



Investing in rural people

Armenia

Infrastructure and Rural Finance Support Programme

Partial Supervision Report

Main report and appendices

Mission Dates: 9 to 21 December 2019

Document Date 03/02/2020

Project No. 1100001690

Report No. 5320-AM

Near East, North Africa and Europe Division
Programme Management Department

Abbreviations and Acronyms

AMD	Armenian Dram
AWPB	Annual Work Plan and Budget
AWSC	Armenia Water and Sewerage Company
CWS	Community Water Supply
ED	Engineering Department
ENRM	Environment and Natural Resource Management
GoA	Government of Armenia
IFAD	International Fund for Agricultural Development
IRFSP	Infrastructure and Rural Finance Support Programme
MTR	Mid-Term Review
NRM	Natural Resource Management
NSS	National Statistical Service
O&M	Operations and Maintenance
OFID	OPEC Fund for International Development
PDR	Project Design Report
PIM	Programme Implementation Manual
PIU	Projects Implementation Unit
RA	Republic of Armenia
RAWI	Rural Areas Water Infrastructure
SCWE	State Committee Water Economy of Armenia
SLM	Sustainable Land Management
SMSID	Small and Medium Scale Irrigation Distribution
WA	Withdrawal Application
WB	World Bank
WP	Working Paper
WUA	Water Users' Association
AMD	Armenian Dram
AWPB	Annual Work Plan and Budget
AWSC	Armenia Water and Sewerage Company

A. Project Overview

Region:	Near East, North Africa and Europe Division	Project at Risk Status:	Not at risk
Country:	Armenia	Environmental and Social Category:	B
Project Name:	Infrastructure and Rural Finance Support Programme	Climate Risk Classification:	2
Project ID:	1100001690	Executing Institution:	Office of the Prime Minister
Project Type:	Credit and Financial Services	Implementing Institutions:	not available yet
CPM:	Naoufel Telahigue		
Project Director:	not available yet		
Project Area:	not available yet		

Approval Date:	18/09/2014	Last audit receipt:	26/06/2019
Signing Date:	12/11/2014	Date of Last SIS Mission:	21/12/2019
Entry into Force Date:	16/07/2015	Number of SIS Missions:	10
Available for Disbursement Date:	11/01/2016	Number of extensions:	0
First Disbursement Date:	14/01/2016	Effectiveness lag:	10 months
MTR Date:	18/11/2018		
Original Completion Date:	30/09/2021		
Current Completion Date:	30/09/2021		
Financial Closure:	not available yet		

Project total financing

IFAD Financing breakdown	IFAD	\$11,000,000
	Near East, North Africa and Europe Division	\$350,000
Domestic Financing breakdown	Beneficiaries	\$3,542,000
	Domestic Financing Institutions	\$875,000
	National Government	\$10,066,000
Co-financing breakdown,	To be determined	\$2,001,000
	Denmark	\$2,077,791
	OPEC Fund for International Development	\$25,000,000
Project total financing:		\$54,911,791

Current Mission

Mission Dates:	9 to 21 December 2019
Days in the field:	5
Mission composition:	Naoufel Telahigue, IFAD country director and mission leader, Peter Frøslev Christensen, technical team leader; Yiorgo Polenakis, Rural Finance Specialist an, Youssef Saad, Procurement Specialist
Field sites visited:	Ararat, Armavir and Kotayk

B. Overall Assessment

Key SIS Indicator #1	Ø	Rating	Key SIS Indicator #2	Ø	Rating
Likelihood of Achieving the Development Objective		4	Assessment of the Overall Implementation Performance		4

Effectiveness and Developmental Focus		4	Project Management		4
Effectiveness		3	Quality of Project Management		4
Targeting and Outreach		4	Knowledge Management		4
Gender equality & women's participation		4	Value for Money		5
Agricultural Productivity		4	Coherence between AWPB and Implementation		3
Nutrition		4	Performance of M&E System		4
Adaptation to Climate Change		4	Requirements of Social, Environmental and Climate Assessment Procedures (SECAP)		4

