



CONNECT component review

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List of acronyms

A360	Adolescents 360
BDC	Belpata Dairy Cooperative
DAC	Development Assistance Committee
DFID	Department for International Development
FGD	Focus Group Discussion
IP	Implementing Partner
KII	Key Informant Interview
LRN	Local Road Network
M4P	Making Markets Work for the Poor
MSMEs	Micro, Small and Medium Enterprises
OMF	Organic Mountain Flavor
RAP3	Nepal Rural Access Programme Phase 3
SED	Social and Economic Development
SHF	Smallholder Farmer
TOC	Theory of Change
YV	Yuva Vayu

1. Introduction and scope

CONNECT is a component part of the Nepal Rural Access Programme Phase 3 (RAP3), one of the longest-standing and largest Department for International Development (DFID) programmes in western Nepal (Provinces 6, or Karnali Province, and Province 7). It is well recognised and accepted that new roads and connectivity alone will not be a sufficient kick-start or generate economic activity along transport and economic corridors. To address this, a subcomponent of RAP (and the forerunner to CONNECT), the Social and Economic Development (SED) programme, provided direct agricultural inputs (e.g. seeds, fertilisers) and training to targeted members of communities (direct beneficiaries) residing by or close to RAP roads to develop small agribusinesses.

The SED component was closed and reviewed in 2015. It was reconceptualised as CONNECT, with an aim to reduce poverty by increasing incomes and resilience through jobs, local roads, social protection support, market links to agribusiness and women-led micro-enterprises and small community infrastructure in 10 districts in the provinces. To this end, CONNECT applied Making Markets Work for the Poor (M4P) thinking in its interventions' conceptualisation and design.

1.1. CONNECT component background

CONNECT as a component of the larger programme works with micro, small and medium enterprises (MSMEs) in Provinces 6 and 7 by facilitates linkages between them and other market players to support and harness available commercial opportunities in agriculture. The programme also seeks to ensure Nepal's local governments have capacity to tackle the challenges impeding growth, hindering geographical and socio-economic inclusion and limiting resilience.

CONNECT initially had nine interventions, of which it chose to continue to work with four, 'graduating' or exiting from supporting the remainder.¹ This report focuses only on the remaining four interventions.

1.2. Review purpose

This report reviews the purpose and process of the CONNECT component of RAP3 with a view to identifying what has worked well and where improvements might be made in future programmes. The CONNECT component applied an M4P approach in designing and implementing its interventions. DFID requested that the review explore the extent to which CONNECT had successfully applied this approach.

1.3. Review methodology

The CONNECT review used a theory-based approach to assess the intentions, outcomes and impact of the programme. Given the budgetary and time limitations, we gathered only qualitative data from a series of interviews with programme staff, partners and beneficiaries. We sampled four of the nine interventions,² doing this by gathering the information through both semi-structured key informant interviews (KIIs) and focus group discussions (FGDs) with stakeholders and presenting the findings in case studies.

The review was conducted in two phases:

- In the **first phase**, the team examined programme documentation and conducted some KIIs with programme staff to review the rationale and decision-making process followed by the programme. We focused specifically on the programme choice to concentrate support on a smaller number of interventions while determining that other interventions had 'graduated'. The results of this phase

¹ The first phase of this review commented on this selection process (Itad, CONNECT Review, 1st Phase, August 2018).

² The interventions were purposively selected based on their potential for comparison with the Samarth evaluation and for lesson-learning. We also limited our selection to interventions the programme had chosen to continue to support, because of the more readily available data.

were presented to the programme, which was given an opportunity to respond. The short report containing the results was presented to DFID.³

- The purpose of the **second phase** was to ascertain the viability of the programme Theory of Change (TOC) and its outcomes and impact. For this phase, we reviewed a wider set of programme documentation and conducted interviews with programme staff and beneficiaries and staff of partner organisations.

1.4. Review limitations

There are several limitations to this review, mainly to do with budgetary and time constraints.

We did not verify or attempt to verify any of the quantitative evidence the programme presented, and do not at any point venture an opinion as to this area.

We gathered evidence in the second phase only on the four interventions that CONNECT continued to support until the end of the programme. As such, the lessons learnt and recommendations draw only on this limited review.

While we were able to interview programme staff and conduct field research with beneficiaries of all four evaluated interventions, interviews at the support market level and with Implementing Partners (IPs) proved difficult. As a result, analysis of changes and impact at the support market level is less extensive than anticipated.

In the original scope of work, we identified that we would not examine Efficiency as a Development Assistance Committee (DAC) criterion, although we proposed that we would conduct a ‘high-level’ Value for Money review. We did not have sight of the financial data from the programme, and so were not able to conduct this review.

We were not required to review the progress of the project against the project logframe and therefore do not speak to this in the review.

1.5. Structure of the report

This report has four sections:

- **Section 1** provides a background to CONNECT and the review process, including the methodology used and its limitations.
- To provide a framework for the later presentation of findings and analysis, **Section 2** provides the M4P TOC, as well as the CONNECT TOC, and collectively outlines the four case study interventions’ aims and objectives. We also provide a commentary on the strengths and weaknesses of intervention design.
- **Section 3** presents the findings of the review, organised by DAC criteria. Under each criterion we draw on evidence presented in the four case studies annexed to this report. We first summarise how the interventions were intending to work and then provide our analysis of the underlying factors that explain why the four interventions succeeded or failed, organised by the DAC criteria.
- In **Section 4** we draw our conclusions.
- **Section 5** provides lessons and recommendations and draws comparisons with the review team’s recent evaluation of DFID’s Samarth programme, the first M4P programme implemented in Nepal.

The stand-alone case studies of the four reviewed interventions are included as annexes.⁴ For the sake of completeness, the Phase 1 Report of this review is also included as an annex.

³ Itad, CONNECT Review (1st Phase), August 2018

⁴ Annex A is Dairy, Annex B is Ginger, Annex C is Hamri Didis and Annex D is Seed.

2. Theoretical framework

This review serves as an input into assessing the extent to which CONNECT has been able to successfully apply the M4P approach (see Box 1) in the design and roll-out of its interventions. As such, this section describes a generic M4P TOC, the CONNECT TOC and the intervention-specific TOCs.⁵

This section provides the framework for the analysis presented in Section 4. The section ends with a brief tabular description of the rationale and aims of each of the four reviewed interventions.

TOCs for programmes of this nature act as frameworks or roadmaps for the potential path that the programme anticipates taking. Regular review of the theories allows for a programme to update this framework to reflect progress or additional unanticipated barriers. A TOC should reflect a clear, potential course of action.

Box 1: How does M4P work?

Making Markets Work for the Poor (M4P) first identifies why the poor don't have access to markets to sell their products and services. Then it develops processes that will allow businesses or the public sector to overcome these barriers. It works with these businesses or public sector bodies in pilot programmes to experiment with the approach. If it works, programmes are rolled out on a larger scale. If it does not work, changes are made before increasing the reach of the programme.

2.1. The M4P Theory of Change

M4P programmes seek to address constraints on the demand and supply side of the core market by leveraging stakeholder interest in the support market and by addressing rules and norms of behaviour in the enabling environment. With this as a background, and to provide a framework for comparison, we present a generic M4P TOC in Figure 1.

In describing this TOC, from the top, working from the top of the theory, downwards:

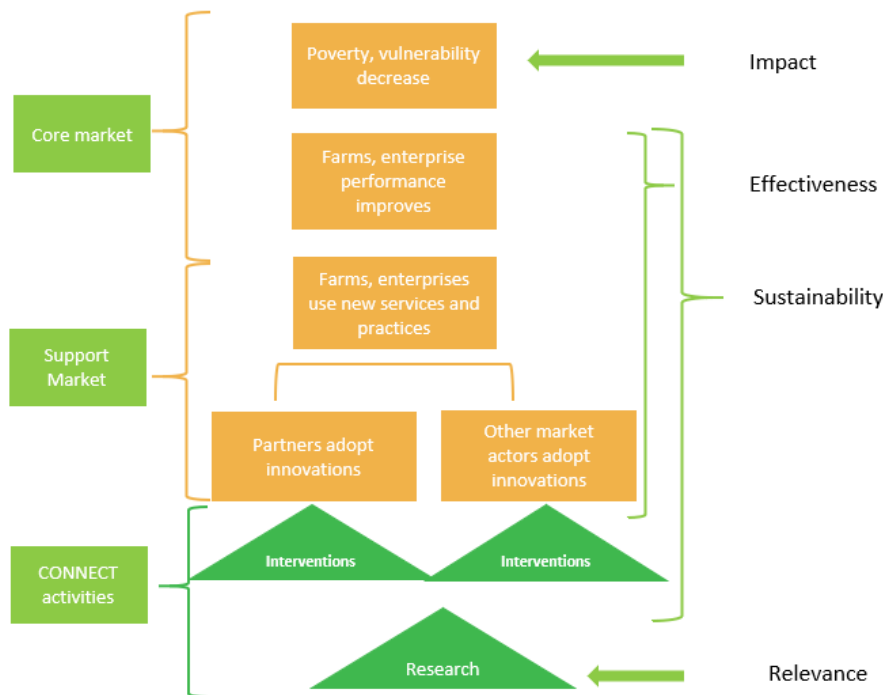
1. The programme aims to support an increase in incomes for many in the target group, the intended beneficiaries, contributing to reduced poverty, increased food security and greater resilience. This occurs as a result of...
2. Changes in business behaviour in the core market that increase productivity, yield and sales. This is influenced by...
3. Changes in the core market system. Smallholder farmers (SHF) (poor women and men) use improved services and inputs or are affected by better rules (systemic change in the core market). This is because of...
4. Stakeholders (including but not limited to the IPs) in the support market systems adopting and sustaining innovations – first on a limited basis and then on a larger scale so that market systems provide more and better inputs or services, or set better rules, for greater numbers of target group farmers on a sustainable basis. This is systemic change in the support market and occurs because of...
5. Implementation of interventions by support market actors (IPs), facilitated by the programme, usually first on a pilot basis. This is because the programme...
6. Designs interventions that introduce innovations intended to address identified constraints. These interventions are designed in consultation with identified programme partners (IPs) and this has happened because...

⁵ CONNECT refers to these as 'mini-TOCs' and developed a stand-alone for each of the nine interventions.

- The programme research has identified the underlying constraints on market participation by SHF. Such constraints usually lie in support markets (those that provide inputs and services and set regulations).

The extent to which this chain of events depicted in the TOC is realised depends on internal and external assumptions. Internal assumptions include factors within the control of the programme such as relevant identification of market constraints, design of (the correct mix) of appropriate interventions and selection of the correct IPs. External assumptions include factors often beyond the control of the programme (e.g. earthquakes, trade boycotts, drought, etc.).

Figure 1: Generic M4P Theory of Change



2.2. The CONNECT Theory of Change

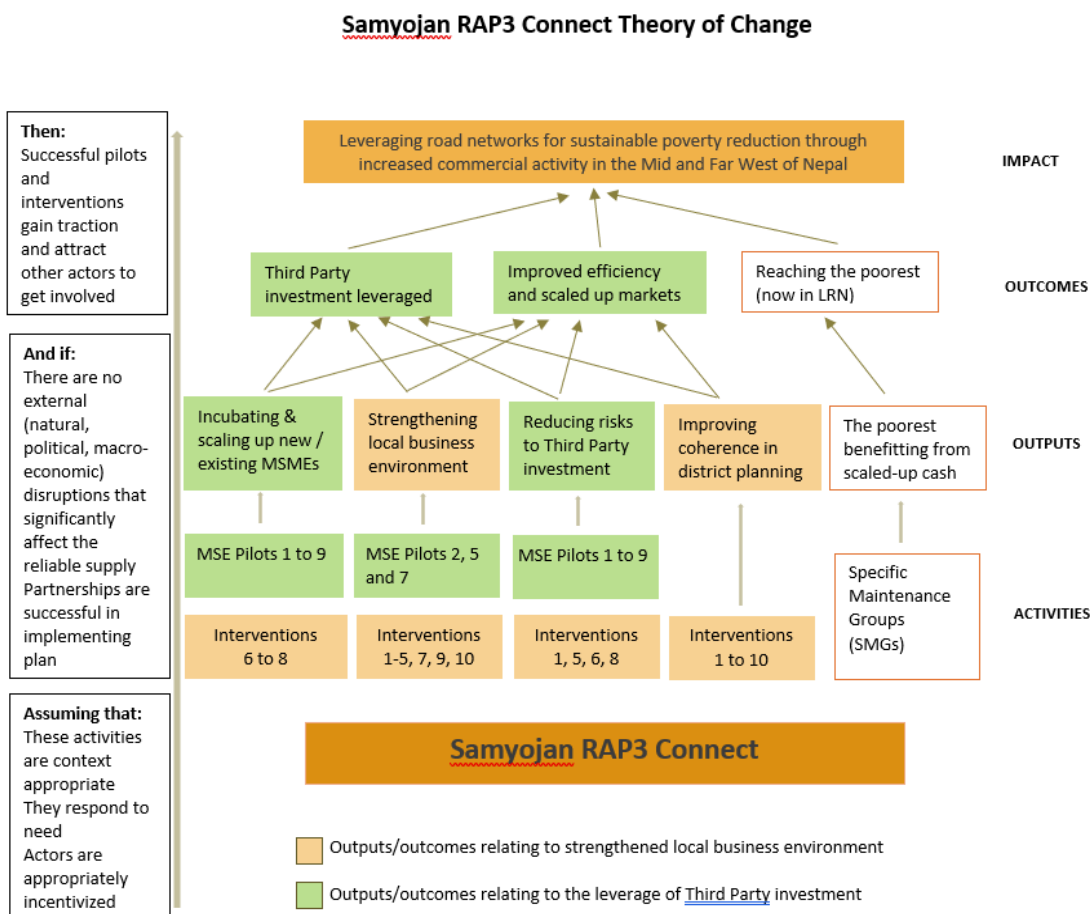
CONNECT’s TOC (Figure 2) highlights that the programme aims to identify and select MSMEs with which it can work in areas where RAP3 has improved the road network.⁶ The programme also identifies public sector agencies and private sector providers that it thinks will be able to add value to its interventions. Drawing on lessons from SED implementation, the CONNECT design document explains that its implementation theory was to be a blend of M4P- and grant-funded support to stimulate ‘business [to] work for the poor by acting as a connector, enabler and accelerator’. However, programme documentation is not clear as to how this hybrid model might be implemented, with a focus in the TOC being on partnerships, facilitation, market access, enabling environment and investment – all terminology central to M4P processes. The design document speaks to another RAP3 component, the Local Road Network (LRN) component, continuing to offer cash for work as a means of providing immediate relief for the poor. CONNECT in the meantime would support high-potential emergent businesses.

