



Invertir en la población rural

## Junta Ejecutiva

141.º período de sesiones  
Roma, 24 de abril de 2024

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### Informe del Presidente

### Propuesta de préstamo

### Nepal

### Programa de Agricultura Resiliente de Alto Valor

N.º de identificación del proyecto: 2000003750

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#### Para aprobación

**Medida:** Se invita a la Junta Ejecutiva a que apruebe la recomendación que figura en el párrafo 58.

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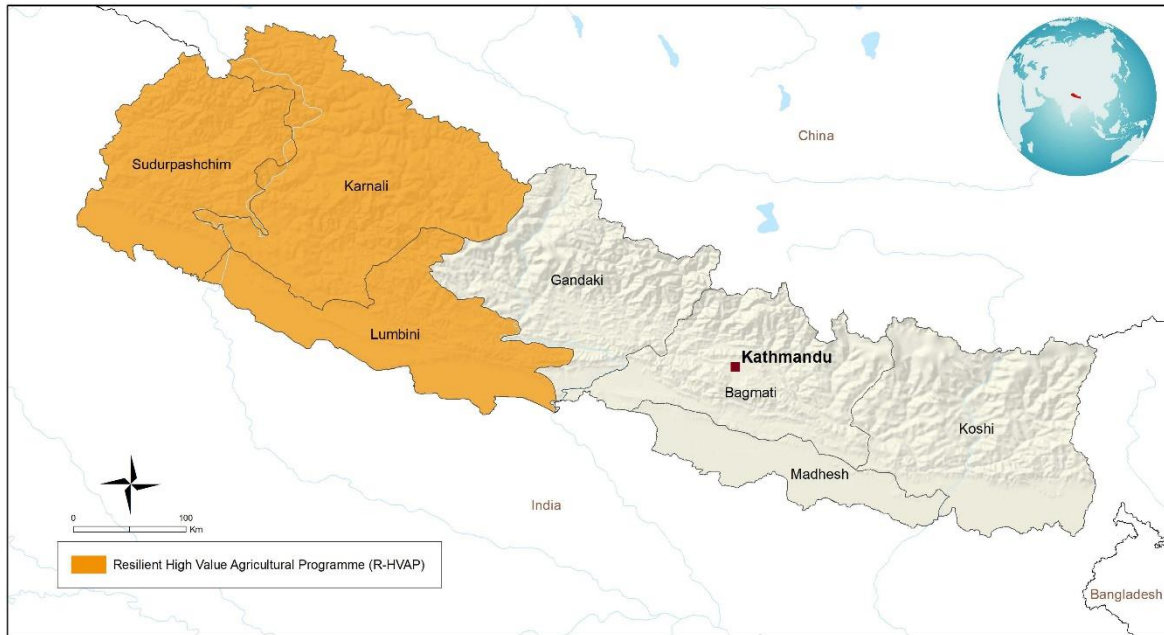
### Equipo encargado de la ejecución del programa

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## Mapa de la zona del programa



Las denominaciones empleadas y la forma en que aparecen presentados los datos en este mapa no suponen juicio alguno del FIDA respecto de la demarcación de las fronteras o límites que figuran en él ni acerca de las autoridades competentes.

Fuente: FIDA | 15-11-2023

## Resumen de la financiación

<b>Institución iniciadora:</b>	FIDA
<b>Prestatario:</b>	Gobierno de Nepal
<b>Organismo de ejecución:</b>	Ministerio de Desarrollo Agrícola y Ganadero
<b>Costo total del programa:</b>	USD 120,9 millones
<b>Monto del préstamo del FIDA:</b>	DEG 53,400 millones (USD 70,935 millones)
<b>Condiciones del préstamo del FIDA:</b>	Muy favorables: 40 años, con un período de gracia de 10 años y un cargo por servicios del 0,75 % anual en derechos especiales de giro (ajustes para préstamos en una sola moneda)
<b>Cofinanciadores:</b>	Microempresas y pequeñas y medianas empresas
<b>Monto de la cofinanciación:</b>	USD 2,56 millones
<b>Contribución del prestatario:</b>	USD 24,6 millones (Gobierno federal) USD 0,5 millones (gobiernos provinciales) USD 1,52 millones (administraciones locales)
<b>Contribución de las organizaciones de productores:</b>	USD 20,87 millones
<b>Monto de la financiación del FIDA para el clima:</b>	DEG 15,026 millones (USD 19,947 millones)
<b>Institución cooperante:</b>	Programa supervisado directamente por el FIDA

## I. Contexto

### A. Contexto nacional y justificación de la actuación del FIDA

#### Contexto nacional

1. En virtud de la Constitución de Nepal de 2015, el país ha pasado a ser una república democrática federal con una estructura de gobierno de tres niveles: 1 gobierno federal, 7 gobiernos provinciales y 753 administraciones locales (denominadas *palikas*, o municipios). Con un crecimiento medio del 4,5 % anual en el último decenio, Nepal se convirtió en un país de ingreso mediano bajo en 2020 y buscará salir de la categoría de países menos adelantados para 2026. Se estima que, en el ejercicio económico de 2022, la economía creció un 5,3 %, impulsada por la hidroelectricidad, la industria manufacturera, la construcción y el restablecimiento gradual del turismo.
2. La agricultura sigue teniendo una importancia crucial para la economía nacional. Nepal es un país agrario con una gran población rural que depende de la agricultura para su alimentación, sus ingresos y su empleo. Las exportaciones de productos agroalimentarios han aumentado y se han convertido en el principal tipo de exportación en términos de valor. El déficit comercial del sector agrícola y la dependencia cada vez mayor de las importaciones de alimentos plantean importantes desafíos para la seguridad y la soberanía alimentarias del país, al tiempo que ejercen presión sobre las reservas de divisas. La sustitución de las importaciones sigue siendo una prioridad fundamental del Gobierno de Nepal.
3. En el 15.º Plan de Nepal (2019/20-2023/24) se solicita un crecimiento económico sostenible e inclusivo y la mitigación de la pobreza; la modernización y comercialización de la agricultura, con hincapié en una producción y un procesamiento de alto valor, y una gestión sostenible de los recursos naturales para mejorar los servicios ecosistémicos proporcionados al sector agrícola. La Estrategia de Desarrollo de la Agricultura (2015-2035) prevé un sector agrícola autosuficiente, sostenible, competitivo e inclusivo que impulse el crecimiento económico y contribuya a mejorar los medios de vida, así como la seguridad alimentaria y nutricional para propiciar la soberanía alimentaria.

