



Annual Results Report

Programme Year Two
May 2013 – April 2014

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Executive Summary

Samarth-NMDP is a five-year DFID-funded programme that aims to achieve sustainable impact at scale for poor farmers and rural entrepreneurs in Nepal. The programme adopts a market systems approach, addressing the 'causes' rather than just the 'symptoms' of why poverty is persisting in key rural sectors. It does this by adopting a facilitative role, seeking to change the incentives and capacities of key permanent actors within market systems to deliver improved goods and services to the poor – instead of the programme temporarily, directly and possibly even distortively delivering these goods and services itself.

During Programme Year Two, from beginning May 2013 to end April 2014, Samarth-NMDP has laid strong foundations for sustainable change across a range of agricultural markets, as well as recording the first signs of impact at the farm-level. Key results, catalyzed by Samarth-NMDP have included:

- Companies importing ginger disease management products have started to take ownership over new ways of working, proven to benefit the poor;
- Local agro-vets and district wholesalers have successfully co-ordinated on off-season 'gap' vegetable production, with farmers recording greater access to knowledge, information and inputs required to maximize revenues from vegetable cultivation;
- Seed companies have been incentivized to undertake the first commercial dairy forage seed production in Nepal, with signs that their service provision and network are beginning to expand, independent of programme support;
- The first forum for public-private dialogue in the pig industry in Nepal led to the creation of an inaugural entrepreneur's association, entirely driven by the players in the market;
- A fish feed manufacturer has dramatically upgraded their production capacity, and started to produce smaller packets of readymade pellet feed;
- At least one importer of mechanized agricultural equipment has begun to experiment around new sales strategies for mini-tillers.

Overall, working across eight rural sectors, evidence of progress towards systemic change has been recorded in five market systems, where Samarth-NMDP has successfully coaxed investment or change in how the private or public sector are doing business. At the same time, stakeholder engagement to influence more systemic and sustainable approaches to market development has gathered pace. The programme also began to extract and document learning and to play a role as a thought leader on market systems development, both in Nepal and globally. In 2013, Samarth-NMDP became the first programme to be audited during the first year of operation against the *DCED Standard for Results Measurement*.

The challenge for Year Three will be to unlock potential for greater impact at scale, building on the momentum towards systemic change in existing interventions, while exploring avenues for new and innovative areas of work. Typically, market systems programmes take time to record significant and sustainable beneficiary-level changes in income. During the first stages of systemic programmes, the focus is on altering the attitudes, mind-set and behaviour of key public or private players to deliver change – rather than the programme circumventing (or sub-contracting) them and doing it directly to record just short-term income increases. However, if systemic change is fully realized, Samarth-NMDP has projected that between 88,000 to 210,000 poor farmers and rural entrepreneurs will record an average increase in incomes of £150 per year. This is anticipated to generate a projected £30 million to £59 million of additional income gains by 2017, against a maximum programme expenditure of £13.5 million.

Part One: Overall programme achievements

This section reports on achievements against the Samarth-NMDP logframe for Programme Year Two (May 2013 - April 2014). The logframe sets out the theory of change that underpins Samarth-NMDP's work across all the rural sectors where it is attempting to stimulate pro-poor change¹. That is: a series of interventions are launched to respond to critical constraints inhibiting pro-poor growth in a market system. These build the incentives and capacities of at first a small number of market players, in the form of a pilot, and later the wider industry during scale-up, to take on new or improved behaviours, roles and practices – which are proven to be of benefit for the poor. Such changes will lead to improved access to relevant and differentiated goods, services or markets for farmers and rural entrepreneurs, who can take advantage of these opportunities to improve the way they run their farms or small enterprises, making them more productive or competitive, which will in turn contribute to an increase in incomes.

The overall programme expenditure required to achieve these results is summarized in Annex 7, along with a value for money analysis against key economy, efficiency and cost-effectiveness indicators.

1.1 Impact and outcome-level

As of Year Two, farm-level changes are now being witnessed. These are resulting from the market player roles and behaviour changes, which are set out in detail in Part Two. Farmers are beginning to access new products, information, services required to improve their livelihoods. Annex 2 outlines some of the real-life impact stories, captured from individual farmers, behind the figures included in this section.

Samarth-NMDP measures impact- and outcome- level change using the following indicators:

- *Outreach*: number of farmers and small-scale entrepreneurs experiencing a positive change in annual real incomes, disaggregated by gender
- *Income change*: average increase in annual real incomes among affected farmers and small-scale entrepreneurs
- *Productivity*: number of farmers and small-scale entrepreneurs improving their productivity or competitiveness in market systems
- *Business practice*: number of farmers and small-scale entrepreneurs showing significant changes in their business practices

In this Results Report, actual achieved figures logframe milestones for these outcome and impact indicators are not provided, since change at farmer-level in each sector is still being verified through a series of impact assessments. Samarth-NMDP does not report on beneficiary-level changes until confident of being able to provide a credible estimate, verified through estimating counter-factual, and, where-ever possible in pilots, using quasi-experimental methods. Baselines are underway or have been completed in all sectors active for more than 6 months (aside from pigs – for reason explained in Part Two). Impact, in turn, is adjusted to only count those beneficiaries classified as poor².

In addition, sustainable income increases in market systems development take time to be realized – and then be measured. Unlike in a more direct, but perhaps less sustainable approach, where a programme would intervene with farmers and record income increases in as short as one crop cycle, a typical Samarth-NMDP approach would be to first persuade a partner player (e.g. a national importer) to engage with a series of intermediaries (e.g. agro-vets), who in turn will interact and deliver services to farmers. Farmers then need to use this service to improve their on-farm

¹ The logframe was revised at the beginning of Programme Year Two, in July 2013. It is included in Annex 8. All sector and intervention results chains follow the same logic, breaking down each level of the logframe structure into a series of more discrete causal 'steps'.

² Using Progress Out of Poverty Estimated embedded into impact assessments. The upper poverty line used by Samarth-NMDP is US\$2.50/day.

practice, wait a crop cycle to see results and, usually, to sell produce on the market to record an income increase. This, by definition, takes time to come about.

Although some sectors – including ginger and vegetables – have recorded initial farm-level impact through pilot activities, this Results Report instead captures the *orientation* towards and *anticipated* eventual achievement of outcome- and -impact change, at the same time as providing a more qualitative flavor of the potential changes at the farm-level through ‘Impact Stories’, as well as giving a quantified indication - in the form of impact projections - of the impact on incomes by the end of the programme. These impact projections – which are reasoned estimates of the impact the programme expects to deliver by a given point in time, based on clear assumptions – have been based on a process that was independently verified as part of a formal audit against the DCED Standard for Results Measurement in August 2013: as profited in Annex 4³.

Indications are that the programme is on-track to achieve significant change at the outcome- and impact- level, in the long-term. Projections show that through its current set of sectors and interventions, Samarth-NMDP is expected to reach between 88,000 and 210,000 beneficiaries with an average increase in beneficiary income of £150 per year (generating £29-59 million of additional income gains) by the end of the programme in 2017⁴. The range in outreach reflects a ‘bandwidth’ between two kinds of impact:

- The lower figure captures first-wave impact, which is generated as a result of the market players with whom the project has initially and temporarily partnered during (during pilot phase of interventions) with having successfully piloted role changes or a pro-poor innovation i.e. proof of concept.
- The higher figure captures second-wave impact, which is generated as a result of more players ‘crowding in’ around the role change or innovation. This can take place either autonomously, or as a result of further programme intervention⁵ i.e scale-up phase of interventions

The bandwidth shows the difference in possible outcomes – which are dependent on an array of exogenous factors and market dynamics – which may result from systemic change: from the lowest possible conservative estimate (if only partner market players change their way of working during the pilot phase), to the highest possible conservative estimate during the scale-up phase (if the expected level of ‘crowding in’ occurs).









Table 1, below, provides an overview of projected impact per sector, while Annex 4 sets out more detailed figures which break down projections by each logframe impact and outcome indicator.

³ These projections are correct as of February 2014. Samarth-NMDP updates its projections twice a year: at the end of the calendar year and at the end of the programme year. Projections are underpinned by evidence-based assumptions and have been made as conservatively as possible to avoid optimism bias. Projections have also been adjusted for likely overlap between interventions (see Annex 5 for a map of overlapping project districts). These projections are based on the approved impact projections in each sub-sector implementation plan, taking into account both first-wave and second-wave impact, and are correct as of March 2014. Projections represent the attributable changes expected as a result of Samarth-NMDP. Each intervention measurement plan takes into account and estimates, as far as possible, other factors which might affect and contribute to the various changes the programme aims to cause (e.g. as environmental factors like rainfall, or the impact of other public or private programmes). The projections in Annex 4 are therefore expected changes due to the actions of Samarth-NMDP, as opposed to other actors/factors.

⁴ Data is recorded in constant rupees figures (based year 2011). Converted to GBP using the average exchange rate from 2013 of 145.6 NPR units per GBP (HMRC approved rates).

⁵ This is also known as ‘indirect impact’ – however this terms gives the false impression that such impact was not initially intended or planned for.

Table 1: Projected Samarth-NMDP outreach, by sector (all figures rounded to nearest 1,000)

 <p>Ginger Outreach: 12,000-29,000</p> <p>Almost 1,000 farmers have already benefitted from improved inputs to manage ginger disease. Companies have been targeted to 'crowd in' around the product, and impact will be further broadened and deepened through additional marketing-side interventions.</p>	 <p>Vegetables Outreach: 25,000-69,000</p> <p>Over 10,000 farmers have attended demonstrations for improved seed, which are expected to translate into productivity gains. Regional seed wholesalers are being targeted to increase outreach.</p>
 <p>Dairy Outreach: 20,000-38,000</p> <p>Small numbers of farmers are benefiting from improved access to veterinary services and forage seed. Outreach will gather pace with the addition of milk marketing interventions to bring more smallholders into the supply chain.</p>	 <p>Pigs Outreach: 3,000-5,000</p> <p>A relatively small sector, many of the key benefits of improved breed will only be felt after the end of the programme, as the introduction of new breeds has a long gestation period.</p>
 <p>Fish Outreach: 3,000-11,000</p> <p>Famers are already benefitting from improved access to fish feed through pilots with the only two Nepali manufacturers. The challenge for outreach will be to 'crowd in' other manufactures who are not currently engaged in fish feed production.</p>	 <p>Mechanisation Outreach: 1,000-3,000</p> <p>While a high-potential sector for scale, the pilot is limited to one district with one importer – and until new business models have been 'proven', projections will remain low.</p>
 <p>Tourism Outreach: 17,000 – 39,000</p> <p>The interventions are anticipated to increase the number of visitors to trekking routes (whilst adhering to carrying capacity); improve business operations (higher incomes from food and beverage, accommodation and associated services such as porters) and enhance economic benefits from tourism for host communities through improved regulation and policy.</p>	 <p>Media Outreach: 10,000-23,000</p> <p>Benefits from improvements in the quality of agricultural radio programming content and the sustainability of FM radio station advertising revenues are expected to be spread across a wide range of players, districts and farmers.</p>

Note: Projections are made for the four-year period where Samarth-NMDP will measure the impact of each intervention: surveys are run for up to two business cycles or two years - whichever is longer - following the completion of intervention activities. In reality, it would be expected that income changes will continue (and perhaps grow) beyond this four-year period.

1.2 Output-level

1.2.1 Output One

The underlying pro-poor performance of rural sectors – particularly agriculture – is improved

Sustainable improvements in farmer and entrepreneur incomes are achieved through lasting changes in how markets function. Only 'systemic changes' can allow poor women and men to take advantage of opportunities that contribute to a reduction in poverty even after interventions have ceased.

Samarth-NMDP considers a change to be systemic when it has taken root in the market system. In other words, when changes in roles or the pro-poor product, service, or business model innovations are owned and upheld by market players independent of project support, and manifest themselves beyond the market players that the intervention has directly partnered with.

Indicators in the Samarth-NMDP logframe measure systems change at three levels:

- Number of sectors in which strategies have been developed and implemented. This refers to sectors where initial market-facing interactions have taken place, striking a deal with market players to experiment and pilot.
- Number of sectors where there is evidence of progress towards systemic change. This refers to sectors where market players have begun to 'buy in' to a new way of working, contributing their time and resources towards a proven pro-poor solution,
- Number of sectors where there is evidence of replication. This refers to sectors where there is evidence of a wider system response - measured in terms of role changes and innovations being replicated.

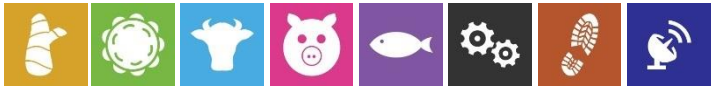

The first indicator is a measure of viability (that a pro-poor opportunity exists), the second a measure of initial buy-in around ways of working, while third is a measure of sustainability. Crucial to the programme approach, sustainability is considered as the market capability to ensure that relevant, differentiated goods and services continue to be offered and consumed by the poor beyond the period of an intervention.

The three indicators capture an important sequencing: first that opportunities are identified, second, that players and realise a benefit, before, thirdly, the innovation is rolled-out through a wider market reaction.

Table 2, below, outlines Samarth-NMDP achievements relating to the logframe indicators and milestones, as of the end of Year Two.

The achievements are outlined in more detail in Part Two of the Results Report, which is dedicated to systemic change in sectors – since this is at the heart of Samarth-NMDP and the programme's year-on-year results achievement.

Table 2: Output-level achievements against the logframe

Indicator	Year Two Milestone	Achievements as of March 2014
Number of sectors in which strategies have been developed and implemented ⁶	6 sectors	8 sectors 
Number of sectors where there is evidence of progress towards systemic change ⁷	3 sectors	5 sectors 
Number of sectors where there is evidence of replication ⁸	1 sector	No sectors with firm evidence of replication: however, there are tentative signs in at least one sector, and 15 months after the first intervention was launched, the 'trajectory of change' means it is arguably too soon to expect crowding-in or copying to have occurred.

