



Government of Nepal

Ministry of Industry

Rural Enterprises and Remittances Project

“SAMRIDDHI”



Annual Progress Report

2016-17

Photo: Community Meeting in Sitapur, Dhanusa

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Acknowledgments

I take this opportunity to inform you all that Rural Enterprises and Remittances Project (RERP)/SAMRIDDHI has taken its speed in the project implementation and we are presenting our first annual report since the project agreement in 2015. Although we are running in the third year of project time frame, technically we have just completed the first year of our project operation. Thus, this report will present the progress that RERP made during its inception year rather than any achievement of the project from the ground.

I would like to congratulate my team for starting off this project and making it possible to achieve the progress that we have today. All my staff members are equally thankful for their contribution in each achievement that we have. I am also grateful to the IFAD team who was always ready to support and show the direction. I want to thank FNCCI/AEC for their constant enthusiasm to accelerate the partnership with us.

Finally, I want to acknowledge Mr. Bashu Babu Aryal, Country Programme Officer, IFAD- Nepal, for his regular coordination and contribution to accelerate this project.

Saroj Prasad Guragain

Project Manager

Acronyms

CSIO:	Cottage and Small Industry Office
DAO:	District Administration Office
DADO:	District Agriculture Development Office
DCCO:	District Coordination Committee Office
DCO:	Divisional Cooperative Office
DCCI:	District Chambers of Commerce and Industries
DLSO:	District Livestock Development Office
FNCCI:	Federation of Nepalese Chambers of Commerce
FNCSI:	Federation of Nepalese Cottage and Small Industries
GESI:	Gender and Social Inclusion
GoN:	Government of Nepal
IFAD:	International Fund for Agriculture Development
MA:	Migration Association
MEDEP:	Micro-Enterprise Development Programme
MFI:	Micro-Finance Organization
Mol:	Ministry of Industry
MIC:	Migration Information Centre
NGO:	Non-Government Organization
PMO:	Project Management Office
RERP:	Rural Enterprises and Remittances Project
RMSE:	Rural Micro Cottage and Small Enterprises
RRA:	Rapid Rural Appraisal
SaMi:	Safer Migration
SCC:	Saving and Credit Cooperatives
SFACL:	Small Farmer Agriculture Cooperative Limited
VC:	Value Chain

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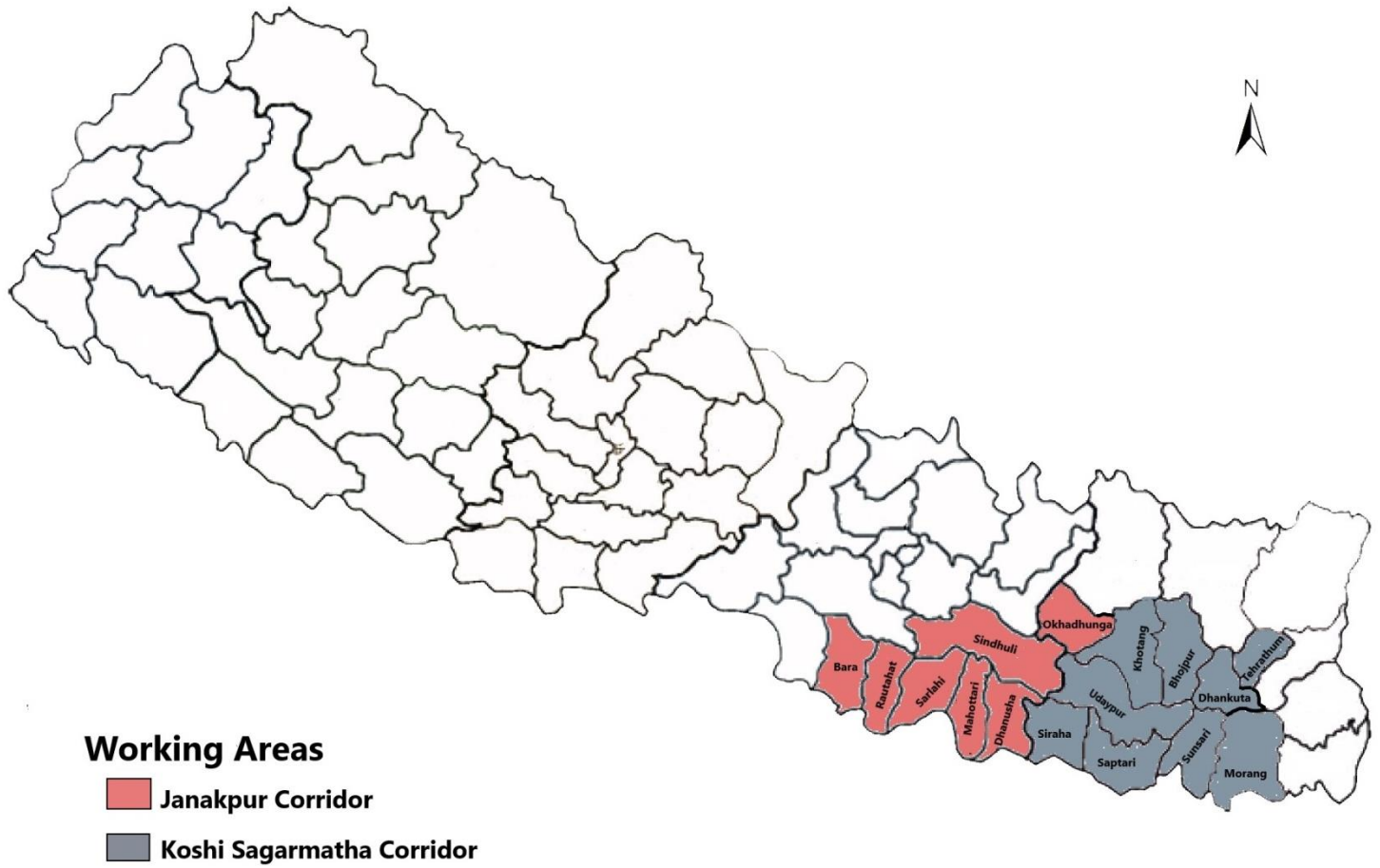
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General Project Information

Country:	<i>NEPAL</i>
Project Title:	<i>RURAL ENTERPRISES AND REMITTANCES PROJECT, SAMRIDDHI</i>
Project Number:	<i>1724</i>
Financial year:	<i>2016/17 (2072/73)</i>
Planning period:	<i>July 16, 2016 to July 15, 2017</i>
Year of implementation	<i>Year II</i>
Total project budget (<i>in USD</i>):	<i>USD 68.15 million</i>
Total expenditures to date (<i>in USD</i>):	<i>USD 3.16 thousand</i>
Date of loan effectiveness:	<i>10 December 2015</i>
Date of project start:	<i>26 June 2016</i>
Project duration:	<i>7 years</i>
Date of project closing:	<i>30 June 2023</i>
Date of Technical Support Mission	<i>15 June 2017</i>

