

Food and Nutrition Security Enhancement Project II (P181087; TFC1798)
Third Implementation Review – April 21 to May 2, 2025
Technical Note

A INTRODUCTION

1. A World Bank (WB) team led by Ms. Asuka Okumura¹ (Task Team Leader, TTL) carried out implementation review mission of the Food and Nutrition Security Enhancement Project II (FANSEP-II) from April 21 to May 2, 2025. The objectives of the review were to: (i) assess the overall implementation status and progress towards meeting project objectives and disbursement target, (ii) review the progress on projects' monitoring and evaluation activities especially baseline data collection, Project Management Information System (PMIS) development, and assessment study planning, (iii) examine compliance with safeguards and fiduciary requirements, (iv) identify key constraints to improved performance of the project and agree on measures to accelerate implementation and disbursement, and (v) discuss and agree on the scope of Mid-term Review (MTR). The mission included field visits to Gorkha cluster to document ground level findings from interventions of both FANSEP-II and the predecessor Food and Nutrition Security Enhancement Project (FANSEP).
2. The main findings of the mission were discussed at the wrap-up meeting at the Ministry of Agriculture and Livestock Development (MoALD) chaired by Dr. Govinda Prasad Sharma, Secretary for Agriculture Development, on May 2, 2025. The list of people met is provided in Annex 1 and the actions agreed during this review are provided as Table 2.

Table 1: Project Data and Performance Ratings

Project Data		Project Performance Ratings		
			Previous	Current
Board approval	September 19, 2023	Achievement of PDO	S	S
Effectiveness date	December 1, 2023	Implementation progress	MS	MS
Original Closing date	June 30, 2027	Project management	MS	MS
No. of Extension	N/A	Procurement	MS	MU
Revised Closing Date	N/A	Financial management	MU	MS
Mid Term Review Date	TBD	Counterpart funding	S	S
Restructuring Date	N/A	Safeguards	S	S
Original Grant Amount	US\$20 million	Monitoring and Evaluation (M&E)	MS	MS
Amount Disbursed as of April 20, 2025	US\$1.9 million			
Additional Disbursement Plan for FY 25	US\$2.1 million			

Note: S = Satisfactory; MS = Moderately Satisfactory MU = Moderately Unsatisfactory; U = Unsatisfactory; HU = Highly Unsatisfactory; N.A = Not Applicable; PDO = Project Development Objective.

B OVERALL PROJECT IMPLEMENTATION STATUS

3. The Project Development Objective (PDO) is to enhance climate resilience, improve agricultural productivity and nutrition practices of the targeted smallholder farming communities in selected areas of Nepal. FANSEP II became effective on December 1, 2023.

¹ The Bank team comprised Ms. Asuka Okumura (Agriculture Economist, TTL), Ms. Sabina Khatri Karki (Agriculture Economist), Ms. Annu Rajbhandari (Senior Environmental Specialist), Mr. Prem Khanal (Social Development Specialist), Ms. Shruti Dhungel (Financial Management Specialist), Ms. Neena Shrestha (Procurement Analyst), Mr. Sujin Bajracharya (Team Associate), Mr. Purna Chhetri (Agriculture Consultant), Ms. Deepali Hariprasad (Nutrition Consultant), Ms. Renu Chhetri (Communication Consultant), Ms. Dikshya Dawadi (GEMS Consultant), Mr. Ishwar Neupane (Social Consultant), Mr. Dron Pun (Environment Consultant), Prakash Jung Thapa (Financial Management Consultant), Pawan Kushuwa (Intern), and Ms. Sunita Gurung (Program Assistant).

4. FANSEP-II aims to support at least 55,000 new beneficiaries through 725 crop groups, 625 livestock groups, and 650 nutrition groups in 16 new Rural Municipalities (RMs) within the same districts of FANSEP's geographic area. Some of FANSEP beneficiaries will continue to be supported by FANSEP II, including: (i) 7 seed producer groups², 15 Boer multiplier herds groups, and 11 AI units, which are expected to supply inputs for the FANSEP-II interventions, and (ii) beneficiaries of 8 Deep Tube Wells (DTWs).

5. The project has completed preparatory activities such as mobilizing beneficiary groups and clarifying project implementation strategies and successfully shifted to field level implementation. Out of the 19 actions agreed upon during the second ISR in October 2024, 15 have been completed and 2 have made significant progress, resulting in an achievement rate of 84 percent (Annex 3).

C KEY POINTS DISCUSSED

6. **The Project is making significant progress in implementing all four Components.** Preparatory works recommended by the previous review mission such as developing key implementation strategies and revising operational documents have been completed, while field level activities are picking up with good community acceptance supported by the successful application of lessons learnt from FANSEP. All key staff positions at central and field levels have been filled. Close to 30,000 households were formed into 2,000 beneficiary groups to be supported by the project.

7. **Baseline Survey.** Although the project became effective on December 1, 2023, the baseline survey has not been completed yet. To adequately measure the project's achievement against the Project Development Objectives, the survey should be conducted in a quality manner and completed no later than June 30, 2025.

8. **Mid Term Review (MTR).** Given that the project's closing date is June 30, 2027, WB would like to conduct MTR of the project by September 30, 2025, to foresee if the project is on track to achieve PDO within the project timeframe.

9. **Deep Tube Wells (DTWs).** Development of eight DTWs which were installed during FANSEP has carryover of development of distribution system (including electrification of some) to FANSEP-II, were not completed yet. The physical construction of two DTWs in Dhanusha cluster was completed, and two more are expected to complete by May 31 and June 15 respectively with close collaboration with the Agricultural Mechanization and Promotion Center (AMPC). Four other DTWs in Saptari cluster are experiencing significant delays. All eight DTWs have pending safeguard compliance requirements, including legal processes and documentation in five DTWs to transfer the land to water users' groups. Continuation of technical support from AMPC in a timely manner is vital to properly complete the development of DTWs and make them operational and sustainable.