CONNECT focused across a range of sectors and as a result the programme identified generic constraints to economic development rather than intervention- or sector-specific constraints, which is a more

⁶ Samyojan RAP3 CONNECT, Detailed Design Document, Volume I – Technical, April 2016

accepted approach in M4P programmes. The argument was that, ‘The five focus districts of CONNECT face a range of common physical and systemic constraints, all of which are related to the main occupation of the population in these regions – agriculture.’⁷ These generic constraints were grouped under two headings: reducing third party investment risk and facilitating the enabling environment.

Figure 2: CONNECT Theory of Change



2.3. Intervention Theories of Change

Drawing on its general TOC, presented in Figure 2, CONNECT developed a ‘mini-TOC’ for each of the interventions, each following the convention of identifying a problem, the context and the relevance and significance of the proposed solution to overcoming the problem, and then identifying the drivers and constraints of the proposed solution. Each TOC also identified the proposed activities, anticipated outcomes and impact as well as the perceived risks.

According to the TOC of the four evaluated interventions, two (Ginger and Seeds) attempted to resolve input market problems and two (Hamri Didis and Dairy) attempted to address issues in the enabling environment. In categorising constraints, the theories clearly identify both constraints and potential drivers of change. Constraints cover infrastructural access, capacity and skills of producers, social and cultural norms, access to information, technology, finance and technology, as well as a lack of market integration.

Using these TOCs, Table 1 outlines the aims and objectives of each of the interventions.

⁷ Samyojan RAP3 CONNECT, Detailed Design Document, Volume I – Technical, April 2016

Table 1: Aims and objectives of the four reviewed interventions

Case study	Sector	Aims and objectives
Hatemalo Seed Promotion Cooperative	Vegetable (seed multiplication)	To create consistent additional sources of income for subsistence farmers through increased participation in commercial seed production, thereby also creating new sources of high-quality and drought-resistant seeds in western Nepal. To do this, the aim was to enhance the capacity of the seed cooperative, improve access to information and inputs (including irrigation and crop insurance) for producers and facilitate linkages to new markets.
Organic Mountain Flavor (OMF)	Ginger (organic production)	To address food insecurity by developing commercial ginger farming in western Nepal. To do this, the aim was to increase producers' access to information, finance, insurance and other inputs necessary for commercial production. OMF representatives worked with farmers to gain organic certification in order to access new (overseas) markets.
Belpata Dairy Cooperative (BDC)	Dairy (milk production)	To increase income for subsistence farmers through the development of commercial dairy activities and more efficient collection and processing within an expanded, inclusive supply chain. The aim was to address a range of key constraints to do this, including issues with milk aggregation, low quality of produce, low yields and limited management skills on the part of BDC and a lack of access to technical advice among producers.
Unilever Nepal	Hamri Didis (sales agents)	To support rural women to increase income by developing successful rural businesses through becoming sales agents for Unilever Nepal. This, in turn, was expected to allow them to improve their credit rating, facilitate access to formal finance and, in the longer term, contribute to an effective, profitable network of women entrepreneurs in western Nepal. This facilitated communication between the sales agents (Hamri Didis) and Unilever; Hamri Didis received training on Unilever products, on sales and marketing and on financial management, and were introduced to a bank to access to loans.

2.4. Commentary on intervention design

The mini-TOCs presented a proposed course of action for the interventions. However, certain weaknesses in both the design and the utilisation of these tools are apparent. These weaknesses may have affected implementation. While this need for a correlation between problems, constraints, activities and outcomes may appear trivial, its absence reflects a failure in intervention design and planning, which may result in an inefficient allocation of resources.

2.4.1. Weakness in conceptual design

Interventions were designed to overcome weaknesses within the market system but the TOCs do not specifically design activities and interactions to challenge and resolve these weaknesses. In some cases,

the linkage between these constraints and the identified problems appear tentative, calling into question the intervention's rationale, its related activities and its potential impact.

2.4.2. Weakness of speaking to generic constraints

The TOCs developed for the interventions tend to generalise market constraints and weaknesses. The result of this is that the theories speak to generic constraints of the sector rather than constraints specific to the actual context. The danger of speaking to generic constraints is that this approach does not allow for the development of intervention-specific strategies, or, if developed, for these to be recorded and assessed on their own merit. As an example, the dairy intervention aimed to tackle constraints which impede the commercialisation of the sector more broadly, but failed to tackle institutional challenges within the own proposed partner, in spite of identifying such challenges as potential risks.

2.4.3. Discrepancy between identified constraints, activities and outcomes and implemented process

The relationship between the activities and outcomes and the identified constraints is weak. As an example, the Hamri Didis TOC identifies the underlying problem as 'limited business opportunities for women' and lists a potential sustainable and scalable outcome as 'improving [women's] access to formal finance', with tentative linkages and significant assumptions connecting these two statements.

Similarly, the Dairy TOC identified the overarching problem as 'slow commercialisation of dairy' in the district and listed constraints, drivers and planned activities around this focal point. However, in reality, the interactions with producers focused on their accessing improved feed, and providing access to credit to buy improved livestock. Interaction with the cooperative focused on their internal management and record-keeping processes. There appeared to be very little focus in the Dairy TOC on the identified constraints of:

- Commercial price determination for milk;
- Cost of milk collection and distribution; and
- Overcoming cultural constraints with regard to 'source of supply'.

These constraints were apparent in the design phase but were not addressed during implementation. If the intervention progress had mapped against the planned course of action shown in the TOC, corrective steps might have been taken, possibly resulting in a more impactful intervention.

3. Findings

Drawing on the four case studies, in this section we draw on evidence presented in the four case studies annexed to this report to identify and analyse the underlying factors which explain why the four interventions succeeded or failed. This section is organised by the DAC criteria, which are a collectively agreed set of measures for assessing international development aid programmes. A summary of the DAC evaluation criteria, excluding efficiency, are presented in **Error! Reference source not found..**

Table 2: Brief description of the applicable DAC evaluation criteria

Criteria	Detail	Review question
Relevance	The extent to which the aid activity is suited to the priorities and policies of the target group, recipient and donor.	Were the changes relevant to local context?
Effectiveness	A measure of the extent to which an aid activity attains its objectives.	How were the changes implemented?
Sustainability	Sustainability is concerned with measuring whether the benefits of an activity are likely to continue after donor funding has been withdrawn. Projects need to be environmentally as well as financially sustainable.	Are the changes likely to be implemented in the future?
Impact	The positive and negative changes produced by a development intervention, directly or indirectly, intended or unintended. This involves the main impacts and effects resulting from the activity on development indicators. The examination should be concerned with both intended and unintended results and must also include the positive and negative impact of external factors, such as changes in terms of trade and financial conditions.	Did the changes have value for the beneficiaries?

3.1. Relevance

At a glance

Interventions that delivered solutions that not only were appropriate to the identified constraint but also seen were as appropriate by the beneficiaries and within the capacity of the Implementing Partner were the most valuable.

3.1.1. Intervention tactics

The Dairy intervention provided farmers with access to better livestock feed and access to credit to buy in hybrid livestock. It also facilitated improved market access through the local dairy cooperative and improved the cooperative's internal management and record-keeping capacity. Dairy farmers changed their practices early in the intervention but reverted to established habits after its end.

The Ginger intervention provided farmers with advice on how to grow ginger organically and facilitated access to the international organic market. It also provided farmers access to crop insurance.

The Seed intervention provided farmers with improved access to inputs (fertiliser on credit, drought-resistant seeds, irrigation, information, farming techniques) and improved market access through a cooperative.

Ginger and Seed farmers made use of advice provided and access to improved inputs.

In providing access to inputs in the three agricultural interventions, different models were followed. The Seed intervention worked with the District Agricultural Office to build dams and irrigation. In Ginger, farmers were encouraged to use manure as a fertiliser and were introduced to bio-pesticides. In Dairy, CONNECT directly provided improved feed to farmers. A cadre of young women, Yuva Vayus (YVs), was trained to provide services to farmers in all three agricultural interventions.

The Hamri Didi intervention provided women in the provinces with economic opportunities to resell consumer goods from companies in the Unilever stable. Women were provided with basic business and financial capacity-building. The intervention provided on-selling opportunities for women with limited economic prospects. CONNECT provided financial skills and capacity-building directly to the women sales agents. Owing to high staff turnover at the IP, CONNECT also played a central role in the recruitment of the women, their training and capacity-building and the coordinating and purchasing of their first two bundles of goods for resale.⁸

In each of the interventions, CONNECT linked the beneficiaries and their respective markets with providers that had not previously explored these markets. These providers included both input suppliers and service providers, especially those offering access to finance (credit and insurance). Different models were also employed to provide this access to markets. In Ginger, Dairy and Seed, cooperatives acted as aggregators for farmers. In Hamri Didis, each woman acted as a stand-alone sales agent responsible for her own purchases and sales.

CONNECT provided financial support to hire technical assistants and administrative staff for cooperative bookkeeping and management support in the Dairy and Seed cooperatives. In the Ginger intervention, CONNECT assisted OMF in obtaining the necessary financing to expand its operation, subsidised field staff salaries and provided technical and capacity-building support to OMF, focusing on the monitoring and progress of the intervention.

CONNECT directly trained a cadre of young women (YVs) in farming techniques and process, and in basic veterinary skills, to share learning with peers, to promote farming techniques and to act as a source of advice for farmers. This group was deployed to the three agriculture-focused interventions (Ginger, Seed and Dairy). YVs were intended to liaise between farmers and local government and take on leadership roles within the supply chains, acting as catalysts to accelerate the commercialisation of produce.⁹

In providing access to finance, CONNECT worked with two financial service providers, Prabhu Bank and Shikhar Insurance. Prabhu provided banking and credit services to farmers in Ginger, Seed and Dairy as well as to the Ginger support market IP. Shikhar provided insurance products to farmers in the three agricultural interventions. However, there are reports of CONNECT programme staff providing advice on insurance options, as opposed to staff from the finance houses.¹⁰

3.1.2. Synthesis of evidence

Three of the interventions (Ginger, Seed and Hamri Didis) began to address identified local economic constraints. All four interventions provided better access to inputs – in the case of agricultural interventions inputs such as fertiliser, seed and farming and production techniques; in the case of Hamri

⁸ CONNECT Annual Review 2016–2017

⁹ CONNECT Annual Report 2017–2018: An Analysis of MSME and EE Portfolios

¹⁰ Male Seed FGD, Dailekh District, no date

Didis, the supply of goods. Two of these interventions (Ginger and Seed) also provided improved access to markets.

In both the Ginger and the Seed interventions, existing practices were made more efficient, or more effective, by providing beneficiaries with access to inputs to an existing practice and supplementing this with access to markets, through aggregation. A third intervention (Hamri Didis) attempted to create jobs by augmenting the supply of an existing market, and the fourth (Dairy) attempted to improve market supply while directly providing some inputs, offering access to finance for other inputs and facilitating aggregation services, but without an improved market pipeline.

Beneficiary access to finance was a composite offering in the three agricultural interventions, and in Seed and Ginger a significant number of the beneficiaries took this up. In the case of Dairy, while farmers were afforded the opportunity to access credit, few did so because of the substantial cost of livestock.

In the Seed and Dairy interventions, CONNECT provided management and financial skills capacity-building support for the cooperatives acting as contact points and IPs. In the Ginger and Seed interventions, the cooperatives acted as representative bodies for the beneficiaries. In the Dairy intervention, there was a representative body in the form of a cooperative, acting as an aggregator. In the Hamri Didi intervention, there was no representative body, but some of the beneficiaries appeared to take on a coordinating role.

3.1.3. Analysis: were the interventions relevant?

Mixed results in facilitating access to input and output markets

The interventions appear to have delivered strong solutions in providing access to input markets by linking beneficiaries with input product and service providers. In these instances, providing farmers with access to agricultural inputs, training advice and formal financial services formed the core of the three agriculture-focused interventions (Ginger, Dairy and Seed). Access to retail goods for resale formed the core of the Hamri Didi intervention, with CONNECT facilitating the relationship between Unilever and the sales agents.

In providing access to markets, the interventions were not as sustainable. Three of the interventions (Ginger, Dairy and Seed) initially provided farmers with better access to market, although in only two of these (Ginger and Seed) did it appear to continue beyond the programme lifespan, suggesting that accessing the dairy market is more complex than simply improving the quantity and quality of milk.

Some of the identified constraints were not successfully overcome

Access to finance was identified as a constraint across the interventions and yet, in implementation, beneficiaries did not always take up the solutions offered to overcome this. For instance, access to credit was provided to dairy farmers to improve their livestock but few saw it as a relevant means to achieve this objective. Access to credit was a significant constraint facing the Hamri Didis but was not part of the intervention, although the programme provided start-up capital as a grant.

