



Nepal Livestock Sector Innovation Project (P156797)

SOUTH ASIA | Nepal | Agriculture and Food Global Practice |
IBRD/IDA | Investment Project Financing | FY 2018 | Seq No: 10 | ARCHIVED on 23-Sep-2021 | ISR47760 |

Implementing Agencies: Government of Nepal, Ministry of Agriculture and Livestock Development

Key Dates

Key Project Dates

Bank Approval Date: 07-Dec-2017

Effectiveness Date: 28-Feb-2018

Planned Mid Term Review Date: 26-Apr-2021

Actual Mid-Term Review Date: 26-Jul-2021

Original Closing Date: 30-Jun-2023

Revised Closing Date: 30-Jun-2023

Project Development Objectives

Project Development Objective (from Project Appraisal Document)

The Project Development Objectives (PDO) are to increase productivity, enhance value addition, and improve climate resilience of smallholder farms and agro-enterprises in selected livestock value-chains in Nepal.

Has the Project Development Objective been changed since Board Approval of the Project Objective?

No

Components Table

Name

Component E: Contingency Emergency Response Component

Component A: Strengthening Critical regulatory and Institutional Capacity:(Cost \$5.00 M)

Component B: Promoting sector innovation and modernizing service delivery:(Cost \$40.00 M)

Component C: Promoting Smallholder Inclusive Value Chains for Selected Livestock Commodities:(Cost \$30.00 M)

Component D: Project Management and Knowledge Generation:(Cost \$5.00 M)

Overall Ratings

Name	Previous Rating	Current Rating
Progress towards achievement of PDO	<input type="checkbox"/> Moderately Unsatisfactory	<input type="checkbox"/> Moderately Satisfactory
Overall Implementation Progress (IP)	<input type="checkbox"/> Moderately Unsatisfactory	<input type="checkbox"/> Moderately Unsatisfactory
Overall Risk Rating	<input type="checkbox"/> Substantial	<input type="checkbox"/> Substantial

Implementation Status and Key Decisions

Progress towards the PDO indicators

Considerable progress has been made on the result indicators by the MTR with some already achieving midline target and some surpassing the end target. Progress include: (a) increase in average productivity of milk (combined average for cow and buffalo) is already 50 percent over the baseline value against the end target of 40 percent productivity increase over the baseline) (b) adoption of improved technology stands at 24 percent against planned 75 percent; (c) 115,000 households (57.5 percent) now have access to agricultural assets and services , and extension services against the end target of 200,000; (d) 25.9 million animals have been vaccinated against FMD and PPR against planned 14.6 million (171



percent against the end target); (e) 303 business proposals from farmer groups and cooperatives are ready to be implemented by October 2021 against planned 500 (60 percent achieved against the end target); (f) 4,202 beneficiaries have been trained through 147 events in various skills against 5,500 planned and an additional 3,450 staff members trained on various skills through 118 events; and (g) 60 dairy cooperatives staff have undergone skill-based training on dairy diversification (a Council of Technical Education and Vocational Training (CTEVT) approved course [550 hours]. Despite the challenges of COVID-19 slow implementation progress in the first two years, results achieved in the last one year in terms of PDO indicators and component wise progress the ratings towards the likelihood of achieving the Project Development Objective (PDO) has been upgraded from Moderately Unsatisfactory to **Moderately Satisfactory**. The rating for Implementation Progress will be upgraded to **Moderately Satisfactory** (thus further justifying the upgrade in ratings) once the restructuring has been completed which would include a proactive cancellation of US\$20 million for which an official request from MOF has already been received. Restructuring is expected to be completed by the first week of October 2021 further justifying the upward upgrading of the PDO indicator and IP.

