

Bosnia and Herzegovina

Rural Competitiveness Development Programme

Mid-term Review

Mission Dates: 08/06/2020 - 23/10/2020

Document Date: 11/12/2020

Project No. 1100001728

Report No. 5568-BA

Near East, North Africa and Europe Division
Programme Management Department

Abbreviations and Acronyms

APCU	Agricultural Project Coordination Unit
AWPB	Annual Work Plan and Budget
BAC	Business Plan Assessment Committee
BiH	Bosnia and Herzegovina
BLS	Baseline Suevey
BP	Business Plan
FBiH	Federation of Bosnia and Herzegovina
FO	Farmer Organisation
IFAD	International Fund for Agricultural Development
MTR	Mid-Term Review
PDR	Project Design Report
PIM	Programme Implementation Manual
PCU	Project Coordination Unit
RBDP	Rural Business Development Project
RCDP	Rural Competitiveness Development Project
RS	Republika Srpska
SECAP	Social, Environmental and Climate Assessment Procedures
WB	World Bank
WP	Working Paper

A. Project Overview

Region:	Near East, North Africa and Europe Division	Project at Risk Status:	Not at risk
Country:	Bosnia and Herzegovina	Environmental and Social Category:	B
Project Name:	Rural Competitiveness Development Programme	Climate Risk Classification:	not available yet
Project ID:	1100001728	Executing Institution:	Ministry of Agriculture, Water Management and Forestry
Project Type:	Rural Development	Implementing Institutions:	Ministry of Agriculture, Water Management and Forestry
CPM:	Mikael Kauttu		
Project Director:	not available yet		
Project Area:	not available yet		

Approval Date:	12/12/2015	Last audit receipt:	18/06/2020
Signing Date:	23/03/2016	Date of Last SIS Mission:	23/10/2020
Entry into Force Date:	16/03/2017	Number of SIS Missions:	4
Available for Disbursement Date:	31/10/2017	Number of extensions:	0
First Disbursement Date:	03/11/2017	Effectiveness lag:	15 months
MTR Date:	21/09/2020		
Original Completion Date:	31/03/2022		
Current Completion Date:	31/03/2022		
Financial Closure:	not available yet		

Project total financing

IFAD Financing breakdown	Near East, North Africa and Europe Division	\$500,000
	IFAD: KfW loan	\$12,250,000
Domestic Financing breakdown	Beneficiaries	\$1,560,000
	Private sector local	\$29,720,000
	National Government	\$4,670,000
Co-financing breakdown,	To be determined	\$12,750,000
Project total financing:		\$61,450,000

Current Mission

Mission Dates:	08/06/2020 - 23/10/2020
Days in the field:	Virtual Mission. Six days were spent interviewing stakeholders comprising direct beneficiaries, producers associations, cooperatives and SMEs.
Mission composition:	Mr. Mikael Kauttu (Country Director, IFAD and Mission Leader), Mr. Swandip Sinha (Rural Development Specialist, Team Leader); Ms. Chiara Romano (Gender, Youth and Targeting Specialist); Mr. Donald Greenberg (Rural Business Specialist); Mr. Zeljko Vasko (Agriculturist); Ms. Alisia Sansoni, (M&E Specialist); Ms. Sengul James (Financial Management Specialist), Mr. Khafiz Akbergenov (Economist); and Mr. Sasko Badzakov (Procurement Specialist). In FBiH, Mr. Halil Omanovic (PCU Director), Mr. Nedim Dzano (Inclusive Value Chain Specialist, PCU) and Ms. Daria Simunovic (Translator, PCU) closely participated in all discussions between the mission members and RCDP stakeholders. Similarly, in the RS, Mr. Dragan Vuckovic (Programme Manager, APCU) and Ms. Violeta Lemic (Targeting and Gender Officer, APCU) were active parts of the missions' discussions with stakeholders.
Field sites visited:	The mission, through videoconferencing, interviewed stakeholders from 17 municipalities. These were Konjic, Novi Travnik, Zavidovići, Žepče, Mostar, Ljubuški, Posušje, Brčko, Prijedor, Novi Grad, Gradiška, Laktaši, Srbac, Rogatica, Rudo, Istočni Stari Grad, Sokolac.

B. Overall Assessment

Key SIS Indicator #1	Ø	Rating	Key SIS Indicator #2	Ø	Rating
Likelihood of Achieving the Development Objective		4.64	Assessment of the Overall Implementation Performance		4.5

Effectiveness and Developmental Focus	5	Project Management	4
Effectiveness	5	Quality of Project Management	5
Targeting and Outreach	5	Knowledge Management	3
Gender equality & women's participation	4	Value for Money	4
Agricultural Productivity	5	Coherence between AWPB and Implementation	4
Nutrition	N/A	Performance of M&E System	4
Adaptation to Climate Change	5	Social, Environment, and Climate Standards requirements	4

Sustainability and Scaling-up	4	Financial Management and Execution	5
Institutions and Policy Engagement	4	Acceptable Disbursement Rate	5
Partnership-building	5	Quality of Financial Management	4
Human and Social Capital and Empowerment	4	Quality and Timeliness of Audit	6
Quality of Project Target Group Engagement and Feedback	4	Counterparts Funds	5
Responsiveness of Service Providers	4	Compliance with Loan Covenants	5
Environment and Natural Resource Management	4	Procurement	5
Exit Strategy	4		
Potential for Scaling-up	5		

Relevance	5
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C. Mission Objectives and Key Conclusions

Background and Main Objective of the Mission

1. An IFAD Mission conducted the Mid-Term Review (MTR) of the Rural Competitiveness Development Programme (RCDP) remotely, from 8-24 June 2020. This mission is the first phase of the MTR process. It will be followed by a second phase physical mission to the country, tentatively in August 2020. The findings and agreements of this first phase will be validated during the second phase. The mission assessed the achievement of the programme outcomes, outputs and implementation progress against the objectives and targets in the Project Design Report (PDR) and Annual Work Plan and Budget (AWPB); recommend measures for improving project performance and synthesized the key lessons learned.
2. The Mission reviewed the programme background documents and held detailed videoconferences with the programme staff, service providers, and Ministerial representatives from both the entities. The Mission also held detailed videoconferences with around 15 beneficiaries, 7 Producers Associations, 5 cooperatives and 8 small and medium enterprises (SMEs) from 17 municipalities. The A/PCUs also organized videoconferences between the Mission members and a total of 9 beneficiaries from 8 villages participating from their farms. The Mission also held a wrap up meeting with the A/PCUs on 22 June 2020 to discuss the Mission's preliminary findings with the project staff members. The A/PCUs inputs during the wrap-up meeting is considered in preparing this MTR report. The Mission thanks the Ministerial representatives, the programme staff, implementation partners and the RCDP beneficiaries for organizing, facilitating, and participating in the Mission's activities and for providing all data and information requested.
3. **Background:** RCDP's goal is to contribute to sustainable rural poverty reduction in Bosnia and Herzegovina (BiH). Its objective is to enable smallholders to take advantage of fruits, vegetable and non-timber forest products subsector development for the sustainable improvement of their social and economic conditions and those of other poor rural groups". The programme has two components: (i) Component 1: Enabling Environment for Inclusive Subsector Development; and (ii) Component 2: Sustainable inclusion of smallholders in the thriving/successful value chains.
4. RCDP is a national programme implemented across 12 commodity-based clusters. The programme was designed to reach 16,000 beneficiaries over 10 years supported by two financing cycles of five years each. The first cycle was supported by an IFAD loan of EUR 11.12 million and IFAD grant of EUR 0.47 million. The second cycle financing is subject to performance and availability. RCDP first cycle became effective on 16 March 2017 for a period of 5 years.
5. RCDP is managed by the Project Coordination Unit (PCU) located in Sarajevo and the Agricultural Project Coordination Unit (APCU) in Banja Luka. The PCU and the APCU are already established and responsible for implementing other IFAD projects. The PCU carries out field implementation in partnership with a service provider and in coordination with three field coordinators based in the different programme clusters. The APCU undertakes field implementation also in partnership with a service provider and in coordination with extension officers based in seven extension offices across different RCDP clusters.

Key Mission Agreements and Conclusions

1. As at 31 May 2020 RCDP reach 18,718 (117%) out of the targeted 16,000 HHs. It has achieved the target of 30% women outreach by benefitting 6,714 women (35%). Also, 4,808 youth (26%) have been reached. Notwithstanding the COVID 19 related limitations on the free movement of goods and people, in the first five months RCDP has achieved 40% physical realisation and 38% financial progress against the AWPB 2020. By October 2020, physical realisation was 71% and financial realisation 100% in the Federation, while both physical and financial realisation were 78% in RS. The programme has demonstrated excellent poverty orientation with 96% of the beneficiaries belonging to poor and very poor households.
2. RCDP was designed (in 2014-15) when the effectiveness of IFAD projects (e.g. REEP, RLDP) in BiH were under threat. The RLDP PCR (2016) records that the project suffered from insufficient attention to targeting, lack of connectivity between subcomponents, lack of integration between matching grants, capacity building, value chains, and weak attribution of value chain linkages to poverty reduction. The business plan and starter packages based approach in RCDP were expected to overcome these shortcomings.
3. So far, RCDP has implemented 101 business plans based on which agribusiness partnerships have developed between smallholders and business leaders. RCDP's outcome survey indicates that these partnerships have enabled beneficiaries to achieve 15-20% increase in land sown, 30-40% increase in selling price and 20% increase in household income. Around 60% farmers have reported shifting from selling their produce in local markets, to selling to processors/business leaders. Farmers associations' membership has increased by 20%. These results indicate that RCDP has successfully overcome the key challenges which prevailed in the IFAD BiH portfolio during the design.
4. RCDP has established 12 cluster level stakeholder platforms. Some of these have developed action plans and started regular meetings. Nevertheless, overall, these platforms are still at an initial stage of development, highly driven and dependant on the A/PCUs. The continuation of the agribusiness partnerships after the one-year starter package needs attention. Both the A/PCUs have started supporting PAs as business leaders. However, in the absence of marketing support from the PAs the PA starter package beneficiaries sell their produce individually in the local markets, somewhat deviating from RCDP's marketing partnership approach. To respond to the COVID 19 crisis the APCU has distributed emergency packages (planting materials) to around 9,000 vulnerable households. Also, in the wake of economic slowdown following the COVID 19 crisis, fund shortages have surfaced in some municipalities limiting their ability to contribute to starter packages costs. Further, RCDP is facing a shortfall of Euro 0.64 million (see Section G) in programme management costs as the delay in its start-up did not allow its foreseen overlap and benefit from the programme management costs of the now closed IFAD supported RBDP project.
5. To mitigate the effects of the challenges discussed above the project will complete the following activities by 31 October 2020
 - The PCU will appoint cluster managers to develop the cluster platforms in FBiH
 - PAs should be admitted as business leaders only if they support marketing services
 - The review of the agribusiness partnership status of old starter package beneficiaries should be completed and submitted to IFAD
 - Take action to meet the gap in programme management costs of Euro 0.64 million from surplus budget available under soft activities (Federation)
 - Municipalities contribution up to 10% can be met from IFAD loan resources on case by case review. To benefit from this arrangement, the APCUs have to submit an updated AWPB with appropriate allocations between IFAD and Municipalities and make an official request, which must also clarify the timeline of this exceptional measure, for no-objection from the Country Director. This arrangement will be valid until end March 2021.
 - The management and utilisation of the produce from the starter packages should be monitored and reported to IFAD with findings and lessons learned.

D. Overview and Project Progress

A.

- **Component 1: Enabling Environment for Inclusive Subsector Development**
- This component aims to establish cluster and subsector level stakeholder platforms to improve value chain coordination, subsector governance, orient public policies and investments. It also aimed to make technical and business development services available to

stakeholders at all levels.

1. PART A: Federation of Bosnia and Herzegovina

- The PCU has developed and completed the registration of five cluster platforms as associations. Each cluster platform comprises a general assembly which has representatives from the municipalities, farmers organizations and business leaders in the cluster. The general assembly has formed a board for overseeing the activities of the cluster platforms. The board has formed sub-groups focusing on the development of specific subsectors in the clusters such as berries, fruits and vegetables. The PCU, in coordination with SERDA, the partnering service provider, has developed the clusters in consultation with the cluster stakeholders (cluster leaders, municipalities, service providers, farmers associations and individual farmers) in a series of stakeholder workshops in each of the five clusters.
- Some of the cluster platforms started meeting towards the end of 2019. The members discussed topics focusing on cluster development plans preparation, study tours for cluster members and local policy issues e.g. related to subsidies. The COVID 19 outbreak has slowed down the number of the meetings and the progress on the cluster development plans formulation. However, some clusters, such as cluster 1 (Western and south-western BiH) achieved policy dialogue results at the cantonal level (Una sana canton) where the members successfully lobbied for the increase in the agricultural subsidies paid to smallholders from producers from 7 to 10 pfennigs per kg of gherkins and from 30 to 45 pfennig per kg of raspberry in 2019. The PCU has also supported the registration of the regional council of berry producers with its seat in Montenegro.

1. PART B: Republika Srpska

- The APCU has developed and completed the registration of seven cluster platforms as associations. The cluster platforms have also formed sub-groups focusing on berries, small fruits, and greenhouse production subsectors. The cluster platform development process and the structure of the cluster platforms are similar to the ones in FBiH. The representatives of the seven offices of Agricultural Extension Services Department (AESD) have the role of cluster secretariats. The APCU has appointed cluster manager to lead the activities of each cluster. This step has made the clusters more active and animated with frequent meetings and consultations between members. Most of the clusters have completed their cluster development plans (action plans).
- The action plans include proposed lectures by experts on specific topics, promotional material, organization of fairs, events and round tables and market research over the next three years. The APCU will use its resources to support the implementation of these activities. The cluster platforms have identified marketing linkages strengthening as a focal area and is registering and mapping all local marketing opportunities using a software. The APCU has oriented the AED staff, consultants and cluster managers on business plan development, stakeholder analysis, business leaders' mobilization and information exchange with other clusters. A study trip to Pöltner Austria for 38 participants was organised to learn from the cluster experiences in Lower Austria.
- In both FBiH and RS, the cluster platforms are operational but not yet ready for anchoring business plan development independently as was recommended by the last mission. The platforms are also constrained by the absence of financial resources and are fully dependent on RCDP for anchoring all their activities which is a major constraint against organizing activities independently and sustainability after RCDP.
- **Component 2: Sustainable inclusion of smallholders in the thriving/successful value chains**
- This component aims to develop and implement inclusive business proposals and integrate very poor farmers, women and youth into competitive and rewarding value chains. Implementation began in December 2017 with technical assistance from IFAD to the A/PCUs staff members on business plan (BP) development. In 2018, the PCU and APCU, in coordination with SERDA in FBiH and ArgoNet in RS (service providers), conducted BP development workshops at the cluster level targeting business leaders (SMEs, cooperatives and producers associations). Over the last two years the PCU and the APCU have approved 101 BPs based on which 18,178 beneficiaries (35% women, 26% youth, 96 %very poor and poor) were integrated in competitive and rewarding value chains through starter packages. RCDP has also supported collective assets such as processing equipment, to producers associations and cooperatives for supporting their integration in the selected value chains. In general, there is excellent progress on developing business plans that offers participants a good return on their investments of time, resources, and land, in the most part with high potential for sustainability.

1. PART A: Federation of Bosnia and Herzegovina

- In total, the FBiH has agreements with 35 business leaders for implementing 55 distinct BPs. Since the last SVM, FBiH has contracted starter packages for 30 BPs for 4,284 beneficiaries. These starter packages include gherkins (30%) perennial fruit (19%), MAPS (19%), honey (14%), greenhouse vegetables (8%), open field vegetables (8%), tree nut (3%), annual fruit (3%). So far, another eight BPs have been received in 2020. Four of these are likely to receive approval adding another 214 beneficiaries in 2020. These will cover fruit, vegetables, honey, and MAPs.
- There is excellent progress on developing business models, mostly with high potential for sustainability. Acting on the previous SVM recommendation to support new agricultural value chains, the PCU has approved three BPs on beekeeping. For cereal and oilseed value chains, most interested producers are too large to meet IFAD targeting, and there has been no interest from the dairy value chain.
- PAs are business leaders in four of 35 BPs. However, in these BPs there is no clear justification for not including a cooperative or SME as the marketing partner. IFAD financing in these cases is mostly for SPs, with only 12% for collective assets.
- FBiH has developed the basis of a thorough plan for provision of Farming as a Business (FAAB) training through the service provider SERDA. This plan has some shortcomings: a) lack of specific training for the activities supported by the business plan b) an over-emphasis on developing proposals for grant support from projects rather than commercial business planning and c) inclusion of social goals (gender and youth) in the training which are important but not business topics per se.
- Public sector agronomic advisory services at entity and municipality level are relatively weak; business leaders cannot be expected to provide general extension support.

1. PART B: Republika Srpska

- The APCU has implemented 58 BPs and emergency packages. Beneficiaries have enthusiastically adopted two new value chains; a) bee-keeping, which does not require ownership of arable land, and it appears to have a high returns b) soy which offers good returns plus can be a good rotation crop for potato or cereals. One dairy business plan was realized which is relatively large targeting up to 300 participants. The interest in cereal crops is low as at a small-scale cereals are grown for household or animal consumption, and not considered as important contributor to household income. Another 28 business plans were pending approval/implementation which will add another 1,247 beneficiaries. The value chains were beekeeping (11), raspberry (7), greenhouse vegetables (5), other fruits and soybeans (4) and other fruits (1).
- The APCU has also provided emergency support to very poor households in response to the COVID 19 pandemic to prevent beneficiary households from suffering food insecurity and falling into deeper poverty during the emergency. The emergency package was distributed to 9,080 people (2,898 women, and men 6,152). Potential producers involved in the Emergency Package (EP) support can have the opportunity to be integrated into the current system of expanding production through the RCDP support and cluster development.
- PAs are acting as business leaders in 21 of the 58 business plans, without a convincing rationale for making an exception to PDR design which does not include PAs as possible candidates for leadership of business plans. Most PAs are only able to provide limited business services, such as the distribution of SPs, coordination of project provided training, and limited local marketing. Although PAs in general are the least likely to be able to manage collective assets, a proportionately higher amount of IFAD financing is budgeted for collective assets in PA led BPs, compared to cooperative or SME led BPs.