The Unilever dealer does not provide in credit. If there was credit on goods, I could have done business more. Last Shivaratri [Hindu festival], I had done business worth 100,000 rupees through purchasing materials on credit from other dealer in sanfebazar.¹¹

One of the reasons dairy farmers did not take up credit was that they did not view the improved livestock as being suited to the local conditions, and there was mixed reports regarding the quantity of milk that

¹¹ Female KII, Aachham District, 17 June 2019

they produced.¹² Further, it was reported that the improved livestock were viewed as too expensive a purchase for the farmers given the likely returns from the investment.

The proposal was to take [100,000 rupees] from the bank. Then use it to buy the buffalo. Thereafter, after thinking seriously we realised it would be tough to repay the loan even if we were to diligently sell our milk each day... Thus we will get broke if we did that so we decided not to take loan. We calculated all those and concluded its best to give up.¹³

Identified potential partners were not engaged

The intervention-level TOCs identify the selected sectors as priority areas for government economic development agendas. However, only the Ginger and Seed interventions speak to improved relationships between the farmers and the local government or the improved reputation of the sector with local government. Opportunities for leveraging resources to improve local economic conditions and the future role of government in local economic development may have been overlooked, reducing the sustainable potential of the intervention.

The role of beneficiary bodies is central

In the Ginger and Seed interventions, the beneficiary cooperative seemed to act as a facilitating partner, providing both a contact between the farmers and the IPs and a forum for the discussion and resolution of misunderstandings, miscommunication and disputes. In Dairy, although CONNECT identified the cooperative as the IP, the entity appeared to act in its own interests as a rent-seeker, increasing the price of milk, while appearing to add little value. In this instance the cooperative acted as a gate-keeper rather than a facilitator, with farmers reporting difficulties and delays in receiving payment and deciding to bypass the cooperative and to sell directly to the client.

3.2. Effectiveness: were the interventions effective in promoting changes to practice?

At a glance

Interventions designed around both input and output market access appeared to be more effective. Similarly, interventions where there was effective two-way communication seemed to have a greater bearing.

3.2.1. Analysis: what factors affected programme effectiveness?

The programme faced numerous challenges in implementing the interventions and did not necessarily overcome these through their identification and connecting with IPs.

A simultaneous focus on input AND output market constraints is most effective

Interventions that address input market constraints as well as facilitating better market access functioned more effectively: the Ginger and Seed interventions showed more promise and impact than the Dairy and Hamri Didi interventions. In both these former interventions, there was a more balanced approach to addressing input and output constraints, with a focus on providing quality inputs and appropriate services, as well as addressing market access constraints.

¹² Female Dairy Farmers, BDC, FGD, Dailekh District (Balena), June 2019; Dairy Farmers FGD, Kalbhairab, Dailekh District, June 2019

¹³ Female Dairy Farmers FGD, Dailekh District, 20 June 2019

The imbalance in the latter two interventions was seen in the emphasis on the input markets, with very little focus on the market access constraints. In both these cases, it was assumed that simply increasing the quality and quantity of the supply of goods would improve market access. In the case of the Dairy, some farmers may have changed some of their behaviour, as the intervention increased milk yield. However, as a result of market constraints, they had little commercial incentive to change other aspects of their behaviour, such as diluting milk with water.

A more comprehensive, holistic understanding of the individual local economies and value chains might have informed an alternative intervention approach. It is likely that this imbalance led to an inefficient and therefore ineffective deployment of resources, with unnecessary components of the interventions being implemented.

Effective (two-way) communication is essential

There appears to have been a lack of clear communication between the beneficiaries and IPs across all the interventions, suggesting that insufficient time and resources was allocated to facilitating this process. In the Seed intervention, there was no direct contact between the financial house and the farmers, creating an opportunity for miscommunication, and resulting in less than comprehensive insurance for the farmers. In the Hamri Didi intervention, a lack of clear communication between the partner and the beneficiaries resulted in the latter having to take responsibility for planning and coordinating their own deliveries, as well as liaising with the transport drivers, something they felt ill-equipped for. In the Ginger intervention, farmers appeared to be confused regarding the benefits of contracted selling, with many opting to side-sell in breach of contract, when offered higher prices on the open market. In this same intervention, the IP reported that it was expected to deliver services that it regarded as beyond its remit.

A common constraint in the design of the four interventions was access to finance. The inappropriateness of some of the financial products is reviewed under the Relevance section, above. In addition, the strategy to introduce financial services was also lacking in a number of cases. In the Seed and Ginger interventions, the insurance service provider offered a product that was either only partially applicable to the farmers or misrepresented to them,¹⁴ resulting in miscommunications and misunderstandings during the intervention. In Ginger, CONNECT insisted that the insurance product be made mandatory, in spite of requests from the IP for this to be a voluntary option.¹⁵ Not all beneficiaries were provided with the same access to finance opportunities.

We did not know about the insurance before, but now we do. But due to the hail, our bean was damaged but we were not compensated, similarly our maize got damaged but we did not get compensation... If we had insurance, we would have got compensation but the agents did not arrive and we have to suffer the loss.¹⁶

In contrast, Hamri Didis were not offered access to credit, and this input might have allowed them to increase purchasing efficiencies. Ginger farmers were offered insurance products, but some reported that they were not aware that they could access loan finance.¹⁷

In the Dairy and Hamri Didi interventions, no changes were made regarding the financial offerings, while in the Ginger intervention, the finance company listened to the farmers and subsequently made changes to their insurance product.

¹⁴ Ginger FGD, Doti District, 15 June 2017; FGD, Male Seed, Dailekh District, no date

¹⁵ OMF KII, 14 June 2019

¹⁶ Female Seed FGD, Dailekh District, no date

¹⁷ Ginger FGD, Doti District, 15 June 2017

Displacement may have occurred

The Hamri Didis intervention focused on distributing goods within an area assumed to be isolated. However, some of these goods already had a local retailer, and the intervention inadvertently (partially) displaced these existing suppliers.

Unilever has provided all the products available in the market. All the people can easily buy the products from here... Since all the products are provided to every place in the market, people buy from the places which is convenient for them.¹⁸

This displacement was also an issue in the Ginger intervention, where existing trader/aggregators were displaced as a result of the off-take agreement with the company. These continued to operate within the region, offering farmers higher prices through side-selling, undermining the work of the intervention.

But the market traders have been visiting the farmers home with rate of 250 rupees so farmers are inclined to that offer leaving the agreement with the company and supplying to the traders.¹⁹

The Hamri Didi intervention is unlikely to have developed the local economy (the intervention objective), with goods from outside the local economy flowing into the region and financial resources then flowing out of the same economy to the urban centres. This process creates long-term problems regarding local economic growth, decreasing the opportunity for local economic multipliers²⁰ and for building local economic resilience and increasing dependence on central urban suppliers.

Social and cultural norms are constraints

While the interventions may have created over 400 temporary positions for trained young women (YVs) to provide agricultural advice, cultural and social norms prevented them from delivering an effective service. An ongoing need for refresher training also affected their ability to deliver their services.²¹ Dairy, Ginger and Seed farmers did not respond well to having to listen to young women on farming techniques and inputs, reporting that the advice was unhelpful and ineffective and that they did not understand the purpose of the YVs.²² A number of YVs reported getting trained but having no opportunity to implement their skills, and regarded the training as inadequate.²³

3.3. Impact: did the changes have value for the beneficiaries?

At a glance

Ginger and Seed farmers reported improved incomes as a result of the intervention and have invested this in a variety of activities, improving their families' resilience. Incomes may have increased for Hamri Didis and Dairy farmers during the intervention's lifespan, but it is not apparent that this has continued since its end. There is also no evidence of increased resilience in these latter two beneficiary groups.

¹⁸ Hamri Didi KII, Aschham District, 17 June 2019

¹⁹ Ginger FGD, Doti District, 14 June 2017

²⁰ Hana Černá Silovská and Jana Kolaříková (2016) Observation and Assessment of Local Economic Development with Regard to the Application of the Local Multiplier, European Planning Studies, 24:11, 1978–1994

²¹ BDC KII, Dailekh District, April 2019; Dairy Farmers, BDC, FGD, Dailekh District, April 2019; Female Dairy Farmers, BDC, FGD, Dailekh District (Balena), June 2019

²² Janasahayogi Fresh Veg Seed Production Group and Hariyali Seed Production Group FGD, Dailekh District, June 2019

²³ Hamri Didi FGD, Aschham District, 17 June 2019; Hamri Didi KII, Doti District, 15 June 2019

3.3.1. Synthesis of evidence

This review did not provide scope for a quantitative assessment of changes in beneficiary income. Further, the project did not complete any baseline assessments of income that could be used as points of comparison. As a result, we are not able to speak to actual income changes for beneficiaries. We did, however, ask beneficiaries to reflect on the changes to their income as a result of participating in the intervention and how these changes had affected their lives. Drawing on CONNECT reporting and on evidence collected by the review team, we can make the following key observations:

- The number of Dairy farmers involved in the intervention increased from 5 to 52 before dropping to 23. At its height, the cooperative estimated that it was collecting about 300 litres of milk each day.
- The Ginger IP increased its purchases from 26 to 78 tons over a period of four years during the intervention.²⁴
- There is no data relating to an increase of sales by the Hamri Didis.
- The Seed cooperative reported an increase of participating farmers from about 60 to about 270 during the CONNECT intervention.²⁵

As a result of the interventions, benefits were realised on different levels. In three interventions (Ginger, Seeds and Hamri Didis), increased incomes were reported, possibly as a result of improved access to inputs, information and markets. A more diversified crop (and therefore a diversified income stream) resulted from the Seed intervention, while Ginger resulted in improved quality of a single type of crop. Hamri Didis, as a new economic venture, reported profitability through the reselling of goods. Dairy farmers reported increased productivity as a result of improved inputs, but it is unclear if this resulted in widespread increased income, with some respondents reporting to earn more income selling outside of the planned intervention pathways.

3.3.2. Analysis: what factors underpinned intervention impact?

Increased incomes and access to insurance contributed to increased resilience

Beneficiaries from only one of the interventions (Ginger) reported increased incomes beyond the intervention lifespan. In this instance, farmers reported investing their increased profits in both deepening their farming commitment, to further increase incomes in the next season, and alternative income streams such as second businesses.

Beneficiaries who reported an increase in income used these to improve their asset base, invest in their children's education and invest in other income streams, improving their economic resilience. Some beneficiaries also reported decreasing their debt burden.

Beneficiaries in the Ginger and Seed interventions also reported increased confidence levels – being able to ask for assistance from their local government – as a result of attending intervention training and because of their improved economic status. The Ginger beneficiaries also reported feeling less stressed because of the agreement with the IP.

Beneficiaries in the Seed intervention reported increased income and economic resilience as a result of access to weather-based crop insurance. They were able to successfully claim against crop damage resulting from hail, although it has taken time for this aspect of the intervention to be understood and become embedded in practice.

²⁴ OMF KII, 1 May 2019.

²⁵ Hatemalo Seed Cooperative KII, 29 April 2019

3.4. Sustainability: Are the changes likely to be implemented in the future?

At a glance

Sustained behaviour changes are more likely in the interventions where there was limited or no direct delivery and subsidy, and where this subsidy was not offered directly to beneficiaries and Implementing Partners.

3.4.1. Synthesis of evidence

Dairy farmers changed their practices early in the intervention but reverted to established habits after its end. There is no evidence that Hamri Didi have continued to implement changed practices. Ginger and Seed farmers, as well as the IPs in these interventions, have continued to practise their changed behaviour and improved market access.

Only two of the four interventions (Ginger and Seed) appear to have sustainably implemented changes **at the core market or beneficiary (farmer) level**. In both of these interventions, there have been improved relations between the beneficiaries and external service providers. In the Hamri Didi intervention, only a fraction of the originally envisaged beneficiaries are still selling.

In the Dairy intervention, some changes to manufacturing practice appear to still be in practice, but it is not clear how widespread this is. There is evidence that farmers are no longer using improved feed for their livestock.²⁶

At the support market level, there appear to be sustained changes in the way IPs in the Seed and Ginger interventions are working. Input companies are providing inputs on credit to Seed farmers and insurance companies are working with the Seed and Ginger cooperatives to access and service their members with crop insurance.

In the Dairy sector, there was little engagement with any support market players without the project playing a central role, and it is therefore difficult to determine to what extent their behaviours may have changed. The fact that these providers appear to no longer service the dairy cooperative, however, suggests that these support market providers may not have changed their behaviour to any extent. Other changes, such as access to improved feed and using motorised transport to move milk from farm to aggregating cooperative, have ended since the end of the project.

We were given a motorbike by RAP. Now we need 500 rupees per day just for transportation of milk to the market... We submitted [returned] the motorcycle to RAP on Poush 2075. It is now in Surkhet. The bike was of good quality. We are waiting to buy a bike with similar quality.²⁷

Improved management practices in the cooperative have also been stopped or downscaled as these are no longer being funded by the project and costs need to be covered directly by the cooperative.²⁸

In the Hamri Didi intervention, while Unilever expanded its reach into these previously untapped markets, there appears to be no commitment to change its practice to ensure communities have ongoing access to its goods. It was not prepared to assist with the transport of goods to more remote areas, nor to provide any goods on credit, forcing the Hamri Didis to purchase smaller quantities leading to value chain

²⁶ Dairy FGD, Dailekh District, 20 June 2019

²⁷ Dairy Cooperative FGD, Dailekh District, 28 April 2019

²⁸ Dairy Cooperative FGD, Dailekh District, 28 April 2019

inefficiencies. The involvement of Unilever appears to have been limited to a simple strategic expansion into these provinces at no cost to the company, rather than a change of corporate practice.

It is said that Unilever have not looked into the programme at present. We have heard it has closed. So far, I am still working but I have not been officially told whether it is closed.²⁹

Box 2: A note on scale

In M4P evaluations, scale and sustainability go hand in hand, with copying and replication being a core success indicator. While CONNECT was implemented over too short a time to warrant assessing whether there had been copying or replication, during the course of the intervention the Dairy, Ginger and Seed farmers reported an increase in numbers of farmers participating. Given the sustained nature of the Seed farmers' practice, it is likely that a large number of them will continue to implement changed behaviours.

