



Investir dans les populations rurales

**Conseil d'administration**  
Cent quarante et unième session  
Rome, 24 avril 2024

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## Rapport du Président

### Proposition de prêt

### Népal

## Programme de résilience et d'agriculture à haute valeur

Numéro du projet: 2 000 003 750

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#### **POUR: APPROBATION**

**Mesures à prendre:** Le Conseil d'administration est invité à approuver la recommandation telle qu'elle figure au paragraphe 58.

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#### **Questions techniques:**

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## Table des matières

|   |            |
|---|------------|
| <b>Carte de la zone du programme</b>  | <b>ii</b>  |
| <b>Résumé du financement</b>  | <b>iii</b> |
| <b>I. Contexte</b>  | <b>1</b>   |
| A. Contexte national et justification de l'intervention du FIDA                         | 1          |
| B. Enseignements à retenir  | 2          |
| <b>II. Description du programme</b>   | <b>2</b>   |
| A. Objectifs, zone d'intervention et groupes cibles                                     | 2          |
| B. Composantes, résultats et activités  | 4          |
| C. Théorie du changement  | 4          |
| D. Alignement, appropriation et partenariats  | 5          |
| E. Coût, avantages et financement   | 5          |
| <b>III. Gestion des risques</b>   | <b>11</b>  |
| A. Risques et mesures d'atténuation   | 11         |
| B. Catégorie environnementale et sociale  | 11         |
| C. Classement au regard des risques climatiques   | 11         |
| D. Soutenabilité de la dette  | 12         |
| <b>IV. Exécution</b>  | <b>12</b>  |
| A. Cadre organisationnel  | 12         |
| B. Planification, suivi-évaluation, apprentissage, gestion des savoirs et communication | 14         |
| C. Plans d'exécution  | 14         |
| <b>V. Instruments et pouvoirs juridiques</b>  | <b>15</b>  |
| <b>VI. Recommandation</b>   | <b>15</b>  |

## Appendices

- I. Accord de financement négocié
- II. Logical framework
- III. Integrated programme risk matrix

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### Équipe d'exécution du programme

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|                                      |                                 |
|--------------------------------------|---------------------------------|
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## Carte de la zone du programme



Les appellations employées et la présentation des données n'expriment aucune position particulière du FIDA quant au tracé des frontières ou limites ni aux autorités concernées.

Carte établie par le FIDA | 15/11/2023

## Résumé du financement

|   |   |
|---|---|
| <b>Institution initiatrice:</b>                               | FIDA  |
| <b>Emprunteur:</b>  | Gouvernement népalais   |
| <b>Organisme d'exécution:</b>                                 | Ministère du développement de l'agriculture et du bétail  |
| <b>Coût total du programme:</b>                               | 120,9 millions d'USD  |
| <b>Montant du prêt du FIDA:</b>                               | 53,400 millions de DTS (70,935 millions d'USD)  |
| <b>Conditions du prêt du FIDA:</b>                            | Particulièrement concessionnelles: 40 ans, avec un différé d'amortissement de 10 ans et une commission de service de 0,75% l'an en DTS (ajustement pour les prêts en une seule monnaie) |
| <b>Cofinanceurs:</b>  | Microentreprises et petites et moyennes entreprises   |
| <b>Montant du cofinancement:</b>                              | 2,56 millions d'USD   |
| <b>Contribution de l'emprunteur:</b>                          | 24,6 millions d'USD (gouvernement fédéral)<br>0,5 million d'USD (provinces)<br>1,52 million d'USD (administrations locales)   |
| <b>Contribution des organisations de producteurs:</b>         | 20,87 millions d'USD  |
| <b>Montant du financement climatique apporté par le FIDA:</b> | 15,026 millions de DTS (19,947 millions d'USD)  |
| <b>Institution coopérante:</b>                                | Supervision directe par le FIDA   |

## I. Contexte

### A. Contexte national et justification de l'intervention du FIDA

#### Contexte national

1. La Constitution de 2015 du Népal a fait du pays une république fédérale démocratique dotée d'une structure gouvernementale à trois niveaux: un gouvernement fédéral, sept provinces et 753 administrations locales (*Palikas* ou municipalités). Fort d'une croissance annuelle moyenne de 4,5% au cours des dix dernières années, le Népal a pu accéder au statut de pays à revenu intermédiaire de la tranche inférieure en 2020 et vise à sortir de la catégorie des pays les moins avancés d'ici à 2026. Au cours de l'exercice 2022, l'économie a connu une croissance estimée à 5,3% grâce à l'hydroélectricité, à l'industrie manufacturière, à la construction et au retour progressif du tourisme.
2. L'agriculture est toujours un élément essentiel de l'économie nationale. Le Népal est un pays agricole qui compte une importante population rurale tributaire de l'agriculture sur les plans de l'alimentation, des revenus et de l'emploi. Les exportations de produits agricoles et alimentaires ont augmenté, si bien que ces produits sont devenus le premier poste d'exportation en valeur. Le déficit commercial agricole et la dépendance croissante à l'égard des importations de denrées alimentaires compromettent gravement la sécurité et la souveraineté alimentaires du pays, tout en mettant à rude épreuve les réserves de change. Le remplacement des importations reste une priorité essentielle du Gouvernement népalais.
3. Le 15<sup>e</sup> plan du Népal (exercice budgétaire 2019/2020-2023/2024) appelle à une croissance économique durable et inclusive et à l'atténuation de la pauvreté; à la modernisation de l'agriculture et à la commercialisation des produits agricoles, en accordant une attention particulière à la production et à la transformation de produits à haute valeur ajoutée; et à une gestion durable des ressources naturelles aux fins de l'amélioration des services écosystémiques destinés au secteur agricole. Dans la stratégie de développement agricole (2015-2035), il est prévu d'instaurer un secteur agricole autosuffisant, durable, compétitif et inclusif, qui stimule la croissance économique et contribue à améliorer les moyens d'existence et la sécurité alimentaire et nutritionnelle et, partant, à parvenir à la souveraineté alimentaire.

#### Aspects particuliers relatifs aux thématiques transversales prioritaires du FIDA

4. Conformément aux engagements en matière de transversalisation, le programme a été validé comme:
  - porteur de transformations en matière de genre;
  - axé sur les jeunes;
  - incluant des activités relatives à la capacité d'adaptation.
5. Malgré les remarquables progrès réalisés dans la défense et la promotion des droits des femmes et de l'égalité des sexes, les femmes du Népal ont encore un accès limité aux principaux services et avoirs productifs. En milieu rural, elles se heurtent à plusieurs obstacles: faible pouvoir de décision et de négociation, triple charge de travail (productif, reproductif et communautaire), méconnaissance de l'offre et de la demande sur les marchés, et possibilités limitées de créer des microentreprises et entreprises agricoles. Les femmes ont également un faible pouvoir de décision au sein du ménage, en particulier en ce qui concerne les investissements agricoles, la dépense des revenus du ménage et la division du travail.
6. Bien que le Népal ait une population jeune, les jeunes restent en proie à des difficultés liées à l'éducation, à la participation citoyenne et politique, au chômage et au sous-emploi, et sont principalement employés dans l'agriculture en qualité de travailleurs familiaux non rémunérés ou d'employés à bas salaire. L'exode des

jeunes est un problème majeur dans les zones rurales, qui nuit aux activités agricoles en général.

7. Le Népal est exposé à des précipitations irrégulières et extrêmes (changements dans le début de la mousson, modifications de la configuration spatiale, augmentation du nombre de jours secs consécutifs et diminution du nombre de jours de pluie consécutifs, hausse des précipitations extrêmes et diminution des précipitations hivernales ou post-mousson). Les changements climatiques sont directement responsables de l'équivalent de 10 à 30% des pertes de production annuelles dans les secteurs de l'agriculture, de l'élevage et de la pêche. Entre 1971 et 2007, les sécheresses et les inondations ont entraîné respectivement 38,9% et 23,2% des pertes de production dues au climat<sup>1</sup>.

#### **Justification de l'intervention du FIDA**

8. La COVID-19, la guerre en Ukraine et la multiplication des chocs climatiques et autres ont mis en évidence la forte dépendance du Népal à l'égard des importations pour assurer la sécurité alimentaire et nutritionnelle et ont révélé la vulnérabilité des systèmes alimentaires nationaux. Ces vulnérabilités ont été exacerbées par des facteurs internes tels que la transition politique vers un État fédéral et des problèmes macroéconomiques tels que la faible contribution de l'industrie manufacturière au produit intérieur brut (PIB), la forte dépendance à l'égard des importations et la dévaluation de la monnaie nationale. Il est donc urgent d'augmenter la production et la distribution de denrées alimentaires à l'échelle nationale et de faire en sorte que le secteur agricole génère des devises pour compenser les dépenses liées aux importations.

### **B. Enseignements à retenir**

9. Au fil de 40 ans de collaboration avec le Népal, le FIDA a introduit de nombreuses bonnes pratiques dans le cadre des projets qu'il a financés. Parmi les bonnes pratiques clés figurent i) l'intégration de technologies agroécologiques dans les systèmes de production de subsistance et commerciaux pour revitaliser la santé écologique des exploitations agricoles, accroître la diversité des cultures, démultiplier les avantages nutritionnels et renforcer la résilience climatique; ii) le renforcement de l'accent mis sur la commercialisation, de la viabilité économique et des liens avec les services en appui à la production agroécologique; iii) la conception, l'exploitation et la maintenance d'infrastructures résilientes aux changements climatiques à des fins de durabilité à long terme; et iv) la formation destinée à permettre aux organisations de producteurs de travailler dans des filières axées sur l'exportation et de se conformer aux normes internationales concernant les produits alimentaires sûrs et biologiques.

## **II. Description du programme**

### **A. Objectifs, zone d'intervention et groupes cibles**

10. Le Programme pour une agriculture résiliente à haute valeur ajoutée (R-HVAP) sera exécuté sur une période de huit ans et a pour finalité de « réduire la pauvreté et d'améliorer la résilience des ménages de petits exploitants ». Son objectif de développement est de soutenir la « transition de l'agriculture paysanne vers des systèmes alimentaires durables, rentables, inclusifs et agroécologiques ».
11. Le programme couvre les provinces de Lumbini, de Karnali et de Sudurpashchim dans l'ouest du Népal et ses interventions viseront 80 *Palikas*. Les provinces ont été sélectionnées compte tenu de l'incidence la plus élevée de la pauvreté multidimensionnelle, de l'impact de la COVID-19 sur les moyens d'existence ruraux, de l'emplacement du marché de gros régional de Semlar aux fins d'une distribution

<sup>1</sup> Ministère des forêts et de l'environnement, gouvernement népalais. *Vulnerability and Risk Assessment and Identifying Adaptation Options: Summary for Policy Makers* (Évaluation de la vulnérabilité et des risques et détermination des options en matière d'adaptation: résumé à l'intention des décideurs politiques). Ministère des forêts et de l'environnement, Gouvernement népalais. Kathmandou (Népal).

à l'échelle nationale et internationale de produits agricoles, et d'une perspective paysagère visant à faciliter la mise en place d'un bassin alimentaire agroécologique.

12. L'équipe du programme R-HVAP proposera des services axés sur les besoins des personnes suivantes: i) les personnes extrêmement pauvres; ii) les pauvres (y compris les personnes pauvres et moyennement pauvres); iii) les ménages quasi-pauvres. Ensemble, les agriculteurs pauvres et extrêmement pauvres constitueront 80% des participants au programme. Les ménages quasi-pauvres représenteront quant à eux environ 20% des participants.

## **B. Composantes, résultats et activités**

13. Le programme R-HVAP s'articule autour des quatre composantes complémentaires et interdépendantes ci-après.
14. **Composante 1. Renforcement des capacités en faveur de la transition vers des systèmes de production agroécologiques axés sur la commercialisation**
  - a) **Sous-composante 1.1. Planification et coordination décentralisées en matière d'agroécologie**, à l'appui de l'élaboration de plans quinquennaux en faveur de l'agroécologie dans les *palikas* (ci-après les « plans agroécologiques ») dans le cadre d'une planification locale facilitée par les bureaux provinciaux de gestion du programme et les bureaux de corridor (qui sont décentralisés). Dans les plans agroécologiques, on trouvera la définition des éléments clés suivants: les participants au programme; les produits de base à forte valeur ajoutée qui sont compatibles avec un système agricole agroécologique; les meilleures pratiques agroécologiques au niveau des exploitations agricoles; les exigences du marché et les normes en matière de conformité; les possibilités en matière de services agricoles et d'entrepreneuriat; les besoins en biens publics et en infrastructures productives.
  - b) **Sous-composante 1.2. Connaissances et capacités pour la mise en place d'une agriculture agroécologique**, qui reposeront sur la base de connaissances existantes en matière d'agriculture durable, d'agroécologie et de permaculture, dans le cadre d'une amélioration du programme d'enseignement sur l'agroécologie visant à prendre en compte l'agroéconomie. Les participants bénéficieront d'une formation approfondie aux différents aspects techniques de l'agroécologie, d'une éducation financière, d'une initiation à l'entrepreneuriat et d'une version abrégée du Système de formation-action pour l'égalité femmes-hommes (GALS *lite*). Les bonnes pratiques en matière d'agroécologie seront diffusées grâce à une méthode axée sur la formation des formateurs et à la mise en place de 80 exploitations agroécologiques témoins gérées par des agriculteurs chefs de file. Des stages d'agroécologie seront proposés à une soixantaine de jeunes apprentis agricoles. Des échanges entre agriculteurs seront menés, ce qui contribuera au développement d'une vaste communauté de pratique.
  - c) **Sous-composante 1.3. Accroissement de la production agroécologique axée sur la commercialisation**. Dans le cadre de cette sous-composante, au moins 1 600 organisations de producteurs, soit environ 45 000 agriculteurs, recevront une formation leur permettant de devenir des organisations professionnelles dotées d'un sens aigu des affaires, et ce, à des fins de durabilité à long terme. On établira des liens d'entreprise à entreprise et d'entreprise à prestataire de services avec les organisations de producteurs de façon à instaurer des relations commerciales fructueuses. Les petits exploitants participant au programme R-HVAP pourront bénéficier d'un crédit au titre du Programme du FIDA pour des filières au service d'une transformation agricole inclusive (VITA) exécuté par l'Agriculture Development Bank Limited.

- d) **Sous-composante 1.4. Renforcement de l'écosystème des microentreprises et petites et moyennes entreprises en faveur du marché des services agricoles.** Dans le cadre de cette sous-composante, l'écosystème des microentreprises et petites et moyennes entreprises sera développé afin de répondre aux besoins en amont et en aval des filières agroécologiques multiproduits. Un appui au co-investissement sera apporté dans le domaine de la production décentralisée d'intrants biologiques de haute qualité et du marché des services des microentreprises et petites et moyennes entreprises à des fins de valeur ajoutée post-récolte. Environ 700 jeunes recevront un enseignement et une formation techniques et professionnels en matière d'agriculture, ainsi qu'un appui à la création d'entreprises.
15. **Composante 2. Amélioration de l'accès à des infrastructures productives résilientes aux changements climatiques.** Les infrastructures résilientes aux changements climatiques essentielles seront recensées dans les plans agroécologiques en vue de stimuler la production des petits exploitants et des organisations de producteurs. Au nombre de ces infrastructures figurent: i) les systèmes d'irrigation à petite échelle, les installations de stockage de l'eau et les systèmes d'eau à usage multiple; ii) les installations de regroupement et de stockage; iii) les installations de transformation post-récolte gérées par des microentreprises et des petites et moyennes entreprises. Toutes les interventions en lien avec les infrastructures seront menées en synergie avec d'autres interventions du programme et prévoiront des mesures en matière d'exploitation et de maintenance. Les technologies d'énergie renouvelable seront encouragées dans le cadre de l'irrigation par remontée mécanique, de la transformation primaire et des activités de manutention après récolte.
16. **Composante 3. Amélioration du regroupement et de la distribution en gros des produits agroécologiques de base destinés au marché intérieur et à l'exportation.** Le programme R-HVAP appuiera la première phase de construction du marché de gros agricole régional de Semlar dans la sous-métropole de Butwal (province de Lumbini). Le marché de Semlar facilitera le regroupement des produits de base provenant d'une vaste zone de collecte, et plus particulièrement des organisations de producteurs appuyées dans le cadre du programme R-HVAP, de façon à améliorer la distribution des produits agroécologiques de base sur les marchés intérieurs et d'exportation. Il s'agira d'un marché ultramoderne doté d'étals de vente en gros de fruits, de légumes, de céréales et d'autres produits de base prioritaires, ce qui facilitera la collecte, la transformation et le marquage des produits agricoles. Le marché est situé à un endroit stratégique, à environ 20 minutes de route de l'aéroport international de Gautam Buddha et à quelque 40 kilomètres de la frontière indienne.
17. **Composante 4. Renforcement des stratégies, des réglementations et des institutions en faveur de la production et du commerce agroécologiques des petits exploitants.** Dans le cadre du programme R-HVAP, les stratégies, les réglementations et d'autres cadres d'appui favorisant une production agroécologique rentable pour les petits exploitants seront mis en place et renforcés avec l'aide des institutions et des communautés participantes. Pour promouvoir l'exportation de produits agricoles, l'équipe du programme mettra en place des systèmes de certification, renforcera la capacité à respecter les mesures sanitaires et phytosanitaires, soutiendra la facilitation des échanges et les négociations commerciales, et participera à des manifestations liées au commerce international et à des foires sur le commerce éthique et biologique.