1.2.2 Output Two

The capacity for effective pro-poor market development among key stakeholders – including government, NGOs, donors and research organisations – throughout Nepal is enhanced, leading to positive and sustained practice change

The second output of the Programme is to raise awareness about market systems development and influence wider stakeholders that are engaged in poverty reduction in Nepal. This will leave behind a cadre of key organisations that will make a difference to poverty reduction after Samarth-NMDP ends in March 2017. The aim is to enable relevant and influential organisations to make policy decisions in development that will embrace market systems approaches. This will lead to pro-poor programme designs that will be more orientated towards systemic and sustainable change.

Samarth-NMDP aims to achieve this through utilising evidence and knowledge collected through its own interventions and other evidence from programmes outside of Nepal. Dissemination and sharing of knowledge is done through various means, including national workshops (and other events), face to face workshops and training, one to one meetings and through the Market Development Forum Nepal (MDFN)⁹.

Samarth-NMDP considers changes in the way stakeholders think and behave towards market system approaches when they adopt this into their policy and decision-making processes, and show evidence in the incorporation of this approach in the design of new policies and programmes. This applies to stakeholder groups including government agencies, donors, research organisations and practitioners (including NGOs).

Indicators in the Samarth-NMDP logframe measures changes at three levels:

- Number of key stakeholders who make strategy, policy and funding decisions which reflect a pro-poor market development approach.
- Extent to which the Market Development Forum Nepal operates effectively as a stakeholder-led forum for market development practitioners.

⁶ Full definitions of all these indicators are provided in the 'Explanatory Note to the Samarth-NMDP logframe'. A sector is considered 'met' for Output Indicator 1 when it has both an approved strategy and stated implementation – in other words when Samarth-NMDP has engaged with a market player in the system towards carrying out a planned intervention activity.

⁷ Logframe definition: market players having successfully 'adopted' or 'adapted' a new pro-poor innovation within a market system. This is considered 'met' when there is a green colour-coding, for any intervention in the sector, for either of the 'adopt' or 'adapt' element of the systemic change tool – see Part Two.

⁸ Logframe definition: 'crowding-in' by market players and 'copying' by farmers and small-scale entrepreneurs. This is considered 'met' when there is a green colour-coding, for any intervention in the sector, for the 'expand' or 'respond' elements of systemic change – see Part Two.

⁹ This is detailed in the Output 2 Strategy

- Percentage increase in awareness, attitude and understanding of key stakeholders with respect to applying a pro-poor market development approach.

The first indicator is a measure of how stakeholders embrace market systems development into their poverty reduction agenda, the second is a measure of autonomy of the MDFN, and the third is a measure of changes in awareness and attitude of wider stakeholder groups towards pro-poor market development. These collectively will ensure there is an influential body of pro-poor development organisations that can carry forward future sustainable and scalable pro-poor development initiatives that will contribute to the national goal of poverty reduction long after the life of the programme.

Table 3: Output-level achievements against the logframe

Indicator	Year Two Milestone	Achievements as of March 2014
Number of key stakeholders who make strategy, policy and funding decisions which reflect a pro-poor market development approach	2	<p style="text-align: center;">6</p> <ul style="list-style-type: none"> • Devetec (Fish IP) working on business growth strategy to hire M4P specialists. • 4 IPs have adopted market systems approaches in the implementation of interventions, as recorded in 2012-2013
Extent to which the Market Development Forum Nepal operates effectively as a stakeholder-led forum for market development practitioners.	All meetings organised and financially support by Programme	<p style="text-align: center;">5 meetings held</p> <ul style="list-style-type: none"> • All meetings arranged and paid for by the Programme.
Percentage increase in awareness, attitude and understanding of key stakeholders with respect to applying a pro-poor market development approach.	10% Over baseline	<p style="text-align: center;">13 per cent increase in stakeholder awareness of market systems development over baseline</p> <ul style="list-style-type: none"> • Baseline survey completed in 2014 - retrospective as stakeholder engagement started in earnest in early 2013. • The results of the survey show that there has been an increase of 13 per cent in awareness of the market systems approach since the beginning of the programme: mainly with implementing partner NGOs and some government agencies. This figure is not yet corrected for attribution (since stakeholders may have gained awareness through other sources) – but as the only market systems programme in Nepal, there is a high degree that this change can be attributed to Samarth-NMDP. Future surveys will measure changes in attitude and understanding as stakeholders start to ‘buy in’ to the approach.

Part Two: Sector progress towards systemic change

2.1 Sector Overview

As of March 2014, Samarth-NMDP was working to catalyze pro-poor change in eight rural sectors. Tourism, mechanisation and media were added during Programme Year Two.

Under an 'add-drop-build' portfolio approach to the development and delivery of projects within each sector, key additional interventions were also launched in ginger, dairy and pigs. This approach helps maintain a flexible mix of markets, entry points and partners – to build towards greater impact on the livelihoods of the poor by intervening at multiple points in the value chain. These new interventions used experience from tackling production-side constraints in Year One to take on more 'sophisticated' constraints related to the marketing-side: for example diversifying milk selling channels in dairy, contract farming models linked to end-markets in pig farming, and exploring export potential and value addition infrastructure investments in ginger.

In other sectors, interventions were adjusted mid-stream to respond to changing market conditions, new opportunities or emerging risks - stimulated by information generated through regular reviews, continuous monitoring and informal interactions using the programme's results management system¹⁰. Intervention delivery had a focus on learning and adapting: all sector analyses are currently being revisited and updated to make sure they are based on improved knowledge and understanding of market systems - and that the programme is responding to constraints with the highest potential to unlock pro-poor growth¹¹.

Annex 3 provides an overview of the current set of Samarth-NMDP sectors and interventions.

2.2 Measuring systemic change

Given the centrality of systemic change to the programme approach, Samarth-NMDP has put in place a transparent and clearly-defined method to assess pro-poor systems change, using a tool which is based on emerging good practice in market systems development¹². This 'systemic change tool' identifies four key elements of systemic change which help gauge, at any given point in time, whether changes instigated by projects have a systemic quality. The four elements are:

- Adopt – a new market actor successfully adopts pro-poor innovation.
- Adapt – The initial partner acts independently of project support to continue in some manner with the role change and/or innovation that they originally piloted
- Expand – A number of other (new) market players have adopted the innovation or clear variants thereof.
- Respond – The innovation triggers a secondary response from players in the wider system.

The tool as well as the more detailed definitions and indicators for each of these four elements are set out in Annex 6.

2.3 Evidence of sector progress towards systemic change

This section reports on concrete attributable achievements in market systems, and how public or private players within these markets have begun to 'buy in' to new ways of working, changing their attitudes, behaviours or roles for the benefit of the poor – stimulated by Samarth-NMDP.

¹⁰ Results management helps the programme not only 'prove' but also 'improve' impact, generating a flow of *useful* information to help staff adapt and adjust intervention tactics and strategies as part of a culture of dynamic learning. See the Samarth-NMDP and Springfield Centre paper, "Making Sense of 'Messiness': Monitoring and Measuring Change in Market Systems, A practitioner's perspective".

¹¹ The ginger market analysis was updated in October 2013. The dairy analysis is currently being updated based on extensive action research around milk selling channels, conducted during 2013. Fieldwork to update the vegetables analysis was completed in March 2013. Work will begin on re-validating the fish analysis in April. The pig sector analysis tool is thought to already reflect a wide set of constraints and up-to-date knowledge. All other sector analyses were produced during Year Two and do not yet require updating.

¹² As also set out in the paper "Making Sense of 'Messiness'", the tool was developed by The Springfield Centre, and was first utilised by the Catalyst programme in Bangladesh in 2011. See *Good Practices in Facilitation: The Systemic Change Framework. The Springfield Centre (2011)*

For each sector, a short overview is provided of any intervention-level signs of change. This is followed by a summary against the ‘systemic change tool’. As a visual aid to reporting, and to signify which elements have been ‘reached’, a colour-coded rating is used. Green indicates that evidence has been collected that market players are now either ‘adopting’, ‘adapting’, ‘expanding’ or ‘reacting’ to a pro-poor change in one of the sector interventions. A yellow rating indicates there is tentative or unverified evidence of change, while a blank box suggests that there is no evidence against the element. For those elements colour-coded green and therefore ‘reached’ in a particular intervention, a further assessment is made on the strength of the evidence-base.

Finally, for each sector where there has been sign of change, a further assessment is made of prospects for sustainability and scale, since each element of systemic change may exhibit different levels of these critical elements. At the level of ‘adoption’, for example, the sustainability and scale of impact is likely to be low – yet it is important to assess whether there is potential for other players to ‘crowd in’ around the change in future to broaden impact (e.g. are there other similar players out there who could also adopt the innovation? was the support provided in a way which would allow benefits to be replicated?)

2.3.1 Ginger

- *Disease management:* Two companies importing agricultural inputs into Nepal have begun investing their own time and resources into selling bio-fungicides and providing embedded advice to ginger farmers through local agro-vets and agents – which they were not doing previously. Evidence demonstrates that at least one of these companies is not only beginning to buy into this new way of selling and communicating important information about these inputs, but is also, to a limited extent, beginning to internalise the approach and make it their own. Farmers in three districts have already begun to benefit from these new through improved access to information and inputs to mitigate crop loss – as captured in the ‘Impact Story’ of Rojina the ginger farmer in Annex 2.
- *Improved storage:* Nineteen ginger traders in two districts have been trained on post-harvest seed storage, and are now linked to individual and groups of farmers to begin to test out collective storage pits. The public research institution, the National Ginger Research Council, and the industry association NGPTA, are playing a role as, respectively, key information provision and scale agents.
- *Packaging:* An agreement has been reached with a Nepali sack manufacturer, who has shown an interest in trialling a trader-led model for the use of standardized jute sacks.
- *Trade and export marketing.* A coalition of government and business bodies, brokered by Samarth-NMDP, has agreed to collaborate in order to commission Nepal’s first ever comprehensive international market research on the potential for diversifying export markets for ginger and derivative products into Europe, the Gulf and other parts of Asia. This brings together the Ministry of Ministry of Agriculture and Development, Ministry of Commerce and Supplies, the Trade and Export Promotion Centre and the Federation of Nepalese Chamber of Commerce and Industry (FNCCI).
- *Processing:* While actual investments from market players will depend on the results of the export market study, initial feasibility assessments revealed positive motivation on the part of traders, existing processors and banks around financing models and capital investments for value addition.



Importer training farmers

Seed treatment

Land preparation

Fertilizer application

Ginger plantation

Mulching

Table 4: Summary systemic change in ginger

Adopt	Adapt
<p>Two disease management importers (CPT and EAT) have invested a total of 150,000 rupees and 140 days staff time on the new business model.</p> <p>An estimated 900-1,100 farmers have purchased packets of <i>trichoderma</i>.</p> <p>EAT initiated three demonstration sites unsupported by the project, in addition to the five that the project supported to communicate best practice application of the disease management inputs.</p> <p>Initial verbal commitment from NGPTA to replicate the feasible storage model across its network, if the trial proves successful.</p>	<p>Signs that EAT wishes to contract at least one of the commission agents that the project helped to finance for the piloting period and of one of the agents looking to open an agro-vet business.</p> <p>The same company has also taken the initiative to register their product with the national pesticide regulatory authority, thus lowering import duties for future orders, and has placed an order for twice as much <i>trichoderma</i> stock than that which they imported at the same time in the previous year.</p>
Expand	Respond
No sign of change	No sign of change
<p>Evidence-base: <i>Strong</i>. Two rounds of baseline survey completed using a quasi-experimental design with control groups (sample size 372). Progress Out of Poverty estimates used to correct for number of programme target groups (the poor living on less than US\$2.50/day) in beneficiaries. Follow-up survey underway to capture impact on incomes. Internal evaluation completed to assess prospects for lasting behaviour change in importers and agro-vets. Project team monitoring included agro-vet post-training and follow-up surveys as well as key informant interviews with importers and joint field monitoring of demonstration plots.</p>	
<p>Sustainability and scale prospects: <i>Medium</i>. In the supply chain for disease management products, there are questions over the quality of agro-vet embedded service provision. The relatively 'heavy' support provided by the project during the pilot means the extent to which other importers can 'crowd in' remains under scrutiny. However, a plan in place is in place to 'right size' the business model for the wider industry - a shortlist of 6 new firms have been identified to target for crowding-in to broaden impact.</p>	

2.3.2 Vegetables

- **Seed supply:** Six seed wholesalers and almost fifty agro-vets across six districts are providing embedded services to farmers on improved vegetable seeds, new varieties and gap vegetables, both from their retail shop and at the farmers' fields, including through over 100 demonstration plots set up with the support of the project, and with the involvement of horticulture experts from District Agriculture Development Office. Over 11,000 farmers were recorded to have visited these demonstrations. See the Samarth-NMDP 'Update' in Annex 2 and Impact Story in Annex
- **Aggregation:** Six vegetable wholesalers in all six districts are working with 34 traders to establish platforms for aggregating and collecting vegetables from farmers. Altogether 10 collection centres have been established and started collection with the support of the project, but only one of them successful in leveraging resources from elsewhere (the wholesaler and an international NGO).