Ginger farmers additionally spoke about their behaviour being copied, by neighbours who may not have directly benefited from the intervention. Intervention farmers spoke of convincing their non-intervention neighbours to adopt organic agricultural practices. This was key to ensuring the beneficiary farmers did not experience contamination of their organic ginger from their non-participating neighbours.

3.4.2. Analysis: what factors influence patterns of sustainability?

Rent-seeking behaviour undermines sustainability

In the Dairy intervention, the cooperative that was supposed to add value to the process and product instead implemented rent-seeking behaviour, with additional charges because it had failed to cover costs originally covered by the project. The result of this was that farmers opted to sell directly into the market, bypassing the cooperative, and reverting to their pre-intervention *modus operandi*.

Ongoing subsidy undermines sustainability

In the Dairy intervention, CONNECT directly covered the costs of the farmers' access to improved feed, the motorcycles used to transport mill from the farmers to the cooperative and the accounting and management services internal to the cooperative. At the end of the programme, these costs needed to be covered by the cooperative and therefore by the farmers. This was a significant contributor to the ending of the Dairy intervention.

In the Hamri Didis intervention, CONNECT directly covered the costs of the Hamri Didis' first two bulk goods purchases for on-selling as well as the transport costs of moving these to the Hamri Didis.

In contrast, CONNECT partnered and facilitated the construction of irrigation facilities for the Seed intervention but did not directly subsidise the IP or the farmers. This indirect involvement has resulted in sustained management and use of the irrigation facilities.

CONNECT also directly subsidised field staff salaries in the Ginger intervention, on a declining basis, but this appeared to create tensions between the stabled staff in the company and the staff hired specifically for the intervention.

²⁹ Unilever KII, 17 June 2019

[OMF] staff received 800 rupees per day whereas RAP staff had 2,000 rupees... per day and they wanted to show off their value due to which our people's moral came down.³⁰

Buy-in from implementing partner and the beneficiaries is important

The Hamri Didis intervention was conceptualised and managed by CONNECT with very little commitment from the IP (Unilever) other than its provision of goods. Staff turnover at Unilever also affected the corporate taking full advantage of this project as a pilot to assess potential expansion. As a result, the IP invested none of its own resources into the intervention and therefore had no specific interest in continuing it, other than the marginal profit it made from the small volume of goods sold.

Unilever had said it would bear the transport expense but it has not happened so far.³¹

Similarly, the Dairy cooperative acted as a host organisation for the intervention but invested none of its own resources to improve its financial record-keeping and management process, with CONNECT covering the costs of these. The result was that no sustainable value adding processes or cost recovery mechanism were implemented in the cooperative, forcing it to increase its percentage share of the market price. This in turn led to farmers selling directly to the market, undermining the purpose and function of the cooperative.

The Hamri Didis themselves also had limited financial interest in ensuring their ongoing commitment to the intervention, as CONNECT funded their first two bulk purchases and the transport of the same. At the end of the intervention, there was limited opportunity to absorb the cost of transporting replacement goods, and the Hamri Didis lacked the capacity to organise the delivery of bulk goods.

[The goods] are taken only up to Bairadhi dada (30 min walk from my shop). Who can then carry the products from there on? We have such difficulty. This is really a challenge for me as I work in office and I get call from the delivery to receive the materials that I order, which I am unable to do when I am in my office.³²

In contrast, the Seed farmers, having bought inputs on credit, facilitated through the cooperative, were obliged to bring their contract to conclusion by growing and selling their seeds to the cooperative, to offset their debt.

Two interventions reported increased and diversified market access. One company (Seeds) reported medium-term supply agreements reached between itself and its clients; another (Ginger) reported an improved national and international profile and reputation. Support-level respondents in one intervention (Ginger) reported that the province as a whole had improved its national reputation as an organic farming destination.

³⁰ OMF KII, Dotu District, 14 June 2019

³¹ Unilever KII, 17 June 2019.

³² Hamri Didi KII, Aschham District, 17 June 2019

4. Conclusion

From a theory-based perspective, across all four interventions we can conclude by arguing that:

1. The interventions increased incomes in only two of the target groups, possibly contributing to their households' resilience and decreasing their levels of poverty. This was as a result of...
2. Changes in business behaviour in the core market of these two interventions. In the other two interventions, no sustained changes to core market behaviour were noted. This was influenced by...
3. Changes in the core market system. Poor women and men in the Ginger and Seed interventions used improved services, including access to better and inputs and insurance. While similar changes may have been effected in the Hamri Didis, this was not apparent in the review, and there were no system changes in the dairy market. This was because of...
4. Stakeholders (including but not limited to the IPs) in the support market systems adopting and sustaining innovations including beneficiary cooperatives, and credit and insurance providers, in the instances of the Ginger and Seed interventions. Stakeholders in the Dairy and Hamri Didi interventions, did not change their behaviour in any notable manner, limiting the opportunity for sustained systemic change. The changes that did occur were as a result of...
5. Programme interventions that introduced changes and innovations intended to address identified constraints. However...
6. The programme research incorrectly recorded or overcomplicated the sector review and identified generic groups of constraints, possibly resulting in interventions that were not the most efficient or effective, or only identifying constraints on one side of the market equation, leading to imbalanced implementation. Further, interventions that involved direct delivery or direct subsidy were less effective and sustained.

5. Lessons and recommendations

In this final section, we present lessons and recommendations for future iterations of programmes similar to CONNECT. To do this, we draw on our analysis of CONNECT as well as on our recently completed evaluation of Samarth, the first M4P programme implemented in Nepal, funded by DFID.

CONNECT developed overly complicated TOCs that took too broad a view of the sector in which they were trying to intervene. As a result, the intervention TOCs are not an accurate reflection on what was proposed or what was implemented.

With regard to intervention design, specificity regarding actions and the constraint that the programme is looking to overcome will lead to a more focused intervention. This is of particular importance in M4P programmes, where emphasis should be on the most significant interventions that will result in the greatest reach and influence. Interventions that are broad in scope or that work across a whole sector often lack this focus, meaning that tangible change and therefore impact can be difficult to achieve. Defining appropriate focus requires a solid understanding of the economic sector in which the programme is hoping to intervene, as well as a strong grasp of the various stakeholders and their respective roles.

Intervention conceptualisation and design incorporate development of a clear, explicit TOC that identifies binding constraints, reflects the proposed intervention pathway (activities, outcomes and impact) and specifies risks and opportunities. Linkages between the components should be defined, with an obvious link between removal of the identified constraint and intended outcomes. A similar finding was made in the Samarth evaluation, where it was recommended that future programmes ‘Develop a context specific TOC, taking contextual and external factors into account, and regularly use this as a reflective tool.’³³

Recommendation 1

Be specific in your conceptualisation and design of interventions, clearly speaking to a distinctive constraint, with linked activities and outcomes.

At regular points during implementation, the proposed pathway should be re-examined and changes or diversions noted and justified. Where necessary, corrective actions can then be implemented to either a) move the intervention back onto the proposed path or b) alter the TOC to reflect the new pathway.

Recommendation 2

Use your Theories of Change as a reflective tool to critically examine progress and to institute corrective action, as needed.

The more sustainable interventions are those that address both input and output market constraints. At least in the Dairy intervention, CONNECT appeared to assume that increased productivity would lead to increased or more profitable market access without specifically addressing constraints such as commercial incentives to improve milk quality, even though the intervention TOC identified this as an issue.

This is similar to a finding in the Samarth evaluation:

Interventions that harness demand-side pull, and tackle both input and output market-focused constraints simultaneously, are frequently more effective in encouraging

³³ Itad, Samarth-NMDP Programme, Final Evaluation Report, July 2019

sustainable practice changes and offer producers opportunities to increase revenue (and potentially profitability), even in the face of enabling environment constraints.³⁴

Recommendation 3

Design interventions to address a specific constraint and attempt, as far as possible, to address both demand- and supply-side constraints within the core market.

The role and capacity of IPs is central to the success of programmes such as CONNECT. The capacity of the IP and its commitment was a clear contributor to the success of the Ginger and Seed interventions, while the absence of this was notable in the Dairy and Hamri Didi interventions. Samarth also found that ‘M4P programmes may need to cast a broader net to identify strategic market actors and be willing to progressively build their will and skill over time.’³⁵ This also extends to the willingness of the IP to invest resources (not only money but also time and personnel) and take ownership of the intervention.

Recommendation 4

Be prepared to invest time and financial resources in building the capacity of Implementing Partners.

Recommendation 5

Drop or close interventions where the Implementing Partner is not prepared to invest its own resources in the intervention.

Sustained behaviour change, both in the core and in the support market, is a key success factor of M4P programmes. The CONNECT interventions that demonstrated the most consistent sustained behaviour change – Ginger and Seed – were also the ones where the programme appeared to engage least in direct delivery or providing a subsidy. This indicates that direct delivery is not a route to sustained behaviour change. The Samarth evaluation found that, in the first phase of the programme, direct delivery by its partners, although increasing programme numerical reach, resulted in very little, if any, sustained behaviour change. CONNECT attempted to modify the M4P model by merging direct delivery with M4P facilitation, but there is no evidence that this resulted in sustained behaviour change.

Recommendation 6

Avoid subsidy and direct delivery of services.

CONNECT Dairy farmers opted to sell direct to the market, avoiding using the aggregation (and expensive) services the cooperative offered. Despite being offered higher prices by traders, their Ginger counterparts continued to sell at contracted prices to the IP. While this may appear to reflect contradictory economic incentives, we argue that it instead shows that smallholder farmers are sensitive not only to economic stimuli in the form of price but also to value added services offered by their market facilitator.

Recommendation 7

Be aware that smallholder farmers respond to price as well as value added services and will look to their own best interest over the medium term.

³⁴ Itad, Samarth-NMDP Programme, Final Evaluation Report, July 2019

³⁵ Itad, Samarth-NMDP Programme, Final Evaluation Report, July 2019

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Table of respondents

Type of respondent	Interview type	Gender	District	Date
Dairy sector				
Business owner	KII	Male	Dailekh	April 2019
Cooperative members, BDC	KII	Male	Dailekh	April 2019
Dairy farmers	KII	Female/male	Dailekh	April 2019
Dairy farmers	FGD	Female	Dailekh (Balena)	June 2019
Dairy farmers	FGD	Female/male	Dailekh (Kalbhairab)	June 2019
Dairy farmers	FGD	Female	Dailekh (Lakuri)	June 2019
Hamri Didi				
Hamri Didi	FGD	Female	Aachham (Baidhyanath)	June 2019
Hamri Didi	KII	Female	Aachham (Khalgada)	June 2019
Hamri Didi	KII	Female	Aachham (Laachimana)	June 2019
Hamri Didi	KII	Female	Dailekh	June 2019
Hamri Didi	KII	Female	Doti (Pataal)	June 2019
Hamri Didi	KII	Female	Aachham (Baijanath)	June 2019
Unilever staff	KII	Male	Dadeldhura District	June 2019
Seed production				
Agricultural group (Adhikari)	FGD	Female	Dailekh	June 2019
Agricultural group (Bhinide)	FGD	Female	Dailekh	June 2019
Hatemalo Seed Cooperative members	KII	Female/male	Dailekh	April 2019
Seed production groups	FGD	Male	Dailekh	June 2019

Type of respondent	Interview type	Gender	District	Date
Ginger sector				
Farmers	FGD	Female/male	Doti	June 2019
Farmers	FGD	Female	Doti	June 2019
Farmers	FGD	Female/male	Doti	June 2019
Farmers	FGD	Female/male	Doti	June 2019
Founder of OMF	KII	Male	Lalitpur	May 2019
OMF field staff	KII	Male	Doti	June 2019
OMF staff	KII	Female/male	Dailekh	April 2019
Project staff				
CONNECT staff	KII	Male	Dailekh	April 2019
RAP staff	KII	Female		February 2019

Annex A: Case study – Belpata Dairy Cooperative

Name of project	Belpata Dairy Cooperative (BDC)
Sector	Dairy
District	Dailekh
Phase	2

Project description

Rationale for pilot

CONNECT worked with the Belpata Dairy Cooperative (BDC) in Dailekh to develop the commercial dairy sector in an area where milk production was initially scattered. Existing commercial supply chains tended to exclude milk producers from disadvantaged groups, and buffalo milk producers, largely due to cultural barriers among consumers about the source of milk supply. CONNECT therefore a) identified an opportunity to develop and scale up commercial dairy in a way which included these groups, and b) saw the potential to meet strong captive demand for milk, ghee, yoghurt and paneer³⁶ by substituting imports with local produce. BDC had been at the centre of the milk market in Dailekh for 10 years, and had an established dairy facility with sizeable infrastructure and under-utilised processing capacity. After BDC submitted a proposal to RAP aiming to improve dairy management and livestock husbandry,³⁷ CONNECT selected the organisation as a partner in the pilot. Within the RAP3 road network, Dailekh was assessed as an appropriate location as dairy was a priority sub-sector for the district, with support offered to farmers by local government.³⁸

Aims and objectives

The pilot aimed to increase income for subsistence farmers through the development of commercial activities within an expanded, inclusive supply chain. In addition to producers benefiting from scaled-up production and fairer prices, the pilot sought to establish more efficient collection and processing practice in the sector. In the longer-term, these improvements were intended to confirm commercial dairy as a viable business in Dailekh district.³⁹

Interventions

CONNECT supported BDC to address some of the main roots of market constraints, including issues with milk aggregation, low quality of produce, low yields, limited management skills and lack of technical advice offered to producers. The pilot aimed to tackle low yields by supporting producers to increase the quality and quantity of milk with a variety of interventions, including access to improved livestock feed and improved livestock breeds. CONNECT also looked to strengthen the capacities of Junior Technical Assistants (JTAs), trained by the programme to identify animal diseases and perform minor surgeries on animals.⁴⁰ The programme also trained Yuva Vayus, a group of women trained by CONNECT to share learning with peers, and to promote commercial farming techniques,⁴¹ on livestock feeding practices, husbandry practices, sanitation, animal diseases and improved production. Yuva Vayus are registered as

³⁶ KII Belpata Dairy Cooperative, Dailekh, April 2019

³⁷ KII Belpata Dairy Cooperative, Dailekh, April 2019

³⁸ Samyojan RAP3 CONNECT Detailed Design Document Volume II – Annexes, April 2016

³⁹ Samyojan RAP3 CONNECT Detailed Design Document Volume II – Annexes, April 2016

⁴⁰ KII CONNECT Staff, Dailekh, April 2019

⁴¹ CONNECT Annual Report 2017-2018: An analysis of MSME and EE portfolios

service providers in the local municipalities, so they can be contacted by municipalities for their services, which they provide free of charge.⁴² The programme hoped that Yuva Vayus would take on leadership roles within the supply chains, acting as catalysts to accelerate commercialisation of produce.⁴³

Findings

Changes to practice

*Changes to aggregation:*⁴⁴ CONNECT established three collection centres in Kalbhairab, Lakuri and Uuma to improve milk aggregation. The cooperative was supplied with transport (motorbikes) to collect produce from collection centres.

