

## **Kingdom of Swaziland**

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### **Lower Usuthu Sustainable Land Management Project**

### **Supervision report**

### **Main report and appendices**

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East and Southern Africa Division  
Programme Management Department



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## A. Introduction<sup>1</sup>

1. The overall goal of the LUSIP-GEF - The Lower Usuthu Sustainable Land Management Project (LUSLMP) is to contribute to reducing land degradation and protect biodiversity through widespread adoption of sustainable land management practices in Swaziland; while also contributing to mitigating and increasing communities' capacity to adapt to the adverse effects of climate change. The specific project objectives are: 1) to promote development and mainstreaming of a harmonised, cross-sectoral approach to SLM at the national level; 2) to reduce land degradation, biodiversity loss and mitigate climate change in the Lower Usuthu River Basin area through the application of sustainable land management practices which will contribute to adaptation to climate change; 3) to improve the livelihood opportunities, resilience and food security of rural communities (men, women and children), including catalysing development of a range of alternative complimentary livelihood opportunities, and 4) to manage the project effectively and disseminate result appropriately. The Project implementation is lead by the Ministry of Agriculture (MoA) in close collaboration with LUSIP I and SWADE as the implementing agency.
2. The objective of the Implementation Support Mission for the LUSLMP in Swaziland was to (a) assess the implementation progress of the project and to follow-up on the October supervision findings; (b) To review the 2014-15 AWPB and modify based on findings from above – this will include collation of project impacts and outputs ready for the final technical evaluation; (c) To agree dates for the final technical evaluation; (d) To review status of the GEF 6 concept and agree follow up actions as appropriate; (d) To assess the Project's exit/sustainability and KM strategies. The Mission worked with the Project Management Unit (PMU), and met with both, the Under Secretary and the Principal Secretary in the Ministry of Agriculture (MoA), where the main issues of coordination, oversight and the 2014/5 work plan were discussed. The Principal Secretary was supportive of a follow- up GEF investment that would take a more national focus, but made the caveat that the Project Completion Report (PCR) and Terminal Evaluation (TE) should be completed by the end of October 2014 in support of the new GEF 6 Project Identification Form (PIF) submission. An independent consultant has been identified to undertake the TE between September and October 2014. Dates need to be finalised by the end of April and Terms of Reference (ToRs) prepared.
3. The mission also met with the GEF Focal Point of Swaziland at the Swaziland Environmental Authority (SEA) to share the progress of the project, enhance collaborations, and to explore future opportunities. It has been proposed that a concept note for a multi focal project (land degradation, climate change and sustainable forest management) be developed for possible funding under GEF 6.
4. A key challenge that the PMU team needs to resolve following consultation with the steering committee are the activities that will be continued with Government funding post project closure in October 2014
5. A LUSLM data collection sheet, in preparation for Terminal Evaluation/Project Completion reports was shared with the PMU prior to the mission. The PMU have begun filling in the sheet as of March 2014. It was reviewed and returned to the PMU with annotated comments as what further work is required.
6. The findings of the Mission and the associated conclusions and recommendations were reviewed in a Wrap-up Meeting held at the Ministry of Finance on 27 March 2014 chaired by the Ministry of Finance (MoF).

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<sup>1</sup> Mission composition: Thomas Rath, IFAD Country Programme Manager, Stephen Twomlow (Regional Climate and Environmental Specialist) and mission leader; Norman Messer (PTA Sociologist and Institutions), Gianluca Capaldo (Financial Management Specialist)

7. The mission acknowledges the co-operation and courtesy extended to it by the Government of Swaziland, its agencies, the staff of the Project and community members, for their constructive support throughout the Mission.

## **B. Overall assessment of project implementation**

8. Progress against agreed actions is summarised in Appendix 1 and ranges from satisfactory in terms of implementation through to moderately satisfactory for financial management. Overall, project implementation continues to maintain the strong progress it has made since the Mid Term Review in October 2012, with the PMU continuing to capitalize on the investments made in community planning and priority setting, the core of the Chiefdom Development Plans (CDP). This inclusive planning process has in turn influenced the successes achieved under their work on Sustainable Land Management and Alternative Livelihoods. The lessons learned are being fed back into the CDP methodology, and it is now evident that there should be an increased focus on agri-business and access to rural finance. In this instance the re-design of the 'Smallholder Market-Led Production Project' (SMLPP) is timely and will build upon the lessons and impacts achieved to date by the project, thus ensuring sustainability.
9. In fact, through the PMU's Knowledge Management Strategy, which include a strategic partnership with the University of Swaziland's Journalism and Mass Communications Department (UNISWA JMC), the impact and lessons from the project are well known nationally and gaining a regional recognition. This is reflected in the increased requests the PMU receives from neighbouring communities as well as from field staff of various line Ministries and NGOs working outside of the project area to participate in capacity building activities. The project has also received a request from the Food, Agriculture, Natural Resources Policy Analysis Network (FANRPAN) to work with the PMU to develop the capacity of local journalists to report on climate smart agriculture issues as well as in the development of regional capacity building materials on Climate Change. Despite these increasing demands from outside the project area, work is on-going under all the programmatic components based on the work plan agreed during October 2013 supervision mission.
10. Significant achievements have been realised and are well documented in the Quarterly Reports and the GEF Project Implementation Report. Notable achievements include the establishment of a comprehensive field programme to introduce and capture both the biophysical and social impacts of Conservation Agriculture (CA) to more than 500 households, continued promotion of Permaculture Gardens, and assisting various honey and poultry production groups to move towards a more commercial footing. The PMU continues to work with a wide range of stakeholders and coordinated the development of Land Governance project that has been approved by the EU following consultations with the Project Steering Committee.
11. The overall financial management of LUSLM has improved since the previous mission, nevertheless important progresses still needs to be achieved, especially regarding the budget's monitoring and financial reporting: the quality of the financial progress reports, AWPBs and Procurement Plans do not meet the IFAD standard requirements although the previous supervision mission provided specific templates and training and, although at the final stage of implementation, the Project does not have any budgetary control in the accounting system.
12. The National Steering Committee continues to meet quarterly and provide meaningful strategic direction to project implementation.

Agreed action	Responsibility	Agreed date
<i>To prepare for the completion report/final evaluation:</i>		
1. Conduct a study on time and labour saved and potable water quality improved by households using	PMU	30 June 2014

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rain water harvesting

2. Conduct a study on nutrition improvements due to increased consumption of fresh vegetables, honey, “indigenous chicken”, etc.

PMU

30 August 2014

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## C. Outputs and outcomes

### Component 1: SLM Approach Promoted at National Level

13. The activities under this component continue to progress in a satisfactory manner given the sensitive nature of land related policies and legislations in Swaziland. As reported in the October 2013 supervision reports, the draft land bill has been produced and has now been revised following extensive consultations at both the national and the local levels, which have included the Land Management Board, the Swazi National Council (SNC) and the Regional Administrators. Consultations with the Principal Secretaries of the MoA and of the MNRE are planned for the last week of March as the first steps in moving the Draft Land Bill through the respective ministries and on to the Legislators.
14. Over the last six months the PMU and the Technical Committee of the Sustainable Land Management and Administration (SLMA) component of the project worked closely with the EU to develop the Land Governance Project. The project was reviewed by the steering committee and has been approved by the EU with an 8 million euro grant. The new project will use the tools and methods for land governance developed under LUSLM.
15. The workshop to further develop a National CDP methodology has taken place and the methodologies modified. These will be tested over the next six months during the development of the final CDPs in the LUSLM project areas.
16. The CDP approach is being mainstreamed as a national development planning tool that will help target future public and private sector development investments at a local level. The SMLP re-design team will use the CDPs developed in the LUSLM Project area as their initial entry point. The hope is that GEF 6 funding will then be made available to expand impacts of the CDP approach and associated interventions to a national level. Thus having a major impacts on environmental degradation, food security and climatic risks. The initial GEF 6 concept developed by the PMU is being revised and will be shared with the national focal points for Land Degradation, Biodiversity and Climate Change for review and further guidance.

