

The Republic of Botswana

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East and Southern Africa Division
Programme Management Department

Agricultural Services Support Project (ASSP)

Supervision report

3rd Implementation Support Mission

Main report

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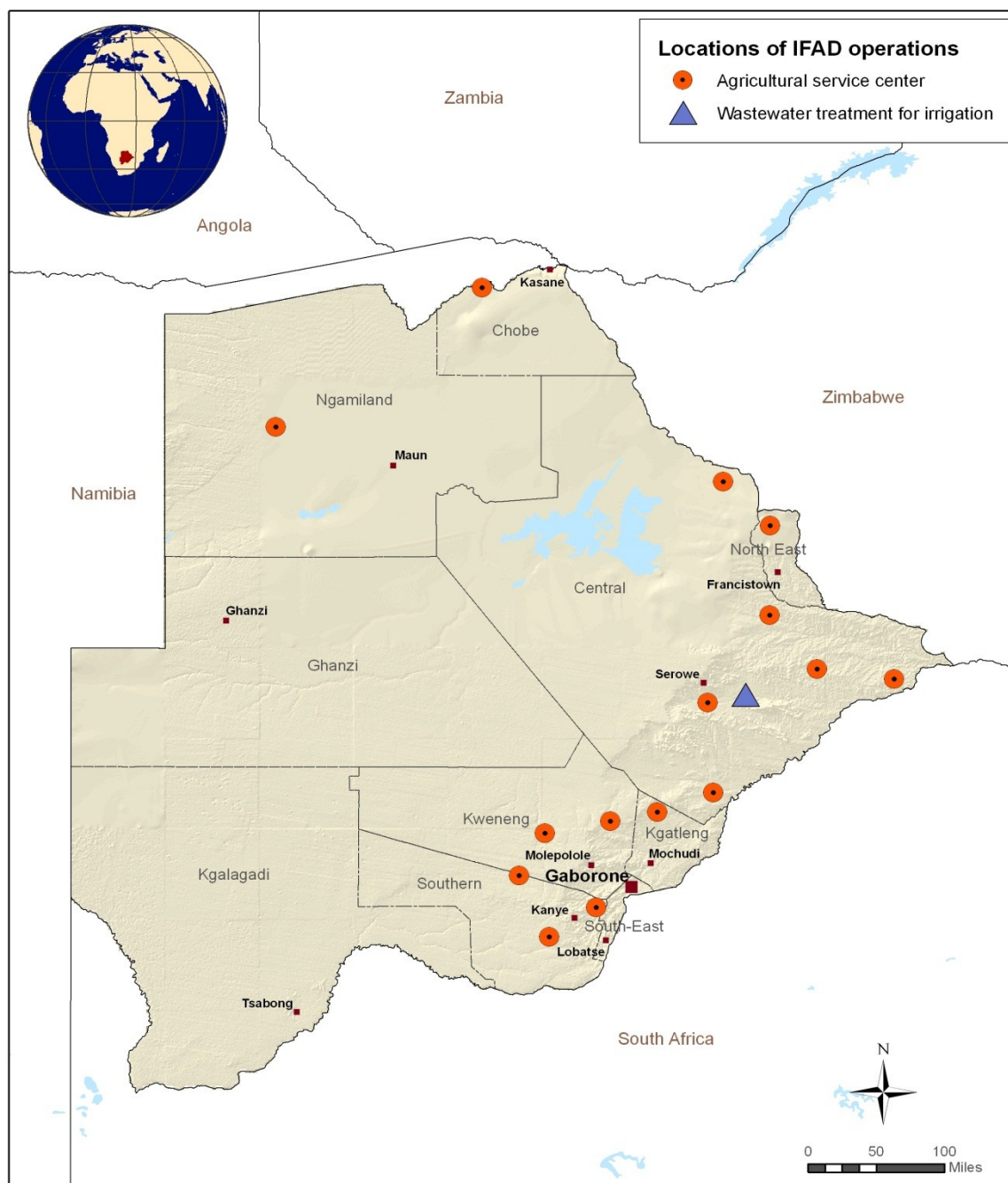
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MAP

Botswana

Agricultural Services Support Project



24-11-2010



The designations employed and the presentation of the material in this map do not imply the expression of any opinion whatsoever on the part of IFAD concerning the delimitation of the frontiers or boundaries, or the authorities thereof.

Map compiled by IFAD

Abbreviations and acronyms

ASC	Agricultural Service Centre
ASSP	Agricultural Services Support Project
AWPB	Annual Work Plan and Budget
BWP	Botswana Pula
GoB	Government of Botswana
IFAD	International Fund for Agricultural Development
ISPAAD	Integrated Support Programme for Arable Agricultural Development
M&E	Monitoring and Evaluation
MFDP	Ministry of Finance and Development Planning
MoA	Ministry of Agriculture
MTR	Mid-Term Review
PIM	Project Implementation Manual
PMT	Project Management Team
PSC	Project Steering Committee
RIMS	Results and Impact Management System
SMSs	Subject Matter Specialists