Sustainability and Scaling-up		4	Financial Management and Execution		5
Institutions and Policy Engagement		4	Acceptable Disbursement Rate		4
Partnership-building		4	Quality of Financial Management		5
Human and Social Capital and Empowerment		3	Quality and Timeliness of Audit		5
Quality of Beneficiary Participation		4	Counterparts Funds		5
Responsiveness of Service Providers		4	Compliance with Loan Covenants		4
Environment and Natural Resource Management		4	Procurement		4
Exit Strategy		4			
Potential for Scaling-up		4			

Relevance		5			
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C. Mission Objectives and Key Conclusions

Background and Main Objective of the Mission

1. A mission from the International Fund for Agricultural Development (IFAD) visited Armenia from 9 to 21 December 2019 to conduct a partial supervision mission of the infrastructure and rural finance support programme (IRFSP). The IRFSP aims to improve the economic and social status of the population in poor rural areas, through strengthening the agricultural production systems and the forward and backward linkages of value chains for cash crops.
2. IRFSP becomes effective in mid-2015 and is expected to complete in September 2021 and close in March 2022. The GEF component on sustainable land management for increased productivity in Armenia became effective on 29 July 2016 and will complete in March 2022. Up to this supervision mission, the project has received 9 support missions and one mid-term review, the latter in December 2018.
3. This mission took place in the context of a continued uncertainty as to the institutional anchoring of project management and the project implementation unit (PIU), which has reportedly undermined implementation progress of several components not least on farmers' awareness and support (component 3) as well as the Sustainable Land Management for Increased Productivity in Armenia (component 5, financed by GEF). The current mission has focused its work and efforts on the technical aspects related to the rural financial component and the GEF component as well as the review of the 2020 AWPB and the Procurement Plan that will help to improve the implementation quality of the programme next year and in the coming months before completion. Hence, this mission had a specific focus on targeted issues for the implementation of the GEF component, it reviewed the progress of RFF and FREDAs as well as their respective exit strategies. It analysed cross-cutting institutional issues, updated the LogFrame and looked into the procurement aspects and provided specific support to the RAED-PIU in this regard (notably for activities relating to the GEF). This mission has not covered the OFID-financed RAWI component, except to the extent necessary to review PIU procurement capacities.
4. It is against this background that the IFAD fielded a supervision mission for the IRFSP.^[1] The mission met with the core stakeholders the project implementation unit (PIU), FREDAs, other key government agencies banks and microfinance organizations. The mission also met with the Ministry of Economy and the deputy minister responsible for inter alia agriculture, Mr Artak Kamalyan.
5. Kamalyan outlined the main elements of the upcoming agricultural strategy of Armenia (2019 - 2020) and the need for all donors to align to its strategic directions and its priorities. IFAD reminded of its newly approved COSOP (2018) and its main objectives that are already aligned with the outlined elements. Any potential future engagement will respond to the national strategy and the priorities of the IFAD COSOP in the country. The meeting discussed the importance and the urgency of implementing the agreed points from the May 2019 mission regarding the institutional restructuring of the RAED-PIU. IFAD country director highlighted the urgent need for a letter from the Government of Armenia, reflecting the detailed agreed actions from the May 2019 meeting (ref. email of IFAD regional Director for NEN dated 24 May 2019) and requesting IFAD to amend the agreements on that basis.
6. Some field visits were undertaken where the mission visited households, farmers, markets and agribusinesses, villages and regional authorities in Ararat, Kotayk, and Armavir to discuss project performance and learnings related to implementation. The meetings and the field visit logistics have been facilitated by the PIU and FREDAs team. The mission thanks them for the excellent cooperation, availability and logistical backstopping.

^[1] The team consisted of Naoufel Telahigue, IFAD country director and mission leader, Peter Frøslev Christensen, technical team leader; Yiorgo Polenakis, Rural Finance Specialist and Youssef Saad, procurement specialist.

