

Zambia

Enhanced Smallholder Agribusiness Promotion Programme Supervision Report

Main report and appendices

Mission Dates: 23/04/2018 - 11/05/2018
Document Date: 18/10/2018
Project No. 2000001405
Report No. 4773-ZM

East and Southern Africa Division
Programme Management Department

Abbreviations and Acronyms

ABM	Agribusiness and Marketing Department
AfDB	African Development Bank
AWPB	Annual Work Plan and Budget
CAADP	Comprehensive Africa Agricultural Development Programme
CFU	Conservation Farming Unit
CKMO	Communication and Knowledge Officer
CoA	Chart of Accounts
COMACO	Community Markets for Conservation
COSOP	Country Strategic Opportunities Programme
CPMT	Country Programme Management Team
DBZ	Development Bank of Zambia
DCU	District Cooperative Union
DLD	Department of Livestock Development
DoA	Department of Agriculture
E-SAPP	Enhanced Smallholder Agribusiness Promotion Programme (IFAD)
E-SLIP	Enhanced Smallholder Livestock Investment Programme (IFAD)
ESMF	Environmental and Social Management Framework
ESMP	Environmental and Social Management Plan
FaaB	Farming as a Business
FAM	Finance and Administration Manager
FAO	Food and Agriculture Organisation
FBS	Farmer Business School
FFS	Farmer Field School
FM	Financial Management
FRA	Food Reserve Agency
FSP	Fertilizer Support Programme
GALS	Gender Action and Learning System
GDP	Gross Domestic Product
GRZ	Government of the Republic of Zambia
HDI	Human Development Index
HIPC	Heavily Indebted Poor Country
IAPRI	Indaba Agricultural Policy Research Institute
IFAD	International Fund for Agricultural Development
IP	Intervention Plan
JMR	Joint Monitoring Review
LF	Lead Farmer
M&E	Monitoring and Evaluation
MoA	Ministry of Agriculture
MCTI	Ministry of Commerce, Trade and Industry
MFI	Microfinance Institution
MFL	Ministry of Fisheries and Livestock
MFNP	Ministry of Finance and National Planning
MGF	Matching Grant Facility
MIS	Management Information System
MoU	Memorandum of Understanding
MSME	Micro, Small and Medium Enterprises
MTR	Mid-Term Review
NAIP	National Agricultural Investment Plan
NAIS	National Agricultural Information System
NDP	National Development Plan (Sixth and Seventh)
NGO	Non-Governmental Organisation
NO	No Objection

ORMS	Operational Results Management System
PARM	Platform for Agricultural Risk Management
PBAS	Performance-Based Allocation System
PCO	Programme Coordination Office
PDG	Programme Design Group
PIM	Programme Implementation Manual
PM&E	Planning, Monitoring and Evaluation
PPD	Policy and Planning Department (MoA and MFL)
PPPP	Public Private Producer Partnership (4P)
PROFIT	Production, Finance and Technology (USAID)
PSC	Programme Steering Committee
RIMS	Results and Impact Monitoring System
RUFEP	Rural Finance Expansion Programme (IFAD)
SAPP	Smallholder Agribusiness Promotion Programme (IFAD)
SCCI	Seed Control and Certification Institute
SECAP	Social, Environmental and Climate Assessment Procedures
SEMP	Smallholder Enterprise and Marketing Programme
S3P	Smallholder Productivity Promotion Programme (IFAD)
SCI	System of Crop Intensification
SRI	System of Rice Intensification
TLC	Total Land Care
USD	United States Dollar
VfM	Value for Money
WA	Withdrawal Application
WB	World Bank
WFP	World Food Programme
ZADF	Zambia Agribusiness Development Forum
ZAMACE	Zambia Agricultural Commodities Exchange
ZARI	Zambia Agricultural Research Institute
ZCF	Zambia Cooperative Federation Ltd
ZEMA	Zambia Environmental Management Agency
ZMW	Zambian Kwacha
ZNADS	Zambia National Agribusiness Development Strategy
ZNFU	Zambia National Farmers Union
ZPPA	Zambia Public Procurement Act

A. Project Overview

Region:	East and Southern Africa Division	Project at Risk Status:	Not at risk
Country:	Zambia	Environmental and Social Category:	B
Project Name:	Enhanced Smallholder Agribusiness Promotion Programme	Climate Risk Classification:	2
Project Id:	2000001405	Executing Institution:	Ministry of Agriculture and Livestock
Project Type:	Credit and Financial Services	Implementing Institutions:	Ministry of Agriculture and Livestock
CPM:	Abla Benhammouche		
Project Director:	Kwibisa Liywalii		
Project Area:	National in all 10 Provinces		

Approval Date	14/12/2016	Last audit receipt	not available yet
Signing Date	06/07/2017	Date of Last SIS Mission	11/05/2018
Entry into Force Date	06/07/2017	Number of SIS Missions	1
Available for Disbursement Date	16/10/2017	Number of extensions	0
First Disbursement Date	16/10/2017	Effectiveness lag	7 months
MTR Date	not available yet		
Original Completion Date	30/09/2024		
Current Completion Date	30/09/2024		
Financial Closure	not available yet		

Project total financing

IFAD Financing breakdown	IFAD	\$21,250,000
	East and Southern Africa Division	\$1,011,000
Domestic Financing breakdown	Beneficiaries	\$1,232,000
	Domestic Financing Institutions	\$512,000
	Private sector local	\$3,457,000
	National Government	\$2,006,000
Co-financing breakdown,	Platform for Agricultural Risk Management	\$200,000
Project total financing		\$29,668,000

Current Mission

Mission Dates:	23/04/2018 - 11/05/2018
Days in the field:	8
Mission composition:	Edward A'Bear Programme Management Specialist/Deputy Mission Leader; Fabrizio Vivarini Financial Management Specialist, Oscar Anaadumba Monitoring and Evaluation Specialist; and Waseem Khan, Procurement Specialist.

Field sites visited: Combined Field trips with S3P) to Muchinga, Northern and Luapula Provinces to: (i) the COMACO supported activities of the Lukulu Agricultural Camp in Lavushimanda District in Muchinga Province and LUMAMU Cooperative consisting of 2,090 members. (ii) reviewed progress of the Luwingu Chimpili road; (iii) the TLC supported groups in Mafili camp in Luwingu District Northern Province (iv) a rice group supported by TLC in Chibuye Camp in Chifunabuli District in Luapula Province; (v) viewed equipment purchased by a SAPP MGF and discussed with CSS General Dealers based in Mansa who are the only large rice processing company in Luapula Province; (vi) viewed a large storage shed supported through a SAPP MGF constructed for Chipili District Farmers Association; (vii) met with representatives of Mansa District Cooperative Union and several primary cooperatives. A wrap up workshop in Mansa was held with participants.