A. Introduction¹

1. The Agricultural Services Support Project (ASSP) Financing Agreement was approved by IFAD's Executive Board in December 2010 and became effective on 21 February 2012 with the signing of the Financing Agreement and will complete on 31 March 2017. This US\$25.02 million project is jointly financed by the Government of Botswana (US\$19.08m) and the International Fund for Agricultural Development (US\$5.65m divided between a loan of US\$4.04m and a grant of US\$1.61m). The goal of the project is to contribute to economic diversification, reduction of rural poverty and food insecurity, and improved livelihoods of rural communities. The development objective is '*to achieve a viable and sustainable smallholder agricultural sector based on farming as a business, which is not reliant on subsidies or welfare measures*'. Key anticipated results are a significant increase in household income from crop production in 13,000 of the 20,000 targeted households, and an increase in average cereal yields from 0.25 t/ha to 1.0 t/ha. In addition, the ASSP is to construct and render functional 15 Agricultural Service Centres (ASCs) located in 7 districts and build and implement a 29 ha irrigation scheme using treated wastewater to grow horticultural produce.
2. Standard IFAD procedure is to have one full-fledged implementation support mission per year, to support the implementation team in the implementation of the project. Due to slow start-up and challenges encountered during the initial phase of the project, two full-fledged implementation support missions have been commissioned (in November 2012 and in May 2013) since the project became effective in February 2012. It was therefore decided that this third implementation support mission would be a shorter and 'lighter' support mission.
3. The main objective of this third implementation support mission was to support the Project Management Team (PMT) in their development of an overall implementation plan for the rest of the life of the project plus assist them in the process of developing the Annual Work Plan for 2014/15. However, as only limited preparations had taken place with regard to the development of an overall plan for the life of the project, and for the 2014/15 AWPB, it was decided that focus for the week should be to discuss priorities for the remainder of the 2013/14 AWPB plus provide input to the discussions guiding the 2014/15 AWPB development process.
4. As a basis for forward-looking work planning discussions, the week started with the PMT presenting a status of project implementation against targets set in the AWPB 2013/14; the PMT thereafter provided an overview of the status of 'Agreed Actions' as per the Joint Implementation Support Mission in May 2013.
5. In order to facilitate that the priorities, opportunities and challenges in the implementation areas are taken into account in the work planning process the PMT had two weeks prior to the mission initiated a process to involve the ASSP District Focal Points in the work planning process. As part of this involvement process, five MoA District staff involved in ASSP implementation in the Districts were invited to work with the PMT and the mission team during the mission. The mission team would like to compliment the PMT for taking this initiative to actively involve the districts, as it is of crucial importance that the project implementation plans are based on district priorities and realities.
6. Mission members met with the Assistant Minister of Agriculture, the Deputy Permanent Secretary for Technical Support Services, the Director and Deputy Director of Department of Crop Production. A wrap-up meeting was held with the Director and Deputy Director of Department of Crop Production and the PMT. A separate de-briefing was conducted with the Deputy Permanent Secretary for Technical Support Services to discuss pertinent project implementation issues.
7. The mission would like to express its appreciation to MoA senior management, the PMT and the involved MoA District and headquarter staff for their availability, valuable insights and constructive efforts during the mission. The greater engagement and support from the new Director and the

¹ Mission composition: Geoffrey Livingston, CPM and Mission Leader; Thomas Rath, CPM for Lesotho, Swaziland and South Africa; Oussama Ameziene-Hassani, Rome-based consultant, financial management. Helle Qwist-Hoffmann, Botswana-based consultant.

Deputy Director of Department of Crop Production as well as the Deputy Permanent Secretary is noted and appreciated

B. Overall assessment of ASSP implementation

8. The ASSP has made limited progress over the last six months, except in a few sub-components; notably the irrigation pilot scheme, the mechanisation sub-component and the process to prepare for the development of the Agricultural Service Centres (ASCs). Presently 34% of the life of the project has elapsed. The level of budget execution for this current budget year stands at 21%, most of which is consumed by salaries and refurbishment of vehicles. At the current rate of expenditure it will take 40 years for the IFAD contribution to be expended and 45 years for the GoB contribution. It is, hence, unrealistic to expect that, with the present implementation pace, even a small part of the anticipated objectives will be attained at project completion.
9. **Sub-component 1.1 - Agricultural Mechanisation.** Some progress was noted in this sub-component. Consultative meetings in the 2012/13 priority areas, Parakarungu, Tonota and Jwaneng, were conducted with the target beneficiaries and the private sector to discuss how the private sector and other development actors can partner with the government to provide services to farmers in a more efficient manner. An inventory of existing machinery and equipment was done in order to determine the state of existing land preparation equipment. A desktop study to determine the status and requirements of animal drawn equipment has also been conducted. (The mission did not receive a copy of this study, but would appreciate to do so). Mechanisation Days and training in proper tractor operation and maintenance were conducted and 67 farmers and tractor operators were trained in Tonota and Chobe/Parakarungu. The above-mentioned activities were conducted under the competent guidance and support from the GoB principal agricultural mechanisation officer, Mr Nelson Kabomo.
10. Priorities for the remaining part of the 2013/14 AWPB: (i) Submission of funding proposal to IFAD's Innovation Mainstreaming Initiative (IMI) for technical assistance to the development of a National Agricultural Mechanisation Strategy; (ii) Dialogue and assessment of potential partnership with FAO on various mechanisation issues; (iii) Development of training curriculum and certification for tractor operators; and (iv) Identification of viable off-season employment opportunities for tractor operators. This last activity most likely will continue into the 2014/15 AWPB. It is a key activity to advance professional and efficient tractor operation as an attractive profession, hereby avoiding that tractor operators that have been trained leave the occupation as soon as they find an alternative to what is presently a seasonal occupation.
11. **Sub-component 1.2 - Improved Rainfed Agricultural Practices.** An extensive number of stakeholder meetings and three 'component focus workshops' have been conducted in Parakarungu, Tonota and Jwaneng. In terms of reaching out to the farmers and developing capacities, limited achievements were noted. Farmer Training Needs Assessments (TNAs) were sent out to all Districts, but only four replied. This has delayed the development of a training plan for the farmers and only around 100 farmers have received training in improved production techniques. Fifteen District Demonstration Technical Committees were established and identification of lead demonstration farmers is on-going. Terms of Reference for a Research Extension Linkage Committee were finalized before the May 2013 Joint Implementation Support Mission; the establishment of the committee is, however, still pending and needs follow-up with an assessment of the reasons behind the seemingly limited enthusiasm around the committee. The production of one targeted message among several programmed on appropriate, improved technologies, has reached printing stage, considerably behind schedule. Programmed training for Agricultural Demonstrators (ADs) and Subject Matter Specialists (SMSs) was not conducted, nor was the regional study tour to observe Farmers' Field Schools as programmed in the annual work plan. IFAD has been in contact with PROCASUR for their potential involvement and support to the process of establishing Farmers' Fields Schools for Conservation Agriculture in Botswana. A concept Note has been developed. Considering the work load and extent

