

Montenegro

Rural Clustering and Transformation Project

Mid-term Review

Mission Dates: 07 September - 02 October 2020

Document Date: 30/10/2020

Project No. 2000001076

Report No. 5526-ME

Near East, North Africa and Europe Division
Programme Management Department

Abbreviations and Acronyms

ASAP	Adaptation for Smallholder Agriculture Programme
AWPB	Annual Work Plans and Budgets
BSF	Business Skill Facilitator(s)
CD	Country Director (IFAD)
CSN	Country Strategic Note
EC	European Commission
EIA	Environmental Impact Assessment
EIRR	Economic Internal Rate of Return
EU	European Union
GoM	Government of Montenegro
Ha	Hectare
HH	Household(s)
IDF	Investment Development Fund (Montenegro)
IFAD	International Fund for Agricultural Development
IPA	Instrument for Pre-accession Assistance
IPARD	Instrument for Pre-accession Assistance for Rural Development
KM	Knowledge Management
M&E	Monitoring and Evaluation
MoARD	Ministry of Agriculture and Rural Development
MG	Matching grants
MHMR	Ministry for Human and Minority Rights
MIC	Middle Income Country
MIDAS	Montenegro Institutional Development and Agriculture Strengthening
MoE	Ministry of Economy
MoF	Ministry of Finance
MONSTAT	Statistics Office of Montenegro
MSY	Ministry of Sports and Youth
MSM	Multi-stakeholders meeting
NGOs	Non-Governmental Organizations
PCU	Project Coordination Unit
PIM	Project Implementation Manual
PAI	Private sector Advisory and Implementation unit (IFAD)
PP	Procurement Plan
PSC	Programme Steering Committee
RCTP	Rural Clustering and Transformation Project
SME	Small and Medium Enterprises
UOM	Union of Municipalities of Montenegro
UNIDO	United Nations Industrial Development Organization
US\$	United States Dollar
VAT	Value-added Tax

VC	Value chain
VCF	Value chain fund
WB	The World Bank

A. Project Overview

Region:	Near East, North Africa and Europe Division	Project at Risk Status:	Not at risk
Country:	Montenegro	Environmental and Social Category:	B
Project Name:	Rural Clustering and Transformation Project	Climate Risk Classification:	2
Project ID:	2000001076	Executing Institution:	Ministry of Agriculture and Rural Development
Project Type:	Rural Development	Implementing Institutions:	not available yet
CPM:	Philippe Remy		
Project Director:	not available yet		
Project Area:	not available yet		

Approval Date:	06/04/2017	Last audit receipt:	31/03/2020
Signing Date:	12/05/2017	Date of Last SIS Mission:	02/10/2020
Entry into Force Date:	12/05/2017	Number of SIS Missions:	4
Available for Disbursement Date:	18/09/2017	Number of extensions:	0
First Disbursement Date:	20/09/2017	Effectiveness lag:	1 month
MTR Date:	07/09/2020		
Original Completion Date:	30/06/2023		
Current Completion Date:	30/06/2023		
Financial Closure:	not available yet		

Project total financing

IFAD Financing breakdown	ASAP Trust Fund	\$2,000,000
	IFAD: AFD loan	\$4,124,383
Domestic Financing breakdown	National Government	\$5,977,975
	Beneficiaries	\$1,717,131
	Private sector local	\$660,199
Co-financing breakdown,		
Project total financing:		\$14,479,688

Current Mission

Mission Dates:	07 September - 02 October 2020
Days in the field:	n/a
Mission composition:	Mr. Thierry Lassalle, Value Chains Specialist Ms. Ermina Mulahusic, Procurement Specialist Ms. Alisia Sansoni, M&E Specialist Mr. Renaud Colmant, Environment Specialist, ECG/NEN Mr. Marc Fantinet, Economist Mr. Carlo Spinello, Fiduciary Specialist Mr. Steven Jonckheere, Gender and Social Equality Specialist Mr. Philippe Rémy, Country Director, NEN/PMD

Field sites visited: 5. Due to the Due to the COVID-19 pandemic and the relevant travel restrictions, the mission members were in contact with RCTP team who physically visited all sites (Bijelo Polje, Mojkovac, Nikšić, Petnjica, Šavnik, Žabljak)

B. Overall Assessment

Key SIS Indicator #1	Ø	Rating	Key SIS Indicator #2	Ø	Rating
Likelihood of Achieving the Development Objective		4.73	Assessment of the Overall Implementation Performance		5.08

Effectiveness and Developmental Focus	5	Project Management	5
Effectiveness	5	Quality of Project Management	6
Targeting and Outreach	5	Knowledge Management	4
Gender equality & women's participation	5	Value for Money	5
Agricultural Productivity	5	Coherence between AWPB and Implementation	5
Nutrition	4	Performance of M&E System	5
Adaptation to Climate Change	4	Social, Environment, and Climate Standards requirements	5

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

The Rural Clustering and Transformation Project (RCTP) was approved by the Executive Board on 6/04/ 2017 under the lapse of time procedure. The Financing Agreement was signed and became effective on 12/05/2017. The project total cost is of US\$ 14.48 million. RCTP start up workshop was conducted in Nikšić during the period of 3-7/07/2017. The Project completion and financial closure are scheduled for 30/06/2023 and 31/12/ 2023 respectively. A first implementation support mission was organised in February 2018, a second one in October 2018 and a third one in September-October 2019. A set of recommendations was jointly proposed by IFAD missions and the Government of Montenegro.

The Montenegro Country Strategic Note (CSN) for the 2020-2022 period has been approved on 25 November 2019^[1].

Project development objective. The overall goal of the RCTP is to contribute to the transformation of smallholders' livelihoods in northern Montenegro, enabling them to become more competitive and resilient to climate change. The development objective is to increase the participation of poor smallholders in inclusive, profitable and environmentally sustainable VCs, and to enhance the benefits they derive from these.

The objectives of the mission is to undertake the RCTP Mid-Term-Review. The mission will (i) review the implementation degree of the recommendations agreed in the previous supervision mission in September-October 2019; (ii) measure the overall project performance at financial and technical levels; (iii) identify and discuss potential and emerging constraints for a quicker and more effective implementation of the project; and (iv) agree on a new set of solutions and improvements.

Due to the COVID-19 pandemic and restrictions to travel, the mission was done at distance by the non-Montenegrin members of the team in direct contact with RCTP team who physically visited all sites. The mission met on 4 September 2020 with Mr. Đuro Žugić, State Secretary, Ministry of Agriculture and Rural Development (MoARD).

The mission visited the 7 municipalities^[2] of intervention to assess implemented activities. The mission met the mayors or their representatives in the RCTP targeted municipalities as well as the main representatives of the twelve clusters already accompanied by the Project. Beneficiaries were also systematically visited in their farms in link with each supported value chain (milk and cheese, meat, potato seed, raspberry).

An Aide-Mémoire reflecting the main findings and recommendations of the mission was endorsed at a wrap-up meeting in Podgorica on 18 September 2020, chaired by Mr. Đuro Žugić, State Secretary, MoARD. The Mission would like to express its high appreciation for the close cooperation and great efforts extended by the Montenegrin authorities at central and municipality levels, the RCTP team as well as beneficiaries and their families.

^[1] <https://www.ifad.org/documents/38711644/40077965/Country%20Strategy%20Note%202020-2021/e9047c58-9de5-b092-60aa-643dde812960>

^[2] Berane, Bijelo Polje, Mojkovac, Nikšić, Petnjica, Šavnik, Žabljak

Key Mission Agreements and Conclusions

The mission confirms the excellent achievements of RCTP at mid-term. Most of the key output indicators have been reached, and even exceeded. The RCTP team is performing very well and is now fully staffed with two Value Chain Specialists, a Law Officer and a Gender and Youth specialist. The mission recommends maintaining the team until the project completion.

In order to sustain the current momentum of the Project, the main recommendations are summarized below:

Reallocation of the remaining funds: the mission prepared a reallocation table for IFAD loan and ASAP grant. The reallocation allows increasing the Project targets in terms of number of beneficiaries, kilometres of roads, and water infrastructures in line with the high demand from beneficiaries, mainly by mobilizing the unallocated category and by decreasing some budget lines that were over budgeted. The logframe has been updated accordingly. This will also help the Project to better reach its outcome and impact indicators.

Rural Cluster support: the mission emphasizes the impressive support provided to the clusters by RCTP team in collaboration with ABCs, and the excellent momentum developed in the different clusters. The support should now focus on strengthening the 12 existing rural clusters. A specific support will be needed to assess: (i) the economic impact of the rural clusters on the value chain actors, especially producers' groups involving small scale farmers, women and youth (ii) the economic viability of the market oriented investments to provide the different economic actors of the value chains with better access to market opportunities. The mission also recommends to facilitate cluster-to-cluster visits to exchange experience and lessons learned and promote a cross fertilization among beneficiaries and their organizations.

Climate change adaptation: the Project has a real impact on the resilience of the beneficiaries providing access to productive assets and supporting collective action; the potential to improve adaptation to climate change is important but still to be reinforced; the mission recommends to promote smart practices particularly through pilots (composting, vermicomposting, collective pasture fertilization...) that could be up-scaled through adapted support grants under windows 1 and 2.

Social inclusion and gender equality: the mission emphasizes the strategic role played by the PMU gender focal point to ensure a gender and youth strategic plan development and implementation. The mission recommends extending social inclusion activities of the Project, particularly through contribution to the mandatory gender and youth action plans implemented at municipality level, ensuring these plans pay due attention to rural women and youth and build on the Project's emerging lessons.

Exit strategy: the mission stresses the effectiveness of the Project to bridge the gap between the most vulnerable smallholders and other rural support programs (IPARD, MIDAS...) that they originally failed to access. RCTP also proved the feasibility of including the small producers in clusters where they can participate and benefit from collective action and promoting sustainable organizations. Knowledge management products have already been produced to document the Project achievements; this effort has to be pursued through a KM strategy, in order to fully recognize RCTP innovative approach as a valid process at policy level. The mission recommends building on these aspects and preparing RCTP exit strategy, to consider extended partnerships with new development partners and new modalities of support, in particular through the private sector.

D. Overview and Project Progress

The mission noted that recommendations made during the second supervision mission have been fully implemented at 90% while two recommendations (10%) linked to BSF on-going selection, are still partially under implementation.

At mid-term, the positive trend observed in 2019 has been confirmed with an effective implementation reaching more people that targeted at completion with 15,019 beneficiaries (104%) of which 39% are youth, representing 4,806 households. By the end of 2020, once all roads and water infrastructures rehabilitation will be completed, the number is expected to increase substantially. The financial progress reaches 56% of the total budget at 31/08/2020 (63% for both IFAD loan and ASAP grant).

Regarding the implementation of 2020 AWPB, the mission commends the project for the impressive work done even in the COVID context. The team was able to continue working at distance, diminishing the number of field missions to avoid putting at risk the project beneficiaries during the pic of the pandemic. Some flexibility was also introduced in the procedures in conjunction with IFAD country team to control the applications received after the public calls through the ministry data base instead of going systematically to the field. As a result, most of the activities should be implemented by the end of the year. In September 2020, the physical progress of the AWPB is assessed at 31% (61% for component 1 and 0% for component 2 because, even if all the planned works have been initiated, they are not completed yet. The financial progress reaches 56% of the total financing plan at 31/08/2020.

With recognition to the achieved results – increase of applicants by 55% for window 1 and 2 and by 61% for municipalities (see Annex 3) - and on the basis lessons learnt from actual expenditures during the first half of the Project, the mission supports the reallocation plan for the second half of the Project that is further discussed and presented in annex 4.

Component 1

Component 1 aims at facilitating value-chain clustering for resilient transformation. This component has been physically executed at 31 % and financially at 40% (August 2020).

This low physical achievement rate is due the weak implementation of training activities as defined in the design report. The effective RCTP hand-on training approach is hardly reported with the existing indicators mainly based on formal training sessions. The mission reviewed the logframe indicators about training to better capture the real support provided by RCTP to beneficiaries and added in the output 1.3 the following: "number of people provided with hands-on support and advice from the PCU and its partners". (see annex 4.4 description of the indicator). The end target is 2,400 persons whose capacities will have been built through RCTP.

Thanks to the Project facilitation activities in collaboration with municipalities technical staff and the support from the Mayors, 12 clusters (11 planned at design) proactively enhanced exchanges and negotiation between committed value chain stakeholders, from producers to processors and traders. They have reached various degrees of maturity with concrete changes that positively impact all stakeholders (increase of incomes for producers, increase of volume of transactions for traders). The Project will have to continue its accompanying support with respect to each specificity (value chain, location...).

In terms of facilitation, all the AWPB activities were implemented confirming the very dynamic interface role played by rural clusters in collaboration with agribusiness centres officers. The relationships amongst stakeholders matured and in the

more advanced clusters, concrete business agreements were dealt between producers and private sector enterprises to ensure an outlet for their products paid at a fair negotiated price. This resulted in the following: (i) 13 selected Infrastructure to be built or rehabilitated were made on the concerned rural cluster demand and with its support; (ii) rural clusters were systematically consulted to identify needs for infrastructures with municipalities; (iii) rural clusters were actively involved to reach out producers especially during sensitization campaigns and ensured that infrastructures would benefit producers and particularly the small ones; (iv) rural clusters identified sectors of investment with private sector that could rapidly benefit most producers providing them with a secured outlet and supported such application for Project support.

