-components:

- Inclusive supply chain development- This will be led by an expanded team at HQ and regional level (built from the former IPM team) and with a strengthened EFC team fully engaged in supply chain development. It is expected that this will account for more than 90% of the work of the EFC staff.
- Skills-based enterprise development- will continue to be supported by EFC but with substantially reduced targets and resources to reflect real level of demand. Skills based training will be provided in partnership with existing technical and vocation training

institutions. It is expected that this will account for less than 10% of the work of the EFC staff.

**Component 4: Project Management** including M&E: LAMP project management and team structures will be streamlined and strengthened. Three principal changes will be introduced:

- A Senior Management Team (SMT) will be established to take joint responsibility in supporting the PD in overall project deliver and strengthen coordination within all aspects of project delivery. A specific Terms of Reference will be agreed for the SMT.
  - Clearly delineate between technical management within components versus general management within a particular district. In support of this, a newly established layer of regional management will strengthen the presence of senior management in the field.
  - All components will now have dedicated staff at central, regional and district/block level with primary reporting lines via the component management structure. Day-to-day general management in districts will continue via the District Project Managers.
- I. Accountability for the delivery of component results will primarily rest with the Component management team. Component management teams, via the Regional component coordinators, will lead the development of the annual work plans and budgets for their respective component in each block/district. This will ensure technical consistency and coordination across the project. This shall be done in a participatory process with the full engagement of district component and general management team (i.e. District Project Managers, BDOs, DCs). DPMs shall have a particular responsibility in this process to advise and facilitate practical opportunities for convergence in support of planned activities and ensure local issues are adequately considered in the planned activities. District-wise AWPBs for each component will then be consolidated into a district AWPB to be submitted to the SMT for approval through the regular process.
  - II. District Project Managers will be responsible for the day-to-day general management of the project activities in their district in-line with the approved District AWPB, including monitoring and reporting of physical and financial aspects. They will have primary responsibility for maximizing convergence in support of project activities and ensuring close coordination with other departments and programmes in the local area. Technical supervision and backstopping of the component staff in the district/block will be provided by the Regional Component Coordinators. Funds will be released on a quarterly basis to districts and approval for specific activities will be done under the sanction of DCs. DPMs will continue to report to both the DC and SMT. Reporting to the SMT will be via Regional Project Managers who will ensure the effective day-to-day operation of project activities in districts in their region and coordinate with DCs and other key local stakeholders.
  - III. All staff will have clearly defined roles and responsibilities and clear lines of accountability. Immediately, once the MTR recommendations are agreed by government and IFAD, all staff terms of reference will be reviewed and updated as necessary to bring them into line with the new structures and roles.
  - IV. Regional teams – covering components and general management, will provide close support and technical guidance of implementation. They will be, co-located to facilitate real coordination and harmonization of activities between the three inter-dependent components. At the SMT level, Regional Project Managers and Component Managers will all report to the Assistant Project Director to ensure maximum coordination.
  - V. Coordination between the three pillars of the project is also reflected at the village level, where the project will mobilize and/or strengthen (permanent) community institutions in each of the pillars that are mutually complementary yet sufficiently focused to deliver their core purpose – VECs, IVCS and producer groups.

**Note:** MBMA has subsequently strengthened district offices with additional human resources. The recommendation of MTR to create Regional Offices has **not** been implemented but with the strengthening of districts offices, the command and supervision structure has become linear.

#### **MISSION OBJECTIVES AND OUTPUTS:**

The mission will have the following objectives:

- Review the physical and financial progress of the project against the restructured plan and targets.
- Review the implementation of the recommendations made by the Mid Term Review and Implementation Support Missions and their effect on project implementation.
- Review progress made so far, against the AWPB and procurement plan.
- Review Project targeting effectiveness, gender equality and social inclusion.
- Make recommendations to improve project performance and help the project resolve any bottlenecks and develop a roadmap for enhancing performance of the project
- Take stock of lessons learned from LAMP implementation so far.

**Mission outputs.** The Mission will have the following outputs:

- **Output 1:** Mission aide mémoire to be discussed at project level and endorsed at State and Central levels
- **Output 2:** Management letter of the Supervision Mission sent to the Lead Agency with copy to DEA and State Dept of Finance
- **Output 3:** Mission members submit their respective inputs and technical papers to the Mission Team Leader.
- **Output 4:** Supervision report is transmitted to the Lead Agency with copy to DEA and State Government.

#### **INDIVIDUAL RESPONSIBILITIES, EXPECTED OUTPUTS AND REQUIRED COMPLETION DATES**

***Fill in for each consultant and specify delivery dates for each single deliverable***

The detailed TOR and specific responsibilities of the mission members are given below. Any of the mission members may also be assigned additional tasks by the Mission Leader as may be deemed appropriate.

#### **Mr. Narasimhan Srinivasan (Mission Leader, Rural finance, M&E and targetting)**

Mr Srinivasan will be responsible for leading the Supervision Mission and in addition will carry out a thorough review of component 2 on Rural Finance. He will be responsible to:

- Review overall progress of the project , especially on the agreed actions of the MTR.
- Assess the coherence of project components based on the analysis of physical and financial progress, coordination among component heads and field teams, and results on the ground.
- Specifically, review the progress made so far under the Rural Finance sub component, especially with reference to the agreed actions of Restructured Plan at MTR and the subsequent agreements of the ISMs in Nov 2018 and April 2019.
- Review the operation of the Integrated Village Cooperative Societies (IVCS) in terms of management capacity, book-keeping, membership, savings, inter-loaning, release of corpus funds and risk fund.
- Take stock of the action taken by the project to engage a Consultant to improve the book keeping system, train staff and overall build capacity of IVCS.
- Assess action taken by the project to finalize Financial regulations and Lending policies and procedures for IVCSs and provide inputs.
- Review the roadmap and key milestones related to IVCS. Review complementarity and synergy between the IVCS and the other main livelihoods support activities related to enterprise development, inclusive supply chain development. Specifically, review the

collaboration and convergence between the VO structure of the Meghalaya Rural Livelihoods Mission and the IVCS.