10. **Operational challenges.** Several operational challenges were identified during implementation, with mitigation measures discussed to address key issues such as: (i) difficulty in securing timely availability of 100 percent pure Boer bucks for establishing Boer goat multiplier herds, (ii) cultural factors that reduce the appeal of input support packages for certain beneficiary groups, and (iii) the need for human resource optimization at the field level. In addition, while the Multi-Sectoral Dialogue Platform (MSDP) mechanism—previously used in FANSEP—was extended to FANSEP-II implementation areas, it has proven to be less functional than anticipated. Originally designed to facilitate interactions among buyers, producers, and service providers to foster business opportunities, the platform's objective should be more clearly communicated to stakeholders, and its use optimized to support income generation for beneficiaries. Further details are provided in the component-wise sections that follow.

D IMPLEMENTATION PROGRESS BY COMPONENT

Component A: Climate and Nutrition Smart Agricultural Technology Adaptation and Dissemination

² Targeted 16, but it turned out only 7 have capacity to do so.

11. This component comprises of two subcomponents: a) technology adaptation and testing, and b) technology dissemination and farmers' skill development, and both subcomponents have crop and livestock related activities. The mission team reviewed the progress made under these subcomponents for both crop and livestock sectors and noted good progress in implementing these activities.

12. **Crop sub sector:** (1) Technology Adaptation and Testing Subcomponent: Key activities included: a) on-farm demonstrations of Climate Smart Agriculture (CSA) technologies and practices³, b) distribution of improved seeds, and c) provision of trainings relevant to such demonstrations and seed distribution. A total of 101 on-farm demonstrations have been carried out against the target of 125 for this fiscal year. The CSA practices promoted include mulching, minimum tillage, use of drip irrigation, improved varieties, good planting methods, intercropping, insect/pest management, and production under poly houses. A total of 2,489 farmers (comprising 72.8 percent women) benefitted from the demonstrations. Under the seed distribution program, 12.1 tons of foundation seeds of wheat varieties⁴, 1.2 tons of foundation seeds of maize varieties⁵, and 22,385 numbers of potato pre-basic seed tubers⁶ have been provided to 24 (17 new and 7 old) seed producer groups. The project also distributed 89.2 tons of wheat improved seeds, 139.7 tons of potatoes basic seeds, 12.1 tons of maize improved seeds, and 7.9 tons of improved spring rice seeds to member of producer groups (PGs). The project conducted 245 crop cuts for potato and 20 crop cuts for rice to measure the productivity (yields) of such improved seeds⁷.

13. (2) Technology Dissemination and Farmers' Skill Development Subcomponent: Key activities included Farmers Field School (FFS) and crop promotion program. FFS has been very well accepted as a learning platform by the beneficiaries as it allows them to directly observe the difference between traditional and improved farming practices and that between local and improved varieties. The project has successfully established 106 crop FFSs against the annual target of 125 focusing on wheat, maize, spring rice, and vegetables. Under the crop promotion program, which is newly introduced for FANSEP II, the Project received 328 applications, of which 65 agreements have been signed and are under implementation against the annual target of 125. The Project also supports small-scale irrigation schemes, for which 102 agreements have been signed against the annual target of 195. Under the mechanization support, 33 agreements have been signed against the annual target of 100.

14. **Livestock sub sector:** (1) Technology Adaptation and Testing Subcomponent: Key activities are: (i) demonstration on livestock related CSA and improved technologies, (ii) demonstration on livestock shed improvement and farmyard manure (FYM) management, and (iii) training for the farmers on establishment of forage resource center and nursery at community level. 103 demonstrations were conducted on winter forage, internal parasite control and shed improvements. Preliminary results showed that mixed cropping of winter forage (berseem and oats in Dhanusha, and peas and oats in Gorkha) gave the best results.

15. (2) Technology Dissemination and Farmers' Skill Development Subcomponent: The Project established 80 livestock FFSs (46 on Goat, 21 on Dairy and 13 on Poultry) and 1,962 beneficiaries (83.4 percent female) are participating in them. The Project also organized 7 animal health campaigns in collaboration with the rural municipalities (RMs), distributed 10.21 tons of winter forage seeds to 3,086 beneficiaries, and established 15 forage resource centers with nurseries. For livestock promotion programs, 233 contracts were signed against the annual target of 240. Goat promotion program is the most demanded (... percent) followed by dairy (... percent). 7 farmer-managed Boer goat multiplier herds are already established against the end of project target of 16. To establish and/or support artificial insemination (AI) units in both old (FANSEP) and new (FANSEP-II) RMs, the Project will secure RMs' written commitments

³ These include three types of CSA technologies: (i) technologies validated by NARC in FANSEP working areas and scaled up in FANSEP II; (ii) technologies and practices recommended by NARC; and (iii) technologies promoted by other WB-funded projects and other projects which are new in FANSEP II.

⁴ Include Khumal Shakti, Munal, Swargadwari, Bheriganga, WK 1204, Banganga, Gautam, Bijay, and Zinc-1.

⁵ Include Rampur composite, Ganesh 1, and Arun 2

⁶ Include Cardinal - 13,000, Rosita - 7,850, and MS 42.5

⁷ Results of the crop cuts: average productivity of improved potato was 17.62 t/ha, and that of rice 4.12 t/ha. Productivity of local variety potato was 12.26 t/ha, and that of rice was not provided.

to ensure availability of resources to sustain the facilities after the project's closing.