Support and advice was provided by agro-business centres (ABCs) and business support facilitators (BSFs) for each applicant to build her/his business plan under the guidance of the RCTP Value specialists (VCSs). As previously recommended, training support was rather meant as a permanent techno-economical accompaniment to ensure that the targeted beneficiaries, the more vulnerable producers in the area, were reached out and would successfully benefit and make a successful use of their support to develop their activities beyond the elaboration of a business plan.

Public call: a third grant announcement has been launched in February 2020 for window 1 (primary production) and window 2 (post-production and post-harvest processes). 457 requests have been received showing a growing interest from the rural population (55% increase as compared to 2019) out of which 284 have been approved (22% increase as compared to 2019). However, this shows how the selection process had to be more severe to remain in the financial envelop dedicated to this activity in the AWPB (62% success rate in 2020 against 79% in 2019).

Out of the 284 approved requests, (i) 271 (95%) relate to production – window I (3 in potato seed, 257 in livestock – dairy or/and meat, and 12 in raspberries) for an average amount of EUR 3,195 and 13 (5%) to post-production and post-harvest processes – window II (7 in livestock -dairy products and/or meat, and 6 in raspberries) for an average amount of EUR 9,016 (VAT included).

This confirms the effectiveness of RCTP approach (early calls, simplified process, conditions aligned on other ministry supported programmes as IPARD) as reminded to the mission by all stakeholders met (beneficiaries, input suppliers, municipalities...). Keeping in mind that the RCTP objective is to have supported 300 farmers at mid-term (2020) and 500 by the end of the project (2023), the final target has been reached by 109% at MTR with an increasing interest by the producers, the mission also appreciated how investments focused at reducing the workload for women.

Component 2

The objective is to support rural clusters with supportive rural infrastructure, mostly roads and water supply systems. This component has been technically executed at 44% and financially at 53%.

Specific rural water and road infrastructure bottlenecks have been identified during multistakeholders meetings and through cluster development plans that was followed by a public call to collect applications. Municipalities responded to the public call that has been launched in February 2020 for water infrastructure and for rural roads. The RCTP rural engineer assisted the selected consulting firms to conduct the feasibility studies for each of them, to base selection on economic rate of return and environmental considerations. 135 requests have been received out of which 75 have been approved (55% success rate). Municipalities secured their part of the contributions in their respective budget.

Out of the 75 approved requests, (i) 16 (21%) relate to water infrastructure for an average amount of EUR 41,700 when unit costs in PDR were based on a higher unit cost (EUR 64,780) which provides room for more physical investments, and (ii) 59 (79%) to rural roads connecting remote productions areas to the existing road network for an average amount of EUR 49,720 per application, with an average cost of EUR 70,700 per km (VAT included) which translates a good efficiency performance in line with PDR estimates (EUR 74,750). The mission appreciated the high commitment of the municipalities in terms of their timely financial contributions.

RCTP now reached an efficient and effective fully operational stage confirming the trend triggered in 2019. Regarding water infrastructures, the mid-term objective is exceeded (26 representing 236% of the target), and the final target has already been reached at 96% in 2020; regarding roads, mid-term objective is overpassed (38.9 km of roads representing 150% of the target), after fund reallocation, the final objective for road has been updated from 90 to 130 km, addressing the very high demand from municipalities and the direct impact on remote vulnerable producers for the highly perishable commodities (fresh milk, fresh raspberry) as witnessed during the mission.

The mission approves the reallocation presented by the project team (Annexe 4) to allocate more funds on works, mobilising the non-allocated resources and reallocating the funds that were over-budgeted in the PDR.

Regarding ASAP supportive activities, a key aim of the project is to reduce the vulnerability of the rural poor to climatic risks. The project benefits from IFAD/ASAP fund to support Climate Change adaptation and to ensure a rational and sustainable use of available natural resources. ASAP financing has been mobilized and is being invested to ensure climate adaptation and resilience of both infrastructures and livelihood strategies of rural poor. ASAP funding provides economic incentives in the form of grants for farmers and VC actors, to acquire and demonstrate the use of climate-resilient equipment and technologies.

As far as ASAP funds is concerned, regarding water systems 2,169 people were reached representing 108% of the final target (2,000 people) and regarding small grants, 232 people benefitted representing 82% of the end target (284 people).

The mission approves the proposed reallocation of ASAP funds to better respond to the demand and allow the project to implement effective investments to reach remote and vulnerable households, specifically water ponds and rural roads, reallocating funds from “1.Value Chain Fund (matching grants)” and mobilising the “Unallocated” category. This reallocation will increase the number of beneficiaries reached on access to water with ponds by more than 25%.

Furthermore, ASAP fund from activities of Component 1, over budgeted and/or dropped, will be reallocated together with unallocated fund to Feasibility studies and supervision of additional rural roads. The budget for “Sector Development Facility” will be used to establish pilots on composting/vermicomposting (2) and other possible requests from the clusters (new collecting centers, etc.). The ASAP fund allocated to “Climate resilient VC development expert” activity will be used to hire an international expert on vermicomposting and improved composting. Innovative farmers will carry the initiatives and will be supported by the international expert.

Project implementation and PCU (Component 3)

The component has been financially executed at 42%. Steering committee meetings have been organized as scheduled. Project implementation and management is detailed in the section iii Project Management.

E. Project implementation

a. Development Effectiveness

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

Justification of rating

Output targets are being achieved, apart from capacity building outcomes, most of them exceeding the initial end target. 15,049 direct beneficiaries (327%), representing 4,834 households (106%), have been reached on September 2020. This number includes smallholders receiving matching grants, those participating to training activities and sensitization workshops and those benefiting from infrastructure works (that were underestimated at design). Since works have not yet been completed, the number of total beneficiaries may slightly increase by the end of 2020. It is estimated that 6,149 women (334%) and 5,867 (319%) youth have been supported by the Project so far, although the gender and age of the beneficiaries was always not systematically provided.

Log-Frame Analysis & Main Issues of Effectiveness

At MTR, it has been decided to reallocate funds between project activities. Therefore the targets regarding matching grants and water and road infrastructures works in the LF were adjusted accordingly, as well as the overall outreach targets. More information can be found in the “Modifications” section in appendix 4.4.

At output level, 12 clusters out of 11 planned, are functional (109%) and 532 people received grant support (106%) so far. The Project reported that only 8% of planned number of trainees has been done. However, the mission noted that the PCU sticks to a very narrow definition of training as conventional and therefore excludes all the other kind of support provided to build farmers’ capacities. This led to under-report this key activity, whose achievements are not reported in the M&E database nor in the Logframe. To correct it, the mission required the PCU to prepare a table on the capacity building activities provided to small-scale farmers (Annex 4.4) and added an extra indicator in the Logframe that measures the number of people provided with on-hands support and advice from the PCU and its partners. It is estimated at 1,342 persons at MTR (56% of the updated 2,400 final target) (the disaggregation per year is not available, all are reported in 2020). Concomitantly, the end target of people expected to receive conventional training has been lowered to 300. It was also noted that the PCU was not reporting on the accurate number of project implementers and Government staff trained in value chain and cluster development. The retrieved data showed that 26 people have been trained so far (65% of the end target).

With reference to water and roads infrastructures, 26 production and processing facilities have been supported with increased water availability (96% of the final target), benefitting 868 households (145%). 38.87 km of roads have been constructed, rehabilitated or upgraded so far (43%). At policy level, 3 knowledge products have been produced, surpassing the mid-term target and reaching 60% of the expected target at the end of the project. However, the mission noted that the 3 knowledge products that have been produced still have to be improved to extract policy briefs out of them.

With reference to Project outcomes, a private consulting company, IPSOS, was recruited to conduct a Mid-Term Outcome Survey using the new IFAD’s Core Outcome Indicator (COI) measurement methodology, in July and August 2020. The current COVID-19 crisis caused delays in the conduction of the interviews; therefore, the reporting and analysis of data

collected is still in progress. The mission only accessed to the draft report.

As per Outcome 1, the value of incremental investments in selected VCs amounts to US\$ 0.48 million (96% of the mid-term target). Other important outcomes, such as the number of rural enterprises reporting an increase in profit, the increase in the value of marketed commodities and the number of VC smallholders involved in the production of those commodities, have not been assessed by the PCU yet. For the latter, this indicator was not reported correctly as only grant beneficiaries were included ignoring all small-holders whose production has been impacted by the access to accessible outlets at the cluster level (market pulling effect). To collect data, the mission recommends that the PCU conducts rapid surveys in collaboration with rural clusters MSPs (eg. list of producers selling commodities to supported collectors / processors) to better inform the number of beneficiaries involved in the activities as measured by the above mentioned indicators.

On Outcome 2, the number of households reporting improved physical access to markets, processing and storage facilities or adoption of environmentally sustainable and climate-resilient technologies and practices will be provided through the Outcome Survey. Results at impact level will be measured by the end of the project.

Agreed Action	Responsibility	Agreed Date
Mid-term outcome survey Follow up on the issues discussed and decisions taken during the meeting with IPSOS, to make sure the required information is provided in the Mid-Term Outcome Survey	M&E Officer	11/2020

Development Focus

Targeting and Outreach

Rating: 5

Previous rating: 4

Justification of rating

The Project benefits and reaches out to its intended target groups, as identified in the Project Design Document. Specific targeting measures have been included in RCTP's Gender and Youth Action Plan, which was finalised late 2019, to ensure outreach to poorer smallholders, women and youth. RCTP has already reached out to more beneficiaries than originally foreseen. However, some quantitative outreach targets are not being fully reached (e.g. beneficiaries of matching grants). Sex-, age- and poverty-disaggregated outreach data is being collected.

Main issues

RCTP is currently working in seven municipalities: Berane, Bijelo Polje, Mojkovac, Nikšić, Petnjica, Šavnik, Žabljak. Originally, it was foreseen that at a later stage Pluzine, and Andrijevica, may be included, pending funding, market opportunities and potential impact on smallholders. Given the project's limited financial and human resources this will no longer be pursued.

Three specific target groups were identified for RCTP: women, youth and semi-subsistence farmers. Specific targets were set at design to reach out to semi-subsistence farmers and their involvement was expected to increase during the second half of the project's lifetime. While from exchanges with beneficiaries and the data available in the M&E system, it appears that the project is effectively reaching out to them. However, this should be monitored in a more systematic manner (for example, data on beneficiaries of infrastructure development) and there should be a common understanding on the definition of a semi-subsistence farmer (going back to the one included in the project design report).

IFAD is giving more attention to mainstreaming disability inclusion in its operations. In Montenegro other UN agencies, and especially UNDP, are also increasingly addressing this issue. While persons with disabilities are not a specific target group for RCTP, engagement with persons with disabilities is an area that could be explored during the second half of the project's lifetime.

RCTP objective is to help smallholders graduate to become more commercial and economically active. As part of the project's exit strategy, more emphasis needs to be given to strengthening their access to financial services.

A full-time Gender and Youth Specialist was recruited by the project in late 2019. She has been a driving force in supporting the project to implement its targeting strategy and gender and youth action plan. She works in close collaboration with the project coordinator, heads of components and the monitoring and evaluation officer.

Gender equality & women's participation

Rating: 5

Previous rating: 4

Justification of rating

RCTP's Gender and Youth Action Plan was finalised late 2019. The project RCTP is now consistently addressing all three of IFAD's gender policy objectives (economic empowerment, voice and decision-making, equitable workloads). It started doing so in a pilot manner and now needs to scale up these activities to all municipalities. Women and youth currently make up 40 per cent each of the total beneficiaries. Nevertheless, the 30 per cent target is still not met regarding beneficiaries of the matching grants, with women and youth both making up only 22 per cent each. It should be noted that, even if men are the official recipients of the grant support (only the household head can be a grant recipient), it is often the women who are involved in implementing activities. (see appendix 4.4)

Main issues

Matching grant applications from women and youth receive additional points. Similarly, the vetting of infrastructure development proposals now also takes into consideration the number of women and youth it will benefit. In addition, more attention is given by the project to increase women's voice in decision- and reducing their workload. To enable women and men to have equal voice and influence in rural institutions and organizations the project has organised leadership trainings for women. Moreover, women have been encouraged to join associations and take up decision-making positions (e.g. in cluster steering committees). RCTP has also made efforts to achieve a more equitable balance in workloads and in the sharing of economic and social benefits between women and men. For example, every time a grant request put in for a cow this had to be accompanied with the purchase of a milking machine. As women are responsible to milk the cows, this avoids to increase their workload and actually helps reducing it. Other labour technologies are also being promoted by the project. For example, RCTP also provides support for the purchase of machines making hay. Through the construction of rural roads and water supply systems, the second component of the project is also helping to ease women's workload. In fact, the total number of potential female beneficiaries is a key criterion for deciding where to intervene. Finally, trainings have been held on the principles of the Gender Action and Learning System to encourage positive changes in household decision-making and division of labour.

In accordance to national policies, Municipalities now have to develop a gender and youth action plan. This is an important opportunity for RCTP to engage with the Municipalities. They can support them to ensure these plans pay due attention to rural women and youth and build on the project's emerging lessons.

