



Investing in rural people

Republic of The Sudan

Supervision Report, Aug 2016

Supervision report

Main report and appendices

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Abbreviations and acronyms

ABS	Agricultural Bank of Sudan
ABSUMI	Agricultural Bank of Sudan Microfinance Initiative
ARC	Agricultural Research Corporation
IFAD	Annual Work-plan and Budget
CDC	Community Development Centre/Committee
CCU	Central Coordination Unit
CBS	Central Bank of Sudan
DG	Director General
GoS	Government of Sudan
CDC	Community Development Centre
FaaB	Farming as a business
FFS	Farmer Field School
GPG	Grain Producers' Group
IFAD	Federal Seed Administration
ICB	International Competitive Bidding
ICGP	Innovation Challenge Grants Programme
MFI	International Fund for Agricultural Development
LET	Local Extension Team
MoAF	Ministry of Agriculture and Forestry
MoFEP	Ministry of Finance and Economic Planning
M&E	Monitoring and Evaluation
MFI	Microfinance Institution
MTR	Mid-term Review
NCB	National Competitive Bidding
NSC	National Seed Council
NK	North Kordofan
NRM	Natural Resource Management
OFID	OPEC Fund for International Development
O&M	Operation and Maintenance
OPV	Open Pollinated Variety
PCU	Project Coordination Unit
PVP	Plant Variety Protection
QCBS	Quality Cost-Based Selection
SA	Special Account
SCU	State Coordination Unit
SDG	Sudanese Pound
SGG	Seed Growers' Group
SDP	Seed Development Project
SK	South Kordofan
SOE	Statement of Expenditure
ToT	Training of trainers
UPOV	International Union for the Protection of New Varieties of Plants
VAT	Value Added Tax
WSRMP	Western Sudan Resources Management Programme

A. Introduction¹

1. The Supervision Mission of the Seed Development Project (SDP or Project) took place in Sudan from 20 September to 11 October December 2016. The Mission held consultations in Khartoum starting at the Federal level with Senior Officials of the Government in the Federal Ministry of Agriculture and Forestry (MoAF) the Federal Ministry of Finance and Economic Planning (MoFEP), the National Seed Council, the Federal Seed Administration (FSA) private seed companies, agro-input distributors and other key stakeholders. Field visits took place in the Project areas from 23 to 29 September (see Annex IX). During these fields visits, the Mission met with Seed Grower Groups (SGGs), Grain Producer Groups (GPGs), Private Seed Companies, Service Providers, the Agricultural Research Corporation (ARC), the Extension sub-teams and the Local Extension Teams (LETs).
2. The Mission wishes to express its appreciation to the representatives of the MoAF and MoFEP and other partners who participated in the supervision mission and contributed to discussions during the field visits and in meetings. The Mission also thanks the SDP coordination team – Project Coordination Unit (PCU) and State Coordination Units (SCUs) of North Kordofan (NK) and South Kordofan (SK) – the extension teams and the communities met for their availability and for the quality of the exchanges.
3. The findings and recommendations of the mission contained in this Aide Mémoire were presented and discussed first at state level on 29 September 2016 with representatives of the PCU, SCUs, ARC, NK and SK State Officers as well as other implementation partners, and then at federal level during the official wrap-up meeting on 11 October under the chairmanship of the Director General of International Cooperation of MoFEP with participation from the MoAF, the CCU Senior Coordinator, the PCU, representatives of ARC; representatives of ABS; and representatives of the NK and SK State Ministries of Agriculture.

B. Overall assessment of project implementation

4. The goal of SDP is to improve food security, incomes and resilience to shocks of the smallholder producers (including youth and women) and its development objective is to increase crop productivity for smallholders who adopt certified and improved seeds in NK and SK. The project area is currently composed of 4 localities: Rahad and Sheikan in NK; Abbassiya and Abu Gubeiha in SK.
5. The Project entered into force in February 2012, completes in March 2018, and comprises four components: Component 1: Strengthening and Development of the Institutional and Regulatory Environment; Component 2: Improvement of the Seed Production System; Component 3: Support Seed Market Development; and Component 4: Project Coordination and Management. The primary target group is smallholder farmers who generally grow less than 15 feddans (6.3 ha) of land, engage in traditional rainfed agriculture as their main source of livelihood, cultivate mainly sorghum, groundnuts, sesame, and cowpea, and have limited access to inputs, assets and services.
6. The total cost of the Project is USD 17.46 million. Financing is as follows: USD 10.07 million from IFAD, USD 4.14 million from the Government of Sudan, USD 2.47 million from seed growers and grain producers, and USD 1.58 million from the Private Sector Company. Disbursement of the SDP Grant DSF-8094-SD up to the date of this mission September 2016 is 75%. The project disbursement by the end of FY 2016 is expected to exceed 87%.
7. The Mission deems that implementation progress has been Moderately Satisfactory. The project revolves around a partnership between farmers and private seed companies (PSCs), the public sector research and extension services, which up till the MTR had failed to take off, but pursuant to implementation of the recommendations of 2014 MTR and 2015 supervision mission is

¹ Mission composition: Mr. Donald Greenberg, Rural Business Specialist; Mr. Robert Delve, Agriculturalist; Mr. Swandeep Sinha, Rural Finance Specialist; Mr. El Fadul Ahmed Ishag, CPA; Ms Mia Madsen, Associate Professional Officer (APO); Mr Yonas Mekonen, APO; Mr Vishwanath Mannava, Financial Management Specialist and Mr. Mikael Kauttu, IFAD Programme Officer and Team Leader. The IFAD Country Programme Manager (CPM) for Sudan, Mr. Mohammed Abdelgadir participated in the meetings with the Government authorities in Khartoum and in the wrap-up meeting at the federal level. On the Government's and Project's side, the following participated in the mission:

now on a sound development path. PSCs, service providers and Agrodealers are being trained and building their supply chain in NK and SK so that farmers have an opportunity access inputs and services. This is a dramatic difference from the pre-MTR when the PSCs expressed the opinion that there was little commercial market potential in the rainfed farming areas. Moreover, the rural finance activities that in 2014 resulted in only 97 loans, have now started in all project localities with 1,398 loans disbursed in 2016. The mission deems that the new project concept is valid, and that the Project is on a sound development path. Outreach remains however limited. This is due to the stalling of the project until MTR and resultant loss of two years. Another smaller yet relevant factor is the late start of project planning for 2016.

C. Outputs and outcomes

Component 1 - Strengthening and Development of Institutional and Regulatory Environment

8. **Component Description.** This component is intended to create and strengthen institutional and regulatory frameworks that will provide a favourable environment for a sustainable seed industry. This component will: (i) introduce appropriate legislation for the seed industry particularly in relation to plant variety protection; (ii) improve the capacity of the Federal Seed Administration (FSA) to carry out its legal mandate of seed quality assurance; and (iii) establish a multi-stakeholder forum that brings together Government, the private sector, NGOs and farmers to discuss policy issues on a regular basis and prepare a national seed policy.

9. **Progress in the implementation** of this component is rated **moderately satisfactory**. The National Seed Policy, prepared by a working group of the National Seed Council, has been pending final approval by the Minister of Agriculture since 2015. The Central Seed Testing Laboratory of FSA, and the two State seed labs have been fully refurbished. At the time of the mission the laboratory equipment for all labs was at Khartoum Airport awaiting clearance and onward delivery to the labs. Once the equipment is installed in the FSA lab, the development of the laboratory manual and ISTA accreditation can begin. A new law for Plant Variety Protection has been prepared and is currently being processed by the Ministry of Justice, and a new seed law is under preparation.

10. **Development of a National Seed Policy and Plan (NSPP).** The consultation process to prepare a seed policy was initiated at a workshop in January 2014 with the support of IFAD. The first draft based on this workshop was further developed by a working group of the National Seed Council and was submitted to the Ministry at the end of 2014. This was presented and discussed at a forum held in June 2015. Subsequently the NSSP underwent revisions at the request of the Minister, but it was still not approved at the time of the mission. In May 2016 the first State Seed Forum was held in EL Obeid, where a State Seed Council and Seed Inspector Office were established. It is planned to replicate this process in South Kordofan in 2017. *The mission recommends that the project: (i) follows up with the Ministry to ascertain the precise status of the policy, (ii) supports any further activities that are required to finalise the policy, including an external review if requested, and to publish it after formal approval, and (iii) provides support to the next national and state seed forums at which the implementation of the policy will be discussed.*

11. **National Plant Variety Protection and Seed Law.** The Seed Act of 2010 covers the conventional marketing aspects of seeds and Plant Variety Protection. This Act, together with its subsidiary Regulations of 2012 constitutes an adequate regulatory framework for the domestic seed industry. It did however not comply with requirements of the International Union for the Protection of New Plant Varieties (UPOV), therefore barring Sudan from UPOV membership and exchange of protected varieties with other UPOV members. A new Plant Variety Protection Law is currently under preparation and review by the Ministry of Justice. The main motivation for this new law is its requirement as part of WTO membership. Currently the government is not considering UPOV membership. The government has established a committee chaired by the NSC to develop a new Seed Law. *The Mission recommends that the project: (i) clarifies with authorities whether UPOV membership will be sought. If it will, the project should offer advice, with the support of external*

reviewers where needed, to provide a Plant Variety Protection Law that is UPOV compliant, and (ii) the project should offer support in charge of development of the Seed Law.

12. Capacity building for the Federal Seed Administration. The required laboratory equipment tendering and ordering for the FSA central laboratory process has been completed, and all equipment is currently in Khartoum airport for clearing and release. The consultant for preparing the lab manual has been selected, and is waiting for installation to be complete. During 2016 nine staff of FSA attended a training course hosted by ICARDA in Egypt. There was a delay with the 2016 ISTA subscription payment due to the loss of the Withdraw Application in the Ministry of Finance and no follow-up by the CCU. Given the surcharge of penalties for late payment plus the possibility of the lab not being allowed to join ISTA, it is important that this payment is conducted on time each year. *The mission recommends that the Project i) closely supports the delivery and installation of laboratory equipment in order to minimise further delays; and ii) when fully operational with new equipment, ensure that a laboratory manual is prepared with a view to ISTA accreditation by the end of 2017.*

13. Strengthening of quality control activities in Kordofan: Providing support to enable each State to conduct crop and seed certification services is a key outcome of this component. As with the FSA, the State lab equipment is at the airport awaiting clearance and eight staff attended the training in Egypt. The head of the NK seed lab has been moved by the State MoA and a replacement is in position. The four delegated staff continue to do their work for SDP and for other seed produces in the two States. The FSA continues to accompany the State staff on the certification visits, and will provide quality assurance to the seed testing labs. This caused some discussion during the mission, as the States want full autonomy from FSA. The mission believes that this is the best way forward but until the delegated staff have been further trained and certified by FSA this aback-stopping should continue. For SDP the area certified to end of September 2016 in NK is 250 feddans of groundnut (100% of target). In SK the area certified was 352 out of 1059 feddans, mainly due to the lack of certification of 532 feddans in El Sahal community. In SK an additional 4,027 feddans was inspected for other seed growers for sorghum and sesame. *The mission recommends that the project i) closely supports the delivery and installation of laboratory equipment in order to minimise further delays; (ii) works closely with the FSA to develop seed testing protocols; (iii) works with FSA to achieve delegation from FSA to the state staff; and (iv) urgently conducts the second seed crop inspection and the seed certification in El Sahal community in SK.*

Agreed actions	Responsibility	Agreed date*
Follow up with the Ministry to ascertain the precise status of the policy	PCU Seed Specialist	30 Oct 2016
Provide support to the next national and state seed forums	PCU	30 April 2017
Clarify with authorities whether UPOV membership will be sought	PCU Seed Specialist	30 Oct 2016
Offer support in charge of development of the Seed Law	PCU	01 March 2016
Support the delivery and installation of laboratory equipment	PCU	30 Nov 2016
Ensure that a laboratory manual is prepared with a view to ISTA accreditation by the end of 2017	PCU	01 March 2016
Provide letters of delegation from FSA to the state staff	FSA	30 Oct 2016
Urgently conducts the second seed crop inspection and the seed certification in El Sahal community in SK	FSA	30 Oct 2016

* The Agreed date represents the date of completion of the activity

Component 2 - Improvement of the Seed Production System

14. Component Description: The component comprises the following key activities: (i) ARC should be capacitated to carry out SGGs and GPGs demand-driven participatory research, (ii) ARC should continue their seed multiplication efforts to ensure that sufficient quantities of high quality breeder and foundation seeds are produced and made available to interested private seed companies and SGGs, who want to multiply certified seeds, (iii) the SGGs should supported to access inputs, finance and crop insurance via ABSUMI and Bara'ah, and (iv) a FFS and FAAB curriculum should be implemented for training of the extension sub-teams and then the SGGs.

15. Progress in the implementation is *Moderately Satisfactory*. ARC has focussed on its capacity building and implementation of its participatory research program, but needs to significantly strengthen its TA to extension, FFS and PSC and SDP demonstration plots, so that results on on-station and on-farm research can be scaled by SDP. As for the private sector partnership, there is continued interest by PSCs to work with SDP and demonstrate new varieties and technologies for increasing productivity. The SGGs have been consolidated and continue to increase in number of farmers and area planted for seed production, and their capacity is improved through FAAB.

16. Agricultural Research Corporation (ARC). Using its own resources ARC continues to produce higher classes of seed for PSCs and/or farmer groups who want to purchase these and produce certified seeds, although sales are very low. ARC provided some technical packages to the extension teams for the demonstrations in 2016, but need to ensure that all requests for information from SDP are supported. Neither SK or NK ARC stations held the 2015 season annual review and next season planning meeting. This is a great shame, as sharing of the season's results and the use of these to inform the design of the next season's demonstrations is a key activity. *The mission recommends that the project i) works closely and in a timely manner to ensure all technical packages have extension materials ahead of the next season and (ii) that ARC in NK and SK hold a combined 2015-2016 end of season review and planning meeting, and that these results be used for designing the SDP and PSC demos in 2017.*

17. ARC participatory research. ARC continues to conduct on-station research in SK and NK to look at interactions between varieties and technologies before including the most appropriate of these in the participatory trials. Unfortunately, no details of these trials, nor their results were made available to SDP or the mission. As previously recommended ARC NK has reduced the number of localities where it works to seven, with 203 mother and 438 baby trials. In SK the numbers are 18 mother and 18 baby trials, alongside 12 on-farm demos of ARC technologies. From the brief field visits and discussions during the mission, it is still not clear what is the quality of this work, nor how much the farmers understand the process, or are involved in designing the 'baby' trials. The on-farm sites are not used for formal field days for wider community participation, and are still too research focussed. The operations manual to guide the participatory research has been produced but not shared with SDP. *The mission recommends that the project i) shares the results of the participatory research during the annual review and planning meeting, and (ii) shares the participatory manual with SDP for technical review.*

18. Private Sector Breeding Initiatives. Three PSCs are developing new varieties of sorghum (OPV and hybrid), sunflower, and pigeon pea that were evaluated on the SDP/PSC demonstration plots. Farmers are quite interested in these new varieties, and encouraged that the PSCs are interested in the rainfed sector. ARC has not demonstrated genuine commitment to working with PSCs to support their breeding efforts, despite encouragement from SDP and substantial support for their PVR program.

Agreed action	Responsibility	Agreed date
Finalise the participatory approaches manual, including criteria to be used with communities to evaluate the trials	ARC	31 st Dec 2016
Distribute article of baseline data that was recently accepted for publication*	ARC	30 Oct 2016
Work closely and in a timely manner with SDP to ensure all technical packages have extension materials ahead of the next season	ARC	Continuous
ARC in NK and SK should hold a combined 2015-2016 end of season review and planning meeting and use these results be used for designing the SDP and PSC demos in 2017 (December 2015 recommendation)	ARC	End March 2017

19. Extension sub-teams. The two State extension sub-teams continue to support the two SGGs (108 members) in NK and seven SGGs (114 members) in SK. They supported crop production, linkages to the PSCs and the certification process by FSA. It was not possible during the mission to assess the effectiveness of the extension teams. *The mission recommends that the project use the FAAB training to assess the profitability of seed production for the SGGs as part of the curriculum and to use this for planning in 2017.*

20. Seed Grower Groups (SGGs). The SGGs have stabilised and in 2016 have produced a range of certified seeds for sale to the PSCs and the informal market. Following the success in 2015, in 2016 RANS and ASSCO again awarded seed production contracts for 250 feddans of groundnuts to the two SGGs in NK. The two SGGs produced 173 t of groundnut seed and sold it all - 39% PSC (ASSCO and RANS purchased 52 t), 10% own use, 0.5% in village, 3% outside village, and 47% to the market. Similarly in SK the SGGs produced 65.5 t of certified sesame and sorghum seed and sold it all - 43% PSC (Nile Sun purchased 27 t), 4% own use, 34% in village, and 18% outside the village. In 2016 there was an increase in the number of farmers producing certified seed as a business from 193 to 220, and the area planted overall increased from 763 in 2015 to 1,309 feddans in 2016.

21. As certified seed is now being sold through a variety of channels it is even more important to track this and determine, where, how and to how many households this improved seed reaches. This was a recommendation of the December 2015 that was not convincingly implemented.² The PCU M&E officer needs to ensure this is done in a way that direct and indirect beneficiary numbers can be calculated, and the spread and speed of spread to surrounding villages is documented. The mission recommends that the PCU *follow-up to determine the number of beneficiaries accessing this certified seed and the area planted to these crops.*

Agreed action	Responsibility	Agreed date
Extension teams use improved FAAB curriculum (see below) to review the seed production season with the SGGs to determine successes, profits made, challenges in linking to the PSCs etc*	FAAB Team	End of March 2017
Conduct a survey to track the final destination of the purchased certified seed, number of beneficiaries and area planted. Explore feasibility to hire undergraduate students to conduct the survey.*	PCU M&E officer	End Feb 2017

*this was a December 2015 mission recommendation

22. Farming As a Business (FAAB) training continues to be well received by farmers, and the SSPs and agro-dealers interviewed also indicated that the FAAB training was very useful and practical in their businesses. However, the farmers have not been adequately trained on how to evaluate, from a farming business perspective, the SDP/PSC and on-farm demonstrations. As a result, the farmers have an intuitive but superficial appreciation of the demonstration results, which is enough in many instances to encourage adoption of improved practices, especially when cost or time savings are dramatically different. Also, given that the illiteracy rate in target farmers is reported to be as high as 50%, it is not clear how well practical the current FAAB training practices are for this population.

² During the presentation of the survey to the follow up mission in April 2016, the senior M&E officer could not provide the definition of improved seed employed in the survey, nor the actual dissemination rate.

Component 3 – Support Seed Market Development

23. **Component Description.** This component is intended to: (i) develop effective demand for certified seed and other relevant agroinputs; (ii) link SGGs and GPGs to financial institutions and input suppliers; (iii) enable the private sector to select the best option for creating a marketing channel for certified seeds and other relevant agroinputs (iv) empower existing SGGs and GPGs to plan their businesses and access necessary inputs (v) develop a seed marketing information database.

24. **Overall Assessment.** The progress is *Moderately Satisfactory*. The project has taken on board and embraced the fundamentals of the new private sector strategy. It has implemented for the first time in 2016 a number of highly innovative activities, reaching out and working with a whole new set of project partners. This has gone far beyond the comfort zone and experience of many of the SDP staff as well as the State Focal Points (SFPs) and LETs. These activities have demonstrated new inputs and services to farmers and service providers alike, and these have captured the attention of PSCs and equipment suppliers. However, the impact and the sustainability of the private sector activities is limited by a number of factors which must be confronted and addressed in the remaining months of the 2016 season and in the planning for what may be the last full agricultural season for SDP in 2017.

25. These factors include private sector specific issues, but also include more general issues which impact directly on the private sector activities (see also para 55): i) over-emphasis on meeting quantitative outputs, rather than on more qualitative impacts; ii) demonstrations which were not designed and executed to clearly demonstrate the agronomic and business impact of the new variety, input, or mechanization activity; iii) passive approach to the SDP/PSC demonstrations, which have been overly driven by individual PSC interests, and an SDP effort to achieve quantitative targets. The result for 2016 is a hodge-podge of different inputs and services, mostly without valid control plots, and with insufficient support to help the farmer understand and put to use the results; and iv) incomplete acceptance or understanding of the analytic aspects of the FAAB concept. The basics such as record keeping and customer relations are well understood, but there needs to be a culture within SDP of analyzing every innovation considered – inputs or services -- from a farmer's business perspective; v) a culture of showing only the best performers, and concealing errors or poor performance. The mission iterates that mistakes and failures are inevitable in even the best development projects. Only by identifying and analyzing mistakes or failures can learning and solutions be developed.

26. **Private Sector Seed Demonstrations.** Six PSCs provided inputs to demonstrate new seed varieties, seed dressing, herbicides, and mechanization³. Three new companies, Douma, Nour Agroscience, and Dal Engineering joined the PSC demo program. One company, Nile Sun, withdrew from participation this year.

27. In general, the effectiveness of the SDP/PSC demonstrations was hamstrung in terms by late and inadequate planning. The siting, organization, collaboration of PSCs, timely delivery of inputs to the field, and preparation of farmers for the demonstrations fell far short of adequate. There was little or no strategic planning on how to best showcase and demonstrate the inputs and services. The siting, layout, and size of the demos seemed to be driven by PSC sales staff and the desire of SDP to show enhanced outreach numbers. There were only a few control plots, so it was not possible to make a valid comparison of the new technologies.

28. The number of planned visitors through SDP exchange visits/field days to date has been disappointing, and the project will need to make an all-out effort to organize field days close to harvest (or during the harvest for groundnuts) with broad and deep participation from the key SDP stakeholders. Despite these problems with the SDP/PSC demos, many of the on-farm demonstrations did achieve a basic objective: they successfully exposed farmers to MSP and SSP services, as well as to the new varieties of seeds and chemicals.

³ In the 9 other demo plots, SDP tested varieties of improved seeds together with some of the MSP and SSP package of services.

29. **On farm demonstrations.** One of the key lessons learned from the on-farm demonstrations was the need for farmers to be adequately prepared for the MSPs, especially for planting. This will lower the costs of service, as well as make them attractive customer that can compete with larger farmers for service. Key steps include: i) consolidation of smaller plots of a given crop variety into a larger area to reduce MSP down time, and/or; ii) agreeing that operations will occur at the same time; iii) Ensuring that fields are clean and obstacles are removed; and iv) Ensuring that seed is uniform, clean, and dry. Requiring farmers to borrow from ABSUMI or Barah to finance 2 feddans of the demonstrations is not necessary and can be risky if the MSP or SSP is not able to provide adequate services, as happened in 2015. The mission has concluded that the “2+2+1” model for on-farm demonstrations be modified to a “2+1” model; with the farmer free to self-finance or borrow for the additional 2 (or more) feddans.

30. The mission recommends that an honest and no-holds-barred stocktaking exercise should be taken for each of the key private sector activities immediately after the harvest field days – SDP/PSC, on-farm demos, SSP, MSP, agrodealer, FAAB. The key questions should be: what did we try to achieve? What worked and didn't work? What needs to be done for 2017? The output of the stocktaking exercise should be an outline of the 2017 season PSD strategic plan and will have important implications for communications, community development, M&E, etc. The SDP should address the insufficient outreach and dissemination of the results from SDP's substantial investment in the demonstrations. In summer 2016 no field days have been scheduled of critical operations – land preparation, planting, and weeding. Video documentation is cursory. PSCs have not been kept abreast of the demonstrations nor their results.

Agreed action	Responsibility	Agreed date
Stocktaking exercise undertaken for 2016 season leading to a PSD Strategic Plan for 2017	PSD head supported by FAAB, MSP, PPP working with State Focal Points and LETs Strategic Plan -- PSD with PC guidance	2016 Stocktaking Mid-Oct to 30 Nov. 2017 Strategic plan by end Dec
Analyse and disseminate results of demonstrations.	Senior M&E officer, Senior KM Officer*	15 December 2016
Harvest field days for the SDP/PSC and on-farm demonstrations. The invitation list should include farmers, agro-dealers, SSPs, MSPs, the MFIs, the PSCs, equipment suppliers as well government officials.	By harvest, except for on-farm groundnut where Harvest Field Days can center around demonstrating the digger/shaker harvester	PCC, MDC lead State Focal Points should develop Harvest Field Day plans to PCU

*For Senior KM Officer, see para 62

31. **Local Extension Teams (LETs).** In total (74) communities with (10,905) households were reached by SDP in 2016. SDP provided FAAB facilitation training to 33 ToT in the LETs, who in turn trained 182 SGG and 1,256 GPG members. During the mission it was noted that the demonstration plots were established late, and there was a particular problem with the access to, and calibration of, the mechanised planters. At the time of the mission there had been very few exchange visits or field days to bring other farmers from neighbouring villages to see the demonstrations. This is a great shame as a lot of work and effort went into the design and management of these demos. *The mission recommends that the project; (i) continues with the new extension approach in 2017; (ii) plans early in 2017 so that all components of the demonstrations are in place in time and planting is not delayed once the rains come and (iii) organise field days before the end of the season to bring farmers to see the work of SDP.*

Agreed action	Responsibility	Agreed date
Completes demonstration plans in time for 2017 season	PCU	30 March 2017
Conduct field days and exchange visits before end of 2016 season	SCU	30 October 2016
Staff LETs to match SDP requirements. Each LET should have a 1) plant protection specialist implementing the SSP, 2) a mechanization specialist implementing the MSP, and 3) an agricultural economist overseeing FAAB (and supporting rural finance). They should be provided the appropriate supplemental training.	PC supported by State Focal Point heads	15 December 2016

32. **Grain Producer Groups (GPGs).** The LETs continue to support 74 communities with GPGs (41 in NK and 35 in SK). The 23 communities selected for full intervention sites were all GPGs from 2013-2015. During the mission it became very clear that the informal dissemination of improved seeds

via local sales and gifts has been much more than expected. Adoption levels in old GPGs ranged from 50-100% for different crops. Early estimates of adoption based on an average village size of 100 households and adoption rates of 50% in Year 1 after a demo and 10% per year thereafter, suggest that since 2013 SDP will directly impact through adoption of improved varieties, 25,200 households by the end of the 2018 season. *The mission recommends that the project; (i) conducts a dissemination survey as part of the 2017 annual survey, to map and quantify the movement of improved seeds within and between communities reached by SDP.*

Agreed action	Responsibility	Agreed date
Conduct a dissemination survey as part of the 2017 annual survey	PCU	End Feb 2017

Private Service Provider Programme

33. During the season, SDP provided on farm demonstrations in xx villages with MSPs, SSPs and other agroinputs.

34. *Mechanized Service Providers (MSPs).* There were significant delays in MSP service delivery (notably planters) and optimal planting times were missed causing reduced productivity. The lessons learned: contracting the 10 MSPs was problematic,⁴ MSP training was insufficient,⁵ and the logistical management by SDP was not adequate. Yet, demonstrations achieved their purpose: most of the MSPs believed that there is a market for services at commercial rates and have plans to buy their own implements. Likewise, farmers were invariably convinced by the planter and chisels. A concern that has emerged will be the ability of small-scale farmers to access MSP services in a timely fashion, especially planting, compared to larger farmers who offer more attractive business.

35. The experience with the specific MSP services are: i) *Light Chisel* is already widely accepted in NK, and there appears to be ready accessible by small scale farmers; ii) *Heavy Chisel and Disc Harrow* No impact assessment is available, but evidence of farmer plans to acquire implements indicate wide acceptance of the technology; iii) *Mechanized Planter* was challenging,⁶ but issues can be overcome with better training, experience, and correct choice of planters. Moreover, the farmers interviewed were enthusiastic about the planter, especially for groundnuts⁷; and iv) *Inter-row Cultivator* benefits were limited. Only a small fraction of the demo land was planted well enough so that the inter-row cultivator could be used.

36. *Spray Service Providers (SSPs).* The late start to the planning process, poor communications with PSCs, and poor logistics led to late delivery of chemicals and spraying equipment to the SSPs. This meant that only a small percentage of the fields were sprayed on time; some fields were sprayed too late for the herbicide to be economically effective, and the rest of the fields were manually weeded. Despite the difficulties, all of the SSPs interviewed were enthusiastic about the use of herbicides. They believed that the farmers would be willing to pay commercial rates for their services. The farmers were also largely convinced as to the efficacy of herbicide, despite the shortcomings during implementation.⁸

37. *Agrodealers.* The business training aspect of the agrodealers program made a good start.⁹ On the other hand, there were no SDP activities linking agrodealers more effectively to suppliers or

4 Problems comprise: i) suitability of the MSP's tractors; ii) weak commitment of many MSPs to use the provided equipment for the SDP/PSC and on farm demonstrations; and iii) weak contract structures and enforcement mechanisms.

5 The training provided to the MSPs focused more on tractor maintenance and troubleshooting which was valuable, and less on the practical aspects of using implements to provide services, especially the planter and inter-row cultivator which are operations very new to the MSPs.

6 This resulted in delays. The problems experienced with the planters by the MSP centered on 1) calibration of seeding rate and depth in different soil conditions, 2) seeds blocked by sand/mud or vegetation 3) dirty or wet seeds clumping. The relatively small size of plots being planted resulting in unanticipated time (and fuel) spent in moving from field to field.

7 Faster operation, less seed, less expensive, produces regular crop rows which make weeding easier and cheaper, opens up a furrow which aids in water harvesting. The use of the mechanized planter was seen to be dramatically superior to hand planting. The cost is about 67% of manual planting, and the time required is only 5%.

8 i) Cost savings of herbicide over manual weeding, even when including the extra cost of supplemental manual weeding required; and ii) much quicker, which meant that they could stay on top of their weeding to minimize negative impact on crop.

9 In a focus group meeting in September 2016, three NK agro-dealers indicated that the FAAB training was welcome and they saw improvements in their relations with customers. None of the agro-dealers had kept written business records before the training, and now they do.

customers. The PSC planning visits for the SDP/PSC demos was a missed opportunity for fostering better linkages between suppliers and agrodealers. The agrodealers were not invited to the SSP or other SDP training events or to field days; another missed opportunity for agrodealers to interact with farmers and SSPs.

38. **Building Linkages for services and inputs to farmers.** The SP program was designed to allow and encourage MSPs and SSPs to market their services to reach farmers beyond the SDP/PSC and on-farm demonstration farmers. However, there was little opportunity for the project to actively promote these linkages between service provider and customer. Where non-SDP customer service happened, it was for larger farmers within and without the community.

39. Promoting these linkages is especially important for the small-scale farmers that are SDP's target group. The expense and time incurred with large planters providing services to small, isolated plots was much greater than anticipated, and the opportunity cost to the MSP was high. Better training and support for linkages will facilitate the natural inclination of SPs to find customers, and for farmer to find cost-effective services.

40. The mission recommends that linkages will be facilitated in all villages that in 2017 have graduated from full intervention on-farm demonstrations. Extension teams should identify brokers who enjoy the trust of the community and the private sector partner (VDC, SSP, as applicable), and help them sign up farmers to obtain the relevant service or agroinput. Where suitable, an MOU between ABSUMI or Bara'ah, the service/input provider and broker could be struck (see para 51, and Annex XII). The objective of this activity is to create a linkage between farmers and the private sector on a commercial basis. Optimally it may become self-replicating promoted by service/input providers and MFIs who discover an entry point to access new profitable markets. Besides the graduated villages, the mission recommends that the project facilitate such linkages also in full intervention villages in 2017 for farmers that are not recipients of on-farm demonstration grants, but who express dedicated willingness to purchase the service/input. This must happen however only in villages that have been exposed to the new technology through field days; and where farmers clearly understand the risks with the new technology. Moreover, the technology itself must have been tested during 2016 and found reliable (planter for sesame and sorghum is thus excluded due to sensibility to incorrect calibration).

Agreed action	Responsibility	Agreed date
Facilitate linkages between farmers and input/service providers in graduated villages; and in carefully selected cases in full intervention villages.	OC, CMC	Immediate

41. **Market Linkages – farmers to market.** SDP efforts to promote access by to better markets for the GPGs have focused on market linkages for groundnut farmers with major groundnut processors in Khartoum as well as exporters/processors in El Obied. The most promising approach appears to focus directly with the El Obied based exporter/processors, who have closer ties to rural communities and are better able to minimize the burden of state taxes. SDP efforts in this regard since the April mission have been minimal.¹⁰ SDP must ensure that farmers receive the FAAB training and coaching to understand the costs and benefits of the contract, given the asymmetry in sophistication between large merchant and small-scale farmer.

42. **Value Chain Studies.** The project commissioned the SDP rural business consultant to finalize the studies, which will be submitted in early October.

43. **Innovation Challenge Grants Programme (ICGP).** The project has made very slow progress on the ICGP manual or on the formation of the Selection Committee. There is insufficient time and human resources within SDP to finalize the ICGP. Funds are better invested in mechanization implements as part of a more strategic, deeper and broader SDP/PSC and on-farm demonstration program.

¹⁰ During the mission, the team met with one of the larger groundnut merchant/exporter in El Obied, who has expressed interest in rewarding high quality that can be exported as HPS with a commensurately higher price, and providing transport, shelling services, and credit for harvesting.

Agreed action	Responsibility	Agreed date
Drop the ICGP	PC	Mid October

Rural Finance

44. **Background:** Prior to mid-term the SDP target farmers had little access to credit for production of seed or grain because of the absence of MFIs from most project areas and due to the mismatch between the design of prevailing credit products and farmers' needs. To address this scarcity SDP supported the establishment of two additional ABSUMI units in 2015 and at present the project area is served by three ABSUMI units and Baraah. In response to the SDP requirements these units introduced a special seasonal agricultural loan product in the 2015 agricultural season (890 loans disbursed amounting to SDG 0.8 million) to promote the adoption of the SDP supported improved agricultural packages.

45. Against this backdrop the previous supervision mission (December 2015) recommended (a) increase in disbursement target to 2,000 loans for the 2016 season (b) implementation of the full range of ABSUMI services in the SDP villages (c) training the ABSUMI credit officers (CO) in relevant agronomic practices and (d) financing a set of MSPs and agro-dealers through ABS. Unfortunately, in April 2016 the IFAD follow-up mission found that the project was underprepared for the upcoming season.

46. Three interconnected problem areas were identified. First, the planning and prioritisation of project activities by the management team, which included the rural finance specialist, was slack and left critical activities such as community selection and potential client identification for seasonal loans till too late. Second, leadership roles for rural finance activities that required different parts of the project to work together were not clearly delegated in advance. When the cooperation between the rural finance desk and some Locality extension teams developed snags, these were not strongly highlighted by either side and activities such as VSCG formation by the extension teams were delayed. Finally, there were some gaps in proactive follow-up by the combined office of the project director and M and E officer that hindered early detection and prompt resolution of implementation and coordination challenges pertaining to the rural finance implementation. These issues had to wait till the follow up mission which recommended emergency steps to achieve some results. In this background the mission rates the overall performance of the rural finance activities as moderately satisfactory.

47. **Outreach achieved:** Although SDP's preparation for the season was not up to the mark in the early stages, the emergency steps recommended by the follow-up mission in April 2016 were implemented in line with the emergency plan resulting in 70% target achievement for the season. As at 31 August 2016 ABSUMI and Bara'ah have disbursed SDG 1.67 million as seasonal loans to 1,398 farmers organised into 111 groups in 39 communities in four project localities. This number is likely to increase by the end of the season. ABSUMI's contribution is almost 72% with SDG 1.20 million disbursed to 1,059 farmers in three localities while Bara'ah has disbursed SDG 0.47 million to 339 farmers in one locality. The average loan size is SDG 1,200. There is a marked improvement in the loan delivery process producing greater adoption of improved farming practices by client farmers and higher potential for increased production at harvest. The mission recommends that in the 2017 agricultural season ABSUMI and Bara'ah should target 4,000 to 4,500 seasonal loan disbursements distributed as 1,000 loans per old SDP Locality and 500 loans by the Al Rahad ABSUMI Unit where SDP has already started awareness activities.

48. **Collaboration** between SDP and partner MFIs: In preparation for the season SDP trained the ABSUMI COs on extension principles and the SDP supported agricultural packages. This assisted the COs to better understand the relevance of the seasonal loan product and also promoted team spirit between the COs and the SDP extension workers. This led to harmonised identification of seasonal loan beneficiaries by COs and extension workers, collaborative identification and contract negotiations with service providers and coordinated delivery of these services to the farmers. Still some services were delayed because of the delayed start and shortage of service providers, but the overall credit delivery process was faster and smoother compared to the previous season. The mission observed

that beyond the initial classroom training the COs have not been involved to witness the practical application of the improved agricultural practices in the various demonstrations and the positive results from these. The mission recommends that the COs should be exposed to the different stages of demonstration of agricultural packages and should also attend refresher training prior to the next season on extension principles and relevant agronomic practices. The RF specialist will be responsible for implementing this activity.

49. **Adoption of improved agricultural practices:** Compared to the previous season there was a marked improvement in the linkage between the seasonal agricultural loans and the adoption of improved agricultural services and inputs. A total of 631 (45%) of the seasonal loans were directed towards the 2+2+1 on-farm demonstration model with strict condition on using the loans only for adopting the improved agricultural practices. This, combined with the good rainfall during the season has so far produced better quality standing crop with potential for high production and thus greater demand for the project supported agricultural package in the next season. The remaining 55% of the loans were not strictly linked to the adoption of improved practices. Although mechanised land preparation were adopted by most farmers in this category the adoption of improved seeds and improved weeding technologies were not promoted strictly. The mission recommends that in the next season at least 70 to 80% of the seasonal loans is required to support adoption of the full package of project promoted agricultural practices. For this, apportioning the loan to the adoption of different practices should be explored instead of the current practice where the farmer can choose to spend the entire loan on a single activity.

50. **Adoption of the ABSUMI model by farmers:** Following the recommendations of previous missions ABSUMI has initiated steps to implement the full range of savings and credit services in the SDP villages which have received seasonal loans. In addition, the loan ceiling for second cycle clients were increased from SDG 1,000 to 1,500. Also, ABSUMI's partnership with service and inputs providers resulted in doorstep delivery of these inputs. These benefits along with the regular monthly visits by the credit officers to the villages have improved ABSUMI's acceptance and partnership with the client households. Overall, farmers expressed greater contentment with ABSUMI's work and anticipated regular off-season ABSUMI loan after repaying their seasonal loan. The small size of the seasonal loan was still the predominant farmer concern although this grievance is much reduced as many farmers in the second cycle have received increased loan size. The mission recommends that ABSUMI 3rd cycle loan sizes should be SDG 2,000, 2nd cycle SDG 1,500 and 1st cycle SDG 1,000. SDP should follow-up and support SCG development in the SDP villages to ensure that the full range of ABSUMI services are delivered in all the SDP villages. Similarly, in the next season ABSUMI should try to promote the adoption of the seasonal loan in non-SDP villages.

51. **ABSUMI lending methodology:** In the full intervention villages ABSUMI played a critical role in supplying services and inputs to the farmers and relied heavily on the extension team in this process. For example, the mobilisation of loan applications were done with substantial help from the extension teams. Thereafter, ABSUMI contacted machinery service providers and coordinated the delivery of their services to the farmers. Similarly, it purchased seeds and agrochemicals from seed companies and agro-dealers and supplied these directly to the farmers. Its role as a direct link in the delivery of the inputs and services was laborious and consumed significant time which in future can reduce efficiency and limit the spread of the product to other ABSUMI villages. The mission recommends that an agent based model should be piloted in the next season allowing agricultural services and inputs suppliers (MSPs, seed companies and other agro-dealers) to directly expand their market to the rural communities through cluster/community level agents on commission basis. ABSUMI's role should be to finance this supply chain instead of becoming a part of it. Similarly, the extension officers should develop the enabling environment for this model to ensure quality control where needed instead of becoming a part of the supply chain.

52. **Recovery of past seasonal loans:** Bara'ah achieved 100% repayment. However, the overall recovery rate was slightly less than 100% as the ABSUMI Sheikan unit suffered some repayment problems. This is caused by delay in repayment of SDG 6,000 by 10 farmers from a community. While the unrecovered amount is small and ABSUMI hopes to get it soon, the reason behind this problem is

of concern. Another MFI, the Sudanese Rural Development Company, with which SDP had tried to partner in the past, followed ABSUMI to the same village and lent funds to the same group which caused over indebtedness and delay in repayment to ABSUMI. The mission recommends that SDP, through the State Microfinance Units of the Ministry of Agriculture, should facilitate meetings between all the MFIs in the respective States to establish coordination mechanisms between the MFIs to avoid multiple loans and defaults in the future.

53. **Gap in availability of agricultural machinery and equipment:** As a result of the initial gap in preparation for the season the project failed to facilitate the financing of agricultural equipment and agro dealers through the ABS. Meanwhile, the initial success of the project promoted land preparation packages have started increasing the demand for machinery and equipment mainly planters. The mission recommends that the Rural Finance Specialist should facilitate identification of potential MSPs and enable machinery and equipment financing for them by following-up with ABSUMI and ABS.

54. **Bara'ah:** The previous mission had advised Bara'ah to pilot seeds and grain marketing models through the establishment of storage facilities as required. While seeds marketing could not be piloted due to the shortage of time, Bara'ah tested grain marketing by purchasing 800 sacks of groundnut at harvest and storing them in rented facilities with the expectation of temporal price rise. Unfortunately, the price increase of groundnut since harvest has been negligible and much less compared to previous seasons and the pilot has not been as successful as planned. The mission recommends that given the short duration available before the closure of the project as well as the technical gaps related to temporal data analysis and decision-making this model should not be promoted actively by the project. However, Bara'ah may choose to continue the pilot in the next season on a limited scale with normal SDP support.