- The APCU has not developed concrete plans for FAAB training. The APCU intends to support online promotion and marketing efforts of farmers and business leaders through the cluster, but the capacity and motivation of the cluster managers is not likely to be sufficient to provide a direct advisory role. Moreover, consultancies are not a substitute for capacity building through business training.
- **Key observations in FBiH and RS**
- **Impact on beneficiaries after one-year support:** There is limited insight into whether implementation of business plans has significant sustained impact on farmer income and overall sustainability after the first year of support. The actual impacts on beneficiaries after the first year of support (compared impacts projected in the business plan), and behaviour in later years, are not tracked by the project. Only very high-level data are obtained through outcomes surveys. The continued support of business leaders for cooperants after the SP year is also not clear and is not documented by the project; there is anecdotal evidence of some business leaders stepping in to provide at least partial ongoing input credit support after the initial year. The goal should be for all willing participants to continue with full package, if not expand/intensify operations, in following years.
- **Access to credit:** Access to credit appears to be the largest constraint to beneficiaries that wish to capitalize on RCDP's initial support and to intensify or expand operations and continue their path out of poverty. The other key factors of production are available. Land is usually available for rent or purchase at reasonable rates due to substantial outmigration from rural areas. Labour is available, but perhaps more importantly machinery is also available at reasonable rates from the business leader, cooperative, or neighbours.
- **Collective assets:** The provision of collective assets in business plans (including intangibles and plant, equipment, and infrastructure) provides distinct benefits but continues to present some challenges to ensuring sustainability. There are instances of up to 100% subsidy provided for collective assets between IFAD and municipality. The responsible use and maintenance of these assets should be closely monitored by the project and assessed by subsequent missions.
- Since the last supervision mission, the concern with collective equipment provided to PAs or coops that has direct benefits for the business leader (SME or SME coop) has been addressed by lease and management agreements. The effectiveness of these agreements should be closely monitored by the project and evaluated during subsequent supervision missions.
- Collective assets are sometimes provided to PAs that do not immediately have adequate business skills or social capital to manage them. In many cases the business leader steps in to help manage these assets. The business plans should include institutional development and capacity building plan for assisting the PAs to develop necessary skills for ownership and maintenance of collective assets.
- Some of the collective asset agreements with municipalities have ambiguities as to the ownership and control of the asset after project completion. The APCUs should review the collective asset agreements to ensure that ownership, management and control issues are transparently laid out and do not jeopardize the interests of cooperants after the project.
- **Contribution from municipalities:** There continues to be strong support for RCDP and BPs from the municipalities in terms of providing or contributing to collective infrastructure, but there is also a danger of them not being able to meet commitments due to budgetary shortfalls. At times there is a lack of clarity about the municipalities contribution in the agreements made by municipalities with business plan leaders. Specially, with economic slowdown in the aftermath of COVID some of the municipalities may find it difficult to fulfil their commitments to support starter packages. In such circumstances, on a temporary and case by case basis till the next supervision mission, RCDP can increase its share for starter packages by up to 10% to meet the gap in funding from municipalities (refer recommendation table for details). This arrangement will be valid until end March 2021.
- **FAAB training:** No tangible farming as a business (FAAB) training was provided in 2019. Plans to offer in 2020 were delayed due to COVID restrictions. Strengthening the business capacity through FAAB training is important to support the sustainability and scalability of RCDP interventions.

Agreed Action	Responsibility	Agreed Date
Recruit cluster managers Recruit cluster managers to support the development of the cluster platforms.	PCU	12/2020
Include an annual operations budget in the cluster stakeholder platforms action plan Follow up with the cluster stakeholder platforms and include an annual operations budget in their action plan. Support 50% of the annual operations budget from RCDP on condition that the member municipalities also contribute 50% of these costs.	PCU and APCU with the municipalities and platforms	12/2020
Farming as a business (FAAB) training should be provided for each BP a) for beneficiaries as part of each BP centered around farm budgets for intended crop (100% subsidy) b) for PAs to make the decision to formalize as a coop or partner with another coop/SME and developing business plan for collective assets and expenditures (100% subsidy) c) for coops and SMEs as requested (coop min contribution 20%, SME 50%). Existing BPs should be modified to incorporate the above. - FAAB should not emphasize the preparation of donor proposals or be focused on important but non-business social goals (e.g. gender, youth). SERDA and Agro-Net can be given responsibility for providing/sourcing FAAB expertise for delivery to the BPs.	PCU and APCU	12/2020
Require a minimum 30% beneficiary/leader contribution for collective assets without exception. Existing business plans may be restructured to account for this, and this contribution may occur over more than one year.	PCU and APCU	01/2021
APCU Cluster marketing support contract restructuring The APCU Cluster marketing support contract should be restructured to focus on helping cluster-wide design and implement marketing programs, and to only provide a referral service for supporting marketing efforts of individual BP leaders and beneficiaries. For individual BPs, marketing support should be part of the BP package.	APCU	02/2021

PAs can be business leaders only if they can provide value addition and marketing services: These services should help the PA supported starter package beneficiaries to reduce their dependence on individual selling in local markets. In future no objections for PA led business plans will be assessed against o Existing partnership with cooperatives, SMEs, supermarkets and other marketing initiatives other than local markets o Planned partnership evidenced by documentation of the discussions with the above mentioned marketing partners	PCU and APCU	03/2021
PA as Business Leader PAs can be business leaders only if they can provide value addition and marketing services:	PCU and APCU	03/2021
• In already approved BPs with PAs, either transformation to cooperative, or partnership with a cooperative or SME, should be required. - Collective assets should not be provided until the PA transitions to cooperative (or partners with an SME or cooperative). Exceptions can be made for providing PAs limited amounts of basic production infrastructure (e.g. irrigation).	PCU and APCU	03/2021
Continuation of the partnership between the beneficiary and the business leader • In existing and new BPs, highlight pathways for continuation of the partnership between the beneficiary and the business leader after the starter package. - The BPs identify the mechanisms through which the business leaders will sustain the linkages with the beneficiaries after the first year. - Monitor farmers continuation after the first year and check how many farmers from 2019 continued in 2020. Include the findings in the progress report.	PCU and APCU	03/2021
To meet the gap in funding from municipalities for starter packages, on temporary basis, RCDP can increase its share to starter packages by up to 10% (until 31st March 2021). To benefit from this arrangement, the APCUs have to submit an updated AWPB with appropriate allocations between IFAD and Municipalities and make an official request, which must also clarify the timeline of this exceptional measure, for no-objection from the Country Director.	PCU and APCU	03/2021

E. Project implementation

a. Development Effectiveness

Effectiveness and Developmental Focus		
Effectiveness	Rating: 5	Previous rating: 4

Justification of rating

RCDP has already reached 18,718 (117%) out of the 16,000 households targeted by the end of the programme. There is good poverty orientation, and 96% of the beneficiaries are from poor and very poor households. RCDP has developed cluster platforms and has used BP approach for mobilising private sector, municipalities and beneficiary participation in win-win agribusiness partnerships. It is well on course to improving the targeted households' economic conditions through value chain development activities. Cluster platforms are gradually developing the capacity to improve VC coordination and governance. There is a need for monitoring and facilitating access to financial linkages to ensure that beneficiaries continue their partnership with the business leaders even after the starter packages.

Log-Frame Analysis & Main Issues of Effectiveness

The main findings of the Mid-Term Outcome Surveys (MTS) for both entities are summarised as follows:

- In FBiH the beneficiaries cultivated land has increased (BLS [\[1\]](#): 40.5%, MTS: 55.6%). Beneficiary households earn more from the sale of agricultural products than they did before the start of the programme. The high majority (99.5%) of the households that received trainings on agricultural practices and technologies apply the acquired knowledge/skills. Membership in agricultural association/cooperative has significantly increased (BLS: 12.9%, MTS: 46.6%).
- In RS, the MTS reports that 25.21% households reported an increase in product added value, mostly on vegetable production. The selling price has increased on average by 36%. Compared to the BSL, almost all VC supported by the project registered an increase in yields, especially onions, strawberries and raspberries. (refer annex 4 for details).

LF analysis

- The combined Logframe shows that RCDP is on track to achieve the outcomes and the project's objective.
- **Outreach:** In June 2020, the project already overreached the initial target of 16,000 direct beneficiaries and households, having supported 18,718 farmers and households – 14,099 in 2020 only. This significant jump in outreach in year 2020 is due to the emergency packages distributed by the Republika Srpska to 9,000 farmers risking food insecurity because of the COVID-19 crisis. [\[2\]](#)
- **Goal and Development Objective:** 60% households are estimated to have improved assets ownership Although RCDP succeeded in ensuring 30% participation of women and youth in the selected value chains, job creation stands low, having ensured only 174 jobs in the RS out of the 3150 expected by the end of the project in both entities (6%). In the RS, the report states that the value of additional revenues at household level has increased by 190%, and 5.06% for fruit and vegetables, respectively.

- **Outcome 1:** The brief surveys conducted in the RS, mentioned above, report that 2500 USD were leveraged between 2019 and 2020 in the RS, as private investments in selected sub-sectors for pro-poor development. However, the details are not provided in the brief surveys and the MTS does not provide any additional information. One policy product was developed by the RS.
- **Output 1.1 and 1.2:** 19 multi-stakeholder platforms and sub sector platforms (clusters) have been supported so far (158%), while all three sub-sector stakeholder platforms expected by the end of the project have been already established. Moreover, 2351 extension staff (464 public and 1887 private) has been trained in 2020, mostly in the Republika Srpska, and 60 business enterprises have been granted access to business development services, against the 15 expected. Out of the 18, 718 farmers that received a starter package, 9,941 have been trained in crop production practices and technologies (including both in-house training and field demonstrations).
- **Outcome 2:** in the RS, the MTS reports, on average, a 36% increase in the final price of fruit and vegetables sold by the smallholders (+38.28% for fruit and +33.44% for vegetables), while the increase in fruit and vegetables added value is, on average, 66.44%. In the RS, 25.8% of people interviewed reported the adoption of environmentally sustainable and climate-resilient technologies and practices (CI 3.2.2). Applying the same percentage to the overall outreach achievement at the time of the MTS (880 HH), it is estimated that 228 farmers (132 males and 96 females) have adopted such technologies.
- **Output 2.1 and 2.2:** the realisation of business plans proved very successful, as 101 have already been developed - reaching 72% of the expected target - involving 59 producers associations (98%).

[1] BSL: Baseline Survey

[2] The outreach target of 16,000 is staked out in the RCDP Financing Agreement and thus not adjustable without a time and resource consuming process. Adjusting it upwards is therefore not considered practical. The outreach target represents the total outreach of the ongoing phase 1, and earlier contemplated phase 2 of RCDP.

Development Focus

Targeting and Outreach

Rating: 5

Previous rating: 4

Justification of rating

RCDP has reached 18,718 beneficiaries, (exceeding the original design target of 16,000) targeting 6,714 women (35.8%) and 4,804 Youth (25.6%). In both FBIH and RS the implementing agencies followed the targeting methodology used by Oxfam. Targeting has been undertaken correctly and the project continues to have a strong focus on the poor and very poor, in line with the following income categories: Very poor (up to 200KM), Poor (201-400KM) and Border line poor (401-500 KM). Questionnaire and application forms capture the main socio-economic elements of the HHs, livelihood and income. Data confirm that majority of the smallholder farmers and rural women supported by the project are very poor and poor, living below the poverty line. The emergency activities were designed to reach out to 9,000 additional households in the RS. Of these 9,000 households, 5000 are estimated to be additional beneficiaries, while the rest are expected to be reached out to by the project in the course of its normal operations. Thus, the outreach target of the design is increased from 16,000 to 21,000.

Main issues

1. **In the Federation (FBIH)** The project has supported the distribution of starter packages for 35 business plans cumulatively reaching 7,346 SP beneficiaries of which 35% are women (mostly from the poorest category) and 64% men. Out of this number 1,362 are youth (18%) and disaggregation show that 40% are young women (mostly from very poor category). Further income disaggregation shows that the target group from the very poor category accounts for 58% of total beneficiaries, followed by poor (38%) and Borderline Poor 2.8% (Table 1 annex I).
- **In the Republika Srpska' (RS)** So far the project cumulatively reached 3,382 Starter package (SP) beneficiaries of which 50 % are women (mostly from the poor category) and 50% men. Out of this number 657 are youth (19%) and disaggregation show that 50% are young women (mostly from the poor category). Income disaggregation shows that the target group from the very poor category accounts for 42% of total beneficiaries, the poor 49% and Borderline Poor are only 7.6% (Table 1, annex I).
- **Risk of elite capture.** The risk of elite capture from non-poor HHs is minimal. Available data show the relevance of the targeting strategy to minimize the risk. Furthermore, the starter packages offered to small producers are less attractive to the better-off farmers and in general, proved efficient in enforcing the project targeting strategy.
- **Selection Process and Evaluation.** The process is considered satisfactory. Implementing partners, together with PA and Cooperatives, Cluster Coordinators/ field consultants and extensionists are responsible to inform and mobilize farmers, explain criteria for application and conduct a first screening of selection prior to submission of the list to PCU/APCU. After conducting Interviews with IPs during MTR, it is opinion of the Mission that entities responsible for farmers' mobilisation and selection apply poverty – targeting criteria as described in the targeting strategy and are able to screen RCDP applicants that received a starter package from the project in previous years (to avoid duplication). This is also double checked by APCU and PCU (accessing database of farmers RCDP beneficiaries in PCU and Farm Registry in APCU). The risk of duplication, based on this system is highly minimized.
- **Including new farmers into VCs** Most of the beneficiaries are farmers without any experience of contract farming/collaboration with business leaders on starter packages. However, in some interviews, the mission came across farmers who had a previous collaboration with the business leaders and starter packages for a different crop. This is in harmony with the selection criterion that makes farmers who are diversifying their production eligible for RCDP support. However, the application form and registry/ database of farmers do not provide detailed information about farmers' previous collaboration with the business leader and previous start packages received. It is recommended to slightly modify the application form.
- **Youth:** In the federation youth account as 18% of total beneficiaries of SP (1,362 out of 7346) while in RS they are 19% of the total (657 out of 3382). Occupation trends in VC and Starter package follow similar patterns as for adult population. Opportunities for youth engagement can emerge in the allied agri-business sectors because of the cluster development and growth. E.g. service provision (maintenance of equipment or management), labour supply (to professional farmers in fruit production requiring seasonal workers during a specific time) and self-employment.

Agreed Action	Responsibility	Agreed Date
Amend the starter packages application form Amend the starter packages application form to include additional information about applicant experience with business leaders and service packages. It should include, among others: (i) if the applicant received in previous years a SP; (ii) the type of package/production (iii) value of package.	A/PCUs	12/2020
Youth job opportunity creation Integrate youth job opportunity creation in the cluster platform agenda (ii) invite interested youth to participate in cluster platform workshops/events.	APC/Us with coordinators /field extension officers	03/2021

Gender equality & women's participation

Rating: 4

Previous rating: 4

Justification of rating

The current value chains envisaged through the project are attractive to women's participation. Substantial number of women farmers (6,714 total) received the starter packages (being 35% SP beneficiaries in FIBH and 50% in RS) and accessed equipment (other facilities/services) as part of BP equipment to PA. Project services (training, equipment and facilities) respond to the needs of rural women and young women and percentage of their inclusion is captured in M&E (FIBH and RS). Women are also represented in the Cluster Platforms (22% in RS and 30% FIBH), however the percentage of women in leadership position within FOs remain low (below 20%). The appointment of targeting and gender officers in both FIBH and RS is supporting project implementation in a pro-poor and gender sensitive manner.

Main issues

- FbiH:** Based on the current 35 business plans (BPs) higher presence of women (and young women) is found in: vegetable (39%), MAPS (32%), fruits production (25%) and lower presence in honey production (5%). Disaggregated information based on BP show a high presence of women in Gherkins production and green houses, accounting for 1,821 beneficiaries (mostly Gherkins). (Table 2, Annex I).
- The PCU has put strong emphasis on women and youth involvement in the selection of eligible Fos and Cluster Coordinators have identified organisations showing majority of women or having women/youth in leadership position. Among the identified 35 BLs, it is found that 12 Fos are women-led, youth led or with majority are women. They are distributed as following: 7 in Cluster 1 (C1); 1 in C3; 2 of them in C4 and 2 in C5. It is observed that C1 has achieved commendable results as far as identification of women-led organisation is concern. Furthermore, positive results are shown by number of women participation in Cluster Platforms meetings (30% women).
- The targeting officer has been actively engaged with SERDA to provide guidance and support on how to prepare the gender training modules (as agreed), yet to be done due to COVID situation. It is recommended to include a clear note on gender training/awareness activities as part of the training/education draft plan for 2020 (currently missing).
- Programme for Women and Youth Employment:** The PMU has taken into account recommendations from the Gender and Youth Study (2018) to work on encouragement of women and youth employment. Specific activities based on the findings have been identified and included in the AWPB 2020. The MTR mission noticed that: (i) some of the activities imply expenditure that are not fully aligned with the financing agreement and (ii) the upcoming IFAD-funded project READP will support similar operations on employment and self-employment in a much comprehensive and structured way. It is the opinion of the mission that to avoid replication and ensure harmonization between these activities within the RCDP framework (goal and objectives) the PCU should identify alternatives which are (i) in line with the financing agreement and expenditures (ii) linked to Starter Package Support to PA as well as PA Capacity Building and engagement of graduated youth (examples among others).
- Republika Srpska' (RS):** Participation of women in the ongoing BPs is 50 %. The increase in the number of women farmers, who became contract holders is substantial and due to the 10% top-up co-financing for start-up package. It is noted that larger participation of women is in the sub-sectors that have been traditionally their occupation: greenhouses (78.1%), fruit (30%) vegetables (57%) soya (59%) and gherkins (45.7%). Similar pattern is followed by young women (table 2 annex I). The project encouraged appointment of women and youth in the cluster membership and especially in decision-making bodies. As a result, out of the total number of 50 cluster management board members in the seven regions, 11 are women, which is 22%. The number of young cluster managers is 7 out of 7, of which 4 are women, or 57.1%.
- Good cooperation between two Cooperative Unions, Republic of Serbia and Republic of Srpska, resulted in a conference for women cooperatives (2019). Participants discussed the role of cooperatives in developing women entrepreneurship and strengthening cooperatives with predominantly female membership. The event was attended by representatives of around 20 women cooperatives among others.

