
President's memorandum
Proposed additional financing
Republic of India
Livelihoods and Access to Markets Project

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Action: The Executive Board is invited to approve the recommendation for the proposed additional financing contained in paragraph 55.

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Financing summary

Initiating institution:	IFAD
Borrower/recipient:	Republic of India
Executing agency:	Meghalaya Basin Management Agency
Total project cost:	US\$205.76 million
Amount of original IFAD financing:	SDR 32.40 million (equivalent to approximately US\$50 million)
Terms of original IFAD financing:	Blend terms
Amount of additional loan:	US\$20.58 million
Terms of additional IFAD financing:	Ordinary terms
Contribution of borrower/recipient:	US\$7.37 million
Contribution of beneficiaries:	US\$0.77 million
Others:	Banks: US\$1.94 million Convergence: US\$5.2 million
Cooperating institution:	IFAD

I. Background and project description

A. Background

1. This memorandum seeks Executive Board approval for additional loan financing of US\$20.58 million on ordinary terms for the Livelihoods and Access to Markets Project (LAMP) in the Indian state of Meghalaya. LAMP was originally considered by the Executive Board in April 2014.¹ The Board approved SDR 32.4 million in financing on blend terms through the Tenth Replenishment of IFAD's Resources' performance-based allocation system cycle. The total project cost of US\$169.9 million was funded by an IFAD loan of SDR 32.4 million (US\$50 million), a Government of Meghalaya contribution of US\$49.7 million, bank credit of US\$29.3 million, convergence of US\$28.2 million and a beneficiary contribution of US\$12.7 million. This additional finance proposal entails a total project cost of US\$35.85 million.
2. After a relatively slow start, project performance substantially improved after restructuring during the midterm review in 2018. Despite the COVID-related restrictions, as well as the limitations on disbursements recommended by IFAD just when the project was witnessing a major turnaround, LAMP successfully fast-tracked implementation and is on course to achieve the outcome and output targets of the original financing and largely utilize the original allocation. The Government of Meghalaya proposes to further heighten the project's impact and scale up selected successful activities in climate-resilient natural resource management, market-focused production with market linkages and financial access through village cooperatives. LAMP has demonstrated its potential as a "lighthouse" for the north-east region, introducing innovative interventions. In this context, the Government of India requested that IFAD extend the project completion period by two years and provide additional financing in the amount of US\$20.58 million on ordinary terms to consolidate the results, increase outreach and scale up successful models.

B. Original project description

3. The goal of the project is to improve family incomes and the quality of life in rural Meghalaya. This will be accomplished through the development objective of expanded and sustainable livelihood opportunities tailored to the hill environment and the effects of climate change.
4. At design, the project had four components: (i) Natural resources and food security; (ii) Livelihoods support; (iii) Knowledge services; and (iv) Project management. During the midterm review, the components were fine-tuned and reorganized as follows: Component 1: Integrated natural resource management; Component 2: Rural finance; Component 3: Inclusive supply chains and enterprise development, with knowledge management as a cross-cutting theme.

II. Rationale for additional financing

A. Rationale

5. Motivated by the successful emerging models of integrated village cooperative societies (IVCSs), value chains and LAMP marketing interventions and their contribution to sustaining rural communities, especially during the COVID-19 pandemic, the Government of Meghalaya has identified the need and potential for scaling up the scope and size of the project. The key purpose for the additional financing is to intensify household coverage and broaden the scope of interventions in the existing project villages and to support expansion into new villages.² The

¹ [EB 2014/111/R.8/Rev.1](#).

² As per design, the project is being implemented in selected villages and blocks in all districts in the state. The new villages will therefore be part of the overall geographical area of the project.

scaling-up plan aims to exploit the full potential of selected value chains that have shown promise³ and consolidate the gains of the financial intermediation efforts under IVCSs, in addition to facilitating longer-term sustainability. The additional financing will result in an enduring development impact across the state. The Government of Meghalaya also recognizes LAMP's potential to become a lighthouse project for the north-east region, having introduced innovative solutions for access to finance, enterprise promotion and markets suited to the regional context.⁴

6. Additional financing is required to: (i) increase area outreach, adding six blocks to the existing 18; (ii) increase outreach to households by 23,577 households; (iii) expand financial inclusion modalities to 225 additional villages through IVCSs; and (iv) expand the market-development and entrepreneurship interventions of the Promotion and Incubation of Market-driven Enterprises (PRIME) Hub⁵ from 18 blocks to all 46 in the project districts. The majority of new households will be from Scheduled Tribes, which make up more than 85 per cent of the state's population. The additional financing will thus bring the development results to sustainable scale and impact across the state.
7. Based on the lessons learned, especially during the COVID-19 pandemic when access to finance and markets were found to be critical elements for building farmers' resilience, the Government of Meghalaya is interested in scaling up the formation of producers' groups and IVCSs, setting up collective marketing centres⁶ and processing units for product clusters in six new blocks in the project districts that have significant development potential. The proposed expansion and augmentation of producers' capacity to access finance and markets will comprehensively and sustainably address the needs of the rural population in the project area and create market-based opportunities to improve livelihoods.

Special aspects relating to IFAD's corporate mainstreaming priorities

8. A recent report on the multidimensional poverty index put the head count ratio of poor people in Meghalaya at 32.7 per cent against the national ratio of 25 per cent.⁷ In terms of population, the state has the country's second highest decadal growth rate.
9. Meghalaya ranks 26th out of 36 states in India in the Human Development Index rankings ([2020](#)); in terms of the Sustainable Development Goal Index on Gender Equality (2021) the state fares better and is ranked 18th. Over 85 per cent of the state's population consists of Scheduled Tribes – mostly Garo, Jaintia and Khasi – many of whom follow matrilineal traditions. While the gender gap is small, the urban and rural poverty gap is wide. Approximately 80 per cent of the state's population lives in rural areas, relying heavily on agriculture and allied services and largely engaging in traditional practices. This also poses challenges for youth, who find limited employment opportunities and turn to migration as a recourse.
10. In line with IFAD's mainstreaming commitments, the project has been validated as:
 - Youth-sensitive.

³ Under LAMP, value chains – such as ginger, turmeric, medical and aromatic plants – have demonstrated the potential to increase farmers' income.

⁴ The IFAD-financed Fostering Climate Resilient Upland Farming Systems in the North East Project has already visited LAMP to learn from its experience in value chains.

⁵ PRIME was launched in 2020 and works to make entrepreneurship the preferred career choice for the people of Meghalaya, especially youth. Since the launch of the PRIME initiative, entrepreneurship has soared, becoming the third most popular career choice in Meghalaya.

⁶ Collective marketing centres act as one-stop shops for cluster-level aggregation, processing, marketing and input supply. Farmers report the ability to negotiate much better prices. In one collective marketing centre in Wapung Skur, ginger is being sold at almost double the price that middlemen offered to farmers.

⁷ NITI Aayog, 2021. National Multidimensional Poverty Index – Baseline report.

