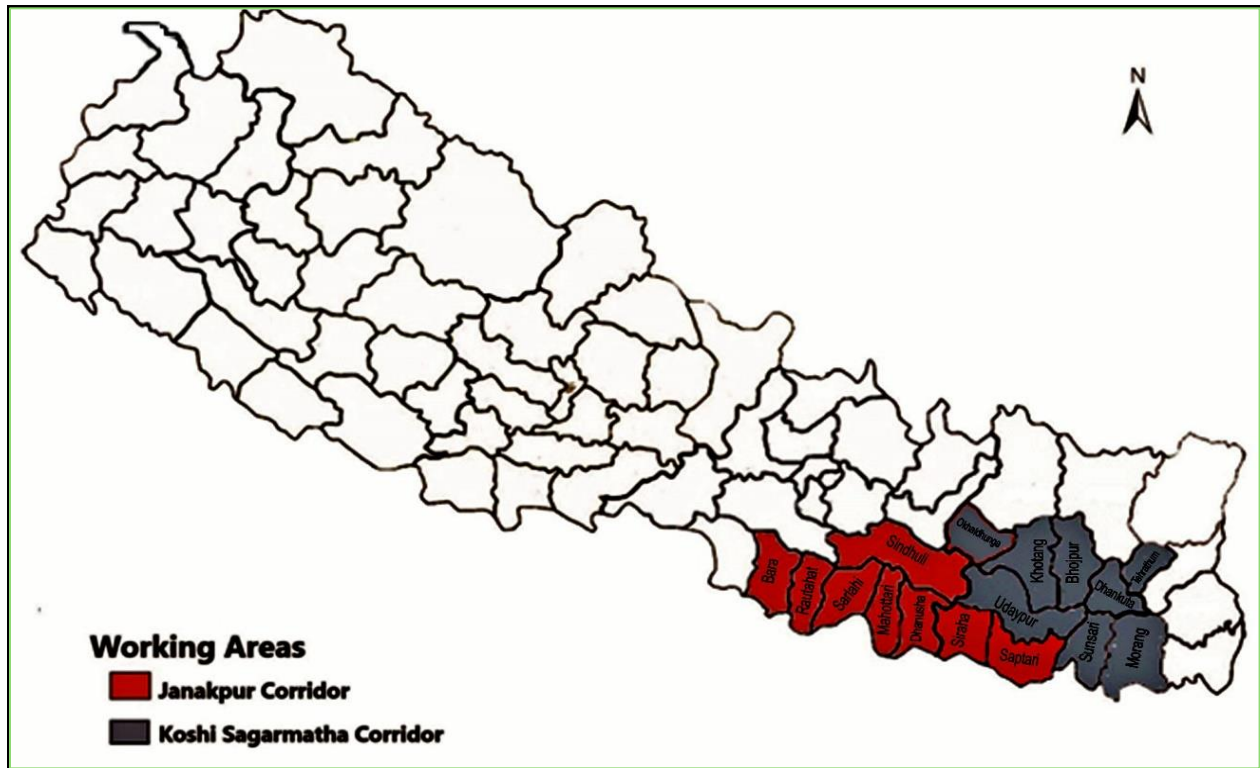


PROJECT COMPLETION REPORT OF RURAL ENTERPRISES AND REMITTANCES PROJECT (SAMRIDDHI)



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PROJECT AT A GLANCE

1. Basic Information

Region:	Asia and the Pacific Division
Country:	Nepal
Executing Agency:	Ministry of Industry, Commerce and Supplies
Implementing Partners:	HELVETAS, Agro Enterprise Centre (AEC) and <i>Sana Kisan Bikas Laghubitta Bittiya Sansthan</i> Ltd. (SKBBL)

Project Objective: The project aims to provide sustainable sources of income to poor households, migrant families and returnees by supporting the creation and expansion of family, micro, small and medium rural enterprises, both in the farming and off-farming sectors.

Project Location: 16 Districts from the Koshi, Madesh and Bagmati Province of Nepal

2. Key Dates

Approval Date:	Signing Date:	Effectiveness Date:	Available for Disbursement Date:	First Disbursement Date:
22/04/2015	10/12/2015	10/12/2015	02/12/2016	15/12/2016
MTR Date:	Last audit receipt:	Original Completion Date:	Current Completion Date:	Actual Completion Date:
03/12/2018	03/04/2023	31/12/2022	30/06/2024	30/6/2024

3. Beneficiaries: The RERP outreached 548,811 number of people (131% against 420,00).

	Direct HHs			Persons receiving services				
	Total	Women	Men	Total	Men	Women	Youth	Janajati
Target	87,500	NA	NA	90,000	45,000	45,000	54,000	NA
Progress	104,803	27,290	77,513	104,803	25,964	78,839	73,109	41,049
Achievement (%)	(120%)	(26%)	(74%)	(120%)	(58%)	(175%)	(135%)	

4. Budget and Expenditure

S.N.	Sources	Allocation (\$, mill.) /2	Revised Allocation (\$, mill.) /2	Utilization (\$, mill.) /3	Progress (%)	Percent of Total Cost
1	IFAD Loan/3	21.80	2.23	2.29	102.62	8.52
2	IFAD Grant	16.82	16.31	15.75	96.54	58.52
Sub-total(A)		38.61	18.55	18.04	97.28	67.03
3	Gov. of Nepal	9.15	4.20	3.80	90.45	14.13
4	Private Sector	13.75	0.62	0.56	89.72	2.07
5	Beneficiaries	6.64	1.88	4.51	239.79	16.77
Subtotal (B)		29.53	6.71	8.87	132.30	32.97
Total (A+B)		68.15	25.25	26.91	106.58	100.00

Note: 1. Supervision Report 30 October - 10 November 2023

2. RERP- PMO, Overall Presentation for Project Completion Mission (Jun 11-12, 2024), 17 June 2024.

3. The disbursed amount is more than the appraisal amount due to exchange rate fluctuation

EXECUTIVE SUMMARY

1. Overview of the project

The RERP Project was approved in April 2015 and became effective on December 19, 2015. Ministry of Industries, Commerce and Supplies (MoICS) is the implementing agency and other implementing partners are HELVETAS, Agro-Enterprises Centre (AEC) and *Sana Kisan Bikas Laghubitta Bittiya Sansthan* Ltd. (SKBBL). The goal of the project was to reduce poverty and achieve sustainable peace through the employment-focused intervention and equitable inclusive economic development approach. The development objectives of the project were to provide sustainable sources of income to rural poor households, migrant families and returnees through Rural Micro-Small Enterprises (RMSEs) opportunities in farming and off-farming including decent job and apprenticeship.

2. The Project Components

The project comprises several components aimed at fostering sustainable development and economic growth.

Component 1 RMSE & job promotion focused on capacity-building initiatives for sustainable business development services and promoting decent job opportunities via Technical and Vocational Education and Training (TVET), job placements, and apprenticeships.

Component 2 emphasized **productive investment** initiatives through rural financial services by strengthening local cooperative, and financial and business education. Besides, this component also dedicated to establishing migrant resource centres at local Palikas to mobilize migrant skills and resources.

Component 3 is centred on **inclusion and mobilization**, aiming to drive economic mobilization and mentoring, alongside social mentoring utilizing the Gender Action Learning System (GALS) for vulnerable households.

Component 4 is concerned with institutional support and project management, including Knowledge Management and Monitoring and Evaluation to ensure the project's efficacy and sustainability.

3. Overall Assessment of the Project

The RERP has effectively utilized over 99% of its revised financial resources, with an IFAD funds disbursement rate exceeding 97%. Additionally, an extra USD 3.14 million in beneficiary and USD 0.38 million contributions from private sector mobilized successfully. Most physical targets were achieved, often exceeding end targets, and all components have positively contributed to raising the income of the target population. Decent jobs have had a positive impact on both recipients and migrant returnees.

An innovative GALS mentoring approach was adopted, resulting in noticeable improvements in women's empowerment. Financial Education and Entrepreneurial Knowledge (FEEK) training raised awareness of financial and entrepreneurial skills, helping beneficiaries access financial resources from cooperatives and other Banking and Financial Institutions (BFIs) for productive investment in Supply Chains. Strengthened cooperatives expanded their services, enhancing access to finance and savings in rural areas. Migration Resource Centre/Migration Information Desk (MRC/MRD) were handed over to local authorities, and the services provided by these centres have been highly appreciated by beneficiaries and stakeholders.

The project successfully collaborated with local governments for resource sharing and provided credible policy support. The participation of women and various ethnicities has made the project more inclusive. Overall, the project's performance is judged to be **satisfactory** (Annex J-2).

4. Relevance and Internal Logic

The Rural Enterprises and Remittances Project (RERP) Project design aligns with (International Fund for Agricultural Development (IFAD)'s strategy in Nepal and the country's development agenda, including

the Sustainable Development Goals 2030. It emphasizes inclusive and sustainable rural transformation to reduce poverty and enhance community empowerment, targeting rural poor, smallholder farmers, landless workers, women, youth, and migrant families. Nepal's weak labour market, limited social mobilization, outdated technology, and climate-related shocks contribute to unproductive agriculture and economic risks, leading to repeated migration abroad.

Despite substantial remittances, only 19% are transferred through financial institutions, and just 3.5% are invested in capital formation, savings, or businesses. Remittances are crucial for external sector stability and poverty reduction, but low productive investment rates are due to a lack of information and services, perpetuating the migration cycle. The RERP aims to enhance rural livelihoods and address these issues by focusing on Nepal's Eastern hills and Central plains, which have the highest poverty rates. Most rural residents rely on low input-low output agriculture, with many living below the poverty line.

RERP identified economic opportunities driven by urban demand and remittance flows and desired to promote productive investment in Supply Chain, RMSEs development, and decent jobs for sustainable income-generating activities by leveraging financial and non-financial services. In this context, the theory of change and development focus of the RERP is considered very practical for addressing Nepal's development agenda and the needs of rural communities in high-poverty areas. Therefore, RERP intervention is highly relevant to enhancing rural livelihood and to overcome the migration cycle and social issues and is rated as **highly relevant** (6 out of 6).

5. Adequacy of the Design Changes

During the early implementation phase in 2016-17, the project made unsatisfactory progress and two years disbursement rate was only 1.4%. As a result, a technical redesign of the project was undertaken in May 2018. This redesign has been taken as a basis for assessing the project's performance and cancellation of USD19 million from loan has been done in November 2019 including substantial revisions of the log-frame indicators. No cost extension was approved for 18 months with a revised completion date of June 2024. Overall, design changes were adequate and aimed to optimize resources as per the utilization capacity of the project within the stipulated time frame of the project. These changes enhanced the intervention focus of the project to achieve its development objectives and goals.

6. Project Effectiveness

Overall project effectiveness is considered as **satisfactory** (5 out of 6) as the project made admirable progress, overcoming several delays and weaknesses in the early years and achieved 97% of financial progress with utilization of almost 99% of IFAD funds. Most of the physical targets under all components were achieved successfully.

Outreach: The project outreached 104,803 of households (120% of targets against 87,500). Among these, 27,290 (26%) were women-headed households. Additionally, about 24,500 (23%) migrant households 8,200 (8%) returnees and 12,854 smallholder farmers from 410 producer groups in 76 municipalities benefited. The project reached 548,811 people (131% against its target). The female individual beneficiaries and youth were 78,839 (75% and 175% of target) and 73,109 (70% and 135% of end target) respectively. Similarly, 39% (41,049) and 14% (14,271) of the beneficiaries were from the Indigenous and Dalit community, respectively.

Supply Chain Development: Supply Chains have been developed for five profitable commodities—vegetables, medicinal and aromatic plants (MAPs), goats, dairy, and fish—with project support, including 500 boring facilities, 91 plastic ponds, and 70 vermicomposting pits. Additionally, 45 market collection centres—including 37 for dairy with a chilling vat capacity of 27,500 litres and 8 centres for vegetables—33 agri-enterprises for input supply and marketing, 4 essential oil facilities, and 2 fish hatcheries were also developed with project support. Furthermore, 480 business-to-business and service linkage events, including MSP, were conducted to enhance the Supply Chain activities.

Chambers of Commerce and Industry (CCI) Capacity Development- The 27 (100% of target) local CCIs were supported for their capacity development and 67% of these partner CCIs achieved capacity assessment scores above 145 points (111% of target) points (RESPIRATION CHECK) which is categories as equivalent to strong or very strong.

Decent Jobs: The Technical and Vocational Education and Training (TVET) and apprenticeship program was tailored for youth from poor households, migrant families, and returnees. A total of 29,307 individuals (98% of the target) received vocational skill training (VST), comprising 56% women, nearly 44% men, and over 90% youth. Among them, 26,870 skill graduates also received FEEK training, and 27,302 youth participated in skill tests conducted by the National Skill Test Board (NSTB). The success rate was 87%. A study conducted by RERP revealed that 78% of these individuals were gainfully employed. Furthermore, 139 local governments across 16 districts have partnered in the VST program. The VST was tailored to 36 different occupations across multiple sectors such as construction, textiles, tourism, health, and others.

Inclusion and Mobilization: The gender Action Learning System (GALS) was adopted for social mobilization of vulnerable families, especially women. Some 107 (107% of target) GALS mentors trained and mobilized for mentoring 1378 (138% of target) women. A total of 790 poor and vulnerable HHs supported with the Poverty Inclusion & Dream Support Fund (100% support). The Endline survey reveals that 75% of the sampled HHs reported improvements in household decision-making.

Productive Investment and Financial Inclusion. The project delivered Financial Education and Enterprise Knowledge (FEEK 1 and 2) training for 91,616 persons. A total of 236 rural cooperatives capacitated financial products and services delivered in the rural areas. The wholesale finance is accessed by 124 partner cooperatives from BFIs. Among them, 95 cooperatives affiliated with SKBBL mobilized NPR 4,284 million of wholesale loans and 68,176 HH members of cooperatives benefitted. Furthermore, 3,126 Supply Chain members (53% migrant HHs & returnees) linked with cooperatives and BFIs for NPR 773 million of resources.

Mobilizing Migrant Resources and Skills: All fourteen Migration Resource Centres/Desks (MRC/MID) have been handed over to local authority management and 12 are in sustainable operation with continued services. More than 75,000 persons received migration-related services from these centres. Furthermore, 567 cases were handled and facilitated to claim compensation of USD 1.1 million. More than 3,300 returnee migrants supported in accessing economic opportunities, 2,257 under Supply Chain and 1,085 under Decent Jobs. The project supported to establishment of 9 Migration and Reintegration Policies, and 8 MRC guidelines.

7. Project Outcomes and Impacts

The project has achieved remarkable success, exceeding or meeting planned targets in almost all areas. More than 97% of the IFAD finance was disbursed based on the revised budget after the downscaling of the original budget from USD 68.15 million to USD 25.25 million. The support for the promotion of Supply Chains and RMSEs development successfully connected small-scale producers to local and regional markets, stabilizing market access for these producers. This ultimately contributed to rural poverty reduction through increased agricultural income. A total of 9,630 supported rural enterprises reported there is an increase in profit. The Endline survey demonstrated that, on average, beneficiary production in Supply Chain commodities/enterprises increased by 76%, compared to a 15% increase for non-beneficiaries. A total 27,948 (99.8% of target) households reporting there is an increase of at least 20% in HHs asset ownership. VST trained individuals with apprenticeships 22,596, among them 11,907 were women and they were in gainful employment after vocational training, and apprenticeship. Out of 29,307 VST-trained individuals, 21% were migrant returnees who engaged in gainful employment through decent jobs.

Multi-stakeholder platforms, B2B services, and cluster development strategies effectively enhanced rural enterprise profitability and sustainability through collective marketing practices that have been successfully implemented for various Supply Chain commodities. Major changes in farming practices such as tunnel farming, goat rearing system from open grazing to stall feeding, and use of barren land of forest for Medicinal and Aromatic Plants (MAPS) were observed. There are significant changes in the average income of the project beneficiaries who participated in Supply Chains. Overall, on average, income of the Supply chain beneficiaries increased by 83 % and 9,742 households (87%) achieved a return on labour of at least 125% of the official minimum wage, reaching 96% of the end target.

The GALS approach to social mentoring which focused on mitigating common social risks and facilitating transformative economic and social change, proved highly successful in empowering vulnerable populations, particularly women in Madhesh Province. A significant outcome of the FEEK training program is the development of a local pool of training resources and these experienced trainers are an asset for local authorities, cooperatives, and other stakeholders. The FEEK training delivered through cooperatives has not only benefited members but also strengthened these institutions for service delivery and increase private resources in productive investment as well. Due to a lack of sufficient data, it is hard to measure the project's contribution to poverty reduction and the improvement of children's nutritional status. It is also challenging to evaluate the sustainable livelihood improvements of the project beneficiaries within five years. Overall, the outcome and impact of the project are rated as **satisfactory** (5 out of 6).

8. Agricultural Productivity and Climate Change

A substantial increase in average production across all five Supply Chain commodities was observed and as compared to baseline, production has been increased by double across all Supply Chain commodities. RERP has significantly helped beneficiary households reduce their exposure to climate change-related risks. The large-scale delivery of VST and job placements in non-weather-dependent jobs has created substantial economic resilience to climate change impacts for households and communities. In agriculture, technical production improvements have reduced vulnerability to climate changes such as plantation of the fodder and forage, the shift in grazing practices to stall feeding, adoption of good agricultural practices including tunnel farming substantially reduced the use of chemicals. The performance of agricultural productivity and climate change was assessed as highly **satisfactory** (5 out of 6).

9. Efficiency

The project has remarkably utilized nearly 99% of the revised budget after the downscaling of the planned budget from USD 68.15 to USD 25.25 million. More than 97% of IFAD funds were disbursed and the project utilized 90% of government counterpart funds. An additional USD 3.14 million of beneficiaries and USD 0.38 million from the private sector were mobilized for the project activities. This achievement is particularly noteworthy in the Nepalese context, where mobilizing such contributions can be challenging. It reflects the outstanding performance of the project.

The quality of project management is reflected in both the physical and financial performance of the RERP. Most physical progress targets were exceeded. Social inclusion and beneficiary targeting were highly focused, aligning with the project's goal and development objectives, particularly for poorer families, youth, women, migrant families, and returnees. The RERP achieved remarkable progress despite several delays in the early years and successfully overcame problems and weaknesses that occurred during implementation before September 2019, as well as the negative impacts of the COVID-19 pandemic.

The results of the Economic Analysis reveal robust financial viability and expected returns over 15 years from 2015/16. The Internal Rate of Return (IRR) of the 15-year series is estimated as 35.7% at 12% discount rate. The net present value of the project is estimated as NPR 4951.57 million at 2024 prices,

which is equivalent to USD 37.23 million.¹ The overall efficiency of the project is judged as **satisfactory** (5 out of 6).

10. Project Management

The Government of Nepal has deputed required human resources to lead and facilitate the project management including hired professionals for both office and field. Helvetas, AEC, and SKBBL were engaged in the implementation of the project. Sufficient counterpart funds were allocated as per the financing agreement. The accounts of RERP are well maintained using the double-entry accounting system via the Computerized Government Accounting System (CGAS).

The financial statements of the implementing partners were received on time, and other financial statements have been prepared by IFAD Guidelines. Internal audit is mostly practised on time. Audited financial statements submitted on time with few exceptions. Most of the financing covenants have been complied with. Public Procurement Act 2063 and Regulation 2064, including amendments and no objection letter as per the financing agreement. RERP has adhered to national procurement procedures as per these regulations.