Agreed Action	Responsibility	Agreed Date
Training/education draft plan Include a clear note on gender training/awareness activities as part of the training/education draft plan for 2020 (currently missing).	PCU/SERDA	12/2020
Identification of activities for women and youth Carry out the identification of activities for women and youth in line with Financing agreement and overarching goal of RCDP	PCU	12/2020

Agricultural Productivity

Rating: 5

Previous rating: 4

Justification of rating

It is indisputable that the project, through the improvement of the structure and quality of the used inputs and the delivery of equipment that increases resilience to climate change, influenced the increase of productivity per area and work unit of the beneficiaries of the starter package. The trainings realized so far have also had an impact on increasing productivity. However, the ways of monitoring productivity increase and analysis of the reasons in the course of project implementation, are not systematic enough and have not been used as a useful tool in project management.

Main issues

- In addition to the sales prices (which fluctuate), the realized yields (productivity per unit) are another factor that determines the farm profitability.

The achieved productivity depends on the quantity and quality of inputs, applied technology of production and on the personal knowledge and experience of farmers.

- APCU has established a panel of farmers - users of starter packages (about 205 in total), which it has been monitoring since 2019. Given the absence of benchmark data (which may be 2019 for the feature), the achieved yields were compared with those expected by farmers. In greenhouse production, they were higher (15-21%), while in outdoor vegetable production comparatively lower (5-48%), under the influence of unfavourable weather conditions in that year. Raspberry yields were 25% higher and strawberries 10% lower than expected. Following the leaders' panel, it was found that their cooperants increased sown areas by 11% and increased production by 29%, which means that productivity generally increased by 16%. APCU is encouraged to continue this type of monitoring and the PCU to establish it in a similar way.
- During field visits and online meetings, farmers claimed that as beneficiaries of the starter package, they achieved higher yields than before in the same production. The content of the starter packages is mostly unified, and structured by leaders with intention to optimize the ratio between inputs and outputs. Higher yield is achieved mainly thanks to proper selection and quality of seed or seedlings, proper fertilisation and timely pest management. Within RCDP, farmers receive this advisory assistance from leaders, and in some cases additionally from other advisors, extra project training programmes from BDS providers or from a public or private advisory service. The conditions for additional advisory assistance are somewhat more approachable in the project area in the RS, where there is a network of public agricultural extension service offices which have very good cooperation with the project staff (APCU field coordinators are incorporated in those offices). The increase in productivity was achieved and due to the elimination of the negative effects of climate, because there are a significant number of packages containing irrigation equipment or greenhouses. The increase in productivity is even greater, since the beneficiaries of starter packages are poorer farmers, who have not had opportunity to apply full the prescribed agro-technical measures earlier.
- Although most interviewed farmers claim to know everything about a particular production, there is room for improvement, and thus for increasing their productivity. Project units should pay attention to the structure, quality and prices of inputs delivered by leaders, due to insufficiently educated farmers rely on the project to take this on behalf of them. Also, project units need to identify gaps in farmers' knowledge and needs for additional training and, based on that, tailor specific types of training dedicated to specific topics and specific target groups. After that they have to agree on their implementation with the public extension service or contract private consultants. Productivity should not only be viewed in terms of quantity (yield) but also in terms of income, because sometimes a higher yield reduces the quality of the product and vice versa. Therefore, topics related to production economics and farm management should be the subject of an integrated training program.

Agreed Action	Responsibility	Agreed Date
Tailor and deliver specific training modules that will have an impact on increasing productivity and profit. In cooperation with the leaders, the public advisory service and the BDS service provider, harmonize the training needs and the ways of its implementation. In case of lack of capacity, additionally arrange the implementation of certain trainings with competent consultants.	PCU/APCU programme managers, leaders, extension service and SERDA	12/2020
Track the productivity of beneficiaries of starter packages on an annual basis. Using different data sources, establish and update a database of realized yields, compare them with the average yields in previous years and with other benchmarks and analyse factors influenced it.	PCU/APCU M&E officers	03/2021
Fair terms Project units should consistently assess and validate that the structure, quality and prices of inputs delivered by leaders are competitive and fair, due to insufficiently educated farmers rely on the project to take this on behalf of them.	PCU/APCU	03/2021
Training Project units need to identify gaps in farmers' knowledge and needs for additional training and, based on that, tailor specific types of training dedicated to specific topics and specific target groups.	A/PCU	03/2021

Nutrition **Rating: N/A**

Adaptation to Climate Change **Rating: 5** **Previous rating: 4**

Justification of rating

All farmers confirmed that climate change is one of the main risks they face in their production caused by droughts, storm, hail, frost, excessive rain, etc. Climate change has been adequately addressed in the project design and the BPs have recognized the risks of climate change and have considered the importance of climate resilient investments. Most starter packages contain water saving drip irrigation equipment. Also, some starter packages contain greenhouses and some of them anti-hail nets. This confirms that the project seriously considered the effects of climate change and to applied rational solutions for adaptation and mitigation of adverse risks. Rating was increased due to increased presence of climate change resilient technologies after the last supervision.

Main issues

- Adaptation measures have been applied for the identified climate change risks. This primarily refers to the application of irrigation, in response to moisture deficit due to drought in uneven rainfall. Irrigation equipment is a standard part of the starter packs for indoor vegetable production, and irrigation is also widely used in the production of vegetables, fruits and MAP outdoors. Drip irrigation systems are mainly used (in greenhouses always) which increase the efficiency of use of water and make them applicable even where there is little water available. In FBiH 83% of starter packs contain equipment for irrigation, and based on the MTR impact study, a significant increase in the percentage of farms that irrigated land was registered (BLS: 47.5%, MTS: 87.1%). In RS 24% of starter packs contain equipment for irrigation.
- Another way to minimize the effects of low temperatures, late frosts and hail is enabling the production of vegetables indoors using greenhouses and plastic tunnels (present in 8% of starter packages). Greenhouses production increase yield and product quality. The benefits of investing in these climate change resilient technologies are long-term, so they provide protection and benefits for up to ten years, without the need for significant investments in the meantime. In project part A (FBiH) 3.8% of starter packs contain greenhouses or plastic tunnels and in

project part B (RS) 23.8% of starter packs contain greenhouses. Indoor vegetable production also permits better protection against diseases and pests and reduces the use of pesticides, which results with more healthy products and makes production more economically efficient.

3. Although rare, investments in anti-hail nets are also present. It should be noted that the northern and eastern parts of BiH are almost fully and well covered by the anti-hail protection system (managed by public company Anti-hail protection of the RS), which reduces the need for aforementioned investments. Border municipalities in the FBiH also benefit from this type of protection from the hail damages. Also, under the supervision of the advisory service, fruit and vegetable growers apply spraying by anti-stress chemicals (as an integral part of the starter packs) to relieve the stress of plants and help them recover after exposure to low temperatures. Also, in starter packs are improved seed varieties that are more resilient to climatic stresses.
4. One type of protection against damages from natural disasters can be agricultural insurance. However, farmers complain that the conditions terms of insurance are unfavorable for them and that they are the result of a lack of understanding by insurance companies. Therefore, the issue of finding a mutually acceptable yield and income insurance model should be part of cluster activities, especially for those value chains that suffer more frequent and greater damage from natural disasters.
5. According to scientists, the main reason for climate change is increased emission of greenhouse gasses (GHGs) and agriculture contributes with approx. 10% of total GHGs emission. RCDP deals with cattle to a very small extent and because of that doesn't increase emission of methane (CH₄). Use of synthetic and organic fertilizer is present in vegetable and fruit production, but applied quantities are optimized and under professional supervision of extension staff. In this way, the project contributes minimally to the increase GHGs.
6. Project design foresees additional encouragement of up to 20% top-up grant for co-financing climate change adaptation technologies. In the project part B (RS) this opportunity is utilized in the case of 58 starter packages for organic production on 18.7 ha and 15 starter packages with anti-hail nets on 2.7 ha.

Agreed Action	Responsibility	Agreed Date
Ensure continued presence of climate change-resistant technologies in starter packages Consider all the climate change risks in process of business plans preparation and plan to incorporate in starter packages the technologies and other actions that will eliminate or reduce these risks.	Leaders	12/2020
Assist farmers to find suitable crop insurance models From cluster level organize meetings and negotiation between farmers and insurance companies in order to design offer of insurance packs tailored to the needs of farmers and consider options of collective insurance.	Cluster platforms	12/2020

b. Sustainability and Scaling up

Institutions and Policy Engagement

Rating: 4

Justification of rating

The projects policy activities consist of organising cluster level, participatory Cluster Stakeholders' Platforms, mobilizing local PAs, cooperatives, wholesale buyers and exporters, Local Economic Development agencies and other donor-supported projects operating in the value chains. At local level, issues related to subsector development would be discussed and analysed with the objective of identifying key priorities to be brought to the attention of municipal, entity and national policy decision makers. RCDP has established 12 cluster level stakeholder platforms. Some of these have developed action plans and started regular meetings. The APCU at RS is developing a note on the functioning of cluster platforms, which has potential to be useful in the policy dialogue at entity and national level to support the practice.

Main issues

Some platforms are still at an initial stage of development, highly driven and dependant on the A/PCUs. The COVID 19 outbreak has slowed down the number of the meetings and the progress on the cluster development plans formulation. However, some clusters, such as cluster 1 (Western and south-western BiH) achieved policy dialogue results at the cantonal level (Una sana canton) where the members successfully lobbied for the increase in the agricultural subsidies paid to smallholders from producers from 7 - 10 pfennigs per kg of gherkins and from 30-45 pfennigs per kg of raspberry in 2019. The PCU has also supported the registration of the regional council of berry producers with its seat in Montenegro.

Pursuant to the design, the agenda for policy dialogue at national and entity levels will be derived from the needs of the subsector, as identified by cluster stakeholder platforms, private stakeholders and apex organizations of cooperatives. Due to COVID19, the platforms have not been able to function normally, and have not commenced this work.

Partnership-building

Rating: 5

Previous rating: 4

Justification of rating

RCDP operates through a 4P arrangement with pioneering business leaders who have partnered with the project, municipalities, and small-scale farmers. The business leaders have in the main been enthusiastically endorsed the business plan approach as it strengthens and extends their supply. Municipalities recognize the business plan approach as a potentially sustainable means of empowering small-scale farmers, reducing rural to urban/emigration departures, and building the local economy.

Main issues

A major initial factor for the enthusiasm of business plan leader partners is the relatively high level of subsidies/support provided to their suppliers, and at times to their access to collective equipment/assets at a subsidized rate. The challenge will be to ensure that the partnerships are sufficiently profitable for all parties to continue as the level of subsidy decreases or is eliminated.

Human and Social Capital and Empowerment

Rating: 4

Previous rating: 5

Justification of rating

The increased involvement of the smallholder producers in VC business through their organisations are clear indications of social cohesion within the communities and can be considered as good indicator for empowerment and social capital development. Empowerment of women is also visible in the

participation in workshops and events, including women champions (RS). Opportunity to be in PAs allows the opportunity to access other development support (in addition to RCDP).

Main issues

Overall participation of farmers and membership in FOs increased, however this aspect is not necessarily reflected in their full involvement (and satisfaction) in the decision making processes. In the Federation, according to the Draft Mid-Term Survey (MTS) conducted in 2020 there is significantly increase of households which are members of some agricultural associations / cooperatives. Namely, while every eighth household in the Baseline Survey (BLS) was a member of some of PA/ACs, in the MTS it is every second household (BLS: 12.9%, MTS: 46.3%). Almost all of these households (93.7%) are satisfied with the work of the association/cooperative of which they are members (68% of members are very satisfied with the work of the PA/Agricultural Cooperatives while 25.9% of them are somewhat satisfied). According to the study their satisfaction with their participation in decision-making is somewhat lower – two thirds of members (66.5%) believe that they can affect this process to a certain degree.

Quality of Project Target Group Engagement and Feedback

Rating: 4

Justification of rating

The choice of value chains to be selected, and business leaders and farmers who participate is nested in the stakeholder platforms and the beneficiaries themselves. This sets the framework for the selection, review and feedback loops. Business leaders are contributing to M&E by keeping track of activities and farmer outreach, as well as production. Value Chains and services provided respond to needs of target groups. Despite initial challenges in mobilising farmers, the mission assessed that there is now a high demand from farmers to access project services. MTR mission observations confirm that activities are demand driven and tailored to their specific needs (both men and women) including prompt response from the project during emergency time. All beneficiaries are interested in the package and to participate in trainings, finding relevant the type of assistance. Interviews reveal that the training supported the farmers to perform more confidently their tasks and feel more comfortable with their agri-businesses. Due to COVID 19 (and restricted mobility) lack of trainings was observed for Emergency Package recipients (in RS).

Main issues

- Emergency package Support (RS):** The mission would like to commend APCUs efforts to provide emergency support to very poor households in response to the COVID 19 pandemic to prevent beneficiary households from suffering food insecurity and falling into deeper poverty during the emergency. The emergency package was distributed to 9,080 people (2,898 women, and men 6,152). The livelihood of the emergency package (EP) beneficiaries currently depend on wage labour activities, pension income, and subsistence agriculture. The emergency support packages have provided them with the opportunity of developing interest in commercial agriculture, joining producers' organisations and being integrated into RCDP supported value chains through future starter package support.
- Potential producers involved in the Emergency Package (EP) support can have the opportunity to be integrated into the current system of expanding production through the RCDP support and cluster development. It is expected that selected producers (emergency package recipients) now engaged in subsistence agriculture for self-consumption will develop interest and will be able to join existing producer organizations/ BL and thus get other types of services (collection, advisory services, training, etc.) promoted by RCDP (as also stated in the EP brief document presentation provided by APCU).
- it is proposed that recipients of Emergency Package (EP) can be eligible for regular starter package support as first applicants. The type of package they can apply for the first time should not necessary be related to technology adoption and/or diversification (this being the case for the current eligibility criteria for accessing second or third SP support). While this is applicable to EP recipients applying for the first time to regular SP, it is important to note that for SP beneficiaries (non-emergency package) the application/eligibility criteria remain unchanged. They can apply for additional SP support (second or third application) if aimed at diversification/ technology adoption.
- Recommendation:** (i) It is recommended that field extension officers provide follow up support and technical assistance TA to emergency package (EP) recipients and to identify and coach the ones interested in expanding and/or continuing the production in a more professional way. (ii) Inclusion of interested farmers in the CP: Those farmers should be invited to participate to Cluster Platform activities/events so to have opportunity to know more about RCDP and to be eventually integrated into the regular package support mechanism (this shall be based on a self-targeting approach). (iii) Recipients for emergency package (EP) can be considered eligible for regular starter package support in light of the above criteria. This should be captured clearly in the targeting and selection procedures (eligibility criteria) whereby EP beneficiaries can apply for regular SP support (first time) and justification for diversification/application of technology not required at that stage of application. Criteria for other beneficiaries (non-EP recipients) remain unchanged.

Agreed Action	Responsibility	Agreed Date
Support and technical assistance to emergency package recipients Extension officer provide follow up support and technical assistance to emergency package recipients and mobilisation of interested farmers (EP recipients) in the CP is ensured.	Field extension Officers	03/2021
EP recipients can be eligible for RCDP regular SP support Eligibility criteria clearly state that EP recipients can be eligible for RCDP regular SP support (not necessary linked to diversification/technology adoption) as they can be considered equal to first applicants.	APCU	03/2021

Responsiveness of Service Providers

Rating: 4

Previous rating: 4

Justification of rating

In the FBiH, the main service provider SERDA has focused primarily on cluster development, and has not supported individual business plans, although in principle they have the mandate to do so. In RS, the main service provider Argonet was initially heavily involved in helping leaders develop business plans, but their direct support in this has diminished as leaders become better acquainted with the business plan concept.

Environment and Natural Resource Management

Rating: 4

Previous rating: 4

Justification of rating

The scope of individual project activities of project beneficiaries are small, so they cannot have a great impact on the environment and the use of

natural resources. In addition, most farmers have been in the same business for a long time and are already familiar with good agricultural practices, and the project has provided additional training in pest and natural resource management. Records and control of pesticide use are in the interest of leaders as well, because it is often a condition for exporting products purchased from cooperants. Of course, there is room for improvement, so in the remaining period until the end of the project, RCDP should continue with the already designed trainings and provide additional ones.

Main issues

1. The most critical area where the project touches with environmental protection is the **use of pesticides** in agricultural production. Farmers' pest management is guided and controlled by advice from the leaders, which is particularly present in the case of the production for export to the EU market. The pesticides in the starter package are on the list of permitted chemicals whose trade is allowed in BiH. Some leaders seriously control the use of pesticides by cooperants, about which their agronomists keep notes, but not all. The interviewed farmers claim that they apply all prescribed measures regarding storage pesticides, protection measures during application and disposal of packaging, but it still cannot be taken for sure as generally accepted practice. On the topic of pest management, it is desirable to have more trainings on preventive controls, starting with the duties of users to comply with regulations on plant protection products.
1. In addition to leaders, farmers received pest management advisory support from public and private advisory services. The Agriculture Extension Service (AES) in the RS launched CARPO digital system through it gives advices on measures for protection against diseases and pests via a mobile application (farmers receive SMS to take treatment at appropriate moments and in adequate doses). In this way, the use of pesticides is optimized. The RCDP project team works closely with the AES, and all project beneficiaries receive extension services free of charge. Part of the regular training of the extension service are topics related to pest management, as well as some other topics related to environmental protection, such as GlobalGap standard. Some project beneficiaries have already passed the GlobalGap certification. Additional trainings should be dedicated to the introduction of good agricultural practices and environmentally friendly technologies in general.
1. Activities related to the **collection of NTFP and wild plants** in the implementation period so far have been modest. Adequate attention should continue to be paid to the proper collecting of NTFPs, and in case of expansion this type of activity, it is necessary to organize additional trainings (in cooperation with the leaders).
1. Agricultural production interacts with the three main **natural resources**, land, water and air, and therefore agricultural activities under RCDP significantly depend on their availability and has a certain impact on them. Water for irrigation is used rationally, because dominates drip irrigation technology. Agricultural land is cultivated mainly by small agricultural machinery, so there is no soil compaction and serious erosion. Soil pollution is possible in the case of excessive use of pesticides, however, this is prevented by timely advising and proper training, which should be continued, especially in cases where leaders do not play an active role. Proper use of pesticides also prevents groundwater pollution. The greatest greenhouse gas emission comes from fermentation of methane in livestock production and fertilization. RCDP has very little exposure to livestock production and fertilizer is used in small quantities as farmers cultivate small plots of the land (0.1 to 1 ha). It is affirmative that some farmers already organize their production in accordance with the principles of Integrated Pest Management and organic production.
1. Additional trainings on the topic of adequate **natural resources management** are suggested and they should be included in the training programs and delivered for project beneficiaries by SERDA in FBiH, and AES in RS. It is also desirable to enable the dissemination of good environmental practices within the cluster or between clusters, through organized demonstrations or by sharing examples of best practices via web.