Key Mission Agreements and Conclusions

7. With limited time left to implement the remaining components, it is of paramount importance that the PIU, with the support of relevant government ministries including economy and environment, drastically accelerate progress. Another wasted year will be devastating for the project's ability to deliver the much-needed benefits in the GEF component on Sustainable Land Management for Increased Productivity. Hence the need to address any delays head-on and press ahead with implementation even if the current institutional uncertainty continues.
8. Given that the delays in component 3 have accumulated for several years, it would be unlikely to achieve full disbursement in the limited time remaining. Hence it is proposed to reallocate SRD 730,000 to the rural finance component (to category 4, Capital investment 1, RFF), where demand for Dram denominated loans is still high.
9. The mission also discussed the proposal to synchronize the completion dates between the GEF component and the rest of the project. Hence the GoA intends to request an extension for IFRSP completion date by 12 months, i.e. to September 2022, aligning it to the GEF component's completion date. For FREDAs, IFAD's initial closing date will be maintained allowing it to exit and eventually seek other partnerships.
10. Programme management: The current staffing levels and composition of the PIU are no longer cost-effective. The mission concurs with the government's ambition to streamline the set-up by abolishing the current RAED-PIU and only

retain core needed competencies under a restructured institutional arrangements. However, it will be critical that the new institutional set-up of IFRSP is capable of attracting the (much reduced) staff needed to function for the last crucial years of the IRFSP. PIU staffing issues will be discussed and agreed with IFAD during the finalisation of the RAED-PIU liquidation and the amendments to the Financing Agreements within that context. It is important to ensure that RFF will have a remuneration policy respecting the financial agreement schedule 3.5 on salaries. Such discussions will also need to take into account the fact that OFID project will come to an end by mid-2020.

11. The Rural Finance Facility (RFF) functions independently for a long time now, : it has a sound business model, and its financial status is positive. It is thus an independent unit as stated in the Financiale Agreement. Its sustainability is dependent on whether or not it will become institutionally autonomous. RFF could become a strategic tool and the vehicle for channelling targeted finance to promote smallholder agriculture under the GoA's new Strategy 2029 in agriculture.

12. FREDa, is an autonomous foundation supporting early-stage operations in agricultural value chains with equity, mezzanine, and subordinated loans. It has a financial as well as a social mandate. It carries a negative burden (USD 800.000) from the early years of operation that is being reduced gradually with current profits. It offers a service unique in the country for agribusiness development. FREDa's sustainability prospects are positive. It does not have an agreed exit strategy and, therefore, a specific action plan for exit. It is imperative that this process is accelerated and relevant decisions are taken. FREDa's current prospects are positive and the private financial sector has expressed tentative interest in partnering with FREDa. FREDa should systematically pursue possible partnering proposals eventually involving private sector participation in a state-owned institution, which would be a best-case scenario as it would allow FREDa to maintain its social agenda while operating under private sector criteria.

D. Overview and Project Progress

13. An overriding challenge for the project has been the uncertain institutional environment with the government of Armenia (GoA) plannings to rationalise all stand-alone project implementation units (PIUs) in the country, to reduce transaction costs and bring them closer to the government. This has affected implementation progress, especially in component 3 on farmers' awareness. It has also negatively affected the GEF component on Sustainable Land Management for Increased Productivity, although the absence of a GEF coordinator in the PIU also contributed to virtually no progress in this component in 2019. More positively, the GEF coordinator recruitment process is underway and the coordinator is expected to commence work from in early 2020.

14. The RFF continues to disburse low-cost IFRSP capital to selected PFIs for on lending to project rural beneficiaries at preferential interest rate. RFF is also successfully revolving funds from previous IFAD and other completed projects, to PFIs for on lending to rural beneficiaries.. Moreover, RFF is responsible for implementing 9 government support programs that subsidize interest rates for loans in rural investments. RFF is a division within the project's PIU, but has become the de-facto key-distributor of subsidized rural credit in the country. Its current credit portfolio amounts to USD 17.5 million with loans denominated in local currency (74%) or USD (26%). It keeps about USD 5 millions of undistributed funds. Between 2005 and 2019, it supported more than 8,000 rural beneficiaries. RFF generates 10% annual operating profit that has accumulated over USD 4 million over the years of its operation.