Agreed action	Responsibility	Agreed date
- Disbursement of 4,000 – 4,500 seasonal loans in 2017 by Bara'ah and ABSUMI including loans by ABSUMI Al Rahad Unit	Led by SDP RF specialist in coordination with ABSUMI NC and RC	Oct 16
- Implement 1 st cycle loan ceiling at SDG 1,000, 2 nd cycle at SDG 1,500 and 3 rd cycle at 2,000	Led by ABSUMI NC and RC with follow up by SDP RF specialist	Dec 16
- Expose COs (ABSUMI and Bara'ah) to all stages of the demonstrations	Coordinated by SDP RF specialist in coordination with extension team, ABSUMI and Bara'ah	Continuous
- Hold refresher training for COs on improved agronomic packages incorporating lessons from 2016 season	Coordinated by SDP RF specialist in coordination with extension team, ABSUMI and Bara'ah	January 2017
- Apportion the seasonal loan according to different improved practices to ensure 70-80% of clients adopt the full package in 2017.	ABSUMI/Bara'ah with follow up by the SDP RF specialist	Dec 2016
- Increase responsiveness (through conventional or special seasonal loan) to farmers who do not adopt full seasonal loan package but require mid/end-season financing for isolated agronomic practices.	Follow up during refresher course by SDP RF specialist	Jan 17 and then continuous during season
- Complete cluster identification and village selection for targeting the seasonal loans in 2017	SDP management led by RF specialist in coordination with extension team and MFI partners	October 2016
- Develop VSCGs in existing and new SDP villages where ABSUMI is expected to deliver seasonal loans in 2017	SDP RF specialist in coordination with SDP extension teams	Continuous starting Oct 16
- Pilot the agent based model for supply of inputs and services to seasonal loan clients. Target between 10-15 agents in the project area. (Refer to detailed workplan in working paper.)	Led by SDP RF specialist in coordination with SDP private sector consultants, extension teams, ABSUMI RC, Unit heads and Bara'ah Manager	Refer to detailed work plan in working paper
- Organise coordination meeting between MFIs operating in the project area to prevent multiple lending to the same groups	State MFUs followed up by the SDP RF specialist	Dec 16 and May 17
- Facilitate agricultural equipment financing by ABS or any other financial institution to at least 2 MSPs per locality	Initiated, coordinated and followed up by SDP RF specialist in collaboration with ABSUMI RC,	Financed machinery available by May

	ABS sector investment officers and relevant extension teams	17
* NC = National Coordinator at the SDP PCU	RC = Regional Coordinator	RF = RF specialist refers to the Rural Finance Officer

D. Project implementation progress

55. **Project Management** is *Moderately Satisfactory*. The management structure of the Project comprises the PCU, and State Coordination Units (SCUs) embedded in the State Ministries of Agriculture, one in NK and one in SK that report directly to the PCU coordinator. The MTR revisions of the project have been well understood PCU and SCUs and even improved during implementation. However, there are many recommendations from the previous supervision and follow up missions that have not received enough management attention and consequently have been implemented late, with flaws, or not at all.

56. In the mission's opinion in many cases this is due to workflow and organisational issues: i) at the PCU level too many of the day-to-day operational tasks are run through the well performing and competent but heavily overburdened PCU coordinator; and ii) PCU involvement in planning of activities at SCUs, and monitoring of SCU implementation needs significant strengthening. Strong PCU leadership and involvement is essential in this highly innovative, dynamic project that works extensively with the private sector throughout the value chain. The mission recommends the following:

57. *i) Redefinition of PCU key staff assignments:* At the PCU level, the mission recommends to assign clear responsibilities for key staff to act as *Sector Coordinators*, all reporting to the Project Coordinator, with defined deliverables and with the requisite freedom of action.¹¹ The focus areas are: Awareness¹², Training¹³, Rural Finance, Private Sector & Demonstrations¹⁴, Rural Finance and Linkages (see para 38).

58. The Seed Specialist's previous performance suggests a high capacity to manage the crucial aspects of demonstrations and relations with the private sector (PSCs, MSPs, Agrodealers). He would assume the function of *Operations Coordinator (OC)*, managing focus areas of Private Sector & Demonstrations, Linkages and the private sector aspects of Awareness (notably relating to field days and exchange visits) including the supervision of performance of consultants working in these areas. The OC would directly manage a private sector division (PSD; to be created) that includes the mechanization, plant protection, and FAAB specialists/consultants.¹⁵ The current PPP specialist position can be eliminated and the duties taken on by the PSD head. The PSD works closely with the rural finance team. The Gender Specialist would assume the function of *Community Mobilization Coordinator (CMC)*, managing the focus areas of Awareness, Training and the community mobilization aspects of Linkages. The Rural Finance Specialist would naturally coordinate Rural Finance.

59. *ii) PCU provides Strategic Direction and operational monitoring.* The PCU *Sector Coordinators* should lead the planning in their area; and monitor implementation addressing delays and issues directly, escalating to the PC on a needs basis only. For example, planning and supervision of the SDP/PSC and on-farm demos, MSP, SSP, and FAAB activities should be undertaken by the PCU through the PSD. The SFPs and LETs will provide key input to the planning process, and remain the implementers of field activities. The PSCs and equipment suppliers also remain key SDP partners and provide expertise, guidance, inputs, equipment etc. but they do not drive the process. PC reviews with State Focal Point and LET leaders, as well as with the Federal and State Ministries of Agriculture as appropriate.

11 This means that the staff are accountable for outputs

12 Awareness campaigns, exchange visits and field days.

13 FAAB for farmers and MSP and SSP; and dedicated MSP and SSP training.

14 On-Farm demonstrations

15 Defining the TORs and hiring and firing of PSD consultants would be with the PC after hearing the OC. The OC would manage the day-to-day work of such consultants, compliance with TORs; and the consultants would report to the OC.

Agreed action	Responsibility	Agreed date
Eliminate PPP specialist position and allocated duties on PSD head.	PC	Mid-October to End-November
Create private sector division (PSD) at PCU managed by the current seed specialist with three specialist consultants: mechanization, plant protection, and FAAB.	PC in cooperation with seed specialist	Mid-October to End-November
Assign responsibilities to the OC, CMC and Rural Finance specialist as per their focus areas.	PC in cooperation with OC, CMC and RFS	Mid-October to End-November
Eliminate PPP specialist position and allocated duties on PSD head.	PC	Mid-October to End-November
PCU to provide Provides Strategic Direction and operational monitoring.	Ongoing	PC, State Focal Points, LET leaders, NK SK MoA

60. **Monitoring & Evaluation (M&E) is Moderately Unsatisfactory.** With support by the PC, the project M&E function has developed an M&E plan that is comprehensive and clear. The mission recommended to align the SGG questionnaire with the comprehensive annual survey questionnaires of the GPGs. The projects core databases for GPG, SGG, demonstrations and full interventions are comprehensive and mostly updated. Coordinates for 64 out of 74 villages have been obtained.

61. However, the annual survey and the seed demand survey were not properly implemented, and there is very little data analysis done at the PCU. Accordingly, availability of data relevant for evaluation of project impact is low. At the same time, with the completion of the project approaching in 2018, Knowledge Management will gain importance (see para 68). This will require additional investment and time by the senior M&E officer who is now doubling also as KM focal point, rendering satisfactory M&E performance even more difficult. The mission recommends therefore to adjust the current senior M&E officer position into two positions: one full time Senior KM Officer position, and one full time M&E specialist position. The mission observes that the qualifications and skillset of the current Senior M&E Officer are more suitable for KM activities than managing the implementation of the M&E plan and analysis of survey data, which require strong IT skills and long term experience in quantitative data analysis.

62. The mission therefore *recommends that the PC assign the current senior M&E officer as Senior KM Officer, and recruit a new M&E Specialist.* In view of the short timeframe available, a new staff recruitment process is not practical. Therefore, the mission *recommends that a long-term consultant be recruited to assume the M&E functions at the PCU.*

Agreed actions	Responsibility	Agreed date*
Finalise the coordinates' database, and provide cross sections for type of village (demo, GPG, SGG) and phase of intervention (exposure, FI, graduation) by year.	Senior M&E officer	30 November 2016
Develop a service provider database with coordinates.	Senior M&E officer	15 December 2016
Finalise and implement the M&E plan	Senior M&E officer, NK and SK M&E officers	Continuous
Recruit a long term consultant to lead M&E at PCU level and reassign the current senior M&E officer to full time Senior KM Officer.	PC	31 October 2016
Timely reporting. Reporting to IFAD comes only after support or follow-up missions arrive in country, and much time is wasted in getting to grips with the basics rather than focusing on key problems or opportunities.	PC, Senior M&E officer	Immediate

63. **Coherence between AWPB and implementation is Moderately Satisfactory.** The PCU sent the first draft of the project's AWPB to IFAD on 17 January 2015. After incorporation of comments, IFAD provided final no objection on 28 January 2016. The expected utilization of budget is expected to be 63% at the end of the year (see para 76). The project continues to abide by a bottom up approach in preparing annual plans and budgets. The AWPB is normally prepared and approved annually. The AWPB process involves only 2 levels, the SCU and the PCU. The process for creating the AWPB for 2017 has already started. The document is in 2nd draft stage, and it needs to be signed by the state and national government before being submitted to IFAD.

64. The mission prepared work plans starting from October 2016 through September 2017 to provide a complete list of recommended actions, milestones, and points for consideration in

implementation for each key operational activity. Such work plans are living document that need to be completed, revised, updated by each respective Sector Coordinator with team under the guidance of the SDP project coordinator.

Agreed actions	Responsibility	Agreed date*
Develop a project specific KM Action Plan for 2017, with concrete KM outputs for 2017	PCU	31 December 2016
Conduct assessment of specific KM capacity building needs at PCU level and NK PCU and SK PCU level.	PCU	31 December 2016

65. Gender and Youth focus is rated as *Satisfactory*. Women and youth participation in SDP activities has been successful with 48% of the farmers participating in full intervention activities being women (631 total: 304 female, 327 male) and 45% of the contact farmers being women (92 total: 42 female, 50 male). Moreover, 70% of the contact farmers are youth. Finally, access to rural finance through ABSUMI and Bara'ah has had a positive effect on women empowerment. Women have participated actively in farmer organisations (25 % women participation). There are however still challenges concerning women and youth inclusion in leadership and decision making roles at community level as well as high illiteracy rates among female beneficiaries.

Agreed action	Responsibility	Agreed date
Prepare Action Plan for integrating the household GALS methodology in the SDP AWPB 2017.	Community Development Officer	1 December 2016
Increase women and youth representation in leadership positions at CDC level	PCU	1 March 2017

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ty focus is rated as *Moderately Satisfactory*. Through the SDP project communities' understanding of the importance of improved seed production as a means to generate income and combat poverty has been strengthened. This is indicated by the high awareness of the usage of technical packages in agricultural production and some communities reporting increased productivity and higher incomes from farming activities. Women and youth participation project activities is high and in line with the project objective of specifically targeting women and youth in seed production processes so as to increase their resilience and livelihood opportunities.

67. Effectiveness of targeting approach is *Satisfactory*. The targeting strategy underpinning SDP is building on previous and ongoing IFAD funded operations.. For greater impact, the project has refined its targeting by tailoring its support based on communities' maturity and experience, categorised into (i) exposure, (ii) full intervention and (iii) graduation villages. It resulted in a total outreach of 10,905 households in 74 communities, effectively representing 53% small farmers and 47% big farmers across the 7 localities. A geographical clustering mapping exercise will be undertaken in the upcoming season to render service delivery more effective and commercially viable.

68. Innovation and learning is rated as *Moderately Satisfactory*. In 2016 a Knowledge Management core group was established under the leadership of the CCU, tasked with organising and coordinating knowledge sharing between projects and key line ministries at the federal level. Work on establishing a joint KM-strategy with other IFAD-funded projects continues and is expected to be finalised soon. Key project staff participated in exchange visits with SUSTAIN. A weak point remains the production of relevant surveys and analysis. This relates to the failure of M&E to conduct the annual assessment and study on dissemination of seed, and related analysis. The mission recommends the Senior KM Officer develop a KM Action Plan for 2017. Most notably this should take into consideration the information needs by government and IFAD on lessons learned for purposes of scaling up and replication. An updated list of KM related activities and capacity building in the area of knowledge sharing and M&E can be found in Appendix 7.

69. Climate and Environment Focus is *Satisfactory*. Communities resilience to environmental variability increase with the adoption of SDP promoted technologies, more specifically the improved high yielding drought tolerant varieties and timely utilisation of agricultural machineries across the season. Although delays were observed in providing key services prior to seedling, the mission observed that crops applying the recommended technical packages were performing better,

demonstrating greater coping characteristics. The project is introducing herbicides application. While this is a necessary tool, which has great impact on farm economies that are faced with increasing labour shortage, it needs strong oversight. The project is linking up this activity with the state plant protection department who are providing such oversight on a sustainable basis.

E. Fiduciary aspects

Financial management.

70. The overall Financial Management is rated Moderately Satisfactory (4).

71. Organization and staffing: The staffing of the financial management team for the SDP is adequate. All staff have started the IFAD e-learning course, but have not completed the training.. *Organization and Staffing is rated as Satisfactory (5).*

72. Accounting system: The accounting software is generally adequate.¹⁶, However, there are some expenses that are currently not being captured by the system and reported in the financial statements because no data is provided by implementing partners to the project. The missing data includes some "indirect" disbursements from other partners such as the GoS and farmers, as well as the Federal Seed Administration staff salaries paid by the GoS. *It is recommended that the project urgently obtain the relevant expense data from the FSA and other implementing partners to reflect it in the FY 2016 annual financial statements.*

73. Reporting and monitoring: The project prepares and submits annual financial reports to IFAD, while quarterly detailed reports are prepared for internal management purposes. Semi-annual reports are now prepared by the project as well. *It is recommended that the accounting software manual be printed out in hard copy and distributed to all accounting and administrative staff of the SDP. Finally, it is recommended that the offices backup their accounting data once per week, and the USB keys should be stored in a safe place outside the offices.*

74. Internal controls: The project adopts adequate segregation of duties and authorisation process, and adequate controls are in place for expenditure transactions. The fixed asset register (FAR) of the project is up to date (including vehicles) and all assets are properly coded and tagged. The FAR does not assign custody of an asset to a specific staff member or contain a list of assets per office room in the PCU and SCUs. *This mission recommends that additional columns be inserted in the FAR that indicate the office room in which each asset is located and assign custody for those assets to the occupant(s) of the office.*

75. The project conducted a physical count of its assets at FYE 2015, but no document or record was presented to prove that the physical count took place. *The mission recommends that the project create a record of physical inventory count and maintain that record for review and inspection of future SM.* The accounting software does not have password security for all users (3 at the PCU) and that all users have the same access rights. *It is recommended that security in the system is strengthened by issuing 3 different passwords to the 3 users (finance controller and accountants). The access rights of the 3 users should be different, with the finance controller having the highest level of access and the accountants having lower levels.*

76. Budgeting (see also AWPB above): The utilization of the current year budget stands at 36%, even though it is nearly the end of the third quarter of FY 2016 (75% time elapsed). The main reason for the under-expenditure of the budget is the lengthy delay in completing large procurement contracts (NCB, ICB) for lab equipment and vehicles, lack of government and farmers' contributions, and no activity in the Innovation Challenge Grant (ICG). If all the above issues are resolved by FYE, with 100% expenditure on each area across financiers, then the expected utilization will be 63%. *It is recommended that the project urgently resolve the aforementioned issues in order to greatly enhance their execution and achievements.*

¹⁶ The project is utilizing a single entry method accounting software based on MS Access. It is capable of producing accounting journals, Withdrawal Applications (WAs), Special Account reconciliation, and summary financial progress reports of various time periods.

77. **Disbursements:** Disbursement of the SDP Grant DSF-8094-SD up to the date of this mission September 2016 is SDR 4,814,289.79, including the initial advance. This represents 75% of the total financing provided by IFAD. Without the initial advance/authorized allocation, the disbursement rate drops to 62% (see Appendix 5 for further details). Taking into account pending Was 46-49 and the initial advance, the project disbursement by the end of FY 2016 is expected to exceed 87%. The project submitted WA 32 (ISTA subscription, CHF 4953.30) to the MoF for approval last October but the WA has not reached IFAD yet. The PCU is not sure where this WA is at this moment, whether it is with the MoF or with the MoA. The amount claimed in the WA has to be revised upwards to take into account the penalty for late payment on the ISTA subscription. In addition, the project would like to claim their seed testing equipment costs on this WA as well. *It is recommended that the PCU should contact the CCU in Khartoum to trace WA 32, obtain it, and return it to PCU. The PCU must then update the WA for both amount and claim, obtain all signatures, and re-send it to the MOF prior to this FYE.* After clearance the WA will then be sent to IFAD. Disbursement is rated as *Highly Satisfactory* (6).

78. **Use of SOE and adequacy of supporting documentation:**¹⁷ The total value of SOEs amounted to SDG 3,074,090, equivalent to EUR 458,820. The project complies with the SOE threshold and retains the required documentation. However, the documentation for each SOE item is not grouped together, with some documents related to line items in the custody of the procurement officer or administrative officer. *It is recommended that all evidence related to a payment are bundled and retained together.* This will make it easier for inspection and testing purposes. *It is recommended that government policies, such as labor laws, project rules and regulations as well as invoices are translated into English.*

79. **Ineligible expenditures:**¹⁸ The mission reviewed items raised in the Management Letter of the FY 2015 external audit. The issue of the weakness of fuel control is not yet resolved. Even though the project claimed that the sheets exist and that they have complied with the recommendation, the mission was not presented with the log sheets used to control the use of fuel at NK and SK. With respect to the cases of ineligible expenses in the FY 2015 external audit report, even though the project provided clarifications on them, those were not accepted by the auditors as the expenses were not in the approved AWPBs. Hence they are still considered ineligible as of this SM. There are also three payments in 2015 that are not supported by final invoices. *The project must obtain the fuel log sheets of NK and SK and the final invoices before the end of this FY and present them at the time of the FY 2016 external audit.*

80. At the time of this mission, IFAD withheld Euro 515,011 across eight WAs that were submitted, all against the recurrent cost category. The reduction in recurrent cost funding led to using GoS funds to cover the shortfall in IFAD reimbursements. *It is recommended that once the re-allocation is finalized, the amount of Euro 515,011 will be reimbursed to the GoS account from the Designated Account and be charged to Grant 8094 recurrent cost category.*

81. **SGGs, GPGs and PSCs:** The project is due to receive rent for equipment rented out during 2016 (MSP programme).. The rent is to be paid in cash by the farmers to the SCUs and then the SCUs will collect all the cash and send it to the PCU. The PCU will then deposit the cash into its operating account. By design, the SCUs are not allowed to deposit the rent from farmers into their own operating accounts, but must send all the cash to the PCU. However, the state governments have to approve the transfer of cash to the PCU before the cash can be sent. As of the time of this mission, no cash has been received by the SCUs. Once the cash is received by the SCUs, *it is recommended that they do not hold onto the cash for long periods of time and send the cash to the PCU immediately in order for it to be deposited into the bank. It is recommended that a cash count be conducted whenever cash is received and transferred/deposited. The project should also ensure that the state governments do not delay approval of the transfer of cash to the PCU.* It is also

¹⁷ This mission reviewed SOEs of four WAs submitted to IFAD for reimbursement during the time period from Dec 2015 till the current SM. The rest of the WAs submitted during the same time period were all requests for direct payments. This mission examined SOEs with a value equal to 30% of the total SOE amount claimed during the period

¹⁸ See also Annex xxx for ineligible expenditures of the Absumi grant.

recommended that the project create 2 cash books at both the PCU and SCUs, one for seeds and one for equipment rentals. The cash books of the PCU and SCUs can then be reconciled. The project already maintains bank records for these two accounts, however no cash books exist. As a standard procedure, the cash book can be reconciled with the bank book in order to ensure that all inflows and outflows match. This is an internal control procedure that the project must now follow with respect to its revenues, which are exclusively earned in cash.

82. **Counterpart funds:** Government counterpart funds are dedicated for payment of custom duties VAT, agricultural insurance as well as contributions towards recurrent cost.¹⁹ The project cumulative expenditure financed by GoS cash transfers to date is USD 464,584 representing 11% of the allocated GOS contribution for the project life. GoS expenditure on duties and VAT exemption, usually paid directly by GoS without being reflected on the project records, is estimated at USD 838,000 on imported project vehicles only. This could push the GoS contribution rate to 31% had the amounts of customs duties been captured by the project financial reports. The MOF still is not providing the data regarding the taxes and duties covered by the government, despite repeated requests. *It is recommended that the project have a meeting with the government to ask for the government's data on its contribution to the project. Counterpart funding is rated as Moderately Satisfactory (4).*

83. **Compliance with Grant Covenants** is rated as *Moderately Satisfactory (5)*. The project and Recipient have complied with all Grant covenants with the exception of the timely submission of the next FY AWPB to IFAD for approval, which is on-going.

84. **Internal Audit:** Previously, the project did not have the availability of an Internal Audit (IA) function as it was not envisioned in the project design. However, the National Directorate General of Internal Audit was recently nominated as the internal auditor for all IFAD projects starting from this year. *It is recommended that the project setup a meeting with the IA department at the earliest to discuss all aspects of the IA.*

85. **Audit Quality and Timeliness:** The SDP grant audit report for FY 2015 was unqualified and was submitted before the IFAD deadline of 30 June 2016.²⁰ However, as in previous audit reports, the auditors did not provide a separate opinion on the SOE and Designated Account statements, as required by the IFAD Guidelines on Project Audits. The opinion on the SOE and DA statements is embedded within the opinion on the Project Financial Statements (PFS). It is strongly reiterated that the auditors comply with their ToRs and provide the required opinions. The Comparison of Budget with Actuals is presented in the Management Letter, instead of being part of the PFS. In addition, the Fixed Asset Register is absent. The Management Letter discusses six new weaknesses, of which two were successfully rebutted by project management, and states that one prior year recommendation has not yet been implemented. *This mission recommends that the project provide all required PFS in proper format and that the auditors comply with their ToRs. In addition, the project should implement all audit recommendations to date before the next supervision mission.* Compliance with audit requirements is rated as *Moderately Satisfactory (4)*.

19 A reconciliation of the operating account with the GL (a pool account) was done in order to ensure that IFAD funds are not being used to cover expenditure that should be financed by the government. The reconciliation did not reveal any anomalies that IFAD funds are being used to cover for government funds.

20 The audit was conducted as per International Standards on Auditing (ISA) by the Sudan National Audit Chamber, the supreme audit organization of the Sudan.

Agreed action	Responsibility	Agreed date
Urgently obtain the relevant expense data from the FSA and other implementing partners to reflect it in the FY 2016 annual financial statements	FC/PPC	Dec 2016 (FYE)
Accounting software manual to be printed out and distributed to all accounting and administrative staff	FC/PPC	Immediately
PCU and SCUs to back up their accounting data on USB keys once per week, USB keys to be stored in a safe place outside the offices	PCU, SCUs	Dec 2016 (FYE)
Additional columns be inserted in the FAR to indicate the office room in which each asset is located and assign custody to the occupant(s) of the office	FC/PPC	Dec 2016 (FYE)
Create a record of physical inventory count and maintain that record for review and inspection of future SM	PCU	Dec 2016 (FYE)
Issue different passwords and access rights to the 3 users of the accounting software	PCU/Software consultant	Dec 2016 (FYE)
Speed up the process of AWPB approval in order to ensure that it is submitted to IFAD by the end of October	SCUs, PCU	Immediately
Urgently resolve 3 key issues in order to increase FY 2016 AWPB execution	PCU	Immediately
Obtain WA 32, update the WA for both amount and claim, obtain all signatures, and re-send it to the MOF	FM staff/PPC	Dec 2016 (FYE)
All evidence related to a payment to be bundled and retained together; government policies and project rules to be translated into English	FC/PPC	Dec 2016 (FYE)
Obtain the fuel log sheets of NK and SK and the final invoices and present them for the FY 2016 external audit	FM staff/PPC	Dec 2016 (FYE)
Resolve the issue of the ineligible expenses, as the project may have to refund the amounts to IFAD	PCU	Immediately
Claim the amounts withheld by IFAD in the prior WAs once the revised Financing Agreement has been signed and refund the govt for its contribution towards FY 2016 staff salaries	PCU	Dec 2016/ continuous
Cash count be conducted at PCU and SCUs whenever cash is received and transferred/deposited	Related staff/PPC	March 2016
Create 2 cash books at both the PCU and SCUs, one for seeds and one for equipment rentals	FM staff/PPC	January 2016
Request the government for its data on its contribution to the project	FC/PPC	Dec 2016/ continuous
Setup a meeting with the IA department at the earliest to discuss the upcoming IA	FC/PPC	November 2016
Implement all audit recommendations to date before the next supervision mission	PCU/MoFEP	Dec 2016/ continuous
Provide all required PFS in proper format and ensure that the auditors comply with their ToRs	FC/PPC	December 2016

Procurement

86. Overall, the project performance on procurement is considered to be *moderately satisfactory (4)*. CCU carries out all large procurement transactions that use NCB, ICB and QCSB. The PCU manages all other procurement. The project is also responsible for the preparation and update of the procurement plan.

87. **Procurement at the CCU level.** The procurement plan for FY 2016 includes three procurement transactions to be handled by the CCU.²¹

88. **Procurement at the project level.** The mission observes continued improvement in capacity of procurement staff. However, there were two cases of non-compliance; i) prior no-objection for a SSS process (accounting system consultant) was not obtained and; ii) an unplanned transaction (for connectivity service) was processed. The project management should provide justification for IFAD

21 Two transactions (rolling down from previous year's plan) have been processed but delivery of respective goods is not yet completed. The third transaction has been postponed to be implemented in the year 2016. Procurement of project vehicles (implemented transactions through CCU) has been carried out through procurement from UNWFP (on exceptional basis) due to weak market response and exceptionally high prices to tenders launched by CCU, as well as long lead time for delivery of goods.

and seek consideration for ex-post no-objection. *The mission strongly, recommends that project management should avoid similar practices, which may lead to declaring miss procurement.*

89. **Procurement Planning.** The procurement plan meets basic requirements. The PP has been updated to reflect the actual time of implemented activities and also indicated activities that are carried forward for next year or cancelled altogether. *The mission recommends to regularly update/revise PP and obtain approval of revised PP before implementation of activities.*

90. **Contract Register.** The mission reviewed the project register of contracts on sample basis. The mission noticed the following: (i) All contracts and purchase orders for procurement transactions were enrolled on the register of contracts, but (ii) description of procurement activities is not clearly spelt out in the contract register. *The mission recommends that the project should clearly spell out description of goods, works or service provided under individual contracts and purchase orders.*

91. **The procurement filing system.** The project maintains a dedicated procurement filing system as of 2015, with clear improvements since the 2015 supervision mission. However documentation of procurement transactions carried out at CCU level, is either incomplete or not available at all. *The project should obtain documentation for all transactions carried out at CCU level and maintain appropriate filing for these transactions.*

92. **Procurement post review** was conducted on sample basis.²² Based on the findings of the post review, the PCU should focus on the following: (i) *avoid use of direct contracting unless explicitly mentioned in the procurement plan and cleared in advance by IFAD, (ii) procurement methods and review requirements on the PP should abide by LTR provisions and (iii) procurement methods/review requirements in the procurement plan should be followed strictly.*

Agreed action	Responsibility	Agreed date
Provide justification/seek ex-post approval of SSS and unplanned procurements and avoid similar practices in future	PPC/Procurement officer	Immediately/on-going
Finalise PP before beginning of year, update/revise as needed and obtain approval before implementing revised activities	PPC/Procurement officer	Continuous
Clearly spell out description of goods, works or services on register of contracts.	Procurement officer	Continuous
Obtain complete documentation of transactions carried out at CCU level and maintain appropriate filing	Procurement officer/project	Immediately/on-going
Adhere to LTR provisions in determining procurement methods and review requirements on the PP and adhere to methods/review requirements set in the PP	PPC/Procurement officer	Continuous

F. Sustainability

93. **Institutions building** is *Moderately Satisfactory*. The project supports the development of a nation-wide enabling institutional and policy environment for the seed sector and strengthen relevant seed sector authorities. The FSA's Central Seed Testing Laboratory equipment is currently being cleared by custom authority, thus laying the ground for enhanced seed quality control capacities²³. The first State Seed Forum in NK, attended by 50 persons, resulted in the formation of a State seed council and Inspector Office²⁴.

94. **Empowerment** is rated as *Moderately Satisfactory*. The structuration of beneficiaries into SGGs & GPGs is empowering farmers to access better services (inputs, services, microfinance) and secure market outputs for their products. This year, SGG's sold 45% of their total seed production directly to PSC, positioning SGGs as trusted partner in the seed value chain. Various channels are used to build capacity and raise awareness, including extension campaigns, exchange visits, participatory research, SDP and PSCs demos.

²² For twelve contracts carried out in 2016, see Annex 2 for details.

²³ In addition, 17 staff from the Federal and State Seed units attended seed testing and inspections training in Egypt.

²⁴ A similar set-up is expected to be replicated in SK before the end of the year.

95. **Quality of beneficiary participation** is *Satisfactory*. SDP beneficiaries consists of three main groups of stakeholders: small producers, the private sector and ARC. Established LETs provide key technical guidance and training to enhance beneficiaries' engagement; either through planning the demonstrations sites or in supporting producers to enter into commercial based contractual arrangements. In the ARC participatory research, farmers' priorities are taken into consideration throughout the growing cycle to increase the adoption rates.

96. **Responsiveness of private sector partners** is *Moderately Satisfactory*. The project continues to make progress in developing and formalising its relationship with the private sector. Three additional MoUs were signed with Edooma, Nour Agrosience and Dal Engineering. This brings the number of PSC involved in SDP area to 6 and PSCs led demos to 70. Moreover, the project cooperation with ABSUMI and Bara'ah has been smooth in 2016. However, there were issues with MSPs not adhering to contractual obligations. Sustaining PS responsiveness will depend on the availability and performance of community based intermediaries or agents to facilitate linkages with producers.

97. **Exit strategy** is *Satisfactory*. The sustainability of extension team support to SGGs and GPGs is questionable in view of limited government resources, as witnessed by the chronic shortage of counterpart funds. A strategy to create capacity of PSCs, service providers (for mechanisation and agrochemicals) and finance institutions to reach out to farmers will improve sustainability. Since the MTR, the project has launched its partnership with the private sector encompassing provision of seed, agrochemicals, mechanized services and rural finance to smallholder farmers. At the core of the partnership forged between these parties is the premise that the packages are good business for the PS and reduce cost and increase yields for farmers and are thus sustainable. In the season 2017 the project seeks to make the partnership self-replicable by developing business with champions who have incentives to replicate the partnership in new communities. The LETs role remains to provide quality assurance, but their inputs are not needed to support the partnership.

98. **Potential for scaling up and replication** is *Satisfactory*. The project, along with SUSTAIN, has witnessed promising successes in the piloting of linking remotely located smallholder farmers with input and service providers for whom such partnership was traditionally seen as not a valid business proposal. Success in the difficult conditions of the project area suggest that the project concept is worthy for consideration for scaling up in a wider context.

G. Other

99. **Impact**. Indicative estimate of productivity increase for SGGs applying the improved technical packages range between 30% to 50% for groundnut and sesame production. The mechanised operations also influences the allocation of labour, saving up to 8 man days or the equivalent of 1'200 SDGs if the combination of chiselling, certified rates and herbicides is applied. In some case, these labour saving technologies are competitive with the price applied for traditional methods, i.e. for the first and second weeding. Farmers who benefit from SDP's subsidised agricultural machineries have bigger profit margin than those operating in the full implementation village.

100. The on-farm demonstrations have convinced both farmers and the private sector of the validity of the technical packages. As for the impact of older SDP demonstrations from 2013-15, the mission witnessed an 80-100% adoption of varieties in villages where demonstrations had been held. Moreover, farmers were selling their crop as improved seed to neighbouring villages, thus magnifying the impact. Based on amounts of such improved seed sold, the mission roughly estimates that approximately 10% of farmers of neighbouring villages have adopted the improved seed 2 years from demonstration. However, a dissemination seed survey needs to be implemented to confirm the impact of the demonstrations and dissemination of certified and improved seed.

101. **Amendment of Financing Agreement**: The validity of the project revisions initially agreed on during the MTR 2014 was confirmed by the supervision mission of December 2015. A process to amend the Financing Agreement accordingly to include two new districts, to better reflect the new

reality of implementation, and to reallocate funds was initiated in Q1/2016. Processing at the MoFEP was delayed due to the fact that all such changes had previously not been explicitly endorsed by an IFAD supervision mission. Noting that such endorsement is of an advisory quality only and of no binding effect, and that authority to amend a Financing Agreement resides only with the designated representatives of the Government and IFAD, the mission discussed the Financing Agreement and justifications for amendments with counterparts at MoFEP, and hereby endorses such amendments duly outlined in tracks in Annex X. Justifications for reallocations are outlined in Annex XI.

H. Conclusion

102. The project at all levels from PCU to LETs can be commended for having quickly understood the challenging concepts for private sector partnerships agreed on during the 2014 MTR and the 2015 supervision mission. In the same time, preparation for the 2016 season started too late, resulting in limited outreach and outcomes. The following points are crucial to successfully launch the last project season:

- a) **Seed policy.** The Seed Policy should be finalised and endorsed. SDP will support the Seed Council as needed e.g. by availing financial resources for international consultancy. In connection with finalising the seed policy, the Seed Council and Government should determine whether Sudan wishes to apply for UPOV membership and revise the seed law accordingly.
- b) **Amend the Financing Agreement.** The Financing Agreement needs to be amended to accommodate the MTR revisions validated by the previous supervision mission, inclusion of two new localities and a reallocation of funds.
- c) **Early planning.** Preparatory work for the season 2016 should commence already in October 2016 in order to achieve good results. This should kick off with field visits close to harvesting. At a minimum all contemplated full intervention villages of 2017 should participate.
- d) **PCU strengthening.** The PCU should i) assume a more active role in leading the planning processes in cooperation with NK and SK teams and following up on implementation; and ii) nominate the Seed Specialist, Gender Specialist and Rural Finance Specialist as *Sector Coordinators* for the respective roles of *Operations Coordinator* managing a Private Sector Division; a *Community Mobilization Coordinator* and a *Rural Finance Coordinator*. Each Sector Coordinator, reporting to the Project Coordinator, would assume a leadership role for their sector area.

103. The Government of The Sudan and IFAD endorse the findings of this Supervision Mission.

Appendix 1: Summary of project status and ratings

Basic Facts

Country	Sudan	Project ID	1612	Loan/DSF Grant No.	8094
Project	Seed Development Project			Top-up Loan/DSF Grant	
Date of Update	21-Dec-2015				
Supervising Inst.	IFAD/IFAD				
No. of Supervisions	3	No. of Implementation Support/Follow-up missions	5		
Last Supervision	Dec 2015	Last Implementation Support/Follow-up mission	April 2016		

					USD million	Disb. rate %
Approval	13-Dec-2011			Total financing	18.26	28
Agreement	24-Feb-2012	Effectiveness lag	2.4	IFAD Total	10.07	55
Entry into force	24-Feb-2012	PAR value	-----	IFAD loan		
First disbursement	23-Oct-2012			DSF grant	10.07	55
MTR	28-Oct-2014	Last amendment		IFAD grant		
Original completion	31-Mar-2018	Last audit	Jun 2015	Domestic Total	8.19	8
Current completion	31-Mar-2018			Beneficiaries	2.47	0
Original closing	30-Sep-2018			Government (National)	4.14	8
Current closing	30-Sep-2018			Private Sector Local	1.58	0
No. of extensions	0			External Cofinancing Total		

Project Performance Ratings

B.1 Fiduciary Aspects	Last	Current	B.2 Project implementation progress	Last	Current
1. Quality of financial management	4	4	1. Quality of project management	4	4
2. Acceptable disbursement rate	6	6	2. Performance of M&E	3	3
3. Counterpart funds	4	4	3. Coherence between AWPB & implementation	4	4
4. Compliance with financing covenants	4	4	4. Gender focus	5	5
5. Compliance with procurement	4	4	5. Poverty focus	4	4
6. Quality and timeliness of audits	4	4	6. Effectiveness of targeting approach	5	5
			7. Innovation and learning	4	4
			8. Climate and environment focus	5	5
B.3 Outputs and outcomes	Last	Current	B.4 Sustainability	Last	Current
1. Institutional and Regulatory Environment	4	4	1. Institution building (organizations, etc.)	4	4
2. Seed Production System	4	4	2. Empowerment	4	4
3. Seed Market Development	4	4	3. Quality of beneficiary participation	4	5
			4. Responsiveness of service providers	4	4
			5. Exit strategy (readiness and quality)	4	5
			6. Potential for scaling up and replication	5	5

B.5 Justification of ratings

Quality of beneficiary participation (5): SDP beneficiaries consists of three main groups of stakeholders: small producers, the private sector and ARC. Beneficiaries' engagement is convincing, witnessed in the widespread adoption of new technologies e.g. of seed. **Exit strategy (5):** The sustainability of extension team support to SGGs and GPGs is

complemented by capacity building of PSCs, service providers (for mechanisation and agrochemicals) and finance institutions to reach out to farmers. In the season 2017 the project seeks to make the partnership self-replicable by developing business with champions who have incentives to replicate the partnership in new communities. **Potential for scaling up and replication (5).** The project has witnessed promising successes in the piloting of linking remotely located smallholder farmers with input and service providers for whom such partnership was traditionally seen as not a valid business proposal. Success in the difficult conditions of the project area suggest that the project concept is worthy for consideration for scaling up in a wider context.

Overall Assessment and Risk Profile

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

Rationale for implementation progress rating

The upgrading of the overall implementation performance rating is a consequence of the progress SDP has made in brokering public-private partnership between the project, PSCs and beneficiaries. Engagement with the private seed companies has increased the potential for a well-functioning seed value chain supply in the project area.

C.5 Likelihood of achieving the development objectives (section B3 and B4)	4	4
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Rationale for development objectives rating

The MTR in 2014 and missions in 2015-16 resulted in changes to the private sector engagement with promising results with regards to seed production and seed marketing. SDP has also made progress in brokering innovative public-private business relationships between PSCs and MFIs, which supports sustainability of the exit strategy and scaling up of activities. Rural finance activities have taken off with an increase of loans disbursed indicating that the project is on a sound development path.

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

Fiduciary aspects	Procurement procedures at PCU level have improved, however documentation of procurement transactions carried out at CCU level, is either incomplete or not available at all. Weaknesses related to procurement planning and filing of documents should be addressed.
Project implementation progress	The project needs to mobilize new communities to reach the targeted amount of beneficiaries foreseen during design. The preparedness of such communities for the project linkage with private sector actors still needs to be proven.
Outputs and outcomes	Weaknesses in PCS demos are found in the design of plots, application of technical packages, extension support and seed quality.
Sustainability	Limited government resources decrease the sustainability of services provided by the extension teams. This is however mitigated by a sustainable strategy to involve the private sector.