Agreed Action	Responsibility	Agreed Date
Training of farmers in pest and natural resource management Organize trainings on the proper use of pesticides in accordance with existing regulations and trainings on the application of other measures and practices in the function of responsible use and conservation of natural resources.	Leaders, coordinators, extension service	05/2021

Exit Strategy

Rating: 4

Previous rating: 4

Justification of rating

A project-wide exit strategy has not been developed, although some aspects of the strategy have been developed.

Main issues

The participating municipalities in both entities have conceptually endorsed the RCDP business plan strategy, and have made contributions to starter packages on occasion and to infrastructure and equipment components. The municipalities have also endorsed and participated in the cluster approach developed by RCDP. At the entity level, neither the RS nor FBiH have taken steps to provide leadership role or financing with the cluster and business plan approach. In principle, the project is built on brokering business driven partnerships between farmers and business leaders. However, overall data on the continuation of this partnership after the first year of investment needs to be obtained to confirm the design assumption, and inform the exit strategy.

Agreed Action	Responsibility	Agreed Date
Develop Exit Strategy The exit strategy should provide a road map for IFAD's gradual exit from technical and financial support of the cluster and business plan approach. This should be done in coordination with the start-up of the new IFAD project. It should also include analysis of sustain the partnership between farmers and business leaders after the first year of investment needs have been obtained.	PCU and APCU	12/2020

Potential for Scaling-up

Rating: 5

Previous rating: 4

Justification of rating

The project already operates on a national scale, and has good potential for to scaling-up to deepen and extend outreach to the target population.

Main issues

The government of both entities have agreed to a new IFAD project which will serve to scale-up the initial activities of RCDP.

Many of leaders of the business plans have taken steps to ensure that the small-scale farmer suppliers are able to continue to obtain inputs and services, but this is not well tracked and needs to be institutionalized.

Agreed Action	Responsibility	Agreed Date
Business Leader commitment to continue support to beneficiaries. Institute technical support and possibly financial incentives for business leaders to continue supporting smallholder farmers after the starter package phase	PCU/APCU	09/2021

c. Project Management

Quality of Project Management	Rating: 5	Previous rating: 4
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Justification of rating

The steering committee meets regularly in both the entities and provides guidance to the programme units. Both the programme units are fully established, and supported by service providers – SERDA in the FBiH and ArgoNet in the RS. There is good coordination between the programme units staff, the service providers and the field officers. In both entities, project management has enforced more rigorous targeting towards the poor has been improved pursuant to previous mission recommendations. COVID-19 restrictions have limited movement in the field and interaction between project staff and beneficiaries. In spite of this, project management in both entities have been able to keep up with the quantitative targets for business plans without significantly compromising quality.

Main issues

1. **Federation on Bosnia and Herzegovina:** The PSC in FBiH provides oversight and consists of five members. The Project Coordination Unit (PCU) in Sarajevo is responsible for implementing RCDP. The PCU has appointed three field coordinators to cover all five clusters. Despite that two field coordinators are covering two clusters, their performance is satisfactory. They are involved in mobilising the BP stakeholders and advising the business leaders on BP development.
2. **Republika Srpska:** The PSC in the RS has three members and is chaired by the Assistant Minister of Agriculture. The Agricultural Project Coordination Unit (APCU) in Banja Luka is responsible for implementing RCDP. The APCU has a project director covering the whole portfolio, a coordinator assigned for the RCDP, and an adequately composed setup of specialists. On the field level, extension staff support project implementation in all seven clusters; one of the field officers has left the project on 15th June, and a replacement will be sought. The APCU was able to produce a plan and implement the emergency activities in the RS under very short deadlines. There were multiple layers of control for the targeting and mission observations confirm that the project was successful in reaching the intended target group.

Agreed Action	Responsibility	Agreed Date
Emergency packages Control visits should be carried out during the Emergency package growing season to gauge to what extent the packages were put to intended use, and again after harvest to map how the produce was used (own consumption, sales). These should be presented in a report on findings and lessons learned.	APCU	12/2020

Knowledge Management	Rating: 3	Previous rating: 4
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Justification of rating

The same conclusion from last supervision report can be repeated that none of the PCUs has developed a KM strategy or annual KM action plan. Knowledge generation and sharing is done on an ad hoc basis. Most project staff have extensive experience in the implementation of similar projects but this experience is not formalized through the KM exchange platform. Preparation and dissemination of RCDP case studies should be carried out so that the RCDP best practices prove useful to others.

Main issues

1. The PCU and APCU have staff with many years of experience and knowledge in the implementation of IFAD and similar projects. They draw their knowledge from experience acquired implementing previous IFAD project (RLDP and RBDP) which also followed value chain approach. However, the RCDP has adopted some innovative approaches such as organizing clusters and business plan preparation. Although the project staff have a lot of experience there is no systematic institutional memory in both project units. Databases can be established to overcome this gap with mechanisms for wide dissemination. The concept of a progress report is mainly a collection of facts and figures without a deeper analysis of the reasons for achieving the project results and the impact of the project, as well as without chapters of the lessons learned. **Improved knowledge management** and PCU and APCU KM strategies and action plans for their implementation are needed.
2. The inter-entity workshop as a panel for sharing experiences within the project, which was planned for the beginning of 2020, was not organized due to restrictions on movement caused by COVID pandemic. APCU organized a study tour in Austria on the topic of clusters, which was useful for both, the project team and other stakeholders.
3. The project is rich in success stories and should be more present in public. Both units are represented on the websites of the ministries, but information on their activities there are rare. Progress has been made by APCU with the establishment of 7 websites for 7 clusters. All 7 clusters have their own websites and Facebook profiles. Also, an interactive website "Fruits of village" was created (<https://plodovisela.com/>) to collect and display the produce from all clusters. This digital infrastructure, in addition to the project promotion, can also be used to continue disseminating the lessons and good practices. The PCU (FBiH) is also encouraged to make greater use of digital web-based technologies to promote the project and disseminate knowledge. The case studies and best practice should be prepared not only in local language but also in English in order to **promote knowledge dissemination and increase project visibility in national and international environment** and shared using online technologies (it would be good if the project has its own website). Dissemination should be guided by a motto, learn from others, based on their experiences, and teach others, based on their own experiences.
4. There is good exchange of experiences within the clusters, but such sharing should be improved between different clusters. Therefore **inter-cluster exchange of experiences** should be encouraged and occasionally organized to apply good practices and experiences as successfully as possible in other places, and to avoid repeating mistakes. Gathering among clusters should increase the potential for replication, and

increase the transfer of lessons learned to other localities. These exchanges can be in the form of mutual visits, but also through digital media. Due to the limitations caused by the COVID pandemic, the use of digital media will in some cases become the main and sole channel of communication with farmers, so it is recommended to digitize project activities related to training, exchange of experiences and dissemination of knowledge.

Agreed Action	Responsibility	Agreed Date
Promote knowledge dissemination and increase project visibility in national and international environment. Prepare case studies and best practice and support their wide publication using online technologies (websites of the ministries, IFAD website, web sites of project units and clusters, social media, etc).	M&E officers and cluster managers	12/2020
Intensify inter-cluster exchange of experiences. Organize experience sharing and gathering between clusters through mutual visits or meetings through electronic media in case of restrictions on movement.	Cluster managers and Targeting inclusive officers	12/2020

Value for Money	Rating: 4	Previous rating: 4
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Justification of rating

RCDP has already reached 18,718 beneficiaries against the 16,000 overall target. The actual cost per beneficiary is US\$ 439, which is almost 9 times less than the USD 3,841 cost per beneficiary estimated at design. The loan beneficiaries reported healthy margins. A review of the Economic and Financial Analysis (EFA) confirms the validity of most of the assumptions made and models developed at the design stage for assessing the viability of Project interventions.

Main issues

1. The vast majority of loan beneficiaries met during the remote MTR mission report healthy margins, thus reaching Project targets at the outcome level. According to M&E system, RCDP is on course to meet its development objective of "enabling smallholders to take advantage of fruits, vegetables and non-timber forest products subsector development for the sustainable improvement of their social and economic conditions and those of other poor rural groups".
2. A review of the Economic and Financial Analysis (EFA) confirms the validity of most of the assumptions made and models developed at the design stage for assessing the viability of Project interventions. The MTR mission revised the EFA of programme activities of RCDP on the basis of two main determining factors of the programme viability. The first is the new unit cost and the revised productivity of many programme activities. The second is the distribution of programme benefits among the beneficiaries. The MTR mission also has not conducted a detailed field study to make changes to the structure of the models. As such, the same farm models with their structures that were used for the design have been used for the MTR revision as well.
3. The actual recurrent costs to investment costs ratio (as of 30 April 2020) is 1:10, or in other words, 10% of already disbursed project funding was spent to cover project's operating expenses such as project management's salaries, allowances, office operation and maintenance and other overhead costs. The designed ratio was 1:12.5, or in other words, the total project recurrent costs should constitute 8% of the total project costs. This slight deviation is not critical.
4. The design stage cost per beneficiary was USD 3,841. It should be noted that at the design, the total project cost was USD 61.45 million (including two cycles of IFAD financing) and the estimated number of direct beneficiaries was 16,000. The actual number of beneficiaries' outreach has already exceeded the design stage estimation. The actual project disbursement as of 30 April 2020 is USD 8.62 million. These values result in the actual cost per beneficiary of USD 439, which is almost 9 times less than the designed one. It is worth to mention that Component 2, which is the main investment component, represented 86% of the designed total project costs. The project's most tangible investment – starter packages are in Component 2. The significant reduction in cost per beneficiary indicator can be explained by the fact that an additional 9,080 emergency packages' average price was well below the starter packages' average price.

Coherence between AWPB and Implementation	Rating: 4	Previous rating: 4
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Justification of rating

By October 2020, physical realisation was 71% and financial realisation 100% in the Federation, while both physical and financial realisation were 78% in RS.

AWPB Inputs and Outputs Review and Implementation Progress

1. In both entities, linkages between planned and actual activities are apparent, and both expenditures and results planned and achieved have been presented in the AWPBs of both entities.
2. In view of the COVID-19 pandemic implementation has progressed remarkably well, and is expected to meeting the AWPB targets (physical and financial) in full by year end.

Performance of M&E System	Rating: 4	Previous rating: 4
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Justification of rating

In both entities, the M&E system showed improvements. The M&E officers have been using and updating the M&E database prepared in 2019. The result is a comprehensive database, providing useful and clear information on the status of project implementation: i) BOs signed and realised; ii) starter packages distributed; iii) training assistance provided; iv) facilities built v) small irrigation schemes implemented and vi) project Log frame of each entity. During the mission, the M&E database of both entities was improved by the addition of a dashboard, including tables and graphs showing the project achievement against the targets. There is still room for improvement the M&E database, nevertheless, it has come a long way and the efforts of both M&E officers are appreciated.

M&E System Review

1. The monitoring of project's progress appears to be done systematically; there is a good flow of information exchange between the extension

and project staff in the field and the M&E officers in the PCU/APCU offices. In both entities, a Mid-Term Outcome Study (MTS) was carried out between May and June 2020, to collect data on the outcome produced by RCDP on beneficiaries supported in 2018 and 2019.

o **Review of the Mid-Term Outcome Surveys**

2. In the FBiH, the Survey was conducted over a sample of 350 smallholders and 7 leaders. Four focus groups with local PAs, cooperatives, agribusinesses, traders, exporters and municipalities operating in value chains have also been realised – one in each active cluster. Thirty-one interviews have been conducted through face-to-face (F2F) interviewing, and 19 interviews have been conducted through computer assisted telephone interviewing (CATI).
3. In the RS, the study was conducted over a sample of 349 smallholders and 18 leaders, distributed over 7 regions and 18 municipalities. The interviews with municipalities' representatives were conducted by telephone. The sample frame used in the Mid-Term Outcome Survey is not exactly the one used for the Baseline Survey. Compared to the Baseline Survey, the Mid-Term Outcome Survey had two more regions added to the sample – Dobož and Trebinje. Moreover, in the Mid-Term Outcome Survey, most beneficiaries interviewed come from the regions of Sokolac and Trebinje, where the majority of project activities are realized. In the Baseline Survey, most beneficiaries interviewed lived in another region, Bijeljina, with a little representation of the regions prioritised by the Mid-Term Outcome Survey. The difference in the sample chosen for both studies make it difficult to fully analyse – they can only indicate how the project is currently performing. Moreover, farmers interviewed at baseline did not fit into RCDP's targeting criteria; therefore, the average income/HH registered in the Baseline Survey is higher than the one reported in the Mid-Term Outcome Survey. That is because the farmers interviewed at Mid-Term are indeed in the poorest layer of the population, not because the income of RCDP beneficiaries has decreased ever since. These elements make the results presented in the Effectiveness section less solid and not fully representative of the real condition of the RS' beneficiaries.
4. Overall, the MTS conducted in the FBiH was better written, clearly explained the distribution of the sample size and always provided a comparison with the baseline data. This really helped comparing the condition of the beneficiaries then and now. However, the MTS of the FBiH failed to provide the required figures to update the Logframe, which is one of the requirement – and objectives – of the study. As a consequence it was impossible to update the FBiH's Impact and Outcome indicators in the Logframe.
5. The MTS of the RS was difficult to follow and less analytic. The main issue was the impossibility of directly comparing the data collected with those in the BSL, as explained in the Effectiveness section. Data to update most Logframe's Impact and Outcome indicators were provided, although uncertainty on how those data were calculated remains. The quality of both surveys is considered as moderately unsatisfactory.
6. In addition to the MTS, the APCU in the Republika Srpska conducted two rapid surveys in 2019 and 2020, to monitor how the farmers and the leaders benefitted from the implementation of the business plans. Both rapid surveys demonstrated that the project was going in the right direction. These types of surveys help monitor whether the implementation of project activities is being done properly and if corrective measures are needed. The initiative of the APCU is indeed appreciated and can be used in the remaining years, prior to conducting the final Completion Study.

Agreed Action	Responsibility	Agreed Date
Update the logframe numbers	PCU	12/2020
PCU should coordinate with the service provider and update the logframe numbers		

Social, Environment, and Climate Standards requirements

Rating: 4

Justification of rating

Based on the relatively minor negative impacts of the targeted economic activities on the environment, the project has been classified for the purposes of environmental scrutiny as Category B. And in accordance with national regulations on environmental protection, this project had no obligation to prepare a preliminary environmental impact study. However, each farmer must adhere to certain regulations regarding land and water management and other biodiversity protection measures, which is in the domain of good agricultural and environmental practice promoted by the project. Greater involvement of SECAP issues in cluster development plans and better monitoring is desirable, and the previous rating has been retained.

SECAP Review

1. Since Environmental Impact Study for the entire project has not been done (which was not mandatory), the risk analysis of project activities on the society and environment and mitigation and prevention measures should be analysed at the cluster level, for the specific value chains on which each cluster is focused in the form of cluster Environmental and Social Management Plan (ESMP), as it is foreseen in the Environmental and Social Review Note (ESRN). Cluster Development Plans (CDPs) in RS contain, to a certain extent, cluster activities related to environmental protection. It was not possible to gain insight into the CDPs in FBiH during the MTR mission. ESMPs are not prepared at the cluster level.
2. These ESMPs would be the basis for better integration of social and environmental issues into business plans and a ground for monitoring their impacts. PCU/APCU should monitor the identified social and environmental risks and mitigation measures during the implementation of business plans and keep track of some indicators that will be subject to regular monitoring (in the domain social conflicts, land use and irrigation, pesticide use, animal welfare, protection of flora and fauna and general biodiversity) and provide assessment of the fulfilment of compulsory and voluntarily accepted standards. One example is the conflict over the use and distribution of irrigation water that was identified during one of the field visits. The social and environmental assessment should be an integral part (chapter) of the annual project reports. In this way, the RCDP can be a ground for pilot testing and introduction and monitoring of these issues and indicators, which will soon become a mandatory part of monitoring of agricultural policies of ministries, and regional and local governmental units.
3. The manual for the business plan preparation predicts the part that should be dedicated to environmental impact assessment. By review of the samples of BPs it is confirmed that they contain that part, but the elaboration is superficial and limited to one paragraph in which potential risks are identified but concluded with the observation that the implementation of BP will not have a significant negative impact on society and environment. Although most BPs have already been completed, in new BPs identification of environmental and social risks and safeguards implementation measures need to be better elaborated. In this regard, leaders can be provided with appropriate training or technical assistance.

Agreed Action	Responsibility	Agreed Date
Prepare of Environmental and Social Management Plans (ESMPs) at the cluster level More comprehensive planning of environmental and social risks and safeguard measures and their monitoring on cluster level should be introduced.	Cluster boards and managers	12/2020
Monitor the project's environment and social impact Based on the ESPMs and implemented business plans, a chapter dedicated to the project's environment and social impact should be included in the annual project reports based on the monitoring of the implementation of project activities.	M&E officers and project teams	03/2021
Integration of environmental issues into business plans More comprehensive planning of environmental and social risks and environmental protection measures should be incorporated into new business plans followed by monitoring of their implementation.	Business leaders	12/2021

d. Financial Management & Execution

Acceptable Disbursement Rate	Rating: 5.0	Previous rating: 2
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Justification of rating

Automated rating based on IFAD disbursement data

Main issues

As the mission dates are extended, the mission has decided to assign the rating based on automated rating as of 30 September 2020. Disbursements from IFAD funds as of 30 September 2020 are 75% for the IFAD Loan and 74% for the IFAD Grant. (All figures in the report were prepared as per original mission dates, and up to 31 May 2020)

The total appraised amount for RCDP is EUR 11.12 million for the IFAD Loan and EUR 0.47 million for the IFAD grant. The project is implemented by two parts, the Federation of Bosnia and Herzegovina and Republika Srpska. Part A of the programme is carried out by the Federation of Bosnia and Herzegovina, and in total, EUR 6.71 million (IFAD Loan: EUR 6.44 million and IFAD Grant: 0.27 million) has been allocated to Part A. Part B of the programme is carried out by Republika Srpska and in total, EUR 4.88 million (IFAD Loan: EUR 4.68 million, IFAD Grant: EUR 0.20 million) has been allocated to Part B.