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	3
Agricultural Productivity	4	Coherence between AWPB and Implementation	4
Nutrition	4	Performance of M&E System	4
Adaptation to Climate Change	4	Requirements of Social, Environmental and Climate Assessment Procedures (SECAP)	3

Sustainability and Scaling-up	4	Financial Management and Execution	4
Institutions and Policy Engagement	4	Acceptable Disbursement Rate	4
Partnership-building	5	Quality of Financial Management	3
Human and Social Capital and Empowerment	4	Quality and Timeliness of Audit	
Quality of Beneficiary Participation	4	Counterparts Funds	4
Responsiveness of Service Providers	4	Compliance with Loan Covenants	3
Environment and Natural Resource Management		Procurement	4
Exit Strategy			
Potential for Scaling-up			

Relevance

C. Mission Objectives and Key Conclusions

Background and Main Objective of the Mission

The first full supervision and implementation support Mission for E-SAPP visited the Republic of Zambia during 23rd April to 10th May 2018 to review progress of and provide support as may be necessary for effective implementation of the above mentioned Programme. The specific objectives were: (i) undertake a review of the 2017/2018 Annual Work Plan and Budget (AWPB) and procurement plan and provide any implementation support to the different implementing agencies as may be needed; (ii) review the progress in start-up activities including those taken up from SAPP; (iii) review fiduciary aspects, focussing on financial management, disbursement and procurement issues and assess provision of counterpart funds in terms of amount and timeliness, and compliance with loan covenants and value for money; (iv) overview of issues affecting sustainability related to planning for institution building, rural poor empowerment, beneficiary participation, responsiveness of service providers and exit strategy.

Field trips from 27th April to 4th May 2018 were undertaken jointly with E-SAPP and the Smallholder Productivity Promotion Programme (S3P) team in Muchinga, Northern and Luapula Provinces to meet and discuss with beneficiaries, stakeholders and partner service providers to: (i) appraised the COMACO supported activities of the Lukulu Agricultural Camp in Lavushimanda District in Muchinga Province and how the producer groups are organised into the LUMAMU Cooperative consisting of 2,090 members. Activities reviewed included improved production of beans and groundnuts, demonstration of diet diversification using local produce and construction of a storage shed; (ii) reviewed progress of the Luwingu Chimpili road which is about 78% complete and an extension to the end of June 2018 was agreed to complete outstanding works; (iii) appraised the TLC supported groups in Mafili camp in Luwingu District Northern Province and how each Lead Farmer (LF) had 14 followers in the group which adopted the same GAPs in their fields as in the demonstration plot on the LF field. Crops viewed were orange maize, groundnuts and soya beans; (iv) appraised a group supported by TLC in Chibuye Camp in Chifunabuli District in Luapula Province to see how they were implementing SRI. They used less seed and the yield in the plot viewed was equivalent to 4 tonnes/ha. There is great potential in this camp to expand the rice, bean and cassava production; (v) viewed equipment purchased by a SAPP MGF and discussed potential support from E-SAPP with CSS General Dealers based in Mansa who are the only large rice processing company in Luapula Province. Potential to process 18-20 tonnes of rice per day but working well below this capacity due to lack of supply from producers; (vi) viewed a large storage shed supported through a SAPP MGF that is 90% complete constructed for Chipili District Farmers Association. They need support potentially from E-SAPP to complete the works and develop a viable operational model; (vii) met with representatives of Mansa District Cooperative Union and several primary cooperatives to appraise the effectiveness of the NIRAS training and had a robust discussion on cooperatives and the value of the DCU. Courtesy calls were made to the Provincial administrations and respective district offices prior to the field visits. On 3rd May 2018 a wrap up workshop in Mansa was held with representatives of MoA, MFL, MFNP, MCTI national, provincial (all three provinces) and district level government officials, COMACO and TLC.

The mission held discussions with the Policy and Planning Department (PPD), Department of Agriculture (DoA) and Department of Agribusiness and Marketing (ABM) in the Ministry of Agriculture (MoA); Department of Livestock Development (DLD) in the Ministry of Fisheries and Livestock (MFL); Department of Cooperatives in Ministry of Commerce, Trade and Industry (MCTI); Zambia Cooperative Federation Ltd (ZCF) Zambia Agricultural Research Institute (ZARI), Seed Control and Certification Institute (SCCI), Community Markets for Conservation (COMACO), NIRAS, and Indaba Agricultural Policy Research Institute (IAPRI). The list of People met is attached as Annex I. The *Aide Memoire* was discussed and agreed in wrap-up meetings with PCO and PPD and attended by representatives of key departments. The final *Aide Memoire* was subsequently signed on 10th May 2018.

Key Mission Agreements and Conclusions

Overall, the planned seamless transition from SAPP to E-SAPP has gone extremely well. GRZ and the E-SAPP team are to be congratulated on their achievements during the first six months of implementation. The formal launch of E-SAPP took place on 26th October 2017 in Lusaka followed immediately by the Start-Up Workshop. Provincial Start-up workshops to facilitate awareness and orient implementing ministries and other key stakeholders commenced in the fourth quarter of 2017 in Lusaka and Central provinces. Six Start-up workshops were held in Western, Southern, Eastern, Muchinga, Northern and Luapula provinces during the first four months of 2018. The remaining two provinces namely Copperbelt and North-Western will hold the start-up workshops during mid- May 2018.

All staff recruitment is being finalised except for the position of Commodity specialist- Livestock which remains vacant as no suitable candidate applied. The mission endorses the proposal made by GRZ and the PCO that the E-SAPP Focal Point Specialist in the Ministry of Fisheries and Livestock (MFL), who has the appropriate experience and knowledge of the programme, is seconded immediately into this vacancy. *The mission recommends that no objection is given immediately to transferring the Department of Livestock Focal Point staff member on secondment to the PCO as Commodity Specialist Livestock.*

There is a shortfall of funds to undertake the Vulnerability Assessment Study with CIAT as the PDR budget was USD50,000 but for an acceptable quality of study it will cost USD80,000. The mission recommends that *E-SAPP allocates the additional USD30,000 to the Vulnerability Study.*

It is commendable the momentum of making a quick start on sub-projects that E-SAPP is picking up from SAPP especially those that were partially funded. The mission understands that they might need more resources than anticipated in the 2018 AWPB. The mission recommends *E-SAPP requests for IFAD NO to vary the budget when such a*

scenario arises.

The mission identified the need to make clearer the definition of roles and responsibilities particularly between PPD and ABM at National, Provincial and District. The mission recommends *that PPD and ABM meet to define roles and responsibilities.*

The mission met with IAPRI to clarify their role as a financing partner and how they will account for the inputs made. It was agreed that (i) IAPRI will use up all of the \$500,000 in technical assistance before they can become a service provider; (ii) the Financing Agreement clearly indicates that IAPRI is a Co-financing Partner for E-SAPP and their role is defined in the Programme Design Report (PDR); (iii) the activities for IAPRI to implement during 2018 are included in the approved E-SAPP AWPB; (iv) IAPRI can commence implementing activities as approved in the AWPB; (v) E-SAPP and IAPRI to develop a MoU between GRZ and IAPRI confirming the arrangements and how both parties will record in their accounts a line to show the progress of using the IAPRI contribution; and (vi) a schedule of agreed rates for the TA will be attached to the MoU.

D. Overview and Project Progress

E-SAPP has only been implemented for six months, therefore, the immediate activities undertaken for the components are summarised below.

Component 1: Enabling Environment for Agribusiness Development Growth. This component will support the GRZ to establish an enabling policy and institutional environment for commercially driven agriculture and rural development. This will advance the capacity building work initiated by SAPP. These objectives will be achieved through the following two sub-components:

Sub-Component 1.1: Agribusiness Policy Development. Preliminary consultative meetings were held between the PCO and the Indaba Agricultural Policy Research Institute (IAPRI) to formalise the partnership and commence activities aimed at the development of the Zambia National Agribusiness Development Strategy (ZNADS). The facilitation of this partnership is critical to implementation of Component One which will be the first step in systematically involving public and private stakeholders to work towards improving the agribusiness policy environment in the country. The design envisioned that IAPRI would facilitate the development and implementation of the ZNADS under the leadership of MoA. MoA and IAPRI are negotiating a MoU to define the roles, responsibilities and obligations of the parties involved.