## C. Théorie du changement

18. Le programme R-HVAP vise à faire évoluer systématiquement les petites exploitations agricoles vers une agriculture agroécologique à vocation commerciale. L'objectif est d'assurer la transition vers un secteur agricole inclusif, autosuffisant,



résilient et rentable pour les petits exploitants, qui contribue davantage à la sécurité alimentaire et nutritionnelle du pays et à la constitution de réserves de devises fortes. Pour relever le défi complexe de la transition vers une agriculture agroécologique à vocation commerciale, il faut agir de manière systématique, coordonnée et complémentaire dans plusieurs domaines thématiques clés et à plusieurs échelons géographiques. Selon les estimations, il faudra environ 20 ans pour achever cette transition, dont le programme R-HVAP constitue la première étape fondamentale.

## D. Alignement, appropriation et partenariats

19. La finalité du programme est en phase avec les objectifs de développement durable n<sup>os</sup> 1 (pas de pauvreté), 2 (faim zéro) – dont la cible 3 en particulier (doubler la productivité agricole et les revenus des petits producteurs alimentaires), 5 (égalité des sexes), 8 (travail décent pour tous et croissance économique), 12 (consommation et production responsables) et 13 (action climatique). Le programme est pleinement conforme aux objectifs et stratégies de développement du 15<sup>e</sup> plan du Népal, qui appelle à une croissance économique durable et inclusive et à l'atténuation de la pauvreté; à la modernisation autonome et à la commercialisation des produits agricoles, en accordant une attention particulière à la production et à la transformation de produits biologiques à haute valeur ajoutée; et à une gestion durable des ressources naturelles aux fins de l'amélioration des services écosystémiques destinés aux secteurs de l'agriculture, de l'industrie et des services.
20. Le programme R-HVAP est parfaitement aligné sur les politiques et les priorités institutionnelles du FIDA. Il contribue aux objectifs stratégiques du Programme d'options stratégiques pour le pays (COSOP).

## E. Coût, avantages et financement

21. **Le coût total du programme** est estimé à 120,9 millions d'USD. Les sources de financement et les contributions sont les suivantes: i) 70,935 millions d'USD sous forme de prêt (58,6%) du FIDA; ii) 24,6 millions d'USD (20,3%) du Gouvernement fédéral népalais comprenant: a) 19,6 millions d'USD (16,2%) couvrant les droits, les taxes, les salaires et les dépenses opérationnelles liées au personnel détaché; b) 5,0 millions d'USD (4,1%) sous forme de contribution monétaire pour financer la construction du marché de gros de Semlar; iii) 0,5 million d'USD (0,4%) des provinces; iv) 1,52 million d'USD (1,3%) des administrations locales; v) 20,87 millions d'USD (17,3%) des organisations de producteurs et des ménages; vi) 2,56 millions d'USD (2,1%) des microentreprises et huites petites et moyennes entreprises.
22. **Coût du programme par composante et par source de financement.** Sur le coût total du programme, 66,05 millions d'USD (54,6%) sont destinés à la composante 1, 10,08 millions d'USD (8,3%) à la composante 2, 31,25 millions d'USD (25,8%) à la composante 3, 1,37 million d'USD (1,1%) à la composante 4 et 12,22 millions d'USD (10,1%) à la gestion du programme. La répartition du financement par source de financement est indiquée au tableau 1.

### Coût du programme

23. **Coût du programme par catégorie de dépenses et par source de financement.** Le coût du programme se répartit en quatre catégories de dépenses: i) les travaux (35,3%); ii) les biens, services et intrants (54,0%); iii) la formation (2,7%); iv) les frais de fonctionnement (8,0%). Les catégories de dépenses et les coûts associés par source de financement sont présentés au tableau 2.

24. Les composantes 1, 2, 3 et 4 du programme relèvent partiellement du financement climatique. Calculé selon la méthode des banques multilatérales de développement pour le suivi du financement de l'adaptation aux changements climatiques et de leur atténuation, le financement climatique total du FIDA au titre de ce programme est estimé à 19 947 millions d'USD.

**Tableau 1**  
**Coût du programme par composante et par source de financement**  
(en milliers d'USD)

| Composante   | Prêt du FIDA  |             | Provinces et administrations locales |          | Autres cofinanceurs |          | Bénéficiaires            |                         |              | Emprunteur/bénéficiaire  |                         |                | Total      |      |
|--|---------------|-------------|--------------------------------------|----------|---------------------|----------|--------------------------|-------------------------|--------------|--------------------------|-------------------------|----------------|------------|------|
|  | Montant       | %           | Montant                              | %        | Montant             | %        | Contributions monétaires | Contributions en nature | %            | Contributions monétaires | Contributions en nature | %              | Montant    | %    |
|  |               |             |                                      |          |                     |          |                          |                         |              |                          |                         |                |            |      |
| 1. Renforcement des capacités en faveur de la transition vers des systèmes de production agroécologiques axés sur la commercialisation                   | 34 324        | 52          | -                                    | -        | 2 512               | 4        | -                        | 19 500                  | 30           | -                        | 9 715                   | 15             | 66 050     | 54,6 |
| 2. Amélioration de l'accès à des infrastructures productives résilientes aux changements climatiques   | 5 682         | 56          | 1 518                                | 15       | -                   | -        | -                        | 1 368                   | 14           | -                        | 1 512                   | 15             | 10 080     | 8,3  |
| 3. Amélioration du regroupement et de la distribution en gros des produits agroécologiques de base destinés au marché intérieur et à l'exportation       | 22 000        | 70          | -                                    | -        | -                   | -        | -                        | -                       | -            | 5 000                    | 4 255                   | 30             | 31 255     | 25,8 |
| 4. Renforcement des stratégies, des réglementations et des institutions en faveur de la production et du commerce agroécologiques des petits exploitants | 1 083         | 79          | 34                                   | 3        | 46                  | -        | -                        | -                       | -            | -                        | 205                     | 15             | 1 368      | 1,1  |
| 5. Gestion du programme, suivi-évaluation, gestion des savoirs et apprentissage  | 7 846         | 64          | 463                                  | 4        | -                   | -        | -                        | -                       | -            | -                        | 3 907                   | 32             | 12 217     | 10,1 |
| <b>Total</b>   | <b>70 935</b> | <b>58,6</b> | <b>2 015</b>                         | <b>2</b> | <b>2 558</b>        | <b>2</b> | <b>20 868</b>            | <b>17</b>               | <b>5 000</b> | <b>19 594</b>            | <b>20</b>               | <b>120 970</b> | <b>100</b> |      |

**Tableau 2**  
**Coût du programme par catégorie de dépenses et par source de financement**  
(en milliers d'USD)

| Catégorie de dépenses                      | Prêt du FIDA  |             | Provinces et administrations locales |          | Autres cofinanciers |          | Bénéficiaires            |                         | Emprunteur/bénéficiaire |                          |                         | Total     |                |            |
|--|---------------|-------------|--------------------------------------|----------|---------------------|----------|--------------------------|-------------------------|-------------------------|--------------------------|-------------------------|-----------|----------------|------------|
|  | Montant       | %           | Montant                              | %        | Montant             | %        | Contributions monétaires | Contributions en nature | %                       | Contributions monétaires | Contributions en nature | %         | Montant        | %          |
|  |               |             |                                      |          |                     |          |                          |                         |                         |                          |                         |           |                |            |
| <b>Dépenses d'investissement</b>           |               |             |                                      |          |                     |          |                          |                         |                         |                          |                         |           |                |            |
| 1. Travaux                                 | 27 391        | 64          | 1 496                                | 3        | 2 055               | 5        | -                        | 1 350                   | 3                       | 4 624                    | 5 839                   | 25        | 42 754         | 35         |
| 2. Biens, services et intrants             | 35 236        | 54          | 56                                   | 0        | 457                 | 1        | -                        | 19 518                  | 30                      | 343                      | 9 711                   | 15        | 65 322         | 54         |
| 3. Formation                               | 2 703         | 83          | -                                    | -        | 46                  | 1        | -                        | -                       | -                       | 33                       | 463                     | 15        | 3 245          | 3          |
| <b>Total des dépenses d'investissement</b> | <b>65 330</b> | <b>59</b>   | <b>1 552</b>                         | <b>1</b> | <b>2 558</b>        | <b>2</b> |                          | <b>20 868</b>           | <b>19</b>               | <b>5 000</b>             | <b>16 013</b>           | <b>19</b> | <b>111 321</b> | <b>92</b>  |
| <b>Dépenses ordinaires</b>                 |               |             |                                      |          |                     |          |                          |                         |                         |                          |                         |           |                |            |
| 1. Frais de fonctionnement                 | 5 605         | 58          | 463                                  | 5        | -                   | -        | -                        | -                       | -                       | -                        | 3 581                   | 37        | 9 649          | 8          |
| <b>Total des dépenses ordinaires</b>       | <b>5 605</b>  | <b>58</b>   | <b>463</b>                           | <b>5</b> | <b>-</b>            | <b>-</b> | <b>-</b>                 | <b>-</b>                | <b>-</b>                | <b>-</b>                 | <b>3 581</b>            | <b>37</b> | <b>9 649</b>   | <b>8</b>   |
| <b>Total</b>                               | <b>70 935</b> | <b>58,6</b> | <b>2 015</b>                         | <b>2</b> | <b>2 558</b>        | <b>2</b> |                          | <b>20 868</b>           | <b>17</b>               | <b>5 000</b>             | <b>19 594</b>           | <b>20</b> | <b>120 970</b> | <b>100</b> |

**Tableau 3**  
**Coût du programme par composante et par année du programme**  
(en milliers d'USD)

| Composante   | 2024-2025    |          | 2025-2026     |           | 2026-2027     |           | 2027-2028     |           | 2028-2029    |          | 2029-2030    |          | 2030-2031    |          | 2031-2032    |          | Total          |
|--|--------------|----------|---------------|-----------|---------------|-----------|---------------|-----------|--------------|----------|--------------|----------|--------------|----------|--------------|----------|----------------|
|  | Montant      | %        | Montant       | %         | Montant       | %         | Montant       | %         | Montant      | %        | Montant      | %        | Montant      | %        | Montant      | %        | Montant        |
| 1. Renforcement des capacités en faveur de la transition vers des systèmes de production agroécologiques axés sur la commercialisation                   | 3 325        | 5        | 14 997        | 23        | 25 273        | 38        | 18 239        | 28        | 1 846        | 3        | 1 216        | 2        | 1 149        | 2        | 6            | 0        | 66 050         |
| 2. Amélioration de l'accès à des infrastructures productives résilientes aux changements climatiques   | 847          | 8        | 1 839         | 18        | 2 885         | 29        | 2 262         | 22        | 1 000        | 10       | 448          | 4        | 452          | 4        | 347          | 3        | 10 080         |
| 3. Amélioration du regroupement et de la distribution en gros des produits agroécologiques de base destinés au marché intérieur et à l'exportation       | 3 289        | 11       | 9 280         | 30        | 9 237         | 30        | 9 449         | 30        | -            | -        | -            | -        | -            | -        | -            | -        | 31 255         |
| 4. Renforcement des stratégies, des réglementations et des institutions en faveur de la production et du commerce agroécologiques des petits exploitants | 36           | 3        | 325           | 24        | 304           | 22        | 173           | 13        | 121          | 9        | 208          | 15       | 125          | 9        | 76           | 6        | 1 368          |
| 5. Gestion du programme, suivi-évaluation, gestion des savoirs et apprentissage  | 2 363        | 19       | 1 387         | 11        | 1 336         | 11        | 1 471         | 12        | 1 451        | 12       | 1 468        | 12       | 1 496        | 12       | 1 244        | 10       | 12 217         |
| <b>Total</b>   | <b>9 860</b> | <b>8</b> | <b>27 828</b> | <b>23</b> | <b>39 035</b> | <b>32</b> | <b>31 594</b> | <b>26</b> | <b>4 418</b> | <b>4</b> | <b>3 340</b> | <b>3</b> | <b>3 222</b> | <b>3</b> | <b>1 672</b> | <b>1</b> | <b>120 970</b> |

25. Les coûts du programme s'échelonnent sur une période de huit ans. Quelque 8% des coûts seront imputés à l'année 1. Le coût du programme se répartira ensuite comme suit: 23%, 32%, 26%, 4%, 3%, 3% et 1% pour les années 2, 3, 4, 5, 6, 7 et 8, respectivement. Le coût programme par composante et par année est présenté au tableau 3.

### **Stratégie et plan de financement et de cofinancement**

26. Le budget total du programme R-HVAP s'élève à 120,97 millions d'USD et couvre une période de huit ans. Il comprend un prêt du FIDA de 70,935 millions d'USD (58,6%), dont 38,5 millions d'USD provenant du Système d'allocation fondé sur la performance au titre de la Douzième reconstitution des ressources du FIDA (FIDA12), et 15,4 millions d'USD et 17,0 millions d'USD partiellement annulés et réalloués dans le cadre du Programme de développement du secteur agricole (PDSA) et du programme VITA, respectivement. Les contributions du Gouvernement népalais sont estimées à 24,6 millions d'USD (20,3%), dont 19,6 millions d'USD (16,2%) couvrant les droits, les taxes, les salaires et les dépenses opérationnelles liés au personnel détaché, et 5,0 millions d'USD (4,1%) sous forme de contribution monétaire destinée à la construction du marché de gros de Semlar. Les contributions des administrations provinciales et locales s'élèvent respectivement à 0,5 million d'USD (0,4%) et à 1,52 million d'USD (1,3%). En outre, les contributions des organisations de producteurs, des ménages et des microentreprises et petites et moyennes entreprises sont estimées à 20,87 millions d'USD (17,3%, principalement en nature) et à 2,56 millions d'USD (2,1%), respectivement.

### **Décaissement**

27. Les fonds du FIDA seront décaissés sur un compte de trésorerie du Gouvernement népalais, tenu par le Bureau du Contrôleur général des finances en dollars des États-Unis (USD) et ouvert à la Nepal Rastra Bank. Le Gouvernement népalais préfinancera les dépenses du programme. Les dépenses ainsi préfinancées seront remboursées au Trésor central par le FIDA, sur une base trimestrielle, dès réception d'une demande de retrait. Les tableaux des coûts serviront de documents de référence pour vérifier si les dépenses du programme sont admissibles à un financement du FIDA. L'Emprunteur indiquera au Fonds les coordonnées du compte et les responsables autorisés à présenter les demandes de retrait. Le taux de change applicable pour convertir les dépenses en roupies népalaises en dollars des États-Unis sera calculé sur la base du taux en vigueur à la date de la demande de retrait. Dans le système de gestion budgétaire, des autorisations budgétaires relatives au programme, libellées en roupies népalaises (NPR), seront utilisées par les unités de dépenses des parties concernées par le programme une fois le programme et le budget annuels approuvés.
28. **Rapports financiers intermédiaires.** Le Bureau de coordination du programme présentera les rapports financiers intermédiaires trimestriels consolidés dans un délai de 45 jours suivant la fin du trimestre concerné. Une demande de retrait sera présentée chaque trimestre – pour rembourser le montant effectivement dépensé.

### **Résumé des avantages et analyse économique**

29. Le programme R-HVAP touchera 60 000 ménages de petits exploitants agricoles, soit 258 000 personnes. Les participants au programme recevront un appui au co-investissement et auront accès à des services financiers en milieu rural pour créer des entreprises agroécologiques résilientes aux changements climatiques. Les petits exploitants augmenteront la production de divers produits agricoles de base grâce à l'adoption de systèmes agroécologiques et de technologies et pratiques de gestion améliorées, à la mise en place d'infrastructures de production et de postproduction et à un meilleur accès à d'autres services complémentaires.