#### Aspectos específicos relativos a los temas transversales que el FIDA debe incorporar de forma prioritaria

4. En consonancia con los compromisos transversales del FIDA, el programa ha sido validado como programa que tiene en cuenta lo siguiente:
  - una perspectiva transformadora de género;
  - a la gente joven, y
  - la capacidad de adaptación.
5. Pese a los notables avances logrados en la protección y promoción de los derechos de las mujeres y la igualdad de género, las mujeres de Nepal aún carecen de acceso a los principales activos productivos y servicios. Las mujeres de las zonas rurales se ven limitadas por su escaso poder de decisión y negociación, una triple carga de trabajo (productivo, reproductivo y comunitario), conocimientos limitados sobre la oferta y la demanda del mercado y pocas oportunidades para establecer microempresas y negocios agrícolas. El poder de las mujeres para tomar decisiones en los hogares también es escaso, particularmente en lo que respecta a las inversiones agrícolas, el modo en que se gastan los ingresos del hogar y la división del trabajo.

6. Si bien Nepal tiene una población joven, la gente joven sigue afrontando dificultades relacionadas con la educación, la implicación cívica, la participación política, el desempleo y el subempleo, y trabaja principalmente en el sector agrícola como trabajadores familiares no remunerados o empleados con salarios bajos. La emigración juvenil es un problema importante en las zonas rurales, que afecta a las actividades agrícolas en general.
7. Nepal está expuesto a precipitaciones erráticas y extremas (cambios en el inicio de la temporada de monzones, cambios en los regímenes espaciales, el aumento de los días secos consecutivos y la disminución de los días consecutivos de lluvias, el incremento de las precipitaciones extremas y la reducción de las precipitaciones en invierno o en la etapa posterior a los monzones). El cambio climático es directamente responsable de entre el 10 % y el 30 % de las pérdidas anuales de la producción en los sectores de la agricultura, la ganadería y la pesca. Entre 1971 y 2007, las sequías fueron responsables del 38,9 % de las pérdidas de producción relacionadas con el clima, y las inundaciones, del 23,2 % de esas pérdidas<sup>1</sup>.

#### **Razones que justifican la intervención del FIDA**

8. La COVID-19, la guerra en Ucrania y el aumento de las perturbaciones climáticas y de otro tipo han puesto de relieve la gran dependencia de Nepal de las importaciones para su seguridad alimentaria y nutricional, y han expuesto la vulnerabilidad de los sistemas alimentarios del país. Estas vulnerabilidades se han visto exacerbadas por factores internos, como la transición política a un Estado federal, dificultades macroeconómicas, entre ellas la reducida contribución de la industria manufacturera al producto interno bruto (PIB), la gran dependencia de las importaciones y la devaluación de la moneda nacional. Por ello, urge aumentar la producción y distribución nacional de alimentos y generar ingresos de divisas del sector agrícola para compensar los gastos en las importaciones.

#### **B. Enseñanzas extraídas**

9. Los proyectos financiados por el FIDA han introducido una gran cantidad de buenas prácticas a lo largo de cuatro decenios de actuación en Nepal. Entre las buenas prácticas más importantes figuran: i) la integración de tecnologías agroecológicas en los sistemas de producción de subsistencia y comercial para revitalizar la salud ecológica de las explotaciones a fin de aumentar la diversidad de cultivos y los beneficios para la nutrición y fomentar la resiliencia al clima; ii) el fortalecimiento de la orientación a los mercados, la viabilidad económica y los vínculos con los servicios en relación con la producción agroecológica; iii) el diseño, la utilización y el mantenimiento de infraestructuras resilientes al clima para lograr una sostenibilidad a largo plazo, y iv) capacitación para que las organizaciones de productores puedan participar en cadenas de valor orientadas a las exportaciones y cumplir las normas internacionales de los alimentos seguros y orgánicos.

## **II. Descripción del programa**

### **A. Objetivos, zona geográfica de intervención y grupos objetivo**

10. El Programa de Agricultura Resiliente de Alto Valor se ejecutará durante un período de ocho años con el propósito de reducir la pobreza y mejorar la resiliencia de los hogares de pequeños productores. Su objetivo de desarrollo consiste en apoyar la transición de la agricultura en pequeña escala hacia sistemas alimentarios sostenibles que sean rentables, inclusivos y agroecológicos.
11. El programa abarca las provincias de Lumbini, Karnali y Sudurpashchim, ubicadas en el oeste de Nepal, y se ejecuta en 80 *palikas*. La selección de estas provincias se basó en que presentan la mayor incidencia de la pobreza multidimensional, y tuvo en cuenta los efectos de la COVID-19 en los medios de vida rurales, la ubicación del

<sup>1</sup> Ministerio de Bosques y Medio Ambiente del Gobierno de Nepal (2021): "Vulnerability and Risk Assessment and Identifying Adaptation Options: Summary for Policy Makers". Katmandú (Nepal).

mercado mayorista regional de Semlar para la distribución nacional e internacional de productos agrícolas y las condiciones del paisaje para facilitar la construcción de una cuenca alimentaria agroecológica.

12. El programa ofrecerá servicios basados en las necesidades a: i) las personas en situación de pobreza extrema; ii) las personas pobres (incluidas tanto las afectadas por la pobreza como por la pobreza mediana), y iii) los hogares casi pobres. En conjunto, los agricultores pobres y en situación de pobreza extrema constituirán el 80 % de los participantes del programa. Los hogares casi pobres representarán cerca del 20 % de los participantes.