Table 5: Summary systemic change in vegetables

Adopt	Adapt
<p>46 agro-vets are keeping stocks of improved vegetable seeds, have started selling new varieties and begun identifying gap vegetables. Wholesalers and agro-vet have contributed 367,000 rupees (direct and in-kind) and 183 days of their time towards the project activities.</p> <p>Agro-vets and wholesalers contributed their time to run 110 demo plots, as well as 56 follow-up field days, with farmers to raise awareness on the benefits of improved seed and off-season vegetable cultivation. 11,458 farmers were recorded visiting demos. Agro-vets have also trained 1,173 farmers - over half of which were female - on 'gap' vegetable production to meet market demand.</p> <p>Since the project began, over 23,000 farmers have purchased high quality seeds and newer varieties of seed from retailers – although it is not yet known how many of these are poor, or how many are additional over last year's sales figures.</p> <p>Wholesalers and traders have collaborated to form ten collection centres, one of which has been truly 'driven' by the wholesaler in terms of investment and market linkages.</p>	<p>No sign of change</p>
Expand	Respond
<p>No sign of change</p>	<p>No sign of change</p>
<p>Evidence-base: <i>Low.</i> While a comprehensive baseline of agro-vets was completed, the farmer-level baseline is still underway - this process was complicated by the shift in strategic focus from generic improved seeds to off-season production. Figures are not therefore reported as 'results' at the outcome and impact-level until attributable change has been established. An internal evaluation will be commissioned early in Programme Year Three to uncover any changes in market player incentives or capacities – and to extract lessons from the 'collection centre' model for aggregation, which relies on a large injection of project support to start-up.</p>	
<p>Sustainability and scale prospects: <i>Low.</i> The project has made heavy investments in the business model, intervening relatively directly and used a model of 'reducing cost sharing' to stimulate buy-in: it remains to be seen whether this will work, and whether impact is in fact just being 'bought', or whether lasting behaviour changes in wholesalers and retailers are being stimulated. There are so far no signs of market players independently tailoring or 'adapting' new ways of working, which is not a positive sign. This has triggered a fundamental re-think about how Samarth-NMDP will engage in vegetables in future (a process which started with the re-running of the sector analysis in February 2014).</p>	



Lead farmer setting up the nursery bed



Agro-vet giving training in the demo plot



DADO chief interacting with the farmers



Sharing experience with DADO



Neighbors adopting tomato farming



Lead farmer participating in practical training for cucurbits nursery preparation

2.3.3 Dairy

- **Forage seed:** At least one seed company has started to roll-out forage seed production, establishing a contractual relationship with multipliers to produce forage seed for both winter and summer season crops. As set out in the Samarth-NMDP 'Update' in Annex 1, this marks the first commercial forage seed production in Nepal. Seed companies have been linked to the DLSO for forage source seed – who have also been a neutral 'broker' of the contractual arrangements with multipliers. While summer season production was below expectation, companies have already begun scaling up their network of multipliers and learning lessons from the summer season pilot. There are positive signs around ownership of the new way of working: these 'intentions' will be monitored to see if they translate into 'practice' over the coming seasons.
- **Veterinary services:** Three field technicians are providing improved vet services to farmers in one pilot cooperative, under the umbrella of an experienced vet doctor. The cooperative has accepted a regular payment schedule for the services, and up to seventy cooperative members, and even some non-members, have also paid to curative services on top to ensure the visit from qualified animal health practitioners. Nepal Polytechnic Institute (NPI) has developed a dairy-specific animal health training model, and is seeking its formal accreditation. The course was offered publically as a 'test run', but a low response rate – thought to be due to lack of focus on marketing the course by NPI – meant that it has not yet been conducted.
- **Access to markets:** two private dairy processors in the East have entered into agreement with the project to pilot the expansion of milk collection and to investigate the feasibility of product diversification.

Table 6: Summary systemic change in dairy

Adopt	Adapt
<p>Seven seed companies initially engaged with eight multipliers, who are a mix of lead farmers, cooperatives and community forest user groups. One lead seed company - NASIC Pvt. - emerged, and five multipliers produced 1,100kg of forage seed under a contractual arrangement. So far over 500kg have been 'bought back' by NASIC.</p> <p>One cooperative is accessing animal health services from an 'enterprise' of one senior vet doctor and three field technicians, with the cooperative paying a regular premium and members and non-members able to access 'additional' services, for a fee.</p>	<p>Seed companies themselves, independent of the project, initiated a process to explore the registration of forage seed production and sales by Seed Quality Control Center (SQCC), and potential for companies to work jointly with the government forage mission.</p> <p>Seed companies have begun to expand their network of multipliers outside the project-supported districts to Dang in West. NASIC has decided to undertake contract farming agreement with 17 multipliers - up from 5 in the summer - for winter production.</p>
Expand	Respond
No sign of change	No sign of change
<p>Evidence-base: Medium/Low. Benefits yet to reach farm-level en masse, although over 40 cattle were invested under the vet services model, with 20 in follow-up treatment, triggering the baseline for this intervention – which compares the cooperative with a representative 'control' enterprise. A dedicated results management officer was brought into the team in Year Two to lead on the close monitoring and documentation of market player behaviour and practices.</p>	
<p>Sustainability and scale prospects: <i>Medium.</i> In forage seed, the companies did not sufficiently monitor multiplier cultivation practices, and output was less than envisioned due to inadequate production practices. Even though the production was less, the company is selling through its marketing channels, so there is a prospect of wider outreach if the production volume increases. In animal health, the incentives for scale in the 'cooperative' model are yet to be proven, especially outside of high-performing districts where there are few senior vet doctors.</p>	

2.3.4 Pigs

- *Improved seed stock.* 30 commercial pig breeder farmers in six districts have recognized the importance of crossbreeding and providing quality piglets, and have so far replaced over 50 young boar piglets to a cross-breed stock from village-level cluster groups. Two private and two government breeder farmers have begun to construct artificial insemination labs, and have imported semen on a cost-sharing basis with the project. Breeding and lab services manuals – the first of their kind in Nepal – have been produced and are being used to train the farms.
- *Public-private dialogue:* The first National Workshop on the Pig and Pork Industry took place in 2013, with private sector involvement underwritten by the project, and ending in the formation of Nepal’s first pig entrepreneur association (at the initiative of the pig farmers themselves: see the Update in Section X). Over 200 participants attended the workshop, almost a half from the public sector and a third from the private sector. Key issues around breed policy, hygiene and health and industry regulation were raised. The newly-formed association has already made concrete plans to organize a pork food festival and self-organise the Workshop in the future – without project funds.
- *Pig and pork marketing:* an agreement has been reached with three butchers-cum-traders to upgrade slaughterhouse facilities, enter into contract farming arrangements with smallholders to ensure a steady supply of meat for these ‘aggregators’, at the same time as providing a stable market and funnel for input provision to farmers.

Table 7: Summary systemic change in pigs

Adopt	Adapt
<p>51 piglets have been replaced, which will rise to 139, by commercial pig farmers working with village-level cluster groups established by the project.</p> <p>First forum for public-private dialogue in Nepal’s pig industry was initiated to identify concrete policy and enabling environment constraints to growth: 92 per cent of the private sector participants were satisfied with the event.</p>	<p>Using the space provided by the first National Workshop, pig farmers self-started Nepal’s first Pig Entrepreneurs Association.</p> <p>Two private pure breed farms have purchased additional doses of frozen semen by themselves (50 doses each), over and above the amounts stipulated in the partnership agreements. In total 725 doses will be imported: 400 by the project and 325 by partners.</p>
Expand	Respond
<p>No sign of change</p>	<p>Public sector (Ministry of Agriculture) has acted quickly to already assign funds and support – independent of the project – to the pig entrepreneurs association.</p>
<p>Evidence-base: <i>Medium/Low.</i> Due to the gestation period for improved breeds to become productive in the seed stock intervention (it takes a while for improved stock, even in cross-breeds, to reach farm-level impact) no baselines have taken place. The selection of partners through an open call for proposals for pure breed farming, and in the pig and pork marketing, has, however, provided a solid baseline at the market player level. In the public-private intervention, the project created the ‘space’ for dialogue, but took a largely logistical role – being ‘hands off’ to let the industry identify critical constraints themselves. Although the project did not form the entrepreneurs association, plausible causality can be established around the way in which the project pro-actively ‘bought in’ private sector participation into the workshop.</p>	
<p>Sustainability and scale prospects: <i>Unknown.</i> Given the relative ‘immaturity’ of the industry, and heavier-than-normal investment on the part of the project to get new business ideas moving, it is too early to make an assessment on the likelihood for sustainability and scale.</p>	

2.3.5 Fish

- Fish feed:** One feed manufacturer, Annapurna Khadya Mal, has upgraded their production capacity from 1 ton per month to a maximum of 40-60 tons per month, and they have begun offering their feed packets in sizes more viable for smallholders: whereas previously they only had 20kg. bags, they are now offering 10kg, 5kg and 1kg packages. The company has run three awareness raising programmes, in collaboration with the local public fisheries officer, reaching out to over 100 farmers. Three test ponds collected data on six species of fish: which proved that the introduction of manufactured feed could yield the same weight grow in 4 months as would take 10 months for ‘traditional’ feed. The company have so far successfully established one distribution outlet in one of the test plots, based on a perceived rise in demand. However, market penetration for commercial feed remains low (at 2 per cent) and whether feed is being offered at the right ‘pricing points’, even for larger pond owners, remains an area the project is working with the feed company to experiment around.
- Fish seed:** The brood feed manufacturer, Himalayan Aqua Agri-tech, has conducted three interaction programmes around four demonstration sites in 2 hatcheries and 2 nurseries, in collaboration with local public agencies including DADO and the Fisheries Development Centre. The interaction programmes have been attended by 32 lead farmers, including nursery and hatchery owners, and 22 have already placed ordered for feed.

Table 8: Summary systemic change in fish

Adopt	Adapt
<p>Feed manufacturer upgraded plant production capacity from 1 to 40-60 tons, and is now offering feed packets across a range of sizes from 1-20kgs. Three awareness raising programmes have reached 117 farmers.</p> <p>Brood feed manufacturer conducted 3 interaction programmes around 4 demonstration plots, with 22 of the 32 participants placing an order for either hatchling, crumble or carp pellet feed.</p>	<p>Feed manufacturer, independent of project support, is now offering feed packets across a range of sizes from 1-20kgs</p>
Expand	Respond
<p>No sign of change</p>	<p>No sign of change</p>
<p>Evidence-base: <i>Medium/Low.</i> Baselines ongoing. Comprehensive market research, and scientific monitoring of test ponds mean a sector that was largely relying on secondary data has now collected a mass of primary information, around which, down the line, estimations of attributable impact on the behaviour and practice of a range of market players in the industry will be able to be made.</p>	
<p>Sustainability and scale prospects: <i>Medium.</i> Other companies with the ability to manufacture feed (who have so far concentrated on dairy and poultry), have expressed interest in the model, and potential to replicate benefits remains high – with a large untapped market and demand for feed at the right pricing points, as identified in a 2013 industry market research sponsored by Samarth-NMDP, highlighted.</p>	

2.3.6 Mechanisation

- *Business advisory services:* A user-focused perception survey was run across three districts, and an event held with 7 importers of mechanized agricultural equipment in November 2013. During this event, the overall industry trends, growth opportunities and major pre, sale and after-sales challenges were presented. The event also served to validate the potential business opportunity, and coalesce around an industry ‘voice’ with which to engage the government – planned for a follow-up event in 2014. One importer – with a strong dealership network across 27 districts – has agreed to pilot new and improved marketing and after-sales strategies (including around a service provider model, where trained operators can offer services at a fee for farmers), which began in earnest in March 2014.

Table 9: Summary systemic change in mechanisation

Adopt	Adapt
One importer is piloting improved marketing and after-sales practices in two pilot districts, dedicating a marketing officer to support the trial and with the close interest of the company CEO.	During the market analysis, the Samarth-NMDP team made a number of recommendations about the importance of developing closer ties with DADO for more cost-effective ‘social marketing’. These ideas have already begun to be taken on board by the company across its network.
Expand	Respond
One attendee at the initial workshop, who was not previously selling mini-tillers, has now invested in mini-tillers and was already presenting these at a trade fair in February 2014	No sign of change
<p>Evidence-base: <i>Medium/Low.</i> A comprehensive market analysis and first-ever end-user survey provides a set of fairly unique primary information sources available to the project. Since the pilot importer was also a key informant of the market analysis, which began, in part, almost 12 months ago, there is a longitudinal element to observing changes in market player behaviour. Baselines to be conducted in mid-2014.</p> <p>Sustainability and scale prospects: <i>High.</i> Since the sector started with an ‘industry’ workshop, the key players for crowding-in have already been identified and engaged, and the potential for replicating benefits is thought to be high.</p>	

2.3.7 Tourism

- *Product development:* to ensure continuity of tourism development efforts and industry dialogue, the interventions in support of tourism product development of Samarth-NMDP have been divided into 2 phases; a first phase that speaks to industry expectations by directly supporting trail development which will inform a second phase that addressed systemic limitations to continued product developments. That first phase is currently being implemented with carefully selected intermediary organisations able to change and direct tourism development efforts in Nepal.
- *Marketing:* 2 detailed market intelligence studies have been commissioned that identify relevant market trends in the active, Asian and domestic market as well as the current impact and effectiveness of destination marketing efforts. The outcome of these studies will form the basis for the design of a new destination marketing system in which project supported (new) products will feature.
- *Regulatory environment:* support towards an improved regulatory environment has yet to start beyond initial interactions with government.

Table 10: Summary systemic change in tourism

Adopt	Adapt
Agreements with the Trekking Agency’s Association of Nepal (TAAN) to develop a home-stay based trek in Ruby Valley; with the National Trust for Nature Conservation (NTNC) to develop the Gaurishankar/Dolakha – Manaslu trekking circuit; and with the Kanchenjunga Conservations Area Management Council (KCAMC) to create a Taplejung trekking route using home stay accommodation	No sign of change
Expand	Respond
No sign of change	No sign of change
Evidence-base: N/A	
Sustainability and scale prospects: Good scale prospects with core group of trekking operators able to offer new products supported by Samarth-NMDP. Sustainability mechanisms to be established among protected areas covering some 75% of trekking tourism destinations.	

