

Zambia

Enhanced Smallholder Agribusiness Promotion Programme

Supervision Report

Main report and appendices

Mission Dates: 13 - 24 May 2019

Document Date 02/08/2019

Project No. 2000001405

Report No. 5121-ZM

East and Southern Africa Division
Programme Management Department

Abbreviations and Acronyms

ABM	Agribusiness and Marketing Department
AfDB	African Development Bank
AWPB	Annual Work Plan and Budget
CAADP	Comprehensive Africa Agricultural Development Programme
CFU	Conservation Farming Unit
CKMO	Communication and Knowledge Officer
CoA	Chart of Accounts
COMACO	Community Markets for Conservation
COSOP	Country Strategic Opportunities Programme
CPMT	Country Programme Management Team
DBZ	Development Bank of Zambia
DCU	District Cooperative Union
DLD	Department of Livestock Development
DoA	Department of Agriculture
E-SAPP	Enhanced Smallholder Agribusiness Promotion Programme (IFAD)
E-SLIP	Enhanced Smallholder Livestock Investment Programme (IFAD)
ESMF	Environmental and Social Management Framework
ESMP	Environmental and Social Management Plan
FaaB	Farming as a Business
FAM	Finance and Administration Manager
FAO	Food and Agriculture Organisation
FBS	Farmer Business School
FFS	Farmer Field School
FM	Financial Management
FRA	Food Reserve Agency
FSP	Fertilizer Support Programme
GALS	Gender Action and Learning System
GDP	Gross Domestic Product
GRZ	Government of the Republic of Zambia
HDI	Human Development Index
HIPC	Heavily Indebted Poor Country
IAPRI	Indaba Agricultural Policy Research Institute
IFAD	International Fund for Agricultural Development
IP	Intervention Plan
JMR	Joint Monitoring Review
LF	Lead Farmer
M&E	Monitoring and Evaluation
MoA	Ministry of Agriculture
MCTI	Ministry of Commerce, Trade and Industry
MFI	Microfinance Institution

MFL	Ministry of Fisheries and Livestock
MFNP	Ministry of Finance and National Planning
MGF	Matching Grant Facility
MIS	Management Information System
MoU	Memorandum of Understanding
MSME	Micro, Small and Medium Enterprises
MTR	Mid-Term Review
NAIP	National Agricultural Investment Plan
NAIS	National Agricultural Information System
NDP	National Development Plan (Sixth and Seventh)
NGO	Non-Governmental Organisation
NO	No Objection
ORMS	Operational Results Management System
PARM	Platform for Agricultural Risk Management
PBAS	Performance-Based Allocation System
PCO	Programme Coordination Office
PDG	Programme Design Group
PIM	Programme Implementation Manual
PM&E	Planning, Monitoring and Evaluation
PPD	Policy and Planning Department (MoA and MFL)
PPPP	Public Private Producer Partnership (4P)
PROFIT	Production, Finance and Technology (USAID)
PSC	Programme Steering Committee
RIMS	Results and Impact Monitoring System
RUFEP	Rural Finance Expansion Programme (IFAD)
SAPP	Smallholder Agribusiness Promotion Programme (IFAD)
SCCI	Seed Control and Certification Institute
SECAP	Social, Environmental and Climate Assessment Procedures
SHEMP	Smallholder Enterprise and Marketing Programme
S3P	Smallholder Productivity Promotion Programme (IFAD)
SCI	System of Crop Intensification
SRI	System of Rice Intensification
TLC	Total Land Care
USD	United States Dollar
VfM	Value for Money
WA	Withdrawal Application
WB	World Bank
WFP	World Food Programme
ZADF	Zambia Agribusiness Development Forum
ZAMACE	Zambia Agricultural Commodities Exchange
ZARI	Zambia Agricultural Research Institute

ZCF	Zambia Cooperative Federation Ltd
ZEMA	Zambia Environmental Management Agency
ZMW	Zambian Kwacha
ZNADS	Zambia National Agribusiness Development Strategy
ZNFU	Zambia National Farmers Union
ZPPA	Zambia Public Procurement Act

A. Project Overview

Region:	East and Southern Africa Division	Project at Risk Status:	Actual problem
Country:	Zambia	Environmental and Social Category:	B
Project Name:	Enhanced Smallholder Agribusiness Promotion Programme	Climate Risk Classification:	2
Project ID:	2000001405	Executing Institution:	Ministry of Agriculture and Livestock
Project Type:	Credit and Financial Services	Implementing Institutions:	Ministry of Agriculture and Livestock
CPM:	Ambrosio Barros		
Project Director:	Kwibisa Liywalii		
Project Area:	National in all 10 Provinces		

Approval Date:	14/12/2016	Last audit receipt:	29/06/2019
Signing Date:	06/07/2017	Date of Last SIS Mission:	24/05/2019
Entry into Force Date:	06/07/2017	Number of SIS Missions:	3
Available for Disbursement Date:	16/10/2017	Number of extensions:	0
First Disbursement Date:	16/10/2017	Effectiveness lag:	7 months
MTR Date:	not available yet		
Original Completion Date:	30/09/2024		
Current Completion Date:	30/09/2024		
Financial Closure:	not available yet		

Project total financing

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

Current Mission

Mission Dates: 13 - 24 May 2019

Days in the field: 5

Mission composition: Mr. Ambrosio Barros, IFAD Country Director and Team Leader; Ms. Paxina Chileshe, Deputy Team Leader & Climate Expert; Ms. Linda Magombo-Munthali, Agribusiness/Value Chain Expert; Ms. Silvia Sperandini, Nutrition & Social Inclusion Expert; Mr. Manuel Mang'anya, Monitoring and Evaluation and Knowledge Management Expert; Mr. Fabrizio Vivarini, Financial Management Specialist; Ms. Nester Mashingaidze, Agronomist (20-31 May 2019); Ms. Sashwati Mishra, Gender and Social Inclusion Specialist – IFAD New Delhi; Mr. Alessandro Neroni, Procurement Expert

Field sites visited: Kasama, Senga district, Lunte district, Chipata district Mungwi district: Mumba Mupesa (10°20'11.2"S - 31°49'31.2"E); Mumba Kakoba (10°20'40.5"S - 31°50'05.2"E); Mumba Secondary School.

B. Overall Assessment

Key SIS Indicator #1	Ø	Rating	Key SIS Indicator #2	Ø	Rating
Likelihood of Achieving the Development Objective		3	Assessment of the Overall Implementation Performance		3

Effectiveness and Developmental Focus	3	Project Management	3
Effectiveness	3	Quality of Project Management	3
Targeting and Outreach	4	Knowledge Management	4
Gender equality & women's participation	3	Value for Money	3
Agricultural Productivity	N/A	Coherence between AWPB and Implementation	3
Nutrition	3	Performance of M&E System	3
Adaptation to Climate Change	4	Requirements of Social, Environmental and Climate Assessment Procedures (SECAP)	3

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

Relevance	5
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C. Mission Objectives and Key Conclusions

Background and Main Objective of the Mission

The second supervision and implementation support Mission for E-SAPP visited the Republic of Zambia during the period 13th to 24th May 2019 to review progress and provide support as may be necessary for effective implementation of the Programme. The specific objectives were: (i) Assess the status of implementation progress, (ii) Identify and find solutions to any bottlenecks that are hampering implementation and provide support to the PCO as required, (iii) Undertake a review of the 2019 Annual Work Plan and Budget (AWPB); (iv) Review fiduciary aspects and procurement issues; (v) Ensure E-SAPP become climate-proofed; (vi) Foster the gender and nutrition focus of the Programme; (vi) Follow up on the observations made by the April-May 2018 Supervision and November 2018 Implementation Support Mission; and (vii) restructure the Programme where necessary based on the previous points.

The Programme Development Objective (PDO) and central strategy of E-SAPP is to *"increase the volume and value of agribusiness output sold by smallholder producers"*. E-SAPP will work with entire value chains, from input suppliers through to end users, with the aim of improving the economic surplus generated by the value chain, by identifying areas where efficiency, productivity and quality can be improved.

The Programme has three components, namely: **Component 1: Enabling Environment for Agribusiness Development Growth** supporting the GRZ to establish an enabling policy and institutional environment for commercially driven agriculture and rural development. **Component 2: Sustainable Agribusiness Partnerships** supporting interventions that aim at facilitating the process of upgrading smallholder farmers' position in agricultural value chains, through fostering partnerships with the private sector agribusinesses. **Component 3: Programme Implementation and Portfolio Alignment** has the objective to provide (i) overall coordination and support services for E-SAPP; and b) to provide a process for the operationalisation of the portfolio alignment.

E-SAPP total costs are estimated at about USD 29.7 million over the seven-year Programme implementation. IFAD finances E-SAPP through a grant of about USD 1 million and a loan of about USD 22.5 million. Government of the Republic of Zambia (GRZ) will finance the taxes and duties (USD 2.1 million, being 6.4% of total costs). Beneficiaries will contribute USD 1 million, being 3.2% of Programme costs; it will consist mainly of in kind contribution. The Private Sector will contribute USD 5.6 million mainly through the Matching Grant Facility (MGF). Indaba Agricultural Policy Research Institute (IAPRI) will contribute USD 0.5 million, mainly through technical assistance for policy development and support. Platform for Agricultural Risk Management (PARM) will contribute USD 0.2 million to fund agriculture risk management related activities.

The Mission interacted with different stakeholders, including the Permanent Secretary and Directors of all the Departments in MoA and the Ministry of Fisheries and Livestock that are directly related to the objectives of E-SAPP.

Field trips were undertaken jointly with, Government Representatives and E-SAPP team in the districts of Mungwi, Lunte and Senga Hill of Northern Province and Chipata of Eastern Province to meet and discuss with district, provincial and camp offices, farmers organizations and cooperatives, beneficiaries, stakeholders and four partner service providers: Nannette, PAMACO, COMACO and Heifer International.

Pre-wrap up meetings were held on 17th May 2019 in Kasama with the implementing partners involved in the Northern Province and on 23rd May 2019 with the staff of the PCO. A final wrap up meeting was held on 24th May 2019 in Lusaka under the chairpersonship of Mr Songowayo Zyambo, Permanent Secretary, and attended by representatives of key stakeholders. The final Aide Memoire will be signed by Mr Songowayo for GRZ - MoA, and the IFAD Country Director during his next visit to the Country.

The Mission would like to express its appreciation to GRZ for the hospitalities and courtesies extended and to the E-SAPP staff and partners for their contributions to the Mission's outputs.

Key Mission Agreements and Conclusions

The formal launch of E-SAPP took place on 26th October 2017. The organizational structure of the Programme has been set-up and most of the positions at the PCO have been filled, with the exception of the Socio-Economist and Nutrition Experts. The Mission is pleased to notice that the organization of Programme activities at the province and district level relies on qualified and motivated MoA staff, as noted during the field visits in Northern Province.

However, the Programme performance is affected by the delayed start-up of key activities in the field. During the first 18 months of implementation, GRZ and the E-SAPP team have been mostly engaged in preparatory activities, such as the selection of areas to be supported by the Programme, set-up of agribusiness unit, identification of community-based facilitators, and the identification process of farmers' groups and households to be supported directly.

The delay was also due to the late identification of partners and service providers to be engaged. The Mission noted that at this initial stage of implementation, there is not a clear demarcation of roles and responsibilities particularly between E-

SAPP and the officers at the National, Provincial and District level. The project shall ensure that adequate technical support is timely provided to the different government officers (specially the frontline workers such as the Camp Extension Officers), as the project progresses into implementation

The mission and PCO, agreed that particular attention should also be given to the following aspects:

- Definition of the FaaBs model and establishment of the FaaBs;
- Identification and engagement of the 4Ps MGF service provider;
- Development of FaaBs curricula with a special focus on climate resilient, gender responsive and nutrition-sensitive agricultural practices;
- Identification of other partners organizations, agri-business and value chain actors (able to link with remote areas as well);
- Engagement of women, youth and other vulnerable groups;
- Set up of a robust M&E strategy based on a bottom up approach (monitoring the activities from beneficiaries up to the PCO);
- Carry out the baseline survey;
- Keep the cost of workshops and meetings and staff trainings under a much stricter control and ensure that those activities are always performed with due regard to economy and efficiency, and in line with budget estimates;

The MGF will encourage and support proposals as well as establish partnerships with service providers of labour saving practices such as:

- mechanisation of tillage, weeding, harvesting and processing
- integrated pest management: pests, weeds and disease diagnosis and management
- analysis-based soil nutrient management
- post-harvest storage
- irrigation and water management

Fast-tracking the implementation of Components 1 and 2 while not compromising the quality of the deliverables.

