

Bosnia and Herzegovina

Rural Competitiveness Development Programme

Supervision Report

Main report and appendices

Mission Dates: 20-31 May 2019

Document Date 12/07/2019

Project No. 1100001728

Report No. 5090-BA

Near East, North Africa and Europe Division
Programme Management Department

Abbreviations and Acronyms

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

A. Project Overview

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

Approval Date:	12/12/2015	Last audit receipt:	14/06/2019
Signing Date:	23/03/2016	Date of Last SIS mission:	04/06/2019
Entry into Force Date:	16/03/2017	Number of SIS Missions:	2
Available for Disbursement Date:	31/10/2017	Number of extensions:	0
First Disbursement Date:	03/11/2017	Effectiveness lag:	15 months
MTR Date:	not available yet		
Original Completion Date:	31/03/2022		
Current Completion Date:	31/03/2022		
Financial Closure:	not available yet		

Project total financing

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

Current Mission

Mission Dates: 20-31 May 2019

Days in the field: 6

Mission composition: Mr. Mikael Kauttu (Country Programme Manager, IFAD and Mission Leader), Mr. Swandip Sinha (Rural Development Specialist, Team Leader); Ms. Mia Madsen (Programme Officer, IFAD); Ms. Stefania Gnoato (Gender, Youth and Targeting Specialist); Mr. Donald Greenberg (Rural Business Specialist); Mr. Zeljko Vasko (Procurement specialist); Ms. Alisia Sansoni, (M&E Specialist); and Mr. Carlo Spinello (Financial Management Specialist). The mission was accompanied by Mr Halil Omanovic (PCU Director) and Nedim Dzano (Inclusive Value Chain Specialist, PCU) during field visits in the FBiH and by Mr. Dragan Vuckovic (Programme Manager, APCU) and Ms. Violeta Lemic (Targeting and Gender Officer, APCU) during field visits in the RS.

Field sites visited: Municipalities of Berkovići, Bileća, Istočni Stari Grad, Rogatica, Zvornik, Bijeljina, Derventa, Prijedor, Novi Grad, Mostar, Ljubuski, Kalesija, Zivinice, Gracanica, Velika Kladusa and Bihac

B. Overall Assessment

Key SIS Indicator #1	Ø	Rating	Key SIS Indicator #2	Ø	Rating
Likelihood of Achieving the Development Objective		4	Assessment of the Overall Implementation Performance		4

Effectiveness and Developmental Focus	4	Project Management	4
Effectiveness	4	Quality of Project Management	4
Targeting and Outreach	4	Knowledge Management	4
Gender equality & women's participation	4	Value for Money	4
Agricultural Productivity	4	Coherence between AWPB and Implementation	4
Nutrition	N/A	Performance of M&E System	4
Adaptation to Climate Change	4	Requirements of Social, Environmental and Climate Assessment Procedures (SECAP)	4

Sustainability and Scaling-up	4	Financial Management and Execution	4
Institutions and Policy Engagement	N/A	Acceptable Disbursement Rate	2
Partnership-building	4	Quality of Financial Management	4
Human and Social Capital and Empowerment	5	Quality and Timeliness of Audit	
Quality of Beneficiary Participation	4	Counterparts Funds	5
Responsiveness of Service Providers	4	Compliance with Loan Covenants	5
Environment and Natural Resource Management	4	Procurement	5
Exit Strategy	4		
Potential for Scaling-up	4		

Relevance

C. Mission Objectives and Key Conclusions

Background and Main Objective of the Mission

The second annual supervision of the Rural Competitiveness Development Programme (RCDP) was carried out by an IFAD mission from 20-31 May 2019. The purpose of the mission was to assess achievements against targets, the effectiveness of targeting measures, review financial management, procurement and M&E functions, and assess the general pertinence and validity of programme design.

RCDP aims to improve the income of smallholders, specifically poor, women and youth and 'non-commercial' farmers by improving their access to improved production technologies and marketing linkages, participation and decision making in farmers organisations (FO) and inclusion into sustainable economic development opportunities. RCDP became effective on 16 March 2017 and is expected to reach 16,000 beneficiaries. The programme is supported by an IFAD loan of EUR 11.12 million and IFAD grant of EUR 0.47 million. RCDP is managed by the Project Coordination Unit (PCU) located in Sarajevo and the Agricultural Project Coordination Unit (APCU) in Banja Luka.

The Mission visited 17 municipalities and held discussions with representatives from 20 business leaders comprising private companies, cooperatives and producers' associations (PAs). It also met actual and potential beneficiaries in the communities. Detailed discussions were held with staff members at the PCU and APCU, cluster facilitators, agricultural officers and service providers involved in programme implementation. The mission organised wrap up meetings with the APCU on 24 May 2019 and with the PCU on 27 May 2019. A State level wrap-up was organised on 31 May 2019 with representatives of the Ministry of Finance and Treasury in Sarajevo.

The mission would like to express its thanks and appreciation to the PCU and APCU staff, service providers, business leaders, community representatives and beneficiaries met during the mission for their excellent efforts in organizing the mission, facilitating the field visits and providing the required data.

Key Mission Agreements and Conclusions

RCDP's preparatory efforts have generated high levels of stakeholder participation in programme activities. It has led to the formation of 12 cluster platforms and already produced 42 business plans which are projected to market link 10,645 producers (more than 50% of the programme target). RCDP plans to support the distribution of starter packages to 3,750 of these producers in 2019 and the process has just started in April-May 2019. Project total outreach stands at 20% (of end target) achieved mainly through market-oriented training of producers before supporting them with starter packages.

Notwithstanding the strong preparation for implementation, the financial progress of RCDP remains slow. As at 30 April 2019, the RCDP's cumulative disbursement was only 13% and financial progress on the AWPB 2019 was around 10%. However, on a promising note, the programme units have already signed BP implementation contracts valued at over USD 3 million (IFAD share) scheduled for implementation in 2019. The timely implementation of these plans can result in up to 100% expenditure against AWPB 2019 and improve the cumulative disbursement rate of the IFAD financing to around 40%. The key areas of attention are as follows;

Maintain targeting standards: RCDPs has reported 97% of starter package recipients from 'very poor' and 'poor' categories. These figures broadly correspond to the field observations of the mission wherein majority of the beneficiaries met, belonged to the targeted economic categories. Nevertheless, anecdotal observations during the field visits also indicated the need for stricter validation of the economic status of starter package beneficiaries to maintain the focus on the poor and very poor categories.

Avoid allocating repeated subsidies to producers in the BPs: It must be noted that in those cases where the business leaders fully pre-finance the smallholder producers every year, there is no need for repeat starter packages to support capital accumulation by the smallholders to purchase the starter packages the following year. However, in the FBiH, there are some cases where starter packages have been provided to farmers that are already connected to the business leader for supplying the same crop supported by the starter packages. For BPs from 2020 and beyond there should not be subsidies for starter packages provided to such farmers. This restriction does *not* apply i) to starter packages for different crops (diversification); ii) if there is a material increase in productivity through a new technology (intensification) such as provision of a greenhouse iii) for multi-year starter packages required for perennial crops where a single starter package incorporates expenditures required over a multi-year period before the farmer receives revenues (e.g. fertilization of tree crops).

Guard against the selection of proxy PAs: In the majority of SME BPs from FBiH, producer associations or nascent cooperator member cooperatives have been formed (or co-opted) for what appears to be the *primary* purpose of accessing the RCDP 70% subsidy for collective infrastructure. The required 30% contribution from the farmer organization is actually made by the leader on behalf of the producer association. This use of farmers organisations as proxies should not be allowed.

Cluster platforms: There is a lack of common understanding of the overall purpose and role of the cluster platforms

under the RCDP. There is scope for developing concrete Cluster Development Plans with action plans, budgets and strategies for resource mobilization. The PCU and APCU should assist the clusters in developing these plans. RCDP can provide technical support for the development of these action plans.

D. Overview and Project Progress

Component 1: Enabling environment for inclusive subsector development

The PCU and the APCU have identified and validated 12 geographical clusters, five in FBiH (involving 60 municipalities) and seven in RS (involving 54 municipalities). The programme units have continued to mobilize Cluster Stakeholder Platforms (CSP), organized a series of workshops to support validation of additional commodity based sub-sectors and approval of BPs. The RS team has initiated legal registration of clusters which will allow the platforms to apply for external financing and provide a stronger legal base in terms of representation of cluster members.

Overall, field visits confirmed the commercial orientation of the RCDP and all stakeholders to create win-win opportunities for partnerships between municipalities, private companies, cooperatives, producers associations, extension service departments, local development agencies and agricultural research institutions through dialogue, discussion, planning in cluster platforms and sub-sectors. There is a strong buy-in among all stakeholders on the benefits of the cluster platforms, and the idea has been further reinforced by extensive media coverage, particularly in the RS. Stakeholders refer to the cluster stakeholders' forums as an important platform for participatory discussions on joint value-chain development plans for the regions, including benefits such as stable markets and better prices for smallholder producers, stronger business linkages between business leaders and opportunities for policy engagement. Cluster development seems to be advancing more in areas where IFAD projects were active earlier. There is scope for further capacity building of business leader, (including women and youth) in particular PAs and cooperative when it comes to developing BPs.

The two entities have developed different methodologies for cluster development. In FBiH the PCU has focused on validation of 3 sub-sectors for VC development (fruit/berry; vegetables; NFTP including MAPS) and established sub-sector committees for these value chains, along with the approval of BPs. In RS the APCU has put more emphasis on the legal registration of the geographical clusters (1 legally registered as of today) and identifying common goals at the cluster level, along with BP development. RS is currently in the process of establishing sub-sector committees under the selected VCs. Both entities are planning to identify additional VC sub-sectors and link the commodity based sub-sectors horizontally across the geographical clusters in order to provide a stronger foundation for specific commodity-based development in the regions. The two entities could benefit from cross-learning from their respective experiences of cluster stakeholder development. This could be materialized through a dedicated session on cluster development at the next inter-entity workshop.

PART A: Federation of Bosnia and Herzegovina

The PCU, with the help of SERDA (service provider), has validated the selection of five geographical agricultural clusters based on economic potential and opportunities for VC development within these areas and established sub-sector committees for selected value chains: vegetable, fruit/berry and NFTP and MAPS. The main focus has been on development and approval of BPs, and training of business leaders. The PCU plans to register the validated VC sub-sectors as platforms under the clusters and initiate legal registration of the VCs at both geographical and sub-sector level. Additionally, the PCU is negotiating with a union for berry producers to get involved in the sub-sector platform for berry production under RCDP. There are also ideas on establishing a regional sub-sector platform for berry production covering BiH, Montenegro, Serbia, supported by FAO. RCDP/PCU representatives will meet in Serbia in June to discuss the establishment of such a regional sub-sector platform.

At the level of FBiH the cluster sub-sectors have so far made concrete results in policy dialogue at cantonal level (Una Sana canton) where the cluster sub-sector committees for raspberry and gherkins have managed to lobby for an increase in agricultural subsidies paid to smallholder producers from 7 to 10 pfenings per kilo for gherkins and from 30 to 45 pfenings per kilo for raspberries in 2019. These successful policy engagement results indicate the potential that cluster sub-sector stakeholder platforms and clusters might have in promoting the interests of smallholder farmers under the RCDP.

PART B: Republika Srpska

Seven geographic cluster platforms have been identified and validated by the APCU, involving a total of 54 municipalities. In each of the seven cluster development platforms, three sub-sector VCs (vegetable, fruit/berry, NFTPs) have been validated. Approved BPs under the validated sub-sectors have focused on gherkin, pepper and strawberry production. Field visits show that livestock and beekeeping have emerged as potential sub-sectors with interested farmers and available business leaders.

The sensitization workshops carried out in 2018 were followed by a series of cluster development workshops facilitated according to the cluster formation methodology developed by the APCU in collaboration with service provider Argonet. The cluster development methodology included a first round of participatory stakeholder consultations focusing on validation of cluster value chains and sub-sectors. The second round focused on the identification of business leaders, and the third round focused on the identification of cluster members, and common cluster objectives and goals.

All seven clusters are currently in the stage of legal formalisation, where 1 cluster stakeholder platform has been legally registered (Sarajevo Romanija Podrinje). The remaining 6 cluster should shortly be drafting statutes and are expected to

formally register by the end of July 2019. Each geographical cluster has elected an initial committee to support the cluster with legal formation. Additionally, boards of directors and cluster managers, including youth, have been appointed on a voluntary basis. At this stage, common cluster goals have been generally stated at the cluster platform levels. Additionally, the APCU is planning an exchange visit to Austria in September 2019 to learn about cluster development experiences in the region and how to further expand the cluster development.