## **B. Componentes, efectos directos y actividades**

13. El Programa de Agricultura Resiliente de Alto Valor se estructura en torno a los siguientes cuatro componentes complementarios e interrelacionados.
14. **Componente 1: Mejora de las capacidades para lograr una transición hacia sistemas de producción agroecológicos orientados a los mercados.**
  - a) **Subcomponente 1.1: Una labor descentralizada de planificación y coordinación agroecológica**, que contribuye a la preparación de planes agroecológicos de los *palikas*, de cinco años de duración, por medio de un proceso de planificación local facilitado por las oficinas provinciales de gestión del programa y las oficinas de los corredores, de carácter descentralizado. En los planes de los *palikas* se definirán los siguientes elementos clave: los participantes del programa; los productos básicos de alto valor que pueden integrarse en un sistema de producción agroecológico; las mejores prácticas agroecológicas a nivel de las explotaciones; las exigencias de los mercados y las normas de cumplimiento; las oportunidades empresariales y de agroservicios, y las necesidades de bienes públicos e infraestructuras productivas.
  - b) **Subcomponente 1.2: Conocimientos y capacidad para establecer una producción agroecológica**, los cuales ampliarán la actual base de conocimientos sobre la agricultura sostenible, la agroecología y la permacultura mejorando la formación sobre agroecología a fin de incluir nociones sobre la economía a nivel de las explotaciones. Se ofrecerá una formación exhaustiva sobre los distintos aspectos técnicos de la producción agroecológica, junto con educación financiera y nociones empresariales básicas, y sobre una versión reducida del Sistema de Aprendizaje Activo de Género (GALS lite). Se difundirán buenas prácticas de agroecología mediante un enfoque de formación de formadores y el establecimiento de 80 explotaciones agroecológicas de demostración administradas por agricultores. Se ofrecerán programas de aprendizaje sobre agroecología para jóvenes a unos 60 jóvenes aprendices del sector agrícola. Se realizarán intercambios entre agricultores, lo que contribuirá al desarrollo de una gran comunidad de práctica.
  - c) **Subcomponente 1.3: Ampliación de la producción agroecológica orientada a los mercados.** En el marco de este subcomponente se capacitará a, como mínimo, 1 600 organizaciones de productores, o a alrededor de 45 000 agricultores, para que comiencen a realizar operaciones profesionales con visión empresarial a fin de lograr una sostenibilidad a largo plazo. Junto con las organizaciones de productores, se establecerán vínculos entre las propias empresas y entre empresas y servicios para forjar relaciones comerciales provechosas. Los pequeños productores que participen en el programa podrán obtener créditos del Programa de Cadenas de Valor para una Transformación Inclusiva de la Agricultura del FIDA, que se encuentra en curso y es ejecutado por el Agriculture Development Bank Limited.

- d) **Subcomponente 1.4: Un ecosistema de mipymes para fortalecer el mercado de servicios agrícolas.** En el marco de este subcomponente se establecerá un ecosistema de microempresas y pequeñas y medianas empresas (mipymes) a fin de satisfacer las necesidades de las etapas iniciales y finales de las cadenas de valor agroecológicas que abarcan múltiples productos básicos. Se prestará apoyo en forma de coinversión a la producción descentralizada de bioinsumos de alta calidad y al mercado de servicios de mipymes para la adición de valor en las etapas posteriores a la cosecha. Se ofrecerá educación y formación técnica y profesional en relación con la agricultura y apoyo a la incubación de iniciativas para la creación de empresas a unas 700 personas jóvenes.
15. **Componente 2: Mayor acceso a infraestructura productiva resiliente al clima.** En los planes agroecológicos de los *palikas* se determinará cuáles son las infraestructuras resilientes al clima esenciales para impulsar la producción de los agricultores en pequeña escala y las organizaciones de productores. Estas incluirán: i) sistemas de riego en pequeña escala, instalaciones de almacenamiento de agua y sistemas de abastecimiento de agua para usos múltiples; ii) instalaciones de agregación y almacenamiento, y iii) instalaciones de procesamiento poscosecha gestionadas por mipymes. En todas las intervenciones relativas a las infraestructuras se establecerán sinergias con otras intervenciones del programa y se incluirán medidas sobre la utilización y el mantenimiento. Se prestará apoyo al uso de tecnologías de energía renovable para el riego con elevación de agua, el procesamiento primario y las actividades de gestión posterior a la cosecha.
16. **Componente 3: Mejora de la agregación al por mayor y la distribución de productos básicos agroecológicos para los mercados nacionales y de exportación.** El programa apoyará la primera fase de construcción del mercado agrícola mayorista regional de Semlar en la ciudad submetropolitana de Butwal, ubicada en la provincia de Lumbini. El mercado facilitará la agregación de productos básicos de una gran área de captación, especialmente de las organizaciones de productores que reciben el apoyo del programa, para mejorar la distribución de productos básicos agroecológicos a mercados tanto nacionales como de exportación. El mercado de Semlar se construirá como un mercado de vanguardia repleto de puestos mayoristas de frutas, hortalizas, cereales y otros productos básicos prioritarios, y facilitará la reunión, el procesamiento y el etiquetado de los productos agrícolas. El mercado tendrá una ubicación estratégica, a unos 20 minutos en automóvil desde el Aeropuerto Internacional Gautam Buddha y a unos 40 km de la frontera con la India.
17. **Componente 4: Fortalecimiento de las políticas, los reglamentos y las instituciones relativos a la producción y el comercio agroecológicos en pequeña escala.** El programa establecerá y fortalecerá políticas, reglamentos y otros marcos de apoyo favorables para lograr una producción agroecológica en pequeña escala que sea rentable, con la contribución de las instituciones y comunidades participantes. Para apoyar la exportación de los productos agrícolas, el programa establecerá sistemas de certificación, se fomentará la capacidad para cumplir las medidas sanitarias y fitosanitarias, se respaldará la facilitación del comercio y las negociaciones y se participará en eventos sobre comercio internacional y en ferias de comercio ético y biocomercio.

## C. Teoría del cambio

18. El Programa de Agricultura Resiliente de Alto Valor busca lograr una transición sistemática de la agricultura en pequeña escala hacia una producción agroecológica comercial. El objetivo es hacer una transición a un sector agrícola en pequeña escala que sea inclusivo, autosuficiente, resiliente y rentable y contribuya en mayor medida a la seguridad alimentaria y nutricional del país y las reservas de divisas fuertes. Para afrontar el complejo desafío que entraña pasar a una producción



agroecológica comercial, se necesitan medidas sistemáticas, coordinadas y complementarias en varias esferas temáticas clave y en múltiples niveles geográficos. Se estima que llevará unos 20 años realizar una transición completa, y el programa constituye la primera fase fundamental.