The MoA, through the Department of Policy and Planning (DPP) undertook consultations involving national and field staff as part of the process to inform the development of the ZNADS.

Terms of Reference (ToRs) for two key studies were finalised during the period under review and IFAD NO was granted to initiate the procurement processes. These are: (i) Vulnerability Assessment Study for the core commodity groups; and (ii) Risk Assessment Study under the Platform for Agriculture Risk Management (PARM), a co-financier on E-SAPP. These studies are planned to be undertaken in the second quarter.

IFAD previously supported GRZ with the National Agricultural Investment Plan (NAIP - 2014-2018) which was launched in May 2013 as part of the Comprehensive Africa Agriculture Development Programme (CAADP) framework. GRZ are requesting funds to be allocated from each of the IFAD programmes in the portfolio to review the NAIP and support development of the subsequent plan. The mission *recommends consideration be given to E-SAPP including a contribution in their AWPB for support to the review and development of the next NAIP.*

Sub-Component 1.2: Institutional Strengthening for Agribusiness. Activities undertaken under this Sub-component are as follows:

(a) E-SAPP Baseline: The PCO has developed draft TORs for a consultant to undertake the Programme's Baseline Survey planned for September to November 2018. The Baseline would primarily focus on establishing the baseline situation for Category A and Category C households in terms of primary beneficiaries. Further, the PCO intends to use the End line survey data for SAPP to represent Category B households. In addition, the PCO plans to do away with paper-based questionnaires in to rationalize resources but also enhance data quality through use of technologies.

(b) Training in M&E and Orientation on New IFAD RIMS: All key PCO staff participated in the training of the workshop on M&E and IFAD New RIMS in Livingstone. In addition, the Programme facilitated the participation of 10 Senior Marketing Development Officers from the Department of Agribusiness and Marketing, from each of the 10 provinces and a total of seven Provincial Agricultural Planners (PAPs), except those from Muchinga, Northern and Luapula provinces who were supported by the S3P. A draft revised E-SAPP Log Frame was produced with IFAD New Core RIMS Indicators retrofitted with support from the IFAD M&E Consultant. It is envisaged that selected implementers will be familiarised with the new logframe after endorsement by IFAD.

(c) Review of the E-SAPP Logframe: This was undertaken as part of and following IFAD training workshop on new IFAD RIMS Core Indicators and Improved M&E facilitated by IFAD. The review of the logframe resulted in modification in some indicators and the revised logframe has been submitted to IFAD for further review and endorsement.

Component 2: Sustainable Agribusiness Partnerships. Interventions under this component will build the capacity of smallholders and their service providers to compete for, and implement, matching grants from E-SAPP. Two major activities were undertaken in this component: (i) Efforts to support the operationalisation the Matching Grant Facility (MGF); and (ii) Selection of participating districts under Sub-component 2.1

Activities to support the Operationalization of the Matching Grant Facility The activities focused on setting up management and administrative systems by developing the ToRs for a consultant to review the existing operational guidelines used under SAPP and develop appropriate formats for the various windows and incorporate the proposed changes as articulated in the E-SAPP Programme Design Report (PDR) to respond to the needs of the three sub-components, namely: 2.1 Strategic Linkages of Graduating Subsistence Farmers to Markets; 2.2 Enhancing Agro-Micro, small and Medium Enterprises (MSME) Development; and (iii) Facilitating Pro-Smallholder Market-Pull Agribusiness Partnerships.

The guidelines that were used under the SAPP will be updated to fit the design and mandate of E-SAPP and compiled into the MGF Manual as a component of the Programme Implementation Manual (PIM). This will require consultation with stakeholders from both public and private sectors including beneficiary groups, value chain players, and other actors. IFAD has granted NO Objection and the process of procurement through Individual Consultant Selection (ICS) has been initiated.

The PCO focused on establishing the basis for E-SAPP's continued engagement with beneficiaries of 503 sub-projects that were approved under SAPP but were unable to complete implementation. Orientation training for the provincial staff, SMDOs and PAPs was held on the side-lines of the IFAD regional workshop on improved M&E and new RIMS. The purpose of the orientation training was to familiarize the staff with the tools to be used in the assessment of the sub-projects. Funds have been disbursed to some provinces to facilitate the assessment of sub-projects referred to.

MFL, through the DLD, will explore ways in which the E-SAPP could support the national initiative to market goats to Saudi Arabia, based on the key intervention areas under the Small livestock commodity group.

E. Project implementation

a. Development Effectiveness

Effectiveness and Developmental Focus

Effectiveness **Rating: 4**

Justification of rating

(i) the successful smooth transition from SAPP; (ii) based on the 2018 AWPB, the Programme prepared a concise implementation plan and identified key risks along with mitigation measures in the different value-chains; (iii) there are no indications that the objective and major output targets will not be met; and (iv) the Programme has already identified intervention areas for the different beneficiary categories: Category A: focal districts have been identified; Category B: upscaling based on predecessor (SAPP) support and Category C: to be supported under 4P framework in line with key attributes of commercially oriented smallholders.

Log-Frame Analysis & Main Issues of Effectiveness

The IFAD M&E Consultant worked with the PCO team, the provincial and district staff on revising the existing logical framework (see ORMS logframe) on the sidelines of the IFAD training workshop on new IFAD RIMS Core Indicators, held in Livingstone Zambia with a two-fold objective: (i) align it with the enhanced monitoring and evaluation (M&E) approach introduced through the Operational Results Management System (ORMS) at IFAD; and (ii) simplify the logical framework. Hence, It's expected that this exercise will lead to a significant improvement in the ability of the PCO to systematically use the M&E system for planning, decision-making and knowledge management activities.

Development Focus

Targeting and Outreach **Rating: 4**

Justification of rating

Plans are being put in place to develop: (i) an appropriate targeting mechanism for the target sub-groups; and (ii) a monitoring system that includes targeting performance. E-SAPP has an Agribusiness focus and, based on lessons learned from SAPP, and other Projects/Programmes in Zambia and elsewhere, the entry point for target clients will be the Market Intermediaries. As such, the focus will be on a Market Pull approach rather than a bottom-up Supply Push approach, although the lower echelon of the target group (subsistence farmers) will be facilitated to graduate into higher categories. E-SAPP is planning to use two targeting mechanisms to ensure that the target households and the vulnerable (e.g. the poor farmers, women and female-headed households) have access to Programme benefits. The mechanisms are: a) Self-targeting; and b) Direct targeting. The Programme has already identified intervention areas for the different beneficiary categories: Category A: focal districts have been identified; Category B: upscaling based on predecessor (SAPP) support and Category C: to be supported under 4P framework in line with key attributes of commercially oriented smallholders.