- Meet with bankers and other financial institutions and assess the extent to which progress has been made to tap into existing and new financial institutions and instruments available in the state. More specifically, assess the progress made with regards to partnership with MCAB to undertake tasks related to: (i) assessment of performance of IVCSs that have received corpus funds and shortlisted for receiving loans from MCAB; (ii) provide loans to IVCSs; and (iii) handhold the IVCSs that have received loans.
- Make recommendations regarding the procedures for the implementation of rural finance sub-component, output and outcome targets for the remainder of the project period.
- Review the M&E systems in the project and assess its effectiveness in timely capturing and reporting of results. Review templates developed by the project for outcome level data collection from the field.
- Review the tools/ system developed by M&E team reporting on expenditures incurred by other government offices for convergence, the contributions made by the beneficiaries and loan provided by the bank.
- Review the poverty targeting strategies of the project and evaluate its achievements/ efficacy in reaching out to the key/primary beneficiaries as envisaged in the project design. Identify challenges/problems/constraints and provide suitable recommendations for overcoming the problems.
- Revise the project logframe.
- Lead the drafting and finalization of the Aide memoire in discussion with the Mission members, project team and inputs provided by the Government at the wrap up meeting.
- Lead the drafting of the Supervision Mission Report for LAMP.

**Mr Shreekantha Shetty (Deputy Mission Leader, Enterprise Development, Value Chains, and Programme management)**

He will be responsible for co-leading the Supervision Mission and in addition will carry out a thorough review of component 3 on inclusive supply chains and enterprises. More specifically, he will:

- Assist the Team Leader in the review of overall progress of the project , especially on the agreed actions of the MTR.
- Specifically assess progress made in the implementation of the restructured component 3 after MTR, viz. Inclusive supply chain and enterprise development component and provide support to address emerging challenges.
- Assess component progress under AWPB 2019-20 and check if the revised AWPB addresses the key areas identified in the turnaround plan.
- Review the financing arrangements for cluster development and determine effectiveness of these based on review of the results on the ground and lessons learned so far. Specifically assess the status of the roll out of the Supply Chain Funds.
- Review progress made after the MSP organised in April 2019 and the partnerships that have resulted so far.
- Review preparatory steps taken for market assessment for remaining identified supply chain commodities along with baseline information of each cluster as agreed during the last ISM.
- Assess steps taken on developing growth centres and collection centres as part of the marketing strategy of the project.
- Assess the capacity of staff at different levels to coordinate and implement the activities planned under component 3.
- Review the restructured management structure of the project overall, the staff reassignment and delegation of powers and assess its impact on the quality of project implementation.

- Take stock of action taken by MBMA to resolve/ address HR and Governance issues identified during the MTR and subsequent ISMs as well as issues related to designation harmonisation.
- Support the drafting and finalization of the Aide memoire in discussion with other Mission members, project team and inputs provided by the Government at the wrap up meeting.
- Prepare the draft Management letter to be issued post SM.
- Provide support to the Team Leader in finalising the Supervision Mission Report for LAMP.

**Mr Crispino Lobo ( Natural Resource Management)**

He will be responsible for reviewing progress and suggesting way forward for effective implementation of the Integrated Natural Resource Management Component (Component 1). Specifically he will,

- Review overall progress of modified Component 1 post MTR. This will include review the progress in improving access to domestic and irrigation water, improvement to food crop production, as well as catchment conservation and soil conservation. The physical progress would need to be documented based on field data and field observations, and matched with financial progress, and progress against the project annual outputs for FY 2019-20 and overall project outputs for this component.
- Review quality of project interventions since MTR and provide feedback, specifically on the following actions undertaken by the project: (i) operational manual for implementation of INRM component for use by VEC; (ii) revision of PIM; (iii) process guidelines for preparing INRM Plans; (iv) Land use and Land cover maps for 428 villages; (v) guidelines for installation of water lifting devices; (vi) guidelines for introduction of agricultural tools; (vii) technical manual for INRM implementation with revised cost estimates for community construction: and (viii) capacity building for field engineers recruited as per the MTR recommendations.
- Review the status with regards to the state government's decision to integrate INRM plan with MGNREGS plan of the villages and the proposed workshop of BDOs. Suggest way forward based on detailed guidance for the implementation modalities.
- Review the action taken by the project in expansion of MAP cultivation based on lessons from Action Research. Provide evidence of the expansion of MAP for treatment of acidic soils in terms of area coverage and funding.
- Take stock of accounts settlement of VECs and release of VDF; and in the field, review effectiveness of the use of funds.
- Review the performance of the Department of Soil & Water Conservation in providing training and technical assistance to LAMP on soil and water conservation.
- Review the implementation of the Foodstart+ grant and the results of the collaboration with LAMP in terms of technical innovations, knowledge transfer, in relation to the productivity, use and marketing of root and tuber crops. Review the proposal submitted by CIP to capitalize on the achievements of Foodstart+ and maintain collaboration with LAMP. Include quantitative and qualitative assessment of the outputs of Foodstart+ in the guidance note.
- Review the project's proposal for replication of the NICRA Villages in 3 location- provide suggestions for roll out.
- Make recommendations to improve the performance of component 1 for the remainder of the implementation period.
- Contribute to the aide mémoire.
- Document the results of the action research conducted by the project on cultivation of vetiver, citronella and lemon grass to treat acidic soils and use of lime stones to treat contaminated water sources in the coal mining area of Jaintia hills. Document also the outcome of the decision by National Green Tribunal to expand this intervention.
- Contribute a guidance note to improve the implementation of component 1. The guidance note will be annexed to the supervision report.

**Mr Mahendra Chhetri (Civil Engineer)**

He will work closely with the mission leader and the value chain specialist and will be responsible to:

- Review and determine whether the civil works are of good quality and as per the agreed parameters.
- Review the arrangement put in place by LAMP for the supervision of road works and assess the quality of supervision.
- Specifically verify changes in the initial proposed construction plan (bridge in place of roads in one instance, and others in case these exist) and advise on the effectiveness of these modifications.
- Review the operation and maintenance arrangements for all civil works and infrastructure constructed by the project.
- Review the project's plans for market infrastructure (collection and growth centre) and provide guidance, as appropriate.
- Contribute to the aide mémoire.

### **Mr Pradeep Shrestha, Financial Management Specialist**

Using the IFAD FMAQ as the basis to collect the relevant information, the Financial Management Specialist (FMS) will assess the strengths and weaknesses of financial management systems, internal controls and financial reporting systems relating to financial management and financial administration of project funds in order to ensure that they satisfy IFAD's fiduciary requirements and comply with the Financing Agreement and LTB.