Agreed action	Responsibility	Agreed date
3. Present outcomes of Land Policy review and Draft Land Bill to P.S.s of the Agriculture and Natural Resources and Energy, and subsequently to the respective Ministers.	PMU	March/April 2014
4. Actively participate in the CDP planning methodology process and continual revise documentation	PMU/MTAD & SWADE	On-going

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### Component 2: Sustainable Use of Land Resources

17. The activities under this component are many and depend very much on the completion and subsequent launch of the CDPs. Progress is satisfactory and the timetables agreed between the PMU and LUSIP in October 2013 are working. To date 3 out of 10 CDPs have been completed and launched. Vikizijula will be launched on March 28th, followed quickly by Gamedze in April. A further 4 CDPs are currently at different stages of development and will be completed by Project Closure in October 2014. Luhlanyeni to be completed in June, Nceka in August, Hlutse and Mkheweli in September. The 10<sup>th</sup>, Zulwini will be completed following closure of the GEF part of the project.

18. The CDP planning processes raises the awareness of both the communities and communities leadership to the status of their natural resource base and how it can be managed in sustainable ways to improve their livelihoods effectively – e.g. extent of arable land, status of communal rangelands and forests in terms of gullying, rates of deforestation and spread of invasive alien species. These planning initiatives are helping dispel the dependency syndrome that has formed part of the lives of rural communities in Swaziland.
19. The lessons learned from the CDP processes to date are being fed back into the CDP methodology, and it is now evident that there should be an increased focus on agri-business and access to rural finance to facilitate households to expand some of the interventions proposed under their CDPs to a commercial footing. In this instance the re-design of the 'Smallholder Market-Led Production' (SMLP) is timely and will build upon the lessons and impacts achieved to date by the project, thus ensuring sustainability.
20. The two community rangeland rehabilitation areas have been fenced through joint financing with the Swaziland Environmental Development Fund, and two additional sites were identified and fenced by the communities. A total area of some 60 ha is now under rehabilitation activities. The LUSIP engineer has worked with the PMU to improve the check dam design and provided guidance on their locations in the gulleys. The land degradation manual needs to be revised accordingly to include the technical guidance prepared. The two communities have identified management committees and have begun to plant both exotic and indigenous fruit trees and have also begun to be involved in hay production. Some 400 trees have been planted to date with a further 5000 to be distributed to the adjacent communities. Community based nursery management committees have been established and they are monitoring the distribution, planting and survival. Hay making currently in progress following training of 75 farmers, one of whom reports that he made more than 250 bales from his own land holdings and sold them for E15000 .
21. Initial work has begun on the control of invasive alien species (IAS) in rangelands. The Luhlanyeni Chiefdom community has received initial training and they have begun to clear a 50 ha rangeland area of predominantly Lantana. This involves both physical removal and subsequent spraying using chemicals provided by the Ministry of Tourism and Environmental Affairs from their IAS programme. Feedback from the community is that they are fully aware that the control of IAS takes a 4 to 5 year commitment, but impacts were positive in terms of improved livestock management – they can now find their animals and dip them. However, there was a cautionary note that the work involved is extremely strenuous and many of the initial group have had to drop out due to a variety of health reasons. The PMU does need to assess the extent of the IAS challenges in the project area and ensure the CDPs include a community approach to control.
22. In September 2013 the network for Improved Management of Agriculture Water in East Southern Africa (IMAWESA) supported an awareness raising campaign and subsequent training in the project areas. Following this initiative a total of 525 households volunteered to try the hand based Conservation Agriculture (CA) with the assistance of the project, and initial feedback is very positive. CA fields include maize, maize intercropped with legumes and legumes on their own. Two fully mechanized CA plots have also been established following the procurement of a tractors and rippers.
23. UNISWA staff and students have been involved in monitoring some of the CA work. Field days and collation of all data from the paired plots that compares the CA interventions against conventional practices are imperatives over the next three months to consolidate both training and lessons learned. An impact assessment survey is required to learn the lessons on implementation to help plan next campaign. The key lessons learned by the PMU are preparedness, all inputs and the associated trainings must be provided well in advance of the first rains to avoid the inevitable delays in planting that occur when training and input delivery is delayed. Such delays often prevent the full impacts of CA interventions to be observed.

24. The interest in Permaculture Gardens continues to grow in the project areas. More than 300 households have been introduced to Permaculture Garden concept, with more than 130 gardens established to date. Anecdotal evidence on both improved nutrition and economic gains are increasing and the PMU needs to validate the claims through a formal impact survey. Lessons from LUSIP have however slowed the procurement of drip kits as they do not appear compatible with the overall ethos of Permaculture Gardens, and water supply/access is an on-going issue. The PMU will procure a number of single drip lines fed by a bucket to begin evaluations with early adopters to see if they improve the use of household grey water.
25. Many of the households that have adopted the Permaculture Garden have also constructed Ferro-Cement Rain Water Harvesting Tanks of around 1800 litres volume with some degree of project assistance. A total of 202 households now have access to potable water from the ferro-cement water harvesters within their homesteads. Training continues in construction and additional training has been developed on water purification for improved hygiene. With the rains received during this season, households have had a constant supply of water for both domestic and irrigation purposes on their permaculture gardens. The feasibility of establishing a rain water harvesting company may also be explored.
26. Improved community cook stoves have been installed at two schools and are now operational and data being collected on the amounts of wood saved. Awareness campaign to promote households stoves is underway and a group has been identified to be trained in construction. The biogas demonstrations were delayed due to contractual issues and will be undertaken in the next quarter.
27. Land degradation, Conservation Agriculture and Efficient Wood Stove publications have all reviewed and approved by stakeholders and are now being prepared for publication. The Bee keeping manual has been shared with Honey Council and USAID and they have approved the text. The Permaculture Gardens Manual was approved by review panel from LUSIP I and UNISWA in previous reporting cycle. A manual on rainwater harvesting with ferro-cement tanks is planned, with an additional section on hygiene and water quality.

Agreed action	Responsibility	Agreed date
5. Follow the time table for the completion and launch of 6 CDPs	PMU	ongoing to Sept 2014
6. Arrangements for the completion of Zulwini CDP after the Closure of the GEF part of LUSLM needs to be agreed and documented with the Project Steering Committee	PMU	Sept 2014
7. Baling demonstrations should occur in June 2014 at the four hay baling sites	PMU	June 2014
8. Rainwater Water Harvesting manual with water hygiene and quality component to be planned and drafted	PMU	ongoing
9. Complete monitoring and analyses of Conservation Agriculture Demonstrations. Develop ToRs and identify consultant	PMU	On-going
10. Based on experiences from Gucuka and Sihlangwini land rehabilitation sites revise the Land Degradation Manual to include technical guidelines on Check Dam Construction – inputs from LUSIP 1	PMU with LUSIP	Sept 2014
11. Follow ups on IAS work and establish area of rangeland in the project area affected.	PMU	Sept 2014
12. Facilitate ILRI livestock value chain project (under LUSIP 1) access to beneficiaries in project area. NB facilitation only – no activities	PMU/LUSIP	On going
13. Develop ToRs and complete procurements for follow ups on GHG to see project impacts – map actually project intervention areas and redo phase I audit	PMU/LUSIP	April 2014