B. Description of geographical area and target groups

11. The project covers the entire state of Meghalaya. In order to have cogent components focusing on specific areas within the state, 1,350 villages in the 11 districts were targeted at design; with additional financing, the proposal is to cover 173 additional villages.⁸ Integrated natural resource management (INRM) coverage is 1,350 villages at design, and there is no proposal to expand this to new areas, as the Government of Meghalaya is implementing these activities through convergence. However, an innovative activity related to payment for ecosystem services will be piloted. For rural finance, an additional 225 villages will be covered, bringing the total coverage to 1,125 villages. In the case of value chain and enterprise development, 1,350 villages were to be covered as per design targets, and under the additional financing, 173 more villages will be covered.
12. The targeting strategy under the additional financing is consistent with the original project strategy, which has proven effective. As directed by the country programme evaluation, a "saturation approach" will be adopted within villages, whereby all households in a village will be included. All households will be eligible for membership in the IVCSs and/or village employment councils so that they can participate in the project. Special emphasis will be given to the creation of income and enterprise opportunities for youth through the PRIME Hubs and marketing initiatives.
13. The percentage of households reporting the use of improved inputs, households reporting higher crop and livestock sales, and households reporting at least a 15 per cent increase in sales prices remain at 70 per cent, 80 per cent and 50 per cent, respectively, despite the increase in outreach. The changes in outreach and outcomes envisaged with the proposed additional financing vis-à-vis the original design targets are as follows:

Table 1

Revised targets after additional financing

<i>Indicator</i>	<i>Design targets</i>	<i>Revised targets after additional financing</i>
Persons receiving project services	243 530	267 107
Villages with INRM plans	1 350	1 350
Number of IVCSs set up	300	450
Number of households linked to value chains and enterprise development	50 000	90 000
Number of members using financial services	90 000	100 000

C. Components, outcomes and activities

14. The original components and outcomes are mentioned in section 1(B). Modifications during the midterm review focused on enhancing implementation performance, responding to lessons to ensure achievement of the project development objective, while no changes were made to the objectives and key indicators. The additional loan would make it possible to increase outreach, outcome and output targets within the original project area.
15. **Component 1: Integrated natural resource management.** This component met its outreach targets by March 2022. Over the next two years, it will focus on: sustaining the progress achieved, increasing domestic water availability to reduce women's drudgery, treating degraded land through bioremediation and piloting an intervention to measure improvements in soil carbon to incentivize the ecosystem services rendered by villages through INRM. New custom hire centres and agri-input centres will be established in suitable IVCSs.

⁸ The number of districts and blocks have increased in the period since design, rendering comparison at that level difficult. Therefore, comparison of village numbers will provide a better and comparable measure of change.

16. **Component 2: Rural finance.** This component will increase its member outreach from 90,000 persons to 100,000, and village outreach from 900 villages to 1,125. A total of 150 new IVCSs will be established, covering 225 additional villages with additional financing. Given the Government of Meghalaya's commitment to scaling up IVCS interventions across the state and to establishing a sustainable institutional system for their regulation and supervision, the additional financing will support digitization of the IVCS financial management system. It will also support the establishment of an IVCS apex organization for better supervision of IVCSs through a dedicated cell for the eventual handover of regulatory tasks to the Government of Meghalaya's Department of Cooperation.
17. **Component 3: Inclusive supply chains and enterprise development.** The project will scale up the cluster-based formations for value chain promotion by mobilizing an additional 3,500 producers' groups, supporting master trainers to enable them to provide technical services to these groups, and by developing marketing linkages. Meghalaya's comparative advantage in terms of the production of seed and planting material will be further harnessed and scaled up with continued support from the International Potato Centre (CIP) and other agencies. Crop-specific missions, such as the ginger and turmeric missions, will receive support. A goat-farming model will also be piloted. Producers' groups and enterprises (individual, group and business entities) will be supported through the ongoing Value Chain Support Fund modality. A total of 200 collective marketing centres, 10 PRIME Hubs and 50 markets will be supported. The primary aim of the additional financing is to strengthen market linkages with processing and value addition, wherever feasible, to boost farm income.
18. Knowledge management activities will continue with the existing project's focus on studies, documentation and dissemination.
19. The key outcomes and outputs from the additional financing are provided below:

Table 2

Estimated incremental outcomes with additional financing

<i>Component</i>	<i>Key outcomes/outputs as per existing logical framework</i>	<i>Key outcomes/outputs with additional financing</i>
1. Integrated natural resource management	50,000 farmers report increased crop production of at least 10% (cereals, horticulture and vegetables)	65,000 farmers report increased crop production
	1,350 villages with water-related interventions	No change
	20,000 households reporting time saved in collecting water/fuel	22,000 households reporting time saved in collecting water/fuel
2. Rural finance	90,000 IVCS members are using financial services, either from IVCSs or facilitated from banks	100,000 IVCS members are using financial services from different sources
	300 IVCSs formed and strengthened	450 IVCSs formed and strengthened
	Average combined share capital and savings per household with IVCS exceeds INR 10,000	No change
3. Inclusive supply chains and enterprise development	50,000 households in supply chain clusters through producers' groups	90,000 households in supply chain clusters through producers' groups.
	80% households report increased crop and livestock sales	No change, with an additional 40,000 households covered
	Persons trained in income-generating activities and business management – 0	Persons trained in income-generating activities and business management – 37,000

D. Costs, benefits and financing

Project costs

20. The additional loan of US\$20.58 million is proposed to provide LAMP with additional financing to intensify and scale up its activities, outcomes and results. These funds will come from the cancelled resources of the Andhra Pradesh Drought Mitigation Project. IFAD's original financing for LAMP was SDR 32.4 million, approximately 85 per cent of which is expected to be disbursed by the end of the original project completion date of 31 December 2022. The main reasons for underperformance include start-up delays and challenges related to market linkages and private sector participation, which were relatively new concepts for the state. Subsequently, after the midterm review when the project was restructured, the implementation pace gained significant momentum, but COVID-19 disruptions, as well as the limitations on disbursements recommended by IFAD, severely impacted acceleration.
21. The additional financing of US\$20.58 million will leverage corresponding additional counterpart funding of US\$7.37 million, convergence funding and bank finance of US\$7.16 million and beneficiary contributions of US\$0.77 million, increasing the initial project cost amounts by US\$35.85 million. Convergence refers to resources that the government is able to mobilize for investments and services relevant to project households. These additional resources are primarily mobilized from government programmes. Therefore, upon approval of the proposed additional loan, the overall project costs of LAMP will increase from US\$169.91 million to US\$205.76 million. The detailed financing plan by financier, component and expense category is provided in tables 3, 4 and 5, respectively. The project cost by component and project year is provided in table 6.

Table 3
Original and additional financing summary
(Thousands of United States dollars)

	<i>Original financing*</i>	<i>Additional financing</i>	<i>Total</i>
IFAD loan	50 063	20 575	70 638
Other cofinanciers	57 495	7 135	64 630
Beneficiaries	12 682	774	13 456
Borrower/recipient	49 665	7 370	57 035
Total	169 905	35 854	205 759

* See tables 2 and 3 in document 3543-IN for a detailed breakdown.

Table 4
Additional financing: project costs by component (and subcomponent) and financier
(Thousands of United States dollars)

<i>Component/ subcomponent</i>	<i>Additional IFAD loan</i>		<i>Other cofinanciers</i>		<i>Beneficiaries*</i>		<i>Borrower /recipient</i>		<i>Total</i>	
	<i>Amount</i>	<i>%</i>	<i>Amount</i>	<i>%</i>	<i>Amount</i>	<i>%</i>	<i>Amount</i>	<i>%</i>	<i>Amount</i>	<i>%</i>
1. Integrated natural resource management	1 745	49.0	1 054	29.6	-	-	760	21.4	3 559	9.9
2. Rural finance	3 683	55.9	1 935	29.4	-	-	965	14.7	6 582	18.4
3. Inclusive supply chains and enterprise development										
1. Inclusive supply chains and enterprise development	7 579	74.2	-	-	-	-	2 640	25.8	10 219	28.5
2. Access to markets	6 384	47.7	4 146	31.0	774	5.8	2 086	15.6	13 390	37.3
Subtotal	13 962	59.1	4 146	17.6	774	3.3	4 727	20.0	23 609	65.8
4. Knowledge services	375	85.1	-	-	-	-	66	14.9	440	1.2
5. Project management										
1. Project management unit, Shillong	569	51.4	-	-	-	-	537	48.6	1 106	3.1
2. District project management units	242	43.4	-	-	-	-	315	56.6	557	1.6
Subtotal	811	48.7	-	-	-	-	852	51.3	1 663	4.6
Total	20 575	57.4	7 135	19.9	774	2.2	7 370	20.6	35 854	100.0

* Beneficiary contributions in cash and in kind are expected.