An annual procurement plan is prepared along with the Annual Work Programme Budget (AWPB) and is part of it. The annual procurement plan is shared with IFAD, and prior approval for procurement is obtained from IFAD based on the thresholds maintained in the financing agreement. All bid documents are processed through the Public Procurement Monitoring Office (PPMO) via online submission. Required documents related to procurement, including evaluation and award processes, are well maintained in the Project Management Office. The overall performance of the project management is judged as **satisfactory** (5 out of 6).

11. Knowledge Management

The RERP prepared a Knowledge Management (KM) Strategy, and it is implemented by a dedicated team and project has produced a range of knowledge products, including manuals, success stories, videos, case studies, thematic papers, annual reports, and daily news about RERP intervention through various newspaper collection books for wider dissemination of the project intervention. Lessons and innovations are integrated into local government policies. Palika strategies and guidelines were developed collaboratively with local participation and co-financing, enhancing capacity building and local ownership. The performance of the RERP knowledge management system is judged as highly **satisfactory** (6 out of 6).

12. Performance of M&E System

RERP has set a new standard by effectively integrating outcome results monitoring to directly inform the planning and management of core project activities. The project Monitoring and Evaluation (M&E) System maintains detailed datasets on over 100,000 direct beneficiaries, 368 producer groups, and 236 cooperatives across multiple components. RERP's outcome-level monitoring supports results-oriented project management and informed decision-making. The RERP's M&E System tracks diverse outcome indicators such as household productivity in Supply Chains, producer group management, vocational trainee employment, and cooperative economic risks. The M&E system of the RERP was judged as highly **satisfactory** (6 out of 6).

13. Human and Social Capital Development and Empowerment

The project has greatly enhanced the organizational, technical, and managerial capacities of local institutions and empowered project beneficiary participants with enhanced capacity, particularly for CCIs and cooperatives including their members. RERP has trained 29,307 individuals with vocational skills

¹ Exchange rate of 1USD=NPR 133

and capacitated over 2,000 local resource persons (LRPs) across various sectors such as business literacy, agriculture, migration counselling, and vocational training. Local human resources developed through the project have effectively transferred knowledge and skills at the community level, prompting interest from local authorities to engage them in ongoing local development activities beyond the project scope. The GALS groups have fostered substantial social and human capital and empowerment among women. The performance of social and human capital development was judged as **satisfactory** (5 out of 6).

14. Innovation, Sustainability, Replication and Scaling-up

The innovative and sustainable key areas and approaches that were adopted and could be extended to other intervention areas are (i) the GALS mentoring approach, (ii) Remittance-Linked Savings, (iii) Sustainable Supply Chain Management, and (iv) Migrant Services Centres (MRC/MID). The GALS approach for gender empowerment has been successfully adopted on a cost-sharing basis by several local governments and cooperatives, demonstrating its scalability. Project-supported cooperatives have launched new remittance-linked savings accounts, allowing overseas workers to directly deposit funds while controlling account access. This expands access to formal financial services for migrant workers and their families. Co-financing practices for agriculture cluster development, in collaboration with local governments, collective marketing, and B2B services including business literacy and MSP, and improved farming techniques such as the adoption of good agricultural practices, tunnel farming, and stall-feeding practices could be easily replicated and unscaled for Supply Chain management. The adoption of migration policy and service centres at the local level could be extended to all Palikas across the country, as RERP practised the provision of MRC at the District Administration Office and MID at local Palikas.

15. Lessons Learned

RERP's approach for RMSE development and growth in both farm and non-farm Supply Chains, including decent job creation, is credible to contribute to reducing rural poverty and improving the livelihoods of marginalized communities, including women, disadvantaged groups, youth, migrant families, and returnees. An outcome-based payment for VST ensures the effectiveness of trainers by linking payments to trainee employment outcomes. The provision of FEEK for Smallholders is very credible to boost productive investment in both farm and non-farm activities and enhance the financial accessibility to poorer households.

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We are grateful to the study team/experts and all others who contributed their expertise and time to the successful completion of the End-line and Project Completion Survey.

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Thank you!

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Currency equivalents

Currency Unit = Nepali Rupees (NPR)

US\$1.0 = 130 NPR (in June- July 2024)

Weights and measures

1 kilogram = 1000 g

1.000 kg = 2.204 lb.

1 kilometer (km) = 0.62 mile

1 meter = 1.09 yards

1 square meter = 10.76 square feet

1 acre = 0.405 hectare (ha)

1 hectare (ha) = 2.47 acres

1 ropani of land = 508.74 square meters

ABBREVIATIONS AND ACRONYMS

AEC	Agro-Enterprises Centre
AWPB	Annual Work Programme Budget
B2B	Business to Business
BDS	Business Development Service
CCI	Chamber of Commerce and Industry
CGAS	Computerised Government Accounting System
COSOP	Country Strategic Opportunities Program of IFAD Nepal
DCCIs	District Chambers of Commerce and Industries
DSF	Debt Sustainability Framework
DSF	Dream Support Fund
FCGO	Financial Comptroller General Office
FEEK	Financial Education and Entrepreneurial Knowledge
FNCCI	Federation of Nepal Chambers of Commerce & Industries
FY	Fiscal Year
GALS	Gender Action and Learning System
GDP	Gross Domestic Product
GoN	Government of Nepal
Helvetas	A Swiss NGO Working in Nepal
HHs	Households
ICB	International Competitive Bidding
ICT	Information Communication Training
IFAD	International Fund for Agricultural Development
IFRS	Interim Financial Report
IOM	International Office of Migration of the UN
IRR	Internal Rate of Return
KIIs	Key Informant Interviews
KM	Knowledge Management
LAM	Leading to Apprenticeship Model
LMBIS	Line Ministry Budget Information System, GoN Budget Software
LRP	Local Resource Person
LTB	Letter to the Borrower
M&E	Monitoring and Evaluation
MAPs	Medicinal Aromatic Plants
MDDW	Minimum Dietary Diversity for Woman
MID	Migration Information Desk
MIS	Management Information System
MoF	Ministry of Finance, Government of Nepal
MoICS	Ministry of Industries, Commerce and Supplies, Government of Nepal
MoU	Memorandum of Understanding
MRC	Migration Resource Centre
MSP	Multi-Stakeholder Platform
MTO	Agent for International Money Transfer Organisation
MTR	Mid-term Review
NCB	National Competitive Bidding
NGAS	Nepal Government Auditing Standard
NoL	Letter of No Objection

NPR	Nepalese Currency Rupees
NRNA	Non-Residence Nepalese Association
NSTB	Nepal Skills Testing Board
OAG	The Office of the Auditor General
ORMS	Operational Result Management System
PASS	Project Accounting Software System
PCR	Project Completion Report
PFS	Project Financial Statements
PIF	Poverty Inclusion Fund
PM&E	Planning Monitoring and Evaluation
PMO	Project Management Office
PMT	Project Management Team
PP	Procurement Plan
PPA	Public Procurement Act
PPMO	Public Procurement Monitoring Office
PPR	Public Procurement Regulation
QBS	Quality Based System
QCBS	Quality and Cost-Based Selection
RCEs	Road Corridor Experts
RERP	Rural Enterprises and Remittances Project
RIMC	Rural Infrastructure Management Consultants
RMSE	Rural Micro-Small Enterprises
SAMI	Safer Migration Project funded by SDC
SC	Supply Chain
SDG	Sustainable Development Goal
SDR	Standard Drawing Rights
SKBBL	Sana Kisan Bikas Laghubitta Bittiya Sansthan Ltd.
SMT	Senior Management Team
TVET	Technical and Vocational Education Training
USD	United States Dollar
VAT	Value Added Tax
VfM	Value for Money
VST	Vocational Skills Training
WA	Withdrawal of Application

A. INTRODUCTION

Project completion is a process undertaken by the borrower at the end of a project to evaluate its success in meeting its intended objectives. This involves describing the results achieved, identifying challenges, and assessing overall performance based on the activities implemented. The goal is to elicit lessons learned and provide recommendations for future projects. Therefore, a Project Completion Report (PCR) is a valuable tool for project managers, stakeholders, and funding agencies to understand the project's overall performance, draw insights for improvement, and guide the planning and implementation of future projects.

The project completion survey for RERP was conducted between April and May 2024. The purpose of this PCR is to present the overall project implementation performance and the achievement of the project development objectives of RERP by measuring a set of indicators outlined in the project logical framework. While preparing this PCR, the evaluation team followed the International Fund for Agricultural Development (IFAD) guidelines, including key elements of a development project's process evaluation framework. This framework is designed to generate an overall outcome and impact assessment of the project intervention, focusing on relevance, effectiveness, efficiency, impact, sustainability, and innovations adopted by RERP in the targeted areas during the project intervention.

B. PROJECT DESCRIPTION

B.1. Project Context

Nepal's topography and ecology are highly varied, ranging from fertile plains in the south to mountains in the north. This diversity provides ample potential for development and offers a wide range of livelihood options in agriculture and non-farm activities. However, in 2014, Nepalese predominantly from rural areas, were employed abroad, sending a rapidly growing volume of remittances that now account for 25% of the GDP and benefit approximately 55% of rural households². In recent years, agriculture has become feminized, with the women left behind taking on increasing responsibility for both household and farm management.

IFAD's country strategic opportunities program for Nepal (2013-2018) aligns with the development policies and programs of the government of Nepal and other development partners. This strategy is particularly focused on peacebuilding, reconciliation, reconstruction, and economic recovery following the 10-year civil war that began in 1996.

In this context, IFAD designed the Rural Enterprise and Remittance – SAMRIDDHI Project at the request of the Government of Nepal to promote rural enterprises and harness remittances to support entrepreneurship. While designing the project, IFAD considered the key issues and opportunities in Nepal, including (i) slow economic growth, (ii) poverty with disparities, (iii) low returns from agriculture, (iv) untapped development potential for rural micro, small, and medium enterprises (RMSEs), (v) the growing trend of migration for foreign work and significant remittance flows, and (vi) policy support for the development of MSEs in both farming and off farming activities.

IFAD approved the Rural Enterprise and Remittance – SAMRIDDHI Project on 22 April 2015, and it became effective on 10 December 2015. The project aimed to support the Government of Nepal's key agenda of inclusive poverty reduction by providing sustainable sources of income to poor households, migrant families, and returnees in the 16 districts of Nepal under the Madhesh and Koshi Provinces following the Janakpur and Koshi/Sagarmatha Corridor³. This support involved creating and expanding family, micro, small, and medium rural enterprises in both the farming and off-farming sectors.

² Nepal: Rural Enterprises and Remittances Project Samriddhi, Detailed Design Report, 2015

³ a. Koshi Corridor- Bhojpur, Dhankuta, Khotang, Morang, Saptari, Siraha, Sunsari, Terathum, Udayapur, b. Sagarmatha Corridor - Bara, Dhanusa, Mahottari, Okhaldhunga, Rautahat, Sarlahi, Sindhuli

The implementation progress of the RERP project was unable to maintain its momentum after becoming effective. Its overall historic performance was assessed as “unsatisfactory” by the Joint Supervision Mission held in 2017. This assessment was due to substantial delays in project start-up, as reflected in a disbursement rate of IFAD and GoN funding of just 1.4% as of October 2017 and only very limited minor field activities implemented. The mission concluded that the slow start-up was the result of significant issues in the original project design, considering: (i) the multiple approaches and modalities of project implementation and the lack of reliable analysis in the design documents, (ii) delayed contracting of major implementing partners (AEC and HELVETAS), and (iii) delayed recruitment of the PMO team and frequent changes of the Project Manager.

Despite historic issues, the mission also concluded that RERP-SAMRIDDHI can still be a highly relevant project for Nepal, considering the development needs and agenda of the country, and identified solid grounds for optimism about the future performance of the RERP project if critical design and operational issues are promptly addressed. It suggested re-validating the scale and scope of the project modalities based on a proper assessment of the economic opportunities available to target beneficiaries.

The mission also argued that the original design of 2014 was not widely recognized and established proven approaches in Nepal for major project elements, such as decent work, micro-enterprise development, inclusive Supply Chain development, financial/business literacy, and mechanisms for remittance-receiving families. Additionally, the transition to the new federal system of Nepal may require monitoring and adjusting project implementation modalities and activities. This evolving transition offers opportunities for the RERP-SAMRIDDHI project to support positive development practices of the new local government bodies, particularly in strengthening their capacities and sustainable service delivery.

The Corridor Potential Mapping and Labour Market Demand Assessments were jointly conducted by the three implementing partners (Helvetas, SKBBL, and AEC/FNCCI) to gather the necessary data and evidence for plans. Based on this evidence, the original design of the RERP Project has been updated, and operational issues have been addressed to accelerate project implementation. This joint effort has also strengthened project team cohesion and partnerships.

B.2. Goal and Objectives of the Project

- I. **The goal of the project:** The overall strategic goal of the RERP project is to reduce poverty and achieve sustainable peace through employment-focused, equitable, and inclusive economic development in the 16 project districts under the Bagmati, Madesh, and Koshi Province of Nepal.
- II. **Objective of the project:** The development objective of the project is to establish or support viable rural micro, small, and medium enterprises both in the farming and off-farming sectors, and provide sustainable sources of income to poor households, migrant families, and returnees. The specific objectives of the RERP project were:
 - a. Support to improve livelihoods of the participating beneficiaries (motivated women and men) by successfully taking advantage of new or improved opportunities in one of three main economic pathways, i.e. Supply Chain development, RMSE development, and decent Job (Component 1).
 - i. Creating RMSE and job opportunities for producers, including smallholders, and other RMSE through the development of competitive and inclusive agricultural and non-agricultural clusters that are part of Supply Chains serving wider markets, often outside the local area (Component 1).
 - ii. Support for the establishment and expansion of competitive and profitable RMSEs through the provision of improved BDS and other support including business enabling environment from vibrant CCIs in their local area (Component 1.2)
 - iii. Provide good quality skills relevant to local employment and enterprise opportunities to the poorer youth so that they can secure decent jobs and/or establish their successful skills-based RMSEs (Component 1.3)

- b. Support to increase productive private investment by individuals, households, and RMSEs in the economic opportunities promoted under Component 1 (Component 2).
 - i. Improve use of and access to appropriate financial services by an enhanced supply of financial services via strengthening of co-operatives, partnerships with Financial Institutions, and risk-sharing instruments (Component 2.1)
 - ii. Develop sustainable and effective migrant services, especially at the local level, and support Palikas to formulate or improve evidence-based migration policies and strategies to maximize the benefits of migration to the migrant families and Nepalese Economy (Component 2.2).
- c. Ensure a high degree of inclusion and effective mobilization of target individuals into the economic pathways promoted in the project (Component 1) and support communities and high-risk households in addressing common social risks that may undermine their ability to secure the hard-earned economic benefits achieved for their households.
 - i. Mobilize and mentor individuals and groups to participate Project beneficiaries in one of the three economic pathways promoted under Component 1 (Component 3.1)
 - ii. Support the mentoring process for vulnerable individuals, households, and communities to mitigate common social risks that may undermine their ability to achieve their socio-economic aspirations using the GALS approach.
- d. Manage overall Project intervention and provide evidence-based continuous learning and improvement and support scaling-up of best practices in the project and by other actors.

III. Expected Outcomes of the Project

- Outcome 1: Rural entrepreneurs and unemployed labour have access to business development services enabling them to develop their existing businesses, create new ones, or secure gainful jobs
- Outcome 2: RMSEs and migrants have access to financial services and support services enabling them to sustain and expand their businesses as well as use remittances to promote sustainable business investment
- Outcome 3: Policies and institutional capacities required to (i) promote sustainable and profit-making RMSEs along viable business models and (ii) migrants' reintegration and investment in sustainable business development, are in place

IV. Project Components

There were three major components of the project. These components are briefly summarized below.

1. **Component 1: RMSE & Jobs Promotion:** This component aimed to support motivated women and men to improve their livelihoods substantially by successfully taking advantage of new or improved opportunities in economic pathways, particularly on: (i) Supply Chain development activities, (ii) RSME Development, and (iii) Decent Job. This component is further divided into the following three subcomponents.
 - 1.1. **Supply Chain development:** It envisaged creating RMSE and job opportunities for producers, including smallholders, and other enterprises in competitive agricultural and non-agri clusters. (replaces former sub-comp 1.1)
 - 1.2. **RMSE development:** This subcomponent aimed to support the establishment and expansion of competitive and sustainable business services for local RMSEs through the provision of Enterprise Service Centres and CCI strengthening to ensure improved BDS and other supports including business enabling environment from vibrant CCIs in their local area. (in original design)
 - 1.3. **Decent jobs through TVET:** These subcomponents envisaged to capacitate poorer youth with good quality skills-based TVET relevant to the local enterprise opportunities so they can secure

decent jobs and/or establish their own successful skills-based RMSE as well as to create employment opportunities through Job placement and apprenticeships (in original design).

2. **Component 2: Productive Investment:** This component aimed to substantially increase productive private investment by individuals, households, and RMSEs in the economic opportunities promoted under Component 1. It also aimed to enable an enabling environment for investment through the improved accessibility and use of appropriate financial services and more productive use of migrant skills, remittances, and investments. Subcomponents under component 2 are as follows.
 - 2.1. **Rural finance** – This subcomponent is designed to provide widespread financial and business education and improved supply of financial services via the strengthening of cooperatives partnerships with FIs and risk-sharing instruments
 - 2.2. **Mobilizing migrant resources and skills** – These subcomponents aimed to develop sustainable migrant services, especially at the local level (MRC/MID) to support migrants and remaining migrant families to make more productive use of remittances (in the original design)
3. **Component 3: Inclusion & Mobilization:** This component aimed to deliver a high degree of inclusion and effective mobilization of target individuals into the economic pathways promoted in the project (Comp 1) and to support communities and high-risk households to address the most common social risks which may undermine their ability to secure the hard-earned economic benefits for their households.
 - 3.1. **Economic mobilization** - The subcomponent envisaged providing mentoring services to individuals and groups to encourage them to participate in one of the three economic pathways promoted under Component 1.
 - 3.2. **Social mentoring-** The subcomponent designed to support individuals, households, and communities to mitigate common social risks and several critical barriers limiting their potential for sustained socio-economic development
4. **Institutional Support and Project Management-** This component concerns overall project management, Knowledge management, and monitoring and evaluation process. It envisaged to provide evidence-based continuous learning and improvement and support scaling-up of best practices in the project and by other actors (originally included in 4.2, replaces previous 4.1 on Institutional Strengthening and Development which is now mainstreamed in relevant areas of Comp 1 + 2).

B.3. Implementation Modalities

Rural Enterprise and Remittance - SAMRIDDHI received financial assistance from the IFAD. The initial approved cost of the Project was USD 68.15 million. However, the financing plan of the RERP scaled down to USD 25.25 million⁴. Based on the revised financing plan, IFAD assistance was USD 18.545 (73.44%; loan: 2.33 and million grant: 16.31 million), government counterpart fund was USD 4.20 (16.6%) million, and beneficiaries' contribution was USD 1.88 (7.5%) million⁵.