30. À partir des modèles financiers des ménages agricoles, des microentreprises et des petites et moyennes entreprises, des infrastructures communautaires et du marché de gros de Semlar, une analyse économique fondée sur les prix économiques a donné les résultats suivants: l'analyse coûts-avantages révèle un taux de rentabilité économique interne global de 18,1%; la valeur actuelle nette est estimée à 21 267 millions de NPR (163,6 millions d'USD) compte tenu d'un taux d'actualisation de 9%, et le rapport avantages-coûts est de 8,52. La valeur actuelle nette positive, inférieure au coût d'opportunité du capital de 9%, indique que les investissements du programme sont solides et valent la peine d'être réalisés d'un point de vue financier et économique.

#### **Stratégie de retrait et pérennisation**

31. Le programme R-HVAP est conçu comme une initiative à moyen terme, comprenant une phase initiale sur huit ans, suivie d'une deuxième phase. Par conséquent, la conception du programme repose sur une stratégie de transposition à plus grande échelle qui donne la priorité à un appui soutenu à moyen terme destiné à assurer la pérennité des organisations de producteurs et des investissements connexes. La stratégie de retrait sera ajustée par le Bureau de coordination du programme et les organismes d'exécution au cours de l'exécution du programme, de manière à prendre en compte l'évolution du contexte.

### **III. Gestion des risques**

#### **A. Risques et mesures d'atténuation**

32. Le programme a été conçu de façon à tenir compte des risques institutionnels, étant donné notamment la lenteur de la transition vers le fédéralisme. La structure adoptée pour l'exécution du programme met l'accent sur la mise en œuvre à l'échelon des provinces et des *palikas*, le niveau fédéral ne jouant qu'un rôle mineur.

**Tableau 4**  
**Synthèse des risques**

| <i>Aspect du risque</i>                              | <i>Niveau de risque inhérent</i> | <i>Évaluation du risque résiduel</i> |
|--|----------------------------------|--------------------------------------|
| Contexte national                                    | Modéré                           | Modéré                               |
| Stratégies et politiques sectorielles                | Modéré                           | Modéré                               |
| Contexte environnemental et climatique               | Substantiel                      | Substantiel                          |
| Portée du programme                                  | Faible                           | Faible                               |
| Capacités institutionnelles d'exécution et viabilité | Substantiel                      | Modéré                               |
| Gestion financière                                   | Substantiel                      | Substantiel                          |
| Passation des marchés                                | Modéré                           | Modéré                               |
| Impact environnemental, social et climatique         | Modéré                           | Modéré                               |
| Parties prenantes                                    | Modéré                           | Modéré                               |
| <b>Risque global</b>                                 | <b>Modéré</b>                    | <b>Modéré</b>                        |

#### **B. Catégorie environnementale et sociale**

33. Le risque environnemental et social du programme R-HVAP est jugé **substantiel**. Le programme R-HVAP vise à produire des effets positifs sur le plan environnemental et social, et ce de façon globale. Il est axé sur la promotion de systèmes agricoles agroécologiques, qui contribueront à revitaliser la santé écologique des exploitations, à accroître la biodiversité et à renforcer la résilience climatique. Il s'agit d'un programme propre à transformer la dynamique femmes-hommes, qui tient compte des jeunes et donne la priorité à l'inclusion sociale. Le programme augmentera l'accès des femmes à des perspectives économiques viables, créera des débouchés économiques et professionnels pour les jeunes et garantira une participation collective aux prises de décisions.

## C. Classement au regard des risques climatiques

34. Le risque climatique du programme est jugé **substantiel**. Le programme promeut l'agroécologie, les pratiques agricoles climato-compatibles et les infrastructures résilientes aux changements climatiques aux fins du renforcement de la résilience climatique de l'agriculture paysanne.

## D. Soutenabilité de la dette

35. Le risque lié à la dette publique extérieure du Népal est très faible<sup>2</sup>, bien que la dette ait augmenté ces dernières années. La dette publique devrait se stabiliser à moyen terme (à environ 50% du PIB), et les valeurs actuelles des ratios dette publique/PIB et dette extérieure/PIB devraient rester inférieures aux seuils fixés à titre indicatif. Toutefois, les résultats sont tributaires des chocs liés à la croissance, aux exportations et aux catastrophes naturelles, ce qui souligne l'importance des réformes visant à diversifier l'économie népalaise et à en accroître la résilience.

# IV. Exécution

## A. Cadre organisationnel

### Gestion et coordination du programme

36. Le Ministère du développement de l'agriculture et du bétail est l'organisme chef de file du programme et travaillera en coordination avec le Ministère des finances, le Ministère du développement urbain, le Ministère de l'industrie, du commerce et de l'approvisionnement, les départements des ministères de l'agriculture, de l'environnement et des forêts au niveau provincial, et d'autres organismes et parties prenantes concernés.
37. Le Comité de pilotage du programme au niveau fédéral sera présidé par le Secrétaire du Ministère du développement de l'agriculture et du bétail, assisté de représentants des ministères d'exécution compétents. Trois comités provinciaux de pilotage du programme seront mis sur pied sous la présidence du Secrétaire du ministère de la gestion des terres, de l'agriculture et des coopératives de chaque province.

### Gestion financière, passation des marchés et gouvernance

38. **Gestion financière.** Des comptables et des experts-comptables seront détachés par le Gouvernement auprès du Bureau de coordination du programme, de chaque bureau provincial de gestion du programme et des bureaux de corridor. Leurs rôles et leurs responsabilités sont précisés dans le Manuel d'exécution du programme et le Manuel de gestion financière. De plus, le Bureau de coordination du programme comptera les spécialistes techniques requis et coordonnera tous les bureaux provinciaux de gestion du programme aux fins de la consolidation des rapports financiers intermédiaires et de l'allocation des budgets en temps voulu.
39. **Planification et budgétisation.** Le plan de travail et budget annuel du programme sera élaboré conformément au processus d'établissement du budget de l'État dans son ensemble. Le Bureau de coordination du programme coordonnera les travaux des bureaux provinciaux de gestion du programme en ce qui concerne l'élaboration et la présentation de budgets précis et réalistes. Chaque province élaborera un plan de travail et budget annuel fondé sur les activités détaillées dans les plans agroécologiques. L'Unité spéciale d'exécution du programme établira un plan de travail et budget annuel distinct pour le marché de gros de Semlar. Une fois les plans de travail et budgets annuels provinciaux approuvés, un plan de travail et budget annuel consolidé relatif au programme, comprenant les activités au niveau fédéral, sera élaboré par le Bureau de coordination du programme et soumis à l'avis de non-objection du FIDA et à l'approbation du Comité de pilotage du programme.

<sup>2</sup> Communiqué de presse, rapport du personnel et déclaration de la Directrice exécutive pour le Népal dans le cadre de la Consultation de 2023 sur l'article IV (mai 2023).



40. **Contrôle interne.** L'équipe du programme respectera les réglementations du Gouvernement népalais en matière de paiements, de flux de fonds et d'opérations de trésorerie.
41. **Systèmes comptables, politiques, procédures et rapports financiers.** L'équipe du programme R-HVAP respectera les règles budgétaires et comptables du Gouvernement népalais. Elle travaillera avec le Bureau du Contrôleur général des finances en vue d'adapter le logiciel de comptabilité publique centralisée de manière à ce qu'il permette de générer et de consolider automatiquement les rapports financiers intermédiaires au niveau du Bureau de coordination du programme.
42. **Audits.** Le Bureau de l'Auditeur général procède à l'audit des projets financés par des donateurs au Népal, conformément au Manuel du FIDA relatif à l'information financière et à l'audit des projets financés par le Fonds. Des efforts seront déployés pour garantir la soumission des rapports d'audit dans les délais impartis.
43. **Systèmes nationaux.** Le personnel de la fonction publique, la budgétisation, le système de trésorerie unique, les flux de fonds, les rapports financiers, les normes de comptabilité et d'audit et l'institution supérieure de contrôle des finances publiques du pays seront mobilisés aux fins de l'exécution du programme.
44. **Enseignements tirés.** Dans le cadre du programme R-HVAP, une masse critique de bureaux provinciaux de gestion du programme et de bureaux de corridor sera mise en place à proximité des bénéficiaires et des fournisseurs afin d'accélérer les décaissements, les passations de marché et les paiements. Une option de financement de démarrage rapide est également prévue en vue d'atténuer les retards persistants au démarrage.
45. La passation des marchés de biens, de travaux et de services financés par les ressources du programme sera effectuée conformément aux dispositions de la Loi sur les marchés publics, au Règlement sur les marchés publics (2007), aux Directives du FIDA pour la passation des marchés relatifs aux projets et au Manuel de passation des marchés du FIDA. Le Bureau de coordination du programme élaborera un plan annuel de passation de marchés conformément aux procédures détaillées dans le Manuel d'exécution du programme. Le plan annuel de passation de marchés sera mis à jour si nécessaire pour tenir compte des besoins réels en matière d'exécution. La passation des marchés sera effectuée conformément au plan annuel consolidé présenté par le Bureau de coordination du programme, approuvé par le Comité de pilotage du programme et ayant fait l'objet d'un avis de non-objection de la part du FIDA.

**Participation et retours d'information du groupe cible, et mécanisme de réponse aux doléances**

46. L'approche du programme repose sur la consultation des populations locales et vise à cerner les besoins prioritaires à inclure dans les plans agroécologiques. Les activités de mobilisation seront conformes à la stratégie en matière d'inclusion sociale et suivront les étapes clés suivantes: diffusion de l'information, consultation de la population, mobilisation de tous les acteurs sociaux et prise de mesures spécifiques pour l'inclusion sociale des personnes les plus vulnérables.
47. L'équipe du programme collaborera avec les membres des communautés, les organisations locales, et les organisations de producteurs, y compris les anciens du village et les responsables locaux, afin de les informer des activités du programme. Toutes les communautés seront consultées à l'échelon des quartiers afin d'obtenir un consensus sur l'utilité des activités prévues et de s'assurer de l'intérêt de la population à y participer. Les réunions communautaires comprendront au moins 50% de femmes, 30% de jeunes et les catégories sociales vulnérables présentes dans les communautés en question, notamment les ménages dirigés par une femme, les Dalits, les Janajatis, les peuples autochtones et les personnes

handicapées. Des coordonnateurs communautaires seront désignés pour recueillir les retours d'information de la population.

48. Pendant l'exécution du programme, des réunions communautaires seront régulièrement organisées pour informer la population de l'état d'avancement de l'exécution, et ce en présence de facilitateurs communautaires et de représentants du programme et de l'administration locale.

#### **Mécanisme de réponse aux doléances**

49. Un mécanisme de réponse aux doléances sera mis en place pour que les participants au programme puissent communiquer leurs préoccupations aux coordonnateurs locaux ou au niveau central. Il sera porté à la connaissance du public au niveau local, dans la langue locale. Dans le cadre du mécanisme de réponses aux doléances, les pratiques établies seront respectées et de multiples points d'accès seront prévus (téléphone, boîte de réclamation, site Web, courriel, adresse postale), de sorte que les bénéficiaires sauront qui contacter et comment faire remonter leurs préoccupations.

### **B. Planification, suivi-évaluation, apprentissage, gestion des savoirs et communication**

50. L'équipe du programme R-HVAP respectera les processus de planification du Gouvernement népalais et du FIDA s'agissant des plans de travail et budgets annuels. Les plans agroécologiques quinquennaux seront l'instrument clé pour acheminer les fonds du programme dans le respect des plans de développement des quartiers et des municipalités concernés, et pour formuler les plans de travail et budgets annuels et les plans de passation de marchés au niveau provincial. Conformément aux processus de planification locale, les plans agroécologiques seront approuvés par les municipalités concernées et intégrés dans les plans des municipalités et des quartiers.
51. Le système de suivi-évaluation, conçu et géré par le Bureau de coordination du programme, couvrira les éléments suivants: i) la performance de la mise en œuvre, l'exécution du plan de travail et budget annuel, la portée et l'efficacité de la stratégie de ciblage; ii) la mesure périodique des résultats du programme (produits, effets directs et impact) au regard des objectifs convenus. Toutes les provinces contribueront à un système unique de suivi-évaluation et auront accès aux données produites. Le système de suivi-évaluation sera intégré dans un système d'information géographique accessible par différents moyens (en ligne et hors ligne, sur Internet et au moyen d'appareils mobiles). Les équipes chargées de l'exécution disposeront ainsi d'informations fiables et opportunes pour favoriser une gestion adaptative du programme.

#### **Innovations et reproduction à plus grande échelle**

52. L'approche agroécologique globale du programme est le principal moteur de l'innovation. Parmi ses principales caractéristiques innovantes, citons la planification intégrée participative, qui facilite l'élaboration des plans agroécologiques, les innovations techniques relatives aux pratiques de production agroécologiques, l'écosystème des microentreprises et petites et moyennes entreprises qui soutient le système agricole agroécologique, et les technologies d'énergie renouvelable au stade de la production (pompes et incubateurs solaires), de la post-récolte et de la transformation (séchoirs solaires, biogaz, etc.). Compte tenu des résultats obtenus durant la première phase, les résultats du programme R-HVAP seront consolidés et reproduits à plus grande échelle au cours de la deuxième phase. La reproduction à plus grande échelle sera entreprise dans une optique géographique et thématique.

### **C. Plans d'exécution**

#### **Plans de préparation à l'exécution et de démarrage**

53. Dans l'accord de financement, un financement de démarrage de 1 million d'USD est prévu pour financer la création des bureaux et unités de coordination et d'exécution,

le lancement des premières passations de marchés, le recrutement du personnel et les études préparatoires telles que l'étude comparative.

**Supervision, examen à mi-parcours et plans d'achèvement**

54. Les missions annuelles de supervision et d'appui à l'exécution du programme, les examens à mi-parcours et les examens à l'achèvement seront menés conjointement par le Gouvernement népalais et le FIDA. Ce dernier mobilisera son savoir-faire pour faciliter les missions de supervision et d'appui. Au minimum, huit missions de supervision et d'appui à l'exécution seront organisées, respectivement, au cours de la période couverte par le programme.

**V. Instruments et pouvoirs juridiques**

55. Un accord de financement entre le Gouvernement népalais et le FIDA constitue l'instrument juridique aux termes duquel le financement proposé sera consenti à l'emprunteur. Une copie de l'accord de financement négocié figure à l'appendice I.
56. Le Gouvernement népalais est habilité, en vertu de ses lois, à recevoir un financement du FIDA.
57. Je certifie que le financement proposé est conforme aux dispositions de l'Accord portant création du FIDA, et aux Principes et critères applicables aux financements du FIDA.

**VI. Recommandation**

58. Je recommande au Conseil d'administration d'approuver le financement proposé par la résolution suivante:

DÉCIDE: que le Fonds accordera au Gouvernement népalais un prêt à des conditions particulièrement concessionnelles d'un montant de cinquante-trois millions quatre cent mille droits de tirage spéciaux (53 400 000 DTS, soit 70 935 000 USD), qui sera régi par des modalités et conditions conformes en substance aux modalités et conditions indiquées dans le présent rapport.

Le Président  
Alvaro Lario

# Negotiated financing agreement Resilient High Value Agricultural Programme (R-HVAP)

(Negotiations concluded on 11 April 2024)

Loan No: \_\_\_\_\_

Programme name: *Resilient High Value Agricultural Programme (R-HVAP)* (the "Programme")

Nepal (the "Borrower")

and

The International Fund for Agricultural Development (the "Fund", or "IFAD")

(each a "Party" and both of them collectively the "Parties")

**WHEREAS** the Borrower has requested a loan from the Fund for the purpose of financing the Programme described in Schedule 1 to this Agreement;

**WHEREAS**, the Fund has agreed to provide financing for the Programme;

**NOW THEREFORE**, the Parties hereby agree as follows:

## Section A

1. The following documents collectively form this Agreement: this document, the Programme Description and Implementation Arrangements (Schedule 1), the Allocation Table (Schedule 2), and the Special Covenants (Schedule 3).
2. The Fund’s General Conditions for Agricultural Development Financing dated 29 April 2009, amended as of December 2022, and as may be amended hereafter from time to time (the "General Conditions") are annexed to this Agreement, and all provisions thereof shall apply to this Agreement. For the purposes of this Agreement the terms defined in the General Conditions shall have the meanings set forth therein, unless the Parties shall otherwise agree in this Agreement.
3. The Fund shall provide a Loan (the "Loan" or the "Financing") to the Borrower, which the Borrower shall use to implement the Programme in accordance with the terms and conditions of this Agreement.

## Section B

1. The total amount of the Loan is fifty-three million four hundred thousand Special Drawing Rights (SDR 53.4 million).
2. The Loan is granted on highly concessional terms and shall be free of interest but shall bear a fixed service charge as determined by the Fund at the date of approval of the Loan by the Fund’s Executive Board, payable semi-annually in the Loan Service Payment Currency. The Loan shall have a maturity period of forty (40) years, including a grace period of ten (10) years starting from the date of approval of the Loan by the Fund’s

Executive Board. The principal of the Loan will be repaid at four and a half percent (4.5%) of the total principal per annum for years eleven (11) to thirty (30) and one percent (1%) of the total principal per annum for years thirty-one (31) to forty (40).

