

Republic of the Sudan

Seed Development Programme (SDP)

Supervision report

(Mission Dates: 1-20 Sept. 2013)

Main report and appendices

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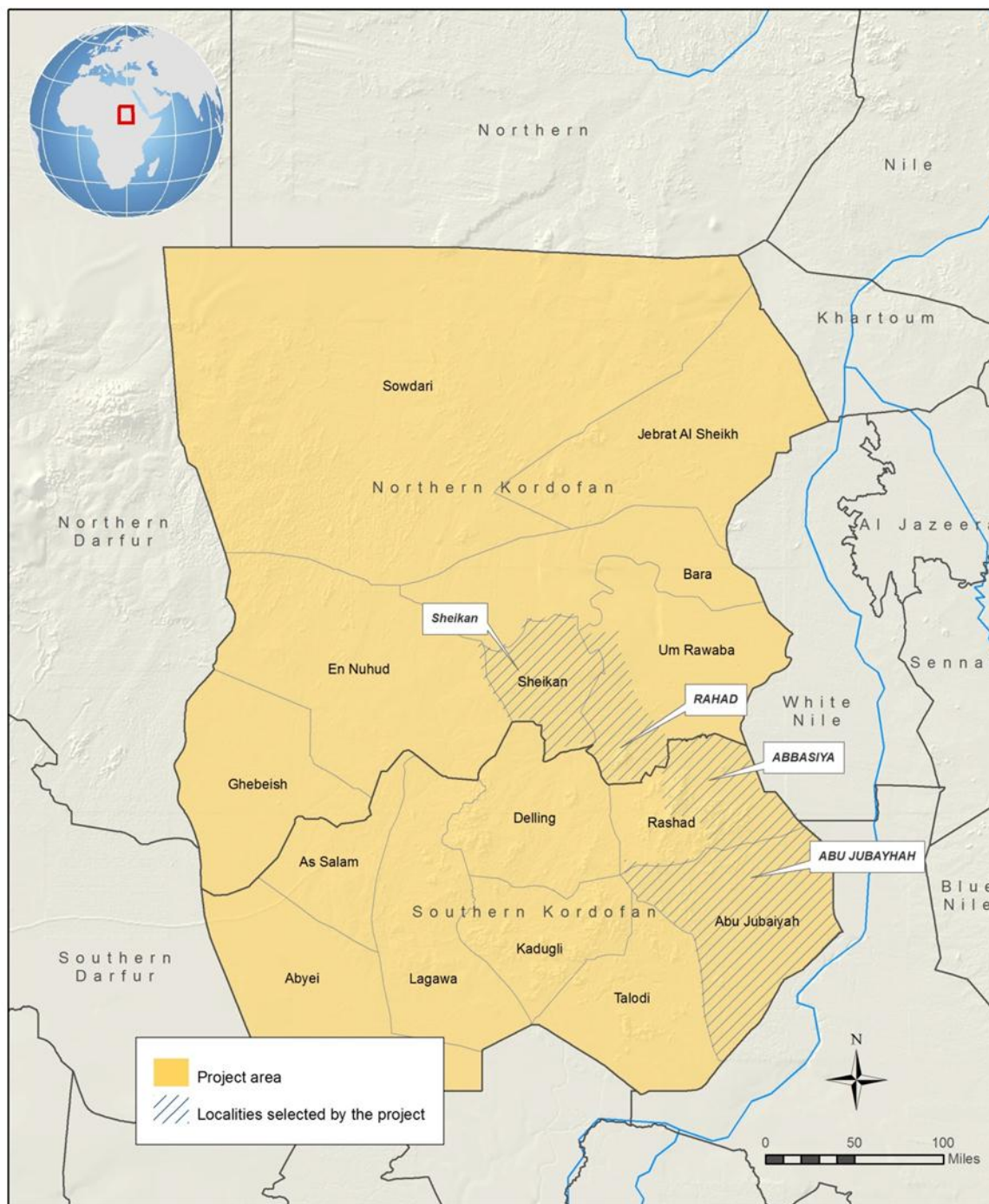
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Abbreviations and acronyms

ARC	Agricultural Research Corporation
GPGs	Grain Producer Groups
MDETs	Multidisciplinary Extension Teams
NSA	National Seed administration
NSB	National Seed Board
PVP	Plant Variety Protection
SGGs	Seed Growers Groups
SCUs	State Coordination Units
SDP	Seed Development Programme
WSRMP	Western Sudan Resources Management Programme

Map of Project Area



2-8-2011



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

IFAD Map compiled by IFAD

A. Introduction¹

1. The first Supervision Mission of the Seed Development Programme (SDP) took place in Sudan from 1st to 20 September 2013. The mission was followed by separate visits by specialists to review the progress of micro-finance activities.. The delay in the first supervision mission is a result of the late start of full project implementation caused by the suspension of the Sudan portfolio by IFAD from May to October 2012 as a consequence of the accumulated debt arrears on the Sudan government. The objectives of the supervision mission were: (i) to review both the technical and fiduciary aspects of the Project; (ii) to take stock of the progress made in the implementation of activities, in particular on aspects and issues highlighted during the follow-up mission carried out in October 2012; and (ii) to provide recommendations on how to improve implementation.
2. The Mission held consultations in Khartoum starting at the Federal level with Senior Officials of the Government in the Ministry of Finance and National Economy, the Ministry of Agriculture, the Ministry of Livestock and Fisheries, and the National Seed administration (NSA). Field visits took place from 06 to 11 September in the following communities of North Kordofan²: Farig Elbagar, Abu Um Saadin, Alsawarda, Jangil, Abu Haraz, Rahad, Um Habila, Gagroor, Abu Algor Makharaf, Abu Habil an Aladai. During these fields visits, the Mission met with Seed Growers Groups (SGGs), Grain Producer Groups (GPGs), Community Development Committees, the Agricultural Research Corporation (ARC), the Extension sub-teams and the Multidisciplinary Extension Teams (MDETs).
3. The Mission wishes to express its appreciation to the representatives of the Ministry of Finance and National Economy, the Ministry of Agriculture and the Ministry of Livestock and Fisheries that participated in the supervision mission and actively participated in field visits and contributed to discussions. The Mission also thanks the SDP coordination team – Project Coordination Unit (PCU) and State Coordination Units (SCUs) of North Kordofan and South Kordofan -, the extension teams and the communities met for their availability and for the quality of the exchanges.
4. The findings and recommendations of the mission contained in this aide-memoire were presented and discussed first at state level on 16 September 2013 with officials of the PCU, SCUs, ARC, North and South Kordofan State Officers as well as other Implemental Partners on 16 September, and then at federal level during the official wrap-up meeting on 18 September under the chairmanship of the Director General of the Federal Minister of Agriculture with participation of representatives of Federal Ministries of Agriculture, Finance, Livestock and fisheries, State Ministers of Agriculture for North and South Kordofan states, the SCUs, community-level government and non-governmental stakeholders as well as representatives of the private seed sector.
5. **Project Description.** The Project development objective is to increase crop productivity for about 108,000 smallholders adopting certified seeds in North and South Kordofan. The goal of SDP is to improve food security, incomes and resilience to shocks of the smallholder producers (including youth and women) in North and South Kordofan. The project area is composed of 4 localities: Rahad and Sheikan in North Kordofan; Abbassiya and Abu Gubeiha in South Kordofan.
6. In its focus to address the main constraints hindering the development of an open market for the seed industry in the Sudan, the project intervenes at three interrelated levels of the seed

¹ Mission composition: For IFAD: Ms Sara Kouakou, IFAD Programme Officer, Dr Michael Larinde (IFAD Consultant and Mission Team Leader). Mr Hani Elsadani, Country Programme Manager (CPM) for Sudan, and Mr Ahmed Gabir Subahi, Country Programme Officer (CPO), participated in the meetings with the Government authorities in Khartoum and in the wrap-up meeting at the federal level. Mrs Faiza Salih Abd Alwahab (State Programme Coordinator NK), Mrs Atika Mohamed Elamin (Women Dev. Officer WSRMP – Community Development Officer SDP), Mr Osama Ibrahim (Technology Transfer, Extension and Training Administration – NK Subteam Leader SDP), Mr Ibrahim Adam Ibrahim (Technology Transfer, Extension and Training Administration – NK Extension Officer), Mr Abduelsalam Elfaki Subahi (Technology Transfer and Extension Administration – SK), Mr Khairy Elzubair Abbas (Ministry of Agriculture and Irrigation), Mrs Zahra Saad Alla Amir (Ministry of Finance and National Economy), Mr Rabie Abd Elatif Rizgalla (PCU – Seed Specialist).

² The Mission was not granted with the UNDSS security clearance to carry out field visits in the South Kordofan State.

production and marketing chain by: (i) improving the regulatory framework through the enforcement of the Seed Act, promulgation of Plant Variety Protection; and capacitating and empowering the National Seed Administration to carry out its seed-related inspection and control functions effectively and efficiently (ii) increase the supply of good quality and appropriate varieties of seeds of all classes³, and ensure its timely delivery to the end users; (iii) enhance the effective demand of certified seeds by small rainfed traditional producers.

7. The Project comprises four components: (i) Strengthening and Development of the Institutional and Regulatory Environment; (ii) Improvement of the Seed Production System; (iii) Support Seed Market Development; and (iv) Project Coordination and Management. The primary target group consists of smallholder farmers growing generally less than 15 feddans (6.3 ha) of land, engaging in traditional rainfed agriculture as their main source of livelihood, cultivating mainly sorghum, groundnuts, sesame, and cowpea, and having limited access to inputs, assets and services. The target group consists of two categories, Seed Growers, who are business minded young farmers interested in seed multiplication as an income generating activity and Grain Producers - potential users of certified seeds.

8. The Project is to be implemented over six years from February 2012 to September 2018 in three inter-linked phases: (i) a pre-effectiveness phase where activities necessary for the timely start-up of the project will need to be undertaken during the period October 2011 to declaration of effectiveness in February 2012; (ii) a calibration phase during 2012-2014, and (iii) an intensification/up-scaling and consolidation phase during 2015-2017. The total cost of 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.

B. Overall assessment of project implementation

9. **Overall assessment of Project implementation.** The Mission is of the view that overall implementation progress has been **moderately unsatisfactory (3)** in progressing towards meeting its cumulative targets. This is mainly due to unavailability of funds at start-up due to the 6-month suspension in 2012 of the Sudan Portfolio by IFAD: the Project became effective in February 2012 but did not receive the initial deposit until October 2012, missing the first agricultural season. Nonetheless, the Project has made some progress in the improvement of the seed production and has established the critical mass of the grass-root implemental partners -Sub-Extension teams, Seed Growers Groups (SGGs) and Grain Producer Groups (GPGs)- at the state, locality and community level for seed and grain production. Beneficiaries reached so far are 5,639, of which 1,956 are women (36%).

10. Field visits and information gathered from major stakeholders⁴ reveals that the Project interventions are providing critical services, such as extension, assistance with critical crop production input, training on aspects of negotiation of prices, and solution to capacity constraints in the communities. In addition, initial on-going activities seem already to be opening rural business opportunity for rural dwellers through seed and grain production activities in which women, more than 30% of the farmers group, play important roles.

11. However, in spite of progress made in setting up seed and grain crop production system, the policy and regulatory framework that should guide the orderly development of the sector and shape the industry is still lagging behind. The national seed policy discussions at state and federal levels have not been conducted and neither has the national seed policy and plan document - the working document to guide the National Seed Council (NSC) and its sub-committees in their various activities

³ Breeder seed, foundation seed, and registered seeds. The registered is supplied to the Seed Growers groups (SGGs) to produce the certified seed class which are made available to Grain Producers Groups (GPGs).

⁴ The major stakeholders include the State Ministry of Agriculture and Animal resources of North Kordofan, the local authorities, native Administrations, SGGs, GPGs as well as their South Kordofan counterparts represented by key groups' focal points.

– been prepared. Also the absence of comprehensive seed legislation that incorporates Plant Variety Protection (PVP) issues could adversely affect private foreign investments in the seed sector. Also, the absence of a private sector entity earmarked for continuation of certified seed production beyond registered seed poses a serious threat to completion of seed production chain and linkage of the grain producers to seed producers. A seed company with the best profile was recently selected and an MOU is being prepared. Although these issues were already raised one year ago by the October 2012 follow-up mission, they still need to be addressed. These issues require urgent attention and it is strongly recommended that immediate action be taken to develop a national seed policy and plan using a bottom top approach; produce an all-encompassing national seed legislation, including PVP and sign a contract with the selected seed company.