- Based on the financial reports prepared by the project<sup>1</sup>, review the financial performance by expenditure category and component to assess the project's overall financial performance against appraisal and to date against the approved AWPB. Review the cumulative status of funds by category of expenditure, approved AWPB and the project commitments (contracts signed not paid) in order to estimate the adequacy of funds and the potential need for category reallocations. Identify actual or potential problems and bottlenecks.
- Discuss the status of preparation of the annual financial statements and project audit arrangements. Assess the status of preparation of IFRs. Review availability of counterpart funds, identifying bottlenecks if any.
- Assess regularity and quality of WA preparation. Special attention shall be devoted to the review of WAs claimed and rejected by IFAD during 2018-19. All WAs prepared in 2019 shall be reviewed. The consultant will assess the performance of the LAMP finance team and propose most effective remedies. Recommend concrete measures to ensure faster and more efficient disbursements. Review all SOEs prepared since the last mission to: i) verify adequacy, completeness and validity of claims by selecting on a sample basis expenditure items from each category of expenditures. Document findings on individual SOE items, noting down any ineligible expenditures. Assess the adequacy of the project's filing of financial records<sup>2</sup>.
- Assess the project's treasury planning with respect to projected expenditure requirements.
- Test internal controls by system 'walk-throughs'<sup>3</sup>; provide recommendations. Verify compliance with the finance & administration/accounting manual in respect to internal control mechanisms;

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<sup>1</sup> as per the formats of Appendix 1

<sup>2</sup> IFAD's General Conditions require accounting records to be maintained for at least ten years after Project Completion Date, in a format and manner which will facilitate audit review as required.

<sup>3</sup> As part of this exercise, the FMS should pick one or two large expenditure items from each expenditure category, claimed from IFAD since the past supervision and trace the item through the whole audit trail: i) part of the approved AWPB and procurement plan, ii) IFAD non objection (if applicable), iii) Contract/invoice, iv) duly authorized purchase order, v) Accounting software ID number (transaction inserted in the accounting software), vi) verification (physical and documentary) evidence as applicable that works have been completed, /goods delivered/ services rendered in accordance with the contract, vii) verification of payment (bank statement/cash book) and viii) project assets duly reflected in the fixed asset register.

- Review functionality of accounting and financial reporting system, identify accounting standards used and report differences with IFRS/IPSAS. Assess timeliness of recording transactions, budget posting and reconciliations. Assess suitability of the chart of accounts.
- Conduct a walkthrough of the accounting system and specify accounting software used, whether software produces WAs and other automated reports, and whether budget posted; comment on required customisations if any. Assess financial staff ability to operate accounting system, comment on training requirements if any.
- Describe banking arrangements. Review the operation of the project's accounts to ensure that bank reconciliations are correctly prepared. Validate the closing balances from copies of the bank statement and clarify the status of the reconciliation items (if any). Note down any pending payments and withdrawal applications still not paid by IFAD.
- Review contractual and payment procedures<sup>4</sup>; check contract register, usage of contract monitoring forms, register of advances; highlight outstanding advances (ageing analysis); verify compliance with audit requirements foreseen in contracts/ MOUs, if applicable [WORK ON THIS TOGETHER WITH THE PROCUREMENT SPECIALIST];
- Review asset accounting and management procedures; maintenance of fixed asset register; inventory processes and latest inventory report;
- Describe internal audit arrangements including reporting lines, methodology/procedures, audit work plan and status/follow up on past recommendations; review IA reports [if the Borrower is willing to share them], describe findings;
- Review latest external audit report and project's audit log, latest audit review performed by IFAD, assess status of implementation of management letter recommendations. Verify status of preparation of upcoming audit and make recommendations as appropriate for extending the scope of audit to specific implementing entities, physical checks, performance audit, transaction list or other;
- Perform an accounting software assessment questionnaire;
- Review action taken to address recommendations of previous missions (MTR and 2 ISMs);
- Contribute to relevant sections of the mission Aide Memoire and SM report including data, field observations, project results, findings and recommendations, in line with deadline agreed with Team Leader, following structure set out in IFAD supervision report template and FMA guidelines.

**Mr Virender K Garg, Procurement Specialist**

He will be responsible for the following activities :

- Carry the review of the procurement system of the project and implementation of the MTR and subsequent ISM recommendations.
- Review system established by the project for engagement of private sector partners for value chain promotions (using the Operational Guidelines) and suggest ways to streamline the process of contracting selected entities;
- Review the rate of execution of the project procurement plans since project start-up and assess the delays/ achievements; analyse the reasons and suggest appropriate remedies. In particular, review the Procurement Plan for FY 2018-19 and 2019-20, in order to assess it has been fully updated and upgraded, ascertain its completeness and consistency with the AWPB 2019-20.
- On a test check basis of a minimum sample of 30% of all procurement contracts for compliance for FY 2018-19 and 2019-20, review the entire procurement documentation from EoI to signing of the contract or issue of purchase order for goods and consultancy services and whether the documentation complies with the IFAD Procurement Guidelines and the Handbook and assess the transparency and the documentation maintained. The list of reviewed procurement actions and the assessment to be included in the report.
- Provide support, advice and recommendations on the following:
  - The thresholds, ceilings and preferences to be applied in the implementation of procurement under the project;

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<sup>4</sup> to contractors, service providers and implementing partners

- The contract types and contractual arrangements for goods, works and consulting services required to implement the projects;
- The proposed methods of procurement;
- The related IFAD review procedures and provide suggestions to improve the overall quality of the procurement processes;
- Review the procurement, contracting and implementation processes and timeliness and appropriateness of procurement actions;
- Assess contract administration and management procedures;
- Assess the procurement capacity of all entities to be reviewed in terms of manpower, levels of training of procurement staff, work environments and independence of procurement staff to carry out their statutory assignments;
- Conduct specific analysis of value for money (VFM) at all levels and the reasonableness of prices for:
  - Goods, equipment, etc using available price indicators;
  - Civil Works, compared to locally accepted standards and prices; and
  - Services compare quality-output to international standards and prices;
- Determine whether adequate systems are in place for procurement planning, implementation and monitoring, and whether documentation are maintained as per required standards and can be relied upon;
- Verify to the extent possible, whether goods, works and consulting services contracted were supplied/completed according to the required specifications and technical standards;
- Review issues identified in the previous procurement review and supervision aide-mémoire and procurement related issues identified in project audit reports;
- Identify strengths as well as deficiencies and make recommendations for improvements and control mechanisms in the procurement procedures and processes;
- Review/update the Procurement Risk Assessment, using the IFAD Procurement Risk Matrix (Module I of the IFAD Procurement Manual);
- Assess further procurement staff training needs and ensure relevant training is planned and provided to project management and procurement staff in a timely manner;
- Contribute to the Aide Mémoire as appropriate.
- Prepare a guidance note on procurement to provide guidance on recurrent weaknesses.