D. Overview and Project Progress

E-SAPP has only been implemented for 18 months. The immediate activities undertaken for the components are summarised below.

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

Sub-Component 1.1: Agribusiness Policy Development. Preliminary consultative meetings were held between the PCO and the IAPRI to formalise the partnership and commence activities aimed at the development of the Zambia National Agribusiness Development Strategy (ZNADS). The facilitation of this partnership is critical to implementation of Component 1 which will be the first step in systematically involving public and private stakeholders to work towards improving the agribusiness policy environment in the country. The design envisioned that IAPRI would facilitate the development and implementation of the ZNADS under the leadership of MoA. IAPRI has recruited a lead Facilitator who will be responsible for leading stakeholder engagement, policy analysis, key studies and recommended assessments and is currently facilitating development of the strategy Road Map that will be used to come up with specific stakeholder engagements. MoA and IAPRI are negotiating a MoU to define the roles, responsibilities and obligations of the parties.

A road map, from stakeholder consultation to actual implementation of the strategy is available. The strategy will be complete for implementation by January 2020.

Sub-Component 1.2: Institutional Strengthening for Agribusiness. The focus of this subcomponent is strengthening the capacity of the public institutions assigned the responsibility of overseeing and/or implementing the different E-SAPP interventions.

During the period under review, the development of Category A Farmer Identification and Selection Guidelines (FISG) was completed and province and district staff were oriented on the guidelines. Orientation of Camp agriculture committees responsible for identification, selection and registration of farmers has commenced. It is expected that when identification of farmers is completed, FaaBs training will commence. Recruitment of the service provider has however delayed. Subsequently training of trainers and delivery of the FaaBs training will delay. The mission recommends a technical working group should be instituted to review and adapt existing manuals on market-oriented farming to develop modules for the FaaBs curriculum. The technical working group should include Department of Agribusiness, Department of Agriculture, Department of Fisheries and Livestock Marketing, Department of Fisheries, Department of Cooperatives, ESAPP and any relevant stakeholders. Rather than wait for the service provider to develop the manual, it will be important for the technical working group to start developing the FaaBs manual as there is limited time to implement the FaaBs approach before the MTR. The FaaBs need to be functional by early September in order for lead farmers to be trained and in turn train farmers in their producer groups before the onset of the 2019/20 cropping season.

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

Subcomponent 2.1 Strategic Linkage of Graduating Subsistence Farmers to Markets—Implementation of the activities in the subcomponent has delayed as FaaBs service provider is yet to be hired and FaaBs manual is not developed. When the FaaBs service provider is in place, 240 schools from 60 camps are earmarked for FaaBs. ESAPP should fast track rolling out of the FaaBs approach as recommended in subcomponent 1.2 above. For the FaaBs approach to be effective, the lead farmers participating in the FaaBs should belong to farmer groups. There shall be minimum two lead farmers each group to participate in FaaBs delivered by the extension worker. These two lead farmers from each group should train their group members within a week of any lesson acquired from FaaBs. Proposal is to have two lead farmers from each group to cover knowledge gaps that can occur if it is just one farmer training group members. This implies that at completion of lead farmers' FaaBs long-term training, the follower farmers would have also completed their training. Lead farmers can only graduate from the FaaBs if they have a fully-fledged parallel FaaBs attended by follower farmers.

ESAPP will use the FaaBs approach to effectively improve participation of smallholder farmers in the targeted value chains. MoA may consider the introduction of the FaaBs and mainstream the approach in the activities of the Camp Extension Officers to upscale the intervention.

Subcomponent 2.2: Enhancing Agro-Micro, Small and Medium Enterprises (MSME) Development— The Programme awaits to open the call for proposals once IFAD grants a No Objection for the MGF Operational Guidelines. The different structures of government will support the MGF implementation. To date all provinces have been oriented on the guidelines in the MGF; appointment of MGF approval Committee (MAC) is underway and External Technical Reviewers (ETRs) Terms of Reference were developed and recruitment process is in progress. Initially ESAPP was

reviewing the uncompleted applications of the SAPP sub projects however; this was suspended as SAPP MGF sub projects need to make fresh applications to adhere to the audit requirements in the ESAPP MGF. Identification of market leaders is in progress to support category A and B farmers. The market leaders should also include those involved in mechanisation, agrochemicals and post-harvest management so as to provide technical support during crop production and storage on the farm. ESAPP is creating awareness of market leaders on the opportunities available in the Programme to support partnerships that promote inclusive agribusinesses. The mission interacted with PAMACO and Nannette Investments, market leaders in bean and rice value chains in the Northern Province promoting provision of inputs to improve productivity.

Subcomponent 2.3: Facilitating Pro-Smallholder Market-Pull Agribusiness Partnerships – Procurement of the 4P service provider commenced and the SP will be in place by the third quarter of 2019. The Programme continue to engage the private sector as indicated in subcomponent 2.2. The companies the mission interacted with in the Bean and Rice value chains are resolving one of the critical challenges in the value chain, access to inputs. The value chain approach should be promoted to assess critical challenges such as poor roads that could derail progress. This increases transportation costs consequently reducing the margins accrued to farmers. It can also discourage participation of the private sector in the area. The Programme should deliberately support projects that address the problem of physical access to markets for instance by promoting transportation means through the MGF. It is also recommended that agribusiness partnerships be established with organisations that can provide services and train farmer groups on mechanisation as well as integrated insects, weeds and disease management.

The two market leaders the mission interacted with are off-takers passing on the commodity to the next player in the value chain, a processor or another aggregator. Companies working directly with farmers should be supported to add value to the commodities they are promoting farmers to produce. This will shorten the market channels and increase benefits accrued to the farmers.

The mission further noted that most of the farmers were not conversant with the seed multiplication supply contracts they signed with the market leaders. E-SAPP should facilitate translation of the contracts into vernacular and orient farmers on the implications; and explicitly indicate the pricing mechanism in the contracts so that the parties are in agreement before program seed production starts.

Agreed Action	Responsibility	Agreed Date
Overview and Project Progress		
Expedite the process of developing FaaBs Curriculum Review and adapt existing manuals on market-oriented farming for FaaBs	Agribusiness Manager	08/2019
Development of the framework for implementing the FaaBs. Development of the framework for implementing the FaaBs.	Agribusiness Manager	08/2019
Procure FaaBs Service Provider Procure FaaBs Service Provider	Procurement and Contracts Manager	09/2019
ZNADS development. Complete development of the ZNADS Development Strategy (ZNADS)	IAPRI/ Agribusiness Manager	12/2019

E. Project implementation

a. Development Effectiveness

Effectiveness and Developmental Focus

Effectiveness	Rating: 3	Previous rating: 4
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Justification of rating

28. Effectiveness is rated moderately unsatisfactory - Although the Programme set up groundwork in enabling environment component by engaging IAPRI to facilitate development process of ZNADS and oriented national, provincial and district level matching grant facility (MGF) structures in MGF operation and administrative guidelines, there are delays in engaging service providers who are key to support matching grant facilities for categories A, B & C. As a result, key Programme activities targeting beneficiary smallholder farmers are yet to begin to address their challenges since by Programme design they are supposed to be led by service providers.

Log-Frame Analysis & Main Issues of Effectiveness

The programme log-frame is well designed and the linkage of the objectives, outcomes and outputs fits with the theory of change and assumptions made. It is evident that if planned activities are implemented, they will contribute to set outputs. The log-frame has been populated in terms of setting indicator targets and in some cases baseline data has also been inputted from secondary data sources. Some indicators will be populated with baseline data once baseline survey is conducted and later set realistic targets. In its current form, the LF can be used as a basis for M&E system for systematic planning, decision-making and knowledge management activities in the programme. However, the LF should be followed by an M&E plan to operationalize all M&E activities.

Development Focus

Targeting and Outreach	Rating: 4	Previous rating: 4
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Justification of rating

Targeting and Outreach is rated moderately satisfactory. E-SAPP has a clear targeting strategy and well developed guidelines for the identification, selection and engagement of its target groups although some enabling measures for women and youth could be further strengthened. The strategy guides E-SAPP implementing partners and ensures that Programme activities are tailored to the different socio-economic characteristics and livelihoods of the target groups. Based on the lessons learned with SAPP, a graduation process has also been put in place to ensure the graduation of subsistence farmers to better off positions and an interesting inclusive and accessible matching grant facility has been developed to address the needs of the lower socio-economic groups (with the possibility to contribute with a 10% in-kind/cash only for Category A Farmers).

Main issues

Although an interesting model is in place and areas of intervention identified, there is delay in the key start-up Programme activities under component 2 (especially FaaBs and Matching Grant Facility). This makes it difficult to assess the actual engagement of the expected target groups.

Attention on youth at design has also been slightly disregarded so far since operational modalities of engagement are not well defined yet (beyond the simple sensitization workshop). The quota set for women (30%) and youth (20%) is not enough to ensure their participation and benefit from project activities. Special attention is required especially on head of household, off-school and unemployed, and female youth due to their limited access to assets (in particular land and start-up capitals). These groups face more challenges in expanding their productive and income-generating potential. However, the mission is confident that enabling measures could be put in place once the Gender and Social Inclusion Expert (so called socio-economist) is recruited.

For effective Programme outreach and strengthening its focus on poverty reduction, the mission recommends the following actions, (detailed information and guidance on the same will then be provided in the Technical Annex):

- The Gender and Social Inclusion Expert should be recruited as soon as possible and work full time to ensure the outcomes on gender, poverty reduction as well as , inclusion of youth and engagement of vulnerable groups (e.g. disable people) in E-SAPP.
- Operational modalities to ensure youth engagement needs to be defined. It can be achieved through cooperatives and farmer organizations, FaaBs as well as enhancing specific communication initiatives (e.g through social media, comics, and other channels) and awareness raising activities, tailored training and capacity building

interventions. The introduction of the Gender Action Learning System (GALS) will also be useful to help young people in developing their vision for the future, strengthen their self-determination, reflect on existing challenges and opportunities, also in relation to value chain development and agribusiness.

- In view of the existing partnership, establish linkages with Oxfam to foster the introduction of the Gender Action Learning System within selected E-SAPP areas of intervention.
- Tools for monitoring and reporting the effectiveness of the Programme in regard to gender, targeting and social inclusion has to be enhanced.
- The pace of the activities for Component 1 and 2 need to be fast tracked but should not compromise the quality of delivery of project components as well as outreach to the target groups.

Gender equality & women's participation

Rating: 3

Previous rating: 4

Justification of rating

The mission rates gender focus as moderately unsatisfactory. Achieving women's empowerment and social inclusion imply the application of an integrated and multisector approaches that could address the economic, political as well as the cultural barriers of gender inequality and exclusion. E-SAPP has been well designed to achieve gender transformation but the absence of a valid gender mainstreaming strategy, plan, budget and a dedicated staff or resource person at PCO level, as well as lack of attention on gender-sensitive value chains, trainings and other enabling measures has limited so far the potential of the project. In addition, the late start-up of the activities under component 2, especially FaaBs and the Matching Grants Facility, prevents a deeper assessment on the actual women's participation and benefit from project activities.

Main issues

The quota mechanism established with the targeting strategy and the attention to women-headed household is not enough to ensure women's participation in and empowerment from project activities. Enabling and operational measures such as gender sensitive-trainings, labour-saving technologies, would-load distribution etc. are needed to establish a conducive environment. Improvements in this regards might also be facilitated by the introduction of household methodologies already foreseen at design and by a dedicated attention to the gender-sensitivity of FaaBs. The expected introduction within E-SAPP of household methodologies, in particular the Gender Action Learning System (GALS) will be very instrumental enhance the potential of the Programme development potential, improving gender equality while promoting climate smart and nutrition-sensitive activities (operational details and contact information provided in the Technical Annex).

Other issues identified are linked to the M&E system currently in place, that also presents gaps in monitoring targeting mechanisms and women's engagement (e.g youth data are not sex-disaggregated).