Component 2: Sustainable inclusion of smallholders in successful value chains

PART A: Federation of Bosnia and Herzegovina

Business Plan Approval: A total of 21 BPs have been approved by the RCDP, covering all three of the RCDP value chains: vegetables (gherkin, potato, pepper, cabbage); fruit (raspberry, strawberry); MAPS (organic marigold). If successful, these 21 BPs will link 5,236 farmers to business leaders, 56% of the RCDP target for the Federation, a promising start for a project in its second year of the actual implementation. Out of these 21, 17 are approved by IFAD. The quality of the BPs (and the BP summaries submitted to IFAD) is acceptable and improving, but there is considerable scope for further improvement. Only one BP has been submitted from Cluster 2 and 4.

Business Plan Implementation: Implementation has begun for the 17 IFAD-approved BPs, starting with contracts for the purchase of starter packages that provide inputs to 3,052 farmers, covering a planted area of 386 hectares (about 0.1 hectare/farmer). In all cases, physical distribution of the starter packages by the business leader has been in time to catch the full season, or will be in the case of strawberries which are not planted until August. In almost all cases, the business leader pre-finances 60% of the starter package, with farmer repaying this in kind through the supply of produce; RCDP provides the balance of 40% as a grant. Vegetables are the most important value chain; in particular, gherkins, comprising 88% of total farmers reached, and early potato with a 6% share of outreach. Other vegetables have another 3 % share of outreach, fruit 2%, and MAPS 1%.

PART B: Republika Srpska

Business Plan Approval: A total of 21 business plans (BPs) have been approved by the APCU and BP committees, covering all three of the value chains: vegetables (gherkin, potato, pepper, bean); fruit (strawberry, plum, sour cherry); and MAPS (marigold, chamomile, etc). If successfully implemented, these 21 BPs will link 5,409 farmers to business leaders and is an equally promising start as in the FBiH. Out of these 21 BPs, 18 have been approved by IFAD. As with the Federation, the quality of the BPs (and the BP summaries submitted to IFAD) is acceptable and improving, with scope for further improvement. There is something of an imbalance in terms of implementation by cluster; Gradiska, Banja Luka, and Bijeljina have submitted two or fewer plans.

Business Plan Implementation: Implementation has begun for 12 of the IFAD-approved BPs, starting with contracts for the purchase of starter packages that provide inputs to 723 farmers. At face value, it seems as though RS is relatively slow in implementation, but this appears to be largely due to a disciplined approach to pro-poor targeting, and the rejection of BPs that have co-opted proxy producer associations. In all cases, physical distribution of the starter packages by the business leader has been in time to catch the full season or will be timely for crops/trees which are not planted until later in the year. Municipalities have provided 10% of the SP financing (and in the case of plum seedlings in Rudo municipality, 50%) which greatly increases municipality ownership of the project. Typically, the business leader provides pre-financing on behalf of the farmer; the only exceptions are two business leaders that are nascent cooperant member cooperatives (Berkovici and Visegrad). For BPs that are in implementation, vegetables are by far the most important value chain in terms of outreach, comprising about 91% share of total farmers reached; fruit is 7% and MAPS 2%.

Main issues

Distinction between SME cooperatives and cooperant member-based cooperatives: Although there are no legal differences, in reality, there are two types of cooperatives i) Cooperant Member Cooperatives with five founder members, allowing and encouraging suppliers (i.e. cooperants) to become members; ii) SME (or family) Cooperative also with five founder members, but with no intention of expanding membership to suppliers (cooperants). The latter is closely held private businesses structured as cooperatives to enjoy certain advantages (e.g. ability to own agricultural land). This distinction is important, because under RCDP, the SME cooperative, although a closely held private business, could be allowed to access 70% RCDP cost sharing for "collective equipment". There is one example of this to date in a BP from the Federation. SME cooperatives, for all purposes of RCDP implementation, are to be treated equivalently with SMEs. The programme units should be vigilant and prevent the exploitation of this sort of loophole.

Ownership of collective equipment: Concerns were expressed that SMEs do not have equivalent access to RCDP subsidies for collective equipment. For collective equipment, SMEs do not qualify for RCDP 70% cost sharing for collective equipment, but cooperatives and producer associations do. This distinction has a clear rationale and should be maintained. SMEs and SME cooperatives may not directly benefit from collective equipment. As noted above, this does not prevent SME BPs from including genuinely collective equipment or other items that are *operated or utilized* directly by farmer cooperants, such as irrigation infrastructure, or where a transparent rental agreement is structured where the farmer organization receives lease or rental payments for the use of their equipment. During the MTR a case can be made for providing equipment support directly to SMEs and SME cooperatives if the RCDP believes that a strong pro-poor

rationale can be made. However, a new category of support may need to be created, and careful adherence to IFAD policy should be ensured.

Support for technical training and supervision: In RS BPs, the level of RCDP contribution for technical training and supervision for SMEs is 20% and 70% for cooperatives. There should not be a distinction between SME and cooperative, as both are providing similar services to cooperant farmers. Technical training and supervision activities should be included as part of the starter package along with physical inputs (as indicated in the PDR), rather than budgeted separately as currently the practice in both the entities. This means that RCDP cost sharing for technical training and supervision will be a one-time 40% , and this will not be repeated (except as noted earlier in a discussion about repeat starter packages). The IFAD approved BPs may continue with the existing arrangements for 2019, but these BPs should be renegotiated and updated as required for 2020.

Business capacity of farmers, producer associations, and nascent cooperant cooperatives: The mission observed a low level of business skills in most participating farmers. This affects their ability to make sensible cropping and input decisions and negotiate agreements with buyers. Similarly, the producer associations and new cooperant cooperatives are only nascently effective farmer organizations, and many have little existence outside of a mechanism to receive grant support. Their ability to negotiate on behalf of their members and manage assets is very low. To address these areas (i) All farmers, including women and youth, participating in BPs should be provided with farming as a business (FAAB) training. (ii) All participating producer associations and nascent cooperant cooperatives, including those led by women and youth, should be provided with business skills training covering association management, contract negotiation.

New value chains including dairy and bee-keeping: Both the Federation and RS have requested that the project include dairy production and bee-keeping as additional value chains. RCDP may incorporate additional value chains such as those proposed (dairy and bee-keeping) as well as others (cereals, oilseeds) provided the same BP model is used. For dairy, because of the potentially high package costs, each entity should restrict itself to one pilot BP for now, with particular attention paid to a) adhering to targets for poorer farmers b) incorporation of MFIs to cover some of the farmer contributions. The implications of including dairy on a larger scale can be assessed during MTR.

Municipality involvement and ownership: In RS the municipality has committed to a minimum 10% co-financing in all business plans, in the Federation this is less consistent, due to budgetary constraints in some municipalities, and a less centralized system of local governance. Nonetheless, municipality co-financing bodes well for enhanced public-private engagement and sustainability, and both entities should persevere in obtaining commitments (and disbursements) of co-financing from municipalities for business plan support.

Aligning starter package size with budget allocations and outreach targets: Assuming an outreach of 8,000 during the first cycle of RCDP, and approximately 9.3 million BAM for starter packages, the overall average starter package size should be about 1200 BAM. For the Federation, the average size per farmer so far is 800 BAM, but for RS this is around 1900 BAM per farmer. This variation would be expected, as the current Federation business plans are mostly for gherkins with relatively small starter packages; and RS includes many more business plans with crops with higher annual cash flow, as well as more perennial crops, which will provide the farmers with multiple years of revenues from the starter packages. However, going forward, both entities need to be mindful of making sure that *on average* starter package does not deviate greatly from 1200 BAM, while allowing for differences depending on the value chain. The relative allocation of funds to starter packages will be re-assessed during MTR.

Agreed Action	Responsibility	Agreed Date
Overview and Project Progress		
Component 2: SME Cooperatives Treat SME cooperatives equivalently with SMEs and ensure they do not own collective equipment, pending a decision on this issue during the MTR.	PCU and APCU	06/2019
Component 2: Starter package Include training and supervision activities as part of the starter package along with physical inputs, rather than budgeted separately (for new BPs). From 2020 stop starter packages to support the regular business of farmers who are already connected to the business leader for the same crop Stop budgeting for repeat starter packages as standard practice in the BPs except for exceptions as detailed in the text. Continuous.	PCU and APCU	06/2019
Component 2: New agricultural value chains support Support new agricultural value chains including but not limited to dairy (on a pilot basis) bee-keeping, cereals and oilseeds, provided the same methodology is used	PCU and APCU	07/2019
Component 2: Collective equipment operated by SME/Cooperatives Collective equipment operated by SME or SME cooperative business leaders not allowed unless a transparent agreement with lease payments made to farmer organization that owns the equipment. Guard against the selection of proxy PAs for collective equipment support. Immediate	PCU and APCU	08/2019
Component 1: Training for cluster stakeholders Organize focused training (external or internal exchange visit) for cluster stakeholders to learn about successful cluster formation processes in the region	PCU and APCU	10/2019
Component 1: Training for cluster stakeholder platform PCU and APCU to organize a focused learning session on experiences from cluster stakeholder platform development during an inter-entity workshop in 2019.	PCU and APCU	10/2019
Component 1: Cluster stakeholder platforms Continue supporting cluster stakeholder platforms with the aim of having BPs developed independently by the clusters in the future and to develop concrete cluster development plans based on templates prepared and shared by the PCU/APCU. IFAD to review these plans and consider supporting certain activities	PCU and APCU	12/2019
Component 2: Business training Provide all farmers participating in BPs with farming as a business (FAAB) training. Similarly, provide all farmers organizations with business skills training and training focusing on vulnerable groups, women and youth (e.g. leadership training)	PCU and APCU	12/2019

E. Project implementation

a. Development Effectiveness

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

Justification of rating

The programme has rapidly mobilised BPs based on which around 4200 target households have been trained in preparation for receiving spring starter packages. This is more than 50% of the RCDP phase 1 outreach target of 8,000 households. In general, there is good poverty orientation, and 98% of the beneficiaries are from poor and very poor households. The programme has achieved considerable success in mobilising the participation of the private sector and the municipalities. Nevertheless, some geographical regions are lagging behind in their response to the call for business proposals. Also, there is scope for mobilising co-financing for the starter packages from more municipalities and microfinance institutions.

Log-Frame Analysis & Main Issues of Effectiveness

The combined Log frame, including results for the Federation and the RS, was updated during the mission with figures referring to the achievements as per May 2019. In both entities, it was asked to update the Log frame before the mission arrival. Both M&E officers complied with the request, although it was later verified that some figures reported were not accurate or the most updated, therefore a few corrections had to be made.

Although the project will reach the Mid-Term review next year, the implementation of project activities has started concretely only in 2019. Results in the Log frame refer therefore only to Outputs.

In terms of Outreach, the training for the starter packages in both entities reached 4200 people out of the 16000 set at end target (26%), including 667 young males and females, out of the 800 to be reached by the end of the project (83%). Those 4200 beneficiaries correspond to 4200 households reached, having conventionally been calculated considering that one beneficiary represents one household. Concerning the analysis of Output results, 12 multi-stakeholder platforms have been formed (100%) and 16 rural enterprises have accessed business development services (107%). 21 rural producers organisation have been supported (35%) and 42 BP have been realised (30%). A total of 7 women (35%) hold a leadership position in the project cooperatives and PA, out of the 20 planned by the end project.

In terms of training provided, 14 public extension staff (23%) and 4 private extension staff (7%) have been trained. Training in production practices and/or technologies have included 3268 people (20%), including 1070 women (22%).

Before the mission, the Log frame was not used as one of the project reporting tools, but only updated on IFAD's request. Having included the Log frame in the newly created M&E database, it is believed that the M&E officers will now consider it as one of their M&E tools, to be updated constantly and not only before a supervision mission.

Development Focus		
Targeting and Outreach	Rating: 4	Previous rating: 5

Justification of rating

Programme total outreach stands at 20% of end target (22% for women) for market-oriented training. The ration of inclusion of women and youth in BPs are 28% and 83% of end target, respectively. The programme targeting strategy is based on questionnaire methodology to assess beneficiary eligibility for inclusion in the BPs. Qualitative data from field visits and quantitative data collected from questionnaires so far indicate 97% starter package beneficiaries belong to the 'poor' and 'very poor' categories. This shows that activities continue largely to target individual small producers within the selected geographic clusters and municipalities. However, management needs to remain vigilant in the beneficiary selection process, given anecdotal evidence during field visits.

Main issues

The targeting strategy has been developed , and is operationalized through a detailed questionnaire methodology used to assess beneficiary eligibility for participation of business plans. Field visits interactions confirmed start-up packages, whether extended through SMEs, PAs or cooperatives, are pro-poor oriented, their value-added being the provision of easier access to markets, technical support and safer payments for the small producer. Notwithstanding, given the anecdotal observations during the field visits, which indicated the need for stricter validation of the economic status of starter package beneficiaries to maintain the focus on the poor, the mission cautions project management to remain

vigilant in the beneficiary selection process. In this respect, the following steps are recommended:

During the *beneficiary selection process*: implementing staff and partners should be further mentored to ensure compliance with the targeting criteria.