2.3.8 Media

- *Improving the way radio works in Nepal:* article published in Media Research Society, the world’s leading authority on research and business intelligence, on the issues facing Nepal’s media sector, as the start of a strategy to garner interest from international firms willing to ‘step up’ to the opportunity to provide an effective media rating service in Nepal.
- *Improving agricultural and rural business programming:* research study commissioned to examine audience perceptions of the quality of current radio programming content, triangulated with another ongoing study to assess the quality of agricultural programming.

Table 11: Summary systemic change in media

Adopt	Adapt
No sign of change	No sign of change
Expand	Respond
No sign of change	No sign of change
Evidence-base: n/a	
Sustainability and scale prospects: <i>Unknown</i> , as changes yet to be observed – sector only launched in January 2014.	

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Annex 1: Year Two highlights

1.1 Bringing improved fish feed to the market

Manufactured feed is an important part of modern commercial aquaculture. Balanced nutrition, in the form of granules or pellets, is required by fish throughout their life cycle. However, most smallholder fish farmers in Nepal are not aware of the benefits of using external feed. They usually let fish feed in their natural habitat, or provide inappropriate feeds such as household waste and other animal feed, which is not sufficient for proper growth.

Using a market systems development approach, Samarth-NMDP has started working with private companies to improve the productivity of pond aquaculture through improved fish feed. Samarth-NMDP has been helping to innovate new business models for feed manufacturers, to diversify their product offerings and develop viable distribution/marketing mechanism.

The business innovation

The ready-made fish feed market in Nepal is still in its infancy. Existing feed manufacturers have a low production capacity and their products are available in limited quantities. There are only two fish feed manufacturers in Nepal - one based in Morang, in eastern Nepal, and the other in Rupandehi, in western Nepal. Due to the scattered distribution of farmers, lack of a formalized distribution channel, and manufactured feed being a fairly new concept in Nepal, these manufacturers were having difficulty calculating demand, which would allow them to invest further.

Samarth-NMDP's first step, therefore, was to conduct market research aimed at persuading the industry that there is a huge potential customer base for fish feed and that a more price-competitive product can be developed to 'tap into' this market. This study has now been completed and Samarth-NMDP will soon be disseminating findings to other feed companies not yet producing fish feed - who have the potential to 'crowd in' to the market to make it more competitive.

"After partnering with Samarth, we tried a new business model in which the fish farmers themselves used and tested the feed product in their private ponds. Upon successful completion of the test, these farmers were active in promoting and marketing the feed product to their neighboring farmers and also acted as sub-dealers to distribute our product to other farmers. This model has been beneficial to all involved.

As a result, our sales have increased by 600 % in the past 6 months. We have changed our technology from mesh feed production to floating pellets. This will help farmers reduce feed loss by up to 30% and will also prevent pond contamination. Farmers are excited about this new product and new orders have been placed even before commercial production has begun. We are also aiming to further expand our plant capacity within the next year to double the production"

Govind Pokhrel, General Manager, Annapurna Krishi Maal (AKM)

At the same, Samarth NMDP partnered with Annapurna Krishi Maal (AKM), one of the two fish feed manufacturers, to conduct demonstration ponds and test the quality of their product and its commercial viability for the poorer smallholder target groups.

In order to raise farmers' awareness about fish feed and feeding practices, AKM partnered with VIRBAC - a private company dedicated to animal health - and successfully completed feed tests in the field. The preliminary field test results have shown significant increase in the yield. AKM has held 7 interaction programs to date to raise farmers awareness about the fish feed and feeding practices in key pocket areas: 3 in Morang, 2 in Sunsari and 2 more outside the intervention districts in Siraha and Dhanusha. The participation of farmers in these interaction programs has gradually started to build: over 300

farmers have already participated, which has led to increased fish feed demand in the market

AKM has gained significantly from their test activities and interaction programs. They have discovered the market potential, prompting them to install a new production plant that produces extruded floating feed. The new plant is set to begin its operations from the last week of February. AKM is now distributing feed through at least 3 new sub-dealers, who were identified through this test period. The manufacturer has also diversified their feed product for all stages of fish rearing and improved their packaging by offering their products in different sizes - 20 kg, 10 kg, 5 kg and 1kg packages. This will help small scale farmers gain access to feed by being able to purchase feed in smaller quantities.

"I am satisfied with the feed. Using manufactured feed is easy and has saved me a lot of time as I don't have to worry about sourcing ingredients and mixing them like I previously did. I made good profit this season, however, I think if the price was lower, I could significantly increase my profit."

Sogarath Mandal, Fish Farmer

1.2 Measuring to learn, learning to measure: Samarth-NMDP breaks new ground in monitoring and results measurement

Monitoring and results measurement presents particular challenges in market systems development. While the basic elements of monitoring and evaluation (M&E) are similar to other development approaches, the systemic approach places unique demands on the ways in which a programme collects and uses information about results and performance. Market systems interventions are facilitative (removed from beneficiaries), adaptive (subject to changes in direction and approach) and systemic (large scale and impact through multiple pathways).

As the first programme to adopt a systemic approach in Nepal, Samarth-NMDP has worked to build up an internal Results Management System, built up around results chains and a variety of other tools and processes, that can not only provide credible estimates of results achieved – to 'prove' impact – but to act as a critical management tool for learning, adjusting and adapting to 'improve' impact¹³. For Samarth-NMDP, results management is therefore built on two strands: a technically robust monitoring system capable of capturing and reporting results; and a culture and management style that supports evidence-based decision-making. For internal purposes, the focus is on learning and adapting – going beyond monitoring tools to also focus on programme systems and cultures which are capable of supporting informed facilitation in market systems.



Training on results management

At the same time, the programme has been at the front line of applying – and contributing to – good practice in the field of results measurement. In August 2013, Samarth-NMDP's Results Management

¹³ The same data that is used to 'improve' results also has utility to 'prove' results achieved, since the measures that help teams better understand effectiveness can likewise constitute indicators that confirm progress, causality and attribution. 'Prove', in this sense, does not equate to scientific proof, but rather the provision of credible estimations that combine rigour with practicality.

System was formally audited against the *DCED Standard for Results Measurement*¹⁴. This marked the first time that any programme in the world had been audited against the *Standard* to assure that it had quality results measurement systems ‘in place’ during the first year of implementation.

The *DCED Standard for Results Measurement*, in turn, sets out the minimum elements required a monitoring and results measurement system - and the information it generates - to be credible and useable to both internal and external stakeholders. While compliance with the DCED Standard was mandated in programme design documents, Samarth-NMDP began to internalize the Standard from the beginning of implementation – realising its usefulness in helping to fulfil ‘prove’ needs (to have a set *Standard* for what is ‘good enough’ in how the programme measures results), whilst laying the foundations to build a system that works for ‘improve’ needs (to monitor to learn and adapt for better impact).

The independent audit rated Samarth-NMDP’s Results Management System as ‘strong’ – the highest possible category: scoring 96 per cent for mandatory quality control points, and 90 per cent for recommended control points. Samarth-NMDP made public full results of its audit¹⁵. Following this, Samarth-NMDP, together with the Springfield Centre, produced a paper designed to contribute to learning and debate around how to best manage for results in complex market systems: entitled “*Making Sense of Messiness – Monitoring and measuring change in market systems: a practitioner’s perspective*”, the paper was presented to peers and programmes around the world at a DCED Seminar in March 2014.

1.3 Initiating public-private dialogue in the pig sector

In Nepal, pig rearing has traditionally been a common practice among disadvantaged groups such as Dalits and Janajatis. Farmers were typically small-scale and scattered, locked in a low-input, low-output production cycle. However, the pig sector in Nepal is growing and, albeit nascent, there are signs that it is becoming increasingly commercialised. Rural and urban market centres have experienced growth in demand for pork and derivative products - driven by the relatively low and stable price of pork meat and the breaking down of cultural barriers as more ethnic groups embrace the consumption of pork meat



The [DCED] audit process itself was a great learning process for me. The expert auditors asked various questions mainly taking result chains as basis and asked us several questions mainly focussed on the logics proposed and supporting evidences behind it.

The three and half hour intensive interview process also focusses on the indicators proposed to measure the results in...result chains, definition of terms, risk assessment...and also on the standard indicators for various checks including sustainability, value proposition and target beneficiary checks. Plans and strategies for various issues concerned with measurement including baseline surveys, impact measurement, attribution strategies and systemic change were also questioned during the interview”

Samarth-NMDP Sector Analyst

¹⁴ For further information about the *DCED Standard*, please see <http://www.enterprise-development.org/page/measuring-and-reporting-results>.

¹⁵ See <http://enterprise-development.org/page/audits#programmes>

Many youths are involved in pig farming and meat enterprises because of the emerging market opportunities, but there remain significant constraints to pro-poor growth around access to affordable inputs and market opportunities. The sector has received comparatively less attention from the Government of Nepal and the private sector does not have an organized or strong 'voice' to articulate conditions needing to be in place, to drive improved industry productivity and competitiveness.

Samarth-NMDP, therefore, set out to lay the foundations for improving the enabling environment, for inclusive growth in the pig sector. A critical first step in this initiative was to bring together – for the first ever time in Nepal – public and private actors engaged in the industry, to identify challenges and issues facing pork production and marketing, with a long-term view to have the industry themselves drive

“Pig Farmers are dispersed across the country and accessibility is extremely limited. The voices of these farmers had not been heard by the concerned stakeholders. The workshop provided an excellent platform to highlight the issues faced by the pig entrepreneurs. The biggest achievement was that, all types of people, related to the pig industry, participated in the event. Our agency has planned to partner with the newly formed association and develop new activities. We will also be focusing more on the development of trainings, based on pig farmers' needs”

**Chief, Pig and Pork Promotion Central Office,
Department of Livestock Services**

“The most important achievement of this workshop is the recognition by the government that there are pig farmers in this country. Many entrepreneurs and farmers involved in the pig sector had been fighting their battle alone, just like me. The formation of an association will allow us to collectively deal with the issues facing the pig sector.”

**General Secretary, Nepal Pig
Entrepreneurs' Association (NPEA)**

the identification of critical policy issues required to unlock growth.

Working with the Government of Nepal's Agricultural Research Council (NARC) and Department of Livestock Service office (DLSO) – part of the Ministry of Agricultural Development – Samarth-NMDP played a facilitative role to involve the private sector in organizing a dedicated workshop, focused on the functioning of the pig and pork industry in Nepal. A variety of enterprises, from small farmers to larger processors and retailers, were involved as co-organizers of the workshop - leading, planning, chairing and facilitating discussions - along with the representatives from the government.

'First National Workshop on the Pig and Pork Industry in Nepal'

The national workshop took place from 10th - 11th December, 2013 in Kathmandu. Through a series of interactive sessions, the conference delved into a range of policy issues around bio-security, environment and public health considerations. Improvements in terms of breed, feed, farm management and effective production system were discussed. In addition, issues of processor linkages, slaughterhouse (slab) management, meat safety, product diversification, import-export, meat transportation, storage and marketing network were considered.

The event was attended by a diverse range of stakeholder groups including pig farmers, processors and government offices. This conference was the first of its kind in Nepal, to be completely dedicated to promote the pig sector, and marked the first time that public-private dialogue had been initiated in the sector.

A market-driven approach to creating a business association

A key and unanticipated achievement of the workshop was the formation of 'Nepal Pig Entrepreneurs' Association'. After the first day of the workshop, the pig farmers themselves organized an ad hoc meeting, to discuss the need of a cohesive pig entrepreneurs association in Nepal. Following the discussion, the pig

entrepreneurs formed a formal committee, for the newly created association. This was not a part of the workshop plan, it was an innovation driven by the private sector enterprises themselves.

By bringing together for the first time, the key actors of the pig sector, Samarth-NMDP created the conditions and 'space' necessary for the industry to drive change; maximizing the chances that the newly formed association has a lasting function to play in growing the competitiveness of the pig sector.

1.4 The first commercial forage seed production and distribution in Nepal



Across Nepal, low productivity hampers the growth and income earning potential of dairy producers. Forage crops - the plant material, like grass, eaten by grazing livestock - are critical to the success of the small-scale dairy industry in Nepal. However, access to suitable varieties of forage seed is one of the major constraints facing dairy farmers. Traditionally, selected farmers

were given improved varieties of the forage seed either from the government or from NGOs, but access has proven uneven and unsteady. Therefore, rather than cultivating forage seed, they continue to feed cost-ineffective and lower-milk yielding food such as strights and dry matter to their cattle and buffaloes.

As part of adopting a market systems approach to development, Samarth- NMDP has been working with private companies to stimulate more sustainable access to quality forage seed for smallholder producers. In collaboration with public agencies, Samarth-NMDP has been helping to innovate a new business model for private seed companies to diversify into forage seed production and sales. Now, for the first time in Nepal, seven seed companies have begun a contract farming arrangement with seed multipliers for the commercial production of a summer forage seed.

The business innovation

A number of seed companies in Nepal were already producing seeds for other commodity crops, such as vegetables and cereals. Samarth-NMDP saw the potential for these seed companies to diversify their product offering into forage seed production and marketing. The first step was to support the companies to conduct a study to assess the demand and supply situation of the forage seed along with the commercial production potential of different varieties. The seed companies found the research findings convincing enough for them to begin trying out the new business of quality forage seed production and marketing.