However, the mission is confident that a substantial improvement can be achieved in the forthcoming months, especially if particular attention will be given to the following priority actions:

- Appoint a Gender and Social Inclusion Expert working on full time basis within the PCO. Please refer to the Technical Annex for the ToRs.
- The Gender and Social Inclusion expert should work with the PCO to build the staff capacities on gender and social inclusion and ensure that activities of the targeting and gender strategies are reflected in: (i) the preparation of the AWP/B; (ii) Design and implementation of the project M&E system; and (iii) Project progress reports.
- Develop a Gender Strategy (operational and outcomes oriented) useful to guide implementation mechanisms, and concretely define how to ensure women's participation in and benefit from project interventions (including in the FaaBs, value chain and agribusinesses-related activities).
- All types of training and capacity-building delivered through the project should be planned with a view to gender sensitivity. This requires creating a supportive environment to facilitate the full participation of women and poor people. In particular, it is important to understand and address any obstacles that may limit women's opportunities to participate. In this context, women-only sessions may be the most suitable option.
- Gender responsive and socially inclusive value chains – ESAPP should focus on selecting value chain partners with a potential to promote gender equality and social inclusion. The Gender Specialist would develop more on these criteria keeping the local context in mind and ensure the contract with the value chain providers have these embedded in them.
- Revision of Gender Agri-business strategy (include the list of indicators).

Agreed Action	Responsibility	Agreed Date
Development Effectiveness		
Recruitment of a Gender and Social Inclusion Expert Recruitment of a Gender and Social Inclusion Expert to work on gender and social inclusion (including youth)	E-SAPP coordinator/PCO	09/2019
Development of a gender (operational) strategy Development of a gender (operational) strategy that includes a detailed action plan with associated costs,	Gender and Social Inclusion Expert	12/2019
Update the M&E system Update the M&E system with socio-economic characteristics of the target beneficiaries (including, age, land, income) and gender sensitive indicators	Gender & Social inclusion Expert and M&E specialists	12/2019
Plan the roll-out of GALS Establish linkages with OXFAM and IFAD Gender Team for support	Gender and Social Inclusion Expert	12/2019
Undertake an analysis of the women's role in each of the selected VC Contribute to the identification of the service providers and VC players from a gender perspective, and/or ensure their capacitation in this regard.	Agribusiness manager/gender and social inclusion expert	12/2019
Expand the on-going collaborations with women's groups and women's cooperatives Expand the on-going collaborations with women's groups and women's cooperatives	Gender Specialist	12/2019
Contribute to the development of gender-sensitive FaaBs and training activities Contribute to the development of gender-sensitive FaaBs and training activities	Agribusiness manager Gender and Social Inclusion Expert	01/2020

Agricultural Productivity

Rating: N/A

Previous rating: 4

Nutrition

Rating: 3

Previous rating: 4

Justification of rating

The mission rates nutrition as moderately unsatisfactory. The project has been designed with a strong nutrition-sensitive focus and well identified set of activities. Interventions are being planned with appropriate resources and some awareness raising start-up workshop has been conducted. However, the late start-up of activities under component 2 and the pending recruitment of the Nutrition expert limited so far E-SAPP's potential to foster nutrition knowledge, nutrition-sensitive agri-food systems, agricultural good practices and supply chains.

Main issues

Interactions with the PCO confirmed E-SAPP attention on nutrition-sensitive activities and positive developments are expected in the short-term. To boost these objectives, the mission recommend the following priority actions:

- Conduct a basic nutrition, food gap situation analysis in the target areas and develop a nutrition strategy for the Programme;
- Development of nutrition modules for the FaaBs with a special attention on: (i) the production of nutrients enrich products (enriched rice and bio-fortified beans); (ii) food safety (both in storing and processing); (iii) pesticide management; as well as (iv) tracking and management of food waste and food loss. References to gender and youth-sensitive energy-time saving technologies will also be useful;
- Develop nutrition sensitive value chains framework to identify and pursue range of activities focussed on nutrition sensitive value chains, income generations, women's empowerment and environment sustainability;
- Ensure that farmers will get an improved nutrition sensitive agricultural production knowledge and skills and an understanding of how to fill seasonal nutrition gaps and improve dietary diversity and household food security.

With the existing KM and Communication Strategy, ensure the development of organization of multi-media nutrition communication campaigns to enhance nutrition awareness and behaviour change useful also to enhance nutritional and diet diversification of the target population.

Agreed Action	Responsibility	Agreed Date
Development Effectiveness		
Recruitment of a Nutrition Expert Recruitment of a Nutrition Expert	E-SAPP coordinator/PCO	09/2019
Conduct basic nutrition, food gap analysis, of the targeted communities Conduct basic nutrition, food gap analysis, of the targeted communities	Nutrition expert/PCO	11/2019
Development of a nutrition strategy Development of a nutrition strategy that includes a detailed action plan with associated costs	Nutrition expert/PCO	12/2019
Contribute to the development of nutrition-sensitive FaaBs and training activities Incorporating nutrition-related knowledge in curricula and learning modules	Nutrition expert/Agribusiness manager	12/2019
Partnership building Assess ongoing initiatives, explore synergies and complementarities with other partners (e.g. USAID)	Nutrition expert/PCO	12/2019
Develop a communication plan for nutrition-related campaigns Develop a communication plan for nutrition-related campaigns	Nutrition and KM/Communication Experts	01/2020

Adaptation to Climate Change

Rating: 4

Previous rating: 4

Justification of rating

Climate change adaptation is rated as being moderately satisfactory. The climate change adaptation activities for E-SAPP were not fully articulated during design. The activities were expected to be informed by the climate vulnerability analysis and mainly implemented through the matching grants to the smallholder farmers. The training in Farming as a Business (FaaB) was also expected to include climate change adaptation options for smallholders. The climate vulnerability analysis is soon to be commissioned and the manuals for the FaaB training will also soon be developed. Although activities related to climate change adaptation are presently very limited there is scope to ensure mainstreaming through the MGF activities and FaaB. Messages can be developed for integration in manuals and MGF proposals.

Main issues

The development of the Agribusiness Strategy presents an opportunity to integrate climate change adaptation. The consultative process envisaged for the development of the strategy will include thematic thought provoking presentations from experts. Climate change will be one of the topics covered. In addition the climate change focal points in the MoA, MFL and other line Ministries can capture some of the emerging risks related to climate change that will be raised by the stakeholders to effectively integrate risk management in the strategy.

The climate vulnerability analysis will be undertaken by CIAT, who were directly selected and the single source justification took longer than anticipated. The analysis will be done along the E-SAPP value chains and therefore the recommendations anticipated for the climate change adaptation options could be packaged in fact sheets for the smallholders. To ensure the early consideration of climate change risks, these fact sheets will be shared with the District Officers that provide advice to the smallholders for matching grant proposals.

Prior to the results from the vulnerability study, IFAD's How to Note on integrating climate risk in value chain projects provides information for the E-SAPP PMU team members such as the Commodity Specialists (Crops and Livestock) to use in the messaging of climate change adaptation to the smallholder farmers and District Officers. The climate change adaptation options in the How to do Note will also inform the development of the FaaB manuals through the Commodities Specialists.

The screening criteria for the matching grant proposals does not currently include climate change risk. However it is included in the proposal development template albeit in general terms and therefore can be strengthened with some examples. The climate change risk assessment can also be included in the review of the proposals with appropriate weighting.

Indicators for the climate change adaptation have been identified such as smallholders adopting measures for climate risk management both for crop and livestock production as well as case studies that have been developed. These indicators can be refined to link to the key messages being developed and recommendations from the climate vulnerability study to ease tracking and reporting on achievements.

Agreed Action	Responsibility	Agreed Date
Development Effectiveness		
Climate change risk management in MGF proposals Include climate change risk assessment in the review criteria of proposals	PCO	09/2019
Climate change fact sheets Develop climate change facts sheets for each of the value chains based on the climate vulnerability study	PCO	03/2020

b. Sustainability and Scaling up

Institutions and Policy Engagement	Rating: 4	Previous rating: 4
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Justification of rating

Institutions and Policy Engagement is rated moderately satisfactory. There are no significant improvements as compared to the previous supervision; however, the Mission considers that the models and processes put in place by the PCO are functional to the needs of the Programme and they are expected to bring durable results in the forthcoming months. Component 1 will support the GRZ to establish an enabling policy and institutional environment for commercially driven agriculture and agribusiness which is climate-smart, socially inclusive and gender and nutrition responsive. IAPRI is developing the Zambia National Agribusiness Development Strategy (ZNADS) in consultation with GRZ and E-SAPP. The strategy will be developed by the end of the year 2019.

Main issues

Important focus group discussions and broad-based consultation processes are planned for the coming months (starting from June 2019). It is important to ensure that these consultations have adequate representation and voice from women's cooperative groups, farmers' producer groups, civil society groups working with farmers along with private sector, government bodies and other key stakeholders. Therefore, the Mission considers that the models put in place by the PCO are functional in accordance with the need of the project. The collective efforts of E-SAPP, GRZ and IAPRI is expected to translate into an enabling policy on agribusiness, along with needed support structures for its implementation.

Partnership-building**Rating: 4****Previous rating: 5****Justification of rating**

E-SAPP is designed to work with a range of GRZ ministries and departments at all levels, other partner organizations and different stakeholders. Stronger collaborations have been enabled across the different governmental offices at central, provincial, district and camp levels. However, other actors such as other international organizations, value chain players, research institutes etc. have not been systematically engaged. Efforts have been made by the PCO to explore synergies and complementarities but the information has not been systematically reported and the partnerships are not finalized. This makes it difficult to assess the potential synergies, comparative advantages and modalities of the engagement with respect to the different project activities

Human and Social Capital and Empowerment**Rating: 4****Previous rating: 4****Justification of rating**

Human and Social Capital and Empowerment is rated as being moderately satisfactory. Field visits showed that the first capacity building provided on crop practices and seeds multiplication enhanced the productivity and, together with the new market opportunities, increased the human and social capital of the small target group engaged in these activities, including farmers belonging to category A. However it is still too early to assess the actual impact of E-SAPP interventions in term of rural poverty reduction since none of the FaaBS have been established and the matching grants facility is not in place yet.

Main issues

The training sessions organized contributed to the enhancement of farmers' technical capacities, opening-up some additional income-generating opportunities, including for women. However the E-SAPP model, that is expected to ensure durable results, is not in place yet.

In order to maximize the expected results and minimize potential risks, the project is recommended to:

- Identify very carefully the FaaBS service provider. Monitor closely the development of FaaBS curricula, learning tools and methodologies, and supervise FaaBS activities, avoiding the total delegation of responsibilities to the service providers, especially during the first phase of their roll-out. Additional implementation support by a senior IFAD-validated expert can be requested, if and as required.
- Ensure the develop a FaaBS model that reflects the good practices implemented in the country by other organizations.
- Considering the human resource constraints of the provincial and district governmental officers and extension services, ensure that project activities, especially technical support and capacity development, do not create additional burden to the existing staff especially consider project's aim to reach large scale. This would require enhanced coordination and monitoring by the PCO for the activities at the zone, camp, district and provincial level.
- Build skills of lead farmers particularly in carrying out demonstrations and farmer-managed trials and M&E to complement the work of government extension workers as well as facilitate a more bottom-up collection of data. E-SAPP in-order to deliver sustainable results needs to create a sense of empowerment among the target groups by increasing access to resources, decision making and enhancing their agency through the project implementation and activities.

Agreed Action	Responsibility	Agreed Date
Sustainability and Scaling up		
Capacitate lead farmers Capacitate lead farmers to plan, mount and monitor field demonstrations and trials	FaaBS Service Provider	10/2019

Quality of Beneficiary Participation**Rating: 4****Previous rating: 4****Justification of rating**

Quality of beneficiary participation is rated as being moderately satisfactory. Although the field visits were limited to a province, the mission observed the participation of local people and their general interest in project activities. Some

participatory consultation mechanisms have been put in place by the E-SAPP to assess the needs and expectations of the expected beneficiaries. Demand, generally speaking, is not an issue although the response by the project is lacking behind in terms of operational activities under component 2.

Action- The Service providers and Government bodies to be in alignment with E-SAPP targeting guidelines, ESMF, gender and social inclusion strategy and nutrition strategy (The last two are yet to be developed, hence it becomes important to select the right service providers in line with E-SAPP strategy) for enhancing the quality of beneficiary participation as the project activities pick up.

Main issues

Specific measures are necessary to channel services and resources to specific beneficiaries that would otherwise not be reached by project activities. This includes women from remote areas, far from FaaBs, young people, widows, and other vulnerable groups (disable, and less active smallholder farmers). This can be improved enhancing engagement with cooperatives, farmer associations, their knowledge and skills, as well as by enhancing specific capacity development opportunities for these groups well-tailored to their needs.