### Component 3: Alternative Livelihoods

28. Progress on development of alternative livelihoods continues to be satisfactory. The mission has witnessed a number of economic activities which would benefit from infrastructure investments to be financed by loans from microfinance institutions. These include, for example, households interested in using or expanding the use of rain water harvesting tanks (in cement - up to 2 000 litres- and plastic ones of various sizes and designs); a honey and a poultry production company interested in upgrading their production technologies, constructing a collection centre, and installing a processing unit; a company for equipment manufacturing interested in constructing fuel efficient stoves (for use on homesteads and “institutional” uses, schools, etc.); and a mushroom farmer cultivating “oyster mushrooms” and marketing them in Manzini where the demand is, for the time being, too high for him to meet it successfully.
29. To date, about 380 households supported by the LUSLM are producing honey and have successfully sold their produce to a broad range of buyers (including Mataa Spar, Big Bend Matata, Nkoyeni, Eswatini Kitchen). The local demand for honey is also high and expected to further increase as awareness about health benefits continues to be raised. An issue flagged to the mission relates to the situation whereby in some parts of the intervention area, there appears to exist a lack of rules concerning the burning of forests, which in turn has a negative impact on honey bee related activities. Also, the material for making bee hives is not always easily available and there are other designs on the regional market which may be worthwhile exploring as alternatives to the types currently in use.
30. Farmers have continued to be exposed to poultry production techniques and have participated in the company launch event and at the National Marula festival. To date, about 400 households are engaged in poultry production (“indigenous chicken”), and have started selling to a number of buyers (Tsafeni, Ekhaya Chickens, Edladleni, Matata Spar). Yet, a number of larger shops do not carry indigenous chicken, a situation that LUSLM should seek to influence through a number of ways, including by highlighting their nutritious value and “pro-poor” nature.

The practice of using local trees to extract material that can be used for the “natural vaccination” of chickens deserves to be more widely documented.

31. During the reporting period two community nurseries, two school nurseries and one demonstration nursery were established. These nurseries focus on indigenous tree species, with a particular use value, and fruit trees; they also include vegetable seedlings, and have featured the continued involvement of stakeholders. The nurseries generate important local employment opportunities, and should be equipped with business plans. 75 farmers have been involved in hay baling, an activity that deserves to be documented, but also better understood in terms of the typology of individuals capable of carrying out this activity successfully and at low cost.

Agreed action	Responsibility	Agreed date
14. Design and implement a “transitional” referral system of successful activities promoted under LUSLM for these activities to benefit from loans to be provided through RFEDP partners	PMU	30 June 2014
15. Work with CDC members to increase the involvement of poor and marginalized households in LUSLM activities (e.g., as part of youth groups providing services to CA farmers)	PMU	ongoing

#### D. Project implementation progress

32. Implementation progress has been satisfactory since the last supervision and support mission in October 2013. A further documentary on project successes is being produced and the media campaign through the collaboration with UNISWA-JMC is ensuring that LUSLMs achievement are in the public eye. The PMU has developed a procurement plan covering the period from October 2013 to March 2015. This plan is now supported by a functioning procurement protocol and register within LUSLM that all project staff follow.
33. The 2014/15 AWPB was shared with IFAD prior to the mission (GEF funding SZL 5.6 million and GoS funding SZL 4.0 million) has been approved by the Project Steering Committee and tacitly accepted by IFAD. Some revisions will be required in response to the actions suggested by this supervision mission.
34. The targeting approach followed by the PMU is satisfactory and makes full use of the CPDs and CDCs as an initial entry point for the introduction of technologies. The PMU typically begins by organising a community meeting to introduce a proposed intervention/concept to awareness. The next step is to ask the community for volunteers interested in receiving further training and assistance to try the intervention. Despite this self-selection/voluntary process, representation of women and youth on the CDC ensure neither groups is marginalised. Confirmed by reviews of the group participation registers maintained by the PMU. In this context, both the awareness and the training sessions facilitated by LUSLM appear to have successfully reached the objective of building the confidence of these Committee members. For increased transparency and accountability, the Headmen are helped in recording the discussions and decisions taken at the meetings they have been calling. Some of the technologies promoted by the Programme have immediate positive effects on women’s workloads (e.g., water harvesting and permaculture gardens in terms of time and labour saved traveling to fetch water and buy vegetables, bee keeping in terms of reducing the drudgery associated with conventional crop agriculture), whilst others are likely to become more time- and labour-saving in the medium term (e.g., CA).
35. **Sustainability** appears satisfactory for most if not all activities under Components 2 and 3. The CDCs have proved to be highly satisfactory vehicles for consistently providing development messages that will gradually help move away from the “dependency” or “hand out” syndrome, towards a culture of indigenous entrepreneurship and local savings. The

decision to re-design the 'Smallholder Market-Led Production Project' (SMLPP) and focus on the LUSLM Project Area is timely and ensure the lessons and impacts achieved to date are strengthened. At the same time GEF 6 funding, as it becomes available, provides an opportunity to ensure that the environmental awareness raising of traditional authorities through the CDP process are institutionalised at a national level.

36. The mission continued to work with management to redefine the activities through to the project closing date of 31 March 2015.

Agreed action	Responsibility	Agreed date
16. Prepare ToRs for the Independent Project Terminal Evaluation and agree dates	IFAD and PMU	April 2014
17. Implement Independent Terminal Evaluation	IFAD	To be confirmed
18. Prepare guidelines and ToRs for Project Completion Report and implement	PMU and IFAD	Sept 2014

## E. Fiduciary aspects

37. **Financial management.** Overall the mission found the Financial Management of the project moderately satisfactory, with significant attention given to the recommendations of the October 2013 supervision mission.
38. **Financial Management, System and Internal Controls** LUSLM accounting was updated in the ACCPAC accounting software. Since the previous supervision mission (October 2013), the software has been more fully implemented and it is managed with a major fluency by the accounting staff. The finance staff carried out an exchange mission to another IFAD financed Project in Malawi (RLEEP Project), which also used ACCPAC, in order to learn more about the software's functionality by their experience.
39. The Accounting Standards applied by SWADE are the IFRS accrual-basis and the ACCPAC system is set up accordingly whereas the project has adopted IPSAS cash basis accounting. The consideration of the previous supervision mission of adopting IFRS for project financial reporting to avoid having to manually adjust each time for financial reporting purposes was not followed because the finance staff considered IPSAS cash basis accounting better meet their financial reporting's needs. The Project is then continuing to use IPSAS cash basis accounting and, considering the imminent completion date (30 September 2014), a change in Accounting Standards is not recommended at this stage.
40. The Project uses the SWADE Procedure Manual which provides high-level guidance and has its own procedures manual. However, as highlighted by the previous supervision mission, it has never been updated since its preparation in 2005. The recommended updating of the manual, for the introduction of the ACCPAC software and mirror back-up facility, delegations of authority and for IFAD specificities such as requests for No Objection, is in progress and not finalised yet. The mission recommends to finalise the updating of the SWADE Procedure Manual as soon as possible.
41. The Special Account reconciliation at 20 March 2014 was reviewed (refer to table below):

	(USD)	(USD)
<b>Initial deposit</b>		<b>816 000</b>
Special Account bank balance (in USD)	116 130.1	
Programme Account bank balance at (Equiv. in USD)	698 976.3	
Expenditures not yet claimed for reimbursement to IFAD (Equiv. in USD)	894	
<b>Subtotal (B)</b>	<b>816 000</b>	

<b>Un-reconciled difference (A) + (B) + (C)</b>		<b>0</b>
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42. The reconciliation of the accounts shows that the liquidity position is very good. The mission noted that, as recommended by the previous mission, the mechanism of having a single “pooled” Project Account was stopped. The Project opened a dedicated account for GEF funds.
43. In line with IFAD guidelines the mission agreed with the Project to send to IFAD a plan for the recovery of the Initial Deposit by 31 March 2014.
44. Also, considering that the Project Completion Date (PCD) is 30 September 2014, the mission recommended, as per IFAD guidelines, to: i) send to IFAD a plan for the recovery of the Initial Deposit by 31 March 2014; ii) start the recovery of Special Account - initial deposit by April 2014 and iii) assure that all activities will be completed by the PCD.