Gender equality & women's participation **Rating: 4**

Justification of rating

(i) Enabling measures in the form of policies, institutional and implementation frameworks and approaches have been designed to ensure poverty targeting and mainstreaming of gender and youth; (ii) Gender targeting in the programme is socially and geographically focused; (iii) E-SAPP is in the process of recruiting a short term Gender Expert to formulate the gender action plan, including inclusion of gender sensitive modules as part of the training packages on nutrition using the Gender Action and Learning system (GALS) approach. E-SAPPs' participating households, through farmers' groups/women's clubs/cooperatives, will access training in governance/leadership skills, FaaB, FFS and will also benefit from GALS interventions. For example, Category A targets about 40,000 HHs, and of the 40,000, the programme will ensure participation of at least 30% women (married in male headed households), 23% female-headed households, and 20% youth-headed households.; and (iv) the PCO has scheduled a training of trainers in Gender Action and Learning system (GAL) for the team during the third quarter of 2018.

Agricultural Productivity **Rating: 4**

Justification of rating

Interventions under component 2 are aimed at (i) facilitating the process of upgrading smallholder farmers' position in agricultural value chains, through fostering partnerships with the private sector agribusinesses; (ii) facilitating subsistence

farmers to progressively graduate from that echelon to upper echelons where they would be able to produce a surplus for the markets; once they graduate, they will be linked to the private sector agribusinesses to establish sustainable partnerships; (iv) building on, strengthening and extending SAPP's Matching Grant Facility (MGF) experience, and will work within IFAD's Private Public Producer Partnership (4P) framework. There will be a facility (Strategic Linkages of Subsistence Farmers to Markets) and two MGF Windows (the MSME Window and the Large-Scale 4P Window) that will support supply-side and demand-side interventions to increase output levels, productivity, quality, and resiliency of production, of smallholders and rural MSMEs, with the ultimate objective of increasing rural household incomes and assets; and (v) planned capacity building trainings for service providers to enhance improved farming practices/technologies through FaaBS, particularly for Category A farmers.

Nutrition

Rating: 4

Justification of rating

(i) Nutrition sensitive interventions are being planned with appropriate resources; (ii) E-SAPP will have a nutrition focal point within the PCO; (iii) TORs have been developed for a Nutrition expert to be engaged on short-term basis to support the PCO; and (iv) the Programme has engaged a graduate trained in nutrition as an intern.

Adaptation to Climate Change

Rating: 4

Justification of rating

(i) The capacity building will also include climate risk management; (ii) GRZ has requested the Platform for Agricultural Risk Management (PARM) to provide support to assess and prioritize the country's risks and support in the identification of the appropriate tools to address those risks; (iii) TORs for a climate risk assessment study have been developed and the programme is at the stage of engaging a consultant; (iv) TORs have been developed for an overall agricultural risk management study; and (v) based on these two studies, an economic and social management framework for the programme will be developed.

b. Sustainability and Scaling up

Institutions and Policy Engagement

Rating: 4

Justification of rating

(i) Component 1 will support the GRZ to establish an enabling policy and institutional environment for commercially driven agriculture and rural development; and (ii) the focus of subcomponent 1.2 is anchored on facilitating the development and implementation start-up of the Zambia National Agribusiness Development Strategy (ZNADS) led by Government but facilitated by IAPRI which will use its existing policy analysis and outreach capacity as well as its large network of public and private sector stakeholders and great stakeholder convening power to enhance a broad-based consultative process.

Partnership-building

Rating: 5

Justification of rating

(i) Interventions under component 2 is planned to facilitate the process of upgrading smallholder farmers' position in agricultural value chains, through fostering partnerships with the private sector agribusinesses; (ii) E-SAPP is the first Programme to be designed to be implemented under an aligned portfolio. The aligned portfolio will enable each IFAD Programme to concentrate on those areas with comparative advantage; the E-SAPP's demand-pull side of market demand for agricultural commodities would complement the focus of S3P (crops) and E-SLIP (livestock) on the supply-push side of the market for agricultural and livestock commodities. RUFEP is set up to address some of the major problems of smallholder commercialization and sustainable productivity and production enhancement; that is poor access to suitable financial services; (iii) E-SAPP is designed to work with a range of GRZ ministries and departments at all levels; and (iv) a number of key partners such as ZACCI and ZNFU have already participated in the Programme start-up works with the view to develop sustainable partnerships; and ((v) E-SAPP has and will continue build on partnerships developed under SAPP.

Human and Social Capital and Empowerment

Rating: 4

Justification of rating

(i) an integral part of the design is to support building the capacity of beneficiaries and their organisations; (ii) E-SAPP is including a gender specialist to look at gender issues and the nutrition expert- which is an improvement over SAPP; and

(iii) E-SAPP plans to strengthen technical capacities for climate risk analysis, M&E, gender sensitive agriculture development, training of selected community champions in leadership and governance of groups, and GALS.

Quality of Beneficiary Participation

Rating: 4

Justification of rating

(i) Consultation mechanisms and sequencing of activities will be demand driven and tailored to specific needs building on how this was done for SAPP for planning, implementation and monitoring; (ii) E-SAPP has actively engaged key stakeholders in developing selection criteria for the potential beneficiaries; and (iii) identification of programme activities is highly participatory and was the basis for the formulation of the annual work plan and budget (AWPB) for 2018.

Responsiveness of Service Providers

Rating: 4

Justification of rating

(i) E-SAPP will initially be working with many of the same service providers as with SAPP who were all rated very responsive; and (ii) active and enthusiastic participation of public and private sector service providers (SPs) in the start-up and AWPB workshops. See the partnership table in Appendix 4.

Environment and Natural Resource Management

Rating:

Exit Strategy

Rating:

Potential for Scaling-up

Rating:

c. Project Management

Quality of Project Management

Rating: 4

Justification of rating

(i) The PCO managed an efficient seamless transition from SAPP; (ii) prompt launching and sensitisation in all of the provinces; (iii) the activities to be implemented in the AWPB 2018 including picking up outstanding projects from SAPP; (iv) all key positions were filled as part of the seamless transition from SAPP to E-SAPP; (v) contracts for additional technical and support staff were granted a "NO" Objection from IFAD and are currently awaiting clearance by Ministry of Justice within the 10 months of project effectiveness; (vi) Project Steering Committee met to approve the AWPB 2018; and (vii) arrangements are in line with the PDR. However, a rating of 4 has been given in light of the gaps in the control on budget execution, which should be a shared responsibility between the Project Manager and the Financial and Administration Manager.

Knowledge Management

Rating: 4

Justification of rating

(i) This will be embedded into E-SAPP implementation through systematically documenting outputs and outcomes; (ii) E-SAPP is planning to facilitate joint monitoring and review of intervention meetings between MoA and MFL district/provincial staff and implementing partners at all levels; (iii) the reporting formats of E-SAPP implementing partners will include specified sections on lessons learnt and innovations and shared in knowledge forums; (iv) E-SAPP will build on the SAPP relationship with the National Agricultural Information System (NAIS) to develop a coordinated country portfolio communication strategy; (v) the recruitment process is almost complete for the position of Communication and Knowledge Management Officer (CKMO); and (vi) The officer will work hand in hand with the M&E manager to ensure the following; a) build and decentralize E-SAPP Communication and Knowledge Management Strategy Plan, b) facilitate the process of creating of a new website for E-SAPP since the PCO is preparing to procure an advanced server, c) work closely with NAIS by sharing lessons learnt and success stories from the field, d) share information with other IFAD programmes in the country (Zambia) as part of the portfolio alignment.