to which this sub-component is behind schedule, a postponement/reassessment of this activity to later in 2014/15 was discussed.

12. Priorities for the remaining part of the 2013/14 AWPB: (i) A study tour to Zambia in collaboration with SeedCo to study Conservation Agricultural techniques as well as Farmers' Field Schools is planned for the last quarter of the AWPB. (ii) Follow-up with the Districts regarding the Farmer TNA and the reasons for the limited feedback on the TNA.
13. The fact that the last two years have been drought years, and that the rains this year has started late and to date been very limited, brings up the question if this is the best investment for GoB and IFAD (and the farmers), or whether there could be alternatives that would bring more benefits to the target group? For instance, in this environment it could be argued that it makes sense to consider alternative, more drought resistant income-generating alternatives to rainfed farming, for instance beekeeping, mushroom production, livestock rearing. Such assessments could be made with MoA experts on alternative income-generation as well as other actors outside the Ministry. With regard to training it was discussed that non-technical subject-matter trainings, like small- and medium scale business enterprise development, bookkeeping, marketing, etc. should be considered for inclusion in the farmer training plan.
14. **Sub-component 1.3 - Pilot Scheme for Smallholder Wastewater Irrigation.** Good progress was noted in this sub-component. The competing claims on the land allocated to MoA for the irrigation pilot scheme was resolved rapidly with high level involvement of MoA senior management. Component focus workshops with the village leadership, farmers and other stakeholders have been conducted. 'Palapye ASSP Implementation Committee' and a sub-committee for selection of beneficiaries to the scheme have been established. Tender for plot allocations have been floated. Bush clearing has been completed; fencing is expected to be completed in December. Outflow capacity of the Palapye Wastewater Treatment Plant has been measured and found sufficient to cover the water usage needs of the pilot scheme. Awareness campaigns on the safe use of treated wastewater have been carried out. Design software has been procured.
15. Priorities for the remaining part of the 2013/14 AWPB: (i) Completion of tender process and procurement of services for Environmental Impact Assessment (EIA) and design; (ii) Procurement of technical assistance for development of scheme management models and establishment of Water Users Associations (WUA); and (iii) training in the use of procured design software.
16. **Sub-component 2.1 - Improved Extension Services.** Implementation of this sub-component is significantly behind schedule. A TNA was, prior to the May 2013 Joint Implementation Support Mission, and again after, sent to the Districts to assess training needs for extension staff to efficiently facilitate the implementation of ASSP in the Districts. Limited response to the needs assessment compromised the scheduled development of a Training Plan for Extension Staff and only a limited number of extension staff has received (technical) training. 40 extension staff received 'Training-of-Trainers' training as part of the skills development to become efficient ASSP Focal Points in the Districts. A 'Task Force on Extension Methods' has been set up in the Ministry in order to improve capacity development in extension. One targeted message on conservation agriculture scheduled for last year was prepared, but not yet printed. With regard to logistics, procurement of three vehicles for District Agricultural Offices is on-going but delayed due to challenges on the delivery side in South Africa. Refurbishment of ten vehicles destined for Agricultural District Offices was at the time of the mission on-going. (It is to be noted that the expenses for these refurbishments will be rendered ineligible, since IFAD was asked for a No-Objection only ex-post the procurement process, and IFAD does not provide No-Objections retroactively).
17. Priorities for the remaining part of the 2013/14 AWPB: (i) Training of 60 Agricultural Demonstrators (ADs) on extension methodologies. (ii) Computer skills training for ADs. (iii) Procurement of airtime and modems for ADs.
18. **Sub-component 2.2 - Agricultural Service Centres (ASCs).** Progress was noted in this sub-component, though it remains seriously behind schedule. A structure in Parakarungu was identified for

re-purposing before the May 2013 Joint Implementation Support Mission; a tender for refurbishment was floated in September, but got deferred by the Ministerial Tender Committee (MTC) for justification; it was resubmitted to the MTC in November 2013. The Tonota ASC design was completed in September 2013, and the tender process was in November awaiting adjudication by the MTC. The same status applies to the Jwaneng ASC tendering process. ToR has been developed for TA to assess possible management options for the ASCs. A dialogue is on-going with DEBSWANA regarding the company's involvement in the management of the ASC in Jwaneng. This is potentially an interesting management option and a good learning opportunity and should be followed and documented.