Table 5
Additional financing: Project costs by expenditure category and financier
 (Thousands of United States dollars)

Category	Government		Additional IFAD loan		Banks		Convergence		Beneficiaries		Total	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
1. Works	2 022	18.0	5 067	45.1	-	-	4 146	36.9	-	-	11 235	31.3
2. Equipment and materials	-	-	-	-	-	-	-	-	-	-	-	-
3. Training	501	10.0	4 493	90.0	-	-	-	-	-	-	4 994	13.9
4. Goods, services and inputs	773	18.0	3 397	79.1	-	-	126	2.9	-	-	4 296	12.0
5. Grant and subsidies	3 172	23.2	6 880	50.3	1 935	14.1	928	6.8	774	5.7	13 689	38.2
6. Salaries and allowances	645	56.3	501	43.7	-	-	-	-	-	-	1 147	3.2
7. Operating costs	256	52.0	236	48.0	-	-	-	-	-	-	493	1.4
Total	7 370	20.6	20 575	57.4	1 935	5.4	5 200	14.5	774	2.2	35 854	100.0

Table 6
Project costs by component and project year (PY)
 (Thousands of United States dollars)

Component/subcomponent	PY1		PY2		PY3		PY4		Total Amount
	Amount	%	Amount	%	Amount	%	Amount	%	
1. Integrated natural resource management	184	5.3	1 813	52.5	1 457	42.2	-	-	3 455
2. Rural finance	146	2.3	3 930	62.6	2 201	35.1	-	-	6 278
3. Inclusive supply chains and enterprise development	1 608	7.3	12 676	57.7	7 703	35.0	-	-	21 987
4. Knowledge services	-	-	117	30.3	256	66.4	13	3.3	386
5. Project management	94	6.3	437	29.5	771	52.1	179	12.1	1 481
Total	2 032	6.1	18 973	56.5	12 389	36.9	192	0.6	33 587
Subtotal price contingencies	43	1.9	1 061	46.8	1 124	49.6	39	1.7	2 267
Total	2 075	5.8	20 034	55.9	13 514	37.7	231	0.6	35 854

Financing and cofinancing strategy and plan

22. The original IFAD loan of US\$50 million corresponds to 24.3 per cent of the total project cost. The IFAD additional financing amounts to US\$20.58 million, equivalent to 10 per cent of the total project cost. These IFAD loans will leverage cofinancing of US\$135.12 million, equivalent to 65.7 per cent of the total project cost.

Disbursement

23. There is no change in disbursement procedures and other financial management systems and processes, except for the introduction of report-based disbursements. Therefore, IFAD financing will be disbursed against duly certified quarterly interim unaudited financial reports in accordance with IFAD disbursement procedures for: (i) direct payment for foreign currency payments; and (ii) reimbursement. Yearly disbursement ratios have been adjusted in line with programme expenditure patterns and government policies.
24. There will be no authorized allocation from the designated account for the additional financing, and eligible expenditures will be reimbursed under the reimbursement disbursement method.
25. The borrower will receive loan funds in the designated account denominated in United States dollars that was opened to receive external financing and will pass the financing on to the Government of Meghalaya pursuant to national procedures.
26. **Flow of funds.** There is no change in the systems and procedures for flow of funds. The Government of Meghalaya will prefinance the yearly project expenditure and transfer the amount, including the government counterpart funds for project expenses, except for the salaries of government staff, to the bank account of the Meghalaya Basin Management Agency (MBMA), a not-for-profit company under the Meghalaya Basin Development Authority (MBDA).

27. The Government of India will pass the IFAD loan financing on to the state through the procedure of additional central assistance to the state of Meghalaya, a special category state. Under this procedure, 90 per cent of the financing will be provided to the state of Meghalaya as a grant and 10 per cent as a loan.
28. **Government and beneficiary contributions** (cash and in kind) and convergence will be integrated into the annual workplan and budget (AWPB) and will be consolidated in the project's quarterly interim unaudited financial report.

Summary of benefits and economic analysis

29. The financial models prepared at design were revised to adjust them to the prevailing prices. The overall project economic internal rate of return (EIRR) is estimated at 36.2 per cent, which is higher than the EIRR estimated in the original project design. The estimated net present value (NPV) for a 7.5 per cent discount rate is INR 7,291 million. A positive NPV under the current 7.5 per cent opportunity cost of capital indicates that the project investments are robust.
30. Sensitivity analysis indicates that in the event of a three-year delay in project benefits (that is, if the project's production activities take longer to scale up), the EIRR falls to 19.3 per cent, with an NPV of INR 3,773 million. Even in the adverse scenario of a three-year delay in project activities, costs increase by 20 per cent and benefits decrease by 20 per cent and the project has an EIRR of 12.9 per cent, well above the discount rate of 7.5 per cent. The switching values indicate that the investments are worthwhile, even if costs increase over 219.8 per cent or the benefits decrease by 68.7 per cent.

Exit strategy and sustainability

31. While the project as a whole is designed to create sustainable institutions and practices, the sustainability aspects differ from component to component. At design, the project had a sound exit strategy and sustainability plan, which are being implemented systematically:
- (i) Participatory INRM planning and implementation have become part of village employment committees' annual activity calendar. The bank accounts, fund management, engineering support and facilitation for convergence undertaken by the project have enabled communities to continue INRM activities beyond the project period using Government of Meghalaya funds, in line with the project's exit strategy.
 - (ii) IVCSs have been set up as free-standing cooperative societies affiliated with the Meghalaya Cooperative Apex Bank and regulated by the state Registrar of Cooperative Societies, allowing them to operate as business agents of banks. Digitization will strengthen reliable accounting and operational procedures. The proposed IVCS apex organization will provide technical and policy support. Community ownership, efficiency, service quality and linkages with external institutions and regulators will ensure the sustainability of IVCSs after project completion.
 - (iii) Value chain investments, including institution-building support to producers' groups, have resulted in higher productivity, competitiveness and incomes for producers' groups and their members. Producers' groups will continue to operate as planned beyond the project. The investment in collective marketing centres will provide a platform for aggregating and adding value produce for marketing. Some collective marketing centres, in collaboration with IVCSs, have already experienced two seasons of aggregation and marketing, reducing the number of intermediaries in marketing channels and improving farm gate produce prices. The investments in markets, including in PRIME Hubs, will enable producers' groups to connect with higher-level markets and processing facilities in the identified value chains. With the

involvement of market players (in both the public and private sector), these value chains will function on their own at exit.

III. Risk management

A. Risks and mitigation measures

32. Risks and their mitigation measures are included in the original project design report. The main risks associated with achieving the project objective are related to:
- (i) **Financial management capacity.** Inherent financial management risks for projects in India in general are delays in the release of funds, delays in the settlement of advances and inadequate documentation, but for LAMP, the release of funds has been timely. To ensure adequate risk mitigation, LAMP has employed qualified and experienced key financial management staff at the state level, with substantial improvements in fund release and financial management.
 - (ii) **Procurement.** The risks are related to inadequate procurement planning and adherence to procurement procedures. To ensure adequate risk mitigation, LAMP has employed qualified and experienced key procurement staff at the state level, leading to a substantial improvement in procurement management.
 - (iii) **Climate risks.** The additional financing will continue in order to implement best practices and technologies to mitigate the risks related to climate change, with a focus on increased water availability and the treatment of polluted water from coal mines using open limestone channel technology and vegetative measures. The additional financing will introduce a pilot on payment for ecosystem services.