Responsiveness of Service Providers	Rating: 4	Previous rating: 4
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Justification of rating

Service providers ESAPP has been in talks with have all showed readiness to participate in the MGF. The programme awaits No Objection from IFAD for the MGF call for expression of interest. Solidaridad and Heifer International are ready to support mobilisation of category A farmers and also provide technical support to category B and C farmers. Both NGOs can provide matching funds both in kind/cash as per requirement. ESAPP is also collaborating with IAPRI on developing the Zambia National Agribusiness Development Strategy (ZNADS). For the field visits that were undertaken in the Northern Province, the mission interacted with two market leaders PAMACO and Nannette Investments in the bean and rice value chains respectively as well as COMACO in Northern and Eastern Provinces. These market leaders have already initiated linkages with farmers.

Main issues

ESAPP is currently engaging different service providers for participation in the programme. The programme awaits No Objection from IFAD for the MGF call of for expression of interest. In the meantime ESAPP has been in talks with Solidaridad and Heifer International to support mobilisation of category A farmers and also provide technical support to category B and C farmers. Both NGOs are ready to participate in the programme, provide matching funds both in kind / cash as per requirement. Solidaridad is working in the Eastern and Southern Provinces. They are focusing on the Soya, fruits and vegetables, Sugar, Cotton, Aquaculture and Livestock value chains. Their intervention areas is Conservation agriculture, robust infrastructure, Market linkages, Access to finance and digital solutions. Heifer Project's livelihood improvement focus has generally been on livestock value chains and women's empowerment. In the recent past Heifer has diversified to facilitating community improved livelihoods through crop-based interventions such as legumes (soya beans and cowpeas) and sunflower in addition to livestock. Heifer Project Zambia is currently actively operating in eight (8) provinces namely; Central, Copper Belt, Eastern, Luapula, Lusaka, Muchinga, Northern and Southern Provinces, therefore overlaps with some of ESAPP's focal districts. Both NGOs are willing to work beyond the areas they are currently working in.

ESAPP is also collaborating with IAPRI on developing the Zambia National Agribusiness Development Strategy (ZNADS). The strategy will identify, analyse and overcome the bottlenecks that prevent the country from achieving the great potential of its agricultural sector.

For the field visits that were undertaken in the Northern Province, the mission interacted with two market leaders PAMACO and Nannette Investments in the bean and rice value chains respectively. These market leaders have already initiated linkages with farmers. They aim to improve the input supply side to control the quality of output to offer for the markets they target. They are ready to participate in the MGF. The companies explained the investment that they have made so far in the seed multiplication interventions with the farmers. They also indicated in their reports shared with the mission the expected investment for procuring of the seed as well as commercial crop from the farmers. Both companies signed seed supply contracts with the farmers. However, the mission noted that most of the farmers were not conversant with the seed multiplication supply contracts. ESAPP should facilitate translation of the contracts into vernacular and orient farmers on the implications; and explicitly indicate the price or pricing mechanism in the contracts. There is a need for seed growers and companies such as Nannette to have clear agreements especially on expected seed prices before seed crop is planted. Rice seed growers in Mungwi district did not know the price Nannette would pay for the seed. According to Nannette the seed price would be known once the cost of SCCI seed inspection was factored in.

Given the work load of government extension workers, companies that enter into seed growing contracts with farmers should be able to provide technical support during the season and not solely depend on camp extension workers, DACOs

and PACOs. Any MGF proposals should clearly state the services to be provided to farmers or seed growers throughout the season to minimize the number of growers whose seed fails to meet the certification standards. The mission was impressed with COMACO extension model used in the Eastern province for soybean production as it provided integrated support to farmers across the crop value chain.

Mechanization is the main limiting factor for increasing production and productivity in both value chains. This offers an opportunity for youth engagement through provision of support services such as spraying services, ploughing, planting, and threshing services.

Farmers in Mungwi district reported disappointment with service provided by New Dawn during SAPP which led to some farmers abandoning the 1 ha fields that they had put under rice seed as the expected services were not forthcoming. ESAPP should have ways of following up on MGF service providers, evaluating their services and methods of supporting contracted farmers if service provider fails to do this. In the current season, some complaints from rice seed growers were that activities were not being done according to agreed timing of activities drawn up during the trainings. Delayed input distribution, harvesting and collection of seed were identified as some of the issues that likely reduced yield and quality.

Service providers highlighted the issue of poor seed quality as some seed growers added stones or other crops in an effort to increase weight and consequently income. There is need for more training on the quality requirements and post-harvesting storage.

Agreed Action	Responsibility	Agreed Date
Sustainability and Scaling up		
Establish training needs of key value chain actor Establish training needs of key value chain actor	PCO	09/2019
Contracts between farmers and service providers Facilitate contracts between farmers and service providers	PCO	10/2019

Environment and Natural Resource Management

Rating: 4

Justification of rating

Environmental and natural resources management is rated as being moderately satisfactory. The environment and natural resources management in E-SAPP is linked mainly to the matching grant activities that are yet to become fully operational. As a starting point the proposal templates can include considerations on environmental management and the training manuals developed for the FaaB should also include environment and natural resources management for smallholders to integrate these activities. The advisory services on good agricultural practices will also contribute to improving the environment and natural resources management. The activities will have to be promoted by District teams and the service providers to be recruited. The PMU commodity specialists should provide technical support to the District teams on these issues.

Main issues

The PMU does not have a designated officer for promoting environment and natural resources management. This will have to be done through the Commodity specialists and the monitoring and evaluation teams. Specific indicators have been identified and incorporated in the M&E system. Additional indicators will be identified through the Environment and Social Management Framework once it has been elaborated.

The District officers supporting the proposal development will also need to perform the tasks of promoting environmental and natural resources management, which can be included in a package of good agricultural practices. This can be done through messages developed as part of the awareness raising for the MGF and also in collaboration with the Environmental Officers at the District level.

FaaB manuals should include environmental and natural resources management options and articulate the benefits of undertaking these activities on the farm. Potential measures that will benefit the smallholders and can be promoted through the Programme include soil fertility improvement techniques, soil and water conservation measures and water use efficiency practices.

The screening criteria for the matching grants and full proposal template should also provide explicit guidance on the improved environmental and natural resources management for smallholders as well as for the anticipated technology transfer with the category B and C farmers.

Agreed Action	Responsibility	Agreed Date
Sustainability and Scaling up		
Screening criteria and proposal templates Update the criteria and templates to enhance the environmental and natural resources management improvement	PMU	12/2019
Environmental and natural resources management messages Develop messages for District teams to include as part of good agricultural practices promotion	PMU/ District Officers	12/2019
FaaB Manuals Development Ensure inclusion of benefits of environment and natural resources management to incentivise adoption of measures	PMU/FaaB Service Provider	05/2020

Exit Strategy

Rating:

Potential for Scaling-up

Rating:

c. Project Management

Quality of Project Management

Rating: 3

Previous rating: 4

Justification of rating

The organization set-up of the Programme has improved as compared to the previous year and most of the positions at the PCO have been filled, with the exception of the Gender & SI, Nutrition and Experts. Areas to be supported by the project have been selected, community-based facilitators identified, and the identification process of farmers' groups and households to be supported directly, has started. However, the Programme performance is affected by delayed implementation of key Programme activities in the field, and this is mostly due to the late identification of partners and service providers to be engaged.

Main issues

The mission appreciates the learnings of SAPP feeding into the design and implementation of E-SAPP and is also pleased to notice that the organization of Programme activities at the province and district level relies on qualified and motivated MoA staff.

Overall, the implementation of the activities has not been optimal as management dedicated too much efforts and resources on the organization of start-up workshops and awareness raising initiatives, while real technical trainings (including updates on farming and agribusiness practices) is still lacking behind. Delays have also been noticed in the establishment of an efficient and effective M&E system, carrying out of baseline survey, and in the identification of partners external to the governmental offices.

The mission also noticed the lack of clear-cut demarcations between the activities supported and implemented by E-SAPP and what is actually the business as usual of the other governmental offices including at provincial and district levels.

The project management seems to be too much reliant on the existing structures and capacities of the government bodies and service providers. This might be detrimental to the project deliverables in the long term as most of the frontline workers (Camp Extension Officers) have too many responsibilities on their shoulders. This high reliance of E-SAPP on implementing partners can limit the transformational potential of the Programme and its scaling-up objectives if it is not complemented by additional technical support, guidance and monitoring by the E-SAPP PCO.

Value for money and, specifically, the high expenditures incurred for trainings and workshops is also a warning element that deserve more attention by management. However the positive and constructing exchanges between the PCO and mission members confirmed a joint interest in refocussing the attention on E-SAPP priority activities well defined at design and commitment towards Programme objectives and mandate.

Agreed Action	Responsibility	Agreed Date
Project Management		
Speed up the processes To speed up the process for the mapping, identification and of experienced service providers of FaaBs & MGF	Programme Director	06/2019

Knowledge Management

Rating: 4

Previous rating: 4

Justification of rating

The mission appreciated E-SAPP's attention to knowledge sharing and learning activities, the recruitment of a dedicated expert and in particular the good quality of its knowledge management and communication strategy (with a thoughtful analysis behind). Now adequate resources are required to successfully implement the Strategy and this is not well reflected in the AWPB.

Main issues

E-SAPP has a clear and comprehensive strategy well designed. In terms of activities, extra efforts are expected in: (a) elaboration of nutrition awareness and behavior change communication campaign (through multi-media as well through new activities like development drama and role plays); (b) Contribution to the knowledge and capacity development activities of the Programme guiding the development of handbooks and technical products (e.g. for the FaaBs) that can support the adoption of good farming and agribusiness practices (how to do knowledge products); (c) innovative KM, communication and awareness raising initiatives targeted to the youth to enhance their engagement in project activities and foster their technical know-how; (d) documentation and dissemination, within and outside the country, of the knowledge captured and/or generated by the project (e.g also through IFAD channels).

It is also recommended that from this Strategy paves way for the development of a user-friendly annual KM & Implementation Plan with outputs, expected results, detailed budget and an indication of the resource people involved in each activity by the different executing agencies. Since it will be useful to guide the roll-out of the activities.

The Gender Agri-business Strategy developed by the Department of Planning and Policy, Ministry of Agriculture needs revision to guide ESAPP on how to develop socially inclusive and gender sensitive value chains.

More technical guidance and additional documentation, including templates and outlines, are provided in the Technical Annex.

Agreed Action	Responsibility	Agreed Date
Project Management		
Revision of the Gender Agri-business Strategy Revision of the Gender Agri-business Strategy	Department of Policy and Planning, MoA, GRZ	08/2019
Review and finalize guidance notes and templates Review and finalize guidance notes and templates for the development of key knowledge products	KM&C Officer	09/2019
Development of a KM and Communication Plan for 2019-2020 Development of a KM and Communication Plan for 2019-2020	KM&C Officer /PCO	12/2019
Develop nutrition and youth campaigns Develop nutrition and youth campaigns	KM&C Officer, Nutrition and Gender & Social Inclusion Expert	01/2020

Justification of rating

Value for money (VfM) emerged as one of the major concerns during the last supervision and this was mostly due to the high cost incurred under cost category III "Trainings". Overall, the Mission noted that to date management is more concerned about VfM than it was before and this was clear during discussions held with MoA, PCO and provincial staff. It was also noted that activities are generally being implemented according to the AWPB estimations. The expenditure review highlighted cases where PCO has been especially conscious in ensuring an efficient use of resources. Despite this positive approach, the expenditure trend of category III is yet to be reversed. Even if the project is in its initial implementation stage, this problem risks jeopardizing the efficiency of the Programme's interventions and the capacity to attain its long term desired results.

Main issues

During the 18 months of implementation, Programme activities have been mostly focused on: the assessment of project priorities and farmer needs, identification of partners and target farmer groups, and sensitization of beneficiaries. In the coming months, as the results of the preparatory activities are translated into tangible results for beneficiaries, it should be possible to present a more accurate picture of the Programme's efficiency/effectiveness and obtain reliable patterns between Programme costs and physical achievements.

As a follow up to the previous year's findings, the Mission carried out a cost analysis of some training activities implemented during the last programme year. Overall, the Mission noted that management is more concerned with value for money, thus addressing some of the issues reported by the previous Supervision Mission. For instance, the total expenditures incurred for the preparation of the AWPB 2019 amounted to ZMK 448,721 (USD 32,500 approximately), this being far lower than the cost incurred for the preparation of the AWPB 2018 (USD 94,965). This is a good example of how the Programme can achieve significant efficiency gains without compromising the Programme's intended results. It is also noted that activities are generally implemented according to the AWPB estimations.