As of 31 May 2020, IFAD disbursed EUR 4.42 million for the IFAD loan and EUR 0.30 million for the IFAD grant, which represents 40.74% of the total approved amount. The actual realisation for IFAD funds at the project level is EUR 3.9 million (approximately USD 4.29 million), which represents 34% of the appraised amount.

Federation of Bosnia and Herzegovina: As of 31 May 2020, its disbursement rate stands at 49.03% (EUR 3.16 million) for the IFAD loan and 55.56% (EUR 0.15 million) for the IFAD grant. The actual realisation level of the loan is EUR 2.73 million (USD 3.00 million) which is 42% of the total allocated amount and EUR 0.014 million (USD 0.016 million) for the IFAD grant which represents only 5% of the total allocated amount. The total amount of commitments (signed contracts) as of May 31, 2020 is BAM 3.06 million, out of this total BAM 2.47 million will be financed by IFAD loan and this will increase the disbursement rate approximately by 16%.

The mission noted that disbursements under the operating cost (FBIH) have reached 71% of the allocated amount, and as per FBIH's projection, there will be a shortage of USD 0.610 million under the Federation part of this category. Republika Srpska has confirmed that the allocated amount under the category "operating costs" for PART B will be sufficient until the end of the project. As no additional reallocation request is expected from Republika Srpska, the reallocation request can be considered. After the proposed reallocation, allocated amount under this category will still be in an acceptable level and below 15% of the total project cost.

Republika Srpska: As of 31 May 2020, its disbursement rate stands at 27.03% (EUR 1.26 million) for the IFAD loan and 75% (EUR 0.15 million) for the IFAD grant, including advances. The actual realisation level of the loan is EUR 1.09 million (USD 1.2 million) which is 23% of the total allocated amount and EUR 0.072 (USD 0.079 million) for the IFAD grant which represents 38% of the total allocated amount.

Fiduciary aspects
Quality of Financial Management Rating: 4 Previous rating: 4

Justification of rating

The quality of financial management assessed as moderately satisfactory.

Main issues

Federation of Bosnia and Herzegovina:

Organization and staffing. The staffing is adequate for the project needs. The finance management team of PCU consists of one finance manager. The new finance manager has been appointed in 2019, and the relevant trainings have been provided to her by the previous finance manager. However, further training needed on IFAD policies, requirements and financial reporting.

Budgeting (AWPB): The draft AWPB for the financial year 2020 was submitted to IFAD timely on 8 November 2019, and it was approved by IFAD on 21 November 2019. The PCU has submitted an AWPB for 2020 that envisaged spending of EUR 6.15 million (BAM 12.03 million) from all financing sources, and as of 31 May 2020, the actual realization is EUR 3.78 million (61%). Utilization levels for IFAD Loan, IFAD Grant, government and beneficiaries are 36%, 1%, 19% and 99% respectively.

Flow of funds: Disbursements from the project bank accounts are subject to a sufficient level of review and acceptable level of control. Fund flows through designated accounts (EUR) mirrored by project accounts (BAM) held at a private bank. Designated Accounts are in cash pooling with the Project Accounts: payments are executed from the PAs (Loan/ Grant) and zero balanced at the end of the day with the Das (as the ex.rate BAM-EURO is fixed). Disbursements from the IFAD and government funds are timely and no cross-financing identified.

Internal controls: For payments, adequate internal control arrangements and segregation of duties are in place. However, there are some shortcomings in internal control that do need improvement. Formal monthly bank and petty cash reconciliations are not in place, and there are small discrepancies in the bank reconciliations due to interest earned on the account which are not being accounted for; assets do not have tag and serial numbers; asset register is maintained (off-line) and the tag, serial numbers and location of the assets are not included in the register; There is also no internal audit in place within PCU.

Accounting and Financial Reporting: The PCU is using a stand-alone software to record transactions, and the software is able to generate most of the reports automatically. However, the software needs upgrading. Actual vs budget report (Financial Report) is available in the software as a summary, but for effective monitoring, the system should be able to generate actual vs budget report by category, component and sub-components aligned with the format of the budget. The report should also include details of all financiers, including beneficiaries. SOE templates are also not fully in line with ifad requirements and missing some important data such as payee names and contract details.

Review of Transactions (SOEs): The mission sampled 53 transactions in the total amount of EUR 0.783 million, which represents 47% of the value of the total expenditures claimed and no ineligible expenditures have been identified. However, the supporting documentation should be improved. For payments to consultants, reports should be requested prior to each payment as stated in the contract instead of quarterly reports.

Republika Srpska:

Organization and staffing. The finance management team of APCU consists of one financial manager and one accountant. They both have sufficient experience and educational background for the position.

Budgeting (AWPB): AWPB for the financial year 2020 has been submitted to IFAD with a delay, on 17 January 2020, and it was approved on 26 March 2020. AWPBs are prepared with sufficient details including category, component and financier details, and there is a good linkage between AWPB and the procurement plan. The APCU has submitted an AWPB for 2020 that envisaged spending of EUR 5.49 million (BAM 10.74 million) from all financing sources, and the total utilization as of 31 May 2020 is EUR 0.951 million, which represents only 17% of the total budgeted amount. For the IFAD loan EUR 2.94 million is budgeted, and the actual utilization until 31 May 2020 is EUR 0.653 million (22%). The budget execution is low, especially for components 1 & 2 due to COVID-19.

Flow of funds: There are two designated accounts in Euros to receive funds from IFAD Loan and grant. The payment of eligible expenditures in local currencies processed directly from these accounts. Disbursements from the project bank accounts are subject to a sufficient level of review and control. Disbursement arrangements are adequate for the project. Authorized Allocation limit is adequate for RS part.

Internal controls: Adequate internal control arrangements and segregation of duties are in place within the APCU. The payment requests signed by both project and procurement manager and processed by finance team. The project bank accounts are subject to a high level of controls but monthly formal bank reconciliations are not in place. Bank account reconciliations performed at the time of WA preparation. Contract monitoring forms are not maintained. Also, there is no internal audit in place within APCU.

Accounting and Financial Reporting: The APCU is using a reliable accounting software to record transactions. However, actual vs budget report and statements of commitments and payments by component, sub-components, category and financing source are not automatically produced by the system. The information is generated by the system, and then the tables are prepared on Excel sheet. Semi-annual Interim Financial Reports are submitted to IFAD within 45 days of the end of each semester.

Review of transactions (SOEs): The mission selected and reviewed 46 transactions related to the IFAD loan and grant for a total amount of EUR 0.156 million, which represents 32% of the value of the total expenditures claimed. No ineligible expenditures have been identified. The main findings are as follows: One item paid with tax in 2018 due to insufficient balance in the government counterpart account, and the next invoice was paid in full from the government account to set off the balance. However, IFAD funds should not be used to pay tax expenses. Also, contract monitoring forms are not maintained.

Agreed Action	Responsibility	Agreed Date
Internal reporting. Improve monitoring Act/AWPB by sub-comp/financier (liaise with M&E)	PCU/APCU	06/2019
APCU: Timely submission of AWPB Submit AWPB to IFAD 60 days before the next financial year starts.	APCU	11/2020
PCU: Petty Cash Management: Perform formal monthly petty cash reconciliations to verify transactions and ensure that funds are being used and recorded appropriately. The reconciliation sheet should be signed by both Finance Manager and the Project Director.	PCU/Finance Manager/ Project Director	11/2020
PCU: Formal Bank Reconciliations Perform formal monthly bank reconciliations and start booking interest earned in the accountancy software to avoid discrepancies in opening and closing balances. The reconciliation sheet should be signed by both Finance Manager and the Project Director.	PCU/Finance Manager/ Project Director	11/2020
APCU: Formal Bank Reconciliations Perform formal monthly bank reconciliations. The reconciliation sheet should be signed by both Finance Manager and the Project Director.	APCU/Finance Manager	11/2020
APCU: Contract monitoring For effective contract monitoring, start using contract monitoring forms.	APCU	11/2020
PCU: Asset Management Assign tag and serial numbers to all assets and include them in the asset register.	PCU/Finance Manager	12/2020
PCU: Reallocation to category "operating costs" Submit a formal request for the reallocation of funds.	PCU/ MoF, Federation	12/2020
PCU: Submission of frequent semi-annual IFRs Submit frequent semi-annual IFRs as per agreed IFAD template, upon completion of IFAD's training on financial reporting.	PCU/ Finance Manager	02/2021
APCU: Actual vs budget report monitoring Regular monitoring of actual vs budget and taking necessary actions to avoid high variances.	APCU	

Quality and Timeliness of Audit

Rating: 6

Justification of rating

The audited financial statements have been submitted to IFAD within the specified deadline; and the quality of audit work was highly satisfactory.

Main issues

The audit report and the accompanying financial statements were good quality and informative. The auditors conducted their work in accordance with International Standards on Auditing (ISAs) and the IFAD guidelines. No internal control issues were identified by the auditors during the review of the financial statements and the auditors expressed an unqualified opinion on Financial Statements.

Agreed Action	Responsibility	Agreed Date
PCU: Disclosure of in-kind contributions, fixed asset Register and Statement of cash receipts and payments Include in kind contributions (under the notes to the financial statements), statement of cash receipt and payments and fixed asset schedule in the audited financial statements.	PCU/Finance Manager	06/2021
APCU: Disclosure of in-kind contributions, fixed asset Register Include in kind contributions (under the notes to the financial statements), and fixed asset schedule in the audited financial statements	APCU/ Finance Manager	06/2021

Counterparts Funds

Rating: 5

Previous rating: 5

Justification of rating

The Government counterpart contribution for RCDPI was estimated as USD 2.33 million at design to cover taxes and the funds paid in cash into separate account based on the approved AWPBs. As of 31 May 2020, RS and Federation governments contributed cumulatively EUR 0.473 million (USD 0.520 million) which represents 22% of total appraised amount.

Main issues

Republika Srpska: As of 31 May 2020, the RS Government transferred EUR 0.149 million (approximately USD 0.164 million) to APCU's counterpart bank account which represents 18% of the total appraised amount. For 2020 AWPB; As of 31 May 2020, the RS government has transferred the initial advance of BAM 0.092 million. The contributed amount was sufficient to pay expenditures up to 31 May 2020. The beneficiaries contributed EUR 0.339 million (approximately USD 0.372 million), which represents 6% of the appraised amount.

Federation of Bosnia and Herzegovina: As of 31 May 2020; the Federation of Bosnia and Herzegovina Government contributed EUR 0.324 million (USD 0.356 million) which represents 25% of the total appraised amount. Federation government have released EUR 0.088 million against the 2020 budgeted amount of EUR 0.462 million (19%). The contributed amount was sufficient to pay expenditures up to 31 May 2020. The beneficiary contributions were appraised as USD 9.495 million, and as of 31 May 2020, they have contributed USD 5.65 million (EUR 5.14 million), which represents 60% of the appraised amount.

Compliance with Loan Covenants	Rating: 5	Previous rating: 5
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Justification of rating

Federation of Bosnia and Herzegovina: The Project's compliance with Loan Covenants is rated as Satisfactory. The details with regards to the status of implementation and compliance with Project Financing Agreement covenants are presented in Appendix 3.

Republika Srpska: The Project's compliance with Loan Covenants is rated as Satisfactory. The details with regards to the status of implementation and compliance with Project Financing Agreement covenants are presented in the Appendix.

Procurement

Procurement	Rating: 5	Previous rating: 5
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Justification of rating

The average procurement rating for the PCU and the APCU is 5. The overall programme level rating for procurement is also 5 and it is the same as the previous rating. Taking into consideration the common procurement procedures, overall procurement risk is considered low. Procurement evaluation was carried out on the basis of a review of procurement procedures and documentation using the IFAD Procurement Risk Matrix (PRM). Procurement supervision was performed on the basis of a review of the Procurement Plans; Review of completed procurement activities and documentation, both prior review and post review; Review of issues identified in the previous procurement supervision and aide-memoire and procurement related issues identified in project audit reports; Review and update PRM assessment; and Recommend actions for improvement.

Procurement Review

1. Procurement activities undertaken both by the APCU and PCU are satisfactory. Procurement Plans are regularly updated and completed in concurrence with the AWPB. Activities are planned strategically and grouped correctly, methods are properly applied.
2. Procurement documents are of high quality and are communicated through IFAD NOTUS System for all prior review contracts, which enables visibility, data accuracy, easy tracking and increasing operational performance. The A/PCUs are using Standard Bidding Documents for Goods, Works and Services, according to the IFAD Procurement Guidelines and established thresholds for each of the procurement methods. The tender documents are adequately prepared and contained all necessary elements including Instructions to Bidders, as per IFAD's Procurement Guidelines and Handbook.
3. Bid Evaluation Reports (BER) used adequate templates and are well prepared, including a detailed record of the reasons used to accept or reject each bid. Bids were always finalized within the Bid validity and no Bid validity extensions were being requested on the reviewed samples of procurement procedures.
4. PCUs are submitting Contract register to IFAD on regular monthly basis. Each of the PCUs has adequate systems in place for implementation and monitoring of contracts, through the Monitoring Officer/s and Field Coordinators.
5. Most of the Business leaders have been selected, meaning that these procurement activities had already been finalized. However, PCUs should monitor targeting of the final users and actively participate in verifying and checking the quantity and quality of goods and services received by them including compliance with phytosanitary and other regulations. The above mentioned areas should be checked before signing the Provisional Acceptance Certificates.

Federation of Bosnia and Herzegovina

1. For the National Shopping (NS), companies are invited to submit their bids. Deadline for submission of quotation is 6/7 calendar days. For the NCBs for Goods and Works, advertisement is always published in one local newspaper. Deadline for submission of quotation is 21 calendar days.
2. The Contract types and contractual arrangements for Goods, Works and Services required to implement the projects are in line with the Guidelines templates, containing General and Specific conditions and accompanying annexes. Adequate contract administration records is maintained, records of invoices and payments, progress reports, certificates of inspection, acceptance and completion are being kept.

Republika Srpska

1. Most of the performed procurement activities by APCU are done by Direct contracting (DC) of the Business Leaders and additional Contract extensions/amendments on the existing Framework Contracts. An effective process of monitoring, controlling and verifying the delivery of purchased goods and services has been established as a precondition for payment, with the engagement of local consultants, which should be further maintained and improved if necessary.
2. For all contracts awarded through direct contracting approval of the IFAD CPM is requested and received. For the National Shopping (NS), deadline for submission of quotation is 6/7 calendar days, same for the SSS. For the NCBs for Goods, advertisement is always published in one local newspaper. Deadline for submission of quotation is at least 21 calendar days.
3. In case of complains and disputes, due to the discrepancy between the National legislature IFAD Handbook there should be clear guidance how the PCU should deal with eventual launched complains and disputes. IFAD Handbook to prevail.
4. The detailed technical procurement review is attached as an annex to this report.

Agreed Action	Responsibility	Agreed Date
Advertising National Shopping (NS) and National Competitive Bidding (NCB) - For NS, to allow at least 14 days for submission of Bids since it is requested hard copy delivery by regular post (10 on exceptional basis) - For NCB to consider establishing Roster of companies (supply and construction companies) and invite them in parallel with the published announcements.	PCU and APCU	03/2021
Tender documents For NCB Works, a Bid Security should be requested in order to intend to dissuade bidders from withdrawing their bids before the end of the bid validity period.	PCU and APCU	07/2021
Bid Evaluation Reports (BER) - For National Shopping (NS), BER should contain Comparison Table of all Bids, showing how each bids fulfils the requirements from the Tech. Specs. - For NCB Goods, Table 5: "Detailed Preliminary Report" to include narrative explanation, notifying all submitted documents.	PCU and APCU	07/2021
Continue PCU's presence and extend their role during and after delivering starter packages and goods Ensure the presence of the project team members and local consultants on the spot to check the submitted documentation (including verification of origin and quality of planting material of biological origin) in office. Confirm that the delivered goods are in compliance with the goods offered in the evaluated Bid proposal	PCU and APCU	07/2021
Align the formats of procurement plans and reports Make sure that the procurement reports provide data on the degree of execution of concluded contracts. Both Procurement plans to be unified	PCU and APCU	12/2021

e. Key SIS Indicators

Likelihood of Achieving the Development Objective	Rating: 4.64	Previous rating: 4.0
Assessment of the Overall Implementation Performance	Rating: 4.5	Previous rating: 4.0

F. Relevance

Relevance	Rating: 5
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Justification of rating

Project activities are demand driven fully responding to the priorities of the beneficiaries in the framework of the participatory targeting framework involving a wide range of stakeholders at the cluster platform level, driven by the significant demand expressed by business leaders and beneficiaries, and resulting in successful targeting of the project primary target group.

Main issues

No main issues.