Appendix 2: Updated logical framework: Progress against objectives, outcomes and outputs

Narrative Summary	Verifiable Indicators	Means of Verification	Assumptions
COSOP Goal			
Food security, incomes and resilience to shocks of the smallholder producers (including youth and women) in rainfed areas of North and South Kordofan improved.	-Prevalence of malnutrition in children under age of five years reduced : rate reduced from 3% to 2% (RIMS)	-RIMS baseline survey and impact survey	-Macro-economic stability
	-Improved food security : food insecurity reduced from 55% to 40%.(RIMS)	-Anthropometric and UNICEF periodic surveys	-Contained insecurity events
	-Increase in HH asset index : production 5 fed in qoz soils, 3 fed in gardud soils and 10 fed in clay soils doubles.	-Official gvt. statistical yearbooks; censuses	
		-HH income and expenditure surveys	
Development Objective			
Increased crop productivity for 69,000 smallholders using certified and improved seeds in North and South Kordofan	100% increase in the yields for 75% of GPG members applying the full package of agricultural practices recommended by project, as compared to the baseline: NK: Sorghum 155 kg/fd; Millet 125 kg/fd; Sesame 204 kg/fd; Groundnut 171 kg/fd SK: Sorghum 313 kg/fd; Millet 147 kg/fd; Sesame 349 kg/fd; Groundnut 188 kg/fd	-Baseline survey, Mid Term Review (MTR) and completion assessments	-Expanding access to input suppliers, extension advisory services, credit and insurance
	-45,000 smallholder men and 19,000 smallholder women reporting increase in yields for all crops disaggregated by gender (RIMS)	-Ministry of Agriculture crop cutting surveys and annual crop assessment -Agricultural Research Corporation (ARC) and National Seed Administration (NSA) reports	
Component 1 – Strengthening and Development of Institutional and Regulatory Environment			
Outcome: Conducive policy and institutional environment for the seed industry in place	-By laws of Seed Act 2010 in place by mid-2012 and fully enforced by 2012	Client survey	-NSA operates in an autonomous way
		Institutional performance assessment	-Gvt phases out distribution of free or subsidized seeds
	-Operational self-sufficiency for FSA by 2014 (RIMS)	Record on law enforcement	-Seed policy for the UN agencies operating in Sudan is harmonized

Narrative Summary	Verifiable Indicators	Means of Verification	Assumptions
Outputs			
1.1 Plant variety protection legislation drafted, approved and enforced.	-PVP legislation promulgated by end 2012.	-Legislation document	-Seed Council is timely appointed by the Government (target date: end 2011).
1.2 Federal Seed Administration (FSA) is capacitated to effectively monitor the multiplication and certification standards.	-70 FSA staff and extension agents trained (RIMS), 30% women -1 central laboratory at the Federal level accredited to the International Seed Testing Association (ISTA) standards by 2014. -2 laboratories established and equipped in North and South Kordofan States.	-National Seed Administration activity report on number of seed crop fields certified per year, number of seed samples tested per year, no. staff trained per year	
1.3 Multi-stakeholder policy dialogue, with participation from youth and women in seed sector is established.	-Bi-annual forums convened regularly from 2012 at National and State levels. -At least 50 persons attend each multi-stakeholder forum.	-National seed policy document -Proceedings of bi-annual meetings	
Component 2 -Improvement of the Seed Production System			
Outcome: An economically viable seed production system that meets farmers' expectations and demands in place	-8 SGG operational in 2014; 12 SGGs operational in 2017 -4 medium sized farmers operational in 2017 -Cash returns per seed growing Hhd reach SDG1700/Hhd/yr in 2014 and SDG 2800/Hhd/ yr in 2017)	-Surveys at MTR and completion	
Outputs			
2.1 ARC capacitated for implementation of participatory breeding research	-Appropriate sorghum seed variety and cultivation practices for gardud soils tested and ready for dissemination by 2014 -At least 1 new variety of millet in NK, and sesame for NK and SK -Number of participatory research committees in place for ARC stations in El Obeid and Kadugli.	-ARC reports on number of varieties released per year and maintenance record of released varieties	Procedures for ARC-ASARECA collaboration timely implemented
2.2 High quality and sufficient quantity of breeder/foundation/registered seeds produced by Agricultural Research Corporation (ARC).	-Production of 23 MT of registered seeds in 2012, 90 MT of registered seeds produced for 2013 and 2014.	-ARC activity report on breeder/foundation/registered seed production statistics for the two States; frequency of varietal replacement in the national varietal catalogue; record of national seed	ARC adequately equipped to produce sufficient quantities of breeder & foundation/registered seed

Narrative Summary	Verifiable Indicators	Means of Verification	Assumptions
		standards in project years	
2.3 The extension system is strengthened to support target seed producer enterprises.	-30 men and 15 women extension agents trained on seed production and marketing -one operational/field manual developed and distributed to 12 seed grower groups	-Project monitoring reports	Sufficient human resources for two 4 member team mobilized
2.4 Seed growers are enabled to produce certified seeds of improved and traditional varieties.	-400 MT of certified seeds produced by 2017 -100 women and 220 men accessing advisory services for seed production by 2017 (RIMS)	-Baseline survey, MTR and completion assessments -Project monitoring reports on quantity and quality of seed produced by groups in project years	SGG and seed companies adhere to respective contractual obligations
Component 3 -Support Seed Market Development			
Outcome: Improved seed supply system with improved market delivery mechanisms in place.	-483,000 fed cultivated with certified and/or improved seeds in the project area in 2017 (RIMS) -15,000 farmers use certified and/or improved seeds and SWC by 2017; 30% women (RIMS)	-Baseline survey, MTR and completion assessments	Seed companies able to mobilize SDG 6 million for scaling up phase
Outputs			
3.1 Marketing of certified seeds to smallholder producers established	-Number of farmers reached through the PSC marketing: 10 500 in 2014 and 69 000 in 2017 ; with 30% women	-Client survey for farmers	
3.2 Farmers empowered to use certified and improved seeds and improved techniques.	-Demand for certified and improved seeds reaches at least 483,000 feddan at the end of 2017.	-Baseline survey, MTR and completion assessments	Farmers access to credit and insurance facilitate purchase of certified seeds
3.3 Increased access of farmers/ grain producers to credit and microfinance	-ABSUMI branch operational in Sheikan in 2012; and ABSUMI branches operational in Abu Gibeih and El Rahad by 2017). At least 7,200 production loans disbursed in 2017	-Records from Bara'ah, ABSUMI, ABS and other banks -Records from Sheikan Insurance Co. - ABSUMI records	MoU signed between PCU and banks/ MFI to facilitate access of farmers/grain producers to micro-credit SDG 500-600/ loan

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

Action Area	Agreed actions	Responsibility	Agreed date	Progress
Component 1	Follow up with the Ministry to ascertain the precise status of the policy	PCU Seed Specialist	30 Oct 2016	
	Provide support to the next national and state seed forums	PCU	30 April 2017	
	Clarify with authorities whether UPOV membership will be sought	PCU Seed Specialist	30 Oct 2016	
	Offer support in charge of development of the Seed Law	PCU	01 March 2016	
	Support the delivery and installation of laboratory equipment	PCU	30 Nov 2016	
	Ensure that a laboratory manual is prepared with a view to ISTA accreditation by the end of 2017	PCU	01 March 2016	
	Provide letters of delegation from FSA to the state staff	FSA	30 Oct 2016	
	Urgently conducts the second seed crop inspection and the seed certification in El Sahal community in SK	FSA	30 Oct 2016	
Component 2	Finalise the participatory approaches manual, including criteria to be used with communities to evaluate the trails	ARC	31 st Dec 2016	
	Distribute article of baseline data that was recently accepted for publication*	ARC	30 Oct 2016	
	Work closely and in a timely manner with SDP to ensure all technical packages have extension materials ahead of the next season	ARC	Continuous	
	ARC in NK and SK should hold a combined 2015-2016 end of season review and planning meeting and use these results be used for designing the SDP and PSC demos in 2017 (December 2015 recommendation)	ARC	End March 2017	
	Extension teams use improved FAAB curriculum (see below) to review the seed production season with the SGGs to determine successes, profits made, challenges in linking to the PSCs etc*	FAAB Team	End of March 2017	
	Conduct a survey to track the final destination of the purchased certified seed, number of beneficiaries and area planted. Explore feasibility to hire undergraduate students to conduct the survey.*	PCU M&E officer	End Feb 2017	
Component 3	Stocktaking exercise undertaken for 2016 season leading to a PSD Strategic Plan for 2017	PSD head supported by FAAB, MSP, PPP working with State Focal Points and LETs Strategic Plan -- PSD with PC guidance	2016 Stocktaking Mid-Oct to 30 Nov. 2017 Strategic plan by end Dec 15 December 2016	
	Analyse and disseminate results of demonstrations.	Senior M&E officer, Senior KM Officer*		

Action Area	Agreed actions	Responsibility	Agreed date	Progress
	Harvest field days for the SDP/PSC and on-farm demonstrations. The invitation list should include farmers, agro-dealers, SSPs, MSPs, the MFIs, the PSCs, equipment suppliers as well government officials.	By harvest, except for on-farm groundnut where Harvest Field Days can center around demonstrating the digger/shaker harvester	PCC, MDC lead State Focal Points should develop Harvest Field Day plans to PCU	
	Completes demonstration plans in time for 2017 season	PCU	30 March 2017	
	Conduct field days and exchange visits before end of 2016 season	SCU	30 October 2016	
	Staff LETs to match SDP requirements. Each LET should have a 1) plant protection specialist implementing the SSP, 2) a mechanization specialist implementing the MSP, and 3) an agricultural economist overseeing FAAB (and supporting rural finance). They should be provided the appropriate supplemental training.	PC supported by State Focal Point heads	15 December 2016	
	Conduct a dissemination survey as part of the 2017 annual survey	PCU	End Feb 2017	
	Facilitate linkages between farmers and input/service providers in graduated villages; and in carefully selected cases in full intervention villages. Drop the ICGP	OC, CMC	Immediate	
	- Disbursement of 4,000 – 4,500 seasonal loans in 2017 by Bara'ah and ABSUMI including loans by ABSUMI Al Rahad Unit	PC Led by SDP RF specialist in coordination with ABSUMI NC and RC	Mid October Oct 16	
	- Implement 1 st cycle loan ceiling at SDG 1,000, 2 nd cycle at SDG 1,500 and 3 rd cycle at 2,000	Led by ABSUMI NC and RC with follow up by SDP RF specialist	Dec 16	
	- Expose COs (ABSUMI and Bara'ah) to all stages of the demonstrations	Coordinated by SDP RF specialist in coordination with extension team, ABSUMI and Bara'ah	Continuous	
	- Hold refresher training for COs on improved agronomic packages incorporating lessons from 2016 season	Coordinated by SDP RF specialist in coordination with extension team, ABSUMI and Bara'ah	January 2017	
	- Apportion the seasonal loan according to different improved practices to ensure 70-80% of clients adopt the full package in 2017.	ABSUMI/Bara'ah with follow up by the SDP RF specialist	Dec 2016	
	- Increase responsiveness (through conventional or special seasonal loan) to farmers who do not adopt full seasonal loan package but require mid/end-season financing for isolated agronomic practices.	Follow up during refresher course by SDP RF specialist	Jan 17 and then continuous during season	
	- Complete cluster identification and village selection for targeting the seasonal loans in 2017	SDP management led by RF specialist in coordination with extension team and MFI partners	October 2016	

Action Area	Agreed actions	Responsibility	Agreed date	Progress
	- Develop VSCGs in existing and new SDP villages where ABSUMI is expected to deliver seasonal loans in 2017	SDP RF specialist in coordination with SDP extension teams	Continuous starting Oct 16	
	- Pilot the agent based model for supply of inputs and services to seasonal loan clients. Target between 10-15 agents in the project area. (Refer to detailed workplan in working paper.)	Led by SDP RF specialist in coordination with SDP private sector consultants, extension teams, ABSUMI RC, Unit heads and Bara'ah Manager	Refer to detailed work plan in working paper	
	- Organise coordination meeting between MFIs operating in the project area to prevent multiple lending to the same groups	State MFUs followed up by the SDP RF specialist	Dec 16 and May 17	
	- Facilitate agricultural equipment financing by ABS or any other financial institution to at least 2 MSPs per locality	Initiated, coordinated and followed up by SDP RF specialist in collaboration with ABSUMI RC, ABS sector investment officers and relevant extension teams	Financed machinery available by May 17	
Overall progress	Eliminate PPP specialist position and allocated duties on PSD head.	PC	Mid-October to End-November	
	Create private sector division (PSD) at PCU managed by the current seed specialist with three specialist consultants: mechanization, plant protection, and FAAB.	PC in cooperation with seed specialist	Mid-October to End-November	
	Assign responsibilities to the OC, CMC and Rural Finance specialist as per their focus areas.	PC in cooperation with OC, CMC and RFS	Mid-October to End-November	
	Eliminate PPP specialist position and allocated duties on PSD head.	PC	Mid-October to End-November	
	PCU to provide Provides Strategic Direction and operational monitoring.	Ongoing	PC, State Focal Points, LET leaders, NK SK MoA	
	Finalise the coordinates' database, and provide cross sections for type of village (demo, GPG, SGG) and phase of intervention (exposure, FI, graduation) by year.	Senior M&E officer	30 November 2016	
	Develop a service provider database with coordinates.	Senior M&E officer	15 December 2016	
	Finalise and implement the M&E plan	Senior M&E officer, NK and SK M&E officers	Continuous	
	Recruit a long term consultant to lead M&E at PCU level and reassign the current senior M&E officer to full time Senior KM Officer.	PC	31 October 2016	
	Timely reporting. Reporting to IFAD comes only after support or follow-up missions arrive in country, and much time is wasted in getting to grips with the basics rather than focusing on key problems or opportunities.	PC, Senior M&E officer	Immediate	
	Develop a project specific KM Action Plan for 2017, with concrete KM outputs for 2017	PCU	31 December 2016	

Action Area	Agreed actions	Responsibility	Agreed date	Progress
	Conduct assessment of specific KM capacity building needs at PCU level and NK PCU and SK PCU level.	PCU	31 December 2016	
	Prepare Action Plan for integrating the household GALS methodology in the SDP AWPB 2017.	Community Development Officer PCU	1 December 2016	
	Increase women and youth representation in leadership positions at CDC level	FC/PPC	1 March 2017	
	Urgently obtain the relevant expense data from the FSA and other implementing partners to reflect it in the FY 2016 annual financial statements	FC/PPC	Dec 2016 (FYE)	
	Accounting software manual to be printed out and distributed to all accounting and administrative staff	FC/PPC	Immediately	
	PCU and SCUs to back up their accounting data on USB keys once per week, USB keys to be stored in a safe place outside the offices	PCU, SCUs	Dec 2016 (FYE)	
	Additional columns be inserted in the FAR to indicate the office room in which each asset is located and assign custody to the occupant(s) of the office	FC/PPC	Dec 2016 (FYE)	
	Create a record of physical inventory count and maintain that record for review and inspection of future SM	PCU	Dec 2016 (FYE)	
	Issue different passwords and access rights to the 3 users of the accounting software	PCU/Software consultant SCUs, PCU	Dec 2016 (FYE) Immediately	
	Speed up the process of AWPB approval in order to ensure that it is submitted to IFAD by the end of October			
	Urgently resolve 3 key issues in order to increase FY 2016 AWPB execution	PCU	Immediately	
	Obtain WA 32, update the WA for both amount and claim, obtain all signatures, and re-send it to the MOF	FM staff/PPC	Dec 2016 (FYE)	
	All evidence related to a payment to be bundled and retained together; government policies and project rules to be translated into English	FC/PPC	Dec 2016 (FYE)	
	Obtain the fuel log sheets of NK and SK and the final invoices and present them for the FY 2016 external audit	FM staff/PPC	Dec 2016 (FYE)	
	Resolve the issue of the ineligible expenses, as the project may have to refund the amounts to IFAD	PCU	Immediately	
	Claim the amounts withheld by IFAD in the prior WAs once the revised Financing Agreement has been signed and refund the govt for its contribution towards FY 2016 staff salaries	PCU	Dec 2016/continuous	
	Cash count be conducted at PCU and SCUs whenever cash is received and transferred/deposited	Related staff/PPC	March 2016	
	Create 2 cash books at both the PCU and SCUs, one for seeds and one for equipment rentals	FM staff/PPC	January 2016	
	Request the government for its data on its contribution to the project	FC/PPC	Dec 2016/continuous	
	Setup a meeting with the IA department at the earliest to discuss the upcoming IA	FC/PPC	November 2016	
	Implement all audit recommendations to date before the next supervision mission	PCU/MoFEP	Dec 2016/continuous	
	Provide all required PFS in proper format and ensure that the auditors comply with their ToRs	FC/PPC	December 2016	
	Provide justification/seek ex-post approval of SSS and unplanned procurements and avoid similar practices in future	PPC/Procurement officer	Immediately/on-going	
	Finalise PP before beginning of year, update/revise as needed and obtain approval before implementing revised activities	PPC/Procurement officer	Continuous	

Action Area	Agreed actions	Responsibility	Agreed date	Progress
	Clearly spell out description of goods, works or services on register of contracts.	Procurement officer	Continuous	
	Obtain complete documentation of transactions carried out at CCU level and maintain appropriate filing	Procurement officer/project	Immediately /on-going	
	Adhere to LTR provisions in determining procurement methods and review requirements on the PP and adhere to methods/review requirements set in the PP	PPC/Procurement officer	Continuous	

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

FIRST LEVEL RESULTS

Results	Unit	Period ending:			Cumulative				Sum of actuals of previous years
		AWP&B	Actual	% of AWPB	Appraisal	MTR	Actual	% of Appraisal	
Total Outreach									
Communities receiving project services	Number	0	105	N/D	220	200	105	53%	105
Households receiving project services	Number	0	10,500	N/D	24,000	20,000	10,500	53%	10,500
People receiving project services	Male	0	31,248	N/D	73,500	55,800	31,248	56%	31,248
People receiving project services	Female	0	33,852	N/D	65,100	68,200	33,852	50%	33,852
People receiving project services	Number	0	65,100	N/D	138,600	124,000	65,100	53%	65,100
Institutional support									
Other productive infrastructure constructed/rehabilitated	Number	1	0	0%	3	3	4	133%	4
Government officials and staff trained	Male	4	3	75%	45	45	16	36%	13
Government officials and staff trained	Female	5	2	40%	25	25	7	28%	5
Government officials and staff trained	Number	10	5	50%	70	70	23	33%	18
Effectiveness: promotion of pro-poor policies and institutions	Rating	5	3	60%	5	5	3	60%	
Seed production system/multiplication									
Crop/ livestock production groups formed/ strengthened	Number	0	0		32	12	8	67%	8
People in crop/ livestock production groups formed/ strengthened	Male	0	0		890	336	322	96%	322
People in crop/ livestock production groups formed/ strengthened	Female	0	0		390	144	186	129%	186
People in crop/ livestock production groups formed/ strengthened	Number	0	0		1,280	480	508	106%	508
People trained in crop production and technologies	Male	168	150	89%	890	220	419	190%	269
People trained in crop production and technologies	Female	72	43	60%	390	100	251	251%	208
People trained in crop production and technologies	Number	240	193	80%	1,280	320	670	209%	477
Staff of service providers trained	Male	60	59	98%	100	100	97	97%	38
Staff of service providers trained	Female	40	40	100%	50	50	69	138%	29

		Period ending:	31-Dec			Cumulative				Sum of actuals of previous years
Results	Unit	AWP&B	Actual	% of AWPB	Appraisal	MTR	Actual	% of Appraisal		
Staff of service providers trained	Number	100	99	99%	150	150	166	111%	67	
Effectiveness: improved agricultural, livestock and fishery production	Rating	5	4	80%	5	5	4	80%		
Likelihood of sustainability of community groups formed/strengthened	Rating	5	5	100%	5	5	5	100%		
Likelihood of sustainability of crop/ livestock production groups formed/ strengthened	Rating	5	4	80%	5	5	4	80%		
Marketing inputs/outputs										
Marketing groups formed/strengthened	Number	0	0		220	200	105	53%	105	
Marketing groups with women in leadership position	Number	0	0		100	100	51	51%	51	
People in marketing groups formed/strengthened	Male	0	0	0%	30,800	12,000	7,651	64%	7,651	
People in marketing groups formed/strengthened	Female	0	0	0%	13,200	8,000	3,324	42%	3,324	
People in marketing groups formed/strengthened	Number	0	0	0%	44,000	20,000	10,975	55%	10,975	
People accessing advisory services facilitated by project	Male	3,500	3,123	89%	30,800	48,300	7,094	15%	3,971	
People accessing advisory services facilitated by project	Female	2,000	2,253	113%	13,200	20,700	4,127	20%	1,874	
People accessing advisory services facilitated by project	Number	5,500	5,376	98%	44,000	69,000	11,221	16%	5,845	
People trained in post-production, processing and marketing	Male	1,000	1,056	106%	5,000	5,000	1,056	21%		
People trained in post-production, processing and marketing	Female	500	459	92%	3,000	3,000	459	15%		
People trained in post-production, processing and marketing	Number	1,500	2,515	168%	8,000	8,000	2,515	31%		
Rural Finance										
Saving and credit groups formed/strengthened	Number	70	66	94%		200	66	33%		
People in saving and credit groups formed/strengthened	Male	700	592	85%		1,000	592	59%		

Results	Unit	Period ending: 31-Dec			Cumulative			Sum of actuals of previous years
		AWP&B	Actual	% of AWPB	Appraisal	MTR	Actual	% of Appraisal
People in saving and credit groups formed/strengthened	Female	700	362	52%		3,000	362	12%
People in saving and credit groups formed/strengthened	Number	1,400	954	68%		4,000	954	24%
Financial institutions participating in the project	Number	2	2	100%		2	2	100%
Staff of financial institutions trained	Male	10	10	100%		20	10	50%
Staff of financial institutions trained	Female	2	2	100%		10	2	20%
Staff of financial institutions trained	Number	12	12	100%		30	12	40%
Voluntary savers (disaggregated by gender)	Male	700	612	87%		1,000	612	61%
Voluntary savers (disaggregated by gender)	Female	700	279	40%		3,000	279	9%
Voluntary savers (disaggregated by gender)	Number	1,400	891	64%		4,000	891	22%
Value of voluntary savings	USD	50,000	37,000	74%		95,000	37,000	39%
Active borrowers (disaggregated by gender)	Male	700	612	87%				
Active borrowers (disaggregated by gender)	Female	700	279	40%				
Active borrowers (disaggregated by gender)	Number	1,400	891	64%				
Value of gross loan portfolio	USD	245,000	142,000	58%				
People trained in financial services	Male	700	612	87%		1,000	612	61%
People trained in financial services	Female	700	279	40%		3,000	279	9%
People trained in financial services	Number	1,400	891	64%		4,000	891	22%
Effectiveness: improved agricultural, livestock and fishery production	Rating	5	4	80%		5	4	80%
Likelihood of sustainability of crop/ livestock production groups formed/ strengthened	Rating	5	4	80%		5	4	80%
Effectiveness: producers benefiting from improved access to markets	Rating	5	5	100%		5	5	100%

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

Table 5A: Financial performance by financier as at 31/08/2016

Financier	Appraisal (USD million)	Revised Appraisal (USD million)	Actual (USD million)	Committed (USD million)	Total (USD million)	Per cent Actual
IFAD Grant	10.07	10.07	7.15	0.04	7.20	71%
Federal Government	4.14	4.14	0.46	-	0.46	11%
Seed Grower & Grain Producers	2.47	2.47	-	-	-	0%
Private Sector Company	1.58	1.58	-	-	-	0%
Total	18.26	18.26	7.62	0.04	7.66	42%

Table 5B: Financial performance by financier by component (USD) as at 31/8/2016

	IFAD grant			Government			Seed Grower & Grain Producers			Private Sector Company			Total		
Component	Revised Appraisal	Actual Exp	%	Revised Appraisal	Actual Exp	%	Revised Appraisal	Actual Exp	%	Revised Appraisal	Actual Exp	%	Revised Appraisal	Actual Exp	%
Institutional and Regulatory	1.32	0.83	63%	0.66	0.07	10%	-	-	0%	-	-	0	1.98	0.89	45%
Improvement of the Seed Production	1.34	1.23	91%	0.92	0.10	11%	0.04	-	0%	1.01	-	0%	3.31	1.32	40%
Seed Market Development Support	4.02	2.48	62%	2.1	0.11	5%	2.43	-	0%	0.57	-	0%	9.12	2.59	28%
Project Coordination and Management	3.39	2.63	77%	0.46	0.19	41%	-	-	0%	-	-	0	3.85	2.82	73%
Total	10.07	7.15	71.04%	4.14	0.46	11.22%	2.47	-	0.00%	1.58	-	0.00%	18.26	7.62	42%

Table 5C: IFAD Grant disbursements (SDR, as at 31/08/2016)

Category	Category description	Original	Revised	Disbursement	W/A pending*	Balance (excluding pending WA)	% Disbursement (excluding pending WA)	Balance (including pending WA)
		Allocation	Allocation					
1	Civil Works	150,000	150,000	179,323	-	(29,323)	119.5%	(29,323)
2	Fund	330,000	330,000	63,108	-	266,892	19.1%	266,892
	Vehicles	550,000	550,000	535,373	-	14,627	97.3%	14,627
2.a	Equipment	760,000	760,000	635,731	-	124,269	83.6%	124,269
	Technical Assistance - International TA	220,000	220,000	107,380	-	112,620	48.8%	112,620
2.b	Technical Assistance (National)	1,100,000	1,100,000	270,433	-	829,567	24.6%	829,567
3	Training	1,800,000	1,800,000	1,069,338	3,605	730,662	59.4%	727,057
3.a	Contracted Services	210,000	210,000	256,036	-	(46,036)	121.9%	(46,036)
4	Recurrent Costs	630,000	630,000	818,759	412,844	(188,759)	130.0%	(601,603)
	Initial Deposit			878,809		(878,809)	0.0%	(878,809)
	Unallocated	600,000	600,000			600,000		600,000
	Total	6,350,000	6,350,000	4,814,290	416,450	1,535,710	75.8%	1,119,260.53

NB: Exchange rate used to compute pending WA is SDR 1 = EURO 1.247470

Appendix 6: Compliance with legal covenants: Status of implementation

Section	Covenant	Target/Action Due Date	Compliance Status/Date	Remarks
Section B.3 and 4	The PCU shall open and maintain a designated account in Euro for the initial advance and also a project account in local currency.	At the project start	Complied with	Both the designated account and project operating are opened and maintained
Section B.5	GOS is to provide counterpart financing to the project equivalent to USD 3.42 million. This is to cover: duties and taxes USD 1.46 million; insurance premium USD 1.57 million, following GOS policy; and contribution to recurrent costs USD 0.39 million		Complied with	GOS is fulfilling its commitment regarding duties and VAT as well as contribution toward recurrent cost. However, insurance premium is yet to be covered –as respective activities have not yet materialized.
Schedule 1, Para 7	The project shall be managed by the PCU of WSRMP. The composition of the PCU will be expanded to reflect the technical and financial expertise required to implement the project. The composition of the PCU will be detailed in PIM.		Complied with	WSRMP PCU is managing the project and composition thereof is detailed in SDP PIM
Schedule 1, Para 9	Project AWPB shall be prepared at locality level at the 3rd quarter of each year for the following year. The project AWPB shall submitted for IFAD no objection in November of each year		Partially complied with	The project prepares and submits AWPB annual on schedule. In FY 2016 AWPB was submitted late
Schedule 1, Para 10	The M & E system of WSRMP shall be expanded to incorporate the project. The M & E system shall be elaborated in the PIM		Complied with	The M & E system is fully in place; reporting channeled from CDC to LET team leader, to state focal point M & E and then to PCU for compilation and consolidation. BLS, and RIMS surveys have already been carried out.
Schedule 1, Para 11	The project implementation manual (PIM) shall be formulated, validated by the national and state government levels and submitted to IFAD for no objection within 6 months from the date of entry into force		Complied with	The PIM draft has been approved by IFAD. The manual has been distributed to different project implementation partners and is now being used in the daily project operations. However, the intended launching workshop was not held
GC, Section 7.05	Procurement of goods, works and services shall be carried out in accordance with the provisions of Recipient's procurement regulations to the extent that such regulations are consistent with IFAD procurement guidelines. Each procurement plan shall identify procedures which must be implemented in order to ensure consistence with IFAD procurement guidelines		Complied with	
GC, Section 8.03 (a)	Progress reports shall be submitted to IFAD on semi-annual basis		Complied with	Project is submitting progress reports to IFAD on semi-annual basis
GC, Section 8.03 (c)	A mid-term review (MTR) shall be carried out jointly by the Recipient and IFAD		Complied with	Completed in 2014

Appendix 7: Knowledge management: Learning and Innovation

SDP staff is involved in strengthening overall KM activities in the Sudan portfolio. In 2016 a Knowledge Management core group was established under the leadership of the CCU, tasked with organising and coordinating knowledge sharing between projects and key line ministries at the federal level. In September SDP staff participated in a workshop on Learning Route methodology organised by the ICO in Khartoum, where the aim was to build project staff's capacity on knowledge sharing through the PROCASUR Learning Route methodology. Work on establishing a joint KM-strategy with other IFAD-funded projects continues and is expected to be finalised soon.

KM structures at PCU level have improved with a specific KM-focal point assigned at the PCU. The mission however recommends SDP to further develop knowledge sharing channels at SCU and ETs at state level. Knowledge sharing at community level is implemented through field days, extension and awareness campaigns as well as farmer field schools.

Web-sharing

SDP is planning to create a joint webpage with WSRMP. Currently the two projects are using KariaNet, the webpage of the Ministry of Agriculture in North Kordofan and social media (Facebook and Whatsapp) for knowledge sharing.

KM-strategy

SDP is planning to develop a comprehensive KM-strategy during 2016. Currently responsibility and planning for KM activities is shared between M&E officers at PCU and state level and leaders for extension teams.

Photo database

Photo database at PCU level and two photo databases at each state level (NK, SK).

Learning Routes via Procasur

Uganda, Gender and Rural Finance, 2014.

Uganda, GALS (Gender Action and Learning System), 2015.

Study Tours

Ethiopia, Seed production, community development and microfinance, 2015.

India, Plant variety, seed production and linkage private seed companies with farmers/producers, 2015.

India, Microfinance exposure visit, 2015.

Participatory research methodologies (ARC), Ethiopia, 2015.

International Workshops

UK, Social Return on investment (SROI), 2014.

Italy, Fiduciary and procurement, 2014.

Turkey, Social Return on investment (SROI), 2015.

Egypt, KM-workshop (documentation, lessons learned, data collection) 2015.

Thematic workshops and seminars

11 workshops related to strengthening institutional and regulatory framework organized.

Farming as a business

Two manuals developed (ToT training, Farmers leaders training).

Farmer Field Schools

Training manual for FFS developed.

Harvest field days

Two joint SDP PCS harvest field days organized in NK and SK in 2015.

Two SDP Harvest days in 2014.

Field days/Community exchange visits

A total of 164 field days have been organized (102 in 2015).

Annex I

Private Sector Working Paper September 2016 Implementation Support Mission Don Greenberg, IFAD consultant

I. Key Findings

A. Private Sector Breeding Initiatives

1. Two companies reported that they are continuing to develop sorghum OPVs; Nile Sun (Nile Sun 11) and Nectar Africa (Agib). Nile Sun 11 is still under evaluation, and was submitted to the ARC for PVR trials.
2. The Nectar Africa Agib seed was supposed to have been released this season, but there were concerns about homogeneity so that the evaluation process will not be complete until after 2016 season. The Agib seed was trialed in the SDP/PSC demonstrations (see below).
3. Nectar Africa is developing a composite sunflower variety, Taha, that was demonstrated for a second year in the SDP/PSC demonstrations, but it has not been released.
4. ASSCO is developing a sorghum hybrid appropriate for lower rainfall areas that should be released by 2017.
5. The mission noted that ARC has not demonstrated any real commitment to working with the PSCs to support their breeding efforts, judging by ARC's outreach activities, receptivity to undertaking PVR of PSC varieties submitted, or dissemination of (any) PVR results.

B. Private Service Provider Program

Mechanized Service Providers (MSPs)

6. The MSP is a new initiative of SDP, in which village based tractor owners are selected and trained (both business and technical topics) to provide recommended services to SS farmers at commercial, but attractive rates.
7. A total of 90 MSPs were selected and trained by a combination of the Mechanization Specialist, the LETs, and specialists from the Agricultural Mechanization Directorate.
8. Ten MSPs were awarded contracts to provide services to the SDP/PSC and on-farm demonstration farmers using a negotiated pricing formula. These ten MSPs were loaned equipment by SDP under a revenue-sharing (NK) or flat-rate (SK) agreement to undertake the following key operations for the farmers:
 - Chiseling
 - Disc Harrowing
 - Planting
 - Inter-row Cultivation
9. The MSPs were also free to perform service for themselves and other farmers with the equipment loaned from SDP.
10. Selection and contracting of these 10 MSP was problematic, in several ways:
 - 1) **The suitability of the MSP's tractors;** e.g., many MSP had tractors with inadequate hydraulics to use the heavy planters.
 - 2) **The weak commitment of many MSPs to use the provided equipment for the SDP/PSC and on farm demonstrations.** This was partly due to inadequate pricing for some operations, due to the inexperience of the MSP (and SDP), and because of the unanticipated time and expense of providing services on small isolated plots. It was also due to the opportunity for more lucrative service provision to non-SDP clients.
 - 3) **The contract structures and enforcement mechanisms were weak.** There was no effective control on the MSPs that required them to deliver the services to the small farmers

when required. The MSP/SDP revenue sharing agreement tried in NK was not easily enforced, and when it was enforced, was not equitable.

11. The training provided to the MSPs focused more on tractor maintenance and troubleshooting which was valuable, and less on the practical aspects of using implements to provide services, especially the planter and inter-row cultivator which are operations very new to the MSPs (and were new to the Mechanized Services consultant who provided the training).
12. These above factors, coupled with less than adequate logistical management by SDP leading to late delivery of implements, led to significant delays in MSP service delivery. Optimal planting times were missed, to the detriment of productivity.
13. The MSP activity lacked strong technical direction from the SCU, which would have led to more appropriate technology choice based on soil type, rainfall, and crop; more focused training; better troubleshooting of field problems, etc.
14. However, despite the rocky implementation of this new initiative, most of the MSPs are enthusiastic about the next season. They believe that the SDP demos were enough to convince a critical mass of farmers, so that it will be worth their while to offer the service in 2017 without further subsidy or support from SDP. The MSPs believe it would not be difficult to identify customers in their localities through their own agents, village agents, and other means. In some cases, prices will need to be adjusted so that they are attractive to farmer as well as MSP. Many of the MSPs said that they have plans to buy their own implements, and have already begun researching different options and identifying equipment suppliers. Most of these MSPs indicated that they are not constrained by finance, as they already work with ABS and commercial banks. The MSPs would consider offering some services on credit to farmers, and one mentioned he would offer credit to smaller farmers as an incentive for them to plant a field sufficiently large to serve.
15. However, some of the MSPs interviewed, who generally seemed to be smaller and less experienced service providers, are more cautious and will make a decision on whether or not to pursue some or all of the MSP services after the 2016 harvest and marketing season.
16. Based on the reception from farmers, we expect a wide uptake of the mechanized services offered by the MSPs in the rainfed areas of NK and SK. A concern that has emerged will be the ability of SS farmers to access MSP services in a timely fashion, compared to LSMF who offer more attractive business. For chiseling services, which are less time-sensitive, this does not appear to be as serious an issue as for planting. How SS farmers can organize themselves to become more attractive customers for MSPs will be addressed in the recommendations section following.

On-Farm Demonstrations MSP services delivered SDP 2016 Season

	North Kordofan		South Kordofan	
	Feddans	% served	Feddans	% served
Chisel	1808	105%	1,445	77%
Harrow	0	0%	1,445	77%
Plant	599	35%	933	50%
Inter-row Cultivate	TBD	TBD	TBD	

17. The experience with the specific MSP services are summarized below:

1) Chiseling for Land Preparation

Light Chisel

18. The light chisel was intended for areas with lighter soils in both NK and SK. However, the use of the light chisel is already widely accepted in NK, and there appears to be ready accessible even by small scale farmers. For example, when the MSP contracted to do the light chiseling didn't show up

on time, it was easy for the farmers in Um Sawadeen in Sheikan NK to contract a local tractor owner with his own light chisel.

Heavy Chisel

19. The use of the heavy chisel was intended for the marginal rainfall areas with heavier soils, found mostly in SK. The only heavy soils area visited by the team in NK was in the Um Rawaba SDP/PSC demonstrations; where the heavy chisel was not used because of SDP logistical problems. However, according to the SDP records, all on-farm demo farmers in SK received 5 feddan of heavy chiseling as planned.

2) Disc Harrow

20. The disc harrow is used for heavy soil in the more marginal rainfed areas and serves at two functions, to break up and level the soil after chiseling, and to remove weeds that have emerged before planting. In NK, there was no disc harrowing in the areas with heavy soils as these were prepared with the WLD.

21. In SK all on-farm farmers received 5 feddans of harrowing services according to SDP records.

3) Mechanized Planter

22. The mechanized planter proved to be by far the most challenging new technology introduced. It is a new technology for the farmers in the lighter soils in NK. In SK and in the heavy soil areas of NK near SK where the use of the WLD are allowed, some farmers had seen the WLD with a mechanical planter attachment.

23. In general, the farmers interviewed were enthusiastic about the planter, citing the following benefits, at least in principle:

- faster operation
- less seed
- less expensive
- produces regular crop rows which make weeding easier and cheaper
- opens up a furrow which aids in water harvesting
- buries seed at optimal depth to ensure correct germination.

24. However, there were problems experienced by MSPs with calibration of the seeding plates and the seed depth. There were also problems with seeds being blocked by sand/mud or vegetation, with wet seeds clumping, with dirty or irregular seeds. The relatively small size of plots being planted resulting in unanticipated time (and fuel) spent in moving from field to field. The weight of the planters demonstrated puts a strain on the tractor and the hydraulic systems and makes transport difficult and expensive. The fertilizer hoppers, which were not used, added weight and expense. The MSPs, as well as SDP and the IFAD team, believe that with better training and experience, and correct choice of planter, these problems will be manageable.

25. The practice of leaving gum arabic trees in the middle of the fields creates obstacles that make mechanized planting inefficient; the ARC recommended planting gum arabic in lines around the fields so as to continue deriving the environmental and economic benefits of gum arabic while not interfering with the mechanized planting.

26. For groundnut farmers, the use of the mechanized planter was seen to be dramatically superior to hand planting to farmers, as compared to manual planting the cost is about 67%, and the time required is about 5%. All groundnut farmers interviewed expressed their willingness to pay the full commercial cost of mechanical planting next season.

27. There were more problems experienced with sorghum and sesame, especially with calibration of seeding and planting depth, and the problems caused by wet or dirty seeds. Furthermore, there appears to be a less dramatic difference in time and cost compared to traditional planting methods for these crops. Nonetheless, most farmer saw it as a superior technology that they would adopt if they had access.

28. In addition to the pneumatic planters purchased by the project, Dal Engineering provided a mechanical planter that was used on a 12 feddan SDP/PSC plot in Um Sawadeen. It functioned similarly to the pneumatic planter, and was observed to be simpler, cheaper, and easier to repair in the village and therefore perhaps more appropriate for the SS rainfed sector.

29. The very simple donkey planter was used by ARC in their basic seed production plots, and by an non-SDP MSP in one of the villages, these were reported to have worked well. Although SDP purchased 10 donkey planters/cultivators for use in the 2016 season, these were not used due to a dispute with the supplier. The animal planter is significantly slower than the mechanized planter, and the per feddan cost may not be significantly less than the mechanized planters.

4) Inter-row Cultivator

30. The inter-row cultivator was intended to provide an alternative to chemical or manual weeding. However, the inter-row cultivator requires fields where planting was done in regular, straight lines with the regular row spacing. Furthermore, the use of the inter-row cultivator requires painstaking attention by the MSP, as a small deviation from the correct path could mean significant crop damage.

31. In 2016, only a small fraction of the demo land was planted well enough so that the inter-row cultivator could be used, although this could not be determined, as the SDP project data bases do not have information on inter-row cultivator usage by the MSPs. According to the SK presentation for 2016, one MSP in SK used the inter-row cultivator on 17 feddans of land.

Spray Service Providers (SSPs)

32. A total of 120 SSPs were trained in the safe and effective use of herbicides by the LETS, who had undergone ToT with an Egyptian trainer provided by CropLife, who was assisted by specialists from the Plant Protection Units. Two SSPs in each of the communities that were participating either in the SDP/PSC or on-farm demonstrations were contracted to provide services to on-farm and SDP/PSC demos. For on-farm demonstrations, the SSPs provided post-emergent weeding for broad leaf weeds using the selective herbicide 2,4-D.

33. For a small number of SDP/PSC demonstrations, the SSPs also applied a pre-emergent herbicide (Gardoprim), a non-selective herbicide applied before planting (glyphosate) and a selective narrow leaf (Defiya, Samurai).

34. The project purchased both the manual knapsack sprayer and the self-powered mistblower to apply the chemicals.

35. Unfortunately, the late start to the planning process, poor communications with PSCs, and poor logistics led to late delivery of chemicals and spraying equipment to the SSPs. This meant that only a small percentage of the fields were sprayed on time; some fields were sprayed too late for the herbicide to be economically effective, and the rest of the fields were manually weeded.

36. The application of the herbicides was inconsistent, mostly due to a lack of practical training (the SSP training was done before the season and was primarily theoretical), although in some instances there was good support from the plant protection specialist working alongside the SSPs.

37. Despite the difficulties, all of the SSPs interviewed were enthusiastic about the use of herbicides. This even in cases where the equipment and chemicals were delivered very late, and only a fraction of the targeted fields were sprayed. They believed that the farmers would be willing to pay for their services, but believed that their contracted labor rate per feddan was low. Few indicated that they were willing to invest in herbicide, and none would consider providing it on credit to farmers, but many expressed willingness to provide SSP services on credit. They reported that some farmers have concerns about the impact of herbicide residues on animal health, and some were reluctant to remove all weeds because they were used for animal feed, reflecting a need for further business and technical training on herbicide usage.

38. Only one of the SSPs interviewed in NK had previous experience with providing spraying services, but this did not seem to be a major barrier. They all thought the SSP training was an adequate beginning, and really appreciated the SSP as a business training. The supervision by the plant protection officers from the locality was appreciated. They wanted more training and access to pre-emergent herbicides and non-selective herbicides, and linkages with agro-dealers.

39. The SSPs – and the farmers – noted that significant manual weeding was still required for weeds that do not respond to the selective herbicides. The relative costs of 100% manual weeding versus spraying with supplemental manual weeding operations was not analyzed or explained sufficiently to the farmers.

40. In heavy soil areas where the use of WLD is an option, the business case for using the selective herbicide is less strong. The cost of the base case; i.e, the WLD for first weeding plus manual labor, appears to be less than the use of post-emergent selective herbicide plus manual labor. Neither the SSPs nor the contact farmers had been trained to evaluate and compare the costs.

41. The farmers and SSPs requested access to nonselective herbicides that would be used before planting. The non-selective herbicide glyphosate was demonstrated on a few SDP/PSD plots, but the farmers were not made aware of the business costs/benefits/risks in terms of using nonselective herbicides, selective herbicides, and manual weeding.

42. In a few demo plots, the farmers were exposed to pre-emergent herbicides which are also non-selective in a few demo plots, but were not made aware of the costs/benefits/risks of this operation versus other weeding methods.

43. Many of the problems experienced during the 2016 season could have been avoided if the project had access to a full-time plant protection specialist, that could have provided strategic direction, crop/rainfall specific guidance as to services provided, and could have worked with the FAAB analyst to create better awareness of the business implications of different weeding options.

C. Agrodealers

44. The SDP agrodealer program was intended to provide basic business skill training to the agrodealers, and link them more productively with their suppliers and customers in terms of better business relationships, training, promotions, etc.

45. The business training aspect of the Agrodealers program made a good start. A total of 13 agrodealers from the five old SDP localities were selected and provided FAAB training. In a focus group meeting in September 2016, three NK agro-dealers indicated that the FAAB training was welcome and they saw improvements in their relations with customers. None of the agro-dealers had kept written business records before the training, and now they do.

46. In discussions during the FAAB training, the agrodealers saw a need for a dealer association, and they believed that nearly all of the 100 agrodealers in NK and SK would be interested. Some of the key objectives of this association would be to negotiate bulk purchases, share experiences, dissemination technical information. One El Obied dealer was willing to serve as the chair of the association.

47. Herbicide demand is growing in their shops according to NK based agrodealers (who also serve parts of South Kordofan). The increase is about 30% to 40% over the past few years. Seed dressing consumption is also up. Driving factors are cost savings over manual weeding, time saved, superior weed control leading to higher productivity, and increase in lands planted due to a reduction in instability. 2,4D is the most popular, mostly for sorghum. Glyphosate is the second most popular but far less common. This was corroborated by one SK dealer met in NK. This general growth in herbicide usage is corroborated by the agrochemical company Douma, who reports that their sales of knapsack sprayers in the Kordofan states went from 1500 in 2015 to 4000 in 2016, implying a dramatic growth in herbicide acceptance.

48. The dealers mentioned that they received little technical information and training from suppliers, and the promotional campaigns were mostly t-shirt and cap give-aways. More information on newer products (such as nonselective, new selective, and pre-emergent herbicides) was seen as particularly important.

49. While somewhat wary of taking on credit themselves, the agro-dealers clearly were interested in working with MFIs to boost the purchasing power of the farmers, and would cooperate in mechanisms to help this become sustainable.

50. There were no activities linking agrodealers more effectively to suppliers or customers. The PSC planning visits for the SDP/PSC demos was a missed opportunity for fostering better linkages between suppliers and agrodealers. The agro-dealers were not been invited to the SSP or other SDP

training events or to field days, a missed opportunity for agrodealers to interact with farmers and SSPs.

D. SDP/PSC Demonstrations

51. The SDP/PSC demonstrations are meant to showcase new seeds, chemicals, and mechanized services and contrast them with traditional methods. In addition, the farmers were exposed to the private MSP and SSP service delivery model. The SDP/PSC demonstrations are meant to be designed and implemented with the participation of the PSCs.

52. Six companies provided inputs for 100 out of the 109 demo plots in the SDP/PSC demos. Three new companies, Douma, Nour Agrosience, and Dal Engineering joined the PSC demo program. One company, Nile Sun, withdrew from participation this year.