In spite of this positive approach, the expenditure trend of category III is yet to be reversed and this represents a risk for the future sustainability of training activities. In fact, the total expenditures claimed under category III reached approximately USD 1 million (68% of the total loan allocation for category III) and 33% of the total programme expenditure claimed since programme inception. It is also noted that expenditures under category III increased from USD 500,000 recorded during the Supervisory Mission carried out in 2018, to USD 1 million.

In brief, while the Mission recognizes the efforts of management in addressing the concern raised in the previous year, the analysis of Programme expenditures shows that more should be done to ensure that funds for training are spent in a most efficient manner. The analysis below presents activities where, in the Mission's opinion, the Programme could have achieved more; in particular:

- RIMS monitoring and backstopping. The Programme officers and MoA staff carried out several field and backstopping activities (but also preparatory workshops) in preparation for the provincial workshops for the AWPB 2019. These activities were carried out during the same week of the AWPB workshop. The total cost for RIMS monitoring and backstopping was USD 90,288 which was spent in DSAs and travel costs;
- OSA training in Public Sector Governance. Two MoA officers attended this training in Dubai from 3rd to 14th December 2018 for a total of 13 days, at the total cost of ZMK 204,187 (USD 16,300 approximately) of which USD 4,200 only for the training fees. Obviously, the Mission does not question the relevance of the training and how it can contribute to the development of good management practices in MoA; however, the cost of DSA and transportation is high as compared to the training fees (USD 4,200)
- SAGE Pastel training in Livingstone. Four PCO staff attended this training in September 2018 for 2 full days. This implied the payment of 3 DSAs to seven programme staff (including three drivers). The overall cost for transportation via three cars and training fees was USD 4,404. Apart for the evident unbalance between number of cars (3) and passengers (4), the Mission considers that Cybertech Co. Limited, being located in Lusaka and being the service provider of the PCO, should organize the training in their own premises or at the very least, in Lusaka. Avoiding therefore additional transportation / DSA costs for the project;

ACCA subscription. The amount of USD 328 was claimed under WA 8 in respect of the annual ACCA subscription of a PCO staff. The Mission considers that this is a personal expense and potentially eligible for reimbursement under IFAD financing.

Agreed Action	Responsibility	Agreed Date
Project Management		
PCO to keep the cost of trainings, workshops and meetings The Mission recommends PCO to keep the cost of trainings, workshops and meetings under a much stricter control. Failing this, future costs may be considered ineligible.	FAM	06/2019

Coherence between AWPB and Implementation

Rating: 3

Previous rating: 4

Justification of rating

Coherence between the AWPB and implementation is rated moderately satisfactory. Overall, the quality of the AWPB is adequate although the documents could be further improved: the AWPB need to be prepared as a result-based AWPB by including outputs to which activities relate to; as an M&E tool, activities in the AWPB should be aligned sequentially by components/sub-components for ease of reference and necessitate simplified logical reporting

AWPB Inputs and Outputs Review and Implementation Progress

AWPB Review

Review of progress made against AWPB – Most of the planned activities in the current AWPB have not been completed although some processes have started towards achieving set activity targets. It was noted that some of such activities were carried over from last year's AWPB. The mission would like to propose that PCO urgently re-strategize mechanisms of monitoring performance of the AWPB. It is therefore recommended that quarterly activity implementation schedules with set targets be developed from the current AWPB. In order to ensure guaranteed adherence and achievement of quarterly activity implementation schedules, stringent regular activity implementation reviews on weekly or monthly basis should be included in the plans with active participation of all PCO staff.

Progress reporting – ESAPP produced an updated progress report covering Jan – April 2019. The mission noted some inconsistencies in the report to the effect that most of the unimplemented activities were not reported. The mission recommends that progress reporting should cover all planned activities regardless of whether they were implemented or not and give reasons or challenges faced not to implement some planned activities.

As requested by the previous supervision, the PCO prepared and submitted a tailored "Training, meeting and workshop plan" (TP) for the year 2019, as per the template shared by IFAD. The TP is well prepared and it presents a clear breakdown of costs for trainings, although it may require some corrections with regard to the use of currencies; some workshops may have not been captured in the template (e.g. procurement committee workshops and JPSC); staff development plans are not reflected in the TP, with the exception of FM and procurement.

Agreed Action	Responsibility	Agreed Date
Project Management		
Implementation schedules, weekly or monthly PCO reviews Develop quarterly activity implementation schedules with set targets and built-in weekly or monthly PCO reviews	PCO	05/2019
Produce revised 2019 summary AWPB Produce revised 2019 summary AWPB	PM&E Manager	05/2019
Produce revised Jan - April 2019 progress report Produce revised Jan - April 2019 progress report	PM&E Manager	06/2019

Performance of M&E System

Rating: 3

Previous rating: 4

Justification of rating

Performance of Monitoring and Evaluation system is rated moderately unsatisfactory. ESAPP has a well-defined logical framework (LF) which forms a good basis for the programme's M&E system. However, the programme did not take advantage of the existing LF to develop a clear M&E plan that operationalizes the M&E system. The M&E plan should include elaboration of programme indicators, spell out roles and responsibilities, define data flow processes and data management. At the same time, the PCO should give high priority to the development of the M&E plan to ensure that an effective M&E system is in place before the major programme activities take off in the districts. This will enable guided relevant data collection and transmission to PCO and also put in place feedback mechanisms to implementing partners, provincial/district staff, smallholder farmers and other value chain actors.

M&E System Review

Although actual implementation of programme activities has just commenced and it is too early to assess data quality and accuracy, the mission noted that not always the data was disaggregated by gender and not by youth. The M&E unit is headed by a PM&E Manager who is supported by an Information and Knowledge Management officer at the PCO level. The latter requires further training in M&E to effectively support M&E functions. At provincial and district level, GRZ has assigned agribusiness staff at both levels as M&E focal persons who lack M&E skills and also need capacity building in M&E.

Development of a Management and Information System (MIS): ToRs for development of an MIS were advertised but had technical problem whereby the advert wrongly asked for individual consultants when the assignment was looking for consultancy firms. The ToRs are being revised and will be re-advertised. The MIS will to a large extent embrace electronic data collection and transmission.

Programme Baseline survey: The implementation of the baseline survey has delayed. However, the programme has now engaged a consultant for this scope. The consultant has already presented a survey inception report and will shortly carry out data collection. It is expected that the exercise will be completed by mid-August 2019.

Agreed Action	Responsibility	Agreed Date
Project Management		
Prepare an M&E plan to guide implementation of M&E system Prepare an M&E plan to guide implementation of M&E system	PM&E Manager	06/2019
Expedite conducting baseline survey Expedite conducting baseline survey	PM&E Manager	08/2019
Tailored trainings for M&E focal staff Carry out tailored trainings for M&E focal staff at province and district level, with the participation of key staff only	PM&E Manager	08/2019
Fast track development of a MIS Fast track development of a MIS	PM&E Manager	09/2019
M&E progress reports Develop culture of using M&E progress reports in planning and re-strategizing	Programme Coordinator and PM&E Manager	

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

Rating: 3

Previous rating: 3

Justification of rating

The main documents related to the SECAP expected in the E-SAPP are the Environment and Social Management Framework (ESMF) and the site specific Environment and Social Management Plans (ESMPs) that may be required for larger investments that involve infrastructure. The ESMF is yet to be elaborated due to some misunderstanding on the linkages to the climate vulnerability analysis. Thus far none of the matching grant proposals are deemed to require site

specific ESMPs.

SECAP Review

E-SAPP was categorised as B and an ESMF was envisaged to guide the implementation of activities and inform the screening criteria for the investments by the smallholders. The misunderstanding of the ESMF timing and confusion with the climate vulnerability analysis is a cause of concern. Ideally the ESMF should be developed within the first six months of implementation to inform the screening criteria for the Matching Grants. Given the delays the screening criteria for the MGF will need to be revised to incorporate the recommendations of the Framework.

Currently environmental risk screening is included in the proposal template and review criteria but can be more explicit. The ESMF will provide guidance on which type of investments will require environmental certificates. Therefore the potential requirement for an environmental certificate should be included in the screening criteria for the MGF so that proponents are aware of the requirements in the early stages of proposal development.

The implementation of the ESMF will have to be monitored by the M&E team and therefore it is essential to ensure the linkages with the MIS and integration of the relevant indicators. The PMU team will have to be supported by the Commodity Specialists and District teams as most of the activities will be implemented at this level.

<i>Agreed Action</i>	<i>Responsibility</i>	<i>Agreed Date</i>
Project Management		
ESMF development Commission ESMF study	PMU	09/2019
MGF screening criteria and proposal templates Update criteria and template with recommendations from the ESMF	PMU/ ESMF consultants	12/2019

d. Financial Management & Execution

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

Acceptable Disbursement Rate	Rating: 4	Previous rating: 4
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Justification of rating

The disbursement rate is Moderately satisfactory. The total IFAD financing E-SAPP amounts to SDR 16,2 million which is made of an IFAD loan of SDR 15.5 million and an IFAD grant of SDR 0.74 million. As of 15th May 2019, IFAD's disbursements amount to SDR 3.5 million (USD 4.94 million) which is 22% of the overall financial support. As the Programme is in its second year of implementation, the disbursement performance is therefore in line with the average of IFAD's portfolio of agricultural projects.

Main issues

The turnover of Withdrawal Applications is also satisfactory as the Programme submitted eight WAs under the loan for a total amount of USD 4.94 million, at the average of one WA every 2.4 months. The PCO will shortly

submit to IFAD the WA n.9 of the amount of USD 530,023. However, under the grant financing, the Programme has only submitted one WA for the initial advance of USD 200,000.

The disbursement analysis reveals that disbursements under Cat. III "Trainings" are constantly high and have increased from SDR 353,689 (reported in the last Supervision Mission) to SDR 759,338. The current disbursements under Cat. III have reached 68.4% of the loan allocation of SDR 1.1 million. Hence, there is a risk that this category will soon overdraw the allocated amount, thus requiring a re-allocation of funds.

The analysis also shows that the Programme needs to streamline investment activities under "*Grants and subsidies*"; disbursements under "*Consultancies*" and "*Goods, services and inputs*" are currently below par.

Fiduciary aspects

Quality of Financial Management

Rating: 3

Previous rating: 3

Justification of rating

The quality of the Programme's FM is moderately unsatisfactory. The Programme made important improvements in FM and fulfilled recommendations raised in the last SM. The FM unit is fully functional due to the recruitment of an experienced FAM Assistant; the internal audit arrangements have been set up and the first report submitted to the PCO; the FM manual has been prepared; SAGE Evolution accounting software has been customized but it still needs some adjustments. However, the programme's performance is still affected by the high level of expenditures under cost category III "Trainings" which have reached 68.4% of the overall budget allocated to this category.

Main issues

Accounting. SAGE Evolution accounting software has been set-up and customized as recommended in the last SM; however, the software needs some adjustments to fully respond to the needs of the project. Currently, the software does not apply the FIFO method for the recognition of exchange rates, thus affecting the automatic preparation of the SoEs and Financial Statements. The configuration of the procurement module and the account to monitor the advances made to the implementing units has not been completed yet.

The accounting system at provinces is not computerized yet and it is based on the use of excel spreadsheets; the roll out of IFMIS at the MoA is not expected to materialize soon. During a meeting held in Kasama, the Director of Finance for Northern Provinces requested to have SAGE evolution installed in the province; however, the functionality of the system would be very limited and not worth the investment considering that provinces do not operate separate PAs and they receive activity tagged advances from PCO. However, this possibility shall be re-assessed in the future.

Flow of Funds. The Programme has experienced delays in transferring funds from the DA to the PA due to a recent change in government procedures, which requires DA funds to be channelled through Control Account 99 located in the MoF; this has resulted in delays of over 20 days in receiving funds in the PA. In this regard, the Mission is pleased to notice that this problem has not affected the programme liquidity, as PCO has been able to anticipate this time lag and prevent any unwarranted cash flow constraints.

Differently from the S3P Programme, ESAPP does not operate separate programme accounts at Provincial nor District levels; PACO and DACO are funded through activity tagged advances transferred directly from PCO to Provincial and District administrative bank accounts. This system is adequate to the current needs of the Programme and ensures sufficient control over the use of resources. However, the Mission considers that the adequacy of the current system (i.e. activity tagged advances vs set-up of provincial programme accounts) will need to be re-assessed in future supervisions, as the amount of funds transferred and administered by MoA's peripheral units will significantly increase.