#### **D. Armonización, sentido de apropiación y asociaciones**

19. La finalidad del programa es coherente con los Objetivos de Desarrollo Sostenible (ODS) 1 (fin de la pobreza), 2 (hambre cero), en particular la meta 2.3 (duplicar la productividad agrícola y los ingresos de los productores de alimentos en pequeña escala), 5 (igualdad de género), 8 (trabajo decente y crecimiento económico), 12 (producción y consumo responsables) y 13 (acción por el clima). El programa se ajusta plenamente a los objetivos de desarrollo y las estrategias del 15.º Plan de Nepal, en el que se solicita un crecimiento económico sostenible e inclusivo y la mitigación de la pobreza; una modernización autónoma y la comercialización de la agricultura, con hincapié en una producción y elaboración de alimentos ecológicos de alto valor, y una gestión sostenible de los recursos naturales para mejorar los servicios ecosistémicos proporcionados a los sectores de la agricultura, la industria y los servicios.
20. El programa se ajusta plenamente a las políticas y prioridades institucionales del FIDA, y contribuye al logro de los objetivos estratégicos del programa sobre oportunidades estratégicas nacionales.

#### **E. Costos, beneficios y financiación**

21. Se estima que **el costo total del programa** asciende a USD 120,9 millones. Los financiadores y sus contribuciones serán los siguientes: i) USD 70,935 millones (el 58,6 %) del FIDA; ii) USD 24,6 millones (el 20,3 %), del Gobierno de Nepal, los cuales abarcan a) USD 19,6 millones (el 16,2 %) para sufragar derechos, impuestos, sueldos y los costos operacionales del personal designado, y b) USD 5,0 millones (el 4,1 %) en efectivo para la construcción del mercado mayorista de Semlar; iii) USD 0,5 millones (el 0,4 %) de los gobiernos provinciales; iv) USD 1,52 millones (el 1,3 %) de las autoridades locales; v) USD 20,87 millones (el 17,3 %) de las organizaciones de productores y los hogares, y vi) USD 2,56 millones (el 2,1 %) de las mipymes.
22. **Costo del programa desglosado por componente y entidad financiadora.** Del costo total del programa, USD 66,05 millones (el 54,6 %) se utilizarán para el componente 1; USD 10,08 millones (el 8,3 %) para el componente 2; USD 31,25 millones (el 25,8 %) para el componente 3; USD 1,37 millones (el 1,1 %) para el componente 4, y USD 12,22 millones (el 10,1 %) para la gestión del programa. En el cuadro 1 se desglosan los costos por entidad financiadora.

##### **Costos del programa**

23. **Costos del programa desglosados por categoría de gastos y entidad financiadora.** Los costos del programa se dividen en cuatro categorías de gastos: i) obras (el 35,3 %); ii) bienes, servicios e insumos (el 54,0 %); iii) capacitación (el 2,7 %), y iv) costos de funcionamiento (el 8,0 %). En el cuadro 2 se presentan las categorías de gastos y los costos conexos desglosados por entidad financiadora.
24. Los componentes 1, 2, 3 y 4 del programa se contabilizan parcialmente como financiación para el clima. Según las metodologías de los bancos multilaterales de desarrollo para deducir la financiación destinada a la adaptación al cambio climático y su mitigación, el importe total de la financiación para el clima del FIDA para este programa se estima en USD 19,947 millones.

**Cuadro 1**  
**Costos del programa desglosados por componente y entidad financiadora**  
(en miles de dólares de los Estados Unidos)

Componente	Préstamo del FIDA		Gobierno provincial o local		Otros cofinanciadores		Beneficiarios			Prestatario/receptor			Déficit de financiación		Total	
	Monto	%	Monto	%	Monto	%	En efectivo	En especie	%	En efectivo	En especie	%	Monto	%	Monto	%
	1. Mejora de las capacidades para lograr una transición hacia sistemas de producción agroecológicos orientados a los mercados	34 324	52			2 512	4		19 500	30		9 715	15			66 050
2. Mayor acceso a infraestructura productiva resiliente al clima	5 682	56	1 518	15				1 368	14		1 512	15			10 080	8,3
3. Mejora de la agregación al por mayor y la distribución de productos básicos agroecológicos para los mercados nacionales y de exportación	22 000	70								5 000	4 255	30			31 255	25,8
4. Fortalecimiento de las políticas, los reglamentos y las instituciones relativos a la producción y el comercio agroecológicos en pequeña escala	1 083	79	34	3	46						205	15			1 368	1,1
5. Gestión del programa, seguimiento y evaluación, gestión de los conocimientos y aprendizaje	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>

Cuadro 2

**Costos del programa desglosados por categoría de gastos y entidad financiadora**

(en miles de dólares de los Estados Unidos)

Categoría de gasto	Préstamo del FIDA		Gobierno provincial o local		Otros cofinanciadores		Beneficiarios			Prestatario/receptor			Déficit de financiación		Total	
	Monto	%	Monto	%	Monto	%	En efectivo	En especie	%	En efectivo	En especie	%	Monto	%	Monto	%
	<b>Costos de inversión</b>															
1. Obras	27 391	64	1 496	3	2 055	5	1 350	3	4 624	5 839	25				42 754	35
2. Bienes, servicios e insumos	35 236	54	56	0	457	1	19 518	30	343	9 711	15				65 322	54
3. Capacitación	2 703	83			46	1			33	463	15				3 245	3
<b>Total de costos de inversión</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>Gastos recurrentes</b>																
1. Costos de funcionamiento	5 605	58	463	5						3 581	37				9 649	8
<b>Total de gastos recurrentes</b>	<b>5 605</b>	<b>58</b>	<b>463</b>	<b>5</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>

Cuadro 3

**Costos del programa, desglosados por componente y año del programa**

(en miles de dólares de los Estados Unidos)