**Ms. Meera Mishra, Country Coordinator, IFAD (KM, Gender, convergence)**

She will work closely with the mission leader in the coordination of mission activities and coordination of the meetings with State and Central Government authorities. She will guide the mission on matters related to state context and development challenges/ opportunities, lessons learned from past and on-going operations in Meghalaya, and brief the mission on issues raised by the supervision and ISM missions. She will be responsible for:

- Review the performance of Knowledge management and implementation of the post MTR restructured plan whereby Knowledge Services became a cross cutting issue.
- Review the project's co-ordination with the World Bank funded CLLMP as well as the convergence with other government schemes.
- Support the team in assessing the performance of project management and institutional set-up of the project post MTR.
- Review the gender focus and gender mainstreaming strategies and gender action plans of the project; assess the understanding of project implementation partners of gender issues and provide suitable recommendations.
- In close collaboration with the mission leader, develop the project exit strategy.
- Review and advise on mission recommendations and facilitate their presentation to PMU, state and central Govt authorities.
- Contribute to the aide mémoire.

## DOCUMENTATION

The Project is requested to send the following documents by 7<sup>th</sup> June 2019 to the IFAD ICO:

- Action taken report on MTR and last two ISM recommendations and on audit recommendations.
- Detailed project expenditure by financier, for project components and categories.
- Copy of all the no objected AWPB and procurement plans.
- Procurement manual developed by LAMP and no objected by IFAD
- Baseline survey report.
- Annual Outcome Survey report.
- RIMS Report.
- Annual Progress report and 6 monthly progress report.
- Case studies or thematic studies undertaken by the project in the past year.
- Value chain studies conducted.
- Reports and plans which the project would like the Mission to review

## MISSION SCHEDULE:

<b>Date</b>	<b>Activities</b>
18 June	Mission members arrive in Guwahati and travel to Shillong by afternoon/ evening
19 June	Project presentation, action taken report against MTR and ISM agreed actions. Progress on the restructured plan.
20-24 June	Field visits . Team could be divided into 3 sub-teams
25-28 June	Meetings with project implementation partners, Government departments, market players etc.
29 June- 1 July	Team works on the aide-mémoire
1 July	Discussion of draft Aide Memoire with project team
2 July	Presentation and Discussion of Aide Memoire with the State authorities
3 July	Departure from Shillong in the forenoon.

### Mission Field Visit Schedule

DATE	STARTING POINT	DIST	BLOCK	COMPONENT	ACTIVITY	REMARKS	SPMU COORDINATION TEAM
20.06.2019	SHILLONG	EJH	KHLIEHRIAT	INRM/ ISC &ED	MAP PLANTATION & ROADS	HALT KHLIEHRIAT/ JOWAI	1. N Srinivasan 2. Pradeep Shrestha 3. Bah Pariat 4. Marlam
	CHAM CHAM	EJH	KHLIEHRIAT	RF	IVCS & ROAD		
	MUTONG	EJH	KHLIEHRIAT	ISC & ED	MARKET INFRASTRUCTURE		
21.06.2019	JOWAI	WJH	THADLASKEIN	RF	IVCS	HALT SHILLONG	
	MUPLIANG	WJH	THADLASKEIN	ISC&ED	PG GROUP- VEGETABLE VALUE CHAIN (TOMATO)		
	SOHPHOH	WJH	THADLASKEIN	INRM	DRINKING WATER TANK/RAIN WATER HARVESTING STRUCTURE		
22.06.2019	SHILLONG	EKH	MAWPHLANG	RF / INRM	IVCS / SPRING CHAMBER, IRRIGATION CHECK DAM	HALT SHILLONG	
	MAWTHLONG	EKH	MAWPHLANG	RF	IVCS		
	KYIEM	EKH	MAWPHLANG	INRM	RAIN WATER HARVESTING / COMMUNITY NURSERY		
23.06.2019	HALT AT SHILLONG						

24.06.2019	SHILLONG	RI-BHOI	UMLING	ISC&ED	PG GROUP	HALT SHILLONG	
	PAHAMSOHBAR	RI-BHOI	UMLING	RF/INRM	IVCS / CONSTRUCTION OF WATER TANK		
	MAWPHRU MATHAN	RI-BHOI	UMLING	RF/INRM	IVCS / CATCHMENT AREA PLANTATION		
	UMKON	RI-BHOI	UMLING	INRM	CHECK DAM		
TEAM B	TEAM-2						
<b>DATE</b>	<b>STARTING POINT</b>	<b>DIST</b>	<b>BLOCK</b>	<b>COMPONENT</b>	<b>ACTIVITY</b>	<b>REMARKS</b>	<b>SPMU COORDINATION TEAM</b>
20.06.2019	SHILLONG	SWKH	RANIKOR	ISC&ED	MARKET INFRASTRUCTURE	HALT NONGSTOIN	1. CRISPINO LOBO 2. Mahendra Chettri 3. FABIAN 4. FAIRBORN 5 LARI 6 GAVIN
	BALAT	SWKH	RANIKOR	ISC&ED / INRM	ROAD/ CHECK DAM, TREE PLANTATION		
	UMPUNG	SWKH	RANIKOR	RF	IVCS		
	NONGKDAIT-NONGTWAH	SWKH	RANIKOR				
21.06.2019	NONGSTOIN	WKH	NONGSTOIN	ISC&ED/MI	BRIDGE ON RISIANG RIVER	HALT WILLIAMNAGAR	
	RISIANG	WKH	MAWSYNRUT	INRM	RECLAMATION OF DEGRADED LAND / CATCHMENT PROTECTION		
	LANGUMSHING-A	WKH	MAWSYNRUT	RF	IVCS		

22.06.2019	WILLIAMNAGAR	EGH	SONGSAK	RF/INRM	IVCS / WATER HARVESTING, FISHERY	HALT WILLIAMNAGAR	
	BOLMORAM AGALGRE	EGH	SONGSAK	INRM	INRMP - CATCHMENT PROTECTION		
	DOBU BOLSAGITTIM	EGH	RONGJENG	INRM	RING WELL		
	DAMBO BIMA	EGH	RONGJENG	RF	IVCS		
23.06.2019	TRAVEL FROM WILLIAMNAGAR TO RESUBELPARA						
24.06.2019	RESUBELPARA	NGH	KHARKUTTA	RF / INRM	IVCS / CHECK DAM, CATCHMENT PROTECTION	HALT SHILLONG	
	RAJASIMLA WARI	NGH	KHARKUTTA	INRM	CHECK DAM /CATCHMENT PROTECTION		
24.06.2019	TRAVEL TO SHILLONG						
TEAM C	TEAM- 3						
DATE	STARTING POINT	DIST	BLOCK	COMPONENT	ACTIVITY	REMARKS	SPMU COORDINATION TEAM
20.06.2019	SHILLONG	WGH	TIKRIKILLA	RF, ISC&ED & INRM	IVCS/PG GROUP- BLACK PEPPER VALUE CHAIN	HALT TURA	
				RF, ISC&ED & INRM	IVCS, PLANTATION & FISHERY		