3. The Loan Service Payment Currency shall be in United States dollars.
4. The first day of the applicable Fiscal Year shall be 16<sup>th</sup> of July and ends on 15<sup>th</sup> July.
5. Payments of principal and service charge shall be payable on each March 1 and September 1.
6. There shall be a Treasury Account of the Government of Nepal maintained by the Financial Comptroller General Office in United States Dollars ("USD") opened in Nepal Rastra Bank. The Borrower shall inform the Fund of the officials authorized to submit the withdrawal applications with the account details. The applicable exchange rate for converting Nepalese Rupee expenditures into USD will be the rate of the withdrawal application date.
7. There shall be Programme Budget Authorization in Nepalese rupees (NPR) in the budget management system to be used by the spending units of the relevant programme parties upon the approval of the annual program and budget.
8. The total cost of the programme is estimated at USD 120.97 million. The financiers and contributions are the following: (i) IFAD loan SDR 53.4 million (58.6%); (ii) Federal Government of Nepal USD 24.59 million (20.3%) comprising of, (a) USD 19.59 million (16.2%) covering duties, taxes, salary and operational cost of deputed staff, and (b) USD 5.0 million (4.1%) cash contribution for co-financing the Semlar wholesale market; (iii) provincial governments USD 0.5 million (0.4%); (iv) local governments / Palikas USD 1.52 million (1.3%), (v) Producers Organizations-Households USD 20.87 million (17.3%), and (vii) micro, medium, and small enterprises (MSMEs) USD 2.56 million (2.1%). -

### **Section C**

1. The Lead Programme Agency shall be the Ministry of Agriculture and Livestock Development ("MoALD") of Nepal.
2. The following are designated as additional Programme Parties: Ministry of Urban Development ("MoUD") for undertaking the Semlar wholesale market construction in coordination with MoALD, and the respective provincial Ministries of Agriculture.
3. A Mid-Term Review will be conducted as specified in Section 8.03 (b) and (c) of the General Conditions; however, the Parties may agree on a different date for the Mid-Term Review of the implementation of the Programme.
4. The Programme Completion Date shall be the eighth (8) anniversary of the date of entry into force of this Agreement and the Financing Closing Date shall be 6 months thereafter, or such other date as agreed between the Fund and the Borrower.
5. Procurement of goods, works and services financed by the Loan shall be carried out in accordance with the provisions of the Borrower's procurement regulations, to the extent such are consistent with the IFAD Procurement Guidelines.

### **Section D**

1. The Fund will administer the Financing and supervise the Programme.

**Section E**

1. The following is designated as additional ground for suspension of this Agreement that complete the events mentioned in Section 12.01(a) of the General Conditions:

- (a) The Programme Implementation Manual (PIM) and/or any provision thereof, has been waived, suspended, terminated, amended, or modified without the prior agreement of the Fund, and the Fund, after consultation with the Borrower, has determined that it has had, or is likely to have, a material adverse effect on the Programme.

2. The following are designated as additional grounds for cancellation of this Agreement that complete the events mentioned in 12.02(a) of the General Conditions:

- (a) The financing agreement has not entered into force 18 months after Executive Board approval; or
- (b) The financing has not started disbursing 18 months from entry into force of the Financing Agreement.

3. The following are designated as additional (general/specific) conditions precedent to withdrawal:

- (a) The IFAD no objection to the PIM shall have been obtained;
- (b) Key Programme staff has been appointed as per paragraph 9, Schedule 3 of this Agreement;
- (c) IFAD must receive, a duly completed Authorised User(s) Letter, from the designated representative or a sufficiently senior delegated official, designating the name(s) of official(s) authorised to approve Withdrawal Application(s) and Interim Financial Reports (IFR); and
- (d) The first AWPB shall have been submitted and received no-objection from IFAD.

4. The following are the designated representatives and addresses to be used for any communication related to this Agreement:

For the Borrower:

Joint Secretary  
International Economic Cooperation Coordination Division  
Ministry of Finance  
Singha Durbar  
Kathmandu, Nepal

For the Fund:

The President  
International Fund for Agricultural Development  
Via Paolo di Dono 44  
00142 Rome, Italy

Copy to: Country Director of Nepal

This Agreement, [dated \_\_\_\_\_]<sup>3</sup>, has been prepared in the English language in two (2) original copies, one (1) for the Fund and one (1) for the Borrower.

Nepal

\_\_\_\_\_  
Secretary Ministry of Finance or

Joint Secretary  
International Economic Cooperation Coordination Division  
Ministry of Finance  
Government of Nepal

Date: \_\_\_\_\_<sup>4</sup>

International Fund for  
Agricultural Development

\_\_\_\_\_  
Alvaro Lario  
The President

Date: \_\_\_\_\_

<sup>3</sup> To be kept only if the FA is signed by both parties the same date in the same location.

<sup>4</sup> In case the FA is not signed in IFAD HQ

## Schedule 1

### *Programme Description and Implementation Arrangements*

#### I. Programme Description

1. *Target Population.* The Programme shall benefit up to 60,000 households or 258,000 individuals. Of these, 45,000 households will benefit from market-oriented agroecological production packages, and an additional 15,000 households will benefit from capacity building and extension services (enhanced financial education and business literacy [FEBL], demo farms, market and service linkages (multi-stakeholder platforms [MSP], business to business [B2B], business to service [B2S]), and from public goods (irrigation, aggregation, storage and regional wholesale market infrastructure). The main target group consists of smallholder households engaged in mixed farming systems and deriving most of their income from agricultural production at different scales: subsistence, semi-commercial, and commercial.
2. *Programme area.* The Programme will cover three provinces in Western Nepal: Lumbini, Karnali, and Sudurpashchim and operate in approximately 80 local levels (Palikas).
3. *Goal.* The goal of the Programme is to reduce poverty and improve resilience of smallholder households.
4. *Objective.* The objective of the Programme is to support smallholder farming transition towards sustainable food systems that are profitable, inclusive and agroecological.
5. *Components.* The Programme shall consist of the following Components:
  - 5.1 *Component 1: Enhanced capacities for transitioning to market oriented agroecological production systems.* (USD 66.05 million amounting to 54.6% of overall financing)
    - 5.1.1 *Sub-Component 1.1:* Decentralised agroecological planning and coordination: The programme will support the preparation of 5-Year Local Level ("*Palika*") Agroecological Plans (PAP) through a local level planning process facilitated by decentralised Provincial Programme Management Offices (PPMOs) and Corridor Offices (COs). The PAPs will result in the identification of programme participants, high-value commodities that can be nested within agroecological farming systems, farm level agroecological best practices, market demands and compliance standards, agri-service and enterprise opportunities, and public goods and productive infrastructure needs. The PAP priorities eligible for R-HVAP financing will be consolidated and aligned with the annual local planning process for leveraging municipal co-financing and integration into the municipal annual development plans. PAPs will be formulated for 80 local level ("*Palikas*") programmes.
    - 5.1.2 *Sub-Component 1.2:* Knowledge and capacity for establishing agroecological farming: R-HVAP will build on the existing knowledge base of sustainable agriculture, agroecology and permaculture by upgrading the currently available knowledge products, and by disseminating good practices through a training-of-trainer (TOT) approach for Junior Technical Assistants (agriculture) and Community Mobilisers. Agroecological demonstration farms will be established in cooperation with around 80 lead farmers. This activity will be combined with in-depth training on the different technical aspects of agroecological farming, together with a Financial Education and Business Literacy (FEBL) trainings as well as a truncated version of the Gender Action Learning System (GALS lite). The FEBL-GALS-lite sessions will be used as an entry point to advance women's economic empowerment and enhance the financial and business knowledge and skills among the producers HHs. This sub-component also includes youth agroecology apprenticeships for about 60 young agricultural trainees, as well as Farmer-to-Farmer exchange that will



contribute to building a large community-of-practice (COP). Participatory Research and Monitoring will involve the preparation of an analytical framework designed to study and monitor the ecological, economic and social outcomes and impacts of market-oriented agroecological farming systems.

- 5.1.3 *Sub-Component 1.3: Market-oriented agroecological production expanded.* R-HVAP will provide support to at least 1,600 Producer Organisations (POs Groups and Cooperatives) - approximately 45,000 farmers). To enhance the capacity of these POs and facilitate the PO graduation process, a specialised service provider will be recruited.

Based on the lessons learned from the High Value Agriculture Project (HVAP), Multi-Stakeholder Platforms (MSPs) will be operationalised to link POs with MSMEs at the cluster and provincial levels. Business to Business (B2B) and Business to Service (B2S) linkages will be facilitated for building profitable trading relationships between POs and respectively, agribusiness/traders (B2B) and commercial service providers (B2S). Cluster MSPs and B2B/B2S will be high priority processes launched at programme start-up to create early linkages between POs and major MSMEs and buyers, and for leveraging the private sector's market intelligence for informing PAPs, PO and MSME investments, market compliance standards, and risk reduction.

Guided by the PAPs, R-HVAP will co-finance PO capacity building and farm-level investments in agroecological farming practices for two complementary high value commodities which have domestic and export market potential, comparative commercial advantage for smallholder producers, and agroecologically suitable production. Products that have been successfully promoted by previous projects such as HVAP, KUBK, RERP and ASDP will be prioritized, including crops, livestock, agroforestry commodities, honey production, non-timber forest products (NTFPs) and medicinal and aromatic plants (MAPS). Participating smallholder farmers (around 40,000 households) will be eligible for two types of tailored production support packages. About 3,000 ultra-poor households will be eligible to access the Inclusion Fund for additional subsidised support.

R-HVAP programme participants will be eligible to access financial products under IFAD's on-going Value Chains for Inclusive Transformation of Agriculture (VITA) project implemented by the Agriculture Development Band Ltd (ADBL).

- 5.1.4 *Sub-Component 1.4: Micro, small, and medium enterprises ("MSME") ecosystem for agricultural service market strengthened.* The programme will mobilise specialised expertise at PMO level to facilitate the development of an ecosystem of MSME services to meet upstream and downstream needs of agroecological multi-commodity value chains. Co-investment support will be provided to: (i) Decentralized MSME units for affordable and high-quality bio-input production; and (ii) MSME service market for post-harvest value addition. Supported MSMEs will be mandated to provide their services to R-HVAP target groups in proportion to the co-investment amount provided and are expected to initially benefit 25,000 smallholder households. The MSME's business plans will be required to include a scaling-out strategy to service a larger group of households over the full project period. Support to youth includes a skills development programme for youth employment through Agricultural Technical and Vocational Education and Training (Agri-TVET, around 400 youth), and customized business incubation support for enterprise development (300 youth).

5.2 *Component 2: Improved access to climate resilient productive infrastructure* (USD 10.07 million amounting to 8.3% of overall financing). R-HVAP will fund infrastructure to complement production activities supported through co-investments under Sub-component 1.1. Under the PAP process, climate resilient infrastructure for smallholders and POs will be selected. These will include: (i) water related systems such as small-scale irrigation schemes, water storage facilities, multi-use water systems (MUS) etc.; (ii) collection points and storage facilities for efficient commodity aggregation; and (iii) post-

harvest primary processing facilities. All infrastructure interventions will be synergetic with other programme interventions and include O&M measures. Renewable Energy Technologies (RETs) will be supported for lift irrigation, primary processing and postharvest handling activities.

5.2.1 *Sub-component 2.1: Water-related infrastructure.* The program will support existing and new Farmer Managed Irrigation Systems (FMIS). Eligible water-related infrastructure includes small-scale crop irrigation systems, Multi-Use water Systems (MUS), and water storage facilities. A total of 485 water-related subprojects will be co-financed, with the program covering up to 85% of the investment cost. Community contributions (15%) will be in-kind. The selection of subprojects will consider inclusiveness, sustainability, and ecological context, integrating climate-proofing measures. The program will follow IFAD Social, Environmental and Climate Assessment Procedures (SECAP) guidelines to ensure infrastructure sustainability.

5.2.2 *Sub-component 2.2: Market-led productive infrastructure.* Leveraging the lessons from ASDP and ASHA, the program will back community-based small-scale infrastructure for post-harvest processing, aggregation, storage, and packaging. These operations, aligned with market demand, may involve aggregation facilities, drying, sorting, pressing, packaging, and storage. Eligible investments will be chosen during the planning stage through the PAP process, complementing larger MSME operations. Renewable energy technologies (RET) will be introduced where applicable.

The majority of Nepali farmers currently use open sun drying, posing challenges such as slow drying rates and contamination risks. To address this, solar dryers will be strategically placed near collection centers, benefiting from high-value crop areas. The initiative aims to enhance the shelf life of perishables, boosting farmer income by reducing spoilage, easing transportation bottlenecks, and enabling off-season sales at higher prices.

Identified in the PAP, these investments involve collaboration with POs, MSMEs, local levels, facilitated by program teams. Business plans, aligned with IFAD SECAP guidelines, will assess profitability and sustainability. A total of 85 market-led productive infrastructure subprojects and 162 PO-level RETs will be co-financed, with communities contributing 15% in-kind. Sub-projects will be managed by community organizations and POs, overseen by PMO and Corridor Office engineers. POs will handle operations and maintenance, with arrangements formalized during the planning stage.

5.3 *Component 3: Improved wholesale aggregation and distribution of agroecological commodities for domestic and export markets* (USD 31.25 million amounting to 25.8% of overall financing). The programme will support the construction of the Semlar Agriculture Regional Wholesale Market in Butwal Sub-Metropolitan City, Rupandehi District, Lumbini province. The component budget is estimated at US\$ 31.25 million, including SDR 16.57 million from IFAD and US\$ 9.25 million GoN contributions (US\$ 5 million in cash contributions, and US\$ 4.25 million covering duties, taxes, salary, and operational cost of deputed staff). The proposed market will facilitate the aggregation of commodities from a large catchment area, specifically from agriculture clusters where R-HVAP is supporting POs. The Semlar market will be constructed as a state-of-the-art market replete with wholesale shutters for fruit, vegetables, cereals, and other priority commodities and will engage in collection, processing, and branding of agricultural products. This component will be implemented by Department of Urban Development and Building Construction (DUDBC) of the Ministry of Urban Development (MoUD)

5.4 *Component 4: Strengthened policies, regulations, and institutions for smallholder agroecological production and trade* (USD 1.36 million amounting to 1.1% of overall financing). The Programme will establish and strengthen enabling policy, regulations, and other supporting frameworks for profitable smallholder agroecological production, facilitated by participating institutions and communities. In addition, in support to

promoting export of agricultural produce, the Programme will enhance the capacity for compliance with sanitary and phytosanitary measures, support trade facilitation and negotiations, and participate in international trade events and international ethical and bio trade fairs.

5.5 Programme management, monitoring and evaluation, knowledge management and learning for delivery of the programme amounts to USD12.21 million making up 10.1% of overall financing.

## II. Implementation Arrangements

6. *Lead Programme Agency.* The Ministry of Agriculture and Livestock Development (MOALD) is the Lead Programme Agency, the respective provincial Ministries of Agriculture will be Programme Parties, while the MoUD/DUDBC will be the Programme Party for Component 3.

7. *Programme and Provincial Programme Steering Committees.* A Programme Steering Committee ("PSC") at federal level will be chaired by the Secretary of MoALD with representatives from the concerned line ministries (MoF, MoUD, MoICS, MoFE). Three Provincial Programme Steering Committees (PPSC) will be established under the respective chairmanship of the Secretary, provincial Ministry of Agriculture, with representatives from the relevant provincial ministries of Lumbini, Karnali and Sudurpashchim.

8. *Management Structure.* The management structure is formed of the following: (i) a Programme Coordination Office (PCO) at federal level, hosted by MoALD; (ii) three Provincial Programme Management Offices (PPMO); (iii) three Corridor Offices (CO) will be established in strategic locations and will host the technical staff in the various fields of expertise required; and iv) a Sub-Project Implementation Unit (SPIU) for the construction of the Semlar wholesale market.

9. *Monitoring and Evaluation (M&E).* The monitoring and evaluation system developed and managed by the PCO will cover: (i) monitoring of implementation performance, execution of the AWPB, outreach and effectiveness of the targeting strategy; and (ii) periodic measurement of programme results in relation to agreed targets. All provinces will contribute to a single Programme M&E system and have access to the data generated.