Progress on agreed actions from the last ISR

Of the 12 agreed actions from the previous review, nine have been completed. The completed activities that have substantially contributed to progress include (a) submission of formal request for restructuring; (b) call for matching grant proposals for the private entrepreneurs; (c) finalization of the baseline survey report; (d) completion of an annual household survey (AHS); (e) due diligence of safeguard issues in the livestock service center (LSC) in Madi and livestock market in Ratnanagar in Chitwan, (f) beneficiary survey; (g) development of strategies on animal nutrition, livestock breed improvement, road maps for foot and mouth disease (FMD), and *peste des petits ruminants* (PPR); and (h) updating of the Project Information Management System (PIMS). The three outstanding actions are (a) procurement of Murrah bulls and buffaloes, (b) completion of livestock management information system (LMIS) and (c) securing approval for the Act and Policies financed by the project.

Component wise progress:

Component A: Key progress include: (a) formulation of the Infectious Disease Control Act, (b) Animal Health Policy, (c) Animal Breeding Policy and Strategy, (d) Road Maps for the prevention and control of FMD and PPR, (e) Animal Nutrition Strategy, (f) One Health Action Plan, and (g) Animal Identification and Traceability Strategy. All these acts, policies, and strategies are currently under review by the provincial and federal authorities for their opinion and endorsement. Project support to updating/formulation of Veterinary Council Act, Veterinary Drug Act, and Meat and Slaughterhouse Act have been dropped as these are now being supported by the MoALD with its own funding. However, the project will support the implementation of these Acts and Policies. Capacity Enhancement Needs Assessment (CENA) has been completed. A total of 4,202 farmers/producers (including 1,159 female) were trained on various skills through 147 events in addition to 3,450 staff members (436 female) through 118 events. On the LMIS, due to complexity and shortage of time the project will first develop and test a prototype and upscale it based on the experience. A deadline of October 31, 2021 has been given to complete the prototype beyond which IDA funding will not be made available. However, should the project be successful in developing the prototype by end of October 2021 the Bank may provide financing equipment and capacity development, within the budget of US\$ 160,000. Master plan for livestock sector will not be financed by the project as the Government will prepared it with its own resources.

Component B: The Project has been able to (a) mobilize and strengthen 1,048 groups (768 farmer groups (FG) and 280 cooperatives); (b) complete 20 construction works, with 16 under construction; (c) construct the NVC building; bull mother sheds in Pokhara and Lahan; goat sheds in Buditoda farm; 3 veterinary laboratories and 8 quarantine offices, and equipping them with accessories; (d) develop standard operating procedures for semen collection center, milk collection stations, and slaughterhouse facilities; (e) establish cold rooms in all the seven provinces for storage of vaccines; and (f) vaccinate 2.65 million cattle against FMD and 7.86 million small ruminants against PPR in FY 2020/21. A total of 550,269 animals received artificial insemination in FY20/21, reaching a cumulative total of 1,750,607 animals. As part of the feed improvement program, 391 metric tons of forage seeds of different varieties were procured and distributed to beneficiaries for planting on around 3,272 ha with an expected production of 150,000 metric tons of biomass. Similarly, distribution of forage seeds and saplings to various farmers is expected to cover 148 ha producing an estimate 34,946 metric tons of biomass, according to the NLSIP report. A total of 4,202 farmers have been trained through 147 events of which 27.5 percent were female. The project's support on *chyangra* value chain could not progress due to the travel ban imposed on travel to Mustang and Manang districts where *chyangra* goats are raised. The difficulty of supporting *chyangra* value chain, mobilizing and supporting 3000 producer groups, area under fodder and forage production and the number of nurseries to be established were brought to the attention of the MTR for revision.

Component C: As of August 2021, the project had established 34 stakeholder dialogue platform with the purpose of facilitating producer-buyer dialogue and alliance, coordination between beneficiaries and service providers, enhancing coordination between the private and public sectors and awareness raising.

The project has established 34 stakeholder dialogue platforms against planned 25. On funding of business proposals under matching grant support the project has been able to select 303 proposals for financing under Calls 1 and 2 from farmer groups and cooperatives. An additional 2,409 proposals were received from private sector entrepreneurs under the third call made on February 1, 2021 which are now under review. To ensure timely delivery it was agreed that the proposals under Calls 1 and 2 will be financed by October 31, 2021 and Call 3 by February 28, 2022. There has been a delay in rolling out food safety activities, to be implemented in coordination with the Department of Food Technology and Quality Control (DFTQC). The project is advised to sign a memorandum of understanding with the DFTQC for implementing food safety activities by October 31, 2021. Failure to meet this deadline would risk non financing of these activities due to time constraint.