Agreed action	Responsibility	Agreed date
<ul style="list-style-type: none"> Production of a revised national seed legislation and PVP legislation or a two-one legislation (law/PVP) 	NSA/NSC/MoA/PCU	Jan–May 2014
<ul style="list-style-type: none"> Produce the National Seed Policy and Plan document to guide orderly development and growth of the commercial seed sector through the modality of national seed forum. 	NSC/MoA/PCU	Jan-May 2014

C. Outputs and outcomes

Component 1 - Strengthening and Development of Institutional and Regulatory Environment

12. **Component Description.** The component is aimed at creating institutional and regulatory frameworks which are the elements of environment required for a sustainable seed industry. This component should work to: (i) introduce appropriate legislation for the seed industry particularly in relation to plant variety protection; (ii) improve the National Seed Administration (NSA) capacity to carry out its legal mandate of monitoring the national seed system; and (iii) establish a multi-stakeholder dialogue forum that brings together Government, the private sector, NGOs and farmers to discuss seed policy issues on a regular basis.

13. Progress in the implementation of this component is rated **moderately unsatisfactory (3)**. A number of observations and issues identified are summarized in the following paragraphs.

14. **Stakeholder dialogue Forum & National Seed Policy and Plan (NSPP).** The national seed policy is to ensure orderly development of the seed sector in line with the agricultural policy of the country. It serves to provide consistent guideline for seed improvement and production activities. It is normally developed through a bottom-top approach using the medium of National Seed Forum at which all stakeholders participate and together agree on set of principles, guidelines and strategy for ensuring availability of seed for various agricultural activities. Setting up the Forum and developing a National Seed Policy and Plan (NSPP) were supposed to be the earliest activities in the implementation of the SDP but they have not been carried out and this creates problems of cooperation amongst some of the key stakeholders. As the National Seed Council (NSC) is planning to organize a similar forum independently from the Project, *the Mission recommends that the Project and the NSC work closely for the Forum to take place by mid-November. It is agreed that the NSC would prepare a concept note for the Forum and share it with the PCU for comments and that a national expert would be recruited to help in the Forum facilitation. The outcome of the Forum would be recommendations to enrich the NSPP document to be ratified by the Government.*

15. **National Seed Law/Act.** A comprehensive national seed law incorporating Plant Variety Protection (PVP) is required to facilitate public-private partnership in the seed industry, provide legal basis for seed distribution and trade, empower the NSA to carry out its delegated activities in the seed industry and provide basis for international cooperation in seed exchange and trade. The revision of the National Seed Act was also supposed to be one of the early activities of the Project but it is yet to be completed. *It is recommended that the project contract the International Union for the Protection of New Varieties of Plants (UPOV) to support the revision of the National Seed Act, with the intention of making it comprehensive to cover PVP in addition to other issues of the seed industry. As a first step,*

the PCU will have to make the Seed Act and the related by-laws translated from Arabic to English. It was also proposed that a Task Force Committee be established with the Terms of Reference (TORs) to be prepared by the NSC.

16. **Out-posting of NSA staff to North Kordofan.** There are presently some administrative problems on locating two federal staff member of the NSA in North Kordofan state. The stalemate revolves around the communication line (reporting line) of the NSA officer – the State MoA request that the officer send his reports through the head of the extension in El Obeid whereas, the NSA requires the standard procedure of its officers⁵ reporting directly to the HQ in Khartoum as stipulated in the seed Act. There is implication of delays in communicating the decisions of agents from state to Federal level and also this could diminish the authority of the agent to act independently of the state in matter of seed certification if the NSA agent were to report to state authorities. Problem similar to the one presently faced in posting NSA to El Obeid happened in the past in Sinnar and it was resolved by relocating the NSA staff to a Federal institution in the town. This impasse has to be solved immediately as it poses threat to the success of seed certification activities in the state. *The Mission recommends the matter be referred to the higher authorities for immediate solution to facilitate agents' work and ensure that the agents report directly to the NSA authorities in Khartoum.* If any agreement can be reached between the FSA and the State MoA, then it could be envisaged as a temporary alternative to ensure certification of produced seeds, that SDP cover exceptionally the travel costs and allowances of FSA HQ staff when required.

17. **Capacity building to NSA.** The Project has started its support to NSA with the aim of building its capacity to effectively enforce and monitor seed multiplication and certification standards: (i) the refurbishment of the central laboratory for seed testing was started and expected to be completed by mid-October; (ii) the procurement of the needed laboratory equipment in on-going; (iii) four external training courses were organized in crop seed quality control technology, seed inspection and testing (in Cairo); (iv) and ISTA workshop on variety testing.

Agreed action	Responsibility	Agreed date
• Commence the processes for the development of a National Seed Policy and Plan through state and national seed forum and a seed policy document prepared for ratification of Government.	PCU/SCU/NSC/State & Local Governments	By April 2014
• Contract UPOV to assist in reviewing and develop a comprehensive legislation to cover seed and plant variety protection concerns.	PCU/IFAD HQ/NSC/NSA	By April 2014
• Problems of locating the NSA agent in North Kordofan should be reported to the highest authorities in the Ministry of Agriculture for immediately resolution.	PCC/NSA/PCU	Immediate

Component 2 - Improvement of the Seed Production System

18. **Component Description.** According to the PDR description of this component : (i) the Agricultural Research Corporation (ARC) should be capacitated to carry out demand-driven participatory research to ensure that sufficient quantities of high quality breeder, foundation and registered seeds is produced; (ii) the registered seeds should be made available to the private companies who should contract small scale Seed Growers Groups (SGGs) operating at the grassroots level to multiply registered seeds and produce seeds to be certified by NSA before commercialisation by private company to final users; (iii) the extension services of the State Ministry of Agriculture should be provided with additional training on certified seeds-related aspects and the necessary logistic and mobility means; (iv) seed growers should be organized into registered groups

⁵ There are already functional outposts of NSA in Sinnar (Central Sudan), Girba (Eastern Sudan), Hudaiba (Northern Sudan), Port Sudan (Far Eastern Sudan) and Gadarif (Eastern Sudan). Large scale sorghum production takes place in these three places – in Sinnar, Girba and Gadarif under irrigation schemes and in Gadarif, sesame is also cultivated, under rainfed conditions.

to facilitate access to inputs, finance and crop insurance; and (v) linkages should be promoted between SGGs and private seed companies, rural finance and crop insurance.

19. Progress in the implementation of this component is rated **moderately satisfactory (4)**. A number of observations and issues identified are summarized in the following paragraphs.

20. **Agricultural Research Corporation (ARC)**. The whole allocation of the kick-start money for the production of registered seeds has been transferred to the ARC. However, for both 2012 and 2013 crop cycles, the bulk of the seed supplied by ARC were bought by ARC from private seed companies – Arab Sudanese Seed Company and Sennar Enterprise respectively - and were of a lower category than the one required. Only sorghum seed was directly produced by ARC's in these two years - 1350 kg (2012) and 1600 Kg (2013). The inability of ARC to supply the early generation seed classes (breeder, foundation and registered) for further multiplication by the SGGs could be a source of seed quality problem if not immediately rectified. ARC is anticipating to produce the required quantity of seeds by the end of the year.

21. The basis for a seed programme or seed industry is the availability of improved varieties that could perform better than traditional varieties and enhance crop productivity. ARC is supposed to provide this vital service but it is weak in some technical areas and lacks some critical equipment for it to efficiently perform its role. For instance, it requires technical assistance to develop a strategy for participatory research and carry out effective field trials. This was identified in the previous mission but the issue has not been addressed. Also requisite field preparation and crop production equipment, coupled with supplementary irrigation system, are required for ARC to be able to plant on time and deliver the necessary quantities of early generation seed for further multiplication to produce breeder seed. The effects of these deficiencies were noticed during field visits. Also, ARC presently has no seed conditioning equipment to clean up harvested seeds. Consequently, it is obliged to transport harvested seeds to another town for cleaning and then bring them back to its premises in El Obeid. This raises the cost of production and also creates hazards of possible contamination. *The Mission recommends that actions be taken to: i) recruit a consultant to capacitate ARC on issues of participatory research; (ii) organize a study tour for key staff of ARC to learn more about participatory research for target crops; (iii) provide necessary land preparation equipment and inter-row cultivator as well as two seed cleaners (small and medium capacity) to ARC for effective performance of its tasks within SDP.*

22. **Release of Funds**. Counterpart funds for SDP for years 2012 and 2013 have not been paid by the Government yet. These funds should also cover the recurrent costs for ARC, which will have to be channelled from the Government through ARC at the federal level. This has negatively affected some crucial activities, e.g. late planting at ARC field stations and scale back on the amount of seed production operations. This issue was debated amongst the team and it agreed upon that to enhance sustainability and ensure timely flow of funds to ARC station in El Obeid, funds has to go directly to the account of ARC HQ in Khartoum. *It is strongly recommended that necessary actions are taken by the Ministry of Finance to cover the recurrent costs of the ARC through counterpart funds to be channelled from the Government through ARC at the federal level.*

23. **Extension sub-teams**. Early this year, two Extension sub-teams were formed one in North Kordofan and the other in South Kordofan. Each sub-team is composed of four staff members (Team leader, Seed production specialist, Extensionist, and Women development Officer). The subordination of these sub-teams is under the department of Technology Transfer and Extension in each State. Capacity of extension at locality level differs greatly in the Kordofan states with corresponding differences in quality and pace of implementation of tasks assigned them. The Mission has observed: (i) poor performance of some of the frontier extension agents in carrying out their task of properly guiding farmers involved in seed and grain production; and (ii) failure of extension agents to help farmer implement the package recommended by the research even when he has all the inputs at his disposal. *It is thus recommended that: (i) the necessary budget for recurrent costs is provided on time to the extension teams; (ii) a mechanism be put in place to monitor the activities of extension agents;*

and (iii) that facilitation and training are intensified on Guidelines/Checklist (developed by the ARC/Extension) for extension activities.

24. **Seed Grower Groups (SGGs).** Six Seed growers Groups (SGGs) were selected early 2013 in six communities at NK and SK states. Three crops are planned to be grown by these groups which are Sorghum, Groundnut and Sesame, instead of four, because Lubia seed was not available at the start of the season. The formation of SGGs was amended accordingly to having two groups for sorghum, instead of one, three for groundnut and one for sesame. Number of farmers within each group ranges between 40 and 50 farmers which sum total of 244 members out of which 101 are females. The total area of the crops to be grown this season is 1,200 feddan. Farmers in the SGGs were provided with the required high quality seeds and seed dressing to produce certified seeds according to the contract signed between the Project and the groups. In this respect, a total of 28.8 tons of high quality seed were distributed to farmers beside 70.4 kg of seed dressing. During the field visits, the mission observed that in one farmer's field, activities ran behind schedule as the field (5 feddan) seem too large for the lady to handle for timely operations without external help. Consequently, the first plot close to the road was well managed while the remaining 4 feddan at the back had problems of weed and less than optimum plant population. In another farm, the farmer decided to broadcast because he did not have enough time to plant his 5 feddan to catch the rain if he was to plant in rows. *The Mission recommends that each farmer be given the size of plot they can easily handle.*

25. **Farmers Field Schools (FFSs).** Farmers' field school is proposed as a training approach to be used by the extension sub-teams to educate farmers in the principles of seed production and build their capacity to enable them produce high quality seeds on a contractual basis. Eight FFSs were identified by extension sub-teams to be established this year. The Project is planning to recruit a national consultant to technically support the extension sub-teams and build their capacities as facilitators in the establishment and management of farmers' field schools.

26. **Problem of supplemental irrigation at the seed growers' sites.** IFAD had funded the improvement of the irrigation facility at the Abu Habil Agricultural Scheme under WSRMP project. The purpose of that intervention was to make water available to project farmers in 800 feddan (336 ha) earmarked for seed production. Unfortunately, the plot could still not be used for seed production because of faulty inlet canals, weak polders, need for land levelling and infestation by noxious weed of sorghum. The Project has requested IFAD to explore the possibility of rehabilitating the plot for seed production within the SDP Project. *The Mission believes that the plot is not suitable for certified seed production because of the problem of noxious-weed of sorghum.*

Agreed action	Responsibility	Agreed date
<ul style="list-style-type: none"> Develop appropriate mechanism for steady release of funds of project funds to implemental partners like ARC and state extension services should be developed to facilitate the implementation of project activities. 	MoF/MoA/State MoA/	Immediate/continuous
<ul style="list-style-type: none"> Equip strategic seed farms of ARC with basic equipment for supplemental irrigation. 	PCU	By April 2014
<ul style="list-style-type: none"> Provide two air-screen cleaner - small and medium-size capacity – for the conditioning of breeder and higher generation seed respectively. 	IFAD HQ/PCU	By April 2014
<ul style="list-style-type: none"> Recruitment of a consultant to assist ARC in developing a participatory research 	IFAD/PCU	By December 2013
<ul style="list-style-type: none"> Study tour for two members of ARC to India to learn more about participatory research for Target crops 	IFAD/PCU	By January – February 2014
<ul style="list-style-type: none"> To intensify facilitation and training on Guidelines/Checklist (developed by the ARC/Extension) for activities on extension activities 	SCU/PCU	Immediate/continuous
<ul style="list-style-type: none"> The state Ministry of Agriculture, local extension organization should ensure compliance of their staff members to standard norms and practices of extension work 	State MoA/SCU/	Immediate
<ul style="list-style-type: none"> Adequate resources and facilities should be made available to extension workers by their state ministries to carry their tasks 	States Ministry of Agriculture	Immediate/continuous
<ul style="list-style-type: none"> Give to each farmer the size of plot they can easily handle. 	PCU/MoA	Immediate/continuous

Component 3 – Support Seed Market Development.