10. *Knowledge Management (KM).* The Programme will invest in good quality, evidence-based knowledge management to contribute to implementation and policy development processes. Knowledge management activities in R-HVAP will have a triple objective: (i) the sustainable anchoring of technical and managerial knowledge among supported farmers and their groups (e.g. through the production of teaching materials and manuals); (ii) the generation of knowledge from programme experience in market-oriented agroecological production and various other domains, based on the information collected through M&E activities, participatory research and specific thematic studies; (iii) the sharing of this knowledge with interested parties, such as IFAD and MoALD, other donors and policy makers interested in smallholder agroecology or resilient value chain development, using various media (publications, policy formulation workshops, various Communities of Practice and multi-stakeholder platforms, instructional and documentary videos). Ultimately, knowledge management activities will feed the policy dialogue between IFAD and the Government on successful approaches to building sustainable food systems in the country and scaling up the best practices.

11. *Programme Implementation Manual.* A programme implementation manual will be prepared and will include all Programme procedures, including financial management procedures, procurement, monitoring and evaluation, as well as all operational procedures, in line with the FA.

## Schedule 2

### Allocation Table

1. *Allocation of Loan Proceeds.* (a) The Table below sets forth the Categories of Eligible Expenditures to be financed by the Loan and the allocation of the amounts to each category of the Financing and the percentages of expenditures for items to be financed in each Category:

| Category                              | Loan Amount Allocated<br>(expressed in SDR) | Percentage eligible<br>for IFAD financing |
|---------------------------------------|---|---|
| (i) Works,                            | 20 700 000                                  | 100 %                                     |
| (ii) Goods,<br>Services and<br>Inputs | 26 500 000                                  | 100 %                                     |
| (iii) Training                        | 2 000 000                                   | 100%                                      |
| (iv) Operating<br>costs               | 4 200 000                                   | 100%                                      |
| <b>TOTAL</b>                          | <b>53 400 000</b>                           |   |

(b) The terms used in the Table above are defined as follows:

- (i) "Works": includes works and infrastructure-related expenditures;
- (ii) "Goods, Services and Inputs": includes goods, equipment and materials, non-consultancy, consultancy services, and grant for co-financing packages;
- (iii) "Training": includes all training and workshop-related expenditures incurred within program activities;
- (iv) "Operating costs": includes all expenditures for salaries and allowances related to the Programme's management and coordination, and other operating expenditures, and excludes salaries and operational costs of deputed staff that will be financed by Government of Nepal;
- (v) The Percentage is applied to Project expenditures, excluding indirect taxes and shares of other financiers;
- (vi) Government co-financing funds will be used for Works, Goods, Services and Inputs, Training and Operating costs categories;
- (vii) Government cash contribution for Semler market will finance Works and Goods, Services and Inputs, and Training categories;
- (viii) Provincial Governments will finance Works and Operating costs categories (approximately US\$ 0.5 million equivalent);
- (ix) Local Level ("*Palikas*") will finance Works and Goods, Services and Inputs categories (approximately US\$ 1.52 million equivalent);
- (x) Producers' Organizations and Households will finance works and Goods, Services and Inputs categories (approximately US\$ 20.87 million equivalent); and
- (xi) MSME will finance Works and Goods, Services and Inputs, and Training categories (approximately US\$ 2.56 million equivalent).

(c). The Table below sets forth the Categories of Expenditures to be financed by each financier and the estimated amounts to each category of the Financing in USD.

(US\$ '000)

|                            | GON (Federal) | GON (Federal)<br>-Cash<br>Contribution | GON (Provincial) | IFAD Loan | Local<br>Government<br>(Palika) | Other<br>financiers | Total   |
|----------------------------|---------------|--|------------------|-----------|---------------------------------|---------------------|---------|
|                            | Amount        | Amount                                 | Amount           | Amount    |                                 |                     | Amount  |
| Works                      | 5 839         | 4 625                                  | 34               | 27 400    | 1 462                           | 3 404               | 42 764  |
| Goods, services and inputs | 9 711         | 343                                    | -                | 35 230    | 56                              | 19 980              | 65 320  |
| Training                   | 463           | 33                                     | -                | 2 700     |                                 | 46                  | 3 242   |
| Operating costs            | 3 581         | -                                      | 463              | 5 600     |                                 | -                   | 9 644   |
|                            | 19 594        | 5 000                                  | 497              | 70 930    | 1 518                           | 23 431              | 120 970 |

## 2. Disbursement arrangements

- (a) *Start-up Costs*. Withdrawals in respect of expenditures for start-up costs incurred before the satisfaction of the general conditions precedent to withdrawal shall not exceed an aggregate amount of seven hundred fifty thousand Special Drawing Rights (SDR 750 000). Activities to be financed by Start-up Costs will require the no objection from IFAD to be considered eligible.

## 3. Audit arrangements

The Office of Auditor General of Nepal will audit project financial statements each year, in accordance with audit standards acceptable to IFAD. It will send audit reports to IFAD within six months of the end of the financial year.

### Schedule 3

#### *Special Covenants*

#### **I. General Provisions**

In accordance with Section 12.01(a)(xxiii) of the General Conditions, the Fund may suspend, in whole or in part, the right of the Borrower to request withdrawals from the Loan/Grant Account if the Borrower has defaulted in the performance of any covenant set forth below, and the Fund has determined that such default has had, or is likely to have, a material adverse effect on the Programme:

1. Within six (6) months of entry into force of the Financing Agreement, the Programme will customize the financial reports for IFAD's reporting purposes to satisfy International Accounting Standards and IFAD's requirements.
2. *Planning, Monitoring and Evaluation.* The Borrower shall ensure that a Planning, Monitoring and Evaluation ("PM&E") system shall be established within twelve (12) months from the date of entry into force of this Agreement.
3. *Gender.* The Borrower shall ensure that at least 50% of the total participants of the programme are women, and youth 40%.
4. *Indigenous People ("IP") Concerns.* The Borrower shall ensure that the concerns of IPs are given due consideration in implementing the Programme and, to this end, shall ensure that:
  - (a) the Programme is carried out in accordance with the applicable provisions of the relevant IP national legislation;
  - (b) IP are adequately and fairly represented in all local planning for Programme activities;
  - (c) IP rights are duly respected;
  - (d) IP communities, participate in policy dialogue and local governance;
  - (e) The terms of Declarations, Covenants and/or Conventions ratified by the Borrower on the subject are respected;  
The Programme will not involve encroachment on traditional territories used or occupied by indigenous communities.
5. *Anticorruption Measures.* The Borrower shall comply with IFAD Policy on Preventing Fraud and Corruption in its Activities and Operations.
6. *Sexual Harassment, Sexual Exploitation and Abuse.* The Borrower and the Project Parties shall ensure that the Project is carried out in accordance with the provisions of the IFAD Policy on Preventing and Responding to Sexual Harassment, Sexual Exploitation and Abuse, as may be amended from time to time.
7. *Ifad Client Portal (ICP) Contract Monitoring Tool.* The Borrower shall ensure that a request is sent to IFAD to access the project procurement Contract Monitoring Tool in the IFAD Client Portal (ICP). The Borrower shall ensure that all contracts, memoranda of understanding, purchase orders and related payments are registered in the Project Procurement Contract Monitoring Tool in the IFAD Client Portal (ICP) in relation to the procurement of goods, works, services, consultancy, non-consulting services, community contracts, grants and financing contracts. The Borrower shall ensure that the contract data is updated on a quarterly basis during the implementation of the Programme.

8. The Key Project Personnel are: Programme Coordinator (1), Provincial Programme Coordinator (3), Chief of Corridor Offices (3), Project Manager for SPIU (1), Accountants (3), Account Officers (5), and Procurement Officer (1). In order to assist in the implementation of the Programme, the PMU, unless otherwise agreed with IFAD, shall employ or cause to be employed, as required, key staff whose qualifications, experience and terms of reference are satisfactory to IFAD. Key Project Personnel shall be recruited under a consulting contract following the individual consultant or through consulting firm selection method in the IFAD Procurement Handbook, or any equivalent selection method in the national procurement system that is acceptable to IFAD. The Key Project Personnel to be recruited is subject to IFAD's prior review. Key Project Personnel are subject to annual evaluation and the continuation of their contract is subject to satisfactory performance. Any contract signed for Key Project Personnel shall be compliant with the national labour regulations or the ILO International Labour Standards in order to satisfy the conditions of IFAD's updated SECAP. Repeated short-term contracts must be avoided, unless appropriately justified under the Programs's circumstances.

## **II. Social, Environmental, and Climate Assessment Procedures (SECAP) Provisions**

1. For Programmes presenting high or substantial social, environmental and climate risks, the Borrower shall carry out the implementation of the Programme in accordance with the measures and requirements set forth in the Environmental and Social Impact Assessments ("ESIAs")/Environmental, Social and Climate Management Frameworks ("ESCMFs") and Environmental, Social and Climate Management Plans (ESCMPs) for high risk projects and Abbreviated ESIAs and ESCMPs for substantial risk projects and Free, Prior and Informed Consent (FPIC) Plans, FPIC Implementation Plans (the "Management Plan(s)"), as applicable, taken in accordance with SECAP requirements and updated from time to time by the Fund.

The Borrower shall not amend, vary or waive any provision of the Management Plan(s), unless: (i) agreed in writing by the Fund; and (ii) Borrower has complied with the requirements applicable to the original adoption of the Management Plan(s).

2. The Borrower shall not, and shall cause the Lead Programme Agency, all its contractors, its sub-contractors, and suppliers not to commence implementation of any works, unless all Programme affected persons have been compensated and/or resettled in accordance with the specific RAP/Abbreviated RAP, FPIC and/ or the agreed works and compensation schedule.

3. The Borrower shall disclose the draft and final ESIA reports and all other relevant Management Plan(s) with Programme stakeholders and interested parties in an accessible place in the Programme-affected area, in a form and language understandable to Programme-affected persons and other stakeholders. The disclosure will take into account any specific information needs of the community (e.g. culture, disability, literacy, mobility or gender).

4. The Borrower shall ensure or cause the Lead Programme Agency to ensure that all bidding documents and contracts for goods, works and services contain provisions that require contractors, sub-contractors and suppliers to comply at all times in carrying out the Programme with the standards, measures and requirements set forth in the SECAP 2021 Edition and the Management Plan(s), if any.

5. This section applies to any event which occurs in relation to serious environmental, social, health & safety (ESHS) incidents (as this term is defined below); labor issues or to adjacent populations during Programme implementation that, with respect to the relevant Programme:

- (i) has direct or potential material adverse effect;
- (ii) has substantially attracted material adverse attention of outside parties or create material adverse national press/media reports; or
- (iii) gives rise to material potential liabilities.

In the occurrence of such event, the Borrower shall:

- Notify IFAD promptly;
- Provide information on such risks, impacts and accidents;
- Consult with Programme-affected parties on how to mitigate the risks and impacts;
- Carry out, as appropriate, additional assessments and stakeholders' engagements in accordance with the SECAP requirements; and
- Adjust, as appropriate, the Programme-level grievance mechanism according to the SECAP requirements; and
- Propose changes, including corrective measures to the Management Plan(s) (if any), in accordance with the findings of such assessment and consultations, for approval by IFAD.

**Serious ESHS incident** means serious incident, accident, complaint with respect to environmental, social (including labor and community), health and safety (ESHS) issues that occur in the context of the loan or within the Borrower's activities. Serious ESHS incidents can comprise incidents of (i) environmental; (ii) occupational; or (iii) public health and safety; or (iv) social nature as well as material complaints and grievances addressed to the Borrower (e.g. any explosion, spill or workplace accident which results in death, serious or multiple injuries or material environmental contamination, accidents of members of the public/local communities, resulting in death or serious or multiple injuries, sexual harassment and violence involving Programme workforce or in relation to severe threats to public health and safety, inadequate resettlement compensation, disturbances of natural ecosystems, discriminatory practices in stakeholder consultation and engagement (including the right of indigenous peoples to free, prior and informed consent), any allegations that require intervention by the police/other law enforcement authorities such as loss of life, sexual violence or child abuse, which (i) have, or are likely to have a material adverse effect; or (ii) have attracted or are likely to arouse substantial adverse attention of outside parties or (iii) to create substantial adverse media/press reports; or (iv) give, or are likely to give rise to material potential liabilities).

6. The Borrower shall ensure or cause the Lead Programme Agency, all its contractors, sub-contractors and suppliers to ensure that the relevant processes set out in the SECAP 2021 Edition as well as in the Management Plan(s) (if any) are respected.

7. Without limitation on its other reporting obligations under this Agreement, the Borrower shall provide the Fund with:

- Reports on the status of compliance with the standards, measures and requirements set forth in the SECAP 2021 Edition, the Management Plan(s) (if any) on a semi-annual basis - or such other frequency as may be agreed with the Fund;
- Reports of any social, environmental, health and safety incidents and/accidents occurring during the design stage, the implementation of the Programme and propose remedial measures. The Borrower will disclose relevant information



from such reports to affected persons promptly upon submission of the said reports; and

- Reports of any breach of compliance with the standards, measures and requirements set forth in the SECAP 2021 Edition and the Management Plan(s) (if any) promptly after becoming aware of such a breach.

8. In the event of a contradiction/conflict between the Management Plan(s), if any, and the Financing Agreement, the Financing Agreement shall prevail.

## Logical framework

| Results Hierarchy  | Indicators   |          |          |            | Means of Verification                     |                           |                | Assumptions   |
|--|--|----------|----------|------------|---|---------------------------|----------------|---|
|  | Name   | Baseline | Mid-Term | End Target | Source                                    | Frequency                 | Responsibility |   |
| Outreach   | <b>1 Persons receiving services promoted or supported by the project</b> |          |          |            | MIS                                       | Rolling                   | PCO            |   |
|  | Males - Males  |          | 18000    | 30000      |   |                           |                |   |
|  | Females - Females  |          | 18000    | 30000      |   |                           |                |   |
|  | Young - Young people   |          | 14400    | 24000      |   |                           |                |   |
|  | Indigenous people - Indigenous people                                    |          | 7200     | 12000      |   |                           |                |   |
|  | Total number of persons receiving services - Number of people            |          | 36000    | 60000      |   |                           |                |   |
|  | Male - Percentage (%)  |          | 50       | 50         |   |                           |                |   |
|  | Female - Percentage (%)  |          | 50       | 50         |   |                           |                |   |
|  | Young - Percentage (%)   |          | 40       | 40         |   |                           |                |   |
|  | <b>1.b Estimated corresponding total number of household members</b>     |          |          |            | MIS                                       | Rolling                   | PCO            |   |
|  | Household members - Number of people                                     |          | 154800   | 258000     |   |                           |                |   |
|  | <b>1.a Corresponding number of households reached</b>                    |          |          |            | MIS                                       | Rolling                   | PCO            |   |
|  | Women-headed households - Households                                     |          | 5400     | 9000       |   |                           |                |   |
| Non-women-headed households - Households   |  | 30600    | 51000    |            |   |                           |                |   |
| Households - Households  |  | 36000    | 60000    |            |   |                           |                |   |
| Project Goal<br>Reduced poverty and improved resilience of smallholder households. | <b>Smallholder households with improved resilience</b>                   |          |          |            | RDMT<br>Baseline/Mid-term/Endline Surveys | Baseline/Mid-term/Endline | PCO            | (A) Continued social, political and economic stability in the country. (B) No major fluctuations in domestic and export demand/prices for agricultural products. (C) No major environmental or climate hazard events. |
|  | Women-headed households - Households                                     |          | 1620     | 6300       |   |                           |                |   |
|  | Indigenous households - Households                                       |          | 2160     | 8400       |   |                           |                |   |
|  | Households - Households  |          | 10800    | 42000      |   |                           |                |   |
|  | Households (%) - Percentage (%)  |          | 30       | 70         |   |                           |                |   |
|  | Household members - Number of people                                     |          | 46440    | 180600     |   |                           |                |   |