G. Project Modifications

Responsibility	Modification type	Description
IFAD	Logical Framework	<p>The emergency activities were designed to reach out to 9,000 additional households in the RS. Of these 9,000 households, 5000 are estimated to be additional beneficiaries, while the rest are expected to be reached out to by the project in the course of its normal operations. Thus, the outreach target of the design is increased from 16,000 to 21,000 in the logframe (CI Outreach indicator 1 and 1a) and the target for the corresponding total no of HHs members (CI 1b) is increased to 73,500.</p> <p>Due to the impact of COVID-19, the number of jobs created (CI 2.2.1) is reduced from 3,150 to 1,500 as per approved OM for level-2 Restructuring.</p>

Responsibility	Modification type	Description																																																																																																																																																																																																																																										
IFAD	Reallocation	<p>This first phase of the MTR has revised the cost tables to remove Cycle 2 of IFAD Loan financing, which will not occur. Thus, the IFAD Loan financing has been reduced from USD 25.00 million to USD 12.25 million. The IFAD Grant allocation in the amount of USD 500.00 thousand remains as it was designed. The project implementation period of the cost tables has been revised accordingly, from 2016-2025 to 2017-2022. Key changes consist of the following:</p> <ul style="list-style-type: none">• The Government and Beneficiaries & Others' contribution is adjusted removing the Cycle 2 financing. The remaining Cycle1 financing is shown in the table below: <p>Table 1. Revised summary table.</p> <table><tr><th colspan="12">BOSNIA AND HERZEGOVINA Rural Competitiveness Development Project (RCDP) Components by Financiers (USD Million)</th></tr><tr><th colspan="2">IFAD LOAN / FBH</th><th colspan="2">IFAD LOAN / RS</th><th colspan="2">IFAD Grant</th><th colspan="2">Government</th><th colspan="2">Municipalities</th><th colspan="2">Private Sector</th><th>Total</th></tr><tr><th>Amount</th><th>%</th><th>Amount</th><th>%</th><th>Amount</th><th>%</th><th>Amount</th><th>%</th><th>Amount</th><th>%</th><th>Amount</th><th>%</th><th>Amount</th><th>%</th></tr><tr><td colspan="14">A. Enabling Environment for Inclusive Sub-sector Development</td></tr><tr><td>1. Enabling Environment for Inclusive Sub-sector Development, FBH</td><td>0.38</td><td>46.0</td><td>-</td><td>-</td><td>0.29</td><td>36.1</td><td>0.14</td><td>17.0</td><td>-</td><td>-</td><td>-</td><td>0.81</td><td>2.5</td></tr><tr><td>2. Enabling Environment for Inclusive Sub-sector Development, RS</td><td>-</td><td>-</td><td>0.27</td><td>47.2</td><td>0.21</td><td>35.8</td><td>0.10</td><td>17.0</td><td>-</td><td>-</td><td>-</td><td>0.58</td><td>1.8</td></tr><tr><td>Subtotal Enabling Environment for Inclusive Sub-sector Development</td><td>0.38</td><td>47.4</td><td>0.27</td><td>47.2</td><td>0.50</td><td>71.9</td><td>0.23</td><td>34.0</td><td>-</td><td>-</td><td>-</td><td>1.39</td><td>4.3</td></tr><tr><td colspan="14">B. Sustainable Inclusion of Smallholders in the Thriving/Successful Value Chains</td></tr><tr><td>1. Sustainable Inclusion of Smallholders in the Thriving/Successful Value Chains, FBH</td><td>5.88</td><td>34.3</td><td>-</td><td>-</td><td>-</td><td>1.20</td><td>7.0</td><td>0.50</td><td>2.9</td><td>0.55</td><td>55.7</td><td>17.14</td><td>52.9</td></tr><tr><td>2. Sustainable Inclusion of Smallholders in the Thriving/Successful Value Chains, RS</td><td>-</td><td>-</td><td>4.17</td><td>34.2</td><td>-</td><td>0.85</td><td>7.0</td><td>0.36</td><td>2.9</td><td>6.79</td><td>55.8</td><td>12.17</td><td>37.5</td></tr><tr><td>Subtotal Sustainable Inclusion of Smallholders in the Thriving/Successful Value Chains</td><td>5.88</td><td>34.3</td><td>4.17</td><td>34.2</td><td>-</td><td>2.05</td><td>14.0</td><td>0.86</td><td>5.8</td><td>6.34</td><td>55.9</td><td>29.31</td><td>90.4</td></tr><tr><td colspan="14">C. Project Management, Monitoring and Evaluation</td></tr><tr><td>1. Project Management, Monitoring and Evaluation, FBH</td><td>0.84</td><td>91.0</td><td>-</td><td>-</td><td>-</td><td>0.08</td><td>9.0</td><td>-</td><td>-</td><td>-</td><td>-</td><td>0.92</td><td>2.8</td></tr><tr><td>2. 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In 2020 (Y4), it was expected that the project's recurrent costs related to staff will be covered by RCDP itself. In 2021 (Y5), the recurrent costs should be covered by Cycle 2 of RCDP, however the removing of Cycle 2 financing created a gap in the budget. Moreover the project implementation started one year later than planned, so there is one more year (2022) that the project has to cover from its own resources, the recurrent costs of which are not covered by the financing agreement.• Since the project started with the delay of 1 year and it missed a one-year synergy with RBDP project, and Cycle 2 financing has been removed, some shortfalls in the budget are expected. The estimations indicate that the project will experience a deficit in recurrent costs in FBiH of USD 610 thousand, USD 370 thousand of which to cover the staff salaries, while USD 240 thousand – for office running costs. As for RS, it is expected that the actual recurrent costs for salaries would be within the existing allocation, while the office running costs would need an additional allocation of USD 33 thousand. In RS, the actual disbursement in Y1-Y3 was way below the budgeted amount, which can be explained by the fact that the salaries of most project staff were covered from RBDP project funds that ended in 2019 and RCDP has accumulated a good amount of savings for these purposes.• One of the explanations of a difference between FBiH and RS recurrent costs is lack of analysis of RBDP project costs that should have served as a basis for RCDP budgeting. During the design stage only 1 year of PCU office running costs were budgeted under RCDP Cycle 1, however in fact PCU has been covering its project staff salaries since 1 June 2018 and office running costs since 1 October 2019 from RCDP project, however according to the design the disbursement for these purposes should have started not earlier than 2020. The respective approvals and no objections have been granted by IFAD to PCU to use the budget before the planned period.• Another reason of a difference between FBiH and RS is that ACPU is also implementing other donors' projects, such as World Bank, which co-finance the office running costs of APCU. This puts a lower load on RCDP project budget that it was expected during the design.• To cover the deficit in recurrent costs of PCU, the resources from the following budget lines in cost tables could be considered for re-allocation:<ul style="list-style-type: none">• Component 1: <i>Cluster Stakeholders' Platform Allocation; Sub-Sector Stakeholder's Platform allocation; Capacity Building and Monitoring Inclusiveness of Component 2.</i>• Component 2: <i>Induction Training for BFPs; Public Technical Advisory Services; Knowledge Products.</i>• To cover the deficit in recurrent costs of APCU, the resources from the following budget lines in cost tables could be considered for re-allocation:<ul style="list-style-type: none">• Component 1: <i>Cluster Stakeholders' Platform Allocation;</i>• Component 2: <i>Public Technical Advisory Services; Knowledge Products.</i>• The above-mentioned budget lines in cost tables are proposed due to the fact that most of these soft activities should have been carried out before the implementation of business plans as a preparatory stage, but in fact, the project has already achieved the targeted number of beneficiaries.• The exercise on re-allocation of funds from soft components to cover the deficit in recurrent costs can be concluded without any significant effect on project's main activities such as business plans implementation and institutional development of beneficiaries. <p>The re-allocation is feasible since after increasing the operating costs of FBiH and RS, , the total operating costs of the project will represent 14.3% of total project cost</p>	BOSNIA AND HERZEGOVINA Rural Competitiveness Development Project (RCDP) Components by Financiers (USD Million)												IFAD LOAN / FBH		IFAD LOAN / RS		IFAD Grant		Government		Municipalities		Private Sector		Total	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	A. 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H. Lessons Learned

The success of the starter packages in integrating very poor households in commercial value chains can strengthen government participation and increase the effectiveness of government subsidies linked to the starter packages.

The starter packages are co-financed by IFAD loan and municipalities. The municipalities co-finance the starter packages from their annual subsidy budget. In the past, the municipalities had to face questions about the effectiveness of these subsidies, particularly the municipalities' inability to reach the very poor households' with the subsidies. The cofinancing partnership in the starter packages has not only enabled the municipalities to reach the poor and the very poor households, but also ensured higher income of these groups through improved production and assured marketing support from RCDP. Therefore, the starter packages has enabled the municipalities to increase the effectiveness of the subsidies in their areas.

The very poor target group, in middle income countries, can be integrated in commercial agricultural value chains through starter package subsidies.

- RCDP was designed (in 2014-15) when the effectiveness of IFAD projects (e.g. REEP, RLDP) in BiH were under threat. The RLDP PCR (2016) records that the project suffered from insufficient attention to targeting. During that period the IFAD projects were supported with credit line for providing financial support to the target groups through banks and microfinance institutions. The A/PCUs relied on these partnering financial institutions entirely to target their beneficiaries. The partnering financial institutions use their own criteria for selecting targets, mainly based on creditworthiness and the very poor, who were considered highly risky, often did not qualify.
- Based on the recommendations of the RLDP MTR in 2013 the PCU piloted a pro-poor targeting improvement project designed and implemented in coordinated with Oxfam Italia. The collaboration with OXFAM Italia sensitized the PCU about the importance and the mechanisms for reaching the very poor. The capacity building of the PCU in this area proved very beneficial, as at a later stage it could authoritatively guide service providers, municipalities and business leaders on poverty targeting.
- RCDP, with its starter package approach, helped the A/PCUs to move away from the dependence on PFIs to partnership with service providers, business leaders and municipalities, to carry out targeting. Also, the starter package has features which supported self targeting. For example, the relatively small size of the package attracted mainly poor and very poor farmers. Secondly, the support to labour intensive crops, e.g. gherkins also confined the interest to mainly poor and very poor households. The combination of these factors have supported RCDP to overcome the targeting challenge which was a matter of high concern during the time of its design. This is evident from the 96% of poor and very poor households represented in the current outreach to 18,718 beneficiaries.

I. Agreed Actions

Agreed Action	Responsibility	Agreed Date
Overview and Project Progress		
Recruit cluster managers Recruit cluster managers to support the development of the cluster platforms.	PCU	12/2020
Include an annual operations budget in the cluster stakeholder platforms action plan Follow up with the cluster stakeholder platforms and include an annual operations budget in their action plan. Support 50% of the annual operations budget from RCDP on condition that the member municipalities also contribute 50% of these costs.	PCU and APCU with the municipalities and platforms	12/2020
Farming as a business (FAAB) training should be provided for each BP a) for beneficiaries as part of each BP centered around farm budgets for intended crop (100% subsidy) b) for PAs to make the decision to formalize as a coop or partner with another coop/SME and developing business plan for collective assets and expenditures (100% subsidy) c) for coops and SMEs as requested (coop min contribution 20%, SME 50%). Existing BPs should be modified to incorporate the above. - FAAB should not emphasize the preparation of donor proposals or be focused on important but non-business social goals (e.g. gender, youth). SERDA and Agro-Net can be given responsibility for providing/sourcing FAAB expertise for delivery to the BPs.	PCU and APCU	12/2020
Require a minimum 30% beneficiary/leader contribution for collective assets without exception. Existing business plans may be restructured to account for this, and this contribution may occur over more than one year.	PCU and APCU	01/2021
APCU Cluster marketing support contract restructuring The APCU Cluster marketing support contract should be restructured to focus on helping cluster-wide design and implement marketing programs, and to only provide a referral service for supporting marketing efforts of individual BP leaders and beneficiaries. For individual BPs, marketing support should be part of the BP package.	APCU	02/2021

<p>PAs can be business leaders only if they can provide value addition and marketing services:</p> <p>These services should help the PA supported starter package beneficiaries to reduce their dependence on individual selling in local markets. In future no objections for PA led business plans will be assessed against</p> <ul style="list-style-type: none"> o Existing partnership with cooperatives, SMEs, supermarkets and other marketing initiatives other than local markets o Planned partnership evidenced by documentation of the discussions with the above mentioned marketing partners 	PCU and APCU	03/2021
<p>PA as Business Leader</p> <p>PAs can be business leaders only if they can provide value addition and marketing services:</p>	PCU and APCU	03/2021
<p>• In already approved BPs with PAs, either transformation to cooperative, or partnership with a cooperative or SME, should be required.</p> <p>- Collective assets should not be provided until the PA transitions to cooperative (or partners with an SME or cooperative). Exceptions can be made for providing PAs limited amounts of basic production infrastructure (e.g. irrigation).</p>	PCU and APCU	03/2021
<p>Continuation of the partnership between the beneficiary and the business leader</p> <ul style="list-style-type: none"> • In existing and new BPs, highlight pathways for continuation of the partnership between the beneficiary and the business leader after the starter package. - The BPs identify the mechanisms through which the business leaders will sustain the linkages with the beneficiaries after the first year. - Monitor farmers continuation after the first year and check how many farmers from 2019 continued in 2020. Include the findings in the progress report. 	PCU and APCU	03/2021
<p>To meet the gap in funding from municipalities for starter packages, on temporary basis, RCDP can increase its share to starter packages by up to 10% (until 31st March 2021).</p> <p>To benefit from this arrangement, the APCUs have to submit an updated AWPB with appropriate allocations between IFAD and Municipalities and make an official request, which must also clarify the timeline of this exceptional measure, for no-objection from the Country Director.</p>	PCU and APCU	03/2021
Development Effectiveness		
<p>Amend the starter packages application form</p> <p>Amend the starter packages application form to include additional information about applicant experience with business leaders and service packages. It should include, among others: (i) if the applicant received in previous years a SP; (ii) the type of package/production (iii) value of package.</p>	A/PCUs	12/2020
<p>Training/education draft plan</p> <p>Include a clear note on gender training/awareness activities as part of the training/education draft plan for 2020 (currently missing).</p>	PCU/SERDA	12/2020
<p>Identification of activities for women and youth</p> <p>Carry out the identification of activities for women and youth in line with Financing agreement and overarching goal of RCDP</p>	PCU	12/2020
<p>Tailor and deliver specific training modules that will have an impact on increasing productivity and profit.</p> <p>In cooperation with the leaders, the public advisory service and the BDS service provider, harmonize the training needs and the ways of its implementation. In case of lack of capacity, additionally arrange the implementation of certain trainings with competent consultants.</p>	PCU/APCU programme managers, leaders, extension service and SERDA	12/2020
<p>Ensure continued presence pf climate change-resistant technologies in starter packages</p> <p>Consider all the climate change risks in process of business plans preparation and plan to incorporate in starter packages the technologies and other actions that will eliminate or reduce these risks.</p>	Leaders	12/2020
<p>Assist farmers to find suitable crop insurance models</p> <p>From cluster level organize meetings and negotiation between farmers and insurance companies in order to design offer of insurance packs tailored to the needs of farmers and consider options of collective insurance.</p>	Cluster platforms	12/2020

Youth job opportunity creation Integrate youth job opportunity creation in the cluster platform agenda (ii) invite interested youth to participate in cluster platform workshops/events.	APC/Us with coordinators /field extension officers	03/2021
Track the productivity of beneficiaries of starter packages on an annual basis. Using different data sources, establish and update a database of realized yields, compare them with the average yields in previous years and with other benchmarks and analyse factors influenced it.	PCU/APCU M&E officers	03/2021
Fair terms Project units should consistently assess and validate that the structure, quality and prices of inputs delivered by leaders are competitive and fair, due to insufficiently educated farmers rely on the project to take this on behalf of them.	PCU/APCU	03/2021
Training Project units need to identify gaps in farmers' knowledge and needs for additional training and, based on that, tailor specific types of training dedicated to specific topics and specific target groups.	A/PCU	03/2021
Sustainability and Scaling up		
Develop Exit Strategy The exit strategy should provide a road map for IFAD's gradual exit from technical and financial support of the cluster and business plan approach. This should be done in coordination with the start-up of the new IFAD project. It should also include analysis of sustain the partnership between farmers and business leaders after the first year of investment needs have been obtained.	PCU and APCU	12/2020
Support and technical assistance to emergency package recipients Extension officer provide follow up support and technical assistance to emergency package recipients and mobilisation of interested farmers (EP recipients) in the CP is ensured.	Field extension Officers	03/2021
EP recipients can be eligible for RCDP regular SP support Eligibility criteria clearly state that EP recipients can be eligible for RCDP regular SP support (not necessary linked to diversification/technology adoption) as they can be considered equal to first applicants.	APCU	03/2021
Training of farmers in pest and natural resource management Organize trainings on the proper use of pesticides in accordance with existing regulations and trainings on the application of other measures and practices in the function of responsible use and conservation of natural resources.	Leaders, coordinators, extension service	05/2021
Business Leader commitment to continue support to beneficiaries. Institute technical support and possibly financial incentives for business leaders to continue supporting smallholder farmers after the starter package phase	PCU/APCU	09/2021
Project Management		
Emergency packages Control visits should be carried out during the Emergency package growing season to gauge to what extent the packages were put to intended use, and again after harvest to map how the produce was used (own consumption, sales). These should be presented in a report on findings and lessons learned.	APCU	12/2020
Promote knowledge dissemination and increase project visibility in national and international environment. Prepare case studies and best practice and support their wide publication using online technologies (websites of the ministries, IFAD website, web sites of project units and clusters, social media, etc).	M&E officers and cluster managers	12/2020

Intensify inter-cluster exchange of experiences. Organize experience sharing and gathering between clusters through mutual visits or meetings through electronic media in case of restrictions on movement.	Cluster managers and Targeting inclusive officers	12/2020
Update the logframe numbers PCU should coordinate with the service provider and update the logframe numbers	PCU	12/2020
Prepare of Environmental and Social Management Plans (ESMPs) at the cluster level More comprehensive planning of environmental and social risks and safeguard measures and their monitoring on cluster level should be introduced.	Cluster boards and managers	12/2020
Monitor the project's environment and social impact Based on the ESPMs and implemented business plans, a chapter dedicated to the project's environment and social impact should be included in the annual project reports based on the monitoring of the implementation of project activities.	M&E officers and project teams	03/2021
Integration of environmental issues into business plans More comprehensive planning of environmental and social risks and environmental protection measures should be incorporated into new business plans followed by monitoring of their implementation.	Business leaders	12/2021
Financial Management & Execution		
Internal reporting. Improve monitoring Act/AWPB by sub-comp/financier (liaise with M&E)	PCU/APCU	06/2019
APCU: Timely submission of AWPB Submit AWPB to IFAD 60 days before the next financial year starts.	APCU	11/2020
PCU: Petty Cash Management: Perform formal monthly petty cash reconciliations to verify transactions and ensure that funds are being used and recorded appropriately. The reconciliation sheet should be signed by both Finance Manager and the Project Director.	PCU/Finance Manager/ Project Director	11/2020
PCU: Formal Bank Reconciliations Perform formal monthly bank reconciliations and start booking interest earned in the accountancy software to avoid discrepancies in opening and closing balances. The reconciliation sheet should be signed by both Finance Manager and the Project Director.	PCU/Finance Manager/ Project Director	11/2020
APCU: Formal Bank Reconciliations Perform formal monthly bank reconciliations. The reconciliation sheet should be signed by both Finance Manager and the Project Director.	APCU/Finance Manager	11/2020
APCU: Contract monitoring For effective contract monitoring, start using contract monitoring forms.	APCU	11/2020
PCU: Asset Management Assign tag and serial numbers to all assets and include them in the asset register.	PCU/Finance Manager	12/2020
PCU: Reallocation to category " operating costs" Submit a formal request for the reallocation of funds.	PCU/ MoF, Federation	12/2020
PCU: Submission of frequent semi-annual IFRs Submit frequent semi-annual IFRs as per agreed IFAD template, upon completion of IFAD's training on financial reporting.	PCU/ Finance Manager	02/2021