15. In 2019, RFF disbursed USD 1.14 million for new IFRSP loans, compared to USD 0.8 million in 2018. Together with the revolving part of IRFSP proceeds, RFF's disbursement reached a total of USD 1.3 million in 2019 that covers the 2019 AWPB requirements (USD 1.23 million).

16. RFF offers loans in local currency and charges PFIs 7% interest rate (5% markupmark-up). PFIs in turn charge final beneficiaries around 12% on average which is 3-4 percentage points lower than the market rate, yet higher than the rate offered by government funded schemes (3%-5%). Banks can currently acquire resources at 8% from the market, which makes the 7% (offered for RFF-IFRSP funds) unattractive. RFFs documentation requirements impose an extra transactional cost to PFIs that partly deters them even more from requesting IFAD financing. However, RFF has taken steps to reduce such documentation requirements and allowed electronic/email submission. Nevertheless, only 4 Universal Credit Organizations (UCOs i.e. MFIs) are cooperating with RFF. In fact, about half of RFF funds for 2019 went to Kamurj UCO CISC, 28% to CARD Credit CISC, 17% to Farm Credit CC and a smaller percentage to Global Credit. RFF considers expanding the offered services with leasing products and envisages cooperating with relevant PFIs.

17. In 2019, PFIs offered credit to 123 beneficiaries (of which 9 women) for an average loan size of AMD 5 million, median AMD 3.5 million, minimum AMD 2 million and maximum AMD 15 million. 35% of the volume of loans was directed to investments in livestock production, 30% to greenhouses, 10% to agro-processing, 9% to horticulture, 8% for crop production and smaller percentages to fish-farming, wine production, beekeeping etc. The average maturity of the loans is 3.5 years.

18. FREDa has an active investment portfolio that includes 8 companies and stands at AMD 1.6 billion (USD 3.4 million), which represents 66% of the project's total relevant allocation of USD 5.2 million. FREDa's financing supports 3 producers of packaging material for agri-products, a greenhouse, a fish-farm, organic fruits and vegetables producer, and an enterprise/ incubator who offers winemaking, viticulture and marketing services. 40% of FREDa's investments are

equity investments, 47% quasi-equity investments and 12% are subordinated loans. In 2019 FRED A concluded one direct equity investment, offered quasi-equity financing (mezzanine financing, one of which will be converted to equity in 2020) to two new clients, and offered a subordinated loan to an existing client for expanding production. In 2019, FRED A's investments amount to 594.6 million (USD 1.25 million), fulfilling 100% the AWPB 2019 expectations (USD 1.23 million). FRED A closely monitors the progress of existing active and new investments.

19. FRED A has managed a turn-around; the negative balance sheet it inherited from management prior to IRFSP. Yet, it is still burdened with unreliable (non-recoverable) past investments in companies which have become legally and de facto bankrupt. FRED A has taken legal action to recover some of the losses and pursues the bankrupt shareholders actively to inflict court decisions on their insolvencies.

20. In 2019 FRED A continued providing technical assistance to existing and prospective clients, using its own resources. FRED A's Board of Trustees and IFAD approved a total budget of USD 8,340 to assist the marketing and export promotion effort of its existing clients, and support the improvement of the financial management, audit, accounting and transparency of 8 potential clients. FRED A's new project pipeline consists of three prospects active in agri-processing, dairy and meat production

21. The rural finance sub-component has already reached its target number of beneficiaries (1,500 farmers), as of November 2018,