16. The mission was informed that timely availability of 100 percent pure Boer bucks for the establishment of Boer goat multiplier herds is challenging due to limited supply in the country. Against the Project needs of 93 animals, so far only 14 are secured and they generally tend to be too young to use for breeding goats. The mission recommended that the project develop and implement an alternative plan for sourcing Boer goat for breed improvement, such as lowering purity level without compromising meat productivity increase target. The mission also recommended assessing the impact of animal health campaigns to determine their effectiveness and usefulness.

Component B: Income Generation and Diversification

17. This component aims to enhance the income-generating potential of targeted beneficiaries through strengthening PGs and building market linkages. Planned activities include the formation and mobilization of PGs, establishment of MSDPs and productive alliances (PAs), establishing a matching grant (MG) to support PGs in marketing activities, and market infrastructure improvement/rehabilitation. The project has mobilized 1,351 PGs against a target of 1,350, conducted 16 entrepreneurship trainings, established 13 MSDPs, signed all 275 matching grant agreements, meeting the annual target, and started field verifications for market infrastructure development.

18. Additionally, Component B has prepared a market-led production plan, revised the curriculum for farm business schools, and drafted RM-wise simple value chain analysis ("Actors and Factors Mapping") on selected value chains. The mission team suggested immediately starting using the information provided by the draft, while further enhancing the contents⁸ as a key output from the project to be shared with the RMs and other stakeholders.

19. Approximately 87 percent of PGs have secured a permanent account number (PAN) and 84 percent have established their bank accounts. Field visits revealed that groups conduct monthly meetings, save regularly, and mobilize their savings for loans to group members and that some groups need agribusiness support to scale up operations and access to the market. The mission team identified that the MSDPs have not been actively utilized for its objectives but functioned as an information channel for the project. The mission team recommended that the objective of the MSDP be clearly communicated to all stakeholders and that the platform be fully utilized to strengthen producer-buyer alliances and promote local value chain integration, thereby enhancing its contribution to the PDO. The mission team also recommended conducting sampled studies to evaluate the impacts of the matching grant program.

Component C: Improving Nutrition Security

20. The mission team reviewed the implementation progress in the project during the past six months, against the following key areas: (i) strengthening institutional capacity through various orientation/training activities, (ii) formation of nutrition group, (iii) small grant (SG) support to the group members, (iv) organizing Nutrition Field Schools (NFS), (v) establishment of Home Nutrition Gardens (HNG), and (vi) integration of nutrition related activities with crop and livestock activities.

21. The project has made good progress in key areas. Of the nutrition groups targeted in this FY, almost all groups (649 out of 650) have been formed with 15,265 beneficiary households and 88 percent (577 groups) registered so far. However, only 67 percent (437 groups) could complete the entire process of group activation, including the opening of bank accounts. Excellent progress is also seen in the finalization of small grants (SGs). Of the total 400 SGs planned in the project, 150 SGs targeted for this FY, have been signed and are in the process of being implemented. The highest number of SGs have been allocated for vegetable farming (46 percent) with an increased focus on beans and legumes, followed by poultry farming (36 percent). Under the HNG support program, the targeted number of HNGs for this FY (325 of the total 650) have been established, supported by seasonal vegetables seeds, dual purpose poultry distribution and

⁸ Translation in Nepalese should be considered.

winter season fruit saplings. Of the total 128 NFS planned for the entire project duration, 64 planned for this FY have been established and are operational.

22. As discussed during the last mission, the project has performed excellently to integrate nutrition related activities with that of crops and livestock. A nutrition centric production plan has been developed to inform crop production using nutrition lens. Similarly, the cluster offices have started to involve the representatives of crop and livestock groups in nutrition activities, including training/orientation on HNG, nutritional recipe demonstrations, preparatory meetings on NFS, celebration of special nutrition days, etc. The nutrition group representatives were also included in the business plan preparation, along with the producer groups.

23. Based on the agreed actions from the last mission, the project reviewed and successfully revised the NFS curriculum to make it more succinct and focused for improving the operational modality. The revised curriculum also includes a mechanism for the NFS members to disseminate the learnings and messages to non-group members in the communities. Similarly, the FFS curriculum was also revised to include nutrition messaging to sensitize the beneficiaries about the importance of consuming nutritious and diverse diet.

24. Recommendations to enhance project performance under the Component include the following:

- Continue to explore platforms where members of all three group types can come together and exchange learnings.
- Agree on a plan to systematically implement 'nutrition-centric' production plan.
- Analyze pre- and post- test data collected during NFS and FFS to assess the change in knowledge on nutrition aspects.
- Supplement the enhanced variety and availability of vegetables and fruit at household level courtesy of the HNGs with one-time food demonstration for improving dietary diversity at household level.
- Organize more such demonstrations, as the one-time engagement is inadequate given the variety of inputs now available to households, the use of which needs to be optimized through implementable recipes to enhance consumption patterns.
- Develop a behavior change communication (BCC) strategy in order to effectively use BCC material developed under the project. The existing radio and TV spots may be utilized during various project activities, in all three components, to create awareness on nutrition.
- Assess the effectiveness of training of school teachers and students in line with the overall project objective.