Componente	2024/25		2025/26		2026/27		2027/28		2028/29		2029/30		2030/31		2031/32		Total
	Monto	%	Monto	%	Monto	%	Monto	%	Monto	%	Monto	%	Monto	%	Monto	%	Monto
1. Mejora de las capacidades para lograr una transición hacia sistemas de producción agroecológicos orientados a los mercados	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. Mayor acceso a infraestructura productiva resiliente al clima	847	8	1 839	18	2 885	29	2 262	22	1 000	10	448	4	452	4	347	3	10 080
3. Mejora de la agregación al por mayor y la distribución de productos básicos agroecológicos para los mercados nacionales y de exportación	3 289	11	9 280	30	9 237	30	9 449	30									31 255
4. Fortalecimiento de las políticas, los reglamentos y las instituciones relativos a la producción y el comercio agroecológicos en pequeña escala	36	3	325	24	304	22	173	13	121	9	208	15	125	9	76	6	1 368
5. Gestión del programa, seguimiento y evaluación, gestión de los conocimientos y aprendizaje	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. Los costos del programa se producirán a lo largo de los ocho años de duración. Alrededor del 8 % de los costos se producirán en el primer año. En los años segundo a octavo, se efectuarán el 23 %, el 32 %, el 26 %, el 4 %, el 3 %, el 3 % y el 1 % de los gastos, respectivamente. En el cuadro 3 se presentan los costos desglosados por componente y año del programa.

### **Estrategia y plan de financiación y cofinanciación**

26. El presupuesto total para el Programa de Agricultura Resiliente de Alto Valor es de USD 120,97 millones en un período de ocho años. El presupuesto incluye financiación del FIDA en forma de préstamo por valor de USD 70,935 millones (el 58,6 %), lo que abarca USD 38,5 millones con arreglo al Sistema de Asignación de Recursos basado en los Resultados en el marco de la Duodécima Reposición de los Recursos del FIDA (FIDA12), así como USD 15,4 millones y USD 17,0 millones cancelados parcialmente y reasignados del Programa de Desarrollo del Sector Agrícola (ASDP) y del Programa de Cadenas de Valor para una Transformación Inclusiva de la Agricultura, respectivamente. Se estima que las contribuciones del Gobierno de Nepal ascenderán a USD 24,6 millones (el 20,3 %), lo que comprende USD 19,6 millones (el 16,2 %) para sufragar derechos, impuestos, sueldos y los costos operacionales del personal designado, y USD 5,0 millones (el 4,1 %) en efectivo para la construcción del mercado mayorista de Semlar. Las contribuciones de los gobiernos provinciales y locales ascienden a USD 0,5 millones (el 0,4 %) y USD 1,52 millones (el 1,3 %), respectivamente. Además, se estima que las contribuciones de las organizaciones de productores y los hogares y de las mipymes serán de USD 20,87 millones (el 17,3 %, principalmente en especie) y USD 2,56 millones (el 2,1 %), respectivamente.

### **Desembolsos**

27. Los fondos del FIDA se desembolsarán en una cuenta del tesoro del Gobierno de Nepal administrada por la Oficina de Contraloría Financiera General en dólares de los Estados Unidos abierta en el Nepal Rastra Bank. El Gobierno de Nepal prefinanciará los gastos del programa. El FIDA reembolsará trimestralmente a la Tesorería Central los gastos que haya financiado el Gobierno de manera anticipada una vez recibida la solicitud de retiro de fondos. Los cuadros sobre los costos de los proyectos servirán como documentos de referencia para verificar si los gastos de los proyectos reúnen las condiciones para ser sufragados con financiación del FIDA. El prestatario comunicará al Fondo los datos de la cuenta y los funcionarios con autorización para presentar las solicitudes de retiro de fondos. El tipo de cambio aplicable para convertir los gastos efectuados en rupias nepalesas a dólares de los Estados Unidos se calculará al tipo de cambio vigente en la fecha de la solicitud de retiro. En el sistema de gestión presupuestaria se dispondrá de una autorización para el presupuesto del programa en rupias nepalesas que deberán utilizar las unidades encargadas de los gastos de las partes pertinentes del programa tras la aprobación del programa y presupuesto anual.
28. **Informes financieros provisionales.** La Oficina de Coordinación del Programa presentará informes financieros provisionales consolidados cada tres meses dentro de los 45 días siguientes desde el final del trimestre correspondiente. Se presentará una solicitud de retiro de fondos por trimestre para el reembolso del monto real gastado.
- Resumen de los beneficios y análisis económico**
29. El programa beneficiará a 60 000 hogares de agricultores en pequeña escala, lo que equivale a 258 000 personas. Quienes participen en el programa recibirán apoyo en forma de coinversión y acceso a la financiación rural para poner en marcha empresas agroecológicas resilientes al clima. Los agricultores en pequeña escala obtendrán una mayor producción de diversos productos básicos agrícolas por medio de la adopción de sistemas de producción agroecológicos, mejores tecnologías y prácticas de gestión, infraestructura de producción y para las etapas posteriores a la producción y un mayor acceso a otros servicios complementarios.

30. Sobre la base de los modelos financieros de los hogares agrícolas, las mipymes, la infraestructura de las comunidades y el mercado mayorista de Semlar, la realización de un análisis económico utilizando precios económicos arrojó los siguientes resultados: el análisis de la relación costo-beneficio indica una tasa interna de rendimiento económico general del 18,1 %; el valor actual neto (VAN) calculado para una tasa de descuento del 9 % es de NPR 21 267 millones (USD 163,6 millones), y la relación costo-beneficio es de 8,52. El VAN positivo con el actual costo de oportunidad del capital del 9 % indica que las inversiones del programa son sólidas y merece la pena invertir en ellas desde el punto de vista económico y financiero.

#### **Estrategia de salida y sostenibilidad**

31. El Programa de Agricultura Resiliente de Alto Valor se ha diseñado como iniciativa a mediano plazo, con una fase inicial de ocho años que irá seguida de una segunda fase. Por ello, el diseño del programa se basa en una estrategia de ampliación de escala que da prioridad a la prestación de un apoyo sostenido a mediano plazo para garantizar la sostenibilidad de las organizaciones de productores y las inversiones conexas. La Oficina de Coordinación del Programa y los organismos de ejecución ajustarán la estrategia de salida durante la ejecución del programa para reflejar los cambios en el contexto.