Value for Money

Rating: 3

Justification of rating

ESAPP is in its first year of implementation, and activities have just started paving the way for the future implementation. It is therefore too early to make a Value for Money assessment of the Programme; however, the Mission carried out a cost analysis of key activities carried out in the first year which has highlighted some issues that, if not promptly addressed by management, risk jeopardizing the efficiency of the project interventions and the capacity of the programme to attain its long term desired results.

Main issues

Value for Money Review

There are two main factors to highlight. Firstly, the swift start-up of the Programme has paved the way for an effective implementation of activities in all the provinces. In this regard, the mission applauds PCO's initiative to engaging provincial and district stakeholders from the outset of the Programme. The rapid commencement of the Programme has ensured that time and resources have not been wasted in too many preparatory activities, thus reducing the recurrent costs in the first year. The disbursement of funds is also satisfactory.

On the other hand, the mission noted that key activities such as AWPB preparation and start-up workshops have not been planned and executed with respect of estimates made at project design. This is also due to the programme implementing activities across three ministries (MoA, MFL and MCTI) and ten provinces. In this regard the mission recommends that in future the PCO should more consistently monitor the expenditures related to DSAs and travels against initial allocations. The expenditures under "*training*" cost category have been very high, thus absorbing, after only six months of programme implementation, the equivalent of 32% of the loan allocated for the entire lifespan of the programme.

Finally, the PCO should ensure that resources are efficiently allocated with consideration of the overall purpose of the training. For instance, the duration of the start-up workshops (3 days each) seems to be excessive as well as the number of participants.

Coherence between AWPB and Implementation

Rating: 4

Justification of rating

current implementation status is line with the AWPB for 2018 .

AWPB Inputs and Outputs Review and Implementation Progress

AWPB Review

Quality of budgets. The 2018 AWPB presents detailed tables with cost assumptions and quantities for each budget line. However, the review of the AWPB is a gargantuan task as the AWPB lacks summary tables showing physical targets vis a vis planned expenditures of programme's outputs and activities. This will be resolved when the PM&E consultant develops the new database linking the physical targets to the financial management. The mission considers that the quality of the AWPB could be improved by developing a detailed "Training, Meetings and Workshop Plan" in the form of an Annex to the AWPB. The document should provide: (i) an evidence-based analysis that justifies the need for each training/meeting/workshop activity, including description of event's objectives and target participants; and (ii) clear budgetary assumptions, including costs associated with the events such as: hiring of the venue, publications and stationaries, event-related travel costs, per-diems paid to training participants/facilitators and lunch allowances.

Performance of M&E System

Rating: 4

Justification of rating

(i) E-SAPP is making use of SAPP M&E system and at the same time finalizing the process to recruit a consultant to build a new planning, monitoring and evaluation (PM&E) database for the programme; (ii) the logframe was updated after the workshop on M&E and IFAD New RIMS; (iii) the MGF tool has been developed and shared among provinces and districts to assess, monitor and report on VC investments made under SAPP. The findings of this assessment will help inform the PCO in terms of the scope for up-scaling of interventions for support under E-SAPP; (iv) planned to undertake a joint monitoring and review (JMR) by June 2018. The JMR proved quite effective as a platform for learning and exchange of knowledge during the implementation of SAPP; (v) a draft guideline was developed to guide implementation of the Programme's baseline survey through an independent consultant; and (vi) templates have been developed for reporting progress and to orientate all PCO staff and service providers (SPs) on M&E requirements.

M&E System Review

M&E system Review

Main Issues: Given that physical implementation activity will soon get started, it is important that issues related to the Programme's M&E system and Management Information system (MIS) get addressed in order to be able to properly track

progress towards achieving the Programme's goal and development objective. The mission was informed that the consultant would build the MIS to link with MGF and PASTEL. In addition, the PCO plans to do away with paper-based questionnaires by enhancing data quality through the use of technologies.

Baseline Survey – E-SAPP intends to use the End line survey data for SAPP to represent the Category B households, however, with regards to establishing a Baseline survey for Category A and C households, the programme has developed draft Terms of Reference (TORs) and is about to start the process to engage the services of a consultant to undertake a baseline survey planned for September to November 2018.

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

Rating: 3

Justification of rating

(i) The Zambia Environmental Management Agency will be engaged at the provincial level in cases where certificates are required, and (ii) the ESMP to be developed and studies to inform this is in the pipeline; (iii) the environmental and social categorisation during the design of E-SAPP is B; (iv) the geographic coverage area for E-SAPP is determined as foreseen during design by the selection of the commodities and the value chains to be developed. The allocated commodities for the subsistence and economically active farmers (that make up approximately 66% of the target group) are legumes (soya beans, common beans, ground nuts and cowpeas), small livestock (goats, village poultry, pigs and sheep) and rice. The potential geographic focus is Northern, Western, Copperbelt, Southern and Eastern provinces. Thus the SECAP will focus on the potential activities in these areas. It should be noted that a rating of 3 has been given for the following reasons: necessary documents are still being prepared; no comments were provided as to the quality of the documents presented; there is no indication as to how the use of the documents will be monitored and reviewed. The ESMP, as a fundamental part of the PIM, should have been drafted before commencement of field work.

d. Financial Management & Execution

Disbursement by financier

Type	Name	Current Amount	Disbursed Amount	Actual Rate
Domestic Financing breakdown	Beneficiaries	\$1,232,000		
	Domestic Financing Institutions	\$512,000		
	Private sector local	\$3,457,000		
	National Government	\$2,006,000		
Co-financing breakdown,	Platform for Agricultural Risk Management	\$200,000		

Acceptable Disbursement Rate

Rating: 4

Justification of rating

Automated rating based on IFAD disbursement data

Main issues

The total IFAD financing E-SAPP amounts to SDR 16.2 million which is made of an IFAD loan of SDR 15.5 million and an IFAD grant of SDR 0.74 million. As of 30th April 2018, IFAD's disbursements amount to SDR 1.6 million (USD 2.3 million) which is 10% of the overall financial support. Therefore, as the Programme is in its first year of implementation, the disbursement performance is in line with the average of IFAD's portfolio of agricultural projects.

Fiduciary Aspects

Quality of Financial Management

Rating: 3

Justification of rating

The quality of the programme's Financial Management (FM) is rated as being moderately unsatisfactory. The Programme's FM system is operative and effectively carrying out FM functions since the Programme began.

Main issues

Accounting. The SAGE Evolution accounting software has been inherited from the SAPP programme, where it was satisfactorily used by the FAM. However, the configuration of the software for ESAPP lags behind as the recruitment of the SAGE Pastel consultant has not been finalized yet. The consultant's ToRs have been prepared and approved by MoA on the 23rd April 2018. Hence it is expected that the work of the consultant will be carried out shortly and the software will be fully functional in the coming months. It is of utmost importance that PMU closely follows the recruitment of the consultant.

Draft CoA have been prepared but they need to be reviewed during the software configuration in order to ensure that they capture all required accounts.

Budgeting. Budget controls procedures need to be strengthened to ensure: (i) that activities are always planned and executed in line with the estimates made during project design; (ii) that actual expenditures do not overrun the budgetary (and PDR) provisions.

The review shows that expenditures under cost category III "*Training*" have already absorbed 32% of the loan allocation for this category. In this regard, the Mission is especially concerned about the high costs incurred for the organization of Programme start-up workshops and AWPB preparation, which largely overruns the PDR estimation (+USD 376,000 and +USD 75,000 respectively). Hence, there is a risk that project funds are not always spent with due regards to economy and efficiency.