RERP Working Areas



1) Introduction

i. Project Background

1. Rural Enterprises and Remittances Project (RERP)/SAMRIDDHI¹ is a seven year project of the Government of Nepal (GoN) funded by the International Fund for Agricultural Development (IFAD). The project aims at providing sustainable sources of income to poor households, migrant families and returnees in the Eastern and Central Development Regions (Province 1, 2 and 3)² of Nepal, by supporting the creation and expansion of family, micro, small and medium rural enterprises, both in farming and off-farming sectors.
2. The project is implemented in 16 districts; Province 1 - Morang, Sunsari, Bhojpur, Dhankuta, Khotang, Terathum, Udaypur, Okhaldhunga; Province 2 – Siraha, Sunsari, Bara, Dhanusa, Mahottari, Rautahat, Sarlahi and Province 3 – Sindhuli following a North-South Road corridor approach with a purpose of connecting hill districts with Terai market.
3. The project agreement was signed on 10 December 2015. The total project cost is USD 68.14 million which is contributed jointly by GoN (USD 9.15 million), IFAD (USD 38.61 million), private sector (USD 13.74 million) and beneficiaries (USD 6.64 million). Further, the IFAD contribution is loan amount of USD 21.79 million and grant represent USD 16.82 million which is 32 percent and 24.70 percent respectively of the total project cost.
4. The project is executed by Ministry of Industry (MoI) and the daily project implementation is supervised by the Project Management Team (PMT) which is located in Itahari with two corridor teams, Koshi-Sagarmatha corridor and Janakpur corridor providing technical and management support enterprise service and migration related activities. Agro Enterprise Centre (AEC) of Federation of Nepal Chambers of Commerce and Industry (FNCCI) in coordination with District Cottage and Small Scale Industry Office and HELVETAS are the two technical partners to assist PMT in implementing the project.

ii. Goal and Objectives

5. The goal of the project is to reduce poverty and achieve sustainable peace through employment-focused, equitable and inclusive economic development. The project envisions to achieve this goal by promoting rural micro, small and medium enterprises (RMSEs) in both farm and off farm sectors that will generate long-term source of income to the rural poor families, migrants and returnees. The key indicators of the project performances are:
 - Total of 60,000 rural entrepreneurs have expand or create business;

¹ SAMRIDDHI is a Nepali term meaning 'prosperity'.

² The Constitution of Nepal adopted on 20 September 2015 refers the division of country into seven provinces and the development regions are no more in use thereafter.

- Total of 30,000 youths are trained and are in gainful wage employment;
- Total of 23,040 persons are trained with financial literacy education in Nepal and other 4,200 persons in abroad.
- Beneficiaries are socially inclusive with 33 percent women, 30 percent migrant families and returnees, 40 percent rural youth and 80 percent poor.

iii. Structure of the Report

6. The annual report is produced to share the progress and major achievements of the project with the key stakeholders including the donor partners. This report documents the progress of FY 2016/17 second year's project period and other results. The report is structured into four main parts. The first part is the introductory chapter, second part gives the status of the project with detail elaboration, third part summarizes and concludes the report and the fourth part contains the appendices.

- First part – Introduction of the project and the report
- Second part - General overview of the progress, elaboration on the activities carried out during the whole year
- Third part – Summary, conclusions and way forward
- Fourth part - Appendices

2) Overview of the Project Status

7. The overall achievement of the RERP is true when the progress of all the components and sub-components are constantly moving forward. The RERP comprises of three components that has the full set of interventions required to achieve the project goal. The components and sub-components are summarized in the figure:

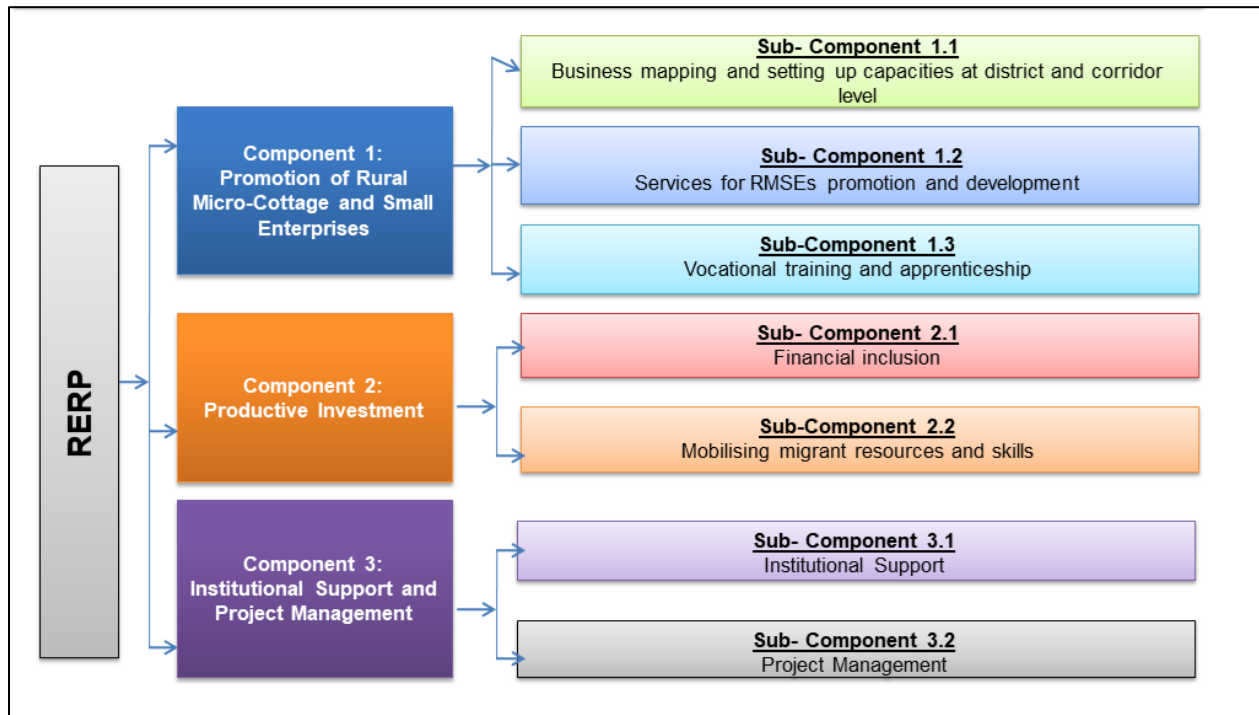


Figure 1: Components and Sub-components of the RERP

8. The RERP has completed the second fiscal year (2016/17) since the date of agreement on December 2015. However, technically RERP completed the first year of operation due to delay in the project execution³. The project started nearly after six months from the date of agreement between GoN and IFAD and the recruitment of the first round Project Management Team (PMT) was completed in February 2017 (end of second trimester). Thus, this report documents the implementation status of the project's first year of operation which is based on the Annual Work Plan and Budget (AWPB) of 2016/17.

i. Plan vs Progress of AWPB 2016/17

9. As mentioned earlier, the AWPB of 2016/17 is the RERP's first year of operation. This year the project was concentrated in the primary works of project execution like setting up office, recruitment of staffs, procuring office equipment, discussion and planning among the team members. However, the AWPB 2016/17 also planned the project field actions which were not initiated in this fiscal year. The following table outlines the major

³ The project started on 26 June 2016.

actions planned in the AWPB and its progress (Refer Appendix I for detail AWPB progress status) :