### **Project Financial Management Capacity**

45. **Organization and staffing** the Code of Conduct for employees (including ethical behaviour) remains in draft form, the mission reiterates (for the second time) the need to formally adopt the Code in order to become an effective control.
46. **Financial Reporting and Monitoring.** The project is still working on adopting budgetary control within ACCPAC, the contracted IT consultant is still working to customize the software to have management reports produced automatically from ACCPAC rather than have to be extracted into Excel as an intermediate step.
47. **Capture of beneficiary contributions** The Project has still not been able to capture the beneficiaries contribution to the Project, in fact no beneficiary contributions have yet been recorded out of the USD 183,000 equivalent estimated at appraisal. The mission reiterated the recommendation to introduce procedures to routinely capture and quantify in the financial reports the beneficiaries’ contribution.
48. **Review of the Statements of Expenditures (SoE)** The mission reviewed samples of SOEs for the period October 2013 – March 2014 with the following findings:
  - most of the payment approvals/authorisations were missing;
  - some supported documentation was wrongly attached to a cheque who was related to a different expenditure (i.e. cheque number 1000258 dated 11/13/2013);
  - some payments do not include support documentation (i.e. cheque number 1000275 dated 11/28/2013).

### **Fund flow and IFAD Loan Disbursement**

49. **Disbursement.** Since the previous mission the Project has made satisfactory progress in the implementation of the activities and disbursement. As at 28 February 2014 the disbursement rate is of 43% (about USD 840 000) without including the initial advance. When the initial advance is included the disbursement rate reaches the 84%.
50. An imbalance in the disbursement situation by category was noticed, in particular for the Category VI-Operations and Maintenance which is at a disbursement rate of 352%. The mission realised that this occurred mainly because many expenditures were wrongly charged under category VI when they were actually related to others (i.e. Training, Technical Assistance, etc.). The mission agreed with the Project to submit a new nil cost WA that captures the changes between categories which need to be effected, this WA shall include a summary table showing the total changes between category as well as the list of the detailed expenditures in question showing the category previously claimed and the new category to be claimed.

51. Considering that the completion date is 30 September 2014, the disbursement rate is below the target, this can be partially explained by the fact that the activities have needed less GEF financing than envisaged as the nature of the intervention is technical support and training by the project's staff in their ordinary duties.
52. The Grant Agreement had set up the advance as a revolving fund rather than an imprest and set a threshold of 75% expenditures prior to replenishment. A lower threshold would have allowed more frequent submission of withdrawal applications. After the recommendation of the previous supervision mission to submit withdrawal applications at least quarterly (even if this does not trigger a disbursement) the disbursements became more fluid.
53. The ACCPAC software still does not have the necessary functionality to automatically prepare the withdrawal applications which therefore have to be prepared manually.
54. As recommended by the previous supervision mission, the previous SWADE Acting CEO, who was still an authorised bank signatory, has been removed of that list.
55. **Counterpart funding** as noted above, is satisfactory in terms of liquidity in relation to project implementation progress. In the FY 2013/2014 the Project received from the GoS USD 825,000 equivalent and USD 749,000 were spent, to date, the overall GoS Contribution to date is only 36% of the amount at appraisal of USD 2,321,000. Refer to Table 3a in Appendix 5 of the full supervision report
56. **Compliance with Loan Covenants** The overall position of the loan covenants is satisfactory. Details can be found in Appendix 4 of the full supervision report.
57. **Procurement** No new contracts have yet been signed for LUSLM in 2013 and 2014. The envisaged contracts included in the procurement plan for 2013/14 were all financed through GoS funds. For the FY 2014/15 a procurement plan has been prepared, it contains the essential information even if it does not include all the data required by the IFAD guidelines. The mission provided again the staff with the IFAD Financial Management pack which includes all information, guidelines and templates.
58. The ACCPAC procurement workflow module was purchased and installed in October 2013, the concerned staff are being trained.
59. The **contract register** is up-to-date and includes all the completed contracts. The contract monitoring forms are excel-based and contain the major elements.
60. **Asset Register** The quality of the fixed asset register was improved compared to the previous supervision mission. Considering that the Project is at its final phase, the Project is requested to send to IFAD a list which include all the Project's assets, type, date of purchase, purchase value, residual value, recommended assignment or disposal.
61. **Internal Audit** The mission met the current staff - only one – in charge of the SWADE internal audit. The person concerned is well qualified and technically prepared for the work. The Institute of Internal Auditors' (IIA) Professional Standards are being followed with a charter and functional reporting to the Audit Committee with administrative reporting to the Acting CEO, however, a Quality Assurance check has not yet been performed. The standards require this at least every five years and the benefit to the organisation can be significant. The latest internal audit report for 2012 raises concerns regarding the internal control environment. The mission suggested that, in line with the IIA Professional Standards, a team (more than one person) will be put in place in order to assure good quality, objectives achieved and a "checks and balances" system.
62. **Audited Financial Statements for Year-ended 31 March 2013** The audited financial statements for the year ending 31 March 2012/2013 were submitted to IFAD within the prescribed deadline (30 September 2013), prepared in accordance with the IPSAS cash basis.

The auditors were new this year, reflecting SWADE's policy of mandatory change after three years, in line with best practice. The financial statements contained all the major schedules including an analysis by expense category and component although only the latter had been broken down by financier. Had the split also been done also by category then it would have helped highlight the cost over-run (already existing at the time of the audit). The auditor awarded unqualified opinions on the financial statements, SOEs and Special Account. The Management Letter did not include a follow up of the prior year's recommendations as is required. Only one minor control issue was raised concerning the removal of an ex-employee from the authorised signatory list for the bank.

63. **Project closing** Considering the Project will be closing by March 2015 the mission pointed out that: All activities must be completed by Project Completion Date PCD - September 2014: Project shall conclude execution of all service contracts to be financed by IFAD before PCD;

6 months before PCD (1<sup>st</sup> April 2014):

- Start recovery of Special Account initial deposit on the basis of the recovery plan agreed with IFAD (Project has been suggested to send to IFAD a plan for the recovery of the Initial Deposit);

On or after PCD (From September 2014 on):

- Monitor payments on contracts – determine eligibility (are considered eligible: goods delivered; civil works completed and services rendered on or before PCD.
- Between PCD and Loan Closing Date LCD (– September 2014 – March 2015) = winding up period:
- Project must send a letter to the CPM explaining the plan of action & projected expenditures
- Monitor payments on contracts - only those completed by PCD are eligible
- Only winding-up expenditures are eligible (i.e. salaries & allowances of key project staff to be agreed with IFAD; operating costs; Project Completion Report costs; final audit report fees).

Agreed action	Responsibility	Agreed date
19. Adopt automated budgetary control in ACCPAC (which has already been purchased)	CFO	immediate
20. Finalise the updating of the project-specific financial procedures to complement the existing SWADE manual (IFAD No Objection thresholds, ACCPAC system controls, mirror server back-up controls etc)	CFO	immediate
21. Introduce procedures to routinely capture and quantify in the financial reports the beneficiaries' contribution	CFO	immediate
22. Implement the ACCPAC procurement module	CFO	30/04/14
23. Consider system enhancements to allow financial reporting directly from ACCPAC	CFO	30/05/14
24. Introduce formal and documented monitoring of the project's quarterly financial reports	SWADE Finance and Audit Committee	30/04/14
25. Perform a Quality Assurance check of the internal audit function as required by the IIA's professional standards	SWADE Finance and Audit Committee	30/05/14
26. Formally adopt a Code of Conduct for employees	SWADE Finance and Audit Committee	31/05/14
27. Send to IFAD a plan for the recovery of the Initial Deposit by 31 March 2014.	CFO	31/03/14
28. Start the recovery of Special Account - initial deposit	CFO	10/04/14
29. Submit a new nil cost WA to realign the disbursement by Category situation	CFO	10/04/14
30. send to IFAD a list which include all the Project's assets, type, date of purchase, purchase value, residual	CFO	30/04/2014

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value, recommended assignment or disposal

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## **F. Conclusion**

64. Since the mid-term review in 2012 LUSLM has made highly satisfactory progress. The PMU continues to capitalize on the investments made in community planning and priority setting, the core of the Chiefdom Development Plans. This inclusive planning process has in turn influenced the successes achieved under their work on Sustainable Land Management and Alternative Livelihoods. The successful interventions include more than 500 households trying Conservation Agriculture, more than 300 Permaculture Gardens established and two communities working on Rangeland Rehabilitation where Community Orchards are being established and hay making promoted. In addition many households are actively participating in Bee Keeping and Indigenous Poultry activities. Over the next 6 months it is essential that the PMU ensure the following activities are complete:
- lessons learned fed back into the CDP methodology and CDPS completed for the remaining Chieftainship;
  - lessons from the Conservation Agriculture Programme are collated and use to inform future programmes
  - completion of all manuals and project documentation and
  - completion of the data collection summary sheet
  - to ensure the Project Terminal Evaluation is positive and provides the guidance for future development investments.
65. IFAD and the Government of the Kingdom of Swaziland endorse the findings of the supervision mission.