27. **Component Description.** This component should: (i) develop effective demand for certified seed; (ii) link Grain Producer Groups (GPGs) to financial institutions and input suppliers; (iii) enable the private sector to select the best option for marketing certified seeds at the retail level to producers in the project area; (iv) empower the existing GPGs by raising their awareness to adopt certified seeds and correct seed practices through extension services (including on-farm demonstration) and information campaigns, seed fairs; (vi) most importantly through the promotion of full agricultural packages (including, certified seeds, mechanized services, water harvesting, and crop insurance). Furthermore, the Project should support the establishment of a Seed Market database and assist microfinance institutions in improving their outreach in terms of logistic support and branch network.

28. The overall progress of this component is rated **moderately unsatisfactory (3)**. A number of observations and issues identified are summarized in the following paragraphs.

29. **Establishment of a Public Private Partnership.** The Private Seed Company (PSC), supposed to produce certified seed for the Project and facilitate the activities of the SGGs, was selected only in August 2013: the Arab Sudan Seed Corporation (ASSCO). A preliminary list of roles and responsibilities has been shared with ASSCO but the Memorandum of Understanding (MoU) between SDP and this company has yet to be discussed and signed. In the absence of the PSC, the Project went into direct contractual agreement with the SGGs in the first year of implementation. *The Mission recommends that the MoU between the PCU and ASSCO be signed by mid-October 2013⁶.*

⁶ Further to the September mission, this issue has been analysed with IFAD technical experts and a number of recommendations have been agreed upon. The discussions between ASSCO and SDP being at a stalemate, IFAD recommends that the selection process of the PSC be relaunched to be carried out in a more competitive way, as provided for in the project design report. IFAD will support the Project in the elaboration of the request for proposal and the draft contract between SDP and the PSC. Early 2014, studies and assessments on the market potential of certified seeds, community-based seed production, as well as the complementary roles of the formal and informal seed sectors in the country will be undertaken.

30. **Multidisciplinary Extension Teams (MDETs).** Four multidisciplinary extension teams (established by WSRMP)⁷ are in charge of setting up models on how GPGs can plan their farming business, and avail inputs including seeds, machinery hire, credit and insurance to their members to establish their crops. The MDETs have selected the GPGs in communities where there are established Community Development Committees (CDCs) and farming interest groups. The Project has equipped the MDETs with a vehicle, audio visuals, and other office equipment.

31. **Empowerment of Grain Producers Groups (GPGs).** In 2013, a total of 102 GPGs were selected and mobilized in 73 communities. This group comprises 5,125 farmers of which 36% are females. The focus was on agricultural productivity enhancement through the introduction and distribution of seeds of improved crop varieties (sorghum, sesame, cowpea and groundnut), use of correct plant spacing, ensuring appropriate plant population and micro dose fertilizer application. The crop looks luscious and, in most cases, high yield expected. Farmers interviewed anticipated increased yield from the use of the introduced technological package. The agronomic knowledge displayed by majority of the farmers visited was impressive e.g. planting on the furrow to mitigate insufficient soil moisture regime.

32. **Demonstration plots.** Field days and exchange visits have been introduced around the demonstration plots in both North and South Kordofan, as a mean of intensifying seed promotional activities. According to South Kordofan report, some of the demonstrations carried out were poorly maintained to the extent that the crops were worse than those on some farmers' fields. These difficulty impacts negatively on the quality of crops on demonstration field. Apart from the above, there seems to be problems related to the knowledge and experience of the extension officer. This raises again the question of facility and funds available to extension offices mandated to carry out the demonstrations at the farmers field. The Mission noted also that the standardization of row spacing proved difficult for a farmer who attributed his uneven spacing to inconsistency introduced by human error of members of her group who had come to assist her during the short period she had to sow the seed before rain set in.

Agreed action Component 3	Responsibility	Agreed date
• Sign the MoU with the Arab Sudan Seed Corporation	PCU/ASSCO	By Mid-October 2013
• A total of 32 manual inter-row weeders to be procured for the CDC in the locality of seed producers.	PCU/SCU/States MoA	By December
• Initiate pre-season training of farmers emphasizing impact points such as seeding rate, plant population, method of fertilizer application and frequency of weeding effect on increase yield beyond the present level.	SCU/PCU	By April 2014

Access to GPGs to ABSUMI services.

(i) Areas of Attention

33. **Gap in financing of the seeds groups:** During the current season seed growers groups faced difficulty in accessing loans from formal financial institutions for supporting labour inputs for land preparation, weeding and harvesting. The reasons for this gap were;

- Most formal banks follow *Salem* lending mechanisms for financing cash loans for agricultural activities and the settlement of the loan is done in-kind using the produce harvested. However, since the project design prescribed that certified seeds produced by seed growers should be sold to a seed company, there was lack of clarity on whether such seeds can be used to settle loans.
- ABSUMI, a specialized microfinance programme of the Agricultural Bank of Sudan, through its *Murabaha* lending product, that allows repayments in cash for small

⁷ The composition of existing MSETs in the four localities (El Rahad, Sheikan, El Abbassiya and Abu Gubeiha) was beefed up with the addition of two members - the crop production agent and the crop production technician - to each team..

agricultural financing could have met the needs of the seed growers. However, ABSUMI finances only members of pure women's groups and could not address the male dominated seed growers' groups.

34. **Potential Gap in financing of the grain producers' groups:** The formation of grain producers groups has been initiated in some of the project villages with the objective of enabling the members in these groups to serve as early adopters of certified seeds. It is visualised that their success will demonstrate the benefits of certified seeds to other community members and will contribute to market development and greater adoption. As with seed growers' groups, grain producers' groups are also predominantly men's groups which up to 30% women representation. They are assembled for specific agricultural cultivation activity and are not based on characteristics or practices for developing group dynamics that supports development of solidarity and social collateral. Therefore, in the future these groups are likely to face similar challenges as the current seed growers' groups in accessing financing for grain production.

35. **Insecurity in South Kordofan restricts formal financing:** More than 50% of the grain producers' groups will be concentrated in the South Kordofan State. Armed conflict in South Kordofan has entered its third year and there is uncertainty about the return of a secure environment in the near future. Under such conditions sustainable financing of the seed growers and grain producers groups through formal sources of financing be a stiff challenge.

36. **Delay in selection of Seed Company:** The delay in securing partnership with a seed company is a critical gap leading to ad hoc measures which can be problematic in the future. For example, instead of the seed company supplying foundation seeds to the seed growers against relevant buyback contracts, the project has purchased and supplied foundation seeds to them with the commitment to buy back the produce in case the seed company is still absent or in case of unfavourable market prices at harvest. Thus, instead of being a facilitator the project has become a core link in the certified seeds value chain with no clearly defined exit plan which can cause serious future problems.

37. On the selection of the seed company itself, instead of business plan based competitive bidding, sole sourcing has been adopted to rope in the Arab Seeds Company. This can result in the development of a partnership driven by the project inputs to the seed company instead of the business potential of certified seeds value chain promoted by the project.

38. **Gap in PMU staffing for rural finance and marketing support:** The sustainability of the project is dependent on facilitating the adoption of business approach and value chain linkages through the private sector seed company. This requires consistent coordination, follow up, backstopping and technical inputs on business plan based implementation approach, market development for certified seeds, availability of rural financing, community level structures for facilitating the delivery of rural finance, promoting the design of appropriate products and value chain based financing mechanisms by formal financial institutions. This is a relatively new engagement for the PCU and some gaps are already visible in the absence of a specialised person in the PCU team for rural financing and market development aspects.

Context for Recommendations

39. **Emergence of Savings and Credit Groups as sustainable development groups:** Savings and credit groups (SCGs) established by the Western Sudan Resources Management Programme (WSRMP), which is managed by the same SDP Project Coordination Unit have (PCU), have delivered excellent results on rural financing. Each SCG is comprised of up to 20 women members each representing a single household. Their development is based on a set of criteria promoting cohesiveness, savings habit, internal lending, financial discipline, regular year-round activities and group guarantee. The groups self-replicate within the village and within 1 to 2 years 80-100% of households in a village are represented. The following observations were made on SCGs during the recently concluded supervision mission of the WSRMP:

- Regular savings of up to 20 SDG per month per member along with practice of internal lending and investment has been achieved.
- Size of group fund ranging from SDG 4,000-6,000 per SCG within 2 to 2.5 years has been generated through regular savings and profit margins from successful investments.
- There are many examples of internal loans to individual members for purchase of improved seeds and group investments in the purchase, storage and sale of crops such as sesame and groundnut.
- There is presence of widespread linkage of SCGs to ABSUMI with members accessing loans ranging from SDG 500-1,500. These loans are delivered by ABSUMI at the doorstep against group guarantee using Mudaraba lending mechanism. Some clients have invested such loans in improved seeds.
- The SCG system enjoys strong support from men and from the village council.
- Relatively older groups starting from 1.5 to 2 years, have sufficient savings funds and their success stories that motivate continuation and sustainability even without external follow up or financial linkages.
- The extension teams are already well versed in the methodology for establishing SCGs. Though relatively more effort is required during the first 1.0 - 1.5 years for awareness generation and mobilization the overall quantum of resources for this is minimal and mainly consists of advisory services and technical guidance of the community during field visits.

40. **Post design developments on rural finance:** At the time of SDP design the implementation of the SCGs by WSRMP was in its initial stage and the above results were not available. There was a widespread notion that though desirable, women's groups will not be acceptable at the community level due to socio-cultural factors. Similarly, the results of ABSUMI's success through women's groups were not available and the utility of SCGs and women centric delivery systems were not adequate addressed in the SDP design. Since the situation has evolved adjustment in the SDP delivery approach is suggested according to the recommendations below:

Recommendations

No	Recommended Actions	Responsibility	Agreed time
A	Start formation of SCGs in project villages Initiate the formation of SCGs in the full set of 220 target villages in the project area. Follow the WSRMP methodology for women's SCG development focusing on internal savings and lending activities. There should not be any commitment to forming external financial linkages between SCGs and financial institutions such as ABSUMI. However, such linkages should be supported wherever opportunities arise. The project should aim for 80-100% representation of the target community households in SCGs.	SDP	by Mar'14
B	Promote financing of seed growers and grain producers groups through SCGs: <ul style="list-style-type: none"> • Seed Growers Groups: Once SCGs are formed in a village as recommended above, member households in the seed growers groups will all be represented across several women SCGs in the village. Wherever relevant, these SCGs will be linked to ABSUMI, Bara'ah or other MFIs operating in the region. A household requiring loan for seed production will apply and receive it through its SCG against group guarantee. • Grain Producers Groups: As in the case with seed growers groups, member households in grain producers groups will also be represented across the women SCGs in the village. They will apply for and receive loans for grain production through the SCGs. Moreover, instead of forming separate grain producers groups the potential of empowering some of the SCGs to function as grain producers groups during the crop production season should be explored. - It is noteworthy that critical activities such as weeding and harvesting for which seed growers and grain producers groups require loan are actually carried out by women. Therefore, access to these loans through the women's SCGs is in harmony with women's involvement in the implementation of these activities. - Moreover, though the project will be localized in 220 villages there are more than 5,000 	SDP	2014