Internal control. Overall, the organization of internal controls under ESAPP is adequate in terms of segregation of duties and authorization process for project expenditures. A major fact to highlight is that the system has not been effective in detecting and addressing issues related to the overrun of costs associated to Category III "*Trainings*".

As of 15th May 2019, the unretired advances to Provinces, Districts and Ministry departments amount to ZMK 3 million (USD 210,000 approximately). The Mission is especially concerned about the advances which are long overdue i.e. ZMK 1.2 million over 120 days and ZMK 637,357 between 60 and 90 days. This problem has also been reported by the Internal Auditors.

Financial Reporting. The FAM will start preparing and submitting EFRs on semi-annual basis. The reporting from the provinces to the PCO is not well established and needs to be strengthened by developing standards reporting formats on i) budget execution at provincial level (budget vs actuals) and; ii) cash reconciliation (inflows vs outflows).

Internal Auditing. The Mission is pleased to notice that Internal Auditing (IA) arrangements have been set-up. IA is carried out semi-annually by the IA Unit of the MoA; the IA submitted the first audit report covering the period from Programme's inception up to 31st December 2018. Overall, the Mission considers that the quality of the verification is good; however, the PCO explained that the report was submitted with delay and most of the findings have been already cleared. The IA should be further improved by adopting a risk-based approach in reviewing costs of training, meetings and workshops to ensure that the Programme's funds are always used in an efficient manner.

At provincial level, MoA's internal auditors provide an ex-ante review of all Payment Vouchers for ESAPP.

Vehicle management. The Programme has not yet developed and adopted sound procedures to manage the Programme's vehicles. To date, vehicles are being considered as a personal benefit as part of the contract package; which is why vehicle logbooks are not currently used by Programme staff. This issue is being discussed by the Borrower and IFAD.

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

Programme vehicles PCO needs to adopt sound procedures for the management of vehicles. It is recommended that: (i) The vehicles' daily log book are timely updated; (ii) A summary of the cars' log books should be prepared by the programme assistant at the end of each month, which needs to be reviewed by the FAM and approved by the Programme Coordinator.	FAM	05/2019
Retirement of Imprests PMU needs to follow up with provinces and districts to ensure that all outstanding advances are promptly surrendered.	FAM	05/2019
Financial Manual The Financial Manual should be further improved in the following sections: (i) Auditing to reflect the new IFAD Guidelines; (ii) description of internal auditing arrangements; (iii) PCO oversight role on implementing units (provinces, districts and partners); (iv) financial reporting from Provinces; (v) monitoring of government and beneficiaries' contribution.	FAM	05/2019
Budgeting of training, workshops and meetings The Mission recommends PMU to keep the cost of trainings, workshops and meetings under a much stricter control and ensure that those activities are always performed with due regard to economy and efficiency, and in line with budget estimates. Failing this, future costs may be considered ineligible.	FAM	05/2019
Internal auditing The Mission recommends that Internal Auditing should adopt a risk-based approach when reviewing the costs of training, meetings and workshops to ensure that the Programme's funds are used with due regard to the efficient use of funds. The IA is recommended to follow up on the findings of the last IA report and confirm that all issues have been solved.	MoA	06/2019
Financial reporting The PCO to develop standard reporting FM templates for the use of provinces with special focus on budget execution at provincial level (budget vs actuals) and; cash reconciliation (inflows vs outflows). FM reports to be submitted quarterly or semi-annually.	FAM	06/2019
Customization of accounting software PCO needs to urgently follow up with the consultant that installed SAGE Evolution and ensure that the software configuration is finalized at the earliest convenience.	FAM	06/2019

Quality and Timeliness of Audit

Rating:

Counterparts Funds

Rating: 3

Previous rating: 4

Justification of rating

10. As of 15th May 2019, the Programme reported that USD 193,964 had been provided by GRZ as counterpart

contribution, mostly in form of tax exemption for the purchase of programme vehicles; GRZ contribution in terms of MoA staff salaries amount to USD 4,043. The current GRZ contribution represents 47% of the 2019 AWPB allocation and 11.3% of the total contribution envisaged at Programme design.

Main issues

The Programme has taken actions to establish a basic system for monitoring the counterpart contribution; however, the system needs to be further improved to ensure that GRZ contribution is entirely captured and reported through a bottom-up approach: from districts and provinces to PCO. In this regard, PCO is recommended to prepare basic reporting formats for districts and provinces to correctly and consistently report GRZ contribution in terms of MoA staff salaries and in kind contribution. The GRZ contribution shall be supported by adequate assumptions and supporting documentation.

Agreed Action	Responsibility	Agreed Date
Financial Management & Execution		
Tailor accounting software to capture GRZ contribution Ensure that the accounting software has a dedicated Account to capture the GRZ contribution.	FAM	10/2018
Capture and report GRZ contribution in next IFR Ensure that the contribution provided by GRZ from Programme start date is captured and reported in the next IFR.	FAM	10/2018
Reporting of GRZ contribution PCO to establish a consistent procedure for capturing and reporting GRZ contribution from Districts and Provinces, especially in terms of GRZ staff salaries. The GRZ contribution shall be reported in the notes to the FS (cash basis of accounting) and in the next IFR.	FAM	05/2019

Compliance with Loan Covenants

Rating: 4

Previous rating: 3

Justification of rating

The compliance with loan covenants is rated as being Moderately satisfactory. The Programme is generally being implemented in compliance with the covenants set-out in Section E of the financing agreement; however, arrangements shall be made for the full compliance of the accounting software (E- 1 c) and the fulfillment of counterpart financing requirements (B 7). The Programme still needs to fulfill an important requirement related to the MGF:
 - Schedule I, paragraph 7: "After allocation of the grants under their respective windows, the Borrower/Recipient shall ensure that audits of the grant allocation process, approval and use of grant funds are carried out by an independent service provider acceptable to IFAD".

Procurement

Procurement

Rating: 4

Previous rating: 4

Justification of rating

The Mission rated procurement as moderately satisfactory. This is justified by the Programme having submitted a generally-compliant and updated 2019 procurement plan (PP) and contract register. Record keeping also complies with IFAD requirements and procurement processes mostly adhere to Zambia's procurement framework and IFAD Project Procurement Guidelines. The main challenges involve procurement delays, mostly attributable to long bureaucratic processes within the MoA and MoJ, and the need to increase the quality of RFQs and technical evaluation reports.

Procurement Review

The Programme is staffed with a full-time Procurement and Contracts Manager (PCM), a part-time Assistant and Procurement Intern.

The 2019 PP generally complies with IFAD requirements and is kept updated. The PCM will make the following corrections before re-submitting the 2019 PP for IFAD NO:

- remove activities completed in 2018;
- package together single procurements of electronic equipment and printing materials;
- split activities that cannot be procured together (i.e. promotional material and event-based material).

Procurement suffers from delays mostly attributable to long bureaucratic processes within the MoA and MoJ, and specifically:

- each submission must be approved by the Ministry Procurement Committee (MPC) at the MoA, but meetings are often delayed;
- The PCM does not sit at MPC meetings, so when members need clarifications from the Programme, the meeting is adjourned;
- all contracts also require approval by the MoJ, thus adding more delays to those already caused by the MPC;
- technical units at the MoA are slow in providing feedback on ToRs drafted by the Programme, thus delaying initiation of the related activities.

The Programme and MoA's Procurement and Supplies Unit (PSU) are advised to fast-track procurement of the following consultancies, as initiation of a number of procurement activities depends from procuring these consultants beforehand:

- a consultant to undertake portal and web design for E-SAPP (the EOI was advertised in May 2019);
- FaaBs service provider (the EOI received IFAD NO in June 2019); and
- a consultant to develop PM&E database (the EOI was advertised in June 2019).

Fast-tracking will involve the PSU liaising with the MPC to have the procurement documents approved by circulation among members rather than by meeting and the Programme seeking authorization to reduced tendering periods from the MoA.

RFQs issued for branded materials and for laptops and desktops were missing information required by Zambia's Public Procurement Regulations. The Programme will improve the quality of future RFQs by integrating the information required.

10 4x4 vehicles were procured under NCB; however, the Programme used domestic preferences – which are only allowed under ICB. As per IFAD's advice, the Programme will prepare a draft contract amendment to add 2 more vehicles and submit it for IFAD NO.

Technical evaluation of proposals under the Programme does not begin with preliminary examination. The Programme is advised to carry out preliminary examination for all consultancies, as stated in Zambia's Procurement Regulations.

Procurement budget is sometimes unrealistic. As an example, for the consulting service "review and update matching grant facility operational and administrative guidelines for E-SAPP", the budget in the 2018 AWPB was underestimated at USD 8,000.00. The Programme then negotiated a contract price of USD 31,482.00 with the recommended consultant, but did not submit a revised AWPB for IFAD No-Objection.

Procurement capacity of Matching Grant Beneficiaries (MGBs) is low and sometimes contracts with suppliers are concluded verbally. E-SAPP will prepare a procurement training plan targeted at each of the three categories of MGBs and submit it for IFAD No-Objection.

About contract administration/management, as provided by the PIM, user departments have to appoint a contract manager from their staff for each contract signed, under coordination of the PCM.

Record keeping complies with IFAD requirements, as all documents pertaining to a single procurement activity are kept together in the same folder.

The contract register is updated and the template used complies with IFAD requirements. Data concerning target date, completion date and IFAD's No-Objection no. is missing for some contracts.

<i>Agreed Action</i>	<i>Responsibility</i>	<i>Agreed Date</i>
Financial Management & Execution		

Revision of procurement plan Revise the 2019 procurement plan as discussed during the mission and submit it to IFAD for review and No-Objection. Specifically, the PCM will: <ul style="list-style-type: none"> • remove activities completed in 2018; • package together single procurements of electronic equipment and printing materials; • split activities that cannot be procured together (i.e. promotional material and event-based material). 	E-SAPP PCM	06/2019
Procurement of two 4x4 motor vehicles Prepare a draft contract amendment to the contract for supply of 10 4x4 motor vehicles to add 2 additional ones and submit it for IFAD No-Objection.	E-SAPP PCM	06/2019
Procurement capacity of Matching Grant Beneficiaries Prepare a procurement training plan targeted at each of the three categories of Matching Grant Beneficiaries and submit to IFAD for its No-Objection.	PCO	06/2019
Contract register Insert data concerning target date, completion date and IFAD's No Objection no. for all contracts listed in the contract register.	E-SAPP PCM	06/2019
Participation of PCM to MPC meetings Liaise with the MoA to have E-SAPP PCM sit at MPC meetings.	E-SAPP PC	
Finalization of ToRs Follow up with technical units a MoA to receive timely feedback on ToRs for the following consultancies: <ul style="list-style-type: none"> • TA nutrition specialist; • TA socio-economist; • 4P service provider; • consultancy to develop NAIP 2019 – 2023; • consultancy to review existing agribusiness legislation. 	E-SAPP PC	
Fast track procurement of consultancies Fast-track procurement of a FaaBs service provider, a consultant to undertake portal and web design for E-SAPP and a consultant to develop PM&E database. Fast-tracking will involve the PSU liaising with the MPC to have the procurement documents approved by circulation among its members rather than by meeting and the Programme seeking authorization to reduced tendering periods from the MoA.	PSU/PCO	
Improve quality of requests for proposals Improve the quality of future RFQs by integrating the information required by Zambia's Public Procurement Regulations.	E-SAPP PCM	
Domestic preferences Apply domestic preferences only for ICB and never for NCB or Shopping.	E-SAPP PCM	

Preliminary examination of proposals for all consulting services Carry out preliminary examination of proposals for all consulting services, as stated in Zambia's Public Procurement Regulations.	E-SAPP PCM	
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F. Agreed Actions