Internal control. The organization of internal controls under ESAPP is adequate in terms of segregation of duties and authorization process for project expenditures, although some corrective measures need to be taken with regard to the approval of PVs. A major fact to highlight is that the system has not been effective in detecting and addressing issues related to the overrun of costs associated to category III "*Training*".

FM operations are regulated according to MoA rules, as set out in the Financial Manual of SAPP. However, the manual needs to be promptly finalized and adapted to the specific FM structure of ESAPP.

The unretired advances to Provinces and Districts amount to USD 117,253 as of 30th April 2018. The Mission is concerned about the fact that advances are long overdue, (over 60 days).

Organization and staffing. The position of the Accountant Assistant (AA) has been filled and the AA (currently working in S3P) is expected to join ESAPP soon.

According to the project design, the Programme's FM at provincial and district level will rely on the MoA accountants. Differently from the S3P Programme, it has been decided that ESAPP will not operate separate programme accounts at Provincial nor District levels. The Mission considers that the adequacy of the current system shall be re-assessed in future supervisions, taking into consideration the amount of funds administered by MoA's peripheral units and the fact that IFMIS roll out is still uncertain.

Financial Reporting. It has been agreed that the FAM will prepare IFRs each semester, in accordance with the IFAD template shared during the supervision.

Internal Auditing. Differently from S3P Programme, MoA's internal auditors do not provide an ex-ante review of all Payment Vouchers for ESAPP. Under the current arrangements, internal audit will be carried out semi-annually (i.e. May and December each year). Learning from the experience of S3P, there is a need to ensure that internal auditing clearly focuses on the review of the Programmes' FM functions and, more specifically, on the functionality of the internal controls.

Fleet management. The Programme needs to develop and adopt sound procedures for the management of programme vehicles, as part of the PIM.

Agreed Action	Responsibility	Agreed Date
Financial Management & Execution		
Budgeting of training, workshops and meetings The Mission recommends PMU to keep the cost of trainings, workshops and meetings under a much stricter control and ensure that those activities are always performed with due regard to economy and efficiency, and in line with budget estimates. Failing this, future costs may be considered ineligible.	FAM and PM	06/2018
Financial reporting FAM will need to prepare IFRs every six months, in accordance to IFAD template shared during the supervision. IFRs have to be submitted to IFAD within two months after the end of the six-month period (i.e. 31st August and 28th February each year). It is also recommended that financial reports are timely prepared and made available to supervision missions. This includes expenditure tables, reconciliation of DA, and outstanding Imprests to staff, provinces and districts.	FAM	08/2018
Financial Manual The PMU needs to promptly finalize the programme Financial Manual. The manual shall include a description of project arrangements under: (i) budgeting process; (ii) flow of funds and management of bank accounts; (iii) disbursement procedures and preparation of WAs; (iv) accounting, recording and processing of transactions; (v) CoA adopted for the project; (vi) internal controls, payment process and oversight of Province and Districts; (vii) description of internal auditing arrangements; (viii) PMU oversight role on implementing units (provinces, districts and partners); (ix) monitoring of government and beneficiaries' contribution.	FAM	10/2018
Customization of accounting software PMU needs to urgently follow up on the contract for the SAGE Pastel consultant and ensure that the work begins without any further delay.	FAM	10/2018

Quality and Timeliness of Audit

Rating:

Counterparts Funds

Rating: 4

Justification of rating

N/A The counterpart contribution has not been recognized yet.

Main issues

The counterpart contribution has not been recognized yet. Government contribution will be in the form of tax exemptions, and this will be recognized when the various procurements are completed.

Agreed Action	Responsibility	Agreed Date
Financial Management & Execution		
Tailor accounting software to capture GRZ contribution Ensure that the accounting software has a dedicated Account to capture the GRZ contribution.	FAM	10/2018
Capture and report GRZ contribution in next IFR Ensure that the contribution provided by GRZ from Programme start date is captured and reported in the next IFR.	FAM	10/2018

Compliance with Loan Covenants

Rating: 3

Justification of rating

The Programme is generally being implemented in compliance with the financing agreement covenants. However, two covenants are not yet still fulfilled, as explained in Annex 6. B 7: The Borrower/Recipient shall provide counterpart financing for the Programme as forgone taxes and duties in an amount estimated to about USD 2 million. E (1) b: An off-the shelf accounting software able to provide financial reports as per IFAD standards shall have been duly procured, installed and implemented. A rating of 3 has been given since the off-the-shelf accounting software is not able to provide financial reports as per IFAD standard and some expenditures were assessed as ineligible during the mission.

Procurement

Procurement

Rating: 4

Justification of rating

In general, the Mission is satisfied with the progress made so far against the Procurement Plan 2017-18.

Procurement Review

The mission carried out a review of the procurement processes and noted that the processes are fully compliant with Zambia Public Procurement Act (ZPPA) and IFAD Procurement Guidelines and Handbook. The Mission reviewed the procurement plan for the year 2017-18 and noted it's in line with the AWPB. IFAD has already provided comments to the draft Procurement Plan. The mission further noted that there has been proper documentation of all processes and filing is adequate. The procurement plan and contract register are maintained with actual dates. The Mission reviewed procurement progress and noted that the Programme has initiated the following procurement under goods and services categories.

Procurement Plan 2017-18: Goods: the programme has planned the procurement of vehicles, material, and equipment with an estimated cost of US\$643,720.00. The programme has initiated the process for the procurement of ten (10) 4x4 double cabin vehicles through the National Competitive Bidding (NCB) method.

Under the **Services** category, the mission has noted the programme has planned 17 (seventeen) activities with an estimated cost of US\$515,844.00 out of which two studies: a) Vulnerability Assessment Study for the core commodity groups and b) Risk Assessment Study under the Platform for Agriculture Risk Management (PARM); have been initiated. The PCO also informed that the ToR for the Baseline Survey has been developed and shall be shared with IFAD for No Objection in the first week of May 2018.

Record Keeping/Filing System: The Mission reviewed the record-keeping system and observed that there is a consolidated filing system in place. All the procurement related documents are available and are organized for each procurement item.

F. Agreed Actions

Agreed Action	Responsibility	Agreed Date
Financial Management & Execution		
Budgeting of training, workshops and meetings The Mission recommends PMU to keep the cost of trainings, workshops and meetings under a much stricter control and ensure that those activities are always performed with due regard to economy and efficiency, and in line with budget estimates. Failing this, future costs may be considered ineligible.	FAM and PM	06/2018
Financial reporting FAM will need to prepare IFRs every six months, in accordance to IFAD template shared during the supervision. IFRs have to be submitted to IFAD within two months after the end of the six-month period (i.e. 31st August and 28th February each year). It is also recommended that financial reports are timely prepared and made available to supervision missions. This includes expenditure tables, reconciliation of DA, and outstanding Imprests to staff, provinces and districts.	FAM	08/2018
Tailor accounting software to capture GRZ contribution Ensure that the accounting software has a dedicated Account to capture the GRZ contribution.	FAM	10/2018
Capture and report GRZ contribution in next IFR Ensure that the contribution provided by GRZ from Programme start date is captured and reported in the next IFR.	FAM	10/2018
Financial Manual The PMU needs to promptly finalize the programme Financial Manual. The manual shall include a description of project arrangements under: (i) budgeting process; (ii) flow of funds and management of bank accounts; (iii) disbursement procedures and preparation of WAs; (iv) accounting, recording and processing of transactions; (v) CoA adopted for the project; (vi) internal controls, payment process and oversight of Province and Districts; (vii) description of internal auditing arrangements; (viii) PMU oversight role on implementing units (provinces, districts and partners); (ix) monitoring of government and beneficiaries' contribution.	FAM	10/2018
Customization of accounting software PMU needs to urgently follow up on the contract for the SAGE Pastel consultant and ensure that the work begins without any further delay.	FAM	10/2018