Advertising National Shopping (NS) and National Competitive Bidding (NCB) - For NS, to allow at least 14 days for submission of Bids since it is requested hard copy delivery by regular post (10 on exceptional basis) - For NCB to consider establishing Roster of companies (supply and construction companies) and invite them in parallel with the published announcements.	PCU and APCU	03/2021
PCU: Disclosure of in-kind contributions, fixed asset Register and Statement of cash receipts and payments Include in kind contributions (under the notes to the financial statements), statement of cash receipt and payments and fixed asset schedule in the audited financial statements.	PCU/Finance Manager	06/2021
APCU: Disclosure of in-kind contributions, fixed asset Register Include in kind contributions (under the notes to the financial statements), and fixed asset schedule in the audited financial statements	APCU/ Finance Manager	06/2021
Tender documents For NCB Works, a Bid Security should be requested in order to intend to dissuade bidders from withdrawing their bids before the end of the bid validity period.	PCU and APCU	07/2021
Bid Evaluation Reports (BER) - For National Shopping (NS), BER should contain Comparison Table of all Bids, showing how each bids fulfils the requirements from the Tech. Specs. - For NCB Goods, Table 5: "Detailed Preliminary Report" to include narrative explanation, notifying all submitted documents.	PCU and APCU	07/2021
Continue PCU's presence and extend their role during and after delivering starter packages and goods Ensure the presence of the project team members and local consultants on the spot to check the submitted documentation (including verification of origin and quality of planting material of biological origin) in office. Confirm that the delivered goods are in compliance with the goods offered in the evaluated Bid proposal	PCU and APCU	07/2021
Align the formats of procurement plans and reports Make sure that the procurement reports provide data on the degree of execution of concluded contracts. Both Procurement plans to be unified	PCU and APCU	12/2021
APCU: Actual vs budget report monitoring Regular monitoring of actual vs budget and taking necessary actions to avoid high variances.	APCU	

Bosnia and Herzegovina

Rural Competitiveness Development Programme

Mid-term Review

Logical Framework

Mission Dates: 08/06/2020 - 23/10/2020

Document Date: 11/12/2020

Project No. 1100001728

Report No. 5568-BA

Near East, North Africa and Europe Division
Programme Management Department

Rural Competitiveness Development Programme

Logical Framework

Results Hierarchy	Indicators							Means of Verification			Assumptions
	Name	Baseline	Mid-Term	End Target	Annual Result (2020)	Cumulative Result (2020)	Cumulative Result % (2020)	Source	Frequency	Responsibility	
Outreach	1 Persons receiving services promoted or supported by the project							"M&E reports (Resp: A/PCU) Survey on inclusiveness of rural poor (Resp: A/PCU)"	Annually	APCU, PCU	
	Females	0		4 800	5 149	6 714	139.9				
	Males	0		11 200	8 950	12 004	107.2				
	Young	0		800	4 064	4 804	600.5				
	Total number of persons receiving services	0		21 000	14 099	18 718	89.1				
	1.a Corresponding number of households reached							"M&E reports (Resp: A/PCU) Survey on inclusiveness of rural poor (Resp: A/PCU)"	Annually		
	Households	0		21 000	14 099	18 718	89.1				
	1.b Estimated corresponding total number of households members							"M&E reports (Resp: A/PCU) Survey on inclusiveness of rural poor (Resp: A/PCU)"	Annually	APCU, PCU	
	Household members			73 500	51 159	67 326	91.6				
	Project Goal Contribute to rural poverty reduction in selected sub-sectors of BiH economy	Percentage increase in Households with improvement in assets ownership index							Baseline and impact survey	Annually	
Percentage increase		0		20	30	58	290				

Results Hierarchy	Indicators							Means of Verification			Assumptions
	Name	Baseline	Mid-Term	End Target	Annual Result (2020)	Cumulative Result (2020)	Cumulative Result % (2020)	Source	Frequency	Responsibility	
Development Objective To enable smallholders to take advantage of fruits, vegetable and non-timber forest products subsector development for the sustainable improvement of their social and economic conditions and those of other poor rural groups	Percentage increase in volume of produce exported							"Baseline and impact survey (resp: A/PCU) Export & production statistics Monitoring reports of facilitators M&E reports (Resp: A/PCU) Survey on inclusiveness of rural poor (Resp: A/PCU) "	Annually	APCU, PCU	Poor farmers' and vulnerable groups' interest and readiness to coordinate within the selected VCs
	Volume	0	30	100	4	4	4				
	Value of additional revenues at HH level							"Baseline and impact survey (resp: A/PCU) Export & production statistics Monitoring reports of facilitators M&E reports (Resp: A/PCU) Survey on inclusiveness of rural poor (Resp: A/PCU) "	Annually	APCU, PCU	
	Berries (2 dunum)	0		3 000	1 102	3 762	125.4				
	Open field vegetables (1 ha)	0		1 500	2 080	4 267	284.5				
	greenhouses (600 m2)	0		4 000	2 080	4 747	118.7				

Results Hierarchy	Indicators							Means of Verification			Assumptions
	Name	Baseline	Mid-Term	End Target	Annual Result (2020)	Cumulative Result (2020)	Cumulative Result % (2020)	Source	Frequency	Responsibility	
	Minimally 30% participation of women and youth participation in the VCs							"Baseline and impact survey (resp: A/PCU) Export & production statistics Monitoring reports of facilitators M&E reports (Resp: A/PCU) Survey on inclusiveness of rural poor (Resp: A/PCU) "	Annually	APCU, PCU	
	Vulnerable groups	0	10	30	31.5	51.5	171.7				
	2.2.1 New jobs created							"Baseline and impact survey (resp: A/PCU) Export & production statistics Monitoring reports of facilitators M&E reports (Resp: A/PCU) Survey on inclusiveness of rural poor (Resp: A/PCU) "	Annually	APCU, PCU	
	Job owner - men	0	800	1 125	117	174	15.5				
	New jobs	0	1 000	1 500	167	119	7.9				
	Job owner - women	0	100	375	50	55	14.7				
Outcome Outcome 1: The Improved policy and institutional environment attracts smallholders and investors to the selected sub-sectors	Value of private investments leveraged in selected sub-sectors pro-poor development							Baseline and impact survey, monitoring reports of facilitators	Annually	APCU, PCU	Willingness of National and entity stakeholders to cooperate and to create an enabling environment for selected sub-sectors. Continued demand for sub-sector development.
	Co-financing	0	4	29	1	2.5	8.6				
	Policy 3 Existing/new laws, regulations, policies or strategies proposed to policy makers for approval, ratification or amendment							Baseline and impact survey, monitoring reports of facilitators	Annually	APCU, PCU	
	Number	0	1	3	1	2	66.7				

Results Hierarchy	Indicators							Means of Verification			Assumptions
	Name	Baseline	Mid-Term	End Target	Annual Result (2020)	Cumulative Result (2020)	Cumulative Result % (2020)	Source	Frequency	Responsibility	
Output Output 1.1 Smallholders Platforms at cluster and sub-sector levels improve VC coordination and sub-sector governance, inform public policies and orient investments in order to warrant long-term sub-sector competitiveness	Functioning multi-stakeholder platforms (clusters) supported and in operation (8 by FY4) (new RIMS)							"Monitoring reports of SSP/CSP facilitators M&E reports Business proposals Minutes of CSP/SSP meetings "	Annually	APCU, PCU	Readiness of local authorities and of private sector actors to play a lead role in efforts to improve inclusiveness and coordination along the value chain
	Platforms	0	6	12	7	19	158.3				
	Sub-sector stakeholder platforms established and in operation at country level							"Monitoring reports of SSP/CSP facilitators M&E reports Business proposals Minutes of CSP/SSP meetings "	Annually	APCU, PCU	
	Platforms	0	1	3	2	3	100				
Output Output 1.2 Appropriate technical and business development services are made available at local and entity levels	Public extension staff with updated skills and competencies							"Extension staff competence gap analysis for each subsector and training planning Reports of PAs and cooperatives on the performance of BDS services Monitoring reports on the quality of the service providers M&E reports "	Annually	APCU, PCU	Existence of private and public advisory services that can respond to the current needs of the sector. (R) Classic procurement and financial management system might create delays.
	Males	0	20	40	275	326	815				
	Females	0	10	20	117	136	680				
	Total	0	30	60	392	464	773.3				

Results Hierarchy	Indicators							Means of Verification			Assumptions
	Name	Baseline	Mid-Term	End Target	Annual Result (2020)	Cumulative Result (2020)	Cumulative Result % (2020)	Source	Frequency	Responsibility	
	2.1.1 Rural enterprises accessing business development services							"Extension staff competence gap analysis for each subsector and training planning Reports of PAs and cooperatives on the performance of BDS services Monitoring reports on the quality of the service providers M&E reports "	Annually	APCU, PCU	
	Rural enterprises	0	7	15	28	60	400				
	A voucher scheme for BDS, organizational and technical advisory services has been set up and in operation by FY3							"Extension staff competence gap analysis for each subsector and training planning Reports of PAs and cooperatives on the performance of BDS services Monitoring reports on the quality of the service providers M&E reports "	Annually	APCU, PCU	
	Scheme	0	1	1	0	0	0				

Results Hierarchy	Indicators							Means of Verification			Assumptions
	Name	Baseline	Mid-Term	End Target	Annual Result (2020)	Cumulative Result (2020)	Cumulative Result % (2020)	Source	Frequency	Responsibility	
	Private extension staff with updated skills and competencies							"Extension staff competence gap analysis for each subsector and training planning Reports of PAs and cooperatives on the performance of BDS services Monitoring reports on the quality of the service providers M&E reports "	Annually	APCU, PCU	
	Males	0	0	0	16	20	Inf				
	Females	0	0	0	0	5	Inf				
	Total	0	30	60	21	25	41.7				
	1.1.4 Persons trained in production practices and/or technologies							"Extension staff competence gap analysis for each subsector and training planning Reports of PAs and cooperatives on the performance of BDS services Monitoring reports on the quality of the service providers M&E reports "	Annually	APCU, PCU	
	Total number of attendances to training sessions				4 905	9 941					
	Men trained in crop			11 200	3 093	6 556	58.5				
	Women trained in crop			4 800	1 812	3 385	70.5				
	Young people trained in crop				969	1 620					
	Total persons trained in crop			16 000	4 905	9 941	62.1				

Results Hierarchy	Indicators							Means of Verification			Assumptions
	Name	Baseline	Mid-Term	End Target	Annual Result (2020)	Cumulative Result (2020)	Cumulative Result % (2020)	Source	Frequency	Responsibility	
Outcome Outcome 2: Sustainable inclusion of poor smallholders and vulnerable groups in selected sub-sectors	Increase in the final price/value accruing to smallholders							"Baseline and impact surveys Participatory monitoring of smallholder participation in selected VCs M&E reports Update of financial models "	Annually	APCU, PCU	Willingness of VC actors to improve the coordination along the VC
	Price/ Value	0	5	10	18	21	210				
	Increase in product added value							"Baseline and impact surveys Participatory monitoring of smallholder participation in selected VCs M&E reports Update of financial models "	Annually	APCU, PCU	
	Products	0	5	20	30.22	30.22	151.1				
	3.2.2 Households reporting adoption of environmentally sustainable and climate-resilient technologies and practices							"Baseline and impact surveys Participatory monitoring of smallholder participation in selected VCs M&E reports Update of financial models "	Annually	APCU, PCU	
	Total number of household members	0	1 500	5 000	229	280	5.6				
	Males			4 000	132	171	4.3				
	Females			1 000	96	108	10.8				
	People trained in marketing and new technologies								Annually	APCU, PCU	
	Males				1 114	1 114					
	Females				748	748					
	...				1 862	1 862					

Results Hierarchy	Indicators							Means of Verification			Assumptions
	Name	Baseline	Mid-Term	End Target	Annual Result (2020)	Cumulative Result (2020)	Cumulative Result % (2020)	Source	Frequency	Responsibility	
Output Output 2.1 Inclusive business proposals developed and implemented	Business proposals facilitated between smallholders and value chain actors							Survey of inclusiveness of rural poor	Annually	APCU, PCU	Willingness of PAs, cooperatives and municipalities to reach out to rural poor people. Necessary BDS clearly defined and focused on increasing VC competitiveness. Private and public value chain stakeholders are willing to leverage public funding that will be provided. (R) Classic procurement and financial management system might create delays.
	Business proposals	0	60	140	49	101	72.1				
	2.1.3 Rural producers' organizations supported							Survey of inclusiveness of rural poor	Annually	APCU, PCU	
	Rural POs supported	0	20	60	27	59	98.3				
	Number of PAs and cooperatives improving their productive or marketing assets							Survey of inclusiveness of rural poor	Annually	APCU, PCU	
	Organizations	0	10	60	37	59	98.3				
Output Output 2.2 Poor farmers, women and youth have successfully integrated into competitive and rewarding fruit, vegetable and NTFP value chains	Percentage of vulnerable groups in decision making positions in the PAs/Coops							Reports from vulnerable groups	Annually	APCU, PCU	Smallholder farmers have access to agri-business services and information. Sound criteria for targeting are defined. Willingness of key actors to adopt an inclusive approach.
	Females	5	10	20	37	76	380				
	Young			20	26	41	205				
	Measurable improvement of FO performance (based on MIDCA assessment)							MIDCA report	Annually	APCU, PCU	
	Index	0	10	25	0	0	0				

Bosnia and Herzegovina

Rural Competitiveness Development Programme

Mid-term Review

Appendix 1: Financial: actual financial performance; by financier by component and disbursements by category

Mission Dates: 08/06/2020 - 23/10/2020

Document Date: 11/12/2020

Project No. 1100001728

Report No. 5568-BA

Near East, North Africa and Europe Division
Programme Management Department

RCDP - FINANCIAL PERFORMANCE - Total Programme SUMMARY (FEDERATION+SRPSKA)

Table 1A: Financial performance by FINANCIER (USD 000, as at 31 May 2020)

FINANCIER:	Appraisal (USD 000)	Disbursement (USD 000)	Disbursed %
IFAD loan	12 260	4 197	34%
IFAD grant	500	95	19%
Government	2 335	512	22%
Beneficiaries & Others	15 640	6 008	38%
TOTAL	30 735	10 812	35%

Table 1B: Financial performance by COMPONENT (USD 000, as at 31 May 2020)

COMPONENT:	IFAD loan			IFAD grant			Government			Beneficiaries & Others			TOTAL		
	Appraisal (USD 000)	Actual (USD 000)	%	Appraisal (USD 000)	Actual (USD 000)	%	Appraisal (USD 000)	Actual (USD 000)	%	Appraisal (USD 000)	Actual (USD 000)	%	Appraisal (USD 000)	Actual (USD 000)	%
1. Enabling envirnment for inclusive subsector	650	213	33%	500	95	19%	195	30	16%	0	0		1 345	338	25%
2. Sustainable inclusion of smallholders	10 050	3 337	33%	0	0		1 940	432	22%	15 640	6 008	38%	27 630	9 777	35%
3. Project management, M&E	1 560	647	41%	0	0		200	49	25%	0	0		1 760	697	40%
sub-total	12 260	4 197	34%	500	95	19%	2 335	512	22%	15 640	6 008	38%	30 735	10 812	35%

Table 1C: IFAD Loan disbursement (EUR 000, as at 301 May 2020)

CATEGORY:	Original Allocation (EUR 000)	Disbursement (EUR 000)	W/A pending No. (EUR 000)	Balance (EUR 000)	% Disbursed*
Goods, services and inputs	8 655	1 524	1 209	7 131	18%
Consultancies	810	232	21	578	29%
Equipment	70	0	4	70	0%
Operating costs	1 025	351	163	674	34%
Unallocated	560	0	0	560	0%
Initial Allocation DA	0	2 316	0	-2 316	
TOTAL	11 120	4 422	1 397	6 698	39.77%

* excluding pending WAs

0.77832734

0.819738989

18

7.2

3.6

12.5

5

2.5

Table 1C: IFAD Grant disbursement (EUR 000, as at 31 May 2020)

CATEGORY:	Original Allocation (EUR 000)	Disbursement (EUR 000)	W/A pending No. (EUR 000)	Balance (EUR 000)	% Disbursed*
Consultancies	470	0	155.6	470	0%
Unallocated	0	0	0.0	0	
Initial deposit	0	300	0.0	-300	
TOTAL	470	300	156	170	63.83%

* excluding pending WAs

OVERALL Disbursement (Loan + Grant)	11 590	4 722	1 552	6 868	40.74%
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BIH Federation - FINANCIAL PERFORMANCE (at 31 May 2020)

Table 1A: Financial performance by FINANCIER (USD 000, as at 31 May 2020)

FINANCIER:	Appraisal (USD 000)	Disbursement (USD 000)	Disbursed %
IFAD loan	7 100	3 001	42%
IFAD grant	290	16	5%
Government	1 400	354	25%
Beneficiaries & Others	9 495	5 653	60%
TOTAL	18 285	9 025	49%

Table 1B: Financial performance by COMPONENT (USD 000, as at 31 May 2020)

COMPONENT:	IFAD loan			IFAD grant			Government			Beneficiaries & Others			TOTAL		
	Appraisal (USD 000)	Actual (USD 000)	%	Appraisal (USD 000)	Actual (USD 000)	%	Appraisal (USD 000)	Actual (USD 000)	%	Appraisal (USD 000)	Actual (USD 000)	%	Appraisal (USD 000)	Actual (USD 000)	%
1. Enabling environment for inclusive subsector	380	158	42%	290	16	5%	115	23	20%				785	196	25%
2. Sustainable inclusion of smallholders	5 880	2 442	42%				1 180	318	27%	9 495	5 653	60%	16 555	8 413	51%
3. Project management, M&E	840	401	48%				105	14	13%				945	415	44%
Total (programme expenditure)	7 100	3 001	42%	290	16	5%	1 400	354	25%	9 495	5 653	60%	18 285	9 025	49%

Table 1C: IFAD Loan disbursement (EUR 000, as at 31 May 2020)

CATEGORY:	Original Allocation (EUR 000)	Disbursement (EUR 000)	W/A not yet issued. (EUR 000)	Balance (EUR 000)	% Disbursed*
Goods, services and inputs	5 035	1 330	767	3 705	26%
Consultancies	465	151	11	314	32%
Equipment	70	0	4	70	0%
Operating costs	545	190	150	355	35%
Unallocated	325			325	0%
Initial Allocation DA		1 486		-1 486	
TOTAL	6 440	3 157	931	3 283	49%

* excluding pending WAs

0.91

Table 1C: IFAD Grant disbursement (EUR 000, as at 31 May 2020)