The implementing agency of the RERP is the Government of Nepal, Ministry of Industry, Commerce, and Supplies (MoICS). The MoICS is responsible for the overall coordination of the project on behalf of the Government of Nepal, represented by the Ministry of Finance as the borrower. A Project Steering Committee was formed to provide overall policy guidance and supervision of the project. A field-based Project Management Office (PMO) in Itahari, led by the Project Manager, and a Project Liaison Office in Kathmandu were established for effective project implementation. The PMO is supported by a Senior Management Team, responsible for assisting the Project Manager in the overall coordination and delivery

⁴ Aide- Mamore, Supervision Mission ,17-27 September 2019.

⁵ Aide-Mamore, Supervision Mission,

of the project. The team is jointly accountable for the project's overall performance, in addition to their specific technical areas of responsibility.

The other implementing partners of the Project were Agro Enterprise Centre (AEC) Helvetas and SKBBL. Agro Enterprise Centre (AEC) under the Federation of Nepal Chambers of Commerce & Industries (FNCCI) has collaborated to deliver the capacity development activity for District/Palika level Chambers of Commerce & Industries and business-to-business linkages and services. HELVETAS team up as technical partners to assist the Project Management Team in executing project activities. The SKBBL is involved in the capacity enhancement of the cooperatives especially on the business planning and financial literacy for their members.

RERP adopted a North-South Road corridor implementation strategy for the implementation of the project activities to connect hill districts with the Terai markets. These corridors are the Koshi-Sagarmatha Corridor and Janakpur Corridors. Each corridor provisioned Corridor Management Offices and assigned to play pivotal roles in operational activities and in providing technical and managerial support at the PMO level. Migration-related services are delivered through the Migration Service Centre (MRC) established at the District Administration Office and Migration Information Desk provisioned at the Palika level. The Social mobilization activities, especially to overcome the Gender Equality and Social Inclusion issues GALS approach adopted through the trained facilitator. Likewise, Financial Education and Entrepreneurship Knowledge (FEEK) related services and cooperative strengthening activities are implemented through the SKBBL. The Risk Management instrument was provisioned for participating banks and financial institutions to increase access and widespread financial services for individual households, migrant families, and RMSEs.

RERP adopted a performance-based resource allocation approach from 2019 onwards and it envisioned monitoring against actual performance, impacts, and cost-effectiveness. The project emphasized evidence-based learning and a continuous improvement approach through knowledge management and monitoring and evaluation (M&E) exercises as a part of regular resource planning and results management processes of the project. Budget allocation and associated targets for the each of major activities of the project were routinely reviewed based on key milestones and the expected likelihood of achieving their specific impact and outcome targets. Best practices and lessons learned are documented and scaled up to foster an environment of ongoing improvement.

B.4. Target Group

Geographically, the RERP envisaged to prioritize 100- 110 Palikas of the 16-project district. The direct beneficiaries of the SAMRIDDHI are youth from poor households, women, and smallholder producers, including impoverished rural individuals, migrants, and foreign employment returnees. Youth members (aged 18 to 40) constitute 60% of the target, intending to benefit 80% from economically disadvantaged backgrounds and 50% from women. Additionally, secondary target groups encompass other primary and secondary actors within the Supply Chain, such as cooperatives, small and micro-enterprises, agribusinesses, service providers, collectors, and medium to large-scale traders.

C. ASSESSMENT OF PROJECT RELEVANCE

C.1. Relevance vis-à-vis the External Context

The RERP design aligned with IFAD's strategy in Nepal (COSOP 2013-2018, extended to 2020) and its global Strategic Framework (2016-2025), which emphasizes inclusive and sustainable rural transformation within the broad vision of the Sustainable Development Agenda 2030. Within both frameworks, the RERP intervention focused on generating improved and more resilient livelihoods for all poor rural people, including smallholder farmers, land-poor and landless workers, women and youth, and marginalized ethnic groups, including migrants. The RERP aimed to eliminate rural poverty and promote community empowerment and dignity for rural families. This intervention is highly relevant considering the broader

framework of SDGs and other international development agendas committed by Nepal. It aims to ensure healthy lives and promote well-being by addressing poverty and inequality, ensuring that all people enjoy health, justice, and prosperity, and adhering to the "no one is left behind" principle, including climate change and other social cross-cutting issues.

Low agricultural productivity in rural Nepal is primarily due to outdated farming practices, poor access to technological and market services, and limited alternative employment opportunities for wage labourers. Additionally, inadequate infrastructure, weak legal frameworks, and insufficient electricity supply hinder the development of Rural Micro, Small, and Cottage Enterprises (RMSEs). These challenges exacerbate economic hardships, prompting youth migration as they seek better opportunities to support themselves and their families. Consequently, migration has become a common strategy for economic survival, with remittances from abroad constituting a substantial portion of household incomes. Additionally, in 2014, more than 3 million Nepalese migrated for foreign work, resulting in remittances accounting for 25% of the country's GDP and benefiting about 55% of rural households. However, only 19% of remittances are transferred through financial institutions, and a mere 3.5% are invested in capital formation, savings, or businesses. This low rate of productive investment is due to a lack of information and services, leading many to migrate repeatedly⁶. In this context, the theory of change and development focus of the RERP is considered very practical to enhance rural livelihood.

A cycle of migration must provide some economic relief from the remittances for rural poorer families at the household level to some extent, but it also entails social costs and limited long-term benefits. While designing the project and Design Update 2018 (Technical Note), both have been widely considered critical issues including recent policies of the government on infrastructure development, improved legal frameworks, and electricity supply, and the RERP project intervention targeted the emerging new opportunities for RMSEs that driven by urban demand and remittance flows.

The RERP intervention focused on Nepal's Eastern hills and Central plains, regions characterized by the highest rates of rural poverty (30%). Despite the fertile land, most rural people relied on low input-low output agriculture, with a majority living below the poverty line of USD 200 per year and an average GDP of USD 647, during project Design. This was due to demographic pressure and landlessness at the time of the project design. The updated design identified economic opportunities in the project areas through economic pathways, primarily on: (i) self-employed micro-entrepreneurs in Supply Chains serving larger markets outside the local area, (ii) self-employed micro-entrepreneurs serving local markets directly, (iii) locally paid work, and (iv) paid work overseas (migration).

Therefore, RERP-SAMRIDDHI focused on RMSE development and job creation by providing training on decent jobs, productive investment in Supply Chains from rural financial activities, and mobilizing migrant resources. The project aimed to support rural people and migrant families to overcome obstacles to economic opportunities hindered by low skills, outdated technology, limited market access, and support services. This was within the broader framework of improving livelihoods for economic security, social inclusion, and enhanced opportunities for participating beneficiaries. Thus, the RERP intervention is rated as highly relevant (6 out of 6) considering Nepal's Development agenda and the needs of the rural people in the project location.

C.2. Internal Logic

The strategic move of the project revolved poverty reduction goal of achieving sustainable peace through employment-focused activities with equitable and inclusive economic development. The development focus of the RERP was to establish and expand viable rural micro, small, and medium enterprises to provide and ensure sustainable sources of income for poor households, migrant families, and returnees. Therefore, the *Theory of Change for SAMRIDDHI* aimed to help motivate women and men to improve their livelihoods substantially by successfully taking advantage of new or improved opportunities in one of three

⁶ Nepal Rural Enterprises and Remittances Project (SAMRIDDHI), Detailed Design Report, 2015

main economic pathways. These pathways were, (i) Supply Chain Development, (ii) RMSE development, and (iii) Decent jobs – TVET, job placement, and apprenticeship as well as RMSEs.

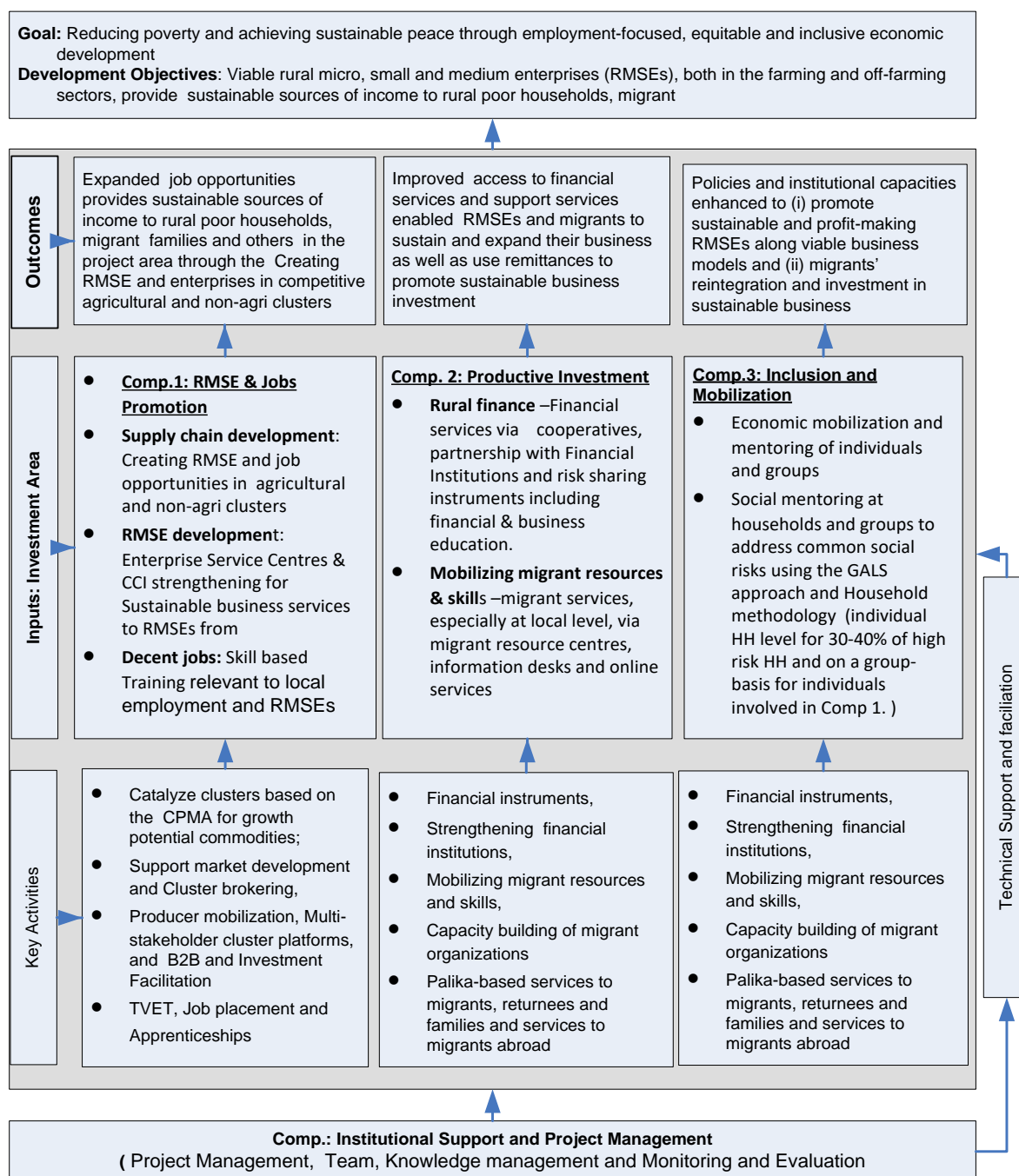


Figure 1: RERP Intervention Logic and Theory of Change

The Project Design Update (2018) argued that economic opportunities in the rural area of the Project districts, more specifically prioritized Palikas could easily be harnessed by creating RMSE and job opportunities for producers, including smallholders, and other RMSE through the development of competitive and inclusive agricultural and non-agricultural clusters following corridor approach that are part of Supply Chains serving wider markets, often outside the local area. Clusters are commodity-specific production zones (i.e. each cluster focuses on one commodity) and thus it helps to geographic concentration

of interconnected producers, buyers, suppliers, and associated support institutions that create direct and indirect synergies among them, resulting in market linkages. The inclusive cluster development process for growth potential commodities is driven by the primary actors themselves, principally small-scale producers/farmers and RMSEs.

The decent jobs provisions of the project supplemented by social inclusion strategies that are integrated within the approach support for further inclusiveness, to specifically meet the needs and aspirations of women, youth, migrant, and non-migrant households in their diversity and heterogeneity. Intervention logic and theory of change presumed by RERP to bring the expected change in the project area are depicted in Figure 1.

The provision of support services such as multi-stakeholder cluster platforms, business-to-business (B2B) follow-up, and private co-investment fund and support market development activities at Supply Chain cluster and local RMSEs level catalyse competitive sustain good market linkages, which resulted in RMSEs and job promotion in the prioritized Palikas of the project location.

The RERP envisaged supporting productive investment in the viable and profitable growth potential RMSEs at the local level through improving rural financial services. Widespread financial & business development services, and financial and business skills education (e.g. family and income management; investment and business forum, and entrepreneurship/social entrepreneurship) improved the supply of financial services via strengthening of cooperatives building partnerships with Financial Institutions equipped with risk sharing instruments and mobilization of the migrant resources and skills lead to improve the financial access to the participating beneficiaries for productive investment in sustainable income generating business opportunities for rural poorer, youth and migrant families. Further establishment of sustainable migrant services, especially at the local level, via migrant resource centres, information desks, and online services helps to reduce or overcome the migrant-related socio-economic risk in the project area.

The intervention logic of the RERP realized and identified that individuals from some communities in project areas, especially in the Terai, are vulnerable to common social risks within households and in local communities undermining efforts to improve livelihoods. Therefore, the project envisioned implementing the Inclusion & mobilization component provisioned during the RERP Design Update 2018, and it anticipated economic mobilization and mentoring of individuals and groups should go simultaneously to address common economic and social risks at the household level. The project focuses on financial and business skills education, Brokering and mentoring at clusters, and mentoring of producers and producer groups by Economic Development Facilitators to overcome economic risk. Likewise, social mentoring of households and groups using the household (HH) methodology also called the GALS approach to vulnerable households, especially in Terai is a very critical approach for the upliftment of their livelihood to attain broader social and economic inclusion. Therefore, the project provisioned for the mentoring activity at the individual household level for 30-40% of high-risk households and on a group-basis for large numbers of individuals involved in Component 1. The Theory of Change and intervention logic is highly relevant in the Nepalese context.

C.3. Adequacy of Design Changes

The RERP Original Project Design 2015 was updated on 21 May 2018 based on the data gathered from the joint field exercise⁷. The rationale for the project design update was:

- a. Although RERP began in December 2015, it was categorized as "unsatisfactory" due to very low utilization of the funds as only 1.4% of the total allocated funds was disbursed until October 2017. There were significant delays in the implementation of the field activities.
- b. The mission concluded that,

⁷ The extensive field visit was accomplished by of the three implementing partners MOI/PMO, Helvetas and AEC/FNCCI

- i. Delays were caused by substantial issues in the original project design and operational challenges, though it was highly relevant at that time and considering the federal restructuring of Nepal.
 - ii. The original design was complex and lacked reliable economic analysis for project locations, causing uncertainty about achieving development goals.
 - iii. Operational issues associated with delays in contracting key partners (AEC and HELVETAS),
 - iv. Late recruitment of the PMO team, and frequent changes in the Project Manager (3 in the first two years).
- c. IFAD adopted a new Operational Result Management System (ORMS), and it required a re-drafting of all ongoing project log frames to provide greater clarity and simplicity to comply with the new ORMS guidelines.
- d. Though RERP was a highly relevant project for Nepal, the scale and scope of the project modalities need to be re-validated based on a proper assessment of the economic opportunities available to target beneficiaries considering the remaining project tenure of 5 years.
- e. The new federal system of government in Nepal has been effective since 2015. The RERP Project has seen opportunities to support new local government bodies, in particular, institutional strengthening for the improvement of sustainable service delivery modalities following areas relevant to the project development objectives. Hence, it required an update of the project modality, target locations, and other project premises as per the needs of the federal structure of the government.

On this ground, the original project design was updated. The Mid-term Review was accomplished on 4-9 December 2018 immediately after the Project Design Update. The Mid-term Review (MTR) recommended restructuring project implementation arrangements under the federal structure of the government. Likewise, the supervision vision mission 17-27 September 2019 substantially revised the cost structure of the project and updated the log frame indicators. The main changes are as follows.

- a. The intensive project support for the communities under Components 1, 2, and 3 was concentrated on approximately 100-110 prioritized local Palikas of the 16 districts based on the Corridor Potential Mapping Assessment.
- b. Institutional strengthening and provincial-level engagement activities primarily focused on provinces 1 and 2, except for an exception. The institutional capacity building activities were, (a) Sub-component 1.2 - strengthening the local and provincial CCIs and associate business development service enterprises under the CCIs, (b) Sub-component 2.1 - strengthening savings and credit co-operatives and other Financial Institutions active in project locations, and (c) Sub-component 2.2 - strengthening migrant family services.
- c. Sub-comp1.1: Business mapping and setting up capacities at district and corridor level was replaced by Sub-component 1.1: Supply Chain development
- d. There was a mere reduction in individual outreach targets, 4% (179,000 reduced to 172,000) as compared to the original.
- e. The log frame was revised and updated following the Project Design Update in 2018.
- f. MTR reviewed the implementation arrangements of the project in light of the new federalism structures conducted extensive discussions with key stakeholders at the federal and provincial levels and recommended the RERP be operationalized as a multi-sector joint project of the federal, provincial, and Palika governments⁸.
- g. The project cost and component targets were downscaled by the supervision mission held on 17-27 September 2019. These changes were, (i) Project cost was downscaled by the cancellation of the IFAD Loan amounted Standard Drawing Rights (SDR) 13.86 (USD 19.00 million from the available balance of SDR 13.94 and restructuring the associated category-wise reallocation of the

⁸ Appendix 4: Technical Background Analysis, Mid-term Review, 4 - 19 December 2018

remaining funds under Debt Sustainability Framework (DSF) Grant No. 2000000702 (Table 1) and staffing adjustments have also been done (See, Aide-Memoire, 17-27 September 2019)

- h. Two ‘no cost’ extensions totalling 18 months have been approved (2 June 2022 and 30 October 2023) allowing time to fully complete activities delayed due to COVID-19.

Table 1: Revised Target of the Project

Component /Subcomponent	Outreach Target (people)		Revised Budget	
	Previous	Revised	\$'000	% of Total
1. RMSE & Job Promotion				
1.1. Supply Chain development	57,000	10,000	3,642	15.7
1.2. RMSE development	7,500	0	324	1.4
1.3. Decent Job through TVET	30,000	30,000	10,682	46.0
1.4. Social Mentoring (HH from C1.1)	6,750	1000	1,480	6.4
Sub-total (net-discounting overlaps)	94,500	40,000	16,127	69.4
2. Productive Investment				
2.1. Financial Inclusion	210,000	50,000 & 10, 000 (C1.1)	1,675	7.2
2.2. Mobilizing Migrant Resources & Skills	-	110,000*	1,152	5.0
Sub Total (net)	210,00	170,000	2,827	12.2
3. Institutional Support & Project Management				
3. Knowledge management and M&E			717	3.1
3.2. Project Management			3,567	15.3
Total			23,236	100

Source: Aide-Memoire, 17-27 September 2019

*Note: The target of the Mobilizing Migrant Resources & Skills has been revised and downscaled to 45,000.

The project implementation modality that was suggested by the MTR was not effective. The project followed the Corridor Approach. The RERP has made substantial changes taking account of the new federal structure of the government in Nepal prioritizing the local government. Both physical and financial targets of the project scaled down considering the implementation status of the project and disbursements.