## Appendix 1: Summary of project status and ratings

### A. Grant Basic Data

Grant Title:- Lower Lusuthu Smallholder Irrigation Project - GEF			Grant No.GEF-FSP-013-SZ	1255	Window	Country or Global Regional
Grant Recipient:			IFAD Grant Manager		Stephen Twomlow	
Date of Update			Recipient Contact		Lyn Kota, Project Manager	
	31 March 2014					
Date of Approval	Nn mmm 2009	Original Closing date	30 Sept 2014	Last Amendment	NA	
Date of Effectiveness	25 March 2010	Extended Closing date	31 March 2015	Last Audit	September 2013	
		No. of extensions		Last Steering Committee attended		
				Last Supervision /implementation support	17 March 2014	
	<u>USD</u>		<u>USD</u>	Disbursement	<u>Percentage</u>	
Total financing		Cofinancier 1	749,000	IFAD Grant USD 816,000	41.4%	
IFAD grant	1972.8	Cofinancier 2	tbc			
Recipient		Cofinancier 3				

**Target group** (complete as many as applicable by providing a brief description)

The targeting approach followed by the Project Management Unit (PMU) is satisfactory and makes full use of the CPDs and CDCs as an initial entry point for the introduction of technologies. The PMU typically begins by organising a community meeting to introduce a proposed intervention/concept to awareness. The next step is to ask the community for volunteers interested in receiving further training and assistance to try the intervention. Despite this self-selection/voluntary process, representation of women and youth on the CDC ensure neither groups is marginalised. Confirmed by reviews of the group participation registers maintained by the PMU. In this context, both the awareness and the training sessions facilitated by LUSLM appear to have successfully reached the objective of building the confidence of these Committee members. For increased transparency and accountability, the Headmen are helped in recording the discussions and decisions taken at the meetings they have been calling. Some of the technologies promoted by the Programme have immediate positive effects on women's workloads (e.g., water harvesting and permaculture gardens in terms of time and labour saved traveling to fetch water and buy vegetables, bee keeping in terms of reducing the drudgery associated with conventional crop agriculture), whilst others are likely to become more time- and labour-saving in the medium term (e.g., Conservation Agriculture).

Benefiting Countries: Swaziland

### Benefiting Investment Projects: Lower Usuthu Irrigation Project Phase I

### Grant Goal and Objectives

The overall goal of the LUSIP-GEF - The Lower Usuthu Sustainable Land Management Project (LUSLMP) is to contribute to reducing land degradation and protect biodiversity through widespread adoption of sustainable land management practices in Swaziland; while also contributing to mitigating and increasing communities' capacity to adapt to the adverse effects of climate change. The specific project objectives are: 1) to promote development and mainstreaming of a harmonised, cross-sectoral approach to SLM at the national level; 2) to reduce land degradation, biodiversity loss and mitigate climate change in the Lower Usuthu River Basin area through the application of sustainable land management practices which will contribute to adaptation to climate change; 3) to improve the livelihood opportunities, resilience and food security of rural communities (men, women and children), including catalysing development of a range of alternative complimentary livelihood opportunities, and 4) to manage the project effectively and disseminate result appropriately.

## B. Grant management and performance

Indicator	Last	Current
<b>Performance of grant recipient</b>	<b>4</b>	<b>5</b>
<b>Coherence between AWPB and implementation</b> Satisfactory delivery over past 6 months	<b>4</b>	<b>5</b>
<b>Acceptable disbursement rate possible extension due to administrative delays at onset</b>	<b>3</b>	<b>3</b>
<b>Quality and timeliness of financial reports -</b>	<b>2</b>	<b>3</b>
<b>Quality and timeliness of technical reports</b> – some need to improve quantification aspects of progress reports, technical and policy reports of good standard	<b>4</b>	<b>4</b>

### C. Assessment of Implementation Progress

Indicator	Last	Current
Relevance to IFAD target group	3	5

The PMU continues to capitalize on the investments made in community planning and priority setting, the core of the Chiefdom Development Plans. This inclusive planning process has in turn influenced the successes achieved under their work on Sustainable Land Management and Alternative Livelihoods. The successful interventions include more than 500 households trying Conservation Agriculture, more than 300 Permaculture Gardens established and two communities working on Rangeland Rehabilitation where Community Orchards are being established and hay making promoted.

<b>Gender focus</b>	<b>4</b>	<b>4</b>
The Project, together with the LUSIP and RFEDP have recently developed the gender manual - that is currently being tested and revised		
So far little has been done with regards to assessing the direct impact the Project has had on women. It is important this is to be initiated, through a more detailed analyses of the participants registers maintained for all community meetings and training event.		
<b>Innovation</b>	<b>5</b>	<b>5</b>
The LUSLM Project addresses issues of biodiversity loss, land degradation and water stress which are at the centre of livelihoods of most farmers in rural Swaziland. The options that these projects have offered have been quickly adopted as they are seen to be contributing to improvement of livelihoods.		
<b>Knowledge Sharing and Management</b>	<b>4</b>	<b>5</b>
The project has enlisted the participation of a broad range of stakeholders at national as well as at project level, this includes a strategic partnership with the University of Swaziland's Journalism and Mass Communications Department (UNISWA JMC). Public Awareness is on the increase with the publication of banners, Stories from the Field as well as radio and TV informational. The impact and lessons from the project are well known nationally and gaining a regional recognition. This is reflected in the increased requests the PMU receives from neighbouring communities as well as from field staff of various line Ministries and NGOs working outside of the project area to participate in capacity building activities. The project has also received a request from the Food, Agriculture, Natural Resources Policy Analysis Network (FANRPAN) to work with the PMU to develop the capacity of local journalists to report on climate smart agriculture issues as well as in the development of regional capacity building materials on Climate Change.		
<b>Linkages (to investment portfolio and other development initiatives)</b>		<b>5</b>
The LUSLM project addresses issues of land degradation, reduced food security and vulnerability to climate change which are all critical issues in Swaziland. Further the project is aligned to the three IFAD focal Areas of Biodiversity, Climate Change and		
<b>Scaling up</b>	<b>4</b>	<b>5</b>
The GEF funding will play a catalytic role in mobilizing other resources to support the project in future. It is expected that the project will be replicated into other areas impacted by LUSIP I and the areas targeted by LUSIP II and SMLP		
<b>Overall implementation progress (summarise overall assessment, including areas of strength and weakness and likelihood of achieving overall objectives)</b>	<b>4</b>	<b>5</b>
The LUSLM Project has laid a strong foundation for achieving results. This should improve with the prioritization of activities that has been made for the remaining period of implementation.		

