Field Diary: Assessing Matching Grants in Nepal (PACT)

Posted by Anusha Ghosh in Public Policy Advisory

To learn about Athena's independent assessment for PACT Nepal on matching grants for small holder farmers, click here.

Nepal: The Agricultural Context

Agriculture is a key driver of Nepal's economy, contributing nearly 33% to the national Gross Domestic Product (GDP)[1]. It also makes up almost half the country's exports[2]. More than 60% of the working population in Nepal is engaged in agriculture[3]. However, the agricultural sector in Nepal faces severe developmental challenges due to its diverse agro-climatic zones. In addition to this, only 20% of the landlocked country's terrain is irrigable. Moreover, much of the sector comprises mixed and subsistence farming. Approximately 60% of Nepal's farmers have smallholdings (with farm size of less than 1 hectare). Low crop yields, lack of public-private investment in agriculture, technology adoption, and limited market access all pose a very high risk to Nepal's agricultural development[4]. This consequently affects its food security.

Matching Grants in the Agricultural Sector: About the Project

The Project for Agriculture Commercialization and Trade (PACT) in Nepal was initiated in 2009. Its objective is to enhance the competitiveness of project-supported smallholder farmers and agribusinesses. The Ministry of Agricultural Development (MoAD), Government of Nepal (GoN), is implementing the project with assistance from the World Bank Group. The project supports farmers engaged in the selected agricultural value chains through the provision of competitive matching grants valuing between 35,000 USD to 100,000 USD. The grants are provided to selected participants to undertake a particular sub-project, in their value chain of operation. So far, PACT has supported nearly 1500 sub-projects across key commodities including vegetables, meat, coffee and dairy[5].

Athena is conducting an independent assessment to identify the strengths, gaps and inefficiencies of the current structure and processes of the matching grant scheme under PACT.

Purpose of the Field Visit

Our previous field visit concluded with a project inception workshop, held in Kathmandu. This was the first of the two field visits over the months of September and October. Clients and key project stakeholders attended the inception workshop, which centered around validation of our proposed methodology and survey plan for the matching grants assessment. After receiving a go-ahead, we then shifted our focus to getting an on-ground understanding of the matching grants scheme. This involved understanding the challenges and perceptions of the project implementation and outcomes. Additionally, we aimed to kick off the field survey component of the project.

We landed at the Kathmandu airport, briefly marveling at the view of the Himalayan range in the distance, and bracing ourselves to embark on the tight schedule ahead.

Enumerator Training

The survey component of matching grants assessment includes structured interviews with a sample of 150 sub-projects under the matching grant scheme. This covers up to 10 beneficiaries from each sub-project, and will be supplemented with qualitative insights. Enumerators will gather these through Focused Group Discussions (FGD) and unstructured interviews with the beneficiaries/project stakeholders.

To set the stage for the field survey to commence, one of the key outcomes of our visit was conducting an enumerator training session in collaboration with our partner organization (IIDS). Armed with quizzes and games to tide over momentary lapses in concentration, we set upon walking our group of 25 enumerators through the survey instruments. This included structured questionnaires and FGD discussion guides. We powered through two days of intense training, interspersed with working lunches comprising full plates of *momos*, the quintessential Nepali working lunch. After rounds of mock interviews and role-playing exercises, we were all set to begin the field survey component of the assessment.

Stakeholder Interactions

To obtain a thorough understanding of the bottlenecks, we conducted in-depth interviews with key project stakeholders. These included senior PACT officials from the Ministry of Agriculture and Development such as the Project Director, the Monitoring and Evaluation Officer and Technical Experts. Thus began our frequent journeys to the PACT office – as we emerged from the riot of sights and sounds that characterize the bustling alleyways of Thamel, where we were staying.

With the ubiquitous Nepali black tea and warm welcomes fueling us, the interviews were proving to be extremely insightful. Our discussions revolved around the challenges of PACT processes, from selection to grant disbursement. It additionally highlighted key sectoral issues. To include external perspectives, we also interviewed the Project Director of the HIMALI, (High Mountain Agribusiness and Livelihood Improvement) an ADB-funded agricultural development program in Nepal.

Our visit revealed a broader theme: the importance of establishing how effectively the matching grant scheme aligns with Nepal's agricultural sector. Moreover, it is crucial to be cognizant of external ecosystem characteristics that potentially impact the outcome of the matching grants. For instance, farmers struggle to secure loans from banks and financial institutions for agricultural investments. Therefore, despite the Priority Sector Lending Mandate of the Central Bank of Nepal (Nepal Rastra Bank), the share of agricultural sector loans remains low. This primarily stems from the perception of agriculture as a 'high risk' sector. Farmers' low uptake of agricultural insurance is another exacerbating factor. Low availability of loans in turn affects the farmers' ability to finance their share of the matching grant. This potentially causes delays in sub-project implementation.

Meeting with Project Beneficiaries

In alignment with our 360-degree assessment methodology, we moved on to obtain insights on the project through the farmers' lens. Arming ourselves with pollution masks to fight the dust, we headed to Lalitpur – a city 5 kilometers South-East of Kathmandu. At the PRIST office, we met a group of PACT beneficiaries: 3 women and 12 men from various sub-projects. After a round of introductions in Hindi and English – and the customary round of black tea, the discussion animatedly took off in Nepali. While the IIDS team was moderating the FGD, we tried to decipher the discussion based on keywords and expressions. Finally, we concluded with a vote of thanks for their time during the festive *Diwali* period.

After this, our partner IIDS then shared the most relevant highlights of the discussion with us. The discourse established the challenges with some specific processes of the matching grants scheme along with its gaps and benefits. Additionally, we gathered insights on the challenges women in particular face. These findings have potential implications for the gender-based aspects of agricultural development and the PACT project's responsiveness to them.

Consequently, this field visit provided critical insights to inform the rest of our study. It also offered invaluable experiences that will enhance our understanding of Nepal's agricultural sector.

References:
1. World Development Indicators, World Bank, 2016.
2. World Development Indicators, World Bank, 2016.
3. Nepal Labour Market Update, ILO Country Office for Nepal, 2017.
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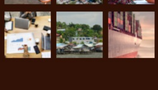

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