The unutilized loan amounted 19.00 million was cancelled. Therefore, all supervision missions and MTRs provided timely feedback to the project management through the agreed action that needed to be accomplished within the stipulated time. Thus, changes that were made were found to be highly appropriate and relevant as per the requirements for the project to ease the delivery of the project intervention and to attain the intended project development objectives. The project amendment and design change are highly effective, and the adequacy of changes is judged as **highly relevant** (6 out of 6).

D. ASSESSMENT OF PROJECT EFFECTIVENESS

The RERP adopted a multifaceted approach to achieve its overarching goal of reducing poverty and fostering sustainable peace through employment-centric, equitable, and inclusive economic development. The project's approaches are aligned with its core objectives and are designed to drive impactful change across various facets of development. The overall goal of the project contributing to reducing poverty through employment-focused, equitable, and inclusive economic development intervention has been broadly achieved in terms of the log-frame indicators. SAMRIDDHI has sincerely supported the youth, rural poor households, migrant families, and returnees in harnessing income-generating opportunities in the project locations. The target beneficiaries were engaged following the economic pathways recognized by

the project design update, particularly in (i) Supply Chain development in the productive sector, (ii) the promotion of RMSEs in both the farm and off-farm sectors and (iii) securing decent jobs through apprenticeship and job placement. Additionally, project beneficiaries were motivated and supported to make productive investments through technical and financial services. Additionally, SAMRIDDHI has successfully complied its key performance targets (Table 2). Therefore, the effectiveness of the project was evaluated as highly **satisfactory** (6).

Table 2: Status of the Key Performance Indicators

S.N	Key Performance Indicators	Target	Achievement	Progress (%)
1	The total number of households reached	87,500	104,803	119.77
2	The total number of household members reached	420,000	548,811	130.67
3.	Total number of persons receiving services	90,000	104,803	116.45
4	No of people with more profitable and resilient households - or small enterprises or secure remunerative skills-based jobs	10,200	21,747	213.20
5	Households reporting adoption of environmentally sustainable and climate-resilient technologies and practices	8,000	7,028	87.85
6	CCI Strengthening	27	27	100
7	Percentage of partner CCIs achieve a minimum score of 135 points (N=27)	60	92.5	154.12
8	Number of partner cooperatives accessing wholesale finance or linkage banking	150	236	157.33
9	Business-to-business linkage events, including MSPs, in supported Supply Chains with representatives of producer organizations, buyers, and service providers.	300	480	160.00

Source: RERP database and various reports

D.1. Physical Targets and Output Delivery

The RERP achieved remarkable progress despite several delays in the early years and successfully overcame problems and weaknesses that occurred during implementation before September 2019. The project reached 548,811 people (130.67% of the target) against its goal of 420,000, as well as 104,803 households (119.7% of the target). The RERP project also achieved more than 99% of its financial progress (Table 3). It could be claimed that the overall goal of the program has been broadly achieved in terms of the log-frame indicators considering the restructured project outreach. The project has successfully achieved its key outreach targets (Table 2). The net outreach on RMSEs and job promotion component was more than 100% and net outreach under the productive investment component was nearly 99%.

Discrepancies in the target were noticed under subcomponent 2.2: Mobilizing Migrant Resources & Skills. According to the Aide-Memoire from the supervision mission held on September 17-27, 2019, the target was set at 110,000 people, but the project reached only 69% of this goal (75,864 out of 110,000). However, SAMRIDDHI reported that the target for this component was 45,000. Based on this target, the project reached 75,864 people, achieving almost 169% of the target. Therefore, the performance of the physical progress is highly **satisfactory** (6 out of 6).

Table 3: Key Outreach Targets and Progress by Components

Component / Subcomponent	Outreach Target		Progress	
	Previous (people)	Revised (people)	People	% against the revised target
1. RMSE & Job Promotion				
1.1. Supply Chain development	57,000	10,000	11,522	115.22
1.2. RMSE development	7,500	0	11,618	-
1.3. Decent Job through TVET	30,000	30,000	29,521	98.40
1.4. Social Mentoring (HH from C1.1)	6,750	1000	1,378	137.80
Sub-total (net-discounting overlaps)	94,500	40,000	41,043	102.61
2. Productive Investment				
2.1. Financial Inclusion	210,000	50,000 +10, 000 (C1.1)	91,616	152.69
2.2. Mobilizing Migrant Resources & Skills	-	45,000 (110,000) *	75,864	168.59 (68.97) *
Sub Total (net)	210,00	170,000	167,480	98.52

* Note: Aide-Memoire, 17-27 September 2019

Source: Aide-Memoire, September 2019 and RERP database.

Development effectiveness

The project aimed to provide sustainable sources of income to poor households, youth, migrant families, and returnees by establishing or supporting viable rural micro, small, and medium enterprises in both the farming and off-farming sectors. This section describes the output of each component, considering the overall project development objective.

Component 1: RMSE & Jobs Promotion

RMSEs are considered the fundamental tool for rural economic growth as they are a major source for generating employment, creating wealth, and alleviating poverty in rural areas. Additionally, access to business development services, business mentoring, and access to finance are critical for the expansion of RMSEs. In this regard, SAMRIDDHI was successful in distinguishing the economic pathway as per the theory of change, and its intervention focused on poorer segments of youths and migrant workers, and their families to create sustainable sources of income.

Supply Chain Development: The project's intervention in Supply Chain development focused primarily on building competitive agricultural and non-agricultural activities. Most of the project-supported Supply Chains were farm activities and non-farm activities (Table 4). Supply Chains have been developed for five profitable commodities—vegetables, medicinal and aromatic plants (MAPs), goats, dairy, and fish- with project support including 500 boring facilities, 91 plastic ponds, and 70 vermicomposting pits. Additionally, 45 market collection centres—including 37 for dairy with a chilling vat capacity of 27,500 litters and 8 centres for vegetables—33 agri-enterprises for input supply and marketing, 4 essential oil facilities, and 2 fish hatcheries were also developed with project support. About 31% of the households engaged in vegetable farming, followed by dairy farming (27%), fish and goat farming (more than 15%), and MAPS (11%). These Supply Chain development activities and RMSE support interventions were able to link small-scale producers to local and regional markets. This led to strengthened and stabilized access to markets for small-scale producers, ultimately contributing to rural poverty reduction through increased agricultural income.

Table 4: Number of Households Involved in Various Supply Chain

S.N.	Sector	No Households involved	Percent of total
1	Dairy farm business	3,159	27.42
2	Fish culture and business	1,788	15.52
3	Goat farming	1,745	15.14
4	Vegetable farming and marketing	3,544	30.76
5	MAPS	1,259	10.93
6	Others	27	0.23
	Total	11,522	100.00

The project intervention mobilized 21,747 households (213% of the 10,200 HH target) to participate in smallholder-based commercial farming groups within the cluster. Additionally, around 96 households replicated similar approaches outside the clusters based on their exposure to the project intervention, demonstrating a spillover effect. These farm households received financial support from cooperatives and other public service providers. The end-line survey identified that the project was able to harness the synergy effect by coordinating with other service providers for technical training related to different Supply Chain activities, supplying high-quality inputs (e.g., seeds, improved livestock breeds, and fingerlings), and increasing access to finance.

This approach also improved agricultural productivity and diversification by helping farmers adopt advanced techniques, manage soil and pests effectively, and cultivate high-value crops suited to local conditions. The project supported Financial Education and Enterprise Knowledge (FEEK) training via savings and credit cooperatives and organized several business linkage events (480, 160.0% of the target) with the Local Chambers of Commerce and Industry (CCI) to support smallholders in Supply Chain and RMSE development. Though RERP planned to set up 16,000 RMSEs as a profit-making institution, 19,090 (119%) RMSEs were reached for support services. Creating RMSE and job opportunities for producers, including smallholders, and other RMSE through the development of competitive and inclusive agricultural and non-agricultural clusters that are part of Supply Chains serving wider markets, often outside the local area.

Several events organized on multi-stakeholder platforms (MSP) and Business-to-Business (B2B) services significantly helped with product marketing and enhancing the profitability and sustainability of rural enterprises. The use of cluster development as a marketing strategy and the collective marketing system adopted by the producers' groups was quite successful. These activities helped mature and enhance business linkages in both local and regional markets. They also supported first-hand processing, bulking agricultural products to reduce marketing costs, and improving storage and packaging to increase the value of agricultural products for the end market.

In a nutshell, analysis of the Supply Chain's impact pathways reveals that the positive impact on household income was due to higher agricultural income, driven by increased sales volume as the RERP focused on high-value commodities in rural areas. The project was also able to harness the synergy of other public service providers, including the local government. The positive impact on household income is particularly significant for rural households, as higher income levels help improve household food security and asset accumulation. The end-line survey clearly showed that, on average, beneficiary production involved in Supply Chain commodities/ enterprises increased by 76% against a 15% increase in non-beneficiaries. The vegetable enterprise exhibited the highest increase in productivity (67%), indicating significant potential for expansion in the project areas. Overall, there is a significant increase in household income, as the End-line survey reported that the income of participating households in the vegetable enterprise realized the highest increase (89%) in their monetary income after the project support, followed by 77% in goat farming, 68% in both dairy and fish enterprises, and 65% in MAPs.

CCI Capacity Development: The Agro Enterprise Centre (AEC), the agricultural division of the Federation of Nepalese Chambers of Commerce and Industry (FNCCI), is an implementing partner of the RERP. AEC's core concerns are policy advocacy to create an enabling environment for private investment, entrepreneurship development, agricultural markets, and trade facilitation. As an implementing partner of the RERP, AEC is responsible for the RMSE development Sub-component under Component 1. The primary role assigned to AEC is CCI capacity development, enabling them to provide quality business services that support entrepreneurs, farmers' groups/cooperatives, and the business community in achieving sustainable growth through local Chambers of Commerce and Industry in the projects.

The major capacity-building activities delivered to CCIs were thematised on business idea generation, business development process, the role of BDS providers for RMSEs, the process of BDS, business plan essentials, entrepreneurship skills, Information, and Communication Technology (ICT) training on web application, and local-level BDS needs. AEC has successfully conducted the “Respiration” self-assessment of CCIs to evaluate their capacity. This self-assessment was completed for 27 CCIs (100% of its target), with 17 of these CCIs rated as very strong. Vibrant CCIs are crucial for an improved business environment and services for local RMSEs in the project districts. Notably, CCI organized more than 480 business linkage events (BDS, B2B, and MSP) during the RERP Project period. In this context, AEC has provided trustworthy support for the enhancement of local CCI capacity. It is essential to continue collaborating with the CCIs on B2B and market linkage events to support the targeted beneficiaries.

Decent Jobs and Apprenticeship: This sub-component was led by HELVETAS – an implementing partner of the RERP. The main concern of the Decent Jobs and Apprenticeship is to provide Vocational Skills Training (VST) to the poorer youth with good quality skills relevant to local employment and enterprise opportunities. So, that they can secure decent jobs and/or establish their successful skills-based RMSEs in both farming and off-farming sectors to ensure sustainable sources of income. The decent job subcomponent was delivered through Technical and vocational education and training (TVET) with integrated job placement by private technical training providers and apprenticeships with local businesses. The VST and apprenticeship program is tailored for youth from poor households, migrant families, and returnees, providing gainful job placements for those seeking alternatives to migration and those not interested in or unable to take the risks inherent in business development.

A total of 29,307 individuals (98% of the 30,000 targets) received skill training, comprising 56% women, nearly 44% men, and over 90% youth (Table 5). Among them, 26,870 skill graduates also received FEEK training, which they reported as being very valuable. A total of 27,302 youth participated in skill tests conducted by the National Skill Test Board (NSTB), achieving a success rate of 87%. A study conducted by RERP revealed that 78% of these individuals were gainfully employed (vs. the 70% target) for six months after graduation earning an average of NPR 13,439 per month (vs. the threshold for “gainful” employment of 10,000 NPR).

Table 5: Number of Trainees Received Decent Job Training

Description	Total	Women	Men	Youth	Other
Target	30,000	15,000	15,000	27,000	3,000
Achievement	29,307	16,481	12,826	26,510	2,297
Progress (%)	97.7	109.9	85.5	98.2	93.2
% of total Trained		56.24	43.76	90.46	9.54

Source: RERP database.

Social Mentoring: The RERP adopted the Gender Action Learning System (GALS), which is a widely used participatory approaches that promote gender justice, and equality. This tool allows participants to visualize their future and draw in concrete terms what they would like to achieve and the timeline. The visual diagramming tools support people to analyse their current circumstances/reality and map possible income generation streams or activities that they can engage in to achieve their vision. The GALS approach

includes a Road Vision Journey⁹ with a Challenge Action Tree¹⁰, Gender Balance Tree¹¹, Empowerment Leadership Map¹², and Multilane Highway¹³ tools to analyse the gender-related issues and actions for justice, and equality.

The GALS approach was successful in social mentoring for the most vulnerable populations, including women, youth, migrants, and returnees for mitigating common social risks, especially in the Madesh Province to gain transformative economic and social empowerment. The project accomplished a social mentoring exercise for 1378 (138% against target) people. 107 trained trainers facilitated this exercise. Importantly, the project is supported by the Dream Support Fund for 502 households who have graduated through this process. Additionally, four local authorities have trained a further 11 mentors realising GALS as a good tool for social mentoring. The performance of the Component 1 is measured as **highly satisfactory** (6 out of 6)

Component 2: Productive Investment

These components are envisaged to promote productive private investment through the improved accessibility and use of appropriate financial services and more productive use of migrant skills, remittances, and investments, especially focusing opportunities on the economic pathways as promoted under Component 1.

Financial Inclusion: The project's large-scale Financial Education and Enterprise Knowledge (FEEK) training program has been a major success. Feedback from both participants and trainers has been overwhelmingly positive. The training is consistently described as practical, engaging, and a significant improvement over previous financial education initiatives as well as social mobilization tools to make the producers group vibrant. Notably, 91,616 individuals (81% women and 68% youth) have completed the training, exceeding the target by 153%. Among these, at least 68,176 are documented to be using financial services (142% of target), with the actual number likely higher due to limited data tracking.

SAMRIDDHI has significantly exceeded targets for supporting financial inclusion. It supported 236 service providers (157% against target) in delivering financial services and products. In parallel, the project also provided intensive capacity-building support to 175 cooperatives (116% of the target) through *Sana Kisan*

⁹ Road Vision Journey- This tool allows participants to visualize their future and draw in concrete terms what they would like to achieve and the timeline. They also analyse their current circumstances/reality and map possible income generation streams or activities that they can engage in to achieve their vision. Setting of achievable targets that can be measured is a key element of the Vision Road Journey. Over time road journeys progressively develop into detailed and powerful strategic plans

¹⁰ Challenge Action Tree- It is a way of improving the planning on our Vision Road Journey. It is a version of the Problem Solution Tree with the notable difference being that in GALS, the emphasis is not on 'problems but challenges that can be overcome through concrete action commitments. The Challenge Action Tree can be done for any issue once the basic principles have been learned

¹¹ Gender Balance Tree – the tool used to analyse workload, expenditure, asset ownership between men and women at the household level. It maps out who contributes most of the household work and who benefits most from the income generated by the household. The tool is intended to increase participant awareness of who benefits most from the household income and the inherent gender inequalities in workload in relation to ownership and control of assets as well as decision making and authority, and based on that to identify what they want to change.

¹² Empowerment Leadership Map is the link between the individual and collective change process. It is a detailed analysis of emotional, economic and power relationships within families and communities, including analysis of patterns of violence. However, at this stage the individual maps must be confidential and ensure that sharing such sensitive information does not make people vulnerable.

¹³ Multilane highway- is a tool of consolidation all 3 tools. It starts by giving participants some time to look back through their diagrams and bring these together into their personal Multilane Highway for monthly tracking until the first Participatory Gender Review. In the Top Lane, it has included the vision, milestones and actions of Road Vision Journey, in the Middle Lane, it has included the changes in gender relations in the household required for women and men to achieve from the Gender Balance Tree, and in the Bottom Lane, has included to achieve that vision and actions from the Empowerment Leadership Map.

Source: Adapting the Gender Action Learning System (GALS) in Development Programmes, Participatory Ecological Land Use Management (PELUM) Uganda, 2016

Bikas Laghubitta Bittiya Sanstha Ltd. (SKBBL). This resulted in 134 cooperatives (99.25% of target) securing new access to wholesale financing, enabling them to increase lending to their members. The project delivered Financial Education and Enterprise Knowledge (FEEK 1&2) training for 91,616 persons. A total of 236 rural cooperatives capacitated financial products and services delivered in the rural areas. The wholesale finance is accessed by 124 partner cooperatives from BFIs. Among them, 95 cooperatives affiliated with SKBBL mobilized NPR 4,284 million of wholesale loans, and 68,176 HH members of cooperatives benefitted. Furthermore, 3,126 Supply Chain members (53% migrant HH & returnees) linked with cooperatives and BFIs for NPR 773 million of resources. Notably, the combination of large-scale FEEK training for members alongside cooperative management capacity building proved highly effective. This approach revitalized many cooperatives, leading to significant increases in membership, share capital, savings, and lending rates.

Building upon the pilot program supported by the IFAD Finance Facility of Remittances (FFR), implemented by 4 Access Advisory 15 cooperatives have introduced remittance-linked savings accounts. These accounts allow overseas workers to directly deposit remittances, with account access controlled by the worker. Several more cooperatives are planning to launch similar initiatives. Additionally, many supported cooperatives now act as agents for international money transfer organizations (MTOs) such as Global IME and Western Union.

Mobilizing Migrant Resources and Skills: Efforts to provide professionally run services for migrants continue to show promising results. All fourteen Migration Resource Centres/Migration Information Desks (MRC/MIDs) have transitioned to local authority management. These centres have provided counselling to over 75,864 clients (169% of the target). Among them, 82% and 17% were youth and women respectively. Unfortunately, two MRC/MIDs ceased operations due to local authority disputes, including staff removal or unresolved funding agreements. Furthermore, 567 cases were handled and facilitated to claim compensation of USD 1.1 million. More than 3,300 returnee migrants supported in accessing economic opportunities, 2,257 under Supply Chain, and 1,085 under Decent Jobs. From the perspective of policy support, the SAMRIDDHI has supported to preparation of nine migration and reintegration policies and eight MRC operation guidelines. These policy documents were endorsed by the respective government and Dhankuta Municipality – a local government that is the first in the country who endorse the policy document.

Additionally, seven local authorities have committed to fully funding ongoing MRC operations, either independently or in collaboration with neighbouring local authorities. The remaining five MRC/MIDs are currently operating in Palikas serviced by the SDC-funded Safer Migration (SAMI) project. They will continue as a combined service under local authority management using SAMI funding for one year, anticipating full financial responsibility from the local authorities. The delivery of the Component 2 is judged as **highly satisfactory** (6 out of 6)

D.2. Project Outcomes and Impacts

The SAMRIDDHI Project aimed to reduce poverty and promote sustainable peace by fostering employment-focused, equitable, and inclusive economic development and initially envisioned a budget of USD 68.15 million (IFAD: USD 38.61 million, National: USD 29.53 million). However, due to slow disbursement and implementation challenges, the project budget was revised to USD 25.25 million. This revision coincided with adjustments to the project design and planned costs. Following these modifications, the SAMRIDDHI Project achieved remarkable success, exceeding or meeting planned targets in almost all areas. Notably, the project utilized nearly 99% of the revised budget. This section highlights the project's major outcomes and impacts.