B. Environmental and social category

33. A review of experience under existing IFAD projects in Meghalaya with similar interventions indicated that the original project activities were not likely to have any adverse environmental impacts on the project area and, instead, would have beneficial impacts through the development of an environmentally sensitive approach that includes INRM plans to optimize sustainable use of natural resources. However, the project was classified as Category B, as it will operate in fragile areas, following the IFAD procedures in place at design. An environmental and social management plan (ESMP) was prepared in 2020, as the environmental and social review note prepared during design was generic and did not include site-specific mitigation and/or adaptation measures to address the potential environmental, social and climate risks and impacts. The ESMP covers all project components and will continue to be relevant with the additional financing.
34. With the proposed additional financing, the project's goals, development objectives and components will remain the same. The additional financing will not include any new major activities and will target new households and villages within the geographical areas identified in the original design. Thus, the project category remains unchanged.

C. Climate risk classification

35. The original project was not assigned a climate risk classification, and no climate risk assessment was undertaken, as it was designed before 2015 when the Social, Environmental and Climate Assessment Procedures (SECAP) came into effect.

IV. Implementation

A. Compliance with IFAD policies

36. The original design fully conformed to IFAD policies. The proposed additional financing is fully aligned with IFAD's Strategic Framework 2016-2025 and the India country strategic opportunities programme 2018-2024, aiming to increase poor rural people's productive capacities and benefits from market participation. The expanded and scaled-up LAMP follows IFAD policies and strategies on gender mainstreaming, environment and natural resource management, climate change, rural finance and scaling up, and social, environmental and climate assessment.

B. Organizational framework

Management and coordination

37. There is no proposal for change in the original design.
38. **Executing agencies.** At the central level, the Department of Economic Affairs, the Ministry of Finance and the Government of India, and at the state level, the Government of Meghalaya Planning Department are the nodal agencies. MBMA will be the lead project agency, with district project management units (DPMUs) located in the project areas.
39. **Coordination structures.** Coordination at the state level will be provided by the MBDA board, which will review the progress of LAMP and ensure that its activities are coordinated with other development efforts in the state. The management and coordination structures have been functioning fairly satisfactorily, with improved management and coordination vigour over the past three years. The coordination structures built during implementation will continue to operate under the additional financing. Furthermore, a mechanism will be set up at the national level to work closely with the Department of Economic Affairs in performance monitoring, technical guidance/support and the facilitation of knowledge-sharing between projects in India and relevant line ministries.

Financial management, procurement and governance

40. The financial management assessment concluded that the current arrangements followed by the lead project agency are adequate. For the additional financing, MBMA will continue to use national financial management standards consistent with IFAD guidelines and procedures. There are no changes in annual budget planning procedures. Implementation will follow the project's finance manual and financial reporting, and the IFAD Handbook for Financial Reporting and Auditing of IFAD-financed Projects. Project accounts will be audited by independent auditors assigned by the Office of Comptroller and Auditor General, adhering to acceptable national auditing standards.
41. Subsidiary agreements between the Government of Meghalaya and MBMA on the receipt of project funds will be extended to cover additional financing.
42. The inherent risks for LAMP are substantial, despite the overall environment surrounding financial management, the government's focus on improving financial management, its achievements in that connection and the experience gained in LAMP implementation.

Procurement

43. The procurement of goods, works and services (including non-consulting services) for LAMP follows IFAD's Project Procurement Guidelines and the IFAD Procurement Handbook, 2021. The procurement plan aligned with the AWPB will be prepared by the lead project agency and approved by IFAD. The last updated procurement risk matrix for the original financing indicates that there were gaps and inconsistencies in the processes, procedures and systems applied. However, these had only a limited impact on project implementation and performance. Onboarding of the project to IFAD's new single-interface procurement systems will substantially

strengthen project procurement. The existing procurement unit for the original financing will be further buttressed for the additional financing.

Governance

44. The original design remains unchanged. A framework for good governance is part of the project implementation manual. This framework aims to ensure: (i) transparency, with information in the public domain; (ii) accountability in the use of resources; and (iii) participation, with people having a voice in decisions that may affect them. The involvement of affected communities in all stages of project implementation can simultaneously improve development outcomes and reduce the scope for fraud and corruption.

C. Monitoring and evaluation, learning, knowledge management and strategic communication

45. There is no proposal for change in the original design. The two main instruments for planning and monitoring are the logical framework and the AWPB.
46. **Planning.** All DPMUs will prepare draft AWPBs, which the project management unit will compile at the state level. The AWPBs will be submitted to the project management committee and then to IFAD for no objection.
47. **Monitoring.** Key indicators are defined in the logical framework and will be reported upon in the semi-annual progress reports. The project's management information system will help direct project interventions effectively to target beneficiaries.
48. **Knowledge management.** The core learning areas of LAMP cover natural resource management, value chains and access to finance. The project has integrated knowledge management into project implementation by: (i) appointing nodal knowledge management officers at the field level; (ii) regular collection of information on challenges, lessons and best practices from the field and their dissemination to all project staff; and (iii) better coordination between components, with the knowledge management team facilitating reviews and interdepartmental discussions. This system will continue under the additional financing.
49. **Strategic communication.** LAMP's key message is that market-led production, coupled with an emphasis on natural resource management and access to finance, helps to achieve better productivity, price realization and nutrition practices, resulting in inclusive and sustainable development.
50. The key innovative features of LAMP include:
- (i) Treating polluted water from coal mines through open limestone channel technology and vegetative treatment measures. This has been scaled up by the Government of Meghalaya.
 - (ii) The cost-effective and community-owned financial inclusion modality (i.e. IVCSs) is also being scaled up by the Government of Meghalaya in non-project areas.
 - (iii) A shift from subsistence farming to a market-led production system.

D. Proposed amendments to the financing agreement

51. The current financing agreement will be amended upon agreement with the borrower/recipient.

V. Legal instruments and authority

52. An amendment to the financing agreement between the Republic of India and IFAD will constitute the legal instrument for extending the proposed additional financing to the borrower/recipient.

53. The Republic of India is empowered under its laws to receive financing from IFAD.
54. I am satisfied that the proposed additional financing will comply with the Agreement Establishing IFAD and the Policies and Criteria for IFAD Financing.

VI. Recommendation

55. I recommend that the Executive Board approve additional financing in terms of the following resolution:

RESOLVED: that the Fund shall provide a loan on ordinary terms to the Republic of India in an amount of twenty million five hundred and eighty thousand United States dollars (US\$20,580,000) and upon such terms and conditions as shall be substantially in accordance with the terms and conditions presented herein.

Alvaro Lario
President

Updated logical framework incorporating the additional financing

Results Hierarchy	Indicators	Original financing targets	Additional financing targets	Total Project Target	Means of Verification			Assumptions
					Source	Frequency	Responsibility	
1	2	6	7	13	9	10	11	12
Outreach	1.a Estimated corresponding total number of households members				MIS	semi-annual	PMU	
	Household members - Number of people	7,89,360	1,30,145	9,19,505				
	1.b Corresponding number of households reached							
	Women-headed households - Number	50,050	8,252	58,302				
	Non-women-headed households - Number	92,950	15,325	1,08,275				
	Households - Number	1,43,000	23,577	1,66,577				
	1.c Persons receiving services promoted or supported by the project							
	Females - Number	1,21,765	11,789	1,33,554				
	Males - Number	1,21,765	11,789	1,33,554				
	Young - Number	73,059	7,073	80,132				
	Not Young - Number	1,70,471	16,504	1,86,975				
	Indigenous people - Number	2,34,519	22,705	2,57,224				
	Non-Indigenous people - Number	9,011	872	9,883				
Total number of persons receiving services - Number of people	2,43,530	23,577	2,67,107					
Project Goal Higher family incomes & better quality of life in rural Meghalaya	2.a. % households reporting increase in assets				Impact assessment Study	Midterm and Completion	PMU	
	Households - Percentage (%)	75	(10)	65				
	2.b. % Households reporting increase in income							
	Households - Percentage (%)	75	(10)	65				