19. During the work planning discussions a concern was raised regarding the costs of establishment of the ASCs. The total budget for the construction of 15 ASCs is US\$10.3 million, which amounts to an average budget allocation of approximately US\$686 000 (or BWP 5.9 million) per ASC. However, design costs alone, for the first three priority ASCs, amounts to around BWP 1.5 million per ASC. With such expenditure levels, it most likely will not be possible to establish 15 ASCs under the present budget allocation. A possible cost saving measure, which should be assessed, is the design two or three prototype ASCs which could then be modified according to the needs in the various areas at a lower cost than designing each ASC from scratch.
20. Priorities for the remaining part of the 2013/14 AWPB: (i) Recruitment of clerk of works/construction supervisor; (ii) Commencement of construction of the three priority ASCs in Parakarunga, Tonota and Jwaneng; and (iii) Procurement of TA for assessment of management options for the ASCs.
21. **Sub-component 2.3 - Institutional Strengthening:** Progress in this sub-component is limited and behind schedule. Meetings and involvement in consultation workshops have taken place with private sector actors potentially interested in being involved in service provision and management of the ASCs. However, more strategic follow-up and fostering of partnership development seems needed in order to keep the interest of the private sector, and in order for the project to get the necessary assistance from potential implementation partners to implement the project in an efficient manner. ASSP staff regularly takes part in ISPAAD meetings in order to be able to follow the developments of the programme. According to the understanding of the mission, the PMT feels that there is limited scope for influencing ISPAAD in any significant manner².
22. Priorities for the remaining part of the 2013/14 AWPB: (i) Meetings and discussions regarding collaboration with potential implementation partners, to get engagement and commitment for collaboration in implementation of ASSP; (ii) Organization of a facilitated dialogue (e.g. 1 to 2-day workshop) to analyse the interrelations and potential modalities of collaboration between ISPAAD and ASSP. Support to the development of the Ministerial-wide M&E/MISME is presently not a priority since the concerned users of such a system have shown only limited interest in such a system. The focus should be on development of systems for ASSP first (see below).
23. **Component 3 - Project Management.** ASSP does not yet have a Knowledge Management and Learning (KM&L) system with an operational M&E system, despite emphasis on these aspects during design and start-up, and despite a push for the project to be a 'learning project'. The baseline study has not been undertaken. However, a tender to conduct the ASPP "Results Impact Management System (RIMS) Baseline Survey" was undertaken prior to the May 2013 Joint Implementation Support Mission but the two resulting financial offers far exceeded the allocated budget and a new procurement process was initiated but challenged due to difficulties in reaching reputable companies to perform the baseline survey. Contact has now been made with reputable companies, and a re-tendering process with revised and expanded ToR that address the need to collect data on RIMS impact indicators as well as project outcome indicators has been initiated. A 'Surveys/Studies

2 (During the mission changes to the ISPAAD programme was officially announced to reverse the Ministry's course regarding eligibility for MoA agricultural subsidies through ISPAAD. Previously, the Ministry required that farmers row plant (implying use of mechanization services, be they motorized or animal draft) as a condition for receiving 100% subsidies for hybrid seeds and fertilizers for the first five hectares. This change in policy was affected because historically the yields obtained for maize from broadcasting were so low as to not justify the investment in inputs). This change was affected without prior discussion with or information to ASSP.

Reference Committee' (SRC) with representatives from selected line Ministries and MoA Departments has been established to oversee the survey work and ensure that the required results are delivered. The project is fortunate to have an active and supportive Project Steering Committee (PSC) with high-level members from partner ministries, parastatal organizations, the private sector and farmers.

24. Priorities for this component for the remaining part of the AWPB 2013/14: (i) Development of an overall 'project life implementation plan' for the remainder of the project life; (ii) Finalisation of the AWPB 2014/15, with input from the Districts and implementation partners; (iii) Finalisation of the Project Implementation Manual (PIM); (iv) Procurement of consultants to conduct the ASSP RIMS+ baseline survey and supervising the conduction of the survey; (v) Preparations for the Mid-Term Review to be conducted in the beginning of the AWPB 2014/15; and (vi) Development of ToR for the development of the ASSP KM&L system.
25. Greater involvement and oversight of the project management with regard to the impacts of conducted trainings and consultations, etc. is needed. This is a 'learning project' with great emphasis on KM&L, but no structured learning has yet come out of the project. Documentation, by all PMT members, is needed in order to manage KM&L. Also, IFAD can be of greater service to the project if more relevant information and documentation is received from the project.

C. Fiduciary aspects

26. ASSP's financial management, including the budgeting, accounting and payment functions is fully embedded the Government's Accounting and Budgeting System (GABS). The GABS uses the ORACLE financial software that incorporates extensive built-in controls over expenditures and encumbrances, and validation procedures to ensure data accuracy.
27. The follow up on the agreed actions of the 2nd Joint Implementation/Supervision Mission is summarised below:

Agreed Action	Follow-up
Improve the Financial Management Manual (with the help of a consultant). (PM and FC, end of Sep 2013).	This remains a work in progress. The PMT agreed to work towards a target date of 15 January 2014 for PIM finalisation.
Install the cost centres for facilitating the access of IFAD Loan and Grant Funds in the deposit accounts 65218 and 67615. In the MFDP. (FC, 31 May 2013).	The ORACLE cost centres have been established, however the funds made available to the project were not drawn down from the IFAD ledger account at the MFDP (see below).
Re-propose the creation of a 3-person qualified team for Financial Management dedicated for ASSP, including Financial Controller, Assistant and Procurement Officer. (PM and FC, Sep 2013).	An accounts officer has been identified and the process of redeployment will be effective beginning 2014. The Department has requested for a slot of 9 procurement officers. The officers will be placed at the Districts. The mission believes that decentralizing procurement to the district level would be ill-advised, given the very limited capacity at district level.
Install the Oracle Accounting Software and appropriate Chart of Accounts in ASSP. (FC, end of June 2013).	The refinement of the chart of accounts is still pending AG approval.
Confirm the Accountability of the IFAD remittance of US\$22,500. (FC, end of June 2013).	Done. Vote ledger reports were presented to the mission.
PMT to request for US\$207,000 as a top up to the Loan Designated Account in conformity with Loan and Grant Agreement. (FC, end of Sep 2013).	Not done.
Submit ASSP Audited Accounts for 2012/13 Financial Year to GoB and IFAD. (PM and FC, end of Sep 2013)	Audit has been completed, however, the PMT has yet to transmit a certified copy to IFAD.