During the *beneficiary post-validation process*: (i) questionnaires data should be used as a monitoring tool for targeting on a continuous basis; (ii) data should be cross-checked with the farm registry of the Ministry of Agriculture; (iii) random check field visits of beneficiaries should be carried out for further data validation.

Given the overall recommendation to "improved inclusiveness of vulnerable groups" a potential review of the questionnaire methodology is recommended.

More vigilant programme implementation is required in the future for maintaining targeting standards, avoiding repeated subsidies to producers already linked successfully to business leaders and guarding against the selection of proxy farmers organisations. Given the increased emphasis on targeting (women empowerment, youth inclusion) under the IFAD11 cycle, targeting mechanisms must be implemented in line with the PDR with a strong focus on women and youth. The mission recommends the MTR to consider the 'Youth Entrepreneurship Programme', piloted under RBDP, for replication under RCDP, in order to upscale the inclusion of youth.

Agreed Action	Responsibility	Agreed Date
Development Effectiveness		
Ensure improved inclusiveness of vulnerable groups Given the increased emphasis on targeting (women empowerment, youth inclusion) under the IFAD11 cycle, targeting mechanisms must be implemented in line with the PDR with a strong focus on women and youth.	PCU/APCU	06/2019
Ensure improved inclusiveness of vulnerable groups MTR to consider the replication of the RBDP 'Youth Entrepreneurship Programme'.	MTR	
Improve targeting strategy implementation Strengthen the validation of beneficiaries selected for starter packages to guard against dilution of targeting standards (refer section on targeting above). Avoid repeated subsidies to producers already linked successfully to BLs. Deadline: immediate.	PCU/APCU	

Gender equality & women's participation

Rating: 4

Previous rating: 4

Justification of rating

Gender equality and women's participation is rated moderately satisfactory. The programme has reached 28% of women inclusion in the development of BPs and 22% (vs end targets) in market-oriented training for start-up package. Both APCU and PCU have developed a Gender and Youth Strategy and Action Plan based on a diagnostic study. Activities targeting women and youth have been developed and integrated into the 2019 AWPBs. Notwithstanding, the implementation of such activities remains low particularly in the Federation (see details below), and overall there is a need for the programme to step up the focus on women empowerment through more gender sensitization (also among management) and the promotion of leadership (also for youth) throughout programme activities implementation. Implementation has been slow on gender activities due to a focus on development of BPs during last year.

Main issues

Federation of Bosnia and Herzegovina: On the basis of the Gender and Youth diagnostic study finalized in late 2018, the PCU prepared the Gender and Youth Strategy and Action Plan. The mission reviewed the strategy and provided technical support for better integration of certain activities into the 2019 AWPB. Although budget provision for 'gender and targeting capacity building' was made in 2019, no activities have been carried out so far. The mission recommends the PCU to expedite the implementation of these activities, with specific focus on (i) gender awareness training for all stakeholders, (ii) inclusive VC development and targeting for BLs, PAs and cooperatives, and (iii) leadership training for

youth and women. It is recommended these topics are integrated with the next round of technical training. The training may be delivered through existing expertise in FBiH with a comparative advantage in this area. Moreover, in this early implementation phase, it is important the PCU continues to advocate for women and youth inclusion along the BPs implementation process. In this respect, the mission recommends management to facilitate the increased involvement of the Gender and Targeting Specialist in day-to-day field activities, including stakeholder platform initiatives and interaction with field officers, on a continuous basis.

Republika Srpska: The Gender and Youth Action Plan for 2019 has been adopted and presented to implementing partners to ensure women and youth inclusion. High concern on how to best prevent youth migration continues being a priority, as expressed at all levels during the mission. The APCU has been addressing last supervision recommendation advocating for the identification of concrete activities for youth inclusion and employment through discussions with the cluster stakeholder platforms in all 7 regions. This led to: (i) the identification of youth inclusion and employment as one of the priority issues and objectives for each cluster; (ii) advocating for the involvement of women and youth in cluster membership, especially in the decision-making bodies, while also proposing some measures and actions for their inclusion and empowerment; (iii) the increasing of youth as board managers, including the selection of a young woman as board manager (iv) identification of livestock and beekeeping value chains for youth in 3 clusters (Sokolac, Trebinje and Banja Luka). The mission recommends APCU integrates training on leadership promotion for youth and women, whether individuals or members of PAs or cooperatives, into the next round of training initiatives. Furthermore, it is recommended also the APCU advocates further the promotion of women's participation in BPs by ensuring the set targets are met.

Agreed Action	Responsibility	Agreed Date
Development Effectiveness		
Improve gender awareness among programme stakeholders Integrate training on gender awareness for all stakeholders throughout next training modules (e.g. FAAB, cooperative and PAs training, etc.).	APCU/PCU	06/2019
Advocate for women and youth in leadership positions Integrates training on leadership promotion for youth and women, whether individuals or members of PAs or cooperatives, into the next round of training initiatives.	APCU/PCU	06/2019
Advocate for better inclusion of women in BPs Promote women's participation in BPs to ensure appraisal targets are met.	APCU/PCU	06/2019

Agricultural Productivity

Rating: 4

Previous rating: 4

Justification of rating

RCDP supports poor households to produce export quality agricultural output and connect to high value markets through business leaders. Investments will increase agricultural productivity by (i) utilising idle land, (ii) generating higher yields through improved technologies (equipment, improved breeds and seeds) and (iii) shifts to higher value crops. Business leaders will ensure that the inputs (planting material, fertiliser, etc.) in the starter package and agronomic advice provided to the farmers help to achieve market-standard quality production. ISM mission observed high farmer satisfaction with starter packages and extension advice provided through business leader (and supplemented by government extension teams). The impact can only be assessed after crop harvested.

Nutrition

Rating: N/A

Adaptation to Climate Change

Rating: 4

Previous rating: 4

Justification of rating

RCDP supports smallholder farmer by promoting environmentally friendly and climate-change adaptation technologies that help reduce farmers' vulnerability to climate change. These technologies include equipment for efficient use of water and land (irrigation systems, solar pumps, green houses, hail protection) along with the targeted capacity building to increase environmental awareness. The start-up packages have helped farmers adapt to the realities of climate change. However more attention could be made in monitoring the effects the new technologies through qualitative assessments

with farmers. Bee-keeping has emerged as a potential area for BP development, which could further strengthen the environmental impact of the RCDP interventions.

Main issues

In BiH, climate change is manifested in frequent droughts, floods and the appearance of the hail and late frosts. In the last ten years, there have been several years with extreme drought (2012; 2013; 2015; 2017). Extreme rainfall, floods (2010;2014), hail and frost are appearing more frequently. Therefore, agricultural production is increasingly exposed to the effects of climate change, and adaptation measures to new climatic conditions and mitigation of negative consequences have become inevitable.

The main problem for open field production is late frost and hail. The BPs prepared by the business leaders have recognised these climate risks, and as a result, RCDP supports farmers with foil layers to protect open field protection from frost. Additionally, start-up packages for greenhouses provide an opportunity for farmers to prolong the season and protect crops from hail. The RCDP teams should continue encouraging BPs partners to include additional investments in climate change resilient, environmentally friendly technologies, organic production, and energy efficient infrastructure.

b. Sustainability and Scaling up

Institutions and Policy Engagement	Rating: N/A	
Partnership-building	Rating: 4	Previous rating: 4

Justification of rating

There is strong interest among business leaders and municipalities to partner with RCDP. A major achievement is the emerging interest of the municipalities to participate as co-finance partners for the implementation of the business plans. The cluster stakeholder platforms have strengthened participation and promoted dialogue and stronger linkages between the various stakeholders. However, partnerships with financial institutions and other potential donors are still lacking. Since the last SVN mission, PAs and cooperatives have been included as business leaders in the current set of approved business plans. There are some concerns about the arrangement related to the management of collective equipment investments among PAs and cooperative that would need to be addressed.

Main issues

The mission noted that in the majority of SME BPs from FBiH, producer associations or nascent cooperant member cooperatives had been formed for what appears to be the primary purpose of accessing the RCDP 70% subsidy for collective infrastructure. The required 30% contribution from the farmer organization is actually made by the leader on behalf of the producer association. The collective assets are managed and operated by the SME. Although the assets are technically owned by the proxy farm organizations, they have no capacity to independently manage them, and there is no provision within the BP to build their capacity. This use of farmers organisations as proxies should not be allowed and guarded against in the future.

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

Human and social capital empowerment is downgraded to moderately satisfactory. All stakeholders, including local communities, have been involved in the awareness raising initiatives about the programme, its modalities and benefits. Programme teams and implementing partners have been pro-active in providing guidance to stakeholders involved in the preparation of BPs, which is being continued through the cluster platform arrangement. Having said that, the lack of clarity on the function of clusters, the limited institutional strength of most PAs and cooperatives, the lack of gender awareness, leadership and business skills training limit the capacity development and empowerment of small women and men producers, as observed during the mission.

Main issues

Despite the participatory approach initially adopted in the BPs preparation, the empowerment of small producers in the implementation phase of BPs remains uncertain. The programme teams and implementing partners need to increase their efforts in ensuring continued empowerment of small producers, individually and collectively, and their continued role in decision-making processes. It is expected this will be achieved through their increased participation in forthcoming

capacity building activities, as recommended in earlier sections

Quality of Beneficiary Participation	Rating: 4	Previous rating: 4
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Justification of rating

The quality of beneficiary participation remains moderately satisfactory. Consultation mechanisms, in the form of information and awareness campaigns, have been adopted by implementing partners to ensure the inclusion of beneficiaries' views and needs. These have been largely reflected in the preparation of BPs. Farmers' participation is also found through their membership in PAs and cooperatives selected by the programme, their capacity being mostly heterogeneous. Although beneficiaries are contributing in-kind to start-up packages, the programme is yet to capture and quantify the level of these contributions (see recommendation under FM section). Further analysis on beneficiary participation will be allowed once the rolling-out of BPs activities are at a more advanced stage.

Main issues

The quality of women and youth participation, as identified during last year supervision, remains a concern which needs to be addressed. To this effect, recommendations have been inserted under previous sections C, D and E (i.e. Targeting and Gender).

Responsiveness of Service Providers	Rating: 4	Previous rating: 4
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Justification of rating

In the Federation SERDA and in RS AgroNet has played a key role in the development of the stakeholder platforms, developing the interest of stakeholders in the BP approach, and the formulation of BPs. In the RS, the APCU maintains a strong partnership with the Agricultural Extension Services Department (AESD) which actively supported the preparatory activities and the development of the BPs. In the Federation, the PCU has hired field coordinators to support project implementation at the cluster level with adequate to excellent performance. Both entities will need to develop modalities through these service providers, or others, to provide farming as a business training to beneficiary farmers as well as to producer associations and nascent cooperatives.

Environment and Natural Resource Management	Rating: 4	Previous rating: 4
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Justification of rating

There is a high level of awareness about the environmental issues amongst all stakeholders. The mission noted a good practice emerging from FBiH where a business leader has taken steps to train farmers on environmental protection. The BP has developed a template that is filled in by agronomists during field visits, including detailed questions and advice for farmers on the storage of chemicals, use of pesticides and fertilizers. The PCU has the intention of sharing this template with other BP stakeholders and encourage its use. The template has been useful in one case where an RCDP farmer could showcase that he had applied the advice provided by the agronomist, and through this avoid a law suit from a neighbour claiming the use of non-environmental friendly fertilizers.

Main issues

The PCU and APCU could take into consideration the Environmental and Social Management Framework (ESMF) checklist (developed for the new READP project) which attempts to cover typical core mitigation approaches for activities related to business plan (BP) implementation. In particular, the section 3 on Environmental Mitigation and Monitoring Plan (EMMP) could be useful for RCDP business plan implementation as it includes a list of mitigation measures related to the procurement of equipment and start-up packages, construction of cold storage, storage and packing facilities and irrigation systems (see Appendix 4)

Furthermore, the stakeholder cluster platforms and CDPs provide opportunities for providing additional technical advisory services to farmers on environmentally friendly technologies and farming practices. The PDR envisages that stakeholder cluster platforms or sub-sectors could play a role in lobbying for state level development policies with respect to climate-change adaptation, environmental protection and sustainable production technologies.

Exit Strategy	Rating: 4	Previous rating: 4
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Justification of rating

The forecasted growth in the export demand of pro-poor crops such as gherkins, MAPs and fruits will continue to provide the opportunity for linkage between smallholder farmers and business leaders even after the project end. It will stimulate the continuation of the linkages between the project beneficiaries and the business leaders (companies, PAs and Cooperatives). The development and maturity of the stakeholder platforms will also directly support the linkage between the farmers and the business leaders in the future. However, this will depend on the successful development of CDPs, capacity and interest of the cluster stakeholders and resources-mobilization strategies.