D FINANCIAL MANAGEMENT AND DISBURSEMENT

25. The new Finance Chief and a Financial Management (FM) consultant have joined the Project, which has maintained quality and timeliness in financial report submissions, with no outstanding reports as of the review date. The first audit report for FY24 was submitted on time and received an unqualified audit opinion, though auditors noted an 11.5 percent underutilization of the budget. The Project Management Unit (PMU) is urged to address the audit observations and expedite implementation. Groundwork for sub-grantee selection should be conducted before the fiscal year starts to ensure expedited implementation for the next fiscal year sub-grant.

26. The internal audit for the PMU and three out of four cluster offices for the six months ending January 13, 2025, has been completed, pending the report from internal auditors. The mission emphasized the need for timely internal audits and obtaining reports as required by the Financial Procedures and Fiscal Responsibility Act. Financial monitoring of activities at the cluster offices needs strengthening, and the PCU should continue preparing a financial monitoring plan, use the template for monitoring and reporting, and provide training to finance staff, focusing on internal control and documentation for small/matching grants. The FM team from the WB will provide technical support during the training.

27. The FY25 budget of NPR 1,130.35 million (Government – NPR 71.58 million, Trust Fund - NPR 1,058.80 million, including a direct payment to FAO of NPR 192 million)⁹ is considered adequate, except for FAO services. Due to a lack of budget, under the FAO activity line-item, partial payment to FAO has been transferred to the next fiscal year. For FY26, it is crucial to ensure the adequacy and appropriateness of the budget and proposed activities. This manual is essential for enhancing internal control. Meanwhile, the manuals and procedures from FANSEP have been used. Expenditure for nearly ten months ending April 20, 2025, was NPR 371.94 million, about 32.9 percent of the FY25 budget. Low expenditure was attributed to delays in preparatory activities, group formation, deep tubewell work, and procurement of capital items. Advance payments under small and matching grants have recently started, and the mission team reminded the project not to claim advance payments with the WB until expenditure is incurred. Based on the overall performance, the FM performance rating is upgraded as **“Moderately Satisfactory”**.

28. **Disbursement:** Total disbursement as of April 20, 2025, is US\$ 1.91 million, about 9.55 percent of the total commitment of US\$ 20 million. Expenditure incurred until third quarter ending April 13, 2025, amounting to NPR 68.13 million (US\$ 0.49 million) is to be claimed. Additional disbursement for FY25 is projected to be around US\$ 2.1 million.

E PROCUREMENT MANAGEMENT

29. PMU has completed the hiring of firms to conduct Baseline Survey and development of PMIS. PMU has also completed the hiring of Procurement Specialist and Financial Management Specialist. No new major procurement activities are envisaged in this fiscal year. The Project Cluster Units (PCUs) have undertaken various procurement activities including procurement of seeds of potato, wheat, vegetables and others. Large number of procurement documents have not been uploaded to STEP, hence the WB team could not conduct review on such procurement activities. PMU has confirmed to upload all post review category contracts in STEP by May 25, 2025, after which the WB will conduct procurement post review. Since monitoring capacity of the PMU on the PCUs was noted to be weak, PMU was requested in the previous review to develop a procurement monitoring tool/checklist for procurement monitoring of the PCUs. Such a checklist has not been developed yet. The overall procurement performance is downgraded as **“Moderately Unsatisfactory”**.

F ENVIROMENT AND SOCIAL (E&S) SAFEGUARD MANAGEMENT

30. Training/orientation to cluster level staff and farmers have been completed at all sites as agreed in the last review. According to PMU, 8 safeguard related training were provided to the leader farmers and 8 interaction programs were completed with field level technicians on E&S risk management and compliance. The mission team stressed the need for (i) conducting the Environmental and Social Screenings of all the small- and matching-grant sub-projects, market construction and other activities executed under the FANSEP II, (ii) preparing Environmental and Social Management Plans (ESMPs) and Environmental and Social Commitment Plan (ESCPs) for those sub-projects and activities, and (iii) implementing those E&S measures accordingly.

31. The WB mission team noted that ESMPs for the eight Deep Tube Wells (DTW) have been finalized, incorporating feedback from the WB. The mission noted that construction activities of some DTWs are progressing, particularly in Dhanusa cluster. The mission team advised the project to share with the WB the construction completion reports of all DTWs, considering the environmental and social(E&S) aspects as envisaged in the ESMPs. An Operational and Maintenance (O&M) plan for one of DTWs has been cleared by the WB and the project is advised to customize the O&M plan for the remaining DTWs incorporating the specific requirements/conditions and to share with WB for review. Out of eight DTWs,

⁹ Equivalent to: US\$8.23 million (FY25 budget), US\$0.52 million (Government), US\$7.71 million (Trust Fund), and US\$1.4 million (payment to FAO), respectively based on the US\$/NPR exchange rate at 137.35.

five are located on the lands which were privately owned while three are developed on public (government) land. The PMU informed the mission that, irrespective of the land size donated by owners, written agreements have been made between the Municipalities and landowners ensuring perpetual use of that land by water users. However, the mission advised the PMU to complete formal ownership transfer of the donated lands in the name of water user groups/committees, confirming the legitimacy of land used for deep boring and to avoid any possible land disputes in the future.

32. The project team informed that a total of 15 grievances were recorded during the review period, and all were resolved except one. The PMU team was advised to record all grievances, including the verbal ones and update them regularly. The mission team noted that the information about project activities was disseminated through different media as part of citizen engagement and public disclosure via notices in local newspapers, community radios, social media, and public hearings. The Project has duly completed several stakeholder consultations and citizen engagements on all sites. These consultations took place at various levels including PMU and project Municipalities, Water user groups, farmer groups, cluster offices and at wards levels. The overall E&S performance of the project is retained “**Satisfactory**”.