28. **Chart of Accounts (CoA).** As currently set-up, the CoA allows ASSP to record transactions by source of funds and by component. Further refinement is still required to allow for the segregation of accounts by category. A letter to this effect was sent to the Accountant General's Office on 30 October 2013, requesting that the ASSP be assigned five characters within one of the inactive segments

(Future 1 or 3) available in the GABS CoA structure. While in country, the mission followed up on this request with a GABS Support Officer at the Accountant General's office, who indicated strong prospects of accommodating ASSP in this regard. A final response on this matter is expected by 6 December 2013.

29. In the meantime, a significant amount of *excel-based* data manipulation is required of the Financial Controller in order to compile category-wise financials. Not only is this time consuming, but also exposes financial reports to human error and increases the chances of data loss, thereby reducing the effectiveness of the controls embedded in ORACLE. The mission wishes to note that although the envisaged refinement of the CoA as described above will allow for financial data capturing in line with IFAD's reporting requirements, however, financial reporting at the activity level would still require a significant analysis of the vote ledger reports generated from ORACLE.
30. **Flow of Funds.** The flow of funds arrangement is not in line with what is stipulated in the letter to the Borrower (LttB). According to the LttB, the GoB was required to open two designated accounts respectively for loan and grant funds, however, under the current arrangement, both loan and grant funds are deposited by IFAD into the GoB's remittance account; a pooled account into which funds are deposited from several other sources. This *comingling* of funds poses inevitable challenges when it comes to reconciling the Authorised Allocation against bank balances and expenditures. Although originally approved by CFS, it has been pointed out from the onset of the project that pooling of funds could create challenges with regard to reconciliation of authorised allocations against bank balances and expenditures.
31. Notwithstanding the above, the agreed funds flow arrangement provided for all funds deposited by IFAD in the GoB's remittance account to be made available in dedicated MFDP ledger accounts (within the GABS). From there, funds are made available to the MoA in the ASSP dedicated ledger accounts based on requests complete with expenditure reports and supporting documentation. So far, the MoA ASSP loan and grant ledger accounts have been endowed with BWP 4 219 256, although the balances in the MFDP ASSP ledger accounts still register balances equivalent to the full amounts initially deposited by IFAD (BWP 3 082 352 in the loan account; and BWP 1 513 725 in the grant account). Based on discussions with a MoA Planning Officer, it appears that all warranted provisions provided to the ASSP have been allocated from the ISPAAD budget. This is seemingly due to miscommunication within the MoA and between the MoA and the MFDP. Adjusting entries in the system will be required to have the MFDP ASSP account reflect the amounts made available to the ASSP. Alternatively, the MoA may wish to omit any adjusting entries and claim 2013/14 eligible expenditures using the Reimbursement disbursement procedure.
32. Currently ASSP maintains a centralised payment system³. The mission was informed on the MoA's intention to decentralise the control over funds to the District level by granting ORACLE access to District Officers⁴. The mission advised against this given the weak capacity and controls at the district level⁵.
33. **Staffing.** The part time staffing arrangement, although agreed to by IFAD during the loan/grant negotiations, is not fulfilling the functional needs of the project, and should be reviewed. The competing demands within the MoA for the Procurement Officer and the Financial Controller leave them with little time to focus on ASSP implementation. As recommended by previous IFAD missions, the importance of a dedicated three-person *fiduciary* team cannot be overemphasised. This issue was flagged by the Auditor General as being a key impediment to the timely implementation of the project. The full salaries of ASSP part-time staff is being captured as GOB contribution to the project.
34. **AWPB 2013/14.** As shown below the overall budget utilisation as of 26 November 2013, stands at 21%. This includes firm commitments corresponding to approved Government Purchase Orders

3 Payments are decentralised to Palapye only under the Waste Water Irrigation Component and with close backstopping at the PMT level.

4 GABS has been fully rolled out across the country in 2013.

5 Also reported in the IMF's Report on the Observance of Standards and Codes (2007) and the Public Financial Management Performance Assessment Report, Financed by the EU(2009)

(GPOs) against which disbursement is yet to be effected. Cumulatively for IFAD funds only (Loan and Grant), a total of BWP 713 746 has been committed/spent against a total budget allocation of BWP 7 155 532, corresponding to approximately 10% budget execution. Forty-one per-cent of the overall budget utilisation pertains to the refurbishment of vehicles, while project management consumed 28% of the total budget utilisation. These figures highlight the very low level of expenditure on core project activities.