*Changes to producers' practices:*⁴⁵ Programme interventions, including providing producers with improved livestock feed, changes in breed types, as well as improved advice to farmers, aimed to increase milk supply to BDC.

- Changes to livestock feed: The programme paid for improved feed for producers to improve quality and quantity of milk production.
- Changes to breed types: CONNECT facilitated access to bank loans and livestock insurance for producers to improve milk quality and quantity. By linking producers with banks and insurance companies, the programme aimed to increase the number of hybrid breeds purchased by producers. The programme worked with Prabhu Bank to facilitate access to loans with lower interest rates (8% rather than the standard 16% rate) for producers interested in purchasing hybrid livestock. CONNECT also linked producers with a livestock insurance company to ensure producers receive 90% of the price for livestock in compensation in case of loss of livestock.
- Changes to cooperative management and advice provided to farmers: Two JTAs were hired by BDC to provide veterinary advice to producers. CONNECT contributed with 75% of the salaries for the JTAs in the first year of implementation. Thirty Yuva Vayus were also trained on veterinary skills to provide support to producers. CONNECT organised trainings for BDC on management and book-keeping to increase business capacity and operations management.
- Changes in quality of milk produced: There was a 15% increase in minimum lactose content of milk collected in FY 2017-2018.⁴⁶

Changes to marketing milk: The cooperative started to sell milk to a hospital in Dailekh.⁴⁷

Resulting benefits

The evidence shows that CONNECT brought some changes to milk aggregation during the implementation of the programme. Thanks to the establishment of three new collection centres and increased availability of transport for produce, the quantity of milk supplied to BDC increased. Numbers of producers supplying produce to BDC rose from 6 to 52, supplying up to 300 liters of milk a day.⁴⁸ Because of improved milk aggregation, the cooperative produced paneer with the excess of milk. However, as the production of paneer is more expensive than selling milk (the cooperative receives Nrs. 600 for 10 liters of milk, and Nrs. 500 for 1kg of paneer produced with the same milk quantity), the cooperative did not pursue paneer production on a regular basis.⁴⁹

⁴² KII RAP staff, February 2019

⁴³ CONNECT Annual Report 2017-2018: An analysis of MSME and EE portfolios

⁴⁴ KII Belpata Dairy Cooperative, Dailekh, April 2019

⁴⁵ KII Belpata Dairy Cooperative, Dailekh, April 2019

⁴⁶ CONNECT Annual Report 2017-2018: An analysis of MSME and EE portfolios

⁴⁷ KII, Canteen Owner, Dailekh, April 2019

⁴⁸ KII Belpata Dairy Cooperative, Dailekh, April 2019

⁴⁹ KII Belpata Dairy Cooperative, Dailekh, April 2019

The programme was successful to a certain extent in bringing changes to producers' practices in the production of milk. Anecdotal evidence shows there was some improvement in quantity and quality of milk thanks to improved livestock feed and JTA services.⁵⁰ BDC supported producers in applying for bank loans for purchasing improved livestock breeds. However, the numbers of producers accessing these loans has been limited, as the improved breeds are too expensive for producers (150k rupees per buffalo).⁵¹ Producers in Kalbhairab reported that only one producer took the loan to buy one improved buffalo and could not buy more due to the high price of livestock.⁵² The cooperative managed to link producers with insurance for livestock, such as cows, buffaloes and goats.⁵³ It is not clear from the evidence if producers needed insurance for their livestock during the course of the programme.

In terms of marketing, BDC started to sell milk (10-15 liters per day) to the hospital canteen in Dailekh.⁵⁴

Challenges encountered in making these changes

The impact of programme interventions was constrained by low incentives for producers to sell to the cooperative rather than to local markets. Producers report that the price offered by the cooperative is not competitive, as BDC offers significantly lower prices than local markets and hotels (20 rupees per liter offered by BDC, against 40-42 rupees per liter offered by hotels), and payments are normally delayed to up to four months.⁵⁵ A group of producers tried to negotiate the price with the cooperative, but prices did not increase as a result of this negotiation.⁵⁶ Delays and the lower prices offered by the cooperative disincentivise producers to sell to BDC, as they have immediate and higher payments if they sell directly to local markets or to hotels.

Another challenge to making changes in this context is the cost and time of travel. Travel to the bank or the insurance company is challenging for producers, as it is expensive (up to 200 rupees) and time-consuming (1 hour).⁵⁷ The insurance company does not offer services in rural areas, hence producers have limited access to insurance services.⁵⁸

There have been some challenges in the marketing of produce. The supply of milk to the hospital canteen (BDC's client) is often delayed and there has not been any change observed in the quality of milk as a result of the programme. The canteen owner prefers to buy from producers directly because the price is lower than with the cooperative (NRs. 60 against NRs.65 per liter).⁵⁹ No clear marketing strategy was apparent in the programme documents.

Sustainability of these changes

Based on the evidence available, there are significant challenges regarding the sustainability of milk aggregation. The most significant challenge to the sustainability of aggregation is a lack of local transport. With the end of the project motorbikes to transport milk from the collection centre to the cooperative are not available anymore. Milk is transported by producers from the collection centres to BDC on foot, covering a distance of around 8 kilometers each way. A single person can only carry 40 liters of milk at a time, limiting the amount of milk that can be transported to BDC daily. Agents have to be hired to transport milk from the collection centre to the cooperative for a fee (up to 13 thousand rupees per

⁵⁰ FGD with Dairy Farmers BDC, Dailekh, April 2019; FGD, Female dairy farmers BDC, Dailekh (Balena), June 2019; KII Belpata Dairy Cooperative, Dailekh, April 2019

⁵¹ FGD, Female dairy farmers BDC, Dailekh (Balena), June 2019

⁵² FGD with Dairy Farmers, Kalbhairab Dailekh, June 2019

⁵³ KII Belpata Dairy Cooperative, Dailekh, April 2019; FGD with Dairy Farmers BDC, Dailekh, April 2019

⁵⁴ KII, Canteen Owner, Dailekh, April 2019

⁵⁵ FGD, Female dairy farmers BDC, Dailekh (Lakuri), June 2019; FGD with Dairy Farmers, Kalbhairab, Dailekh, June 2019; FGD, Female dairy farmers BDC, Dailekh (Balena), June 2019

⁵⁶ FGD, Female dairy farmers BDC, Dailekh (Balena), June 2019

⁵⁷ FGD with Dairy Farmers BDC, Dailekh, April 2019; FGD with Dairy Farmers, Kalbhairab, Dailekh, June 2019; FGD, Female dairy farmers BDC, Dailekh (Lakuri), June 2019

⁵⁸ FGD, Female dairy farmers BDC, Dailekh (Lakuri), June 2019; FGD with Dairy Farmers, Kalbhairab, Dailekh, June 2019; FGD, Female dairy farmers BDC, Dailekh (Balena), June 2019

⁵⁹ KII, Canteen Owner, Dailekh, April 2019

transport),⁶⁰ reducing the profitability of produce. Producers also reported that, due to the long distances walked to reach the collection centres without chilling vats, milk often curdles and cannot be sold. The number of producers selling milk to BDC has dropped from 52 to 23, as a result of the lack of transport of milk from the collection centre to the cooperative.⁶¹ It was reported that one collection centre opened by CONNECT has closed because it was not used, as it was too far from producers.⁶²

There are also some challenges to the sustainability of producers' practices:

- In the second year of CONNECT, BDC was not able to cover the costs of salaries for JTAs, hence this service stopped. BDC continued to employ one accountant and one milk collector, but their salary is dependent on cooperative profits.⁶³
- It is unclear if producers will be able to access bank loans with low interest rates after the project, as Prabhu Bank has not committed to provide these loans after the end of the project.⁶⁴ It was reported that producers might not renew insurance after the end of the project, as they do not have enough savings to invest in insurance schemes.⁶⁵
- Some of the programme interventions appear to have stopped after the end of the project, due to producers' limited financial resources. For example, improved feed is too expensive for producers to purchase without the support of CONNECT. Producers have stopped using improved livestock feed without the support of CONNECT and, as a result, have witnessed a decrease in milk quality.⁶⁶ It was also reported that the hybrid livestock breeds are more expensive to purchase and to maintain, hence producers prefer to buy local breeds.⁶⁷

Assessment

Relevance

The introduction of improved breeds appears not be entirely relevant for the context. Producers are not able to invest in improved breeds as they are too expensive, even though producers have access to loans. It was reported that consumers prefer to buy milk from local cows rather than hybrid breeds, hence there is a limited market for hybrid cows' milk in the area.⁶⁸ In addition, some producers reported that the hybrid breeds introduced by the programme were not suitable for the environment of the intervention, so their productivity was lower than the local breeds (it was reported that improved cows only produced 1 litre of milk per day).⁶⁹ However, there were contrasting opinions on whether improved breeds were more productive, as a group of female producers reported that the hybrid breed buffalo was more productive than the local buffalo.⁷⁰

The number of producers accessing bank loans and insurance has been low as producers reported that travelling to banks and insurance companies is expensive and time consuming. In general, linking producers with the bank has not been entirely relevant to the context as producers prefer to have cash rather than savings in the bank, as it is more accessible in case of emergency.⁷¹

⁶⁰ FGD with Dairy Farmers, Kalbhairab, Dailekh, June 2019

⁶¹ KII Belpata Dairy Cooperative, Dailekh, April 2019

⁶² KII Belpata Dairy Cooperative, Dailekh, April 2019; FGD with Dairy Farmers, Lakuri, Dailekh, June 2019;

⁶³ KII Belpata Dairy Cooperative, Dailekh, April 2019;

⁶⁴ KII Belpata Dairy Cooperative, Dailekh, April 2019

⁶⁵ KII Belpata Dairy Cooperative, Dailekh, April 2019

⁶⁶ FGD, Female dairy farmers BDC, Dailekh (Lakuri), June 2019; FGD with Dairy Farmers, Lakuri, Dailekh, June 2019

⁶⁷ FGD with Dairy Farmers, Kalbhairab, Dailekh, June 2019; FGD, Female dairy farmers BDC, Dailekh (Balena), June 2019

⁶⁸ FGD Female Farmers, Dailekh (Lakuri), June 2019;

⁶⁹ FGD, Female dairy farmers BDC, Dailekh (Balena), June 2019; FGD with Dairy Farmers, Kalbhairab, Dailekh, June 2019

⁷⁰ FGD, Female dairy farmers BDC, Dailekh (Lakuri), June 2019

⁷¹ FGD, Female dairy farmers BDC, Dailekh (Balena), June 2019; FGD with Dairy Farmers, Kalbhairab, Dailekh, June 2019; FGD, Female dairy farmers BDC, Dailekh (Lakuri), June 2019

Effectiveness

Although the programme attempted to address some of the most significant issues at the supply level, there are constraints in livestock productivity that affected the supply of produce to the cooperative. The evidence shows that although the programme provided trainings, the effectiveness of these trainings is unclear. For example, trainings for Yuva Vayus were not easily accessible for beneficiaries, as travel expenses and daily allowance were a major obstacle for beneficiaries to take part in the trainings.⁷² Although 30 Yuva Vayu were trained, they did not work in the community as they needed refresher trainings to be able to apply the knowledge confidently.⁷³ Despite trainings provided to producers, some of the practices around milk production have not changed. For example, some producers are still mixing milk with water, decreasing the lactose level and consequently decreasing the price of milk (the higher the lactose level, the higher prices are); or producers are feeding livestock with grass or home grown maize, which decreases milk production.⁷⁴ The limited changes in livestock rearing practices might also be due to a lack of incentives for producers to improve milk quality, as some buyers still pay the same price for milk mixed with water.

Impact

The evidence from this case study shows that as a result of CONNECT, production and aggregation of milk at the supply level showed signs of improvement during the programme. However, producers do not have incentives to sell to the cooperative rather than to markets, due to the significantly lower prices offered by BDC (see above). After the end of the project, producers will be likely to stop selling milk to the cooperative, as they can receive better prices for produce elsewhere. Future programmes should consider implementing strategies to incentivise producers to sell to cooperatives, as well as strengthen marketing strategies to ensure cooperative extend the client base.

There is no available evidence about the impact of the intervention on the demand side. Without a clear marketing strategy, it is unclear how the cooperative can increase its sales and consequently provide more services to producers in the future.