Agreed Action	Responsibility	Agreed Date
Overview and Project Progress		
Expedite the process of developing FaaBs Curriculum Review and adapt existing manuals on market-oriented farming for FaaBs	Agribusiness Manager	08/2019
Development of the framework for implementing the FaaBs. Development of the framework for implementing the FaaBs.	Agribusiness Manager	08/2019
Procure FaaBs Service Provider Procure FaaBs Service Provider	Procurement and Contracts Manager	09/2019
ZNADS development. Complete development of the ZNADS Development Strategy (ZNADS)	IAPRI/ Agribusiness Manager	12/2019
Development Effectiveness		
Recruitment of a Gender and Social Inclusion Expert Recruitment of a Gender and Social Inclusion Expert to work on gender and social inclusion (including youth)	E-SAPP coordinator/PCO	09/2019
Recruitment of a Nutrition Expert Recruitment of a Nutrition Expert	E-SAPP coordinator/PCO	09/2019
Climate change risk management in MGF proposals Include climate change risk assessment in the review criteria of proposals	PCO	09/2019
Conduct basic nutrition, food gap analysis, of the targeted communities Conduct basic nutrition, food gap analysis, of the targeted communities	Nutrition expert/PCO	11/2019
Development of a gender (operational) strategy Development of a gender (operational) strategy that includes a detailed action plan with associated costs,	Gender and Social Inclusion Expert	12/2019

Update the M&E system Update the M&E system with socio-economic characteristics of the target beneficiaries (including, age, land, income) and gender sensitive indicators	Gender & Social inclusion Expert and M&E specialists	12/2019
Plan the roll-out of GALS Establish linkages with OXFAM and IFAD Gender Team for support	Gender and Social Inclusion Expert	12/2019
Undertake an analysis of the women's role in each of the selected VC Contribute to the identification of the service providers and VC players from a gender perspective, and/or ensure their capacitation in this regard.	Agribusiness manager/gender and social inclusion expert	12/2019
Expand the on-going collaborations with women's groups and women's cooperatives Expand the on-going collaborations with women's groups and women's cooperatives	Gender Specialist	12/2019
Development of a nutrition strategy Development of a nutrition strategy that includes a detailed action plan with associated costs	Nutrition expert/PCO	12/2019
Contribute to the development of nutrition-sensitive FaaBs and training activities Incorporating nutrition-related knowledge in curricula and learning modules	Nutrition expert/Agribusiness manager	12/2019
Partnership building Assess ongoing initiatives, explore synergies and complementarities with other partners (e.g. USAID)	Nutrition expert/PCO	12/2019
Contribute to the development of gender-sensitive FaaBs and training activities Contribute to the development of gender-sensitive FaaBs and training activities	Agribusiness manager Gender and Social Inclusion Expert	01/2020
Develop a communication plan for nutrition-related campaigns Develop a communication plan for nutrition-related campaigns	Nutrition and KM/Communication Experts	01/2020
Climate change fact sheets Develop climate change facts sheets for each of the value chains based on the climate vulnerability study	PCO	03/2020
Sustainability and Scaling up		
Establish training needs of key value chain actor Establish training needs of key value chain actor	PCO	09/2019

Capacitate lead farmers Capacitate lead farmers to plan, mount and monitor field demonstrations and trials	FaaBs Service Provider	10/2019
Contracts between farmers and service providers Facilitate contracts between farmers and service providers	PCO	10/2019
Screening criteria and proposal templates Update the criteria and templates to enhance the environmental and natural resources management improvement	PMU	12/2019
Environmental and natural resources management messages Develop messages for District teams to include as part of good agricultural practices promotion	PMU/ District Officers	12/2019
FaaB Manuals Development Ensure inclusion of benefits of environment and natural resources management to incentivise adoption of measures	PMU/FaaB Service Provider	05/2020
Project Management		
Implementation schedules, weekly or monthly PCO reviews Develop quarterly activity implementation schedules with set targets and built-in weekly or monthly PCO reviews	PCO	05/2019
Produce revised 2019 summary AWPB Produce revised 2019 summary AWPB	PM&E Manager	05/2019
Speed up the processes To speed up the process for the mapping, identification and of experienced service providers of FaaBs & MGF	Programme Director	06/2019
PCO to keep the cost of trainings, workshops and meetings The Mission recommends PCO to keep the cost of trainings, workshops and meetings under a much stricter control. Failing this, future costs may be considered ineligible.	FAM	06/2019
Produce revised Jan - April 2019 progress report Produce revised Jan - April 2019 progress report	PM&E Manager	06/2019
Prepare an M&E plan to guide implementation of M&E system Prepare an M&E plan to guide implementation of M&E system	PM&E Manager	06/2019
Revision of the Gender Agri-business Strategy Revision of the Gender Agri-business Strategy	Department of Policy and Planning, MoA, GRZ	08/2019

Expedite conducting baseline survey Expedite conducting baseline survey	PM&E Manager	08/2019
Tailored trainings for M&E focal staff Carry out tailored trainings for M&E focal staff at province and district level, with the participation of key staff only	PM&E Manager	08/2019
Review and finalize guidance notes and templates Review and finalize guidance notes and templates for the development of key knowledge products	KM&C Officer	09/2019
Fast track development of a MIS Fast track development of a MIS	PM&E Manager	09/2019
ESMF development Commission ESMF study	PMU	09/2019
Development of a KM and Communication Plan for 2019-2020 Development of a KM and Communication Plan for 2019-2020	KM&C Officer /PCO	12/2019
MGF screening criteria and proposal templates Update criteria and template with recommendations from the ESMF	PMU/ ESMF consultants	12/2019
Develop nutrition and youth campaigns Develop nutrition and youth campaigns	KM&C Officer, Nutrition and Gender & Social Inclusion Expert	01/2020
M&E progress reports Develop culture of using M&E progress reports in planning and re-strategizing	Programme Coordinator and PM&E Manager	
Financial Management & Execution		
Budgeting of training, workshops and meetings The Mission recommends PMU to keep the cost of trainings, workshops and meetings under a much stricter control and ensure that those activities are always performed with due regard to economy and efficiency, and in line with budget estimates. Failing this, future costs may be considered ineligible.	FAM and PM	06/2018
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Tailor accounting software to capture GRZ contribution Ensure that the accounting software has a dedicated Account to capture the GRZ contribution.	FAM	10/2018
Capture and report GRZ contribution in next IFR Ensure that the contribution provided by GRZ from Programme start date is captured and reported in the next IFR.	FAM	10/2018
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Customization of accounting software PMU needs to urgently follow up on the contract for the SAGE Pastel consultant and ensure that the work begins without any further delay.	FAM	10/2018
Programme vehicles PCO needs to adopt sound procedures for the management of vehicles. It is recommended that: (i) The vehicles' daily log book are timely updated; (ii) A summary of the cars' log books should be prepared by the programme assistant at the end of each month, which needs to be reviewed by the FAM and approved by the Programme Coordinator.	FAM	05/2019
Retirement of Imprests PMU needs to follow up with provinces and districts to ensure that all outstanding advances are promptly surrendered.	FAM	05/2019
Financial Manual The Financial Manual should be further improved in the following sections: (i) Auditing to reflect the new IFAD Guidelines; (ii) description of internal auditing arrangements; (iii) PCO oversight role on implementing units (provinces, districts and partners); (iv) financial reporting from Provinces; (v) monitoring of government and beneficiaries' contribution.	FAM	05/2019
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Reporting of GRZ contribution PCO to establish a consistent procedure for capturing and reporting GRZ contribution from Districts and Provinces, especially in terms of GRZ staff salaries. The GRZ contribution shall be reported in the notes to the FS (cash basis of accounting) and in the next IFR.	FAM	05/2019
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Contract register Insert data concerning target date, completion date and IFAD's No Objection no. for all contracts listed in the contract register.	E-SAPP PCM	06/2019
Internal auditing The Mission recommends that Internal Auditing should adopt a risk-based approach when reviewing the costs of training, meetings and workshops to ensure that the Programme's funds are used with due regard to the efficient use of funds. The IA is recommended to follow up on the findings of the last IA report and confirm that all issues have been solved.	MoA	06/2019
Financial reporting The PCO to develop standard reporting FM templates for the use of provinces with special focus on budget execution at provincial level (budget vs actuals) and; cash reconciliation (inflows vs outflows). FM reports to be submitted quarterly or semi-annually.	FAM	06/2019
Customization of accounting software PCO needs to urgently follow up with the consultant that installed SAGE Evolution and ensure that the software configuration is finalized at the earliest convenience.	FAM	06/2019
Participation of PCM to MPC meetings Liaise with the MoA to have E-SAPP PCM sit at MPC meetings.	E-SAPP PC	

Finalization of ToRs Follow up with technical units a MoA to receive timely feedback on ToRs for the following consultancies: <ul style="list-style-type: none"> • TA nutrition specialist; • TA socio-economist; • 4P service provider; • consultancy to develop NAIP 2019 – 2023; • consultancy to review existing agribusiness legislation. 	E-SAPP PC	
Fast track procurement of consultancies Fast-track procurement of a FaaBs service provider, a consultant to undertake portal and web design for E-SAPP and a consultant to develop PM&E database. Fast-tracking will involve the PSU liaising with the MPC to have the procurement documents approved by circulation among its members rather than by meeting and the Programme seeking authorization to reduced tendering periods from the MoA.	PSU/PCO	
Improve quality of requests for proposals Improve the quality of future RFQs by integrating the information required by Zambia's Public Procurement Regulations.	E-SAPP PCM	
Domestic preferences Apply domestic preferences only for ICB and never for NCB or Shopping.	E-SAPP PCM	
Preliminary examination of proposals for all consulting services Carry out preliminary examination of proposals for all consulting services, as stated in Zambia's Public Procurement Regulations.	E-SAPP PCM	

Enhanced Smallholder Agribusiness Promotion Programme

Logical Framework

Results Hierarchy	Indicators							Means of Verification			Assumptions
	Name	Baseline	Mid-Term	End Target	Annual Result (2019)	Cumulative Result (2019)	Cumulative Result % (2019)	Source	Frequency	Responsibility	
Outreach	1.b Estimated corresponding total number of households members										
	Household members			305 000	0	13 340	4.4				
	1.a Corresponding number of households reached										
	Non-women-headed households			14 030	0	169	1.2				
	Women-headed households			46 970	0	2 787	5.9				
	Households										
	1 Persons receiving services promoted or supported by the project										
	Females			42 700	0	1 450	3.4				
	Males			18 300	0	1 506	8.2				
	Young			12 200	0	959	7.9				
	Not Young			48 800	0	1 709	3.5				
Project Goal Increase the incomes, and food and nutrition security, of rural households involved in market-oriented agriculture	Increase in household assets (%) Category A										A: Political and macroeconomic stability maintained. A: Sustained market demand for supported commodities.
	bicycle				0	0					
	hoe				0	0					
	radio				0	0					
	plough				0	0					
	mobile phone				0	0					
	axe				0	0					

Results Hierarchy	Indicators							Means of Verification			Assumptions
	Name	Baseline	Mid-Term	End Target	Annual Result (2019)	Cumulative Result (2019)	Cumulative Result % (2019)	Source	Frequency	Responsibility	
	Increase in household asset index (%) Category B							Large sample surveys	Twice, at programme start-up and completion	Contracted out by PCO, carried out by service provider	
	radio	48.5			0	0					
	mobile phone	50			0	0					
	bycycle	53.6			0	0					
	hoe	74.8			0	0					
	axe	54.2			0	0					
	plough	21.5			0	0					
	Increase in household assets (%) Category C										
	bicycle				0	0					
	hoe				0	0					
	radio				0	0					
	plough				0	0					
	mobile phone				0	0					
	axe				0	0					
	Proportion of households that are food secure (M/F)							Large sample surveys	Twice, at programme start-up and completion	Contracted out by PCO, carried out by service provider	
	Households	51.4		59	0	0	0				
	1.2.8 Women reporting improved quality of their diets										
	Percentage				0	0					

Results Hierarchy	Indicators							Means of Verification			Assumptions
	Name	Baseline	Mid-Term	End Target	Annual Result (2019)	Cumulative Result (2019)	Cumulative Result % (2019)	Source	Frequency	Responsibility	
Development Objective Increase the volume and value of agribusiness outputs sold by smallholder producers	Number of households receiving programme support that are having profitable market-oriented agriculture by project end							Outcome surveys	Annually starting at mid-term	Organized by PCO, data collection by GRZ staff	Increased incomes, sales and value of commodity products influencing family diets.
	Category A		10 000	30 000	0	0	0				
	Category B		5 000	12 000	0	0	0				
	Category C		1 500	3 750	0	0	0				
Outcome Outcome 1 Policy and institutional environment enhanced for agribusiness development	Policy 3 Existing/new laws, regulations, policies or strategies proposed to policy makers for approval, ratification or amendment										A: Collaboration by the key stakeholders in the agribusiness sector
	Number	0	2	5	0	0	0				
Output Output 1.1 Strategic framework that supports agribusiness developed and implementation started.	Key agribusiness studies that guide strategy development completed (number) /f							IAPRI reports	Bi-annually	IAPRI	A: Effective monitoring and enforcement of conducive regulatory framework.
	studies	0	6	6	0	0	0				
	Policy 1 Policy-relevant knowledge products completed										
	Number	0	2	6	0	0	0				
Output Output 1.2 Capacity of government and private sector to support smallholders and agribusiness partnerships strengthened.	People trained in providing climate sensitive agribusiness advisory services (including Farming as a Business training) (M/F) /g							Service provider reports	Bi-annually	Service provider(s) specialized in business development	A: Staff trained are given the mandate and resources needed for effective service delivery.
	Males	0	350	1 000	0	0	0				
	Females	0	350	1 000	0	0	0				

