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Enabling poor rural people  
to overcome poverty

## **President's report**

### **Proposed grant to the Republic of The Sudan for the**

### **Supporting Small-scale Traditional Rainfed Producers in Sinnar State Project**

#### **Note to Executive Board representatives**

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Executive Board — 101<sup>st</sup> Session  
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**For: Approval**

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## Abbreviations and acronyms

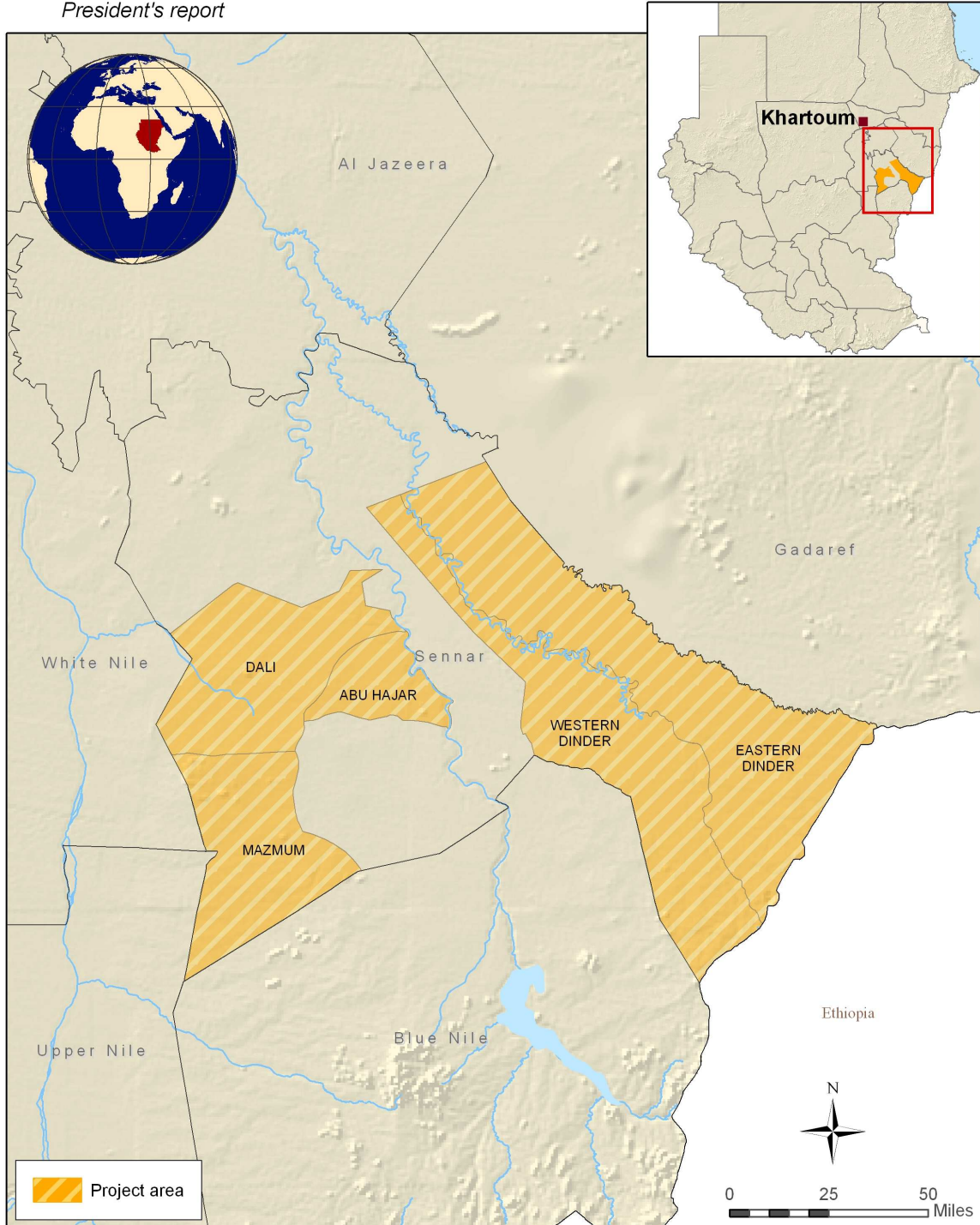
ARC	Agricultural Research Corporation
MAAWI	State Ministry of Agriculture, Animal Wealth and Irrigation
MPPPW	State Ministry of Physical Planning and Public Works