### **III. Gestión de riesgos**

#### **A. Riesgos y medidas de mitigación**

32. El programa se ha diseñado teniendo en cuenta los riesgos institucionales, especialmente en el contexto de la lenta transición al federalismo. En virtud de la estructura de ejecución del programa, la ejecución se centra en los niveles provincial y de los *palikas*, y solo se asigna una función nominal al nivel federal.

Cuadro 4

**Calificación general de los riesgos**

<i>Esferas de riesgo</i>	<i>Calificación del riesgo inherente</i>	<i>Calificación del riesgo residual</i>
Contexto nacional	Moderado	Moderado
Estrategias y políticas sectoriales	Moderado	Moderado
Medio ambiente y clima	Considerable	Considerable
Alcance del programa	Bajo	Bajo
Capacidad institucional de ejecución y sostenibilidad	Considerable	Moderado
Gestión financiera	Considerable	Considerable
Adquisiciones y contrataciones en el marco del proyecto	Moderado	Moderado
Impacto ambiental, social y climático	Moderado	Moderado
Partes interesadas	Moderado	Moderado
<b>Riesgo general</b>	<b>Moderado</b>	<b>Moderado</b>

#### **B. Categoría ambiental y social**

33. El riesgo del Programa de Agricultura Resiliente de Alto Valor en la categoría ambiental y social se ha clasificado como **considerable**. El programa busca generar beneficios ambientales y sociales positivos de una manera integral. Se centra en promover sistemas de producción agroecológicos que contribuirán a revitalizar la salud ecológica de las explotaciones, aumentar la biodiversidad y fomentar la resiliencia al clima. Se trata de un programa que contribuye a transformar las relaciones de género, tiene en cuenta a la gente joven y prioriza la inclusión social. Además, aumentará el acceso de las mujeres a oportunidades económicas viables, generará oportunidades económicas y profesionales para la gente joven y garantizará una participación colectiva en los procesos de toma de decisiones.

## C. Clasificación del riesgo climático

34. El riesgo climático del programa se ha clasificado como **considerable**. El programa promueve una producción agroecológica, prácticas agrícolas climáticamente inteligentes e infraestructuras resilientes al clima para fomentar la resiliencia al cambio climático en el sector de la agricultura en pequeña escala.

## D. Sostenibilidad de la deuda

35. El riesgo de endeudamiento público externo de Nepal es muy bajo<sup>2</sup>, aunque la deuda ha aumentado en los últimos años. Se prevé que la deuda pública se estabilice (en alrededor del 50 % del PIB) a mediano plazo, y que los valores actuales de la relación entre la deuda pública y el PIB y la deuda externa y el PIB sigan ubicándose por debajo de sus umbrales indicativos. No obstante, los resultados son sensibles a las perturbaciones relativas al crecimiento, las exportaciones y los desastres naturales, lo que pone de relieve la importancia de introducir reformas para diversificar la economía del país y aumentar su resiliencia.

# IV. Ejecución

## A. Marco organizativo

### Gestión y coordinación del programa

36. El Ministerio de Desarrollo Agrícola y Ganadero es el organismo principal encargado del programa y trabajará en coordinación con el Ministerio de Finanzas, el Ministerio de Desarrollo Urbano, el Ministerio de Industria, Comercio y Suministro, los ministerios provinciales de agricultura y medio ambiente y bosques, y otros organismos e interesados pertinentes.
37. Se establecerá un comité directivo del programa a nivel federal, presidido por la Secretaría del Ministerio de Desarrollo Agrícola y Ganadero e integrado por representantes de los ministerios competentes. Se crearán tres comités directivos del programa a nivel provincial, presididos por las respectivas secretarías de los ministerios de ordenación de tierras, agricultura y cooperativas en cada provincia.

### Gestión financiera, adquisiciones y contrataciones, y gobernanza

38. **Gestión financiera.** La Oficina de Coordinación del Programa, todas las oficinas provinciales de gestión del programa y la oficina del corredor incluirán oficiales de cuentas y contables designados por el Gobierno. En el Manual de Ejecución de los Proyectos y el Manual de Gestión Financiera se establecen de manera detallada las funciones y responsabilidades de estos miembros del personal. La Oficina de Coordinación del Programa contará con los expertos técnicos necesarios y coordinará todas las oficinas provinciales de gestión del programa para consolidar los informes financieros provisionales y asignar los presupuestos de manera oportuna.
39. **Planificación y presupuestación.** Se elaborarán planes de trabajo y presupuestos anuales conforme al proceso general de presupuestación del Gobierno. La Oficina de Coordinación del Programa coordinará la preparación y presentación de presupuestos precisos y realistas por parte de las oficinas provinciales de gestión del programa. Cada provincia elaborará planes de trabajo y presupuestos anuales basándose en las actividades señaladas en los planes agroecológicos de los *palikas*. La Unidad Especial de Ejecución de Proyectos preparará planes de trabajo y presupuestos anuales separados para el mercado mayorista de Semlar. Una vez aprobados los planes de trabajo y presupuestos anuales provinciales, la Oficina de Coordinación del Programa elaborará planes de trabajo y presupuestos anuales consolidados para el programa, que incluirán actividades a nivel federal, a fin de obtener la declaración de conformidad del FIDA y la aprobación del comité directivo del programa.

<sup>2</sup> "2023 Article IV Consultation—Press Release; Staff Report; and Statement by the Executive Director for Nepal". Mayo de 2023.