IFAD's empowerment index was included in the questionnaire for RCTP's mid-term outcome survey. Nevertheless, the first draft of the report did not include a specific gender (and youth) analysis. This is a missed opportunity as it could show how RCTP is contributing to gender equality and women's empowerment and addressing the three of IFAD's gender policy objectives. During the mission, discussions were held with IPSOS to see how this can be tackled.

Agreed Action	Responsibility	Agreed Date
Municipal Gender and Youth Action Plans Engage with municipalities on the development of their Gender and Youth Action Plans	Gender and Youth Specialist; Project Coordinator	12/2020
Empowerment index Ensure the mid-term outcome survey report includes a gender (and youth) analysis	M&E officer; Gender and Youth Specialist; IPSOS	12/2020

Agricultural Productivity

Rating: 5

Previous rating: 4

Justification of rating

In the four earmarked commodities (raspberries, dairy products, meat and potato seed), RCTP clearly contributed to improve the agricultural productivity for small-scale producers through well targeted investment either with small mechanisation (milking machines, grass-cutting machines, soil milling machines, transport equipment) or a bigger production capital that allows economy of scale in terms of costs (increase of number of heads per farm, increase of area under cultivation for crops, supply of high quality vegetative material – potato seeds, berry cuttings) with highly positive direct gains and very good rates of return when considering a 5 year investment cofinanced by the beneficiary (on the basis of 50% of the VAT free value).

Main issues

All investments are systematically done on the basis of basic business plans designed with ABC staff support that showed how worth the investment is. RCTP has started to document the subsequent economic impact beyond the one-shot investment as shown in Annex 4. Proposed simple measurement tools to assess the impact of the agricultural profitability of the investment at the beneficiary level have been proposed by the mission to better understand the causes of the transformation – more incomes, less fatigue, more opportunities - especially if she/he wishes to further develop her/his activity as it has been discussed with several young farmers. It has been recommended to involve MSPs in each cluster

to document this economic analysis with willing producers and disseminate conclusions amongst the members (see “value for money”).

Nutrition	Rating: 4	Previous rating: 4
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Justification of rating

The nutritional security of RCTP targeted population does not present any specific issue; therefore the Project was not initially designed to be nutrition sensitive and no specific activities were designed to address nutrition in the Project. However RCTP can contribute to strengthening nutritional outcomes for beneficiaries through (i) increased income, (ii) increased production of milk and dairy products, (iii) improved access to markets (to purchase food), (iv) access to water, (v) safe food processing, (vi) women’s empowerment. Hence, the rating can be considered as satisfactory.

Adaptation to Climate Change	Rating: 4	Previous rating: 4
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Justification of rating

Activities are climate adaptive and respond to the beneficiaries’ needs, particularly the component 2 on rural water supplies and rural roads. Yet, climate change is not clearly mainstreamed within the project. The component 1 activities rely upon open calls whose beneficiaries co-finance the investment, adaptation to climate change was not considered as a direct outcome. Previous supervision recommended to better target and improve sensitization on climate adaptation practices, efforts were made to design climate smart agriculture tools of intervention but without noticeable success. The mission recommends to allocate more budget to water ponds and rural roads and to pilot climate-smart innovations. The mission will support the RCTP in increasing the eligibility of grants’ investments.

Main issues

At MTR, the mission recognizes the encouraging results from the clusters. For example, storage issues in potato seeds production decreased with cluster as farmers share their storage capacity in a coordinated manner. In all type of clusters, farmers generally get more power on the market.

Nevertheless, there is still improvement to be made. Exchanges between similar clusters could be stimulated in order to improve capacity building and exchange of innovations. Clusters are at different development stages. The advanced ones could enhance a vivid momentum in the emerging ones in a more rapid way through peer-to-peer exchanges. Furthermore, link between different clusters (eg. dairy with potato seeds and raspberry) could trigger exchange of goods, diversify input sources and increase resilience. The mission recommends to initiate exchange visits between clusters (whenever possible and with respect to COVID 19 restrictions), to improve the resilience of the communities.

Many support in window 1 (dairy and cattle value particularly) resulted in an increase of number of heads at the level of smallholders with an increase of production of manure that could be better used. Composting methods are very rudimentary and there is a lot of loss of nutrients (liquid leakage, evaporation), eg. the application of manure in Petnica allowed increasing hay production by four while improving the carbon capture in the soil organic matter. The transport of big and heavy volumes often constitutes a challenge in fertility management that could be an issue to discuss at rural cluster level. Improved pasture resulting from these climate-smart practices increases fodder production as strategic reserves for feed. The mission acknowledges the efforts done in that direction: due to unforeseen difficulties to mobilise the international technical support mission on these aspects a local expertise was commissioned. Unfortunately recommendations did not prove to be realistic or to be feasible in the context of Montenegro. Therefore the mission recommends to establish pilots on improved composting and vermicomposting (2). These pilots will be led by young and motivated farmers supported by an international expertise on vermicomposting and improved composting to be mobilised (establishing the pilots and in documenting the results). ToRs will be merged from the two activity lines “a. Climate resilient Value Chain Development Expert” and “b. Cluster development training”.

Eligible activities for grants from Component 1 should be revised as they do not allow, at the moment, to access several climate-smart equipment. The MTR mission developed a short analysis on climate-smart activities by VC in Appendix 4.2. The list of equipment eligible for a grant may be based on the analysis but must not be limited by it.

The project promotes rural roads rehabilitation and water access and supply for the most vulnerable people in remote areas. By building rural roads for vulnerable people, RCTP allows them to access land more adapted to production (e.g. seed potato) and reduce vulnerability to extreme climate shocks. The activity on water access encountered great success among the beneficiaries and the budget allowed to this activity is foreseen to be spent by the end of the year 2020. The ponds build in remote areas permit HH to reduce their vulnerability to climate change and recurrent periods of drought. In order to continue responding to the demand on water access, the activity will benefit from reallocation of ASAP fund. This reallocation will increase the number of people reached on access to water.

At a later stage, the Project could support the National Adaptation Plan (to be agreed at national level) lead by UNDP to showcase climate adaptive practices in Montenegro.

Agreed Action	Responsibility	Agreed Date
Potential investment to climate smart practices To propose climate-smart practices to be discussed and supported in 2020 (particularly with regards to soil fertility management) through ECG support	PC and IFAD/ECG	11/2020
Develop merged ToRs for international expert on improved compost and vermicompost The project will develop ToRs for an international expert. The expert will accompany innovative farmers in establishing the pilots (2) and in documenting the results. One ToRs will be merged from the two activity lines "a. Climate resilient Value Chain Development Expert" and "b. Cluster development training".	RCTP PMU	11/2020
Reallocation of ASAP fund for water ponds In order to continue responding to the demand on water access until the end of the project, the activity will benefit from reallocation of ASAP fund. The reallocation will come from the matching grants activity and will be balanced with IFAD loan from "Unallocated" fund category.	RCTP PMU	11/2020
Initiate exchange visits between clusters Initiate exchange visits between clusters and on pilots (whenever possible with the COVID-19), to improve the exchange of ideas and increase resilience of the communities.	RCTP PMU	04/2021

b. Sustainability and Scaling up

Institutions and Policy Engagement

Rating: 5

Previous rating: 4

Justification of rating

RCTP confirmed its strong anchorage in the national context beyond the implementing ministry (MoARD). Strengthened by its newly recruited gender and youth officer, RCTP developed interactions with key partner ministries (Ministry for human and minorities rights – department for Gender equality, Ministry of Sports – department of Youth) as well the Union of Municipalities of Montenegro to grasp opportunities to contribute to their respective strategic plans while to simultaneously share with them lessons learnt from RCTP implementation. At MTR, RCTP has built a recognised position on the basis of its effective delivery in the strict respect of open and accessible procedures adapted to its targeted clientele – rural vulnerable producers in remote areas.

Main issues

The 2020-2022 country strategic note has been approved and provides a venue for a broad involvement of various stakeholders and adequate opportunities to better value the lessons learnt. Although RCTP staff and partners, particularly successful beneficiaries, were encouraged to participate in national processes and events (fairs, visits), the COVID-19 pandemic restrictions set a new context and those opportunities were postponed. However, the mission observed that RCTP gained a lot in term of visibility beyond the MoARD where its relevance was already noted during the previous supervisions, especially thanks to very well documented articles in national media exposing concrete outputs of the project in remote areas of the mountain municipalities.

It is noticeable that the efforts deployed by RCTP to effectively reach its targeted beneficiaries has been well appreciated by the municipalities that had concrete challenges to reach their own remote rural areas constituencies. The setting of MSPs provided a social space for rural populations to interact with municipalities. Cluster MSPs slowly became interfaces to identify and prioritize rural infrastructure investments. Municipalities also recognises how RCTP approaches managed to be economically inclusive, allowing small-scale producers excluded from other government programmes because of their low level of productive assets, to develop their production activities. Thanks to this graduation, they ultimately manage to register as producers eligible to other public supports (Agro-business grants in particular for youth, IPARD, MIDAS...).

RCTP has gained an increased dimension through the implementation of its gender and youth action plan developing stronger relationships with the Ministry for human and minorities rights – department for Gender equality, and the Ministry of Sports – department of Youth. Both of them are developing actions plans at municipality level (respectively for Gender and Youth), and it is recommended that RCTP contribute further to the implementation of those plans in order to increase its policy engagement in those domains.

Partnership-building	Rating: 5	Previous rating: 4
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Justification of rating

At MTR, RCTP managed to develop a broad range of partnerships (see partnership matrix in appendix) that made it entirely part and parcel of the overall government intervention in rural development. While supporting the emergence of MSPs, RCTP itself involved and partnered with key stakeholders to ensure that the approach can successfully bridge the gap between semi-subsistence farmers left out from other programmes and access to private service delivery (input supplier, processors). This inclusive integration in the value chains provided immediate incomes and a possibility for small scale producers to transform and uplift their current economic status with the support of all other existing parties (ABCs, private sector companies, municipalities, other government programmes).

Main issues

RCTP managed to initiate / revive local public private partnerships involving municipalities and private companies to particularly develop collecting / processing capacities accessible to small scale producers. Actually at Mid Term, 13 clusters are been initiated grouping the different actors of the value-chains. The mission could measure through discussions with some of the main stakeholders of the cluster, that real progress were made since 2019 in terms of functioning of those clusters. Particularly the role of an active private entity (as a suppliers or a processor from the territory) is critical to pull up the cluster activity, particularly in favour of the small producers through technical advice and access to markets.

Regarding the 7 municipalities, they are identified as co-financing partners. As local elected authorities answerable to their constituencies, they co-finance: i) 26% of common infrastructure (rural roads, water infrastructures) covering also the beneficiary share identified in the PDR but that would have been impossible to mobilise in the context of Montenegro; and ii) step in local public private partnerships with private sector to deploy processing units targeting mountainous small-scale farming clientele.

Regarding KM and policy partners. Interactions with the Union of Municipalities of Montenegro allowed to reflect on the Lessons learnt from the effective collaboration between RCTP and municipalities in terms of set procedures (public calls, interactions between clusters MSP and decision making authorities regarding rural infrastructures investments...) that could develop in coming years into policy briefs.

Consultations with other ministries as Ministry of Sports and Youth and Ministry of Human Rights and Minorities allowed to identify collaborative activities especially with regard s to the adoption of Gender and Youth action plans at municipal level where RCTP lessons learnt could be captured regarding gender and youth in rural areas.

Partnership with private sector was envisaged in the PDR and indeed developed with very tangible outputs at MTR that let us envisage a prominent role of the private sector in the exit strategy. In terms of procurement of inputs, private suppliers made available a high quality range of equipment adapted to small holder mountain farming and provided extensive delivery and after sale services; suppliers accepted the dual source of payment inaugurated by RCTP: 50% in cash at selling date by the customer and 50% by RCTP once delivery is effective. In terms of securing commercial outlets for the produced commodities, Collecting / processing units (milk, meat, berries, seed potatoes) i) big companies co-invested with municipalities through local PPP to develop collecting / processing plant (milk, meat) and ii) small companies participated in multi-stake-holders platforms in the 12 clusters and benefit from co-financed investment combining RCTP grants (window 2) and own capital to develop collecting and processing plants providing outlets to small scale producers.

Regarding Implementing Partners, ABCs are co-financed by the MoARD and municipalities and provided support services to accompany rural producers: extension, training, action research, facilitating networking amongst the territorial clusters, assistance to small-scale producers to apply to RCTP specific calls targeting them (window 1 and 2).

Human and Social Capital and Empowerment	Rating: 5	Previous rating: 5
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Justification of rating

Through cluster development processes, RCTP's target groups are empowered and their social capital is strengthened. The multi-stakeholder cluster meetings create a space for engagement and dialogue, help to create trust and deepen networks among farmers and agri-businesses, share knowledge, address common issues, identify prospects for business opportunities between participants and so strengthen the value chain. Nevertheless, the cluster show different levels of maturity. Furthermore, the project has supported smallholders by strengthening their business skills, but also by providing

training on more technical issues.