Potential for Scaling-up	Rating: 4	Previous rating: 4
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Justification of rating

The level of subsidization currently offered by RCDP for equipment and machinery (70%) for farmer organizations is very high and this could serve to crowd out commercial finance and thus scaling-up. The current high levels can be justified given the ongoing economic and political stability in BiH, and the project's role in helping farmers convert to higher value market oriented production, but more consideration will need to be given to involving the financial sector in these investments, and possibly scaling down subsidy levels in the later years of the project. This can be re-evaluated during the MTR.

c. Project Management

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

The steering committee meets regularly in both the entities and provides guidance to the programme units. Both the programme units are fully established, fully staffed and supported by service providers – SERDA in the FBiH and AgroNet in the RS. There is good coordination between the programme units staff, the service providers and the field officers. The performance of some of the field officers in the FBiH has not been strong, which has affected the response of business leaders to the call for business plans in some regions. Also, there is more rigour required by the SERDA to ensure the quality of programme outreach (e.g. no. of poor households reached) data presented to the PCU.

Main issues

Federation on Bosnia and Herzegovina: The PSC in FBiH provides oversight to both the IFAD supported projects, RCDP and the RBDP, that are currently implemented by the PCU. It consists of five members. The Project Coordination Unit (PCU) in Sarajevo is responsible for implementing RCDP. The previous VC development specialist left the project in late 2018. A new one was appointed in April 2019. The gap, occurring in the midst of preparation for the season, had some effect on the quality of the business plans. However, the PCU was nonetheless able to commit its annual targets. The PCU has appointed five field coordinators, one per cluster. They are involved in mobilising the BP stakeholders and advising the business leaders on BP development. Due to capacity issues, the PCU plans to let two go of two, and have the geographically adjacent field coordinators fill the gap.

Republika Srpska: The PSC in the RS has three members and is chaired by the Assistant Minister of Agriculture. The Agricultural Project Coordination Unit (APCU) in Banja Luka is responsible for implementing RCDP. The APCU has a project director covering the whole portfolio, a coordinator assigned for the RCDP, and an adequately composed setup of specialists. On the field level, extension staff support project implementation in all seven clusters. Five staff were transferred from RBDP, and two have been recently recruited, contracts pending signature. In addition, there is one newly recruited specialist supporting each member of field staff. The newly recruited staff, as well as the specialists, shall be trained upon entry into duty.

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

RCDP has taken into account lessons learned from other IFAD funded interventions such as RLDP and RBDP, and both entities have run extensive awareness campaigns about the benefits of the programme and inclusive value chain approach. Nevertheless, the mission found room for further strengthening the exchange of information/lessons/ideas at A/PCU level. None of the entities has developed a KM strategy or annual KM action plan, knowledge generation and sharing seem to be done on an ad hoc basis. Additionally, the two entities could benefit from cross-learning from their respective experiences of cluster stakeholder development. This could be materialized through a dedicated session on cluster development at the next inter-entity workshop.

Main issues

Knowledge gained should be translated into messages, manuals, concepts and strategies, and disseminated to the various target groups and stakeholders, using appropriate means of communication. It is advisable to develop yearly KM Action Plans with concrete outputs and communication strategy. More emphasis could be put on the preparation of case studies of successful approaches and beneficiary stories. Effectively, PCU and APCU should develop a sound knowledge-sharing and learning culture both at A/PCU level. There have been few inter-agency exchanges on knowledge sharing, mainly during the annual inter-entity workshop. However, there is room for improvement.

The APCU has created promotional material necessary for informing users and citizens about project activities and future flyers leaders that contain information on the possibilities for involving small producers in chain values. Activities carried out in 2019 and from the very beginning of the project have contributed to the fact that the interest of all potential actors for the formation of clusters has increased significantly.

The PCU has created a web page, but it is not used, nor is material uploaded there on a regular basis. Knowledge exchange takes place between colleagues when needed, and there is no systematic approach to knowledge generation or sharing. PCU does not have a photo database. At field level the PCU has produced information to beneficiaries about project, a manual for farmers and a book on vegetable and fruit production which has been distributed to FOs.

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

The value for money for the starter packages is reasonable and as they are able to generate considerable net annual cash flows compared to the size of the starter packages. In the Business plans, the projected cost of infrastructure per beneficiary and training per beneficiary are reasonable at under 4000KM per beneficiary for infrastructure and under KM 200 per beneficiary for training.

Main issues

In general, the relative cost/benefit ratio for farmers in terms of comparing expected net annual cash flows against the value of the starter package is reasonable. On average, a starter package is 2,036 BAM/farmer and net annual cash flows when revenues are received by the farmer are *approximately* 5,100/farmer. Where crops have higher starter package costs, the cash flows are commensurately higher immediately (early potato, greenhouse vegetables) or when they are sustained over a number of years (cherry, greenhouse vegetables) because the starter package contains an asset with a multi-year life. However, unpaid household labor is not included as a cost in RCDP analyses, so that highly labor intensive crops such as gherkin appear to be very attractive (but if household labor were costed at the minimum agricultural wage would not be profitable).

Using the current projections in the BPs, the average costs of public infrastructure costs^[1] are on average 257 BAM/farmer, which is reasonable but there are outliers which should be justified because the RCDP contribution is 70% and more generally in achieving value for money. In the Federation, the outliers are Oph Herceg 1,587 BAM/farmer and Plodovi Zemlje at 4,716 BAM/farmer.

Projected training and marketing costs per farmer average 193 BAM also appear quite reasonable. In the Federation, there are two outliers (Carl Kuhne at 923/farmer and Gracanka at 1,897/farmer) which appear high, but because the RCDP subsidy is 20% to 50%, this is not as high a concern.

^[1] The BPs do not currently have a line item for "public infrastructure" these are allocated either to "other" or collective infrastructure. An expenditure is considered public infrastructure if it benefits farmers other than those in the business plan, or if the municipality provides the 30% cost sharing and the business leader has no role in management or operations.

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

In both entities, linkages between planned (AWPB) and actual (implementation) activities are apparent, and both budgets and results expected have been presented in the AWPB. Nevertheless, project implementation has been negatively affected as less than 60% of targets have been met so far; however it should be considered that the Supervision mission took place early in the year; implementation is expected to speed up in the second half of the year and can lead to meeting the AWPB targets in full.

AWPB Inputs and Outputs Review and Implementation Progress

In BiH, the physical realisation is as follows:

	% Physical realisation
Component 1	55%
Component 2	50%
Component 3	17%

In RS, the physical and financial realisation is as follows:

	% Physical realisation
Component 1	14%
Component 2	27%
Component 3	30%

Performance of M&E System

Rating: 4

Previous rating: 4

Justification of rating

In both entities, prior to the mission, proper M&E system or database was absent. However, the M&E officers had created a set of reporting tables to track the project activities, namely the BPs, starter package distribution, training in agricultural technologies, and characteristics of the beneficiaries reached. Those tables have proved to be very useful to understand where the projects stand so far and verify the data reported in the Log frame. When referring to the same activities, the different tables are consistent in terms of beneficiaries reported, and service received, helping to identify the link between the numerous project interventions. However, it was noticed that the quality of data provided and the capacity shown by the M&E officer was not the same in the two entities.

M&E System Review

In FBiH, the M&E officer created good reporting tables on the project achievements, although some of the areas in these tables were not fully updated. Much information was provided, and reporting tables were created and/or updated on time when requested by the mission. Nevertheless, the M&E officer does not seem to be very involved in the project activities. She does not participate in field activities and mostly relies on information supplied by service providers or other PCU colleagues. The officer has scope for improving the level of organisation and proactiveness to improve the performance of the M&E system. She did not attend the PRIME training on M&E fundamentals organised by IFAD, as the Project Director went instead.

In RS, the M&E officer actively participates to the implementation of field activities. She is updated on the latest achievements and promptly supplied data to verify the information provided. She has attended the PRIME training on M&E fundamentals organised by IFAD. The M&E officer in RS prepared additional tables on i) List of training in 2019 and number of participants disaggregated by gender ii) List of clusters created, location and the status of implementation iii) List of cooperatives, PA and private companies involved in project activities. The APCU has hired a consultancy firm to carry out the baseline study. The final report is expected by August 2019

The extension officers will APCU support will monitoring the results of the starter packages. The M&E officer has prepared a manual for the extension staff who will interview the starter packages beneficiaries and business leaders. The M&E officer will also conduct a review of the results/benefits on beneficiaries from business plans and the cluster activities before the project MTR.

In both entities, field officers provide the M&E officers with the latest information on the beneficiaries reached, and so on. Their role is particularly important in the Federation where the M&E officer does not participate in field activities.

M&E data are collected periodically, and progress reports are available and submitted on time every six months and annually, even though there is still some margin for improvement. Although the reporting tables are good and clear, in both entities organised, M&E database was lacking. A simple and effective M&E database was developed during the mission. It is composed of 10 sheets referring to i) Sheet 1: The Logframe of FBiH and RS, with figures verified for 2018 and updated up to 23/5/2019 ii) Sheet 2: List of all project beneficiaries, gender, age, location, household size etc. iii) Sheet 3: List of the 21 business plans approved, BP leader, location, financing and beneficiaries (gender, age) iv) Sheet 4: List of starter packages distributed with detailed information on the beneficiaries v) Sheet 5: PAs and Coops supported, type and value of the material received, number of members by gender, age and leadership (men or women) vi) Sheet 6: list of people trained in 2019, personal information and type of trained attended vii) Sheets 8-10: List of small roads, irrigation schemes, green markets and cool storage facilities constructed/rehabilitated viii) Sheet 7: List of clusters formed, business name, location, product marketed and number of members (by gender and age).

All data available on completed activities have been entered in the M&E database, which will be used to provide future updates, both during project implementation and when requested by IFAD. Consequently, the project now has a system that will allow it to monitor the implementation of project activities and results at the output (for the time being) and outcome level.

Agreed Action	Responsibility	Agreed Date
Project Management		
M&E database review Updated the newly created M&E database throughout the project implementation (not only before an IFAD supervision mission), to report relevant data on project activities. Deadline: immediate.	Both entities	
M&E System review Follow up closely with the contracted Consultancy firm to have the finalised study completed and sent to IFAD on 15 Sept at the latest. Deadline: immediate.	Republika Srpska	

Requirements of Social, Environmental and Climate Assessment Procedures (SECAP)

Rating: 4

Previous rating: 4

Justification of rating

The mission noted that environmental and climate change concerns had been taken into consideration during the development of business plans. Measures to address environmental issues includes technologies such as on-farm irrigation systems, hail nets and green houses. Project units should continue planning for the 20% to-up for investments related to climate and environment related investments, and BLs continue raising awareness among farmers on environmentally sound farming practices.

d. Financial Management & Execution

Disbursement by financier

Type	Name	Current Amount	Disbursed Amount	Actual Rate
Domestic Financing breakdown	Beneficiaries	\$1,560,000		
	Private sector local	\$29,720,000		
	National Government	\$4,670,000		
Co-financing breakdown,	To be determined	\$12,750,000		

Acceptable Disbursement Rate**Rating: 2****Previous rating: 3****Justification of rating**

Automated rating based on IFAD disbursement data

Main issues

RCDP is half way through the first implementation cycle of 5 years. It is funded by IFAD with a Loan of EUR 11.1 million and a Grant of EUR 0.5 million. At 30/04/2019, IFAD has disbursed 13% of the total financing (EUR 1.5 million) into the Borrower/Recipient's Designated Accounts (DA). Disbursement rate is 11% for the Loan and 64% for the Grant.

Purely from a disbursement rate perspective, performance remains not satisfactory as entirely attributable to the first withdrawal for the initial advances to the DAs. Real programme expenditure is EUR 0,4 million, only 3% of IFAD Financing. A similar profile is shared both at Federation and RS level. This is mainly due to the long start-up period necessary for the finalization of the business proposals whose implementation expenditure (EUR 8,7 million, category I) represent 80% of the total IFAD financing. However, the programme is ready to take off in the second half of the year: there are business proposals just finalised into contracts for a total value of EUR 3,8 million (IFAD share of the Start-up Packs cost), of which EUR 1,6 million is budgeted in 2019. IFAD share of total AWPB 2019 amounts at EUR 3,3 million: if PCU/APCU plans are fully implemented then overall disbursement rate may further improve by +29 percentage points at year end

<i>Agreed Action</i>	<i>Responsibility</i>	<i>Agreed Date</i>
Financial Management & Execution		
Confirm AWPB 2019 full expenditure achievement	PCU/APCU	05/2019
Federation of Bosnia and Herzegovina- Submit a WA for the loan and the grant.	PCU	06/2019
Republika Srpska- Submit a WA for the loan and the grant.	APCU	06/2019

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

Financial Management and Execution has two part, Republika Srpska and Federation of Bosnia and Herzegovina

Main issues

Overall fiduciary risk is deemed low. Financial operations are carried out by solid and quick reacting teams. Staff is qualified with extensive experience over 10 years on the job at both PCU/APCU level. Both accounting systems/software, although different, are equally effective and allow for proper booking/reporting. Proper segregation on duties is in place, ensuring control over expenditures. Funds can flow timely when requested, and the levels of the authorized allocation to the DAs both for the Federation and RS are deemed adequate for executing 2019 budgets during the second half. External audits to Federation and RS up to 2018 financial statements have just concluded. Quality of FM is moderately satisfactory as minor improvements are still required.