1. S Shetty, 2. V K Garg	TURA	WGH	DADENGGRE	RF, ISC&ED & INRM	IVCS/PG GROUP- BLACK PEPPER VALUE CHAIN	HALT TURA	
3 SAURABH Bose	SONGADINGRE	WGH	SELSELLA	RF, ISC&ED	IVCS / PG GROUP- CASHEW VALUE CHAIN		
4. BADON Warjiri							
	TURA	SWG H	ZIKZAK	RF	IVCS	HALT BAGHMARA	
	KALICHAR	SWG H	ZIKZAK	INRM / ISC&ED	CHECK DAM / RING WELL / PG GROUP		
	BAGHMARA	SGH	CHOKPOT	RF/ISC&ED	IVCS / PG GROUP- CASHEW VALUE CHAIN	HALT BAGHMARA	
<b>24.06.2020</b>	BAGHMARA	SGH	BAGHMARA	ISC&ED	PG GROUP- VEGETABLE VALUE CHAIN		
<b>24.06.2018</b>	<b>TRAVEL TO SHILLONG</b>						

## India

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### Livelihoods and Access to Markets Project

### Supervision Report

### Appendix 6: Procurement

Mission Dates: 19 June - 3 July 2019

Document Date 13/08/2019

Project No. 1100001715

Report No. 5132-IN

Asia and the Pacific Division  
Programme Management Department

## Technical note 5: Procurement

### Megha Lamp Supervision Mission (19 June- 3 July, 2019)

#### I. Review of Procurement Plan

1.1 PP 2019-20 has been analysed and found to be generally Consistent with the latest approved AWPB:

1.1.1. Nature and quantity of goods/works/services is largely consistent with the activities in the AWPB. However, many of the consultancy contract packages have not been initiated. ToRs are required for initiating procurement of consultancy, which have not been provided by the technical teams. There are also some goods cases which are awaiting framing of specifications. Procurement Unit does not have capacity to suggest specifications and it is apparent that the user departments are also not able to provide specifications for some of the items.

1.1.2. Procurement schedule is consistent with the implementation schedules in the AWPB but procurement is not finalised as per the time schedule in PP for some cases. Some of the cases especially in consultancy have not yet been initiated and even ToR have not been finalized for some cases pertaining to last year i.e. 2018-19. *OSD(Procurement) responded that Procurement is dependent on the specs or ToR from the concerned unit, the division has been reminding the units, but in vain.*

1.1.3. Procurement budget is generally adequate. Whenever there is some short fall, APWB can be revised easily and availability of funds is not a problem.

1.2. Selection of procurement method is not in compliance to letter to borrower in some cases. There is a typical problem of availability of suppliers. Thus RFQ process is followed even for procurement of goods which would have required NCB. Procurement staff has explained that suppliers are not willing to prepare lengthy bids for NCB methods and they have to follow up with them for even a one page bid against RFQ. IFAD has agreed for procurement of even vehicles for a particular brand due to availability and after sales service problems.

1.2.1 There is a normal tendency to go for direct contracting. There is lack of capacity for procurement of consultancy in MBMA and procurement unit staff except the consultant herself and perhaps that may be one of the reasons for delay in procurement of consultancy services. *OSD(Procurement) mentioned that the teams are not preparing ToRs even after they have been given a training on how to prepare ToRs and how to do evaluations.* I suggest that continuous training and arranging previous ToRs from other projects may be a good solution for overcoming such deficiencies.

1.3. Time estimates indicated in the PP seem realistic. However time line in more than 50% of the cases are not achieved. In some cases, especially consultancy, time lines have not been indicated in PP. There is also no time line for most direct contracting cases in PP. There is a need to improve system of revising time lines in PP even after significant delays.

1.3.1 The reason for delay seems to be absence of capability for preparing ToR and cost estimates. In case, there is no capability, MBMA should hire some individual consultant for writing ToR as this is a specialized job. Another way could be to get sample ToRs from other projects and customize the same. IFAD may be able to provide ToRs from other projects all over the world, if available.

#### 1.4. Adequacy of procurement packaging:

1.4.1. Procurement activities have been systematically and logically grouped according to the categories of the procurement. This has been implemented even on addition of new procurement activity say cars. However, there is a need to have framework agreement for recurring demands like conducting of seminar, printing of stationery/advertising material etc.

1.4.2. Packaging has been done in a way that generally facilitates the use of the most competitive and efficient procurement method that ensures the best value for money.

1.4.3 However in one case of procurement of books and forms for IVCS (Integrated Village Cooperative Society), Just to make lots, items were divided in 4 lots like enrolment, membership and subscription; Deposit mobilisation; loans and advances and other books. The fact is that if one of the lot items are not available, IVCS cannot function. Four lots could be won by 4 different vendors, but in this case, two vendors won. If one vendor supplies and the other does not do so, part money would have been spent and work will not start with IVCS. Besides there could be different quality and appearance and books cannot be issued unless both vendors supply. Total procurement is only about INR 12 lakhs. I consider that making four lots is not a wise decision in this case. Procurement should have been made in one lot.