|  |  |      |        |        |  |                                   |     |   |
|--|--|------|--------|--------|--|-----------------------------------|-----|---|
| <b>Development Objective</b><br>Transition smallholder agriculture towards sustainable food systems that are profitable, inclusive and agroecological. | <b>Households achieving at least 35% increase in return on labour</b>  |      |        |        | Baseline/Mid-term/Endline Surveys; Annual Cluster Tracking Survey (ACTS) | Baseline/Mid-term/Endline; Annual | PCO |   |
|  | Women-headed households - Households   |      | 1620   | 5400   |  |                                   |     |   |
|  | Indigenous households - Households   |      | 2160   | 7200   |  |                                   |     |   |
|  | Households - Households  |      | 10800  | 36000  |  |                                   |     |   |
|  | Households (%) - Percentage (%)  |      | 30     | 60     |  |                                   |     |   |
|  | Household members - Number of people   |      | 46440  | 154800 |  |                                   |     |   |
|  | <b>IE.2.1 Individuals demonstrating an improvement in empowerment</b>  |      |        |        | Baseline/Mid-term/Endline Surveys  | Baseline/Mid-term/Endline         | PCO |   |
|  | Indigenous people - Percentage (%)   |      | 25     | 60     |  |                                   |     |   |
|  | Indigenous people - Indigenous people  |      | 1800   | 7200   |  |                                   |     |   |
|  | Young - Percentage (%)   |      | 25     | 60     |  |                                   |     |   |
|  | Young - Young people   |      | 3600   | 14400  |  |                                   |     |   |
|  | Total persons - Percentage (%)   |      | 30     | 70     |  |                                   |     |   |
|  | Total persons - Number of people   |      | 10800  | 42000  |  |                                   |     |   |
|  | Females - Percentage (%)   |      | 25     | 60     |  |                                   |     |   |
|  | Females - Females  |      | 4500   | 18000  |  |                                   |     |   |
| Males - Percentage (%)   |  | 35   | 80     |        |  |                                   |     |   |
| Males - Males  |  | 6300 | 24000  |        |  |                                   |     |   |
| Persons with disabilities - Number   |  | -    | -      |        |  |                                   |     |   |
| Persons with disabilities - Percentage (%)   |  | -    | -      |        |  |                                   |     |   |
| <b>Outcomes</b><br>Outcome 1. Enhanced capacities for transitioning to market oriented agroecological production systems.                              | <b>SF.2.1 Households satisfied with project-supported services</b>   |      |        |        | Baseline/Mid-term/Endline Surveys  | Baseline, Mid-term, Endline       | PCO | (A) No major fluctuations in domestic and export demand/prices for agricultural products. (B) Programme co-investments are not undermined by the provision of free or heavily subsidized services by other development partners and projects. (C) |
|  | Household members - Number of people   |      | 126000 | 210000 |  |                                   |     |   |
|  | Indigenous households - Households   |      | 5040   | 8400   |  |                                   |     |   |
|  | Women-headed households - Households   |      | 3780   | 6300   |  |                                   |     |   |
|  | Households (%) - Percentage (%)  |      | 70     | 70     |  |                                   |     |   |
|  | Households (number) - Households   |      | 25200  | 42000  |  |                                   |     |   |
|  | <b>SF.2.2 Households reporting they can influence decision-making of local authorities and project-supported service providers</b> |      |        |        | Baseline/Mid-term/Endline Surveys  | Baseline, Mid-term, Endline       | PCO |   |
|  | Household members - Number of people   |      | 61920  | 154800 |  |                                   |     |   |
|  | Indigenous households - Households   |      | 2880   | 7200   |  |                                   |     |   |
|  | Women-headed households - Households   |      | 2160   | 5400   |  |                                   |     |   |

|  |  |       |        |   |                                   |     |   |
|--|--|-------|--------|---|-----------------------------------|-----|---|
| Households (%) - Percentage (%)  |  | 40    | 60     |   |                                   |     | Participating smallholder producer organizations receive sufficient and timely services for professionalization and agroecological production to meet domestic and export market standards. (D) Producer organizations are effectively linked to premium markets. |
| Households (number) - Households   |  | 14400 | 36000  |   |                                   |     |   |
| <b>2.2.1 Persons with new jobs/employment opportunities</b>  |  |       |        | Baseline/Mid-term/Endline Surveys; ACTS | Baseline/Mid-term/Endline; Annual | PCO |   |
| Males - Males  |  | 7000  | 21000  |   |                                   |     |   |
| Females - Females  |  | 3000  | 9000   |   |                                   |     |   |
| Indigenous people - Indigenous people  |  | 2000  | 6000   |   |                                   |     |   |
| Young - Young people   |  | 6000  | 18000  |   |                                   |     |   |
| Total number of persons with new jobs/employment opportunities - Number of people  |  | 10000 | 30000  |   |                                   |     |   |
| Persons with disabilities - Number   |  | -     | -      |   |                                   |     |   |
| <b>2.2.2 Supported rural enterprises reporting an increase in profit</b>   |  |       |        | Baseline/Mid-term/Endline Surveys; ACTS | Baseline/Mid-term/Endline; Annual | PCO |   |
| Number of enterprises - Number   |  | 70    | 160    |   |                                   |     |   |
| Percentage of enterprises - Percentage (%)   |  | 30    | 70     |   |                                   |     |   |
| <b>2.2.5 Rural producers' organizations reporting an increase in sales</b>   |  |       |        | Baseline/Mid-term/Endline Surveys; ACTS | Baseline/Mid-term/Endline; Annual | PCO |   |
| Percentage of rural POs - Percentage (%)   |  | 30    | 70     |   |                                   |     |   |
| Number of Rural POs - Organizations  |  | 480   | 1100   |   |                                   |     |   |
| <b>3.2.2 Households reporting adoption of environmentally sustainable and climate-resilient technologies and practices</b> |  |       |        | Baseline/Mid-term/Endline Surveys       | Baseline/Mid-term/Endline         | PCO |   |
| Total number of household members - Number of people   |  | 58050 | 135450 |   |                                   |     |   |
| Households - Percentage (%)  |  | 30    | 70     |   |                                   |     |   |
| Women-headed households - Households   |  | 2025  | 4725   |   |                                   |     |   |
| Households - Households  |  | 13500 | 31500  |   |                                   |     |   |
| <b>Number of households reporting market-oriented diversification of production</b>  |  |       |        | Baseline/Mid-term/Endline Surveys       | Baseline/Mid-term/Endline         | PCO |   |
| Total number of household members - Number of people   |  | 58050 | 135450 |   |                                   |     |   |
| Households - Percentage (%)  |  | 30    | 70     |   |                                   |     |   |
| Women-headed households - Households   |  | 2025  | 4725   |   |                                   |     |   |
| Households - Households  |  | 13500 | 31500  |   |                                   |     |   |
| <b>Total private investment in value chains by smallholder producers, MSMEs and other actors</b>                           |  |       |        | MIS; ACTS                               | Rolling; Annual                   | PCO |   |
| Private investment (USD thousand) - Money (USD' 000)   |  | 8000  | 20000  |   |                                   |     |   |
| <b>Outputs</b>   | <b>Number of Palika Agroecology Plans (PAP) formulated</b> |       |        |   | Rolling                           | PCO |   |

|  |  |  |       |        |  |                               |     |  |
|--|--|--|-------|--------|--|-------------------------------|-----|--|
|  | PAPs - Number  |  | 60    | 80     | MIS;<br>Programme<br>Reports             |                               |     |  |
|  | Palikas covered - Number   |  | 60    | 80     |  |                               |     |  |
|  | <b>Number of market oriented agroecological extension service providers trained</b>                          |  |       |        | MIS; Training<br>Records                 | Rolling                       | PCO |  |
|  | Lead farmers - Number  |  | 90    | 150    |  |                               |     |  |
|  | <b>Households facilitated in establishing market and service linkages with traders and service providers</b> |  |       |        | MIS                                      | Rolling                       | PCO |  |
|  | Households - Households  |  | 36000 | 60000  |  |                               |     |  |
|  | <b>Participatory agroecology research framework developed and implemented with programme participants</b>    |  |       |        | MIS;<br>Programme<br>Reports             | Rolling;<br>Annual            | PCO |  |
|  | Number of research frameworks - Number   |  | 1     | 1      |  |                               |     |  |
|  | <b>2.1.2 Persons trained in income-generating activities or business management</b>                          |  |       |        | MIS; Training<br>Records                 | Rolling                       | PCO |  |
|  | Males - Males  |  | 18000 | 30000  |  |                               |     |  |
|  | Females - Females  |  | 18000 | 30000  |  |                               |     |  |
|  | Indigenous people - Indigenous people  |  | 7200  | 12000  |  |                               |     |  |
|  | Young - Young people   |  | 14400 | 24000  |  |                               |     |  |
|  | Persons trained in IGAs or BM (total) - Number of people   |  | 36000 | 60000  |  |                               |     |  |
|  | <b>3.1.4 Land brought under climate-resilient management</b>   |  |       |        | MIS; ACTS                                | Rolling;<br>Annual            | PCO |  |
|  | Hectares of land - Area (ha)   |  | 8100  | 13500  |  |                               |     |  |
|  | <b>Number of MSMEs established</b>   |  |       |        | MIS                                      | Rolling                       | PCO |  |
|  | Number of MSMEs - bio-inputs and tools - Number (2nd NDC target - 100)                                       |  | 30    | 95     |  |                               |     |  |
|  | Number of MSMEs - post-harvest processing - Number   |  | 20    | 50     |  |                               |     |  |
|  | <b>Number of MSMEs with functional chain-of-custody traceability systems</b>                                 |  |       |        | MIS; ACTS                                | Rolling;<br>Annual            | PCO |  |
|  | Number of MSMEs - Number   |  | 5     | 10     |  |                               |     |  |
| Outcome<br>2. Improved<br>access to<br>climate<br>resilient<br>productive<br>infrastructure. | <b>2.2.6 Households reporting improved physical access to markets, processing and storage facilities</b>     |  |       |        | Baseline/Mid-<br>term/Endline<br>Surveys | Baseline/Mid-<br>term/Endline | PCO | (A) Municipal<br>governments<br>endorse PAPs<br>and are willing to<br>co-finance<br>Programme<br>infrastructure<br>activities. |
|  | Households reporting improved physical access to markets - Percentage (%)                                    |  | 30    | 70     |  |                               |     |  |
|  | Size of households - Number of people  |  | 77400 | 180600 |  |                               |     |  |
|  | Women-headed households - Households   |  | 1620  | 6300   |  |                               |     |  |
|  | Households reporting improved physical access to processing facilities - Percentage (%)                      |  | 10    | 30     |  |                               |     |  |
|  | Size of households - Number of people  |  | 19350 | 58050  |  |                               |     |  |

|   |  |  |       |       |                        |         |     |  |
|---|--|--|-------|-------|------------------------|---------|-----|--|
|   | Women-headed households - Households   |  | 675   | 2025  |                        |         |     |  |
|   | Households reporting improved physical access to storage facilities - Percentage (%)                       |  | 15    | 40    |                        |         |     |  |
|   | Size of households - Number of people  |  | 29025 | 77400 |                        |         |     |  |
|   | Women-headed households - Households   |  | 1200  | 2700  |                        |         |     |  |
|   | Households reporting improved physical access to markets - Households                                      |  | 18000 | 42000 |                        |         |     |  |
|   | Households reporting improved physical access to processing facilities - Households                        |  | 4500  | 13500 |                        |         |     |  |
|   | Households reporting improved physical access to storage facilities - Households                           |  | 6750  | 18000 |                        |         |     |  |
|   | <b>Local governments co-financing Palika Agroecology Plans (PAP)</b>                                       |  |       |       | MIS; Programme Reports | Rolling | PCO |  |
|   | Co-financing - Number of municipalities - Number   |  | 30    | 50    |                        |         |     |  |
| <b>Output</b>   | <b>2.1.6 Market, processing or storage facilities constructed or rehabilitated</b>                         |  |       |       | MIS                    | Rolling | PCO |  |
|   | Total number of facilities - Facilities  |  | 54    | 135   |                        |         |     |  |
|   | Market facilities constructed/rehabilitated - Facilities   |  | 34    | 85    |                        |         |     |  |
|   | Processing facilities constructed/rehabilitated - Facilities   |  | 10    | 25    |                        |         |     |  |
|   | Storage facilities constructed/rehabilitated - Facilities  |  | 10    | 25    |                        |         |     |  |
|   | <b>1.1.2 Farmland under water-related infrastructure constructed or rehabilitated</b>                      |  |       |       | MIS                    | Rolling | PCO |  |
|   | Hectares of land - Area (ha)   |  | 1500  | 2400  |                        |         |     |  |
| <b>Outcome</b><br>3. Improved wholesale aggregation and distribution of agroecological commodities for domestic and export markets. | <b>Number of supported commodities (agroecologically produced) accessing export markets through Semlar</b> |  |       |       | MIS; Programme Reports | Rolling | PCO | (A) Backward and forward linkages in commodity markets are stable. (B) Organic and safe product regulations of the market are effectively enforced. (C) There is increasing demand for Nepali organic and safe products. |
|   | Overall - Number   |  | 0     | 5     |                        |         |     |  |
|   | Through Semlar - Number  |  | 0     | 2     |                        |         |     |  |
| <b>Output</b>   | <b>Semlar agricultural wholesale market constructed</b>  |  |       |       | MIS                    | Rolling | PCO |  |
|   | Number of infrastructure - Number  |  | 1     | 1     |                        |         |     |  |

|   |  |  |  |    |                        |                 |     |  |    |
|---|--|--|--|----|------------------------|-----------------|-----|--|----|
| <b>Outcome</b><br>4. Strengthened policies, regulations and institutions for smallholder agroecological production and trade. | <b>Policy 3 Existing/new laws, regulations, policies or strategies proposed to policy makers for approval, ratification or amendment</b> |  |  |    | Programme Reports      | Annual          | PCO | (A) Provincial and municipal governments are committed to transition to agroecological production. |    |
|   | Number - Number  |  |  | 3  |                        |                 |     |  | 8  |
| <b>Output</b>   | <b>Policy 1. Policy relevant knowledge products completed</b>  |  |  |    | Programme Reports      | Rolling; Annual | PCO |  |    |
|   | Number - Number  |  |  | 4  |                        |                 |     |  | 12 |
|   | <b>Number of rural PO and MSME representatives participating in trade fairs and events</b>   |  |  |    | MIS; Programme Reports | Rolling         | PCO |  |    |
|   | Domestic fairs - Number of events  |  |  | 8  |                        |                 |     |  | 16 |
|   | Domestic fairs - Number of Pos   |  |  | 40 |                        |                 |     |  | 80 |
|   | International fairs - Number of events   |  |  | 4  |                        |                 |     |  | 8  |
|   | International fairs - Number of Pos  |  |  | 20 |                        |                 |     |  | 40 |

## Integrated programme risk matrix

|   |          |          |
|---|----------|----------|
| Country Context   | Moderate | Moderate |
| Political Commitment  | Moderate | Moderate |
| <p><b>Risk:</b></p> <p>Nepal is at an advanced stage of transitioning from a unitary to a three-tier federal governance system. The second general elections were successfully held on 20 Nov 2022 with local election earlier in 2022 and a coalition government has been formed in December 2022. Despite the recent elections being completed without major incidents, the inherent level of risk is moderate due to frequent changes in the country's leadership. Since the end of monarchy in Nepal in 2008, the country has witnessed rise of 10 different governments. Additionally, the turnover of the ministers within the same government is also noticeable.</p> <p>Rural and agriculture development remains priorities for all major parties. However, smooth implementation due to constitutional arrangements, including the newly introduced system of federalism, is to be tested over time and required adjustments made. Overall, local government (municipalities) have started playing a more pro-active role in local development, including agricultural development.</p>   | Moderate | Moderate |
| <p><b>Mitigations:</b></p> <p>The Programme is executed by mainstream government ministries: MoALD as the LPA, in partnership with MoICS and Ministry of Urban Development at Federal level, work in close collaboration with Provincial Agriculture, and forest Ministries and Municipality level Agriculture and Livestock Unit having strong internal financing mechanisms. Following the decentralization, implementation offices will be established at the three provinces while the federal office will act as the coordination unit. Deputation of lead position will be from the provincial governments ensuring full time and long-term availability of the key positions. The Semlar Wholesale Market construction and operation will be led by Center for Agricultural Infrastructure Development and Mechanization Promotion (CAIDMP), a dedicated and experience division under the MoALD with the success of construction and operation of major markets. A dedicated Sub-Project Implementation Unit (SPIU) will be established at the Lumbini province in close coordination with Butwal Metropolitan City. Maximum collaboration will be ensured with local governments for the planning, quality implementation, and monitoring.</p> |          |          |
| Governance  | Moderate | Moderate |
| <p><b>Risk:</b></p> <p>The inherent governance risks to the Programme are moderate. Overall stemming from the effectiveness of the new constitutional arrangements, and assignment of powers across three tiers of government need to be tested over time and required adjustments made. Over time, ambiguities in the roles and responsibilities of different tiers have been reduced.</p> <p>Local government (municipalities) have started playing a more pro-active role in local development, including agricultural development. Significant changes have occurred, and the new generation of leaders are considered as more development oriented as observed in by Mission field visits.</p>   | Moderate | Moderate |