#### D. Supervision / implementation support arrangements

<b>Description of IFAD's supervision / implementation support arrangements</b>
This was the fifth IFAD Mission in addition to the GEF MTE fielded in March 2014

#### E. Follow-up Action

Recommended action	Responsibility	Status/timing
Lessons learned should feed back into the CDP methodology and the remaining CDPs should be completed	PMU	September 2014
Lessons from the Conservation Agriculture Programme should be collated to inform future programmes	PMU	On-going
Finalise all project manuals and project records	PMU/SWADE	September 2014
Ensure the Project Terminal Evaluation be conducted on time to provide the required guidance for oncoming GEF proposal and IFAD funded SMLP.	IFAD/PMU	October 2014

## Appendix 3: Summary of key actions to be taken within agreed timeframes

Agreed action	Responsibility	Agreed date	Progress	Comments
<b>Component 1: SLM Approach Promoted at National Level</b>				
1. Present outcomes of Land Policy review to LMB and Swaziland National Council following consultations with P.S.s Agriculture and Natural Resources	PMU	28-Feb-14	Not achieved	Presentation to PS Agriculture and PS Natural Resource Management planned for 25th March 2014. The draft is now reference in the Ministry of Natural Resources draft land bill
2. Review and up-date Land Policy Action Plan	PMU	Dec-13	Done	
3. Present outcomes of Land Policy review and Draft Land Bill to P.S.s of the Agriculture and Natural Resources and Energy, and subsequently to the respective Ministers		Feb-14	Not Achieved	appointment set for March 25 – cross reference to 1 above
4. Complete Project Proposal for EU initiatives on Land Governance	PMU and SLMA technical committee	Nov-13	Achieved	Proposal completed and approved – 8 million euro grant. Project will used the tools and methods developed under LUSIP for land governance. Financing agreement to be signed and Min Finances needs to ID technical team – GEF LUSIP asked to develop ToRs for the Technial Teams

5..Actively participate in the CDP planning methodology process –being done – modified method – new framework document developed and being field tested and revised	PM/MTAD & SWADE	On-going-living document	Achieved	Methogology modified and a new framework documents is being developed and will be field tested in next 6 months
6. Develop and refine concept note for GEF6 funding – follow on discussions with focal points for CBD, UNCCD and UNFCCC	PM and MINAGRI	TE Sept/Oct 2014	on going	Initial concept developed and shared with focal points for CBD, UNCCD and UNFCCC. Concept to be further refined and re-presented to focal points in light of the new IFAD loan being designed.
<b>Component 2: Sustainable Use of Land Resources</b>				
7. Based on the time table prepared, four CDPs developed between October 2013 and March 2014. The final two plans completed by project closure in September 2014.	PMU and LUSIP 1	Mar-14	on going	<ul style="list-style-type: none"> <li>•3 out of 10 CDPs have been completed and launched. Vikizijula launched March 28th, Gamedze launched in April.</li> <li>•Luhlanyeni to be completed in June , Nceka in August, Hlutse and Mkheweli in September. Zulwini to be competed following closure of the GEF part of the project</li> </ul>

8. Hay baling sites identified with communities and fenced. Baling demonstrations to occur June 2014	PMU	Jun-14	on going	The two community rangeland rehabilitation areas of been fenced through joint financing with the Swaziland Environmental Development fund, and two additional sites identified and fenced by the communities. A total area of 54.8 ha. Hay making currently in progress following training of 75 farmers. To date 70 bales sold at 50 E per bale. See Q1 2014 progress report
9. Draft manuals to be finalised and shared with partners and beneficiaries for endorsement, prior to final revisions and printing. Bee Keeping manual to be prepared. Vernacular translations of various manuals to be completed	PMU	31-Mar-14	achieved	Land degradation, Conservation Agriculture and Efficient Wood Stove publications all reviewed and approved by stakeholders. <b>Bee keeping manual shared with Honey Council and USAID - text approved, waiting on final photos.</b> Permaculture Gardens approved in previous reporting cycle. Rainwater Harvesting with ferro-cement tank planned, with additional hygiene section.
10. Follow up with permaculture gardens throughout PDA and begin introduction of drip kits to existing "permaculture" demonstrations	PMU	31-Mar-14	achieved	More than 300 households introduced to Permaculture Gardens with more than 130 established to date. Anecdotal evidence on improved nutrition and economic gains needs to be validated through a formal survey. Procurement of drip kits on going.

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11. Expand conservation agriculture activities across the wider PDA	PMU	ongoing	achieved	A total of 525 households volunteered to try Conservation Agriculture and initial feedback very positive. CA fields include maize intercropped with legumes and legumes on their own. Two fully mechanized CA plots have been established. Field days and collation of all data imperative. An impact assessment required to help plan next campaign.
12. Strengthen technical support for degraded land recovery initiatives with focus on Gucuka and Sihlangwini - designs	PMU and LUSIP Engineers	on going	excellent progress	LUSIP engineer helped design check dams and provided guidance on locations. The land degradation manual needs to be revised to include the technical guidance prepared. The two communities have identified management committees and have begun to plant both exotic and indigenous fruit trees. Also involved in hay production - see action 8.
13. Follow-up on the IMAWSESA programme	PMU and LUSIP	on going		IMAWESA facilitated the technical support for the promotion of CA.
14. Promotion of improved cook stoves and renewable energy sources	PMU	on going	some progress	Improved community cook stoves have been installed at two schools and are now operational. Awareness campaign to promote households stoves underway and a group identified to be trained in construction. The biogas demonstrations were delayed due to contractual issues and will be undertaken in the next quarter.

15. Closely collaborate with the ILRI livestock value chain project under LUSIP 1	PMU and LUSIP	on going		Vetinerary groups fomred and training occurring.
<b>Component 3: Alternative Livelihoods</b>				
16. Train nursery committee members and teachers on nursery management and grafting	PMU	on going	excellent progress	Number of CBNRM commiitees established and trained in the various Chieftainships. 2 community nurseries, 2 school nurseries and one demonstration nursery have been established to serve needs of wider community
17. Introduce 'Tree Nurseries at Schools' into the Junior Achievement Programme	PMU	on going	some progress	Two school nurseries established that include trees and vegetables. Links to the Junior Achievement Programme require more work
18. Community locations for demonstration activities identified and capacity building to be undertaken	PMU	on going	good progress	Linked to action 15, though in addition to the two community owned nurseries a demonstration nursery also established.
19. Strengthen the Milk collection centre facilities and operations	PMU	Mar-14	no progress	Due to the disease that cused abortion and no major investments in extension by the Dairy Board there is no excess milk production. Dairy board have decided to move the facility
20. Promotion of indigenous poultry production	PMU	on going	excellent progress	more than 400 households are now enganged in poultry prodcuton. Work ongoing to register a local company. Promotion taken place at various local festivals. The Malay Game breed inroduced and rasing excitement.