**Quality of Project Target Group
Engagement and Feedback**

Rating: 5

Justification of rating

Beneficiary participation remains central to RCTP's approach. Through cluster development processes, beneficiaries are fully involved in the planning and implementation of project activities. Farmer diaries have also been introduced as part of the project's M&E system. The municipalities are covering the beneficiaries' contribution foreseen under the second component, as agreed during previous supervision missions. A grievance redress mechanism does not currently exist in the project, but the possibility of incorporating one should be explored.

Main issues

As it was not a requirement at the time of its design, RCTP does not have an overall comprehensive plan for Implementation of project target group engagement and feedback activities.

Nevertheless, firstly, through their involvement in cluster mapping and planning and, secondly, through the provision of matching grants, where beneficiaries are expected to contribute 50% of the investment cost under the first window and 66% under the second one, beneficiaries are fully involved.

RCTP organized MSM workshops which included a wide range of interested parties in creating common platforms (producers' representatives, suppliers, service providers, traders, representatives of banks, municipality, state, micro institutions and representatives of other sectors in the value chain). The basic role of the RCTP team is protection of semi-substance agricultural producers who had direct meetings arranged with other members of the value chain. Members of the RCTP team are always present at meetings, they help giving advice, making it clear to other participant in the VC that they are present primarily for the interest of semi-substance agricultural producers.

Agreed Action	Responsibility	Agreed Date
Grievance mechanisms Explore the possibility to incorporate a grievance redress mechanism adapted to the RCTP approach	PC/IFAD/ECG	12/2020

**Responsiveness of Service
Providers**

Rating: 5

Previous rating: 5

Justification of rating

At MTR, service providers performed and delivered expected outputs in due time. Even more remarkably, in spite of the COVID-19 restrictions context that set new challenges this year, the works could be achieved on time. It is therefore noticeable that service providers in their majority delivered expected services. The only exception is the mid-term outcome survey that was delayed due to the difficulty of organising surveys in the COVID context, and only a first draft could be available before the review.

Main issues

Civil works contractors implemented their contract in due time, for roads and water infrastructure, in spite of the remoteness of the intervention areas that refrains many companies to bid for the required service delivery and works.

Input suppliers from the private sector procuring equipment and inputs needed also proved to be very efficient particularly with the procurement of good quality guaranteed equipment at a reasonable price with long after sale services ensuring the permanent availability of spare parts that can be easily accessed. They also provide a specific on the spot delivery service of the equipment to create a close relationship with a clientele that they has difficulties to reach and to better address their needs.

Retraining, building capacities of the small-scale producers has been a constant challenge for RCTP. A lot of efforts have been done to sensitize remote small-scale producers who are generally left out of any public programmes. This comprised numerous personal/individual interactions was conducted with ABCs staff to convince them how they would actually benefit from the RCTP opportunities (particularly window 1 public calls and participations in MSPs). The quality of the relationships established with ABCs staff allowed RCTP to effectively develop such linkages that can be translated into a growing number of applicants in window 1 public calls. It is to be noted that, beyond the open public sensitization meetings, RCTP staff, in obedience to the public code of procedures, do not directly interact with applicants before the selection process. ABCs staff involvement to assist small-scale producers and particularly the most vulnerable ones is particularly worth to note.

The first draft of the mid-term outcome survey was discussed with the provider, IPSOS, in order to get a final report by the end of October 2020.

Agreed Action	Responsibility	Agreed Date
Training of beneficiaries To recruit more local BSFs either directly earmarked by the Project (PMU) or by ABCs	PC	12/2020

Environment and Natural Resource Management

Rating: 5

Previous rating: 4

Justification of rating

Positive impact on the environment have been noticed through the interventions of the RCTP. The component 1 activities contributed to decreasing the use of herbicides and other inputs and improving the sustainable management of permanent pastures (katouns) by the clusters. The component 2 has a considerable impact on beneficiary's life by improving water access and management and found a ready demand. The mission recommends to improve manure and waste management by bringing to the fore practical initiatives and by piloting innovations. All RCTP component 2 activities have systematically been preceded by a study assessing the environmental impact (water systems, rural roads), these documents were shared by the RCTP and verified by the mission.

Main issues

The list of the eligible equipment under the component 1 activity on matching grant (window 1) is too restrictive and should be revised. The activity should allow beneficiaries to apply for a broader list of equipment appropriate to respond to challenges such as water management, storage or waste management (e.g. solar panels to provide electricity for pumping water or cooling storage facility). Reducing environmental impact can be achieved in a variety of ways depending on the local capacities, from waste management to plant protection by further developing integrated pest management (IPM) methods for pest and disease control. More information on the proposed activities by VC can be found in Appendix 4.2.

As presented in the ACC section, the rural water supply encountered great demand and success in Montenegro. The activity should benefit from additional fund to respond to the demand on water harvesting and ponds (tanks) for vulnerable communities.

RCTP staff should continue to visit works sites to double-check permits and environmental impact assessment done by the private or public constructor and ensure all recommendations are followed.

Agreed Action	Responsibility	Agreed Date
Revise eligibility list for matching grants Revise the list of eligible equipment for matching grants on the basis of the analysis on VC of the MTR mission.	RCTP PMU/IFAD	11/2020

Exit Strategy

Rating: 4

Previous rating: 4

Justification of rating

RCTP successfully established an efficient mechanism to extend matching grants (MGs) to smallholders not accessing other grant schemes and leveraged parallel similar support from municipality funds. This is to be further encouraged to ensure such target group could continue to receive support (and later possibly qualify to other national grant schemes) when the project ends. Cluster should update their development plans and devise the way forward for the development of targeted value chains at local level. A review of the offer/demand of rural financial services for the various target groups should be carried out to devise options. It is recommended to better couple MGs, loans and promoters' own resources to fund rural SMEs investment and working capital.

Main issues

Pursuing MGs schemes targeting very SHs. RCTP established a simple and effective matching grant mechanism targeting smallholders (SHs) who are not eligible to the MoA agri-budget and EU-supported grant schemes, giving them a chance to grow and later qualify for these schemes. Inspired by the modalities and performance of the RCTP some municipalities started parallel MG schemes using their own budget. This is to be further encouraged as there will likely be many potential very smallholders/subsistence farmers still in need to receive such MG (albeit the increased RCTP scope with the re-allocation) by project end.

Evolving roles of clusters. Clusters are informal platforms that effectively allowed to dynamise /increase production and discuss value chain issues amongst concerned stakeholders (from production to marketing) at local level. They however vary very much in terms of composition, focus, level of maturation, topics discussed within the cluster. While such informal platforms would continue to meet and function, their role/focus would naturally evolve according to the felt needs/issues to be solved by their members. Some of their participants (notably smallholders and processors) may feel the need to form registered association or cooperative or other juridical status of enterprise to promote and manage common sub-projects/investments (for ex milk collection centres, cooling stores, etc.). The initial development plan of each cluster should be updated regularly and the PCU should assist them to produce a simple progress report (at least every year or at the end of the cropping season) to tell a story on achievements, successes, challenges, remaining needs and the way forward. In some value chains (raspberry, dairy, meat) although the end user (processor, wholesaler/exporter) or a joint venture processor/producers is likely to act as the puller of production and quality enhancement, the informal cluster would keep an important role for discussing and balancing the interests and point o views of all parties concerned. Regarding seed potato (which is a highly specialized production carried out by a limited number of stakeholders), the national platform could be revived through the existing clusters and establishing a national association of seed potato producers might be needed in parallel.

Leveraging PFI resources and coupling MGs with loans For the bankable subprojects (in particular under window 2 dealing mainly with post-harvest activities) effort should be made to reflect in the simple business plan the mobilization of loans extended by the IDF and/or commercial banks and microfinance institutions, both for the investment and increased working capital requirements, and discuss prepared business plans and later further enterprise development/financing needs with participating banks. An option for the future could be a mechanism whereby MGs for SMEs (either funded by the municipalities or any government scheme) be progressively disbursed by a participating financing institution (PFI) financing the investment (except the promoter's own contribution), according to the agreed loan(s) repayment schedule. The MG would thus act as a collateral and an incentive for PFIs to engage more in small rural enterprises finance, leaving the administrative burden to screen applicant and administer the MGs and the end financing decision to the PFI. For larger investment needs of medium enterprises, other mechanisms to leverage PFI own resources and reduce their risks under possible involvement of the IFAD private sector window should be explored. It is recommended to carry out a practical study of the offer and demand of rural finance services to devise the various options for the different target groups.

Agreed Action	Responsibility	Agreed Date
Exit strategy To develop the exit strategy with regards to the different domains of intervention (matching grants, municipalities, private sector)	PC	08/2021

Potential for Scaling-up

Rating: 5

Previous rating: 4

Justification of rating

RCTP produced 3 working papers in preparation of the MTR that can form a basis for the production of policy briefs. The mission noted that with the no cash advance by small-scale producers benefiting from matching grants, RCTP developed an effective delivery method of public calls targeting the most vulnerable smallholders in partnership with inputs suppliers. The tri-partite approach – MARD/RCTP, Municipality, Rural clusters (including the private sector) – can deliver short-term changes positively affecting the most vulnerable rural people's incomes while ensuring a promising economical growth and to envisage further investments by the private sector but the needed financial institutions still need to be included in the loop.

Main issues

As previously said, in the current context of addressing the various chapters linked to EU membership and particularly on the role of administration (including municipalities) to deliver effective services, the Government and Association of municipalities could upscale RCTP approach in other sectors and regions. However, Due to budget limits and the difficulty to mobilise supplementary funds during the project timeframe, RCTP is not in a position to expand its activities to the two neighbouring municipalities that were identified in the PDR.

The potentials for upscaling have clearly been identified and the Project produced three working papers – Rural cluster transformation approach, cooperation with municipalities, targeting and supporting primary target group - that form a solid basis for the elaboration of policy briefs to disseminate in various discussions circles to influence policies : i) regarding municipalities through the Union of Municipalities of Montenegro (and take advantage of approaches that have already been adopted by certain municipality as Petnjica (matching grants), Mojkovac (local PPP), ii) regarding project approach within the MoARD with other programmes (IPARD, MIDAS, ...) ; iii) regarding social inclusivity with the concerned ministries (MSY, MHRM) and the municipalities; and iv) the One UN approach

The economic development of the processing/collecting centres is still to be properly documented to provide a solid basis for further implication of financial institutions (banks, SDF) to become active financial partners addressing the long and

mid-term needs of the private sector to develop their business in rural areas in an inclusive way that proved to be economically viable. While keeping an intervention that allows more small-scale producers to access economic outlets (window 1), RCTP now needs to get a better knowledge of the existing offer of financial services by the financial sector to identify opportunities and bottlenecks to finance the private / cooperative sectors involved in the collecting / processing of agricultural commodities in rural mountainous areas.

The mission recommends to explore i) the possible implication of the IFAD private sector advisory and implementation unit (PAI) in IFAD to advise on possible future support and invite PAI to participate to the process ; ii) to exchange with other IFAD programmes in the region on such topic (eg URDP in Turkey...)

Agreed Action	Responsibility	Agreed Date
Partnership with the financial sector To analyse opportunities and bottlenecks for financial institutions to engage with private sector involved in the mountain agricultural sector	PC / Consultant / PAI-IFAD	04/2021
Production of policy briefs To translate into short policy briefs main lessons documented in the working papers in line with the KM action plan	PC/ consultant	06/2021

c. Project Management

Quality of Project Management	Rating: 6	Previous rating: 5
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Justification of rating

The PCU has proved its ability to resolve problems and guide implementation. It has completed its re-organisation with the recruitment of the gender and youth officer. Relationships with the Ministry where the PCU is hosted are excellent with a high level of involvement of top executive in overseeing the Project progress. This translated into high capacities to implement project activities beyond expected indicators in a very efficient way. The PCU prepared a reallocation of funds plan on these basis and use M&E and KM as a decision tool for project management.

Main issues

Relationships between the Project Coordinator and the host ministry (MoRD) are based on a permanent reporting and a strong involvement of the Ministry higher staff in the strategic monitoring of the project activities.

The PCU has proved its ability to resolve problems and guide implementation. Particularly in the COVID context, the team was able to continue the activities, proposing, in close collaboration with IFAD, measures to adapt the PIM, giving flexibility to the processes while respecting the implementation rules and allowing excellent achievements.

PCU organizational set-up: the re-organization of the recruited staff has proved to be very satisfactory with the recruitment of two value chain officers affected to north-western and north-eastern municipalities respectively, a law officer and a gender specialist. This working set-up proved to be very efficient and must be maintained for the second half of the project

The seconded law officer continues to play a crucial role in reviewing all legal documents and processes. The mission recommends that he continues exploring the best appropriate legal status and assisting registration for rural clusters as NGO (not for profit organizations) and other emerging profit oriented producers/operators organizations in collaboration with VCSs.

The recruitment of the MoADR gender focal point, under the hierarchical responsibility of the Project Coordinator has been done and proved to be very successful with a strong impact on gender and youth issues being mainstreamed in the RCTP approach.

The Project Coordinator fulfilled all expected roles in terms of management and coordination. His mentorship role regarding the newly recruited staff has proved to be very effective as the mission could witness a perfect integration of the field staff in the targeted sites. A team building two-day workshop has been organized that has been very much appreciated by the the team that acknowledged their respective complementarities.

PCU holds staff meeting on a monthly basis in Podgorica. Local coordination meeting at municipal level involving all implementing partners are organized quarterly.