	villages in the Kordofan region that can potentially benefit from the project facilitated system of certified seeds production and marketing. SCGs are easily replicable and through a system of community trainers, which is currently being piloted by WSRMP, can easily spread to non-SDP villages resulting in overall market development for certified seeds.		
C	Reduce reliance on bank financing of beneficiaries in South Kordofan	SDP	2014
	<p>A major concentration of the project villages will be in South Kordofan State which is currently a conflict affected zone with no clear indications of future stability. Under these conditions, availability of formal external financing for seed growers and grain producers will be a challenge and the promotion of the SCGs in the project villages from the onset will reduce the reliance of beneficiaries on external funds as the internal funds generated by SCGs in 2-2.5 years can sustainability finance certified seed growing and grain production.</p> <p>For example, a group of 20 women saving 10 SDG per month and can generate internal funds of around 6,000 SDG over two years after adding 25% of profit margins to the groups funds. The average loan requirement per household for seed production or seed growing is around SDG 750. Therefore, starting from the second year onwards, during the agricultural season SCGs can easily finance activities related to certified seeds growing and grain production for up to 5 members in a group. If there are 10 groups in a village of 200 households than 50 members can be easily supported from internal funds.</p>		
D	Encourage product development for financing seed value chain:	SDP	2014
	Once the seed company is selected the project should encourage partner financial institution such as ABS (including ABSUMI), Bara'ah and other formal financial institutions to explore integrated value chain financing for the certified seeds business. The Central Bank of Sudan currently operates the Connecting Farmers to Markets Programme which already has a partnership with ABSUMI. Linkages to this programme should also be explored for enhancing certified seeds production and marketing. In addition, the project should encourage the financial partners to develop specific products such as <i>Mugawala</i> based financing models that would enable beneficiaries to accessed loans for the full range certified seeds production and adoption requirements.		
E	Business plan based collaboration with the seed company:		
	<p>After selecting the partner seed company it should be supported to develop a detailed business plan focusing on the growth and sustainability of the project facilitated model for certified seed business. The business plan should cover the following broad areas</p> <ul style="list-style-type: none"> • Strategic plan: This should define how its involvement as a project partner is strategically important and aligned with the future vision and ambitions of the seed company. • Operational plan: This should outline operational details related to (a) procurement of foundation seeds (b) engagement with seeds growers groups (c) procurement of certified seeds and (d) marketing of certified seeds through grain producers groups and other marketing channels. The organizational structure, infrastructure details and logistical arrangements through which the above functions will be undertaken should be clearly defined. The financing requirements and arrangements for addressing them should be presented in details. The nature and expectations from partnerships with different stakeholders including the project should be presented. • Financial plan: This should present a detailed breakdown of the costs incurred for implementing the operations plan on the revenue earned. It should also include the project growth in business on annual basis and its implications on the profitability of the business over the next 3 to 5 years. <p>Once the business plan is agreed upon by the company and the project, an agreement should be developed defining how the supply of project inputs to the company will be calibrated against the achievement of the specific milestones and targets defined in the business plan. The business plan will be a dynamic document will be reviewed on an annual basis to ensure that it is based on the practicalities on the ground.</p>	SDP with IFAD support requested where relevant	by March'14
F	Deployment of specialised person for handling SCGs, rural financing and seeds	SDP	by

market development aspects:	March'14
The PCU will benefit from technical planning, coordination and implementation inputs in the areas related to (i) development of SCGs their monitoring, strengthening and evolution support (ii) market development for certified seeds (iii) ensuring relevant financial linkages for seed growing and grain production (iv) oversight of the seeds company's business plan implementation and relevant inputs for its periodic revision. At present the project does not have any technical staffing position at the PCU to address these areas. Nevertheless, there is a strong overlap between these areas and the current responsibilities endowed in the position of the Rural Finance and Marketing Manager of WSRMP. In view of the impending closure of the WSRMP the responsibilities and scope of work of the position should be reviewed and modified to address the needs of the seeds development project.	

D. Project implementation progress

41. **Project Management.** The Mission rates Project Management **moderately satisfactory (4)**. Despite the difficulties encountered with the IFAD suspension of disbursements during the start-up year, the Project management showed some flexibility and proactivity. However, considerable efforts should now be deployed in order to ensure: (i) better planning; (ii) timely implementation of activities; (iii) better coordination of activities; and (iv) more effective dialogue and exchange among implementing partners.

42. SDP makes use of the Project Coordination Unit (PCU) of the IFAD on-going WSRMP, which has been enriched with a Seed Specialist in charge of the technical supervision of the activities. This allows SDP to take full advantage of the existing arrangements for the management and coordination of the Programme, particularly the well-established fiduciary system, the effective field presence and extension support, and the functional M&E system. The management structure of the Project is composed of the Project Coordination Unit (PCU) and two focal units in the State Ministries of Agriculture, one in North Kordofan (NK) and one in South Kordofan (SK), that will replace the WSRMP State Coordination Units (SCUs) starting from 2014⁸. Besides the State Ministries of Agriculture in NK and SK, the Project is expected to work closely with three other key implementing partners: the National Seed Administration (NSA), the Agricultural Research Council (ARC), and the Private Seed Companies (PSCs). Four Memoranda of Understanding (MoU) showing the roles and responsibilities of each partner, have been signed: one with ARC, one with NSA and the other two with the two Extension Departments in North Kordofan and South Kordofan. The MoU with the PSC is under preparation.

43. The position of the Principal Project Director for SDP (and WSRMP) has been vacant since mid-2013 and the project is being managed *ad interim* by the M&E Senior Officer. The recruitment needs to be expedited and filled no later than end February 2014, as the void is having an impact on the implementation of project activities due to the enormous workload of the M&E Officer.

44. Monthly coordination meetings are held between the PCUs and the states, but not with the main stakeholders. The Project is planning to put in place a Technical Committee at the central level⁹ composed of the PCU, the two state focal points and the main implementing partners to discuss and plan Project's activities. The first meeting of this Committee should take place early December 2013 and should help in clarifying the implementation strategy, improving dialogue among the stakeholders and help to better define their roles. *The Mission recommends that the PCU finalize the terms of reference of the Technical Committee and proceed quickly with its establishment by end of October 2013.*

45. **Monitoring & Evaluation (M&E).** The SDP M&E system is to be built on the WSRMP M&E system (PCU, M&E officer at state level, MDET leaders) which is very functional. However the

⁸ Even with the one-year extension, WSRMP activities will not be enough to justify the maintenance of the SCUs.

⁹ The idea comes from an initiative of the NK State which established a technical committee at the state level.

Mission rates the performance of the M&E system of SDP as **moderately unsatisfactory (3)** as the system is not totally in place.

46. The report of the baseline survey has not been finalized yet and should be ready by mid-October 2013. A RIMS baseline survey to be carried out by the EI-Zanaty and will be funded by IFAD. is planned for November 2013 The project area database, with the village profiles is ready and will be updated every two years. It has already been distributed to localities and states. The beneficiary database (sex, income, size of land, etc.) is still being consolidated. A third database is to be conceived at the NSA level on the national seed production. The terms of reference for the recruitment of an expert who will develop this database has been prepared but the recruitment process has not yet started. *The Mission recommends that the Project expedite the implementation of the M&E activities that are still pending and finalize them by end of 2013: (i) baseline surveys; (ii) beneficiary database; and (iii) NSA seeds database.*

47. **AWPB.** The AWPB should be prepared by the extension teams with the farmers (SGGs and GPGs). Also, the estimated budget should be covered by SDP funds, by Government's funds, but also by the private seed company and by loans taken by the farmers groups from financial institutions (microfinance or commercial banks) as the Project is supposed to facilitate the link between the farmers and the financial institutions. However this process has not been followed for the preparation of the AWPB 2013 because the extension teams and the groups were not in place at the time of the preparation of the AWPB, the link with the financial institutions has not been created, and the private seed company is not yet on board. Coherence between AWPB and implementation is rated **moderately satisfactory (4)**.

48. **Knowledge management (KM).** A technical assistant has been recruited (3 months in 2013) to assist the Project in designing a KM strategy and supporting the team in the production of leaflets, articles, radio sessions, videos for the documentation of both Project's results and processes. However, the Project has not yet carried out any KM nor communication activity and no innovation has yet been recorded. Innovation and learning is rated **moderately unsatisfactory (3)**.

49. **Climate and environmental focus.** The SDP project is promoting the use of drought resistant seed varieties and is disseminating soil and water conservation techniques. Climate and environmental focus is rated **moderately satisfactory (4)**.

50. **Gender focus.** In South Kordofan, most of the women occupy the Executive Office of the SGGs. One out of the two demonstration plots established for each GPG is managed by a woman. *The Mission recommends that a system be put in place to ensure that the special quotas for gender and youth mainstreaming in the SGGs and GPGs (30% for women and 20% for youth) are respected.* Gender focus is rated **moderately satisfactory (4)**.

51. **Poverty focus and targeting.** The Mission has been informed that targeted communities have been selected and producer groups (SGGs and GPGs) formed according to the targeting criteria of the Project Design Report, although some incentives to attract smallholders, such as insurance policy on land under production and access to machinery, are still not in place. Poverty focus and effectiveness in targeting are both rated **moderately satisfactory (4)**.

Agreed action	Responsibility	Agreed date
<ul style="list-style-type: none"> Finalize the terms of reference of the Technical Committee and proceed with its establishment by end of October 2013 	PCU	By end of Oct. 2013
<ul style="list-style-type: none"> Finalize the M&E activities that are still pending: (i) baseline surveys; (ii) beneficiary database; and (iii) NSA seeds database. 	PCU	By Jan 2014
<ul style="list-style-type: none"> Prepare the AWPB 2014 following the process prescribed in the design report. 	PCU, SCUs	
<ul style="list-style-type: none"> Put in place a system to monitor that the special quotas for gender and youth mainstreaming in the SGGs and GPGs (30% for women and 20% for youth) are respected. 	PCU	By end of Nov. 2013

E. Fiduciary aspects

Financial management

52. Financial Management has been rated **moderately satisfactory (4)**.

53. **Organization and Staffing.** The Western Sudan Resources Management Programme (WSRMP) Project Coordination Unit (PCU) is also responsible for the Seed Development Project. Currently, and until the completion of the WSRMP, the following organizational structure will continue. In addition to the accounting staff, the Administrative Officer is also responsible for some fiduciary tasks. Job descriptions will be available in the Project Implementation Manual, currently under review by IFAD (should be cleared by end of September). *Staffing costs will transfer from WSRMP to SDP in July 2014.* It is also noted that the core finance staff have not received a recent training on the revised procedures of IFAD.

54. **Budgeting.** SDP has a bottom-up approach to the preparation of the AWPB, which allows the input of all levels that are involved in the project. The process is conducted in a timely and efficient manner.

55. **Funds flow and Disbursement Arrangements.** There have been no issues with funds flow or the disbursement arrangements, thus far, with this project. However two aspects are to be noted with respect to disbursement arrangements: (1) Due the situation in Sudan limiting the outflow of foreign currency payments, specifically in USD, where contract are denominated in a foreign currency, direct payments are submitted to IFAD. While the amounts of the Direct Payments may sometimes not meet the requirements of IFAD regarding *the minimum withdrawal application size, this requirement is waived for the project.* (2) With respect to replenishments to the DA, the PCU has been informed that withdrawal applications must only be submitted when either 30% of the advance has been utilized or 90 days has passed since the submission of the last application. Whichever condition is met first may be applied. As part of the reconciliation of the DA to the operational account, an incorrect double debit in the DA in the amount of EUR 10,305.40 has been noted. This has not yet been credited to the Project DA by Central Bank. *It is recommended that the PCU follow up to ensure that this amount is credited no later than September 30, 2013 and that the amount appears as a credit to the bank statement.* The design report had envisioned an inspection and certification account, in local currency, to be opened for the National Seed Agency, where the proceeds of the seed company payment of NSA inspection and certification fees will be deposited. The account was to be separately opened to finance the recurrent costs of NSA for contracted plots and jointly managed by PCU and NSA. This account has not yet been opened, however one deposit amounting to SDG 25,000 has been received in the Project SDG account. *It is being recommended that per the design report, this account is opened and a transfer of the SDG 25,000 is made from the Project operational account to the NSA account.*

56. **Internal Controls.** Appropriate segregation of duties and reasonably robust systems exist for the recording, approval and payment of expenditures.

57. **Accounting.** Accounts are maintained and financial statements are prepared on a cash basis. The accounting system that was created for WSRMP, is a single entry accounting system in Access. The system is available at the PCU and the States, however it is not on a server and the accounts of

the States are not accessible to the PCU through the system. While the accounting system is not considered best practice, it is sufficient for the needs of the project. If it is envisioned that the PCU will be managing future IFAD projects, then it would be recommended to install a full-fledged double entry multi-lingual and multi-currency accounting system.

58. **Financial Reporting and Monitoring.** Financial Reports may be derived from the system. Financial statements are prepared on an annual basis for the audit. While the semi-annual progress reports include a section on financial performance, regular financial reporting has not been enforced on the project. *It is recommended that henceforth, the project submit semi-annual financial statements based on the formats that will be provided to them.* Based on the regularity and reliability of this reporting, this can be amended to be submitted every quarter. Annual financial statements, for the audit, were prepared accurately and in a timely manner by the Project.