53. Through the SDP/PSC demos, the six companies demonstrated new seed varieties, herbicides, seed dressings, and in one case mechanized planting. In the 9 other demo plots, SDP tested varieties of improved seeds together with some of the MSP and SSP package of services.

54. In general, the effectiveness of the SDP/PSC demonstrations was inadequate in terms of planning and execution. The siting, organization, collaboration of PSCs, timely delivery of inputs to the field, and preparation of farmers for the demonstrations was less than desirable. There was little or no strategic planning on how to best showcase and demonstrate the inputs and services; the siting, layout, and size of the demos seemed to be driven by PSC sales staff and the desire of SDP to show enhanced outreach numbers.

55. Poorly designed and managed demonstrations damage the reputation of the PSCs and SDP, mislead farmers, and reduce the learning value of the demonstrations for the project. During the IFAD mission, the team was directed to the more successful demo plots, and there seemed on the farmer's part an emphasis on presenting their results in the most favorable light. Whether this bias was intentional or not isn't clear, but what is clear is that without honest acknowledgment and analysis of mistakes, learning and improvement will not happen.

56. The number of planned visitors through SDP exchange visits/field days to date has been disappointing, and the project will need to make an all-out effort to organize field days close to harvest (or during the harvest for groundnuts) with broad and deep participation from the key SDP stakeholders.

57. Despite these problems with the SDP/PSC demos, the on-farm demonstrations did achieve a basic objective: they successfully exposed farmers to MSP and SSP services, as well as to the new varieties of seeds and chemicals, even if not on an acceptably rigorous and controlled fashion.

58. Some novel items of interest from the SDP/PSC demonstrations for 2016:

59. **OPV Sorghum** The Nectar Africa variety Agib in its second year of SDP/PSC demonstrations continues to impress farmers with yields, resistance to striga, and palatable stalks. As noted earlier, the Agib variety has still not been released by the Federal Seed Authority.

60. **Pigeon Pea** the ASSCO new variety "haylo taiba" which is shorter season than the pigeon peas planted in the irrigation schemes. Until now, the price of pigeon pea has been very high in the market, 40 SDG/kg, and therefore even with low yields of 150 kgs/fd and a farm gate price of 17 SDG/kg, this could be a relatively attractive crop. There seems to be substantial confusion or disagreement about sowing rates and expected yields for pigeon peas between the farmers, ASSCO, and ARC. It is a new crop, especially for rainfed farmers, and marketing channels are still emerging.

61. **Hybrid Sorghum** The PAC 501 sorghum supplied by CTC was demoed in 3 plots in South Kordofan, but without the full recommended fertilizer + herbicide package. In Gadarif, in conditions similar to SK, CTC reports that with the recommended herbicide + fertilizer package (including urea, NPK, and foliar treatments) farmers are achieving a record-breaking 1.8 MTs/feddan.

Sunflower Composite

62. Nectar Africa claims that production of sunflower using their Taha composite variety (not yet released) is economically competitive or superior to sorghum for SS farmers in certain areas of SK. The seed was demoed in four plots in SK this year

E. On Farm Demonstrations

63. The on farm demonstration activities are intended to provide farmers an opportunity to try new but tested inputs and services.

64. In this program, farmers are obliged to pay for 1 feddan, SDP pays for 2 feddans, and where practical 2 feddans are financed by the MFIs ABSUMI or Barah. This is referred to as the “2+2+1” model.

65. A total of 631 farmers in the five localities participated in the on-far demonstration activity in 2016. A total of 3,607 feddans were planted in this demo program to sorghum, sesame, and groundnut as shown below.

Total Land Planted, On Farm Demos SDP 2016, in feddans			
	NK	SK	Total
Sorghum	450	1,457	1,907
Sesame	900	283	1,183
Groundnut	378	141	518
Total	1,727	1,880	3,607

66. The on-farm demonstration required that the farmer use improved seed as well as utilize the recommended MSP and SSP services (chiseling, harrowing, planting, spraying).

67. Both the shortcomings and successes of the on-farm demonstrations have been addressed in the earlier sections on the SSP and MSP models.

68. One of the key lessons learned from the on-farm demonstrations was the need for farmers to be adequately prepared for the MSPs, especially for planting. This will lower the costs of service, as well as make them attractive customer that can compete with larger farmers for service:

- 1) Consolidation of smaller plots of a given crop variety into a larger area to reduce MSP down time, and/or
- 2) Agreeing that operations will occur at the same time
- 3) Ensuring that fields are clean and obstacles are removed
- 4) Ensuring that seed is uniform, clean, and dry

F. Farming as a Business (FAAB)

69. A total of 68 LET agents have been trained in the FAAB TOT, and they in turn have trained 1438 farmers in the basics of FAAB. To aid this process, the project developed a farm record book and distributed this to 300 farmers.

70. In addition, the FAAB consultant developed modules for SSPs, MSPs, and agrodealers and delivered FAAB training to 13 Agrodealers and 24 SSPs. No MSPs have been trained.

71. The FAAB training continues to be well received by farmers, and the SSPs and agro-dealers interviewed also indicated that the FAAB training was very useful and practical in their businesses.

72. However, the farmers have not been adequately trained on how to evaluate, from a farming business perspective, the SDP/PSC and on-farm demonstrations. As a result, the farmers have an intuitive but superficial appreciation of the demonstration results, which is enough in many instances to encourage adoption of improved practices, especially when cost or time savings are dramatically different.

73. Also, the illiteracy rate in target farmers is reported to be as high as 50%. It is not clear how well practical the current FAAB training practices are for this population.

G. Market Access

1. Market Linkages

74. The project efforts to promote access by to better markets for the GPGs have not borne fruit, in contrast to the limited success linking the seed growing groups to PSCs.

75. **Groundnuts** After long negotiations with Dal Foods on the supply of high-quality groundnuts, the final offer received from Dal was not attractive. Similar negotiations with Savola for groundnuts have similarly not been productive. The reasons for this in addition to general adverse economic conditions, and uncertain business strategies within these firms, is a notably higher effective taxation on formal sector firms doing business directly with the rural areas. This will be explored in more detail in the value chain studies to be completed by SDP in October.

76. During the mission, the team met with a large groundnut merchant/exporter in El Obied, who has a network of agents with close ties to SDP and other rural communities. This merchant has expressed interest in rewarding high quality that can be exported as HPS with a commensurately higher price, and providing transport, shelling services, and credit for harvesting.

77. **Sesame and Sorghum** There has been little interest expressed by value chain players in developing direct market linkages with sesame or sorghum producers. Unlike groundnuts, it is difficult for SS farmers to differentiate themselves with higher quality or other in-demand factors. This also will be explored in more detail in the value chain studies.

2. Value Chain Studies

78. A further draft of the Value Chain studies covering groundnuts, sesame, sorghum and millet were produced by an international consultant. While it further strengthened the original version produced by the national consultants, there were serious gaps remaining. The project commissioned the SDP rural business consultant to finalize the studies, which will be submitted in early October.

79. One of the key constraints to understanding of these value chains is the lack of timely and reliable statistics on groundnut production, marketing, importing, and exporting. Along these lines, the El Obied Auction management have requested support for developing a better market information system; this auction is perhaps the most important marketing entity in North and South Kordofan. Their current systems and hardware are antiquated and provide unreliable, difficult to interpret information. This may be superseded by plans to move to an electronic auction system by 2018, although even developing an accurate historical data base would be of great use.

80. A more immediate issue is the likelihood of a bumper groundnut harvest this year in the key production areas in Kordofan and Darfur. This, coupled with an estimated 20,000 MTs of shelled groundnuts still in storage in El Obied from the previous system, is leading to concerns about a significant crash in groundnut prices. The pre-harvest price is 11% less than last season's post-harvest price, despite devaluation of the SDG. Normally, the pre-harvest price is as much as 50% more than the post-harvest price. The Sudanese Exporters Association has requested SDP technical assistance to undertake a market entry study for the European market, they are willing to cover local costs and provide a local groundnut specialist.

H. Innovation Challenge Grant Program (ICGP)

81. The project has not made any progress since the April ISM on the first necessary step in the ICGP, the finalization of the grants manual. Input from IFAD and consultants was received by SDP in early May.

82. As a result of this mission, IFAD has provide additional input into the ICGP manual. However, this input must be quickly reviewed, and the ICGP manual finalized by the PCU. Other key steps such as formation of the ICGP Selection Committee, development and dissemination of the RFP must be undertaken.

83. Given the difficulty SDP has had developing this activity, the project may consider alternatives to stimulating private sector innovation and drop the ICGP activity. For example, a great deal of innovation will be stimulated through a more strategic, deeper and broader SDP/PSC and on-farm demonstration program, and efforts to create strong linkages between PSCs and agrodealers, SSPs, MSPs.

II. Key Conclusions

84. Overall, the project has taken on board the fundamentals of the private sector strategy. It has implemented for the first time in 2016 a number of highly innovative activities, reaching out and

working with a whole new set of project partners. These activities have demonstrated new inputs and services to farmers and service providers alike, and these have captured the attention of PSCs and equipment suppliers. For these tangible achievements, the PCU management, staff, SCU, and LETs should be commended.

85. However, the impact and the sustainability of the private sector activities is limited by a number of factors which should be addressed in the remaining months of the 2016 season and in planning for what may be the last full agricultural season for SDP in 2017. These factors include private sector specific issues, but also include more general approaches which impact directly on the private sector activities:

- An over-emphasis on meeting quantitative outputs, rather than on more qualitative impacts. It's not enough that a farmer or other beneficiary is reached through an extension activity, what counts are changes in behavior in farmers, service providers, agrodealers, and PSCs.
- A passive approach to the SDP/PSC demonstrations, which have been overly driven by individual PSC interests, and an SDP effort to achieve quantitative targets. The result for 2016 is a hodge-podge of different inputs and services, mostly without valid control plots, and with insufficient support to help the farmer understand and put to use the results.
- An incomplete acceptance or understanding of the analytic aspects of farming as a business concept. The basics such as record keeping and customer relations are well understood, but there needs to be a culture within SDP of analyzing every innovation considered – inputs or services -- from a farmer's business perspective. Sometimes there are dramatic savings in cost or performance, as we have seen from the mechanized planter for groundnuts in SDP, and the demonstration alone is sufficient. But most farming decisions in inputs or services are less clear cut and obvious, and each farmer (or service provider) needs to be equipped to analyze, at least semi-quantitatively, what is being demonstrated.
- A culture of showing only the best performers, and hiding errors or poor performance, which seems to be inculcated in the PCU as well as the SCUs, the LETs, and the contact farmers. Mistakes and failures are inevitable in even the best development projects. Only by identifying and analyzing mistakes or failures can learning and solutions be developed.
- Siloed management, where each of the private sector specialists (FAAB, MSP, PPP) are working independently, and each report to the over-burdened SDP project coordinator.
- A lack of strong strategic direction and oversight from the PCU to the SCUs and the LETs, which is essential in a highly innovative, dynamic project that works extensively with the private sector throughout the value chain. The expertise of the SCUs and the LETs is an essential part of planning and implementation, but strategic oversight must come from the PCU. When systems and approaches have been stabilized and understood by the SCUs and LETs, it will be possible and desirable to allow more independent approaches.
- Insufficient and outreach and dissemination of the results from SDP's substantial investment in the demonstrations. No field days have been scheduled of critical operations – land preparation, planting, and weeding. No video documentation of these activities and farmer reactions have been made. Some exchange visits were scheduled and may have been helpful, but these appeared to be quite superficial and without sufficient context. PSCs have not been kept abreast of the demonstrations nor their results. Reporting to IFAD comes only after support or follow-up missions arrive in country, and much time is wasted by missions in getting to grips with the basics rather than focusing on key problems or opportunities.

III. Summary of Key Recommendations

86. The key private sector recommendations:

- **2016 Field Days.** An all-out push in the remaining days until harvest to plan and organize harvest field days for the SDP/PSC and on-farm demonstrations. The invitation list should include farmers, agro-dealers, SSPs, MSPs, the MFIs, the PSCs, equipment suppliers

as well government officials. Before the field days, there should be the necessary analysis of results by the LETs with contact farmers, so that the contact farmers can explain the agronomic changes and business impacts that were planned, and what actually happened.

- **Private Sector Division.** A private sector division (PSD) should be created, managed by the current seed specialist, who reports directly to the project coordinator. The private sector division includes the mechanization, plant protection, and FAAB specialists/consultants. The current PPP specialist position can be eliminated and the duties taken on by the PSD head. The PSD works closely with the rural finance team.
- **PCU Strategic Direction.** Planning and supervision of the SDP/PSC and on-farm demos, MSP, SSP, and FAAB activities is undertaken by the PCU through the PSD. The SCUs and LETs will provide key input to the planning, and remain the key implementers. The PSCs and equipment suppliers also remain key SDP partners and provide expertise, guidance, inputs, equipment etc but they do not drive the process.
- **LET staffed to match SDP requirements** Each LET should have a 1) plant protection specialist implementing the SSP, 2) a mechanization specialist implementing the MSP, and 3) an agricultural economist overseeing FAAB (and supporting rural finance). They should be provided the appropriate supplemental training.
- **Stocktaking exercise for 2016 season.** An honest and no-holds-barred stocktaking exercise should be taken for each of the key private sector activities immediately after the harvest field days – SDP/PSC, on-farm demos, SSP, MSP, agrodealer, FAAB. The key questions: what did we try to achieve? What worked and didn't work? What needs to be done for 2017? The output of the stocktaking exercise should be an outline of the 2017 season PSD strategic plan and will have important implications for communications, community development, M&E, etc.
- **Develop PSD plans for 2017 PSD activities.** The plans work backwards from achieving a planting date of 1 July 2017.
- **Seed Growing Groups can be merged with GPGs, and the LETs re-organized accordingly.** This would help streamline and focus the extension effort. Seed growing is a specialized side business of the SGG farmers, who are mostly grain farmers, and is no longer a very important part of SDP. M&E should still track formal and informal seed sales, but the only specialized seed interventions still required are tailored FAAB training (e.g. informal seed marketing).
- **The Innovation Challenge Grant Program may be dropped,** and the budgeted ICGP funds redeployed to strengthening innovation in the demonstration and service provider activities. Finalizing and implementing the ICGP has proven challenging, and continued efforts will take time and resources away from more essential activities. The ICGP concept should be built into the design of any follow-on project.

87. A draft PSD workplan in Excel that covers the months of Oct 2016 through September 2017 is attached that provides a more complete list of recommended actions, milestones, and points for consideration in implementing these recommendations for each PSD activity. This draft PSD workplan is a living document that needs to be completed, revised, updated by the PSD team under the guidance of the SDP project coordinator.

Annex II

SDP Supervision Mission – RF working paper

1. Overall performance

1. As at 31 August 2016, ABSUMI and Bara'ah together disbursed SDG 1.67 million as seasonal loans to 1,398 farmers organised into 111 groups in 39 communities in the four project localities. Although SDP's preparation for the season was not up to the mark in the early stages, the emergency steps recommended by the follow-up mission in April 2016 were implemented well resulting in 70% target achievement for the season. Moreover, there was a marked improvement in the loan delivery process resulting in greater acceptance by the farmers and higher chances of improved production. The breakdown of the performance figures by PFI, locality and purpose of seasonal loans is presented below.

2. Breakdown of performance

2. **Overall performance by Bara'ah and ABSUMI:** Summary of the outreach achieved by ABSUMI and Bara'ah respectively is presented below (Table 1).

Table 1: Summary of performance of ABSUMI and Bara'ah

Details	ABSUMI	Bara'ah	Total
No of villages	25	14	39
No of VSCGs	78	33	111
No of loans	1,059	339	1,398
Amount of loans (SDG)	1,202,881	475,891	1,678,772

3. Out of the 1,398 seasonal loans, ABSUMI disbursed 1,059 (76%) loans to farmer households organized into 78 groups in 25 (64%) villages in 3 localities. Bara'ah reached the remaining 339 clients (24%) in 14 (36%) communities. Similarly out of the SDG 1.67 million seasonal loans disbursed ABSUMI's share was SDG 1.20 million (72%) and Bara'ah disbursed around SDG 0.5 million (28%). The average loan size for all the seasonal loans was SDG 1.200. ABSUMI was very focused on reaching the poor and controlled the disbursements well to achieve average loan size of SDG 1,136. Bara'ah was relatively more flexible and its average loan size was SDG 1,403Bara'ah.

4. **Details of improved inputs and services financed:** Summary of the activities financed by the seasonal loans is presented below (Table 2). The details presented below pertains to the crop production activities financed for 631 clients who were selected for 'full intervention' according to the 2+2+1 model. Here the seasonal loans were typically used to finance 2 feddans of land per farmer and were linked to the adoption of the improved agricultural practices supported by the project. The overall disbursement records of these seasonal loans indicate that around 70% was spent on land preparation activities, around 20% on seed and seed dressing and the remaining 10% on weeding activities.

Table 2: Summary of activities financed by the seasonal loans

Activity	North Kordofan		South Kordofan		Total	
	Amount SDG	%	Amount SDG	%	Amount SDG	%
Seeds and seed dressing	103 590	23%	28 447	12%	132 037	19%
Ploughing	305 493	69%	172 660	70%	478 153	70%
Weeding and harvesting	31 846	7%	43 926	18%	75 772	11%
Total	440 929	100%	245 033	100%	685 962	100%

5. Project reports suggest that 70% of the financing were directed towards land preparation which included chisel and planter services. Credit support to finance these services has led to their greater adoption and has produced positive results in the form of widespread demonstration, farmer satisfaction and rising demand for these services by other farmers.

6. The expenditure on land preparation activities was followed by the expenditure for certified seeds and seed dressing purchase which together accounted for 20% of the total loans disbursed. In order to ensure that the farmers use certified seeds without fail, the partner MFIs themselves

purchased the certified seeds from the seed companies and supplied these to the farmers. The usage of the certified seeds in combination with the other inputs of the improved package has made a visible difference to the health of the crops in the full intervention plots. Based on these results so far an increase in the demand for certified seeds in future is likely.

7. Weeding related activities accounted for the remaining 10% of the expenses financed by the loans. Manual weeding was followed in most cases and the usage of herbicides was not much during the season.

3. Details of agent-based inputs and services financing model

8. ***The current methodology adopted for delivery of agricultural services and inputs:***

ABSUMI and Bara'ah played a critical role not only in financing the inputs and services for the client farmers but also in their procurement from the suppliers and delivery to farmers.

- For example with regards to the supply of machinery services, ABSUMI and Bara'ah COs in coordination with the extension teams (a) identified and develop a list of the interested farmers (b) identified appropriate chisel and planter service providers who could deliver these machinery services to the identified clients (c) negotiated payment and developed contracts with these service providers and finally (d) facilitated the actual implementation of these services in the farmers' fields followed by (e) payment to the service provider for the services.
- Similarly, ABSUMI and Bara'ah played a critical role in the supply of seeds and agrochemicals to the client farmers. They (a) identified and developed a list of the potential client farmers interested in such inputs including the quantities required (b) identified the seed companies and agrochemical dealers who could supply these inputs (c) purchased the seeds and inputs from the suppliers and arranged where transportation to the communities with the farmer clients and finally (d) facilitated the distribution of the inputs to the clients.

9. ***Drawbacks of the current approach:*** In the above process ABSUMI and Bara'ah went much beyond their financing role and became involved in other activities to ensure that the farmer clients adopted improved agricultural practices and that the project objective of increasing the adoption of the project supported packages was met. Unfortunately, the current approach is time and resource consuming for the MFI partners and not suitable for replication and sustainability of the process after project closure.

- The COs have to directly spend considerable time in organising the supply of services and inputs as a result of which the number of seasonal loan clients they can handle becomes limited. This is clear from the fact that in this approach a CO can serve not more than 200 clients which is much less compared to the above 500 clients per CO achieved by some other ABSUMI and Bara'ah COs. This reduction in efficiency lowers the revenue of the MFIs and is not an attractive option to scale up after the project.
- Secondly, in the current model the ABSUMI COs and SDP extension workers are placed between the suppliers of services/inputs and the farmers. Since the suppliers are not directly linked to the clients through their own network there is a risk of collapse of the system should ABSUMI and the extension officers withdraw at the end of the project.

10. ***Rationale for piloting the agent based approach:*** In order to overcome the shortcomings associated with the existing mechanisms the project should pilot an agent-based model to directly link suppliers of agricultural services/inputs to farmers through a system of cluster/community level agents working on commission basis. It is noteworthy that the service/input suppliers are the largest beneficiary of payments by the partner MFIs for the seasonal loans as discussed earlier with approximately 70% of the seasonal loans paid to mechanized service providers, 20% paid to seed companies and 10% to agro-dealers for the purchase of agrochemicals. Thus, in the 2017 agricultural season where total seasonal loan disbursement can touch SDG 5 million, approximately SDG 3.5 million worth business will be on offer for mechanized service providers, SDG 1.0 million for seed companies and SDG 0.5 million for agro-dealers supplying chemicals. This is a strong motivation for the relevant service/input suppliers to play a direct role in market development with the objective of creating high demand for the seasonal loans. However, many of these businesses have traditionally not had direct rural penetration in the project areas and the agent-based model is intended to provide

an option that can be upscaled directly by the private sector suppliers and financing institutions even after the end of the project.

11. Description of the agent based approach: The operations of the agent-based model at full development is illustrated below (diagram 1) followed by a full description of its different parts.

Diagram 1: Agent-based input delivery model

- **Step 1 - Agent appointment by the supplier:** At the beginning of the season the supplier will identify a new cluster of villages where there is potential for high demand for services/inputs. the supplier will then appoint an agent to act as a link to all farmers who are potential customers in the cluster/villages. The details of the agent profile and potential mechanisms for identification are presented later.
- **Step 2 - Awareness and farmer orientation through the agent:** Based on the inputs from the supplier, the agent will undertake awareness and orientation activities at the beginning of the season to encourage farmers to adopt improved agricultural practices that can result in higher production. If required, the agent can also facilitate the implementation of relevant demonstrations at the community level in partnership with the suppliers.
- **Step 3 - Demand assessment and listing of interested farmers:** The awareness and orientation activities are expected to influence farmers' decisions in favour of adopting improved services and inputs available through the suppliers. The agent will develop a list of the interested farmers along with the details regarding the land area they want to cultivate, locations of their plots and the services/inputs they want to purchase. This list will be submitted to the supplier.
- **Step 4 - Screening of interested farmers by the supplier:** The supplier will scrutinize the list of interested farmers and perform initial screening to identify the genuine clients in coordination with the agent who may be required to undertake follow-up visits to the potential clients to complete this process.
- **Step 5 - Facilitate organizing the farmers and farming activities:** Based on the requirement of the supplier the agent will organize the interested farmers into groups. They

will also advise the farmers to consolidate their land, select appropriate crop locations, crop varieties and agronomic practices.

- **Step 6 - Submit the list of clients to MFIs and preliminary agreement on financing through seasonal loans:** The suppliers will submit the final client list to a partner MFI followed by initial screening of the list by the MFI, verification of the clients by its credit officers and preliminary agreements between the MFI and the supplier on the number of farmers, quality, quantity, cost and timing of delivery of services and inputs.
- **Step 7 - Group formation (if needed) by MFI:** Upon preliminary agreement with the supplier the MFI will start organizing the selected farmer clients into groups according to its seasonal loan delivery methodology. This process will be implemented well in advance to ensure that the groups are ready to absorb the seasonal loans at the beginning of the agricultural season.
- **Step 8: Preparation for the supply of mechanized services:** Prior to the supply of the mechanized services the agent will visit the selected farmers and advise them on how to consolidate their plots, selection of suitable plots according to variety and timing of land preparation services. The agents will also assist in the coordination between tractor owners, chisel owners and planter owners to ensure that tractor service providers have timely access to the relevant machinery from different suppliers and that the land preparation by client farmers is not delayed. In case of any unavoidable delay the agents will keep the client farmers informed and reduce uncertainty about the delivery of these services which will improve the overall relation and trust between the MSPs and their clients.
- **Step 9 - Supply of seeds and other inputs:** The agro-dealers will partner with their respective agents to organize the transportation, storage (if required) and the delivery of their inputs to client farmers. ABSUMI and the extension team may provide oversight during this process but they will not be directly involved in making or implementing the arrangements. The agent will make arrangement for temporary storage if required at the cluster/community level before the distribution of the items to the client farmers. Again the COs and extension team can provide oversight and guidance without direct involvement in the distribution process.
- **Step 10 - Payment to the suppliers:** The partner MFIs will verify the delivery of the services/inputs by the suppliers to the client farmers and will immediately pay the suppliers the full amount for these items. Simultaneously the payment made to the suppliers will be written as a loan to be recovered from the individual farmer clients who received the services/inputs.
- **Step 11 - Commission payment to the agents:** After receiving payment from the MFIs the suppliers will be obligated to pay a total of 10 to 15 % of the total sales amount to their agents as commission according to a prior contract. Of this, 25% (negotiable) will be paid immediately after delivery of the services and inputs to the client farmers and the remaining 75% payment will be deferred till harvest. The rationale for deferring a part of the commission payment till harvest is presented later.
- **Step 12 - Repayment collection by the MFIs:** The farmer clients who received services/inputs for which the MFI paid the supplier will be responsible for full repayment of the amount to the MFI along with any profit margin service charge and according to the time schedule agreed with the latter.

The COs will be responsible for monitoring the MFI loan portfolio in the village. The person will visit the groups at least on a monthly basis for regular savings collections from the client farmers. During such visits the COs will also be responsible for monitoring the status and performance of the farm activities financed by the seasonal loans. This will be done through multiple approaches including sample visits to the farm location of some clients, discussions with other group members/farmers of the client and by gathering information from the agents about the crop performance of the client farmers. The COs will be fully responsible for repayment collection from the client farmers at the end of the season.

- **Step 13 - Repayment facilitation by agent:** While the COs can only visit the clients periodically the agents being part of the cluster/community can keep a closer eye on the performance of the crop financed by the MFI. Thus, the agents will support the monitoring of the seasonal loan through a combination of the following activities;

- Gather information from community members about the management practices adopted by the client farmers for the MFI financed crops. Supplement such information through periodic farm visits for direct monitoring.
 - Encourage the client farmers to follow the improved agricultural packages for getting better production results
 - Provide constant feedback to the COs about the crop performance of the client farmers. This will assist the COs to direct attention straight to the problematic clients during the monthly monitoring visits and will improve the efficiency and effectiveness of these visits.
 - Create social pressure on the farmers to follow the improved agricultural practices and recommended packages. Also consistently remind the farmers about the repayment obligations at the end of the season so that they allocate their post harvest cash flows in priority for loan repayment.
 - Coordinate and inform the COs about crop harvesting carried out by their client farmers so that the COs can immediately visit for repayment collection.
- **Step 14 - Settlement of full commission due to the agents at the end of the season:**
On receiving full repayment from the seasonal loan clients at harvest the MFI will inform the suppliers about this. The suppliers will then release the remaining 75% of the commission that was due to the agents. In case full recovery of loans is not achieved due to farm management gaps or diversion of cash flows after harvest to other purposes then the commission of the agent will also be reduced proportionately to the repayment. These terms and conditions will be agreed at the beginning of the season in the agreement between the suppliers and the agents.

12. Profile of the agents: The profile of the agents is suggested below. These are only guidelines and should be finalised through further discussion with the service providers/suppliers;

- Resident of the same community/cluster where employed as the agent
- Youth, in good health with the physical ability to frequently visit within and between communities in the cluster
- Strong interpersonal skills
- Good relationship with the community members and commanding respect
- Preferably owning a motorbike or animal drawn transport for facilitating movement within and between the communities. In later stages a motorbike can be financed by a bank or directly by the supplier.
- Satisfactory knowledge and background understanding of agricultural activities
- Reasonable financial standing

13. Main activities of the agents: The activities of the agents are presented below. These too should be finalised through further discussion with the service provider/suppliers.

- Business development for the suppliers at the community/cluster level by increasing awareness of farmers about the benefits of improved agricultural packages and by anchoring relevant demonstration and exposure of the rural communities to these demonstrations
- Conduct interviews, personal discussions and surveys to develop a list of households interested in adopting improved agricultural practices including land area to be cropped, type of service/inputs demanded and costs of the services/inputs.
- Collaborate with the extension officers by sharing information about general trends in demand and supply of various agricultural services and inputs in the communities, assist the extension officers to disseminate relevant awareness and technology packages and cooperate with the extension officers for quality control and prevention of detrimental agricultural practices.
- Coordinate with the suppliers to generate advance list of clients, conduct client screening, guide farmers to consolidate their land and advice farmers on plot selection.
- Act as a channel of information between the suppliers and their final clients. This would involve passing information about client requirements to the suppliers so that they can

organise their services/inputs accordingly. Simultaneously, keep the clients informed about the suppliers' requirements such as land consolidation and plot location. Also inform the clients about delay in supply of the inputs and services to reduce uncertainty. These mechanisms would ensure trust building between the suppliers and the clients

- Coordinate with the suppliers for delivery of the services/inputs. This may involve facilitating the delivery of mechanised services to the clients served by the agents in priority as well as organising transportation and storage of inputs at the local level and their distribution to the farmers
- Monitoring seasonal loans through the following activities;
 - Gather information from community members about the management practices adopted by the client farmers for the MFI financed crop. Supplement such information through periodic farm visits for direct monitoring.
 - Encourage client farmers to follow the improved agricultural packages for better production results
 - Provide constant feedback to the COs about the crop performance of the client farmers. This will assist the COs to direct attention straight to the problematic clients during the monthly monitoring visits and will improve the efficiency and effectiveness of these visits
 - Create social pressure on the farmers to follow the improved agricultural practices and recommended packages. Also, consistently remind the farmers about the repayment obligations at the end of the season so that they allocate their post harvest cash flows in priority for loan repayment.
 - Coordinate and inform the COs about crop harvesting carried out by their client farmers so that the COs can immediately conduct repayment collection visit.

14. Agent selection guidelines: Guidelines for selection of the agents are suggested below. They should be fine-tuned by the project in discussion with the suppliers and ABSUMI as relevant

- The agent selection process should be led by the suppliers. It is expected that at the pilot stage agents for SDP communities will be appointed through a consultative process involving the suppliers and the project staff particularly the extension officers. The project can provide referrals of individuals who meet the agent profile and are known to the extension officers by virtue of their engagement with the communities over several years and perhaps even trained by them on agronomic practices. However, the suppliers will not be under any obligation to select these candidates.
- The suppliers will be fully responsible for managing the agents appointed by them. It should be clear from the beginning that the project, particularly the extension officers will not bear responsibility for any losses or reputational damage suffered by the suppliers as a result of the actions of an agent. However, and the extension officers may provide oversight to the functions of the agents especially during the pilot stage. Nevertheless this will not replace the responsibility of the suppliers.
- Agents can be selected from a village or village cluster depending upon the situation. There is no limitation on the number of agents that can be appointed for any village or cluster. However, for efficiency and for generating attractive incentives it is advisable to appoint 1-2 multipurpose agents who can deal with different suppliers especially during the pilot stage. However, as the model evolves some suppliers may prefer exclusive agents.
- One of the main interventions of the project during the pilot stage will be facilitating the agreement between the supplier and the agents in a manner that both parties are adequately incentivized by the model. Similarly, based on requirement the project should offer assistance in developing a model financing agreement between MFI (ABSUMI for the pilot period) and the supplier.
- Although their opinion may not be binding on suppliers for agent appointment, extension officers as well as ABSUMI should adequately participate in the agent selection process so that all these stakeholders are fully aware of the details related to the model and its implementation process. This will enable smooth coordination in the future on aspects related to the implementation and further development of this model.

15. Role of extension officers: Guidelines explaining the role of the extension officers are presented below. These are indicative points and should be developed further by the project.

- **Awareness development and introduction to the agent model:** The extension officers will provide market information to the suppliers and MFIs about of new villages and clusters where there is potential for growth of new farming technologies. Such information will help to guide the expansion and implementation of the agent based model in new village clusters according to demand.
- **Training and capacity building of agents:** Once the agents are appointed/identified the extension officers will be responsible for training them on different aspects related to technical agricultural packages, business packages, financial management issues, responsibilities related to loan recovery facilitation as well as step-by-step guidance on agent roles such as generating a list of interested clients, method of verification of these clients, delivery of services and inputs to the clients. In addition the training should cover ethical business practices to be followed within the model. The training curriculum should be prepared in consultation with the suppliers and other stakeholders such as MFIs.
- **Facilitate agent selection:** the extension officers will assist the agent selection process by providing referrals of known individuals with good work record who were either trained or associated with the project during community level implementation. However, the suggestion of the extension officers will not be binding on the suppliers for agent selection.
- **Monitor agent activities:** Especially during the start-up stage the extension officers will have an important role in monitoring the agents to ensure the timeliness of their actions, quality of their activities, maintenance of the ethical standards and harmonious relationship with different stakeholders. The extension mechanism will also monitor the quality of the inputs and services delivered by the model and ensure standards according to the expectation and recommendations of the project.
- **Verification of the demand list:** During the start-up period the extension officers will be responsible for the verification of the demand list generated by the agent indicating the crop area, services and inputs requested by farmers. The extension officers will ensure that the project target group particularly the relatively poor households are involved, that the potential clients have adequate exposure to training and capacity building on improved packages and that the farmers listed are genuinely interested in the improved packages.
- **Assist in the agreements and contracts between different stakeholders:** Assist in the agreements and contracts between different stakeholders for example between the suppliers and the agents and again between the financial institution and the supplier.
- **Other roles:** In addition to the above areas the extension officers will support the community level facilitation of the agent activities, smooth and timely payments by the different actors in the model according to agreement and conflict resolution between the actors in case of disagreements. They will also provide information about new technology, varieties, inputs etc, for future adoption through the model.

Annex III a

Financial Management Assessment at Supervision – Guidance Questionnaire^{25/26}

Country: Sudan	Loan /Grant ID: DSF-8094-SD, DSF-8114-SD
Project Name: Seeds Development Project (SDP)	
Executing Agency: Ministry of Agriculture of Sudan	CPM: Mohamed Abdelgadir
Reviewing Finance Officer/FMS: Mr. Vishwanath Mannava, FMS	Date of this review: 19 September - 1 October 2016

Topic		Risk Rating (H/M/L)	Issues / Comments / Recommendations
A. Inherent Risks			
a	Country Risks	H	The Corruption Perceptions Index (CPI) 2015 of Transparency International ranks Sudan as 173/175
b	Project Design	M	The risk on end use of funds inherent due to disburse geographical coverage of the project
c	Project Entity	M	The overall management of the project lies with the PCU in El-Obaid. In addition, there are 2 State Coordination Units (SCU) in North Kordofan and South Kordofan. The project has added one locality in each province, but has not expanded its SCUs.
B. Control Risks			
1. Organization and Staffing			
a.	Adequacy of organizational structure to meet functional needs of the project.	L	
b.	Availability of clear job description for key project positions, including fiduciary positions.	L	Staff job descriptions are annexed to staff contracts
c.	Adequacy of project financial management staff (numbers and skill) matching functional needs of project.	L	The WSRMP finance controller is the controller for SDP and a full time accountant is assigned to SDP
d.	Availability and adequacy of operating manuals and guidelines for staff.	L	Project operating manual (PIM) is approved by IFAD and is being used
e.	Existence of a performance based evaluation system in place and timely completion of performance evaluation for all staff.	H	No performance based evaluation system for staff is in place.
f.	Adequacy of health insurance coverage for all staff (where applicable).	L	Medical care allowance is incorporated in salary structure
g.	Timely payment of social security fees (where applicable).	L	Social insurance of project staff is paid regularly

25 This questionnaire should be used as guidance for and in support of the Summary Project Fiduciary Risk Assessment at Supervision. It is to be completed during the Mission.

26 Include relevant findings of project supervision and progress reports, field visits, and audit report findings.

h.	Staff adequately informed about IFAD's national and anti-corruption policy and relevant contact details.	L	Project coordinator, finance controller and accountant are informed and updated on this policy
2. Budgeting			
a.	Timely preparation and approval of AWPB.	M	AWPB prepared and approved annually. Prior year AWPB submitted with 2 month delay. FY 2017 process is underway, in 2 nd draft stage. The AWPB expected to be submitted to IFAD by end of Oct
b.	AWPB in line with expenditure categories in Financing Agreement Schedule 2.	L	Budget is in line with expenditure categories in FA
c.	Financing sources and implementing agencies for each category in the AWPB are identified.	L	Yes, the Financing sources and implementing agencies for each category in the AWPB are identified
d.	Linkage between AWPB and Procurement plan are identified (for cost estimate and activities). Check assumptions to support cost estimates. Test check high value items.	L	There is clear linkage between the AWPB and the Procurement plan
3. Fund flows and Disbursements/Withdrawals			
a.	Timeliness of funds disbursed by different sources (and co-financiers funding if applicable).	M	IFAD funds are disbursed timely but govt funds can be delayed at times. No funds being recvd by beneficiaries up to now
b.	Timeliness of counterpart funds disbursed.	M	Government counterpart funding has always been an issue for the project. It has been slow this FY as well, although staff salaries have been paid on time. GoS covering for IFAD in the recurrent cost category.
c.	Efficiency of the funding channels. Timeliness and traceability of funds flows.	M	Funding channels are efficient and traceable, but govt counterpart funding lacks timeliness
d.	Efficiency of the funding channels for credit lines. Timeliness and traceability of funds flows, if applicable.	N/A	No credit lines exist in the project
e.	Special Account(s)/Dedicated Account(s) Management, Disbursements.		
	i) Adequacy of the authorized allocation to ensure a smooth flow of funds	L	Adequate initial deposit. No shortages of fund experienced wrt AA
	ii) Appropriateness of disbursement methods used	L	Project applies replenishment and direct payment methods
	iii) Adequacy of documentary support for SOE disbursements, reimbursements, direct payments and Special Commitments. (refer to Appendix IV and complete, reflecting finding in rating).	M	Project maintains adequate documentary support as required, however the complete documentation for each SOE item is not grouped together, with some documents in the custody of the procurement officer and requiring research. It is recommended that all evidence related to a payment are bundled and retained together
	iv) Timely preparation and accuracy of Withdrawal Applications	L	The project prepares WAs at the end of each quarter covering the previous quarter, as per guidelines. the software allows streamlined preparation of WAs.
	v) Authorization of WA preparation.	L	WAs are properly authorized
	vi) Status on expenditures withdrawn from Special Account but not yet claimed for replenishment (old cases to be noted)	L	WAs are prepared regularly following IFAD requirements for timeliness. Project is timely in claiming reimbursement for expenditures every quarter

	vii) Regularity of Special Account(s) monitoring and monthly reconciliations signed by the project manager. Review and assess the reconciliations	L	Special account is reconciled on a monthly basis and is also submitted with each WA
	viii) Disbursement rate compared to the AWPB and whether satisfactory given the remaining implementation time. Provide comments as appropriate	M	current yr disbursement to date is 36%, very low compared to elapsed time. However, overall disbursement of the Grant is satisfactory given remaining project life
	ix) Recovery of SA balances by loan closure	N-A	Loan recovery not yet started, the plan will be drawn up next year
4. Internal Controls			
a.	Segregation of duties - are the following functional responsibilities performed by different units or persons: (i) authorization of a transaction (ii) execution of a transaction (iii) recording of the transaction; and (iv) custody of assets involved in the transaction.	L	i. yes ii. yes iii. yes iv. yes Appropriate segregation of duties is maintained
b.	Clarity and adequacy of decision processes and sequence of events for control functions in project implementation reflected in the Financial Manual (or equivalent there-of).	L	The PIM records and details the control functions well. The PIM is being followed well by project staff.
c.	Adherence to Financial Manual.	L	The FM is part of the PIM and the financial rules are adhered to well.
d.	Effectiveness and efficiency of internal controls over inflows of funding sources other than IFAD.	L	Appropriate internal controls are in place
e.	Adequacy of contract management (use of contracts register and monitoring form) and filing there-of.	L	The contract register and contract monitoring forms are utilized and up to date. The Contract register needs some streamlining
f.	Effectiveness and efficiency of internal controls over expenditures (full cycle from commitment, payment, receipt of good and services, approval of payments, classification, etc.)	L	Adequate internal control over expenditure is in place. The controls are both in the software and manual
g.	Documentary evidence to confirm delivery and acceptance of contracted goods, works or services.	L	Receipt certificates available for documentation
h.	Physical controls over cash, documents and records. Adequacy of filing systems. Is the petty cash subject to monthly reconciliation as well as surprise checks; custody of cash box and control of keys.	L	Project maintains adequate controls over documents and records. No petty cash maintained by proj, all payments done by cheque.
i.	Adequacy of physical management of cash.	L	No physical cash maintained
j.	Timely payment to suppliers and consultants.	L	Payment to suppliers and consultants made on a timely basis
k.	Eligibility of expenditures with respect to Financing Agreements.	L	Project expenditures are in line with Financing Agreement provisions
l.	Legality/eligibility of advances from project funds and timely justification for use there-of.	L	Advances from project fund for project related purpose and use thereof is justified.
m.	Compliance with financial management covenants in the Financing Agreements and LTB.	L	Complied with financial management covenants
n.	Adequacy of up-to-date record keeping for fixed assets and inventories.	M	Adequate records are kept for fixed assets and a physical check was performed last Dec. however, evidence of the count was not

			presented and not available
o.	Adequacy of controls concerning project assets including: i) Vehicle and other assets management (are assets property tagged, is a physical inventory count done on a regular basis?) ii) Fuel management (do drivers maintain a log book?) iii) Travel authorisations (incl. DSA paid to staff)	M	Appropriate arrangements for vehicle management is in place including maintaining vehicle log books and travel authorisations. However, physical inventory check is done last Dec but no evidence of it was presented
p.	Adequacy of vehicles and assets insurance.	L	Comprehensive insurance for project vehicles
q.	Workshops: i) Availability of list of participants ii) DSA paid to participants iii) Receipts for workshop expenditure	L	List of training participants, entitlements and receipts kept to document workshops expenditure.
r.	Adequacy of controls and authorization process for use of funds (payments, transfers, Cash/Bank balance management) / and other operational accounts – non-special account.	L	Adequate controls and authorisation for use of funds are in place
s.	Banking arrangement and controls (reconciliation of bank statements with financial accounts).	L	Bank reconciliation is made on a monthly basis for all project bank accounts; DA reconciliation done for every WA and every quarter
t.	Existence of a proper IT support unit in place.	L	Consultancy support on part-time basis by the software consultant
5. Accounting			
a.	Basis of accounting (cash, accrual) and whether accounting standards are in line with IFAD's requirements (e.g. IFRS/IPSAS/IPSAS cash).	L	Adopting modified cash basis, been accepted by IFAD
b.	Adequacy and reliability of accounting system, (is double entry accounting used, specify software used, is budget data entered into the accounting system, can the accounting system produce regular automated financial reports?).	L	Single entry accounting on Access-based system is used. The system can produce all required reports including WAs quite easily.
c.	Recordkeeping (including documentation and filing/archiving)	L	Adequate record keeping is in place
d.	Fixed assets register maintained and reconciled (sample and physical check).	M	Assets register maintained but no evidence of a physical inventory count was presented despite the project claiming that a count was performed.
e.	Adequate documentation and controls for Information Systems, including documented accounting procedures, backup of financial records, integration of all sub-systems.	M	Adequate documentation is in place, but manual not distributed to all staff. Backup procedures can be improved. No integration of all sub-systems
f.	Adequacy of chart of accounts for project accounting purposes	L	Adequate chart of accounts maintained
g.	Timeliness of recording transactions, regularity of performance and approval of reconciliations, controls on erroneous recordings.	L	Timely recording of transactions and reconciliations
h..	Appropriate/adequate accounting and reporting of counterpart funds contributions (incl. tax and tax exemptions) as well as beneficiary contributions.	M	the accounting and reporting of counterpart funds for VAT and taxes is based on estimates, no data given by the MOF on this despite repeated requests. Beneficiary contributions not rcvd.
6. Financial Reporting & Monitoring			
a.	Completeness, accuracy, usefulness, and timeliness of financial reports.	L	Annual financial reports submitted timely

b.	Interim FM reports and linkage to progress reports - timely preparation, submission to IFAD.	L	Quarterly reports for internal review, and semi-annual reports now submitted
c.	Preparation of reports showing actual vs budget income/expenditure and AWPB execution rate.	M	Quarterly reports compare actual results to budget; the comparison of budget to actuals report is not part of the PFS, it is presented in the mgmt letter of auditors
d.	Follow up of previous aide-memoirs fiduciary recommendations.	M	some recommendations are still to be implemented
e.	Reasonable alignment between disbursement rate of recurrent versus investment cost categories.	H	Recurrent costs are in overdraft, reached the 30% limit and a re-allocation must be done in order to finance this category
7. Internal Audit			
a.	Existence of Internal Audit arrangements.	N-A	Not envisaged in project design and therefore risk is N-A here, no IA done in past. However, it is planned that the IA directorate will audit the project this year
b.	Adequacy of internal audit arrangements (organization - staff capacity).	N-A	Not applicable as no arrangements were designed into the project. no information available at this time about the planned IA towards the FYE
c.	Adequacy of internal audit scope of work and quality of reports.	N-A	Not applicable at this time
d.	Assessment of matters raised in audit reports.	N-A	Not applicable at this time
8. External Audit²⁷			
a.	Adequacy of scope and ToR.	M	Adequate. Drawn up as per IFAD guidelines
b.	Adherence to ToR.	M	No separate opinion on SOE/SA
b.	Timeliness of audit report.	L	Submission deadlines met
c.	Quality of audit.	M	No separate opinion on SOE/SA
d.	Implementation of audit recommendations/agreed action plan in place to address these.	M	some prior yr recommendations still pending

²⁷ Refer to IFAD audit review.