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

Three knowledge products have been prepared, as recommended during the last supervision mission. The Project also features regularly in the national media. Nevertheless, RCTP currently does not have a knowledge management strategy, which would allow the project to set up inclusive learning systems. The strategy would have to look at issues of visibility, information management, knowledge sharing activities at various levels, etc. This will become even more important during the second half of the project's lifetime.

Main issues

The knowledge products are still to be finally edited for broader dissemination as well as be used as a source of policy briefs.

RCTP has now reached a level where it definitely gets valuable lessons learnt and experiences to be shared from the successful implementation of project activities. To consider KM in a broader understanding, a KM action plan is to be developed and the mission provided a draft plan to assist RCTP to adopt its own plan (see appendix 4.6)

Agreed Action	Responsibility	Agreed Date
Knowledge management strategy Develop a knowledge management strategy	M&E Officer	12/2020

Value for Money

Rating: 5

Previous rating: 5

Justification of rating

The PCU is acting diligently to avoid unnecessary costs and reduce unit cost of main items when possible (notably infrastructure and logistics). This allowed to increase the project scope/targets with the proposed re-allocation. In turn this will likely translate into higher economic benefits at completion without any increase in project costs and therefore into a higher economic viability of the project than expected at design. Interviews with a few smallholders during the mission suggest that funded grants generated additional production and net income; however a systematic simple tracking system based on a sample and voluntary basis and linked to technical and business advisory should be put in place rapidly, along with tracking of key parameters for estimating the benefits of infrastructures.

Main issues

Input / Output ratio. The PCU gave attention to wise spending, limiting and reducing (when possible) unit costs of main activities (as infrastructure), and avoiding spending on unnecessary planned expenses at design (eg. operational costs for training and workshops thanks to i) partnerships with municipalities, ABCs, MoARD extension services that cover these costs as well as ii) a strong beneficiaries' commitment participating in training without allowances of any kind). Unit costs of infrastructure are lower than those planned at design (-13% for rural roads, -54% for water ponds, and -38% for water multiple use systems) and are even reduced in 2020 (as compared to 2018/2019) without compromising on technical specifications. This allowed, during the re-allocation exercise, to build more roads and water infrastructure (and associated number of beneficiaries) than planned at design, as well as to further increase the project targets (from 70 to 130 km of roads and 27 to 49 water infrastructures) and the number of matching grants beneficiaries. This is a remarkable performance to be noted.

Impact of funded grants. Interviews with a few smallholders during the mission suggest that funded grants under window 1 generated additional production and net income along with other benefits such as reduced workload thanks to access to agricultural machinery and diversification of income (for ex selling mechanized services such as mowing). In absence of current monitoring of technical and financial impacts at grantees' level, it is difficult to have an ascertained assessment though. Therefore the mission recommends to rapidly establish a simple technical-financial manual monitoring system, capturing incomes and expenses (limited to the activity benefitting from the grant, not aiming at capturing all income /expenses of the farms/household) that could be implemented by some grantees on a voluntary basis. To make it appealing to them, the staff supporting such system (whether the VC specialist or extension or ABC staff or capable BSF or a combination of these) should enter into an advisory attitude, committing to analyse the technical-financial results together with the farmers and translating it into practical advice (for ex calculating the production costs per unit and comparing it with selling prices, discussing cash flow forecasts, discussing production performance and alternative technical options, etc.). The system can be manual using simple school notepads with pre-filled columns for income/expenses categories and key production parameters (for ex quantity of milk/cheese produced per day and sold) and adapted to each activity as well as to existing records that may exist (notably for livestock).

Efficiency. Without any notable changes in planned project activities or in the socio-economic context, it is not necessary to revise the economic analysis at MTR stage. Models developed at appraisal will need to be adapted and re-focused on the activities effectively mostly funded under the grant scheme. At this stage, one can say that accrued economic benefits at completion are likely to be higher than planned at design (thanks to increased scope in terms of number beneficiaries of

grants, km of roads, water infrastructure established, etc.) while project costs would remain the same. This is likely to translate into higher economic viability of the project as compared to design. It is therefore the right time to start a simple system to monitor the financial impact of funded grants (see above) as well as recording the actual values of key parameters of models established for estimating the benefits of roads and other infrastructures (including no of HH benefitting and other technical assumptions – see models established at appraisal).

Agreed Action	Responsibility	Agreed Date
Tracking technical financial impacts of funded grants Define sample based on main types of funded activities/ develop manual income-expenses and technical performance recording tools / identify responsible staff / identify voluntary farmers /	PC/ VC/ M&E/ IFAD	04/2021

Coherence between AWPB and Implementation

Rating: 5

Previous rating: 5

Justification of rating

As shown in Annex 2 - Physical progress measured against AWP&B, overall, the average percentage of physical achievement is 61% in C1 and 0% in C2. The low percentage in C2 is due to the construction works of water and road infrastructures, still on-going but not finished yet. The figures is destined to change as soon as the first infrastructures are completed and will be over to 90% as in 2019.

AWPB Inputs and Outputs Review and Implementation Progress

As of 31/08/2020, the project spent EUR 472,634 (27 % considering only IFAD and ASAP financing) of the budgeted funds for the current year. However, most construction works are still on-going; in the next three months all water and road infrastructures planned are expected to be completed and paid, thus significantly raising the percentage of expenditure in 2020.

As shown in Annex 2, in terms of physical achievement, there is a clear link between planned and actual activities; some have been not been implemented yet while others are completed already. In C1, annual cluster tracking surveys, the roll-out of business skills courses, incentives for BSF to facilitate BSC at group level and the study tour on cluster development have not advanced yet. Nevertheless, other activities have either been already completed or almost finished, while others surpassed the expectations, such as the number of VCF beneficiaries reached (134%).

Performance of M&E System

Rating: 5

Previous rating: 4

Justification of rating

The mission recognizes the great work done on the Project M&E in the last three years. The PCU went from not having any tool to collect data, to have a developed database informing on all project activities and the beneficiaries reached. The commitment to have quality data shown by the M&E officer and the whole PCU during the mission was commendable and highly appreciated. The database consists of the excel M&E database already described in previous reports and is very useful in providing the full picture of what has been done so far. Its structure and content has not significantly changed since the previous mission, with the exception of adding more details on grant beneficiaries reached in 2020 and having the Logframe and the beneficiaries table as separate files for ease of clarity. The COI survey has been initiated and the mission could benefit from a first draft of the report.

M&E System Review

The M&E database is of good quality but its reporting was limited only to the output level. It was not enough to fully understand and document the real effect that interventions had on the beneficiaries.

In order to have information at Outcome level, the PMU hired a company, IPSOS, to conduct a Mid-Term Outcome Study which results would have informed the mission. The study analysed how RCTP supported its beneficiaries on the following areas: household's assets, crop and livestock production, processing and market access, environmental sustainability and climate resilience and gender balance. The mission team only received a draft report of the study, of low quality and not clearly explaining how the beneficiaries' situation changed since the baseline. A meeting with IPSOS was then organized, to explain the issues identified and make sure that the final study includes a comparison with the data collected by IPSOS at baseline, and inform on the Outcome indicators in the Logframe.

The project encountered some difficulties to proceed with the Mid-Term Outcome Study partly due to the COVID context but also the the process itself. This experience shows that the process is very delicate to implement properly: firstly it requires a high commitment from the project M&E officer; secondly, the questionnaire which derives from the COI methodology is quite long and cumbersome: not easy to apply to 750 beneficiaries who are sometimes reluctant to reply to

repeated questionnaires, and this issue becomes bigger when the COVID pandemic implies distanced and virtual surveys... third the recruitment of a firm to do the job is a challenge: the firms are generally not trained on the COI methodology and do not fully understand what is exactly expected from them; there is a risk they do not constitute the sample properly, they do not collect the data as requested and have difficulty to analyse those data in the expected direction. Support from IFAD is critical to accompany the project and the firm.

The experience of the Outcome Study showed also the importance for the PMU to have its own outcome monitoring system in place. It is of crucial importance to understand if the project is indeed supporting the beneficiaries in getting out of poverty the way it was designed to.

To do so, it is recommended prepare a list of questions to be asked to a small sample of grant and training beneficiaries, as well as farmers living in the areas where water and road infrastructures were built/rehabilitated, in the form of rapid surveys, to be conducted by the PCU annually. The rapid surveys will include straightforward questions aimed at understanding if the services received by the beneficiaries helped them improving their situation significantly and sustainably or not. IFAD will support the PCU in drafting the content of the rapid surveys, but the PCU will be in charge of identifying the sample size and the modalities in which the survey will be conducted.

Agreed Action	Responsibility	Agreed Date
Implementation of the rapid surveys Prepare a schedule of implementation of the rapid surveys, specifying: when to be conducted, where, including whom and the data analysis process	M&E officer and Value Chain officers	11/2020
M&E Database Keep the M&E database constantly updated with the list of all project beneficiaries. Include training and sensitization workshop beneficiaries.	M&E officer	05/2021

Social, Environment, and Climate Standards requirements

Rating: 5

Justification of rating

As mentioned in the previous supervision mission report, the Project adheres to all PIM requirements regarding social and environment impact with ad-hoc studies done (REIA) by the contractor and reviewed by the Project. During the MTR, the mission revised feasibility studies of roads and water infrastructures and recognizes that they respond to SECAP requirements. The mission acknowledges the comparative advantage of IFAD in Montenegro, upgrading capacity of smallholders while reaching households than nobody reaches and allowing them to join the market and unite in clusters. The selection process involving cluster members to reach the targeted beneficiaries, particularly women and youth, have resulted in a more inclusive basis but still lack of women representation.

SECAP Review

As the previous supervision mission reported, it has been observed that the beneficiaries often chose to invest into equipment that impact on workload in mountain areas: cutting grass light machines, mobile milking equipment, transport means (trailers and small tractor). With such equipment, beneficiaries recognized that they can run their activity in an economically viable way with less fatigue.

Building on the recommendations from previous supervision on climate smart practices, the MTR mission, through meetings with farmers and PCU, recommends to revise the list of eligible grants of Window 1, create exchange between clusters (similar and complementary clusters) and implement manure and waste management pilots. The pilots will rely on local knowledge and international expertise and will include improved composting, vermicomposting and natural pasture, raspberry and seed potato fertility management. The pilots will benefit from exchange visits, this method being more adapted to the COVID-19 situation. Indeed, visits with smaller groups can be organized and distributed over a longer period of time. The production of improved compost and/or of vermicompost by farmers is not well spread in Montenegro and the Project has the opportunity to spread these good practices and participate in diversifying farmers' revenue while improving soils quality. This activity could be attractive to youth and innovative farmers.

The Project responds to the SECAP requirements on social and environmental aspects. It has been confirmed that Municipalities now have the legal obligation to develop a gender and a youth action plans. As reported in the gender section, this constitutes an important opportunity for RCTP to engage with the Municipalities, ensuring these plans pay due attention to rural women and youth and build on the Project's emerging lessons. The PCU included the SECAP and PIM's requirements within the feasibility studies of rural roads and water infrastructures. These studies are consistently composed of a SWOT analysis, an economic and financial analysis and of an analysis of sustainability of the investment

and its conformity with all requirements.

The mission acknowledges the meaningful stakeholder engagement during Project implementation. Indeed, stakeholders are consulted from the very beginning in prioritizing infrastructure investments and their opinion constitutes the basis for the acceptance of the requests sent by municipalities. Their involvement is maintained through regular interactions between the territorial clusters and the municipalities and they, therefore, can express their eventual grievance/satisfaction directly with municipalities.

The Project could improve its M&E system by developing a geographical information system of its activities that can be updated in a GIS software (e.g. QGIS). This kind of system could easily be put in place to better communicate RCTP achievements, improve visibility and more readily create synergies with other projects in Montenegro. More details can be found in the Appendix 4.2

Agreed Action	Responsibility	Agreed Date
Update the geo-referenced system of all RCTP activities IFAD to put in place the Geographic Information System on the basis of RCTP geo-referenced data available. The PCU will continuously update the system as part of its M&E system.	PCU/IFAD ECG	05/2021

d. Financial Management & Execution

Acceptable Disbursement Rate	Rating: 6.0	Previous rating: 6
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Justification of rating

Automated rating based on IFAD disbursement data

Main issues

1. RCTP is a six-year project. It is funded with an IFAD loan of EUR 3,9 million and ASAP grant of EUR 1,9 million. At 31/08/2019, after 2,2 years of implementation, IFAD has disbursed 35% of the total financing into the Borrower/Recipient's Designated Accounts (DAs). Disbursement rate is 39% for the IFAD loan and 27% for the ASAP grant. The disbursement performance is highly satisfactory.
2. During supervision mission, WA4 for the loan and WA1 for the ASAP grant have been submitted to IFAD for a total amount of EUR 0,6 million. After replenishment, the disbursement rate will increase to **45%**. Moreover, should the residual 2019 AWPB for the period Sept-Dec (EUR 0,9 million) be fully spent and timely replenished within year end, IFAD disbursement rate may reach up to **61%**.
3. Similarly, real cumulative Project expenditure of IFAD financing is projected up to max 40% by year end if the IFAD quota of AWPB 2019 is 100% achieved: current year budget progress is at 34% and the gap is expected to be filled once on-going works are completed and paid.