Sustainability

Lack of transport is a major obstacle to the sustainability of programme activities. Issues with transport remained a fundamental constraint to aggregation during programme implementation, as some producers were not able to transport milk to the local collection centres and were not provided chilling vats.⁷⁵ Travel time and costs of travel are also a constraint for loan and insurance activities implemented by the programme. More support with transport and chilling facilities would have enhanced the effectiveness of the intervention.

Producers' limited financial resources are an added challenge to the sustainability of the programme, as producers cannot continue activities, including improved feed and improved livestock feed, without additional financial support. Support to producers has to be made affordable, so that improved milk production can continue after the end of the project.

⁷² FGD, Female dairy farmers BDC, Dailekh (Balena), June 2019; FGD with Dairy Farmers, Kalbhairab, Dailekh, June 2019

⁷³ KII Belpata Dairy Cooperative, Dailekh, April 2019; FGD with Dairy Farmers BDC, Dailekh, April 2019; FGD, Female dairy farmers BDC, Dailekh (Balena), June 2019

⁷⁴ FGD, Female dairy farmers BDC, Dailekh (Lakuri), June 2019; KII Belpata Dairy Cooperative, Dailekh, April 2019; FGD, Female dairy farmers BDC, Dailekh (Balena), June 2019

⁷⁵ KII Belpata Dairy Cooperative, Dailekh, April 2019; FGD with Dairy Farmers, Kalbhairab Dailekh, June 2019; FGD, Female dairy farmers BDC, Dailekh (Balena), June 2019; FGD with Dairy Farmers BDC, Dailekh, April 2019

Annex B: Case study – Organic Mountain Flavor

Name of project	Organic Mountain Flavor
Sector	Ginger
District	Doti, Kailali (Province 7), Dailekh (Province 6)
Phase	2

Description of the project (aims and objectives)

CONNECT forms one component of the Nepal Rural Access Programme Phase 3 (RAP3)⁷⁶, one of DFID's longest-running and far-reaching programmes in western Nepal (Provinces 6 or Karnali Province, and Province 7). In remote areas of these districts, market linkages are weak or non-existent, in large part due to the obstacles posed by poor infrastructure and challenging terrain. Economic opportunities are limited for people living in these regions, particularly for women, who are less likely to have an independent source of income.

CONNECT's main aim is to build and strengthen market linkages for micro, small, and medium businesses (MSMEs) in communities directly impacted by road construction. In addition to supporting and harnessing the commercial potential of agriculture, the programme has two specific focal points 1) for women to increase income generating activities, and 2) to build local government capacity to address barriers to growth, geographic and socio-economic inclusion and improved resilience. CONNECT identified partners in urban areas with capacity to add value to goods and services offered by willing businesses in the more rural communities, setting up pilot projects in a range of sectors.



Rationale for pilot

CONNECT worked in partnership with Organic Mountain Flavor (OMF) to develop commercial ginger farming in western Nepal, where food insecurity is high and reliance on subsistence farming common. In districts where the programme operated, ginger has traditionally been cultivated both for home consumption, and for sale both through local markets, and through traders from Nepal and India. These areas were therefore identified as having potential for the development of commercial farming. Demand for ginger at national, regional and international levels made it a commercially viable crop. OMF was selected as a partner for the pilot as a business well-established in the sector, with capacity to export to regional and international markets, and with the desire to expand their operations within Nepal. The pilot also coincided with the Nepalese government announcing their support to agriculture projects of this kind through the High Value Agriculture Programme.⁷⁷

Aims and objectives

The object of the project was firstly to address food insecurity by improving access to commercial farming by strengthening and expanding market linkages, and creating access to new markets. Secondly, the pilot

⁷⁶ <https://rapnepal.com/>

⁷⁷ Samyojan RAP3 CONNECT Detailed Design Document Volume II – Annexes, April 2016

aimed to create a more enabling environment for the longer-term expansion of the organic ginger sector,⁷⁸ making ginger farming more sustainable, both in terms of supply for OMF, and in terms of income for small-scale farmers.

Interventions

The main intervention involved setting up a scheme where OMF guaranteed buying farmers' ginger crops at a price per kilo fixed in advance each year. This was based on a range of factors including the area of land and amount of seeds available to each farmer, and analysis of prevailing market rates. Financing was provided to support cultivation, ensuring farmers had the inputs necessary to commercial production. Through a partnership with Prabhu Bank, loans were disbursed to farmers, who also received support to set up formal bank accounts. OMF field staff acted as representatives for farmers in remote areas, visiting banks and carrying out transactions on their behalf. Crop insurance was introduced as a means to safeguard against loss of crops, a mandatory part of the programme. In addition, OMF worked with farmers to gain organic certification, both as means to avoid the harmful impacts of chemical pesticides and fertilisers, and to obtain higher prices in foreign, particularly European, markets. Training was likewise provided on ginger processing, with the aim of boosting the production of dried ginger.

CONNECT support was targeted in three main areas: finance, partnerships and capacity building. CONNECT assisted OMF in obtaining the necessary financing to expand their operation, and subsidised field staff salaries. CONNECT facilitated partnerships with Prabhu Bank, and with Shikhar Insurance. Finally, technical and capacity building work facilitated OMF's running of the programme, and focused on monitoring and providing feedback on project progress.

Findings

Changes to practice introduced

OMF were able to expand the scope of their business through the project. In the year 2017-2018, 125 MT of fresh ginger was processed in Sahajpur, a new facility developed by OMF during the pilot. In the same year, 60.5 MT of dried ginger was directly exported to European markets. The company also formalized links with Prabhu Bank, signing, amending and renewing an agreement for value chain financing during the project period.⁷⁹

At project end, 600 – 700 farmers have traded ginger through OMF⁸⁰, representing a change from their usual pattern, of either home consumption or selling to local markets or traders. Trade was inconsistent, however; there were large price fluctuations, sometimes regional trade was disrupted entirely due to an Indian government ban on imports.

Producers have been supported to commercialise their ginger farming activities through financing – access to loans to facilitate production, and to bank accounts, which have been opened for >200 farmers. In 2017-2018, 2.6 million NPR in value chain financing was disbursed to 110 farmers in the OMF supply chain.⁸¹

There is mixed evidence on the impact on levels of production, with CONNECT reporting a 420% increase in ginger seeds⁸², while different groups farmers suggest that the volume of ginger produced has decreased⁸³. There has also been an increasing focus on the quality of ginger produced. Part of the contract between OMF and farmers states that ginger will be purchased, regardless of quantity

⁷⁸ Samyojan RAP3 CONNECT Detailed Design Document Volume II – Annexes, April 2016

⁷⁹ CONNECT Annual Report 2017-2018: An analysis of MSME and EE portfolios

⁸⁰ KII with founder of OMF, Lalitpur district, May 2019

⁸¹ CONNECT Annual Report 2017-2018: An analysis of MSME and EE portfolios

⁸² KII with CONNECT staff, February 2019

⁸³ FGD 2 with ginger farmers, Doti district, June 2019

produced⁸⁴. Unlike local markets, however, any sign of decay means OMF will not accept the crops, demanding of farmers a higher quality product⁸⁵. Through Yuva Vayus, women farmers trained by CONNECT to pass on training to their peers⁸⁶, farmers were supported to store ginger more effectively, helping them to meet the new standards⁸⁷.

Farmers also received training in the use of organic fertilisers and biopesticides, facilitating the organic certification process. CONNECT staff reported some farmers carefully monitoring the use of chemicals, encouraging others to find alternatives, in order to maintain their organic status⁸⁸.

Resulting benefits

These changes in practice, and the interventions which supported them, led to some benefits for farmers, and for OMF.

Multiple groups of farmers reported increasing their income by selling ginger through OMF. One group reported that average sales had increased from the year before the project, and that profits of 60,000 – 70,000 NPR were made for one harvest (although it unclear how frequently this level of profit was made)⁸⁹. For many, this allowed them to invest in goats⁹⁰, with one group able to profit from selling goats for a major local festival⁹¹. Other farmers had been able to use the income generated from ginger sales to cover household expenses, to meet unexpected financial problems, to build a house, or to boost existing small retail businesses⁹². Some farmers found the fixed prices and guarantees of purchase offered by OMF to be another benefit of the programme⁹³. They appreciated the improved certainty, saying that it reduced their level of stress, particularly as any quantity of ginger could be sold⁹⁴. Others recognized the benefits of the fixed price when market prices dropped significantly⁹⁵.

OMF found that as a result of their increased coverage and presence in Nepal, and of the new partnerships they formed through the project, the company experienced a boost to their reputation and visibility⁹⁶. The government's designation of Karnali as an organic province lend further credibility to their brand⁹⁷. They also found that they exceeded their own targets in terms of procurement of spices⁹⁸.

Challenges encountered

Despite these successes, the project also encountered numerous challenges to making effective, sustainable changes.

One of the most commonly mentioned issues was the difficulty of storing ginger crops. For farmers, the lack of available storage meant that a portion of their ginger crop began to decay before collection by OMF⁹⁹. Some found that OMF did not visit villages for collection at times linked to harvesting, exacerbating the problem¹⁰⁰. OMF also cited the lack of cold storage as a major barrier to exporting the high quality product demanded in foreign markets¹⁰¹. The guarantee to buy farmers' entire stock of ginger

84 FGD 1 with ginger farmers, Doti district, June 2019

85 FGD 1 with ginger farmers, Doti district, June 2019

86 CONNECT Annual Report 2017-2018: An analysis of MSME and EE portfolios

87 FGD 3 with ginger farmers, Doti district, June 2019

88 KII with CONNECT staff, February 2019

89 FGD 2 with ginger farmers, Doti district, June 2019

90 FGD 1 with ginger farmers, Doti district, June 2019

91 KII with founder of OMF, Lalitpur district, May 2019

92 FGD 2 with ginger farmers, Doti district, June 2019; FGD 3 with ginger farmers, Doti district, June 2019

93 FGD 2 with ginger farmers, Doti district, June 2019

94 KII with OMF field staff, Kailani district, June 2019; FGD 1 with ginger farmers, Doti district, June 2019

95 FGD 3 with ginger farmers, Doti district, June 2019

96 KII with founder of OMF, Lalitpur district, May 2019

97 KII with OMF staff, Dailekh district, April 2019

98 KII with founder of OMF, Lalitpur district, May 2019

99 FGD 1 with ginger farmers, Doti district, June 2019; FGD 2 with ginger farmers, Doti district, June 2019; FGD 3 with ginger farmers, Doti district, June 2019;

100 FGD 2 with ginger farmers, Doti district, June 2019

101 KII with founder of OMF, Lalitpur district, May 2019

also sometimes meant that the company had more ginger than needed to fill orders, making the issue of storage worse¹⁰². At other times, the level of decay left OMF unable to fulfil orders made¹⁰³.

Persuading farmers to accept the price agreed upon in advance was a further challenge, especially at times when market prices were high. Farmers had not fully understood what it meant to enter into a contract with OMF with prices fixed for the year, or were simply reluctant to sell their ginger at the fixed price when traders offered better rates¹⁰⁴. Others were also unwilling to repay loan money, which should have been the process when they refused to provide OMF with produce¹⁰⁵.

OMF's near monopoly on ginger crops in some project areas was another problem mentioned by multiple focus groups, and by OMF and CONNECT staff. The traders who had previously made a living through ginger were, not unnaturally, angry at having supply diverted to OMF. They actively discouraged farmers from accepting the fixed prices when they were lower than market rates, making it more difficult for farmers to accept the agreed-upon price¹⁰⁶.

Traders also contributed to a further set of challenges with the organic certification process. Certification relies on everybody in a given area maintaining organic standards; one person using chemical pesticides meant everyone in the area losing certification. This problem was exacerbated by traders offering quick cash for ginger grown using chemical fertilisers, and by the presence of other donor programmes operating in the agriculture sector, which did not demand organic standards¹⁰⁷.

OMF experienced some challenges at the programme level, including a lengthy process to try and obtain financing at the start of the project, with CONNECT having to mediate in order for banks to agree to the necessary business loans¹⁰⁸. Tensions also emerged around CONNECT's communication and partnership with OMF. OMF staff reported not being adequately included in decision making. The significant difference in pay between OMF and CONNECT staff was a further cause of tension. There were additional problems in making OMF's business model comply with CONNECT's project plans. Providing pre-production finance to farmers, and agricultural extension-type activities which they did not consider as part of their business remit were both cited. There were also some complaints that CONNECT's monitoring and oversight of OMF operations was too onerous and involved¹⁰⁹.

Sustainability of these changes

The evidence emerging from focus groups and key informants suggested some potential for the changes to be sustained. The OMF staff interviewed were all keen for project to continue, seeing its benefit in opening up new markets¹¹⁰, and some groups of farmers saw the value in the model offered by OMF¹¹¹. These key actors all agreed that it would be possible to sustain the scheme in some form without CONNECT support. Some elements established during the project were already operating without CONNECT's involvement, as in the partnership with Shikhar Insurance¹¹².

Assessment

This final section considers the evidence which has emerged from respondents, using it to assess the project's relevance, effectiveness, impact and sustainability.

¹⁰² FGD 3 with ginger farmers, Doti district, June 2019

¹⁰³ KII with founder of OMF, Lalitpur district, May 2019

¹⁰⁴ FGD 1 with ginger farmers, Doti district, June 2019; FGD 2 with ginger farmers, Doti district, June 2019; FGD 3 with ginger farmers, Doti district, June 2019;

¹⁰⁵ FGD 1 with ginger farmers, Doti district, June 2019

¹⁰⁶ KII with founder of OMF, Lalitpur district, May 2019

¹⁰⁷ KII with founder of OMF, Lalitpur district, May 2019; KII with OMF staff, Dailekh district, April 2019

¹⁰⁸ KII with founder of OMF, Lalitpur district, May 2019

¹⁰⁹ KII with founder of OMF, Lalitpur district, May 2019; KII with OMF staff, Dailekh district, April 2019

¹¹⁰ KII with founder of OMF, Lalitpur district, May 2019; KII with OMF staff, Dailekh district, April 2019

¹¹¹ FGD 1 with ginger farmers, Doti district, June 2019; FGD 2 with ginger farmers, Doti district, June 2019

¹¹² 112 KII with CONNECT staff, February 2019

Relevance

In general terms, the primary data suggests that the project was relevant to the context. The key stakeholders interviewed, while acknowledging challenges and difficulties, broadly agreed that the OMF model could function effectively in the sector. Two main issues with relevance arose, however. The project seems not to have considered the pre-existing market links between farmers and traders, or the resentment caused by creating near-monopolies on ginger in some villages. This caused a number of instances where traders actively tried to undermine project activities. The second issue involved the choice of Shikhar Insurance as a partner, and over the decision to make uptake insurance mandatory for farmers. Farmers were unable to claim compensation for decayed or damaged ginger unless the majority of their crop had been lost. Both farmers and OMF staff therefore questioned the relevance of including this particular form of insurance in the project.