Table 1: General Progress Status of RERP 2016/17

SN	Summary of Planned Action	Component Reference	Status
1	Office Set up		
1.1	PMO	3	Physical set up completed, 5 vacant positions plus AEC positions to be fulfilled,
1.2	Corridors – Koshi/Sagarmatha and Janakpur	1	Full functioning physical and human resource set up
1.3	Enterprise Service Centre (ESC)– 16 districts	1	No ESC set up with delay in agreement with DCCI All the activities to be implemented by ESCs are suspended
2	Studies		
2.1	Corridor potential mapping	1	Cancellation of EOI due to less number of applicants
2.2	Survey of opportunities for wage employment (by HELVETAS)	1	Agreement with HELVETAS is pending
2.3	Migration mapping	2	Cancellation of EOI due to less number of applicants
2.4	Baseline study	3	Contract awarded
3	MoU Agreement		
3.1	AEC	1	Completed
3.2	DCCI	1	Not initiated
3.3	HELVETAS	1	On the process
4	Assessments		
4.1	Classification of RMSEs	1	Primary data collected
4.2	Registration of service providers (SP)	1	Not initiated

4.3	Assessment of SCCs/SFCLs	2	Primary data collected
4.4	Assessment of financial institutions	2	Primary data collected
5	Cross Cutting Issues		
5.1	PM&E strategy	3	Final draft
5.2	KM strategy	3	On the process
5.3	GESI strategy	3	Final draft
5.4	System development	3	On the progress
5.5	Server and maintenance	3	Complete
6	Crucial Meetings and Workshops		
6.1	Project Steering Meeting (PSC)	3	One meeting conducted
6.2	National Start up	3	Complete
6.3	District Launch	3	Agreement with DCCI delayed
6.4	Platform on migration and development (PMD)	3	Not initiated
6.5	National stakeholder workshop on M&E/KM	3	Not initiated
6.6	Meetings with stakeholders	1, 2, 3	Conducted in all districts except Bhojpur and Khotang
7	Capacity Building		
7.1	Training to SPs	1	Not initiated
7.2	Training to ESC staffs	1	Not initiated
7.3	Financial education, organization, leadership, sustainability, reintegration and peer-to-peer counseling of migrants and returnees	2	Not initiated
7.4	Training of assessors	2	Not initiated
7.5	Training of financial institutions' staff	2	Not initiated
7.6	GESI training to PMT	3	Not initiated
7.7	Financial management training	3	Not initiated
7.8	District level training on M&E/KM	3	Not initiated

8	Communication		
8.1	Website	3	Launched
8.2	Print materials	3	Brochure, calendar, note copy printed and distributed
8.3	Translation and publication	3	Nepali translation of project main document in draft
9	Field Action		
9.1	Business development services	1	Provided to 62 individuals in two areas.
9.2	Vocational trainings (by HELVETAS)	1	Agreement with HELVETAS is on the process
9.3	Mobilization of financial instruments	2	Not initiated
9.4	PRA	3	Two RRA conducted
10	Exchange visits	3	Not initiated

10. The Table 1 shows that the major outputs achieved this year are from component 3 which is related to project management and institutional support. The primary activities, assessments, studies and surveys could not start this year which is the first step for RERP's field level implementation that may create further delay in project service delivery. Despite all odds, RERP managed to achieve considerable results which have paved a path to move ahead. These outputs are elaborated in further chapters.

ii. Mobility of RERP team

11. The two corridor teams including the specialists from PMO have consistently made visit in all the project districts except for Bhojpur and Khotang which are relatively out of road accessibility in monsoon season. The purpose of the visits were for i) rapport building with the stakeholders in the beginning, ii) coordination meeting with MAs/NGOs, iii) meeting with financial institutions/cooperatives for partnership and iv) information dissemination to potential entrepreneurs. The summary of the visits made by the team are tabulated in Table 2:

Table 2: Summary of PMT Mobility in 2016/17

Purpose of the Visit	Number of Visit	District	Meeting with
Koshi-Sagarmatha Corridor			

Rapport Building with stakeholder/meeting	7	Sunsari, Udaypur Dhankuta, Sirha, Saptari, Terhathum	DCCI, DSCIO/B, DADO, Kamdhenu Dairy, WOREC, MEDEP
MA/MIC formation, Observation	3	Dhankuta, Sunsari, Saptari	SaMi, Sawal Nepal, SALVE Nepal, Paurkhi, Peoples Forum
FI and cooperative identification/meeting	3	Sunsari, Saptari, Morang	Mahuli Samudaek Micro Finance, District Division office, Biratnagar, Lahan and Rajbiraj Sahakari Sang
Potential Entrepreneurs and commodity assessment and identification	3	Saptari, Siraha, Sunsari	Community in Babiya, Rajbiraj, Lahan
Total visits 1	16		
Janakpur Corridor			
Rapport Building with stakeholder/meeting	6	Mahottari, Dhanusa, Sarlahi, Bara, Rautahat	DCCI, District Micro Enterprises Group Association, District Coordination Committee, DCSIO, District Livestock Office, District Agriculture Development Office, District Plant Resources Office, NGO Federation
MA/MIC formation, Observation	2	Sarlahi, Mahottari, Dhanusa,	Aaprabasi Kamdar Hakhit Sanrakshan Kendra (Migration Association), Safer Migration Program, Aaprabasi Kamdar Hakhit Sanrakshan Kendra, MitraDhanusha, Sahayogi Samaj Nepal, Rural Women Upliftment Association
FI and cooperative identification/meeting	3	Sarlahi, Dhanusa	Micro Enterprise Development Program Regional Office, Sana Kisan Bank Regional Office, Gramin Swayamsebak Samaj, Sana Kisan Kirsi Sahakari Sanstha Shantipur
Potential Entrepreneurs and commodity assessment and identification	2	Dhanusa, Mahottari	Community in Bateswor, Ghausala
Total visits 2	13		
PMO Specialists			
RERP orientation to SFACLs	1	Regional (Cooperatives of Bara, Rautahat)	Sana Kishan Bikash Bank Ltd Regional Office, Hetauda (Annual Review Program)
UNCDF tool test in cooperative/FINGO	1	Dhanusa, Sarlahi	Sana Kisan Kirsi Sahakari Sanstha Shantipur, Gramin Swyam Sewak

			Samaj
Discussion on financial instrument modalities	1	Kathmandu	Nepal Rastra Bank, Deposit and Credit Guarantee Fund, Ministry of Agriculture, Ministry of Livestock
Project introduction and coordination	1	Kathmandu	Paurakhi, Asian Forum for Human rights, Prabasi Nepali Cordination Committee (PNCC), NRNA, IOM, WOREC, Central for Migration and International Relation, HELVETAS, Foreign Employment Promotion Board, Access Advisory, Nepal Federation of Saving and Credit Cooperatives
Discussion on partnership and product Buy-Back Gurantee	2	Kathmandu	Everest Aroma Pvt. Ltd for essential oil product, Cosmos Industries for ginger product
Total visits	6		