Some FM improvements are required such as Federation and RS: (i) submit unaudited Financial Statements 2018 to IFAD by first 4 months of the year; (ii) issue a WA for the residual amount up to the maximum authorized allocations (EUR 0,6 million for the PCU, EUR 0,8 million for the APCU; (iii) PCU/APCU should develop a more agile and automated way to monitor actual progress vs budget by sub-component/financier in coordination with M&E by taking advantage of the functionality available in the systems.

A detailed description of current FM arrangements at both Federation and RS is provided in the commentary section of the FMAQ).

Agreed Action	Responsibility	Agreed Date
Financial Management & Execution		
Submit detailed financial statements for each fiscal year.	PCU	04/2019
Reporting-IFR, Submit IFR semi-yearly to IFAD	PCU	05/2019
Reporting-FS- Submit detailed financial statements for each fiscal year Submit unaudited 2018 FS to IFAD	PCU/APCU	05/2019
Full withdrawal of Authorised Allocation to DAs-Submit WA to IFAD for advance Loan DAs up to max Auth. Allocation	PCU/APCU	05/2019
Internal reporting. Improve monitoring Act/AWPB by sub-comp/financier (liaise with M&E)	PCU/APCU	06/2019
In-kind contribution-Track value of beneficiary contribution PCU/APCU to keep track of beneficiary/farmers in kind contribution in value terms (and liaise with M&E to match it with the physical progress). The value of any in-kind contribution from the beneficiary has to be captured by PCU/APCU, in order to monitor/report it against the investment plan. It will be possible to perform such task any time each BL invoice is recorded in the Programme books: also the expenditure quota pertaining to the farmer/beneficiary may be recorded either on-line in a dedicated account in the accounting software (where feasible, i.e. at APCU) or separately off-line. The in-kind contribution may then even be incorporated in the Financial Statements in the Sources of Funds and its evaluation criteria specified in the FS Notes.	PCU/APCU	06/2019
(RS) Amendment to BP contracts – APCU.(Areas: supporting documents; service cost invoicing) RS Republic: Amend BP contracts (i) to include in the invoice supporting documentation also copies of the contracts signed by BLs-Farmers; (ii) to come up with a solution for the invoicing of cost of services by a BL registered as goods provider only. Such an issue is limited to up to 5% of the total BP investment cost.	APCU	06/2019
(Federation)-Amendment to BP contracts - APCU, (Areas: invoice; vat; % charged amounts) Federation: (i) Amend/integrate payment request documents to include all key element of an invoice (i.e. document unique number; vat amount, payment due date), (ii) verify that farmers are charged their own agreed % quota and not the full amount (i.e. of start-up pack); (iii) amend existing contracts BL-PCU to quote total value inclusive of VAT.	PCU	06/2019

Quality and Timeliness of Audit

Rating:

Counterparts Funds

Rating: 5

Previous rating: 3

Justification of rating

Financial Management and Execution has two part, Republika Srpska and Federation of Bosnia and Herzegovina

Main issues

Federal/RS governments have released initial advances to the PCU/APCU counterpart bank accounts respectively, which are sufficient to ensure proper VAT payments for AWPB 2019 expenditure. Funds can be released, upon PCU/APCU request, on time and in full. PCU/APCU have to set proper segregation/registration/payment of VAT in order for the advances to be replenished in time.

Agreed Action	Responsibility	Agreed Date
Financial Management & Execution		
(Federation) Reverse VAT payment: Reverse the ineligible VAT payment of about EUR 20K from the Loan account to the Government account and fix accounting books, before next WA is issued to IFAD WA is not submitted yet. Project to reverse the VAT cost prior to WA submission.	PCU	05/2019
Segregate VAT: Split VAT from invoice gross amount and pay it from Government bank account	PCU/APCU	05/2019

Compliance with Loan Covenants

Rating: 5

Previous rating: 5

Justification of rating

The programme is overall satisfactorily compliant with the loan covenant. Minor improvements are required regarding the submission of the unaudited FS and the IFR (both are already available at PCUs).

Agreed Action	Responsibility	Agreed Date
Financial Management & Execution		
Unaudited FS Submit unaudited FS with first 4 months of fiscal year	PCU/APCU	06/2019
Interim Financial Reports (IFR) Submit semi-annual IFR inclusive of cash forecast for the next 6 months	PCU	06/2019

Procurement

Procurement

Rating: 5

Previous rating: 4

Justification of rating

The average procurement rating for the PCU and the APCU is 5. The overall programme level rating for procurement is also 5 and has improved from the previous rating. Overall procurement risk is considered low. Procurement evaluation was carried out on the basis of a review of procurement procedures and documentation using the IFAD Procurement Risk Matrix (PRM). Procurement supervision was performed on the basis of a review of the sample of randomly selected 25 contracts. All selected contracts were subject of prior review, and more than half of the selected contracts were subject of post review.

Procurement Review

The total value of contracts for procurement at the programme level is BAM 8.6 million through 79 contracts (28 contracts valued at BAM 5.5 million in FBiH, and 51 contracts valued at BAM 3.1 million in the RS). In the FBiH, 57% of the procurement plan for 2019 has been achieved, though the procurement process of some activities is yet to begin. In the RS, starter packages were contracted for 4 years and delivered for one year. Also, some more contracts are expected to be signed soon. Both the PCU and the APCU enabled the mission to access procurement documentation, in hard and electronic formats as relevant. Procurement officers use the IFAD NOTUS no objection tracking system. Both the

procurement units consist of one procurement officer, with separated procurement and finance functions. The project units conduct procurement procedures according to the IFAD procurement regulations, as stated in the Loan Agreement and LTB.

Procurement plans are an integral part of AWPB and are consistent by structure and value. The 2019 AWPBs and the procurement plans could have been more specific. Procurement reports should be aligned with the format of procurement plans, which will enable their comparison, harmonization and consolidation between the two project units. Most procurements were direct contracts with business leaders. Although the direct contracting method is the least competitive method, whose application is limited only on exceptional circumstances, its application, in this case, is acceptable and justifiable, given the multiple roles of business leaders. For all contracts awarded through direct contracting approval of the IFAD CPM was requested and received.

The procurement of the starter packages involves a complex and atypical process. The two programme units have used partly different ways of contracting the starter packages. The PCU contracted starter packages in advanced for a known number of beneficiaries. However the APCU signed a contract for the entire business plan. PCUs should negotiate the procurement of starter packages directly with the leader/supplier with approved business plans in order to ensure the best value of money, align each purchase with prevalent market conditions and provide the greatest benefits for farmers.

DC is employed for procurement of starter packages where business leaders are providing these to farmers selected pursuant to criteria set out in PIM. As planned in the design document, from an agricultural production-, marketing and business perspective the selected farmers need to receive the start-up package from the very same Business Leader who has committed to purchase the produce, provide technical assistance to ensure meeting of quality standards, and who is providing the marketing outlet for high value domestic and international markets. To ensure a transparent setup, the PIM stipulates that farmers become eligible as beneficiaries of start-up packages only through approval of a Business Plan of the Business Leader. The PIM elaborates a number of key evaluation stages aimed at ensuring transparency and fairness in the selection of BPs.

1. At the initial stage of the project several open workshops are organized to promote the project and its approach to the various stakeholders engaged in the targeted value-chains.
2. The A/PCU have through a competitive process selected a service provider to perform the role of business facilitation partner to assist RCDP project teams in identifying BPs.
3. The project teams have established separate independent Business Plan assessment committees (BPAC) responsible for reviewing, assessing BPs received, and providing recommendation to A/PCU on what BP to select. PCU will in advance define evaluation criteria for BP evaluation.
4. The final approval of BPs is done by A/PCU.
5. An internal review of proposed BPs is conducted by the IFAD country team before final approval and decision to go for direct contracting of start-up packages with the selected BP originator.

It was agreed that the PCU would sign contracts (only) for the value to be paid from the project accounts, and register this value (without farmers contribution) in the register of contracts. The value of the participation of other co-financiers can also be indicated in these contracts. In the case of APCU, since the contracts are indicative (framework), each individual framework contract has to be realized by signing a certain number of annexes for each specific procurement.

PCUs should enhanced its participation during the delivery of the starter package and actively participate in the process of verifying and checking the quantity and quality of goods and services through team members and hired local consultants, directly in the field and through checking the submitted documentation, including confirmation that the delivered goods comply with phytosanitary and other regulations. The mission appreciates the efforts that have been invested by the programme teams in finding functional arrangements for contracting, especially starter packages. Issues of non-compliance were not found in any of the completed procurements.

Agreed Action	Responsibility	Agreed Date
Financial Management & Execution		
Directly negotiate starter packages with each business leader before signing a contract Determine the structure, quantity, quality, value and dynamics of delivery of the contracted goods (and services).	PCU and APCU	06/2019
Operationalize the framework contracts with business leaders through annexes Add annexes to the framework contract for starter packages, services and equipment with a specification of quantities, values and recipients for each year.	APCU	06/2019
Improve PCU's presence and empower their role during and after delivering starter packages Ensure the presence of the project team members and local consultants on the spot and checking the submitted documentation (including verification of origin and quality of planting material of biological origin) in office	PCU and APCU	06/2019
Align the formats of procurement plans and reports Make sure that the procurement reports provide data on the degree of execution of concluded contracts.	PCU and APCU	06/2019

F. Agreed Actions

Agreed Action	Responsibility	Agreed Date
Overview and Project Progress		
Component 2: SME Cooperatives Treat SME cooperatives equivalently with SMEs and ensure they do not own collective equipment, pending a decision on this issue during the MTR.	PCU and APCU	06/2019
Component 2: Starter package Include training and supervision activities as part of the starter package along with physical inputs, rather than budgeted separately (for new BPs). From 2020 stop starter packages to support the regular business of farmers who are already connected to the business leader for the same crop Stop budgeting for repeat starter packages as standard practice in the BPs except for exceptions as detailed in the text. Continuous.	PCU and APCU	06/2019
Component 2: New agricultural value chains support Support new agricultural value chains including but not limited to dairy (on a pilot basis) bee-keeping, cereals and oilseeds, provided the same methodology is used	PCU and APCU	07/2019

Component 2: Collective equipment operated by SME/Cooperatives Collective equipment operated by SME or SME cooperative business leaders not allowed unless a transparent agreement with lease payments made to farmer organization that owns the equipment. Guard against the selection of proxy PAs for collective equipment support. Immediate	PCU and APCU	08/2019
Component 1: Training for cluster stakeholders Organize focused training (external or internal exchange visit) for cluster stakeholders to learn about successful cluster formation processes in the region	PCU and APCU	10/2019
Component 1: Training for cluster stakeholder platform PCU and APCU to organize a focused learning session on experiences from cluster stakeholder platform development during an inter-entity workshop in 2019.	PCU and APCU	10/2019
Component 1: Cluster stakeholder platforms Continue supporting cluster stakeholder platforms with the aim of having BPs developed independently by the clusters in the future and to develop concrete cluster development plans based on templates prepared and shared by the PCU/APCU. IFAD to review these plans and consider supporting certain activities	PCU and APCU	12/2019
Component 2: Business training Provide all farmers participating in BPs with farming as a business (FAAB) training. Similarly, provide all farmers organizations with business skills training and training focusing on vulnerable groups, women and youth (e.g. leadership training)	PCU and APCU	12/2019
Development Effectiveness		
Ensure improved inclusiveness of vulnerable groups Given the increased emphasis on targeting (women empowerment, youth inclusion) under the IFAD11 cycle, targeting mechanisms must be implemented in line with the PDR with a strong focus on women and youth.	PCU/APCU	06/2019
Improve gender awareness among programme stakeholders Integrate training on gender awareness for all stakeholders throughout next training modules (e.g. FAAB, cooperative and PAs training, etc.).	APCU/PCU	06/2019
Advocate for women and youth in leadership positions Integrates training on leadership promotion for youth and women, whether individuals or members of PAs or cooperatives, into the next round of training initiatives.	APCU/PCU	06/2019
Advocate for better inclusion of women in BPs Promote women's participation in BPs to ensure appraisal targets are met.	APCU/PCU	06/2019