Effectiveness

There were two main barriers to the project being more effective. The most significant of these was the lack of adequate storage throughout the value chain. For farmers, this issue not only resulted in spoiled or wasted ginger crops, but also made it more challenging to meet OMF's quality standards. Lack of cold storage further along the value chain limited OMF's ability to export quality produce to European markets. Another issue mentioned across farmer focus groups was Yuva Vayu training. Farmers reported that the advice given in these sessions was unhelpful, and that it had not effected any changes in practices. In particular, the training's ineffective advice on biopesticides created an additional barrier to organic farming practices.

Impact

There were clear benefits for farmers in being involved in the project. The profits made created income not only to meet basic needs or household expenses, but also to absorb financial problems, and to invest in productive assets, or in existing small businesses. While OMF is not yet making a profit, the company experienced positive impacts through increased coverage in Nepal and through establishing links to new international markets. The most significant negative impact was on existing ginger traders, whose livelihoods were threatened by project activities.

Sustainability: was the project sustainable? If not, why not?

Finally, while the evidence suggests that the project has some potential for sustainability, there are two major threats to its longer-term success. OMF staff discussed plans for continuing the scheme without CONNECT support, but had identified areas where further investment would be needed to function, including the company's level of working capital, and its capacity to undertake the organic certification process at scale. Furthermore, questions remain over OMF's links to the banking sector; during the project, banks wanted CONNECT to act as guarantor, instead of dealing with OMF correctly. It was unclear from the evidence the extent to which this problem might recur in the future. The second significant threat was the mixed response to the project's advance fixed price model. Although some farmers acknowledged the certainty it gave them, many others were reluctant to sell at the fixed price when market prices rose. OMF are aware of this situation, and consider that more time will be sufficient for more farmers to understand the scheme's benefits. In a context, however, where traders' livelihoods are threatened by the project, they are likely to continue to provide an attractive alternative to working with OMF.

Annex C: Case study – Unilever Nepal Ltd

Name of project	CONNECT
Who?	Unilever Nepal Ltd and Hamri Didis
Sector	Sales/marketing
Districts	Dailekh, Jumla (Province 6) Achham, Bajura, Dadeldhura, Doti (Province 7)
Phase	2

Description of the project (aims and objectives)

CONNECT forms one component of the Nepal Rural Access Programme Phase 3 (RAP3),¹¹³ one of DFID's longest-running and far-reaching programmes in western Nepal (Karnali (Province 6) and Sudurpashchim Pradesh (Province 7)). In remote areas of these districts, market linkages are weak or non-existent, in large part due to the obstacles posed by poor infrastructure and challenging terrain. Economic opportunities are limited for people living in these regions, particularly for women, who are less likely to have an independent source of income.

CONNECT's main aim is to build and strengthen market linkages for micro, small, and medium businesses (MSMEs) in communities directly impacted by road construction. In addition to supporting and harnessing the commercial potential of agriculture, the programme has two specific focal points 1) for women to increase income generating activities, and 2) to build local government capacity to address barriers to growth, geographic and socio-economic inclusion and improved resilience. CONNECT identified partners in urban areas with capacity to add value to goods and services offered by willing businesses in the more rural communities, setting up pilot projects in a range of sectors.

Rationale for pilot

CONNECT worked in partnership with Unilever Nepal Ltd to create, strengthen and expand a network of rural women sales agents, called Hamri Didis (Our Sister), across the districts of Achham, Bajura, Dadeldhura, Dailekh, Doti and Jumla. In these areas, during periods of heavy seasonal migration, more than 70% of households are headed by women. Women's participation in entrepreneurial activities is limited, and is usually restricted to micro-scale retail. Connect's previous experience showed that offering modest support could enable women to develop these activities, making their businesses more successful. Unilever, one of the largest businesses in Nepal, was willing to invest in selecting, training and mentoring women, and to support regional dealers to provide small-scale deliveries to rural retailers. Connect therefore identified them as a viable partner, while accepting some concerns on Unilever's part about



¹¹³ <https://rapnepal.com/>

their lack of existing delivery channels in the remote areas covered in the pilot. The pilot also fell within Government of Nepal and district-level development strategies.¹¹⁴

Aims and objectives

The main aim of the pilot was to support rural women in developing successful rural businesses through adding new products and new commercial relationships to their portfolio. This in turn would allow them to improve their credit rating, facilitating access to formal finance. In the longer term, the pilot aimed to contribute to an effective, profitable network of women entrepreneurs in western Nepal.¹¹⁵

Interventions

CONNECT facilitated communication between Hamri Didis and Unilever, supporting management of the project, in particular, the recruitment of sales agents. Hamri Didis received training on Unilever products, on sales and marketing, and on financial management. Access to loans was facilitated through project links to Prabhu Bank. Women were encouraged to make an initial investment of NPR 10,000 in products, with an opportunity to earn 8-12% commission on sales. Some support with transportation and logistics were provided for the first two purchases Hamri Didis made. CONNECT also worked to link the network to other companies, with Ncell SIM and pre-pay phone cards also starting to be provided through Hamri Didis. In enabling women with knowledge of, and connections in remote areas to purchase more difficult access products such as soap, shampoo and toothpaste, the project aimed to create new income generating activities, and to develop the women's economic independence.

Findings

Changes to practice introduced

CONNECT facilitated new links between Unilever and rural women from remote areas. By the end of June 2017, 382 Hamri Didis had been recruited, of whom 282 were trading, across 6 districts in western Nepal.¹¹⁶ In 2017-2018, approximately 19% of this number had completed 5 or more rounds of billing.¹¹⁷ For some women, working as a sales agent represented a new income generating activity, with some to supplement their earnings from an existing job, and others starting to sell Unilever products door-to-door as a main source of income¹¹⁸. In 2017-2018, an MoU was signed with Coca-Cola, and an in-principal agreement with the mobile phone provider Ncell to add their products to the scheme.¹¹⁹ Women who already ran small businesses were able to develop links with these new companies, and to expand the range of products available in their shops.¹²⁰ Although the agreement with Coca Cola has yet to bear fruit, Hamri Didis are now selling Ncell SIM and prepay phone cards to their customers.

Resulting benefits (grouped into themes)

Respondents reported some benefits as a result of working as Unilever sales agents. Women from Dailekh¹²¹ and Achham¹²² districts made modest profits from their sales, citing amounts from 2000 – 20,000 NPR.¹²³ For Hamri Didis in Dailekh district, this represented a source of independent income for rural women, enabling them to be less reliant on family members to meet everyday expenses.¹²⁴ Another woman from Achham district, who was the sole earner in her household, described using income from

¹¹⁴ Samyojan RAP3 Connect Detailed Design Document Volume II – Annexes, April 2016

¹¹⁵ Samyojan RAP3 Connect Detailed Design Document Volume II – Annexes, April 2016

¹¹⁶ CONNECT Annual Review 2016-2017

¹¹⁷ CONNECT Annual Report 2017-2018: An analysis of MSME and EE portfolios

¹¹⁸ KII with Hamri Didi sales agent, Khalgada, Mangalsen, Achham District, June 2019

¹¹⁹ CONNECT Annual Report 2017-2018: An analysis of MSME and EE portfolios

¹²⁰ KII with Hamri Didi sales agent, Laachimana, Mangalsen, Achham District, June 2019

¹²¹ KII with group of Hamri Didi representatives, Dailekh District, June 2019

¹²² KII with Hamri Didi sales agent, Baijanath, Sanfebazar, Achham District, June 2019

¹²³ Approximately £15 - £150

¹²⁴ KII with group of Hamri Didi representatives, Dailekh District, June 2019

sales to help meet the costs of her children's education.¹²⁵ In addition to increases in income, women from Dailekh District also reported feeling more confident to speak up in meetings, or in public situations, having participated in project training days.¹²⁶

Challenges encountered in making these changes

The project met with some significant challenges in using the Hamri Didi network to sell Unilever products, which as a result, limited the benefits.

Issues with transporting goods were the first major obstacle. Some assistance with logistics and transportation were provided for the women's first two purchases, after which they became wholly responsible for not only the associated costs but also for planning and organising these activities. Multiple respondents cited this as a major factor constraining their ability to profit from selling Unilever products. One sales agent from Doti District found that after the first two purchases of goods, where the project facilitated transport, she was unable to meet the costs of delivery¹²⁷. In other cases, the high costs of transportation meant sales agents made little to no profit, beyond what was needed to re-purchase stock.¹²⁸ Logistical difficulties exacerbated these issues; sales agents reported drivers were often unwilling to use bad roads and risk damage to their vehicle, particularly for the small volume of goods ordered by Hamri Didis.¹²⁹ Sales agents also reported having to invest considerable time in fetching products from locations where dealers were willing to deliver, and that deliveries did not always arrive in time to meet customers' demands.¹³⁰

This problem was compounded by Unilever dealers' refusal to allow Hamri Didis to purchase goods on credit. Multiple respondents mentioned this as a key factor limiting their ability to generate profits, including by those who had access to loans from other sources. One discussed the opportunities she had missed to sell larger volumes of stock, for example, during the Mahi Shivaratri festival.¹³¹ Buying smaller volumes also made the cost of transportation disproportionately expensive.

The evidence also suggested Unilever staff capacity to manage the Hamri Didi network posed challenges to the project. High staff turnover during the project implementation period resulted in few employees having full oversight or understanding of the processes involved.¹³² Earlier reviews of the partnership also found that CONNECT had to give significant support to management and recruitment of Hamri Didis.¹³³

Sustainability of these changes: what has been sustained after the project closed?

The scale of these challenges limited the extent to which changes were sustained after the project closed. Some Hamri Didis are continuing as Unilever sales agents, despite the issues with transportation and availability of credit.¹³⁴ The links that were established with Ncell have also been maintained.¹³⁵

Assessment

Relevance: was the project relevant to local context?

Evidence from KIIs shows that some elements of the project were relevant to the local context. The project worked through the existing Hamri Didi network, employing rural women with knowledge of, and connections in the remote areas targeted. Most respondents found demand for Unilever products, and

125 KII with Hamri Didi sales agent, Laachimana, Mangalsen, Achham District, June 2019

126 KII with group of Hamri Didi representatives, Dailekh District, June 2019

127 KII with Hamri Didi sales agent, Pataal, Badikedar, Doti District, June 2019

128 KII with Hamri Didi sales agent, Laachimana, Mangalsen, Achham District, June 2019

129 KII with CONNECT staff, February 2019

130 KII with Hamri Didi sales agent, Khalgada, Mangalsen, Achham District, June 2019

131 KII with Hamri Didi sales agent, Baijanath, Sanfebazar, Achham District, June 2019

132 KII with Unilever staff, Dadeldhura District, June 2019

133 CONNECT Annual Review 2016-2017

134 KII with Hamri Didi sales agents, Laachimana, Mangalsen and Baijanath, Sanfebazar, Achham District, June 2019

135 KII with Hamri Didi sales agent, Baijanath, Sanfebazar, Achham District, June 2019

appreciated the quality of goods. Sales agents reported wanting to develop more links with other companies, like Ncell, demonstrating that the project aimed to fulfil unmet demand.¹³⁶ Extending Unilever's reach was not appropriate to every locality, however. One respondent, however, noted that changes in population due to migration meant the number of potential customers was falling, and that competition between shops had increased as a result. She also found that fixed prices of some Unilever products were too high for her clientele.¹³⁷

While the overarching aim of creating new market linkages was broadly relevant to the context, the project design did not adequately meet the reality on the ground, particularly in terms of managing the transportation of products. Poor infrastructure and challenging terrain in remote areas constitute long-term barriers to market expansion in rural districts. Facilitating and subsidizing transportation for sales agents' first two purchases was not sufficient to address this problem, especially bearing in mind the difficulties Hamri Didis had in meeting the costs of transport without project support.

Effectiveness: was it effective in changing practices? What worked and what not and why?

There were significant issues in implementation which had an adverse impact on effectiveness. Although it seems that the problems with transportation costs and logistics were identified early on, no real solutions were found during the project period. The issue of high staff turnover at Unilever was an unexpected difficulty which limited their capacity to take over management and monitoring of the scheme.

Impact: did it result in benefits? For everyone or just some people? Who missed out?

As a result of these issues with the project's relevance and effectiveness, the impacts were also limited. Hamri Didis made only modest profits, particularly when project support to transportation ended.¹³⁸ In turn, positive changes in women's earning power and economic independence were limited. Hamri Didis in more remote regions, or who were the sole sales agents in a given area, were less likely to have made profits, or to have continued selling products after the project end.

Sustainability: was the project sustainable? If not, why not?