Enhanced Smallholder Agribusiness Promotion Programme

Logical Framework

Results Hierarchy	Indicators							Means of verification			Assumptions
	Name	Baseline	Mid-Term	End Target	Annual Result	Cumulative Result	Cumulative Result %	Source	Frequency	Responsibility	
Outreach	1.b Estimated corresponding total number of households members										
	Household members										
	1.a Corresponding number of households reached										
	Non-women-headed households										
	Women-headed households										
	1 Persons receiving services promoted or supported by the project										
	Indigenous people										
	Males										
	Not Young										
	Non-Indigenous people										
	Young										
	Females										
	Goal Increase the incomes, and food and nutrition security, of rural households involved in market-oriented agriculture	Increase in household asset index (%)							Large sample surveys	Twice, at programme start-up and completion	
bycycle		53.6									
hoe		74.8									
radio		48.5									
plough		21.5									

	mobile phone	50						Large sample surveys	Twice, at programme start-up and completion	Contracted out by PCO, carried out by service provider	
	axe	54.2									
	Prevalence of chronic malnutrition (stunted height for age) (%)										
	malnutrition	42.1		37							
	Proportion of households that are food secure (M/F)										
	Households	51.4		59							
Objective Increase the volume and value of agribusiness outputs sold by smallholder producers	75% of groups receiving Programme support are operating profitably by project end (M/F) /d							Outcome surveys	Annually starting at mid-term	Organized by PCO, data collection by GRZ staff	Increased incomes, sales and value of commodity products influencing family diets.
	Category B		5 000	12 000							
	Category A		10 000	30 000							
	Category C		1 500	3 750							
	Increased household dietary diversity (at least 5 food groups)							Food Survey	Thrice – at Programme start-up, MTR and completion	Organized by PCO, data collection by GRZ staff	
	Households	0.675	0.7	0.8							
Outcome Outcome 1 Policy and institutional environment enhanced for agribusiness development	At least five key recommendations of the ZNADS implemented and effectively benefiting stakeholders, by encouraging their increased participation in the value chains, by the end of the Programme /e							Outcome surveys	Bi-annually	PCO and specialized grant management institution	A: Collaboration by the key stakeholders in the agribusiness sector
	ZNADS implemented	0	2	5							
Output Output 1.1 Strategic framework that supports agribusiness developed and implementation started.	Key agribusiness studies that guide strategy development completed (number) /f							IAPRI reports	Bi-annually	IAPRI	A: Effective monitoring and enforcement of conducive regulatory framework.
	studies	0	6	6							
	Policies, regulations and standards conducive to agribusiness prepared and endorsed (number) /f							IAPRI reports	Bi-annually	Partnership of IAPRI, the MoA, MLF and agribusiness stakeholders	
	policies	0	2	6							

Output Output 1.2 Capacity of government and private sector to support smallholders and agribusiness partnerships strengthened.	People trained in providing climate sensitive agribusiness advisory services (including Farming as a Business training) (M/F) /g							Service provider reports	Bi-annually	Service provider(s) specialized in business development	A: Staff trained are given the mandate and resources needed for effective service delivery.
	People	0	700	2 000							
Outcome Outcome 2: Collaborative business models between smallholders and other value chain operators for sustainable and climate-resilient agriculture expanded and scaled up	Number of collaborative and mutually beneficial business arrangements established and operational between smallholders and value chain operators and helping at least 75% of the target beneficiaries to increase the annual gross value of all farm sales /h							Grant recipient reports	Bi-annually	PCO and specialized grant management institution	A: Adherence to contract / agreement terms. A: The market and policy environment allows both agribusiness and producers to reap expected benefits.
	business arrangements	0	40	100							
Output Output 2.1 Capacity of subsistence farmers to produce a surplus for the market increased	Annual gross value of all farm sales (crops & livestock) by smallholder HHs to buyers (ZMW) /i							PCO reports	Bi-annually	PCO	A: Adherence to contract / agreement terms. A: The market and policy environment allows both agribusiness and producers to reap expected benefits.
	Category A	2 000	3 500	5 000							
	Category C	17 000	30 000	60 000							
	Category B	5 000	10 000	17 500							
Output Output 2.2 Capacity of MSMEs to engage in value chain operations increased	Total value of investments supported through MSME matching grants (US\$)							PCO reports	Quarterly	PCO	A: Enough realistic proposals that benefit both agribusiness and producers will be submitted. A: Willingness to invest own resources by value chain operators / grantees. A: Training / coaching effectively elevates farmers and their organizations to become more reliable partners for agribusiness.
	MSME matching grants		3 000 000	6 500 000							
	People receiving services, by type, financed through the MSME MG (M/F) /k							MSME grant recipient reports and PCO reports	Bi-annually	PCO	
	people	0	5 000	14 400							
	Climate resilient value chain infrastructure / facilities established by type (number) /l							MSME grant recipient reports and PCO reports	Bi-annually	PCO	
	value chain infrastructure		100	180							

Output Output 2.3 Capacity of large agribusinesses and strategic promoters to engage with smallholders and MSMEs increased.	Total value of investments supported through Pro-Smallholder Market Pull Agribusiness Partnership matching grants (US\$) /j						4P grant facility management reports	Quarterly	Specialized grant management institution	A: Enough realistic proposals that benefit both agribusiness and producers will be submitted. A: Willingness to invest own resources by value chain operators / grantees. A: Training / coaching effectively elevates farmers and their organizations to become more reliable partners for agribusiness.
	investments		2 000 000	4 200 000						
	People receiving services, by type, financed through 4P matching grants (M/F) /k						Pro-Smallholder Market Pull Agribusiness Partnership grant recipient reports and the grant facility management reports	Bi-annually	Specialized grant management institution	
	People	0	10 000	21 600						
	Climate Resilient value chain infrastructure / facilities established by type (number) /l						Pro-Smallholder Market Pull Agribusiness Partnership grant recipient reports and the grant facility management reports	Bi-annually	Specialized grant management institution	
	CC value chain infrastructure		20	50						

Zambia

Enhanced Smallholder Agribusiness Promotion Programme

Supervision Report

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

Mission Dates: 23/04/2018 - 11/05/2018

Document Date: 18/10/2018

Project No. 2000001405

Report No. 4773-ZM

East and Southern Africa Division
Programme Management Department

Appendix 2: Financial: Actual financial performance by financier; by component and disbursements by category.