3) Back-up with Primary Data

12. The RERP team including the two corridor staffs constantly visited the line agencies in order to get the data related to the project; entrepreneurs, cooperatives, financial institutions, migration associations and networks. This primary information is important database to design the project implementing strategy. Hence, the project started to study the latest import-export data from the major custom offices, initiated profiling of financial institutions and non-bank financial institutions and started networking with the institutions working in migration issues of the project area.
13. The Koshi-Sagarmatha Corridor documented the import-export status of two major custom offices, Kakarvitta (East Nepal) and Rani Biratnagar. Similarly, Janakpur Corridor documented the status of Birgunj custom office. The data of these three custom office shows that agricultural products like potato, soybean oil, mustard oil, apple, tomatoes are among the highest import products from these custom offices. This implies that this information will be a reference point for value chain selection in the project.
14. Information of cooperatives and commercial banks in all the 16 working districts are collected and updated. This data will serve as the first resource to start assessment of these institutions after completing the procurement of assessors. The status of the financial and non-bank financial institutions of the project areas are summarized below:

Table 3: Updated information on Financial Institutions and Cooperatives in the Districts

District	Bank				Cooperatives	
	A	B	C	D	SCCs	SFCLs/Agri Coop
1. Koshi-Sagarmath Corridor						
Sunsari	65	18	11	11	327	209
Morang	70	28	6	23	599	213
Dhankuta	9	6	0	3	70	99
Terathum	8	2	0	2	40	52
Bhojpur	10	1	1	4	95	37
Saptari	16	0	3	8	168	211
Siraha	32	1	0	22	237	236
Udayapur	17	2	0	7	89	127
Khotang	7	1	3	3	46	53
Total 1	234	59	24	83	1671	1237
2. Janakpur Corridor						
Okhaldhunga	5	4	1	15	52	0
Sindhuli	8	7	0	20	140	13
Dhanusha	35	5	1	32	315	17
Mahottari	20	7	0	31	193	20
Sarlahi	22	6	0	28	258	78
Rautahat	17	2	0	27	143	7
Bara	31	4	1	54	220	17
Total 2	138	35	3	207	1302	152
Grand Total (1+2)	372	94	27	290	2973	1389

15. The migration team (migration specialist and migration officers in two corridors) initiated mapping of Migration Associations (MA) and NGOs working for safe migration in the project districts and consecutively started coordination meetings with these institutions. RERP aims to set up Migration Information Center (MIC) in the surrounding area of District Administrative Office in each district; however some district has already set up MIC. The most visible project in migration sector is the Safe Migration (SaMi) Project implemented by HELVETAS which is implemented in some of the RERP's working district that operates MIC. The districts which require MIC set up will be conducted by involving MAs of the district. Hence, the working procedure of migration component in RERP depends on the area with/without SaMi project. The institutions involved in migration issues in the project areas are summarized in the following table:

Table 4: MA/NGOs involved in Migration Issues in the Districts

Districts	NGOs	MA	Institution involved
1. Koshi-Sagarmath Corridor			
Terahatum	-	-	
Bhojpur	-	-	
Dhankuta	-	-	
Morang	1	6	Women's Rehabilitation Center (WOREC)
Saptari	3	1	SCDC/SaMi
Siraha	1	-	DCC/SaMi
Sunsari	2	1	CSDC/SaMi
Udayapur	1	-	DCC/SaMi
Khotang	2	1	
Total 1	10	9	
2. Janakpur Corridor			
Bara	-		
Rautahat	-		
Sarlahi	3	1	Aaprabasi Kamdar Hakhit Sanrakshan Kendra/SaMi
Mahottari	-	-	
Dhanusha	2	1	Rural Women Upliftment Association/SaMi
Sindhuli	-		
Okhaldhunga	-	-	
Total 2	5	2	
Grand Total (1+2)	15	11	

4) Business Development

16. Although PMO team was newly recruited, the team agreed to conduct a preliminary local market survey and decide on potential product for entrepreneurship development as a pilot work. The corridor team including Business Development Specialist identified two potential area, one in each corridor for project intervention after series of consultation with stakeholders and community people. Dairy sector development in Bishnupur, Saptari district in Koshi-Sagarmatha corridor and lemon grass farming in Sitapur, Dhanusa district in Janakpur corridor was selected for piloting the project.

i. Rapid Rural Appraisals in the Community

17. The Koshi-Sagarmatha corridor and Janakpur corridor initiated a small scale intervention in the respective corridor where the both team organized Rapid Rural Appraisal (RRA), informed the community about RERP, selected potential entrepreneurs, and conducted training to the potential entrepreneurs. The RRA conducted by the corridor teams showed that village from Sitapur, Dhanusa has mixed ethnicity from both hill and Terai region with maximum percentage from Janajati group (55.62 %). However, Bishnupur, Saptari has residents of Terai origin only where Janajati groups are absent but 32.55 percent belongs to Dalit group.



Photo 1: RRA in Bishnupur, Saptari

18. Similarly, the villagers are mostly engaged in agriculture and livestock (goat, buffalo, cow, fish) supported by other occupations like wage labor and foreign employment. Most of the families have land for agriculture; however there are some who has only land for housing and some are even landless. There are 16 families landless in Sitapur, Dhanusa and 18 landless families in Bishnupur. Further analysis of these landless families shows that 12 (66.67 %) landless families in Bishnupur are Terai Dalits and another 12 (75 %) landless families in Sitapur are Terai Janajati (Danuwar).



Photo 2: People Engaged in Social Mapping during RRA

19. The wellbeing ranking as per the pre-agreed criteria applicable in the community was also conducted during the PRA/RRA. The residents of the community was categorized into four status; extreme poor, poor, non-poor, rich families. The data shows:

Table 5: Wellbeing Ranking of the Families of the Community

SN	*Category	Bishnupur, Saptari	Sitapur, Dhanusa
		Number of HH	Number of HH
1	Rank A (Extreme Poor)	133	136
2	Rank B (Poor)	121	113
3	Rank C (Non-Poor)	30	61
4	Rank D (Rich)	16	19
	Total	300 (100)	329 (100)

* Refer Appendix II for detail criteria of poverty categorization

20. The wellbeing ranking table of the two communities showed that the more than 75 percent of the families in these two communities belonged to the poor category which also helped the team to select the specific community meeting the poverty target.



ii. Entrepreneurship trainings and GESI orientation

21. After completing the RRA, the corridor team in consultation with the community leaders and as per the project document criteria identified potential entrepreneurs from Bishnupur and Sitapur. Total of 30 families including 10 from migrant families were selected for entrepreneurship training in Bishnupur, Saptari. Similarly, 32 households were selected for lemongrass farming in Sitapur, Dhanusa. These selected participants were first given two day business awareness training about the know-how of basic entrepreneurship concept, essential skills and knowledge, cost estimation, business plan in regard to establish new enterprise. Table 7 shows the detail of training participants from the two communities.

Photo 3: GESI Orientation at Sitapur, Dhanusa

Table 6: Participants Composition in Training on Potential Entrepreneurs

Area	Dalit		Janajati		Madhesi		Muslim		Others		Total					
	Terai	Hill	Terai	Hill	Terai	Terai	Terai	Terai								
	M	F	M	F	M	F	M	F	M	F	M	F				
Bishnupur	2	9	0	0	1	4	0	0	0	0	0	0	8	6	11	19

Sitapur 1 0 0 0 2 14 3 0 2 5 0 0 2 3 9 23

22. During the business awareness trainings, orientations on GESI issues were conducted which helped the participants to know about the sensitivity of the issue undertaken by the project. The participants were discussed with video and picture presentation which was quite effective in the program about gender equality and social inclusion.