1.5. Procurement Plan was submitted to IFAD for approval in March for 2018-19 and 2019-20 but still deficiencies are continuing including absence of dates especially for direct contracting. There are delays in many items as compared to procurement plan but this delay is more evident in consultancy cases. There is need for revision of dates or deletion of activity (by putting a remark for that item in PP) where delays have occurred or activities no more required respectively. Delay can be appreciated from the table below-

S. No	PP year	PP item No	Description	PP target	comments by procurement unit	Remarks
1	2018-19	C-19	IPM Resource Agency in the second year for Cluster 1 (including Cluster Specific Value chain Studies, farmers training, exposure visits and trial marketing) - Markets Division	Contract award target Sep 2016 and revised to April, 2018	Only Proposed. The activity was not undertaken by the respective component	Activity not yet started. May be deleted from PP by putting a remark for that item, if not needed or revise dates
2	2018-19	C-20	Midterm assessment study	Contract target date July 2018	Only Proposed. The activity was not undertaken by the respective component. It was cancelled by IFAD	Activity not yet started. May be deleted from PP by putting a remark for that item, if not needed or revise dates

3	2018-19	C-22	Enterprises support agency	Contract target date Sep 2018 and revised to March 2019	Only Proposed. The activity was not undertaken by the respective component	Activity not yet started. May be deleted from PP by putting a remark for that item, if not needed or revise dates
4	2018-19	C-22A	Engagement of 2 Consulting Engineers for quality assessment of rural roads construction	Contract target date Sep 2018 and revised to Dec 2018	Only Proposed. The activity was not undertaken by the respective component	Activity not yet started. May be deleted from PP by putting a remark for that item, if not needed or revise dates
5	2018-19	C-23	2 Case studies, other studies under M&E	Contract target date Sep 2018 and revised to Dec 2018	Only Proposed. The activity was not undertaken by the respective component	Activity not yet started. May be deleted from PP by putting a remark for that item, if not needed or revise dates
6	2018-19	C25	2 Consultant for MIS development	Contract target date Sep 2018	Only Proposed. The activity was not undertaken by the respective component	Activity not yet started. May be deleted from PP by putting a remark for that item, if not needed or revise dates
7	2018-19	C27	Supply chain market study & TA (ISCD); hiring of short term expert for conducting the study	Contract target date Jan 2019	Carried forward to next year	
8	2018-19	C28	Market price collection and dissemination through telephone support unit (toll free line)	Contract target date Nov 2018	Only Proposed. The activity was not undertaken by the respective component	Activity not yet started. May be deleted from PP by putting a remark for that item, if not needed or revise dates
9	2018-19	C29	Needs assessment, design support for market price collection through telephone support	Contract target date Nov 2018	Only Proposed. The activity was not undertaken by the respective	Activity not yet started. May be deleted from PP by putting a remark for that

			unit (hiring of two persons for Garo and Khasi Hills)		component	item, if not needed or revise dates
10	2018-19	C30	Hiring of an Internal Auditor	Contract target date Nov 2018	Carried forward to next year	Is under evaluation. Needs to be expedited.
11	2018-19	C32	Software design & customisation for the use Farmers diary under ISC&ED	No dates	Only Proposed. The activity was not undertaken by the respective component	Activity not yet started. May be deleted from PP by putting a remark for that item, if not needed or revise dates
12	2019-20	C37	Supply chain market study & TA (ISCD); hiring of short term expert for conducting the study	No dates	No ToR has been shared by concerned division	Activity not yet started. May be deleted from PP by putting a remark for that item, if not needed or revise dates

1.6 Besides above consultancy cases, a number of goods procurement cases are held up as specifications have not been provided. For the sake of ready reference, PP with remarks of Procurement Unit is attached.

1.7 As mentioned earlier, reasons for delay seems to be absence of capability for preparing ToR and cost estimates. There is also a possibility that this service is no more required. In case, there is no capability, MBMA should hire some individual consultant for writing ToR as this is a specialized job. Another way could be to get sample ToRs from other projects and customize the same. IFAD may be able to provide ToRs from other projects all over the world, if available.

1.8 Some of the consultancy items in Procurement Plan like C20 and C21 are with approximate value INR 6 million and 6.7 million respectively, which is more than USD 50,000 prior review threshold. However, these two items have been shown as post review.

## **II. Review of Ongoing/Completed Procurement Activities and Documentation**

2.1 Deficiencies have been noticed in Evaluation. e.g. one RFQ was issued for procurement of motor cycles and as part of this RFQ, scooty not complying to the specification of RFQ, have also been purchased. Technical evaluation was found to be deficient in some other cases in which bids have been declared non-compliant without

specifying the reasons. In one case, 5 bidders quoted for handheld GPS and 3 were declared compliant and two non-compliant even though they had authorization from same manufacturer and they submitted same technical pamphlets and quoted exactly the same specific model as the compliant bidder. *OSD (Procurement) has mentioned that the technical capacities of the technical staff who are part of the evaluation committee, it basically is their expertise which is leading to these kind of decisions. Procurement may not always be in a position to make technical judgment. There have always been the specs provided and specs offered.* I am of strong opinion that such type of decisions should be avoided.

2.2 In one more case, RFQ was issued for cars in 3 lots. Lot 2 was for 6 seat car and lot 3 was for 7 seat car. However, the evaluation committee decided to buy 5 seat cars for both the lots. Value of the procurement as well as PP estimated cost, this was a prior review case and PP also mentioned this as a prior review. However, no objection was not taken from IFAD at any stage including draft bid document and evaluation etc.

2.3 For some prior review cases e.g. purchase of cars, no objection from IFAD has not been obtained even though this case continues to be a prior review in latest submitted procurement plan.

2.4 It has not been understood in the project that even if some item has been agreed in principle as direct contract in Procurement Plan, full justification for such method should be taken from IFAD for value above a threshold which is USD 5000 for consultancy presently.

2.5 There is an urgent need for sensitization of all concerned that even for Direct Procurement whether from private or public institution, proper procurement process should be undertaken including finalization of ToR/Employers' requirement, receipt of proposals/bids and complete justification of rates along with appropriate contracting instruments. Evaluation Committee recommendations should be taken even for direct procurement cases above a threshold to be decided by management say USD 10,000.

2.6 No indices have been maintained in the procurement unit. However, some of the items like cars, motor cycles, office equipment as seen from prices on internet, have been bought at reasonable prices.

### **III. Review of Contract Administration and Management**

#### **3.1. Contract register review.**

Updated Contract register was not available. However, by 28 June, 2019, it has been updated. Still some entries including IFAD no objection date etc. are blank and it is not clear if No objection has been taken. Procurement unit has been requested to keep it updated immediately on issue of any new contract.

3.2.1 Full payment has been made in advance to State Rural Employment Society (SRES) for construction of 211.37 Kms without any bank guarantee. It should be ensured that such advance payments are not made to this extent and whatever mobilization advance etc. is paid, it should be against bank guarantee (or at least indemnity bond for government agency with the no objection of IFAD) to safeguard project interests.

3.2. **Contract administration review.** Contractual administration is not effective and leaves mostly on the contractors for works, who are mainly government agencies and they report the progress on monthly basis. For goods, there is no major problem and supplies have been effected. There are not many consultancy cases, but there is no standard monitoring system.