Focusing on the high-potential districts such as Chitwan and Nawalparasi, seven seed companies were then supported to enter into a contract farming arrangement with seed multipliers (lead farmers, cooperatives and Community forage groups) to produce one variety of summer forage seed - Teosinte. Eight multipliers were contracted by the seed company, with the companies also sourcing the seed from

"This is a new business area to me. I was not sure whether this business could generate any benefit to me. Now my multipliers are harvesting the Teosinte seed and I have started getting almost five times more demand of Teosinte than I am likely to produce, even before I started actual marketing activities for the seed. This has motivated me to go for the winter season forage crop as well so I have decided to produce about 17 metric tons of Oat seed during the winter. When seed companies are facing tough competition in the cereal grain and vegetable seed production, this business has offered me an attractive niche business offer."

Managing Director, NASIC Pvt. Ltd.

abroad and selling on to the multipliers for seed multiplication. Seed companies closely monitored the seed production process and provided embedded technical advice to ensure quality. These companies are now beginning to harvest the summer forage seed through their multipliers - enacting the buy-back guarantee in the agreement - and preparing for the winter season forage seed production.

The seed companies are also coming together to influence the government to create a supportive environment for the private sector to undertake forage seed production. The District Livestock Service Office (DLSO), a government agency, has been helping companies to identify potential forage seed multipliers and also helped to source seed from a government-run farm in Janakpur. To address the issue of trust in the business relationship between the seed companies and multipliers, the DLSO agreed to become a witness in the contract farming agreement between these parties. The new commercial venture into forage seed production by the private sector has been viewed positively by the government as a complement to their own practice of forage seed production and distribution.

"I am taking this as a trial for an innovative way of forage seed production and now that it is harvesting time I am quite optimistic that I can make better money out of this business. I feel more comfortable in this business modality as I have assured market for my products and I can also get technical advisory services from the seed companies. I am optimistic that once other people see me making money out of this business, they will definitely copy this kind of business."

Forage Seed Multiplier, Nawalparasi District

"We have realized that private companies led forage seed production process has a great value in promoting the quality forage seed across the country. We are waiting for the success story around this model."

Chief Livestock Development Officer, National Pasture and Animal Feed Development Centre, Department of Livestock Services, Ministry of Agriculture and Cooperatives.

1.5 Catalyzing changes in the availability of mini-tillers in the mid-hills

The agriculture sector in Nepal is largely dependent on traditional methods of farming, with farmers using bullocks and farmhands for land preparation and harvest. The use of mechanized agricultural equipment is mainly limited to larger farmlands in Terai lowlands. In the mid-hills of Nepal, where tractors and power tillers are not suitable for use in the narrow and sloped terrain, only an estimated 15% of productive farmland is prepared by mechanized equipment.

Mini-tillers, however, are a potential solution for farmers in the mid-hills. These smaller, two-wheeled forms of mechanized equipment can be transported relatively easily, and are a feasible solution for the narrow terraces where the majority of farmers cultivate their crops. Since 2009, private companies importing agricultural equipment into Nepal have begun to stock and sell mini-tillers as an alternative method of land preparation. Mini-tillers are currently available in 27 districts of Nepal.

Among farmers, however, there is still widespread skepticism about mini-tiller's functions due to limited access, limited knowledge about their use, and unavailability of repair services and spare parts. These are some of the reasons why there has been limited uptake from farmers in shifting from traditional, less productive means of land preparation towards mini-tillers. Marketing strategies adopted by importers have, so far, not been able to reach out to the farmers of the hills in reducing their skepticism, informing the benefits of mini-tillers and making mini-tillers and repair services accessible. .

First steps

In order to help increase the demand for the mini-tillers among the farmers, throughout the mid-hills of Nepal, Samarth-NMDP conducted the first in-depth market research on consumer satisfaction of mini-tillers to understand the market potential of mini-tillers and the perception of the farmers regarding their use in the mid-hills. The research indicated that the farmers are aware about the use of mini-tillers as an alternative to the use of oxen and also that mini-tillers are the most appropriate means of land preparation in the hills. However, a large number of farmers are still skeptical about using the mini-tillers due to the widespread misperceptions about its performance, availability and repair services.

On November 29, 2013, Samarth-NMDP organized an event to share the findings of the research, which brought together the major importers of the mini-tillers of Nepal. The event also provided an interactive platform to the importers to understand and internalize the findings; share and learn from each other's experiences; and reinvent their marketing strategies. As a result of the event, at least one importer - Shrestha Agro Inputs - was convinced about the business opportunity and potential market in the mid-hills, and has even begun to invest in a larger inventory of the products.

The business innovation

Samarth-NMDP partnered with Force Construction & Associates Pvt. Ltd. - one of the participants in the event, based on their willingness and capacity to pilot the 'business advisory services'. Samarth-NMDP will provide business advisory services to Force group to test models such as farmer-focused service provision, improved investment in after-sales and repairs, and collaboration with local government and extension officers for social marketing. The programme will support Force group to pilot the models in two cropping seasons, in two districts of Nepal - Tehrathum and Ilam. The lessons learnt from the pilot will be shared with the wider industry once again, to review their marketing strategies, and implement improved after-sales services that can benefit smallholders in Nepal's hilly districts.

"Our organization specialized in harvester, thresher, tillers and seed graders. We were importing mini-tillers in a very limited quantity. In November 2013, we participated in the event organized by Samarth, where we could visibly see the opportunities in the mini-tiller business. We did additional research and we decided to increase mini-tiller business. We now have 30 mini-tillers and its spare parts in our stock and a dealership in 4 districts."

**Gaurav Shrestha, Import Assistant,
Shrestha Agro Inputs**

"Before partnering with Samarth, we were working in a haphazard manner. We negotiated individual sales through our dealer networks and promoted our products through the dealers themselves. After working with Samarth, we learnt to segregate our marketing strategy into pre-sales, sales and after-sales services and inform the benefit of our product to the customers [such as informing them about using mini-tillers to till others' land and recover the cost within a couple of harvesting seasons.]

We haven't received any tangible result yet, since it's too early to see the impact but I am hopeful that within the next season, our sales will boost and we will be able to penetrate the market better"

Bipin Lamichhane, Director, Force Construction Group

1.6 Creating meaningful participation by the poor in tourism

The growth of tourism sector in Nepal has been under substantial pressure. Expenditure per tourists has been in decline, product development limited and the growth in the Asian and active markets, only partly capitalized upon.

Successes in tourism development have been achieved at individual enterprise and local government level. But for meaningful participation of the poor in the tourism system of Nepal, issues such as access to resources, user-rights and land tenure still need to be addressed and the key factor for a successful tourism system remains the ability of private sector tourism enterprises to enter the market, grow and sustain their operations.

The Samarth-NMDP Tourism Programme has therefore, identified three key intervention areas for support: product development, marketing and the regulatory environment. Priority during the first two-years of the programme will be placed on product development. This intervention is aimed at supporting new products and/or new destination areas with emphasis on public domain infrastructure that adds value to the entrepreneurial activities in tourism by poor rural residents.

First steps

Samarth-NMDP has partnered with the Trekking Agencies' Association of Nepal (TAAN), the National Trust for Nature Conservation (NTNC), and the Kanchenjunga Conservation Area Management Council (KCAMC). Under these partnerships, activities such as trail maintenance, capacity building and awareness trainings, construction of trail bridges and porter shelters, and installation of information boards and directional signage will be carried out. Ownership of infrastructure facilities will rest with the relevant District Development Committees (DDCs) and Village Development Committees (VDCs).

"TAAN had already taken the initiative to develop the concept of tourism at the community level by providing trainings on responsible and sustainable tourism. However, the expectation raised by the trainings could not be followed-up with physical developments. Now, after partnering with Samarth-NMDP, the process is gathering momentum. So far, we have established sub-committees in seven VDCs of the Ganesh Himal area. The VDC level sub-committees will coordinate implementation of infrastructure development with local NGOs and youth clubs. Initially, when we sent the proposal to the DDC, we didn't get much support, but this time the DDC is positive and willing to support us."

Kul Bahadur Gurung, Second Vice President, Trekking Agencies' Association of Nepal (TAAN)

The agreement with TAAN focuses on the development of the Ruby Valley Trekking Route in the Ganesh Himal area; the NTNC agreement targets developments in the Gauri-Shankar and Manaslu Conservation Areas and the KCAMC agreement supports development in the Kanchenjunga Conservation Area by constructing six trail bridges which were damaged and collapsed during the last major earthquake.

The Ruby Valley trek

Recently, a 10-day Ruby Valley familiarity trip was initiated by TAAN, in cooperation with Samarth-NMDP, the Ministry of Culture, Tourism and Civil Aviation (MOCTCA) and the Ganesh Himal Tourism Development Committee (GHTDC), to document in detail the required developments for a new trekking product in the Dhading district. The trek started from Gatlang in Rasuwa and ended at Dhading Besi in Dhading, covering more than ten VDCs.

The Ruby Valley trek has been identified by TAAN and Samarth-NMDP as an alternate destination to the more popular trekking destinations like Everest, Langtang and Annapurna. This will ensure a spread of tourism benefits outside the classic destination areas, whilst easy access to the trail-head at Dhading, Rasuwa or Gorkha allows for use by the Asian markets that prefer shorter itineraries.

“We are targeting the Manaslu and GauriShankar area for infrastructure development so that tourism flow increases in these areas. We will invest the revenue generated from tourism, back into the conservation of the area. The partnership with Samarth-NMDP will play a big role in the development of the infrastructure in the area. We will specifically be focusing on the capacity development of the communities for tourism promotion as well as to bring in innovative projects such as waste management and safe drinking water service.

The biggest achievement of the partnership would be, apart from the development of infrastructure, the creation of an improved enabling environment for the promotion and management of tourism in the conservation areas.”

Binod Basnet, Senior Conservation Officer, National Trust for Nature Conservation (NTNC)

Way forward

Samarth-NMDP has commissioned three studies that provide much needed market intelligence in support of product development and a structural shift in the tourism system of Nepal.

The first study assesses trends in the global active tourism market, the Asian source markets and the domestic tourism market that impact the tourism sector of Nepal. This will inform Samarth-NMDP of the products best supported to attract a feasible market share. The second study assesses the impact and effectiveness of Nepal’s destination marketing efforts, which will form the basis of a new marketing campaign that feature the products currently developed through Samarth-NMDP’s support. The final market intelligence study documents the available funding sources for the tourism enterprise development in Nepal, to ensure that the entrepreneurial activities complements the infrastructure development in the public domain.

Annex 2: Impact stories

2.1 Rojina saves her ginger crop from disease

Rojina Khatiwada, 23 years of age, is a ginger farmer from Khatiwada Village in Padampokhari, Makwanpur – a close-knit community of about 40 households where most inhabitants are related to each other. Rojina has been involved in ginger farming since she was about 13 years old. Married at the age of 15, she now lives with her in-laws and has two school-going children. The extended family has about 2 bighas (1.35 hectares) of land, of which about 7 kattha (0.23 hectare) is used for ginger farming and the rest is used to farm maize, barley and wheat. The family's source of income is from ginger, their main cash crop, and a few livestock.

Rojina and her neighbors help each other during plantation and harvest seasons. Most men in the village work in urban areas as drivers, so it is usually the women who take care of planting and managing their ginger crops.

For the past few years, ginger farmers in the community have suffered huge losses due to a disease called rhizome rot – a fungal infection that spreads rot in the rhizome seed, causing the leaves to wilt and turn yellow, completely destroying the plant and often spreading to the entire crop. When Rojina and her neighbors sought help from the local agro-vet, they were told her that there was no cure for the disease and that the best they could do was discard the rotten plants and bear the loss.

Rojina's family lost about 10 quintals (1,000 kg) of ginger seeds due to rhizome rot last year alone, meaning the family has likely borne a loss of as much as 90,000 rupees (about \$900) due to rotten ginger which they were not able to sell in the market. This is a significant loss for an agricultural family and does not account for the time and labour lost during ginger cultivation, or the opportunity cost of growing a different cash crop.



In March 2013, Rojina was one of the many who attended a demonstration on disease management in ginger that was organized by Crop Pro Tech (CPT) - a private company that sells agricultural inputs. Earlier that year, CPT received training from Samarth-NMDP, a DFID-funded market systems development programme working to stimulate pro-poor growth across a range of agricultural sectors.

Following the training, CPT conducted farmer-level demonstrations along with local agro-vets, who had been trained on the benefits and use of disease management products by CPT. One of these demonstrations was held on a local farmer's plot and focused on explaining to Rojina and her neighbors about the causes, symptoms and management of rhizome rot, which is caused by fungal and bacterial infestations. They were also taught about pest control in ginger. Rojina learned about Trichoderma and Bacteriamycin, as well as the use of Neem Cake to deal with all of these problems. She bought these products and then went home and applied this new knowledge to her own crops.

When asked for her opinion on the products and information promoted by CPT and her agro-vet, Rojina said that she was very happy with the effect of the products on her ginger crop so far, although she has only recently completed her early harvest and is waiting to see the final effect after a few months. If this year goes well, Rojina plans to continue using these products in the future. She believes that if farmers are aware and careful in using the products from the early stages of land preparation and planting, the products will prove effective and well worth the small cost.

After attending the demonstrations, Rojina shared her experience with her sister-in-law, who has since been using the products and has personally seen the benefits. Her mother-in-law, on the other hand, who did not use the products, is now sorry she didn't. She has already started noticing the yellowing of some of her crops – the sure early sign that she will experience severe losses in the coming weeks and months. Rojina says that, although the process of disease management requires a lot of care and hard work, she is ready to do it if it saves her crops. As her local agro-vet now stocks disease management products, Rojina and her family will be able to go back year after year and access the kind of products they need to save their ginger crops from disease.