Summary of Project Fiduciary Risk Assessment at Supervision²⁸

Project Number: DSF-8094-SD, DSF-8114-SD

Implementing Agency : State Ministries of Agriculture in North and South Kordofan, Project Coordination Unit (PCU)

	Risk Assessment H/M/L	Proposed Mitigation
Inherent Risk	M	N/A
Control Risks		
1. Organization and Staffing	M	performance based evaluation system for staff to be created.
2. Budgeting	L	N-A
3. Funds flow & Disbursement Arrangements	M	Improve organization of SOE support documents, AWPB execution to be urgently improved, beneficiary funding to be requested, govt counterpart funding to be more timely
4. Internal Controls	L	Evidence of physical inventory count to be created. streamlining of other documentation needed as well
5. Accounting	M	Records of physical inventory count to be created, data on govt funding for VAT/taxes to be acquired from MOF. Software manual to be distributed to all staff
6. Financial Reporting and Monitoring	M	funds re-allocation must be done immediately to cover for recurrent costs overdraft
7. Internal Audit	N-A	Internal audit was not part of the project design. However, there is now a plan for IA to commence this FY. This is a positive development. The first IA of the project is expected to commence in Dec 2016
8. External Audit	M	Work to ensure audit reports include opinion on SOE stmt and DA stmt
Overall Project Fiduciary Risk	M	
H=High, M=Medium, L= Low		

Comments:

²⁸ This is a summary of the findings documented in the 'Project Supervision Financial Management Assessment – Guidance Questionnaire – see Appendix I. It is to be completed by the Finance Officer.

Annex III b

Statement of Expenditure (SOE) Review Checklist

A key element of every mission is to check the validity of expenditures claimed under the SOE since the last supervision mission. The SOE review may result in findings such as i) inadequacy/unavailability of supporting documents, ii) ineligible expenditures, iii) misallocation of costs by category and iv) application of wrong percentages.

The methodology and check-list outlined below serve as a **guidance**, and are designed to capture the most relevant actions to be undertaken and questions to be asked by the FMS when carrying out the review.

Methodology

- i) **Identify** and **select** a random sample of SOEs from each WA covering
 - a. all expenditure categories, with particular focus on the categories considered to be 'risky' and
 - b. at least **30%** of the total value of the items claimed under SOEs. This is deemed acceptable, irrespective of risk rating (as we have different levels of up-front controls already by risk rating) in that:
 - i. If errors are found then the % should be increased,
 - ii. Recurring expenditures can be test-checked: if one month's salary is checked in detail and is fine, then we do not need to check the other 11 months provided the monthly cost is fairly constant.
- ii) **Review** all the supporting documentation for the selected sample.
- iii) **Document** all the discrepancies and ineligible expenditures noticed during the review and discuss them with the project's financial manager.
- iv) Based on the review determine if the SOE thresholds are adequate and reflect the project risk?

Check-list

	SOE Element	Comments
1.	Are the expenditures properly accounted for in the books and financial reports of the project, and can they be cross-referenced in the SOE to relevant documentation (e.g. vouchers)? Does presentation of information in the SOEs allow for ready access to the files for review and audit purposes?	WA 38, Training, line 35, SDG 468,592.58 ; yes, proper linkage exists betw the SOE and financial reports and documentation.
2.	Are all the invoices stamped Paid?	N-A as it relates to payment of entitlements to project staff for study tour to India
3.	(i) Review documentation supporting payments and for all cases described in (ii) through (iv) below, ensure existence of: <ul style="list-style-type: none"> ✓ a signed contract or confirmed purchase order – showing the specified amount that is due to be paid ✓ evidence of receipt, invoice or performance ✓ a bank guarantee for advance payment, as specified in the contract documents ✓ a bank guarantee for performance, as specified in 	iii. services; record of receipt of entitlements to participants of study tour exists and is detailed 1. yes 2. yes 3. N-A 4. N-A 5. yes

	SOE Element	Comments
	<p>the contract documents</p> <ul style="list-style-type: none"> ✓ copies of communications sent by the IFAD country programme manager to the lead project agency providing the 'no objection' (whether post or prior) to the contract award; and ✓ evidence of payment/bank statements ✓ accounting records of approvals, disbursements, and balances available ✓ procurement documents (bid documents, invitation, evaluation, award, add in a newspaper), if applicable. ✓ for recurrent costs (operation cost and PIU staff salaries), ensure existence of recurrent costs records <p>(ii) For payment of goods, in addition to (i) above, ensure existence of:</p> <ul style="list-style-type: none"> ✓ a supplier's invoice, duly certified for payment by the project director – specifying the goods, their quantities, and prices ✓ bills of lading or similar documents; and shipping or import documents and inspection certificates , if applicable ✓ a certificate of delivery, as appropriate, to include condition of goods on delivery. <p>(iii) For payment of consultants' services and other services, in addition to (i) above, ensure the existence of:</p> <ul style="list-style-type: none"> ✓ the supplier's or consultant's claim, duly certified for payment by the project director and showing sufficient detail. If such services relate to the importation of goods (for example, freight and insurance payments), adequate reference should be given to enable the Fund to relate each of these items to specific goods whose cost has been or is to be financed by the financing closing date; and ✓ a certificate of delivery, as appropriate, of satisfactory services. <p>(iv) For progress and retention payments of civil works, in addition to (i) above, ensure existence of :</p> <ul style="list-style-type: none"> ✓ a claim by the contractor, including a financial progress report, stating the work performed and 	<p>6.yes</p> <p>7.yes</p> <p>8.N-A</p> <p>9.N-A</p> <p>iii. 10.yes</p> <p>11.yes</p>

	SOE Element	Comments
	<p>the amount due;</p> <ul style="list-style-type: none"> ✓ a certificate – signed by the project consultants or owner’s representative, if any, or by the borrower’s chief engineering officer or resident supervising engineer assigned to the project, to the effect that the work performed is satisfactory and the payment claimed is due in accordance with the terms of the contract; and ✓ a copy of the contract payment monitoring form (Form C-11) signed in original by the certifying officer. <p>(v) Credit lines/equity:</p> <ul style="list-style-type: none"> ✓ review Subsidiary Agreement with the Project Party (i.e. Micro Finance Institutions, banks, equity companies etc.) ✓ review documentation evidencing proof of activities as described within the Subsidiary Agreement and/or any sub-agreement ✓ review bank statement(s) recording funds flow 	
4.	Question to address in review are:	
4.1	Is the documentation readily available?	Yes, but complete documentation not in same file, proj has to ensure that all evidence related to one payment is bundled together. Easy for inspection and testing. Also some documents are in Arabic without any translation.
4.2	Does it indicate that the expenditure was approved by an authorized official?	Yes
4.3	Is it in original form?	Yes
4.4	Does it relate to the project concerned?	Yes
4.5	Are the computations correct and are there any errors or alterations?	Yes, no errors
4.6	Are the type of costs charged appropriate for the category and have the disbursement percentages been used correctly?	Yes
4.7	Are there any duplicate invoices?	No
5.	Verify eligibility of expenditures. The review determines whether the expenditures are properly supported and are eligible for IFAD disbursement in accordance with legal agreements.	Expense is eligible and N-O given by IFAD after review
6.	Determine whether any payments were made in advance of receipt of good or delivery of services, and if so, is this consistent with contract provisions?	No advance payments

	SOE Element	Comments
7.	Payments exceeding defined SOE limits should be fully supported with related documentation.	N-A
8.	<p>Check for payments for items that are not procured in accordance with the legal agreements or signed contracts, such as:</p> <ul style="list-style-type: none"> ✓ Payments for items not specified in the Financing Agreement and the AWPB, including the procurement plan approved by IFAD; ✓ Payments made prior to credit signing or before the eligible date specified for retroactive financing; ✓ Commitments made before completion date (excluding winding up expenditures) and payments made for the expenditures incurred after closing date; 	Contract is in AWPB and payments approved by IFAD

	SOE Element	Comments
1.	Are the expenditures properly accounted for in the books and financial reports of the project, and can they be cross-referenced in the SOE to relevant documentation (e.g. vouchers)? Does presentation of information in the SOEs allow for ready access to the files for review and audit purposes?	WA 38, Salary and Allowances, line 29, SDG 140,980 ; yes, proper linkage exists between the SOE and financial reports and documentation.
2.	Are all the invoices stamped Paid?	N-A b-c it is the monthly recurrent cost for salary and staff do not need to submit invoice to get paid
3.	<p>(i) Review documentation supporting payments and for all cases described in (ii) through (iv) below, ensure existence of:</p> <ul style="list-style-type: none"> ✓ a signed contract or confirmed purchase order – showing the specified amount that is due to be paid ✓ evidence of receipt, invoice or performance ✓ a bank guarantee for advance payment, as specified in the contract documents ✓ a bank guarantee for performance, as specified in the contract documents ✓ copies of communications sent by the IFAD country programme manager to the lead project agency providing the 'no objection' (whether post or prior) to the contract award; and 	<p>iii.</p> <p>1. yes</p> <p>2. yes</p> <p>3. N-A</p> <p>4. N-A</p> <p>5. yes for staff contracts</p> <p>6.yes</p> <p>7.yes</p> <p>8.N-A</p> <p>9.yes</p> <p>iii. 10.N-A</p>

[illegible]

	SOE Element	Comments
	<ul style="list-style-type: none"> ✓ a copy of the contract payment monitoring form (Form C-11) signed in original by the certifying officer. <p>(v) Credit lines/equity:</p> <ul style="list-style-type: none"> ✓ review Subsidiary Agreement with the Project Party (i.e. Micro Finance Institutions, banks, equity companies etc.) ✓ review documentation evidencing proof of activities as described within the Subsidiary Agreement and/or any sub-agreement ✓ review bank statement(s) recording funds flow 	
4.	Question to address in review are:	
4.1	Is the documentation readily available?	Yes, but complete documentation not in same file, proj has to ensure that all evidence related to one payment is bundled together. Easy for inspection and testing. Also some documents are in Arabic without any translation.
4.2	Does it indicate that the expenditure was approved by an authorized official?	Yes
4.3	Is it in original form?	Yes
4.4	Does it relate to the project concerned?	Yes
4.5	Are the computations correct and are there any errors or alterations?	Yes, no errors
4.6	Are the type of costs charged appropriate for the category and have the disbursement percentages been used correctly?	Yes
4.7	Are there any duplicate invoices?	No
5.	Verify eligibility of expenditures. The review determines whether the expenditures are properly supported and are eligible for IFAD disbursement in accordance with legal agreements.	Expense is eligible and hiring of staff approved by IFAD
6.	Determine whether any payments were made in advance of receipt of good or delivery of services, and if so, is this consistent with contract provisions?	No advance payments
7.	Payments exceeding defined SOE limits should be fully supported with related documentation.	N-A
8.	<p>Check for payments for items that are not procured in accordance with the legal agreements or signed contracts, such as:</p> <ul style="list-style-type: none"> ✓ Payments for items not specified in the Financing Agreement and the AWPB, including the procurement plan approved by IFAD; 	Staff contracts are in AWPB and procurement plan, approved contracts

	SOE Element	Comments
	<ul style="list-style-type: none"> ✓ Payments made prior to credit signing or before the eligible date specified for retroactive financing; ✓ Commitments made before completion date (excluding winding up expenditures) and payments made for the expenditures incurred after closing date; 	

	SOE Element	Comments
1.	Are the expenditures properly accounted for in the books and financial reports of the project, and can they be cross-referenced in the SOE to relevant documentation (e.g. vouchers)? Does presentation of information in the SOEs allow for ready access to the files for review and audit purposes?	WA 40, Direct project recurrent costs, line 130, SDG 149,379.69 ; vehicle and equipment insurance, settlement of comprehensive insurance bill for vehicles; yes, proper linkage exists betw the SOE and financial reports and documentation.
2.	Are all the invoices stamped Paid?	Yes, supplier is govt insurance agency
3.	<p>(i) Review documentation supporting payments and for all cases described in (ii) through (iv) below, ensure existence of:</p> <ul style="list-style-type: none"> ✓ a signed contract or confirmed purchase order – showing the specified amount that is due to be paid ✓ evidence of receipt, invoice or performance ✓ a bank guarantee for advance payment, as specified in the contract documents ✓ a bank guarantee for performance, as specified in the contract documents ✓ copies of communications sent by the IFAD country programme manager to the lead project agency providing the ‘no objection’ (whether post or prior) to the contract award; and ✓ evidence of payment/bank statements ✓ accounting records of approvals, disbursements, and balances available ✓ procurement documents (bid documents, invitation, evaluation, award, add in a newspaper), if applicable. ✓ for recurrent costs (operation cost and PIU staff salaries), ensure existence of recurrent costs records 	<p>iii.services</p> <p>1. yes</p> <p>2. yes</p> <p>3. N-A</p> <p>4. N-A</p> <p>5. N-A b-c below the N-O threshold</p> <p>6.yes</p> <p>7.yes</p> <p>8.N-A</p> <p>9.N-A</p> <p>iii. 10.yes</p> <p>11.yes</p>

	SOE Element	Comments
	<p>(ii) For payment of goods, in addition to (i) above, ensure existence of:</p> <ul style="list-style-type: none"> ✓ a supplier's invoice, duly certified for payment by the project director – specifying the goods, their quantities, and prices ✓ bills of lading or similar documents; and shipping or import documents and inspection certificates , if applicable ✓ a certificate of delivery, as appropriate, to include condition of goods on delivery. <p>(iii) For payment of consultants' services and other services, in addition to (i) above, ensure the existence of:</p> <ul style="list-style-type: none"> ✓ the supplier's or consultant's claim, duly certified for payment by the project director and showing sufficient detail. If such services relate to the importation of goods (for example, freight and insurance payments), adequate reference should be given to enable the Fund to relate each of these items to specific goods whose cost has been or is to be financed by the financing closing date; and ✓ a certificate of delivery, as appropriate, of satisfactory services. <p>(iv) For progress and retention payments of civil works, in addition to (i) above, ensure existence of :</p> <ul style="list-style-type: none"> ✓ a claim by the contractor, including a financial progress report, stating the work performed and the amount due; ✓ a certificate – signed by the project consultants or owner's representative, if any, or by the borrower's chief engineering officer or resident supervising engineer assigned to the project, to the effect that the work performed is satisfactory and the payment claimed is due in accordance with the terms of the contract; and ✓ a copy of the contract payment monitoring form (Form C-11) signed in original by the certifying officer. <p>(v) Credit lines/equity:</p> <ul style="list-style-type: none"> ✓ review Subsidiary Agreement with the Project Party (i.e. Micro Finance Institutions, banks, equity companies etc.) ✓ review documentation evidencing proof of activities as 	

	SOE Element	Comments
	described within the Subsidiary Agreement and/or any sub-agreement ✓ review bank statement(s) recording funds flow	
4.	Question to address in review are:	
4.1	Is the documentation readily available?	Yes, but complete documentation not in same file, proj has to ensure that all evidence related to one payment is bundled together. Easy for inspection and testing. Also some documents are in Arabic without any translation.
4.2	Does it indicate that the expenditure was approved by an authorized official?	Yes
4.3	Is it in original form?	Yes
4.4	Does it relate to the project concerned?	Yes
4.5	Are the computations correct and are there any errors or alterations?	Yes, no errors
4.6	Are the type of costs charged appropriate for the category and have the disbursement percentages been used correctly?	Yes
4.7	Are there any duplicate invoices?	No
5.	Verify eligibility of expenditures. The review determines whether the expenditures are properly supported and are eligible for IFAD disbursement in accordance with legal agreements.	Expense is eligible
6.	Determine whether any payments were made in advance of receipt of good or delivery of services, and if so, is this consistent with contract provisions?	No advance payments
7.	Payments exceeding defined SOE limits should be fully supported with related documentation.	N-A
8.	Check for payments for items that are not procured in accordance with the legal agreements or signed contracts, such as: ✓ Payments for items not specified in the Financing Agreement and the AWPB, including the procurement plan approved by IFAD; ✓ Payments made prior to credit signing or before the eligible date specified for retroactive financing; ✓ Commitments made before completion date (excluding winding up expenditures) and payments made for the expenditures incurred after closing date;	Contract is eligible

	SOE Element	Comments
1.	Are the expenditures properly accounted for in the books and financial reports of the project, and can they be cross-referenced in the SOE to relevant documentation (e.g. vouchers)? Does presentation of information in the SOEs allow for ready access to the files for review and audit purposes?	WA 40, Direct Project Recurrent cost, line 36, SDG 149,048 ; staff salary for July 2016; yes, proper linkage exists betw the SOE and financial reports and documentation.
2.	Are all the invoices stamped Paid?	N-A b-c it is recurrent cost
3.	<p>(i) Review documentation supporting payments and for all cases described in (ii) through (iv) below, ensure existence of:</p> <ul style="list-style-type: none"> ✓ a signed contract or confirmed purchase order – showing the specified amount that is due to be paid ✓ evidence of receipt, invoice or performance ✓ a bank guarantee for advance payment, as specified in the contract documents ✓ a bank guarantee for performance, as specified in the contract documents ✓ copies of communications sent by the IFAD country programme manager to the lead project agency providing the ‘no objection’ (whether post or prior) to the contract award; and ✓ evidence of payment/bank statements ✓ accounting records of approvals, disbursements, and balances available ✓ procurement documents (bid documents, invitation, evaluation, award, add in a newspaper), if applicable. ✓ for recurrent costs (operation cost and PIU staff salaries), ensure existence of recurrent costs records <p>(ii) For payment of goods, in addition to (i) above, ensure existence of:</p> <ul style="list-style-type: none"> ✓ a supplier’s invoice, duly certified for payment by the project director – specifying the goods, their quantities, and prices ✓ bills of lading or similar documents; and shipping or import documents and inspection certificates , if applicable ✓ a certificate of delivery, as appropriate, to include condition of goods on delivery. 	<p>iii.</p> <p>1. yes</p> <p>2. yes</p> <p>3. N-A</p> <p>4. N-A</p> <p>5. approval for staff hiring and contracts viewed</p> <p>6.yes</p> <p>7.yes</p> <p>8.N-A</p> <p>9.yes</p> <p>iii. 10.N-A</p> <p>11.N-A</p>

	SOE Element	Comments
	<p>(iii) For payment of consultants' services and other services, in addition to (i) above, ensure the existence of:</p> <ul style="list-style-type: none"> ✓ the supplier's or consultant's claim, duly certified for payment by the project director and showing sufficient detail. If such services relate to the importation of goods (for example, freight and insurance payments), adequate reference should be given to enable the Fund to relate each of these items to specific goods whose cost has been or is to be financed by the financing closing date; and ✓ a certificate of delivery, as appropriate, of satisfactory services. <p>(iv) For progress and retention payments of civil works, in addition to (i) above, ensure existence of :</p> <ul style="list-style-type: none"> ✓ a claim by the contractor, including a financial progress report, stating the work performed and the amount due; ✓ a certificate – signed by the project consultants or owner's representative, if any, or by the borrower's chief engineering officer or resident supervising engineer assigned to the project, to the effect that the work performed is satisfactory and the payment claimed is due in accordance with the terms of the contract; and ✓ a copy of the contract payment monitoring form (Form C-11) signed in original by the certifying officer. <p>(v) Credit lines/equity:</p> <ul style="list-style-type: none"> ✓ review Subsidiary Agreement with the Project Party (i.e. Micro Finance Institutions, banks, equity companies etc.) ✓ review documentation evidencing proof of activities as described within the Subsidiary Agreement and/or any sub-agreement ✓ review bank statement(s) recording funds flow 	
4.	Question to address in review are:	
4.1	Is the documentation readily available?	Yes
4.2	Does it indicate that the expenditure was approved by an authorized official?	Yes
4.3	Is it in original form?	Yes
4.4	Does it relate to the project concerned?	Yes
4.5	Are the computations correct and are there any errors or alterations?	Yes, no errors
4.6	Are the type of costs charged appropriate for the category and have the disbursement percentages been used correctly?	Yes

	SOE Element	Comments
4.7	Are there any duplicate invoices?	No
5.	Verify eligibility of expenditures. The review determines whether the expenditures are properly supported and are eligible for IFAD disbursement in accordance with legal agreements.	Expense is eligible
6.	Determine whether any payments were made in advance of receipt of good or delivery of services, and if so, is this consistent with contract provisions?	No advance payments
7.	Payments exceeding defined SOE limits should be fully supported with related documentation.	N-A
8.	<p>Check for payments for items that are not procured in accordance with the legal agreements or signed contracts, such as:</p> <ul style="list-style-type: none"> ✓ Payments for items not specified in the Financing Agreement and the AWPB, including the procurement plan approved by IFAD; ✓ Payments made prior to credit signing or before the eligible date specified for retroactive financing; ✓ Commitments made before completion date (excluding winding up expenditures) and payments made for the expenditures incurred after closing date; 	Staff are procured in accordance with legal agreements

	SOE Element	Comments
1.	Are the expenditures properly accounted for in the books and financial reports of the project, and can they be cross-referenced in the SOE to relevant documentation (e.g. vouchers)? Does presentation of information in the SOEs allow for ready access to the files for review and audit purposes?	WA 38, Salaries and Allowances, line 41, SDG 144,580 ; PCU staff salaries for Dec 2015; yes, proper linkage exists between the SOE and financial reports and documentation.
2.	Are all the invoices stamped Paid?	N-A
3.	<p>(i) Review documentation supporting payments and for all cases described in (ii) through (iv) below, ensure existence of:</p> <ul style="list-style-type: none"> ✓ a signed contract or confirmed purchase order – showing the specified amount that is due to be paid ✓ evidence of receipt, invoice or performance ✓ a bank guarantee for advance payment, as specified in the contract documents ✓ a bank guarantee for performance, as specified in the contract documents 	<p>iii. services</p> <p>1. yes</p> <p>2. yes</p> <p>3. N-A</p> <p>4. N-A</p> <p>5. yes</p> <p>6. yes</p> <p>7. yes</p>

	SOE Element	Comments
	<ul style="list-style-type: none"> ✓ copies of communications sent by the IFAD country programme manager to the lead project agency providing the 'no objection' (whether post or prior) to the contract award; and ✓ evidence of payment/bank statements ✓ accounting records of approvals, disbursements, and balances available ✓ procurement documents (bid documents, invitation, evaluation, award, add in a newspaper), if applicable. ✓ for recurrent costs (operation cost and PIU staff salaries), ensure existence of recurrent costs records <p>(ii) For payment of goods, in addition to (i) above, ensure existence of:</p> <ul style="list-style-type: none"> ✓ a supplier's invoice, duly certified for payment by the project director – specifying the goods, their quantities, and prices ✓ bills of lading or similar documents; and shipping or import documents and inspection certificates , if applicable ✓ a certificate of delivery, as appropriate, to include condition of goods on delivery. <p>(iii) For payment of consultants' services and other services, in addition to (i) above, ensure the existence of:</p> <ul style="list-style-type: none"> ✓ the supplier's or consultant's claim, duly certified for payment by the project director and showing sufficient detail. If such services relate to the importation of goods (for example, freight and insurance payments), adequate reference should be given to enable the Fund to relate each of these items to specific goods whose cost has been or is to be financed by the financing closing date; and ✓ a certificate of delivery, as appropriate, of satisfactory services. <p>(iv) For progress and retention payments of civil works, in addition to (i) above, ensure existence of :</p> <ul style="list-style-type: none"> ✓ a claim by the contractor, including a financial progress report, stating the work performed and the amount due; ✓ a certificate – signed by the project consultants or owner's representative, if any, or by the borrower's chief engineering officer or resident supervising engineer assigned to the project, to the effect that the work performed is satisfactory and the payment claimed is due in accordance with the terms of the contract; and 	<p>8.staff contracts exist</p> <p>9.yes</p> <p>iii. 10.N-A</p> <p>11.N-A</p>

	SOE Element	Comments
	<ul style="list-style-type: none"> ✓ a copy of the contract payment monitoring form (Form C-11) signed in original by the certifying officer. <p>(v) Credit lines/equity:</p> <ul style="list-style-type: none"> ✓ review Subsidiary Agreement with the Project Party (i.e. Micro Finance Institutions, banks, equity companies etc.) ✓ review documentation evidencing proof of activities as described within the Subsidiary Agreement and/or any sub-agreement ✓ review bank statement(s) recording funds flow 	
4.	Question to address in review are:	
4.1	Is the documentation readily available?	Yes, but complete documentation not in same file, proj has to ensure that all evidence related to one payment is bundled together. Easy for inspection and testing. Also some documents are in Arabic without any translation.
4.2	Does it indicate that the expenditure was approved by an authorized official?	Yes
4.3	Is it in original form?	Yes
4.4	Does it relate to the project concerned?	Yes
4.5	Are the computations correct and are there any errors or alterations?	Yes, no errors
4.6	Are the type of costs charged appropriate for the category and have the disbursement percentages been used correctly?	Yes
4.7	Are there any duplicate invoices?	No
5.	Verify eligibility of expenditures. The review determines whether the expenditures are properly supported and are eligible for IFAD disbursement in accordance with legal agreements.	Expense is eligible
6.	Determine whether any payments were made in advance of receipt of good or delivery of services, and if so, is this consistent with contract provisions?	No advance payments
7.	Payments exceeding defined SOE limits should be fully supported with related documentation.	N-A
8.	<p>Check for payments for items that are not procured in accordance with the legal agreements or signed contracts, such as:</p> <ul style="list-style-type: none"> ✓ Payments for items not specified in the Financing Agreement and the AWPB, including the procurement plan approved by IFAD; ✓ Payments made prior to credit signing or before the eligible date specified for retroactive financing; 	Staff contracts are in AWPB and procurement plan

	SOE Element	Comments
	✓ Commitments made before completion date (excluding winding up expenditures) and payments made for the expenditures incurred after closing date;	

6.

	SOE Element	Comments
1.	Are the expenditures properly accounted for in the books and financial reports of the project, and can they be cross-referenced in the SOE to relevant documentation (e.g. vouchers)? Does presentation of information in the SOEs allow for ready access to the files for review and audit purposes?	WA 38, Salaries and Allowances, line 67, SDG 162,733.12 ; gratuity payments for staff for FY 2015 ; yes, proper linkage exists betw the SOE and financial reports and documentation.
2.	Are all the invoices stamped Paid?	N-A
3.	<p>(i) Review documentation supporting payments and for all cases described in (ii) through (iv) below, ensure existence of:</p> <ul style="list-style-type: none"> ✓ a signed contract or confirmed purchase order – showing the specified amount that is due to be paid ✓ evidence of receipt, invoice or performance ✓ a bank guarantee for advance payment, as specified in the contract documents ✓ a bank guarantee for performance, as specified in the contract documents ✓ copies of communications sent by the IFAD country programme manager to the lead project agency providing the 'no objection' (whether post or prior) to the contract award; and ✓ evidence of payment/bank statements ✓ accounting records of approvals, disbursements, and balances available ✓ procurement documents (bid documents, invitation, evaluation, award, add in a newspaper), if applicable. ✓ for recurrent costs (operation cost and PIU staff salaries), ensure existence of recurrent costs records 	<p>iii.services</p> <p>1. yes</p> <p>2. yes</p> <p>3. N-A</p> <p>4. N-A</p> <p>5. N-A b-c this is part of the labor law of GoS and must be paid. No approval needed from IFAD</p> <p>6.yes</p> <p>7.yes</p> <p>8.N-A</p> <p>9.yes. gratuity paid at end of every yr, so it's a recurrent cost</p> <p>iii. 10.N-A</p> <p>11.N-A</p>

	SOE Element	Comments
	<p>(ii) For payment of goods, in addition to (i) above, ensure existence of:</p> <ul style="list-style-type: none"> ✓ a supplier's invoice, duly certified for payment by the project director – specifying the goods, their quantities, and prices ✓ bills of lading or similar documents; and shipping or import documents and inspection certificates , if applicable ✓ a certificate of delivery, as appropriate, to include condition of goods on delivery. <p>(iii) For payment of consultants' services and other services, in addition to (i) above, ensure the existence of:</p> <ul style="list-style-type: none"> ✓ the supplier's or consultant's claim, duly certified for payment by the project director and showing sufficient detail. If such services relate to the importation of goods (for example, freight and insurance payments), adequate reference should be given to enable the Fund to relate each of these items to specific goods whose cost has been or is to be financed by the financing closing date; and ✓ a certificate of delivery, as appropriate, of satisfactory services. <p>(iv) For progress and retention payments of civil works, in addition to (i) above, ensure existence of :</p> <ul style="list-style-type: none"> ✓ a claim by the contractor, including a financial progress report, stating the work performed and the amount due; ✓ a certificate – signed by the project consultants or owner's representative, if any, or by the borrower's chief engineering officer or resident supervising engineer assigned to the project, to the effect that the work performed is satisfactory and the payment claimed is due in accordance with the terms of the contract; and ✓ a copy of the contract payment monitoring form (Form C-11) signed in original by the certifying officer. <p>(v) Credit lines/equity:</p> <ul style="list-style-type: none"> ✓ review Subsidiary Agreement with the Project Party (i.e. Micro Finance Institutions, banks, equity companies etc.) ✓ review documentation evidencing proof of activities as described within the Subsidiary Agreement and/or any sub-agreement 	

	SOE Element	Comments
	✓ review bank statement(s) recording funds flow	
4.	Question to address in review are:	
4.1	Is the documentation readily available?	Yes, but complete documentation not in same file, proj has to ensure that all evidence related to one payment is bundled together. Easy for inspection and testing. Also some documents are in Arabic without any translation.
4.2	Does it indicate that the expenditure was approved by an authorized official?	Yes
4.3	Is it in original form?	Yes
4.4	Does it relate to the project concerned?	Yes
4.5	Are the computations correct and are there any errors or alterations?	Yes, no errors
4.6	Are the type of costs charged appropriate for the category and have the disbursement percentages been used correctly?	Yes
4.7	Are there any duplicate invoices?	No
5.	Verify eligibility of expenditures. The review determines whether the expenditures are properly supported and are eligible for IFAD disbursement in accordance with legal agreements.	Expense is eligible as per GoS labor law, which this project follows
6.	Determine whether any payments were made in advance of receipt of good or delivery of services, and if so, is this consistent with contract provisions?	No advance payments
7.	Payments exceeding defined SOE limits should be fully supported with related documentation.	N-A
8.	Check for payments for items that are not procured in accordance with the legal agreements or signed contracts, such as: <ul style="list-style-type: none"> ✓ Payments for items not specified in the Financing Agreement and the AWPB, including the procurement plan approved by IFAD; ✓ Payments made prior to credit signing or before the eligible date specified for retroactive financing; ✓ Commitments made before completion date (excluding winding up expenditures) and payments made for the expenditures incurred after closing date; 	All staff contracts are approved and gratuity is part of the staff contracts

	SOE Element	Comments
1.	Are the expenditures properly accounted for in the books and financial reports of the project, and can they be cross-referenced in the SOE to relevant documentation (e.g. vouchers)? Does presentation of information in the SOEs allow for ready access to the files for review and audit purposes?	WA 44, Equipment, line 12, SDG 368,000 ; agri equipment (4 planters) in North and South Kordofan. yes, proper

	SOE Element	Comments
		linkage exists between the SOE and financial reports and documentation.
2.	Are all the invoices stamped Paid?	Yes
3.	<p>(i) Review documentation supporting payments and for all cases described in (ii) through (iv) below, ensure existence of:</p> <ul style="list-style-type: none"> ✓ a signed contract or confirmed purchase order – showing the specified amount that is due to be paid ✓ evidence of receipt, invoice or performance ✓ a bank guarantee for advance payment, as specified in the contract documents ✓ a bank guarantee for performance, as specified in the contract documents ✓ copies of communications sent by the IFAD country programme manager to the lead project agency providing the 'no objection' (whether post or prior) to the contract award; and ✓ evidence of payment/bank statements ✓ accounting records of approvals, disbursements, and balances available ✓ procurement documents (bid documents, invitation, evaluation, award, add in a newspaper), if applicable. ✓ for recurrent costs (operation cost and PIU staff salaries), ensure existence of recurrent costs records <p>(ii) For payment of goods, in addition to (i) above, ensure existence of:</p> <ul style="list-style-type: none"> ✓ a supplier's invoice, duly certified for payment by the project director – specifying the goods, their quantities, and prices ✓ bills of lading or similar documents; and shipping or import documents and inspection certificates , if applicable ✓ a certificate of delivery, as appropriate, to include condition of goods on delivery. <p>(iii) For payment of consultants' services and other services, in addition to (i) above, ensure the existence of:</p>	<p>ii.goods, procurement of 4 planters for GPGs in NK and SK</p> <p>1. yes</p> <p>2. yes</p> <p>3. N-A</p> <p>4. N-A</p> <p>5. N-A b/c RFQ method was used and this is below the prior review threshold by IFAD. No need for IFAD N-O</p> <p>6.yes</p> <p>7.yes</p> <p>8.yes</p> <p>9.N-A</p> <p>ii. 10. yes</p> <p>11.yes</p> <p>12.yes</p>

	SOE Element	Comments
	<ul style="list-style-type: none"> ✓ the supplier's or consultant's claim, duly certified for payment by the project director and showing sufficient detail. If such services relate to the importation of goods (for example, freight and insurance payments), adequate reference should be given to enable the Fund to relate each of these items to specific goods whose cost has been or is to be financed by the financing closing date; and ✓ a certificate of delivery, as appropriate, of satisfactory services. <p>(iv) For progress and retention payments of civil works, in addition to (i) above, ensure existence of :</p> <ul style="list-style-type: none"> ✓ a claim by the contractor, including a financial progress report, stating the work performed and the amount due; ✓ a certificate – signed by the project consultants or owner's representative, if any, or by the borrower's chief engineering officer or resident supervising engineer assigned to the project, to the effect that the work performed is satisfactory and the payment claimed is due in accordance with the terms of the contract; and ✓ a copy of the contract payment monitoring form (Form C-11) signed in original by the certifying officer. <p>(v) Credit lines/equity:</p> <ul style="list-style-type: none"> ✓ review Subsidiary Agreement with the Project Party (i.e. Micro Finance Institutions, banks, equity companies etc.) ✓ review documentation evidencing proof of activities as described within the Subsidiary Agreement and/or any sub-agreement ✓ review bank statement(s) recording funds flow 	
4.	Question to address in review are:	
4.1	Is the documentation readily available?	Yes, but complete documentation not in same file, proj has to ensure that all evidence related to one payment is bundled together. Easy for inspection and testing. Also some documents are in Arabic without any translation.

	SOE Element	Comments
4.2	Does it indicate that the expenditure was approved by an authorized official?	Yes
4.3	Is it in original form?	Yes
4.4	Does it relate to the project concerned?	Yes
4.5	Are the computations correct and are there any errors or alterations?	Yes, no errors
4.6	Are the type of costs charged appropriate for the category and have the disbursement percentages been used correctly?	Yes
4.7	Are there any duplicate invoices?	No
5.	Verify eligibility of expenditures. The review determines whether the expenditures are properly supported and are eligible for IFAD disbursement in accordance with legal agreements.	Expense is eligible and N-O given by IFAD after review
6.	Determine whether any payments were made in advance of receipt of good or delivery of services, and if so, is this consistent with contract provisions?	No advance payments
7.	Payments exceeding defined SOE limits should be fully supported with related documentation.	N-A
8.	<p>Check for payments for items that are not procured in accordance with the legal agreements or signed contracts, such as:</p> <ul style="list-style-type: none"> ✓ Payments for items not specified in the Financing Agreement and the AWPB, including the procurement plan approved by IFAD; ✓ Payments made prior to credit signing or before the eligible date specified for retroactive financing; ✓ Commitments made before completion date (excluding winding up expenditures) and payments made for the expenditures incurred after closing date; 	Contract is in AWPB and procurement plan

8.

