

FAX

TO: Mr Rinzin Dorji
Secretary
Ministry of Agriculture
and Forests
Bhutan

FROM: Louise McDonald
Country Programme Manager Asia
and the Pacific Division Programme
Management Department

DATE: 7 November 2018

SUBJECT: Bhutan: Commercial Agriculture and Resilient Livelihoods Programme (CARLEP) – Mid-Term Review Mission from 24 November to 7 December 2018

Mr Secretary,

It is my pleasure to inform you that as agreed IFAD is planning to field the mid-term review mission for the Commercial Agriculture and Resilient Livelihoods Programme (CARLEP) during the period from 24 November to 7 December 2018.

The mission will be led by Mr Deep Joshi, Programme Management, Value Chains and Institutions Specialist, and will be composed of Mr A. Alam, Economist and EFA Specialist, Mr Emmanuel Jouvé, Climate Change and Environmental Specialist, Mr Carlo Marcello Spinello, Financial Management Consultant, Mr Michele Pirazzoli, Infrastructure Specialist, Ms Mehry Ismaili, M&E, MIS, KM, and Gender Specialist. Ms Rosana Hidalgo and Ms Elista Festa will participate to the mission for the reward travel and they will report on the stories from the field and will assist the mission in tasks assigned by the Mission Leader. I will also be part of the mission and will focus on partnerships.

For your full information, enclosed you can find the detailed terms of reference of the mission.

Accept, Mr Secretary, the assurances of my highest consideration.

Yours sincerely,



Louise McDonald
Country Programme Manager
Asia and the Pacific Division

Copies for information:

Mr Nim Dorji
Secretary
Ministry of Finance
Bhutan

Ms. Kinlay Tshering
Director General
Department of Agriculture
Ministry of Agriculture
and Forests
Bhutan

Mr Lekzang Dorji
Director General
Department of Macroeconomic Affairs
Ministry of Finance
Bhutan

Mr Choiten Wangchuk
Director General
Department of Public Accounts
Ministry of Finance
Bhutan

Mr Kencho Thinley
Chief Planning Officer
Policy and Planning Division
Ministry of Agriculture
and Forests
Bhutan

Ms Lhaden Lotay
Chief Program Officer
Debt Management Division
Department of Macroeconomic Affairs
Ministry of Finance
Bhutan

Mr Sangay Chopel
Policy and Planning Division
Ministry of Agriculture
and Forests
Bhutan

Ms Phuntsho Wangmo
Program Officer
Debt Management Division
Department of Macroeconomic Affairs
Ministry of Finance
Bhutan

Mr Dorji Wangchuk
Programme Director
CARLEP

**TERMS OF REFERENCE FOR CONSULTANTS AND OTHER PERSONS HIRED BY IFAD TO PARTICIPATE
IN MISSIONS UNDER A NON-STAFF CONTRACT**

COUNTRY OF ASSIGNMENT/LOCATION: Bhutan Commercial Agriculture and Resilient Livelihoods Enhancement Programme (CARLEP) [IFAD Loan No: 2000000627; IFAD Grant No: 2000000838; ASAP Grant No: 2000000872], Mid Term Review

MISSION NAME: Mid-Term review mission

MISSION START AND END DATES: 24 November – 7 December 2018

REPORT TO: Ms Louise McDonald, Country Programme Manager, APR/PMD
(name, title, Division/Department)

MISSION COMPOSITION:
(Team members full name and specialization)

	Name	Thematic areas
1	Deep Joshi, IFAD Consultant	Mission Leader; Programme Management; Value Chains, Institutions
2	Mr A. Alam, IFAD Consultant	EFA
3	Emmanule Jouve, IFAD Consultant	ASAP; Climate Change
4	Carlo Marcello Spinello, IFAD Consultant	Financial Management
5	Mehri Ismaili, IFAD, Rome	M&E & KM; Gender, MIS
6	Michele Pirazzoli, IFAD Consultant	Infrastructure
7	Louise McDonald, CPM Bhutan	Partnerships
8	Elisa Festa, IFAD Rome	Stories from the field
9	Nilda Rosana Hidalgo, IFAD Rome	Stories from the Field

BACKGROUND:

- The Commercial Agriculture and Resilient Livelihoods Enhancement Programme (CARLEP) aims to facilitate the transformation of a subsistence-based rural agricultural economy into a sustainable value chain and market driven productive sector by promoting climate smart approaches in agriculture and strengthening capacities of communities and local institutions. It builds on prior and on-going IFAD interventions focused on increased agricultural production and makes a basic shift in approach towards marketing and climate resilient farming practices.
- The programme will target selected Gewogs in six eastern Dzongkhags (Lhuentse, Mongar, Pergatshel, Samdrup Jongkhar, Trashiyangtse and Trashigang) with high production and marketing potential in the selected value chains. The programme will benefit 28,975 smallholder households, of which 7,115 HH will directly benefit from vegetable and dairy value chains. The objective is "increased returns to smallholder farmers through climate resilient production of crops and livestock in nationally organized value chains and marketing systems." The total programme cost of USD 30.357 million will be financed over seven years by IFAD (USD 19.25 million), the ASAP (USD 5 million), RGoB (USD 5.64 million), FCBL (USD 4.80 million) and beneficiaries (USD 0.66 million).
- CARLEP has three programme components, in addition to Programme Management. The components are interlinked and will be implemented in close coordination and phased across the programme lifetime.

Component 1. Market-led sustainable agriculture production would lead to sustainable increase in resilient agricultural production by rural households.

Component 2. Value chain development and marketing focuses on instituting organised value chains and marketing systems by establishing networks of farmer groups to facilitate marketing of vegetable and dairy products

Component 3. Institutional support and policy development aims at strengthening agricultural institutions and policies for improved and resilient agricultural and marketing practices.

The programme became effective from 11 December 2015.

MISSION OBJECTIVES AND OUTPUTS:

The objective of the mission is to review current performance, provide guidance or new solutions for on-going challenges and to ensure that it is in line with the Government's new Development Plan.

The Key Outputs include:

- An Aide Memoire
- The full MTR as per the IFAD Guidelines
- Draft Management Letter

INDIVIDUAL RESPONSIBILITIES, EXPECTED OUTPUTS AND REQUIRED COMPLETION DATES

Mr Deep Joshi will lead the mid-term review of CARLEP and in addition, he will be responsible for carrying out a thorough review of Programme Management; Value Chains, Institutions with the team specialists. More specifically, he will:

- Review overall progress of the project , especially on the agreed actions of the last supervision mission in 2017.
- Assess the coherence of project components based on the analysis of physical and financial progress, coordination among component heads and field teams, and results on the ground.
- Review the implementation procedures for CARLEP , and carry out an analysis of strengths and weaknesses as well as the relevance of the adopted procedures to the context and stated outcomes of CARLEP.
- Review the baseline study, the value chain studies and the cluster delimitation.
- Assess the capacity of state, district and block level staff to coordinate and implement the activities planned.
- Review the management structure of the project, the staff allocation and the delegation of powers to component heads as well as district/block units and assess whether improvements are observed as a result of the implementation of the 2017 supervision mission recommendations in this regard.
- Recommend changes to the project structure in terms of components/ activities, implementation approach, institutional set-up and revise with inputs from MTR team and CARLEP PMU the targets for the project outputs and outcomes for the remainder of the project implementation period.
- Coordinate with the Economist the revision of the project cost tables and updating of the project's EFA.
- Revise the project logframe.
- Lead the drafting and finalize the Aide memoire in discussion with the Mission members, project team and inputs provided by the Government at the wrap up meeting.
- Prepare the draft Management letter to be issued post MTR.

Lead the drafting of the MTR report for CARLEP.

Mr M. A. Alam will participate in the mid-term review mission of CARLEP as the Economist of the mission. He will be responsible for the revision of the project costs and the update of the economic and financial analysis of the project. He will be responsible for:

- Work with the financial management specialist of the mission on determining project expenditures by component/ category of expenditure and financier and work out the balance of financing resources for the various financiers of the project.
- Review the financial reporting of the project and analyze the profile of expenditures.
- Analyze the relationship between physical and financial progress in terms of change in unit costs, change in scale of interventions, change in mobilization of funds from IFAD, RGoB and other financiers.
- Update the farm and enterprise models based on information provided by mission members, PMU and field visits. In this regard, assess the validity of the assumptions made at design for the C/B analysis and calculation of EIRR.
- Assess the financial viability of these interventions based on the C/B analysis and the adoption rates by farmers.
- Assess whether the project is on target to achieve the planned EIRR
- In close coordination with the mission leader, revise the project COSTAB based on the recommendations of the MTR agreed with project and governments.
- Indicate whether any loan reallocation would be required.
- Contribute to the drafting of the aide mémoire of the mission;

Prepare two annexes : (i) the updated financial and economic analysis of the project; (ii) the projects costs post MTR.