59. **Internal Audit.** An internal audit function exist at the Implementing Ministry – Ministry of Agriculture and Irrigation, however does not conduct internal audits of any of the projects financed by IFAD. The project also does not have the availability of an internal audit function as it was not envisioned for the Project.

Disbursement

60. Disbursements are rated as **moderately satisfactory (4)**. Six (6) applications totalling to UDS 2,429,827.35 have been submitted by the Project. This includes the initial advance of USD 1,352,513.17 and 2 direct payments. The disbursement percentage as at August 31, 2013 is 25%. Without inclusion of the advance, the disbursement percentage falls to 11%. The maximum amount of disbursement against a category is Vehicles (Category 3) at 64.19%, and there has been no disbursement against the Technical Assistance – International TA (Category 5A). It is to be noted that one direct payment was for the amount equivalent to USD 6,000 as they were unable to make an international transfer for a subscription to an international agency, due to the restrictions on transfers in foreign currency out of the country.

Counterpart funds¹⁰

61. Counterpart funds has been rated **unsatisfactory (2)**. Semester disbursements of the counterpart funds indicate that the equivalent of USD 1,370,000 should have been received until now. However no funds have been received from GoS by the Project. The SDG account has received a percentage of each transfer, from the EUR account to the SDG account, as an incentive. The Project has used these incentive amounts as GoS funds in project expenditure. It is also noted that Ministry of Finance makes payments, on behalf of the Project, towards customs duties and VAT. The exact amount is not available with the Project, and therefore, *it is recommended that Ministry of Finance provide a statement of the amounts so that the Project may accurately reflect the same.*

Compliance with loan covenants

62. Compliance with loan covenants has been rated as **moderately satisfactory (4)**. A list of key covenants and the compliance therewith is compiled in Appendix 4.

Procurement

63. **Procurement.** Implementation of procurement activities in Sudan are carried out at two levels: (i) Procurement of large contracts (over USD 50,000, as well as NCB and ICB) is implemented by the CCU for IFAD financed Projects; and (ii) Small procurements through local shopping (less than USD 50,000) are carried out at the PCU or SCU's level of the respective projects. Procurement planning and contract management are carried out at the PCU level only.

64. The mission noted the following: (i) procurement plans are not regularly updated; (ii) procurement methods are not applied correctly and inconsistent with standard procurement

¹⁰ As the final report will only be completed in October 2013, the updated situation on the counterpart funds will be reflected therein and may result in a change of the rating.

methods; (iii) staff are not specialised and the Administration officer is undertaking procurement functions without experience, training or formal terms of reference; (iv) there are no separate procurement files; (v) contract registers are regularly updated and found satisfactory; and (vi) specialised procurement reviews (such as this) have not been undertaken in the past. Furthermore, CCU have not been using updated Standard Bidding Documents and this has resulted in varied quality of competitive bidding results. At this stage, procurement practices are rated as **unsatisfactory (2)**. *More details are reported in the technical annex of the supervision report together with the institutional assessment.*

Audit

65. Quality and Timeliness of Audit has been rated as **moderately unsatisfactory (3)**. The audit was received 2 months after the due date, the auditor performance was rated unsatisfactory and the financial statements were rated moderately satisfactory. The previous recommendations for the audit have not been complied with by the Auditor. The mission has met with the National Audit Office (NAO) to raise the issue regarding the timeliness and the quality of the audit reports. *PCU will ensure that the IFAD Terms of Reference are provided to the National Audit Office in December 2013 to comply with the requirements for the 2013 Audit.*

Agreed action Financial Management	Responsibility	Agreed date
<ul style="list-style-type: none"> Requirement of minimum application size, for contracts in foreign currencies has been waived; project will only submit applications for replenishment when either, 90 days have passed since last submission or 30% of initial advance has been utilized, whichever is earlier. 	PCU and IFAD	On-going
<ul style="list-style-type: none"> The incorrect debit of Euro 10,305.40 to the Designated Account will be resolved with Central Bank of Sudan, El Obeid branch to ensure the same is credited back to the account. 	PCU	Oct 2013
<ul style="list-style-type: none"> Transfer of SDG 25,000 to the NSA account that should have been opened. 	PCU	Oct 2013
<ul style="list-style-type: none"> Submit semi-annual financial statements as part of progress reports. Format will be provided by IFAD. 	PCU and IFAD	Dec 2013
<ul style="list-style-type: none"> Statement of funds paid by Ministry of Finance, on behalf of the project for VAT and customs duties 	Ministry of Finance and PCU	Oct 2013
<ul style="list-style-type: none"> Use of the IFAD TORs for audit of financial statements for 2013 	PCU	Dec31, 2013
<ul style="list-style-type: none"> Training of finance staff to be funded by SDP to ensure dissemination of IFAD's revised policies and procedures 	PCU and IFAD	Mar 2014
<ul style="list-style-type: none"> Procurement Plans to be corrected as per IFAD format including the implementation schedule and progress status 	IFAD Consultant to support/ PCU to apply	For 2014 plan
<ul style="list-style-type: none"> Guidelines and standard documents for local shopping procedures to be applied 	IFAD to provide/ PCU to apply	Nov.2014
<ul style="list-style-type: none"> Updated Standard Bidding Documents to be used (NCB in Arabic as per format developed by Ministry of Finance and endorsed by WB) 	IFAD to provide/ CCU to apply	Immediate
<ul style="list-style-type: none"> Terms of Reference of Administration Officer to be revised according to current responsibilities - to include procurement functions 	PCU	Immediate
<ul style="list-style-type: none"> Complete procurement records to be filed separately 	PCU	Immediate

F. Sustainability

66. The Mission considers the project activities are progressing in a sustainable way and that the administrative and legal framework will create investment friendly environment to attract further future investment.

67. **Institutions building** is rated moderately satisfactory (4). The institutions inherited from WSRMP notably CDCs, and MDETs have a sustainable feature at grass-root level. The additional

institution supported by SDP to play critical roles in the project – the ARC, NSA and a private seed company – are already well established institutions and are likely to function well in post-project era.

68. **Empowerment** is rated moderately satisfactory (4). Significant empowerment has been achieved by the target group under earlier project through the vehicle of CDC approach. The early thrust of SDP in creating SGGs and GPGs, whose memberships comprised mainly of poor rural population with at least 30 % women and are already functioning with little push.

69. **Quality of beneficiary participation** is rated moderately satisfactory (4). The beneficiaries, particularly those at the grass-root level, appreciate the importance of their roles in the developing seed and grain industry. The participation of the stakeholders is animated and over-subscribed.

70. **Responsiveness of service providers** is moderately satisfactory (4) as the providers are just overcoming the initial problems faced at the start of the Project. The evaluation will only be more realistic after the first cycle of seed and grain crop harvest by the farming groups of the Project.

71. **Potential for scaling up and replication.** This is moderately satisfactory (4) as the Government and the private sector have demonstrated keen interest in seed production and distribution in the past on individual basis. The extent of private sector's interest would further heightened by the planned PVP legislation which will provide protection for companies' investment in varietal development. The degree of the private sector involvement could be gauged from the volume of seed procured through it to jump start Project activities with SGGs and CPGs.

72. **Environmental sustainability** is moderately satisfactory (4). Project intervention activities are rooted in principles aligned to climate change adaptation and mitigation. These include developing eco-tailored varieties through participatory research to counter problems of erratic weather pattern, providing for the farmers complete agronomic package that includes high quality seed of farmers preferred varieties and training farmers group on appropriate cultural practices for various fragile soil types.

G. Conclusion

73. The Project target area is endowed with smallholders, some of whom are already, involved in some form of contract production with some of the seed companies of Sudan. To further build on this strength of the farmers and continue the momentum in the localities towards commercially viable and agriculture, SDP has successfully deployed the frontline extension mechanism to introduce some innovative and good agronomic package that will increase the yield at farm levels and mitigate inclement weather. Consequently, activities are picking up with the formation of SGGs and GPGs across the four locations of project activities in Rahad and Sheikan in North Kordofan as well as Abbassiya and Abu Gubeiha in South Kordofan

74. In spite of this promising start at the field level and the progress made in setting up seed and grain crop production system, the Mission has rated the overall performance of the Project as **moderately unsatisfactory (3)** because there are still a number of important issues to address.

75. **Seed policy and regulatory framework.** The policy and regulatory framework that should guide the orderly development of the sector and shape the industry is still lagging behind. The national seed policy discussions at state and federal levels have not been conducted and neither has the national seed policy and plan document been prepared. This is quite important as the absence of a comprehensive seed legislation that incorporates Plant Variety Protection (PVP) issues could adversely affect private foreign investments in the seed sector. The Mission has made suggestions for immediate action to be taken to develop a national seed policy and plan using a bottom-up approach and produce an all-encompassing national seed legislation, including PVP.

76. **Public Private Partnership.** The partnership with the Private Seed Company (PSC) to provide both seed multiplication through contract arrangements with the seed growers, and extension and sales services to SDP, is still not in place. The absence of a private sector entity earmarked for continuation of certified seed production beyond registered seeds poses a serious threat to

completion of seed production chain and linkage of the grain producers to seed producers. Although SDP has entered into discussions with the Arab Sudan Seed Company (ASSCO) - the PSC selected for the project – the MOU has not yet been signed.

77. **Out-posting of FSA staff.** According to the design, the seed certification is under the responsibility of the Federal Seed Administration (FSA), but the out-posting of FSA staff to the North Kordofan State is still not effective. If any agreement can be reached between the FSA and the State MoA, it could be envisaged as a temporary alternative to ensure certification of produced seeds, that SDP cover exceptionally the travel costs and allowances of FSA HQ staff when required.

78. **Counterpart Funds.** The design report provides for the Government of Sudan to cover some of the project costs, such as VAT and customs, and also salaries and indemnities of FSA & ARC staff. In September 2013, semester disbursements of counterpart funds indicated that the equivalent of USD 1,370,000 should have been received by the Project from the Government but no funds had been received yet. The delay in the release of counterpart funds is having an important impact on project performance.

79. **Recruitment of Principal Project Director.** The recruitment of the Principal Project Director needs to be expedited, as the void is having an impact on the implementation of the activities. IFAD recommends that the new Director be in place by the beginning of February 2014.

80. **Fiduciary aspects.** Audit reports are delayed and not of the quality required and procurement is unsatisfactory (procurement plans not regularly updated, procurement methods not applied correctly, staff undertaking procurement not specialized). IFAD will intensify close supervision and support to projects in Sudan and strengthen the existing systems to ensure compliance with rules and procedures as per the financing agreement.

81. IFAD and the Government of The Sudan endorsed the findings of the 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 Programme					Top-up Loan/DSF Grant	
Date of Update	01-Jul-2013						
Supervising Inst.	IFAD/IFAD						
No. of Supervisions	0	No. of Implementation Support/Follow-up missions	1				
Last Supervision		Last Implementation Support/Follow-up mission	20-Oct-2012				

USD million Disb. rate %

Approval	13-Dec-2011			Total financing	17.46	
Agreement	24-Feb-2012	Effectiveness lag	2.4	IFAD Total	10.07	
Entry into force	24-Feb-2012	PAR value	Not at risk	IFAD loan		
First disbursement	23-Oct-2012			DSF grant	10.07	21
MTR		Last amendment		IFAD grant		
Original completion	31-Mar-2018	Last audit		Domestic Total	7.39	
Current completion	31-Mar-2018			Beneficiaries	2.57	0
Original closing	30-Sep-2018			Government (National)	3.42	0
Current closing	30-Sep-2018			Private Sector Local	1.40	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	5	4
2. Acceptable disbursement rate	4	4	2. Performance of M&E	5	3
3. Counterpart funds	3	2	3. Coherence between AWPB & implementation	4	4
4. Compliance with financing covenants	4	4	4. Gender focus	4	4
5. Compliance with procurement	4	2	5. Poverty focus	4	4
6. Quality and timeliness of audits	4	3	6. Effectiveness of targeting approach	4	4
			7. Innovation and learning	4	3
			8. Climate and environment focus	4	4

B.3 Outputs and outcomes	Last	Current	B.4 Sustainability	Last	Current
1. Institutional and Regulatory Environment	4	3	1. Institution building (organizations, etc.)	4	4
2. Seed Production System	4	4	2. Empowerment	4	4
3. Seed Market Development	4	3	3. Quality of beneficiary participation	4	4
			4. Responsiveness of service providers	4	4
			5. Exit strategy (readiness and quality)	4	4
			6. Potential for scaling up and replication	4	4
			7. Environmental sustainability	-	4

B.5 Justification of ratings

Counterpart funds (2): The GoS contributes to the costs of the Project by covering taxes and VAT. However, the exact amount contributed is not known. Moreover, contribution in cash for an amount of USD 1,370,000 has still to be received, and is affecting Project implementation. **Compliance with procurement (2):** Procurement plans are not regularly updated, procurement methods are not applied correctly and inconsistent with standard procurement methods; staff are not specialised and the Administration officer is undertaking procurement functions without experience, training or formal terms of reference; there are no separate procurement files; contract registers are regularly updated and found satisfactory; and specialised procurement reviews (such as this) have not been undertaken in the past. Furthermore, CCU have not been using updated Standard Bidding Documents and this has resulted in varied quality of competitive bidding results. **Quality and timelines of audits (3):** The audit was received 2 months after the due date, the auditor performance was rated unsatisfactory and the financial statements were rated moderately satisfactory. **Quality of project management (4):** Efforts needed to improve planning, timeliness in the implementation, and dialogue among implementing partners. **Performance of M&E (3):** The M&E system is yet not in place and baseline surveys have not been carried out. **Innovation and learning (3):** No KM activities implemented nor innovations identified. **Institutional and regulatory framework (3):** Delay in fundamental project activities: national seed forum, revised seed law. **Seed Market development (3):** Partnership with PSC and link with financial institutions not yet in place.