22. GEF implementation issues delayed the disbursement of most of the GEF funds and an important part of GEF funds (window 2 ~ USD 800.000) that will be allocated for grants. RFF will manage that window offering loans with a GEF grant amount of 25% and a loan part of 75%. RFF was tasked to deliver 60 such packages of consolidated financing within 2019. Instead RFF disbursed regular loans, with the condition to cover the financing gap using revolving assets, once GEF packages start being implemented. GEF performance has thus been highly unsatisfactory. It is of paramount importance that the coming GEF coordinator (scheduled to start January 2020) hits the ground running and that the RFF prepares the grant and matching grant schemes for windows 2 as soon as possible. The mission gave priority to this aspect and provided direct and hands-on support to the RAED-PIU for the finalisation of the ToRs and procurement documents for the implementation of window 1. This activity represents an important bulk of GEF investment and once launched and implemented, it should drastically improve the implementation of the GEF Project. The mission noted the excellent coordination between the RAED-PIU and the Ministry of Environment (GEF Focal Point) in all aspects that relate to the implementation of this grant.

23. Procurement: The shifting of 2019 procurement activities to the 2020 PP will create a large overload to the PIU in general and the procurement unit in particular. Advance planning and resource levelling are required to mitigate the ensuing risks. The recovery plan for delays is reflected in the 2020 PP. The priority is initially for the launch of the TOR's, specifications and cost estimates by the technical team to enable review and launching by the procurement unit. A model TOR and a cost estimate were jointly prepared as reference to future procurement designs. The team jointly with RAED PIU developed the 2020 PP using the new template provided by IFAD. The procurement performance review was conducted, and the procurement risk matrix was prepared to support upcoming procurement activities.

24. Farmers awareness: The component of farmers' awareness is much behind schedule and will need to be prioritised for optimizing the infrastructure investment to ensure sustainability, increased agricultural productivity and improved health standards. While the project is now arguably too close to project completion to responsibly spend the remaining funds (which seem to be significantly overestimated for awareness and TA which could be partially reallocated), more efforts should be made to ensure that farmers receive training on improved agronomic practices and crop choices allowed for by irrigation investments and, improved hygienic practices allowed for by improved drinking water and training for WAUs to enhance sustainability prospects. Clearly, the PIU did not neither pay particular attention to this component nor hired competencies herein, but as an alternative, it is suggested to outsource such efforts to relevant service providers. The mission invited the RAED-PIU to pay urgent and closer attention to this activity and to start its implementation early in 2020.

Agreed Action	Responsibility	Agreed Date
RFF future institutional anchoring In view of the possible restructuring of RFF, discuss with IFAD and request for non-objection the potential options which should be discussed in the context of the international agreement 653AM	GoA and IFAD	02/2020
RFF investment guidelines Adjust investment guidelines after further revision of eligible products under GEF and send them to IFAD for 'no objection'	RFF, IFAD	02/2020

<p>RFF loan disbursement</p> <p>Continue loan disbursement under window 2</p>	RFF	02/2020
<p>FREDA Structural Review</p> <p>Submit the Structural Review to the Board of Trustees for endorsement</p>	FREDA	02/2020
<p>FREDA action plan</p> <p>Prepare an action plan based on the recommendations provided in the structural review and send them to IFAD for 'no objection'</p>	FREDA, IFAD	02/2020
<p>FREDA investment guidelines and investment proposal Summary</p> <p>Adjust investment guidelines and investment proposal Summary to improve the quality of investment proposals and streamline their approval by IFAD</p>	FREDA, IFAD	02/2020
<p>FREDA companies for further investment</p> <p>Select eligible companies for further investment</p>	FREDA	02/2020
<p>Drinking water</p> <p>Develop a training programme for the financial management of the drinking water schemes to be executed in all 29 municipalities. This training programme could be executed by an external party.</p>	PIU	02/2020
<p>Water management</p> <p>Execute a study to assess the best institutional option(s) for the management of the drinking water systems focusing on sustainability and a high level of service to the water users. This is to be done for and with each municipality.</p>	PIU	02/2020
<p>WUA management</p> <p>Undertake policy discussions with the representatives of the farmers of the irrigation schemes to assess their options regarding the institutional set-up for the WUAs.</p>	PIU	02/2020
<p>Cold storage</p> <p>Agree on financing modalities of the two pilot projects under innovative technology testing and demonstrations</p>	PIU, IFAD	02/2020
<p>Cold storage II</p> <p>Consider an amendment to the FA allowing investments in equipment for innovative technology testing</p>	PIU, IFAD	02/2020
<p>Innovative pilots</p> <p>Prepare further pilot projects under innovative technology testing and demonstrations if funding is available</p>	PIU, IFAD	02/2020