The difficulties experienced during the project mean that it is not sustainable. The project was not very effective in establishing lasting new market linkages in rural areas, or in significantly altering women's economic independence. The issues with transportation, both in terms of logistics and high costs, were a major constraint. Unilever traders' refusal to provide credit, despite credit being part of the initial project design, further hampered to Hamri Didis' capacity to sell products profitably. As a result, in KIIs, multiple women stated that they would not continue as sales agents, or had already stopped, due to the high costs and low profits of selling Unilever products. Moreover, evidence suggests that the small volume of goods and low turnovers generated by Hamri Didis were not enough of an incentive for Unilever to facilitate transportation or provision of credit. Continuing to support the Hamri Didi network may therefore not seem commercially viable for Unilever. Future projects aiming to expand sales networks in remote areas would need to consider more carefully how to manage logistical issues in a way that is commercially viable for companies, without eating into the profits of sales agents.

¹³⁶ KII with Hamri Didi sales agents, Laachimana, Mangalsen and Baijanath, Sanfebazar, Achham District, June 2019

¹³⁷ KII with Hamri Didi sales agent, Khalgada, Mangalsen, Achham District, June 2019

¹³⁸ Assessing the extent of profits made was also challenging, as multiple Hamri Didis reported not keeping financial records.

Annex D: Case study – Hatemalo Seed Promotion Cooperative (HSPC)

Name of project	HSPC
Sector	Seed multiplication (vegetables)
District	Dailekh (Province 6)
Phase	2

Project description

CONNECT, part of the broader RAP3 programme¹³⁹, aims to reduce poverty by increasing incomes and resilience through jobs, local roads, social protection support, market links to agri-business, women led micro-enterprises and small community infrastructure. The programme harnesses the commercial opportunities already existing in the region by leveraging private sector investment, and aims to expand existing markets and introduce new processes and practices for businesses.

Rationale for pilot

CONNECT worked with Hatemalo Seed Promotion Cooperative (HSPC)¹⁴⁰ to establish new sources of quality seeds in western Nepal. In this area, farmers are heavily reliant on external sources of seeds, and as such, there is strong local demand for high-quality and drought-resistant seeds. CONNECT therefore saw potential to support local supply chains, and to promote the growth of the commercial seed sector. Moreover, the Government of Nepal had identified commercial seed production as a priority area for development in agriculture more widely.¹⁴¹

Aims and objectives

The pilot aimed to create consistent additional sources of income for subsistence farmers through access to commercial seed production. In this way, the pilot also sought to meet previously unmet demand for quality seeds in local and regional markets in a sustainable way. In the longer term, CONNECT aimed to foster an enabling environment in which commercial seed production could be established and leveraged at scale.¹⁴²

Interventions

CONNECT's support to Hatemalo Seed Promotion Cooperative focused on 2 main areas: improving the quality of seeds, and expanding the supply chain of available seeds. To increase sales to HSPC, the programme aimed to link more seed producers with the cooperative. The programme provided training and support for HSPC in bookkeeping and office management to improve capacity of the cooperative. Two junior technical assistants (JTAs) and two members of staff were appointed and paid by the programme to provide additional technical support.

To increase productivity of seed producers, CONNECT, in collaboration with the District Agricultural Office, built ponds and irrigation, and trained members of HSPC and 39 Yuva Vayus¹⁴³ in agricultural techniques, including cultivating seeds, irrigation, and application of manure, and in marketing. Yuva Vayus are a group of women trained by CONNECT to share learning with peers, and to promote commercial farming

¹³⁹ <https://rapnepal.com/>

¹⁴⁰ NB: CONNECT documents do not provide a rationale for selecting Hatemalo as a partner for the pilot.

¹⁴¹ Samyojan RAP3 Connect Detailed Design Document Volume II – Annexes, April 2016

¹⁴² Samyojan RAP3 Connect Detailed Design Document Volume II – Annexes, April 2016

¹⁴³ Farmers trained by CONNECT to pass on training to their peers

techniques.¹⁴⁴ The programme intended Yuva Vayus to take on leadership roles within the supply chains, acting as catalysts to accelerate commercialisation of produce.¹⁴⁵ Crop insurance was introduced by the programme as a way to minimise maize producers' losses in cases of low yields, bad weather or crop infestation. The programme also provided producers with training on how to minimise production costs, for example by adopting manure as a fertilizer and by focusing on mass production. Between July 2017 and June 2018, the project supported 336 farmers, of which 245 are women, to improve quality and expansion of supply chains.¹⁴⁶

Findings

Changes to practice

As a result of programme activities, the number of farmers in the coop increased from 60-70 members to 365 members.¹⁴⁷ The 2017-2018 financial year saw a 22% year-on-year increase in sales and long term contracts signed with two new commercial buyers. Year-round irrigation was extended to cover 8200 ha of land, benefiting 350 producers.¹⁴⁸ This improvement in irrigation, as well as the technical support provided by JTAs and Yuva Vayus, contributed to increased yields of vegetables and seeds.¹⁴⁹ Producers used to mainly cultivate vegetables before the programme intervention, and now they are cultivating onion, red beans and maize seeds.¹⁵⁰ Some report that seeds are easier to store and transport to local markets than vegetables.¹⁵¹

Insurance was accessed by some cooperative members when crops were not productive or were damaged, either as a result of weather-related events, such as hail storms, or crop infestation.¹⁵² The cooperative sent the insurance forms to the insurance company on behalf of farmers. Connect support also fostered better connections between the cooperative and the local ward offices.¹⁵³

Resulting benefits

As a result of CONNECT, HSPC have expanded their market, as they started trading with multiple companies, including Global Seeds (Kathmandu) and agrovets in Surket and Melkot. In addition, HSPC started a five-year agreement with the Seed Entrepreneurs' Association of Nepal (SEAN) to supply 10 tons of hybrid maize seeds per year.¹⁵⁴

Producers report a general increase in incomes, from 5,000 NPR to up to 2 lakh NPR for onion seeds per year, 6,000 NPR for maize and 5,000 NPR for beans.¹⁵⁵ However, farmers are not certain about the exact profit they make through the sale of these seeds, as the cooperative subtracts costs of fertilisers from the sales.¹⁵⁶ Additionally, cooperative members now feel able to ask for support from local ward offices.¹⁵⁷

Challenges encountered in making these changes

Despite these benefits, however, the project faced a series of challenges related to the functioning of cooperatives, to irrigation, to Yuva Vayu training, and to insurance claims.

¹⁴⁴ CONNECT Annual Report 2017-2018: An analysis of MSME and EE portfolios

¹⁴⁵ CONNECT Annual Report 2017-2018: An analysis of MSME and EE portfolios

¹⁴⁶ CONNECT Annual Report 2017-2018: An analysis of MSME and EE portfolios

¹⁴⁷ KII Hatemalo Seed Cooperative, Dailekh, April 2019

¹⁴⁸ CONNECT Annual Report 2017-2018: An analysis of MSME and EE portfolios

¹⁴⁹ FGD Adhikari Agricultural Group, Dailekh, June 2019; FGD Bhinide Agricultural Group, Dailekh, June 2019

¹⁵⁰ FGD Adhikari Agricultural Group, Dailekh, June 2019

¹⁵¹ FGD Adhikari Agricultural Group, Dailekh, June 2019

¹⁵² KII Hatemalo Seed Cooperative, Dailekh, April 2019; FGD Janasahayogi Fresh Veg Seed Production Group and Hariyali Seed Production Group, Dailekh, June 2019; FGD Adhikari Agricultural Group, Dailekh, June 2019

¹⁵³ KII Hatemalo Seed Cooperative, Dailekh, April 2019

¹⁵⁴ KII Hatemalo Seed Cooperative, Dailekh, April 2019

¹⁵⁵ RAP Staff, Dailekh, April 2019; FGD Adhikari Agricultural Group, Dailekh, June 2019

¹⁵⁶ FGD Bhinide Agricultural Group, Dailekh, June 2019

¹⁵⁷ KII Hatemalo Seed Cooperative, Dailekh, April 2019

Farmers encountered severe delays of up to a year in receiving payments from the cooperative, a strong disincentive to their continued involvement.¹⁵⁸ Concentrating production on cultivating onions also proved problematic, with a surplus produced which flooded the market.¹⁵⁹ In addition, some producers continued to report insufficient water for cultivation, despite CONNECT's investment in irrigation infrastructure.¹⁶⁰

In terms of the training provided, not all farmers have used the support from the Yuva Vayus, as they report that they do not understand their purpose.¹⁶¹ One focus group suggested that gender proved a barrier to them being taken seriously; Yuva Vayus are all women, and many farmers will therefore not value their training.¹⁶²

Issues also arose over insurance claims, with farmers reporting delays in the payment by the insurance company. Respondents¹⁶³ report challenges with receiving compensation after crop diseases, as the District Agricultural Office initially reported that the loss of crop was due to seed defects. Producers eventually managed to prove that they lost crops due to the disease and received compensation of 150,000 NPR after six months. One of the common challenges is that insurance agents do not visit the villages and farmers lack any link to insurance companies. The nature of the coverage was a further challenge; farmers were not compensated for crops damaged by hail.¹⁶⁴

Sustainability of these changes

Evidence from respondents suggested some changes made during the project may be sustainable. Farmers are planning to expand seed production because they have improved their income.¹⁶⁵ In addition, the cooperative is applying to a local government initiative called the Agricultural Knowledge Centre, which provides tools and inputs. It seems that the cooperative's seed promotion programme has been signed off by the Centre, though the extent of the support was not yet clear during primary data collection.¹⁶⁶ One group of producers expressed concern, however, that the support offered by JTAs would not continue after project end, suggesting that this would be a threat to sustainability.¹⁶⁷

Assessment

This final section considers the evidence which has emerged from respondents, using it to assess the project's relevance, effectiveness, impact and sustainability.

Relevance: was the project relevant to local context?

The main aim of promoting seed production was relevant to the local context. Farmers were able to utilise the training they received to cultivate their own seeds.¹⁶⁸ The fact that seeds are easier to store and transport than vegetables was another factor contributing to seeds becoming a profitable source of income for some farmers. In addition, producers reported less competition for the sale of seeds than for vegetables. Despite this, vegetable cultivation has likewise become more profitable through easier access to seeds.¹⁶⁹ Some aspects of the training provided also seemed useful to respondents, with support from JTAs being particularly appreciated. More work would be needed to develop the Yuva Vayu initiative into

¹⁵⁸ FGD Janasahayogi Fresh Veg Seed Production Group and Hariyali Seed Production Group, Dailekh, June 2019; FGD Bhinide Agricultural Group, Dailekh, June 2019

¹⁵⁹ KII Hatemalo Seed Cooperative, Dailekh, April 2019

¹⁶⁰ FGD Bhinide Agricultural Group, Dailekh, June 2019

¹⁶¹ FGD Janasahayogi Fresh Veg Seed Production Group and Hariyali Seed Production Group, Dailekh, June 2019; Bhinadi Krishi

¹⁶² FGD Janasahayogi Fresh Veg Seed Production Group and Hariyali Seed Production Group, Dailekh, June 2019

¹⁶³ FGD Janasahayogi Fresh Veg Seed Production Group and Hariyali Seed Production Group, Dailekh, June 2019; KII Hatemalo Seed Cooperative, Dailekh, April 2019

¹⁶⁴ FGD Bhinide Agricultural Group, Dailekh, June 2019

¹⁶⁵ FGD Adhikari Agricultural Group, Dailekh, June 2019

¹⁶⁶ KII Hatemalo Seed Cooperative, Dailekh, April 2019

¹⁶⁷ FGD Bhinide Agricultural Group, Dailekh, June 2019

¹⁶⁸ FGD Adhikari Agricultural Group, Dailekh, June 2019

¹⁶⁹ FGD Adhikari Agricultural Group, Dailekh, June 2019

a more relevant resource, although as gender norms may have shaped farmers' perceptions of the training, altering the situation could prove time-consuming.

Effectiveness: was it effective in changing practices? What worked and what not and why?

The evidence shows that some elements of the project were effective, in that it boosted production of seeds and vegetables, allowing farmers to gain new income generating activities. However, issues with transport continue, as farmers carry vegetables and seeds to the cooperative on foot, limiting the quantities they can sell.¹⁷⁰ The long delays to payments being disbursed, whether by cooperatives or insurance companies, were a further serious impediment to the project functioning effectively.

Impact: did it result in benefits for the coop and producers? For everyone or just some people? Who missed out?

The evidence shows that the programme created some impact for both the cooperative and seed producers. The extent to which producers increased their income is unclear, however, as information about pre-project income levels was not discussed with respondents. Although the intervention claims it has been successful, there are still some challenges that to address, including increasing the number of buyers from two to reduce dependence, and exploring the possibility of a weather-based insurance product to meet farmers' needs more effectively.¹⁷¹

Sustainability: was the project sustainable? If not, why not?

While the data showed some aspects of the project to be sustainable, such as producers cultivating their own seeds at low cost, other barriers to sustainability emerged from the evidence. Despite the project's investment in irrigation infrastructure, some farmers still reported having insufficient water to cultivate vegetables.¹⁷² Additionally, producers did not feel they had yet received enough technical knowledge from JTAs to move away from farming traditionally.¹⁷³ As JTA support will not continue after the project ends, this poses a threat to changes in practice becoming embedded. Insurance was a final key area where there was a question mark over sustainability. Although the government covers 75% of insurance costs, and some farmers said they would continue to be insured after the project ends, the problems with policy design and making claims persist. As the insurance office is far from the village, farmers are not connected to the insurance company. Claims therefore have to go through the cooperative, making the system slow and inefficient.¹⁷⁴

¹⁷⁰ KII Hatemalo Seed Cooperative, Dailekh, April 2019

¹⁷¹ CONNECT Review (1st Phase), June 2018

¹⁷² FGD Bhinide Agricultural Group, Dailekh, June 2019

¹⁷³ FGD Bhinide Agricultural Group, Dailekh, June 2019; FGD Janasahayogi Fresh Veg Seed Production Group and Hariyali Seed Production Group, Dailekh, June 2019

¹⁷⁴ FGD Janasahayogi Fresh Veg Seed Production Group and Hariyali Seed Production Group, Dailekh, June 2019



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