2.2 Chinumaya's profit through tomato farming inspires farmers in Tanahun district

Chinumaya Darai, 28, is a farmer from the village of Dumsichaur - a part of Tanahun district in western Nepal. She has access to 1 ropani [500 sq. meters] of farmland to support her entire family of six members. In the past, she grew maize and finger millet in her farmland, but only for domestic consumption. The family was therefore dependent on her husband's income from overseas employment – he was one of the almost two million Nepali migrant workers currently in the Middle East – to meet their daily needs.

This is a story shared by the entire Darai Community in her village, a disadvantaged ethnic group in Dumsichaur, with 49 closely knit households, where commercial farming was minimal and at least one member of each household went abroad to find work. The community neither had the required technical information on vegetable cultivation nor did they have access to essential products and services like quality seeds, pesticides and visits by agro-vets.



At the beginning of 2013, in order to initiate a lasting change in the vegetable sector in Tanahun, Samarth-NMDP partnered with a local agro-vet-cum-seed wholesaler, Mr. Baikuntha Mishra, who had been operating his business - Tanahun Beej Bhandar - for the past 18 years. The technical and advisory services provided by Samarth-NMDP encouraged him to start testing off-season tomato cultivation in Dumsichaur.

In July 2013, Chinumaya was approached by the agro-vet, to establish her land as a tomato demonstration plot for 2 varieties of high quality tomato seeds - Unsari and Shrijana - suitable for that specific ecological region, in ½ ropani of her land. Along with Chinumaya, 30 other farmers received training from the agro-vet on commercial vegetable farming, which included seed production, nursery management, integrated pest management and information on off-season vegetables.

Empowered by the trainings received from the agro-vet, Chinumaya labored for 4 months. She was also assisted by her husband Khim Bahadur, who had returned from the Middle East, and one other laborer whom she hired on daily basis. The agro-vet visited the plot regularly and provided technical advice.

As a result, the produce was excellent. Chinumaya was able to produce 700 Kgs of tomatoes from her plot, and she has reported earning a net income of Rs. 50,000 (approximately £300), based on the accounts she maintained after receiving the book keeping training, that was provided by the agro-vet. She is expecting to earn Rs. 50,000 more from the crop after the second harvest of the year: enough for her to comfortably meet her domestic expenses, her children's school fees and even to put aside some savings.

Intrigued by the profit generated by this new venture, more than 200 farmers have visited her demonstration plot. The success in Chinumaya's plot has also motivated the agro-vet to establish 4 more tomato demonstration plots around her village. To date, 21 households have already started off-season tomato farming, using the two varieties of high quality seeds.

"We are planning to expand tomato cultivation area in the next season because we never got so much of income from this land," says Chinumaya. In the meantime, the agro-vet has already advised her to plant cucurbits such as cucumber, radish, pumpkins and beans. Due to the support that her community is receiving from the local agro-vet, she is very optimistic about developing her entire village as a 'tomato production' pocket.

Annex 3: Summary of Samarth-NMDP portfolio, March 2014

Sector	Summary	Status
Ginger	<p><i>Samarth-NMDP started implementing in this sector in November 2012</i></p> <p>Although the third largest ginger producer globally, Nepal lags well behind its competitors in export performance.</p> <p>Smallholder producers, upon whose output the sector largely relies, are exposed to volatile prices and a heavy dependence on Indian wholesale markets. Crop disease is an increasing threat to even the current low levels of productivity that stem from a lack of effective technical support for good cultivation and storage practices, both for seed and marketed products.</p> <p>A lack of investment in even basic value addition infrastructure such as washing and grading facilities and a weak ‘enabling’ environment contribute to low competitiveness. The long-term scenario of Indian buyers accepting poor-quality ginger is already changing and the increasing enforcement of SPS standards is a threat to Nepal’s status in what is its largest current market by some way.</p>	<p>Active interventions: 1. Disease management: aimed at persuading private companies importing disease management products to start providing products and embedded information through a supply and distribution chain (primarily agro-vets) to farmers</p> <p>2. Feasible storage: aimed at testing a model for traders to lead on co-ordinating with farmers to construct collective storage pits, both for ginger seed storage and off-season selling.</p> <p>3. Improved packaging: aimed at reducing broken rhizomes and therefore post-harvest losses by improving mainstream packaging of ginger products, connecting the manufacturers of jute sacks to traders for ginger collection, storage and transportation.</p> <p>4. Trade and export marketing: improving market intelligence around the potential and feasibility for diversifying Nepal’s export market to reduce the dependence on India, and building the capacity of market players to manage, add to and dissemination this intelligence in future.</p> <p>5. Primary, secondary and tertiary processing: closely linked to export potential, this is aimed at brokering finance and business models around basic washing, grading, sorting and packaging, encompassing the production of diversified, differentiated ginger derivative products.</p> <p>Current geographic focus: Western, Central and Eastern Regions</p> <p>Major changes during Year Two: Pilot-year partnerships with two national importers ended in ‘Disease management’ as the intervention moves to scale; the intervention strategy for ‘Feasible storage’ was revised to use the national ginger association as a scale agent, and linking more closely to public research agency on ginger for R&D; three new intervention areas (3-5, above) were added in late 2013, designed to broaden the programme’s impact on sector performance – particularly around value addition.</p>

		Total spend in Year Two ¹⁶ : £ 108,491
Vegetables	<p><i>Samarth-NMDP started implementing in this sector in December 2012</i></p> <p>Perceived high and unmet domestic demand coupled with the scope for increasing exports to neighbouring countries mean that there is potential for furthering inclusive growth in vegetable production in Nepal. Smallholder producers, often women or disadvantaged ethnic and caste groups, dominate the value chain, selling on the market but also to meet domestic consumption. Across Nepal, many years of public and donor support mean that vegetable markets are functioning relatively well, but constraints persist around inadequate co-ordination for off-season production, land leasing, labour and farm management practices.</p>	<p>Active interventions: 1. Seed supply: aimed at incentivising district seed companies to coordinate with vegetables wholesalers and agro-vet retailers for the production of gap vegetables, which can yield higher profit for smallholders if properly matched to market demand.</p> <p>2. Aggregation: aimed at testing a trader-led model for the formation of aggregation platforms, and brokering of public funding for infrastructure investments in collection centres.</p> <p>Current geographic focus: Western Region</p> <p>Major changes during Year Two: Adjusting the ‘Seed supply’ strategy based on improved understanding of the current availability of seeds, with the focus shifting to co-ordination around selling off-season ‘gap’ vegetables; scaling-down of investments in ‘Aggregation’, based on research that found evidence of defunct and non-market-driven collection centres; initiated compressive sector analysis to dig deeper into the market system and identify potential cross-cutting constraints around land, labour, irrigation and inputs.</p> <p>Total spend in Year Two: £ 178,100</p>
Dairy	<p><i>Samarth-NMDP started implementing in this sector in December 2012</i></p> <p>Over half of all rural households in Nepal keep cattle or buffalo on their holding, and the dairy sector contributes to approximately 8% of Nepal’s GDP. However, the unavailability of sustainable milk selling channels, and lack of access to critical inputs such as feed, forage and effective veterinary services, has</p>	<p>Active interventions: 1. Forage seed: aimed at unlocking the potential for larger companies already involved in cereal crop production to diversify into the commercial forage seed production business, to increase the availability and affordability of nutritious forage to smallholders.</p> <p>2. Veterinary services: aimed at exploring two models to increase access to quality healthcare for dairy livestock – working on the incentives of veterinary doctors to link more formally to established cooperative structures, and improving the skills-based by developing new cattle-and-buffalo-specific training modules for animal health technicians.</p>

¹⁶ See Annex 7 for a breakdown of total spend over the whole programme period to-date. Spend in Year Two includes both ‘project’ and ‘programme’ spend but excludes programme management and programme-level overhead costs.

	<p>smallholder farmers locked in a 'low input–low output' economy.</p>	<p>3. Market access: aimed at unlocking the potential for small and medium sized dairy processors to expand their milk collection networks and diversify their product offerings to lead to more sustainable milk selling channels for farmers.</p> <p>Current geographic focus: Central and Eastern Regions</p> <p>Major changes during Year Two: Refined forage and 'vet' services intervention strategies, following major overhaul at end of Year One; conducting market research across Nepal around both formal and informal milk selling channels, leading to a new intervention around market access; identifying a set of new constraints – and deepening project understanding – around the enabling environment and access to breed.</p> <p>Total spend in Year Two: £85,681</p>
<p>Pigs</p>	<p><i>Samarth-NMDP started implementing in this sector in March 2013</i></p> <p>The pig industry is relatively new in Nepal. Rising domestic demand for pork products has driven some commercialisation in a sector still largely dominated by smallholder fatterer farmers, who are often from disadvantaged castes.</p> <p>The number of smallholder farmers rearing pigs has increased over the last ten years. However, the scale, productivity and profitability of so-called 'backyard' pig production is currently constrained the limited quantity and quality of locally available feed and breed resources, inadequate knowledge about breeding (especially the care of sows during pregnancy and lactation), health care and husbandry management practices</p>	<p>Active interventions: 1. Pig seed stock: aimed at improving the availability of improved breeds on the market, introducing better cross-breeds at the local level, at the same time as working at the meso-level to upgrade private and public farmers for pure breed stock production.</p> <p>2. Public private dialogue: aimed at exploring mechanisations for dialogue between the government and industry, given the relatively 'new' nature of the sector, lack of co-ordination and organisation of key stakeholders, and no clear voice of the private sector to lobby and advocate with public agencies over critical growth constraint issues.</p> <p>3. Pig and pork marketing: piloting a model of contract farming with processors and traders, aimed at providing a more stable market for smallholders, at the same time as more efficient channels for embedded advice and information around farm management and critical inputs.</p> <p>Current geographic focus: Mid-West and Eastern Regions</p> <p>Major changes during Year Two: Changed point of entry in pig seed stock, moving away from village-level intervention to focus on a smaller number of commercial breeder farmers for scale; Initiated the public-private dialogue intervention, initially as a 'one off' activity to 'buy in' private sector involvement in a public pig sector workshop, but out of this grew a larger initiative to support the nascent industry voice; launching of a short contract farming pilot in just two districts to test models for sustainable market access.</p>

		<p>Total spend in Year Two: £103,202</p>
Fish	<p><i>Samarth-NMDP started implementing in this sector in February 2013</i></p> <p>Pond fisheries in Nepal have traditionally involved large, resource rich farmers and had not been considered an effective pro-poor activity. However, the increasing demand for fish and rising market prices in Nepal, combined with consumer preference for locally cultivated fish, provides an opportunity for fish to become a viable sector to help marginalized groups, women and the poor to increase their income and nutrition. A primary constraint around poor feeding practices, constrains size of fingerlings and table fish.</p>	<p>Active interventions: 1. Fish feed: aiming at incentivising companies manufacturing commercial pellet feed to innovate around more cost-effective, marketable products for retail to smallholders.</p> <p>2. Fish seed: aimed at supporting manufactures of specialised brood fish feed to link with hatcheries and nurseries for the use of their products, which will in turn increase the size and productivity-potential of table fish.</p> <p>Current geographic focus: Mid-West and Eastern Regions</p> <p>Major changes during Year Two: Updated strategy to conduct market research, given lack of 'buy in' from existing private players, this recurrent 'research' function was identified as a key public role, and partnerships with public research agencies were brokered instead. One segment of the 'feed' intervention, to experiment with on-farm production of feed (using raw materials instead of readymade feed) was dropped, based on analysis which showed this was not a viable economic option for smallholders.</p> <p>Total spend in Year Two: £79,550</p>
Mechanisation	<p><i>Samarth-NMDP started implementing in this sector in July 2013</i></p> <p>Farmers in Nepal are still largely dependent on traditional forms of land preparation, including bullock and farmhands, and the level of mechanisation in the mid-Hills districts, in particularly low, at only around 15 per cent.</p> <p>Mini-tillers and their variants offer a viable solution for the narrow and sloped terrain of the hills, to save time- and labour- costs for smallholders, contributing to more efficient and productive on-farm output.</p>	<p>Active interventions: 1. Business advisory services: aims to unlock the potential for mini-tiller importers to innovate new business models that can capture the market potential in the hills, including through more effective marketing and after-sales strategies and improving the awareness and attitudes of smallholders regarding the affordability and viability of mini-tillers</p> <p>Current geographic focus: Eastern Region</p> <p>Major changes during Year Two: No major changes.</p> <p>Total spend in Year Two: £29,473</p>
Tourism	<p><i>Samarth-NMDP started implementing in this sector in July 2013</i></p>	<p>Active interventions: 1. Product development: Support to infrastructure development in selected trekking areas by providing bridges, information and directional signage, safe drinking water, trail upgrading, viewpoints, shelters and training for entrepreneurs in these areas. In parallel, Samarth</p>

	<p>Tourism is a vital component of the economy of Nepal. With its iconic attractions, Nepal has long been a market for adventure tourism, and is increasingly being used a short-holiday destination from regional markets.</p> <p>However, the sector is constraints by low levels of product development, most notably in the volume trekking circuits and (short) trekking products that appeal to the Asian markets.</p>	<p>conducted a study to identify barriers to investment in tourism from government and commercial resources to limited reliance on donor funds for sector development</p> <p>2. Marketing: Market intelligence studies conducted on trends in the local, Asian and active market as well as on the impact of Nepal's destination market efforts. Samarth is also hosting the Greater Himalayan Trail website and formulating a business case for the transfer of the site to a market system actor.</p> <p>3. Regulatory environment: Only preliminary discussions with relevant authorities to date.</p> <p>Current geographic focus for: Physical infrastructure development: Gorkha (Manaslu Conservation Area) Rasuwa (Ganesh Himal Ruby Valley) Dhading (Ganesh Himal Ruby Valley) Dolkha (Gaurishankar Conservation Area) Ramechhap (Gaurishanka Conservation Area) Sindhupalchok (Gaurishanka Conservation Area)</p> <p>Major changes during Year Two: None reported – too early</p> <p>Total spend in Year Two: £109,315</p>
<p>Media</p>	<p><i>Samarth-NMDP started implementing in this sector in January 2014</i></p> <p>The media market in Nepal, particularly radio, has the potential to contribute to pro-poor changes in agricultural practice and productivity. Over eighty per cent of people in Nepal listen to radio.</p> <p>However, despite the growth in the number of radio stations in Nepal, the sector is struggling for sustainability due to a lack of stable revenue</p>	<p>Active interventions: 1. Improving the way radio works in Nepal: aimed at addressing weaknesses in audience research and ratings of radio programs, leading to competitiveness and profitability of the radio industry in Nepal</p> <p>2. Improving agricultural and rural business programming: working in pilots with the best of local FM broadcasters to prove the commercial benefits (audience numbers and advertisement) of a successful audience driven radio programme</p> <p>Current geographic focus: t.b.c.</p> <p>Major changes during Year Two: No major changes.</p>

from advertising , variable quality of programme content, and reliance on donor support – which contributes to a cycle of low profitability and low performance.