Results Hierarchy	Indicators	Original financing targets	Additional financing targets	Total Project Target	Means of Verification			Assumptions
					Source	Frequency	Responsibility	
	2.c. Households reporting increase in food security							
	Households - Percentage (%)	75	(10)	65				
Development Objective Expanded and sustainable livelihood opportunities adapted to the hill environment and to the effects of climate change	3.a Households linked to supply chain and enterprise development interventions				Thematic studies, Annual Outcome Survey and Project progress reports	Midterm and completion	PMU	
	Households - Number	50,000	40,000	90,000				
	3.b 210 IVCS are financially sustainable and have loan recovery rates of at least 95%							
	No. of IVCS financially sustainable - Number	210	0	210				
	3.c Households reporting a significant reduction in the time spent for collecting water or fuelwood							
	Households - Number	20,000	2,000	22,000				
Outcome Increased sustainable management by communities of their soil, water and biodiversity resources	4.a Households reporting adoption of new/improved inputs, technologies or practices				Thematic studies, Annual Outcome Survey and Project progress reports	Annual	PMU	Changes in weather patterns do not seriously affect farming. Prices do not fall to a level where local production unviable
	Households - Percentage (%)	70	0	70				
	4.b Households reporting an increase in production							
	Total number of household members - Number of people	50,000	15,000	65,000				
	4.c Households reporting increased area under irrigation							
Households - Number	10,000	0	10,000					
	5.a Village/community plans formulated				MIS	Annual	PMU	

Results Hierarchy	Indicators	Original financing targets	Additional financing targets	Total Project Target	Means of Verification			Assumptions
					Source	Freq- uency	Respon- sibility	
Output Natural resource planning	Number village plans - Number	1,350	0	1,350				
Output Land, water resource and food crop development	6.a No of villages with water-related interventions				MIS/project progress reports	Annual	PMU	Adequate funds are available for the implementation of activities from convergence
	No. of villages - Number	1,000	0	1,000				
	6.b No of Villages with land and conservation related interventions				MIS/project progress reports	Annual	PMU	
	No. of villages - Number	1,000	0	1,000				
Outcome Increased use of financial services by rural households	7.a Households reporting using rural financial services				MIS	Annual	PMU	Support from the Department of Cooperatives and quality handholding from MCAB
	Males - Number			50,000				
	Females - Number			50,000				
	Households - Number	90,000	10,000	1,00,000				
	7.b Average combined share capital and savings per household with IVCS (in Rupees)				MIS	Annual	PMU	
	Value in INR - Number	10,000	0	10,000				
Output Rural finance	8.a IVCS societies cover 1125 villages with 1,00,000 members				ICVS MIS system	semi-annual	PMU	Support from the Department of Cooperatives and quality handholding from MCAB
	No. of villages - Number	900	225	1,125				
	No. of members - Number of people	90,000	10,000	1,00,000				
	8.b IVCS formed/strengthened				ICVS MIS system	Annual	PMU	
	No. of IVCSs formed - Number	300	150	450				

Results Hierarchy	Indicators	Original financing targets	Additional financing targets	Total Project Target	Means of Verification			Assumptions
					Source	Freq- uency	Respon- sibility	
	8.c IVCS formed/strengthened with women as a part of leadership				ICVS MIS system	Annual	MPU	
	No. of IVCS - Number	150	75	225				
Outcome Increased real net income for individuals and households in competitive inclusive supply chains and local micro- and small enterprises	9.a Households reporting increased crop and livestock sales				AOS	Annual	PMU	Households have adequate labour for the expansion of enterprise and good returns in sub-sector
	Households - Percentage (%)	80	0	80				
	9.b Households reporting increased sale prices by 15%				AOS	Annual	PMU	
	Households - Percentage (%)	50	0	50				
	9.c Households linked to Market Players				AOS	Annual	PMU	
	Households - Percentage (%)	30	10	40				
	9.d Rural entrepreneurs expand the turn over of their business by at least 30%				AOS	Annual	PMU	
	Number of entrepreneurs - Number	5,000	0	5,000				
	9.e Supported rural enterprises reporting an increase in profit				AOS	Annual	PMU	
Number of enterprises - Number	3,000	0	3,000					
Output Inclusive Supply Chain	10.a Supply chain clusters established				MIS/project progress reports	Quarterly	PMU	Viable value chain development opportunities exist
	No. of clusters - Number	485	75	560				
	10.b 30,000 households participating in cluster-based production				MIS/project progress reports	Quarterly	PMU	
	Households - Number	20,000	10,000	30,000				
	10.c Persons trained in production practices and/or technologies				MIS/project progress reports	Quarterly	PMU	
	Men trained in crop - Number	10,000	2,500	12,500				
Women trained in crop - Number	10,000	2,500	12,500					

Results Hierarchy	Indicators	Original financing targets	Additional financing targets	Total Project Target	Means of Verification			Assumptions
					Source	Frequency	Responsibility	
	Total persons trained in crop - Number of people	20,000	5,000	25,000				
	10.d Supported rural producers that are members of a rural producers organization				MIS/project progress reports	Quarterly	PMU	
	Rural POs/PGs and IVCS undertaking production and marketing supported - Number	1,200	4,800	6,000				
	Women in leadership position - Number	600	2,400	3,000				
	10.e Supported rural producers that are members of a rural producers' organization				MIS/project progress reports	Quarterly	PMU	
	Total number of persons - Number	50,000	40,000	90,000				
	Males - Number	25,000	20,000	45,000				
	Females - Number	25,000	20,000	45,000				
	Indigenous people - Number	48,150	36,850	85,000				
	Non-Indigenous people - Number	1,850	3,150	5,000				
	Young - Number	15,000	12,000	27,000				
	Not Young - Number	35,000	28,000	63,000				
Output Livestock development	11.a Paravets trained & providing services				MIS/project progress reports	Quarterly	PMU	Sufficient number of CLP and VRLP can be recruited and trained
	No. of paravets trained - Number	300	100	400				
	No. of Village Level Resource Person trained - Number	360	440	800				
Output Market development	12.a Roads constructed, rehabilitated or upgraded				MIS/project progress reports	Quarterly	PMU	Traditional leadership allows market development
	Length of roads - Length (km)	250	(22)	228				

Results Hierarchy	Indicators	Original financing targets	Additional financing targets	Total Project Target	Means of Verification			Assumptions
					Source	Freq- uency	Respon- sibility	
	12.b Market, processing or storage facilities constructed or rehabilitated				MIS/project progress reports	Quarterly	PMU	
	Market facilities constructed/rehabilitated - Number	55	20	75				
	12.c Staff of service providers trained (refers to staff of the marketing committees)				MIS/project progress reports	Quarterly	PMU	
	Males - Number	275	0	275				
	Females - Number	275	0	275				
Output Enterprise Development	13.a Persons trained in income-generating activities or business management				MIS/project progress reports	Quarterly	PMU	
	Females - Number	0	18,500	18,500				
	Males - Number	0	18,500	18,500				
	Indigenous people - Number	0	35,631	35,631				
	Non-Indigenous people - Number	0	1,369	1,369				
	Young - Number	0	11,100	11,100				
	Not Young - Number	0	25,900	25,900				
	Persons trained in IGAs or BM (total) - Number	0	37,000	37,000				
	13.b Rural enterprises accessing business development services				MIS/project progress reports	Quarterly	PMU	
Rural enterprises - Number	5,000	1,000	6,000					

Updated summary of the economic and financial analysis

I. FINANCIAL ANALYSIS

A. Objectives and Scope

56. **Methodology:** The methodology used for financial analysis included (i) revising the crop and activity models that were developed during project design and are being promoted under the LAMP, (ii) aggregating the activity models at the project model after revising them for prices, inflation factors, etc.
57. Input and output prices of farm production, NTFP, and livestock were obtained from Department of Agriculture, Horticulture, MBMA and State Agricultural Marketing Board, Shillong. Commodity prices were obtained from the regulated markets operating in Meghalaya through its websites: megamb.nic.in and from the IPM Section under of MBDA.