2013/14 AWPB Execution as at 26 November 2013 (BWP)

Component	AWPB				Commitments				Expenditure				Budget utilisation			
	GOB	Loan	Grant	Total	GOB	Loan	Grant	Total	GOB	Loan	Grant	Total	GOB	Loan	Grant	Total
Sustainable Agricultural Production																
Agricultural Mechanization	90 214	687 321	64 464	841 999	6 975	4 110	-	11 085	19 882	62 493	11 679	94 055	30%	10%	18%	12%
Improved Rainfed Agricultural Practices	507 507	646 477	94 416	1 248 400	-	-	-	-	16 314	-	-	16 314	3%	0%	0%	1%
Pilot Scheme for Small holder Waste water Irrigation	300 943	-	2 547 857	2 848 800	7 384	-	-	7 384	58 529	-	221 266	279 795	22%	-	9%	10%
Sub Total	898 664	1 333 798	2 706 737	4 939 199	14 359	4 110	-	18 469	94 725	62 493	232 945	390 164	12%	5%	9%	8%
Enabling Environment for Smallholder Agriculture																
Improved Delivery of Extension Services	1 665 554	249 150	45 850	1 960 554	3 293 541	57 951	13 593	3 365 085	44 923	111 997	26 271	183 191	200%	68%	87%	181%
Agricultural Service Centers	12 112 800	150 000	-	12 262 800	-	-	-	-	101 132	-	-	101 132	1%	0%	-	1%
Institutional Strengthening	424 873	802 289	28 258	1 255 420	-	-	-	-	4 229	-	-	4 229	1%	0%	0%	0%
Sub Total	14 203 227	1 201 439	74 108	15 478 774	3 293 541	57 951	13 593	3 365 085	150 284	111 997	26 271	288 552	24%	14%	54%	24%
Project management	3 161 119	1 715 250	124 200	5 000 569	407 447	81 272	13 171	501 890	789 404	98 678	11 264	899 346	38%	10%	20%	28%
TOTAL:	18 263 010	4 250 487	2 905 045	25 418 542	3 715 347	143 333	26 764	3 885 444	1 034 413	273 168	270 480	1 578 062	26%	10%	10%	21%

35. **Disbursement.** So far, only the authorised allocations have been disbursed from the loan and grant accounts, amounting to SDR 254 950 (US\$393 000)⁶ and SDR 139 759⁷ (US\$215 500), respectively. The available balances are SDR 2.345 million (US\$3.576 million) and SDR 0.885 million (US\$1.35 million) in the loan and grant accounts, respectively. Taking into account outstanding commitments and expenditures to date (US\$110 019), ASSP still has available funds amounting to approximately US\$5.424 million.
36. Therefore, while 34% of ASSP's implementation period has already elapsed, less than 2% of its loan and grant allocation has been consumed. In order to fully disburse by the project completion date⁸, ASSP will have to achieve an expenditure rate of about US\$136 049 per month, as compared to the 2013/14 average of US\$11 375 per month. At the current rate it would take ASSP over 40 years to fully disburse its loan and grant accounts.
37. Schedule II of the financing agreement requires that all expenditure under Category I and IV be apportioned pro-rata between the loan and grant. In practical terms, this requires that each payment (GPO) under these categories be allocated among three votes. Not only is this cumbersome, but it has led to the erroneous processing of GPOs/Payment Vouchers when the FC and Procurement Officer are not in the office. An amendment of the financing agreement to remove this clause is advisable.
38. **Counterpart funds.** GoB funds amounting to BWP 6.368 million (US\$0.738 million) have been spent/committed under the ASSP. Of this amount about 44% (BWP 2.8 million) went towards project management costs, and 34% (BWP 2.18 million) towards the refurbishment of vehicles.

⁶ The project has not requested the full Authorised Allocation US\$600 000, it is unclear as to why.

⁷ Includes SDR 14 554 (US\$22 500) disbursed for Start-Up costs (97Z)

⁸ PCD is considered rather than the FCD since no winding-up expenditures are chargeable to IFAD financing

39. **Procurement.** Procurement under the ASSP follows the GoB procurement processes as these have been assessed at Project Design to be compliant with IFAD procurement guidelines. The bulk of procurements to date have been micro-procurements (less than BWP 30 000 in value) and Quotation Proposal Procurements (between BWP 30 001 and BWP 150 000 in value).
40. Procurement documentation filing requires significant improvement. While the Procurement Officer maintains a separate box-file for ASSP procurements, the filing is poorly organised and has virtually no logical structure.
41. The mission notes that BWP 73 544 was committed against the loan and grant votes under component 2.1 for the refurbishment of vehicles. This procurement was subject to IFAD's prior No-Objection, which as of yet has not been granted, due, inter-alia, to the need for a revision to the AWPB. The mission further notes that the funds were committed on 25 October 2013, only two days after IFAD's receipt of the GoB's respective request for No-Objection. IFAD cannot provide post-commitment No-Objection; hence, these expenditures will be considered ineligible for IFAD funding.
42. Asset Register: The asset register provided to the mission was hand written and lacked key information such as the unique asset codes assigned to fixed assets and their location.
43. **Compliance with loan Covenants.** The following contraventions to the Financing Agreement are noted:
44. The project Implementation manual has not yet been finalised. The PIM must be approved by the PSC before submission to IFAD for No-Objection(Schedule I –II-11);
45. The draft financial statements for the 2013/14 fiscal year were not shared with IFAD within four months of the Fiscal Year's end. (General Conditions, Article IX – Section 9.02)
46. The Audited Financial statements for the 2013/14 fiscal year were submitted late to IFAD beyond the 6-month post-fiscal year-end deadline (General Conditions, Article IX – Section 9.03) (Certified copies and the management letter have yet to be submitted to IFAD)
47. **Audit.** The 2013/14 Audit was transmitted to IFAD by email on 18 November 2013, 48 days beyond the due date. The management letter was not attached to the transmission. The mission was advised that this would be sent shortly. The Auditor General did not provide the three audit opinions as required by the TORs. Only one opinion (unqualified) was expressed on the financial statements (receipts/payments & balance sheet). Audit opinions were not expressed on the position of the Special Account nor on the SOEs (although there were none submitted to IFAD). The PMT needs to ensure that certified copies of the audited financial statements as well a management response to the audit are transmitted to IFAD within the due date.