Total spend in Year Two: £10,850

Annex 4: Impact projections (based on current portfolio)

Sector	As at end of programme year	Net attributable income change (NAIC) - total additional per year in Nepal rupees	NAIC first-wave (direct), in rupees	NAIC second-wave, in rupees	Outreach, cumulative total ¹⁷ (logframe impact indicator)	Outreach - first-wave (direct)	Outreach - second-wave	Change in competitive. or productivity (direct only) ¹⁸	Change in business practice (direct only) ¹⁹
Dairy	1 (April 2013)	-	-	-	-	-	-	-	-
	2 (April 2014) ²⁰	9,103,896	9,103,896	-	597	597	-	597	597
	3 (April 2015)	107,262,392	107,262,392	-	9,033	9,033	-	9,033	9,033
	4 (April 2016)	394,415,106	313,195,392	81,219,714	25,618	20,083	5,536	20,083	20,083
	5 (April 2017)	857,906,534	313,195,392	544,711,142	37,539	20,083	17,457	20,083	20,083
Fish	1 (April 2013)	-	-	-	-	-	-	-	-
	2 (April 2014)	4,163,040	4,163,040	-	640	640	-	640	640
	3 (April 2015)	16,652,160	16,652,160	-	2,560	2,560	-	2,560	2,560
	4 (April 2016)	40,490,400	16,652,160	23,838,240	6,000	2,560	3,440	2,560	2,560
	5 (April 2017)	75,677,760	16,652,160	59,025,600	10,960	2,560	8,400	2,560	2,560
Ginger	1 (April 2013)	-	-	-	-	-	-	-	-

¹⁷ Projections do not disaggregate between male and female beneficiaries, since the evidence-base and data underpinning the impact projections are not complete enough to allow for a credible estimate of gender disaggregated impact. Reported achieved results (rather than projections) will disaggregate by gender.

¹⁸ Improvements in productivity and competitiveness (e.g. yield, price differential, quality, cost-saving) relate to a specific box in each intervention results chain. For example: number of farmers increasing ginger yields (kilos harvested per ropani); number of dairy farmers improving yield (litres per cow) and quality (% fat content) of milk; number of farmers receiving higher margin on vegetables sold through collection centre. Defined in each intervention results chain.

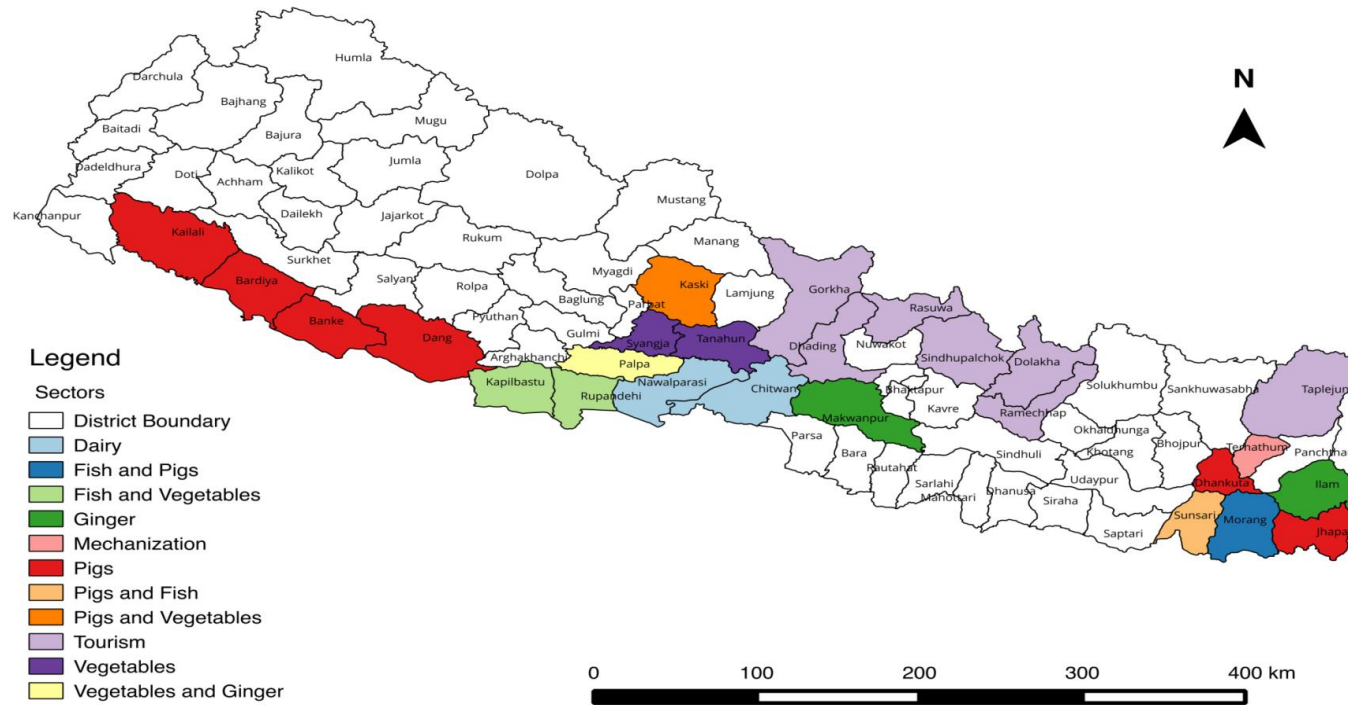
¹⁹ Significant change in business practice is defined at the start of each intervention and relates to a specific box in each intervention results chain. For example: number of farmers purchasing and correctly using an effective ginger disease management solution; number of dairy farmers feeding improved quality forage to their cattle; number of farmers selling their vegetables through collection centres. Defined in each intervention results chain.

²⁰ At the impact and outcome level, 2014 figures remain as projections until they have been verified through impact assessments (when they will be reported results – it is anticipated that these changes will be reported from Programme Year Three onwards)

	2 (April 2014)	14,318,400	14,318,400	-	608	608	-	608	608
	3 (April 2015)	75,399,638	57,557,238	17,842,400	3,493	3,189	304	3,189	3,189
	4 (April 2016)	232,123,388	126,685,438	105,437,950	13,474	11,609	1,865	11,609	11,609
	5 (April 2017)	503,958,788	126,685,438	377,273,350	29,225	11,609	17,616	24,239	24,239
Mechanisation	1 (April 2013)	-	-	-	-	-	-	-	-
	2 (April 2014)	8,167,500	8,167,500	-	450	450	-	450	450
	3 (April 2015)	16,335,000	16,335,000	-	900	900	-	900	900
	4 (April 2016)	32,670,000	16,335,000	16,335,000	1,800	900	900	1,350	1,350
	5 (April 2017)	57,172,500	16,335,000	40,837,500	3,150	900	2,250	1,350	1,350
Media	1 (April 2013)	-	-	-	-	-	-	-	-
	2 (April 2014)	-	-	-	-	-	-	-	-
	3 (April 2015)	76,855,500	76,855,500	-	6,750	6,750	-	7,500	7,500
	4 (April 2016)	147,312,068	96,075,068	51,237,000	12,938	8,438	4,500	9,375	9,375
	5 (April 2017)	260,989,892	120,088,142	140,901,750	22,922	10,547	12,375	11,719	11,719
Pigs	1 (March 2013)	-	-	-	-	-	-	-	-
	2 (March 2014)	607,500	607,500	-	250	250	-	250	300
	3 (March 2015)	1,701,000	607,500	1,093,500	700	250	450	250	3,300
	4 (March 2016)	16,038,000	12,757,500	3,280,500	4,600	3,250	1,350	3,250	3,300
	5 (March 2017)	-	-	-	-	-	-	-	-
Vegetables	1 (April 2013)	-	-	-	-	-	-	-	-
	2 (April 2014)	37,834,765	37,834,200	-	12,585	12,585	-	12,585	12,585

	3 (April 2015)	87,878,816	75,668,400	9,177,000	28,170	25,170	3,000	25,170	25,170
	4 (April 2016)	148,291,127	75,668,400	65,748,300	47,048	25,170	21,878	25,170	25,170
	5 (April 2017)	219,525,545	75,668,400	131,999,700	69,218	25,170	44,048	25,170	25,170
Tourism	1 (April 2013)	-	-	-	-	-	-	-	-
	2 (April 2014)	-	-	-	-	-	-	-	-
	3 (April 2015)	324,668,000	324,668,000	-	4,000	4,000	-	4,000	4,000
	4 (April 2016)	1,608,784,051	811,670,000	797,114,051	19,821	10,000	9,821	10,000	10,000
	5 (April 2017)	3,173,900,257	1,417,338,154	1,756,562,103	39,103	17,462	21,641	17,462	17,462
Total	1 (April 2013)	-	-	-	-	-	-	-	-
	2 (April 2014)	74,195,101	74,194,536	-	15,130	15,130	-	15,130	15,180
	3 (April 2015)	706,752,506	675,606,190	28,112,900	55,606	51,852	3,754	52,602	55,652
	4 (April 2016)	2,620,124,141	1,469,038,958	1,144,210,755	131,297	82,009	49,288	83,397	83,447
	5 (April 2017)	5,149,131,276	2,085,962,686	3,051,311,145	212,116	88,331	123,786	102,583	102,583

Annex 5: Map of intervention districts, with overlap²¹



²¹ These are districts where market players are piloting new business ideas or delivering new/improved pro-poor products and services to the poor. They are not necessarily districts where Samarth-NMDP is 'present'.

Annex 6: Systemic change tool definitions²²

ADOPT

What is it? A new market player successfully adopts a pro-poor innovation. This innovation is precisely defined in the intervention's results chain and measurement plan. This can be in the form of a new or improved product/service offer, business model, or the uptake of a new role/responsibility. The adoption stage is reached when the identified partner has the incentives and capacity to independently uphold the change being piloted, which will ultimately benefit the poor. Note that this innovation has to be viable and valued by partners and beneficiaries alike. As this stage, the sustainability and scale of impact are likely to be low.

Measurement: a mix of quantitative and qualitative measures. These examine areas of:

- *Viability:* Innovation is commercially viable or has some degree of organisational benefit that 'inspires' or 'motivates' the partner to continue after the pilot (profitable/beneficial). These may be immediate (increased sales) or non-immediate benefits (developing a new customer base, identifying and targeting a new market segment).
- *Division of labour:* Market player takes on an appropriate share of the responsibility in the pilot (functions/roles, payment/costs). Samarth-NMDP is not bank-rolling pilot activities that have no developmental benefit or supporting those that do not work to overcome risk aversion.
- *Satisfaction levels:* Market player is satisfied with the results/learning from the pilot and the beneficiaries are satisfied with the outcomes that result from the introduction of the innovation and are benefiting.

ADAPT

What is it? The initial partner acts independently of project support to continue, in some manner, with the role change and/or innovation that they originally piloted. The player is keen to improve the performance of the innovation further and works to tailor it, making investments that support its continuous, and perhaps improved, operation. The adaptation stage is achieved when early adopters continue to improve, develop and roll-out the innovation themselves and the pro-poor outcomes remain intact.

Measurement: a mix of quantitative and qualitative measures. These examine areas of:

- *Investment and improvements:* Continuation of the *status quo* (e.g. for a second season), investing in and tailoring the model in a way that demonstrates learning from the initial innovation introduced (e.g. right-sizing or making it more efficient). May be characterised by partner self-experimentation – i.e. introducing the innovation to new areas (extending pilot locations) and/or new markets without programme support.
- *Mainstreaming (commitment) within market player:* Innovation is given an organisational home (institutional structure, branding) and/or player has a vision of the future featuring the initial innovation. Innovation is written into business plans, budgets, corporate strategies and procedures such that it is mainstreamed internally.

²² These measures draw from "Good Practices in Facilitation: The Systemic Change Framework." The Springfield Centre (2011) and other materials from The Springfield Centre. These are also incorporated into the Samarth-NMDP Results Management System User Manual.

- *Division of labour:* Market player's responsibilities and contributions towards costs have evolved from the pilot partnership. Samarth-NMDP is not funding recurrent functions/activities and all necessary product/service development activities are performed by the market player.
- *Benefit flow remains:* Adaptations to the original innovation have not distorted (or will not distort) the 'business model' so that the poor are no longer benefiting.

EXPAND

What is it? A number of other market players have adopted the innovation, or clear variants thereof, as the project's original partners (the early adopters) begin to reap benefits. These players may be adopting due to competitive pressures or as a result of a demonstration effect. This 'crowding-in' expands the outreach of the pro-poor innovation, effectively making it more mainstream, and thus increases the scale and sustainability of the pro-poor change.