B. Key assumptions of financial analysis

58. Key assumptions are:
 - With training, technology support and better input services, the farmers can undertake improved farming practices and thereby enhancing productions at farm level.
 - There are skills and practices for rainfed agriculture, cultivation of off-season vegetables, spices, and flowers, etc and livestock products such pig, poultry, goats which can be expanded with improved farm management practices.
 - Although, there are three district agro-climatic zones, namely Tropical Zone, Sub-tropical Zone and Temperate Zone, crop and activity models that are common to these zones were prepared and used in the analysis.
 - Soil health is invariably poor and as a result overall production potential is far lower than other parts in India. Therefore, continued application of FYM, composts and other organic manure is necessary to improve the soil health and their fertility and sustaining productions.
 - Farm gate prices are nearly 15% lower than those of the nearby market prices. In case of off-season vegetables, the farm gate prices amount to no more than 60%⁹.
 - Average distance between farm-gate to any wholesale market is 10 km. There are several private jeeps and vans plying carrying both passengers and commodities. But these vehicular operations are not periodic but with random schedules. This largely affects input and output prices.
 - Under the project's NRM interventions such as soil and water conservation, small-scale irrigation, micro-watershed treatment, spring protection and development, access to clean drinking water, drudgery reduction interventions.
 - Productivity increases under NRM development and IPM interventions are assumed at conservative levels ranging between 15% and 35% over the existing levels and these increases are achieved due to in situ soil and moisture conservation practices and improved agronomic practices.
 - No significant changes or shifts in cropping patterns are assumed but the key assumptions have been adoption of appropriate agronomic practices including inter-cropping, crop rotation, conservation farming etc and these reflect in cultivation of off-season vegetables, spices, plantation crops.

⁹ Market surveys during the Design mission

C. Farm / Household Models

59. The crop, activity and plantation models, that were prepared at design were revised to adjust them for prevailing prices. These models were designed to pattern the landholdings and livelihood options and resource availability of the target group in the project area. The models broadly illustrate the LAMP's expected impact on the incomes, and labour use of households adopting and/or adapting both on-farm and non-farm technology options. These models are indicative and assumed for assessing the Project Performance Indicators. These are briefly described below.

- NRM household model: the model has been assumed an area of 0.7 ha per household primarily with rainfed paddy (0.4 ha), maize (0.07 ha), peas (0.05 ha), mustard (0.05 ha) sweet potato (0.1 ha), vegetables (0.1 ha) etc. No major shift in cropping patterns is envisaged in the short run.
- Supply chains production model: It has been assumed that IPM households participating under the LAMP have three different models (i) NRM model as described above, (ii) IPM crop model and (iii) IPM activity model. IPM crop model has ginger (0.105 ha), turmeric (0.105 ha), pineapple (0.1 ha), pepper (0.12 ha), banana (0.12) vegetables (0.107 ha) and scented rice (0.07 ha). Most of the plantation crops are taken up in the upland whereas the vegetables are cultivated in the lowland. Under IPM activity model honey production and sericulture activities have been assumed.
- IVCS households: In addition to cultivating a meagre landholding of 0.70 ha, some 30 to 32% of NRM households also tend livestock predominantly of 3 piglets and 8-10 goats. Each household pig unit include 3 piglets, one pigsty and facilities for vet services. Each goat unit include 8 does, one buck, goat-shed and other facilities. These households would be supported through IVCS rural financing. In addition, IVCS households also use the institution for cultivating food crops on some 0.2 ha of land.
- EFC household models: The EFC households have small enterprises such as tailoring, petty shops, services enterprises such as photo-copying unit along with internet, scanning and printing and facilities for binding etc, grocery shops and other non-farm micro-enterprises.
- Market Access benefits to households: The project could not conduct an ex-ante analysis of setting up market sheds but has derived estimates from similar IFI funded projects in the region. An analysis of the market sheds in the World Bank funded NERLP project showed that on an average 24 households benefit from market access such market sheds and the sales increase 224.5% due to the market sheds. The

60. Details of the financial analysis of models presented in Annex-3.1 to 3.6 are summarized in Table below:

Model	Gross Income (INR)	Input Cost (INR)	Labour (INR)	BCR	FIRR (%)	NPV (incremental) (INR)
NRM household model (0.7 ha)	66,306	43,833	30,730	0.64	high	16,696
IVCS farm model (0.2 ha)	32,801	13,833	7,497	1.37	high	78,436
IVCS livestock household	30,925	15,660	15,660	0.50	21%	19,676
Supply chains production (1.3 ha)	119,389	30,929	17,483	1.75	54%	166,598
Supply chain enterprises	171,152	136,781	12,651.86	0.25	98%	100,574

NPV is on incremental net return

II. ECONOMIC ANALYSIS

A. Objectives and Methodology

61. The objective of the economic analysis is to evaluate the expected contribution of the LAMP including the benefits from the additional financing component to the economic development of the project area districts. The purpose of such analysis is to determine whether the economic benefits sufficiently justify the use of the resources that the project needs.

B. Assumptions

62. The following assumptions underlie this economic analysis of the project.
- A twenty-year analysis period has been assumed, which included a 13 year project investment period and a 7 year capitation period.
 - Agricultural goods move freely within the project area in response to market signals.
 - All agricultural inputs and outputs that are traded are valued at their border prices as of June 2022. These have been adjusted to allow for transport and marketing costs between the state border and target districts, to give an economic export parity value at the farm gate.
 - Economic investment costs are net of taxes and price contingencies, production credit, office rent etc. All costs directly associated with the incremental production are included in full, including incremental farm inputs and family labour.
 - A standard conversion factor (SCF) of 0.85 is applied to both traded and non-traded items for adjusting financial prices but with the following variations: food crops at 85%, fruits and vegetables and spice crops at 75%, labour 75%, livestock products, seeds and seedling and all planting materials and enterprises at 100%.
 - The average financial rural wage rate is taken to be the best estimate of the economic value of labour. The financial price of unskilled labour (INR 225) reflects seasonal variation in employment opportunities in the State. The value is derived from the prevailing MGNREGA rates in the state. The financial wage rate is thus taken to reflect the value of the marginal product of agricultural male and female labour without the project;
 - The analysis includes only on-farm benefits and including attributable benefits from soil and water conservation under NRM;
 - All costs and benefits are relating to investments made on targeted project area households and the resultants benefits;
 - Time required for the full development has been assumed over 10 years including farming system development, dissemination of information and technology transfer, and establishment of improved farming practices including changes at grassroots levels, improved access to markets, road improvement etc;
 - The analysis employs an Opportunity Cost of Capital (OCC) at 7.5%.

C. Costs - Benefits Streams and Analysis

63. **Investment and Recurrent Costs:** The incremental cost streams include all incremental on-farm investment and operating costs including the economic value of all the necessary incremental labour; and the project investment costs (calculated using COSTAB) and excluding the cost of the input packages, taxes and duties, grant, risk fund, office rentals, price contingencies, etc.
64. The **project economic costs** were calculated from the financial project costs excluding price contingencies, subsidies for production inputs, development credit, taxes and duties. Recurrent costs for continued extension/training support, operations and maintenance and periodic replacement of vehicles have been

included. Economic prices for inputs and output models were estimated by applying the conversion factors on the financial prices.