3.2.2. Performance security (for Goods and Works): Performance guarantee in the shape of bank guarantee has been examined. As per the contract, BG requirement is for INR 4,65,827 representing 5% of contract amount and valid 60 days after the performance date which is 12 weeks plus 60 days for procurement of office equipment. The supplier, M/s Nice Infotech has submitted BG issued by Viaya Bank now Bank of Baroda for INR 4,65,827 and valid up to 4 August, 2020. This represents sufficient validity. The supplier has submitted confirmation letter from the bank along with the BG but no independent verification has been made by MBMA as per the record available.

3.2.3. Retention money guarantee (for Works): No such guarantee available with the project as no contract required this. Even contract for rural roads with SRES does not have provision for retention money. It is recommended that even for government agency, retention money clause may not be waived in future. Because of absence of retention money, rectification of defects is getting delayed.

3.2.4. Timeliness of progress payments- Payments have been made timely. In case of rural road improvements, payment has been made in advance to State Rural Employment Society (SRES) for construction of 211.37 Kms. As on date, 187.27 Kms have been constructed. The agency has not hired Engineers for verification of works and it was handed over to PWD engineers. They have found 17.9 Kms of the road defective, which has to be finally settled whether it is of finally acceptable quality. The contract has now been formalized, No objection taken from IFAD and last extension of the contract is up to 31 October, 2019.

3.2.5. Validity of insurance policies- OSD procurement mentioned that there are no insurance policies available and not required as per the contracts. However, insurance policies are required as per the contract with SRES. However, it has not been insisted, which is a failure on the part of contract manager.

#### **IV. Review of issues identified in the previous review and aide-mémoire and procurement related issues identified in project audit reports (see paragraph 59)**

Previous missions and MTR had highlighted following major issues. Some of the issues have been resolved and action taken but many issues are still outstanding as given in table below

<b>Actions</b>	<b>Deadline agreed for completion</b>	<b>Status at the time of review</b>
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<p><b>1. Finalising the Procurement Manual</b></p> <p>Prepare a Procurement Manual consistent with IFAD Procurement Guidelines and Procurement Handbook, elaborating the processes and standard templates. The project could refer to a Manual prepared by other IFAD projects in India for guidance. DEA issued manuals could also be referred to.</p>	<p>31 Oct 2018</p>	<p>Procurement Manual finalized and IFAD has provided No objection on 1 March, 2019</p>
<p><b>2. Engaging a Procurement Officer</b></p> <p>A full time qualified Procurement Officer, conversant with IFI Procurement Principles and Processes.</p>	<p>30 Sep 2018</p>	<p>Full time Procurement Officer (Assistant Manager/Procurement) has been appointed in December, 2018. She is intelligent and can pick up fast but she needs to be provided on the job training by hand holding coupled with online training program instituted by World Bank</p>
<p><b>3. Contract Management</b></p> <p>Contract registers and logs are to be updated regularly from the start of the project, and submitted to IFAD on a quarterly basis.</p>	<p>31 August 2018</p>	<p>Not yet satisfactory. With continuous follow up during this mission, staff updated the register. But still there are some blank cells including IFAD no objection date. This completed register to be sent to IFAD on regular basis.</p>
<p><b>4. Finalise and submit SSS proposals</b></p> <p>Number of single source selection of government agencies to be finalized and submitted to IFAD for no objection.</p>	<p>31 July 2018</p>	<p>This activity has been mostly completed.</p>

## V. Review of project's procurement filing system and the ease of document retrieval

5.1 Procurement filing system needs improvements. Bids are stored in the same envelope as received and bundled together. It is difficult to retrieve by a person other than who stored them.

5.2 Procurement files have many duplicate papers and many of them are not placed sequentially.

5.3 Files have been stored properly with proper numbering and can be retrieved easily. 5.4 In many cases, mails have not been printed and kept on file for record.

5.4 There are no boxes maintained for submission of bids before opening. However, as seen, bids are kept securely in lock and key.

System can be said to be moderately satisfactory.

## **VI. Review of any significant changes in the Borrower/Recipient's procurement system and practices**

There are no significant changes in the borrower's procurement system and practices.

## **VIII. Assessment of further procurement staff training needs**

Procurement Unit consists of one procurement consultant, Ms. Binu Malhotra on part time basis with one full time Assistant Manager (AM), Ms. Penelope and one Associate (working for 50% time on this project), Ms. Damaphi. AM and Associate do not have prior experience in procurement before joining this project. Ms. Penelope and Ms. Damaphi are responsive and intelligent and can learn fast. The consultant may have to focus more on capacity building of these two staffs. *However, OSD(Procurement) is of the opinion that they have been given on the job training all this while and have built capacities.*

Associate (Ms Damaphi) has no procurement background and has to be trained on basic procurement modules. It is suggested that she can do online MOOC program of World Bank which is free of cost and subsequently a diploma course (World Bank recognized) which is offered by many institutes recognized by World Bank in India. Fees of around INR 20,000 can be sponsored by the project. Same diploma may be acquired by the Asstt Manager (Procurement) also. In due course, Ms. Damaphi may also be exposed to 2 weeks World Bank procedure training organized by Administrative Staff College of India, Hyderabad and NIFM, Faridabad. Coupled with above trainings and on the job training by consultant, these two staff can achieve desired level of proficiency in next 6 months.

## **IX. Key findings and conclusions from the PRM assessment update**

Score received is 2.0 which is medium risk.

Procurement Unit is excellent in using standard bidding document, giving adequate time for submission of bids and seeking clarification, storing of bids securely before opening and announcement of award publicly.

However, weakness has been observed in following areas-

- a. Procurement staff does not participate in the annual work planning processes.
- b. Procurement securities are not securely stored but are kept in procurement file.
- c. There is no approval thresholds for contract amendments and approval is to be taken from PD/APD only. *OSD (Procurement) mentioned that they are the only government employees, the authority of delineation may please be seen. Contractual staff is not given any thresholds.* Generally, delegation of authority to contractual staff may not be forbidden for increasing efficiency. However, it is a management decision.
- d. There is no effective contract monitoring system/framework in place.

There is a need to improve in areas mentioned in paras (a) to (d) above to improve risk rating.