Agreed Action	Responsibility	Agreed Date
Reallocation of IFAD financing Revise the Schedule II of the Financing Agreement	PMU/MARD/MOF/IFAD	12/2020
Recovery Plan of DAs Start preparing a recovery plan of the amounts advanced to the designated accounts, for the Loan and the Asap Grant, from 2021-onwards.	PMU	05/2021

Fiduciary aspects

Quality of Financial Management	Rating: 5	Previous rating: 5
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Justification of rating

The PMU fiduciary risk is deemed low. Financial operations are satisfactorily carried out by the effective finance team seconded by the Government. The accounting systems/software is fully in place and it allows adequate booking and reporting (including SOE) generation. Segregation of duties is properly implemented ensuring control over expenditures.

Funds can flow fully and timely upon request. The level of the authorized allocations to the DAs, both IFAD/ASAP is securing adequate liquidity to execute 2019 budgets in Q 4. For the FY 2019, the external auditor has not been identified yet.

Main issues

Although the **finance team** is not fully dedicated to RCTP, it is providing effective financial support to the project. The FO role is covered by the State Secretary of the MARD who is closely involved in the coordination and decision process and represents a key asset for the project. He is supported by a dynamic and organized Administrative Assistant who in the last year has gained full command in the maintenance and utilization of the adopted financial systems (TOMPRO, SAP, ICP).

The **budget** process follows the timing/procedure of the national envelope being the Government Contribution to Comp 1 (matching grants) and 2 (works) part of it and, as a consequence, the complementary IFAD contribution is impacted. AWPB 2020 process will be finalized by December (Steering Committee) for IFAD no-objection (in January).

The project **accounting** software is TOMPRO (cash/IPSAS). It is fully running and integrated with the TOMMARCHE procurement software, which is securing correspondence between invoice booking and contract register. The budget is maintained in TOMPRO. The chart of account is adequate both for the IFAD and national requirements. Effective reports are generated from the system, including reconciliation with bank statements (monthly) and SOE. Booking into TOMPRO is performed once payments have been executed. A fixed asset register is maintained in excel according to MARD practise and tagging is performed. **Reporting** is regularly done quarterly (IFRs) and bi-annually (internal progress report), with timely submission to IFAD.

All payments are done on the Treasury centralized platform (SAP system) from the Single Treasury Accounts where RCTP has an open position to spend as for the approved AWPB. Upon request, **IFAD funds** are fastly withdrawn from the DAs held at a commercial bank.

As per July 2019, the bank is applying a 0,1% fee on such withdrawals. During this mission, it has been decided that bank charges for the ASAP Grand DA will be booked under Category WORKS (as there is no Recurrent Cost cat. as per the FA). Supporting documentation to payments is available at the PMU upon request, however, it is recommended that each processed invoice is always accompanied with a copy of the certificate of completion (service, works, good) and/or a copy of the confirmation from the PD and/or its staff originating the expenditure.

Internal controls are in place and proper segregation of duties is secured. All payment requests to State Treasury are verified by the FO before being authorized by the Minister of MARD. IFAD share of payments for Comp 1 (matching grants) and 2 (works) is always cashed out after evidence that beneficiaries have paid first their quotas.

An **Internal Audit** office is established at MARD, however, the workload and capacity (the 1 available resource will also be in maternity leave on 2020 with no temporary replacement) do not realistically allow to include RCTP in the work plan 2020 onwards. As the PMU fiduciary risk is low, it is advised to reiterate the request for 2021 only in the case of a change in the risk profile.

There is a delay in the appointment of the **external auditor** for FY 2019. According to IFAD Handbook, the auditor should be appointed before the start of the financial year to be audited. It is advised to immediately start the tender for the identification of the auditor and for a duration of at least three financial years to be re-confirmed on a yearly basis based on performance. Taking also into consideration the feedback received by the PMU from the past Auditor and in order to facilitate the identification process, it is suggested that the TORs are eventually integrated with an estimate of the audit workload and that some flexibility in line with market practice be included in next AWPB for a possible commensurate increase in the fee (vs past audit at EUR 6 thousand per full year including VAT).

Agreed Action	Responsibility	Agreed Date
Appoint the External Auditor for FY 2020. In alignment to the existing contract and based on performance, confirm current audit firm for the external audit of FY 2020.	PMU	10/2020

Quality and Timeliness of Audit

Rating: 6

Previous rating: 6

Justification of rating

Audit report received on time. Quality is highly satisfactory.

Main issues

The audited financial statements were received by the end of March 2020, as per agreement with IFAD Financial Management's Team which demonstrates the strong fiduciary capacities of the finance Team of the PMU. Financial statements were established in accordance to IFAD requirements and the International Standards. The auditors conducted their works similarly and no major issues were observed in the review of the financial statements or major weakness in the internal control environment.

Counterparts Funds	Rating: 5	Previous rating: 5
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Justification of rating

Government cash contribution is timely provided to the project and the in-kind contribution properly booked in the accounting system. Beneficiary cash contribution is also properly monitored and accounted for in the PMU books

Main issues

Based on the approved AWPB, the project has a Government cash contribution line opened at the State Treasury. Upon request, payments for expenditures funded with government funds are disposed on time – in full through the Single Treasury Account. In-kind contribution in the form of tax exemptions if properly captured in TOMPRO at the moment of payment/invoice booking. Other in-kind, such as the value of governmental buildings is estimated and booked once a year in TOMPRO.

It should be noted that the government contribution in the form of tax exemption may be higher by +EUR 0,4 million than initially estimated: in the PDR, tax for comp 1 was estimated at 0% but in reality, there is VAT to be exempted at a realistic rate of around 15% which may lead to a higher projected Government contribution compared to the FA.

Compliance with Loan Covenants	Rating: 5	Previous rating: 4
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Justification of rating

There are no issues in terms of compliance with loan covenants as all the actions have been taken accordingly. The MTR has been organised as planned. The audits are received on time and the external auditor is already under recruitment for 2020.

Procurement

Procurement	Rating: 4	Previous rating: 4
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Justification of rating

Procurement evaluation was carried out on the basis of interviews with the procurement staff, review of procurement procedures and documentation and in accordance to the IFAD Procurement Manual. In general, procurement procedures have been carried out in line with procurement regulations and thresholds stipulated in the LTB and PPM. Recommendations of the previous supervision mission have been mostly implemented. Processes and procedures applied exhibit some gaps and inconsistencies that have limited impact on project implementation and performance.

Procurement Review

Procurement Planning Process (PP) The (PP) is aligned with the AWPB, and received IFAD's non objection through NOTUS system on 30 December 2019. The mission has reviewed Procurement Plan (PP) and noted that the applied forms fully reflects the process of procurement activities but actual dates are not updated and was not submitted in accordance with the new template.

The 2020 PP included 10 packages for Goods and non-consultancy services, 6 packages for works, and 9 packages for consultancy assignments with total cost estimate EUR 3,152,907.00. As of September 03 2020, the procurement process for 6 packages for works, 1 for goods and 9 for services at a total value of EUR 3,014,242.23 were contracted by the Project.

Processes and Procedures from Prequalification to Bidding. In reviewing of sample documents, it was noted that technical proposal was never submitted for the Procurement of conducting feasibility study for rural roads (Contract No. 16-430/20-2312/1) that was directly contracted. All processes took place based on the meeting and according to the last year's contract (details are included in the Technical Annex). However, for this contract no objection from IFAD CPM was requested and received. For Supervision for water and Road infrastructure 2019– consultancies, Lots were used in one RFP which is not an acceptable procedure under services. In addition, the firms were given only 22 days for preparing Proposals which is not enough given that different lots were launched in Parallel.

Processes and Procedures for Evaluation and Contract. Award Evaluation committee of at least 3 people is appointed in each procurement, including at least 1 member with the technical knowledge and experience in coherence with the type of procurement. One procurement was originally planned as national shopping. PCU sent RFQ to five bidders, and ultimately only one technically responsive bid was received, on the basis of which the contract was awarded without prior approval from IFAD for less than 3 quotations (details are included in the Technical Annex).

Contract Management and Administration. The procurement and financial management functions are separated. The mission was pleased that all signed contracts are entered in the Register of contracts and submitted to IFAD on regular

monthly basis. All signed contracts are entered into the software "TOMPro" which is used by the PCU financial and procurement officer. Contracts in general have got the standard commercial and contractual terms required for a proper procurement agreement. For procurement procedures that require NO from IFAD, the Notus system was utilized.

Record Retention. Each procurement has its own separate folder where records and all procurement documents are kept properly. The procurement unit securely keeps the received bids until the bid evaluation date.

Agreed Action	Responsibility	Agreed Date
Procurement Plan To update the procurement plan with the actual implementation against the planned schedule. Use the new PP Template for next PP submission through NOTUS for IFAD no objection.	PCU	11/2019
Request for Proposals The RFP for Consultancies should not contain lots. Each contract should be launched separately. In addition, each selection process for consultancy needs to be based on a shortlist.	PCU/ procurement officer	11/2020
Bidding Period The Period allowed for the preparation of bids needs to ensure minimum competition. A minimum of 30 days should be given in the case of RFP.	Procurement Officer	11/2020
Bid Evaluation Reports (BER) BER should contain Comparison Table of all Bids, showing how each bid fulfils the requirements from the Tech. Specs.	Procurement Officer	11/2020
Bidding Process When procurement is using SSS or DC methods it is required to have an offer from supplier. In case one bid was submitted IFAD's, prior approval is required	Proc. Officer	11/2020

e. Key SIS Indicators

Likelihood of Achieving the Development Objective	Rating: 4.73	Previous rating: 5.0
Assessment of the Overall Implementation Performance	Rating: 5.08	Previous rating: 5.0

F. Relevance

Relevance	Rating: 5	Previous rating: 5
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Justification of rating

The Project is very relevant to the Montenegro mountainous context: (i) targeted municipalities effectively invest in rural infrastructure in remote and under equipped areas; (ii) new comers, missing economic opportunities in urban areas were accompanied to settle in rural areas; (iii) small-scale producers were linked with existing market outlets from which they derived direct incomes; (iv) Vulnerable small-scale producers, particularly female and youth, improved their productive capital and productivity through small mechanisation and advice, and 80 of them got the opportunity to register as farmers to further access government/municipal assistance directed to rural producers.

Main issues

The development objective ^[1] remains relevant and in line with 2020-2022 Montenegro strategic note.

Since many physical indicators were almost already reached at MTR, targets have been revised through a slight reallocation of the remaining budget that takes into account the high efficiency of the Project thanks to the 12 territorial clusters where the different stakeholders, including small holders are interconnected and agreed on the development and sharing of the added value of the main commodities.

The number of applicants to matching grants through public calls grew from 55 in the first year to 475 in 2020. It is expected that even more applications will be made in the coming years showing how this approach is very much adapted to the targeted beneficiaries;

All seven targeted municipalities as well as their umbrella body, UoM, expressed their satisfaction for the approach and support brought by the Project. RCTP is considered as unique in terms of effective delivery. Municipalities all managed to mobilise their due share as well as the covering the beneficiaries in financing rural infrastructure amounting to 26 % of the investment.

RCTP is recognised as very effective to allow the most vulnerable rural producers to access matching grants through a simple and transparent procedure: no need to advance the total amount of the investment for a later reimbursement (as utilised by most of the other existing projects) and which is a real obstacle for RCTP targeted producers with little resources. Instead, they first directly pay their share (50% of the price without tax) to the suppliers and RCTP complements its own share after delivery. Petnjica, municipality had launched its own public call targeting small-holders to improve their activities in the transhumance areas on the basis of matching grants (30% to be contributed by producers or their local organisation and the rest by the municipality), before RCTP, that budget line could not be mobilised but once the municipality adopted the approach aligned with RCTP, it became easier for farmers to mobilise their fund and get the support. This system built trust between farmers and their municipality.

The private sector involvement has also been very effective. The increase of their capacities (in terms of storage, collecting, processing facilities) in the targeted areas did provide easily accessible outlets to the farmers at a negotiated price using the MSPs venue. In some cases, an ambitious local PPP involving the municipality provides room for a long-term agreement and expansion of activities. For example, In Mojkovac, a dairy collection centre capacities has been developed through a tripartite agreement between the Municipality (providing premises and a vehicle to reach remote producers), RCTP improving the storing equipment (cooling facilities) and the Private company covering the running costs and providing outlets for the collected milk. Thanks to this arrangement, the volume of transactions doubled (from 6,000 to 12,000 litres yearly) with an increase of the number of small scale-producers from 10 to 30. The level of quality is also improving with 21 producers being paid the quality premium.

Finally, the combination of a dual support to infrastructure and equipment on the one hand, and people sensitization and capacity building through a very close monitoring and presence of the RCTP team in the targeted sites on the other hand, emphasized the importance of the territorial approach with the emergence of MSP in each cluster that serves as real interfaces between the beneficiaries and the changing agents (RCTP, ABCs, other ministry staff and municipalities). This interface may also paves the way to host grievance mechanisms.