Citizen Engagement (CE). CE activities are embedded in the project design to enhance citizen participation in policy dialogues, boost a demand-driven approach to livestock services, and overall to facilitate meaningful consultations with farmers/various producer's groups, cooperatives, livestock sector experts, input suppliers, government stakeholders, and so on, where needed. Once such activity is the GRM. The project has



established a three-tier GRM (at the district, cluster, and center levels). The project has also been regularly reporting on grievance handling and it appears to be functioning. However, to ensure effective and efficient functioning of the GRM throughout the project period, functioning of the GRM, including information dissemination works, should be regularly assessed and revisited. The project has also established 34 Stakeholder Dialogue Platforms against the planned 25 at three levels (national, provincial, and district levels). While these platforms seem to have contributed to enhance participatory planning, knowledge sharing, provision of support services, and access to project benefits, it is noted that participation of women in the platform meetings is can further be improved from current 11 percent. To ensure that these platforms reach all segments of the society the project is advised to ensure representation from all members of the society/community including vulnerable and marginalized members of the community. The project has also ascertained a level of satisfaction with relevance, timeliness, and effectiveness of services provided by the project for the sector. The recent beneficiary satisfaction survey reveals an average satisfaction rate of 28.4 percent against the target of 35 percent.

Risks

Systematic Operations Risk-rating Tool

Risk Category	Rating at Approval	Previous Rating	Current Rating
Political and Governance	High	High	High
Macroeconomic	Moderate	Substantial	Substantial
Sector Strategies and Policies	Substantial	Substantial	Substantial
Technical Design of Project or Program	Substantial	Substantial	Substantial
Institutional Capacity for Implementation and Sustainability	High	Substantial	Substantial
Fiduciary	Substantial	Substantial	Substantial
Environment and Social	Moderate	Moderate	Moderate
Stakeholders	Moderate	Substantial	Substantial
Other	Moderate	Substantial	Substantial
Overall	Substantial	Substantial	Substantial

Results

PDO Indicators by Objectives / Outcomes

Productivity of targeted livestock commodities (milk, goat meat, chyangra) among beneficiaries				
► Percentage increase of average milk production per cow/buffalo (Percentage, Custom)				
	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	545.00	0.00	991.00	40.00
Date	14-Nov-2017	26-Jan-2021	30-Jul-2021	30-Jun-2023



Comments:	Baseline for cow milk is 450 liter per cow per year while it is 640 liters for buffalo. Average of these two is 545 liters per animal per year. Progress is also reported in combined terms which comes to 991 liters per cow and buffalo combined or 80 percent increase over the baseline already. The reason for this is that the baseline figures are low for the national level. Productivity of both cow and buffalo milk is, however, provided separately below for ease of reference.			
<input type="checkbox"/> Percentage increase of average milk production for cow (Percentage, Custom Breakdown)				
	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	450.00	--	1,232.00	40.00
Date	14-Nov-2017	--	30-Jul-2021	30-Jun-2023
<input type="checkbox"/> Percentage increase of average milk production for per buffalo (Percentage, Custom Breakdown)				
	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	640.00	--	749.00	40.00
Date	14-Nov-2017	--	30-Jul-2021	30-Jun-2023
<input checked="" type="checkbox"/> Percentage increase in offtake rate expressed as carcass weight for goats (Percentage, Custom)				
	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	5.00	0.00	3.90	40.00
Date	31-Dec-2020	26-Jan-2021	30-Jul-2021	30-Jun-2023
<input checked="" type="checkbox"/> Percentage increase in Chyangra wool production (Percentage, Custom)				
	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	150.00	0.00	135.00	80.00
Date	14-Nov-2017	26-Jan-2021	30-Jul-2021	30-Jun-2023
Comments:	Yr 1 (baseline) - 0; Yr 2 -10%; Yr 3 - 30%; Yr 4- 50%; Yr 5-80 Due to remoteness of Manang and Mustang districts which are accessible only 7 to 8 months in a year and loss of nearly 2 years time due to COVID-19 pandemic the progress is in negative terms. Owing to the complexity and difficulty of supporting this value chain, the MTR recommends dropping of this indicator from the RF while the project will continue to maintain its support.			