G MONITORING AND EVALUATION (M&E)

33. Baseline survey firm has been successfully onboarded on 3rd April 2025. The field survey is expected to be completed by June 5, 2025, and the draft survey report will be submitted to the WB by the end of June. Upon finalizing the baseline values, the project will then update the Results Framework. The mission emphasized the importance of close supervision by the project team to ensure the timely completion of the baseline survey activities. A consulting firm was hired on Feb 14, 2025 to develop PMIS for FANSEP II and is currently developing the modules. Once the PMIS is developed, it will be presented to project teams including the WB. Piloting of PMIS is expected on May 20, 2025, and fully functional PMIS will go live by June 15, 2025, enabling real time data management. By August 2025, all data from FY 2024-2025 will be maintained in PMIS. M & E strategy, which precisely and clearly guides the monitoring, evaluation, reporting of the project is finalized, and the project team is advised to fully implement it. The mission agreed to conduct some assessments using a small sample to capture the nutritional status of the beneficiaries on a 6 monthly basis. In addition, the project team was advised to document evidence of the field level promising activities using human resources available at PCUs and carry out assessment for matching grants, Boer multiplier herd, promotion programs and volume traded through project supported markets.

34. FANSEP II successfully completed the operationalization of Geo-Enabling initiative for Monitoring and Supervision (GEMS) for their Grievance Redress Mechanisms (GRM) activities. All the cluster and field offices have grievance lodging forms in QR code format printed and displayed on their notice boards. The field officers are asked to record even the verbal complaints in the complaint registers and update those on Kobo. Considering the time sensitivities in capturing the details related to the nutrition indicators in the baseline survey, the project team went ahead and initiated the baseline data collection for the nutrition indicators using the GEMS methodology. The project team developed the questionnaire on kobo, and trained 32 field level technicians, who have successfully completed the data collection for 2,500 households. Project further plans to utilize GEMS to capture real-time production data for crops, particularly food grains and vegetables, as well as milk and meat from small samples. This data will help in cross-verifying survey results. Additionally, the tool will be employed to document the physical progress of

project supported infrastructure such as markets, processing facilities, and handling operations. The 6 monthly nutrition data will also be collected through GEMs.

35. Out of the 4 agreed actions of the last review, two (Finalized M &E strategy and contract award to PMIS) are completed and the remaining two are under progress. Based on this, the M & E performance is maintained as “**Moderately satisfactory**”.

H NEXT REVIEW and AGREED ACTIONS

36. The next Implementation Support Review is planned in early September 2025 with specific dates to be confirmed with the Ministry in the coming months.

Table 2: Agreed action in the coming 6 months

#	Action	Timeline (2025)	Responsibility
1	Upload all necessary documents for completed procurement to STEP	May 25	PMU
2	Agree on optimization of cluster human resource: Identify gap of coverage in agribusiness and M&E activities at cluster offices, clarify responsibility of other specialists (crop/livestock/nutrition) for key activities, and specify what additional tasks will be covered by M&E/AB specialist	May 25	PMU
3	Agree on an alternative plan for distributing 100% Boer goats for the breed improvement program	May 31	PMU, WB, FAO
4	Agree on an alternative plan for HNG package for vegetarian groups	May 31	PMU, WB, FAO
5	Agree on MTR planning	May 31	WB, PMU, FAO
6	Complete development of PMIS (PMIS to go live)	June 15	PMU
7	Complete an internal audit and provide the internal audit report to PMU and PCUs	June 30	PMU in coordination with DTCO
8	Submit draft baseline survey report to WB	June 30	PMU
9	Share with WB the sample copies of sector specific E&S screenings of grant activities (Matching and Small Grants, market facility development, etc.)	June 30	PMU
10	Obtain approval from MoALD on PIM	June 30	
11	Complete legal process and documentation for land transfer from donors to WUGs (5 DTWs which use privately owned lands)	July 15	PMU
12	Complete construction of remaining 6 DTWs	July 15	PMU
13	Share the construction completion reports on E&S aspects for all 8 DTWs	July 15	PMU
14	Provide FM training for finance staff at PMU and PCUs	July 15	PMU, WB
15	Issue notices for all grant programs in FY26	August 31	PMU
16	Full data of FY 25 to be uploaded to PMIS	August 31	PMU

Annex 1

List of People Met**Ministry of Agriculture and Livestock Development**

Dr. Govinda Prasad Sharma, Secretary (Agriculture Development)
Dr. Hari Bahadur K.C, Joint Secretary
Mr. Lal Kumar Shrestha, Sr. Agri Economist
Dr. Asmita Subedi, Livestock Development Officer
Mr. Dal Prasad Pudasaini, Sr. Agri Economist
Ms. Ujjwala Shrestha, Crop Development Officer
Mr. Binod Gnawali, Crop Development Officer

Food and Nutrition Security Enhancement Project, PMU

Dr. Arun Kafle, Project Director
Dr. Tapendra Bahadur Shah, Senior M & E Officer
Mr. Deepak Paudel, Senior Planning Officer
Mr. Tilak Raj BC, Planning Officer
Mr. Aashish Shrestha, Agriculture Officer
Mr. Sunil Joshi, Agriculture Officer
Dr. Alisha Jha, Veterinary Officer
Mr. Prakash Acharya, Account Officer
Mr. Sita Ram Karki, FM Specialist
Mr. Dhruba Nepal, Procurement Specialist
Ms. Sita Thapa, Computer Operator
Ms. Bhagirathi Kumari Bhatta, Computer Operator
Mr. Sebak Khadka, Kharidar