65. **Project Performance Indicators:** Cost-benefit analysis method was used for the economic analysis of the project and using three indicators to assess the overall performance of the project. These are (i) economic internal rate of return (IRR), and (ii) net present value (NPV). These were estimated using a 20-year incremental cash flows of benefit and cost streams. The overall Project IRR is 36.2% which is higher than the EIRR estimated at project design. The estimated NPV for a 7.5% discount rate is INR 7,291 million. A positive NPV under the current Opportunity Cost of Capital (OCC) of 7.5% indicates that the project investments are robust.

Scenario			EIRR	ENPV (INR M)
Base Case			36.3%	7,291.2
Changes				
Programme Costs	Incremental Benefits	Benefits delayed by		
+ 20%			30.9%	6,628.2
+ 40%			26.6%	5,965.3
	- 10%		33.1%	6,230.6
	- 20%		29.7%	5,170.0
	- 30%		26.0%	4,109.4
	- 40%		22.0%	3,048.9
+ 20%	- 20%		24.7%	4,507.1
Base Case		1 year	28.6%	6,032.8
		2 years	23.3%	4,862.3
		3 years	19.3%	3,773.4
+ 20%	- 20%	1 year	19.6%	3,500.4
		2 years	15.9%	2,564.0
		3 years	12.9%	1,692.9
Switching Values / a				
Costs	+		219.8%	0
Benefits	-		68.7%	0

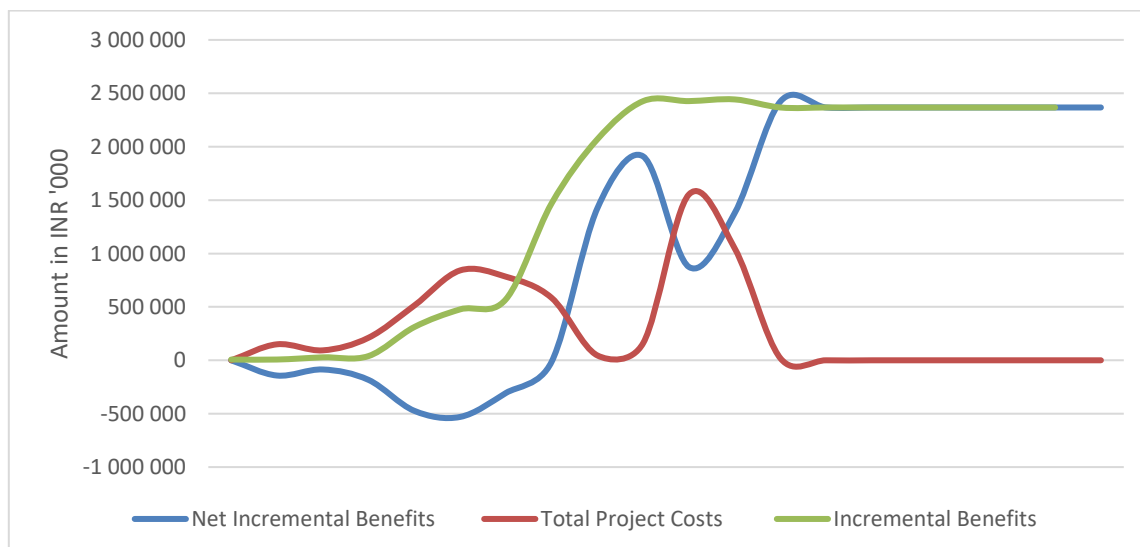
66. **Sensitivity analysis:** Sensitivity analysis of the project performance indicators has been carried out in order to test the robustness of project investments and benefits streams. If benefits are delayed by three years (in effect, if the project's production activities take longer to scale up), then the IRR declines to 19.3% with a NPV of INR 3,773 million. Even in the adverse condition that the project activities are delayed by three years, the costs increase by 20 per cent and the benefits decrease by 20 per cent the project has an EIRR of 12.9 per cent which is well above the discount rate of 7.5 percent.
67. **Switching value analysis:** Switching values¹⁰ indicate that the investments are worthy even if costs increased over 219.8% or the benefits declined by 68.7 %.
68. **Comparison with design stage EFA indicators:** In order to compare the EFA indicators of ex-ante and post MTR, (i) summary cash flow series of ex-ante EFA were adjusted to June 2022 price level using the State of Meghalaya's inflation rates and (ii) the

¹⁰ Switching values are yet another measure of sensitivity analysis They demonstrate by how much a variable would have to fall (if it is a benefit) or rise (if it is a cost) to make it not worth undertaking an option.

discount rate of 7.5% was used. Resulting comparisons are presented in the table below:

Particulars	Ex-ante EFA Indicators	Ex-ante Additional Financing EFA indicators
IRR	25%	36.2%
NPV INR million, discounted at 7.5%	15,417	7,291
<u>Benefits lagged by 2 years:</u>		
IRR	18%	23.3%
NPV INR million, discounted at 7.5%	13,398	4,862
<p><i>There were nearly a nil outcome achievement during period prior to MTR and thus all benefits are accounted for during the post MTR implementation period; Number of out reached households also nearly halved as EFC could not register any growth and nor the livestock development. This scenario has adversely affected the post-MTR NPV values significantly. Although, there are no changes in IRR, NPV under post-MTR scenarios nearly halved. This was not the scenario of "benefits lagging" as no corresponding investments were made by the project.</i></p>		

69. Graph showing Incremental benefits, Costs and Net Income is provided below:



Appendix III – Action plan with intermediate six-month targets

1. IFAD's Supervision and Monitoring Plan

To address the critical issues in a time-bound manner and guarantee the implementation and execution of the available resources, the project will continue receiving a close follow-up through:

- One full supervision mission - Annually
- One implementation support mission - Annually
- Virtual stocktake meetings – Monthly (reducing the frequency to quarterly based on performance)

Est. date	Type	Focus
Sept 2022	Virtual Stocktake Meeting	<ul style="list-style-type: none"> - Update and discussion on key agreed actions of last PSM & ISM - Status of budget allocation for 2022 - Update on the project progress - Support to the project team in identifying and resolving any bottleneck or emerging issues - AOB
Oct 2022	Supervision + Star up Workshop (for the proposed extension and AF)	<ul style="list-style-type: none"> - Implementation status of AWPB 2022-23 - Priorities for AWPB 2023-24 - Financial Management and audit arrangements - Disbursement status - Revision of LogFrame - Revision of Exit Strategy - Review of PIM, if needed - Update on all necessary compliances
Nov 2022	Virtual Stocktake Meeting	
Dec 2022	Virtual Stocktake Meeting	
Jan 2023	Virtual Stocktake Meeting	
Feb 2023	Virtual Stocktake Meeting	
Mar 2023	Implementation Support Mission	<ul style="list-style-type: none"> - Assess status of agreed actions of last SM - Review the project progress against its overall outputs and outcomes - Provide guidance to the project team to improve performance rating which are problematic - Update on the project progress
Apr 2023	Virtual Stocktake Meeting	
May 2023	Virtual Stocktake Meeting	
Jun 2023	Virtual Stocktake Meeting	
Jul 2023	Virtual Stocktake Meeting	
Aug 2023	Virtual Stocktake Meeting	
Sep 2023	Supervision Mission	<ul style="list-style-type: none"> - Implementation status of AWPB 2023-24 - Development of AWPB 2024-25 - Review the project Logframe - Financial Management and audit arrangements - Disbursement status
Oct 2023	Virtual Stocktake Meeting	
Nov 2023	Virtual Stocktake Meeting	
Dec 2023	Virtual Stocktake Meeting	
Mar 2024	Implementation Support Mission	<ul style="list-style-type: none"> - Assess status of agreed actions of last SM and ISM - Review the project progress against its overall outputs and outcomes

		<ul style="list-style-type: none"> - Provide guidance to the project team to improve performance rating which are problematic - Update on the project progress - Review the Exit Strategy and corresponding activities on ground
May 2024	Virtual Stocktake Meeting	<ul style="list-style-type: none"> - Review the project Logframe - Update and discussion on key agreed actions of last SM & ISM - Status of budget allocation for 2024 - Progress on advancing to sustainability and exit activities (including status of handover and linkage with respective line departments)
Jul 2024	Virtual Stocktake Meeting	<ul style="list-style-type: none"> - Discussion on initiation of PCR activities - Progress on advancing to sustainability and exit activities - Closing Readiness
Sep 2024	Supervision	<ul style="list-style-type: none"> - Implementation of AWPB 2024-25 - Revision of Disbursement Plan - Financial Management and audit arrangements - PCR requirement and documentation needed
Dec 2024	Completion	<ul style="list-style-type: none"> - PCR preparation - Closing Readiness - Implementation of Exit Strategy

2. LAMP Action Plan

The following performance indicators will be closely monitored to evaluate the implementation status of the extension (Appendix A).