Increased sales of value added products in targeted value chains through increase in production				
<input checked="" type="checkbox"/> Increased sales value in targeted value chains (Percentage, Custom)				
	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	0.00	0.00	2.20	30.00



Date	03-Jul-2017	26-Jan-2021	30-Jul-2021	30-Jun-2023
Comments:	Due to the lack of baseline data at appraisal, household survey data collected in December 2020 has been used as a proxy for baseline income of NPR 396,000 for milk per household per year and NPR 55,000 for goat. No baseline could be collected for these two values, average income comes to NPR 225,500. Progress is NPR 401,000 from milk and NPR 60,000 from goat, average is NPR 230,500. Using NPR 225,500 as baseline value, the progress is 2.2 percent. The <i>chyangra</i> part will be included as an indicator in the revised RF at the time of restructuring for the reasons already described above.			

Farmers Adopting Climate Smart Agricultural Technology by target farmers				
▶ Farmers adopting improved agricultural technology (Number, Corporate)				
	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	0.00	14.75	24.24	75.00
Date	14-Nov-2017	26-Jan-2021	30-Jul-2021	30-Jun-2023
□ Farmers adopting improved agricultural technology - Female (Number, Corporate Supplement)				
	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	0.00	38.64	41.13	45.00

Farmers reached with agricultural assets or services				
▶ Farmers reached with agricultural assets or services (Number, Corporate)				
	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	0.00	76.95	115.10	200.00
Date	14-Nov-2017	26-Jan-2021	26-Jul-2021	30-Jun-2023
□ Farmers reached with agricultural assets or services - Female (Number, Corporate Supplement)				
	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	0.00	42.00	46.70	45.00

Intermediate Results Indicators by Components

Component A: Strengthening Critical regulatory and Institutional Capacity



► Livestock Master Plan updated and endorsed (Yes/No, Custom)				
	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	No	No	No	Yes
Date	03-Jul-2017	26-Jan-2021	30-Jul-2021	30-Jun-2023
Comments:	There has been delay in this activity pending government approval. The Government of Nepal (GoN) has decided to carry out this activity on its own using its own resources. Thus, the project will not finance this activity and therefore remove this activity/indicator from the RF during restructuring of the project.			
► Client days of training provided (of which female) (Percentage, Custom)				
	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	0.00	4,596.00	8,933.00	5,500.00
Date	14-Nov-2017	26-Jan-2021	26-Jul-2021	30-Jun-2023
□ Client days of training provided (female) (Percentage, Custom Breakdown)				
	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	0.00	--	968.00	1,925.00
Date	14-Nov-2017	--	30-Jul-2021	30-Jun-2023
► Livestock Management Information System (LMIS) developed and operational (Yes/No, Custom)				
	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	No	No	No	Yes
Date	03-Jul-2017	26-Jan-2021	30-Jul-2021	30-Jun-2023
Comments:	As reported earlier, the scope of developing LMIS will be reduced to development and testing of a prototype in one P this is a huge undertaking and the capacity of local institutions are still very weak, the national-level LMIS cannot be timeframe available for the project. From the progress so far and the additional work needed to complete this task w lifetime of the project, the MTR recommended stopping project financing on software development beyond September			

Component B: Promoting sector innovation and modernizing service delivery

► Number of Producer Organizations/Cooperatives newly established or formalized and offering an increased range of services to members. (Number, Custom)

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	0.00	835.00	1,048.00	3,000.00