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	3

Rationale for implementation progress rating

The low project performance rating is a consequence of many factors among which, the lack of counterpart funds, the delay in the implementation of activities related to the regulatory framework of the seed sector and the absence of the private sector (PSC and financial institutions). However, in evaluating SDP performance, it is worth bearing in mind that SDP was affected at start-up stage by suspension of disbursements by IFAD that allowed first disbursement only in October 2012, missing the first agricultural season. No supervision budget was available in 2012 and only an implementation support mission could take place in November 2012. Recommendations have been made by the supervision mission to improve performance and a close follow-up is being undertaken by the ICO in Khartoum and IFAD HQ.

C.5 Likelihood of achieving the development objectives (section B3 and B4)	4	4
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Rationale for development objectives rating: The project is fairly new and the rating relates to the developmental stage of the project implementation.

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

Fiduciary aspects	No counterpart funds received since March 2012
Project implementation progress	ARC capacity to produce enough registered seeds No top up for extension staff foreseen in design document for SDP activities
Outputs and outcomes	Late commencement of private sector participation; non-resolution of conflict between the NSA and North Kordofan authorities;
Sustainability	Lack of value chain activities to serve as a pull to create seed demands apart from crop promotional activities.

Proposed Follow-up

Issue / Problem	Recommended Action	Timing	Status
Out posting NSA staff	Ensure NSA staff is out posted and offices rehabilitated	December 2013	On going
PPB strategy	ARC to prepare a PPB strategy	December 2013	On going
Targeting	Strictly adhere to selection criteria for SGGs as in design	AWPB 2013	On going
A National Seed Policy and	This should be developed through a national seed forum process	AWPB 2013	On going

Additional observations

The project became effective in February 2012 but did not receive the initial deposit until October 2012 due to suspension from May to October 2012, missing the first agricultural season. No supervision budget was available in 2012 and only an implementation support mission took place in November 2012. Pilot activities took place in 2012 which fed into 2013 AWPB. Full supervision took place in September 2013.

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

Narrative Summary	Key Performance Indicators	Means of Verification	Assumptions (A) / Risks (R)
Goal:			
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	<ul style="list-style-type: none"> Prevalence of malnutrition in children under age of five years reduced : rate reduced from 3% to 2% (RIMS) Improved food security : food insecurity reduced from 55% to 40%.(RIMS) Increase in HH asset index : production 5 fed in qoz soils, 3 fed in gardud soils and 10 fed in clay soils doubles. 	<ul style="list-style-type: none"> RIMS baseline survey and impact survey Anthropometric and UNICEF periodic surveys Official government statistical yearbooks; censuses HH income and expenditure surveys 	<ul style="list-style-type: none"> Macro-economic stability Contained insecurity events
Project Development Objective:			
Increased crop productivity for about 100,000 smallholders using certified seeds in North and South Kordofan	<ul style="list-style-type: none"> Increase in yields of sorghum from 280 to 540 Kg/fed; groundnut from 340 to 640 Kg/ fed; sesame from 140 to 270 Kg/fed; cowpea from 180 to 340 Kg/ fed. 70,000 smallholder men and 30,000 smallholder women reporting increase in yields for all crops disaggregated by gender (RIMS) 	<ul style="list-style-type: none"> Baseline survey, Mid Term Review (MTR) and completion assessments Ministry of Agriculture crop cutting surveys and annual crop assessment Agricultural Research Corporation (ARC) and National Seed Administration (NSA) reports 	Expanding access to input suppliers, extension advisory services, credit and insurance
Component 1 – Strengthening and Development of Institutional and Regulatory Environment			
Outcome: Conducive policy and institutional environment for the seed industry in place	<ul style="list-style-type: none"> By laws of Seed Act 2010 in place by mid-2012 and fully enforced by 2012 Operational self-sufficiency for NSA by 2014 (RIMS) 	<ul style="list-style-type: none"> Client survey Institutional performance assessment Record on law enforcement 	<ul style="list-style-type: none"> NSA operates in an autonomous way Government phases out distribution of free or subsidized seeds Seed policy for the UN agencies operating in Sudan is harmonized
Outputs: 1.1 Plant variety protection legislation drafted, approved and enforced. 1.2 National Seed Administration (NSA) is capacitated to effectively monitor the multiplication and certification standards. 1.3 Multi-stakeholder policy dialogue, with participation from youth and women in seed sector is established.	<ul style="list-style-type: none"> PVP legislation promulgated by end 2012. 70 NSA 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. Bi-annual forums convened regularly from 2012 at National and State levels. At least 50 persons attend each multi-stakeholder forum 	<ul style="list-style-type: none"> Legislation document 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 National seed policy document Proceedings of bi-annual meetings 	<ul style="list-style-type: none"> Seed Council is timely appointed by the Government (target date: end 2011).

Narrative Summary	Key Performance Indicators	Means of Verification	Assumptions (A) / Risks (R)
Component 2 - Improvement of the Seed Production System			
Outcome: An economically viable seed production system that meets farmers' expectations and demands in place	<ul style="list-style-type: none"> Private sector generate about SDG 245,000 net profit from sale of certified seeds in 2014 and SDG 1 million net profit in 2017 8 SGG operational in 2014; 32 operational in 2017 Cash returns per seed growing Hhd reach SDG1700/Hhd/yr in 2014 and SDG 2800/HHd/ yr in 2017) 	<ul style="list-style-type: none"> Seed company activity report Surveys at MTR and completion 	Interest of the seed companies to develop seed retail market for smallholders
Outputs 2.1 ARC capacitated for implementation of participatory breeding research	<ul style="list-style-type: none"> 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. 	<ul style="list-style-type: none"> 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).	<ul style="list-style-type: none"> Production of 23 MT of registered seeds in 2012, 90 MT of registered seeds produced for 2013 and 2014. 	<ul style="list-style-type: none"> 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 standards in project years 	ARC adequately equipped to produce sufficient quantities of breeder & foundation/registered seed
2.3 The extension system is strengthened to support target seed producer enterprises.	<ul style="list-style-type: none"> 30 men and 15 women extension agents trained on seed production and marketing one operational/field manual developed and distributed to 32 seed grower groups 	<ul style="list-style-type: none"> Project monitoring reports 	Sufficient human resources for two 4 member team mobilized
2.4 Community-based Seed Grower Groups enterprises are enabled to produce certified seeds of improved and traditional varieties.	<ul style="list-style-type: none"> 400 MT of certified seeds produced by 2014, and 2500 MT produced by 2017 100 women and 220 men accessing advisory services for seed production by 2014; and 380 women and 900 men accessing advisory services for seed production by 2017 (RIMS) 	<ul style="list-style-type: none"> 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.	<ul style="list-style-type: none"> 105 000 fed cultivated with certified seeds in the project area in 2014; 690 000 fed in 2017 and 1 million by 2018 (RIMS) 10 500 farmers use certified seeds and SWC by 2014 in project area and 69 000 farmers by 2017; 30% women (RIMS) 	<ul style="list-style-type: none"> Baseline survey, MTR and completion assessments 	Seed companies able to mobilize SDG 6 million for scaling up phase

Narrative Summary	Key Performance Indicators	Means of Verification	Assumptions (A) / Risks (R)
Outputs			
3.1 Marketing of certified seeds to smallholder producers established	<ul style="list-style-type: none"> PSC develops proposal as part of its business plan Number of farmers reached through the PSC marketing: 10 500 in 2014 and 69 000 in 2017 ; with 30% women 	<ul style="list-style-type: none"> Seed company reports Client survey for farmers 	Farmers satisfied with quality of seeds provided by licensed seed agents
3.2 Farmers empowered to use certified seeds and improved techniques.	<ul style="list-style-type: none"> Demand for certified seeds reaches at least 300 MT in 2014 and at least 2200 MT in 2017 	<ul style="list-style-type: none"> Baseline survey, MTR and completion assessments 	Farmers access to credit and insurance facilitate purchase of certified seeds
3.3. Seed Market Database in place	<ul style="list-style-type: none"> No. users of the seed monitoring database, by type Frequency of data collection 	<ul style="list-style-type: none"> Project monitoring reports 	SMoA and NSA agree on procedures for data collection and dissemination

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

Action Area	Action Agreed	Date	Whom	Progress
Project Implementation	Production of a revised national seed legislation and PVP legislation or a two-one legislation (law/PVP)	January – May 2014	NSA/NSB/MoA/PCU	
	Produce the National Seed Policy and Plan document to guide orderly development and growth of the commercial seed sector through the modality of national seed forum.	Jan-May 2014	NSC/MoA/PCU	
Outputs	Commence the processes for the development of a National Seed Policy and Plan through state and national seed forum and a seed policy document prepared for ratification of Government.	By April 2014	PCU/SCU/NSC/State & Local Governments	
	Contract UPOV to assist in reviewing and develop a comprehensive legislation to cover seed and plant variety protection concerns.	By April 2014	PCU/IFAD HQ/NSC/NSA	
	Problems of locating the NSA agent in North Kordofan should be reported to the highest authorities in the Ministry of Agriculture for immediately resolution.			
	Develop appropriate mechanism for steady release of funds of project funds to implemental partners like ARC and state extension services should be developed to facilitate the implementation of project activities.	Immediately MoF/MoA/State MoA/	PCC/NSA/PCU Immediately and continuous	
	Equip strategic seed farms of ARC with basic equipment for supplemental irrigation.			
	Provide two air-screen cleaner - small and medium-size capacity – for the conditioning of breeder and higher generation seed respectively.	PCU IFAD HQ/PCU	By April 2014 By April 2014	
	Recruitment of a consultant to assist ARC in developing a participatory research	IFAD/PCU	By December 2013	
	Study tour for two members of ARC to India to learn more about participatory research for Target crops	IFAD/PCU	By January – February 2014	

	To intensify facilitation and training on Guidelines/Checklist (developed by the ARC/Extension) for activities on extension activities	SCU/PCU	Immediately and continuous
	The state Ministry of Agriculture, local extension organization should ensure compliance of their staff members to standard norms and practices of extension work	State MoA/SCU/	Immediately
	Adequate resources and facilities should be made available to extension workers by their state ministries to carry their tasks	States Ministry of Agriculture	Immediately and continuous
	Give to each farmer the size of plot they can easily handle.	PCU/MoA	Immediately and continuous
	Commence the processes for the development of a National Seed Policy and Plan through state and national seed forum and a seed policy document prepared for ratification of Government.	By April 2014	PCU/SCU/NSC/State & Local Governments
	Contract UPOV to assist in reviewing and develop a comprehensive legislation to cover seed and plant variety protection concerns.	By April 2014	PCU/IFAD HQ/NSC/NSA
	Problems of locating the NSA agent in North Kordofan should be reported to the highest authorities in the Ministry of Agriculture for immediately resolution.		
	Develop appropriate mechanism for steady release of funds of project funds to implemental partners like ARC and state extension services should be developed to facilitate the implementation of project activities.	Immediately MoF/MoA/State MoA/	PCC/NSA/PCU Immediately and continuous
	Sign the MoU with the Arab Sudan Seed Corporation	PCU/ASSCO	By Mid-October 2013
	A total of 32 manual inter-row weeders to be procured for the CDC in the locality of seed producers.	PCU/SCU/States MoA	By December
	Initiate pre-season training of farmers emphasizing impact points such as seeding rate, plant population, method of fertilizer application and frequency of weeding effect on increase yield beyond the present level.	SCU/PCU	By April 2014
Sustainability	ARC and PSC should resume their full responsibilities and ensure effective delivery of all expected outputs from the next planting season.	ARC/PSC/PCU	By December and continuous
	The project should broaden its sustainability framework to include seed crop diversification beyond present mandate e.g. by adding the seed of range land crops that are in popular demand by the livestock sector for grazing	PCU/CCU/SCU	By January 2015

along the route stock and also by linking project outputs with crop transformation of the agro-industry – taking advantage of government's plan to reduce importation of cooking oil by increasing local production using adapted oil seed crops. This should be fully looked into in the MT review.