1. Project interventions engaged over 110,000 households and trained 29,307 individuals (among them 22,596 with apprentices) in skills related to productive Supply Chains. This initiative aimed to

establish RMSEs in both farm and non-farm activities, equipping participants with the skills and resources to create sustainable income sources.

- a. The project's development of Supply Chains and support for RMSEs successfully connected small-scale producers to local and regional markets. This strengthened and stabilized market access for these producers, ultimately contributing to rural poverty reduction through increased agricultural income. The End-line survey demonstrated that, on average, beneficiary production in Supply Chain commodities/enterprises increased by 76%, compared to a 15% increase for non-beneficiaries. The survey also indicated that the income of participating households saw the highest increase (89%) in vegetable enterprises after project support, followed by 77% in goat farming, 68% in both dairy and fish enterprises, and 65% in Multipurpose Agricultural Practices Medicinal and Aromatic Plants (MAPs).
- b. Vocational skill trained, 27,302 youth participated in skill tests conducted by the NSTB, with a notable success rate of 87%. A subsequent study by the Rural Enterprise and Remittance Project (RERP) revealed positive employment outcomes. Among those who passed the skill tests, 78% secured gainful employment within six months of graduation (exceeding the target of 70%). These employed graduates reported average monthly earnings of NPR 13,439, surpassing the threshold of NPR 10,000 for "gainful" employment. About 21% of returnees out of 29,307 are trained and engaged in gainful employment through decent jobs.
- c. Multi-stakeholder platforms, B2B services, and cluster development strategies effectively enhanced rural enterprise profitability and sustainability. Additionally, collective marketing practices have been successfully implemented for various Supply Chain commodities (e.g., vegetables, fruits) by producer groups, improved processing, product bulking, and better storage/packaging and it also strengthened business linkages in local and regional markets, increasing the value of agricultural products.
- d. Significant advancements in farming practices include the adoption of tunnel farming, transitioning goat rearing from open grazing to stall feeding systems, and the utilization of barren forest land for cultivating Medicinal and Aromatic Plants (MAPs).
- e. Changes in the average income of the project beneficiaries who participated in the Supply Chain are presented in Table 6. It reveals that there are significant changes in the average income, 230% in goats followed by 185% in vegetables, 158% in milk, and 126% in fish respectively. The least increase in average income realized in MAPs value chain.

Table 6: Changes in the Average Income of Beneficiaries

Supply Chain	Baseline	2078/79	2079/80	2080/81*	% Change from baseline
Dairy	110,478	196,672.46	221,849.20	174,550.36	158.00
Fish	262,072	491,835.30	652,634.17	330,591.30	126.15
Goat	45,275	77,752.65	104,491.67	104,376.17	230.54
Vegetable	91,710	178,599.26	232,281.85	170,030.91	185.40
MAPS	45,678	62,876.09	59,676.47	26,284.38	57.54

* It is partial data and includes the data of 1st quarter and 2nd quarter only. The 3rd quarter will be available after 15th July 2024.

Source: RERP database

2. **Social Mobilization-** The GALS approach to social mentoring proved highly successful in empowering vulnerable populations, particularly women in Madhesh Province. This approach focused on mitigating common social risks and facilitating transformative economic and social

change. The Gender Action Learning System (GALS) program has trained 107 mentors and supported 1,378 women. Additionally, 790 poor and vulnerable households received support through the Poverty Inclusion & Dream Support Fund. According to the Endline Survey, 74% of participants reported there are improvements in the empowerment level of the project beneficiaries. The project's "Dream Support Fund" provided financial assistance to 502 households who graduated from the mentoring program, enabling them to pursue income-generating activities. Additionally, recognizing the GALS approach's effectiveness, four local authorities trained an additional 11 mentors, demonstrating local ownership and potential for broader implementation. Along with financial literacy, the FEEK tool also extended to vibrant producer groups/groups in the community.

3. Access to business development services, mentorship, and financial services and its quality improved substantially. The project has capacitated 236 cooperatives (157% of the target) to deliver financial products and services. The wholesale loan through various financial institutions was accessed by 124 partner cooperatives (92% of the target). Of the 95 cooperatives affiliated with SKBBL, 50 have accessed wholesale loans totalling NPR 644 million, with an average of NPR 13 million each, while the total accessed wholesale loan amount stands at NPR 4,284 million. A total of 68,176 cooperative members utilizes financial services. Credibly, 3,126 Supply Chain members, including 53% migrant households and returnees, have been linked with cooperatives and BFIs for a total of NPR 773 million. IT support was provided to 99 cooperatives, and 73% of these cooperatives are now using it to automate their operations.
4. The End-line survey indicated positive outcomes for project beneficiaries:
 - a. 90% of surveyed project-supported vocational trainees and apprentices reported being gainfully employed for at least 6 months, with 54% being women.
 - b. 76% of rural enterprises that received RERP support and participated in the survey reported increased profits.
 - c. 69% of directly beneficiary households surveyed reported an increase of at least 20% in household asset ownership within four years of project support.
 - d. 77% of surveyed women from beneficiary households reported achieving minimum dietary diversity for women (MDDW).
 - e. The survey also indicated that 81% of beneficiaries were satisfied with the project's support and facilitation.

5. FEEK Training

- a. FEEK training is categorized as financial literacy (FEEK-1) and financial literacy including business skills (FEEK 2). A significant outcome of the FEEK training program is the development of a local pool of training resources. Over 554 trainers have been recruited from communities, with 453 categorized as active or very active (Category A and B) in delivering financial literacy training¹⁴. These experienced trainers are an asset for local authorities, cooperatives, and other stakeholders to continue offering FEEK training programs. Many cooperatives and local governments have already committed to utilizing these trainers and continuing the program independently. Notably, the Karjana local authority in Siraha has implemented a "Financial Literacy for All" policy, aiming to reach every household with financial literacy training.
- b. A total of 91,616 individuals (153% of the target) have been trained in Financial Education and Enterprise Knowledge (FEEK 1/2) through cooperatives. Business skills (FEEK2) support delivered to 9,895 individuals. FEEK Training delivered through cooperatives has not only

¹⁴ Super Vision Report, November 2017

benefited members but also strengthened these institutions. This combined approach of widespread member training and cooperative capacity building has proven highly effective in revitalizing many cooperatives, leading to significant increases in membership, share capital, savings, and lending rates.

6. Financial Access and Services Improved at Project Locations

- a. **Remittance-Linked Savings:** 19 cooperatives have launched new remittance-linked savings accounts, allowing overseas workers to directly deposit funds while controlling account access. This expands access to formal financial services for migrant workers and their families.
- b. **Increased Financial Inclusion:** A total of 24 supported cooperatives are now agents for international money transfer organizations (MTOs). This provides convenient and potentially more affordable remittance transfer options for migrant workers, further promoting financial inclusion.

7. Outreach from MRC/MID Services Centres Improved Sustainably

- a. **Improved Outreach:** These centres provided counselling to over 75,864 clients, reaching a significant number of youth (231%) including women (202%).
- b. **Policy Influence:** The project supported the creation of 9 migration and reintegration policies and 8 MRC operation guidelines, endorsed by relevant government bodies. Dhankuta Municipality became the first to endorse these policies.
- c. **Sustainability:** Migration Resource Centres / Migration Information (MRCs/MID) transitioned to local authority management, ensuring long-term service provision. Even local authorities committed to fully funding ongoing MRC operations, demonstrating local ownership.

The SAMRIDDHI Project successfully leveraged the development and expansion of Rural Micro, Small, and Medium Enterprises (RMSEs) within productive Supply Chains, encompassing both farm and non-farm sectors. This approach, combined with vocational skill-based training to create decent jobs, served as a fundamental tool for promoting rural economic growth. Furthermore, SAMRIDDHI effectively differentiated its economic development pathway by aligning with its theory of change. The project's interventions specifically targeted economically disadvantaged youth, migrant workers, and their families, aiming to create sustainable sources of income for these vulnerable populations.

Due to a lack of sufficient data to assess the project's contribution to poverty reduction and the improvement of children's nutritional status, it is challenging to evaluate the sustainable livelihood improvements of the project beneficiaries within five years. Therefore, the overall outcome and impact of the project are rated as **satisfactory** (5 out of 6).

Agricultural Productivity: The project provided grant funding and facilitated private funding for agricultural-based RMSEs (fish, vegetables, dairy, goat, and MAPs). It also offered skills training, improved technologies, and market access, leading to significant increases in agricultural productivity and reduced post-harvest losses. Additionally, RERP has achieved substantial increases in average production across all five commodities, despite not having formal targets for this. The evidence is well documented, with data captured annually via individual farm diaries and entered the project MIS for over 85% of Supply Chain beneficiaries. RERP database findings document impressive production growth resulting from the significant improvement in average income earned by the project beneficiaries. Based on the following evidence, the improvement in agricultural productivity is rated as **highly satisfactory** (6 out of 6).

- a. Vegetables: +185.4% (Net income basis - due to significant change in varieties/types of vegetables with different weights, cost of production, etc.)

- b. MAPS: +57.54% (Net income basis - due to significant change in varieties/types of MAPS with different weights, cost of production, etc.)
- c. Goats: +230% (Net Income)
- d. Fish: +126.15% (Net Income)
- e. Milk: +158% (Net Income Basis) Fodder production area has also increased by 93%

Adaptation to Climate Change: Rated Satisfactorily, mitigating climate change in agriculture involves adopting practices and technologies that reduce greenhouse gas emissions, enhance carbon sequestration, and improve the resilience of agricultural systems. RERP has significantly helped beneficiary households reduce their exposure to climate change-related risks. The large-scale delivery of VST and job placements in non-weather-dependent jobs has created substantial economic resilience to climate change impacts for households and communities. In agriculture, technical production improvements have reduced vulnerability to climate change. For example:

- a. Goats: RERP intervention supported fodder plantation and shift from open grazing practices to stall-based feeding to minimize the emission through goat rearing practices.
- b. Vegetables: Widespread use of polytunnels, drip irrigation, and mulch sheets to improve water efficiency and protect from heavy rains.
- c. MAPS: Promotion of irrigation to reduce exposure to variable rainfall.
- d. Fish: Aeration to increase survival during hot periods and boreholes to maintain water levels during dry spells.

Additionally, the widespread roll-out of financial education training, combined with the capacity strengthening of savings and credit cooperatives, has led to a notable increase in the savings rate among the large numbers of people trained. These increased financial assets enhance the resilience of rural communities to climate change and other shocks and improve households' recovery capacity.

D.3. Targeting and Outreach

The project covered 208 municipalities (Palikas) across Bagmati, Madhesh, and Koshi Provinces, serving a population of approximately 7.8 million people in 1.5 million households across 16 districts. Project interventions intensively targeted over 100 "Priority Palikas" (e.g., those with higher poverty rates and potential for Supply Chain development) with a population of about 4 million. Additionally, the project employed a corridor approach, focusing on the Koshi-Sagarmatha Corridor and Janakpur Corridor. This strategy aimed to link hill districts with Terai markets, facilitating the smooth flow of goods, services, and economic activities.

Outreach: The Rural Enterprises and Remittances Project (RERP) effectively utilized outreach strategies, exceeding its targets by reaching 548,811 people (131% of the target 420,000) and 104,803 households (120% of the target). This strong outreach likely contributed to the project's success in creating viable rural micro, small, and medium enterprises (RMSEs), both in the farming and off-farming sectors for sustainable sources of income to the rural poor households, migrant families, and returnees.

Table 7: Project Outreach by households and Services

	Direct Households			Persons Received services of RERP				
	Total	Women	Men	Total	Men	women	Youth	Janajati
Target	87,500	NA	NA	90,000	45,000	45,000	54,000	NA
Achievement	104,803 (120%)	27,290	77,513	104,803 (116%)	25,964 (58%)	78,839 (175%)	73,109 (135%)	41,049
% of achievement		26%	74%		24.8	75.2	69.8	39.2

Overall inclusion performance of the project is strong for women, youth, poor, and disadvantaged ethnic groups (Dalit, Janajati, Madhesi, and Muslims). Women's participation is high (Supply Chains: 67%, Decent Jobs: 56%, FEEK1: 81%) and well above target (50%) in all components other than male-dominated migration services (17%). Youth participation is very high (SC 67%, Decent Job 92%, Migration 82%, FEEK1 61%) and well above target (60%). Poverty data is routinely monitored for all beneficiaries in Supply Chain Development, VST, and GALS, with 85% classed as poor using the Poverty Propensity Index (Ultra poor, Poor, and Active poor).

Targeting performance is rated as highly satisfactory as the Project interventions specifically prioritized economically disadvantaged youth, migrant workers, and their families. This targeted approach aimed to empower these vulnerable populations by equipping them with the skills and opportunities to create sustainable sources of income.

Quality of Project Target Group Engagement and Feedback System: RERP prioritizes active beneficiary participation through robust engagement and feedback mechanisms. The quality of the beneficiary engagement and feedback system was rated **as satisfactory** (5 out of 6). These mechanisms are as follows.

- a. **Social Cohesion and Gender Action Learning System (GALS):** These approaches naturally encourage participation, with beneficiaries regularly providing feedback at multi-stakeholder platforms (MSPs) and business-to-business (B2B) events (480 held so far). This feedback helps shape project priorities and builds beneficiary capacity for effective engagement. Notably, GALS empowers vulnerable women to participate confidently and have their voices heard.
- b. **Decent Jobs for Youth:** The project offers a diverse range of trades, allowing beneficiaries to choose based on their interests and goals. Partnering with local authorities has improved accessibility, especially for women entering non-traditional trades.
- c. **Vocational Skill Training (VST):** Regular monitoring and feedback mechanisms are embedded within the training process. Trainees provide feedback during training and after graduation. This successful approach has been adopted by over 12 local government partners, demonstrating its effectiveness.

D.4. Innovation, Replication and Scaling-up

The RERP project adopted a range of innovative practices with high potential for replication and scaling. The performance of these practices was rated **as satisfactory** (5 out of 6). These include:

- a. **Gender Empowerment:** The GALS approach for gender empowerment has been successfully adopted (cost-sharing basis) by several local governments and cooperatives, demonstrating its scalability.
- b. **Remittance-Linked Savings:** 19 cooperatives have launched new remittance-linked savings accounts, allowing overseas workers to directly deposit funds while controlling account access. This expands access to formal financial services for migrant workers and their families.
- c. **Sustainable Supply Chain Management:** Several innovative practices were adopted to create sustainable Supply Chains:
 - i. **Co-financing for Fish Cluster Development:** Six municipalities endorsed the Fish Cluster Development Approach, co-financing NPR 14.62 million. These municipalities also initiated revenue collection from fish farmers for a dedicated Fish Cluster Development Fund, promoting long-term sustainability.
 - ii. **Collective Marketing Success:** Collective marketing practices were implemented for various commodities (fish, goat, vegetables, milk, and medicinal plants), improving market access for producers.

- iii. **Improved Farming Techniques:** The project introduced major changes in farming practices through tunnel farming, stall-feeding systems for goats, and utilization of barren land for medicinal plants (MAPs).
- d. **High-Impact Apprenticeship Program:** Collaboration with the Federation of Nepalese Chambers of Commerce and Industry (FNCCI) on an apprenticeship program resulted in an impressive 84% employment rate for graduates, demonstrating a more sustainable approach to job placement. A pilot VST program in Agriculture trained 1,300 individuals.
- e. **Women's Economic Empowerment:** The project went beyond traditional skills training for women, promoting their engagement in gainful employment across various sectors.
- f. **Local Government Engagement:** Collaboration with local governments in training selection and monitoring enhanced women's participation and improved the overall effectiveness and efficiency of training programs.
- g. **Project Management System Adoption:** The RERP's robust Management Information System (MIS) is being adopted by the Ministry of Industry, Commerce, and Supplies (MoICS), as well as IFAD projects in Maldives (MAP) and Swaziland (INCLUDE).
- h. **Policy Support at the Local Level:** RERP supported local governments in developing sustainable agriculture development strategies and operational plans.
- i. **Migration Database Handover:** The project's functional Migration Database Management Information System (MIS) will be handed over to the Ministry of Labour, Employment, and Social Security for continued use through local governments. Meetings are underway to finalize the handover process.

E. ASSESSMENT OF PROJECT EFFICIENCY

E.1. Project Costs and Financing

Project Financing: The RERP project was initially designed with a budget of USD 68.15 million, with contributions from both IFAD (USD 38.61 million) and national sources (USD 29.53 million). National financing included a government counter-fund of USD 9.2 million and an additional USD 20.39 million from beneficiaries' contributions. The IFAD finance constituted both loan and grant and augmented 56.7% (loan: ~32% and grant: ~24%) of the total financing. The planned government counterpart fund and beneficiaries' contribution were ~13% and ~30% respectively (Table 8).

Table 8: Budget and Expenditure

S.N.	Sources	Allocation (\$, mill.) /2	Revised Allocation (\$, mill.)/2	Utilization (\$, mill.)/3	Progress (%)	Percent of Total Cost
1	IFAD Loan/3	21.80	2.23	2.29	102.62	8.52
2	IFAD Grant	16.82	16.31	15.75	96.54	58.52
Sub-total(A)		38.61	18.55	18.04	97.28	67.03
3	Gov. of Nepal	9.15	4.20	3.80	90.45	14.13
4	Private Sector	13.75	0.62	0.56	89.72	2.07
5	Beneficiaries	6.64	1.88	4.51	239.79	16.77
Subtotal (B)		29.53	6.71	8.87	132.30	32.97
Total (A+B)		68.15	25.25	26.91	106.58	100.00

Note: 1. Supervision Report 30 October - 10 November 2023

2. RERP- PMO, Overall Presentation for Project Completion Mission (Jun 11-12, 2024), 17 June 2024.

3. The disbursed amount is more than the appraisal amount due to exchange rate fluctuation.

However, the project faced challenges in disbursement and implementation during the initial stages. The overall performance of the project was rated as highly unsatisfactory due to a very low disbursement rate and limited field activities in implementation till September 2019. Supervision overall performance of the

Project. In response, the IFAD Supervision Mission in September 2019 took corrective measures by scaling down the project cost to a more manageable USD 25.25 million, ensuring reliable financing for the remaining project period.

The revised financing plan of USD 25.25 million consisted of USD 18.55 million of IFAD assistance, USD 4.20 million of government counterpart funds, and an additional USD 2.36 million from beneficiary contributions (Table 8).

Utilization of the Funds: The RERP project achieved remarkable success in utilizing its revised budget. Nearly 99% of the allocated funds were effectively disbursed. Disbursement rates were particularly impressive, exceeding 97% for IFAD funds and reaching more than 90% for government counterpart funds. An important factor contributing to the project's success was the exceptional engagement of beneficiaries. Their contributions significantly surpassed targets, reaching an impressive 239.8% of the target. This translated to an additional USD 2.63 million mobilized for project activities. This achievement is particularly noteworthy in the Nepalese context, where mobilizing such contributions can be challenging. It reflects the outstanding performance of the project. The project's performance is rated as **highly satisfactory** (6 out of 6). This rating reflects the combination of high fund utilization, exceptional beneficiary contributions, and strong disbursement rates.