D. Recommendations for the 2014/15 AWPB Planning Process

48. An overarching plan or 'road map' with milestones for project implementation should be developed as soon as possible as it would provide much needed overview and guidance with regard to prioritizing and timing the work needed to meet the objectives of the project.
49. The discussions and work during the mission provide a good start to the work planning process. It is recommended that it is used as a basis for discussions with the Districts and with implementation partners, since it is now time to go back to the Districts to honour the process that was started to actively involve the implementers in the work planning process. The level of consultations and joint strategic planning with partners such as FAO, CEDA, LEA, the MoA Department of Agricultural Business Promotions, the private sector and other potential implementation partners need to be more proactive and substantive. It is time to be more concrete with regards to roles and responsibilities, concrete actions and service provision.
50. There needs to be closer monitoring of implementation progress against deadlines and milestones established in the AWPB, which should be used as the principal management tool to track annual progress against objectives.

51. Greater quality control regarding AWPB submissions is required. Although there was significant improvement in the second AWPB, there continued to be arithmetic errors, which should have been picked up by project management prior to submission to the Project Steering Committee and IFAD for approval and No-Objection. This resulted in delays in the provision of IFAD's No-Objection and should be avoided for the 2014/15 AWPB.
52. It is noted that extensive stakeholder and beneficiaries consultations have taken place in the priority areas for the first two AWPBs. While these consultations are necessary at the initial stages of project start-up, it is now time to get beyond the start-up workshops and consultations and focus on provision of services to the farmers.
53. The preparations for the MTR (in terms of problem analyses and procurement of services to perform the MTR) in the beginning of the next fiscal year should be initiated soonest. The better the PMT and MoA are prepared for the MTR in terms of analysis of obstacles and desired changes to the design, the higher the likelihood of a constructive MTR with useful recommendations for the future of the project.

E. Conclusion

54. At the current rate of implementation, the project will not reach its objectives within the planned timeframe. Fundamental changes are needed to attain that. There needs to be some hard thinking about the pertinence of the investment and the kind of modifications and changes that need to take place.
55. Considering that the previous two years have been drought years, and that the rains started late and have been sparse this year, the prospects of a third consecutive drought year is very possible. Moreover, as more extreme weather conditions are to be expected with climate change, alternative, more drought tolerant income-generating activities should be seriously assessed as part of the Mid-Term Review.
56. The Mid-Term Review should be used proactively and constructively, to assess if the design is still valid or if there are now other priorities, to analyse how to tackle obstacles to reaching the project goal, and, if found necessary, to completely restructure the project to ensure that it is relevant and efficient use of funds that will make a lasting difference for Botswana's smallholders farmers.

Appendix 1: Project Status Report

Basic Facts

Country	Botswana			Project ID	1546	Loan/DSF Grant No.	818
Project	Agricultural Services Support Project					Top-up Loan/DSF Grant	
Date of Update	16-Dec-2013						
Supervising Inst.	IFAD/IFAD						
No. of Supervisions	2	No. of Implementation Support/Follow-up missions	3				
Last Supervision	31-May-2013	Last Implementation Support/Follow-up mission	30-Nov-2013				

					USD million	Disb. rate %
Approval	05-Dec-2010			Total financing	25.02	
Agreement	21-Feb-2012	Effectiveness lag	14.8	IFAD Total	5.65	
Entry into force	21-Feb-2012	PAR value	Actual problem	IFAD loan	4.04	10
First disbursement	27-Dec-2012			DSF grant		
MTR		Last amendment		IFAD grant	1.61	14
Original completion	31-Mar-2017	Last audit		Domestic Total	19.37	
Current completion	31-Mar-2017			Beneficiaries	0.29	0
Original closing	30-Sep-2017			Government (National)	19.08	1
Current closing	30-Sep-2017			External Cofinancing Total		
No. of extensions	0					

Project Performance Ratings

B.1 Fiduciary Aspects	Last	Current	B.2 Project implementation progress	Last	Current
1. Quality of financial management	3	4	1. Quality of project management	2	2
2. Acceptable disbursement rate	3	2	2. Performance of M&E	3	3
3. Counterpart funds	5	5	3. Coherence between AWPB & implementation	3	3
4. Compliance with financing covenants	5	4	4. Gender focus	4	3
5. Compliance with procurement	3	3	5. Poverty focus	4	4
6. Quality and timeliness of audits	4	3	6. Effectiveness of targeting approach	4	4
			7. Innovation and learning	4	3
			8. Climate and environment focus		3

B.3 Outputs and outcomes	Last	Current	B.4 Sustainability	Last	Current
1. Sustainable Agricultural Production	3	3	1. Institution building (organizations, etc.)	4	3
2. Enabling Environment for Smallholder Agriculture	3	3	2. Empowerment	4	3
			3. Quality of beneficiary participation	4	4
			4. Responsiveness of service providers	4	3
			5. Exit strategy (readiness and quality)		
			6. Potential for scaling up and replication	4	4