21. Case studies and financial analyses on permaculture gardens and indigenous poultry to be undertaken.	PMU	Mar-14	some progress	some initial figures for both permaculture gardens and indigenous poultry obtained. But more systematic studies are needed.
22. Promotion of Honey production	PMU	on going	excellent progress	Close to 400 households are not actively producing honey and a number of business are being developed with various national bodies
<b>4. Project implementation progress</b>				
23. Develop a Procurement Plan to the end of the Project	PMU	Nov-13	done	Procurement plan developed and shared with stakeholders and IFAD in a timely fashion. Needs to be revisited at regular intervals for modification as required
24. Use the procurement monitoring tool that has been developed effectively to facilitate follow ups with SWADE Procurement	PMU/SWADE	Nov-13	done	The monitoring tool is proving useful in tracking status of a procurement
<b>Fiduciary aspects</b>				
25. Cancel and re-submit WA2 to allocate costs appropriately by financier (the supporting documentation that is already in Nairobi does not need re-sending)	CFO	Dec-13	Done	Resubmitted and already paid by IFAD
26. In coding costs in the General ledger and subsequently whilst preparing SOEs, follow the split of costs between financiers set out in the budget.	CFO	Dec-13	Done in ACCPAC	

27. In preparing SoEs for staff costs the description must state who is being paid and for which period	CFO	Dec-13	Done	
28. The project to submit withdrawal applications at least every quarter (irrespective of the 75% threshold – until the threshold is reached the WAs will be used to justify the advance rather than trigger disbursements). If the project experiences liquidity issues then it can formally request an earlier disbursement.	CFO and IFAD	Oct-13	Done.	Quarterly WA has been sent and two has already paid under the new arrangements
29. Adopt automated budgetary control in ACCPAC (which has already been purchased)	CFO	Mar-14	On going	on-going training on how to use it
30. Introduce a dedicated project bank account for GEF funds	CFO	Dec-13	Done	Account opened already
31. Prepare a procurement plan incorporating the contract register such that progress can be better monitored	CFO	Dec-13	Done	Procurement was submitted to IFAD in October 2013
32. Update the project-specific financial procedures to complement the existing SWADE manual (IFAD No Objection thresholds, ACCPAC system controls, mirror server back-up controls etc)	CFO	Dec-13	not done	SWADE financial policies and procedures are under review
33. Introduce procedures to routinely capture and quantify in the financial reports the beneficiaries' contribution	CFO	Dec-13	Done	
34. Implement the ACCPAC procurement module	CFO	Dec-13	On going	

35. Consider system enhancements to allow financial reporting directly from ACCPAC	CFO	Dec-13	Done	
36. Consider moving from the IPSAS cash-basis of financial reporting to IFRS (accruals basis)	CFO	Mar-14	not done	Since the project is towards closure then external auditors recommended to maintain the status core.
37. Remove the unauthorised signatory from the bank's list of authorities	CFO	Dec-13	Done	Removed already
38. Introduce formal and documented monitoring of the project's quarterly financial reports	SWADE Finance and Audit Committee	Dec-13	On going	quarterly reports meeting are being organised
39. Perform a Quality Assurance check of the internal audit function as required by the IIA's professional standards	SWADE Finance and Audit Committee	Mar-14	On going	
40. Update the fixed asset register for incomplete information	CFO	Dec-13	Done	
41. Formally adopt a Code of Conduct for employees	SWADE Finance and Audit Committee	Mar-14	On going	

## Appendix 4: Physical progress measured against AWP&B, including RIMS indicators

PROJECT COMPONENT OUTPUTS	UNIT	TARGETS & MILESTONES		ACHIEVEMENT		% ACHIEVEMENT	
		TOTAL PROJECT COMPLETION	AWP&B REPORTING PERIOD 2013/2014	TOTAL PROJECT	AWP&B 2013/14	CUM	AWPB 2013/14
Chiefdom Development Plans Developed	No	11	4	5	2	46	50
implementing partner workshops	No	16	4	12	7	75	175
SLM National Steering Committee Meetings	No	16	4	8	4	50	100
SLM communication strategy	No	16	1	0	0	0	0
Traditional authorities workshops	No	16	4	11	6	55	150
carbon stocks measurement	communities	16	4	4	4	50	100
Grazing demonstration sites	No.	16	1	4	3	100	300
Conservation agriculture	Households	16	360	603	571	25	159
backyard gardens	Households	16	330	130	43	5	13
Tree nurseries	No	16	4	5	5	45	125

Land rehabilitation and agroforestry demonstrations	Ha			100	66		
energy saving devices use	communities	11	4	2	2	18	50
livestock enterprises	Households	2400	910	1396	791	58	87

## Appendix 5: Financial: Actual financial performance by financier; by component and disbursements by category

**Table 5A: Financial performance by financier**

Financier	At Appraisal (USD'000)	Disbursements USD'000	%age disbursed
GEF Grant (1)	1 972.8	840	43%
Government of the Swaziland-Counterpart Funds (2)	2 320.9	749	32%
Beneficiaries	183.0	-	0%
Total	4 293.7	1 589	37%

(1) excludes the Initial Advance and includes Expenditure up to 28.02.2014 not claimed to IFAD yet

**Table 5B: Financial performance by financier by component (USD '000)**

Component	GEF Grant			GoS (1)			
	At appraisal	Actual	%age	At appraisal	Actual	%age	At appraisal
	USD'000	USD'000		USD'000	USD'000		USD'000
I. SLM Approach Promoted at National Level	264	10.20	4%	141	19.40	14%	-
II. Land resources planned and managed sustainable	1 606	472.33	29%	924	31.36	3%	138.00
III. Alternative livelihoods promoted	-	-		361	23.32	6%	44.30

IV. Project Management	103	359.52	349%	896	674.86	75%	-
<b>Total</b>	<b>1 973</b>	<b>842</b>	<b>43%</b>	<b>2 321</b>	<b>749</b>	<b>32%</b>	<b>182.30</b>

(1) GoS funds disbursed by the Project

**Table 5C: IFAD loan disbursements (SDR, as at 28-02-2014)**

Categories		Original Allocation	Revised Allocation	Disbursement	Expenditure claimed but not reimbursed	Expenditure up to 28.02.2014 not claimed	Balance	Percent disbursement
		USD'000					USD'000	USD'000
I (a)	International Consultants	8	-	8	-	-	-	100%
I (b)	National Consultants	506		172	-	-	334	34%
II	Training	806	-	308	-	17	481	40%
III	Technical Assistance	348	-	14	-	-	333	4%
IV	Vehicles and Materials	55	-	50	-	9	(5)	109%
V	Programme Unit Staff	215	-	139	-	-	77	64%
VI	Operations and Maintenance	35	-	123	-	-	(88)	352%
	<i>sub-Total</i>	<i>1 973</i>		<i>814</i>	-	<i>26</i>	<i>1 133</i>	<i>43%</i>
	Initial Advance	-	-	816		-	(816)	
	<b>IFAD Total</b>	<b>1 972.80</b>	-	<b>1 629.89</b>	-	<b>26</b>	<b>317</b>	<b>84%</b>



## Appendix 6: Compliance with legal covenants: Status of implementation

Section	Covenant	Compliance Status	Remarks.
<b>Section 2.03 (c)</b>	The Borrower shall operate the Special Account in accordance with Section 4.08 of the General Conditions.	Complied	
<b>Section 3.02</b>	Annual Work Plans and Budgets: (a) the ADEMU Manager shall, for each Fiscal year, prepare draft annual work plans and budgets (AWPBs) for the Downstream Development and Agricultural Commercialization Component and the Environmental Mitigation Component of the Project	Complied	
	(c) The Lead Project Agency shall adopt the AWPBs in the form approved by IFAD and the other Financing Partners and shall provide copies thereof to WAD and UNOPS prior to the commencement of the relevant Fiscal Year.	Complied	
	(d) If required, the PMU, the ADEMU may propose adjustments in the AWPB during the relevant Fiscal Year, which shall become effective upon approval by the Lead Project Agency, IFAD and the other Financing Partners.	Complied	
<b>Section 3.03</b>	Project Accounts. (a) The Lead Project Agency shall open and thereafter maintain in a reputable commercial bank in Swaziland, accepted by IFAD, a current account denominated in Swaziland Lilangeni for Project operations (the "Project Account").	Complied	
<b>Section 4.01</b>	Monitoring. As soon as practicable but in no event later than the end of the first quarter of the second Project year, the ADEMU and IEMU shall, respectively, establish and thereafter maintain appropriate information management systems to enable them to continuously monitor the Project.	Complied	
<b>Section 4.02</b>	Progress Reports. The Lead Project Agency shall submit to progress reports on Project implementation, no later than two months after the end of each six-month period during the Project Implementation Period.	Complied	
<b>Section 4.03</b>	Mid-Term Review. (a) The Lead Project Agency, the Financing Partners and the Cooperating Institution, shall jointly carry out a review of Project implementation no later than the fourth Project Year (the "Mid-Term Review") based on terms of reference prepared by the Lead project Agency and approved by IFAD, the other Financing Partners and the Cooperating Institution. (b) The Borrower shall ensure that the recommendations resulting from the Mid-Term	Complied	