Date	14-Nov-2017	26-Jan-2021	30-Jul-2021	30-Jun-2023
Comments:	Is a continuous activity.			
► Incremental number of animals vaccinated against PPR and FMD through the project - PPR for small ruminants (Number (Thousand), Custom)				
	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	0.00	2,065.00	10,510.00	14,600.00
Date	03-Jul-2017	26-Jan-2021	30-Jul-2021	30-Jun-2023
Comments:	In cumulative terms the project has so far vaccinated 3.72 million heads of cattles against FMD and 21.24 million heads of ruminants against PPR giving a total of 24.96 million. The already exceeds the target as the project is now supporting the national initiative.			
☐ No of cattle vaccinated with FMD (Number (Thousand), Custom Breakdown)				
	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	0.00	--	2,650.00	5,000.00
Date	14-Nov-2017	--	30-Jul-2021	30-Jun-2023
☐ No of small ruminants vaccinated against PPR (Number (Thousand), Custom Breakdown)				
	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	0.00	--	7,860.00	9,600.00
Date	14-Nov-2017	--	30-Jul-2021	30-Jun-2023
► Beneficiary satisfaction rate with relevance, timeliness and effectiveness of services provided by the project for the livestock sector (Percentage, Custom)				
	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	19.00	0.00	28.40	75.00
Date	03-Jul-2017	26-Jan-2021	30-Jul-2021	30-Jun-2023
Comments:	Progress reported based on December 2020 household survey results.			
☐ Of which Female (Percentage, Custom Breakdown)				
	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	0.00	0.00	29.00	75.00
Date	03-Jul-2017	26-Jan-2021	30-Jul-2021	30-Jun-2023

Component C: Promoting Smallholder Inclusive Value Chains for Selected Livestock Commodities



▶ Dialog platform between actors of the targeted value chains established and operational at district level (Number, Custom)				
	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	0.00	30.00	34.00	25.00
Date	03-Jul-2017	26-Jan-2021	30-Jul-2021	30-Jun-2023
Comments:	The number of stakeholder platforms to be supported would need to be brought down to 29 (one for each of the 28 districts and 1 at the higher level) and their scope of work needs to be confined to supporting the producer and buyer alliance formation and support.			
▶ Number of business plans financed by the project on a matching grant basis (Number, Custom)				
	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	0.00	0.00	0.00	500.00
Date	03-Jul-2017	26-Jan-2021	30-Jul-2021	30-Jun-2023
Comments:	A total of 808 proposals have been received by the project through two calls. Of these 303 proposals have managed to secure loans from the financing institutions. An additional 2,409 concept notes have been received from Call 2 from private entrepreneurs, which are now under review. Given the time constraint especially in financing proposals under Call 3 the MTR recommends revising the target downward to 350 business plans against the planned 500			
▶ Share of project beneficiaries with a livestock risk insurance policy (Percentage, Custom)				
	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	0.00	0.00	0.00	60.00
Date	03-Jul-2017	26-Jan-2021	26-Jan-2021	30-Jun-2023
Comments:	The project is seriously lagging on this activity. In the remainder of the project period the PMU and DLSUs are advised to intensify this activity. It is hoped that the development of 159 insurance agents will contribute to this.			

Component D: Project Management and Knowledge Generation				
▶ Grievances registered related to delivery of project benefits satisfactorily addressed. (Percentage, Custom)				
	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	0.00	61.00	40.00	75.00
Date	03-Jul-2017	26-Jan-2021	30-Jul-2021	30-Jun-2023
Comments:	Out of 48 grievances registered 19 were responded to. The rest are in the process of being addressed.			