GEF/C3 1 Send revised RFF Investment Guidelines compliant with GEF to IFAD for no objection	PIU RFF	02/2020
GEF/C3 2 Start disbursement of window 2 (GEF and RFF)	PIU, RFF	02/2020
GEF/C3 3 Prepare ToRs on training need assessment for window 2 and the related implementation.	GEF/C3	02/2020
C3 redesign 1 Approve revision of the design of Component 3 and adjust the costab accordingly	PIU, Develop. Division, IFAD, PSC	02/2020
C3 redesign 2 Start preparation of ToRs for service provider on capacity building CWS and WASH	PIU, Develop. Division	02/2020
C3 redesign 3 Start preparation of ToRs for service provider on capacity building SMSID and SLM	PIU, Develop. Division	02/2020
Reallocation of Funds Reallocate funding from esp. component 3 to the rural finance component	GoA to suggest, IFAD to agree	02/2020
Speed up the implementation of the GEF component Start the bidding process for the selection of the SP for window 1.	PIU for preparation/IFAD for non-objection	02/2020
Implementation of window 2 Accelerate implementation of window 2 by reviewing and provide no objection	IFAD	02/2020
Accelerating the restructuring process End current uncertainty by accelerating the restructuring process. GoA to send a request to IFAD for FAs amendment reflecting the detailed elements as discussed and agreed during the IFAD mission of May 2019.	MoF, MoE and IFAD	
Synchronizing completion dates with GEF Component Consider synchronizing completion dates between IRFSP and the GEF component	GoA	

<p>FA Amendment</p> <p>GoA to send a request to IFAD for FAs amendment reflecting the required amendments to the definitions of schedule 2 regarding IFAD grant</p>	GoA	
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E. Agreed Actions

Agreed Action	Responsibility	Agreed Date
Overview and Project Progress		
<p>RFF future institutional anchoring</p> <p>In view of the possible restructuring of RFF, discuss with IFAD and request for non-objection the potential options which should be discussed in the context of the international agreement 653AM</p>	GoA and IFAD	02/2020
<p>RFF investment guidelines</p> <p>Adjust investment guidelines after further revision of eligible products under GEF and send them to IFAD for 'no objection'</p>	RFF, IFAD	02/2020
<p>RFF loan disbursement</p> <p>Continue loan disbursement under window 2</p>	RFF	02/2020
<p>FREDA Structural Review</p> <p>Submit the Structural Review to the Board of Trustees for endorsement</p>	FREDA	02/2020
<p>FREDA action plan</p> <p>Prepare an action plan based on the recommendations provided in the structural review and send them to IFAD for 'no objection'</p>	FREDA, IFAD	02/2020
<p>FREDA investment guidelines and investment proposal Summary</p> <p>Adjust investment guidelines and investment proposal Summary to improve the quality of investment proposals and streamline their approval by IFAD</p>	FREDA, IFAD	02/2020
<p>FREDA companies for further investment</p> <p>Select eligible companies for further investment</p>	FREDA	02/2020
<p>Drinking water</p> <p>Develop a training programme for the financial management of the drinking water schemes to be executed in all 29 municipalities. This training programme could be executed by an external party.</p>	PIU	02/2020
<p>Water management</p> <p>Execute a study to assess the best institutional option(s) for the management of the drinking water systems focusing on sustainability and a high level of service to the water users. This is to be done for and with each municipality.</p>	PIU	02/2020