Results Hierarchy	Indicators							Means of Verification		Assumptions
	Name	Baseline	Mid-Term	End Target	Annual Result (2019)	Cumulative Result (2019)	Cumulative Result % (2019)	Source	Frequency	Responsibility
Outcome Outcome 2: Collaborative business models between smallholders and other value chain operators for sustainable and climate-resilient agriculture expanded and scaled up	2.2.3 Rural producers' organizations engaged in formal partnerships/agreements or contracts with public or private entities									
	Number of POs	0	40	100	0	0	0			
	2.2.6 Households reporting improved physical access to markets, processing and storage facilities									
	Households reporting improved physical access to markets				0	0				
Output Output 2.1 Capacity of subsistence farmers to produce a surplus for the market increased	Annual gross value of all farm sales (crops & livestock) by smallholder HHs to buyers (ZMW) /i							PCO reports	Bi-annually	PCO
	Category A	2 000	3 500	5 000	0	0	0			
	Category B	5 000	10 000	17 500	0	0	0			
	Category C	17 000	30 000	60 000	0	0	0			
Output Output 2.2 Capacity of MSMEs to engage in value chain operations increased	Total value of investments supported through MSME matching grants (US\$)							PCO reports	Quarterly	PCO
	MSME matching grants		3 000 000	6 500 000	0	0	0			
	People receiving services, by type, financed through the MSME MG (M/F) /k							MSME grant recipient reports and PCO reports	Bi-annually	PCO
	people	0	5 000	14 400	0	2 956	20.5			
	Climate resilient value chain infrastructure / facilities established by type (number) /l							MSME grant recipient reports and PCO reports	Bi-annually	PCO
	value chain infrastructure		100	180	0	0	0			

Results Hierarchy	Indicators							Means of Verification			Assumptions
	Name	Baseline	Mid-Term	End Target	Annual Result (2019)	Cumulative Result (2019)	Cumulative Result % (2019)	Source	Frequency	Responsibility	
Output Output 2.3 Capacity of large agribusinesses and strategic promoters to engage with smallholders and MSMEs increased.	Total value of investments supported through Pro-Smallholder Market Pull Agribusiness Partnership matching grants (US\$) /j							4P grant facility management reports	Quarterly	Specialized grant management institution	A: Enough realistic proposals that benefit both agribusiness and producers will be submitted. A: Willingness to invest own resources by value chain operators / grantees. A: Training / coaching effectively elevates farmers and their organizations to become more reliable partners for agribusiness.
	investments		2 000 000	4 200 000	0	0	0				
	People receiving services, by type, financed through 4P matching grants (M/F) /k							Pro-Smallholder Market Pull Agribusiness Partnership grant recipient reports and the grant facility management reports	Bi-annually	Specialized grant management institution	
	People	0	10 000	21 600	0	0	0				
	2.1.6 Market, processing or storage facilities constructed or rehabilitated							Pro-Smallholder Market Pull Agribusiness Partnership grant recipient reports and the grant facility management reports	Bi-annually	Specialized grant management institution	
	Market facilities constructed/rehabilitated		20	50	0	0	0				

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

Mission Dates: 13 - 24 May 2019
Document Date 02/08/2019
Project No. 2000001405
Report No. 5121-ZM

East and Southern Africa Division
Programme Management Department

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

Table 2A: Financial performance by financier

Financier	Appraisal (USD '000)	Disbursements (USD '000)	Per cent disbursed
IFAD Loan	21,254	4,738	22.2%
IFAD Grant	1,011	200	19.7%
Government of Zambia	2,006	265	11%
Beneficiaries	1,232	-	-
Private Sector	3,457	-	-
IAPRI	512		
PARMI	200		
Total	29,672	5,203	17.5%

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

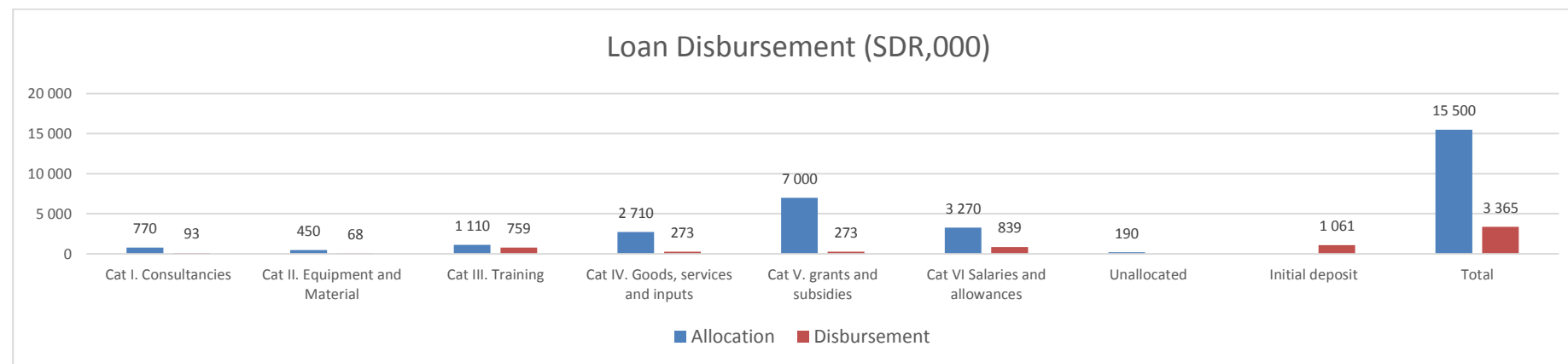
Component	GRZ			IFAD loan			IFAD Grant			Beneficiaries			Private Sector			IAPRI			PARM			TOTAL		
	Appraisal	Actual	%	Appraisal	Actual	%	Appraisal	Actual	%	Appraisal	Actual	%	Appraisal	Actual	%	Appraisal	Actual	%	Appraisal	Actual	%	Appraisal	Actual	%
1. Enabling Environment for Agribusiness Devt Growth	375	187	50%	2,371	586	25%	291	-	-	-	-	-	108	-	-	512	-	-	200	-	-	3,858	773	20%
1.1 Agribusiness Policy Devt	99	-	-	1,251	295	24%	65	-	-	-	-	-	108	-	-	512	-	-	200	-	-	2,235	295	13%
1.2 Institutional Strengthening for Agribusiness	277	187	67%	1,119	291	26%	227	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,623	478	29%
2. Sustainable Agribusiness Partnerships	894	17	2%	14,350	2,193	15%	719	-	-	1,232	-	-	3,349	-	-	-	-	-	-	-	-	20,544	2,211	3.4%
2.1 Strategic Linkages of graduating SF to Markets	374	-	-	8,200	395	5%	719	-	-	1,232	-	-	572	-	-	-	-	-	-	-	-	11,098	395	4%
2.2 Enabling Agro -Micro, Small & Medium(MSME)	369	-	-	4,255	889	21%	-	-	-	-	-	-	1,890	-	-	-	-	-	-	-	-	6,515	889	14%
2.3 Facilitating Pro Smallholder Market -Pull Agribusiness	150	17	12%	1,895	909	48%	-	-	-	-	-	-	887	-	-	-	-	-	-	-	-	2,932	927	32%
3. Programme Implementation	737	22	3%	4,533	1,673	37%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	5,270	1,696	32%
3.1 Programme Management	737	22	3%	4,533	1,673	37%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	5,270	1,696	32%
Total	2,006	265	11%	21,254	4,453	21%	1,011	-	-	1,232	-	-	3,457	-	-	512	-	-	200	-	-	29,672	4,679	16%

Table 2C: IFAD loan disbursements (SDR, as at 15th May 2019)

Category	Category description	Original Allocation	Revised Allocation	Disbursement	W/A pending	Balance	Per cent disbursed
I	Consultancies	770 000.00		92 537.02		677 462.98	12.02%
II	Equipment and Material	450 000.00		67 800.55		382 199.45	15.07%
III	Training	1 110 000.00		759 338.77		350 661.23	68.41%
IV	Goods, services and inputs	2 710 000.00		273 047.65		2 436 952.35	10.08%
V	Grants and subsidies	7 000 000.00		272 528.07		6 727 471.93	3.89%
	Salaries and allowances	3 270 000.00		839 353.95		2 430 646.05	25.67%
	Unallocated	190 000.00				190 000.00	0.00%
	Initial deposit	-		1 060 542.86		(1 060 542.86)	
	Total	15 500 000.00		3 365 148.87		12 134 851.13	21.71%

Table 2D: IFAD grant disbursements (SDR as at 15th May 2019)

Category	Category description	Original Allocation	Revised Allocation	Disbursement	W/A pending	Balance	Per cent disbursed
I	Consultancies	350,000		-		350,000	-
II	Equipment and Material	-		-		-	-
III	Training	320,000		-		320,000	-
IV	Goods, services and inputs	-		-		-	-
V	Grants and subsidies	-		-		-	-
VI	Salaries and allowances	-		-		-	-
	Unallocated	70,000		-		70,000	-
	Authorized Allocation	-		141 405.7		-141 405.7	
	Total	740,000		141 405.7		598 594.3	19%

Figure 1: IFAD loan/grant disbursement, comparisons between original and revised allocations and actual disbursement

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Appendix 2: Physical progress measured against AWP&B

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Appendix 2: Physical progress measured against AWP&B

Component/Sub-Component/Outcome/ Output	Indicator	Unit	AWP&B Target	AWP&B Actual	%	Appraisal Target	Cumulative Actual	Cumulative %
Component 1: Enabling Environment for Agribusiness Development Growth								
Outcome 1: Policy and institutional environment enhanced for agribusiness development								
Output 1.1: Strategic framework that supports agribusiness developed and implementation	Key agribusiness studies that guide strategy development completed	Number	3	0	0	5	0	0
	Number of policy-relevant knowledge products completed	Number	0	0	0	2	0	0
Output 1.2: Capacity of government and private sector to support smallholders and agribusiness partnerships strengthened	People trained in providing climate sensitive agribusiness advisory services (including Farming as a Business training)	People – women	480	0	0	400	0	0
		People - men	1,120	0	0	1,600	0	0
Component 2: Sustainable Agribusiness Partnerships								
Outcome 2: Collaborative business models between smallholders and other value chain operators for sustainable and climate-resilient agriculture expanded and scaled up								
Output 2.1: Capacity of smallholder farmers to produce a surplus for the market increased	Annual gross value of all farm sales (crops & livestock) by smallholder HHs to buyers (ZMW)	Category A ZMW	0	0	0	5,000	0	0
		Category B ZMW	0	0	0	17,500	0	0
		Category C ZMW	0	0	0	60,000	0	0
Output 2.2: Capacity of MSMEs	Total value of	US\$	500,000	0	0	6,500,000	0	0

to engage in value chain operations increased	investments supported through MSME matching grants							
	Number of grant proposals signed	Number	0	0	0		0	0
	People receiving services, financed through the MSME MG	No. of people	4,000	0	0	14,400	0	0
	Production and marketing infrastructure constructed/Rehabilitated	Number	40	0	0	180	0	0
Output 2.3: Capacity of large agribusinesses and strategic promoters to engage with smallholders and MSMEs increased	Total value of investments supported through MSME matching grants	US\$	150,000	0	0	4,200,000	0	0
	Number of grant proposals signed	Number		0	0		0	0
	People receiving services, financed through 4P matching grants	No. of people	500	0	0	21,600	0	0
	Number of market, processing or storage facilities constructed or rehabilitated	Number	1	0	0	50	0	0

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Appendix 3: Compliance with legal covenants: status of implementation

Mission Dates: 13 - 24 May 2019

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Appendix 3: Compliance with legal covenants: status of implementation

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