Action plan for LAMP project. Targets and expected dates

Area	Indicator/goal	Expected date	Responsible	Progress as on 30-06-2022	Status
A. Disbursement plan	Disbursement plan followed – IFAD	Upto Dec 2022: 69% Balance Fund as on Dec 2022: USD 21 mil Additional Financing: USD 20 mil Total: USD 41 mil which will be disbursed as follows: >7% by 31-3-2023 >60% by 31-3-2024 >99% by 31-12-2024 >1% by 31-6-2025	MBMA	54.5%	Project is in line to achieve 70% disbursement by December 2022 specifically in grant support fund which has a pipeline of Rs.55Cr., Market led infrastructure in the project cluster, convergence which is already achieved but pending consolidation of data and Support fund to IVCS
B. Project implementation 18	Capacity Building and Training	>37% by 31-08-2022 >45% by 31-10-2022 >50% by 15-12-2022 >65% by 31-3-2023 >80% by 31-6-2023 100% by 31-9-2023	MBMA	-	Capacity building of already shortlisted supply chain participants (PGs, SPs, IVCS) is in the pipeline of which 50% will be completed by December 2022
	Installation of water-lifting devices	Procurement by 25-9-2022 Completion of Installation by 15-12-2022 100% by 31-12-2022	MBMA	10%	33 Electric pumps installed; project is already in the process of procuring 27 solar pumps, 118 electrical pumps and 8 ram pumps; Technical Specifications

					developed to be uploaded for IFAD NOC
	Technical extension support under INRM	>55% by 31-08-2022 >59% by 30-09-2022 >62% by 31-10-2022 >65% by 30-11-2022 >70% by 31-03-2023 >80% by 31-06-2023 >90% by 31-12-2023 >95% by 31-03-2024 100% by 31-06-2024	MBMA	51%	Onsite agri extension services to continue across all project villages until maturity is reached; Support such as provision of farm implements, drudgery reducing implements, technical exposure will also be provided on a case to case basis over the next 2 years
	Implementation of Village Development Fund	>80% by 15-12-2022 >90% by 31-01-2023 100% by 28-2-2023	MBMA	78%	All 72 targeted IVCS-CHCs started rendering custom hiring services; Asset transfer to IVCS-CHCs under progress; procurement of 80% planned procurement completed; Technical Persons engaged to render technical support to DPMUs.
	Higher order intervention	>8% by 30-09-2022 >17% by 30-11-2022 >21% by 15-12-2022 >100% by 31-06-2023	MBMA	3%	1.4 cr of VDF amount (not disbursed to 40 VDF tranches to inactive VECs) to be

					reallocated as Challenge Fund
	Convergence	>70% by 31-08-2022 >75% by 30-09-2022 >80% by 31-10-2022 >96% by 30-11-2022 100% by 31-1-2023	MBMA	64%	Out of the Target of 72 acre for reclamation of degraded land through plantation of Medicinal and Aromatic Plants, 57 acres completed. Out of the Total of 15 Sites for Implementation of OLCT, work has started in 13 Sites. Works under other INRM Higher Order Activities have been initiated through S&WCD.
	Implementation of Supply chain grant support	>80% by 31-08-2022 >100% by 31-10-2022	MBMA	52%	Out of total target 12.67 crore, 1.28 crore achieved as on 5th August 2022. In addition to Convergence under MGNREGS, convergence process initiated under S&WCD.
	Market led infrastructure, action research and tech demo	>50% by 31-08-2022 >70% by 30-09-2022 >85% by 31-10-2022 100% by 15-12-2022	MBMA	27%	Proposals for pilot innovations (Cold Storage, Blanket Vaccine carriers, pineapple fibre making units, banana fibre making units) already

					received and ready for disbursement
	Seed Secure Meghalaya program	>65% by 31-09-2022 >85% by 31-10-2022 >100% by 15-11-2022	MBMA	-	New activity to start in next phase
	Support Fund to IVCS	>72% by 31-08-2022 >75% by 30-09-2022 >76% by 31-10-2022 >80% by 30-11-2022 >100 by 28-02-2023	MBMA	47%	289 IVCS received 01 st instalment Corpus Fund and another 256 IVCS received 02 nd instalment. All IVCS expected to get both instalment of Corpus Fund by end of November 2022. Risk Fund to IVCS will be supported on a case to case basis over the next 02 years.
	Credit Linkage for IVCS	>15% by 31-08-2022 >16% by 30-09-2022 >17% by 31-10-2022 >18% by 30-11-2022 >19% by 31-12-2022 >28% by 31-12-2023 >35% by 31-12-2024	MBMA	14%	Credit linkage is slowing picking up as IVCS are beginning to mature. Further the project target of 183 Cr is on the higher side which needs to be revised to realistic figures
	Expansion of IVCS	>9% by 31-03-2023 >21% by 31-06-2023 >39% by 31-09-2023 >60% by 15-12-2023 >71% by 31-03-2024	MBMA	-	New activity to start in next phase

		>83% by 31-03-2024 >91% by 31-06-2024 100% by 31-09-2024			
	IVCS Computerization	>2% by 31-06-2023 >70% by 31-09-2023 >73% by 31-03-2024 100% by 31-06-2024	MBMA	-	To start in next phase
	Development of Apex supervision and regulatory body for IVCS	>19% by 31-03-2023 >27% by 31-06-2023 >57% by 31-09-2023 >65% by 15-12-2023 >79% by 31-03-2024 >85% by 31-03-2024 100% by 31-06-2024	MBMA	-	To start in next phase
	Establishing Community Nurseries	>17% by 31-9-2022 >58% by 31-9-2023 >100% by 31-9-2024	MBMA	-	to start in next phase
	Payment for Eco-system Services	>14% by 31-6-2023 >57% by 15-3-2024 >100% by 31-9-2024	MBMA	-	to start in next phase
	Farm improvement and drudgery reduction	>6% by 31-3-2023 >34% by 31-9-2023 >46% by 15-12-2023 >55% by 31-3-2024 >88% by 31-9-2024 >100 by 15-12-2024	MBMA	-	to start in next phase
C. Project management	AWPB (as approved by IFAD) executed at least 85% (as by is at	By 31-3-2023 By 31-3-2024 By 31-12-2024	MBMA	-	

	Audit Report are presented on time	By 30-9-2022 By 30-9-2023 By 30-9-2024	MBMA	-	
	Preliminary AWPB and Procurement Plan are presented on time	By 28-2-2023 By 28-2-2024	MBMA	-	
D. IFAD's support	2 missions per year (1 supervision, 1 Implementation Support Mission) and monthly virtual stocktake meetings in 2023, Quarterly virtual stocktake meeting in 2024	4 by 31-12-2022 12 by 31-12-2023 5 by 31-12-2024	IFAD	-	On-going