40. **Control interno.** El programa aplicará los reglamentos del Gobierno de Nepal en los pagos, flujos de fondos y operaciones de tesorería.
41. **Sistemas de contabilidad, políticas, procedimientos e información financiera.** El Programa de Agricultura Resiliente de Alto Valor respetará las normas de presupuestación y contabilidad del Gobierno de Nepal. El personal del programa colaborará con la Oficina de Contraloría Financiera General para adaptar el sistema informático contable centralizado del Gobierno a fin de generar y consolidar automáticamente los informes financieros provisionales en la Oficina de Coordinación del Programa.
42. **Auditorías.** La Oficina de Auditoría General audita los proyectos financiados por donantes en Nepal, en cumplimiento de lo dispuesto en el Manual operacional relativo a la información financiera y la auditoría de los proyectos financiados por el FIDA. Se procurará garantizar la presentación oportuna de los informes de auditoría.
43. **Sistemas nacionales.** Para ejecutar el programa se utilizarán las normas del Gobierno relativas al personal, la presupuestación, la cuenta única de tesorería, el flujo de fondos, la presentación de información financiera, la contabilidad y las auditorías, así como la entidad fiscalizadora superior.
44. **Enseñanzas extraídas.** El programa contará con una masa crítica de oficinas provinciales de gestión del programa y oficinas de corredores cercanas a los beneficiarios y los proveedores para facilitar la rapidez de los desembolsos, las contrataciones y los pagos. El programa ha incluido una opción de financiación para una rápida puesta en marcha, a fin de mitigar las demoras persistentes en esa etapa.
45. La adquisición de bienes y la contratación de obras y servicios con recursos del programa se realizarán con arreglo a las disposiciones de la Ley de Adquisiciones y Contrataciones Públicas, el Reglamento de Adquisiciones y Contrataciones Públicas (2007), el Manual para la adquisición de bienes y la contratación de obras y servicios del FIDA y las Directrices para la adquisición de bienes en el ámbito de los proyectos. La Oficina de Coordinación del Programa preparará un plan anual de adquisiciones y contrataciones de conformidad con los procedimientos establecidos en el Manual de Ejecución de los Proyectos. El plan se actualizará según sea necesario para reflejar las necesidades reales de la ejecución. Las adquisiciones y contrataciones se realizarán conforme al plan consolidado que presente la Oficina de Coordinación del Programa y tras la aprobación del comité directivo del programa y la declaración de conformidad del FIDA.

#### **Participación y observaciones del grupo objetivo y resolución de reclamaciones**

46. El enfoque del programa se basa en la celebración de consultas con las comunidades para determinar las necesidades prioritarias a fin de incluirlas en los planes agroecológicos de los *palikas*. Las actividades de movilización aplicarán la estrategia de inclusión social y entrañarán los siguientes pasos clave: la difusión de información, la consulta con las comunidades, la implicación de todos los actores sociales y la aplicación de medidas específicas para la inclusión social de las personas más vulnerables.
47. El programa colaborará con miembros de las comunidades, y organizaciones comunitarias (así como organizaciones de productores), incluidos ancianos de las aldeas y dirigentes locales, para informarles acerca de las actividades del programa. Se celebrarán consultas en todas las comunidades a nivel de las circunscripciones para tratar de lograr un consenso sobre la pertinencia de las actividades previstas y verificar el interés de la comunidad por participar en ellas. Las reuniones con las comunidades incluirán entre sus participantes a, al menos, un 50 % de mujeres, un 30 % de jóvenes y miembros de grupos sociales vulnerables, como hogares

encabezados por una mujer, dalits, janajatis, Pueblos Indígenas y personas con discapacidad, cuando estos integren la comunidad. Se designarán funcionarios de contacto en las comunidades para recoger observaciones de sus miembros.

48. Durante la ejecución, se celebrarán periódicamente reuniones con las comunidades para informar a sus miembros sobre el estado de la ejecución; en esas reuniones participarán facilitadores de las comunidades y representantes del programa y la administración local.

#### **Resolución de reclamaciones**

49. Se establecerá un mecanismo de resolución de reclamaciones para garantizar que quienes participen en el programa puedan expresar sus preocupaciones al funcionario de contacto local o a nivel central. El mecanismo, que se dará a conocer a nivel local en el idioma local, aplicará las prácticas establecidas y contará con múltiples puntos de acceso (línea telefónica, buzón de reclamaciones, sitio web, correo electrónico y dirección postal) para que los beneficiarios sepan a quién deben contactar y de qué modo pueden manifestar sus preocupaciones.

### **B. Planificación, seguimiento y evaluación, aprendizaje, gestión de los conocimientos y comunicación**

50. El Programa de Agricultura Resiliente de Alto Valor aplicará los procesos de elaboración de los planes de trabajo y presupuestos anuales que emplean el Gobierno de Nepal y el FIDA. Los planes agroecológicos de los *palikas*, de cinco años de duración, serán los principales instrumentos para canalizar la financiación del programa en consonancia con los respectivos planes de desarrollo de las circunscripciones y los municipios, y para formular los planes de trabajo y presupuestos anuales y los planes de adquisiciones y contrataciones a nivel de provincia. De acuerdo con los procesos locales de planificación, los planes agroecológicos de los *palikas* serán aprobados por los respectivos municipios y se integrarán en los planes de las circunscripciones y los municipios.
51. El sistema de seguimiento y evaluación (SyE) elaborado y gestionado por la Oficina de Coordinación del Programa abarcará los siguientes aspectos: i) los resultados de la ejecución, la aplicación del plan de trabajo y presupuesto anuales, la labor de divulgación y la eficacia de la estrategia de focalización, y ii) la medición periódica de los resultados del programa (productos, efectos directos e impacto) en relación con las metas acordadas. Todas las provincias contribuirán a un único sistema de SyE y tendrán acceso a los datos generados. El sistema de SyE se presentará en un sistema de información de gestión geográfica (Geo-MIS) al que se podrá acceder a través de diversos medios (en línea y sin conexión, por Internet y en dispositivos móviles). Esto proporcionará información oportuna y fiable a los equipos encargados de la ejecución para apoyar una gestión flexible del programa.

#### **Innovación y ampliación de escala**

52. El enfoque agroecológico general del programa es el principal factor impulsor de la innovación. Sus características innovadoras más importantes son el proceso participativo de planificación integrada que facilita la preparación de los planes agroecológicos de los *palikas*, innovaciones técnicas para prácticas de producción agroecológicas, el ecosistema de mipymes para apoyar el sistema de producción agroecológico y tecnologías de energías renovables en las etapas de producción (bombas solares, incubadoras solares), posteriores a la cosecha y de procesamiento (secadoras solares y biogás, entre otras). En función de los resultados de la primera fase del programa, se consolidarán los resultados del programa y se ampliará su escala en la segunda fase. La ampliación de escala tendrá lugar a nivel geográfico y temático.