<p>WUA management</p> <p>Undertake policy discussions with the representatives of the farmers of the irrigation schemes to assess their options regarding the institutional set-up for the WUAs.</p>	PIU	02/2020
<p>Cold storage</p> <p>Agree on financing modalities of the two pilot projects under innovative technology testing and demonstrations</p>	PIU, IFAD	02/2020
<p>Cold storage II</p> <p>Consider an amendment to the FA allowing investments in equipment for innovative technology testing</p>	PIU, IFAD	02/2020
<p>Innovative pilots</p> <p>Prepare further pilot projects under innovative technology testing and demonstrations if funding is available</p>	PIU, IFAD	02/2020
<p>GEF/C3 1</p> <p>Send revised RFF Investment Guidelines compliant with GEF to IFAD for no objection</p>	PIU RFF	02/2020
<p>GEF/C3 2</p> <p>Start disbursement of window 2 (GEF and RFF)</p>	PIU, RFF	02/2020
<p>GEF/C3 3</p> <p>Prepare ToRs on training need assessment for window 2 and the related implementation.</p>	GEF/C3	02/2020
<p>C3 redesign 1</p> <p>Approve revision of the design of Component 3 and adjust the costab accordingly</p>	PIU, Develop. Division, IFAD, PSC	02/2020
<p>C3 redesign 2</p> <p>Start preparation of ToRs for service provider on capacity building CWS and WASH</p>	PIU, Develop. Division	02/2020
<p>C3 redesign 3</p> <p>Start preparation of ToRs for service provider on capacity building SMSID and SLM</p>	PIU, Develop. Division	02/2020
<p>Reallocation of Funds</p> <p>Reallocate funding from esp. component 3 to the rural finance component</p>	GoA to suggest, IFAD to agree	02/2020
<p>Speed up the implementation of the GEF component</p> <p>Start the bidding process for the selection of the SP for window 1.</p>	PIU for preparation/IFAD for non-objection	02/2020

<p>Implementation of window 2</p> <p>Accelerate implementation of window 2 by reviewing and provide no objection</p>	IFAD	02/2020
<p>Accelerating the restructuring process</p> <p>End current uncertainty by accelerating the restructuring process. GoA to send a request to IFAD for FAs amendment reflecting the detailed elements as discussed and agreed during the IFAD mission of May 2019.</p>	MoF, MoE and IFAD	
<p>Synchronizing completion dates with GEF Component</p> <p>Consider synchronizing completion dates between IRFSP and the GEF component</p>	GoA	
<p>FA Amendment</p> <p>GoA to send a request to IFAD for FAs amendment reflecting the required amendments to the definitions of schedule 2 regarding IFAD grant</p>	GoA	
Development Effectiveness		
<p>Gender Strategy</p> <p>Gender Strategy and Action Plan developed and submitted it to IFAD for approval</p>	PIU	02/2020
<p>Agri-training</p> <p>Develop an agricultural training course on best practices for irrigated agriculture (to be executed in each scheme).</p>	PIU	02/2020
<p>GEF acceleration</p> <p>Select competitively a Service Provider to support the implementation of window 1 by re-launching tenders. Request IFAD non-objection.</p>	PIU	02/2020
<p>GEF acceleration 2</p> <p>For window 2 revise the investment guidelines of RFF to reflect the new eligible 3 CFPs as revised by the MTR mission and submit the revised guidelines to IFAD for non-objection.</p>	PIU	02/2020
<p>GEF acceleration 3</p> <p>Resume the training on GIS monitoring, through open competition and in close coordination with IFAD.</p>	PIU	02/2020
<p>GEF acceleration 4</p> <p>Urgently recruit an international technical LD expert to prepare another Land Restoration report for identification of sites under GEF sub-component 2.1 (Investment for landscape restoration interventions).</p>	PIU (GEF coordinator and consultant)	02/2020