[\[1\]](#) « to increase the participation of poor smallholders in inclusive, profitable and environmentally sustainable value chains, and enhance the benefits they derive from them »

G. Project Modifications

Responsibility	Modification type	Description
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Responsibility	Modification type	Description
IFAD M&E Consultant	Logical Framework	<p>(Referring to the Remote Mid-Term Review Sept. 2020)</p> <div> <p>Added Output 1.3: Nb of people provided with hands-on support and advice from the PCU and its partners. The end target is 2,400.</p> <p><u>Outreach</u></p> <p>1b: Nb of HH members reached: from 16,000 to 20,600.</p> <p>1a: Nb of HH reached: from 4,571 to 5,900.</p> <p>1: Persons receiving services promoted or supported by the project: from 4,600 to 17,700.</p> <p><u>Development Objective</u>: Nb of participating HH registering an increase in income of at least 30%: from 2,400 to 3,000</p> <p><u>Output 1.2</u>: Nb of VCF grant recipients: from 500 to 800</p> <p><u>Output 1.3</u>: Persons trained in income-generating activities or business management: from 2,400 to 300. The target at MTR was reduced to 200.</p> <p><u>Output 2.1</u>: Production and processing facilities supported with increased water availability: from 27 to 50.</p> <p>Households supported with increased water availability: from 600 to 1,200</p> <p><u>Output 2.2</u>: 2.1.5 Roads constructed, rehabilitated or upgraded: from 90 to 120 km</p> </div>

Responsibility	Modification type	Description
IFAD	Reallocation	(Referring to the Remote Mid-Term Review Sept. 2020) The proposed reallocation consists in distributing the unallocated categories and reducing the training category (under the IFAD loan) - as these costs were over budgeted and/or are covered by partners (ABC, extension service, municipalities) and the grant category (under ASAP grant) to increase: (i) the works category (+Euro 365,000) for a higher outreach of water infrastructures which are key climate-resilient investments (under the ASAP grant) and of last km feeder roads which are very effective to connect smallholders to markets and are in high demand (+Euro 85,000, under IFAD loan); (ii) the consultancies categories (+ Euro 70,000); and (iii) the recurrent costs category (+Euro 85,000) to cater for additional staff and running costs as recommended by previous supervision missions.
IFAD M&E Consultant/ECG	Logical Framework	In order to comply with the ECG's requirements, three new ASAP indicators were included after discussion with the project M&E Officer. These new indicators in the Logframe are: <ol style="list-style-type: none"> 1. Households supported with increased water availability or efficiency (added under Outcome 2); 2. Production and processing facilities supported with increased water availability and efficiency (added under Output 2.1); and 3. Poor smallholder household members supported in coping with the effects of climate change (added under Output 2.1).

H. Lessons Learned

Management of organic manure: applicability

The increase in the number of animals leads to the production of dung that the producer finds sometimes difficult to manage correctly, hindering good hygienic conditions at barn level and even at farm level; this also ultimately leads to a loss of organic matter for crops and rangelands. Some producers have found solutions by organizing a large-scale collection of manure and spreading in their pasture, allowing a substantial increase in fodder production. This approach can be scaled up with project support through visits between villages and municipalities allowing new farmers to know about this technique and then implement it in their pastures; it can be also supported by the acquisition of equipment making it possible to store manure at each farm level, and then transport it to fields or rangelands. The composting of the cow dung is also a technic that can be supported by the project in different pilot sites to be visited by other farmers in order to promote upscaling of the technic. .

ASAP water infrastructure: applicability

During the design process, IFAD correctly pointed out the systemic lack of adequate water supply in the mountains of Montenegro. The demand is high and RCTP will disburse the entire budget for water infrastructure by the end of 2020. The activity is mostly funded by ASAP with the contribution of the government and the beneficiaries and responds adequately to the Programme's mandate. The MTR mission, based on discussion with farmers, observed that water ponds in remote areas has a great impact on their livelihood and allow them to have continuous access to water even during the drier summer months. Nevertheless, the demand could not be met by the Project and reallocation was necessary. As a lesson learned for future similar projects in the region, since the demand is high and the access to water is a significant barrier to productivity, this type of activity should also benefiting from IFAD loan funding from a stronger focus and funding.

Targeting, gender and youth inclusion: applicability

While women and youth were clearly identified as one of RCTP's main target groups, no clear guidance was given in the project design reports. Originally it was not foreseen to have a person responsible for targeting and social inclusion as part of the project management unit. This lead to a very poor performance of the project on targeting and gender equality and women's empowerment during the first years of implementation. To address this situation, technical support was sought and a clear gender and youth action plan was developed. The plan identifies clear activities under the various project (sub-) components, who is responsible and a timeline. A full-time gender and youth inclusion was recruited by the project, who is leading on the implementation of the action plan. This is being done with the support and commitment of the whole

team and implementing partners. This experience shows how important it is to have a clear action plan ready at design and to allocate adequate human and financial resources to address targeting and social inclusion issues. The commitment of the project management has also been very instrumental.

I. Agreed Actions

Agreed Action	Responsibility	Agreed Date
Development Effectiveness		
Potential investment to climate smart practices To propose climate-smart practices to be discussed and supported in 2020 (particularly with regards to soil fertility management) through ECG support	PC and IFAD/ECG	11/2020
Mid-term outcome survey Follow up on the issues discussed and decisions taken during the meeting with IPSOS, to make sure the required information is provided in the Mid-Term Outcome Survey	M&E Officer	11/2020
Develop merged ToRs for international expert on improved compost and vermicompost The project will develop ToRs for an international expert. The expert will accompany innovative farmers in establishing the pilots (2) and in documenting the results. One ToRs will be merged from the two activity lines "a. Climate resilient Value Chain Development Expert" and "b. Cluster development training".	RCTP PMU	11/2020
Reallocation of ASAP fund for water ponds In order to continue responding to the demand on water access until the end of the project, the activity will benefit from reallocation of ASAP fund. The reallocation will come from the matching grants activity and will be balanced with IFAD loan from "Unallocated" fund category.	RCTP PMU	11/2020
Municipal Gender and Youth Action Plans Engage with municipalities on the development of their Gender and Youth Action Plans	Gender and Youth Specialist; Project Coordinator	12/2020
Empowerment index Ensure the mid-term outcome survey report includes a gender (and youth) analysis	M&E officer; Gender and Youth Specialist; IPSOS	12/2020
Initiate exchange visits between clusters Initiate exchange visits between clusters and on pilots (whenever possible with the COVID-19), to improve the exchange of ideas and increase resilience of the communities.	RCTP PMU	04/2021
Sustainability and Scaling up		

Revise eligibility list for matching grants Revise the list of eligible equipment for matching grants on the basis of the analysis on VC of the MTR mission.	RCTP PMU/IFAD	11/2020
Training of beneficiaries To recruit more local BSFs either directly earmarked by the Project (PMU) or by ABCs	PC	12/2020
Grievance mechanisms Explore the possibility to incorporate a grievance redress mechanism adapted to the RCTP approach	PC/IFAD/ECG	12/2020
Partnership with the financial sector To analyse opportunities and bottlenecks for financial institutions to engage with private sector involved in the mountain agricultural sector	PC / Consultant / PAI-IFAD	04/2021
Production of policy briefs To translate into short policy briefs main lessons documented in the working papers in line with the KM action plan	PC/ consultant	06/2021
Exit strategy To develop the exit strategy with regards to the different domains of intervention (matching grants, municipalities, private sector)	PC	08/2021
Project Management		
Revise PIM to include gender and youth strategy to align with SECAP requirements	PCU / gender focal point	12/2019
Implementation of the rapid surveys Prepare a schedule of implementation of the rapid surveys, specifying: when to be conducted, where, including whom and the data analysis process	M&E officer and Value Chain officers	11/2020
Knowledge management strategy Develop a knowledge management strategy	M&E Officer	12/2020
Tracking technical financial impacts of funded grants Define sample based on main types of funded activities/ develop manual income-expenses and technical performance recording tools / identify responsible staff / identify voluntary farmers /	PC/ VC/ M&E/ IFAD	04/2021
M&E Database Keep the M&E database constantly updated with the list of all project beneficiaries. Include training and sensitization workshop beneficiaries.	M&E officer	05/2021

Update the geo-referenced system of all RCTP activities IFAD to put in place the Geographic Information System on the basis of RCTP geo-referenced data available. The PCU will continuously update the system as part of its M&E system.	PCU/IFAD ECG	05/2021
Financial Management & Execution		
Procurement Plan To update the procurement plan with the actual implementation against the planned schedule. Use the new PP Template for next PP submission through NOTUS for IFAD no objection.	PCU	11/2019
Appoint the External Auditor for FY 2020. In alignment to the existing contract and based on performance, confirm current audit firm for the external audit of FY 2020.	PMU	10/2020
Request for Proposals The RFP for Consultancies should not contain lots. Each contract should be launched separately. In addition, each selection process for consultancy needs to be based on a shortlist.	PCU/ procurement officer	11/2020
Bidding Period The Period allowed for the preparation of bids needs to ensure minimum competition. A minimum of 30 days should be given in the case of RFP.	Procurement Officer	11/2020
Bid Evaluation Reports (BER) BER should contain Comparison Table of all Bids, showing how each bid fulfils the requirements from the Tech. Specs.	Procurement Officer	11/2020
Bidding Process When procurement is using SSS or DC methods it is required to have an offer from supplier. In case one bid was submitted IFAD's, prior approval is required	Proc. Officer	11/2020
Reallocation of IFAD financing Revise the Schedule II of the Financing Agreement	PMU/MARD/MOF/IFAD	12/2020
Recovery Plan of DAs Start preparing a recovery plan of the amounts advanced to the designated accounts, for the Loan and the Asap Grant, from 2021-onwards.	PMU	05/2021

Montenegro

Rural Clustering and Transformation Project

Mid-term Review

Logical Framework

Mission Dates: 07 September - 02 October 2020

Document Date: 30/10/2020

Project No. 2000001076

Report No. 5526-ME

Near East, North Africa and Europe Division
Programme Management Department

Rural Clustering and Transformation Project

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 Outreach	1.b Estimated corresponding total number of households members							PCU reports	Annually	Project Coordinator and M&E Officer	Initial and continued political commitment and support to project implementation. Macro-economic conditions remain stable or improve.
	Household members			20 600	2 532	17 578	85.3				
	1.a Corresponding number of households reached							PCU reports	Annually	Project Coordinator and M&E Officer	
	Households			5 900	570	4 834	81.9				
	1 Persons receiving services promoted or supported by the project							PCU reports	Annually	Project Coordinator and M&E Officer	
	Females			7 066	116	6 149	87				
	Males			10 630	454	8 900	83.7				
	Young			7 066	157	5 867	83				
	Not Young			10 630	402	9 171	86.3				
	Total number of persons receiving services			17 716	570	15 049	84.9				
Project Goal To contribute to the transformation of smallholders' livelihoods in northern Montenegro, enabling them to become commercially competitive and more resilient to climate change.	Percentage decrease in rural poverty rate in supported municipalities compared to national rural poverty rate							Project impact survey and Municipality statistics	At completion	M&E Officer	Initial and continued political commitment and support to project implementation. Macro-economic conditions remain stable or improve.
	Rate			10							

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 increase the participation of poor smallholders in inclusive, profitable and environmentally sustainable value chains, and enhance the benefits they derive from them.	Number of participating households registering an increase in income of at least 30%							Project impact survey, BSF records and Farmers' diaries	At completion	M&E Officer	Initial and continued political commitment and support to project implementation. Macro-economic conditions remain stable or improve.
	Households		500	3 000							
Outcome 1. Improved commercial relations between smallholders, suppliers and buyers – supported by relevant public actors; and increased level of investments in the selected value chain.	Number of VC smallholders involved in the production of selected commodities							Farmers' diaries, BSF records and Project outcome surveys	Annually, starting Y2	VC Specialists and M&E Officer	Macro-economic conditions continue to be supportive for doing business. Smallholders' and VC actors' willingness to participate in selected value chains. VC suppliers' ability to respond to technical support requests by smallholders. Marketing potential for berries remains high.
	Persons		1 500	3 000							
	Percentage increase in the value of marketed commodities, by VC							Farmers' diaries, BSF records and Project outcome surveys	Annually, starting Y3	VC Specialists and M&E Officer	
	Rate		20	50							
	Value of incremental investments in selected VCs (excluding project financing)							BSF records and Project sector study	At mid-term and completion	VC Specialists and M&E Officer	
	Euro million		0.5	2	0.38	0.87	43.5				
	2.2.2 Supported rural enterprises reporting an increase in profit							BSF records	At mid-term and completion	VC Specialists and M&E Officer	
	Percentage of enterprises			80							
Output 1.1 Multi-stakeholder clusters established and facilitated for four commodities; and business or trading plans agreed between smallholders and suppliers/buyers.	Number of functional clusters							VC Specialists records and Cluster meeting minutes	Annually	VC Specialists	
	Functional clusters	6	7	11	0	12	109.1				