Section	Covenant	Compliance Status	Remarks.
	Review are implemented within the specified time therefore and to the satisfaction of IFAD and the other Financing Partners. It is agreed and understood that such recommendations may result in modifications to the Loan Documents or cancellation of the loan.		
<b>Section 4.04</b>	Completion Report The Lead Project Agency shall submit to IFAD the completion report on the Project no later than the Loan Closing Date.	Not yet due	
<b>Section 4.05</b>	Evaluations. The Borrower and each Project Party shall facilitate all evaluations and reviews of the Project that the IFAD may carry out during the Project Implementing Period and for ten years thereafter	Not yet due	
<b>Section 5.01</b>	Financial Statements. The Lead Project Agency shall prepare the financial statements of the operations, resources and expenditures related to the Project in respect of each six-month period during each Fiscal Year. The financial statements shall be forwarded to the Borrower for submission to IFAD within three months after the end of each such reporting period.	Complied	
<b>Section 5.02</b>	Audit Reports. (a) Within 90 days after effectiveness, the Borrower shall appoint, with the prior approval of IFAD, independent auditors selected by the Borrower to audit the accounts relating to the Project for the first two Fiscal Years. Thereafter, as soon as practicable but in no event later than 90 days after the beginning of each succeeding Fiscal Year, the Borrower, with the prior approval of IFAD, shall confirm such auditors' appointment or so appoint new independent auditors for such Fiscal Year.  (b) The Borrower shall have the accounts relating to the Project audited each Fiscal Year by such auditors in accordance with International Standards on Auditing and deliver a certified copy of a long form audit report required by Section 9.03 (Audit of Accounts) of the General Conditions and in accordance with paragraph 17 of Schedule 3A to IFAD within six months after the end of such Fiscal Year.	Complied  Complied	
<b>Schedule 3A 1</b>	Interim Water Agreement. During the first Project year, the Borrower shall pursue negotiations with the Republic of South Africa and the Republic of Mozambique with respect to an Interim Water Agreement concerning the use of water from the Usuthu River.	Complied	
<b>2</b>	Environmental Compliance During the course of the Project Implementation Period, the borrower shall ensure that the Project complies with the conditions set forth in any Environmental Compliance Certificate issued by SEA iii respect of the Project, in terms of environmental compliance.	Complied	

Section	Covenant	Compliance Status	Remarks.
3	Environmental Review Panel The Borrower shall have established an independent and operational environmental Review Panel by the end of the first Project year, with the composition and responsibilities described in paragraph 8 (d) of Schedule 3 to the Loan Agreement.	Complied	
4	Land Tenure and Resettlement. The Borrower shall pursue and sustain the community consultative process on land tenure and resettlement throughout the Project Implementation Period, with a view to reaching an equitable conclusion satisfactory to the Project beneficiaries and the Financing Partners and, if appropriate, enacting relevant legislation.	Complied	Land Act is still in draft form, enhanced Chief's Letter a major innovation
5	Annual Resettlement Reports. The Borrower shall submit to the IFAD annual reports on the implementation of the Resettlement Plan, which shall provide the status of scheduled activities undertaken and details of the households resettled and the compensation paid.	Complied	
6	Structure of Lead project Agency. The Borrower shall ensure that within the first six months of the first Project Year, it shall have restructured the Board of the Lead Project Agency to extend the representation from the private sector and to include representatives from the Project beneficiaries, satisfactory to IFAD.	Complied	Some issues to be dealt with for representation from PDA
7	Lubovane Block Planning Structure. The Borrower shall ensure that by the end of the second Project year, an appropriate legal framework shall be in place to empower the Lubovane block planning structure, as shall be described in the Project Implementation Manual.	Complied	CDP process well established although not all Chiefdoms are complete
8	Water Management. The Borrower shall ensure that by the end of the second Project Year, an appropriate legal framework shall be in place for the establishment of the Lower Usuthu River Basin Catchment Authority, the Lubovane Irrigation District and water user associations.	Partly Complied	River Basin Authority Gazetted
9	Water Charges. The Borrower shall ensure that by the end of the second Project Year, it shall have adopted regulations on the scope and calculation of water charges applicable to the Project water users.	Complied	Water Charges in place in PDA Draft National Policy in draft form – need to be gazetted
10	Water Service Provider. The Borrower shall ensure that by the end of the fourth Project Year, the Lubovane Irrigation District shall have contracted a suitable private Water Service Provider to operate and maintain the entire water delivery system established under the Project on a commercial and self-financing basis at the sole expense of the water users.	Part-compliance	SWADE is acting as an interim water service provider, feasibility study for permanent arrangement to start May 2012. <b>Still not yet</b>

Section	Covenant	Compliance Status	Remarks.
11	Development Credit. The Borrower shall, by the end of the third Project Year, have concluded (i) a Subsidiary Loan Agreement with the Enterprise Trust WAD, or any other institution satisfactory to WAD, for on-lending of credit funds under the Participatory Planning and Irrigated Farm Development sub-component of the Project, and (ii) a Memorandum of Understanding with the Enterprise Trust IFAD and the Ubombo Sugar Company, or any other institutions, entities satisfactory to IFAD, stipulating the duties and obligations of each of the institutions	Complied	
13	Pest Management Practices. As part of maintaining sound environmental practices as required by Section 7.15 (Environmental Factors) of the General Conditions, the Project Parties shall maintain appropriate pest management practices under the Project.	Complied	
14	Monitoring. (a) The ADEMU and the IEMU shall each establish an objectives- related and indicator-focused information system for the upstream and the downstream level of the Project, respectively. The Project Director of the PMU shall have direct responsibility for overall monitoring of the Project and shall, in agreement with IFAD and the Financing Partners, define the process and progress indicators, implementation milestones, data collection systems and report design.  (b) The ADEMU shall be responsible for establishing an information management system for the Downstream Development and Agricultural Commercialisation Component and the Environmental Mitigation Component of the project, based on key performance indicators which shall be agreed by the Borrower and IFAD during the first Project Year.	Complied  Complied	The quality and consistency of the M & E system needs constant attention
15	Tax Exemption. The Borrower shall exempt from Taxes the importation, procurement and supply of all goods, civil works and services financed by the Loan. To this end, the Minister for Finance shall make budgetary allocations for each Fiscal Year. The value of such exemptions shall be credited against the obligation of the Borrower to provide counterpart funds for the Project under Section 3.05 of the Loan Agreement.	Complied	
16	Counterpart Funds. The Borrower shall take necessary action to ensure that its counterpart funds for the Project are accurately reflected in its annual Public Investment Budget.	Complied	
17	Gender. Focus. The Borrower shall ensure, through the recruitment of Project staff that women are represented in the organisation and	Complied	

Section	Covenant	Compliance Status	Remarks.
	management of the Project. The Borrower shall also ensure that women beneficiaries shall be represented in all Project activities and that they receive appropriate benefit from the Project outputs.		



## **Appendix 7: Knowledge management: Learning and Innovation**

### **Learning**

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Key knowledge management products that have been developed include:

- Green House Gas Emission Audit initiated with the assistance of the 'GEF Carbon Benefits Project' implemented by Colorado State University
  - Land Bill Drafted
  - Gender Focused Manual drafted
  - Manuals and pamphlets on Land Rehabilitation and Fuel efficient stoves have been produced
  - A Conservation Agriculture Manual for Swaziland drafted
  - Bee-keeping Manual drafted
  - Permaculture Manual at print
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### **Innovation**

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- Following the review of all land related policies and legislations in Swaziland a 'Draft Land Bill' has been prepared and is in the processes of being endorsed by the Ministries of Agriculture and Natural Resources Management, prior to submission to Parliament
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