B.5 Justification of ratings

B.5.1: Financial Management is fully embedded in the GABS, which uses the ORACLE financial software that incorporates extensive in-built controls over expenditure and encumbrances. The Chart of Accounts still requires refinement to allow for the recording of expenditure by

category. The part time staffing arrangements are inadequate; this is being addressed through the assignment of a full time Financial Controller and an Assistant Accountant to the ASSP. B.1.2: Disbursement is extremely slow and reflects the very few activities taking place on the ground, Actual expenditure of IFAD funds amount to approx. 2% of the loan and grant allocations. Disbursement is 29% of the Project Disbursement profile. B.1.3 Counterpart funds are made available as requested by the project, however, the full salaries of part-time staff have been recorded in the ASSP as “counterpart funds”. B.1.4: The non-finalisation of the PIM, late submission of the external Audit and the non-submission of draft financial statements to IFAD prompt the reduced rating. B.1.5: Procurement follows the GOB procedures which were assessed as robust at design, however the ASSP needs to ensure adherence to IFAD prior-review procedures as required (e.g. the procurement of refurbished vehicles was initiated prior to obtaining IFAD No-Objection) B.1.6: The audit was submitted approx. 1.5 months late to IFAD, and did not include the three options as required by IFAD and by the TORS.

Overall Assessment and Risk Profile

	Last	Current
C.1 Physical/financial assets	3	2
C.2 Food security	3	2
C.3 Quality of natural asset improvement and climate resilience		3
C.4 Overall implementation progress (Sections B1 and B2)	3	2

Rationale for implementation progress rating

The project is one third completed and very few services have been delivered to farmers or extension personnel thus downgrading to “2” for three out of four parameters. The MTR to be conducted in the first semester of 2014 will provide an important opportunity to clarify the way forward for the ASSP.

C.5 Likelihood of achieving the development objectives (section B3 and B4)	3	2
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Rationale for development objectives rating

There is little likelihood of achieving any of the project objectives at the present rate of implementation. The project needs to be reformulated as the present situation, even with a change in project management, will not yield great changes, given that one third of the project life has already elapsed. Additional observations: There is clearly more MoA senior management engagement and the recently named Director and Deputy Director of Department of Crop Production have taken a much more active interest in the project. Botswana may be heading towards a third consecutive officially declared drought year which obviously compromises the ability of an arable rainfed project to conduct training activities and generate results. Given this situation, the pertinence of the original investment may need to be reviewed.

C.6 Risks *Short description of major risks for each section and their impact on achievement of development objectives and sustainability*

Fiduciary aspects	Main risks to the Financial Management remain those emanating from the part time nature of the staff, however this is being addressed. The specific risks are delayed WA submission and delayed reporting. The nature of the funds flow mechanism (IFAD funds deposited in a pooled account) pose risks to the ability to reconcile the authorised allocation with bank balances and expenditures. Poor communication between the MoA and MFDP may lead to delayed flow of funds from the MFDP account to the MoA account.
Project implementation progress	The project manager has been removed from the position but no one has been nominated (even on an interim basis) to fill the post. The half-time agronomist has been reassigned to a field post and the Deputy Project Manager would like to be transferred out of the project. Team morale is very low. There is a real risk that even with the appointment of a new PM and the assignment of a full-time financial manager, too much time will have passed to make much progress on achieving objectives given the relatively short five year lifespan of the project.
Outputs and outcomes	After 20 months of implementation, the project is still very much in start-up mode and, at the present rate, there is a risk that no real impacts can be expected with perhaps the exception of the wastewater irrigation component. The objective of 15 Agricultural Service Centres will not likely be achieved.
Sustainability	See above

Proposed Follow-up

Issue / Problem	Recommended Action	Timing	Status
Assistance in AWPB preparation	Financial management expert and Gabs-based consultant to provide support.	Mid-Jan	Done
Uncertain way forward for the ASCs	Develop ToRs for a consultancy to define operational modalities,	30 Aug 13	Done
Lack of medium term planning	Develop life of project timeline for major deliverables	30 July 13	Not done
Insufficient guidance and codification of financial mgmt. procedures	Hire consultant to improve financial mgmt. manual.	30 Sep 13	October 2013
Poor mechanization services	Organize training in operation and maintenance for tractor operators	ASAP	On-going
Poor performance of govt. owned tractors	Develop plan to privatize 60 GoB tractors	30 Sep 13	MoA does not want to do this before construction of ASCs completed.
Slow development of training plan	Develop a training plan for farmers and extension agents	30 Sep13	Not done
Resolve Palapye land allocation issue	Permanent Secretary to take the lead in discussions with the land board	Immediate	Done

Only Draft PIM	Finalise PIM	Jan 2014	On-going
Inability to capture financial data according to expenditure category	Refine the Chart of Accounts	Dec 2013	

Additional observations

B.5 Justification of ratings (continue) (B2) Project management continues to be a major issue for the ASSP. The project manager has been reassigned but no replacement has yet been designated. The fundamentals of a M&E system was designed during the previous mission but, to date, a functional M&E system has not been established. Exceedingly low budget execution (21%) during the first three quarters of the year, speaks to the low rating for AWPB implementation. Gender focus has been downgraded to “3” reflecting the lack of priority accorded to gender considerations. Innovation and learning has also been downgraded as no systematic learning and documentation seems to take place, e.g. reports on training are not being produced and analysed. (B3) Despite some progress on agricultural mechanization, construction of Agricultural Service Centres and the wastewater irrigation sub-component, ratings remain unchanged for the two technical components as services, particularly regarding training for farmers and extension personnel, are very behind schedule. The training plan, which was due last year, has not been drafted. Approximately 100 farmers have been trained (out of a target population of 20,000 households). (B4) Ratings declined for Institution building and Empowerment, reflecting the absence of services delivered to farmers or district extension personnel, and limited collaboration with potential implementation partners. Responsiveness of service providers also declined as there has been little effort on the part of district personnel to collaborate with the training needs assessment.