|  |          |          |
|--|----------|----------|
| <p><b>Mitigations:</b></p> <p>The program’s planning and implementation approaches will be participatory with meaningful multistakeholder consultation and engagement. The planning process will follow bottom-up approach assessing situation and need of local communities ensuring their participation in each step. The Municipal Agroecological Plans (PAPs) will conduct series of community consultation ensuring participation from Dalit, Janajati, women, youth-young girls, and marginalized people. Multi Stakeholder Platform (MSP) will be vibrantly unitized to discuss and draft PAPs. MSP will engage MSMEs, other private sectors, government line agencies, non-government agencies, while local governments will lead the overall process. PAPs will be integrated into the palika’s planning process to increase participation, transparency and ownership. The beneficiary targeting will be clearly set to benefit targeted smallholders. Activities for the investment will be selected from participatorily prepared PAPs. Investment decision will be transparent. Joint monitoring, including private sector and media centres, will be organized to supervise activity implementation. As a regular practice, public auditing will be conducted to increase transparency. The programme implementation will be facilitated by service providers mobilised at PPMO and corridor office levels. The IFAD country office team will provide continued guidance and backstopping to the implementation agencies. Overall coordination will be provided by a Federal level Programme Steering Committee (PSC), which provides a forum for inter-provincial and inter-agency coordination, and the Provincial Programme Steering Committee (PPSC) that conducts intra-provincial coordination. The Semlar wholesale market bidding and construction will follow national and international standards, ensuring transparency and accountability.</p> |          |          |
| Macroeconomic  | Moderate | Moderate |
| <p><b>Risk:</b></p> <p>Movement restrictions with an almost complete shut-down of tourism during the COVID-19 pandemic resulted in Nepal’s first economic contraction in almost 40 years in FY 2020 (-2.4 percent). In FY 2021, Nepal also witnessed: (i) increase in the current account deficit to \$2.8 billion —8.0% of GDP from 0.9% of GDP a year earlier; (ii) growth in exports by 31.0% but had a minimal impact on the trade deficit as they are relatively small at about 10% of imports; (iii) increase in workers’ remittances by 8.2% to \$8.1 billion; (iv) marginal increase in foreign exchange reserves to \$11.7 billion (worth 10.2 months of current imports); (v) increase in government debt to 41.4% of GDP from an average of 25.1% during FY2016-FY2019. Despite the rise in debt, Nepal’s risk of debt distress is low given the high level of official concessional borrowing at long maturity. GDP growth is likely to increase to 3.9% in FY2022 and slowing growth in advanced economies exacerbated by the Russian - Ukraine conflict along with disrupted trade flows and higher prices of oil and other commodities are expected to push inflation and exert pressure on the external sector. As imports outpaced foreign currency earnings during the recovery phase, Nepal used its reserves to finance imports, chipping away at the reserves stock until it was once again at pre-pandemic levels, slightly above optimal level recommended by IMF. Low budget execution rates and reduced intergovernmental transfers have kept the deficit in check, but structural problems remain unaddressed.</p>   | Moderate | Moderate |

|   |          |                                    |
|---|----------|------------------------------------|
| <b>Mitigations:</b><br><br>Potential negative impacts on the Programme are reduced by: a) Encouraged the smallholder farmers in the project area to increase agricultural production and productivity of high value crops strongly supported through co-investments in strengthening resilience enabling market, technical services, financial and credit linkages; b) primarily focussed on agro ecological sustainable farming of high value crops/livestock for national & international market where demand is increasing with supply chains traceability in place, and also address the pertinent chemical fertilizer shortage concern; and c) central role of private investment which is not primarily reliant on the fiscal position of the government. |          |                                    |
| <b>Risk:</b><br><br>There is a specific risk to the programmes potential for scaling-up of improved agricultural lending in the wider financial sector from the persistent periodic liquidity constraints leading high interest rates especially for term finance, which may discourage PFIs from expanding agricultural lending regardless of the market opportunity. The term liquidity issues are closely related to the structure of sources of funds in the sector and prudent term matching requirements.   | Moderate | Moderate                           |
| <b>Mitigations:</b><br><br>Specific mitigation measures on the agriculture lending risks for investments are: a) Term loans will be made available to R HVAP beneficiaries via the VITA subsidiary loan either directly by ADBL or wholesale term loans from ADBL to partner FIs, who then lend to beneficiaries, ultimately enhanced financial inclusion; b) ADBL has launched an agricultural Bond for 2 successive rounds and generated deposit of NPR 1.2 billion. Bonds are currently offered for 7-year term with 4% interest; and c) Continued policy engagement with NRB and others on agriculture finance promotion policies   |          |                                    |
| Fragility and Security  |          | No risk envisaged - not applicable |
| No risk envisaged   |          |                                    |
| Sector Strategies and Policies  | Moderate | Moderate                           |
| Policy alignment  | Low      | Low                                |
| <b>Risk:</b><br><br>Overall risks are low as sector strategies and policy framework in both agricultural and financial sector are highly favourable to the Programme, as seen in the Agriculture Development Strategy (ADS – which IFAD is supporting the mid-term review and revision in 2023), the deprived/priority sector lending policies and financial inclusion road map and action plans. The transfer of substantial powers concerning the agriculture sector to province and municipal level are also expected to create increasingly accountable policy frameworks to the needs of rural people. Agriculture and rural development remain priorities for all major political parties.  | Low      | Low                                |
| <b>Mitigations:</b><br><br>No specific mitigation measures are required.  |          |                                    |
| Policy Development and Implementation   | Moderate | Moderate                           |

|  |             |             |
|--|-------------|-------------|
| <p><b>Risk:</b></p> <p>Technical service provision to farmers – Municipalities have limited budget and inadequate &amp; less-skilled human resources to facilitate Climate-Smart Agriculture / agroecological practices and services to farmers. This may affect the promotion /upscaling of agroecological farming at large. Development of Sustainable/Organic Farming Policy and its implementation will be a challenge.</p>  | Moderate    | Moderate    |
| <p><b>Mitigations:</b></p> <p>Experience from IFAD past and ongoing projects HVAP, ASDP and ASHA reveal that lead farmer and private service providers capacitated under the project can be mobilized; they are either embedded through Agribusiness/Cooperatives or fee-based or voucher-based payment mechanism by Local government following the pluralistic extension mechanism of inputs and services supporting sustainable farming, which suggests there is a low risk if properly managed by the Programme. Similarly, Programme partner with provincial Ministries of Land Management, Agriculture and Cooperatives (MoLMAC) to ensure that the AKCs and VHLSSCs, who have more higher qualified staff, are provide technical backstopping to the municipalities and local service providers supported by the municipalities and the Programme as per their mandate</p> |             |             |
| Environment and Climate Context  | Substantial | Substantial |
| Project vulnerability to environmental conditions  | Substantial | Substantial |
| <p><b>Risk:</b></p> <p>Apart from significant seismic risks, agriculture-dependent populations in Nepal have inherent vulnerability to weather-related environmental conditions such as droughts, floods, landslide, rainfall, and temperature risks. While monsoon rainfall in 2022 was close to normal, fertilizer shortage in the main growing season of rice is expected to have some adverse impact.</p> <p>The Environmental and Social category is rated as substantial, primarily attributed to the community forest land's utilization for the Semlar Wholesale Market. The construction of the wholesale market is planned within the Ratanpur Community Forest, encompassing an area of 12.47 hectares.</p>   | Substantial | Substantial |

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| <p><b>Mitigations:</b></p> <p>Mitigation is by a) deploying agro-ecological farming packages developed by ASHA, b) appropriate screening and site selection for potential production clusters to avoid production on high-risk sites – informed by geospatial data and local knowledge, c) pre-engagement carrying capacity assessments – especially for livestock and fodder /forage promotion including e.g., making silage, hay etc., and d) promotion of water-efficient production practices as well as investment in small scale irrigation and multi-use water systems, with inbuilt climate proofing techniques.</p> <p>The Environmental Impact Assessment (EIA) for the construction and operation of the Semlar Wholesale Market has been completed, and the corresponding report has been submitted to the Ministry of Forest and Environment (MoFE) for final approval. The EIA report has been made available in the disclosed documents of the SECAP, as part of the advanced 120-day disclosure requirement (<a href="https://www.ifad.org/documents/38711624/47800070/secap-eia-2000003750.pdf/65c506a7-846e-36c5-8c32-928e44ee4ec6?t=1692016664474">https://www.ifad.org/documents/38711624/47800070/secap-eia-2000003750.pdf/65c506a7-846e-36c5-8c32-928e44ee4ec6?t=1692016664474</a>).</p> <p>The EIA findings confirm that the Ratanpur Community Forest, designated for the wholesale market construction, is a relatively young plantation forest of around 20 years, characterized by low biodiversity. This forest does not serve as a primary source of livelihood or economic activities for the local population.</p> <p>In accordance with Government of Nepal (GoN) regulations, the program has incorporated a provision for planting ten times the number of seedlings compared to the projected harvestable count of trees and poles from the construction zone. The program's budget covers the expenses for planting and maintaining the plantation site over a span of five years. The specific location for this plantation site, situated near the wholesale market construction area, is currently under discussion for finalization.</p> <p>According to the EIA, the residual environmental impacts resulting from the construction and operation of the Semlar Wholesale Market are assessed to be low.</p> |             |             |
| Project vulnerability to climate change impacts   | Substantial | Substantial |
| <p><b>Risk:</b></p> <p>Inherent climate change risks in Nepal are high and well documented, being among the most vulnerable countries to climate change. Climate trends and future projections for Nepal indicate that seasonal variations in temperature and precipitation will increase, resulting in more frequent and intensified extreme weather events and likely impacts such as i) increased incidences of new (and existing) agricultural diseases, pest and insects, especially at higher altitudes; ii) greater variability in rainfall patterns within the year – coupled with increased water demand – resulting in higher risks of temporary water shortages for rainfed agricultural production; iii) increased heat stress to livestock from a small increase in the number of warm days, especially in the lean season, resulting in reduced milk production and reduced growth in poultry during these periods.</p>   | Substantial | Substantial |

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| <p><b>Mitigations:</b></p> <p>Participatory preparation of PAPs, which will explicitly include climate risks as identification/prioritization criteria, and selection of climate-resilient commodities to be promoted in different locations and suitable to the agro-climatic condition; promoting and training small-scale producers and MSMEs on tools / increase their knowledge to help them factor in climate change considerations into their investment and production plans; promotion of agroecological/climate-smart agriculture technologies and management practices through strengthening of local support markets and investments along the value chain (particularly, for post-harvest management); and strengthening the capacity of staff in the area of climate change.</p> <p>The Programme will help to reduce climate-related risks and impacts by: improving farmers' understanding of climate risks to their farm business (increase availability and access to bio-inputs and climate resilient technologies and more importantly promote ago-ecological based farming practices); investing in climate proofing multi-use water system and small scale irrigation to reduce the risks from temporary water shortages, and upgrading processing, storage, and marketing facility.</p> <p>A preliminary climate risk assessment has been carried out for the Semlar Wholesale Market, and a collection of recommended mitigation measures has been incorporated into both the EIA report and the ESCMP.</p> <p>Considering the proximity of the construction area to the river, a comprehensive flood risk assessment has been scheduled, and Terms of Reference (ToRs) have been formulated. This assessment aims to enhance the design process by offering specific mitigation strategies tailored to the potential flood risks.</p> <p>The construction of the wholesale market will adhere to both national and international standards, inclusive of building codes that align with Nepal's regulations. These standards will ensure the market's resilience to earthquakes and will encompass climate-proofing measures within the design and operational framework of the wholesale market.</p> |     |     |
| Project Scope  | Low | Low |
| Project Relevance  | Low | Low |
| <p><b>Risk:</b></p> <p>The programme serves Nepal's most disadvantaged province and is highly relevant to both the government agenda and priorities of its target groups. It is a scaling-up of best practice of HVAP, ASHA and other projects within the country that achieved strong impacts. With the enactment of an enabling act for local governance, the rationale has been further strengthened. Furthermore, the huge dependency of regular shortage of chemical fertilizer, significant disruptions in supply chains and high trade deficit provided further justifications for organizing these organic and resilience supply chains better and strengthen them in a way that minimizes future disruptions.</p>   | Low | Low |
| <p><b>Mitigations:</b></p> <p>No specific mitigation required.</p>   |     |     |
| Technical Soundness  | Low | Low |
| <p><b>Risk:</b></p> <p>Technical design risks are generally low as R-HVAP is principally a scaling-up Programme of proven best practice from past an ongoing IFAD funded projects within Nepal.</p>  | Low | Low |

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| <b>Mitigations:</b><br>No specific mitigation required.   |             |             |
| Institutional Capacity for Implementation and Sustainability  | Substantial | Moderate    |
| Implementation Arrangements   | Substantial | Moderate    |
| <b>Risk:</b><br>Inherent institutional capacity risks are high in Nepal, as evident in the recent country Programme performance. If not addressed both in design and implementation, these create significant risks of substantial delays in Programme delivery.  | Substantial | Substantial |
| <b>Mitigations:</b><br>Several measures have been incorporated into the design to mitigate these, including setting up provincial management offices, cluster offices with cost centre, preparing participatory PAPs and including that into the palika's planning process, capacitating lead farmers and social mobilizers, supporting youths etc but the effectiveness of these measure must be continuously monitored by GON and IFAD, especially in the early years of implementation, with close implementation support.   |             |             |
| <b>Risk:</b><br>The new federal governance structure while evolving and maturing to an extent and will take time to gain full maturity and start delivering services. Coordination within and between the three tiers of government has emerged as a critical issue across multiple sectors. The risk is that this may create disjointed policies and public investment programmes between the three tiers – with potential gaps, duplications or contradictions. The Programme may be impacted by a lack of coordination within the government itself.   | Moderate    | Low         |
| <b>Mitigations:</b><br>Measure for mitigation of coordination risks include: establishing a Province Programme Coordination Committee in each province to coordinate among Programme stakeholders within the province and similar Municipality coordination forum in each municipality; signing MoUs between Programme and each municipal government for preparing the Community investment Plan, collaboration on the Programme, setting out expected contributions and roles;, and; providing capacity building training to province and municipality staff on key Programme approaches to raise understanding. |             |             |
| Monitoring and Evaluation Arrangements  | Moderate    | Moderate    |
| <b>Risk:</b><br>M&E risks are moderate as the Programme will develop a GIS integrated robust MIS, built on best practices of ASHA & ASDP MIS, to collect individual HHs level data collection, management and reporting systems.  | Moderate    | Moderate    |
| <b>Mitigations:</b><br>The RHVAP will use M&E and MIS system those are well proven in past and ongoing projects.  |             |             |
| Project Financial Management  | Substantial | Substantial |
| Project Organization and Staffing   | High        | High        |

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| <p><b>Risk:</b></p> <p>Provincial and Cluster PMUs will have government-deputed staff and recruited FM consultants. The government may not second Accounting Officers on time, the capacity of FM consultants may not be adequate for the needs of the R-HVAP</p>   | High        | High        |
| <p><b>Mitigations:</b></p> <p>PCU at the federal level will monitor the secondment of government staff for provincial and cluster PMUs; PCU will also ensure that experienced FM consultants are recruited for them.</p>  |             |             |
| Project Budgeting   | Substantial | Substantial |
| <p><b>Risk:</b></p> <ul style="list-style-type: none"> <li>- Government budgeting system will be used for the project budgeting.</li> <li>-PCU and all PMUs will need to separate budgets and get them included in the overall government budget.</li> <li>-low staff capacity to prepare realistic and accurate budgets</li> </ul>   | Substantial | Substantial |
| <p><b>Mitigations:</b></p> <p>Central PCU will coordinate budgeting process and ensure timely and accurate budgets are included in the government overall budget</p>  |             |             |
| Project Funds Flow/Disbursement Arrangements  | Substantial | Substantial |
| <p><b>Risk:</b></p> <ul style="list-style-type: none"> <li>-the government will pre-finance project activities and PCU will reimburse to Central Treasury every quarter. Inaccurate or insufficient budget allocations will have negative impact on project progress.</li> <li>- bureaucratic procedures within government institutions may delay the approval of payment orders</li> </ul> | Substantial | Substantial |
| <p><b>Mitigations:</b></p> <ul style="list-style-type: none"> <li>-PCU will need to play a key role in ensuring adequate budget allocations and timely approval of payment documents.</li> <li>-PCU will introduce a system to register and monitor approval and payment of all project related documents.</li> </ul>   |             |             |
| Project Internal Controls   | Substantial | Substantial |
| <p><b>Risk:</b></p> <p>-project will follow Government regulations in the area of payments, funds flow and treasury. Without stronger controls however effective and efficient use of project funds maybe compromised.</p>  | Substantial | Substantial |
| <p><b>Mitigations:</b></p> <ul style="list-style-type: none"> <li>-PIM of the project will include essential controls.</li> <li>-Project beneficiaries and local communities will play a key role in approving acts of work completed and goods delivered.</li> <li>-External consultants will be responsible for internal audit reports.</li> </ul>  |             |             |
| Project Accounting and Financial Reporting  | Substantial | Substantial |
| <p><b>Risk:</b></p> <p>Centralized Government Accounting Software (CGAS) will be used for accounting record keeping and financial reporting.</p> <ul style="list-style-type: none"> <li>-CGAS does not generate IFAD required IFRs</li> <li>-CGAS can't consolidate financial reports for all PMUs and PCU</li> </ul>   | Substantial | Substantial |