Fiduciary Aspects

Requirement of minimum application size, for contracts in foreign currencies has been waived; project will only submit applications for replenishment when either, 90 days have passed since last submission or 30% of initial advance has been utilized, whichever is earlier.	PCU and IFAD	On-going
The incorrect debit of Euro 10,305.40 to the Designated Account will be resolved with Central Bank of Sudan, El Obeid branch to ensure the same is credited back to the account.	PCU	October 31, 2013
Transfer of SDG 25,000 to the NSA account that should have been opened.	PCU	October 31, 2013
Submit semi-annual financial statements as part of progress reports. Format will be provided by IFAD.	PCU and IFAD	December 2013
Statement of funds paid by Ministry of Finance, on behalf of the project for VAT and customs duties Ministry of Finance and PCU	Ministry of Finance and PCU	October 31, 2013
Use of the IFAD TORs for audit of financial statements for 2013	PCU	December 31, 2013
Training of finance staff to be funded by SDP to ensure dissemination of IFAD's revised policies and procedures	PCU and IFAD	March 2014

Other: M & E

Finalize the terms of reference of the Technical Committee and proceed with its establishment by end of October 2013	PCU	By end of Oct. 2013
Finalize the M&E activities that are still pending: (i) baseline surveys; (ii) beneficiary database; and (iii) NSA seeds database.	PCU	By Jan 2014
Prepare the AWPB 2014 following the process prescribed in the design report.	PCU	By end of Nov. 2013
Put in place a system to monitor that the special quotas for gender and youth mainstreaming in the SGGs and GPGs (30% for women and 20% for youth) are respected.	PCU	By end of Nov. 2013

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

Activity	Unit	Project Target & Cumulative achievement			Year 2013 AWPB		
		Project Target	Cumulative achievement (May 2012 - June 2013)	Cumulative achievement %	Plan	Achievement (Jan - Jun)	Achievement %
Component I: Institutional and Regulatory Environment Strengthening and Development							
A. Federal Level							
1. Infrastructure							
Refurbishment of Central Laboratory	No.	1	0	0	1	0	0
2. Technical Assistance							
Plant variety protection legal expert (IC)	Person month	2	0	0	2	0	0
M & E Design - for NSA (IC)	Person month	2	0	0	1	0	0
Plant breeding strategy developed (IC)	Person month	2	0	0	2	0	0
Plant breeding strategy developed (NC)	Person month	2	0	0	2	0	0
M&E Annual Follow up (NC)	Person month	6	0	0	1	0	0
3. Training							
PVP Legislation Consultative Workshop	Workshop	1	0	0	1	0	0
PVP training for breeders and NSA staff	Workshop	2	0	0	1	0	0
Seed Health Testing Course	Trainee	2	1	50	1	1	100
ISTA laboratory quality assurance	Trainee	2	0	0	1	0	0
Variety identification	Trainee	2	0	0	2	0	0
Train SA staff - inspectors and seed analysts	Workshop	6	2	33	1	1	100
Training of Trainers on Seed Technology	Trainee	1	0	0	1	0	0
Computer training & specialised software	Course	1	0	0	1	0	0
Facilitate the convening of a national bi-annual forum	Forum	12	0	0	2	0	0

Activity	Unit	Project Target & Cumulative achievement			Year 2013 AWPB		
		Project Target	Cumulative achievement (May 2012 - June 2013)	Cumulative achievement %	Plan	Achievement (Jan - Jun)	Achievement %
Annual subscription - ISTA	No.	6	1	17	1	0	0
Annual participation in proficiency tests	No.	6	0	0	1	0	0
Participation in international Fora	Participant	6	0	0	1	0	0
National Forum	Forum	1	0	0	1	0	0
Thematic seminars, and workshops	Person month	18	1	6	3	1	33
B. State Level (SK and NK)							
1. Infrastructure							
Rehabilitate offices and staff accommodation	No.	2		0	2	1	50
2. Training							
Seed health testing	Course	4		0	2	1	50
Tetrazolium test	Course	4		0	2	0	0
Seed pathology	Course	4		0	2	0	0
Seed sampling	Course	4		0	2	0	0
Seed processing	Course	4		0	2	0	0
Seed storage	Course	4		0	2	0	0
Training of NSA staff out posted to state level	Course	4		0	2	2	100
Facilitate the convening of a state forum	Forum	4		0	2	0	0
Component II: Improvement of the Seed Production System							
A. State Level (NK and SK)							
1. Infrastructure							
Renovate breeders' seed storage at ARC /m	Facility	2		0	2	1	50
2. Training and Capacity building							
2.1 Capacity building of ARC staff							

Activity	Unit	Project Target & Cumulative achievement			Year 2013 AWPB		
		Project Target	Cumulative achievement (May 2012 - June 2013)	Cumulative achievement %	Plan	Achievement (Jan - Jun)	Achievement %
Crop Breeding (ARC)	Course	2		0	2	0	0
Water harvesting techniques (ARC)	Course	2		0	2	0	0
Participatory research (ARC)	Course	2		0	2	0	0
Participatory research committees formed	No.	20	4	20	8	4	50
Participatory research on-farms implemented	No.	120	14	12	20	14	70
2.2 Capacity building of Extension Teams staff							
Seed production and marketing practices training	Course	2	1	50	2	1	50
Training of village-based extension staff	Course	2	2	100	2	2	100
Sensitization training/awareness on gender issues	Course	2		0	2	0	0
ICT in agriculture for M&E	Course	2		0	2	0	0
Best practice in M&E and impact assessment	Course	2		0	2	0	0
2.3 Capacity building of farmers groups							
Number of SGGs formed	No.	32	10	31	6	6	100
Farmers accessing advisory services for seed production (Men)	No.	900	247	27	168	143	85
Farmers accessing advisory services for seed production (Women)	No.	380	157	41	72	101	140
Quantity of certified seeds produced by SGGs	MT	2,500	46	2	400	0	0
No. of farmers received insurance services	No.	1,280	0	0	244	0	0
Total funds disbursed by IFAD for crop insurance	SDG '000	529	0	0	58	0	0
Total funds disbursed by GoS for crop insurance	SDG '000	694	0	0	58	0	0
Total funds disbursed by Farmers for crop insurance	SDG '000	165	0	0	0	0	0
National Exchange visits on successful experiences	Tour	12	0	0	4	0	0
Exchange visits incentive for seed growers	Tour	2	0	0	1	0	0
Regional exchange visits on successful experiences	Tour	2	0	0	1	0	0

Activity	Unit	Project Target & Cumulative achievement			Year 2013 AWPB		
		Project Target	Cumulative achievement (May 2012 - June 2013)	Cumulative achievement %	Plan	Achievement (Jan - Jun)	Achievement %
Workshop for leaders of seed producer groups	Workshop	2	0	0	1	0	0
C. Project Facilitation							
1. Technical Assistance							
Participatory Research expert (IC)	Person month	2	0	0	2	0	0
Training needs assessment for Extension staff	Person month	2	2	100	2	2	100
Quantity of registered seed produced by ARC	MT	226	0	0	39	0	0
Component III: Seed Market Development Support							
A. Project Facilitation							
1. Technical Assistance							
Market systems/market research study (IC)	Person month	1	0	0	1	0	0
Market systems/market research study (NC)	Person month	2	0	0	2	0	0
Develop trader database	Person month	3	0	0	3	0	0
Development of PSCs business plan	Person month	2	0	0	1	0	0
2. Training							
Technical/specialised training	Course	2	0	0	1	0	0
Capacity building of traders	Course	2	0	0	1	0	0
B. State Level (NK and SK)							
1. Training & capacity building							
Formation of Grain Producers Groups (GPGs)	No.	200	102	51	105	102	97
farmers in GPGs provided with certified seeds (men)	No.	48,300	0	0	0	0	0
Farmers in GPGs provided with certified seeds (women)	No.	20,700	0	0	0	0	0
Area cultivated with certified seeds	000' fed	690	0	0	0	0	0

Activity	Unit	Project Target & Cumulative achievement			Year 2013 AWPB		
		Project Target	Cumulative achievement (May 2012 - June 2013)	Cumulative achievement %	Plan	Achievement (Jan - Jun)	Achievement %
Farmers in GPGs accessing Micro-finance services (men)	No.	28,000	0	0	0	0	0
Farmers in GPGs accessing Micro-finance services (women)	No.	12,000	0	0	0	0	0
Training of contact farmers	Trainee	400	204	51	201	204	97
Demonstration on soil and water conservation	No.	876	204	23	220	204	93
Field days	No.	240	0	0	105	0	0

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

Table 5A: Financial performance by financier

Financier	Appraisal	Current (USD '000)	Expenditures (USD '000) as at September 30, 2013	Per cent
	(USD '000)			
IFAD loan	10 070.00	10 070.00	1 349.42	13%
Government of Sudan	4 140.00	4 140.00	20.64	0%
Seed Growers and Grain Producers	2 470.00	2 470.00	-	0%
Private Sector Company	1 580.00	1 580.00	-	0%
Total	18 260.00	18 260.00	1 370.06	8%

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

Component	IFAD loan				Government of Sudan				Seed Growers and Grain Producers				Private Sector Company			Total			
	Appr.	Signed and Committed	Actuals As at 30, Sept. 2013	%	Appr.	Signed and Committed	Actuals As at 30, Sept. 2013	%	Appr.	Signed and Committed	Actuals as at 30, Sept. 2013	%	Appr.	Actuals As at 30, Sept. 2013	%	Appr.	Signed and Committed	Actuals As at 30, Sept. 2013	%
Institutional and Regulatory Environment Strengthening and Development	1320	1320	264.49	20%	660	660	0.44	0%			-				-	1980	1980	264.93	13%
Improvement of the Seed Production System	1340	1340	401.36	30%	920	920	-	0%	40	40	-		1010	-		3310	2300	401.36	12%
Seed Market Development Support	4020	4020	393.67	10%	2100	2100	-	0%	2430	2430	-		570	-		9120	8550	393.67	4%
Project Coordination and Management	3390	3390	289.90	9%	460	460	20.20	4%			-			-		3850	3850	310.10	8%
Total	10 070.00	10 070.00	1 349.42	13%	4 140.00	4 140.00	20.64	0%	2 470.00	2 470.00	0.00		1 580.00	0.00		18 260.00	16 680.00	1 370.06	8%

Table 5C: IFAD loan disbursements (SDR, as at 30 Sept. 2013)

Category		Original	Disbursement	Balance	Per cent disbursed
		Allocation			
I	Civil Works	150 000.00	24 209.24	125 790.76	16%
II	Fund	330 000.00	13 115.63	316 884.37	4%
III	Vehicles	550 000.00	353 021.55	196 978.45	64%
IV	Equipment	760 000.00	73 853.14	686 146.86	10%
V A	Technical Assistance - International TA	220 000.00		220 000.00	0%
V B	Technical Assistance - National TA	1 100 000.00	60 537.60	1 039 462.40	6%
VI	Training	1 800 000.00	62 119.60	1 737 880.40	3%
VII	Contracted Services	210 000.00	33 966.93	176 033.07	16%
VIII	Recurrent Costs	630 000.00	61 032.62	568 967.38	10%
	Unallocated	600 000.00	-	600 000.00	0%
	Authorised Allocation		878 808.89	(878 808.89)	
	Total	6 350 000.00	1 560 665.20	4 789 334.80	24.58%

Table 5d: AWPB Disbursement

By Component			
Component	2013	Actuals to date Jan 1 2013 to Sept 30	Percentage Achieved
Institutional and Regulatory Environment	3 386 312	458 632	14%
Improvement of the Seed Production System	3 248 958	829 003	26%
Seed Market Development Support	5 326 684	547 768	10%
Project Coordination and Management	1 883 936	1 087 152	58%
TOTAL	13 845 890	2 922 555	21%

By Financier			
Financier	2013	Actuals to date Jan 1 2013 to Sept 30	Percentage Achieved
IFAD	10 935 241	2 833 258	26%
GOS	646 100	89 297	14%
PSC	2 264 549	-	0%
SGGs/PGPs	-	-	#DIV/0!
TOTAL	13 845 890	2 922 555	21%