Ensure improved inclusiveness of vulnerable groups MTR to consider the replication of the RBDP 'Youth Entrepreneurship Programme'.	MTR	
Improve targeting strategy implementation Strengthen the validation of beneficiaries selected for starter packages to guard against dilution of targeting standards (refer section on targeting above). Avoid repeated subsidies to producers already linked successfully to BLs. Deadline: immediate.	PCU/APCU	
Project Management		
M&E database review Updated the newly created M&E database throughout the project implementation (not only before an IFAD supervision mission), to report relevant data on project activities. Deadline: immediate.	Both entities	
M&E System review Follow up closely with the contracted Consultancy firm to have the finalised study completed and sent to IFAD on 15 Sept at the latest. Deadline: immediate.	Republika Srsпка	
Financial Management & Execution		
Submit detailed financial statements for each fiscal year.	PCU	04/2019
Confirm AWPB 2019 full expenditure achievement	PCU/APCU	05/2019
(Federation) Reverse VAT payment: Reverse the ineligible VAT payment of about EUR 20K from the Loan account to the Government account and fix accounting books, before next WA is issued to IFAD WA is not submitted yet. Project to reverse the VAT cost prior to WA submission.	PCU	05/2019
Segregate VAT: Split VAT from invoice gross amount and pay it from Government bank account	PCU/APCU	05/2019
Reporting-IFR, Submit IFR semi-yearly to IFAD	PCU	05/2019
Reporting-FS- Submit detailed financial statements for each fiscal year Submit unaudited 2018 FS to IFAD	PCU/APCU	05/2019
Full withdrawal of Authorised Allocation to DAs-Submit WA to IFAD for advance Loan DAs up to max Auth. Allocation	PCU/APCU	05/2019
Unaudited FS Submit unaudited FS with first 4 months of fiscal year	PCU/APCU	06/2019

Interim Financial Reports (IFR) Submit semi-annual IFR inclusive of cash forecast for the next 6 months	PCU	06/2019
Directly negotiate starter packages with each business leader before signing a contract Determine the structure, quantity, quality, value and dynamics of delivery of the contracted goods (and services).	PCU and APCU	06/2019
Operationalize the framework contracts with business leaders through annexes Add annexes to the framework contract for starter packages, services and equipment with a specification of quantities, values and recipients for each year.	APCU	06/2019
Improve PCU's presence and empower their role during and after delivering starter packages Ensure the presence of the project team members and local consultants on the spot and checking the submitted documentation (including verification of origin and quality of planting material of biological origin) in office	PCU and APCU	06/2019
Align the formats of procurement plans and reports Make sure that the procurement reports provide data on the degree of execution of concluded contracts.	PCU and APCU	06/2019
Federation of Bosnia and Herzegovina- Submit a WA for the loan and the grant.	PCU	06/2019
Republika Srpska- Submit a WA for the loan and the grant.	APCU	06/2019
Internal reporting. Improve monitoring Act/AWPB by sub-comp/financier (liaise with M&E)	PCU/APCU	06/2019
In-kind contribution-Track value of beneficiary contribution PCU/APCU to keep track of beneficiary/farmers in kind contribution in value terms (and liaise with M&E to match it with the physical progress). The value of any in-kind contribution from the beneficiary has to be captured by PCU/APCU, in order to monitor/report it against the investment plan. It will be possible to perform such task any time each BL invoice is recorded in the Programme books: also the expenditure quota pertaining to the farmer/beneficiary may be recorded either on-line in a dedicated account in the accounting software (where feasible, i.e. at APCU) or separately off-line. The in-kind contribution may then even be incorporated in the Financial Statements in the Sources of Funds and its evaluation criteria specified in the FS Notes.	PCU/APCU	06/2019

<p>(RS) Amendment to BP contracts – APCU.(Areas: supporting documents; service cost invoicing)</p> <p>RS Republic: Amend BP contracts (i) to include in the invoice supporting documentation also copies of the contracts signed by BLs-Farmers; (ii) to come up with a solution for the invoicing of cost of services by a BL registered as goods provider only. Such an issue is limited to up to 5% of the total BP investment cost.</p>	APCU	06/2019
<p>(Federation)-Amendment to BP contracts - APCU, (Areas: invoice; vat; % charged amounts)</p> <p>Federation: (i) Amend/integrate payment request documents to include all key element of an invoice (i.e. document unique number; vat amount, payment due date), (ii) verify that farmers are charged their own agreed % quota and not the full amount (i.e. of start-up pack); (iii) amend existing contracts BL-PCU to quote total value inclusive of VAT.</p>	PCU	06/2019

Rural Competitiveness Development Programme

Logical Framework

Results hierarchy	Indicators							Means of verification			Assumptions
	Name	Baseline	Mid-Term	End Target	Annual Result (2019)	Cumulative Result (2019)	Cumulative Result % (2019)	Source	Frequency	Responsibility	
Outreach	1 Persons receiving services promoted or supported by the project							"M&E reports (Resp: A/PCU) Survey on inclusiveness of rural poor (Resp: A/PCU)"	Annually	APCU, PCU	
	Males	0		11 200	2 481	2 838	25.3				
	Females	0		4 800	1 301	1 362	28.4				
	Young	0		800	657	667	83.4				
	Total number of persons receiving services	0		16 000	3 782	4 200	26.3				
	1a. Corresponding number of households reached							"M&E reports (Resp: A/PCU) Survey on inclusiveness of rural poor (Resp: A/PCU)"	Annually	APCU, PCU	
	Households	0		16 000	3 782	4 200	26.3				
	1.b Estimated corresponding total number of households members										
	Household members			56 000	13 237	14 700	26.3				
Project Goal Contribute to rural poverty reduction in selected sub-sectors of BiH economy	Percentage increase in Households with improvement in assets ownership index							Baseline and impact survey	Annually	APCU, PCU	
	Percentage increase	0		20	0	0	0				

Results hierarchy	Indicators							Means of verification			Assumptions
	Name	Baseline	Mid-Term	End Target	Annual Result (2019)	Cumulative Result (2019)	Cumulative Result % (2019)	Source	Frequency	Responsibility	
Development Objective To enable smallholders to take advantage of fruits, vegetable and non-timber forest products subsector development for the sustainable improvement of their social and economic conditions and those of other poor rural groups	Percentage increase in volume of produce exported							"Baseline and impact survey (resp: A/PCU) Export & production statistics Monitoring reports of facilitators M&E reports (Resp: A/PCU) Survey on inclusiveness of rural poor (Resp: A/PCU) "	Annually	APCU, PCU	Poor farmers' and vulnerable groups' interest and readiness to coordinate within the selected VCs
	Volume	0	30	100	0	0	0				
	Value of additional revenues at HH level							"Baseline and impact survey (resp: A/PCU) Export & production statistics Monitoring reports of facilitators M&E reports (Resp: A/PCU) Survey on inclusiveness of rural poor (Resp: A/PCU) "	Annually	APCU, PCU	
	Berries (2 dunum)	0		3 000	0	0	0				
	Open field vegetables (1 ha)	0		1 500	0	0	0				
	greenhouses (600 m2)	0		4 000	0	0	0				

Results hierarchy	Indicators							Means of verification			Assumptions
	Name	Baseline	Mid-Term	End Target	Annual Result (2019)	Cumulative Result (2019)	Cumulative Result % (2019)	Source	Frequency	Responsibility	
	Minimally 30% participation of women and youth participation in the VCs							"Baseline and impact survey (resp: A/PCU) Export & production statistics Monitoring reports of facilitators M&E reports (Resp: A/PCU) Survey on inclusiveness of rural poor (Resp: A/PCU) "	Annually	APCU, PCU	
	Vulnerable groups	0	10	30	40	40	133.3				
	2.2.1 New jobs created							"Baseline and impact survey (resp: A/PCU) Export & production statistics Monitoring reports of facilitators M&E reports (Resp: A/PCU) Survey on inclusiveness of rural poor (Resp: A/PCU) "	Annually	APCU, PCU	
	Number of new jobs	0	1 000	3 150	0	0	0				
	Job owner - men	0	800	2 520	0	0	0				
	Job owner - women	0	200	630	0	0	0				
Outcome Outcome 1: The Improved policy and institutional environment attracts smallholders and investors to the selected sub-sectors	Value of private investments leveraged in selected sub-sectors pro-poor development							Baseline and impact survey, monitoring reports of facilitators	Annually	APCU, PCU	Willingness of National and entity stakeholders to cooperate and to create an enabling environment for selected sub-sectors. Continued demand for sub-sector development.
	Co-financing	0	4	29	0	0	0				
	Policy 3 Existing/new laws, regulations, policies or strategies proposed to policy makers for approval, ratification or amendment							Baseline and impact survey, monitoring reports of facilitators	Annually	APCU, PCU	
	Number	0	1	3	0	0	0				

Results hierarchy	Indicators							Means of verification			Assumptions
	Name	Baseline	Mid-Term	End Target	Annual Result (2019)	Cumulative Result (2019)	Cumulative Result % (2019)	Source	Frequency	Responsibility	
Output Output 1.1 Smallholders Platforms at cluster and sub-sector levels improve VC coordination and sub-sector governance, inform public policies and orient investments in order to warrant long-term sub-sector competitiveness	Functioning multi-stakeholder platforms (clusters) supported and in operation (8 by FY4) (new RIMS)							"Monitoring reports of SSP/CSP facilitators M&E reports Business proposals Minutes of CSP/SSP meetings "	Annually	APCU, PCU	Readiness of local authorities and of private sector actors to play a lead role in efforts to improve inclusiveness and coordination along the value chain
	Platforms	0	6	12	0	12	100				
	Sub-sector stakeholder platforms established and in operation at country level							"Monitoring reports of SSP/CSP facilitators M&E reports Business proposals Minutes of CSP/SSP meetings "	Annually	APCU, PCU	
	Platforms	0	1	3	0	0	0				
Output Output 1.2 Appropriate technical and business development services are made available at local and entity levels	Public extension staff with updated skills and competencies							"Extension staff competence gap analysis for each subsector and training planning Reports of PAs and cooperatives on the performance of BDS services Monitoring reports on the quality of the service providers M&E reports "	Annually	APCU, PCU	Existence of private and public advisory services that can respond to the current needs of the sector. (R) Classic procurement and financial management system might create delays.
	Males	0	20	40	4	10	25				
	Females	0	10	20	0	0	0				
	Total	0	30	60	4	14	23.3				

Results hierarchy	Indicators							Means of verification			Assumptions
	Name	Baseline	Mid-Term	End Target	Annual Result (2019)	Cumulative Result (2019)	Cumulative Result % (2019)	Source	Frequency	Responsibility	
	2.1.1 Rural enterprises accessing business development services							"Extension staff competence gap analysis for each subsector and training planning Reports of PAs and cooperatives on the performance of BDS services Monitoring reports on the quality of the service providers M&E reports "	Annually	APCU, PCU	
	Rural enterprises	0	7	15	5	16	106.7				
	A voucher scheme for BDS, organizational and technical advisory services has been set up and in operation by FY3							"Extension staff competence gap analysis for each subsector and training planning Reports of PAs and cooperatives on the performance of BDS services Monitoring reports on the quality of the service providers M&E reports "	Annually	APCU, PCU	
	Scheme	0	1	1	1	1	100				

Results hierarchy	Indicators							Means of verification			Assumptions
	Name	Baseline	Mid-Term	End Target	Annual Result (2019)	Cumulative Result (2019)	Cumulative Result % (2019)	Source	Frequency	Responsibility	
	Private extension staff with updated skills and competencies							"Extension staff competence gap analysis for each subsector and training planning Reports of PAs and cooperatives on the performance of BDS services Monitoring reports on the quality of the service providers M&E reports "	Annually	APCU, PCU	
	Males	0	0	0	0	4	Inf				
	Females	0	0	0	0	0	NaN				
	Total	0	30	60	0	4	6.7				
	1.1.4 Persons trained in production practices and/or technologies							"Extension staff competence gap analysis for each subsector and training planning Reports of PAs and cooperatives on the performance of BDS services Monitoring reports on the quality of the service providers M&E reports "	Annually	APCU, PCU	
	Men trained in crop			11 200	2 100	2 198	19.6				
	Women trained in crop			4 800	1 043	1 070	22.3				
	Young people trained in crop										
	Total persons trained in crop			16 000	3 143	3 268	20.4				
Outcome Outcome 2: Sustainable inclusion of poor smallholders and vulnerable groups in selected sub-sectors	Increase in the final price/value accruing to smallholders							"Baseline and impact surveys Participatory monitoring of smallholder participation in selected VCs M&E reports Update of financial models "	Annually	APCU, PCU	Willingness of VC actors to improve the coordination along the VC
	Price/ Value	0	5	10	0	0	0				