FANSEP Project Cluster Offices

Mr. Rajesh Kumar KC, Cluster Chief, PCU Sindhupalchok
Mr. Yugal Kishor Tiwari, Cluster Chief, PCU Dhanusha
Mr. Ravindra Kumar Mahatha, Cluster Chief, PCU Saptari
Mr. Homnath Lamsal, Cluster Chief, PCU Gorkha
Mr. Dipendra Lamichhane, Agriculture Officer, PCU Sindhupalchok
Mr. Gobinda Magar, Agriculture Officer, PCU Sindhupalchok
Mr. Ritesh Kumar Jha, Agriculture Officer, PCU Dhanusha
Mr. Vijay Kumar Mandal, Agriculture Officer, PCU, Saptari
Mr. Anup Nainabasti, Agriculture Officer, PCU Gorkha

Food and Agriculture Organization (FAO) Technical Assistance to FANSEP II

Mr Shyam Prasad Poudyal, Team Leader
Mr. Rudra Prasad Paudel, M&E Specialist
Mr. Shahadev Prasad Humagain, Capacity Development Specialist
Mr. Shiba Prakash Acharya, Environment & Social Safeguard Specialist
Dr. Lok Nath Paudel, Livestock Production Specialist
Mr. Anup Thoker, Nutrition Specialist
Mr. Tek Prasad Luitel, Agri-Business and Market Linkage Specialist
Dr. Anil Chandra Neupane, Crop Production Specialist

FAO Country Office

Mr. Ken Shimizu, Country Representative Nepal
Mr. Shrawan Adhikari, Senior Programme Operation Specialist

Mr. Jun HE, Policy Officer

Results Framework

Indicator Name	Unit of Measure	Baseline	Status	Target Values ¹⁰			Remarks
				Year 1 (F.Y. 2024-25)	Year 2 (F.Y. 2025-26)	Year 3 (F.Y. 2026-27)	
PDO 1: Farmers adopting improved agricultural technology ^{CRI} (disaggregated by gender)	Number	0	Target	8000	17000	23625	
			Actual				
Of which female	Number	0	Target	5200	11050	15356	
			Actual				
Of which Male	Number	0	Target	2800	5950	8269	
			Actual				
PDO 2: Increased crop and livestock productivity by direct beneficiaries (disaggregated by crop and animal species) (<i>GAFSP Tier 2 Outcome Indicator</i>)							
Crops (food grains)	Percent	BL	Target	BL+5%	BL+10%	BL+15%	
			Actual				
Crops (vegetables)	Percent	BL	Target	BL+5%	BL+15%	BL+25%	
			Actual				
Livestock (meat)	Percent	BL	Target	BL+5%	BL+12%	BL+20%	
			Actual				
Livestock (milk)	Percent	BL	Target	BL+5%	BL+10%	BL+15%	
			Actual				
PDO 3: Increased household income (farm and off-farm) (<i>GAFSP Tier 1 Indicator</i> , gender-disaggregated)	Percent	BL	Target	BL+5%	BL+10%	BL+15%	
			Actual				
Female-headed households	Percent	BL	Target	BL+5%	BL+10%	BL+15%	
			Actual				
PDO 4: Reduced food insecurity experience scale score of direct	Percent	BL	Target	BL-5% ¹¹	BL-10 %	BL-15 %	

¹⁰ The targets for each year represent the cumulative values up to that specific year.

¹¹ Improvement in food security situation means reduction in food insecurity based on FIES

Indicator Name	Unit of Measure	Baseline	Status	Target Values ¹⁰			Remarks
				Year 1 (F.Y. 2024-25)	Year 2 (F.Y. 2025-26)	Year 3 (F.Y. 2026-27)	
			beneficiaries (FIES) (<i>GAFSP Tier 1 Indicator</i>)			Actual	
Female-headed households	Percent	BL	Target	BL-5%	BL-10 %	BL-15 %	
			Actual				
PDO 5: Improved Minimum Dietary Diversity for Women (MDD-W) (<i>GAFSP Tier 1 Indicator</i>)	Percent	BL	Target	BL+5%	BL+15%	BL+25	
			Actual				
PDO 6: Improved Minimum Dietary Diversity for Children (MDD-C) between 6 and 24 months (<i>GAFSP Tier 1 Indicator</i>)	Percent	BL	Target	BL+5%	BL+15%	BL+25	
			Actual				
Intermediate Indicators by Components							
Component A: Climate and Nutrition Smart Agricultural Technology Adaptation and Dissemination							
IR A.1 Farmers receiving inputs or services on climate resilient or sustainable agriculture practices (<i>GAFSP Tier 2 Output Indicator</i>)	Number	0	Target	8,000	17,000	27,000	
			Actual				
IR A.2 Farmers reached with agricultural assets/ services (CRI)	Number	0	Target	11,000	22,500	33,750	
			Actual	10005			
Of which female (CRI)	Number	0	Target	7,150	14,625	21938	
			Actual	7391			
IR A.3 The land area provided with new/improved irrigation services (<i>GAFSP Tier 2 Output Indicator</i>)	Hectare	0	Target	400	1000	1,200	
			Actual				
Component B: Income Generation and Diversification							
IR.B.1 Producer-based organizations supported (<i>GAFSP Tier 2 Output Indicator</i>)	Number of organizations	0	Target	540	1,100	1,350	1,350
			Actual	453			
IR.B.2 Number of subprojects (business plans) submitted by the producer groups	Number	0	Target	375	750	1,000	1,000
			Actual	821			
		0	Target	275	550	720	720