## **C. Planes para la ejecución**

### **Preparación para la ejecución y planes para la puesta en marcha**

53. El convenio de financiación incluye un monto de financiación para la puesta en marcha de USD 1,0 millón destinado a financiar el establecimiento de oficinas y unidades de coordinación y ejecución, el inicio de las primeras adquisiciones y contrataciones, la contratación de personal y la realización de estudios preparatorios, como el estudio de referencia.

### **Supervisión, examen de mitad de período y planes de finalización**

54. El Gobierno de Nepal y el FIDA realizarán conjuntamente misiones anuales de supervisión del programa y de apoyo a la ejecución, exámenes de mitad de período y exámenes finales. El Fondo movilizará conocimientos especializados para facilitar las misiones de supervisión y apoyo. Se llevarán a cabo, al menos, ocho misiones tanto de supervisión como de apoyo a la ejecución, respectivamente, durante el período de duración del programa.

## **V. Instrumentos jurídicos y facultades**

55. Un convenio de financiación entre el Gobierno de Nepal y el FIDA constituirá el instrumento jurídico para la concesión de la financiación propuesta al prestatario. Se adjunta una copia del convenio de financiación negociado como apéndice I.
56. El Gobierno de Nepal está facultado por su legislación para recibir financiación del FIDA.
57. Me consta que la financiación propuesta se ajusta a lo dispuesto en el Convenio Constitutivo del FIDA y en sus Políticas y Criterios en materia de Financiación.

## **VI. Recomendación**

58. Recomiendo a la Junta Ejecutiva que apruebe la financiación propuesta con arreglo a lo dispuesto en la siguiente resolución:

RESUELVE: que el Fondo conceda un préstamo en condiciones muy favorables al Gobierno de Nepal por un monto de cincuenta y tres millones cuatrocientos mil derechos especiales de giro (DEG 53 400 000, equivalentes a USD 70,935 millones), conforme a unos términos y condiciones que se ajusten sustancialmente a los presentados en este documento.

Álvaro Lario  
Presidente

## **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 (expressed in SDR)	Percentage eligible for IFAD financing
(i) Works,	20 700 000	100 %
(ii) Goods, Services and Inputs	26 500 000	100 %
(iii) Training	2 000 000	100%
(iv) Operating 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) Amount	GON (Federal) -Cash Contribution Amount	GON (Provincial) Amount	IFAD Loan Amount	Local Government (Palika) Amount	Other financiers Amount	Total 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 Reduced poverty and improved resilience of smallholder households.	<b>Smallholder households with improved resilience</b>				RDMT 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> 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> 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; Programme Reports			
	Palikas covered - Number		60	80				
	<b>Number of market oriented agroecological extension service providers trained</b>				MIS; Training 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; Programme Reports	Rolling; 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 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; 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; Annual	PCO	
	Number of MSMEs - Number		5	10				
<b>Outcome</b> 2. Improved access to climate resilient productive infrastructure.	<b>2.2.6 Households reporting improved physical access to markets, processing and storage facilities</b>				Baseline/Mid-term/Endline Surveys	Baseline/Mid-term/Endline	PCO	(A) Municipal governments endorse PAPs and are willing to co-finance Programme infrastructure 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> 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> 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>		
<p>Macroeconomic</p>	<p>Moderate</p>	<p>Moderate</p>
<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>	<p>Moderate</p>	<p>Moderate</p>

<b>Mitigations:</b> 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> 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> 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> 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> 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

<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

<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

<b>Mitigations:</b> No specific mitigation required.		
Institutional Capacity for Implementation and Sustainability	Substantial	Moderate
Implementation Arrangements	Substantial	Moderate
<b>Risk:</b> 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> 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> 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> 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> 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> 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

<b>Risk:</b> 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	High	High
<b>Mitigations:</b> 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.		
Project Budgeting	Substantial	Substantial
<b>Risk:</b> - Government budgeting system will be used for the project budgeting. -PCU and all PMUs will need to separate budgets and get them included in the overall government budget. -low staff capacity to prepare realistic and accurate budgets	Substantial	Substantial
<b>Mitigations:</b> Central PCU will coordinate budgeting process and ensure timely and accurate budgets are included in the government overall budget		
Project Funds Flow/Disbursement Arrangements	Substantial	Substantial
<b>Risk:</b> -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. - bureaucratic procedures within government institutions may delay the approval of payment orders	Substantial	Substantial
<b>Mitigations:</b> -PCU will need to play a key role in ensuring adequate budget allocations and timely approval of payment documents. -PCU will introduce a system to register and monitor approval and payment of all project related documents.		
Project Internal Controls	Substantial	Substantial
<b>Risk:</b> -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.	Substantial	Substantial
<b>Mitigations:</b> -PIM of the project will include essential controls. -Project beneficiaries and local communities will play a key role in approving acts of work completed and goods delivered.  -External consultants will be responsible for internal audit reports.		
Project Accounting and Financial Reporting	Substantial	Substantial
<b>Risk:</b> Centralized Government Accounting Software (CGAS) will be used for accounting record keeping and financial reporting. -CGAS does not generate IFAD required IFRs -CGAS can't consolidate financial reports for all PMUs and PCU	Substantial	Substantial

<b>Mitigations:</b> -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> -Unaudited Financial Statements are not submitted on time to OAG -Office of the Auditor General ( OAG) may not have enough resources to complete audit on time.	Substantial	Substantial
<b>Mitigations:</b> PCU will ensure project unaudited financial statements and notes are sent to OAG on time. - Efforts will be taken to ensure timely submission of audit reports.		
Project Procurement	Moderate	Moderate
Legal and Regulatory Framework	Moderate	Moderate
<b>Risk:</b> 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> (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> 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> 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. iii). Maintain records and promote reporting of allegation to IFAD 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> 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

<p><b>Mitigations:</b></p> <p>(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.</p>		
Public Procurement Processes	Moderate	Moderate
<p><b>Risk:</b></p> <p>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.</p>	Moderate	Moderate
<p><b>Mitigations:</b></p> <p>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</p>		
Environment, Social and Climate Impact	Moderate	Moderate
Biodiversity Conservation	Substantial	Substantial
<p><b>Risk:</b></p> <p>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.</p> <p>The construction of the Semlar Wholesale Market in a young community forest will change the land use and might impact local biodiversity.</p>	Substantial	Substantial

<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



<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

<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

<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

<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>		