23. The Janakpur corridor took the field activity one step ahead and provided the potential



Photo 4: Lemongrass Plantation in Sitapur, Dhanusa

entrepreneurs with skill development training on essential oil bearing plant farming. This was possible in case of Janakpur corridor as private sector was keen on investing on essential oil production. The Everest Aroma Pvt. Ltd. guaranteed the community to buy-back their production and establish processing plant in the vicinity of the community. The same participants from the business awareness training received the training

on essential oil bearing plant farming and immediately started planting of lemongrass

sapling in their farm. The following Table 8 represents the participants detail.

Table 7: Participants Composition in Training on Essential Oil Farming

Area	Dalit		Janajati		Madhesi		Muslim		Others		Total					
	Terai	Hill	Terai	Hill	Terai	Terai	Terai,Hill									
	M	F	M	F	M	F	M	F	M	F	M	F				
Sitapur	1	0	0	0	2	14	3	0	2	5	0	0	2	3	9	23

Poverty Analysis of the Beneficiaries

24. The analysis of 62 beneficiaries identified from the two corridors showed that only 1 family is food insufficient, 8 families are below national poverty line. The following figure shows the poverty analysis of the beneficiaries (Refer Appendix III for detail).

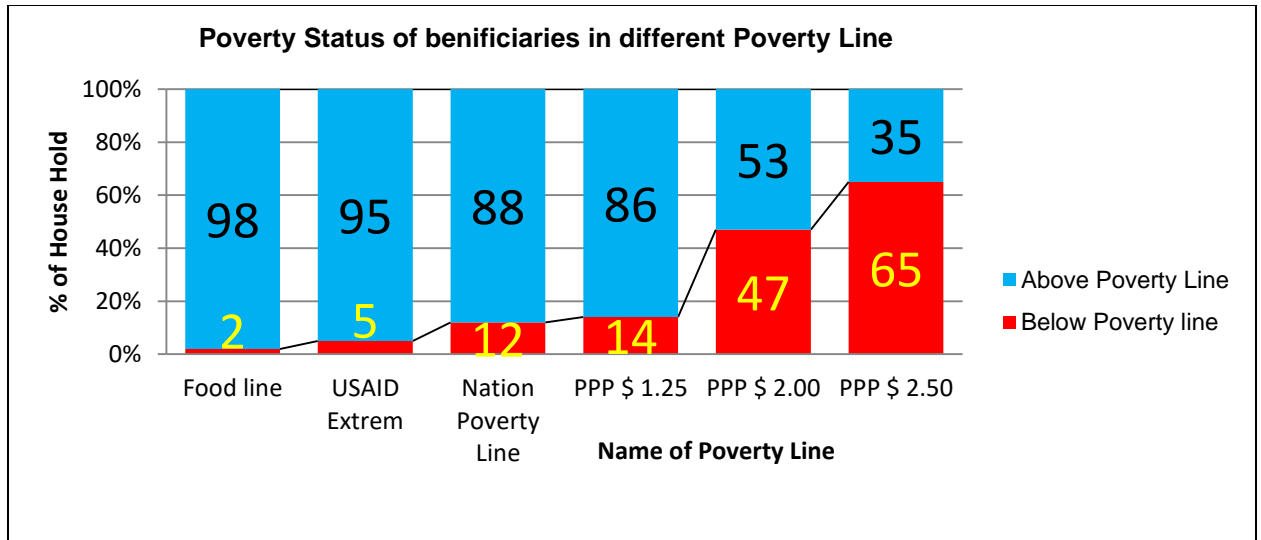


Figure 2: Poverty Analysis of the Beneficiaries

25. However, the consultant in the thematic workshop during the national start-up advised to discontinue the field activity and concentrate in the designing of methodologies, procedures and tools required for intervention in the community. The Aide Memoire submitted by the consultant documents this decision. Thus, all the field activity of AWPB 2016/17 was suspended immediately after the thematic workshop.

5) Knowledge Management in the Project

26. Since RERP is in the inception phase, Knowledge Management(KM) activities was limited in development of Information, Education and Communication(IEC) materials and sharing with the stakeholders during field visits and consultation meetings at village, regional and national level. This enables the various players to get to know each other better and become familiar with the management context and their respective roles and responsibilities. The KM activities also expected to establish trust, relationships, shared commitment and common ground between and among the team members. This included building the understanding of the main methods and tools to be used in delivering program.



Photo 5: IEC Material of RERP

27. Three types of IEC materials were developed; i) RERP brochure (English and Nepali), ii) official calendar in Nepali and iii) RERP note copy and these were distributed widely. Similarly, three knowledge workshops were conducted which are briefly summarized here under.

Start-up Support Workshop

28. The three days' Start-up Support Workshop was conducted in April 2017, facilitated by the personnel from IFAD Nepal and Rome. The workshop was organized at the PMO proximity with the core objective in receiving support from the IFAD mission team to newly recruited project staff of RERP. This internal workshop arrangement provided the common understanding of the project main objectives and expected deliverables, clarity on the thematic roles and responsibilities to the project staffs and thus helped for the project start-up activities.

Knowledge Sharing Workshop with Support from HVAP

29. High Value Agriculture Project is an IFAD funded Project working in value chain approach in the western hills of Nepal. The Start-up Support Workshop suggested that the experiences and knowledge generated in HVAP could be important learning for RERP in its inception period. Thus, a five-day Knowledge Sharing Workshop was conducted in May 2017 with the aim of sharing the knowledge of HVAP especially in the part of value chain development and in Monitoring and Evaluation System development. The RERP participants understood the value chain concept and its procedures, commodity selection and its development process. This supported in selecting the

commodities in the corridor in close consultation with local relevant stakeholders and business community.

Thematic Workshop

30. A three-day thematic workshop was conducted to support PMT to project start-up which was facilitated by the IFAD Rome that included the Consultant of RERP project design. The workshop engaged a total of 34 participants, including officials and representatives from Ministry of Industry, RERP staffs, HELVETAS and AEC. The workshop supported the project team and executing partners in understanding dynamics of the project design and the responsibilities associated. The workshop concluded with certain decisions that were discussed and agreed to follow in the coming days along with an action plan. A summary of the decisions are noted below:

- The priority of RERP for coming fiscal year is to design and put in place all the systems and process that will be required to operate the ESCs and deliver services to RMSEs. Although the value chain analysis carried out by the project team in two areas are effective, the pilot interventions will be suspended until ESCs are in place and all the necessary tools are ready.
- The ESC will be composed of only two desks: (i) a Micro-Enterprise Development Desk; and (ii) a Small Enterprise and Service Providers Desk. There will be no Migration Desk nor a GESI Officer or a GESI focal point.
- RERP should coordinate with ACCESS team in Nepal to get access to project documentation, ensure coordination between the two projects and build on the outcomes of the regional project on remittances and diaspora investment program.
- Since RERP introduces a range of services and products that are new in Nepal, technical assistance of national and international level is significant especially in component 1 and component 2.
- The poverty targeting in the project will be verified by using the individual poverty questionnaire developed by WUPAP. And GESI Officer will also verify how the Poverty and Vulnerability Assessment developed by ICIMOD could enhance the WUPAP questionnaire.
- The KM Specialist will carry out a stock-taking study of the One Stop Shops and District Industry Promotion Boards as a reference lesson for RERP.
- The Data Management Officer will prioritize to the development of an online knowledge platform accessible to all ESCs, DCCLs across the country and FNCCI.