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
	Percentage of participating VC smallholders with an agreed business or trading plan							BSF records	Six-monthly	BSF
	Rate		80	100	100	100	100			
Output 1.2 Strategic investment grants provided to value chain actors and for “quasi-public” goods.	Number of VCF grant recipients							VCF manager records and Minutes of VCF board meetings	Monthly	VCF Manager
	Persons	20	300	800	252	532	66.5			
	Percentage of grant recipients meeting their first key performance criteria as defined in grant contracts							VCF Manager records	Six-monthly	VCF Manager
	Persons	80	80	80	94	93	116.3			
Output 1.3 Project implementers, key Government stakeholders and smallholders provided with capacity development support.	Number of project implementers and Government staff trained in value chain and cluster development							PCU training records	Annually	M&E Officer
	Persons	20	20	40	3	16	40			
	2.1.2 Persons trained in income-generating activities or business management							BSF training records	Annually	BSF
	Females		165	90	7	26	28.9			
	Males		670	210	67	180	85.7			
	Young			90	27	61	67.8			
	Not Young			210	47	143	68.1			
	Persons trained in IGAs or BM (total)		835	300	74	206	68.7			
	Number of people provided with on-hands support and advice from the PCU and its partners							BSF/PMU training records	Annually	BSF/PMU
	People			2 400	1 342	1 342	55.9			

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 2. Enhanced resilience of smallholders' livelihoods to climate change through improved access to water supply systems and all-weather farm gate roads.	2.2.6 Households reporting improved physical access to markets, processing and storage facilities							Progress report	Annually, after mid-term	VC Specialists and M&E Officer	Climate change patterns are according to current predictions. Continued fiscal space for GoM and municipalities to pay their contributions. No political interference in the choice of investments.
	Households reporting improved physical access to markets			100							
	Size of households			14 025							
	Males			7 012							
	Females			7 012							
	Poor smallholder household members supported in coping with the effects of climate change							Contractors' records and Municipal staff records	Annually	PCU Engineer and M&E Officer	
	Females		400	1 000	0	1 084	108.4				
	Males		400	1 000	0	1 085	108.5				
	Total household members		800	2 000	0	2 169	108.5				
	3.2.2 Households reporting adoption of environmentally sustainable and climate-resilient technologies and practices										
	Households			65							
	Total number of household members			6 000							
Output 2.1 Rain-harvesting water structures and other water supply systems constructed or rehabilitated.	Production and processing facilities supported with increased water availability and efficiency							Contractors' activity reports and Municipal Engineers' records	Monthly, starting from contract award date	PCU Engineer	
	Facilities		11	27	0	26	96.3				

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
	Households supported with increased water availability or efficiency									
	Households			600	0	868	144.7			
Output 2.2 “Last km” farm roads rehabilitated or upgraded according to best standards.	2.1.5 Roads constructed, rehabilitated or upgraded							Contractors' activity reports and Municipal Engineers' records	Monthly, starting from contract award date	PCU Engineer
	Length of roads		26	70	0	38.05	54.4			
Outcome 3. Lessons from project approaches and implementation are incorporated into national or municipal-level policies, strategies or investments.	Number of policies, strategies and investments influenced by project experience							Amended policy or project documents	Annually, after mid-term	M&E Officer
	Policies, strategies and investments		1	3	0	1	33.3			
Output 3.1 Relevant knowledge products prepared and disseminated to key stakeholders.	Policy 1 Policy-relevant knowledge products completed							PCU records, PSC minutes and KM working group minutes	Annually	M&E Officer
	Number		2	5	3	3	60			

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

Mission Dates: 07 September - 02 October 2020
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Report No. 5526-ME

Near East, North Africa and Europe Division
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Appendix 1: Financial: actual financial performance by financier; by component and disbursements by category

RCTP (Montenegro) - FINANCIAL PERFORMANCE (as at 31 August 2020)

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

FINANCIER:	Appraisal (EUR 000)	Disbursement (EUR 000)	Disbursed %	Notes:
IFAD Loan	3.877	2.456	38%	of which: 1.483 project expenditure as per TOMPRO
ASAP grant	1.880	1.177	52%	of which: 974 project expenditure as per TOMPRO
Government Budget	3.074	1.210	39,4%	
Government Tax	1.219	929	76%	
SME	621	77	12%	
Municipalities	1.326	744	56%	
Beneficiaries	1.614	970	60%	
TOTAL INVESTMENT	13.611	7.563	56%	

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

COMPONENT:	IFAD Loan			ASAP Grant			Government Budget			Government TAX			SME			Municipalities			Beneficiaries			TOTAL		
	Appraisal (EUR 000)	Actual (EUR 000)	%	Appraisal (EUR 000)	Actual (EUR 000)	%	Appraisal (EUR 000)	Actual (EUR 000)	%	Appraisal (EUR 000)	Actual (EUR 000)	%	Appraisal (EUR 000)	Actual (EUR 000)	%	Appraisal (EUR 000)	Actual (EUR 000)	%	Appraisal (EUR 000)	Actual (EUR 000)	%	Appraisal (EUR 000)	Actual (EUR 000)	%
VC Clustering for Resilient Rural Transformation	2.242,6	548,7	24%	806,3	327	40%	176,1	60	34%	7,0	248	3539%	620,6	77	12%		1.283	784	61%	5.135	2.043	40%		
Cluster Supporting Rural	912,6	588,4	64%	1.073,7	647	60%	2.475,1	1.010	41%	1.143,2	656	57%				1.326,3	744	56%	331	186	56%	7.262	3.831	53%
Project Management	721,7	345,4	48%		0		423,0	150	36%	68,4	15	23%										1.213	511	42%
sub-total (programme expenditure)	3.877	1.483	38%	1.880	974	52%	3.074	1.220	39,7%	1.219	919	75%	621	77	12%	1.326	744	56%	1.614	970	60%	13.611	6.386	47%
Outstanding advances to DA/PA		974			204																		1.177	
Total (disbursement)	3.877	2.456	63%	1.880	1.177	63%	3.074	1.220	40%	1.219	919	75%	621	77	12%	1.326	744	56%	1.614	970	60%	13.611	7.563	56%

IFAD FINANCING (loan+grant)	Appraisal (EUR 000)	Actual (EUR 000)	%
RCTP expenditure (REPLENISHED)		1.984	
RCTP expenditure (NOT REPLENISHED)		473	
sub-total RCTP expenditure	5.757	2.456	43%
outstanding advance to the DA		1.177	
IFAD FINANCING (loan+grant)	5.757	3.634	63%
Pending WA to be submitted		473	
sub-total	5.757	4.106	71%
Residual AWPB 2020 (Sept- Dec)		1.250	
Max Projection (end 2020)	5.757	5.357	93%

Table 1C: IFAD Loan No. 2000001842 - disbursement (EUR 000, as at 31 August 2020)

CATEGORY:	Original Allocation (EUR 000)	Revised All. (7 Jan 2019) (EUR 000)	Disbursement (WA 1- (EUR 000)	WA pending (EUR 000)	Balance* (EUR 000)	% Disbu
Consultancies	800	400	87	0,0	313	22%
Works	665	1.560	485	0,0	1.075	31%
Grants	580	580	317	72,6	263	55%
Training and Workshops	505	245	52	0,7	193	21%
Goods, Services, Inputs	200	20	4	1,6	16	20%
Equipments, Materials, Vehicles	130	75	88	6,3	-13	118%
Recurrent costs	805	805	274	94,8	531	34%
Unallocated	195	195	0		195	0%
<i>Initial Allocation to DA</i>			1.150		-1.150	
TOTAL	3.880	3.880	2.456	176	1.424	63,3%

* excluding WAs to be issued

TOTAL JUSTIFIED AND REPLENISHED

1.306

Table 1C: ASAP Grant No. 2000001841 - disbursement (EUR 000, as at 31 August 2020)

CATEGORY:	Original Allocation (EUR 000)	Revised All. (7 Jan 2019) (EUR 000)	Disbursement (WA 1- 4) (EUR 000)	WA pending (EUR 000)	Balance* (EUR 000)	% Disbursed*
Consultancies	85	85	45	40	40	53%
Works	940	940	562	0	378	60%
Grants	765	765	70	256	695	9%
Unallocated	90	90			90	0%
<i>Initial Allocation to DA</i>			500		-500	
TOTAL	1.880	1.880	1.177	296	703	63%

* excluding pending WAs

TOTAL JUSTIFIED AND REPLENISHED

677

OVERALL Disbursement (LOAN + GRANT) as per FA	5.760	5.760	3.634	473	2.126	63%
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<u>Table 1 d - REALLOCATION table</u> <i>(at 31 August 2020)</i>	Original Allocation	Revised Allocation (7 Jan 2019)	%	Disbursed	WAs pending (expenses up to 31 Aug 2020)	BALANCE (at 31 Aug 2020)	DECREASE in categories	INCREASE in categories	NEW ALLOCATION	%	NEW BALANCE
<u>IFAD LOAN (000 EUR)</u>											
Consultancies	800	400	10%	87	0	313		15,0	415	11%	328
Works	665	1.560	40%	485	0	1.075		150,0	1.710	44%	1.225
Grants	580	580	15%	317	73	191		25,0	605	16%	216
Training and Workshops	505	245	6%	52	1	192	-100,0		145	4%	92
Goods, Services, Inputs	200	20	1%	4	2	14			20	1%	14
Equipments, Materials, Vehicles	130	75	2%	88	6	-20		20,0	95	2%	0
Recurrent costs	805	805	21%	274	95	437		85,0	890	23%	522
Unallocated	195	195	5%	0	0	195	-195,0		0	0%	0
TOTAL CATEGORIES	3.880	3.880	100%	1.306	176	2.397	-295	295	3.880	100%	2.397
<u>ASAP GRANT (000 EUR)</u>											
Consultancies	85	85	2%	45	40	0		55,0	140	4%	55
Works	940	940	24%	562	0	377		215,0	1.155	30%	592
Grants	765	765	20%	70	256	438	-180		585	15%	258
Unallocated	90	90	2%	0		90	-90		0	0%	0
TOTAL CATEGORIES	1.880	1.880	48%	677	296	906	-270	270	1.880	48%	906

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Appendix 2: Physical progress measured against AWP&B

Mission Dates: 07 September - 02 October 2020
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Near East, North Africa and Europe Division
Programme Management Department

Appendix 2: Physical progress measured against AWP&B

Component 1 Value Chain Clustering for Resilient Rural Transformation							
Indicators	Unit	Planned 2020	Achieved in 2020	% achievement 2020	Planned until the end of the project	Achieved since the beginning of the project	% total achievement
Sensitization workshops	Number	40	31	78%	200	104	52%
Annual cluster tracking surveys	Number	12	0	0%	52	0	0%
Cluster mapping/studies	Number	0	0		11	11	100%
Rapid cluster mapping validated	Number	0	0		11	11	100%
VC/cluster/commodity diagnosis report prepared (based on cluster mapping validation)	Number	0	0		0	0	
Multi-stakeholder meetings (cluster-level)	Number	24	15	63%	104	42	40%
Cluster development plans prepared and validated	Number	12	12	100%	11	29	264%
Business Skills course roll-out at group level developed	Number	25	0	0%	125	12	10%
Incentive for BSF to facilitate BSC at Group Level	Number	25	0	0%	125	3	2%
Grant announcement and grant award	Lump sum	1	1	100%	1	3	300%
Number of VCF beneficiaries	Number	200	267	134%	500	546	109%
Business-to-business/service follow-up meetings (village-level)	Number	84	53	63%	416	128	31%
SDF	Lump sum	1	1	100%	1	3	300%
Increasing access to finance	Lump sum	1	1	100%	1	1	100%
Study tour on cluster development	Number	1	0	0%	2	0	0%
Component 2 Cluster Supportive Rural Infrastructure							
Infrastructure related grants selected for financing in 2020	Number	n/a	0	0%	n/a	156	
- Ponds for livestock	No	12	0	0%	27	26	96%
- Multiple use water supply systems	No						
- Roads	Km	32	0	0%	90	38,1	42%
Number of feasibility studies conducted	Number	n/a	102	0%	n/a	218	

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Appendix 3: Compliance with legal covenants: status of implementation

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Appendix 3: Compliance with legal covenants: status of implementation

Section	Covenant	Target/Action Due Date	Compliance Status/Date	Remarks
FA, Section E.1.(b)	Two designated accounts have been opened to receive resources from the Loan and ASAP Trust Grant accounts	Precedent to withdrawal	Complied with	
FA, Section E.1.(c)	Acquisition and configuration of financial, accounting and operational software to support all the transactions, budget and cash forecasts analysis, operational and financial dashboards	Precedent to withdrawal	Complied with	
FA, Section E.1.(d)	Preparation of a draft Project Implementation Manual acceptable to IFAD, including financial, accounting, procurement and administrative arrangements Precedent to withdrawal	Precedent to withdrawal	Complied with	
Section 4.03	Procurement of goods, works and services carried out in accordance with the procedures laid down in Schedule 3	On going	Complied with	
Section 4.04	Insurance of vehicles, equipment and civil works financed from the loan proceeds to be consistent with sound commercial practice.	On going	Complied with	
Section 4.05, section 11.10(b)	Audit report submitted to IFAD.		Complied with	
LtB.G.27	External auditor appointment		Complied with	Current External Auditor to be confirmed by October 2020 for FY 2020
LtB.G.26	Quarterly Interim Financial Reports (IFRs) to IFAD		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.	2020	Complied with	MTR occurred from 7-24 September 2020
Schedule 4, para 16	Project to be exempted from all import duties, excise taxes and value added tax (VAT) on investment expenditures			