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| <b>Mitigations:</b><br>-Project will work with the MOF Treasury to customize CGAS so that it can generate IFRs and consolidate at PCU level automatically.   |             |             |
| Project External Audit   | Substantial | Substantial |
| <b>Risk:</b><br>-Unaudited Financial Statements are not submitted on time to OAG<br>-Office of the Auditor General ( OAG) may not have enough resources to complete audit on time.   | Substantial | Substantial |
| <b>Mitigations:</b><br>PCU will ensure project unaudited financial statements and notes are sent to OAG on time.<br>- Efforts will be taken to ensure timely submission of audit reports.  |             |             |
| Project Procurement  | Moderate    | Moderate    |
| Legal and Regulatory Framework   | Moderate    | Moderate    |
| <b>Risk:</b><br>The risk that the Borrower's regulatory and institutional capacity and practices (including compliance with the laws) are inadequate to conduct the procurement in a manner that optimizes value for money with integrity.   | Moderate    | Moderate    |
| <b>Mitigations:</b><br>(i) Review of procurement plans and ensure the use of competitive procurement method as mentioned in programme procurement arrangement (PPA) letter (ii) Programme to prepare General Procurement Notice - on start of Programme and disclose GPN in public websites. (ii) Procurement information and monitoring information to be publicly available in Programme website.  |             |             |
| Accountability and Transparency  | Moderate    | Moderate    |
| <b>Risk:</b><br>The risk that accountability, transparency and oversight arrangements (including the handling of complaints regarding, for example, SH/SEA and fraud and corruption) are inadequate to safeguard the integrity of Programme procurement and contract execution, leading to the unintended use of funds, mis procurement, SH/SEA, and/or execution of Programme procurements outside of the required time, cost and quality requirements.   | Moderate    | Moderate    |
| <b>Mitigations:</b><br>i). Established IFAD prior review and post review requirement relative to risk in PPA letter. ii). TA to support the review of technical deliverable and contract management and administration.<br>iii). Maintain records and promote reporting of allegation to IFAD<br>iv). Gather occasional feedback on Programme procurement staff (risk that specific skill enables the individuals to "rent seek" to manipulate results of evaluation service provider and consultancy contracts) (v) Adequate and timely access to information by the public (vi) Enabling environment for public consultation and monitoring (vii) Direct engagement of civil society |             |             |
| Capability in Public Procurement   | Moderate    | Moderate    |
| <b>Risk:</b><br>The risk that the implementing agency does not have sound processes, procedures, systems and personnel in place for the administration, supervision and management of contracts resulting in adverse impacts to the development outcomes of the Programme.   | Moderate    | Moderate    |



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| <b>Mitigations:</b><br><br>(i). Manage the recruitment and selection of a dedicated and experienced procurement officer in time (ii) provide training on the preparation of bid document, specifications, evaluation and award of contracts to the procurement staffs (iii) provide training on IFAD's OPEN online procurement End to End System. (iv). Support specialist through Technical Assistance - external consultant as and when needed.  |             |             |
| Public Procurement Processes   | Moderate    | Moderate    |
| <b>Risk:</b><br><br>The risk that procurement processes and market structures (methods, planning, bidding, contract award and contract management) are inefficient and/or anti-competitive, resulting in the misuse of Programme funds or sub-optimal implementation of the Programme and achievement of its objectives.   | Moderate    | Moderate    |
| <b>Mitigations:</b><br><br>i) Issue Programme Procurement arrangement (PPA) letter to mitigate the risk (ii) Preparation of PP based on collaborative realistic approach (iii) promote e-bidding (iv) Effective use of IFAD's OPEN online procurement End to End System. (v) Monitor procurement performance through ICP-CMT system, (vi) Review and update PIM to address weakness based on mitigation measure identified in the PRM (vii) perform procurement activities as per the approved program procurement strategy (PPS) and procurement arrangements. (viii) Adequate and timely access to information by the public (ix) Direct engagement of civil society |             |             |
| Environment, Social and Climate Impact   | Moderate    | Moderate    |
| Biodiversity Conservation  | Substantial | Substantial |
| <b>Risk:</b><br><br>The project activities will not involve conversion or degradation of ecosystems or habitats. However, there is a risk that excessive production of livestock with open grazing system and collection of MAPs, especially in the hills, may expand to unsustainable levels damaging local biodiversity.<br><br>The construction of the Semlar Wholesale Market in a young community forest will change the land use and might impact local biodiversity.  | Substantial | Substantial |

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| <p><b>Mitigations:</b></p> <p>Improved production systems will be widely promoted. For livestock, this includes (i) an exclusive focus on stall-based production systems with planting of additional fodder and forage crops (and ceasing open-grazing) and promotion of more productive herd (by improvement in genetics) to help increase production without corresponding increases in herd size, (ii) use of veterinary medicines under the proper guidance from experts, and (iii) cultivation of MAPs in agriculture and private fallow lands, and in community and leasehold forestry as per the approved operational plan.</p> <p>ASHA project contributed to increase local agro-biodiversity. Upscaling ASHA's best practices will enhance agro-biodiversity in program targeted provinces.</p> <p>The EIA for the Semlar Wholesale Market included an assessment of biodiversity (trees /vegetation, wildlife) in the proposed site (a young community forest). Since 702 trees will be removed in collaboration with DFO and Ratanpur CFUG, 7020 saplings will be planted. Other measures to minimize or avoid impacts on biodiversity include garbage management to reduce the potential for wildlife to be attracted to the market and incorporating existing trees into the design of the market and avoiding tree cutting. Since the procurement of saplings will be from MOFE managed nursery, there are no risks of invasive species introduction.</p> |          |          |
| Resource Efficiency and Pollution Prevention   | Moderate | Moderate |
| <p><b>Risk:</b></p> <p>There is an inherent risk of pollution from use of chemical fertilizer, pesticides and veterinary medicines or from poor management of livestock waste. As such, the intensity of chemical fertilizer and pesticide application is still low in Karnali and the two other target provinces and large-scale pollution is unlikely to occur within foreseeable future. However, some pockets may engage in intensive agricultural development for lack of proper guidance, and there might associated risks of overuse / run-offs / disposal and storage of containers.</p> <p>Poor management of solid waste generated by the Semlar Wholesale Market can introduce unpleasant odours or pollute soil and water. Similarly, there are inherent risks associated with wastewater generated by the market facilities.</p>  | Moderate | Moderate |
| <p><b>Mitigations:</b></p> <p>R-HVAP will promote good and sustainable agroecological / Climate-Smart Agriculture practices and technologies; enhancing homemade and commercial production of bio-inputs and liquid fertilizer (jholmol) to reduce use of pesticide / mineral fertilizer and promote recycling and reuse; and supplying quality organic inputs through private service providers as well as municipal agricultural extension staff. The Programme will also support better monitoring and enforcement of maximum residual level testing through an accredited laboratory.</p> <p>Waste management strategy for the market includes proposals for a wastewater treatment plant, a waste collection centre (with separation facility), and the engagement of a private contractor with extensive experience in bio-compositing to process the waste.</p>   |          |          |
| Cultural Heritage  | Low      | Low      |
| <p><b>Risk:</b></p> <p>The construction of the Semlar Wholesale Market could potentially temporarily impact a few households' access to the shrine (adjacent to the identified market site) due to construction safety measures.</p>   | Low      | Low      |

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| <p><b>Mitigations:</b></p> <p>The small shrine belongs to 7/8 households, and they worship there once in a year. It is located at the edge of the community forest area. Access restrictions to the shrine might be proposed in line with SECAP-related safety norms for the construction site; the shrine is well-fenced and the eventual construction of the new access road to the market site will facilitate easier entry to the shrine. The probability of access restrictions (temporary in nature) was assessed to be low (page 121 of 200 of the EIA main report, section 7.2.3.2). The EIA has proposed to install clear signages and barriers around the construction area to alert people to potential hazards and indicate the correct pathway to the temple. EIA has also proposed to limit noise levels during prayers. These will be reflected in the procurement TOR and ESCMP. The integrity of the structure will not be impacted since it falls outside the market site. Nevertheless, the EIA proposed and the project will include regular inspection of structural integrity of the shrine/temple, which will also be included in the ESCMP.</p> |          |          |
| Indigenous People   | Moderate | Moderate |
| <p><b>Risk:</b></p> <p>The program will work in the areas of IPs. There might be risk of IPs exclusion from the program activity.</p>   | Moderate | Moderate |
| <p><b>Mitigations:</b></p> <p>i) Ensure meaningful IPs participation on agroecological cluster plan (PAP) preparation process, conduct separate IP focused group discussion where needed, ii) adopt proactive targeting strategies to benefit IPs, iii) collaborate with IP local to national organizations to update on issues and policies and to maximize benefits to IPs, and iv) ensure IPs are aware of and have adequate access to Grievance Redress Mechanisms.</p>   |          |          |
| Labour and Working Conditions   | Moderate | Moderate |
| <p><b>Risk:</b></p> <p>Internationally funded and government-led development projects are well-regulated for labour conditions (forced labour, child labour, working conditions). There are no reports of forced labour or child labour in smallholder agricultural value chains of such projects. There are some reports of poor labour standards and working conditions in Nepal for private sector activities.</p> <p>It is possible that an agroecological approach might increase workload for women or youth, in some contexts, due to the nature of farming activities when combined with cultural norms on division of labour (e.g., increased need for weeding, gathering manure or managing vermicompost).</p>  | Moderate | Moderate |
| <p><b>Mitigations:</b></p> <p>R-HVAP's procurement process and monitoring, particularly for the Semlar wholesale market, will require and ensure adherence to international norms, IFAD standards, and Government of Nepal. Such measures have proven to be adequate and effective in mitigating risks associated with poor working conditions, forced labour, and child labour in the past in Nepal (both IFAD and other donor projects implemented through the Government of Nepal).</p> <p>The project will take an adaptive management approach to monitor and manage emergent/unanticipated impacts on women and youth, drawing on lessons from HVAP and ASHA. This will be specified in the TOR for the GESI Specialist.</p>  |          |          |
| Community Health and Safety   | Moderate | Moderate |

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| <p><b>Risk:</b></p> <p>There are no envisaged risks of significant negative impacts on community health and safety. In fact, the Programme expects to have several positive impacts – through the promotion of agroecological farming as well as through greater availability of high nutrient value foods in households and communities, which are a key drivers of health and nutrition.</p> <p>The construction of Semlar wholesale market may pose minor risks to community health and safety through influx of outside labours, pollution, and waste generation.</p>   | Moderate | Moderate |
| <p><b>Mitigations:</b></p> <p>No specific mitigation measures are required for Component 1, Component 2 and Component 4 of R-HVAP, since agroecological approach (especially the use of bio-inputs) is promoted. Component 3 (the Semlar Wholesale Market) will take a proactive approach to community health and safety in its proposed design in a comprehensive manner, and several mitigation measures have been proposed in the EIA. For example, a wastewater treatment plant to reduce risk of contamination of surface/groundwater from market activities and accredited pesticide residue testing laboratory will be established. The contractor for the Semlar wholesale market will also be required to follow SECAP's Environment, Health and Safety requirements that will identify safety and mitigation measures during design, construction and operations. Finally, a detailed flood risk assessment, which will build on the preliminary flood risk assessment commissioned by Invest International, will also identify risks (if any) and propose measures for the market site design, construction and operations. GRM will monitor grievances and complaints, with a separate GRM process for Component 3.</p> |          |          |
| Physical and Economic Resettlement  | Moderate | Moderate |
| <p><b>Risk:</b></p> <p>This is rated as moderate to reflect the fact that the Semlar wholesale market site is currently a young community forest.</p>   | Moderate | Moderate |
| <p><b>Mitigations:</b></p> <p>The Semlar wholesale market site does not involve human resettlement, physical or economic displacement, and was selected out of 9 preliminary sites precisely because of this factor (among other criteria; EIA Section 6.2 on Alternative site locations). The land that will be identified by MoFE for compensatory afforestation (7030 tree saplings) will also not involve any physical or economic displacement. Extensive stakeholder engagements have occurred through consultations, household surveys and focus group discussions, and Public Hearing as a part of the Feasibility Study and EIA (funded by Invest International, service provider RHDHV). Explicit consent will be obtained during early implementation, as a part of stakeholder engagement and associated FPIC processes. A Grievance Redress Mechanism will be established for the market site.</p>   |          |          |
| Greenhouse Gas Emissions  | Moderate | Moderate |

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| <p><b>Risk:</b></p> <p>There is a moderate risk of the Programme significantly increasing greenhouse gas emissions. The promotion of bio-inputs (particularly bio-fertilizers as an alternative to mineral fertilizers), through increased production / enhanced quality and use by farmers, will help avert or avoid increased GHG emissions intensity of agricultural production.</p> <p>The Semlar wholesale market and Agricultural Cluster Plans are anticipated to contribute to reduced food loss and waste. New technologies introduced to enhance agroecological production, input-use efficiency, or post-harvest management will be renewable energy-based (e.g., solar pumps, solar incubators, solar dryers).</p> <p>In general, livestock activities contribute to emissions through enteric fermentation, manure, and land use change (feed, forage). However, the reduction in open grazing and damage to forest land through the promotion of stall-based production for goats, should reduce pressure on forests leading to some recovery. Other livestock production support activities such as manure management and forage/feed production will also reduce pressure on land; manure might also be utilized to produce bio-inputs for crops.</p> | Moderate    | Moderate |
| <p><b>Mitigations:</b></p> <p>No specific mitigation measures are required</p>  |             |          |
| <p>Vulnerability of target populations and ecosystems to climate variability and hazards</p>  | Substantial | Moderate |
| <p><b>Risk:</b></p> <p>Rural populations in Nepal face inherent climate variability from the monsoon-based climate and geography of the country. As a result, they have developed their adaptive capacity. Compared to this inherent variability, expected climate change impacts of the 25-year Programme impact horizon are modest.</p>   | Substantial | Moderate |
| <p><b>Mitigations:</b></p> <p>To reduce exposure to the inherent risks, the Programme will apply appropriate production site selection alongside promotion of climate resilience production technologies that reduce exposure to increased variability in rainfall – including poly-tunnels, mulching, liquid fertilizer, biochar water-efficient production practice as well as investment in multi-use and small-scale irrigation.</p>  |             |          |
| <p>Stakeholders</p>   | Moderate    | Moderate |
| <p>Stakeholder Engagement/Coordination</p>  | Low         | Low      |
| <p><b>Risk:</b></p> <p>Engagement and coordination risks are low as the Programme widely leverages the participatory approach-based LAPA process and open multi-stakeholder platform (MSP) processes proven to be highly effective at stakeholder engagement in previous IFAD projects in Nepal (ASHA, HVAP and other Programmes). PAP will be prepared with wider stakeholder engagement and consultation and will be facilitated to endorse from the local government.</p>  | Low         | Low      |
| <p><b>Mitigations:</b></p> <p>Stakeholder engagement plan has been prepared and will be implemented to ensure meaningful stakeholder engagement.</p>  |             |          |
| <p>Stakeholder Grievances</p>   | Moderate    | Moderate |

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| <p><b>Risk:</b></p> <p>There is a risk that complaints and grievances, both legitimate and vexatious, if not appropriately handled could delay programme delivery – especially through delays in recruitment and key procurements – for example if cases are referred to the Commission for Investigation of Abuse of Authority (CIAA)</p>   | Moderate | Moderate |
| <p><b>Mitigations:</b></p> <p>Consistent with prevailing laws and regulations, the Programme will establish a grievance process for Programme beneficiaries and stakeholders to be monitored by the PSC (Programme Steering Committee). For the Semlar Wholesale Market, extensive stakeholder engagements have occurred through consultations, household surveys and focus group discussions, and Public Hearing as a part of the Feasibility Study and EIA (funded by Invest International, service provider RHDHV). A separate Grievance Redress Mechanism will be established for the market site.</p> <p>The programme will also maintain a high degree of transparency in all aspects of its operation, regularly publishing information on its activities.</p> <p>Finally, by minimizing the use of direct grants and subsidies to individuals, POs and businesses, the Programme reduces the incentives for complaints and other disputes related to the allocation of resources.</p> <p>R-HAVAP will continue to implement best practices from previous projects such as ASHA and HVAP, as well as ongoing projects like ASDP and RERP. These practices include: i) Placing the contact details of the information officer in visible locations within all program offices, ii) Managing complaint boxes at easily accessible locations in the offices, iii) Using easily understandable templates in Nepali to register and update grievance details, and iv) Including grievance updates in periodic reports.</p> |          |          |