National Start-up Ceremony

31. The formal commencement ceremony of the project was conducted in June 2017 in Kathmandu to share on main features of RERP and its implementation plan to wider audiences including key partners and stakeholders. The half-day ceremony was

organized by MoI as an executing agency disseminated on project objectives, implementation strategy, its cost and financing, the Public-private partnership (PPP) modality and the key roles of partners in achieving the project goal.



Photo 6: Presentation by Consultant in Thematic Workshop in Godawari

6) Project Management

i. Human Resource Management

32. RERP completed first round of recruitment and 32 staffs are on board since January 2017. The PMT including government staffs and technical staffs is filled in 32 positions (Refer Appendix 1 for the list of staff). The two corridor teams are fully staffed, however four positions in project headquarter need to be forwarded for re-vacancy. Other positions in headquarter and in corridor to be fulfilled under AEC is yet to be recruited.

33. Out of total staff at present, 24 are male and 8 are female in which 3 are office assistants. Similarly, the caste/ethnicity of the PMO staffs shows that there is inclusiveness from terai and hill groups except Dalits. Total nine staffs are from Hill Janajati group in which four are female, two male staffs from Madhesi Socio Economic Level 2, one male staff from Terai Janajati and 20 are categorized as others in which Brahamin/Chettris from both Hill and Terai regions are included.

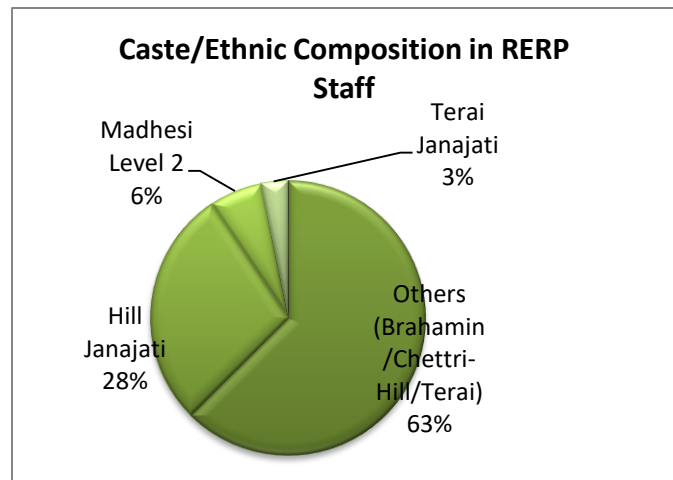


Figure 3: Ethnic composition in RERP Staff

ii. Financial Status

34. The total project cost is USD 68.14 million for seven years period which is jointly contributed by GoN, IFAD, private sectors and beneficiaries. The AWPB for fiscal year 2016-17 is prepared for NPR 223.17 million which excluded the private sector and beneficiary contribution. Based on the National Planning Commission guideline, the weighted physical progress and financial progress for FY 2016-17 against the AWPB is 47.50 percent⁴ and 19.79 percent respectively. The cumulative disbursement based on the AWPB of the project is 0.69 percent as of July 15, 2017.

35. Due to delay in MoU with implementing partners (FNCCI/AEC & HELVETAS Nepal), no activities were carried out by the partners within FY 2016-17. However, disbursement out of IFAD funds stands approximately 7.73 percent and 8.48 percent respectively against IFAD Loan and Grant including initial deposit provided by IFAD. The expenditure of RERP "SAMRIDDHI" by Category and Component, Sub-component is provided in Table 8 and 9 respectively.

Table 8: Expenditure by category (as of 15 July, 2017)

Category	Category description	Expenditure (NRs)		
		FY 2015/16	FY 2016/17	As of 15 July, 2017
A I	Credit Guarantee Fund	-	-	-
A II	Training	-	646,972.70	646,972.70
A III	Salary & Allowance	37,709.25	11,323,436.54	11,361,145.79
A IV	Operating Cost	936,250.00	8,636,866.00	9,573,116.00
Total of Loan Category		973,959.25	20,607,275.24	21,581,234.49
B I	Consultancies	242,244.00	2616,650.00	2,858,894.00
B II	Goods, Services & Inputs	1,566,054.65	8,222,888.90	9,788,943.55
B III	Workshop	140,000.00	1,127,447.00	1,267,447.00
B IV	Grant & Subsidies	-	-	-
B V	Vehicles	235,040.00	11,598,000.00	11,833,040.00
Total of Grant Category		2,183,338.65	23,564,985.90	25,748,324.54
Grand Total		3,157,297.90	44,172,261.41	47,329,559.03

Table 9: Expenditure by Component Sub-Component (as of 15 July, 2017)

Component	Component description	Expenditure (NRs)		
		FY 2015/16	FY 2016/17	As of 15 July, 2017
1	Promotion of Rural Micro-Cottage and Small Enterprises	-	10,253,001.17	10,253,001.17
1.1	Mapping and setting up capacities at district and regional and national level	-	10,253,001.17	10,253,001.17
1.2	Services for RMSE promotion and development			
1.3	Vocational training and apprenticeships			
2	Productive Investment	-	-	-
2.1	Rural Finance			
2.2	Mobilizing migrant resources and skills			
3	Institutional Support and Project Management	3,157,297.90	33,919,259.97	37,076,557.87
3.1	Policy and Institutional Development		40,000.00	40,000.00
3.2	Project Management	3,157,297.90	33,879,259.97	37,036,557.87
Grant Total		3,157,297.90	44,172,261.14	47,329,559.04

36. The reimbursement made by IFAD against Loan & Grant (in terms of USD) is provided in Table 10. Similarly, total budget expenditure status by funding source is given in Table 11.

Table 10: Reimbursement from IFAD by category in US \$ (as of 15 July, 2017)

Category	Category description	Allocated Fund	Reimbursed from IFAD	Pending ⁵	Total IFAD Fund reimburse	Progress percent
A I	Credit Guarantee Fund	881,444			-	-
A II	Training	16,890,711		6,015.69	6,015.69	0.04
A III	Salary & Allowance	2,671,384		96,237.31	96,237.31	3.60
A IV	Operating Cost	1,351,599		82,068.18	82,068.18	6.07
	Initial Advance		1,500,000.00		1,500,000.00	
Total of Loan		21,795,138	1,500,000.00	184,321.18	1,684,321.18	7.73
B I	Consultancies	9,141,975		26,907.55	26,907.55	0.29
B II	Goods, Services & Inputs	3,090,541		84,948.32	84,948.32	2.75
B III	Workshop	821,142		11,304.92	11,304.92	1.38
B IV	Grant & Subsidies	2,999,753				-
B V	Vehicles	761,892		102,032.93	102,032.93	13.39
	Initial Advance		1,200,000.00		1,200,000.00	
Total of Grant		16,815,582	1,200,000.00	225,193.72	1,425,193.72	8.48

37. RERP could not progress in procurement of goods and services mainly due to delay in agreement with AEC and DCCI. Similarly, procurement of studies could not be done as the EoI of two items, corridor potential mapping and migration mapping. The EoI of these items had to forward for re-call as there were less number of applicants which did not fulfilled the procurement regulation. Table 12 shows the total expenditure progress of the project.