Indicator Name	Unit of Measure	Baseline	Status	Target Values ¹⁰			Remarks
				Year 1 (F.Y. 2024-25)	Year 2 (F.Y. 2025-26)	Year 3 (F.Y. 2026-27)	
IR.B.3 The number of subprojects (business plans) financed by the project on a matching grant basis.	Number of business plans		Actual	233 MG Schemes Signed			
IR.B.4 Increased Net farm income	Percent	BL	Target	BL+5%	BL+12%	BL+20%	BL+20%
			Actual				
IR.B.5 Processing, storage, and market facilities constructed and/or rehabilitated (number) (<i>GAFSP Tier 2 Output Indicator</i>)	Number of facilities	0	Target	16	32	32	32
			Actual				
Component C: Improving Nutrition Security							
IR.C.1 People receiving improved nutrition services and products, gender-disaggregated) (<i>GAFSP Tier 2 Output Indicator</i>)	number of people	0	Target	7,000	14,500	16,250	16,250
			Actual	9094			
IR.C.2 Improved Household dietary diversity score including nursing mothers and children under two years (1,000 days mother target)	Number	BL	Target	BL+5%	BL+12%	BL+20%	BL+20%
			Actual				
IR.C.3 Number of small grant-financed subprojects (business plans)	Number of small grants	0	Target	150	300	400	400
			Actual	150 SG Schemes Signed			
Intermediate Result (Component D) - Project management, communication, and M&E							
IR.D.1 Persons receiving capacity development support, gender-disaggregated (<i>GAFSP Tier 2 Output Indicator</i>)	Number	0	Target	200	500	700	700
			Actual				
of which female	Number	0	Target	100	250	350	350
			Actual				
	Percent	0	Target	10%	35%	70%	70%

Indicator Name	Unit of Measure	Baseline	Status	Target Values ¹⁰			Remarks
				Year 1 (F.Y. 2024-25)	Year 2 (F.Y. 2025-26)	Year 3 (F.Y. 2026-27)	
IR.D.2 Beneficiary satisfaction rate with relevance, timeliness and effectiveness of services provided by the project			Actual				
IR.D.3 Grievances registered addressed within the delay set by the project GRM	Percent	0	Target	75%	80%	90%	90%
			Actual				
IR.D.4 Periodic reports submitted on time	Number (cumulative)	0	Target	2	4	6	6
			Actual	2			

Progress against the Agreed Actions agreed at the October 2024 Mission

Updated status as of 3rd ISR is color coded as a street signal: Completed = green; progressing = yellow; and crucially delayed = red

#	Action Item	Deadline	Update as of April 25 , 2025
1	Conduct cluster-wise review of the performance of 25/23 CSA technology packages for crop/livestock disseminated through FANSEP to identify which one to scale it up/continue/downsize/discontinue through FANSEP II	Nov 7, 2024	Completed
2	Finalize M&E strategy	Nov 15, 2024	Completed
3	Review and revise curricula/modality/budget/facilitator qualification/manuals for FFS	Nov 20, 2024	Completed
4	Review and revise curricula/modality/budget/facilitator qualification/manuals for NFS ¹²	Nov 20, 2024	Completed
5	Review and revise curricula/modality/budget/facilitator qualification/manuals for FBS ¹³	Nov 20, 2024	Completed
6	Review and revise HNG program design/guideline/budget to incorporate affordable and practical technologies ¹⁴	Nov 20, 2024	Completed
7	Develop a plan to support capacity building of FFS/FBS/NFS facilitators and local government staff	Nov 20, 2024	Completed
8	Finalize the strategy for seed multiplication and distribution program to clarify which crop type/seed type (hybrid or not)/variety to be supported in which areas by the project	Nov 25, 2024	Completed
9	Final draft PIM to be submitted to WB	Nov 30, 2024	Completed. Cleared by WB on Feb 12, 2025
10	<i>Update the ESMPs of 8 DTWs to include the impacts and mitigation measures of the remaining infrastructure supported under FANSEP II</i>	Dec 31, 2024	The revised Environmental and Social Management Plans (ESMPs) and the operational and management plan for the Deep Tube Wells (DTWs) installed in Dhanauji were shared with the World Bank (WB)'s safeguard team and received their approval on March 3, 2025. Consequently, the ESMPs and the operational

¹² Revision should include simplifying NFS operation, such as reducing number of measurement activities and making manuals more user-friendly for facilitators.

¹³ Especially, targeting, selection process, schedule should be reviewed for potential modification.

¹⁴ Such as nano-scale drip irrigation, etc.

#	Action Item	Deadline	Update as of April 25 , 2025
			and maintenance plans for the other seven DTWs will be updated accordingly.
11	Sign the contract for PMIS development	Jan 15, 2025	Completed. PMIS contract was signed on 14 February 2025.
12	Developing a market-led production plan for commodities/breeds/seeds with better understanding of market demand	Dec 15, 2024	Completed
13	Developing a nutrition-centric production plan	Dec 20, 2024	Completed
14	Develop a completion plan for each 8 DTWs	Dec 25, 2024	Completion plan for each 8 DTWs was shared to WB. Updated plans will be shared with WB by April 2025.
15	Deliver an E&S orientation for PMU staff, cluster focal persons and other project staff (Orientation modules should be shared with the WB for review prior to the event)	Dec 31, 2024	Completed
16	Complete Baseline survey	Feb 28, 2025	The contract signed with the survey firm on 03 April 2025. Training for enumerators is planned from 29th April.
17	Deliver E&S orientations for field level technicians and facilitators (Orientation modules should be shared with the WB for review prior to the event)	Feb 28, 2025	Completed
18	Prepare RM-wise actors & factors mapping on selected value chains	Mar 15, 2025	The draft was shared with WB
19	Complete PMIS	Pilot in a selected cluster: Feb 28 Full scale go-live: Mar 31, 2025	Revised Schedule Pilot in a selected cluster: May 20, 2025 Full scale go-live: June 15, 2025
FANSEP			
20	Complete FANSEP year 6 survey report	Nov 30, 2024	
21	FANSEP completion report to be submitted to WB	Dec 15, 2024	

