SUMMARY REPORT: PACT

Introduction

National Planning Commission (NPC) is working towards evidence-based policy formulation and decision making by using the results and findings from the evaluation of complete and ongoing policies, programs and projects. In this regard, Project for Agriculture Commercialization and Trade (PACT) is being evaluated by the independent third party as provisioned by NPC. Currently this midterm independent third party evaluation is conducted by Strengthening National Planning and Monitoring Capacity (SNPMC) on the behalf of National Planning Commission and with the support of United Nation Development Programme (UNDP).

For this independent third party assessment Nepal Development Research Institute (NDRI) was selected through competitive process to conduct the assignment. The required survey tools were decided and prepared by mutual understanding between NPC, SNPMC and NDRI. The evaluation process was spread over a period of four months beginning from 1st of Bishak B.S 2073 to end of Shrawan B.S 2073.

Evaluation objectives

The main objective of this independent evaluation is to assess the status and performance of approximately 524 value chain participants equally representing small and marginal farmer's group, agriculture cooperatives, private firms and producers associations that are tied up in Project for Agriculture Commercialization and Trade (PACT) from 1st proposal call to 3rd proposal call.

The specific objectives of this evaluation are as follows

A) To evaluate PACT's planning and implementation process of different calls.
B) To evaluate the status of work performed by PACT.
C) To evaluate value chain participant's productivity and improvement in their ability to compete.
D) To measure the changes brought by the project in the employment rate at local level.
E) To access the contribution of the project in poverty reduction and improving the standard of living.

Evaluation methodology

The methods used for this evaluation mainly consisted reviewing of available secondary sources of information like project appraisal documents ,PACT guidelines , ministry of agriculture development reports, auditor general's report, micro grant operating manuals, and published information collected from different value chain participants like farmer's group, private firms, cooperatives and producers association. Similarly the primary source of information to gather the qualitative and quantitative data included organization survey questionnaire, House-Hold survey questionnaire (treatment and comparative household), Focus Group Discussion (FGD) involving different value chain participants, Key Informant Interview (KII) at central level and district level, observations, success stories, failure stories etc. In this evaluation, from six selected federal states, one district is proportionately selected from each state. These selected districts include Rauthahat from state no. 2, Kathmandu from state no. 3 , Shyanja from state no. 4, Kapilbastu from state no 5, Surkhet from state no 6 and Kailali from state no 7. From these selected districts facts and information are being collected from 122 randomly selected value chain participants.

Evaluation Findings

1. As the financial resource of the projects is not ascertained by any other external sources the policy makers themselves indicated the low sustainability of the project.
2. The sub sectoral beneficiaries expressed that the project being highly sustainable. However, from the evaluation the positive performance of the project is only limited to 24%. Moreover, the information gathered from field survey and observations, KIIs etc., there is 76% chance that this project will not last very long.
3. The concerned parties expressed that instead of offering full grants, if these funds were to be extended as soft loans by involving various banks and financial institutions within financial system the project can have high sustainability. Otherwise, the feeling of responsibility will not be there in the grant recipients and will definitely bring irregularities. *For example, after receiving first and second installment of Rs 37 lakhs , three organizations from the mid development region have not operated as per project's objectives. Therefore, the grassroots official sources indicated that grants must be repossessed from those organizations. Similarly, it is mentioned that two organizations which received Rs 55 lakhs under same the contract but failed to give continuity to the agriculture business must return the fund. These two events show the advantage of low cost loans over full grant. Thus, the project is destined for failure if it is continued without any significant improvements.
4. The entire respondents agreed that the project has no adverse affect on the environment.

Conclusion

Criteria	Evaluation (1-4)	Findings
Relevancy	Moderate	The project seems to be relevant as per its objectives of assisting in arraying the necessary sources and helping in increasing production to meet the inflated market demand with the limited resources. However, there is a pre-eminent requirement of improvement in implementation process and assurance from beneficiaries for effective utilization of the resources. From the data obtained from the evaluation 52.2% of the value chain participants are dissatisfied with the application of the grant which is not a good sign.
Effectiveness	Moderate	A project is considered effective only when the grants provided is utilized to its full potential but currently this project has shown 34% effectiveness.
Efficiency	Moderate	The outcome generated from the grant provided seems good but due to lack of self investment, the project might have difficulties in achieving its overall objective.

Impact	High	The summarized value chains from all three call of the project, the productivity of serial seeds (rice and wheat), dairy sector, vegetables etc have increased from 9.67% to 71.47%.
Sustainability	Low	Major improvement should be brought in the implementation phase of the project. Currently from the evaluation, the project is only showing 24% sustainability.

Recommendation

1. All the past and ongoing projects related to agriculture commercialization should be further analyzed. Then, obtained results should be used in making the project more relevant, effective, efficient and sustainable.
2. It is recommended to bring improvements in the project's endowment system through independent analysis of processes of regular grant based program of Nepalese government and other grant related programs.
3. The grants provided by the project should not be treated as full grant rather it should be offered as loan but on a very low interest rate. Similarly, the value chain participants must be enrolled in the banking system as it means to follow the protocols.
4. The system of conducting field verification of potential sub sectors by project's itself and project's technical Support Group (TSG) and awarding more points to applicants by TSG must be stopped immediately.
5. In most of the situations it is seen that the grant provided is being misused. According to the existing process the grant allotment should be halted and major improvements must be made in the system. Only after that continuity should be given to this project. Moreover, some grant recipients did not hesitate to confess their embezzlement of the fund and express their fearlessness towards inspections regarding this project. This may bring confidence in other to follow the same malicious activity. Therefore, it is advised to go into process to take back the allotted grant from those deceptive organizations.
6. It is suggested that only after the thorough inspection of the grant receiving organizations, further business with them must be continued as most of them have failed to come up with proper written documents concerning the project.

*53th Annual Report of Auditor General, 2072