Performance-Based Conditions



Data on Financial Performance

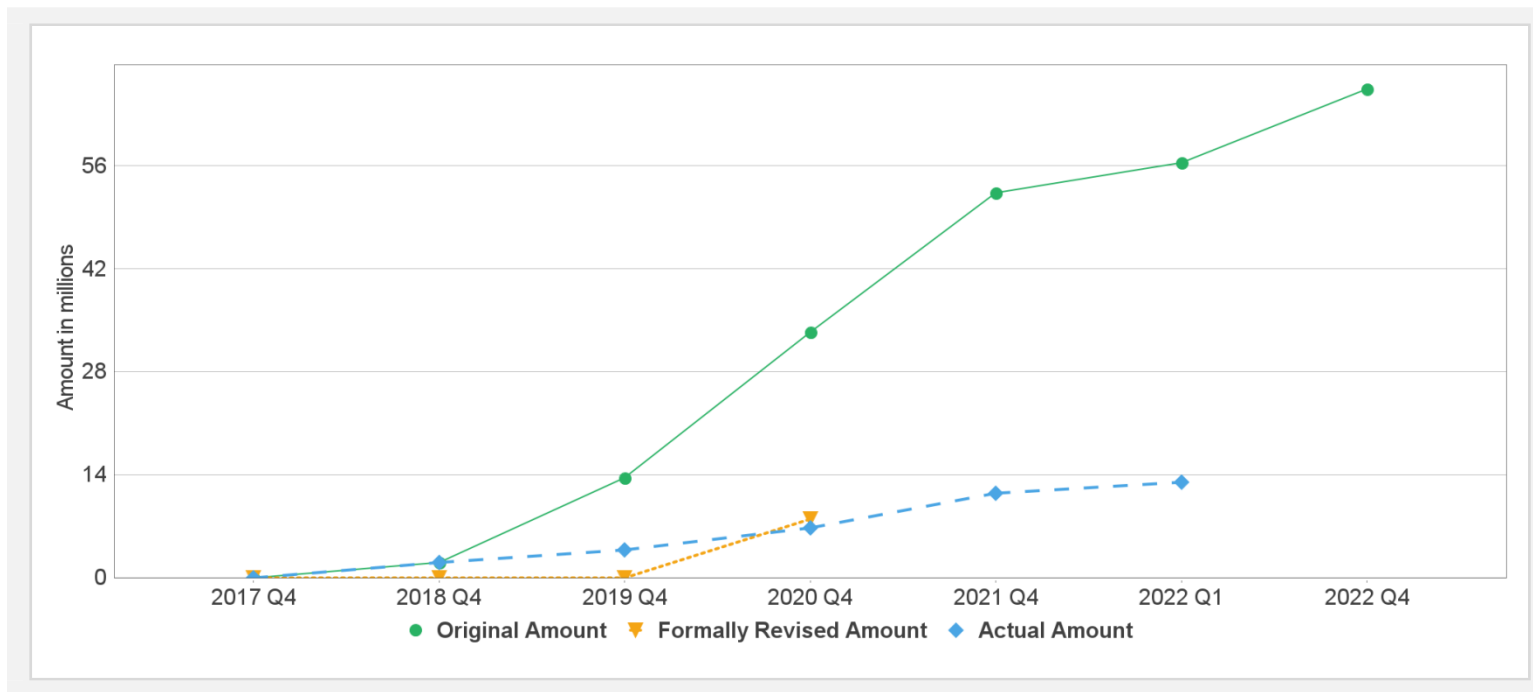
Disbursements (by loan)

Project	Loan/Credit/TF	Status	Currency	Original	Revised	Cancelled	Disbursed	Undisbursed	% Disbursed
P156797	IDA-61490	Effective	USD	80.00	80.00	0.00	13.00	67.53	16%

Key Dates (by loan)

Project	Loan/Credit/TF	Status	Approval Date	Signing Date	Effectiveness Date	Orig. Closing Date	Rev. Closing Date
P156797	IDA-61490	Effective	07-Dec-2017	21-Jan-2018	28-Feb-2018	30-Jun-2023	30-Jun-2023

Cumulative Disbursements



PBC Disbursement

PBC ID	PBC Type	Description	Coc	PBC Amount	Achievement Status	Disbursed amount in Coc	Disbursement % for PBC



Restructuring History

Level 2 Approved on 19-Dec-2018 ,Level 2 Approved on 19-May-2020

Related Project(s)

There are no related projects.