Table 2A: Financial Performance by Financier (as at 31st March 2018)

Financier	Appraisal (USD '000)	Disbursements (USD '000)	Per cent disbursed
IFAD Loan	21,254	2,338	10%
IFAD Grant	1,011	-	-
Government of Zambia	2,006	N/A	NA
Beneficiaries	1,232	-	-
Private Sector	3,457	-	-
IAPRI	512		
PARMI	200		
Total	29,672	2,338	8%

Table 2B: Financial performance by financier by component (USD '000)

Component	GRZ			IFAD loan			IFAD Grant			Beneficiaries			Private Sector			IAPRI			PARM			TOTAL		
	Appraisal	Actual	%	Appraisal	Actual	%	Appraisal	Actual	%	Appraisal	Actual	%	Appraisal	Actual	%	Appraisal	Actual	%	Appraisal	Actual	%	Appraisal	Actual	%
1. Enabling Environment for Agribusiness Devt Growth	375	-	-	2,371	-	-	291	-	-	512	-	-	108	-	-	512	-	-	200	-	-	3,858	-	-
1.1 Agribusiness Policy Devt	99	-	-	1,251	-	-	65	-	-	512	-	-	108	-	-	512	-	-	200	-	-	2,235	-	-
1.2 Institutional Strengthening for Agribusiness	277	-	-	1,119	-	-	227	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,623	-	-
2. Sustainable Agribusiness Partnerships	894	-	-	14,350	693	5%	719	-	-	-	-	-	3,349	-	-	-	-	-	-	-	-	20,544	693	3.4%
2.1 Strategic Linkages of graduating SF to Markets	374	-	-	8,200	25	0.3%	719	-	-	-	-	-	572	-	-	-	-	-	-	-	-	11,098	25	0.2%
2.2 Enabling Agro -Micro, Small & Medium(MSME)	369	-	-	4,255	171	4%	-	-	-	-	-	-	1,890	-	-	-	-	-	-	-	-	6,515	171	2.6%
2.3 Facilitating Pro Smallholder Market -Pull Agribusiness	150	-	-	1,895	497	26%	-	-	-	-	-	-	887	-	-	-	-	-	-	-	-	2,932	497	17%
3. Programme Implementation	737	-	-	4,533	763	17%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	5,270	763	15%
3.1 Programme Management	737	-	-	4,533	763	17%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	5,270	763	15%
Total	2,006	-	-	21,254	1,556	7.3%	1,011	-	-	512	-	-	3,457	-	-	512	-	-	200	-	-	29,672	1,556	5.1%

Table 2C: IFAD loan disbursements (SDR as at 31st March 2018)

Category	Category description	Original Allocation	Revised Allocation	Disbursement	W/A pending	Balance	Per cent disbursed
I	Cat I "Consultancies"	770,000		-		770,000	-
II	Cat II "Equipment and Material"	450,000		6,664		443,335	1.5%
III	Cat III "Training"	1,110,000		353,689		756,310	32%
IV	Cat IV "Goods, services and inputs"	2,710,000		-		2,710	-
V	Cat V "Grants and subsidies"	7,000,000		-		7,000,000	-
VI	Cat VI "Salaries and allowances"	3,270,000		222,823		3,047,177	7%
	Unallocated	190,000				190,000	-
	Authorized Allocation	-		1,060,543		-1,060,543	-
	Total	15,500,000		1,643,720		13,586,280	10.6%

Table 2D: IFAD grant disbursements (SDR as at 31st March 2018)

Category	Category description	Original Allocation	Revised Allocation	Disbursement	W/A pending	Balance	Per cent disbursed
I	Cat I "Consultancies"	350,000		-		350,000	-
II	Cat II "Equipment and Material"	-		-		-	-
III	Cat III "Training"	320,000		-		320,000	-
IV	Cat IV "Goods, services and inputs"	-		-		-	-
V	Cat V "Grants and subsidies"	-		-		-	-
VI	Cat VI "Salaries and allowances"	-		-		-	-
	Unallocated	70,000		-		70,000	-
	Authorized Allocation	-		-		-	-
	Total	740,000		-		740,000	-

Zambia

Enhanced Smallholder Agribusiness Promotion Programme Supervision Report

Appendix 2: Physical progress measured against AWP&B

Mission Dates: 23/04/2018 - 11/05/2018
Document Date: 18/10/2018
Project No. 2000001405
Report No. 4773-ZM

East and Southern Africa Division
Programme Management Department

Appendix 2: Physical progress measured against AWP&B To be compiled by next mission

Component/Outcome <i>Sub-component or Output</i>		Indicator	Unit	Period: <i>[Insert date: dd-m-yy]</i> to <i>[Insert date: dd-m-yy]</i>			Cumulative Actual	Appraisal Target	%
				AWP&B	Actual	%			
Component 1 /Outcome									
<i>Sub-component / Output</i>									
 <i>Sub-component / Output</i>									
 <i>Sub-component / Output</i>									
Component 2 / Outcome									
 Component 3 / Outcome									
 Component 4 / Outcome									

Zambia

Enhanced Smallholder Agribusiness Promotion Programme

Supervision Report

Appendix 3: Compliance with legal covenants: status of implementation

Mission Dates: 23/04/2018 - 11/05/2018
Document Date: 18/10/2018
Project No. 2000001405
Report No. 4773-ZM

East and Southern Africa Division
Programme Management Department

Appendix 3: Compliance with legal covenants: Status of implementation

Financing Agreement:	Covenant	Target/Action Due Date	Compliance Status	Remarks
Section B.6	There shall be one Designated Account denominated in USD at the Bank of Zambia to receive the proceeds of the loan and the grant.		Compliant	Designated Account Opened in Bank of Zambia
Section B.7	The Borrower/Recipient shall provide counterpart financing for the Programme as forgone taxes and duties in an amount estimated to about USD 2 million.		Ongoing	GRZ contribution is being provided in form of taxes foregone but not yet captured by PCO.
Section E 1 (a)	The Borrower/Recipient shall have duly opened the Designated Account referred to in Section B.		Compliant	
Section E 1 (b)	An off-the shelf accounting software able to provide financial reports as per IFAD standards shall have been duly procured, installed and implemented.		Ongoing	The draft PIM is being finalized; the Financial Manual needs to be finalized too.
Section E 1 (c)	The Programme Coordination Office (PCO) shall have been duly established and key Programme management positions (a Programme Coordinator, a Financial Controller and Administrator, a Planning, Monitoring and Evaluation Officer, a Procurement Officer and a Matching Grant Manager) shall have been filled by personnel acceptable to IFAD.		Compliant	Other positions to be recruited are the following: Communication and KM Officer, Commodity Specialist for crops and livestock, Agri-business Manager, Assistant Accountant and Programme Assistant, Office Assistant, 2 drivers.
Section E 1 (d)	Borrower/Recipient shall have established the Programme Steering Committee (PSC) headed by the Permanent Secretary of the MoA.		Compliant	
Schedule 1. (II) 5	The Ministry of Agriculture (MoA) will be the executing agency and delivery system will be fully integrated into decentralized government structure.		Compliant	
Section 1 (II) 6	The PCO will be charged with the overall responsibility of coordination and monitoring implementation of the Programme activities, including: (a) financial management and reporting; (b) coordination of all procurement of goods and services; (c) preparation and coordination of AWPB; and (d) monitoring and evaluation of Programme activities and undertaking knowledge management. The PCO will conduct annual AWPB review meetings, annual outcome survey, biannual implementation progress review, and Result and learning-oriented progress reporting will be based on inputs from annual national stakeholders' knowledge sharing workshops. Results and learning-oriented progress reporting will be based on inputs from beneficiaries and implementing partners using appropriate technologies. Monitoring results will be part of the six-monthly progress reports and assessment/evaluation of the Programme will be an essential element of all reviews.		Compliant	