Table 11: Expenditure according to Financier (USD)

Financier	Allocated Budget	Actual Expenditure	Progress percent
GoN	9,148,719	5,671.20	0.06
IFAD Loan	21,795,138	186,394.82	0.86
IFAD Grant	16,815,582	230,188.74	1.37
Private Sector	13,749,180		
Beneficiary	6,636,853		
Total	68,145,472	473,295.59	0.69

⁵ IFAD fund disbursement in terms of USD has been calculated as per actual against expenditure till 2nd trimester but for 3rd trimester disbursement is assumed 1 USD= NPR 100

7) Summary, Conclusions and Way Forward

i. Summary of the Progress

38. The project completed the second year of operation since the date of project agreement in 2015. However technically, 2016/17 is the inception year of RERP, thus project was not able to perform at its best as it was planned in AWPB 2016/17. The project was able to set up well equipped office building at PMO Itahari, Koshi-Sagarmatha Corridor and Janakpur Corridor with most of the human resources on board since January 2017. The project was able to sign MOU with FNCCI/AEC towards the end of the fiscal year.
39. The project collected primary information on financial and non-bank financial institution and migration related organization of the project area. The two corridor offices are regularly updating the status of the financial institutions of the respective project area. Similarly, coordination meeting between RERP and stakeholders like migration associations, local level financial institutions and cooperatives are constantly ongoing. During this time as a pilot, the project initiated some activities at field level such as: potential entrepreneur identification workshop, Business awareness training, Training of Potential Entrepreneur, Training on essential oil bearing plants.
40. In the part of financial management, RERP was able spend only 0.69 percent of total allocated budget in 2016/17. Meanwhile, the project could reimburse 7.73 percent of loan and 8.48 percent of grant.

ii. Conclusions

41. FY 2016/17 became the beginning of the RERP which is a positive note for all the related stakeholders. It is true in every case that the inception period of the project will not be able to perform well as the time will be consumed in preparations, planning and team building which is the similar case in RERP as well. Setting up office buildings, arrangement of office logistics including equipment is also a primary task of efficient implementation which is almost completed in RERP.
42. The RERP team was on board only towards the end of second trimester. The dialogue with the partner organizations (FNCCI-AEC and HELVETAS) for MoU took a long series of time. This has affected in MoU signature with DCCIs, establishing ESCs in the districts and recruitment of positions under AEC and ESC which ultimately hinder the project implementation at ground. This is reflected in the project expenditure amount which is less than 1 percent of the total allocated budget of 2016/17.

iii. Way Forward

43. It is realized that timely on-board of project implementing partners specifically FNCCI/AEC, HELVETAS Nepal and Migration Associations at operational level is crucial. Although, RERP was able to sign agreement with FNCCI/AEC towards the end of this fiscal year, agreement with HELVETAS is pending. The issue of difference on project design report estimated cost and cost proposal for technical assistance by HELVETAS to implement vocational skills training and apprenticeship requires solution in the policy level. Thus, joint review of PDR by IFAD, Ministry of Finance and PSC becomes an essential task. Similarly, other tripartite agreements at district level between AEC, DDCI and RERP are another important task to be carried out immediately in order to initiate District Start-up events.
44. The recruitment of vacant positions for which the PMO should take responsive actions should be completed along with the positions under AEC. In the same way, the procurement process to conduct baseline survey, corridor potential mapping and market survey and migration mapping should be expedite which appears most essential task for planning the field level intervention. Further, RERP also suffered due to lack of permanent leader. The RERP welcomed its third Project Manager within this year but it is realized that the leader needs to be set for longer term to avoid the disturbance in project implementation.
45. Beside all these, all the thematic project implementation strategy, manuals, guidelines and procedures are needed to develop and finalize as soon as possible. In the same spirit, capacity development of the staff in any project related skill and knowledge is also essential for the result based implementation. Another key factor while working in the Terai regions in Nepal is the communities are not fluent in Nepali language and some cannot even communicate. Thus, in order to make the beneficiaries actively involved in the project, facilitation skills needs to be enhanced in local language. The local resource persons or service providers must have the knowledge of local language.

Appendix I: Detail AWPB 2016/17 Progress Status

Appendix II: Criteria of Well-Being Ranking during RRA

Rank A (Extreme Poor)

Economic Criteria

- Fixed Asset – Worth one million or less
- PerCapita Income – Less than NRs 19261/, NLSS 2011
- Percapita Purchasing Power – Maximum NRs 15877 /
- Nutrition – sufficient food (balanced) for less than 6 months
- Employment - engaged in wage labor (farm/off-farm) for less than 90 days in year
- Livestock with maximum value equals to 5 goats

Social Criteria

- Illiterate, or less educated, seasonal labor in India, no saving
- Severe malnutrition, maximum work load in children, children attend community school with high drop-out rate
- Dalit, bonded labor
- No access to any form of current media/communication
- No access to any financial institutions
- Cannot pay for medical services
- Thatched roof house with no basic amenities

Rank B (Poor)

Economic Criteria

- Fixed Asset – Worth two million or more
- PerCapita Income – NRs 19261/ or less, NLSS 2011
- Percapita Purchasing Power – Maximum NRs 31755 /
- Nutrition – sufficient food (balanced) for 8-12 months
- Employment - engaged in wage labor (farm/off-farm) for less than 6 months in year
- Livestock with maximum value equals to 5 goats

Social Criteria

- Illiterate, or less educated, seasonal labor in India, no saving
- Severe malnutrition, maximum work load in children, children attend community school with high drop-out rate
- Dalit, bonded labor
- No access to any form of current media/communication
- No access to any financial institutions
- Cannot pay for medical services
- Thatched roof house with no basic amenities

Rank C (Non-Poor)

Economic Criteria

- Fixed Asset – worth less than 20 million
- PerCapita Income – Less than NRs 50000/ or less
- Percapita Purchasing Power – More than NRs 31755 /
- Nutrition – sufficient food (balanced) all round year
- Employment - engaged in service, farm/off farm micro/small enterprise

Social Criteria

- Can invest in children education in normal school/college
- Access to most of the current media/communication including market info
- Service access from at least one of the financial institutions
- Can pay for mid-level medical services
- Regular saving
- House with all primary facilities
- Living dignified life in society

Rank D (Rich)

Economic Criteria

- Fixed Asset – More than 20 million
- PerCapita Income – Up to NRs 50000/
- Percapita Purchasing Power – Maximum NRs 31755 /
- Nutrition – sufficient food (balanced) for all round year/able to consume as per need
- Employment - engaged in all round year, able to employ others
- Able to use means of transportation as required

Social Criteria

- Regular income, regular saving
- Can rent-out infrastructure
- Can invest in children's' education of own choice
- Access to any form of current media/communication
- Access to any kind of financial institutions as need basis
- Access to all kind to high quality services including medical facility
- Living dignified life in society