Mr Michele Pirazzoli will participate in the mid-term review mission of CARLEP as the Civil engineer of the mission reviewing all civil works constructed/ renovated under the project. He will work closely with the mission leader and the value chain specialist and will be responsible to:

- Review the design and supervision of a sample of civil works under components 1 and 2. The review will cover design plans, supervision of works, and average unit costs, etc.
- Determine whether the civil works are of good quality and within acceptable costs.
- Review the operation and maintenance arrangements for all civil works and infrastructure constructed by the project.
- Review the progress made in the achievement of road construction activities for production and marketing and to market development.
- Recommend measures to improve effectiveness of the design, implementation and supervision of civil works and revise the project outputs and outcomes as appropriate.
- Work with the Economist of the mission to update the costs of the project activities.
- Contribute to the aide mémoire.
- Contribute a guidance note on design, implementation and supervision of civil works, as well as operation and maintenance arrangements.

Mr. Emmanuel Jouve Climate Change and Environment Specialist, will provide suitable implementation support and recommendations as well as assess to what extent the development goal, objective, outcomes and outputs have been achieved on core environment and climate related aspects of the Programme. The assessment will include:

- Review Programme initiatives in implementing innovative practices and technologies for adaptation and resilience building of smallholder farmers (including considerations for indigenous best practices extension, market linkages, infrastructure development).
- Review implementation modalities under interventions in Vegetable and Dairy Value chains and climate smart villages (CSV) and assess to what extent climate change adaptation capacity has been enhanced.
- Review measures taken to improve climate proofing of infrastructures including irrigation schemes and propose improvements where required.
- Assess the participatory local level planning processes, and provide suggestions on mainstreaming climate risk analysis, including investment prioritisation with considerations for future climate scenarios.
- Review capacity building needs of the Programme staff, Dzongkhag officials and implementing partners to address core environment and climate change aspects in the Programme activities.
- Provide technical and operational inputs on the design and management of activities related to climate resilient agriculture as well as infrastructure, and share lessons learned as appropriate.
- Review project interventions in renewable energy and permaculture and assess the potential for further scaling-up of models and technologies. This will include discussions with key staff, including PD and Component Managers to observe progress for pilot testing the flexi biogas units (piloted under the IFAD supported Adaptation for Smallholders in Hilly Areas (ASHA) project in Nepal). Based on the last SM, other technologies' potential will be reviewed for further replication under post-harvest management such as biogas in communal cow sheds, solar energy for drying etc.
- Contribute in the aide memoire in consultation with the ML and prepare a WP providing technical inputs on environment management and climate change adaptation that need to be addressed by the Programme.

Ms Mehry Ismaili Monitoring & Evaluation (M&E) Specialist works in guidance of the Mission Leader closely with the other members of the team and the PMO staff responsible for M&E and MIS. Specific responsibilities include:

M&E and MIS

- Review the M&E and MIS system to assess the level of adequacy of data and information contained; identify gaps and suggest measures to mitigate the gaps to ensure that required data and information is available;
- Ensure consistency of data and information recorded in the project database; carry out a few sample test during the field visit to ensure the level of accuracy;
- Provide guidance for RIMS Endline survey to ensure that required data and information is collected to report to the key logframe indicators;
- Guide the project in consolidating the data and information required to assess the project's effectiveness on i) project target and output delivery, ii) project outcomes and impact, and iii) targeting and outreach;

- Review of the logframe and validate the RIMS data;
- Contribute to mission aide memoire and main report in consultation with the ML;
- Any other tasks that may be assigned by the ML and CPM.