	SOE Element	Comments
1.	Are the expenditures properly accounted for in the books and financial reports of the project, and can they be cross-referenced in the SOE to relevant documentation (e.g. vouchers)? Does presentation of information in the SOEs allow for ready access to the files for review and audit purposes?	WA 44, TA National, line 9, SDG 222,923.73 ; contract on value chain studies for 4 crops in NK & SK localities; yes, proper linkage exists between the SOE and financial reports and documentation.
2.	Are all the invoices stamped Paid?	Yes
3.	<p>(i) Review documentation supporting payments and for all cases described in (ii) through (iv) below, ensure existence of:</p> <ul style="list-style-type: none"> ✓ a signed contract or confirmed purchase order – showing the specified amount that is due to be paid 	iii. services of a nationally recruited TA firm for a crop value chain study (4 consultants)

	SOE Element	Comments
	<ul style="list-style-type: none"> ✓ evidence of receipt, invoice or performance ✓ a bank guarantee for advance payment, as specified in the contract documents ✓ a bank guarantee for performance, as specified in the contract documents ✓ copies of communications sent by the IFAD country programme manager to the lead project agency providing the 'no objection' (whether post or prior) to the contract award; and ✓ evidence of payment/bank statements ✓ accounting records of approvals, disbursements, and balances available ✓ procurement documents (bid documents, invitation, evaluation, award, add in a newspaper), if applicable. ✓ for recurrent costs (operation cost and PIU staff salaries), ensure existence of recurrent costs records <p>(ii) For payment of goods, in addition to (i) above, ensure existence of:</p> <ul style="list-style-type: none"> ✓ a supplier's invoice, duly certified for payment by the project director – specifying the goods, their quantities, and prices ✓ bills of lading or similar documents; and shipping or import documents and inspection certificates , if applicable ✓ a certificate of delivery, as appropriate, to include condition of goods on delivery. <p>(iii) For payment of consultants' services and other services, in addition to (i) above, ensure the existence of:</p> <ul style="list-style-type: none"> ✓ the supplier's or consultant's claim, duly certified for payment by the project director and showing sufficient detail. If such services relate to the importation of goods (for example, freight and insurance payments), adequate reference should be given to enable the Fund to relate each of these items to specific goods whose cost has been or is to be financed by the financing closing date; and ✓ a certificate of delivery, as appropriate, of satisfactory 	<p>1. yes</p> <p>2. yes</p> <p>3. N-A</p> <p>4. N-A</p> <p>5. yes</p> <p>6.yes</p> <p>7.yes</p> <p>8.yes, but SSS used as the procurement method for all 4 consultants</p> <p>9.N-A</p> <p>iii. 10.yes</p> <p>11.yes</p>

	SOE Element	Comments
	<p>services.</p> <p>(iv) For progress and retention payments of civil works, in addition to (i) above, ensure existence of :</p> <ul style="list-style-type: none"> ✓ a claim by the contractor, including a financial progress report, stating the work performed and the amount due; ✓ a certificate – signed by the project consultants or owner’s representative, if any, or by the borrower’s chief engineering officer or resident supervising engineer assigned to the project, to the effect that the work performed is satisfactory and the payment claimed is due in accordance with the terms of the contract; and ✓ a copy of the contract payment monitoring form (Form C-11) signed in original by the certifying officer. <p>(v) Credit lines/equity:</p> <ul style="list-style-type: none"> ✓ review Subsidiary Agreement with the Project Party (i.e. Micro Finance Institutions, banks, equity companies etc.) ✓ review documentation evidencing proof of activities as described within the Subsidiary Agreement and/or any sub-agreement ✓ review bank statement(s) recording funds flow 	
4.	Question to address in review are:	
4.1	Is the documentation readily available?	Yes, but complete documentation not in same file, proj has to ensure that all evidence related to one payment is bundled together. Easy for inspection and testing. Also some documents are in Arabic without any translation.
4.2	Does it indicate that the expenditure was approved by an authorized official?	Yes
4.3	Is it in original form?	Yes
4.4	Does it relate to the project concerned?	Yes
4.5	Are the computations correct and are there any errors or alterations?	Yes, no errors
4.6	Are the type of costs charged appropriate for the category and have the disbursement percentages been used correctly?	Yes
4.7	Are there any duplicate invoices?	No
5.	Verify eligibility of expenditures. The review determines whether the expenditures are properly supported and are eligible for IFAD disbursement in accordance with legal agreements.	Expense is eligible and N-O given by IFAD after review

	SOE Element	Comments
6.	Determine whether any payments were made in advance of receipt of good or delivery of services, and if so, is this consistent with contract provisions?	No advance payments
7.	Payments exceeding defined SOE limits should be fully supported with related documentation.	N-A
8.	<p>Check for payments for items that are not procured in accordance with the legal agreements or signed contracts, such as:</p> <ul style="list-style-type: none"> ✓ Payments for items not specified in the Financing Agreement and the AWPB, including the procurement plan approved by IFAD; ✓ Payments made prior to credit signing or before the eligible date specified for retroactive financing; ✓ Commitments made before completion date (excluding winding up expenditures) and payments made for the expenditures incurred after closing date; 	N-A

	SOE Element	Comments
1.	Are the expenditures properly accounted for in the books and financial reports of the project, and can they be cross-referenced in the SOE to relevant documentation (e.g. vouchers)? Does presentation of information in the SOEs allow for ready access to the files for review and audit purposes?	WA 44, Training, line 5, SDG 121,620 ; training course for drivers on operating agri-equipment. yes, proper linkage exists betw the SOE and financial reports and documentation.
2.	Are all the invoices stamped Paid?	Yes
3.	<p>(i) Review documentation supporting payments and for all cases described in (ii) through (iv) below, ensure existence of:</p> <ul style="list-style-type: none"> ✓ a signed contract or confirmed purchase order – showing the specified amount that is due to be paid ✓ evidence of receipt, invoice or performance ✓ a bank guarantee for advance payment, as specified in the contract documents ✓ a bank guarantee for performance, as specified in the contract documents ✓ copies of communications sent by the IFAD country programme manager to the lead project agency providing the 'no objection' (whether post or prior) to the contract award; and 	<p>iii.MSP technical and business training</p> <p>1. yes</p> <p>2. yes</p> <p>3. N-A</p> <p>4. N-A</p> <p>5. yes</p> <p>6.yes</p> <p>7.yes</p> <p>8.yes</p>

	SOE Element	Comments
	<ul style="list-style-type: none"> ✓ evidence of payment/bank statements ✓ accounting records of approvals, disbursements, and balances available ✓ procurement documents (bid documents, invitation, evaluation, award, add in a newspaper), if applicable. ✓ for recurrent costs (operation cost and PIU staff salaries), ensure existence of recurrent costs records <p>(ii) For payment of goods, in addition to (i) above, ensure existence of:</p> <ul style="list-style-type: none"> ✓ a supplier's invoice, duly certified for payment by the project director – specifying the goods, their quantities, and prices ✓ bills of lading or similar documents; and shipping or import documents and inspection certificates , if applicable ✓ a certificate of delivery, as appropriate, to include condition of goods on delivery. <p>(iii) For payment of consultants' services and other services, in addition to (i) above, ensure the existence of:</p> <ul style="list-style-type: none"> ✓ the supplier's or consultant's claim, duly certified for payment by the project director and showing sufficient detail. If such services relate to the importation of goods (for example, freight and insurance payments), adequate reference should be given to enable the Fund to relate each of these items to specific goods whose cost has been or is to be financed by the financing closing date; and ✓ a certificate of delivery, as appropriate, of satisfactory services. <p>(iv) For progress and retention payments of civil works, in addition to (i) above, ensure existence of :</p> <ul style="list-style-type: none"> ✓ a claim by the contractor, including a financial progress report, stating the work performed and the amount due; ✓ a certificate – signed by the project consultants or owner's representative, if any, or by the borrower's chief engineering officer or resident supervising engineer assigned to the project, to the effect that the work performed is satisfactory and the payment claimed is due in accordance with the terms of the contract; and ✓ a copy of the contract payment monitoring form (Form C-11) signed in original by the certifying officer. 	<p>9.N-A</p> <p>iii. 10.yes</p> <p>11.yes</p>

	SOE Element	Comments
	<p>(v) Credit lines/equity:</p> <ul style="list-style-type: none"> ✓ review Subsidiary Agreement with the Project Party (i.e. Micro Finance Institutions, banks, equity companies etc.) ✓ review documentation evidencing proof of activities as described within the Subsidiary Agreement and/or any sub-agreement ✓ review bank statement(s) recording funds flow 	
4.	Question to address in review are:	
4.1	Is the documentation readily available?	Yes, but complete documentation not in same file, proj has to ensure that all evidence related to one payment is bundled together. Easy for inspection and testing. Also some documents are in Arabic without any translation.
4.2	Does it indicate that the expenditure was approved by an authorized official?	Yes
4.3	Is it in original form?	Yes
4.4	Does it relate to the project concerned?	Yes
4.5	Are the computations correct and are there any errors or alterations?	Yes, no errors
4.6	Are the type of costs charged appropriate for the category and have the disbursement percentages been used correctly?	Yes
4.7	Are there any duplicate invoices?	No
5.	Verify eligibility of expenditures. The review determines whether the expenditures are properly supported and are eligible for IFAD disbursement in accordance with legal agreements.	Expense is eligible
6.	Determine whether any payments were made in advance of receipt of good or delivery of services, and if so, is this consistent with contract provisions?	No advance payments
7.	Payments exceeding defined SOE limits should be fully supported with related documentation.	N-A
8.	<p>Check for payments for items that are not procured in accordance with the legal agreements or signed contracts, such as:</p> <ul style="list-style-type: none"> ✓ Payments for items not specified in the Financing Agreement and the AWPB, including the procurement plan approved by IFAD; ✓ Payments made prior to credit signing or before the eligible date specified for retroactive financing; ✓ Commitments made before completion date (excluding winding up expenditures) and payments made for the expenditures incurred after closing date; 	N-A

	SOE Element	Comments
1.	Are the expenditures properly accounted for in the books and financial reports of the project, and can they be cross-referenced in the SOE to relevant documentation (e.g. vouchers)? Does presentation of information in the SOEs allow for ready access to the files for review and audit purposes?	WA 45, Equipment, line 1, SDG 193,750 ; agricultural equipment to provide GPGs in NK and SK; yes, proper linkage exists betw the SOE and financial reports and documentation.
2.	Are all the invoices stamped Paid?	Yes
3.	<p>(i) Review documentation supporting payments and for all cases described in (ii) through (iv) below, ensure existence of:</p> <ul style="list-style-type: none"> ✓ a signed contract or confirmed purchase order – showing the specified amount that is due to be paid ✓ evidence of receipt, invoice or performance ✓ a bank guarantee for advance payment, as specified in the contract documents ✓ a bank guarantee for performance, as specified in the contract documents ✓ copies of communications sent by the IFAD country programme manager to the lead project agency providing the ‘no objection’ (whether post or prior) to the contract award; and ✓ evidence of payment/bank statements ✓ accounting records of approvals, disbursements, and balances available ✓ procurement documents (bid documents, invitation, evaluation, award, add in a newspaper), if applicable. ✓ for recurrent costs (operation cost and PIU staff salaries), ensure existence of recurrent costs records <p>(ii) For payment of goods, in addition to (i) above, ensure existence of:</p> <ul style="list-style-type: none"> ✓ a supplier’s invoice, duly certified for payment by the project director – specifying the goods, their quantities, and prices ✓ bills of lading or similar documents; and shipping or import documents and inspection certificates , if applicable ✓ a certificate of delivery, as appropriate, to include 	<p>ii.goods, 50 Knapsack sprayers for NK & SK states</p> <p>1. yes</p> <p>2. yes</p> <p>3. N-A</p> <p>4. N-A</p> <p>5. N-A because it is a small contract using RFQ method and IFAD N-O is not needed</p> <p>6.yes</p> <p>7.yes</p> <p>8.yes</p> <p>9.N-A</p> <p>ii. 10. Yes</p> <p>11.yes</p> <p>12.yes</p>

	SOE Element	Comments
	<p>condition of goods on delivery.</p> <p>(iii) For payment of consultants' services and other services, in addition to (i) above, ensure the existence of:</p> <ul style="list-style-type: none"> ✓ the supplier's or consultant's claim, duly certified for payment by the project director and showing sufficient detail. If such services relate to the importation of goods (for example, freight and insurance payments), adequate reference should be given to enable the Fund to relate each of these items to specific goods whose cost has been or is to be financed by the financing closing date; and ✓ a certificate of delivery, as appropriate, of satisfactory services. <p>(iv) For progress and retention payments of civil works, in addition to (i) above, ensure existence of :</p> <ul style="list-style-type: none"> ✓ a claim by the contractor, including a financial progress report, stating the work performed and the amount due; ✓ a certificate – signed by the project consultants or owner's representative, if any, or by the borrower's chief engineering officer or resident supervising engineer assigned to the project, to the effect that the work performed is satisfactory and the payment claimed is due in accordance with the terms of the contract; and ✓ a copy of the contract payment monitoring form (Form C-11) signed in original by the certifying officer. <p>(v) Credit lines/equity:</p> <ul style="list-style-type: none"> ✓ review Subsidiary Agreement with the Project Party (i.e. Micro Finance Institutions, banks, equity companies etc.) ✓ review documentation evidencing proof of activities as described within the Subsidiary Agreement and/or any sub-agreement ✓ review bank statement(s) recording funds flow 	
4.	Question to address in review are:	

	SOE Element	Comments
4.1	Is the documentation readily available?	Yes, but complete documentation not in same file, proj has to ensure that all evidence related to one payment is bundled together. Easy for inspection and testing. Also some documents are in Arabic without any translation.
4.2	Does it indicate that the expenditure was approved by an authorized official?	Yes
4.3	Is it in original form?	Yes
4.4	Does it relate to the project concerned?	Yes
4.5	Are the computations correct and are there any errors or alterations?	Yes, no errors
4.6	Are the type of costs charged appropriate for the category and have the disbursement percentages been used correctly?	Yes
4.7	Are there any duplicate invoices?	No
5.	Verify eligibility of expenditures. The review determines whether the expenditures are properly supported and are eligible for IFAD disbursement in accordance with legal agreements.	Expense is eligible
6.	Determine whether any payments were made in advance of receipt of good or delivery of services, and if so, is this consistent with contract provisions?	No advance payments
7.	Payments exceeding defined SOE limits should be fully supported with related documentation.	N-A
8.	<p>Check for payments for items that are not procured in accordance with the legal agreements or signed contracts, such as:</p> <ul style="list-style-type: none"> ✓ Payments for items not specified in the Financing Agreement and the AWPB, including the procurement plan approved by IFAD; ✓ Payments made prior to credit signing or before the eligible date specified for retroactive financing; ✓ Commitments made before completion date (excluding winding up expenditures) and payments made for the expenditures incurred after closing date; 	Contract is in AWPB and in accordance with legal agreements

	SOE Element	Comments
1.	Are the expenditures properly accounted for in the books and financial reports of the project, and can they be cross-referenced in the SOE to relevant documentation (e.g. vouchers)? Does presentation of information in the SOEs allow for ready access to the files for review and audit purposes?	WA 45, Equipment, line 2, SDG 150,000 ; agri-equipment for GPGs in both provinces; yes, proper linkage exists between the SOE and financial reports and documentation.

	SOE Element	Comments
2.	Are all the invoices stamped Paid?	Yes
3.	<p>(i) Review documentation supporting payments and for all cases described in (ii) through (iv) below, ensure existence of:</p> <ul style="list-style-type: none"> ✓ a signed contract or confirmed purchase order – showing the specified amount that is due to be paid ✓ evidence of receipt, invoice or performance ✓ a bank guarantee for advance payment, as specified in the contract documents ✓ a bank guarantee for performance, as specified in the contract documents ✓ copies of communications sent by the IFAD country programme manager to the lead project agency providing the 'no objection' (whether post or prior) to the contract award; and ✓ evidence of payment/bank statements ✓ accounting records of approvals, disbursements, and balances available ✓ procurement documents (bid documents, invitation, evaluation, award, add in a newspaper), if applicable. ✓ for recurrent costs (operation cost and PIU staff salaries), ensure existence of recurrent costs records <p>(ii) For payment of goods, in addition to (i) above, ensure existence of:</p> <ul style="list-style-type: none"> ✓ a supplier's invoice, duly certified for payment by the project director – specifying the goods, their quantities, and prices ✓ bills of lading or similar documents; and shipping or import documents and inspection certificates , if applicable ✓ a certificate of delivery, as appropriate, to include condition of goods on delivery. <p>(iii) For payment of consultants' services and other services, in addition to (i) above, ensure the existence of:</p> <ul style="list-style-type: none"> ✓ the supplier's or consultant's claim, duly certified for payment by the project director and showing sufficient detail. If such services relate to the importation of goods (for example, freight and insurance payments), 	<p>ii. goods</p> <p>1. yes</p> <p>2. yes</p> <p>3. N-A</p> <p>4. N-A</p> <p>5. N-A</p> <p>6.yes</p> <p>7.yes</p> <p>8.yes</p> <p>9.N-A</p> <p>ii. 10.yes</p> <p>11.yes</p> <p>12.yes</p>

	SOE Element	Comments
	<p>adequate reference should be given to enable the Fund to relate each of these items to specific goods whose cost has been or is to be financed by the financing closing date; and</p> <p>✓ a certificate of delivery, as appropriate, of satisfactory services.</p> <p>(iv) For progress and retention payments of civil works, in addition to (i) above, ensure existence of :</p> <p>✓ a claim by the contractor, including a financial progress report, stating the work performed and the amount due;</p> <p>✓ a certificate – signed by the project consultants or owner’s representative, if any, or by the borrower’s chief engineering officer or resident supervising engineer assigned to the project, to the effect that the work performed is satisfactory and the payment claimed is due in accordance with the terms of the contract; and</p> <p>✓ a copy of the contract payment monitoring form (Form C-11) signed in original by the certifying officer.</p> <p>(v) Credit lines/equity:</p> <p>✓ review Subsidiary Agreement with the Project Party (i.e. Micro Finance Institutions, banks, equity companies etc.)</p> <p>✓ review documentation evidencing proof of activities as described within the Subsidiary Agreement and/or any sub-agreement</p> <p>✓ review bank statement(s) recording funds flow</p>	
4.	Question to address in review are:	
4.1	Is the documentation readily available?	Yes, but complete documentation not in same file, proj has to ensure that all evidence related to one payment is bundled together. Easy for inspection and testing. Also some documents are in Arabic without any translation.
4.2	Does it indicate that the expenditure was approved by an authorized official?	Yes
4.3	Is it in original form?	Yes
4.4	Does it relate to the project concerned?	Yes
4.5	Are the computations correct and are there any errors or alterations?	Yes, no errors
4.6	Are the type of costs charged appropriate for the category and	Yes

	SOE Element	Comments
	have the disbursement percentages been used correctly?	
4.7	Are there any duplicate invoices?	No
5.	Verify eligibility of expenditures. The review determines whether the expenditures are properly supported and are eligible for IFAD disbursement in accordance with legal agreements.	Expense is eligible
6.	Determine whether any payments were made in advance of receipt of good or delivery of services, and if so, is this consistent with contract provisions?	No advance payments
7.	Payments exceeding defined SOE limits should be fully supported with related documentation.	N-A
8.	<p>Check for payments for items that are not procured in accordance with the legal agreements or signed contracts, such as:</p> <ul style="list-style-type: none"> ✓ Payments for items not specified in the Financing Agreement and the AWPB, including the procurement plan approved by IFAD; ✓ Payments made prior to credit signing or before the eligible date specified for retroactive financing; ✓ Commitments made before completion date (excluding winding up expenditures) and payments made for the expenditures incurred after closing date; 	Contract is in AWPB

	SOE Element	Comments
1.	Are the expenditures properly accounted for in the books and financial reports of the project, and can they be cross-referenced in the SOE to relevant documentation (e.g. vouchers)? Does presentation of information in the SOEs allow for ready access to the files for review and audit purposes?	WA 45, Training, line 3, SDG 372,000 ; cost of mounted inter-row cultivators for GPG; yes, proper linkage exists between the SOE and financial reports and documentation.
2.	Are all the invoices stamped Paid?	Yes
3.	<p>(i) Review documentation supporting payments and for all cases described in (ii) through (iv) below, ensure existence of:</p> <ul style="list-style-type: none"> ✓ a signed contract or confirmed purchase order – showing the specified amount that is due to be paid ✓ evidence of receipt, invoice or performance ✓ a bank guarantee for advance payment, as specified in the contract documents ✓ a bank guarantee for performance, as specified in the contract documents ✓ copies of communications sent by the IFAD country 	<p>1. yes</p> <p>2. yes</p> <p>3. N-A</p> <p>4. N-A</p> <p>5. N-A</p> <p>6. yes</p> <p>7. yes</p> <p>8. yes</p>

	SOE Element	Comments
	<p>programme manager to the lead project agency providing the 'no objection' (whether post or prior) to the contract award; and</p> <ul style="list-style-type: none"> ✓ evidence of payment/bank statements ✓ accounting records of approvals, disbursements, and balances available ✓ procurement documents (bid documents, invitation, evaluation, award, add in a newspaper), if applicable. ✓ for recurrent costs (operation cost and PIU staff salaries), ensure existence of recurrent costs records <p>(ii) For payment of goods, in addition to (i) above, ensure existence of:</p> <ul style="list-style-type: none"> ✓ a supplier's invoice, duly certified for payment by the project director – specifying the goods, their quantities, and prices ✓ bills of lading or similar documents; and shipping or import documents and inspection certificates , if applicable ✓ a certificate of delivery, as appropriate, to include condition of goods on delivery. <p>(iii) For payment of consultants' services and other services, in addition to (i) above, ensure the existence of:</p> <ul style="list-style-type: none"> ✓ the supplier's or consultant's claim, duly certified for payment by the project director and showing sufficient detail. If such services relate to the importation of goods (for example, freight and insurance payments), adequate reference should be given to enable the Fund to relate each of these items to specific goods whose cost has been or is to be financed by the financing closing date; and ✓ a certificate of delivery, as appropriate, of satisfactory services. <p>(iv) For progress and retention payments of civil works, in addition to (i) above, ensure existence of :</p> <ul style="list-style-type: none"> ✓ a claim by the contractor, including a financial progress report, stating the work performed and the amount due; ✓ a certificate – signed by the project consultants or owner's representative, if any, or by the borrower's chief engineering officer or resident supervising engineer 	<p>9.N-A</p> <p>ii. 10. yes</p> <p>11.no</p> <p>12. no</p>

	SOE Element	Comments
	<p>assigned to the project, to the effect that the work performed is satisfactory and the payment claimed is due in accordance with the terms of the contract; and</p> <p>✓ a copy of the contract payment monitoring form (Form C-11) signed in original by the certifying officer.</p> <p>(v) Credit lines/equity:</p> <p>✓ review Subsidiary Agreement with the Project Party (i.e. Micro Finance Institutions, banks, equity companies etc.)</p> <p>✓ review documentation evidencing proof of activities as described within the Subsidiary Agreement and/or any sub-agreement</p> <p>✓ review bank statement(s) recording funds flow</p>	
4.	Question to address in review are:	
4.1	Is the documentation readily available?	Yes, but complete documentation not in same file, proj has to ensure that all evidence related to one payment is bundled together. Easy for inspection and testing. Also some documents are in Arabic without any translation.
4.2	Does it indicate that the expenditure was approved by an authorized official?	Yes
4.3	Is it in original form?	Yes
4.4	Does it relate to the project concerned?	Yes
4.5	Are the computations correct and are there any errors or alterations?	Yes, no errors
4.6	Are the type of costs charged appropriate for the category and have the disbursement percentages been used correctly?	Yes
4.7	Are there any duplicate invoices?	No
5.	Verify eligibility of expenditures. The review determines whether the expenditures are properly supported and are eligible for IFAD disbursement in accordance with legal agreements.	Expense is eligible
6.	Determine whether any payments were made in advance of receipt of good or delivery of services, and if so, is this consistent with contract provisions?	No advance payments
7.	Payments exceeding defined SOE limits should be fully supported with related documentation.	N-A

	SOE Element	Comments
8.	<p>Check for payments for items that are not procured in accordance with the legal agreements or signed contracts, such as:</p> <ul style="list-style-type: none"> ✓ Payments for items not specified in the Financing Agreement and the AWPB, including the procurement plan approved by IFAD; ✓ Payments made prior to credit signing or before the eligible date specified for retroactive financing; ✓ Commitments made before completion date (excluding winding up expenditures) and payments made for the expenditures incurred after closing date; 	Contract is in AWPB

	SOE Element	Comments
1.	Are the expenditures properly accounted for in the books and financial reports of the project, and can they be cross-referenced in the SOE to relevant documentation (e.g. vouchers)? Does presentation of information in the SOEs allow for ready access to the files for review and audit purposes?	WA 45, Direct Project Recurr costs, line 31, SDG 141,856 ; PCU staff salaries for June 2016; yes, proper linkage exists betw the SOE and financial reports and documentation.
2.	Are all the invoices stamped Paid?	Yes
3.	<p>(i) Review documentation supporting payments and for all cases described in (ii) through (iv) below, ensure existence of:</p> <ul style="list-style-type: none"> ✓ a signed contract or confirmed purchase order – showing the specified amount that is due to be paid ✓ evidence of receipt, invoice or performance ✓ a bank guarantee for advance payment, as specified in the contract documents ✓ a bank guarantee for performance, as specified in the contract documents ✓ copies of communications sent by the IFAD country programme manager to the lead project agency providing the 'no objection' (whether post or prior) to the contract award; and ✓ evidence of payment/bank statements ✓ accounting records of approvals, disbursements, and balances available ✓ procurement documents (bid documents, invitation, 	<p>iii.services</p> <p>1. yes, staff contracts</p> <p>2. yes</p> <p>3. N-A</p> <p>4. N-A</p> <p>5. staff contracts approved by IFAD</p> <p>6.yes</p> <p>7.yes</p> <p>8.N-A</p> <p>9.yes</p> <p>iii. 10.N-A b-c this is PCU staff</p> <p>11.N-A</p>

	SOE Element	Comments
	<p>evaluation, award, add in a newspaper), if applicable.</p> <ul style="list-style-type: none"> ✓ for recurrent costs (operation cost and PIU staff salaries), ensure existence of recurrent costs records <p>(ii) For payment of goods, in addition to (i) above, ensure existence of:</p> <ul style="list-style-type: none"> ✓ a supplier's invoice, duly certified for payment by the project director – specifying the goods, their quantities, and prices ✓ bills of lading or similar documents; and shipping or import documents and inspection certificates , if applicable ✓ a certificate of delivery, as appropriate, to include condition of goods on delivery. <p>(iii) For payment of consultants' services and other services, in addition to (i) above, ensure the existence of:</p> <ul style="list-style-type: none"> ✓ the supplier's or consultant's claim, duly certified for payment by the project director and showing sufficient detail. If such services relate to the importation of goods (for example, freight and insurance payments), adequate reference should be given to enable the Fund to relate each of these items to specific goods whose cost has been or is to be financed by the financing closing date; and ✓ a certificate of delivery, as appropriate, of satisfactory services. <p>(iv) For progress and retention payments of civil works, in addition to (i) above, ensure existence of :</p> <ul style="list-style-type: none"> ✓ a claim by the contractor, including a financial progress report, stating the work performed and the amount due; ✓ a certificate – signed by the project consultants or owner's representative, if any, or by the borrower's chief engineering officer or resident supervising engineer assigned to the project, to the effect that the work performed is satisfactory and the payment claimed is due in accordance with the terms of the contract; and ✓ a copy of the contract payment monitoring form (Form C-11) signed in original by the certifying officer. <p>(v) Credit lines/equity:</p> <ul style="list-style-type: none"> ✓ review Subsidiary Agreement with the Project Party (i.e. Micro Finance Institutions, banks, equity 	

	SOE Element	Comments
	<p>companies etc.)</p> <ul style="list-style-type: none"> ✓ review documentation evidencing proof of activities as described within the Subsidiary Agreement and/or any sub-agreement ✓ review bank statement(s) recording funds flow 	
4.	Question to address in review are:	
4.1	Is the documentation readily available?	Yes, but complete documentation not in same file, proj has to ensure that all evidence related to one payment is bundled together. Easy for inspection and testing. Also some documents are in Arabic without any translation.
4.2	Does it indicate that the expenditure was approved by an authorized official?	Yes
4.3	Is it in original form?	Yes
4.4	Does it relate to the project concerned?	Yes
4.5	Are the computations correct and are there any errors or alterations?	Yes, no errors
4.6	Are the type of costs charged appropriate for the category and have the disbursement percentages been used correctly?	Yes
4.7	Are there any duplicate invoices?	No
5.	Verify eligibility of expenditures. The review determines whether the expenditures are properly supported and are eligible for IFAD disbursement in accordance with legal agreements.	Expense is eligible
6.	Determine whether any payments were made in advance of receipt of good or delivery of services, and if so, is this consistent with contract provisions?	No advance payments
7.	Payments exceeding defined SOE limits should be fully supported with related documentation.	N-A
8.	<p>Check for payments for items that are not procured in accordance with the legal agreements or signed contracts, such as:</p> <ul style="list-style-type: none"> ✓ Payments for items not specified in the Financing Agreement and the AWPB, including the procurement plan approved by IFAD; ✓ Payments made prior to credit signing or before the eligible date specified for retroactive financing; ✓ Commitments made before completion date (excluding winding up expenditures) and payments made for the expenditures incurred after closing date; 	Contracts are in AWPB

	SOE Element	Comments
1.	Are the expenditures properly accounted for in the books and financial reports of the project, and can they be cross-referenced in the SOE to relevant documentation (e.g. vouchers)? Does presentation of information in the SOEs allow for ready access to the files for review and audit purposes?	WA 44, DPRC, line 115, SDG 145,398 ; PCU staff salaries for May 2016; yes, proper linkage exists betw the SOE and financial reports and documentation.
2.	Are all the invoices stamped Paid?	N-A
3.	<p>(i) Review documentation supporting payments and for all cases described in (ii) through (iv) below, ensure existence of:</p> <ul style="list-style-type: none"> ✓ a signed contract or confirmed purchase order – showing the specified amount that is due to be paid ✓ evidence of receipt, invoice or performance ✓ a bank guarantee for advance payment, as specified in the contract documents ✓ a bank guarantee for performance, as specified in the contract documents ✓ copies of communications sent by the IFAD country programme manager to the lead project agency providing the ‘no objection’ (whether post or prior) to the contract award; and ✓ evidence of payment/bank statements ✓ accounting records of approvals, disbursements, and balances available ✓ procurement documents (bid documents, invitation, evaluation, award, add in a newspaper), if applicable. ✓ for recurrent costs (operation cost and PIU staff salaries), ensure existence of recurrent costs records <p>(ii) For payment of goods, in addition to (i) above, ensure existence of:</p> <ul style="list-style-type: none"> ✓ a supplier’s invoice, duly certified for payment by the project director – specifying the goods, their quantities, and prices ✓ bills of lading or similar documents; and shipping or import documents and inspection certificates , if applicable ✓ a certificate of delivery, as appropriate, to include 	<p>iii.services</p> <p>1. yes, staff contracts</p> <p>2. yes</p> <p>3. N-A</p> <p>4. N-A</p> <p>5. staff contracts approved by IFAD</p> <p>6.yes</p> <p>7.yes</p> <p>8.yes</p> <p>9.yes</p> <p>iii. 10.N-A b-c this is PCU staff</p> <p>11.N-A</p>

	SOE Element	Comments
	<p>condition of goods on delivery.</p> <p>(iii) For payment of consultants' services and other services, in addition to (i) above, ensure the existence of:</p> <ul style="list-style-type: none"> ✓ the supplier's or consultant's claim, duly certified for payment by the project director and showing sufficient detail. If such services relate to the importation of goods (for example, freight and insurance payments), adequate reference should be given to enable the Fund to relate each of these items to specific goods whose cost has been or is to be financed by the financing closing date; and ✓ a certificate of delivery, as appropriate, of satisfactory services. <p>(iv) For progress and retention payments of civil works, in addition to (i) above, ensure existence of :</p> <ul style="list-style-type: none"> ✓ a claim by the contractor, including a financial progress report, stating the work performed and the amount due; ✓ a certificate – signed by the project consultants or owner's representative, if any, or by the borrower's chief engineering officer or resident supervising engineer assigned to the project, to the effect that the work performed is satisfactory and the payment claimed is due in accordance with the terms of the contract; and ✓ a copy of the contract payment monitoring form (Form C-11) signed in original by the certifying officer. <p>(v) Credit lines/equity:</p> <ul style="list-style-type: none"> ✓ review Subsidiary Agreement with the Project Party (i.e. Micro Finance Institutions, banks, equity companies etc.) ✓ review documentation evidencing proof of activities as described within the Subsidiary Agreement and/or any sub-agreement ✓ review bank statement(s) recording funds flow 	

	SOE Element	Comments
4.	Question to address in review are:	
4.1	Is the documentation readily available?	Yes, but complete documentation not in same file, proj has to ensure that all evidence related to one payment is bundled together. Easy for inspection and testing. Also some documents are in Arabic without any translation.
4.2	Does it indicate that the expenditure was approved by an authorized official?	Yes
4.3	Is it in original form?	Yes
4.4	Does it relate to the project concerned?	Yes
4.5	Are the computations correct and are there any errors or alterations?	Yes, no errors
4.6	Are the type of costs charged appropriate for the category and have the disbursement percentages been used correctly?	Yes
4.7	Are there any duplicate invoices?	No
5.	Verify eligibility of expenditures. The review determines whether the expenditures are properly supported and are eligible for IFAD disbursement in accordance with legal agreements.	Expense is eligible
6.	Determine whether any payments were made in advance of receipt of good or delivery of services, and if so, is this consistent with contract provisions?	No advance payments
7.	Payments exceeding defined SOE limits should be fully supported with related documentation.	N-A
8.	Check for payments for items that are not procured in accordance with the legal agreements or signed contracts, such as: <ul style="list-style-type: none"> ✓ Payments for items not specified in the Financing Agreement and the AWPB, including the procurement plan approved by IFAD; ✓ Payments made prior to credit signing or before the eligible date specified for retroactive financing; ✓ Commitments made before completion date (excluding winding up expenditures) and payments made for the expenditures incurred after closing date; 	Contract is in AWPB

	SOE Element	Comments
1.	Are the expenditures properly accounted for in the books and financial reports of the project, and can they be cross-referenced in the SOE to relevant documentation (e.g. vouchers)? Does presentation of information in the SOEs allow for ready access to the files for review and audit purposes?	WA 40, Sal and Allowances, line 79, SDG 143,398 ; PCU staff salaries for Feb 2016; yes, proper linkage exists betw the SOE and financial reports and documentation.
2.	Are all the invoices stamped Paid?	N-A
3.	<p>(i) Review documentation supporting payments and for all cases described in (ii) through (iv) below, ensure existence of:</p> <ul style="list-style-type: none"> ✓ a signed contract or confirmed purchase order – showing the specified amount that is due to be paid ✓ evidence of receipt, invoice or performance ✓ a bank guarantee for advance payment, as specified in the contract documents ✓ a bank guarantee for performance, as specified in the contract documents ✓ copies of communications sent by the IFAD country programme manager to the lead project agency providing the 'no objection' (whether post or prior) to the contract award; and ✓ evidence of payment/bank statements ✓ accounting records of approvals, disbursements, and balances available ✓ procurement documents (bid documents, invitation, evaluation, award, add in a newspaper), if applicable. ✓ for recurrent costs (operation cost and PIU staff salaries), ensure existence of recurrent costs records <p>(ii) For payment of goods, in addition to (i) above, ensure existence of:</p> <ul style="list-style-type: none"> ✓ a supplier's invoice, duly certified for payment by the project director – specifying the goods, their quantities, and prices ✓ bills of lading or similar documents; and shipping or import documents and inspection certificates , if applicable 	<p>iii.services</p> <p>1. yes, staff contracts</p> <p>2. yes</p> <p>3. N-A</p> <p>4. N-A</p> <p>5. staff contracts approved by IFAD</p> <p>6.yes</p> <p>7.yes</p> <p>8.N-A</p> <p>9.yes</p> <p>iii. 10.N-A b-c this is PCU staff</p> <p>11.N-A</p>

	SOE Element	Comments
	<ul style="list-style-type: none"> ✓ a certificate of delivery, as appropriate, to include condition of goods on delivery. <p>(iii) For payment of consultants' services and other services, in addition to (i) above, ensure the existence of:</p> <ul style="list-style-type: none"> ✓ the supplier's or consultant's claim, duly certified for payment by the project director and showing sufficient detail. If such services relate to the importation of goods (for example, freight and insurance payments), adequate reference should be given to enable the Fund to relate each of these items to specific goods whose cost has been or is to be financed by the financing closing date; and ✓ a certificate of delivery, as appropriate, of satisfactory services. <p>(iv) For progress and retention payments of civil works, in addition to (i) above, ensure existence of :</p> <ul style="list-style-type: none"> ✓ a claim by the contractor, including a financial progress report, stating the work performed and the amount due; ✓ a certificate – signed by the project consultants or owner's representative, if any, or by the borrower's chief engineering officer or resident supervising engineer assigned to the project, to the effect that the work performed is satisfactory and the payment claimed is due in accordance with the terms of the contract; and ✓ a copy of the contract payment monitoring form (Form C-11) signed in original by the certifying officer. <p>(v) Credit lines/equity:</p> <ul style="list-style-type: none"> ✓ review Subsidiary Agreement with the Project Party (i.e. Micro Finance Institutions, banks, equity companies etc.) ✓ review documentation evidencing proof of activities as described within the Subsidiary Agreement and/or any sub-agreement ✓ review bank statement(s) recording funds flow 	
4.	Question to address in review are:	
4.1	Is the documentation readily available?	Yes, but complete documentation not in same file, proj has to ensure that all evidence related to one payment is bundled together. Easy for inspection and

	SOE Element	Comments
		testing. Also some documents are in Arabic without any translation.
4.2	Does it indicate that the expenditure was approved by an authorized official?	Yes
4.3	Is it in original form?	Yes
4.4	Does it relate to the project concerned?	Yes
4.5	Are the computations correct and are there any errors or alterations?	Yes, no errors
4.6	Are the type of costs charged appropriate for the category and have the disbursement percentages been used correctly?	Yes
4.7	Are there any duplicate invoices?	No
5.	Verify eligibility of expenditures. The review determines whether the expenditures are properly supported and are eligible for IFAD disbursement in accordance with legal agreements.	Expense is eligible
6.	Determine whether any payments were made in advance of receipt of good or delivery of services, and if so, is this consistent with contract provisions?	No advance payments
7.	Payments exceeding defined SOE limits should be fully supported with related documentation.	N-A
8.	<p>Check for payments for items that are not procured in accordance with the legal agreements or signed contracts, such as:</p> <ul style="list-style-type: none"> ✓ Payments for items not specified in the Financing Agreement and the AWPB, including the procurement plan approved by IFAD; ✓ Payments made prior to credit signing or before the eligible date specified for retroactive financing; ✓ Commitments made before completion date (excluding winding up expenditures) and payments made for the expenditures incurred after closing date; 	Contracts are in AWPB

SOE testing	from date of last supervision mission, Dec 2015, till Sept 2016							
WA	SOE total in SDG, reimbursable under IFAD Grant 8094-SD							
45	1,383,604.50	entire WA is SOE stmts						
44	3,180,422.99	entire WA is SOE stmts						
40	2,577,546.76	entire WA is SOE stmts						
38	3,105,392.04	entire WA is SOE stmts						
		the rest of the WA submitted to IFAD are direct payments (39,41,42,43,46,47)						
	10,246,966.29	30%	3,074,089.89	to test in SDG				
Test items								
line item, amount in SDG	balance in SDG							
	3,074,089.89	total amt to test in SDG						
468,592.58	2,605,497.31	line 35, training, wa 38						
140,980.00	2,464,517.31	line 29, salary & allowances, wa 38						
	2,464,517.31							
149,379.69	2,315,137.62	line 130, direct proj recurrent costs, wa 40						
149,048.00	2,166,089.62	line 36, direct proj recurrent costs, wa 40						
368,000.00	1,798,089.62	line 12, equipment, wa 44						
222,923.73	1,575,165.89	line 9, TA national, wa 44						
145,398.00	1,429,767.89	line 116, direct proj recurrent costs, wa 44						
372,000.00	1,057,767.89	line 3, equipment, wa 45						
193,750.00	864,017.89	line 1, equipment, wa 45						
150,000.00	714,017.89	line 2, equipment, wa 45						
162,733.12	551,284.77	line 67, salary & allowances, wa 38						
144,580.00	406,704.77	line 41, salary & allowances, wa 38						
141,856.00	264,848.77	line 31, direct proj recurrent costs, wa 45						
121,620.00	143,228.77	line 5, training, wa 44						
143,398.00	(169.23)	line 79, direct proj recurrent costs, wa 40						
	(169.23)							

Grant 8114-SD, ABSUMI

	SOE Element	Comments
1.	Are the expenditures properly accounted for in the books and financial reports of the project, and can they be cross-referenced in the SOE to relevant documentation (e.g. vouchers)? Does presentation of information in the SOEs allow for ready access to the files for review and audit purposes?	WA 4, Vehicles and Equipment, line 4, SDG 245,173.50 ; Settlement of electrical equipment for office; yes, proper linkage exists betw the SOE and financial reports and documentation.
2.	Are all the invoices stamped Paid?	Yes
3.	<p>(i) Review documentation supporting payments and for all cases described in (ii) through (iv) below, ensure existence of:</p> <ul style="list-style-type: none"> ✓ a signed contract or confirmed purchase order – showing the specified amount that is due to be paid ✓ evidence of receipt, invoice or performance ✓ a bank guarantee for advance payment, as specified in the contract documents ✓ a bank guarantee for performance, as specified in the contract documents ✓ copies of communications sent by the IFAD country programme manager to the lead project agency providing the 'no objection' (whether post or prior) to the contract award; and ✓ evidence of payment/bank statements ✓ accounting records of approvals, disbursements, and balances available ✓ procurement documents (bid documents, invitation, evaluation, award, add in a newspaper), if applicable. ✓ for recurrent costs (operation cost and PIU staff salaries), ensure existence of recurrent costs records <p>(ii) For payment of goods, in addition to (i) above, ensure existence of:</p> <ul style="list-style-type: none"> ✓ a supplier's invoice, duly certified for payment by the project director – specifying the goods, their quantities, and prices ✓ bills of lading or similar documents; and shipping or import documents and inspection certificates , if applicable ✓ a certificate of delivery, as appropriate, to include 	<p>ii.goods</p> <p>1. yes</p> <p>2. yes</p> <p>3. N-A</p> <p>4. N-A</p> <p>5. N-A as below the threshold for goods</p> <p>6.yes</p> <p>7.yes</p> <p>8.yes</p> <p>9.N-A</p> <p>ii. 10.yes</p> <p>11.yes</p> <p>12.yes, but delivery receipt clearly shows that the delivery happened on 24 May 2016 after the completion date of the grant on 31 March 2016. Also, the delivery receipt shows delivery of other goods that are not part of this SOE line item.</p>

	SOE Element	Comments
	<p>condition of goods on delivery.</p> <p>(iii) For payment of consultants' services and other services, in addition to (i) above, ensure the existence of:</p> <ul style="list-style-type: none"> ✓ the supplier's or consultant's claim, duly certified for payment by the project director and showing sufficient detail. If such services relate to the importation of goods (for example, freight and insurance payments), adequate reference should be given to enable the Fund to relate each of these items to specific goods whose cost has been or is to be financed by the financing closing date; and ✓ a certificate of delivery, as appropriate, of satisfactory services. <p>(iv) For progress and retention payments of civil works, in addition to (i) above, ensure existence of :</p> <ul style="list-style-type: none"> ✓ a claim by the contractor, including a financial progress report, stating the work performed and the amount due; ✓ a certificate – signed by the project consultants or owner's representative, if any, or by the borrower's chief engineering officer or resident supervising engineer assigned to the project, to the effect that the work performed is satisfactory and the payment claimed is due in accordance with the terms of the contract; and ✓ a copy of the contract payment monitoring form (Form C-11) signed in original by the certifying officer. <p>(v) Credit lines/equity:</p> <ul style="list-style-type: none"> ✓ review Subsidiary Agreement with the Project Party (i.e. Micro Finance Institutions, banks, equity companies etc.) ✓ review documentation evidencing proof of activities as described within the Subsidiary Agreement and/or any sub-agreement ✓ review bank statement(s) recording funds flow 	
4.	Question to address in review are:	
4.1	Is the documentation readily available?	Yes, but complete documentation not in same file, proj has to ensure that all evidence related to one payment is bundled together. Easy for inspection and testing. Also some documents are in Arabic

	SOE Element	Comments
		without any translation.
4.2	Does it indicate that the expenditure was approved by an authorized official?	Yes
4.3	Is it in original form?	Yes
4.4	Does it relate to the project concerned?	Yes
4.5	Are the computations correct and are there any errors or alterations?	Yes, no errors
4.6	Are the type of costs charged appropriate for the category and have the disbursement percentages been used correctly?	Yes
4.7	Are there any duplicate invoices?	No
5.	Verify eligibility of expenditures. The review determines whether the expenditures are properly supported and are eligible for IFAD disbursement in accordance with legal agreements.	The expenses are properly supported but not in accordance with IFAD legal agreements because the delivery of the goods happened after the completion date of this Grant. As per IFAD Grant agreement, all goods and services are to be delivered and completed on 31 March 2016. As this delivery violates the agreement, these expenses are deemed ineligible for IFAD financing and the amounts spent on these goods from IFAD funds should be reimbursed to IFAD.
6.	Determine whether any payments were made in advance of receipt of good or delivery of services, and if so, is this consistent with contract provisions?	The payment was made on 12 May and delivery was on 24 May so advance payment was made. This was in compliance with the contract.
7.	Payments exceeding defined SOE limits should be fully supported with related documentation.	N-A
8.	<p>Check for payments for items that are not procured in accordance with the legal agreements or signed contracts, such as:</p> <ul style="list-style-type: none"> ✓ Payments for items not specified in the Financing Agreement and the AWPB, including the procurement plan approved by IFAD; ✓ Payments made prior to credit signing or before the eligible date specified for retroactive financing; ✓ Commitments made before completion date (excluding winding up expenditures) and payments made for the expenditures incurred after closing date; 	Yes, goods are procured in violation of legal agreements b-c the delivery was after the completion date of the grant.