## **X. Procurement performance indicator rating and justification**

10.1 Procurement is rated as moderately unsatisfactory (3), which is same as earlier. Full time procurement manager has been hired and procurement manual has been prepared. There are some deficiencies in evaluation. e.g. one RFQ was issued for procurement of motor cycles and as part of this RFQ, scooty not complying to the specification of RFQ, have also been purchased. Technical evaluation was found to be deficient in some other cases in which bids have been declared non-compliant without specifying the reasons. In one case, 5 bidders quoted for handheld GPS and 3 were declared compliant and two non-compliant even though they had authorization from same manufacturer and they submitted same technical pamphlets and quoted exactly the same specific model as the compliant bidder. In one more case, RFQ was issued for cars in 3 lots. Lot 2 was for 6 seat car and lot 3 was for 7 seat car. However, the evaluation committee decided to buy 5 seat cars for both the lots even though there was no such specification in RFQ. This is not a case of normal shopping but this is a NCB value case but permitted as RFQ due to lack of competition in Meghalaya. Value of the procurement as well as PP estimated cost, this was a prior review case and PP also mentioned this as a prior review. However, no objection has not been taken from IFAD. *OSD (Procurement) mentioned that they had opted for what was best available in the market and this is minor deviation, can be considered.* However, I strongly disagree with her especially when this was not a shopping but a usual NCB case agreed as RFQ due to lack of competition. No objection should have been taken from IFAD at every required stage including draft bid document and bid evaluation report.

I recommend that expenditure under these three procurement cases may be declared as ineligible expenditure.

10.2 Procurement Plan need to be updated to include dates for all items including direct contract.

10.3 The implementation of the approved procurement plan is affected by delays and poor planning especially for consultancy. The procurement plan is not monitored and updated regularly.

## **XI. Recommendations for improvement and follow-up actions for the Borrower/ Recipient and/or IFAD**

Based on the procurement review carried out, following recommendations are made for improvement-

1. There is an adhoc system of procurement for arrangement of workshops and seminars, which are arranged by user divisions I have not come across any instance in which procurement unit has been involved. User department is not expected to do professional procurement and there is merit in argument that procurement may take a bit too long time and not worth taking pain for each frequently happening seminar. To avoid such problems, it is suggested to have a framework agreement which may include places as Shillong and Tura if frequency of seminars is expected at least 3-4 times in a year. *OSD(Procurement) mentioned that Workshops and seminars have been booked under operational expenses and not under procurement plan.* In my opinion, action should be taken as suggested above.
2. Framework agreement is also recommended for recurring required items like printing etc.
3. It is strongly suggested that GeM should be used by MBMA to fast track procurement of number of goods available at GeM. This will be not only more transparent method of procurement for low value procurement, it will also be cost effective. *OSD(Procurement) mentioned that It was tried for cloud servicing, even after one month the vendor did not confirm the order, hence not taken forward. For goods we tried looking into GeM for various training equipment (world Bank project) and the exercise was futile because the equipment did not meet the specifications and we only had the option to buy what is available on GeM, hence not taken forward.* However, I will suggest that one or two bad experiences should not be the reason to abandon such useful program of Government of India and efforts should be made to use this platform for increasing efficiency.
4. There is problem in carrying out consultancy procurement as seen from inordinate delays in the Procurement Plan. As understood and discussed, there

are problems in preparing ToR, cost estimates etc., in addition to procurement process as a whole. It is suggested that a 2 days training program may be conducted at Shillong for about 20-25 participants specifically for consultancy procurement involving procurement and other responsible staff from other divisions. This will help in making number of procurements which will be required in remaining project duration. *OSD(Procurement) has mentioned that The training was conducted by herself in September 2018 for both LAMP and CLLMP officials, but teams are not equipped to handle these kind of procurement.* I insist that with training, staff can be equipped for carrying out such procurements.

5. There is no system of storing and verifications of securities/guarantees. A system should be in place for independent verification from issuing bank, monitoring of BGs to have timely extension/encashment, storing them separately with a responsible person in lock and key.
6. It has been pointed out in all earlier missions and this weakness of not monitoring and updating Procurement Plan still exists. To avoid further occurrence of this issue, it is suggested that the Procurement Unit may update Procurement Plan every month and may be reviewed initially by PD/APD every quarter. This will help in resolving the issues like non submission of ToRs, specifications etc and reduce delays. *OSD(Procurement) mentioned that It has been done by PD from last three months now.* It is suggested that procurement plan may be reviewed by management, in the format as no objected by IFAD, periodically.
7. Updated contract register was not available in the procurement unit. As per practice, immediately on issue of any contract, it should be entered in the contract register and the updated register should also be sent to IFAD every month as per letter to borrower and also the procurement manual. This can also be used as a management tool by PD/APD to review any wasteful expenditure. It is suggested that PD/APD may also review contract register at least once in a quarter and a system should be in place that the register is put up to them at decided frequency.
8. Procurement Procedure should be followed even for single source procurement. E.g. ToR/Employers requirement should be framed, bids/proposals should be taken and above a threshold say USD 10,000, evaluation should be made by an Evaluation Committee. I have not seen any case where evaluation committee has examined direct contract bid/proposal. There in an improvement in recent cases that proper contractual instrument have been used for signing the contract. However, activities before signing of contract should be streamlined.
9. As discussed with other IFAD team members and MBMA staff, it is suggested that prompt action should be taken to hire a partner company for value chain. If there are players available, it can be advertised immediately for seeking EOI. If only one company has been identified, complete justification should be sent to

IFAD for single source selection and procedure should be followed to prepare ToR, take proposal from the prospective partner, evaluation by designated committee and no objection by IFAD as required in consultancy cases. This partner will help MBMA in following activities- they will float an EOI, conduct due diligence and submit shortlisted market players to MBMA with supporting documents; MBMA will seek, evaluate, approve/reject the proposals; and market players implement the MBMA approved proposals at no cost to MBMA, in partnership with the community and handholding by the partner. This modality is expected to fast track supply chain related activities and build capacity of staff involved in implementation. This experience, will be a guiding factor for ISC&ED to go forward independently to seek proposals from both producers and market players.

10. State Rural Employment Society (SRES) has been awarded a contract for construction of 211.37 Kms. As on date, 187.27 Kms have been constructed. PWD engineers have found 17.9 Kms of the road defective. Thus the contractor has to construct about 24 Kms road and also rectify 17.9 Kms road found defective. Earlier contract was to be completed up to 30 April, 2019 which has been extended up to 31 October, 2019. However due to monsoon season, this contract is not expected to be completed as they will have to complete construction and rectify defects. After that PWD engineers will verify the quality and some more rectification may be needed. It is recommended that time for completion may be extended up to 31 January, 2019.
11. For releasing corpus funds to IVCS, it was observed during field visit that IVCSs have not submitted any documents and have been provided funds simply on recommendation of District Project Manager. It is recommended that there may be at least a Board resolution from IVCS, agreeing to implement fraud and corruption guidelines and a small agreement to that effect with the project.