Results hierarchy	Indicators							Means of verification			Assumptions
	Name	Baseline	Mid-Term	End Target	Annual Result (2019)	Cumulative Result (2019)	Cumulative Result % (2019)	Source	Frequency	Responsibility	
	Increase in product added value							"Baseline and impact surveys Participatory monitoring of smallholder participation in selected VCs M&E reports Update of financial models "	Annually	APCU, PCU	
	Products	0	5	20	0	0	0				
	3.2.2 Households reporting adoption of environmentally sustainable and climate-resilient technologies and practices							"Baseline and impact surveys Participatory monitoring of smallholder participation in selected VCs M&E reports Update of financial models "	Annually	APCU, PCU	
	Total number of household members	0	1 500	5 000	0	0	0				
	Males			4 000	0	0	0				
	Females			1 000	0	0	0				

Results hierarchy	Indicators							Means of verification			Assumptions
	Name	Baseline	Mid-Term	End Target	Annual Result (2019)	Cumulative Result (2019)	Cumulative Result % (2019)	Source	Frequency	Responsibility	
Output Output 2.1 Inclusive business proposals developed and implemented	Business proposals facilitated between smallholders and value chain actors							Survey of inclusiveness of rural poor	Annually	APCU, PCU	Willingness of PAs, cooperatives and municipalities to reach out to rural poor people. Necessary BDS clearly defined and focused on increasing VC competitiveness. Private and public value chain stakeholders are willing to leverage public funding that will be provided. (R) Classic procurement and financial management system might create delays.
	Business proposals	0	60	140	23	42	30				
	2.1.3 Rural producers' organizations supported							Survey of inclusiveness of rural poor	Annually	APCU, PCU	
	Rural POs supported	0	20	60	11	21	35				
	Number of PAs and cooperatives improving their productive or marketing assets							Survey of inclusiveness of rural poor	Annually	APCU, PCU	
	Organizations	0	10	60	0	1	1.7				
Output Output 2.2 Poor farmers, women and youth have successfully integrated into competitive and rewarding fruit, vegetable and NTFP value chains	Percentage of vulnerable groups in decision making positions in the PAs/Coops							Reports from vulnerable groups	Annually	APCU, PCU	Smallholder farmers have access to agri-business services and information. Sound criteria for targeting are defined. Willingness of key actors to adopt an inclusive approach.
	Females	5	10	20	7	7	35				
	Young			20	0	0	0				
	Measurable improvement of FO performance (based on MIDCA assessment)							MIDCA report	Annually	APCU, PCU	
	Index	0	10	25	0	0	0				

Bosnia and Herzegovina

Rural Competitiveness Development Programme

Supervision Report

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

Mission Dates: 20-31 May 2019
Document Date 12/07/2019
Project No. 1100001728
Report No. 5090-BA

Near East, North Africa and Europe Division
Programme Management Department

PART A – Federation of Bosnia and Herzegovina

BIH Federation - FINANCIAL PERFORMANCE (at at 30 April 2019)

Table 1A: Financial performance by FINANCIER (USD 000, as at 30 April 2019)

FINANCIER:	Appraisal (USD 000)	Disbursement (USD 000)	Disbursed %
IFAD loan	7.100	992	14%
IFAD grant	290	161	56%
Government	1.400	13	1%
Beneficiaries & Others	9.495	136	1%
TOTAL	18.285	1.302	7%

Actual value of beneficiary contribution estimated complementary 60% quota on the 100% start up pack already paid by PCU (40%).

Table 1B: Financial performance by COMPONENT (USD 000, as at 30 April 2019)

COMPONENT:	IFAD loan			IFAD grant			Government			Beneficiaries & Others			TOTAL		
	Appraisal (USD 000)	Actual (USD 000)	%	Appraisal (USD 000)	Actual (USD 000)	%	Appraisal (USD 000)	Actual (USD 000)	%	Appraisal (USD 000)	Actual (USD 000)	%	Appraisal (USD 000)	Actual (USD 000)	%
1. Enabling environment for inclusive subsector	380	64	17%	290	12	4%	115	9	8%				785	85	11%
2. Sustainable inclusion of smallholders	5.880	150	3%				1.180	4	0%	9.495	136	1%	16.555	290	2%
3. Project management, M&E	840	41	5%				105		0%				945	41	4%
sub total (programme expenditure)	7.100	255	4%	290	12	4%	1.400	13	1%	9.495	136	1%	18.285	416	2%
<i>Outstanding advance</i>		737			149								0	886	
TOTAL (disbursement)	7.100	992	14,0%	290	161	56%	1.400	13	1%	9.495	136	1%	18.285	1.302	7%

Table 1C: IFAD Loan disbursement (EUR 000, as at 30 April 2019)

CATEGORY:	Original Allocation (EUR 000)	Disbursement (EUR 000)	W/A not yet issued. (EUR 000)	Balance (EUR 000)	% Disbursed*
I Goods, services and inputs	5.035		106	5.035	0%
II Consultancies	465		85	465	0%
III Equipment	70			70	0%
IV Operating costs	545		37	545	0%
Unallocated	325			325	0%
Initial Allocation DA		900		-900	
TOTAL	6.440	900	228	5.540	14%

* excluding pending WAs

0,91

Table 1C: IFAD Grant disbursement (EUR 000, as at 30 April 2019)

CATEGORY:	Original Allocation (EUR 000)	Disbursement (EUR 000)	W/A not yet issued. (EUR 000)	Balance (EUR 000)	% Disbursed*
II Consultancies	270		11	270	0%
Unallocated				0	
Initial deposit		150		-150	
TOTAL	270	150	11	120	56%

* excluding pending WAs

0,93

OVERALL Disbursement (Loan + Grant)	6.710	1.050	239	5.660	16%
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Part B – Republika Srpska

SRPSKA Republic - FINANCIAL PERFORMANCE (as at 30 April 2019)

Table 1A: Financial performance by FINANCIER (USD 000, as at 30 April 2019)

FINANCIER:	Appraisal (USD 000)	Disbursement (USD 000)	Disbursed %
IFAD loan	5.160	364	7%
IFAD grant	210	158	75%
Government	935	19	2%
Beneficiaries & Others	6.145	15	0%
TOTAL	12.450	555	4%

Progress mainly due to contribution from the Municipailities (Others)

Table 1B: Financial performance by COMPONENT (USD 000, as at 30 April 2019)

COMPONENT:	IFAD loan			IFAD grant			Government			Beneficiaries & Others			TOTAL		
	Appraisal (USD 000)	Actual (USD 000)	%	Appraisal (USD 000)	Actual (USD 000)	%	Appraisal (USD 000)	Actual (USD 000)	%	Appraisal (USD 000)	Actual (USD 000)	%	Appraisal (USD 000)	Actual (USD 000)	%
1. Enabling envirnment for inclusive subsector	270	10	4%	210	1	0%	80	1	1%				560	12	2%
2. Sustainable inclusion of smallholders	4.170	33	1%				760	8	1%	6.145	15	0%	11.075	56	1%
3. Project management, M&E	720	85	12%				95	10	11%				815	95	12%
sub-total (programme expenditure)	5.160	128	2%	210	1	0%	935	19	2%	6.145	15	0%	12.450	163	1%
<i>Outstanding advance</i>		236			157									392	
TOTAL (disbursement)	5.160	364	7,1%	210	158	75%	935	19	2%	6.145	15	0%	12.450	555	4%

Table 1C: IFAD Loan disbursement (EUR 000, as at 30 April 2019)

CATEGORY:	Original Allocation (EUR 000)	Disbursement (EUR 000)	W/A not (EUR 000)	Balance (EUR 000)	% Disbursed*
I Goods, services and inputs	3.620		9	3.620	0%
II Consultancies	345		29	345	0%
IV Operating costs	480		76	480	0%
Unallocated	235			235	0%
Initial Allocation DA		330		-330	
TOTAL	4.680	330	114	4.350	7,1%

* excluding WAs to be issued

0,9

0,9

Table 1C: IFAD Grant disbursement (EUR 000, as at 30 April 2019)

CATEGORY:	Original Allocation (EUR 000)	Disbursement (EUR 000)	W/A not (EUR 000)	Balance (EUR 000)	% Disbursed*
II Consultancies	200		0,4	200	0%
Unallocated				0	
Initial deposit		150		-150	
TOTAL	200	150	0	50	75%

* excluding pending WAs

1,0

OVERALL Disbursement (Loan + Grant)	4.880	480	114	4.400	10%
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Appendix 1 - Table 3

IFAD Finacing (Loan + Grant) - KPIs
Status of financial progress at 30/04/2019

EUR million

	TOTAL	%	FED	%	RS	%	<i>Notes:</i>
IFAD Financing	11,6	100%	6,7	100%	4,9	100%	
<i>of which: Loan</i>	11,1	96%	6,4	96%	4,7	96%	
<i>of which: Grant</i>	0,5	4%	0,3	4%	0,2	4%	
IFAD Disbursement - cumulative	1,5	13%	1,1	16%	0,5	10%	
RCDP Expenditure - cumulative	0,4	3%	0,2	4%	0,1	2%	<i>Fed: other 0,4 mln pending payment</i>
BPs Contracts - IFAD share	3,8	33%	1,3	19%	2,6	52%	<i>value of Start-up packs</i>
BPs Contracts - in AWPB 2019	1,6	13%	0,9	14%	0,6	13%	<i>Start-up packs to be distributed in 2019</i>
AWPB 2019 - IFAD share	3,3	29%	2,3	34%	1,0	21%	

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Appendix 2: Physical progress measured against AWP&B

Mission Dates: 20-31 May 2019

Document Date 12/07/2019

Project No. 1100001728

Report No. 5090-BA

Near East, North Africa and Europe Division
Programme Management Department

Appendix 2: Physical progress measured against AWP&B

A. Physical progress – BIH

CATEGORY	Unit	Unit costs	Target Y2 (2019)	Physical realization Y2 (2019)	% physical realization Y2 (2019)	Total amount	Project target
Component 1. Enabling Environment for Inclusive Sub-sector Development							
I. INVESTMENT COSTS							
A. Establishment of CSP/SSP							
1. Contracting SPs (BFP) for CSP development and support / a	Contract	50 000.0	1	1	100%	50 000.0	3
2. Cluster platform Fund - CSP fund for logistics / b	LS/Y-2	6 000.0	5	5	100%	30 000.0	5
3. SSP Allocation Fund (National subsectoral platforms) / c	LS/Y-2	15 000.0	1	0	0%	15 000.0	3
B. Technical and business develop. services for CSP and SSP							
1. Specific studies / d	Study	10 000.0	5	0	0%	50 000.0	10
3. Technical Advisory services (ToT) / e	Contract	5 000.0	5	5	100%	25 000.0	15
4. Business Development services (Field Coordination) / f	Contract	18 600.0	5	5	100%	93 000.0	15
C. Studies and Surveys							
1. Participatory Case Studies (Cluster Development Studies)	Study	5 000.0	5	5	100%	25 000.0	5
2. Baseline Poverty Study	Study	20 000.0	1	1	100%	20 000.0	
3. Mid-term Survey	Survey	30 000.0	1	0	0%	30 000.0	1
4. Impact assesment Survey	Survey	35 000.0	1	0	0%	0.0	1
5. Project Completion Report (PCR)	PCR	300 000.0	1	0	0%	0.0	1
D. Bank fees	n/a						
Total Component 1.					55% (average)	338 000.0	

a/ one SP/ 5 regions/ 5000 each region for cluster development and support in elaboration and implementation of BPs

b/ support initiatives taken by each platform (advocacy, meetings, studies, stakeholders' forums, training sessions, etc.). Amount of 6,000 KM has been allocated annually to support each CSP on matching basis (in the beginning 90% : 10%)

c/ support initiatives taken by each platform (advocacy, meetings, studies, stakeholders' forums, training sessions, etc.). Amount of 15,000 KM has been allocated annually to support each SSP on matching basis (in the beginning 90% : 10%)

d/ CSP/SSP functioning: specific sector studies and market research, strategies for sub-sector development, research of new varieties, policy development, impact assessment, regulation and standards, specific case studies regarding the VCs and sub-sectors, etc (5 regions 2 studies each).