E.2. Quality of Project Management

Despite launching in December 2015, the Rural Enterprises and Remittances Project (RERP) encountered initial challenges. By October 2017, the project was categorized as "unsatisfactory" due to very low utilization of funds, only 1.4% of the total allocated funds. Significant delays in implementing field activities were noted due to complexities in the original project design, including a lack of robust economic analysis for project locations, and operational challenges such as delays in contracting key partners (AEC and HELVETAS) and late recruitment of the Project Management Office (PMO) team, compounded by frequent changes in Project Managers (three in the first two years).

In September 2019, a supervision mission led to the downscaling of the project cost and component targets. The project cost was reduced by cancelling an IFAD loan amounting to SDR 13.86 (USD 19.00 million) from the available balance of SDR 13.94, and the remaining funds were reallocated category-wise under DSF Grant No. 2000000702. Additionally, staffing adjustments were made to align with the revised project scope. These changes were documented in the Aide-Memoire from the mission held on 17-27 September 2019.

The RERP underwent restructuring at the beginning of 2020 and was removed from problem status in October 2020. Two 'no cost' extensions, totalling 18 months, were approved (on 2 June 2022 and 30 October 2023), allowing sufficient time to complete activities delayed by COVID-19. The project completion date is now set for 30 June 2024, with the project closure on 31 December 2024. Under the leadership of MOICS and the project partners, the project has been transformed from a chronic problem status to a consistently well-performing initiative, as noted in the Supervision Missions of April 2021 and June 2022.

The Project Management Office (PMO) is in Itahari, Sunsari district. The PMO is supported by the Technical Assistant Team. There are two Road Corridor Experts (RCEs) supported the technical experts including social mobilisers. The Liaison Office situated in Lalitpur district, is provisioned for effective coordination with the MoICS, MoF, National Planning Commission, and other central-level government institutions and the IFAD Country Office, Lalitpur.

The quality of project management is reflected in both the physical and financial performance of the RERP. Most physical progress targets were exceeded, and the financial delivery was excellent, with the project spending almost 99% of the allocated funds. Social inclusion and beneficiary targeting were highly focused, aligning with the project's goal and development objectives, particularly for poorer families, youth, women, migrant families, and returnees.

SAMRIDDHI developed robust operating guidelines, implementation manuals, and several other knowledge products to facilitate the implementation of field activities. The project established strong partnerships with its implementing partners, revising MoUs as needed, and maintained good coordination with related public institutions, securing necessary technical and managerial support. Project Steering Committee meetings were organized timely and as needed, providing clear direction and resolving policy issues that arose during implementation. Unaudited and audited accounts were submitted on time per IFAD guidelines.

The Technical Assistance team was deployed as needed, though there were delays in the hiring process. One key shortcoming identified was the lack of a Senior Expert at the PMO, preferably an Agricultural Economist, to lead the team, guide field activities, and provide periodic feedback. The project activities were well translated into its AWPB, which was reasonable with no significant variations between the planned and actual expenditure. The overall implementation status of the AWPB is moderate.

The RERP achieved remarkable progress despite several delays in the early years and successfully overcame problems and weaknesses that occurred during implementation before September 2019, as well as the negative impacts of the COVID-19 pandemic. Therefore, the quality of project management is rated as **satisfactory** (5 out of 6).

E.3. Quality of Financial Management

E.3.1. Counterpart Funds and Beneficiaries' Contribution

The project prepares the annual work plan and budget (AWPB) and procurement plan (PP) in the prescribed format. The draft AWPB and PP are generally submitted to IFAD for review and to obtain a Letter of No-objection (NoL). While the AWPB and PP are usually consistent, some activities in the PP are misaligned with the approved AWPB.

The Government of Nepal mandates the use of the Line Ministry Budget Information System (LMBIS) for preparing AWPB. SAMRIDDHI also uses this central budget entry system for AWPB preparation. The government allocates the necessary budget for the AWPB from both government counterpart funds and IFAD sources.

Government counterpart funds cover expenses such as office space, VAT, remuneration of government-deputed staff, and the operating costs of the PMO and two corridor offices. The government allocates the budget for the approved AWPB and provides counterpart funds for incurred expenditures based on the financing percentage outlined in the financing agreement.

According to the revised financing plan of SAMRIDDHI, the allocated counterpart fund was USD 4.2 million, of which USD 3.8 million (more than 90% of the target) was utilized as of May 2024. This demonstrates that the Government of Nepal has been allocating sufficient funds as per the financing agreement. Therefore, the allocation of the counterpart funds and its utilization and beneficiaries' contribution is rated **highly satisfactory** (6 out of 6)

E.3.2. Financial Documentation, Quality of Audit, and Timeliness

a. Financial Documentation and Submission: The RERP has adopted a reimbursement method for IFAD fund financing. Therefore, the Government of Nepal pre-finances all expenditures of the project except direct payment and requests reimbursement of the expenditures. In RERP, the beneficiaries' contributions are recorded in the Management Information System based on statements of expenditures and supporting documents submitted to the project. However, there is no proper system for recording and reporting private sector investments in the interim financial reports and project finance statements. As of May 2024, the beneficiaries' contribution amounted to NPR 3.278 million (131% against 2.502 million of target) including the contribution of the private sector. It is noted that beneficiaries' contributions have been reported in the project financial statements and interim financial reports but not the private investment.

To ensure effective financial management and maintain the quality of services and documentation of all financial records, the PMO has provisioned and recruited one Finance Officer, one Accountant, and one FM Specialist. However, there have been occasional delays in delivering approved activities in the AWPB due to disconnects between the finance team, the Senior Management Team (SMT), and component teams. Evidence includes unapproved or misaligned activities in the 2023/24 Procurement Plan¹⁵.

The accounts of RERP are maintained using the double-entry accounting system via the Computerized Government Accounting System (CGAS), which is mandatory for all government offices. The project discontinued using the IFAD-funded Project Accounting Software System (PASS) due to a lack of timely support from the service provider. Instead, data is extracted and prepared for withdrawal applications (WA), interim financial reports (IFRs), and project financial statements (PFS) using Excel spreadsheets. Statements of expenditures by category and component are generated from CGAS information and compiled in Excel for these reports.

The WA, IFRs, and PFS are being prepared in an Excel spreadsheet. The inventory of fixed assets and consumable items has been maintained in Public Assets Management System software. The physical verification of fixed assets was conducted annually.

b. Quality and Timeliness of Audit: The Financial Comptroller General Office (FCGO) is responsible for overseeing government accounting procedures and providing guidance to government entities. Internal audits are generally carried out quarterly by the Local Treasury Office. The Office of the Auditor General (OAG) audits the project, following Nepal Government Auditing Standards (NGAS) issued by the Office of the Auditor General of Nepal, which are acceptable to IFAD. Responses to audit remarks have been addressed and settled by the OAG promptly. However, while the Office of the Auditor General has issued unqualified (clean) audit opinions, there have occasionally been delays (78 days after the deadline) in submission¹⁶.

The audit report includes a basis for the opinion section and outlines the procedures undertaken during the audit. A Management Letter, containing management responses and the status of the previous year's recommendations, is part of the audit package. The Management Letter provides an update on the implementation status of previous years' recommendations. Key control issues highlighted include (a) delays in implementing project activities and utilizing project funds; (b) incomplete utilization of purchased project assets (software); and (c) weak accountability of training providers.

The financial statements of the implementing partners were received on time, and other financial statements have been prepared following IFAD Guidelines. The contract register has been uploaded into the ICP system of IFAD. The unaudited project account was required to be submitted by November 2nd each year. All financial statements have been maintained and submitted as per the requirements on the due dates, with few exceptions. The performance of the quality and timeliness of the audit is rated as **moderately satisfactory** (4 out of 6) due to delays in submitting audit reports.

E.3.3. Compliance with Loan Covenants

Most of the financing covenants have been complied with. However, non-compliance with some covenants has not affected project implementation. The percentage of female staff is below the required level. Partnerships with the Department of Foreign Employment, Foreign Employment Promotion Board, and Non-Residence Nepalese Association (NRNA) were not established as they were not deemed necessary or relevant. Periodic progress reports and other reports from consultants have not been submitted to IFAD on time. The project has complied with most of the covenants of the Financing Agreement, Letter to the Borrower (LTB), and General Conditions, except the following:

1. Financing Agreement:

¹⁵ Supervision Mission Report, October-November 2023.

¹⁶ Ibid

- i. Section E, Para 1(vi): The computerized accounting system identified, selected, and customized for IFAD-funded projects has been discontinued due to lack of support from the service provider and the mandatory use of the Computerized Government Accounting System (CGAS+) for all government offices. This system does not generate all the financial reports required by IFAD.
 - ii. Schedule 1, Section II, Para 3: Female staff constitute 29% of the total staff, which is less than the required 33%.
 - iii. Schedule 1, Section II, Para 6: Partnerships have not been established with the Department of Foreign Employment, Foreign Employment Promotion Board, and NRNA as they were not required or relevant for actual implementation.
 - iv. Revised LTB, Para (b): The first, second, and fourth quarter Interim Financial Reports (IFRs) for FY 2022-23 were submitted after the due dates: 12 December 2022, 10 April 2023, and 8 September 2023, respectively.
2. General Conditions:
 - a. Section 8.03: Periodic progress reports were not submitted to IFAD.
 - b. Section 8.05: Not all required reports were submitted to IFAD.
 - c. Section 9.03 (b): The audit report for FY 2021-22 was submitted on 3 April 2023, which was 78 days after the deadline, and the reply to the management letter was not submitted to IFAD.

Details of compliance with loan covenants are provided in Appendix 3. IFAD supervision Mission October-November 2023 noted that only two recommendations from last year's audit report had been implemented in full, while other recommendations have not been implemented. There might be a delay in the implementation of the remarks and recommendations. Therefore, compliance with the Loan Covenants Rating was **moderately satisfactory** (4 out of 6).

E.3.4. Performance of Procurement

Government entities are mandated to follow the Public Procurement Act 2063 and Regulation 2064, including amendments and no objection letters as per the financing agreement. RERP has adhered to national procurement procedures as per these regulations. An annual procurement plan is prepared along with the AWPB and is part of it. The annual procurement plan is shared with IFAD, and prior approval for procurement is obtained from IFAD based on the thresholds maintained in the financing agreement. All bid documents are processed through the Public Procurement Monitoring Office (PPMO) via online submission. Required documents related to procurement, including evaluation and award processes, are well maintained in the Project Management Office.

The supervision mission undertook a review of the procurement activities conducted for FY 2022/23 and FY 2023/24. The review covered the procurement plan (PP), contract-related files, including the ICP-CMT system, and physical verification of some procured goods and services. All requested documents were made available to the mission, and contractual data are being uploaded into the CMT system. However, non-alignment of some activities in the PP with the approved AWPB was noticed. There is a lack of realistic procurement planning, resulting in delays in the delivery of goods and services as planned. Although the nature and quantity of goods and services appear generally consistent with the activities in the AWPB, the delivery schedule does not correspond to the planned timeline due to procurement planning shortcomings. Therefore, implementation support is required to address these issues¹⁷.

During the mission, some procurement packages were randomly selected and reviewed. Bidding and Request for Proposal (RFP) documents issued by the Project Procurement Monitoring Office (PPMO), Nepal, were used for National Competitive Bidding (NCB), Quality and Cost Based Selection (QCBS), and Qualification Based Selection (QBS) packages. Evidence shows that more than the minimum number of

¹⁷ Supervision Mission Report, October-November 2023.

bidders were invited to participate, maximizing competition. In general, the processes and procedures comply with the Public Procurement Act (PPA)/Public Procurement Regulation (PPR) of Nepal and are consistent with IFAD's Procurement Guidelines and Handbook, as well as LTB/LTR/PPA. However, there are some minor gaps and inconsistencies, particularly in DC/NS packages, which have a limited impact on project performance¹⁸. The performance of the procurement process is judged as **satisfactory** (5 out of 6). The procedures and systems applied exhibit minor gaps and inconsistencies, which have a very limited impact on project implementation and performance.

E.4. Knowledge Management

The RERP prepared a Knowledge Management (KM) strategy, and it is implemented by a dedicated team of KM, PM&E, and thematic specialists consistently generating new information, knowledge, and lessons from project experiences and innovations. Lessons and innovations are integrated into local government policies and operational guidelines, notably influencing agriculture development strategies in six Palikas. Local human resources developed through the project have effectively transferred knowledge and skills at the community level, prompting interest from local authorities to engage them in ongoing local development activities beyond the project scope.

The project has produced a range of knowledge products, including manuals, success stories, videos, case studies, thematic papers, and annual reports including daily news about RERP intervention through various newspaper collection books for wider dissemination of the project intervention. Notable products include agriculture development strategies and fish cluster guidelines for six local governments, along with Nepal's first migration operational guideline from Dhankuta Municipality. These efforts reflect a strong culture of critical reflection and knowledge generation among the technical team.

The project integrates knowledge management with M&E, applying insights for adaptive management. Outcome-focused assessments like household productivity, producer group management, vocational trainee employment, and economic risks inform decision-making, addressing bottlenecks and supporting beneficiaries effectively. Knowledge and innovations are shared widely with small farmers and local governments through online platforms, social media, local radio, and news programs.

Palika strategies and guidelines were developed collaboratively with local participation and co-financing, enhancing capacity building and local ownership. The performance of the RERP knowledge management system is judged as **highly satisfactory** (6 out of 6).

E.5. Partners' Performance

Both Helvetas and AEC are engaged as implementing partners for the implementation of Component 1: RMSEs development and job activities. AEC is responsible for Subcomponent 1.2: RMSE development, focusing on enterprise services and CCI strengthening to build sustainable business services and create opportunities for local RMSEs. Helvetas is responsible for Subcomponent 1.3: Decent jobs through TVET, job placements, and apprenticeships. The core tri-partite partnership between MoICS, Helvetas, SKBBL, and AEC continues to perform very well. Collaboration with SKBBL is also producing tangible results in the capacity development of cooperatives.

Substantial progress has been made in forming partnerships with many local governments across all sub-components. Partnerships with the private sector in all Supply Chains and CCIs are active and continue to grow, though there is potential for further deepening and expansion. The partnership with Koshi Province FNCCI has been productive in providing LAM2 skills training with industries. RERP has also benefited from strong partnerships with IOM and other migration-related actors. Overall, RERP continues to maintain a diverse and productive set of partnerships.

¹⁸ Ibid

Helvetas: Among all the partners in the project, Helvetas' performance is particularly noteworthy. From the outset, Helvetas has been a highly constructive partner to MoICS and is fully committed to delivering the project objectives. During the early stages of the project, before wider progress was achieved following restructuring, Helvetas established overall momentum through the professional delivery of the Decent Jobs program. They have also implemented rigorous M&E and extensive knowledge management activities within their areas of responsibility in RERP. However, there were a few issues observed in the delivery of the Decent job activities as delay implementation including hiring of quality training providers and training arrangements.

In the last two years, the Helvetas team has been crucial in fostering greater cross-fertilization within the project components and aligning and institutionalizing project activities with local government partners. This includes results-based vocational skills training and apprenticeship models with Provincial FNCCIs. The mission considers that Helvetas has delivered substantial value and has been a key contributor to the success of RERP. The partnership between MOICS and Helvetas stands as a model of best practice for such collaborations in Nepal. The performance of the Helvetas is judged as **satisfactory** (5 out of 6).

Agro-Enterprise Centre: AEC has maintained good cooperation with RERP and deployed competent experts and professionals for the delivery of project activities as needed. AEC played a strong catalytic role in product marketing with producers and traders through the organization of multi-stakeholder platforms (MSPs). These platforms also addressed policy issues, product price negotiations, and price communication. AEC successfully implemented all activities according to the AWPB of each fiscal year, achieving both financial and physical progress as per targets. All financial records were maintained, and audit reports were submitted on time. The performance of the AEC is rated as **satisfactory** (5 out of 6).

Government Performance: The government was responsive to IFAD's recommendations and proactive in addressing implementation issues. A positive feature of the project was the active participation of the government in the project design and their ongoing involvement during implementation. The counterpart funds were released as required, and the Ministry of Agriculture and Livestock Development deployed a competent project manager and other staff. Withdrawal applications for reimbursement, as well as unaudited and audited accounts, were submitted on time. The government's performance is considered **satisfactory** (5 out of 6).

IFAD Performance: IFAD's performance is also considered **satisfactory** (5 out of 6). IFAD's engagement with the project was consistently high throughout the entire period of project design, design updates, and implementation, maintaining relationships with all stakeholders and higher authorities. Supervision and implementation support were regular, of high quality, and timely, following the project financing agreement. The local IFAD country office enabled closer engagement and immediate addressing of arising issues. Follow-up on supervision agreed to actions and the provision of targeted implementation support was particularly effective.

E.6. Quality of Supervision and Implementation Support

The quality of supervision and implementation support was judged as **satisfactory** (5 out of 6). IFAD's support of the project throughout its implementation—from its Country Office, visiting missions, training, and communication with IFAD Headquarters—was timely, relevant, and of high quality. However, there were some delays in providing consent or approval of the AWPB and other procurement documents that required prior review from IFAD. These delays hindered the timely delivery of project activities in a few cases.

The IFAD Country Office in Nepal maintained constant contact with PMO management, closely monitoring the implementation status and attending important RERP-IFAD workshops and gatherings. IFAD also assisted in the preparation and finalization of the annual AWPB and procurement plan, as well as in revising financing plans through the reallocation of resources between expenditure categories.

Thanks to the supervision missions, real issues in the project design that hindered the efficient and smooth implementation of project activities were identified. As a result, the project design was updated in 2018, and unutilized resources were scaled down by the October-November 2019 mission. In response to the recommendations made by the supervision mission after the COVID-19 pandemic, two no-cost extensions were approved, as the pandemic hampered the implementation of field activities.

IFAD provided comprehensive and highly applicable training for project staff on procurement, financial management, monitoring and evaluation, and experience capitalization. Follow-up support was well-provided through electronic communication and personal visits from the Country Office. IFAD offered guidance as needed, particularly in procurement, AWPB, and resource administration. IFAD's financial advisory support, both from headquarters and the local country office, was timely and effective, helping to avoid implementation bottlenecks related to procurement and cash flow constraints.

Generally, supervision missions were fielded approximately twice per year, including implementation support missions, which aligned with project needs. The Aide Memoires from these missions included all agreed actions with timeframes. The mission reports were more than just progress reports; they contained actionable recommendations for effective project implementation. These recommendations were readily adopted by the project and helped guide activities under each component and subcomponent of the project.

E.7. Performance of M&E System

Leveraging lessons from previous projects, RERP has set a new standard by effectively integrating outcome results monitoring to directly inform the planning and management of core project activities. The project M&E System maintains detailed datasets on over 100,000 direct beneficiaries, 368 producer groups, and 236 cooperatives across multiple components. RERP's outcome-level monitoring supports results-oriented project management and informed decision-making. Tracking outcomes such as changes in production and sales, producer group graduation, and vocational trainee employment has enabled valuable analysis, enhancing project effectiveness and sustainability.