Appendix III: Progress out of Poverty Index (PPI) Likelihood

Score Level	Total HH	Food Line	USAID Extreme	100 % Gov Line	PPP \$ 1.25	PPP \$ 2.00	PPP \$ 2.50	Food Line	USAID Extreme	100 % Gov Line	PPP \$ 1.25	PPP \$ 2.00	PPP \$ 2.50
0 to 4	0	100	100	100	100	100	100	0	0	0	0	0	0
5 to 9	0	38.9	66.3	100	100	100	100	0	0	0	0	0	0
10 to 14	0	32.3	45.6	77.8	82.1	100	100	0	0	0	0	0	0
15 to 19	0	20.7	41.4	64.6	67.5	95.2	100	0	0	0	0	0	0
20 to 24	2	14.6	32.7	59.3	64.8	95	99.6	0	1	1	1	2	2
25 to 29	3	9.3	25	49.8	58.4	90.9	98.1	0	1	1	2	3	3
30 to 34	1	7.4	20.9	38.9	45.1	84.6	96.9	0	0	0	0	1	1
35 to 39	6	3.9	9.3	25.9	31.2	77.9	92.8	0	1	2	2	5	6
40 to 44	6	2	5.6	17.7	21.6	69.8	86.9	0	0	1	1	4	5
45 to 49	11	0	2.8	9.6	12.7	58.6	80.4	0	0	1	1	6	9
50 to 54	9	0	1.8	5.3	6.4	44.5	65.5	0	0	0	1	4	6
55 to 59	8	0	0.9	3.5	4.6	36.4	57.7	0	0	0	0	3	5
60 to 64	6	0	0	1.8	2.3	17.7	42.3	0	0	0	0	1	3
65 to 69	6	0	0	0.4	0.8	14	34	0	0	0	0	1	2
70 to 74	4	0	0	0.2	0.4	7.7	19.4	0	0	0	0	0	1
75 to 79	0	0	0	0	0.3	4.5	9.6	0	0	0	0	0	0
80 to 84	0	0	0	0	0.2	1.5	7.2	0	0	0	0	0	0
85 to 89	0	0	0	0	0	0	3.2	0	0	0	0	0	0
90 to 94	0	0	0	0	0	0	0	0	0	0	0	0	0
95 to 100	0	0	0	0	0	0	0	0	0	0	0	0	0
Total HH	62	Total no of house hold below poverty line before bias						1	3	8	9	30	41
		Percentage of HH below poverty line before bias						1.6	4.9	12.3	14.9	48.2	66.8
		Projected no of bias						0.1	0.4	0.4	0.6	1.3	1.5
		Percentage of HH below poverty line after minus bias						2	5	12	14	47	65
		Total no of house hold below poverty line after bias						1	3	7	9	29	40

Appendix IV: Name List of Project Staff in RERP

S.N	Title	Name	Duty Station	Designation	Mobile	Official Email
1	Mr	Saroj Prasad Guragain	PMO / Itahari	Project Manager, GoN	9851035685	rerp.sarojpm@gmail.com
2	Mr	Guru Bhakta Shrestha	PMO / Itahari	Chief Account officer, GoN	9852056949	rerp.gurucao@gmail.com
3	Mr	Dol Raj Bhusal	PMO / Itahari	Project Facilitator	9841339652	rerp.dolrajpf@gmail.com
4	Mr	Chandra Bahadur Waiba	PMO / Itahari	Accountant, GoN	9842029532	
5	Mr	Kedar Ghimire	PMO / Itahari	Accountant, GoN	9842549200	rerp.kedaracc@gmail.com
6	Mr	Durga Prasad Pokhrel	PMO / Itahari	Admin officer, GoN	9852041460	rerp.durganasu@gmail.com
7	Mr	Rakesh Kumar Jha	PMO / Itahari	Business Development Specialist	9844024856	rerp.rakeshbds@gmail.com
8	Mr	Lekha Bahadur Chhetri	PMO / Itahari	Migration Specialist	9857626395	rerp.lekhams@gmail.com
9	Mr	Jaya Ram Khadka	PMO / Itahari	Financial Inclusion specialist	9841031385	rerp.jayafis@gmail.com
10	Ms	Sujana Dhital	PMO / Itahari	Knowledge Management Specialist	9841710747	rerp.sujanakms@gmail.com
11	Ms	Kalawati Rai	PMO / Itahari	GESI Specialist	9841265166	rerp.kalagesis@gmail.com
12	Mr	Himnidhi Neupane	PMO / Itahari	Data Management Officer	9857030371	rerp.himdmo@gmail.com
13	Mr	Sagar Dahal	PMO / Itahari	Financial Management Officer	9842047218	rerp.sagarfmo@gmail.com
14	Ms	Sunita Pradhan	PMO / Itahari	Receptionist	9804065688	rerp.sunitarec@gmail.com
15	Mr	Bishwa Bandhu Regmi	PMO / Itahari	Computer Operator	9846096933	rerp.bishwaco@gmail.com
16	Mr	Lokendra Bahadur Rawal	Koshi Sagarmatha Corridor	Corridor Coordinator	9848381478	rerp.lokendracc@gmail.com
17	Ms	Sita Bhattarai	Koshi Sagarmatha Corridor	Monitoring & Evaluation Officer	9841362553	rerp.sitapmeo@gmail.com
18	Mr	Bhagiram Tharu	Koshi Sagarmatha Corridor	Migration Officer	9848046915	rerp.bhagirammo@gmail.com
19	Ms	Manju Lingdam	Koshi Sagarmatha Corridor	Adm & Finance Officer	9842724422	rerp.manjuaf@gmail.com
20	Mr	Moti Bahadur Giri	Janakpur Bardibas Corridor	Corridor Coordinator	9843181615	rerp.moticc@gmail.com
21	Mr	Rohit Prasad Joshi	Janakpur Corridor	Monitoring & Evaluation Officer	9849054853	rerp.rohitpmeo@gmail.com
22	Mr	Jivan Kumar Shrestha	Janakpur Corridor	Migration Officer	9854043600	rerp.jibanmo@gmail.com
23	Mr	Jibachh Raut	Janakpur Corridor	Admin& Finance Officer	984000666	rerp.jibachhafo@gmail.com
24	Mr	Bishnu Hari Devkota	Liaison Office,Manbhawan	Liaison Officer	9851083210	rerp.bishnuplo@gmail.com
20	Mr	Chandra Kanta Neupane	PMO / Itahari	Driver	9817679121	-
25	Mr	Kumar Shrestha	PMO / Itahari	Driver	9842368714	-
26	Mr	Kumar Bhujel	PMO / Itahari	Gardener	9844851190	-
27	Mr	Rajesh Yadav	PMO / Itahari	Office Assistant	9862283475	-
28	Ms	Tara Karki Khatri	PMO / Itahari	Office Assistant	9842079718	-
29	Mr	Naran Tamang	Koshi Sagarmatha Corridor	Office Assistant	9804363154	-
30	Ms	Laxmi Kumari Pokhrel	Janakpur Corridor	Office Assistance	9844224366	-
31	Ms	Sharmila Sunuwar	Liaison Office	Office Assistance	9849422611	-