CATEGORY	Unit	Unit costs	Target Y2 (2019)	Physical realization Y2 (2019)	% physical realization Y2 (2019)	Total amount	Project target
e/ training over three years for public extension services in production, processing and marketing on fruits, vegetables and NTFF, farm management, BDS and cooperative management (3 years x 5 regions x 1 Contract). f/ Contracted Field Coordinators (5 regions/clusters x 1 Coordinator Contract).							
Component 2.Sustainable inclusion of smallholders in the successful VC							
I. INVESTMENT COSTS							
A. Consultancy Services for BFP and Preparation of BPs (if any)	Contract	20 000.0	1	1	100%	20 000.0	1
B. Business Plan preparation and implementation (support fund)							
B.1. Business Assessment Committee financing / a	LS/Y-2	20 000.0	1	1	100%	20 000.0	3
B.2. Business plan financing as follows:							
1. starter packages including advisory services (new farmers) / b	Package	3 500.0	1500	3052	203%	5 250 000.0	2000
2. investments (equipment, facilities and CW for PAs or Coops) / c	Package	70 000.0	40	0	0%	2 800 000.0	60
3. climate investments (additional grants) / d	Package	200.0	1000	0	0%	200 000.0	10
4. obtaining and renewing certification labels / e	Certificate	15 000.0	15	0	0%	225 000.0	10
5. investment in collective productive infrast. and equipment / f	MP Contract	180 000.0	5	0	0%	900 000.0	20
6. Marketing activities (Fairs, trips, etc.) / g	Fair/trip	7 000.0	10	0	0%	70 000.0	15
C.3. Business plan monitoring (Monitoring during BP implementation)	Contract	5 000.0	5	5	100%	25 000.0	15
D. Specific gender and targeting activities							
1. Gender and youth capacity building for implementing partners	Contract	5 000.0	1	0	0%	5 000.0	1
2. Training on inclusive VC development and targeting	Training	2 000.0	5	5	100%	10 000.0	5
3. Technical Assistance (Women and youth employment) / h	LS/Y-2	70 000.0	5	0	0%	350 000.0	5
Total Component 2.					50% (average)	9 875 000.0	
a/ 4 members of the Committee/ 10 days each session/ 500 BAM per day including overnight, food and travel costs b/ Financing of starter packages within Business plan investments (out of total Business plan investment) c/ Financing of Equipment within Business plan investment directed to PAs/Coops as part of PAS/Coops Capacity building (out of total Business plan investment) d/Investments for Climate change protection within Business plan investments (out of total Business plan investment) e/Certifications for International standards (ISSO, HACCP, Global GAP, Organic standards, etc.) (out of total Business plan investment) f/ Investments within Business plan for collective equipment and collective post-harvest handling and processing facilities - semi-public investments (out of total Business plan investment) g/ different marketing support within Business plan investments (out of total Business plan investment) h/ Out of EUR 270,000 (allocated by Project) to co-finance specific activities to ensure inclusiveness of the Project vulnerable groups and the employment campaign (125 BAM/employed person/month for co-financing of taxes on salaries).							
Component 3. Project Management and Coordination(PCU)							

CATEGORY	Unit	Unit costs	Target Y2 (2019)	Physical realization Y2 (2019)	% physical realization Y2 (2019)	Total amount	Project target
I. INVESTMENT COSTS							
PCU staff courses							
Local Courses / a	Course	1 000.0	5	0	0%	5 000.0	8
International Courses / b	Course	5 000.0	2	1	50%	10 000.0	6
Workshops and audit							
Annual Review Workshop	WS	3 000.0	1	1	100%	3 000.0	4
Inter-entity Workshop	WS	5 000.0	1	0	0%	5 000.0	4
External Audit	Audit	7 000.0	1	1	100%	7 000.0	4
Knowledge Management							
Software for M&E system	Contract	25 000.0	1	0	0%	25 000.0	1
Training Manuals	Manual	10 000.0	2	0	0%	20 000.0	5
Total I - Investment Costs						75 000.0	
II. RECURRENT COSTS							
Salaries							
Director	person/year	19 777.8	1	0	0%	19 777.8	4
Financial officer	person/year	17 218.9	1	0	0%	17 218.9	4
Accountant at PCU / c	person/year	56 250.2	1	0	0%	56 250.2	4
Inclusive Business Development Officer	person/year	58 404.5	1	1	100%	58 404.5	4
M&E officer and credit coordinator	person/year	15 497.2	1	0	0%	15 497.2	4
Gender and targeting officer	person/year	13 214.4	1	0	0%	13 214.4	4
Procurement officer	person/year	14 340.5	1	0	0%	14 340.5	4
Interpreter/secretary	person/year	13 557.1	1	0	0%	13 557.1	4
Driver/Courier	person/year	8 349.0	1	0	0%	8 349.0	4
Collective insurance from accidents' consequences / d	Contract	2 000.0	1	0	0%	2 000.0	4
Allowances							

CATEGORY	Unit	Unit costs	Target Y2 (2019)	Physical realization Y2 (2019)	% physical realization Y2 (2019)	Total amount	Project target
Travel and Allowances	person/day	25.0	300	16	5%	7 500.0	600
Operation and Maintenance							
Vehicles (maintenance)	LS/Y-2	1 200.0	3	133	1/9	3 600.0	4
Vehicles (fuel)	LS/Y-2	1 200.0	3	133	1/9	3 600.0	4
Office overhead costs							
Telecommunication	LS/Y-2	2 000.0	1	222	1/9	2 000.0	4
Stationary (rent) and office supply	LS/Y-2	15 000.0	1	1667	1/9	15 000.0	4
Office operating costs: Main office Sarajevo	LS/Y-2	6 100.0	3	678	1/9	18 300.0	4
IT maintenance							
Maintenance of the existing IT system	LS/Y-2	1 250.0	1	139	1/9	1 250.0	4
Maintenance of PIMIS system for financial reporting	LS/Y-2	1 250.0	1	139	1/9	1 250.0	4
Total II - Recurrent Costs						271 109.6	
TOTAL Component 3. (I + II)					17% (average)	346 109.6	
TOTAL 2019 AWPB						10 559 109.6	

a/ Courses on M&E, Procurement, gender, communication, financial management, management e.t.c. (CBA)

b/ M&E, Procurement, financial management, management, gender & targeting, e.t.c.

c/ New position to upgrade recording and accounting system at the PCU, and to be ready to replace the existing Financial manager after his retirement

d/Contracting additional insurance of all the employees from accidents' consequences during the work

B. Physical progress - Republika Srpska

Project activities	Physical target 2019	Physical result 2019	% physical realization	Expenditures planned in 2019	Expenditures realised in 2019	% expenditure realization
Component 1 - I Investment costs						
A.Capacity building						
1. Information Campaign on Project Approach	0	0		0		
2. Training of Trainers TOT	2	0	0%	2.15	0	0%
3. Contracting of Lead Farmers	4	0	0%	8.18	0	0%
4. In country study tours	2	0	0%	20	1.9	10%
Subtotal Capacity Building				30.33	1.9	6%
C. Engaging Stakeholders in Sub-Sector Development						
1. Cluster Stakeholders Platform Allocation	21	6	29%	61.36	0	0%
2. Sub-Sector Stakeholders Platform allocation	1	0	0%	10.23	0	0%
Subtotal Engaging Stakeholders in Sub-Sector Development				71.59	0	0%
E. Evidence Based Policy Engagement						

Project activities	Physical target 2019	Physical result 2019	% physical realization	Expenditures planned in 2019	Expenditures realised in 2019	% expenditure realization
1. Case Studies and Learning and Policy Notes	1	0	0%	8.18	0	0%
G. Gender and Inclusiveness						
Gender diagnostic study and action plan	1	0	0%	28.21	0	0%
Gender Capacity Building for implementing partners	1	0	0%	12.27	0	0%
Capacity Building and Monitoring Inclusiveness of Component	7	7	100%	110.25	0	0%
Subtotal Gender and Inclusiveness				150.73	0	0%
Total Component 1			14% (average)	260.83	1.9	1%

Project activities	Physical target 2019	Physical result 2019	% physical realization	Expenditures planned in 2019	Expenditures realised in 2019	% expenditure realization
Component 2 - I						
Investment costs						
A. Inclusive BPs Developed and Implemented						
1. Update Market Information	1	0	0%	10.25		
2. Induction Training for BFPs	1	1	100%	2.48	0.22	9%
3. Public Technical Advisory Services	1	0	0%	25.19	23.91	95%
4. BPS Preparation	30	11	37%	69.5		
5. BPs Technical Review	11	0	0%	46		
6. BPs Monitoring	4	0	0%	19		
7. BPs Investment funds	20	16	80%	3700	43.7	1%
8. Knowledge products	1	0	0%	11.2		
Total Component 2			27% (average)	3883.62	67.83	2%

Project activities	Physical target 2019	Physical result 2019	% physical realization	Expenditures planned in 2019	Expenditures realised in 2019	% expenditure realization
Component 3 - I Investment costs						
A. Project Management Unit						
1. Office Supplies and Equipment	0	0	0%	0	0	
2. Vehicles	1	1	100%	74.85	67.4	90%
3. APCU Staff Trainings						
Local Courses	1	0	0%	2.05	0	
International Courses	1	0	0%	5.11	0	
Subtotal APCU staff trainings				7.16	0	0%
4. External audit	1	0	0%	4	0	
Subtotal APCU				11.16	0	0%
C. M&E and Knowledge Management						
1. Participatory Evaluation						
Field Project Presentation	4	4	100%	13.99	0	
Participatory Case Studies	1	0	0%	1.77	0	
Annual review workshop	1	0	0%	5.11	0	

Project activities	Physical target 2019	Physical result 2019	% physical realization	Expenditures planned in 2019	Expenditures realised in 2019	% expenditure realization
Inter-Entity Workshop	1	0	0%	5.11	0	
Final Evaluation First Cycle	0	0		0	0	
Subtotal Participatory Evaluation				25.98	0	0%
2. Studies and Surveys						
Baseline study	1	0	0%	20.15	0	
RIMS Study	0	0		0	0	
Subtotal Studies and Surveys				20.15	0	0%
3. Knowledge Management						
Information and Communication Materials	1	1	100%	5.11	0	
Training Manuals	1	0		10.23	0	
Subtotal Knowledge Management				15.34	0	0%
Subtotal M&E and Knowledge Management				61.47	0	0%
Total investment costs				147.48	67.4	46%
II Recurrent costs						

Project activities	Physical target 2019	Physical result 2019	% physical realization	Expenditures planned in 2019	Expenditures realised in 2019	% expenditure realization
A. Salaries						
Director	0	0		0		
Project Manager	1	1	100%	45.00	0	
Službenik za razvoj poslovanja	0	0		30.00	13.95	47%
M&E službenik	1	0	0%	30.00	0	
Menadžer za nabavke	1	0	0%	32.00	0	
Finansijski menadžer	1	0	0%	22.00	0	
Računovođa	1	0	0%	22.00	0	
Službenik za izbor korisnika/Prevodilac	1	0	0%	28.00	0	
Sekretarica	1	0	0%	20.00	0	
Driver	1	1	100%	28.00	8.28	30%
Subtotal salaries				257.00	22.23	9%
B. Allowances						
Travel and allowances	25	10	40%	5	0.7	14%
C. Office operating costs	1	1	100%	10	0.49	5%
Total recurrent costs				272.00	23.42	9%
Total Component 3			30% (average)	419.48	90.82	22%

Project activities				Expenditures planned in 2019	Expenditures realised in 2019	% expenditure realization
Comp 1 RS				260.83	1.9	1%
Comp 2 RS				3883.62	67.83	2%
Comp 3 RS				419.48	90.82	22%
Ukupno				4 563.93	160.55	4%

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Appendix 3: Compliance with legal covenants: status of implementation

Mission Dates: 20-31 May 2019

Document Date 12/07/2019

Project No. 1100001728

Report No. 5090-BA

Near East, North Africa and Europe Division
Programme Management Department

Appendix 3: Compliance with legal covenants: Status of implementation

Section	Covenant	Target/Action Due Date	Compliance Status/Date	Remarks
FA.B.6	The project shall open 4 designated accounts in Euros in banks acceptable to the Fund		Complied with	
FA.B.9	Government counterpart financing for payment of taxes/duties		Complied with	
FA.E.1	Programme agreement between IFAD and Federation/RS signed		Complied with	
FA.Schedule I.11	PIM prepared and submitted to IFAD		Complied with	
LTB.G.26	Submission of Semi-annual Interim Financial Report (IFR)		Fed PCU not compliant yet	Deadline for submission is with 45 day from after end of June.
Section 4.05, section 11.10(b)	Audit report submitted to IFAD.		n.a.	First due date will be 30 June 2019
Section 4.06	Progress reports to be submitted to IFAD on a quarterly basis.		APCU complied with PCU not compliant yet	
GC.7.01(b)	AWPB to be submitted to the Fund, for its review and comments		Complied with	
GC.8.03	A Mid-Term Review (MTR) to be carried out jointly by the Borrower and IFAD.		n.a.	
GC.9.02	Submit un-audited FS to IFAD within first 4 months of fiscal year		PCU/APCU not complied with	