Annex IV

1. **DSF Grant 8114:** This grant, denominated in SDR, was used to support ABSUMI, a micro financing institution that is a component of the Agricultural Bank of Sudan. The completion date of the Grant was 30 March 2016. The first advance of Euro 280,836 was justified through two WAs. A second advance for the amount of Euro 449,256 was disbursed on January 29, 2016. The justification for this second advance was not sent to IFAD as of the date of this mission. IFAD is processing the closure of this grant and the closing date will be 30 September 2016. *It is recommended that the justification for the second advance be sent to IFAD urgently, prior to the closing date.* This mission sampled expenditures of this grant to ensure that all activities were completed, and all goods and services delivered, by the completion date. This mission discovered some payments that can be considered ineligible, as the goods were delivered in May and June 2016, a few months after the completion date. These payments relate to equipment and furniture totalling Euro 60,312 and are included in the 2nd justification WA that will be submitted to IFAD. The project explained that since the 2nd tranche was received only at end of Jan 2016, they did not have enough time before completion date to finish all activities. As procurement processes tend to be lengthy, it was not possible for all deliveries to be made within 2 months (30 March). In addition, there is still one case of goods pending delivery that has already been paid. The payment to the WFP for 10 vehicles on 5 September 2016 amounted to Euro 348,536. The vehicles purchased from WFP are yet to be delivered from the Port of Sudan, as GoS clearance on taxes is required. There is no indication at this time of when that delivery will occur, and the grant is closing 30 September. *It is recommended that IFAD and the project urgently resolve the issue of the ineligible expenses, as the project may have to refund the amounts to IFAD. The issue of the delivery of vehicles should also be resolved as soon as possible.*

Disbursements: Disbursement of the ABSUMI Grant DSF-8114-SD up to the date of this mission is SDR 591,149.32. This represents 98% of the total financing provided by IFAD.

104. **Ineligible expenditures:** A full list of ineligible expenditures, financed by IFAD funds, discovered during the current SM and the status of those discovered by the prior year audit report are presented below:

Table 1: Grant 8114-SD, 2016 expenditures claimed in WA 4, justification of 2nd tranche

Item	Grant	Euro equivalent claimed in WA 4	Date of payment	Date of delivery(ies) as per delivery receipt (shown to mission)
Settlement of equipment for ABSUMI offices	8114-SD, ABSUMI	1,467.21	20.04.2016	24 May 2016
Settlement of equipment for ABSUMI offices	8114-SD, ABSUMI	460.99	20.04.2016	24 May 2016
Settlement of calculator for ABSUMI offices	8114-SD, ABSUMI	716.80	24.04.2016	24 May 2016
Settlement of electrical equipment	8114-SD, ABSUMI	35,702.11	12.05.2016	24 June 2016
Construction of chairs and tables	8114-SD, ABSUMI	236.41	22.05.2016	24 June 2016
Furniture for ABSUMI offices (Kassala, Alkhawi, Algos, Aldandir)	8114-SD, ABSUMI	23,142.67	13.06.2016	24 June 2016
Settlement of electronic equipment for ABSUMI offices	8114-SD, ABSUMI	11,857.38	13.06.2016	24 June 2016
Transfer to WFP – c/o 10 Toyota Hard Top 5 doors	8114-SD, ABSUMI	348,536.00	05.09.2016	Still pending

Table 2: Grant 8094-SD, 2015 expenditures in the audit report

Date	Cheque #	Amount in SDG	Description	Current status
01.03.2015	605	27,378	Proforma invoice- PCU	Final invoice needs to be obtained
04.08.2015	848	4,095	Proforma invoice- PCU	Final invoice needs to be obtained
31.12.2015	Transfer	8,424	Proforma invoice- PCU	Final invoice needs to be obtained
23.11.2015	200	1,420	Cost of fuel for MOA – SK	Still considered ineligible, to be refunded
25.05.2015	121	1,450	Cost of fuel for MOA – SK	Still considered ineligible, to be refunded
29.06.2015	137	1,500	Cost of electricity meter for MOA guesthouse	Still considered ineligible, to be refunded
09.03.2015	306	2,000	Training allowances for NK staff	Still considered ineligible, to be refunded
03.09.2015	306	1,700	Incentive for the attendance of the supervision mission meetings in NK	Still considered ineligible, to be refunded

Annex V

I. Fiduciary aspects

1. **Financial management.** The overall financial management is rated *Moderately Satisfactory* (4).

105. Organization and staffing: The staffing of the financial management team for the SDP is adequate and stable. The CCU and SCUs are well staffed and there is no need to hire additional staff in any area. Most SDP staff have been working for both the WSRMP and SDP simultaneously since 2012, and have not felt overburdened with their responsibilities. The experience gained from WSRMP has proven crucial to the smooth execution of SDP and its high disbursement rate. The fiduciary responsibilities of SDP are being executed by the Financial Controller, an Accountant, and the Administrative Officer. There is a second Accountant who is working exclusively for WSRMP. All staff possess the required qualifications to successfully perform in their roles. The previous SM recommended that project finance staff complete IFAD e-learning training on financial management and submit their certificates to IFAD. All staff have started the e-learning, but have not completed the training nor have they submitted certificates to IFAD. They have not yet implemented this prior year recommendation. The project management believes that e-learning is a personal responsibility, and they cannot force the staff to take the course. Since the staff contracts do not stipulate e-learning as part of their ToRs, there is no penalty for not undertaking the course or failing to send their certificates to IFAD. The staff prefer to have a proper formal training, face to face, rather than an e-learning course. It is more controllable and motivating, and staff can ask questions and clarify any doubts in real-time. *This mission recommends that the project examine their own capacity gaps and draw up a formal training plan for FM staff. Then, trainers should be hired to present training to address those gaps in staff capacity previously identified by the project. It is also recommended that staff contracts for any new finance hires contain a clause stipulating that it is mandatory to obtain the certificate for IFAD's online FM course.* Organization and Staffing is rated as *Satisfactory* (5).

106. Accounting system: The project is utilizing a singly entry method accounting software based on MS Access. The software is adequate to meet the needs of the project, and is capable of producing accounting journals, Withdrawal Applications (WAs), Special Account reconciliation, and summary financial progress reports of various time periods. Following a previous recommendation, the project's software consultant has programmed the software to produce cumulative financial reports. In addition, the Sources and Uses of Funds statement has been updated to reflect other sources of funds and the software can also capture these other sources of funds. On the job training of finance staff on the software by the consultant is on-going and the user guide for the software has been created by the consultant. The consultant, who is based in El-Obaid, has been supporting the project since the inception of the accounting system. He is on a retainer contract and conducts any training as part of his ToRs. When any issue arises, rather than just fixing it by himself, he is now guiding the staff on how to solve the problem so they can troubleshoot on their own in the future.

107. However, there are some expenses included in the project design that are currently not being captured by the system and reported in the financial statements. The system is configured to be able to record and report these expenditures, but no data is provided by implementing partners to the project. The missing data includes some "indirect" disbursements from other partners such as the GoS and farmers, as well as the National Seed Administration staff salaries paid by the GoS. It is important that the NSA and other implementing partners reveal these types of inflows and outflows so they can be entered in the accounting system and properly reflected as counterpart contribution to the project. *It is recommended that the project urgently obtain the relevant expense data from the NSA and other implementing partners to reflect it in the FY 2016 annual financial statements.*

108. Reporting and monitoring: The project prepares and submits annual financial reports to IFAD, while quarterly detailed reports are prepared for internal management purposes. Semi-annual reports are now prepared by the project as well, and the software has been programmed to generate these statements. The project is keeping hard copies of its quarterly reports, semi-annual reports, and performance review recommendations, in compliance with a previous SM recommendation. The accounting software is well setup to generate reports, saving time and funds for the FM staff. The software is able to consolidate data and generate the financial statements with a few clicks. This MS Access-based system was utilized by previous IFAD projects, and has been rolled over to all IFAD

projects currently in the Sudan portfolio (four projects). The accounting staff at the PCU and SCUs therefore possess considerable experience with the software. *It is recommended that the accounting software manual be printed out in hard copy and distributed to all accounting and administrative staff of the SDP.* Finally, the PCU and SCUs backup their accounting data once per month on USB keys that are stored in the office safe. *It is recommended that the offices backup their accounting data once per week, and the USB keys should be stored in a safe place outside the offices.*

109. **Internal controls:** The project adopts adequate segregation of duties and authorisation process, and adequate controls are in place for the initiation, approval, payment, and recording of expenditure transactions. The Project Implementation Manual (PIM) is being followed by the staff of the project. The procurement officer is responsible for the coding and tagging of all assets, and takes custody of all assets before distribution to various staff. The fixed asset register (FAR) of the project is upto date (including vehicles) and all assets are properly coded and tagged. The FAR also states the location of each asset, although it does not assign custody of an asset to a specific staff member (especially important for furniture and equipment). The FAR also does not contain a list of assets per office room in the PCU and SCUs. The individual staff member(s) occupying each office would then be assigned responsibility/custody for that asset. *This mission recommends that additional columns be inserted in the FAR that indicate the office room in which each asset is located and assign custody for those assets to the occupant(s) of the office.*

110. The project's fleet of vehicles are well managed and maintained. The PCU hosts both WSRMP and SDP, and assets of both projects are located within the office. Although WSRMP will be completed by end of this FY, the assets of WSRMP will continue to be utilized by the SDP in the PCU. However, each project has its own FAR, the assets are listed separately depending on which project funded the procurement of the asset. The project conducted a physical count of its assets at FYE 2015, although this mission did not see any evidence of the physical count. No document or record was presented to prove that the physical count took place. *The mission recommends that the project create a record of physical inventory count and maintain that record for review and inspection of future SM.*

111. Regarding the accounting software, it was observed that the software does not have password security for all users (3 at the PCU) and that all users have the same access rights. This is a material weakness for the accounting system and for the project. There is a high risk of tampering with the software and data, and of loss of confidential project data. There is a lack of basic IT controls. *It is recommended that security in the system is strengthened by issuing 3 different passwords to the 3 users (finance controller and accountants). The access rights of the 3 users should be different, with the finance controller having the highest level of access and the accountants having lower levels.* The access rights will be linked to the user passwords. Also, the passwords should only be known to the programmer and there should be no sharing of passwords amongst staff.

112. **Budgeting:** The project's 2016 AWPB was submitted on 17 January 2016, a 2 month delay, and approved by IFAD on 28 January 2016. The project continues to abide by a bottom up approach in preparing annual plans and budgets. The AWPB is normally prepared and approved annually. The AWPB process involves only 2 levels, the SCU and the PCU. The process for creating the AWPB for 2017 has already started. The document is in 2nd draft stage, and it needs to be signed by the state and national government before being submitted to IFAD. Due to this, the mission was unable to review the AWPB before it will be submitted to IFAD. *It is recommended that the project speed up the process of AWPB approval in order to ensure that it is submitted to IFAD by the end of October.*

113. The utilization of the current year budget stands at 36%, even though it is nearly the end of the third quarter of FY 2016 (75% time elapsed). The main reason for the under-expenditure of the budget is the lengthy delay in completing large procurement contracts (NCB, ICB) for lab equipment and vehicles, lack of government and farmers' contributions, and no activity in the Innovation Challenge Grant (ICG). If all the above issues are resolved by FYE, with 100% expenditure on each area across financiers, then the expected utilization will be 63%. It would represent a 27% increase from the current rate, a major improvement although an under-utilization of the budget for the penultimate full FY of the project. *It is recommended that the project urgently resolve the aforementioned issues in order to greatly enhance their execution and achievements.*

114. **Disbursements:** Disbursement of the SDP Grant DSF-8094-SD up to the date of this mission September 2016 is SDR 4,814,289.79, including the initial advance. This represents 75% of the total financing provided by IFAD (see tables in Appendix 5). Without the initial advance/authorized

allocation, the disbursement rate drops to 62%. Two withdrawal applications for direct payments (#46 for Euro 178,238.71 for lab equipment and #47 for Euro 5300 for procurement training) are pending with IFAD (Appendix 5c). In addition, WA 32, dating from October 2015, for an amount of CHF 4953.30 for ISTA annual membership is still pending approval by the MoF. The project plans to submit an additional two WAs by end of this FY in order to claim expenditure from July – September (#48) and October – December (#49). It is projected that Euro 297,000 will be claimed on WA 48 and Euro 450,000 for WA 49. Thus, taking into account WAs 46 – 49 (but not WA 32) and the initial advance, the project disbursement by the end of FY 2016 is expected to exceed 87%.

115. The project submitted WA 32 (ISTA subscription) to the MoF for approval last October but the WA has not reached IFAD yet. The PCU is not sure where this WA is at this moment, whether it is with the MoF or with the MoA. The amount claimed in the WA has to be revised upwards to take into account the penalty for late payment on the ISTA subscription. In addition, the project would like to claim their seed testing equipment costs on this WA as well. It is difficult to track any WA at the MOF due to the high turnover of MOF staff and lack of a paper tracing system. *It is recommended that the PCU should contact the CCU in Khartoum to trace the WA, obtain it, and return it to PCU. The PCU must then update the WA for both amount and claim, obtain all signatures, and re-send it to the MOF prior to this FYE.* After clearance the WA will then be sent to IFAD.

116. Disbursement of the ABSUMI Grant DSF-8114-SD up to the date of this mission is SDR 591,149.32. This represents 98% of the total financing provided by IFAD. The completion date for this grant was 30 March 2016, and all activities were to cease and all goods and services to be delivered by that date. However, several deliveries of equipment and furniture were made in May and June 2016, rendering the payments on these goods ineligible for IFAD financing. As payments were already made for these goods using grant funds, the project is liable to refund the amounts to IFAD (see section on Grant 8114 below). In addition, there is still a pending delivery of 10 vehicles which the project bought from the WFP using grant funds. These vehicles are currently being held at the Port of Sudan, and can only be released after the GoS provides tax clearance on them. Also, the project used funds from the SDP grant to buy an additional 7 vehicles from the WFP, bringing the total number of vehicles to be delivered to 17. Disbursement for both grants is rated as *Highly Satisfactory* (6).

117. **Use of SOE and adequacy of supporting documentation:** This mission reviewed SOEs of four WAs submitted to IFAD for reimbursement during the time period from Dec 2015 till the current SM. The rest of the WAs submitted during the same time period were all requests for direct payments. This mission examined SOEs with a value equal to 30% of the total SOE amount claimed during the period. The total value of SOEs amounted to SDG 3,074,090, equivalent to EUR 458,820. The review found that the project is complying with the SOE threshold and retaining the required documentation. However, the documentation for each SOE item is not grouped together, with some documents related to line items in the custody of the procurement officer or administrative officer. *It is recommended that all evidence related to a payment are bundled and retained together.* This will make it easier for inspection and testing purposes. *It is recommended that government policies, such as labor laws, project rules and regulations as well as invoices are translated into English.*

118. **Ineligible expenditures:** The mission reviewed items raised in the Management Letter of the FY 2015 external audit. The issue of the weakness of fuel control is not yet resolved. Even though the project claimed that the sheets exist and that they have complied with the recommendation, the mission was not presented with the log sheets used to control the use of fuel at NK and SK. With respect to the cases of ineligible expenses in the FY 2015 external audit report, even though the project provided clarifications on them, those were not accepted by the auditors as the expenses were not in the approved AWPBs. Hence they are still considered ineligible as of this SM. There are also three payments in 2015 that are not supported by final invoices. The list of the prior year ineligible expenses and their current status is shown in the table below. *The project must obtain the fuel log sheets of NK and SK and the final invoices before the end of this FY and present them at the time of the FY 2016 external audit.*

119. A full list of all ineligible expenditures discovered during the current SM and the status of those discovered by the prior year audit report are presented below:

Table 1: 2016 expenditures in current SM

Item	Grant	Euro equivalent claimed in WA 4	Date of payment	Date of delivery(ies) as per delivery receipt (shown to mission)
Settlement of equipment for ABSUMI offices	8114-SD, ABSUMI	1,467.21	20.04.2016	24 May 2016
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Table 2: 2015 expenditures in the audit report

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29.06.2015	137	1,500	Cost of electricity meter for MOA guesthouse	Still considered ineligible, to be refunded
09.03.2015	306	2,000	Training allowances for NK staff	Still considered ineligible, to be refunded
03.09.2015	306	1,700	Incentive for the attendance of the supervision mission meetings in NK	Still considered ineligible, to be refunded

120. DSF Grant 8114: This grant, denominated in SDR, was used to support ABSUMI, a micro financing institution that is a component of the Agricultural Bank of Sudan. The completion date of the Grant was 30 March 2016. The first advance of Euro 280,836 was justified through two WAs. A second advance for the amount of Euro 449,256 was disbursed on January 29, 2016. The justification for this second advance was not sent to IFAD as of the date of this mission. IFAD is processing the closure of this grant and the closing date will be 30 September 2016. *It is recommended that the justification for the second advance be sent to IFAD urgently, prior to the closing date.* This mission sampled expenditures of this grant to ensure that all activities were completed, and all goods and services delivered, by the completion date. This mission discovered some payments that can be considered ineligible, as the goods were delivered in May and June 2016, a few months after the

completion date. These payments relate to equipment and furniture totalling Euro 60,312 and are included in the 2nd justification WA that will be submitted to IFAD. The project explained that since the 2nd tranche was received only at end of Jan 2016, they did not have enough time before completion date to finish all activities. As procurement processes tend to be lengthy, it was not possible for all deliveries to be made within 2 months (30 March). In addition, there is still one case of goods pending delivery that has already been paid. The payment to the WFP for 10 vehicles on 5 September 2016 amounted to Euro 348,536. The vehicles purchased from WFP are yet to be delivered from the Port of Sudan, as GoS clearance on taxes is required. There is no indication at this time of when that delivery will occur, and the grant is closing 30 September. *It is recommended that IFAD and the project urgently resolve the issue of the ineligible expenses, as the project may have to refund the amounts to IFAD. The issue of the delivery of vehicles should also be resolved as soon as possible.*

121. **Amendment of Grant 8094 Financing Agreement:** At the time of this mission, the last WA to be submitted by the project was WA 45. WA 45 was processed for an amount of SDG 1,126,554.50 (equivalent to EUR 156,616.18), instead of the claimed amount of SDG 1,383,604.50. It was reduced by SDG 257,050.00 (equivalent to EUR 35,735.68) against the recurrent cost category as that category reached the 30% overdraft limit. The 30% overdraft on a category's allocation is the maximum permissible percentage disbursement for any Loan or Grant category. In total, IFAD withheld Euro 515,011 across eight WAs that were submitted, all against the recurrent cost category. The reduction in recurrent cost funding led to using GoS funds to cover the shortfall in IFAD reimbursements. *It is recommended that once the re-allocation is finalized, the amount of Euro 515,011 will be reimbursed to the GoS account from the Designated Account and be charged to Grant 8094 recurrent cost category.*

122. In addition, after processing WA 45, the civil works category was overdrawn by 19.51% and contracted services category was overdrawn by 21.93%. In addition, in the current FY the project expanded its scope of activities to two new areas. It added Umrawaba in North Kordofan and Rashad in South Kordofan, thereby aiming to reach more beneficiaries.

123. Due to changes in the project area of activity and over-draft within three categories, the project and IFAD have agreed to amend the Financing Agreement for SDP Grant DSF-8094. Both parties have discussed the content of the changes to the FA, and a draft revision of the FA was created by the CPM and CFS. This draft was presented to the project management, and discussion took place with the project management, ministry of finance, and mission team to finalize the revised FA. The re-allocation of funds primarily involves allocating the full amount of the Unallocated category (SDR 600,000) to the various other categories. All parties came to agreement regarding the revision, and it is now ready to be presented to IFAD and the Ministry of Finance for signature. The proposed re-allocation of funds is attached as an annex to this report. *It is recommended that the project claim the amounts withheld by IFAD in the prior WAs once the revised Financing Agreement has been signed.*

124. **SGGs, GPGs and PSCs:** The beneficiaries' contributions have not yet materialized, although the project is ready to track, record and reflect them in the project's disbursement/financial reports and financial statements when they do. The main reason for the lack of beneficiary contribution for insurance is due to the early stage of rural finance operations. The contribution of the PSCs is no longer applicable under the revised approach under the MTR 2014.

125. Regarding the cash revenue from renting out of equipment to farmers, this is an activity that commenced in 2016 and so far no rent has been received by the project. In NK, the equipment is rented out to the tractor owners, who attach the equipment to their tractors. The rent paid by the tractor owners will be paid to the SCU there. Then the SCU will transfer 100% of the rent amount to the PCU. In SK, the tractor owners receive the equipment free of charge and attach them to their tractors. They retain 70% of their earnings, and send the SCU the remaining 30% of earnings. The SCU will then transfer the full 30% to the PCU. The earnings of project will be used for the maintenance and repair of the equipment and to cover the operational cost of the extension teams who supervise the whole process at field level. It is expected that farmers will pay the rent by end of this FY.

126. The funds are to be sent by the farmers to the SCUs and then the SCUs will collect all the cash and send it to the PCU. The PCU will then deposit the cash into its operating account. By design, the SCUs are not allowed to deposit the rent from farmers into their own operating accounts, but must send all the cash to the PCU. However, the state governments have to approve the transfer of cash to

the PCU before the cash can be sent. As of the time of this mission, no cash has been received by the SCUs. Once the cash is received by the SCUs, *it is recommended that they do not hold onto the cash for long periods of time and send the cash to the PCU immediately in order for it to be deposited into the bank. It is recommended that a cash count be conducted whenever cash is received and transferred/deposited. The project should also ensure that the state governments do not delay approval of the transfer of cash to the PCU.*

127. The project currently does not have a cash account/book as petty cash is not maintained by the project. However, due to cash revenue being received for sale of seeds and rental equipment, it is *recommended that the project create 2 cash books at both the PCU and SCUs, one for seeds and one for equipment rentals.* The cash books of the PCU and SCUs can then be reconciled. The project already maintains bank records for these two accounts, however no cash books exist. As a standard procedure, the cash book can be reconciled with the bank book in order to ensure that all inflows and outflows match. This is an internal control procedure that the project must now follow with respect to its revenues, which are exclusively earned in cash.

128. **Counterpart funds:** Government counterpart funds are dedicated for payment of custom duties VAT, agricultural insurance as well as contributions towards recurrent cost. A reconciliation of the operating account with the GL (a pool account) was done in order to ensure that IFAD funds are not being used to cover expenditure that should be financed by the government. The reconciliation did not reveal any anomalies that IFAD funds are being used to cover for government funds. The project cumulative expenditure financed by GoS cash transfers to date is USD 464,584 representing 11% of the allocated GOS contribution for the project life. GoS expenditure on duties and VAT exemption, usually paid directly by GoS without being reflected on the project records, is estimated at USD 838,000 on imported project vehicles only. This could push the GoS contribution rate to 31% had the amounts of customs duties been captured by the project financial reports. The customs and VAT rate on imported vehicles in Sudan is 130%, which more than doubles the price of those vehicles. The MOF still is not providing the data regarding the taxes and duties covered by the government, despite repeated requests from the project and prior supervision missions in this respect. Due to this, the project has been estimating the value of the government contribution since the beginning of the SDP and reflecting that figure in the financial statements. *It is recommended that the project have a meeting with the government to ask for the government's data on its contribution to the project.*

129. During the FY 2016, the government contribution was used to pay staff salaries when IFAD stopped financing the recurrent cost category due to the 30% overdraft limit being reached. As a result, government funds were used to pay approx. Euro 515,011 of staff salaries that would normally be covered by IFAD. The agricultural insurance premium (budgeted at USD 1.57 million for project life) that is to be financed by the GOS and beneficiaries, has still not been started. *It is recommended that the government be refunded the amount of its FY 2016 contribution towards staff salaries once the re-allocation is approved by IFAD.* Counterpart funding is rated as *Moderately Satisfactory (4).*

130. **Compliance with Grant Covenants** is rated as *Satisfactory (5).* The project and Recipient have largely complied with all Grant covenants with the exception of the timely submission of the next FY AWPB to IFAD for approval, which is on-going.

131. **Internal Audit:** Previously, the project did not have the availability of an Internal Audit (IA) function as it was not envisioned in the project design. However, the National Directorate General of Internal Audit was recently nominated as the internal auditor for all IFAD projects starting from this year. They have informed the SDP via official letter of their plan to audit, without providing any specific details. There is also no specific date for an initial meeting. *It is recommended that the project setup a meeting with the IA department at the earliest to discuss all aspects of the IA.* The IA will also use the external audit (EA) report as an input in its work plan for the SDP. The IA report should be issued soon after FYE to allow the project to start implementing any recommendations. Especially since the project is in its intensification phase, IA is very important. The Internal Audit can help the External Audit to do their work as well, since both activities are linked and a positive feedback loop can be created between the internal and external auditors.

132. **Proceeds of Seeds Purchased and Distributed by the Project:** Proceeds from sale of seeds purchased from SGG during the period from year 2013 to the time of this mission amounted to SDG 1,411,371.50. Cost of purchase, transportation, processing and storage of seeds was SDG 554,047.00 and net proceeds were SDG 857,324.50. They now maintain separate accounting records and bank accounts for these seed transactions to comply with a prior recommendation. The cash

revenue from selling of seeds is received by the SCUs and then transferred to the PCU, which keeps it in its safe before depositing the cash into the PCU operating account once the deposit is approved by the SDP coordinator and FC.

133. The net proceeds from sale of seeds are applied to the costs related to the demonstration plots for improved seeds. The demonstrations are one of the ways in which the project promotes the use of improved seeds and technology. It shows farmers how to use new techniques to improve their yields, and is working well as a strategy.

134. **Audit Quality and Timeliness:** The SDP grant audit report for FY 2015 was unqualified and was submitted before the IFAD deadline of 30 June 2016. The audit was conducted as per International Standards on Auditing (ISA) by the Sudan National Audit Chamber, the supreme audit organization of the Sudan. However, as in previous audit reports, the auditors did not provide a separate opinion on the SOE and Designated Account statements, as required by the IFAD Guidelines on Project Audits. The opinion on the SOE and DA statements is embedded within the opinion on the Project Financial Statements (PFS). It is strongly reiterated that the auditors comply with their ToRs and provide the required opinions. The Comparison of Budget with Actuals is presented in the Management Letter, instead of being part of the PFS. In addition, the Fixed Asset Register is absent. The Management Letter discusses six new weaknesses, of which two were successfully rebutted by project management, and states that one prior year recommendation has not yet been implemented. *This mission recommends that the project provide all required PFS in proper format and that the auditors comply with their ToRs. In addition, the project should implement all audit recommendations to date before the next supervision mission.*

135. As per IFAD rules, the final audit of a grant should take place during the final FY of a grant, upto the closing date. The report is to be submitted 6 months after the closing date. In the case of the completed ABSUMI grant 8114-SD, no final audit (Jan – Sept 2016) had commenced by the time of this mission. The project also did not indicate when the National Audit Chamber would commence the final audit. As the closing date of the grant (September 30) occurred at the end of this SM, and no audit report was submitted, the project did not comply with this audit rule. In addition, the FY 2015 audit report for this grant has not yet been submitted to IFAD. It is already 3 months overdue. *It is recommended that the project urgently communicate with the National Audit Chamber to commence the final audit of the ABSUMI grant and submit the FY 2015 audit report. The final audit for this grant is to be submitted to IFAD by the end of this FY.* Compliance with audit requirements is rated as *Moderately Satisfactory (4)*.

Agreed action	Responsibility	Agreed date
All evidence related to a payment to be bundled and retained together; government policies and project rules to be translated into English	FC/PPC	Dec 2016 (FYE)
Urgently resolve 3 key issues in order to increase FY 2016 AWPB execution	PCU	Immediately
Additional columns be inserted in the FAR to indicate the office room in which each asset is located and assign custody to the occupant(s) of the office	FC/PPC	Dec 2016 (FYE)
Accounting software manual to be printed out and distributed to all accounting and administrative staff	FC/PPC	Immediately
Staff contracts for new finance hires to contain a clause stipulating that it is mandatory to obtain the certificate for IFAD's online FM course	PCU Administrator	Immediately
Examine capacity gaps and draw up a formal training plan for FM staff; trainers should be hired to present classroom training	FC, Administrator, Procurement Officer	Dec 2016 (FYE)
Urgently obtain the relevant expense data from the NSA and other implementing partners to reflect it in the FY 2016 annual financial statements	FC/PPC	Dec 2016 (FYE)
PCU and SCUs to backup their accounting data on USB keys once per week, USB keys to be stored in a safe place outside the offices	PCU, SCUs	Dec 2016 (FYE)
Create a record of physical inventory count and maintain that record for review and inspection of future SM	PCU	Dec 2016 (FYE)
Issue different passwords and access rights to the 3 users of the accounting software.	PCU/Software consultant	Dec 2016 (FYE)
Speed up the process of AWPB approval in order to ensure that it is submitted to IFAD by the end of October	SCUs, PCU	Immediately
Obtain WA 32, update the WA for both amount and claim, obtain all signatures, and re-send it to the MOF	FM staff/PPC	Dec 2016 (FYE)
Obtain the fuel log sheets of NK and SK and the final invoices and present them for the FY 2016 external audit	FM staff/PPC	Dec 2016 (FYE)
Justification for the second advance of ABSUMI grant to be sent to IFAD urgently	PCU	Immediately
Resolve the issue of the ineligible expenses, as the project may have to refund the amounts to IFAD	PCU	Immediately
Claim the amounts withheld by IFAD in the prior WAs once the revised Financing Agreement has been signed	PCU	Dec 2016/ continuous
Cash count be conducted at PCU and SCUs whenever cash is received and transferred/deposited	Related staff/PPC	March 2016
Create 2 cash books at both the PCU and SCUs, one for seeds and one for equipment rentals	FM staff/PPC	January 2016
Request the government for its data on its contribution to the project	FC/PPC	Dec 2016/ continuous
Refund the govt the amount of its FY 2016 contribution towards staff salaries once the re-allocation is approved by IFAD	Admin officer/PPC	January 2016
Setup a meeting with the IA department at the earliest to discuss all aspects of the IA	FC/PPC	November 2016
Implement all audit recommendations to date before the next supervision mission	PCU/MoFEP	Dec 2016/ continuous
Urgently communicate with the National Audit Chamber to commence the audit of the ABSUMI grant and submit the audit report	FC/PPC	Immediately
Provide all required PFS in proper format and ensure that the auditors comply with their ToRs	FC/PPC	December 2016

Annex VI

Work Plan – PPP

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Acronyms:

PC	Project Coordinator
PSD	Private Sector Division of SDP
SS	Seed Specialist (head of PSD)
CCU	Central Coordinating Unit (Khartoum)
SCU	State Coordination Units = State Focal Points
PPS	Plant Protection Specialist SCU/PCU
MS	Mechanisation Specialist
FAAB	Farming as a Business Specialist

1. Market Access Value Chain

Activity	Output	Beginning date	End date	Responsibility	Notes
Market linkages					
Visit to Um Sawadeen Community with Merchants and their Agents	-Contracts or similar agreements linking SDP farmer groups with buyers that provide a combination of better price, technical assistance, logistics, or credit -Farmer groups receive agreed services and enjoy higher and more stable incomes from farming	Oct	Oct	PPP, FAAB, NK SCU, CMC	PC should give strategic guidance but can delegate this activity to PSD
Facilitation of Negotiations		Oct	Dec	FAAB, CMC	FAAB helps farmers understand the merchant's offer
					FAAB ensures that extra efforts/expense of farmers to improve is rewarded in better terms of sale
Registration of GPGs/SGGs as legal societies		Nov	Nov	PSD, LET, CMC	Merchant offered to assist with registration.
Sales of Groundnuts through negotiated contract		Dec	Jan	LET, FAAB	FAAB documents the impact of sales under the contract agreement against the traditional method of seling
Groundnut Market Entry Study					
Finalize Terms of Reference and Budget with Exporters Association	Study that provides a road map to identify new markets, esp. Europe, for HPS groundnut exports from Sudan Better prices for farmers	Oct	Oct	PSD, RBS	IFAD can provide technical assistance
Identify and Contract International Consultant		Nov	Dec	IFAD, PCU	IFAD can provide technical assistance
Field Work and Analysis		Jan	Feb	PSD, PCU, with intl consultant	Exporters Association provide technical assistance
Market Entry Workshop EI Obied -- one day		Feb	Mar	PSD, PCU, RBS, ICO, with intl consultant	Export Association to take a leading role in organizing and hosting
Value Chain Studies					
Review Draft of VC study	Value Chain studies providing greater insight into the four crops and opportunities/constraints to development Rainfed farmers engage more profitably in the key value chains	Oct	Oct	RBS	
Technical Input from IFAD and VC stakeholders		Oct	Nov	IFAD, PCU	
Finalize VC studies with field work		Feb	Mar	RBS, PSD	
Hold Value Chain Workshop(s)		Mar	Mar	RBS, PSD, PCU, ICO	
EI Obied Auction Market Information System					
Letter of Request from EI Obied Auction	Functional EI Obied Auction information capture and dissemination Better understanding of production, sales, prices of key commodities	Oct	Oct	PPP	
Finalize TOR and Budget with EI Obied Auction		Nov	Nov	PPP, RBS	
Identify and Contract Local Consultant		Dec	Jan	PCU	
Procurement hardware/software		Dec	Feb	PCU, CCU	
Implement Training and Commissioning of Equipment		Mar	Apr	PSD, local consultant	

2. Mechanized Service Providers

Activity	Beginning date	End date	Responsibility	Notes
Recruitment/Secondment of Agricultural Mechanization Specialist(s)				
Preliminary Meetings with Federal Agric. Mechanisation Dir.	Oct	Oct	OC	Determine whether to use Agric Mech specialist(s) or recruit consultant or combination
Develop TOR for Ag Mech Specialist(s)	Oct	Nov	OC	The TOR adapted to either to an SDP consultant or "borrowed" GoS official
Recruit Ag Mech Specialist(s)	Nov	Dec	OC, PCU	The term of contract or agreement should be one year to ensure planning and follow through, if possible
Stocktaking Exercise for MSP program				
Develop Agenda for MSP Stocktaking	Oct	Oct	PSD, SCUs	The incumbent MSS contract should be extended as needed to assist in this process
Implement MSP Stocktaking	Nov	Nov	PSD, MSS, SCU, LET	The incumbent MSS contract should be extended as needed to assist in this process
Joint Stocktaking Workshop with SCUs and LETs	Nov	Nov	PSD, SCU	
Develop geographic specific on-farm demo MSP service package				
Develop geographic specific on-farm demo MSP service package	Nov	Dec	PSD, SCU, MSS, ARC	
Land Preparation:				Options to consider include: 1) Disc harrow only for heav soils, high rainfall areas 2) heavy chisel with disc harrow, disc harrow only rotation for heavy soils and moderate rains, 3) light chisel for lighter soils
Plant:				Options to consider include: 1) Existing large planters, 2) new smaller planters, 3) animal planters
Weed:				Chemical (see SSP), Inter-row cultivator
Harvest:				Options to consider include: 1) New sesame harvester (Douma) 2) Groundnut digger/shaker (Dal, CTC) 3) groundnut hay baler (Dal)
Thresh:				Options include: Sorghum/Millet PTO threshers
Shell:				Options include: Groundnut sheller
Collaborative Agreements with Equipment Suppliers				
PSC discussions and development of concepts	Oct	Nov	PSD, MSS	Options for PSC support include: 1) Training -- theoretical and practical 2) in-field supervision of MSPs 3) village mechanic training (CTC)
Development of MOUs for 2017 season	Dec	Dec	PSD, MSS	4) Loan of Equipment to MSPs 5) Company Demonstrations (for SDP/PSC demos)
Negotiation of MOUs for 2017 season	Dec	Feb	PSD PC	
Community mobilization				
Identification of agent (CDC, sheikh, SSP, other) within community who can represent farmers in negotiation with MSP.	Oct	Dec	MSS, CMC, SCU, LETs	For full intervention villages and for graduation villages. All graduation villages should receive project support to broker a deal with MSPs. Also, for full intervention villages that fulfil the conditions (exposure to demos through field visits, farmers are aware of the risks with the new technology, and the application of the new technology has already through experience by the project been determined relatively risk free in the region [eg sesame and sorghuum planting in NK are not risk free]), farmers can be allowed the opportunity to sign up for services without the demo support, at their own cost, at a price that they agree on with MSP themselves (with project brokerage as applicable). For full intervention villages to be used with caution.
Preparation of community for negotiations with MSP through agent.	Oct	Dec	CMC, SCUs, LETs	

MSP selection and contracting (full intervention)				
Refine Selection Criteria, Service Pricing, Rental	Nov	Dec	PSD, CMC, MSS	Finalize Selection criteria: equipment? Commitment to community? Experience?
				Final service pricing guidelines: offers value for money for farmers and a good return for MSP; consider bonus for certain operations in certain areas
				Finalize Implement Rental terms for SDP equipment: flat rate easier to enforce and fairer. The terms should be generous to the MSP, ceiling should be no more than 25% of purchase price
				Rental terms graduation villages and farmers outside demos in FI villages: The price setting ultimately determined by farmers (through their representative, CDC or similar) and the MSP. The CMC and LETs to broker as needed. Demo price to be kept as reference.
Develop Model Contract (after demo plan complete)	Dec	Jan	PSD/PCU, CMC	Ensure that contracts have sanctions for non-performance
Contract MSPs	Jan	Mar	PSD/SCU, CMC, legal advice	Consider security deposit or withholding some payment to ensure equipment returned in good condition
MSP technical training				
Revision of Training Materials/Methods	Dec	Dec	MSS	Refresher and New MSP training modules to be developed
TOT -- agricultural engineers	Jan	Feb	MSS	Adequate focus on planter -- the most difficult and time sensitive service
Implement Technical Training for MSPs	Mar	August	LET mech specialists	trouble shooting: wet fields, unclear fields, different soil types
MSP FAAB Training				
Finalize MSP FAAB Topics, training materials, methods	Dec	Jan	FAAB, MSS	How to find, organize, and prepare customers
				How to price service, and factor in special conditions (remote, isolated fields)
Implement Training to MSPs	Mar	May	FAAB	scheduling operations for time of day (e.g. plant day, chisel night)
Implement Training to farmers	Mar	May	LET mech specialists	How to prepare for MSP -- consolidate fields, clean land, remove obstacles, use village agents to organize timing and prep
LET support				
Agree with GoNK/GoSK about secondment of mech specialists	Oct	Nov	PC, PSD, SCUs	ensure mech specialists have adequate resources to
Ensure mech specialists join LETs	Jan	Feb	SCU, LET leaders	
International Training for LET mech specialists	Feb	Mar	PSD, MS	identify country with widespread mechanized planting for SS farmers -- China? India? Indonesia?
Agricultural machinery procurement				
Finalize list of machinery for each LET	Nov	Nov	MSS, SCU, LET	based on MSP service package (above) and on-farm demo plan (see on-farm tab)
Resolve dispute with animal planter supplier	Nov	Dec	PC, PSD, MSS	if cannot resolve, return planters and find alternative
Develop specifications for purchase or borrowing/renting	Dec	Dec	MSS	consider: spares, support, training, in-field supervision in addition to features, quality, price
Procurement of equipment, or rental, or borrowing	Dec	Mar	PCU, PSD	

3. Spray Service Providers

Activity	Beginning date	End date	Responsibility	Notes
Recruitment/Secondment of Crop Protection Specialist				
Preliminary Meeting with Federal Plant Protection	Oct	Oct	OC	Determine whether to borrow GoS plant protection specialist vs contracting a consultant
Develop TOR for Crop Protection Specialist	Nov	Dec	OC	The TOR adapted to either to an SDP consultant or "borrowed" GoS official or combination
Recruit Crop Protection Specialist	Jan	Feb	PCU, PSD	The term of contract or agreement should be one year to ensure planning and follow through, if possible
Stocktaking Exercise for SSP program				
Develop Agenda for SSP Stocktaking	Oct	Oct	PSD, PPS	need for farmer herbicide training? Public awareness/marketing program for SSPs -- provide better, quicker, safer service than do it yourself or untrained SSP
Implement SSP Stocktaking	Nov	Nov	PSD, PPS, SAGA	
Joint Stocktaking Workshop with SCUs and LETs	Nov	Nov	PSD, SCU	
Develop crop specific on-farm demo SSP service package				
Develop crop specific on-farm demo SSP service package	Nov	Dec	PSD, SCU	when to use selective versus non selective, e.g.
Collaborative Agreements with Agrochemical Suppliers				
PSC discussions and development of concepts	Oct	Nov	PPS, PSD	Options to consider: PSCs support training, supervision, give away branded PPEs to high performing SSPs, sponsor publication of record books,
Explore piloting SAGA/CropLife SSP certification program	Nov	Feb	PSD, PPS,	SAGA to develop certification regime; photo IDs, certified SSP data base, promotional campaign
MOU with SAGA/CropLife for SSP certification	Feb	Feb	PPS, PD	SDP could consider co-financing SAGA/CropLife SSP certification program through in-kind support
Development of MOUs for 2017 season	Dec	Dec	PSD	
Negotiation of MOUs for 2017 season	Dec	Feb	PSD, PCU	
SSP Selection and Contracting				
Refine Selection Criteria, Revenue Sharing, Pricing	Nov	Dec	PSD, PPS	pricing needs to offer reasonable return to SSP and value for farmer
Develop Model Contract (after demo plans complete)	Dec	Jan	PSD, PPS, PCU, legal advice	revenue sharing up to 50% of value of mistblower or knapsack sprayer. If SSP doesn't achieve at least 25% of value of equipment consider reclaiming equipment
Contract SSPs	Jan	Mar	PSD/SCU	
Supervision	June	Sep	PPS, LET plant protection specialists	ensure SSPs have resources to supervise SSPs esp. in the demo plots

SSP Technical Training				
Revision of Training Materials/Methods	Dec	Jan	PSD, PPS	Develop Refresher/Advanced and New SSP modules
TOT -- LET plant protection specialists	Jan	Feb	PSD, PP	SAGA/CropLife SSP certification issues, if this is accepted
Implement Technical Training -- theory	Mar	April	SCU/LET plant protection specialists	cover: selective versus non-selective; pre-emergent vs. post emergent. Determine need for pesticide training
Implement Technical Training for farmers	Mar	April	LET plant protection specialists	
Implement Technical Training for SSPs-- practical	June	Aug	SCU/LET	human health, animal safety, buying and storing herbicides
SSP FAAB Training				
Revision of FAAB Topics, training materials, methods	Dec	Jan	FAAB	Develop modules for refresher as well as for new SSPs
			FAAB	topics include: organizing and advising farmers, use of agents, benefits of acting as agent for agrodealers and MFIs
	Dec	Jan	FAAB, SAGA/CropLife Input	Develop simplified record book for SSP (important for business records, but also for safety reasons, and gives data useful for developing linkages)
	Dec	Jan		when to use mistblower vs. knapsack sprayer (e.g. breakeven point)
Implement FAAB training for SSPs	Mar	April	LET	
Implement FAAB weeding-specific training for farmers	Mar	April	LET	how to evaluate herbicides vs manual vs mechanical from a business perspective. Negotiation with SSPs as a group.
LET support				
Negotiate with GoNK/GoSK about secondment of plant protection specialists	Oct	Nov	PC, OC, SCU	
Ensure plant protection specialists join LETs	Jan	Feb	SCU, LET leaders	
International Training for LET specialists	Feb	Mar	PSD, MS	identify country that has widespread herbicide application for SS rainfed farmers, similar conditions to Sudan
Spraying Equipment Procurement				
Finalize list based on SSP and on-farm/SDP demo plans 2017	Nov	Dec	PPS	Knapsacks, mistblowers, PPE, chemicals
Develop specifications for equipment and inputs to be purchased, rented, borrowed	Jan	Mar	PPS	
Procurement, rental, borrowing	Jan	May	PPS	

4. Agrodealers

Activity	Beginning date	End date	Responsibility	Notes
Stocktaking Exercise for Agrodealer Training				
Develop Agenda for Agrodealer Stocktaking	Oct	Oct	PSD	
Implement Agrodealer Stocktaking	Nov	Nov	PSD	
Joint Stocktaking Workshop with SCUs and LETs	Nov	Nov	PSD, SCU	
Collaborative Agreements with Agrochemical and Seed suppliers				
PSC discussions and development of concepts	Oct	Nov	PSD	Options for PSC support for SSPs: technical training, development of simple bookkeeping software; promotion campaigns, demos. E.G. CTC agreed to do Agrodealer training – maybe a focused introduction and push for Gardoprim in NK/SK,
Development of MOUs for 2017 season	Dec	Dec	PSD	joint with SSP
Negotiation of MOUs for 2017 season	Dec	Feb	PSD PC	joint with SSP
Agrodealer Technical Training				
Development of Training Materials and Methods	Jan	Feb	PSD, PPS, FAAB, SAGA	storage, safety, effective usage, counterfeits, sell by date, certification, hybrids/OPVs
Explore with SAGA support for training agrodealers	Nov	Feb	PPS, SAGA	agro-dealer specific training, working with SSPs, advising farmers, etc
TOT	Mar	Mar	PPS, PSCs, SAGA, LET plant protection specialists	
Implement Agrodealer Technical Training	Mar	April	SCU/LET	inclusion in planning nearby demos
FAAB training				
Revision of FAAB Topics, training materials, methods	Dec	Feb	FAAB	develop refresher and new agrodealer training
				farmer/MFI/supplier relations, use of village agents (e.g. SSPs), use of distributors (e.g. village stockists, CDC)
				record books/inventory systems
				Negotiating with suppliers (terms, promotions, training – whether they are agents, wholesalers, suppliers)
				Agro dealer Association objectives and goals; initial steps before formalizing
Implement Training	Mar	April	FAAB	
Agrodealer Exposure Visit				
Organize a group visit to PSCs in Khartoum	Mar	Mar	OC, PPS, FAAB	
Organize a core group of most motivated for international training/exposure tour	Apr	Apr	OC, PPS	CNFA Ethiopia? Uganda Ag Inputs?