Appendix 6: Compliance with legal covenants: Status of implementation

Section	Covenant	Target/Action Due Date	Compliance Status/Date	Remarks
Section B 3.and 4	PCU to open and maintain a Project Account in local currency in a commercial bank and a designated account in Euro for the amounts withdrawn in advance.		Complied with at project start	Both special account and operating Accounts opened
Section B 5	Counterpart funds: GOS to provide counterpart financing 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 govt. policy and USD 0.39 million as contribution to recurrent costs.		Complied with	GOS is covering duties/VAT and is consistent with contribution to recurrent costs. However, insurance premium is yet to be covered since respective activities have not yet started
Schedule 1, II,	Programme Coordination Unit: the project will be managed by the PCU of the 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 the PIM.		Complied with	WSRMP PCU is managing the project and composition thereof is detailed in the SDP PIM
Schedule 1, para 9	AWPBs shall be prepared at locality level during the 3 rd quarter of each year. The AWPB to be submitted to the Fund, for its review and no objection in November of each year.		Complied with	Project is preparing and submitting AWPB for approval on annual basis
Schedule 1, para 10	M&E: the M&E system of WSRMP shall be expanded to incorporate the project. The M&E system shall be elaborated in the PIM.	December 2013	Not fully complied with	The M&E system is still not fully in place. Baseline survey still to be carried out.
Schedule 1, para. 11	The Project Implementation Manual shall be formulated, validated by the National and State government bodies and submitted to IFAD for no objection within 6 months from the date of entry into force (24 Feb. 2012)		Complied with	The PIM draft has been approved by IFAD and a workshop shall be held for discussion and launching of it

Section	Covenant	Target/Action Due Date	Compliance Status/Date	Remarks
GC, Section 7.05	Procurement: procurement of goods, works and services shall be carried out in accordance with the provision of the Recipient's procurement regulations, to the extent such are consistent with the IFAD procurement Guidelines. Each procurement Plan shall identify procedures which must be implemented by the Recipient in order to ensure consistency with IFAD Procurement Guidelines.		Not fully complied with	Lapses observed in procurement procedures. Discussion and training is on-going to mitigate the situation
GC, Section 9.03,	Audit: Each fiscal year, have the accounts audited in accordance with auditing standards and IFAD Guidelines on Project Audit by independent auditors acceptable to the Fund. Within 6 months of the end of each fiscal year, furnish to IFAD the fund a certified copy of the Audit report and the reply of the Management Letter of the auditors within one month of receipt.		Complied with	The project accounts are being audited annually by GOS Auditor General and certified audit reports are submitted to IFAD. However, FY 2012 submission was delayed.
Section 4.06	Progress reports to be submitted to IFAD on a semi-annual basis.		Complied with	Progress reports are submitted to IFAD on semi-annual basis
GC, Schedule 8.03.	A Mid-Term Review (MTR) to be carried out jointly by the Recipient and IFAD.			The Mid-Term Review is expected to take place in FY 2015.

Annex 1 :Procurement Review

Objective of the Mission

The objective of the supervision mission is: (i) to review both the technical and fiduciary aspects of SDP (ii) to take stock of the progress made in the implementation of the Project, in particular on aspects and issues highlighted during the latest missions; and (ii) to provide recommendations on how to improve implementation.

Background

The portfolio of IFAD in Sudan is quite varied and covers a wide range of activities and extend over vast geographical regions. IFAD procurement guidelines for IFAD financed projects and the specific project agreements govern the procurement activities under the IFAD program in Sudan.

Objectives of the assignment

As part of an on-going efforts to strengthen the fiduciary functions of IFAD co-financed projects, the Procurement Consultant will provide support to the Portfolio Advisor in carrying out a procurement assessment for Sudan (WSRMP, SDP, SUSTAIN) and will support the Sudan Country team by providing procurement support, monitoring and coaching as part of the supervision missions for some of the on-going projects.

As part of the independent review, the following areas were looked into:

- A. Procurement plans, project procurement procedures and documents, including the contract records were examined to ensure compliance with IFAD procurement guidelines and Grant Agreement;
- B. Assessed whether procurement was implemented in accordance with the plan, procedures, procurement schedule of the project and whether there are any bottlenecks. Special focus was given to procurement activities carried out at the Project Coordination Unit (PCU) level;
- C. Procurement post review over a sample of contracts that were not subject to prior review procedures was conducted.
- D. Correspondence and Records Management
- E. Staffing: capacity and adequacy
- F. Internal Controls and Audit

A. Procurement planning

Findings:

1. The Project procurement planning and plans are in accordance with the planned Project annual work plan and budgets (AWPB) during the years of the implementation of the project since the year 2006 till the year 2013 (the period under review, Plans attached).
2. From the General Assessment of the Procurement Plans (PP), the following weaknesses have been identified in these plans:
 - (i) Plans not regularly updated.
 - (ii) The implementation schedule is missing (available only for 2009 plan)
 - (iii) Methods of procurement used are incorrect (not standard methods) and not consistent with the approved thresholds; there is a general lack of understanding of the methods of procurement and their definitions by the Projects.
 - (iv) There are no detailed procurement plans and the project is working only with Procurement Summary plans (although the IFAD Procurement Handbook provide for that)

Accordingly, the following **recommendations** are made:

- a. **Capacity Building:** More than just formal training, a comprehensive capacity building programme is required. Foremost, on the job training and mentoring support (especially in the early days) will be necessary for staff engaged and handling procurement. In addition, procurement awareness for coordinators on importance of procurement planning and update; and how to use the plans as an efficient management tool is critical.
- b. **Contracts Records:** a contracts register is in place since the beginning of the project and is up to date; this aspect is assessed as satisfactory. Updated registers should be submitted to IFAD country office on a monthly basis. **(Rating table attached).**

B. Assessment of procurement implementation in accordance with the plan

The project is monitoring the status of procurement implementation for the last 3 years (see **status of implementation of SDP procurement Status year (.2012.2013) " see attached table No.(3)).** However, it is recommended that this monitoring status be integrated in the procurement plan to facilitate the review of procurement progress.

Compatibility between procurement processes and IFAD guidelines and Grant Agreement.

Approximately 40% of procurement planned in 2013 is carried out by the PCU following local shopping procedures/direct or single source selection compatible with the government procurement procedures.

The consultant finds that a proper IFAD no objection is obtained but still there is an issue of understanding and compatibility with the implementation the guidelines as provided above.

Recommendation: Given the substantive volume of procurement handled at the PCU level, it is necessary that this function is formalized through proper terms of reference with capable staff. Based on the review undertaken, with respect to contracting and contract termination, these are considered as compatible with the Grant Agreement.

C. Conduct procurement post review over a sample of contracts that were not subject to prior review procedures

The consultant reviewed the contracts (through random selection) that have had post review and that is usually executed by the Program Coordination Unit (CCU) and the State Coordination Units (SCUs), accordingly the below list of contracts were selected:

WORKS	GOODS
no contracts were reviewed – <i>works in procurement plan 2013 are under prior review</i>	Equipment for seed database
	Laptop computers – for professional
	Desktop computers – for support staff
	Specialized equipment to set up MIS

Findings: These contracts were reviewed carefully and the consultant reached the following conclusion:

- Government procurement procedures were followed in terms of advertising, formation of committees and evaluation of bids and recommendations /award of contracts.
- The evaluation of these small contracts was clear and tidy in terms of results.

D. Correspondence & Records Management

Findings: In the course of the assessment, two areas of weaknesses were identified as follows:

a. Correspondence and Communication - There was no evidence that communication between the project and bidders have taken place during the procurement process. To ensure that the purpose and objectives of the procurement records can be best realised all communications, decisions and instructions between IFAD and Borrower/recipients/Recipients and between Borrower/recipients/Recipients and bidders, suppliers, contractors or consultants should be exchanged or recorded in writing;

b. Records to be retained – Procurement records are not maintained in separate procurement files but are scattered in several files either in administrative office files or the Secretary's custody. Best practice determines that each procurement activity should have its own separate file or folder or dossier where records are kept properly coded in chronological order, relating only to the matter of the procurement in question. Documents relating to the procurement of other times must not be mixed in the procurement record. The purpose is to be able to review at any one moment the entire historical record of the procurement of one requirement in a logical and sequential manner. The following table shows what procurement files, folders or dossiers should contain:

Document	Preferred Format
(i) a copy of the published advertisement or shortlist (if applicable) *	Hard copy
(ii) a copy of the published pre-qualification and invitation documents and any amendments, extensions or clarifications that were requested and issued*	Hard copy
(iii) a record of tender opening signed by all present	Hard copy
(iv) a full copy of each bid received and evaluated, plus clarifications requested and responses received	Hard copy
(v) a copy of the evaluation report*	Hard copy
(vi) signed minutes of all meetings relating to the procurement, including pre-bid and negotiation meetings where these were held	Hard copy
(vii) a contract award notice*	Hard copy
(viii) any letter of tender acceptance to the supplier, contractor or consultant*	Hard copy
(ix) the signed contract document and contract acceptance*	Hard copy
(x) any contract amendments*	Hard copy
(xi) all contractual correspondence between the procuring entity and a supplier, contractor or consultant	Hard copy
(xii) post-contract documents relating to the fulfilment of contract obligations, in particular photocopies of bank guarantees or payment guarantees	Hard copy
(xiii) signed minutes of any meetings related to contract management, including contract progress or review meetings	Hard copy
(xiv) signed delivery documents evidencing delivery of supplies or signed completion certificates in relation to a contract for services or works under the contract including any contract delivery records	Hard copy
(xv) a copy of all invoices for works, services or supplies including work-papers verifying the accuracy of payments claimed and details of the actual payment authorized H	Hard copy
(xvi) a copy of cumulative payment worksheets/records evidencing management of all payments made	Hard copy
(xvii) a copy of all submissions to and all decisions of the appropriate approval authority related to the procurement including the approval of the invitation documents, approval of the evaluation report(s), contract award, approval of contract Documents and contract amendments and any decision to suspend or cancel procurement proceedings.	Hard copy
(xviii) a copy of any claims made by the procuring entity in respect of any warranty, non-warranty, short supply, damage and other claims upon the provider or upon the procuring entity	Hard copy
(xix) in the case of IFAD prior review, all submissions and correspondence in relation to the seeking of IFAD's 'no objection'	Hard copy
xx any other communications relating to the procurement in questions including internal entity correspondence	Hard copy

We wish to recall the following procedures as per IFAD handbook:

Essential to the evidencing of a transparent and auditable procurement process is the maintenance of accurate record keeping and use of procurement reference numbering systems. Effective correspondence and communications are critical to the management of relationships with bidders,

suppliers, contractors and consultants but may commit or bind originators and recipients to a course of action with legal, contractual or financial Implications. Documentary records, both in print or electronic format, are therefore essential for efficient and effective management of activities as they provide evidence in support of decisions and actions taken, and provide an audit trail for verification of transparency, accountability and effectiveness. Efficient records management is also essential to ensure effective storage, retrieval and use with due regard to security, integrity and confidentiality. The IFAD General Conditions for Agricultural Development Financing require that Borrower/recipients/Recipients retain documents and records for review by IFAD at any time within a period of three years after completion of the bid or contract. Pursuant to that requirement, this module provides general rules for the maintenance of basic procurement communication and records.

Quality of bidding documents. Bidding documents are usually prepared by the CCU on behalf of the projects. At project level only shopping documentation is prepared and usually of varied quality. **Recommendation:** standard bidding documents for competitive and shopping will be applied for CCU and PCU/ SCU's managed procurement.

E. Staffing

The Administrative Officer is carrying out the functions of a Procurement Officer but without the necessary training, experience or proper terms of reference. Procurement with an estimated value of US\$ 50 000 or less is carried out by the officer and usually through local shopping methods. It is recommended that the Terms of Reference for all the staff handling procurement should be updated and the necessary training provided.

F. Internal Controls

There is no evidence of audit or oversight being undertaken on procurement handled by the projects on a regular basis. At least quarterly progress reports should be submitted to the IFAD Country Office for reviews and procurement should be supervised at least once a year. Mandatory annual procurement reviews should be put in place by an external reviewer for projects from the 2nd year of implementation and beyond.

SUMMARY ASSESSMENT assessment tool

Areas	Ratings	Remarks
Procurement Planning	Unsatisfactory	No monitoring and update; incorrect methods defined
Procurement Implementation	Moderately satisfactory	Applying government procedures but without technical knowledge and training; Contract monitoring ok
Documentation sample post review	Moderately satisfactory	Some deviations from procurement methods
Correspondence & Records Management	Unsatisfactory	No separate files available
Staffing Capacity and Adequacy	Unsatisfactory	Not trained and No TORs
Internal Controls and Reviews	Unsatisfactory	No regular procurement review

Red: Unsatisfactory

Yellow: Moderately Satisfactory