KM

- Review the projects KM strategy, action plan and resourcing.
- Review the implementation of KM part in view of the Project's KM Strategy and adopted approached and guide the project to identify innovations, best practices and lessons learned through the implementation of various value chains;
- Provide guidance in documenting the influences of the project's innovations, best practices and lessons learned to similar development projects/programmes in the country and beyond
- Provide guidance to prepare a full list of the priority KM themes and KM products to be prepared in the coming 12 months - including operational documents to be prepared (published/unpublished) by the project and to upload all these documents in the project website for the benefit of wider audiences;
- Support the project in identifying the innovative tools, best practices/case studies developed and successfully applied that can help accelerate CARLEP implementation
- Provide guidance to prepare a full list of the KM products including operational documents prepared (published/unpublished) by the project and to upload all these documents in the project website for the benefit of wider audiences;
- Support the project in identifying the innovative tools, best practices/case studies developed and successfully applied; provide guidance in consolidating and compiling them
- Contribute to mission aide memoire and main report in consultation with the ML;
- Any other tasks that may be assigned by the ML and CPM.

Mr Carlo Marcello Spinello, FM Specialist, Using the IFAD FMAQ as the basis to collect the relevant information, the FM specialist will assess strengths and weaknesses of FM systems, internal controls and financial reporting to ensure that they satisfy IFAD's fiduciary requirements and comply with the Financing Agreement, LTB and applicable financial/ accounting manual. He will:

1. Based on the financial reports prepared by the project, assess financial performance to date by expenditure category and component against (i) appraisal and (ii) approved AWPBs since project start. Review the cumulative status of funds by category of expenditure, approved AWPB and project commitments (contracts signed not paid) in order to estimate the adequacy of funds and potential requirement for category reallocations;
2. Review financial execution of current AWPB and obtain explanations for significant budget-to-actual variances, identifying actual or potential bottlenecks. Comment on the project's budget monitoring system;
3. Review the functionality and efficiency of accounting and financial reporting systems (including Government reporting); identify accounting basis and standards used; report differences with international standards. Specify accounting software used, whether budget is posted, indicate the software's capacity to generate automated reports and any limitations. Assess timeliness of recording transactions, budget posting and reconciliations. Comment on suitability of chart of accounts;
4. Review availability of counterpart funds, beneficiary and co-financier contributions (as relevant), identifying bottlenecks if any. Ensure that in kind contributions from government and beneficiaries, as applicable, are estimated and recorded by the project;
5. Assess the project's treasury planning; confirm adequacy of DA authorised allocation with respect to projected expenditure requirements. Assess regularity of withdrawal application preparation. If the project's disbursement performance is less than satisfactory, recommend concrete financial or operational measures for improvement;
6. Review the financial situation and FM capacity of field offices and implementing partners receiving funds for the project and assessing the quality and regularity of their financial reporting to the central coordination unit;
7. On a sample basis, review SOEs prepared since the last field review to verify adequacy, completeness and validity of claims by performing a system walk-through. For this mission, sampling should be done on 30% basis, across all expenditure categories. Document findings using IFAD's SOE review template, highlight any ineligible expenditures and any internal control weaknesses noted in the expenditure approval process. Comment on the organisation of financial records and adequacy of filing systems;
8. Ascertain status of preparation and submission to IFAD of unaudited annual financial statements if relevant for the period; review draft as applicable. Validate the latest Interim Financial Report (IFR), if applicable;

9. Describe banking arrangements (central and sub-levels if applicable). Verify effectiveness and frequency of reconciliation procedures for the project's designated and other accounts. Review the project's current designated account reconciliation. Validate closing balances against bank statements and clarify the status of reconciling items (if any);
 10. Assess contract management; verify maintenance of contract register, contract monitoring forms, register of advances; highlight outstanding advances (ageing analysis); verify compliance with audit requirements foreseen in contracts and/or MOUs, as applicable;
 11. Review project's financial management procedures as regards travel, vehicles/fuel and IT. Verify accounting for assets, maintenance of fixed asset register and inventory procedures – check latest inventory report;
 12. Describe internal audit arrangements including reporting lines, methodology/procedures, audit work plan and status/follow up on past recommendations; review IA reports if available, describe findings;
 13. Review latest external audit report and project's audit log, assess status of implementation of management letter recommendations and audit action plan. Verify status of preparation of upcoming audit and make recommendations as appropriate for extending the scope of audit to specific implementing entities, physical checks, performance audit, transaction list or other;
 14. Report to mission leader on any breach of financial covenants in the legal agreement or General Conditions;
 15. Review action taken to address recommendations of previous FM-related mission;
- Contribute to relevant sections of the mission Aide Memoire and SM report including data, field observations, project results, findings and recommendations, in line with deadline agreed with Team Leader, following ORMS structure and FMA guidelines.