Measurement: a mix of quantitative and qualitative measures. These examine areas of:

- *New players crowding-in:* Other players are copying the original innovation introduced by the early adopters or are trialling versions of the original model that add diversity to the market system and increase choice for the consumer of the service/product.
- *Scale agents on-board:* Scale agents have been brought on-board to promote/push the innovation in new areas, with new players, and possibly in adjacent markets. The potential for the innovation to be a 'mainstream' offer is high.
- *Competitive markets:* Depending on the nature of the market, competitive markets are becoming thicker (crowding-in of service/product offers) or thin markets have the characteristics of openness and few barriers to entry. Note that some markets are inherently more collaborative than competitive.

RESPOND

What is it? The innovation triggers a secondary response from players in the wider system, or in adjacent markets connected to it. These responses appear in the form of changed or new supporting functions and rules that reflect the impact that the innovation is having on how other market players behave. Essentially, the original pro-poor change has created a new set of market conditions that have encouraged evolution and re-organisation of the market. With new supporting functions and rules modified in supporting systems, pro-poor innovations become further ingrained within the market system, giving them the characteristic to last and adapt to future market conditions (including shocks). Facilitators are confident that the innovation can continue to survive in its current form or 'move with the times' as appropriate. Indicators of both sustainability and scale are high as the innovation's longevity allows the target group to benefit long after the programme has exited.

Measurement: usually qualitative. This examines areas of:

- *Market reaction:* Are new types of market player re-configuring their own roles and responsibilities and/or adding new functions as a reaction to the gradual mainstreaming of the model introduced? Has the introduction of the innovation prompted pro-poor and pro-growth government and sector/industry body responses? Do businesses and policy-makers recognise a need to fundamentally change the way they think about "XYZ"?
- *Resilience to shocks:* Is the change embedded enough so as to 'survive' shocks to the system, or has it already survived a shock to the system that is worth detailing?

Annex 7: Value for money (VfM) delivery

Samarth-NMDP has a robust value for money framework based on the ‘three Es’ approach used by DFID and the National Audit Office²³. To maximise benefits for a given amount of expenditure, Samarth-NMDP has built in procurement and financial controls, as well as robust mechanisms for how the programme designs and implements interventions and allocates resources.

Table 1, below, summarises the total financial expenditure of Samarth-NMDP in 2013-14. To aid in value for money assessments, these figures are broken down by sector.

Economy

Measures of economy help Samarth-NMDP understand what is driving costs to make sure the programme gets the desired quality at the lowest price. Where Samarth-NMDP works with Implementing Partners, it influences them to do the same. Each intervention is assessed against pre-defined benchmarks, which take into account unit costs (such as vehicle hire, consultants, meeting costs) of other Samarth-NMDP interventions and similar initiatives (e.g. other DFID programmes) in Nepal. Service provider rates are negotiated based on these benchmarks and the performance of service providers routinely assessed.

Samarth-NMDP continues to perform well against its economy indicators. As of March 2014, 95 per cent of programme personnel (Core Team plus Implementing Partners) are nationals; the programme has a competitive average fee rate in project teams of £12 per day; and overheads (defined in the Samarth-NMDP VfM framework as accommodation, travel, office set-up, expenses) as a percent of total spend are 14 per cent – roughly comparable to 2012-2013.

Samarth-NMDP has robust procurement practices, as outlined in the programme’s business processes and governance framework. Multiple suppliers are considered, and fitness for purpose is thoroughly assessed. Procurement decisions are subject to robust ASI controls. The ASI Nepal Standard Operating Procedures provides a framework for project operations, human resource management, anti-fraud/corruption, finance and logistics for all ASI operations in Nepal. Value for money decisions also influenced a shift in implementing modality, away from mainly implementing partners (outsourced) to a balance of more core team-led implementation, where benchmarks for vehicle hire, consultants etc. can be more closely monitored.

Efficiency

Efficiency requires delivering the maximum level of outputs for a given level of inputs. The Samarth-NMDP approach – sustainability and scale through local market players – is central to the delivery of good efficiency. Samarth-NMDP’s systems and culture have been designed to reinforce this overall approach.

Lasting, systemic change requires that important market functions are performed by market players with the capacity and incentives to undertake those roles in the long term. Samarth-NMDP aims to stimulate private and public sector players to take on new (or adapted) functions without becoming an active market player itself. As such, the market players who the project teams are working with are expected to contribute their own resources to achieve jointly agreed objectives. By April 2013, evidence of leverage (defined as market player investments in return for project contributions) had been recorded in five sectors: over £1,000 and 140 person days in ginger, and £2,500 and 183 person days in vegetables²⁴.

As of the end of Programme Year Two, all 21 interventions in 8 sectors have sound results chains which chart how initial programme activities will lead to sustained behaviour change in both target enterprises (farmers and small-scale entrepreneurs) and market players (public and private actors).

²³ See the Samarth-NMDP *Value for Money Framework*

²⁴ The dairy, pig and fish projects are still quantifying their leverage

Effectiveness and cost-effectiveness

As noted in Part One of the Results Report, by 2017 Samarth-NMDP is expected to reach between 88,000 to 210,000 beneficiaries to record an average increase in income of £150 per year. This is expected to generate between £30-59 million of additional income gains, against a total estimated programme spend of £13.5 million. This represents a potential cost-benefit ratio of at least 1:2 as a return on investment. These figures will continue to be monitored by Samarth-NMDP to ensure maximum value for money – not only in ‘day to day’ operations, but also in the ‘big picture’ perspective of the programme and its ultimate objective of poverty reduction.

Table 1: total programme spend to-end January 2014, by sector (to nearest £100)²⁵

Sector	Expenditure began ²⁶	Spend Year One (£) ²⁷	Spend Year Two (£)		
			Project ²⁸	Program. ²⁹	Total
Ginger	Nov. '12	167,100	135,700	70,600	206,300
Vegetables	Dec. '12	175,000	178,100	73,500	251,600
Dairy	Dec. '12	212,300	95,200	52,700	147,900
Pigs	Mar. '13	147,700	109,000	49,400	158,400
Fish	Feb. '13	101,900	90,000	45,500	135,000
Mechanisation	July '13	0	47,500	25,100	72,600
Tourism	July '13	0	175,900	25,100	201,000
Media	Jan. '14	0	30,200	18,700	48,900
Stakeholder engagement ³⁰	May '12	447,400 ³¹	25,400	46,800	72,200
Programme management ³²	May '12		n/a ³³	567,300	567,300
TOTAL YEAR TWO ONLY					1,861,000

²⁵ These figures will be updated at the end of the Programme Year to account for expenditure over February – April 2014

²⁶ This is the date that Samarth-NMDP approved the Sector Analysis and Vision and Implementation Plan

²⁷ These figures are taken from the 2012-2013 Results Report, and adds ‘project’ and ‘programme’ spend together

²⁸ Project spend is expenditure against the specific allocated sector budget, as approved by DFID. Where working with Implementing Partners this includes their staff, expenses and operating costs, as well as technical assistance provided through the programme’s Technical Advisory Facility.

²⁹ Programme spend is an estimate of the human resources invested by Samarth-NMDP in managing and implementing work in a sector. This includes apportioned core team staff time which was related to a specific sector, as well as apportioned cross-cutting issues such as results management and gender and inclusion. It excludes core team administrative and overhead costs – which are reported under ‘programme management’.

³⁰ Programme Output 2

³¹ In Year One, costs for Output 2 and programme management were accounted for together

³² Programme management includes: all cross-cutting programme research, strategic programme management and events (e.g. Strategic Review Panel), staff capacity building, communications, administration and finance and Samarth-NMDP overheads (accommodation, travel, office set-up, expenses).

³³ There is no separate ‘budget’ or project for programme management

Annex 8: Samarth-NMDP logframe³⁴

PROJECT NAME	Samarth-Nepal Market Development Programme										
IMPACT	Impact Indicator 1		Baseline	2013	2014	2015	2016	Target 2017			
To reduce poverty in Nepal by improving the incomes of poor and disadvantaged people in agriculture and other rural markets	Number of farmers and small-scale entrepreneurs experiencing positive change in annual real incomes ³⁵	Planned	Zero	25,000	50,000	75,000	150,000	300,000			
		Achieved									
		Source	Programme results management system								
	Impact Indicator 2 ³⁶		Baseline	2013	2014	2015	2016	Target 2017			
	Average increase in annual real incomes among affected farmers and small-scale entrepreneurs (£) ³⁷	Planned	Zero	40	60	80	80	80			
		Achieved									
		Source	Programme results management system								
	Impact Indicator 3		Baseline	2013	2014	2015	2016	Target 2017			
	Proportion of farmers and small-scale entrepreneurs who experience positive changes in annual real incomes who are women (%)	Planned	Zero	50	50	50	50	50			
		Achieved									
		Source	Programme results management system								
				Programme results management system							

OUTCOME	Outcome Indicator 1		Baseline	2013	2014	2015	2016	Target 2017	Assumptions
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³⁴ Note: 'achieved' figures are only included for output-level indicators

³⁵ Annual real incomes are net attributable income changes stimulated by the programme's interventions

³⁶ The data in this indicator will be disaggregated to investigate whether women and other disadvantaged groups are experiencing the same average change in annual incomes

³⁷ Affected farmers and small-scale entrepreneurs are those who have recorded a positive change in incomes

The performance and position of poor and disadvantaged people within agriculture and other rural markets is improved	Number of farmers and small-scale entrepreneurs improving their productivity or competitiveness in market systems ³⁸	Planned	Zero	27,000	55,000	82,500	160,000	330,000	Political, social and security situation does not worsen significantly No additional, major shocks in the global economy – overall growth rate in Nepal does not deteriorate	
		Achieved								
		Source								
		Programme results management system								
	Outcome Indicator 2		Baseline	2013	2014	2015	2016	Target 2017		
	Number of farmers and small-scale entrepreneurs showing significant changes in their business practices ³⁹	Planned	Zero	30,000	60,000	90,000	170,000	360,000		
		Achieved								
		Source								
		Programme results management system								

³⁸ Improvements in productivity and competitiveness (e.g. yield, price differential, quality, cost-saving) relate to a specific box in each intervention results chain. For example: number of farmers increasing ginger yields (kilos harvested per ropani); number of dairy farmers improving yield (litres per cow) and quality (% fat content) of milk; number of farmers receiving higher margin on vegetables sold through collection centres.

³⁹ Significant change in business practice is defined at the start of each intervention and relates to a specific box in each intervention results chain. For example: number of farmers purchasing and correctly using an effective ginger disease management solution; number of dairy farmers feeding improved quality forage to their cattle; number of farmers selling their vegetables through collection centres.

OUTPUT 1	Output Indicator 1.1		Baseline	2013	2014	2015	2016	Target 2017	Assumption	
The underlying pro-poor performance of rural sectors – particularly agriculture – is improved	Number of sectors in which strategies have been developed and implemented	Planned	Zero	5	6	8	10	10	Major environmental and climate risks do not materialise Instability in government does not lead to policy and public expenditure paralysis Other donor-funded programmes do not distort markets through direct service provision	
		Achieved		5	8					
		Source								
		Programme results management system								
	Number of sectors where there is evidence of progress towards systemic change ⁴⁰	Planned	Zero	2	3	4	6	7		
		Achieved		1	5					
		Source								
		Programme results management system								
IMPACT WEIGHTING (%)	Output Indicator 1.3		Baseline	2013	2014	2015	2016	Target 2017		
80%	Number of sectors where there is evidence of replication ⁴¹	Planned	Zero	0	1	2	4	6		
		Achieved		0	0					
		Source								
		Programme results management system								
									RISK RATING	
									Low	

⁴⁰ Evidence of progress towards systemic change refers to market players successfully 'adopting' and/or 'adapting' a new pro-poor innovation within a market system

⁴¹ Evidence of replication refers to 'crowding-in' by market players and 'copying' by farmers and small-scale entrepreneurs within market systems. Ultimately it means market players are delivering positive change without the direct support from the programme and is a measure of sustainability.

OUTPUT 2	Output Indicator 2.1		Baseline	2013	2014	2015	2016	Target 2017	Assumptions	
The capacity for effective pro-poor market development among key stakeholders – including government, NGOs, donors and research organisations – throughout Nepal is enhanced, leading to positive and sustained practice change	Number of key stakeholders who make strategy, policy and funding decisions which reflect a pro-poor market development orientated approach	Planned	Zero	1	2	5	8	11	International donor policies and practices are supportive of market development principles All DFID growth projects follow an M4P approach Labour market conditions are supportive of programme recruitment and capacity development (low staff turnover etc.)	
		Achieved		5	6					
		Source								
	Programme results management system									
	Extent to which the Nepal Market Development Forum operates effectively as a stakeholder-led forum for M4P practitioners	Output Indicator 2.2	Planned	Does not exist	Established by programme	All meetings organised and financially supported by programme	50% meetings organised and financially supported by programme	25% meetings organised by programme with no financial support		MDF operates autonomously without any support from programme
			Achieved		Established	5 meetings – all supported by programme				
Source										
Programme results management system										
IMPACT WEIGHTING (%)	Output Indicator 2.3		Baseline	2013	2014	2015	2016	Target 2017		
20%	Percentage increase in awareness, attitude and understanding of key stakeholders with respect to applying a pro-poor market development approach	Planned	Zero	Baseline established	10% over baseline	20% over baseline	30% over baseline	40% over baseline		
		Achieved		Retrospective baseline in 2014	13% in awareness					
		Source								
Stakeholder perception survey								RISK RATING		
								Medium		

Samarth-NMDP is delivered in partnership with the Government of Nepal by a consortium of