Field Visit Note

Field visit in Gorkha cluster during FANSEP II Third Implementation Support Mission

April 21 to 24, 2025

(Abstract)

	Group visited	Group type	FANSEP/FANSEP II
Day 1	Setidevi Krishak Samuha	Livestock	FANSEP-II
	Jyamirechaur Farmer Group	Crop	FANSEP-II
	Pariwartansheel Dalit Farmer Group	Crop	FANSEP
Day 2	Prakriti Nutrition group	Nutrition	FANSEP II
	Pauwa nutrition group	Nutrition	FANSEP
	Bhairavi Farmer Group	Crop	FANSEP
Day 3	Kalleri Krishak Samuha	Livestock	FANSEP II
	Mandre Krishak Samuha	Livestock	FANSEP
	Khimpogaun Farmer Group	Crop	FANSEP

1. The mission visited nine sub-projects implemented by FANSEP and FANSEP-II in Gorkha District - 5 groups supported by FANSEP (3 crop groups, 1 livestock group, and 1 nutrition group) and 4 groups newly formed by FANSEP-II (1 crop group, 2 livestock groups, and 1 nutrition group).
2. **Crop groups:** FFSs and on-farm demonstrations have been very well received as learning platforms by many beneficiaries, because of the opportunities to directly observe the difference between local/existing vs. improved breeds and farming practices. Multiple groups mentioned that even a small change in farming practice brings a significant difference in productivity. Matching/demand-based grants were also well received. For instance, the members from Pariwartansheel Dalit Group explained that the grant supported the rehabilitation of 103 meters of irrigation canal to irrigate more than 12 hectares for spring crops. They are now approaching local governments for additional funding to extend the irrigation canal further.

3. Where irrigation exists, the Project has been able to support the cultivation of spring rice, which is very important from both income increase and food security perspectives. Spring rice is one of the prioritized commodities of the Government of Nepal in order to achieve self-sufficiency in food grains.
4. The support for the cultivation of vegetables has helped many farmers to grow both seasonal and off-season products and improve income. For off-season production, the demand for poly houses is on the rise.
5. **Livestock Groups:** The cultivation of oat grass seems to be gaining popularity as it helps address the shortage of fodder during the months of January to April. By learning how to make Urea Molasses Mineral Blocks (UMMB) to supplement nutrition, the beneficiaries have been able to improve the health conditions of animals in the dry season and increase milk production.
6. Another popular activity is the shed and coop improvement. With the improved sheds, the health condition of animals improved, and it is now easy for the livestock farmers to collect manure and urine and apply them in the field. Farmers have also realized that the provision of feed troughs in improved sheds helps in reducing feed wastage.
7. **Nutrition Groups:** Several groups reported a change in food diversity at home. They reported that they used to grow some vegetables in home gardens for sales but not for family consumption. Thanks to nutrition education by the Project and the establishment of home nutrition gardens to meet household-level nutrition needs, the consumption of vegetables, fruits, eggs, and meat (poultry) has increased. It was also reported that they now pay special attention to the nutrition status of lactating and pregnant mothers and children under two years old.
8. **General points:** The Project has been successful in empowering women and developing local resources. Multiple women across groups reported to the mission that they increased their confidence in facing the public and decision-making. Two of the members from Bhairavi Agriculture Group in Bahun Danda, Galchi showed full confidence and knowledge to become FFS/FBS facilitators. Gorkha PCU plans to deploy these two ladies, who were trained by FANSEP, as FFS/FBS facilitators for FANSEP-II. Similarly, the chairperson of Jyamire Agriculture Group, who has been trained in wheat seed production, is now able to provide technical services to the fellow members.
9. The Mission noted that many farmers are now aware of the impacts of climate change and are willing to adopt climate-smart agricultural practices disseminated by the Project. They include drip irrigation and improved varieties such as early maturing maize variety like Arun and drought-tolerant rice like Hardinath and Sukkha Dhan.
10. Mechanization supports were welcomed especially by women, since they make farming activities easy and reduce costs for labor. The most popular equipment included mini tillers, chaff cutters, zapp planters, electric motors, corn shellers, and de-husking machines for rice.
11. Increased coordination among PCU, Project-supported groups, and rural municipalities was observed, for instance, active participation of Ward Chairpersons in Seti Devi, Bhairavi, and Mandre farmer groups. The local elected representatives demonstrated their understanding of FANSEP objectives during their interactions with the beneficiaries.
12. While many members reported that they increased income by adopting new input and practices and that they started keeping a record of income and expenditure, it was observed that they have a limited

understanding of the precise production costs. There may be a need for Project support in properly assessing income and expenditure. For instance, inputs such as family labor and costs of land and machinery were not included in their calculation, thus inflating the gross/net income.

13. There is a need to provide more business/marketing support for groups. For instance, some of the livestock farmers sell their goats to the traders on a “per animal” basis instead of by weight. The group savings could be utilized by the groups to buy weighing balances so that they will not be exploited by the buyers.

14. Some groups need support for the operation and maintenance (O&M) of equipment and tools provided. It is standard to ensure after-sales services for at least one year and engage suppliers' technicians in training buyers on essential O&M. The Project can organize training courses on basic O&M and provide farmers with contact information for dealers and suppliers for major repairs.