The RERP's M&E System tracks diverse outcome indicators such as household productivity in Supply Chains, producer group management, vocational trainee employment, and cooperative economic risks. This results-oriented approach allows management to assess progress, identify bottlenecks, and tailor support for enhanced effectiveness and sustainability. For instance, identifying water shortages as a bottleneck for vegetable and fodder production led to planning irrigation infrastructure for affected producer groups. Vocational training outcomes are integrated into payment modalities, linking up to 50% of provider payments to verified trainee employment outcomes. The system supports effective management across sub-components, achieving key targets and outcomes. Continued refinement is crucial for accuracy and completeness, with additional datasets planned for collection during project completion, including household income, empowerment indices, and adoption of sustainable technologies. The MoICS was impressed by RERP's MIS and requested support to develop its system, launched in mid-2023, enhancing performance and transparency within the Ministry. The M&E system of the RERP was judged as **highly satisfactory** (6 out of 6)

F. INTERNAL RATE OF RETURN (IRR)

Value for Money (VfM) is strong and improving as outreach targets are consistently surpassed, delivering significant impacts for beneficiaries well beyond initial projections. The Economic and Financial Analysis (EFA) conducted during project restructuring remains valid, confirming good VfM. VST-trained youth are now engaged in gainful employment, enhancing future project outcomes and impacting poverty reduction through RMSE development and access to decent jobs with competitive remuneration post-experience.

Alongside substantial increases in average crop income within Supply Chains and GALS, all major economic impacts are expected to exceed targets while remaining within budget. Financial education and cooperative capacity building are also within budget and achieving larger-than-anticipated impacts in terms

of outreach, savings, and cooperative strength. Migration services have expanded to serve more than 55% of additional clients compared to initial plans.

The restructured project continues to demonstrate excellent value for money, as noted in previous assessments. Comprehensive data on results and impacts are systematically captured across all project areas, enabling rigorous ex-post analysis of VfM for both the overall project and its major interventions. The project's strong focus on achieving tangible impacts at efficient costs is evident in the continued commitment of partner local authorities, cooperatives, CCIs, and producer organizations to sustain project initiatives with their resources post-project funding.

The results of the Economic Analysis reveal robust financial viability and expected returns over 15 years from 2015/16. The IRR of the 15-year series is estimated as 35.7% at 12% discount rate. The net present value of the project is estimated as NPR 4951.57 million at 2024 prices, which is equivalent to USD 37.23 million at the exchange rate of 1 USD=NPR 133. Details of the assumptions and cash flow are annexed.

G. ASSESSMENT OF SUSTAINABILITY

G.1. Strong Collaboration with Local Authorities

The RERP project has worked closely with local governments on several important initiatives. These key initiatives are:

- a. **Skills and Job Training:** Implementing results-based vocational skills training (VST) programs.
- b. **Migration Support:** Collaborating on migration policies and establishing Migration Resource Centres (MRCs).
- c. **Economic Development:** Co-financing activities like Supply Chain development, financial education, and enterprise development.
- d. **Gender Empowerment:** Promoting gender equality through Gender Action Learning Systems (GALS).
- e. **Agricultural Strategies:** Developing local agricultural strategies and commodity-specific policies with input from small farmers through multi-stakeholder platforms.

This collaboration has resulted in over 30 policies and guidelines being adopted by local authorities. Most importantly, local governments are actively participating in these initiatives, providing co-financing and positive feedback. The local governments have contributed approximately US\$ 175,000 towards strategy development and over US\$ 235,000 for sustaining business literacy courses and migration resource centres, highlighting effective knowledge management¹⁹.

The project emphasizes a participatory approach, involving smallholders and migrants in decision-making processes. Platforms facilitated by local chambers of commerce and government teams allow smallholders to influence policies on agriculture, migration, and other crucial areas. This empowerment is a valued mechanism by all levels of government.

The RERP partnership with Palika resulted in a good outcome. These outcomes are very credible for sustainability of the project outcomes, namely, (i) *Policy adoption* -for implementation of the migration policy and migration resource centres (MRCs), vocational training, local agriculture, and specific commodities, (ii) *Co-financing*: Many local governments actively co-financed project activities and expressed satisfaction with the collaboration and (iii) *Empowering Smallholders*: The project facilitated participation of small farmers in policy development through multi-stakeholder platforms (MSPs). This ongoing engagement provides them with a voice in local decisions affecting agriculture, migration, and

¹⁹ Ibid

other crucial areas. Local governments value this mechanism for citizen involvement. The collaboration with local governments was rated as **satisfactory** (5 out of 6).

G.2. Human and Social Capital and Empowerment

The RERP has trained 29,3071 individuals with vocational skills. Among them, 27,302 youth graduated from the NSTB and now they are in gainful employment. The RERP has successfully capacitated over 2,000 local resource persons (LRPs) across various sectors such as business literacy, agriculture, migration counselling, and vocational training. These LRPs are now equipped for peer-to-peer knowledge transfer and potential employment by local governments and other partners for ongoing development efforts.

RERP has achieved extensive capacity building with significant outreach and impact. Vocational skills training (VST) graduates and over 40,000 smallholders in Supply Chains have gained transformative skills. The FEEK have benefited more than 87,000 individuals, resulting in immediate changes in financial behaviour and savings practices. Strengthening efforts have enhanced 175 cooperatives and over 360 Supply Chain groups, improving their internal capacities and external linkages with buyers, banks, and local governments. Gender action learning systems (GALS) groups have fostered substantial social and human capital and empowerment among women. The performance of social and human capital development was judged as **satisfactory** (5 out of 6).

G.3. Environment and Natural Resource Management

The production technologies promoted through the RERP emphasize practices that are not highly intensive and reliant on external inputs. In contrast, livestock production systems focus on local fodder and forage production, with some farms using on-farm feed compounding, which positively contributes to soil fertility through the use of resulting manure as soil improvement. Similarly, agriculture production systems prioritize balanced soil fertilization and manuring as essential practices. Stall-feeding technology has been promoted for livestock management and there has been a 93% increase in fodder planting areas, accompanied by widespread adoption of stall/pen-based production systems. This shift has notably alleviated pressure on forest resources and locally gathered feed sources for goats and cattle.

Regarding vegetable production, the adoption of poly tunnels with drip irrigation and mulching has facilitated year-round cultivation, enhanced efficiency and reducing strain on water and land resources. Moreover, the growth of Medicinal and Aromatic Plants (MAPs) has expanded planted areas by 64%, predominantly on previously barren land, thereby reclaiming it for productive use under perennial planting schemes.

The decent Jobs component completed Vocational Skills Training (VST), resulting in a significant number of non-agricultural livelihood opportunities (+29,000), thereby reducing pressure on natural resources. Environment and natural resource management (NRM) remains **satisfactory** (5 out of 6).

G.4. Exit Strategy

The RERP exit strategies are satisfactory and coming to readiness. Realistic and effective exit strategies have been in place for all subcomponents at least since MTR and are now well advanced in their implementation. 'Live' strategies are summarized in a single document (RERP Exit Strategies) and continue to be fine-tuned as and when opportunities for further strengthening emerge, for example via the recent deepening/broadening of partnerships with local government across all project components. This year the plans are now more progressed in actual delivery of the exit strategy.

G.5. Potential for Scaling-up

The potential for scaling-up of RERP success approaches and learnings are judged as **satisfactory**, (5 out of 6). The Rural Enterprises and Remittances Project (RERP) has shown significant potential for wider implementation. Its successful approaches are backed by strong evidence and the ongoing capacity-building

of key partners. There's a clear demand from stakeholders to expand these initiatives. Despite the project's successful approaches and strong demand for wider implementation, there seems to be a lack of pre-planned scaling-up mechanisms as (i) Local governments, provinces, and cooperatives are already replicating various project elements on their initiative and (ii) Market mechanisms are also driving some scaling up within supported clusters.

The key areas and approaches that could be extended to other intervention areas (i) Gender Empowerment using the GALS approach, (ii) Remittance-Linked Savings facilitating cooperatives, (iii) Sustainable Supply Chain Management by collaboration with provincial and local governments for co-financing, collective marketing and introducing improved agricultural practices and technologies, (iv) Decent job with appreciation for youth and migrant families and returnees, and (v) Adoption of migration policy and service Centre at local level as RERP practiced provision of MRC at District Administration Office, MID at Local Palikas (See Section D.4).

The success of RERP's approaches has created a crucial opportunity for wider implementation. However, time is of the essence to capture this momentum and knowledge before it dissipates. A swift decision by the Government of Nepal (GON) and IFAD is needed to determine if they can capitalize on this opportunity. Scaling up RERP's proven methods could be a cornerstone of their future partnership, aligning with the broader programmatic approach envisioned in the current Country Strategic Opportunities Programme (COSOP).

H. LESSONS LEARNED AND KNOWLEDGE GENERATED

1. **Sustainable Supply Chain Management:** This approach could significantly contribute to reducing rural poverty and improving the livelihoods of marginalized communities, including women, disadvantaged groups, youth, migrant families, and returnees due to:
 - a. **Economic Path Approach:** RERP's approach for RMSE development and growth in both farm and non-farm Supply Chains, including decent job creation, is credible. The provision of business services, education, market services, and networking has enhanced the profitability of RMSEs and benefited many producers and other actors involved.
 - b. **Cluster Development and Road Corridor Approach:** This strategy boosts marketable surplus and reduces transaction costs by linking many producers and RMSEs to local and regional markets, enabling them to secure better prices for their products.
 - c. **Multi-Stakeholder Platforms (MSP) and B2B Linkage:** This approach has proven effective in linking smallholders to the value chain. They serve as forums for business discussions and price negotiations involving local CCIs and local regulators. MSPs and B2B services facilitate communication of price structures among farmers, municipality representatives, and local elites, generating interest in buy-back agreements.
 - d. **Collaboration with Provincial and Local Governments:** Co-financing, collective marketing promotion, and the introduction of improved agricultural practices and technologies are effective in engaging youth and migrant families, helping them enhance their livelihoods and break the cycle of migration.
2. **Outcome-Based Payments for Vocational Skills Training (VST):** This approach ensures the effectiveness of trainers by linking payments to trainee employment outcomes. RERP adopted a model where 50% of the payment is made during training and the remaining 50% is contingent on verified employment 3-6 months post-training. This method has resulted in 76% of graduates being gainfully employed. Although the verification process is costly, it has been mitigated using ICT tools and other methods. The success of this approach has attracted the interest of at least 12 local governments and one provincial government, who are looking to adopt this model.

3. **Financial and Entrepreneurial Knowledge for Smallholders (FEEK)** led to bring significant positive impact on:
 - a. Awareness of investment opportunities including social mobilization to encourage entrepreneurial spirit among smallholders and processors. There has been an observable increase in productive investment awareness and entrepreneurial attitudes among smallholders and processors who received FEEK training for example, a savings and credit cooperative transformed into a thriving dairy cooperative due to FEEK training.
 - b. Increase membership of producer groups and cooperatives as well as encourage to use of financial services like savings and credit.

I. CONCLUSIONS AND RECOMMENDATIONS

I.1. Conclusions

The Rural Enterprises and Remittances Project (SAMRIDDHI) is a collaborative initiative between the Government of Nepal and the International Fund for Agricultural Development, executed by the Ministry of Industry, Commerce, and Supplies. Other implementing partners include AEC and Helvetas.

Initially, the RERP Project had a budget of USD 68.15 million, with contributions from IFAD (USD 38.61 million) and national sources (USD 29.53 million). Early challenges in disbursement and implementation led to a redesign in 2018. To ensure reliable financing, the project cost was scaled down in 2019. The revised budget of USD 25.25 million included USD 18.55 million from IFAD, USD 4.20 million from government funds, and USD 2.50 million from beneficiary contributions.

The RERP adopted a multifaceted approach to reduce rural poverty, focusing on employment-centric, equitable, and inclusive economic development. The project achieved its objectives and outcomes as indicated by the log-frame indicators. Target beneficiaries were engaged through economic pathways recognized by the project design update, particularly in (i) Supply Chain development in the productive sector, (ii) promotion of RMSEs in both farm and off-farm sectors, and (iii) securing decent jobs through apprenticeship and job placement. Additionally, beneficiaries were motivated and supported to make productive investments through technical and financial services.

The project successfully reached over 550,000 people and 105,000 households, exceeding targets. More than 29,000 youth were trained through skill-based training packages with gainful employment provisions. Additionally, 39,000 people were trained in income-generating activities, and many beneficiaries received financial literacy education. Household incomes of beneficiaries substantially increased through participation in RMSEs and Supply Chain development interventions. The GALS approach of social mentoring enhanced the economic and social empowerment of vulnerable people, especially women in the Madhesh Province.

Synergies for project implementation were achieved through collaboration with local Palikas in Supply Chain management, implementation of the GALS tool, FEEK training, and financial support for program activities. The RERP supported policy adoption by preparing policy documents such as migration policy and agriculture development strategy. The Migration Information Service Centre was handed over to the respective Palikas. Most of the activities of the project seem to be sustainable. Lessons learned from the REP could be replicated. The overall performance of the project was judged as **satisfactory** (5 out of 6)

I.2. Recommendations

1. **Provision of Inception period-** Generally, a development partner-financed project lacks the inception period to manage office space, recruitment of human resources, and procurement of the necessary equipment to initiate the project activities effectively. This led to a delay in the implementation of the project field activities as presumed by the financiers and the project is going

to be ranked as unsatisfactory due to the low disbursement rate and limited field activities in place. This is also true in the case of SAMRIDDHI during the early stage of the project. Thus, it is recommended that every development-financed project should make provision for at least 6-12 months. But it depends on the types of the projects.

2. **RMSEs and Supply Chain Development approach with decent job and apprentice:** This approach resulted positive impact on securing sustainable income for rural poor, youth, women and migrant families, and returnees. Thus, it is recommended to replicate learning of this approach while executing other initiatives with similar objectives.
3. **Financial and Business Education for Smallholders (FEEK)** led to bring significant positive impact on awareness of investment opportunities to encourage entrepreneurial spirit among smallholders and processors. Thus, it is recommended to incorporate the learning of this approach in other initiatives of the government at the provincial and local levels.
4. **Replication of Gender Action Learning System (GALS):** The GALS approach was found quite successful for social mentoring for the most vulnerable populations, special for women in the Madhesh Province to gain transformative economic and social empowerment and gender justice. Thus, we recommend replicating this approach in the rural areas of Nepal to bring greater gender justice and empower the community.
5. **Cooperative Capacity Building:** The project found that merging smaller cooperatives can address issues like member duplication and overlapping operating areas. This consolidation can lead to more efficient and effective cooperatives. Merging cooperatives offering both financial and non-financial services can overcome challenges related to the lack of savings and credit options. This integrated approach can provide a more comprehensive and beneficial service package for members. In this regard, Local governments can play a crucial role in supporting these efforts by:
 - a. **Facilitating Mergers:** Providing guidance and resources to help cooperatives navigate the consolidation process.
 - b. **Policy Support:** Developing policies and regulations that incentivize and facilitate the creation of stronger, more integrated cooperatives. The local governments can empower cooperatives to better serve their members and contribute to rural economic development.

J. ANNEXES

Annex J1: Log-frame and Progress of SAMRIDDHI Project

Indicator Levels	Heading	Baseline	End Target	Achieved Value (RERP MIS)	% of Target	Achieved Value (Endline Survey)
Outreach	1. b Estimated total number of household members		420,000	54,8811	131	
	1. Total No of Households		87,500	104,803	120	
	Women-headed households -		NA	27,290		
	Non-women-headed		NA	77,513		
	1. No. of people receiving services supported by the project		90,000	104,803	120	
	Male		45,000	25,964	58	
	Female		45,000	78,839	175	
	Youth		54,000	73,109	135	
	Indigenous people		NA	41,049		
	Total number of persons receiving services – Number of people		90000	104,803	116	
Project Goal	Direct beneficiary HH reporting an increase of at least 20% in HH asset ownership within 4 years of the project support, as compared to baseline		20%			69%
Reducing poverty and achieving sustainable peace through employment-focused, equitable, and inclusive economic development	No of Households		28,000	28,108	100	
	Percentage of women reporting minimum dietary diversity (MDDW)		10	72	720	72%
Development Objective: Viable rural micro, small and medium enterprises (RMSEs), both in the farming and off-farming sectors, provide sustainable sources of income to rural poor households, migrant families, and returnees	2.2.2 No. of RERP-supported rural enterprises reporting an increase in profit		16,000	19,090	119	76%
	Number of enterprises- Supply Chain			11,422		
	Number of enterprises-Decent Job			7,668		
	No. of supported vocational trainees and apprentices are in gainful employment over at least 6 months, of which 50% are women.					90%
	Females - Number		10,500	11,907	113	54%
	Number of vocational trainees and apprentices		21,000	22,686	108	
	SF.2.1 Households satisfied with project-supported services		70%	81	116	81%

Indicator Levels	Heading	Baseline	End Target	Achieved Value (RERP MIS)	% of Target	Achieved Value (Endline Survey)
Outcome: Rural people grow more profitable and resilient households- or small enterprises or secure remunerative skills-based jobs	Total No. of individuals achieving a return on labour of at least 125% of the official minimum wage in supported farm and non-farm enterprises within 4 years of project support		10,200	21,747	213	63%
Output	No of Female		5,100	12,956	254	
	No. of Male		5,100	8,791	172	
	No. of Youth		6,120	17,040	278	
	Total Number- Supply Chain			10,024		
	Total Number- Decent Job			11,723		
	Percent increase in total revenue from products and services sold by supported individual producers in real term (%)		40%	166%	415%	
	3.2.2 Total No. of households reporting adoption of environmentally sustainable and climate-resilient technologies and practices		8,000	7,028	88	61%
	Women-headed households - Households			1,827		
	2.1.2 Persons received income-generating activities or business management		38,000	39,202	103	
	Male		19,000	13,959	73	
	Female		19,000	25,387	134	
	Youth		31,800	34,378	105	
	a) No. Of person received Technical and vocational skills and job placement (TVET & apprenticeships)		30,000	29,307	98	
	Male		15,000	12,826	86	
	Female		15,000	16,481	110	
	Young		27,000	26,510	98	
	Not Young		3,000	2,797	93	
	b) No of persons received Business skills (FEEK-2)		8,000	9,895	124	
	Male		4,000	989	25	
	Female		4,000	8,906	223	
	Young		4,800	7,025	146	
	Not Young		3,200	2,870	90	
	2.1.4 Total No. of supported rural producers that are members of a rural producers' organization		10,000	11,522	115	

Indicator Levels	Heading	Baseline	End Target	Achieved Value (RERP MIS)	% of Target	Achieved Value (Endline Survey)
	Males - Males		5,000	3,634	73	
	Females - Females		5,000	7,888	158	
	Young - Young people		6,000	7,739	129	
	Not Young - Number		4,000	3,783	95	
	No. of Business-to-business linkage events, including MSPs, in supported Supply Chains with representatives of producer organizations, buyers, and service providers		300	480	160	
Outcome: Improved business enabling environment and services for local RMSEs from vibrant CCIs in their local area.	Participating CCIs achieve the minimum 'RESPIRATION Check' score of 145 points.		60%		111	63%
Outcome: Increased social and economic empowerment of vulnerable women from high-risk households	IE.2.1 No individuals demonstrating an improvement in empowerment		700	1019	146	
	No. of individual females demonstrating an improvement in empowerment		700	1019	146	
Output	Households mentored with GALS methodology.		1,000	1,378	138	
	No. of GALS mentors trained.		100	107	107	
Outcome: Financial inclusion improved among rural communities and individuals - with the expanded supply of financial services, including credit, savings, and insurance, combined with better demand and use of these services by rural people.	1.2.5 No. Of Households reporting using rural financial services		48,000	68,176	142	81%
	Households - Percentage (%)		80%	95%	119	
	1.2.6 Partner financial service providers with portfolio-at-risk ≥30 days below 5%		<5%		0.04	3.99%
	Percentage – Percentage (%)		33	26	110	
Output	1.1.6 No Financial service providers supported in delivering outreach strategies, financial products, and services to rural areas		150	236	157	
	1.1.7 No. of persons in rural areas received training on financial literacy and/or use of financial products and services		60,000	91,616	153	
	Male		30,000	17,312	58	