GEF acceleration 5 Prepare the tendering document for a competitive recruitment of a service provider for the preparation of the land restoration plans and their implementation.	PIU (Procurement and GEF coordinator)	02/2020
GEF acceleration 6 Land restoration plans finalized by the service provider and ready for implementation (start restoration work in selected sites where climatic conditions allow).	Service Provider/PIU	02/2020
Reallocation of Funds Reallocate funding from esp. component 3 to the rural finance component	GoA to suggest, IFAD to agree	02/2020
Speed up the implementation of the GEF component Start the bidding process for the selection of the SP for window 1.	PIU for preparation/IFAD for non-objection	02/2020
Accelerate progress in Targeting Build on the existing targeting efforts done in GEF and accelerate progress to roll out window 1 and 2	PIU / GEF coordinator /RFF	
Implementation windows under GEF/RFF Expedite the Implementation of the two windows under GEF/RFF	PIU/ RRF	
Sustainability and Scaling up		
FREDA exit strategy IFAD and Government to continue the exploration of sustainable exit strategies for FREDA based on the three options, with particular focus on private sector partnering (option 2)	FREDA, IFAD, GoA and eventually private sector	02/2020
Training and capacity development Accelerate the reduced training and capacity development efforts within water management, sustainable & productive agricultural practices and climate resilience	PIU and Ministry of Economy	02/2020
Amendments of Financing Agreements Follow up on the agreed actions of the IFAD mission of May 2019 regarding the next steps for the Amendments of Financing Agreements. GoA to send a letter to IFAD with detailed proposals and a request for FA amendment.	RFF follow up	02/2020
Possible engagement with the private sector Accelerate FREDA's efforts in choosing and detailing an exit strategy including possible engagement with the private sector leveraging its additional expertise and finance	FREDA	03/2020
Initiate RFF exit strategy RFF exit strategy	PIU, GoA and IFAD	

<p>Infrastructure investments</p> <p>Ensure that infrastructure investments are complemented with appropriate and sustainable management principles that optimise impact and enhance sustainability. Strictly follow IFAD SECAP requirements in implementing infrastructure investments.</p>	PIU / RFF	
Project Management		
<p>KM strategy</p> <p>Develop and comprehensive KM strategy and related implementation plan across components and implementation entities</p>	M&E team	02/2020
<p>Sample size for drinking water</p> <p>Increase the sample size of the monitoring of drinking water and irrigation schemes. For this external interviewers can be hired.</p>	M&E	02/2020
<p>Gender disaggregation</p> <p>Data collected and used for Monitoring and Evaluation needs to be gender disaggregated</p>	PIU	02/2020
<p>SECAP guidelines</p> <p>Consider the SECAP guidelines and systematically/strictly follow their stipulations in all IRFSP related investments.</p>	PIU	02/2020
Financial Management & Execution		
<p>Appoint external auditors for the audit of project financial statements for 2018.</p>	PIU	12/2018
<p>Agree revised AWPB for 2019 submission deadline with IFAD</p>	PIU	12/2018
<p>Reduce the number of business cards in use in line with the needs of the project</p>	PIU	12/2018
<p>Contract management training</p> <p>Training of the PIU Procurement unit staff on contract Management</p>	PIU	12/2019
<p>Exceptional circumstances</p> <p>In the future IFAD will apply a more strict interpretation of 'exceptional circumstances' with open competitive tender being the selection method by default. PIU will have to adjust to this approach.</p>	PIU	
<p>Local sphoppings</p> <p>Strictly avoid contract splitting for local shoppings.</p>	PIU and FREDA	
<p>Invoices</p> <p>Copies of invoices and deliverables to be kept in procurement folders</p>	PIU	

<p>Procurement TORs</p> <p>Expedite TOR preparation and launching of delayed procurement activities</p>	<p>PIU</p>	
<p>Advance payment guarantee</p> <p>All advance payments should be paid against an advance payment guarantee</p>	<p>PIU</p>	
<p>Announcing Shortlist Criteria</p> <p>Since shortlists are limited to 6, all shortlist criteria (including for Audit) should be announced and allow PIU to select the top ranked 6 firms</p>	<p>PIU</p>	
<p>Use of NOTUS</p> <p>PIU to start using NOTUS application for procurement review and no objection</p>	<p>PIU</p>	