CATEGORY:	Original Allocation (EUR 000)	Disbursement (EUR 000)	W/A not yet issued. (EUR 000)	Balance (EUR 000)	% Disbursed*
Consultancies	270		14	270	0%
Unallocated				0	
Initial deposit		150		-150	
TOTAL	270	150	14	120	56%

* excluding pending WAs

0.55

OVERALL Disbursement (Loan + Grant)	6 710	3 307	946	3 403	49%
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SRPSKA Republic - FINANCIAL PERFORMANCE (as at 31 May 2020)
Table 1A: Financial performance by FINANCIER (USD 000, as at 31 May 2020)

FINANCIER:	Appraisal (USD 000)	Disbursement (USD 000)	Disbursed %
IFAD loan	5 160	1 196	23%
IFAD grant	210	79	38%
Government	935	157	17%
Beneficiaries & Others	6 145	355	6%
TOTAL	12 450	1 787	14%

Table 1B: Financial performance by COMPONENT (USD 000, as at 31 May 2020)

By COMPONENT:	IFAD loan			IFAD grant			Government			Beneficiaries & Others			TOTAL		
	Appraisal (USD 000)	Actual (USD 000)	%	Appraisal (USD 000)	Actual (USD 000)	%	Appraisal (USD 000)	Actual (USD 000)	%	Appraisal (USD 000)	Actual (USD 000)	%	Appraisal (USD 000)	Actual (USD 000)	%
1. Enabling environment for inclusive subsector	270	55	20%	210	79	38%	80	8	10%				560	142	25%
2. Sustainable inclusion of smallholders	4 170	895	21%				760	114	15%	6 145	355	6%	11 075	1 364	12%
3. Project management, M&E	720	246	34%				95	35	37%				815	281	35%
Total (programme expenditure)	5 160	1 196	23%	210	79	38%	935	157	17%	6 145	355	6%	12 450	1 787	14%

Table 1D: IFAD Loan disbursement (EUR 000, as at 31 May 2020)

CATEGORY:	Original Allocation (EUR 000)	Disbursement (EUR 000)	W/A not yet issued. (EUR 000)	Balance (EUR 000)	% Disbursed*
Goods, services and inputs	3 620	193	442	3 427	5%
Consultancies	345	81	10	264	23%
Operating costs	480	161	14	319	33%
Unallocated	235			235	0%
Initial Allocation DA		830		-830	
TOTAL	4 680	1 265	466	3 415	27.0%

* excluding WAs to be issued

Table 1E: IFAD Grant disbursement (EUR 000, as at 31 May 2020)

CATEGORY:	Original Allocation (EUR 000)	Disbursement (EUR 000)	W/A not yet issued. (EUR 000)	Balance (EUR 000)	% Disbursed*
Consultancies	200		141.2	200	0%
Unallocated				0	
Initial deposit		150		-150	
TOTAL	200	150	141	50	75%

* excluding pending WAs

OVERALL Disbursement (Loan + Grant)	4 880	1 415	607	3 465	29%
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Bosnia and Herzegovina

Rural Competitiveness Development Programme

Mid-term Review

Appendix 2: Physical progress measured against AWP&B

Mission Dates: 08/06/2020 - 23/10/2020
Document Date: 11/12/2020
Project No. 1100001728
Report No. 5568-BA

Near East, North Africa and Europe Division
Programme Management Department

Appendix 2: Physical progress measured against AWP&B

RCDP - Part A - FBiH: 2020 AWPB (Y-3: 01 st January - 31 st December 2020)								
CATEGORY	Unit	Unit costs	Target Y3 (AWPB 2020)	Achievem . 31.5.20	% Achievement 2020	Cumulative Actual	Project target	% Achievement cumulative
Component 1. Enabling Environment for Inclusive Sub-sector Development								
I. INVESTMENT COSTS								
A. Establishment of CSP/SSP								
1. Contracting SPs (BFP) for CSP development and support / a	Contract	63 000.0	1	1	100%	2	3	67%
2. Cluster platform Fund - CSP fund for logistics / b	LS/Y-3	12 000.0	3	0	0%	5	5	100%
3. SSP Allocation Fund (National subsectoral platforms) / c	LS/Y-3	10 000.0	1	0	0%	3	3	100%
B. Technical and business develop. services for CSP and SSP								
1. Specific studies (Cluster Development Plans)/ d	Study/plan	2 000.0	5	4	80%	4	10	40%
3. Technical Advisory services (ToT) / e	Contract	5 000.0	0	0		0	15	0%
4. Business Development services (Field Coordination) / f	Contract	18 600.0	3	3	100%	6	15	40%
Total Component 1.					56%			58%
Component 2.Sustainable inclusion of smallholders in the successful VC								
I. INVESTMENT COSTS								
A. Consultancy Services for BFP and Preparation of BPs (if any)	Contract	20 000.0	0	0		0	1	0%
B. Business Plan preparation and implementation (support fund)								
B.1. Business Assessment Committee financing / a	LS/Y-3	20 000.0	0	0		1	3	33%

RCDP - Part A - FBiH: 2020 AWPB (Y-3: 01 st January - 31 st December 2020)								
CATEGORY	Unit	Unit costs	Target Y3 (AWPB 2020)	Achievem . 31.5.20	% Achievement 2020	Cumulative Actual	Project target	% Achievement cumulative
B.2. Business plan financing as follows:								
1. starter packages including advisory services (new farmers) / b	Package	3 000.0	2300	3625	158%	7364	9600	77%
2. investments (equipment, facilities and CW for PAs or Coops) / c	Package	97 000.0	28	12	43%	30	60	50%
3. climate investments (additional grants) / d	Package	200.0	0	0		0	10	0%
4. obtaining and renewing certification labels / e	Certificate	15 000.0	10	1	10%	0	10	0%
5. investment in collective productive infrast. and equipment / f	MP Contract	180 000.0	5	4	80%	5	20	25%
6. Marketing activities (Fairs, trips, etc.) / g	Fair/trip	7 000.0	5	0	0%	0	15	0%
C.3. Business plan monitoring (Monitoring during BP implementation)	Contract	2 000.0	0	0		5	15	33%
D. Specific gender and targeting activities								
1. Gender and youth capacity building for implementing partners	Contract	5 000.0	0	0		0	1	0%
2. Training on inclusive VC development and targeting	Training	2 000.0	0	0		0	5	0%
3. Technical Assistance (Women and youth employment) / h	LS/Y-3	70 000.0	5	0	0%	0	5	0%
Total Component 2.					48%			15%
Component 3. Project Management and Coordination(PCU)								
I. INVESTMENT COSTS								

RCDP - Part A - FBiH: 2020 AWPB (Y-3: 01 st January - 31 st December 2020)								
CATEGORY	Unit	Unit costs	Target Y3 (AWPB 2020)	Achievem . 31.5.20	% Achievement 2020	Cumulative Actual	Project target	% Achievement cumulative
PCU staff courses								
Local Courses / a	Course	1 000.0	0	0		2	8	25%
International Courses / b	Course	5 000.0	3	0	0%	5	6	83%
Workshops								
Annual Review Workshop	WS	3 000.0	1	0	0%	1	4	25%
Inter-entity Workshop	WS	5 000.0	1	0	0%	0	4	0%
Studies and Surveys								
Mid-term Survey	Survey	30 000.0	1	1	100%	1	1	100%
External Audit	Audit	5 000.0	1	1	100%	2	4	50%
Knowledge Management								
Software for M&E system	Contract	25 000.0	0	0		1	1	100%
Training Manuals	Manual	10 000.0	2	0	0%	1	5	20%
Total I - Investment Costs								
II. RECURRENT COSTS								
Salaries								
Director	person/year	79 351.2	1	1	100%	2	4	50%
Financial manager	person/year	11 559.3	1	1	100%	1	1	100%
Financial officer at PCU / c	person/year	56 641.9	1	1	100%	2	4	50%

RCDP - Part A - FBiH: 2020 AWPB (Y-3: 01 st January - 31 st December 2020)								
CATEGORY	Unit	Unit costs	Target Y3 (AWPB 2020)	Achievem . 31.5.20	% Achievement 2020	Cumulative Actual	Project target	% Achievement cumulative
Inclusive Business Development Officer	person/year	58 404.5	1	1	100%	2	4	50%
M&E officer and credit coordinator	person/year	61 268.6	1	1	100%	2	4	50%
Gender and targeting officer	person/year	52 137.6	1	1	100%	2	4	50%
Procurement officer	person/year	56 641.9	1	1	100%	2	4	50%
Interpreter/secretary	person/year	53 508.5	1	1	100%	2	4	50%
Driver/Courier	person/year	32 676.0	1	1	100%	2	4	50%
Collective insurance from accidents' consequences / d	Contract	2 000.0	1	1	100%	0	4	0%
Allowances								
Travel and Allowances	person/day	25.0	300	17	6%	351	600	59%
Operation and Maintenance								
Vehicles (maintenance)	LS/Y-3	14 400.0	1	1	100%	2	4	50%
Vehicles (fuel)	LS/Y-3	18 000.0	1	1	100%	2	4	50%
Office overhead costs								
Telecommunication	LS/Y-3	7 800.0	1	1	100%	2	4	50%
Stationary and office supply	LS/Y-3	15 000.0	1	1	100%	2	4	50%
Office operating costs: Main office Sarajevo	LS/Y-3	73 200.0	1	1	100%	2	4	50%
IT maintenance								
Maintenance of the existing IT system	LS/Y-3	4 800.0	1	1	100%	2	4	50%

RCDP - Part A - FBiH: 2020 AWPB (Y-3: 01 st January - 31 st December 2020)								
CATEGORY	Unit	Unit costs	Target Y3 (AWPB 2020)	Achievem . 31.5.20	% Achievement 2020	Cumulative Actual	Project target	% Achievement cumulative
Maintenance of PIMIS system for financial reporting	LS/Y-3	5 400.0	1	1	100%	2	4	50%
Total II - Recurrent Costs								
TOTAL Component 3. (I + II)					66%			50%
TOTAL 2020 AWPB					57%			41%

Physical progress_ Republika Srpska

Table 1 - Component 1.Enabling Environment for Sustainable Sub-sector Development						
Project activities	Physical results planned 2020	Physical results achieved 2020	% physical achievement 2020	Planned disbursement 2020	Actual disbursement 2020	% achievement 2020
I Invesment costs						
A. Capacity building						
1. Information Campaign on Project Approach	1	0	0%	1.79	0.00	0%
2. Training of trainers	2	0	0%	1.67	0.00	0%
3.Contracting of Lead Farmers	4	0	0%	4.24	0.00	0%
4. In country study tours	2	0	0%	10.23	0.00	0%
Subtotal Capacity Building				17.93	0.00	0%
C.Engaging Stakeholders in Sub-Sector Development						
1. Cluster Stakeholders Platform Allocation	21	2	10%	102.26	10.20	10%
2. Sub-Sector Stakeholders Platform Allocation	7	0	0%	25.56	0.00	0%
Subtotal Engaging Stakeholders in Sub-Sector Development				127.82	10.20	8%
E. Evidence Based Policy Engagement						

Table 1 - Component 1. Enabling Environment for Sustainable Sub-sector Development						
Project activities	Physical results planned 2020	Physical results achieved 2020	% physical achievement 2020	Planned disbursement 2020	Actual disbursement 2020	% achievement 2020
1. Cade Studies and Learning and Policy Notes	1	0	0%	4.24	0.00	0%
G. Gender and Inclusiveness						
1. Gender diagnostic study and action plan	0	0		0.00	0.00	
2. Gender Capacity Building for implementing partners	7	0	0%	6.37	0.00	0%
3. Capacity Building and Monitoring Inclusiveness of Component 1	7	2	29%	83.85	25.81	31%
Subtotal Gender and Inclusiveness				90.22	25.81	29%
Total Component 1			4%	240.22	36.01	15%
Table 2- Component 2. Sustainable Inclusion of Smallholders in the Thriving/Successful Value Chains						
Project activities	Physical results planned	Physical results achieved	% physical achievement	Total 2020	Actual 2020	% achievement 2020

Table 1 - Component 1. Enabling Environment for Sustainable Sub-sector Development						
Project activities	Physical results planned 2020	Physical results achieved 2020	% physical achievement 2020	Planned disbursement 2020	Actual disbursement 2020	% achievement 2020
I Investment costs						
A. Inclusive BPs Developed and Implemented						
1. Update Market Information	1	0	0%	11.76	0.00	0%
2. Induction Training for BFPs	0	0		0.00	0.00	
3. Public Technical Advisory Services	1	0	0%	13.27	0.00	0%
4. BPs Preparation	20	28	140%	40.90	13.37	33%
5. BPs Technical Review	10	0	0%	15.26	0.00	0%
6. BPs Monitoring	4	0	0%	15.46	0.00	0%
7. BPs Investment Funds	30	28	93%	4 928.85	293.81	6%
8. Knowledge products	1	0	0%	10.23	0.00	0%
Total Component 2			33%	5 035.73	307.18	6%
Table 3- Component 3. Project Management and Coordination						
Project activities	Physical results planned	Physical results achieved	% physical achievement	Total 2020	Actual 2020	% achievement 2020

Table 1 - Component 1.Enabling Environment for Sustainable Sub-sector Development						
Project activities	Physical results planned 2020	Physical results achieved 2020	% physical achievement 2020	Planned disbursement 2020	Actual disbursement 2020	% achievement 2020
I Investment costs						
A. Project Management Unit						
1. Office Supplies and Equipment	0	0		0.00	0.00	
2. Vehicles	0	0		0.00	0.00	
3. APCU Staff Trainings						
Local Courses	1	0	0%	1.06	0.00	0%
International Courses	1	0	0%	2.65	0.00	0%
Subtotal APCU staff trainings				3.72	0.00	0%
4. External audit	1	0	0%	1.02	0.00	0%
Subtotal Project Management Unit				4.74	0.00	0%
C. M&E and Knowledge Management						
1. Participatory Evaluation						
Field Project Presentation	4	0	0%	7.15	0.00	0%
Participatory Case Studies	1	0	0%	0.92	0.00	0%
Annual review workshop	1	0	0%	2.65	0.00	0%
Inter-Entity workshop	1	0	0%	2.65	0.00	0%
Final Evaluation First Cycle	0	0		0.00	0.00	

Table 1 - Component 1.Enabling Environment for Sustainable Sub-sector Development						
Project activities	Physical results planned 2020	Physical results achieved 2020	% physical achievement 2020	Planned disbursement 2020	Actual disbursement 2020	% achievement 2020
Subtotal Participatory Evaluation				13.38	0.00	0%
2. Studies and Surveys						
Baseline Study	0	0		0.00	0.00	
RIMS study	1	0	0%	10.23	0.00	0%
Subtotal Studies and Surveys				10.23	0.00	0%
3. Knowledge Managemnt						
Information and Communication Materials	1	0	0%	2.65	0.00	0%
Training Manuals	1	0	0%	5.31	0.00	0%
Subtotal Knowledge Management				7.96	0.00	0%
Subtotal M&E and Knowledge Management				31.57	0.00	0%
<i>Total investment costs</i>				36.31	0.00	0%
II Recurrent costs						
A. Salaries				150.32	49.26	33%
Director	0	0		0.00	0.00	
Project Manager	1	1	100%	21.00	6.97	33%
Službenik za razvoj poslovanja	1	1	100%	20.00	6.66	33%
M&E službenik	1	1	100%	20.00	6.49	32%

Table 1 - Component 1.Enabling Environment for Sustainable Sub-sector Development						
Project activities	Physical results planned 2020	Physical results achieved 2020	% physical achievement 2020	Planned disbursement 2020	Actual disbursement 2020	% achievement 2020
Menadžer za nabavke	1	1	100%	21.00	7.01	33%
Finansijski menadžer	1	1	100%	21.00	6.91	33%
Accountant	0	0		0.00	0.00	
Službenik za izbor korisnika/Prevodilac	1	1	100%	20.00	6.47	32%
Sekretarica	1	1	100%	14.00	4.56	33%
Driver	1	1	100%	13.32	4.19	31%
B. Allowances						
Travel and allowances				7.67	0.56	7%
C. Office operating costs				20.45	11.19	55%
Total recurrent costs				178.44	61.01	34%
Total Component 3			44%	214.75	61.01	28%
Project activities	Physical results planned	Physical results achieved	% physical achievement	Total 2020	Actual 2020	% achievement 2020
Comp 1 RS			4%	240.22	36.01	15%
Comp 2 RS			33%	5 035.73	307.18	6%
Comp 3 RS			44%	214.75	61.01	28%

Table 1 - Component 1.Enabling Environment for Sustainable Sub-sector Development						
Project activities	Physical results planned 2020	Physical results achieved 2020	% physical achievement 2020	Planned disbursement 2020	Actual disbursement 2020	% achievement 2020
Total			27%	5 490.70	404.20	7%

Bosnia and Herzegovina

Rural Competitiveness Development Programme

Mid-term Review

Appendix 3: Compliance with legal covenants: status of implementation

Mission Dates: 08/06/2020 - 23/10/2020
Document Date: 11/12/2020
Project No. 1100001728
Report No. 5568-BA

Near East, North Africa and Europe Division
Programme Management Department

Appendix 3: Compliance with legal covenants: status of implementation

Section	Covenant	Target/Action Due Date	Compliance Status/Date	Remarks
Section 4.02	PCU to open and maintain one Project Account (in BAM); Government of Bosnia and Herzegovina to provide counterpart funds for programme implementation	Entry into force	Complied with	
Section 4.02	Government to replenish Project Account quarterly in advance		N/A	Government replenishments based on AWPBs.
Section 4.03	Procurement of goods, works and services carried out in accordance with the procedures laid down in Schedule 3	Entry into force/continious	Complied with	
Section 4.04	Insurance of vehicles, equipment and civil works financed from the loan proceeds to be consistent with sound commercial practice.		Partially Complied with	Vehicles are insured but equipments are not insured.
Section 4.05, section 11.10(b)	Audit report submitted to IFAD.	30 June 2020	Complied with/ 18 June 2020	
Section 4.06	Progress reports to be submitted to IFAD on a semi-annual basis.		Complied with	
Schedule 4, para 7	AWPB to be submitted to the Fund, for its review and comments		Complied with	
Schedule 4, para 8(a)	A Mid-Term Review (MTR) to be carried out jointly by the Borrower and IFAD.		Complied with/ June 2020	
Schedule 4, para 16	Project to be exempted from all import duties, excise taxes and value added tax (VAT) on investment expenditures	Upon entry into force	Complied with	