5. SDP-PSC Demonstrations

Activity	Beginning date	End date	Responsibility	Notes
Dal Engineering Digger/Shaker Demonstration				
Finalize plans with Dal to demonstrate digger/shaker	Oct	Oct	PPP	Explore possibility of harvesting other groundnut farmers to ensure wider exposure
FAAB analysis of costs expected for digger/shaker	Oct	Nov	PPP, FAAB, MS	
Field Days -- Harvest Days 2016				
Develop Invitation List and Outreach Program	Oct	Oct	PC, PSD, SCU	farmers, dealers, SSPs, MSPs, agrodealers, PSCs, equipment suppliers
Develop Agronomic Agenda	Oct	Oct	LET, PSC	what was expected and what was achieved from agronomic perspective
Develop FAAB Agenda	Oct	Oct	FAAB	what was expected and what was achieved from business perspective
Field Day Implementation	Nov	Nov	SCU, LET	
Stocktaking Exercise for SDP/PSC Demos				
Develop Agenda for Stocktaking PSC/SDP Demos	Oct	Oct	PSD	what worked, didn't work, what objectives met, what wasn't met
Implement Stocktaking PSC/SDP Demos	Nov	Nov	PSD	immediately after field days
Joint Stocktaking Workshop with SCUs and LETs	Nov	Nov	PSD, SCU	output is draft strategic plan in outline form
Develop Demonstration Plan				
crops and variety attributes	Dec	Jan	PSD, SCU, LET	millet strategy? Hybrid sorghum strategy? Pigeon pea strategy?
Land preparation/water harvesting				animal planter?
planting				
weed control				wait for weeds and roundup vs 2,4D?
Fertility				fertilizing -- micro dose, small dose, other?
Harvesting				
Threshing				
Cost				cost savings versus control plots and traditional methods
Value for money				value for money incorporates other benefits/costs -- higher yield, e.g.
Control Plots				1 feddan plot split into two to have demonstration and control
Location and scope				Year 2 "advanced" plots?
Demo Farmer Selection				enthusiasm, ability, willingness to keep records, willingness to discuss with other farmers
Relationships with PSCs				
Field Days				4 Events: land prep, planting, weeding, harvest
Documentation				Videography

Collaborative Agreements/Contracts with PSCs				
PSC discussions and development of concepts	Oct	Dec	PSD	
Development of MOUs for 2017 season	Dec	Dec	PSD	
Negotiation of MOUs for 2017 season	Dec	Feb	PSD PC	
Purchase/Delivery of Inputs	Mar	Apr	PSD SS	Purchase of inputs if necessary to ensure that SDP can completely control demo plot model, with adequate controls, etc
FAAB Training for Demo Plot Farmers				
Development of Plot budgets -- demo and control	Nov	Dec	FAAB	
FAAB training module for contact farmers developed	Dec	Jan	FAAB	
TOT for LETs	Feb	Feb	FAAB	
FAAB training for contact farmers	Mar	Mar	LET	what is the business rationale for the test plot? How to evaluate it against the control
Mid-Season check-in with contact farmers	Sep	Sep	LET	record keeping adequate? Unanticipated problems that need resolution?
Post Harvest Review of budget versus actual	Nov	Nov	LET	
Physical Implementation of SDP/PSC demos				
Land Cleared by Contact Farmers	April	May	LET	
Land Prepared by Contact Farmers	May	June	LET	where no chiseling provided by SDP contracted MSP
All inputs mobilized in the SCUs	April	May	PSD, PCU	
All inputs delivered to contact farmers, SSPs, MSPs	April	June	LET	all in place ready for 1 July planting date
Planting	July	July	LET, contact farmers	

6. On Farm Demonstrations

Activity	Beginning date	End date	Responsibility	Notes
Harvest Days 2016				
Develop Invitation List and Outreach Program	Oct	Oct	PC, PSD, SCU	farmers, dealers, SSPs, MSPs, agrodealers, PSCs, equipment suppliers
Develop Agronomic Agenda	Oct	Oct	LET,PSC	what was expected and what was achieved from agronomic perspective
Develop FAAB Agenda	Oct	Oct	FAAB	what was expected and what was achieved from business perspective; FAAB analysis of digger/shaker and other equipment demonstrated
Negotiate Harvesting equipment demonstrations with PSCs	Oct	Oct	PSD	digger/shaker, sesame harvester, sorghum/millet thresher
Harvest Day Implementation	Nov	Nov	SCU, LET	
Stocktaking Exercise for On Farm Demos				
Develop Agenda	Oct	Oct	PSD	what worked, didn't work, what objectives met, what wasn't met
Implement Stocktaking of on-farm Demos	Nov	Nov	PSD	immediately after field days
Joint Stocktaking Workshop with SCUs and LETs	Nov	Nov	PSD, SCU	output is draft On Farm Demonstration plan in outline form
Develop On Farm Demonstration Plan				
Cost Sharing	Nov	Dec	PSD, SCU	Recommend that a core 2 feddans SDP 1 feddan farmer be required. MFI and self-financing of additional land optional.
Crops and Varieties				Need policy for seed -- whether certified, "improved", or farmer selected
Land preparation (water harvesting?)				chisel heavy (SK and NK) and light (SK only), bund former
Planting Methods				
Weed Control Methods				
Harvest and Post Harvest Equipment				
Cost and Value for Money				cost meaning savings in operations from traditional
				value for money means holistic assessment looking at productivity short and long term
Location and scope				Year 2 "advanced" demo plots
				# of farmers per onfarm demo region
Demo Farmer Selection				enthusiasm, ability, willingness to do field consolidation, keep records, advise other farmers informally and at field days
Relationships with PSCs				focus on information, training, participation in field days
Field Days				planting, spraying, harvesting or pre-harvest

FAAB Training for Demo Plot Farmers				
Development of Plot budgets -- demo and control	Nov	Dec	FAAB	
FAAB training module for contact farmers developed	Dec	Jan	FAAB	
TOT for LETs	Feb	Feb	FAAB	
FAAB training for contact farmers	Mar	Mar	LET	
Mid-Season check in with contact farmers	Sep	Sep	LET	
Post Harvest Review of budget versus actual	Nov	Nov	LET	
Physical Implementation				
Demo Plot Locations Identified	Jan	Feb	PCU, SCU, PSC, LET, ABS/BAR	
Contact Farmers briefed and selected			LET	
Land Cleared by Contact Farmers	April	May	LET	
Land Prepared by Contact Farmers	May	June		where no chiseling provided by SDP contracted MSP
All inputs mobilized in the SCUs	April	May	PSD, PCU	
All inputs delivered to contact farmers, SSPs, MSPs	April	June	LET	
Final Preparation	June	July		obstacles removed, field trash removed
Planting	July	July	LET, demo farmers	1 July target date

7. Farming as a Business (for GPGs, otherwise covered for demo contact farmers, SSPs, MSPs, and Agrodealers)

Activity	Beginning date	End date	Responsibility	Notes
Stocktaking Exercise for FAAB				
Develop Agenda for Stocktaking FAAB	Oct	Oct	PSD, FAAB	what worked, didn't work, what objectives met, what wasn't met
Implement Stocktaking FAAB	Nov	Nov	PSD	immediately after field days
Joint Stocktaking Workshop with SCUs and LETs	Nov	Nov	PSD, SCU	farmer book -- what is helpful? Confusing? Not useful? What's missing
FAAB Training Implementation				
Topics to be covered for new and refresher/advanced courses	Nov	Nov	FAAB	formalizing as a registered commodity association?
				organizing for MSP services -- land consolidation, nominating an agent
				farmer books
				development of farm plan/budget
				record keeping; understanding MSP and SSP services; unforeseen problems that have emerged
				budget vs actuals
Finalization of Materials and methods for FAAB	Nov	Dec	FAAB	
TOT of LETs with new training materials, methods	Dec	Feb	FAAB	
Pre-planting FAAB training	Feb	April	LET	
Mid-season FAAB check-in	Aug	Aug	LET	
Post-harvest analysis of results	Nov	Nov	LET	
FAAB training for illiterates				
Needs Assessment for illiterate farmers	Nov	Dec	CDO	degree of literacy, numeracy in farmer and in household
Exposure tour for LET agronomic economist team members	Feb	Feb	CDO	if can identify successful example of FAAB extension for illiterates

Annex VII

Preparation for Rural Finance Implementation for agricultural season 2017 – Draft Workplan

No	Activity	Output	Begin date	Deadline	Responsibility
1	Finalise seasonal loan disbursement targets for 2017 season based on agreements reached with the Mission	- Formal letter to the ABSUMI and Baraah Units informing of 2017 targets	16 Oct 2016	27 Oct 2016	ABSUMI Head Office in coordination with SDP RF Officer and ABSUMI RC
		- Formal letter to the ABSUMI HO, RC and Baraah requesting portfolio funds availability for 2017 disbursements	16 Oct 2016	27 Oct 2016	SDP Coordinator in coordination with RF coordinator
		- Copy of above letters shared with IFAD	16 Oct 2016	27 Oct 2016	SDP Coordinator
2	Joint stakeholder meeting and identification of the target clusters and villages for 2017 disbursement	- List of target clusters and villages	16 Oct 2016	27 Oct 2016	SDP management team in coordination with (a) ABSUMI RC, Unit offices and Baraah (b) state MFU (Strong coordination needed between SDP RFO and PSC)
		- Formal communication sharing			
		- the list with partner MFIs, extension team and State MFU	16 Oct 2016	27 Oct 2016	
3	First round of joint meetings and individual discussions with suppliers (MSP, SC, AD) listed in SDP database and others to identify those willing to supply their inputs in the target clusters using BDA model in 2017.	- Above outputs shared with IFAD		27 Oct 2016	SDP Coordinator
		- List of partner suppliers prepared	16 Oct 2016	27 Oct 2016	Led by RFO and SDP PS consultants in coordination with (a) ABSUMI RC, Unit offices and Baraah
		- Supplier agreement with project and ABSUMI expressing interest to participate in the BDA model in the target clusters	30 Oct 2016	10 Nov 2016	
4	Preparation for orientation workshop for the suppliers	- Above outputs shared with IFAD		10 Nov 2016	SDP Coordinator
		- Arabic summary of the working paper	16 Oct 2016	10 Nov 2016	Led by RFO
5	Orientation and planning workshop with the first set of suppliers and partner MFIs guided by the Arabic summary of the working paper	- Fine tune and agree on the agent selection criteria and implementation arrangements of the model	30 Oct 2016	17 Nov 2016	SDP management team with RFO and PSCs in lead, in coordination with partner MFIs and extension team
		- Agreement on responsibilities coordination and facilitation responsibilities	30 Oct 2016	17 Nov 2016	
		- Agreement between the suppliers and the partner MFIs on the principles of the model	7 Nov 2016	17 Nov 2016	
6	Agent selection led by the private sector suppliers	- Identification of agents	20 Nov 2016	1 Dec 2016	PSCs closely followed-up by SDP RFO and PSCs with support from extension team
		- List of agents classified by private sector supplier, cluster and community	4 Dec 2016	15 Dec 2016	
		- Agreement between suppliers and their agents	18 Dec 2016	29 Dec 2016	
		- Above outputs shared with IFAD		29 Dec 2016	SDP Coordinator
8	Training needs assessment of agents	- Consolidated agent training curriculum	18 Dec 2016	29 Dec 2016	Partnering 'suppliers' coordinated by RFO, and extension team
9	Awareness development of SDP package in the selected villages with potential seasonal loan	- Demand for the seasonal loan during the season	13 Nov 2016	Continuous	Extension team and ABSUMI and then joined by suppliers and their agents where relevant

HO = Head Office	RC = Regional Coordinator	RF = Rural Finance
RFO = Rural finance Officer	CD = Community Development	PSC = Private Sector Consultant
MSP = Mechanised Service Provider	SC = Seeds Company	AD = Agro Dealers
BDA = Business Development Agent	MFIs = Microfinance Institutions referring to ABSUMI and Baraah	

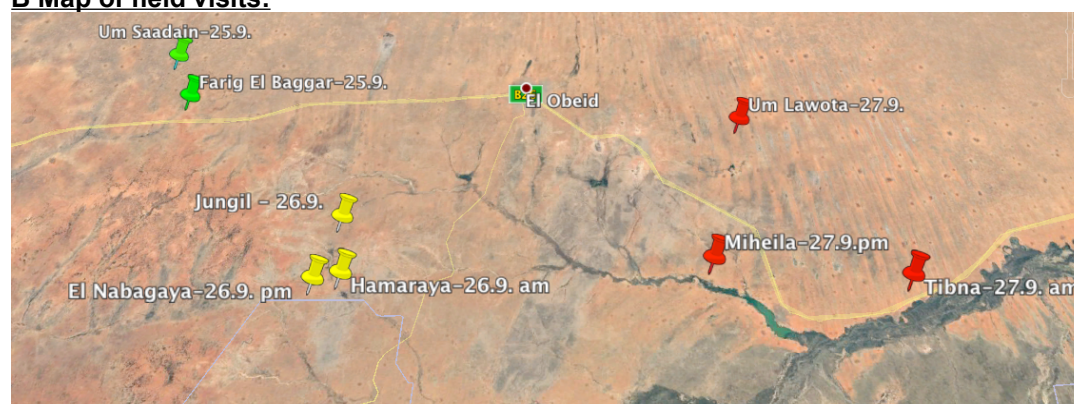
Annex VIII - Preparation for FSA, ARC, SGGs and GPGs implementation until end of project – Draft Workplan

No	Activity	Output	Start by	End by	Responsibility
FSA laboratory and seed certification					
1	Clear the laboratory equipment from Khartoum airport	Equipment released from customs bonded warehouse	Oct 1	Oct 31	CCU
2	Delivery equipment to FSA and two State labs	Equipment delivered to FSA labs	Oct 31 (or as soon as released)	Two weeks after release	PCU
3	Install and test all equipment	Equipment working and being used	Nov 14	Nov 30	PCU
4	Hire international consultant to develop the ISTA laboratory manual, for the main FSA lab and for the procedures for initial testing in the State labs.	Lab manual compliant with ISTA registration published	Dec 1	Dec 31	PCU
5	Pay ISTA fees for 2016 and 2017	Fees paid	Oct 17	Oct 31	PCU
6	Apply for ISTA accreditation	FSA labs inspected and certified by ISTA	Feb 1 2017	June 30 2017	PCU
7	FSA sends delegation of seed certification to State seed inspectors	Delegation received and accepted	Oct 17	Oct 20	FSA
ARC on-station and on-farm research					
1	Submit 2015 on-station and on-farm research results, with recommendations for future fieldwork	Report received and approved	Oct 17	Oct 21	ARC heads of NK and SK
2	Finalize the participatory approaches manual, including criteria to be used with communities to evaluate the trails	Manual reviewed and published	Oct 17	Dec 31	ARC heads of NK and SK
3	Submit 2016 on-station and on-farm research results, with recommendations for future fieldwork	Report received and approved	Dec 1	Jan 31 2017	ARC heads of NK and SK
4	ARC in NK and SK hold a combined 2015-2016 end of season review and planning meeting for 2015 and 2016	Results used for designing the SDP and PSC demos in 2017.	Mar 1 2017	Mar 15 2017	ARC heads of NK and SK
Annual survey and impact tracking					
1	Repeat the 2015 Seed Tracing Study conducted for all 9 SGGs	Dissemination and adoption of improved seeds assessed, number of households growing and area planted	Feb 1 2017	March 30 2017	PCU M and E unit
2	Design and conduct a seed dissemination survey for GPGs to evaluate the community to community movement of improved seeds and to map adoption within those communities and pass on to other communities.	Dissemination and adoption of improved seeds assessed, number of households growing and area planted by year since 2013	March 1 2017	April 15 2017	PCU M and E unit

Annex IX - Mission Framework Schedule and Itinerary

Date	Time	Agenda	Venue
Thu 22 nd Sept	17:30	Arrival to ElObeid.	
Fri 23 rd Sept	09:00 – 12:00	Orientation meeting with PCU and SCUs staff.	PCU meeting room
	17:00 – 19:00	Meeting with SCU and Extension Department in SK State.	PCU meeting room
Sat 24 th Sept	09:00 – 10:00	Visit NK Seed Unit.	Seed Unit Office ElObeid
	10:15 – 11:00	Meeting with ASSCO ElObeid.	ASSCO Office ElObeid
	12:00 – 14:00	Meeting with SCU and Extension Department in NK State.	NK Focal point Office ElObeid
	17:00 – 19:00	Meeting with ARC NK and SK.	PCU meeting room
Sun 25 th Sept	08:00- 17:00	Visit Um Sa'adein community in Sheikan locality (SGG, on-farm demos, DAL Eng. Demo plot and ARC Participatory research). Visit Farid Baggariya community in Sheikan locality	Farmers' Fields ARC research fields
Mon 26 th Sept	08:00- 17:00	Visit Elhamarayia at Sheikan Locality (PSC demos). Visit ELnabagayia community in Sheikan Locality (On-farm demos and GPGs) Visit Jungil at Sheikan Locality	Farmers' field Demo sites
Tue 27 th Sept	08:00 – 16:00	Visit Tibna PSC demos in Elrahad Locality. Visit Meheila community in Elrahad Locality for (On-farm and GPGs). Visit Um Lawota community in Elrahad Locality	Farmers' field Demo sites
Wed 28 th Sept	09:00	Team work and write-up.	PCU meeting room
Thu 29 th Sept	14:00 – 16:30	Wrap-up meeting in El Obeid.	ARC training hall
Fri 30 th Sept	07:00	Travel back to Khartoum.	

B Map of field visits:



Annex X

CONFORMED COPY

Grant No. I-DSF-8094-SD

Annex II
EB
2009/96/R.

FINANCING AGREEMENT

Seed Development Project (**SDP**)

Between

THE REPUBLIC OF THE SUDAN

and the

INTERNATIONAL FUND FOR AGRICULTURAL DEVELOPMENT

Signed in Rome, Italy

on 24 February 2012

FINANCING AGREEMENT

Grant Number: I-DSF-8094-SD

Project Title: Seed Development Project (SDP) (the "Project")

The Republic of the Sudan (the "Recipient")

and

the International Fund for Agricultural Development ("IFAD")

(each a "Party" and both of them collectively the "Parties")

hereby agree as follows:

Section A

1. The following documents collectively form this Agreement: this document, the Project Description and Implementation Arrangements (Schedule 1) and the Allocation Table (Schedule 2).
2. The Fund's General Conditions for Agricultural Development Financing dated 29 April 2009, as may be amended from time to time (the "General Conditions") are annexed to this Agreement, and all provisions thereof shall apply to this Agreement. For the purposes of this Agreement the terms defined in the General Conditions shall have the meanings set forth therein.
3. IFAD shall provide a Grant to the Recipient (the "Financing"), which the Recipient shall use to implement the Project in accordance with the terms and conditions of this Agreement.

Section B

1. The amount of the Grant is SDR 6 350 000.
2. The first day of the applicable Fiscal Year shall be 1 January.
3. There shall be a Project Account denominated in local currency for the benefit of the Programme Coordination Unit in a commercial bank acceptable to IFAD.
4. In accordance with Section 4.04(d) of the General Conditions, amounts withdrawn by the Recipient in advance shall be held in an account designated in EURO for that purpose in a bank acceptable to IFAD.
5. The Recipient shall provide counterpart financing for the Project in local currency equivalent to USD 3.42 million, broken down as follows: USD 1.46 million to cover taxes and duties, USD 1.57 million to cover insurance premium as per government policy and USD 0.39 million as contribution to recurrent costs.

Section C

1. The Lead Project Agency shall be the Federal Ministry of Agriculture.
2. The Project Completion Date shall be the sixth anniversary of the date of entry into force of this Agreement.

Section D

The Financing will be administered and the Project supervised by IFAD.

Section E

1. The following are the designated representatives and addresses to be used for any communication related to this Agreement:

For the Recipient:

Minister
Ministry of Finance and National Economy
P.O. Box 700
Khartoum, Sudan

For IFAD:

The President
International Fund for Agricultural development
Via Paolo di Dono 44
00142 Rome, Italy

This Agreement, dated 24 February 2012, has been prepared in the English language in six (6) original copies, three (3) for IFAD and three (3) for the Recipient.

REPUBLIC OF THE SUDAN

Signed by: (Gafar Ahmed Abdalla Omer)
Gafar Ahmed Abdalla Omer [insert name]
State Minister of Agriculture and Irrigation

INTERNATIONAL FUND FOR
AGRICULTURAL DEVELOPMENT

Signed by: (Kanayo F. Nwanze)
Kanayo F. Nwanze
President

Schedule 1

Project Description and Implementation Arrangements

I. Project Description

136. **Project area and target population:** The Project area consists of four localities: (i) in North Kordofan state, the localities of Rahad, Sheikan and Um Ruwaba; (ii) in South Kordofan state, the localities of Abbassiya, Abu Gubeiha and Rashad. These six localities are contiguous, easily accessible by road and have diversified production systems. The target population is composed of smallholder producers, traders/ agro-dealers, women and women headed households, youth.

137. **Project financing.** The total cost of the Project is USD 17.46 million with USD 3.42 million contribution from the Government of Sudan, and USD 10.07 million from IFAD.

138. **Project goal and objective:** The Project's overall goal is to improve food security, incomes and resilience to shocks of the smallholder producers (including youth and women) in rainfed areas of North and South Kordofan. Its development objective is to increase crop productivity for smallholder producers adopting certified or improved seeds in North and South Kordofan.

139. **Project phasing.** The Project shall be implemented over six years. Project activities shall be adjusted according to the recommendations of the mid-term review.

140. **Project components and outcomes:** The Project shall have four main components, as follows.

(a) **Component 1: Institutional and Regulatory Environment Strengthening and Development.** The outcome of this Component shall be a conducive policy and institutional environment for the seed industry. There shall be three outputs: (i) drafting and enforcing a plant variety protection legislation which will encourage private sector investment in plant breeding, seed production and other agricultural activities that exploit plant varietal uniqueness; (ii) improving the National Seed Administration's (NSA) capacity to carry out its legal mandate of monitoring the national seed system by providing resources for human capacity development, mobility, outposting of staff and upgrading of laboratories; and (iii) establishing a multi-stakeholder dialogue forum that brings together Government, the private sector, UN agencies and NGOs active in agricultural development and farmers to discuss seed issues on a regular basis.

(b) **Component 2: Improvement of the Seed Production System.** The outcome of this Component shall be an economically viable seed production system that meets farmers' demands and expectations is in place. There shall be four outputs: (i) the improvement of the Agricultural Research Corporation's (ARC) capacity to carry out demand driven research through participatory research; (ii) the production of breeder, and foundation seed and made available to the private sector by the ARC; (iii) the third output is an extension system that has been empowered to provide technical support to seed producer enterprises and other community farmers. Empowerment will be through the provision of resources for mobility, human capacity development and extension tools notably demonstrations with relevant equipment and farmer field schools; and (iv) the smallholder farmers are enabled to produce certified seed through mobilisation, training and input supply.

(c) **Component 3: Support Seed Supply/Market Development.** The outcome of this Component shall be an improved seed supply system with improved market delivery mechanisms in place for seed and grain. There shall be three outputs: (i) to establish marketing channels and make the marketing channels operational; (ii) to develop the effective demand for certified and improved seed; and (iii) to link seed producer enterprises to financial institutions, input suppliers, commodity traders and agro processors.

(d) **Component 4: Project Management and Coordination.** The outcome of this Component shall be that the Project is efficiently and effectively managed to achieve Project results with knowledge management in the seed industry. The Component shall have three outputs namely: (i) establish a Project management and coordination structure; (ii) systematise the financial

management, audit and procurement procedures; and (iii) reinforce the existing Monitoring and Evaluation (M&E) and Knowledge Management (KM) systems.

II. Implementation arrangements

6. **Governance of the Project.** The Project shall have a Coordination Committee (PCC) that approves the AWPBs and progress reports, facilitates, supports and assists the progress in implementation through inter-agency and inter-state operations, and monitors the Project's progress without interfering with the day-to-day operations of the Project Coordination Unit. The PCC shall also ensure incorporation of the state counterpart funds in their respective budgets and compliance of the states' development budget with the objectives of the Programme. Otherwise the Project shall adopt the same governing bodies at national and state levels as the Western Sudan Resources Management Programme (WSRMP). The membership of the governing bodies will be rightsized to reflect the participation of the key stakeholders in the implementation of the Project. The composition and operation of the governing bodies will be detailed in the project implementation manual (PIM).

7. **Programme Coordination Unit.** The Project shall be managed by the Programme Coordination Unit (PCU) of the WSRMP. The composition of the PCU will be expanded to reflect the technical and financial expertise required to implement the Project. Recruitment and termination of professional staff will be subjected to IFAD no objection. The composition of the PCU will be detailed in the Project Implementation Manual.

8. **Component-wise implementation.** The role of each participating agency is summarized below and shall be further detailed in the Project Implementation Manual.

(a) **Component 1.** The National Seed Administration (NSA) shall be responsible for the implementation of the activities under this Component with the aim to build its regulatory capacity. The Federal Seed Administration in coordination with the National Seed Council shall prepare the plant variety protection legislation and ensure its subsequent enforcement, as well as formulate in a participatory manner a breeding strategy. It shall refurbish its central laboratory for seed testing and complete the formalities for its accreditation by the International Seed Testing Association (ISTA). It shall organize relevant training for its staff as well as the staff of State Ministries of Agriculture and the breeders. In order to be more effective at field level, the NSA shall outpost its staff in North and South Kordofan and shall work in collaboration with the Ministries of Agriculture in the states of North and South Kordofan in seed certification, with the understanding that by law, NSA is the sole entity responsible for seed inspection and certification in Sudan.

(b) **Component 2.** The Component activities cover the production chain from foundation seeds to the processing and storage of certified seeds. The Agriculture Research Corporation (ARC) shall be responsible for the production of breeder and foundation seeds. The Project shall support the creation and improvement of linkages between smallholder farmers; and legal entities and individuals that provide inputs or services for crop production, processing or purchase of crops, or that are otherwise active in the value chains for crops selected by the Project. The seed multiplication extension sub-teams shall be responsible for the formation of the seed growers' groups and preparing them for contract farming with the seed companies. The ARC shall undertake a participatory breeding research to develop improved varieties based on the landraces.

(c) **Component 3.** The multi-disciplinary extension teams shall be responsible for building the capacity of established and new farmers' groups – also called grain producer groups - in the adoption and renewal of certified seed varieties and use of the appropriate agricultural practices. The extension teams shall facilitate the linkages between the grain producers and the seed agents, other input suppliers, rural finance service providers, insurance companies and the farmers' groups. These linkages would enable grain producers to develop an effective demand for certified seeds and renew their stock periodically.

(d) **Component 4.** The implementation and coordination of the Project shall be assimilated within the WSRMP for efficiency and effectiveness reasons. The PCU of the WSRMP shall be expanded to include a Seed Specialist who shall provide technical backstopping and participate in the monitoring of SDP implementation; as well as an accountant to handle SDP accounts under the supervision of the financial manager of the PCU. As of Project Year 3 the state level management of the project shall be streamlined in the State Ministries of Agriculture, while the PCU shall remain under Federal Ministry of Agriculture as the lead agency.

9. **Project Planning.** While the first AWPB shall be prepared within three months after Project start-up at State level, subsequent AWPBs shall be prepared at Locality level during the third quarter of each Project Year for the following year. The process for the preparation, discussion and endorsement of the AWPB shall be described in detail in the Project Implementation Manual. The AWPB shall be submitted to IFAD for no objection in November of each year.

10. **Monitoring and Evaluation (M&E).** The M&E system of WSRMP shall be expanded to incorporate the Project. The M&E system shall be aligned with the Government's monitoring framework for agricultural development projects as well as with the Results and Impact Measurement System developed by IFAD. The M&E system shall be elaborated in the Project Implementation Manual.

11. **Project Implementation Manual.** The Project Implementation Manual shall be formulated, validated by the national and state governing bodies and submitted for IFAD no objection within 6 months from the date of entry into force of this Agreement. The Project Implementation Manual may be amended or otherwise modified only with the prior consent of the IFAD.

Schedule 2

Allocation Table

1. *Allocation of Grant Proceeds.* (a) The Table below sets forth the Categories of Eligible Expenditures to be financed by the Grant and the allocation of the amounts of the Grant to each Category and the percentages of expenditures for items to be financed in each Category:

Category	Grant Amount Allocated (expressed in SDR)	% of eligible expenditure to be financed
I. Civil Works	180,000	100% net of taxes
II. Fund	70,000	100% net of Government, beneficiaries and PSC contribution
III. Vehicles	550,000	100% net of taxes
IV. Equipment	1,030,000	100% net of taxes
V. Technical Assistance	-	
a. International TA	220,000	100% net of taxes
b. National TA	600,000	100% net of taxes
VI. Training	1,600,000	100% net of taxes
VII. Contracted services	390,000	100% net of taxes
VIII. Recurrent Costs	1,450,000	100% net of taxes
Unallocated	260,000	
TOTAL	6,350,000	

(b) The terms used in the Table above are defined as follows:

“Fund” means the contribution of the Project to the insurance premium for seed growers and a one-off grant to the Private Seed Company (PSC) during the calibration phase.

“National technical assistance” refers to all assignments requiring national expertise for the development of thematic studies and strategies supporting Project objectives, establishment of an M&E and knowledge management system, and project coordination.

“Contracted services” means the costs incurred by the project during supervision by the governing bodies of the Project, the Government and IFAD, the annual audit and the contract with the Central Coordination Unit for procurement services.

2. *Retroactive financing* As an exception to Section 4.08(a) (ii) of the General Conditions, expenditures of up to the equivalent of USD 473 000 incurred after 1 December 2011 but before the entry into force of this Agreement for (a) the costs of rehabilitation of the National Seed Administration office, staff accommodation and out-posting of its staff to the state level (categories I and III); and (b) support to the Agricultural Research Corporation in the production of breeder and foundation seeds (category IV (b) and (c)) and for carrying out a detailed assessment of the private seed companies (category IV (a) and IV (b)), may be considered Eligible Expenditures, notwithstanding the fact that they have been incurred before the start of the Project Implementation Period.

Annex XI

Category	Current Allocation	Expenditure up to 24 Sept 2016	Balance as at 24 Sept 2016	Expenditure %	Proposed reallocation	Justification
I. Civil Works	150,000	179,323	-29,323	119.5	180,000	(i) increasing the allocation of the budget category Civil works from SDR 150,000 to SDR 180,000, as the expenditure in this item up to Sept 2016 is 119% and also to cover the cost of the rehabilitation LET offices at the two newly included localities (Umrwaba and Rashad) during this year 2016.
II. Fund	330,000	63,108	266,892	19.1	70,000	(ii) reducing the allocation of the budget category Fund from 330,000 to 70,000 due to the discontinuing of the Innovation Challenge Grant Programme.
III. Vehicles	550,000	535,373	14,627	97.3	550,000	N/A
IV. Equipment	760,000	635,731	124,269	83.6	1,030,000	(iii) increasing the budget category Equipment from SDR 760,000 to SDR 1,030,000, to cover the increasing cost of the technical support rendered to both the communities and the Locality Extension Teams.
V. Technical Assistance						
a. International TA	220,000	107,380	112,620	48.8	220,000	N/A
b. National TA	1,100,000	270,433	829,567	24.6	600,000	(iv) Reducing the allocation of the budget category National Technical Assistance from SDR 1,100,000 to SDR 600,000 as the allocation of the PCU staff salary (amount of SDR 820,000) is shifted from this category to recurrent cost category according to the decision that taken by IFAD not to charge the salaries under the TA category as it was in the project cost table prepared by the design mission. The category is compensated with 320,000 from the unallocated category to meet the need for National TA for piloting the private sector initiatives recommended by the MTR and subsequent IFAD missions.
VI. Training	1,800,000	1,072,943	727,057	59.6	1,600,000	(v) reducing the allocation of the budget category Training from SDR 1,800,000 to SDR 1,600,000 as most of the planned activities under this category were achieved and it is unlikely that the entire remaining budget be utilized during the remaining project period.
VII. Contracted services	210,000	256,036	-46,036	121.9	390,000	(v) increasing the budget category Contracted Services from SDR 210,000 to SDR 390,00 to cover expenditure increase in knowledge management of and project documentation and project completion.

Category	Current Allocation	Expenditure up to 24 Sept 2016	Balance as at 24 Sept 2016	Expenditure %	Proposed reallocation	Justification
VIII. Recurrent Costs	630,000	1,231,603	-601,603	195.5	1,450,000	(vi) At the time of entry into force of the Financing Agreement, the cost of staff salaries in the amount of SDR 820 000 had by design been allocated to the category V (b) National Technical Assistance, so that the total amount of this category amounted to SDR 1 100 000. For the sake of clarity and pursuant to an IFAD recommendation, such amount should be reallocated to category VIII Recurrent cost. Furthermore, it is proposed that SDR 200 000 be reallocated from the category VI Training to National TA. Accordingly, the category Recurrent Cost is increased from SDR 630,000 to SDR 1,450,000 due to moving the salary of the PCU from the NTA category to this category as IFAD recommendation not to included salary under investment cost and also to cover increase in operational cost due to including two new localities of Umrawaba and Rashad.
Initial Deposit		878,809	-878,809			
Unallocated	600,000		600,000		260,000	
Total	6,350,000	5,230,739	1,119,261	82.4	6,350,000	

Annex XII

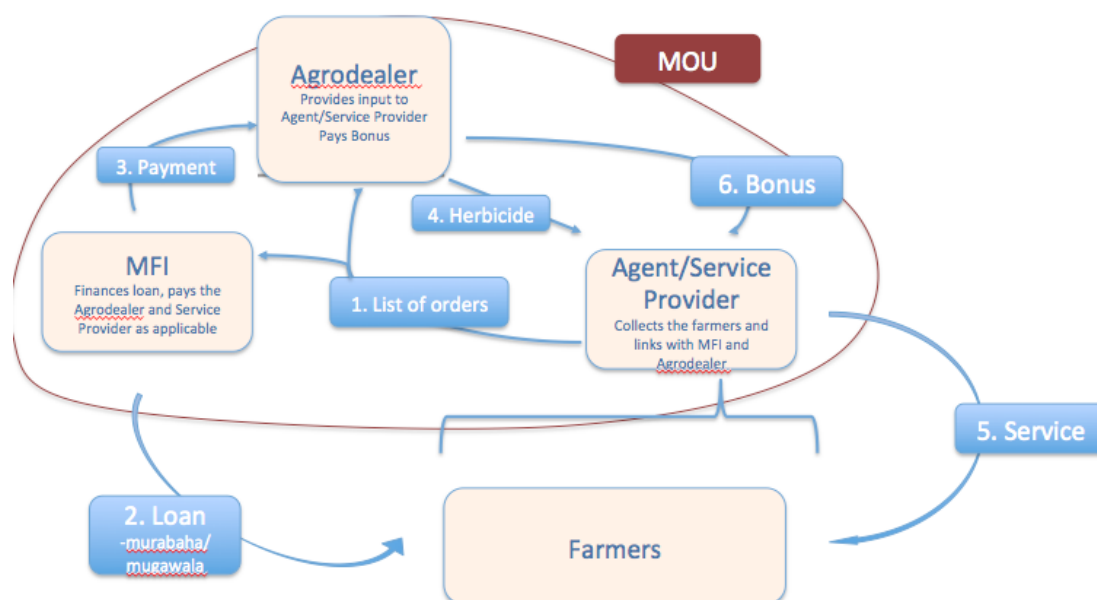


Chart 1: Agrodealer-MFI-Agent/SSP-Farmer: In this model the SSP would typically act as an agent who collects the agroinputs from the Agrodealer.

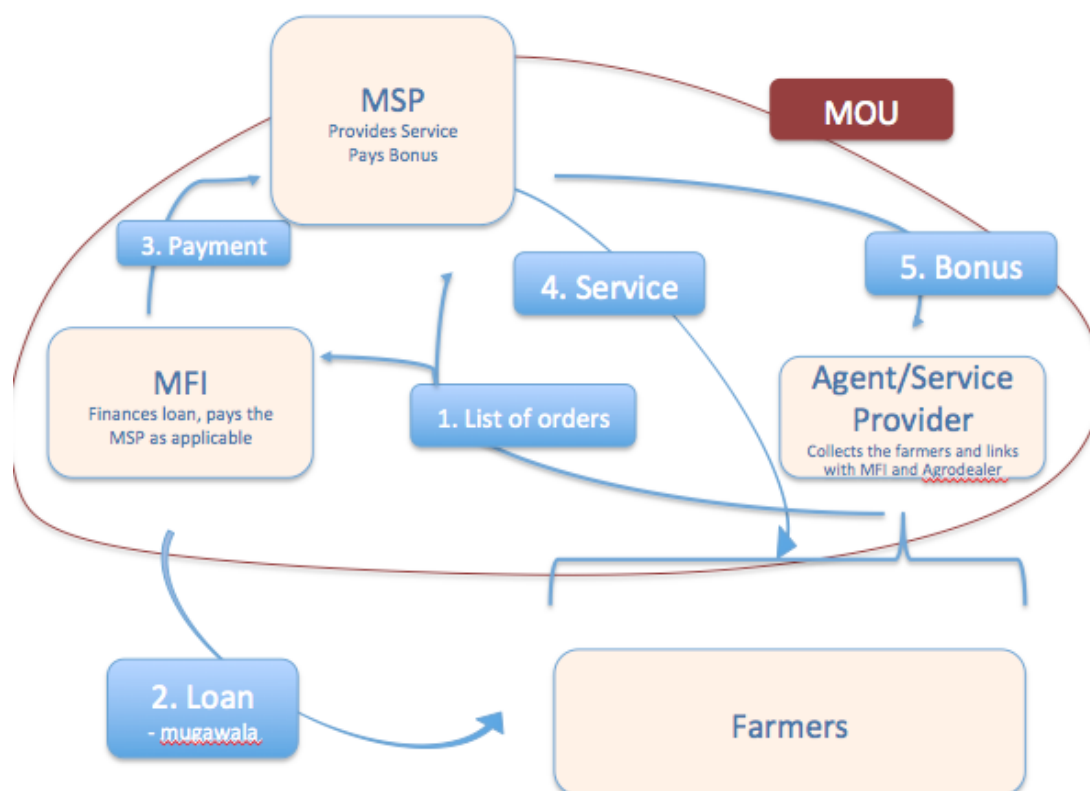


Chart 2: MFI-MSP-Agent/Service Provider-Farmer. In this model the MSP, if not collecting orders directly from the farmers, may rely on an agent (as in the above model) to do this. Such agent can be any suitable person or institutions who has the trust of the community and the MSP; such as the CDC, sheikh, an agent for agroinputs.