Ms Elisa Festa and Ms Nilda Rosana Hidalgo will assist the mission with the following tasks:

- Assist the M&E Specialist on the review of the Programme logframe and annual achievements, review the annual RIMS reporting and support the M&E Specialist in the validation of the data;
- Assist the M&E Specialist to review the achievements of core IFAD indicators against targets;
- Review the Agreed action from the previous supervision mission and monitor the status;
- Review the status and the functioning of the geo-reference information to be translated into maps;
- Analyze the Programme KM strategy and action plans, scout innovation and learning under the various components that can be scaled up and provide suitable recommendations;
- Propose outline for communication strategy;
- Report stories from the field;
- Any other related tasks as may be assigned by the Mission Leader and by the Country Programme Manager.

DOCUMENTATION

The following documentation will be made available to consultants prior to the assignment:

IFAD MTR Guidelines
 Financing Agreement
 Project design report
 Supervision mission
 AWPBs
 COSTAB

MISSION SCHEDULE:

Date/Day	Program
23 Nov, (Friday)	OPM receive IFAD Mission at Bhutan entry gate, Samdrup Jongkhar via Guwahati, India
24 Nov, (Saturday)	<ul style="list-style-type: none"> Progress Update by OPM Finalization of the field programme at Hotel, Samdrup Jongkhar Visit to Regional Office Samdrup Jongkhar (Optional) Courtesy dinner to Dasho Dzongdag, Samdrup Jongkhar (Optional)
25 Nov, (Sunday)	<ul style="list-style-type: none"> Visit to Samdrupcholing (Vegetable group, Martang, dairy group)
26 Nov, (Monday)	Group -1: Travel to Pemagatshel <ul style="list-style-type: none"> Visit the Lead Farmer Field at Shumar (Aum Sangay) Visit Seed producer at Nangkor
	Group-2: Travel to Kangpara (Climate Smart Village, Irrigation renovation with Climate proofing activity)
27 Nov, (Tuesday)	Group -1: <ul style="list-style-type: none"> Visit to RLDC Kanglung Courtesy dinner to Dasho Dzongdag, Trashigang (Optional)
	Group-2: <ul style="list-style-type: none"> Visit to Ranshikhar MCC and meet with dairy farmers. Courtesy dinner to Dasho Dzongdag, Trashigang (Optional)
28 Nov, (Wednesday)	Travel to Trashiyangtse <ul style="list-style-type: none"> Visit to Koufuku, Dairy processing plant, Chenarey, en-route to T/Yangtse Grp 1. Visit Kinzang Wangdi dairy farm at Chungdu Grp 2. Visit Milk Processing and Yogurt Plant at Yangtse Courtesy dinner to Dasho Dzongdag, Trashiyangtse (Optional)
29 Nov, (Thursday)	Group-1: Travel to Mongar (En-route visit Ballam vegetable group) <ul style="list-style-type: none"> Visit to water efficient, Yadi
	Group-2: <ul style="list-style-type: none"> Visit to Land Use Certificate (LUC) group Tshendung Visit Rabkhar-Tshotsang Irrigation Channel at Khamdang, en-route to Mongar
30 Nov, (Friday)	Travel to Lhuentse <ul style="list-style-type: none"> Visit Jagorbee youth group at Metsho Courtesy dinner to Dasho Dzongdag, Lhuentse (Optional)
1 Dec, (Saturday)	Travel to Mongar and Visit RAMCO <ul style="list-style-type: none"> Visit to milk sale counter at Vegetable market, Mongar Visit to Food processing group at Trailing Visit Themnangbee Community-based Artificial Insemination Technician (CAIT)
2 Dec, Sunday	<ul style="list-style-type: none"> Visit ARDC, OPM Travel to Younphala/Thimphu (Two IFAD HQ staff)
3 Dec, (Monday)	Pre wrap-up meeting
4 - 5 Dec	Travel to Thimphu
6 Dec	Report Writing
7 Dec, (Friday)	Morning - Report writing Evening - Wrap-up meeting
8 Dec, (Saturday)	Mission departure