Indicator Levels	Heading	Baseline	End Target	Achieved Value (RERP MIS)	% of Target	Achieved Value (Endline Survey)
	Female		30,000	74,307	248	
	Youth		36,000	61,984	172	
	Number of partner cooperatives accessing wholesale finance or linkage established with banking services		135	161	119	
Outcome: Improved local policy framework and institutional capacities to provide sustainable and effective support services to migrants and their families before, during, and on return from overseas employment.	Local authorities adopting financially and institutionally sustainable models for migration support services.		12	13		12
Output	No local authorities signing MoUs for running MRC/MID on cost sharing basis		14	14	100	14
	People receiving project-supported migrant services before, during, or on return from overseas employment by themselves or members of their family.		45,000	75,864	169	
	Male		38,250	62,230	163	
	Female		6,750	13,635	202	
	Youth		27,000	62,254	231	
	Not Youth		18,000	13,610	76	
	No. of Returnee migrants supported/facilitated by the project to access economic opportunities.		1,000	3,342	334	
	Male		850	1,497	176	
	Female		150	1,845	1,230	
	Youth		600	2,475	413	
	Not Youth		400	867	217	

Annex J2: Compliance with legal covenants and status of implementation

Section and Para Ref	Covenant	Target/ Action Due Date	Compliance Status/Date
Financing Agreement			
Section B – Para 5 and Section E Para 1(v)	The Designated Account denominated in USD shall be opened under Section 4.04 of the General Conditions with the Nepal Rastra Bank to receive resources from the loan and grant respectively for the implementation of the project. The authorized signatories to sign the withdrawal application including their authenticated specimen signatories shall have been duly submitted to the Fund.	Condition of effectiveness and precedent to withdrawal	Complied DA was opened on June 27, 2016. The specimen of authorized signatories was submitted on November 3, 2016. The present authorized signatories for DA are Program Manager Mr. Saroj Prasad Guragain and Account Officer- Mr. Rajendra Ojha
Section E Para 1(i)	The Project Steering Committee (PSC) and the Project Management Team (PMT) shall have been duly established, and the members of the PSC shall have been assigned and key personnel of the PMT recruited or appointed.	Additional General Conditions precedent to withdrawal	Complied
Section E Para 1(ii)	A Project Facilitator, to assist the PMT in setting up administrative, financial, and management procedures and provide capacity building, shall have been duly recruited.	Additional General Conditions precedent to withdrawal	Complied
Section E Para 1(iii) and Schedule 1 – Section II Para 12	A final draft version of the Project Implementation Manual (PIM) shall have been duly prepared, and no objection to the PIM from the Fund and then approval of the PIM by the PSC shall have been obtained.	Additional General Conditions precedent to withdrawal	Complied No objection was obtained on Nov 16, 2016, and the PIM was approved by PSC on 12 September 2019
Section E Para 1(iv)	The Borrower/Recipient shall have allocated, and the project shall have received, adequate counterpart financing for the first Project Year.	Additional General Conditions precedent to withdrawal	Complied and on-going
Section E Para 1(vi)	A computerized accounting system acceptable to the Fund shall have been identified and selected by the Project.	Additional General Conditions precedent to withdrawal	Partially Complied. The project-specific computerized accounting system was identified, selected, and customized for implementation but all financial reports were not correctly generated and hence it was discontinued due to the mandatory use of the Computerized Government Accounting system (CGAS+) for all government offices, CGAS+ is being used for accounting which generates the

Section and Para Ref	Covenant	Target/ Action Due Date	Compliance Status/Date
			government financial reports and statement of component-wise expenses.
Schedule 1 – Section II Para 2	A PSC shall be set up at the national level to provide overall guidance and oversight, to ensure that the project is aligned on national sector priorities, to offer a venue for sharing RERP/SAMRIDDHI good practices, and for channelling policy issues to the appropriate policy-making bodies.		Complied
Schedule 1 – Section II Para 3	A PMT shall be established and based in Itahari in the district of Sunsari. It shall assist the MOI in carrying out the day-to-day Project Implementation responsibilities and shall be responsible for the performance of Project implementation and use of funds. Furthermore, two Corridor Teams shall be established - one in Itahari covering the Koshi/Sagarmatha district, and the other in Bardibas (district of Mahottari) covering the Janakpur corridor.		Complied. PMT for each Corridor in Dharan and Janakpur were established but now they have been closed due to downsizing of the works and project staff.
Schedule 1 – Section II Para 3	Women shall constitute no less than thirty-three percent (33%) of the staff of the PMT and its Central and Corridor Teams.		Partially complied. There are 20 female staff out of 69 staff constituting 29%.
Schedule 1 – Section II Para 4	The project shall contribute to the operating costs of the Country Programme Implementation Support Unit (CPISU) by fielding one liaison officer, who shall be based at the CPISU in Kathmandu.		Complied
Schedule 1 – Section II Para 6	The Project shall establish partnerships with the following public and private agencies for Project implementation: - <ul style="list-style-type: none"> • FNCCI (AEC)/FNCSI/NMEFN for the operation and progressive co-financing of ECSs, and for the operation of the Corridor Teams; • The Ministry of Education, with technical assistance from HELVETAS, for the implementation of the vocational training and apprenticeship; • The Department of Foreign Employment, the Foreign Employment Promotion Board, and the NRNA for the implementation of migrants-related activities; and • Selected financial institutions/cooperatives that meet 	Partially compiled an agreement and MOU have been entered with: 1. AEC on 14 July 2017 and 2. HELVETAS on 17 Oct 2017 which was first amended on 25 July 2018 based on the revised design report, 2nd amendment on 9 Feb 2022, and 3rd amendment on 15 Nov 2022. 3. SKBBL on 10 Sept	

Section and Para Ref	Covenant	Target/ Action Due Date	Compliance Status/Date
	the criteria for the implementation of activities related to financial inclusion.	2020. 4. Partnership established with financial institutions/cooperatives but yet to be established with the Department of Foreign Employment, Foreign Employment Promotion Board, and NRNA.	
Schedule 1 – Section II Para 7	The Project shall enter a Memorandum of Understanding with FNCCI (AEC)/FNCSI/NMEFN, for setting up and overseeing the operation of the ESC.		Complied
Schedule 1 – Section II Para 11	All key project personnel shall be recruited or appointed through due procedures upon the Fund's concurrence.		Complied.
Schedule 1 – Section II Para 13	A Mid-term Review (MTR) at the midpoint of the Project Implementation Period shall be conducted to assess the Project implementation progress and to determine appropriate revisions to the Project design, implementation arrangements, and resource allocations to ensure successful Project Implementation.	At the midpoint of the Project Implementation Period	Complied. Conducted in Dec 2018.
Letter to the borrower			
Paragraph 5	Before disbursement can begin, IFAD must receive from the Secretary of the Ministry of Finance a letter designating the names of officials authorized to sign withdrawal applications, which includes their authenticated specimen signatures.		Complied
Paragraph 14	The Borrower/Recipient is required to open and maintain two bank accounts (the Designated Accounts) denominated in United States Dollars with the Nepal Rastra Bank to receive loan/grant resources in advance as soon as possible after the entry into force of the Agreement.		Complied

Section and Para Ref	Covenant	Target/ Action Due Date	Compliance Status/Date
Paragraph 28	All contracts must be listed in the Register of Contracts, which should be updated and submitted to the IFAD Country Programme Manager every trimester.		The complied Register of Contracts has been maintained and uploaded in NOTUS.
Paragraph 29	The auditor shall provide three separate opinions on the financial statements, SOEs, and Designated Accounts. The management letter shall detail the shortcomings in the Project's internal controls, procedures, and practices, together with appropriate recommendations for improvement.		Complied
Paragraph 31	The Log of Audit Observation should be maintained and updated regularly.		Complied.
Revised LTB Para (b)	Following Section 8.03 and 9.04 (a) of IFAD's General Conditions, the Fund requests the Recipient to submit interim financial reports (IFRs) at quarterly intervals, within 45 days after the period-end, in the formats specified in Annex 1 of this letter.	31 Dec 2017 and onwards	Partially complied. The IFR of FY 2022-23 was submitted on the following dates: 1st Quarter: 12 Dec 2022 2nd Quarter: 10 Apr 2023 3rd Quarter 23 May 2023 4th Quarter 08 Sept 2023
General Condition for Agricultural Financing			
General Conditions Section 4.02	The first AWPB has been approved by the Fund and all other conditions specified in the Financing Agreement as additional general conditions precedent to withdrawal have been fulfilled.		Complied
General Conditions Section 7.01 (b) (i & ii)	The implementation of the Project by the implementation parties as per the approved AWPB and the Procurement Plans. The AWPB and the PP shall be submitted two months before the start of the Programme Year.	During implementation period	Complied. Draft AWPB for FY 2023-24 was submitted on 15 May 2023 and final AWPB was submitted on 25 May 2023 and NoL was provided for AWPB and procurement plan on 14 Aug 2023.
Section 7.03(b)	Borrower/Recipient shall make available to the Project Parties during the Project Implementation Period counterpart funds from its resources following its customary national procedures for development assistance.	During implementation period	Being complied.
Section 7.08 (a)	Insurance of vehicles, equipment, and civil works financed from the loan proceeds to be consistent with sound commercial practice.	During implementation period	Partially complied as vehicles and Motorcycles procured from grant proceeds have been insured and there is no policy of

Section and Para Ref	Covenant	Target/ Action Due Date	Compliance Status/Date
			the government to insure equipment and completed civil works.
Section 8.02 (a)	The Lead Project Agency shall establish and thereafter maintain an appropriate information management system following the Fund's Guide for Project Monitoring and Evaluation with which it shall continuously monitor the project.		Complied as an online tracking system and Office Monitoring System (OMS) has been developed to capture data related to activities, work plans, travel plans & farmers' dairies, and reporting and monitoring. The project has finalized the Excel format for data collection and the table for data linking in the MIS system.
Section 8.03 (a)	Progress Report: The Lead Project Agency shall submit to the Fund periodic progress reports on the Project, in such form and substance as the Fund shall reasonably.	During implementation period	Partially complied Periodic progress reports being prepared for the IFAD implementation and supervision mission are submitted.
Section 8.03 (b)	Mid-Term Review: The Lead Project Agency and the Fund shall jointly review Project implementation no later than the midpoint of the Project Implementation Period (the "Mid-Term Review") based on terms of reference prepared by the Borrower and approved by the Fund.	Dec 2018	Complied Conducted in December 2018
Section 8.05	Plans and Schedules: 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.		Partially complied All reports received from service providers and consultants are not submitted to IFAD.
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.		Being complied
Section 9.02	Financial Statements: The borrower shall deliver to the Fund detailed financial statements of the operations, resources, and expenditures related to the Program for each Fiscal Year in accordance with	15th November of every year	Being complied. Unaudited Financial statement of FY 2021-22 was submitted to IFAD on 2 October 2022. The unaudited annual financial statements of FY 2022-23

Section and Para Ref	Covenant	Target/ Action Due Date	Compliance Status/Date
	standards and procedures acceptable to the Fund within 4 months of the end of each Fiscal Year.		were submitted within the due date of 02 November 2023.
Section 9.03 (a)	Audit: The Borrower/Recipient shall, each Fiscal Year, have the accounts relating to the Project audited following auditing standards acceptable to the Fund by independent auditors acceptable to the Fund.	During implementation period	Complied. The Office of the Auditor General of Nepal conducts audits in accordance with the ISSAI issued by INTOSAI.
Section 9.03 (b)	The borrower shall, within six (6) months of the end of each Fiscal Year, 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.	15th January of every year	Not Complied. Audit report of FY 2021-22 and management reply to the management letter were submitted to the Fund on 3 April 2023. The reply to the management letter was not submitted to the IFAD.

Annex J-2 Project Evaluation Criteria with Score

	Overall Performance	5
1	Relevance	6
2	Intervention logic	6
3	Adequacy in design change	6
4	Project Effectiveness	5.5
4.1	<i>Component 1</i>	6
4.2	<i>Component 2</i>	6
4.3	<i>Project Outcome and Impact under C1 and C2</i>	5
4.4	<i>Agriculture Productivity</i>	6
4.5	<i>Adaptation to climate change</i>	5
4.6	<i>Targeting and outreach</i>	6
4.7	<i>Quality of Project Target Group Engagement and Feedback system</i>	5
4.8	<i>Innovation, replication and scaling up</i>	5
5	Project Efficiency	5.39
5.1	<i>Project costs and financing</i>	6
5.2	<i>Quality of project management</i>	5
5.3	<i>Quality of financial management</i>	4.75
5.3.1	<i>Counterpart funds and beneficiaries' contribution</i>	6
5.3.2	<i>Financial documentation, quality of Audit and timeliness</i>	4
5.3.3	<i>Compliance with Loan Covenants</i>	4
5.3.4	<i>Procurement</i>	5
5.4	<i>Knowledge Management</i>	6
5.5	<i>Partners' performance</i>	5
5.6	<i>Quality of supervision and implementation support</i>	5
5.7	<i>Performance of M&E System</i>	6
6	Sustainability	4.75
6.1	<i>Collaboration with Local Authorities</i>	5
6.2	<i>Human and Social Capital and Empowerment</i>	5
6.3	<i>Environment and Natural Resource Management</i>	4
6.4	<i>Potential for Scaling-up</i>	5

Annex- J-3: Economic Analysis

Annex J.3.1: Source of Data and Assumptions

- i. Data were obtained from several sources and triangulated for the best estimation of economic returns. These sources include the RERP Management Information System (MIS), End-line and PCR Surveys, Mission Reports, periodic surveys, and annual progress reports.
- ii. Most data on area, quantity of production, and amount sold are well maintained in the MIS system.
- iii. The average farm gate price of the products is used. The farm gate prices collected during the focus group discussions were also cross-referenced with the local market and the PRRP database.
- iv. Data is only available for the period of 2020/21 to 2023/24. Therefore, baseline data for the periods 2017/2018, 2018/2019, and 2019/20 is used, if project support would result in at least the same level of production. Additionally, the project, which has been effective since December 10, 2015, was categorized as "unsatisfactory" due to very low fund utilization, with only 1.4% of the total allocated funds disbursed until October 2017. Therefore, the benefit for the periods 2015/16 and 2016/2017 is assumed to be zero, considering the project inception period and the minimal field activities implemented for the direct beneficiaries.
- v. The project's outcome in terms of monetary value, achieved from the Supply Chain, is considered the value of incremental outputs (production) based on baseline data. Thus, baseline data is used as a scale for measuring the benefit.
- vi. The monthly wage rate as declared by the government of Nepal is considered the opportunity cost for VST-trained persons with gainful employment.
- vii. Both cost and benefit series before 2023/24 were adjusted using the annual inflation rate of the Nepalese currency to reflect 2023/2024 prices. After 2023/24, a constant price level of 2023/24 is assumed.
- viii. Beneficiaries' costs are assumed to remain equal to the 2023/24 costs. The extension and other service costs are assumed to be 30% of the beneficiaries' costs incurred in 2023/24.
- ix. The benefit received from the Supply Chain and decent jobs remains the same as the benefit received in 2023/24.
- x. A 15th-year period is used to estimate the internal rate of returns.
- xi. VST-trained persons with gainful employment are assumed to be at least 78% as per the end-line survey either in the Supply Chain or in local jobs in their field of training.

Annex J-3.2: Cash flow with financial indicators at 2024 prices

Years	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
	15/16	16/17	17/18	18/19	19/20	20/21	021/22	022/23	023/24	024/25	025/26	026/27	027/28	028/29	029/30
Beneficiaries Cost (NRP million)															
Baseline															
Fish	251.44	-	-	251.44	251.44	251.44	268.30	425.85	567.59	206.28	206.28	206.28	206.28	206.28	206.28
Vegetable	116.98	-	-	116.98	116.98	116.98	89.21	216.50	256.99	206.16	206.16	206.16	206.16	206.16	206.16
Goat	29.67	-	-	29.67	29.67	29.67	23.70	68.71	68.70	66.02	66.02	66.02	66.02	66.02	66.02
Dairy	162.05	-	-	162.05	162.05	162.05	280.16	291.51	257.06	166.73	166.73	166.73	166.73	166.73	166.73
Maps	7.87	-	-	7.87	7.87	7.87	21.02	25.05	24.93	7.90	7.90	7.90	7.90	7.90	7.90
Subtotal	568.01	-	568.01	568.01	568.01	682.39	1,027.61	1,175.28	653.10	653.10	653.10	653.10	653.10	653.10	653.10
Project Cost (RERP) NRP million															
	3.16	4,417.00	108.77	115.01	415.93	298.02	686.41	591.97	402.96	163.28	163.28	163.28	163.28	163.28	163.28
Total Cost	3.16	4,417.0	676.78	683.02	983.94	980.41	1,714.02	1,767.25	1,056.06	816.38	816.38	816.38	816.38	816.38	816.38
Cost at 2024 Price	5.04	65.69	929.70	3.97	1,237.20	1,194.34	1,955.76	1,862.97	2,070.47	816.38	816.38	816.38	816.38	816.38	816.38
Benefit															
Supply Chain	-	-	9.58	9.58	9.58	179.80	575.68	880.82	736.89	736.89	736.89	736.89	736.89	736.89	736.89
Decent Job	-	-	-	-	(0.98)	357.75	963.93	1,461.47	3,834.85	3,834.85	3,834.85	3,834.85	3,834.85	3,834.85	3,834.85
Total Benefit	-	-	9.58	9.58	8.60	537.55	1,539.61	2,342.29	4,571.73	4,571.73	4,571.73	4,571.73	4,571.73	4,571.73	4,571.73
Benefit at 2024 Price	-	-	13.16	12.61	10.81	654.84	1,756.75	2,469.15	4,571.73	4,571.73	4,571.73	4,571.73	4,571.73	4,571.73	4,571.73
Cash flow	(5.04)	(65.69)	(916.55)	8.64	(1,226.39)	(539.50)	(199.01)	606.18	2,501.26	3,755.36	3,755.36	3,755.36	3,755.36	3,755.36	3,755.36
Discount Rate (12%)	0.893	0.797	0.712	0.636	0.567	0.507	0.452	0.404	0.361	0.322	0.287	0.257	0.229	0.205	0.183
Discounted Cost	4.50	52.37	661.75	2.52	702.02	605.09	884.69	752.42	746.63	262.85	234.69	209.54	187.09	167.05	149.15
Discounted Benefit	-	-	9.364	8.012	6.134	331.764	794.666	997.248	1,648.612	1,471.975	1,314.264	1,173.450	1,047.723	935.467	835.238
IRR	35.68%														
NPV (NPR million)	4,951.566														
NPV USD (million)	37.23														