# Map of the project area

## Republic of The Sudan

### Supporting Small-scale Traditional Rainfed Producers in Sinnar State Project

*President's report*



20-10-2010



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

Map compiled by IFAD

## Republic of The Sudan

### Supporting Small-scale Traditional Rainfed Producers in Sinnar State Project

#### Financing summary

<b>Initiating institution:</b>	IFAD
<b>Recipient:</b>	Republic of The Sudan
<b>Executing agency:</b>	Ministry of Agriculture, Animal Wealth and Irrigation
<b>Total project cost:</b>	US\$21.17 million
<b>Amount of IFAD grant:</b>	SDR 8.875 million (equivalent to approximately US\$13.54 million)
<b>Contribution of recipient:</b>	US\$4.72 million
<b>Contribution of beneficiaries:</b>	US\$2.91 million
<b>Appraising institution:</b>	IFAD
<b>Cooperating institution:</b>	Directly supervised by IFAD

## Recommendation for approval

The Executive Board is invited to approve the recommendation for the proposed grant to the Republic of The Sudan for the Supporting Small-scale Traditional Rainfed Producers in Sinnar State Project, as contained in paragraph 35.

## Proposed grant to the Republic of The Sudan for the Supporting Small-scale Traditional Rainfed Producers in Sinnar State Project

### I. The project

#### A. Main development opportunity addressed by the project

1. The project provides a response to the current alarming levels of land degradation. This phenomenon now poses the biggest threat to smallholders' livelihoods and social peace. The project introduces environmentally friendly technical packages to enhance productivity and mobilizes concerted efforts to formulate a regulatory framework for the development of both smallholder and large-scale farming in a way that conserves the environment. Sinnar State offers a number of enabling conditions for the successful implementation of this project: (i) a strategic development plan that allocates more than 90 per cent of the budget to sustainable development and poverty alleviation and where soil and water conservation is the main technology promoted for the rainfed sector; (ii) complementarity with government investments and other donor-funded initiatives; and (iii) a clear intention to promulgate appropriate legislation, with more than 10 bills under preparation for natural resources management.

#### B. Proposed financing

##### Terms and conditions

2. It is proposed that IFAD provide a grant to the Republic of The Sudan in the amount of SDR 8.875 million (equivalent to approximately US\$13.54 million), to help finance the Supporting Small-scale Traditional Rainfed Producers in Sinnar State Project.

##### Relationship to the IFAD performance-based allocation system (PBAS)

3. The allocation defined for The Sudan under the PBAS is US\$27.891 million over the 2010-2012 allocation cycle. This is the first project presented under this cycle.

##### Relationship to national medium-term expenditure framework criteria

4. The project is aligned with the strategic development plan of Sinnar State for the period 2007-2011, which allocates more than 90 per cent of the budget to sustainable development and poverty alleviation.

##### Country debt burden and absorptive capacity of the State

5. The Sudan's debt was around US\$36 billion at end-2009, equivalent to around 70 per cent of GDP. The Sudan is eligible for 100 per cent grant financing under IFAD's Debt Sustainability Framework.

##### Flow of funds

6. Advance withdrawals will be maintained in a designated account in euros for project use. A project account in local currency will also be opened. Both the designated account and the project account will be operated by the project manager and financial manager in accordance with standard financial procedures.

**Supervision arrangements**

7. IFAD will supervise the project through annual supervision missions supported by follow-up or specific thematic missions as may be required.

**Exceptions to IFAD General Conditions for Agricultural Development Financing and operational policies**

8. No exceptions are foreseen.

**Governance**

9. The following planned measures are intended to enhance the governance aspects of the IFAD financing: (i) annual audits of programme accounts and semi-annual financial statements in accordance with international standards; (ii) annual supervision missions and quarterly fiduciary reviews that will be carried out by the IFAD country team; and (iii) a performance contract satisfactory to the Fund, to be signed between the project, the machinery operators and the producers' groups, setting forth the obligations of each. Procurement operations will strictly adhere to IFAD procurement guidelines.

**C. Target group and participation****Target group**

10. The project will cover 100 villages located in three of the state's seven localities – Dindir, Abu Hujar, and Dali and Mazmoum – and will target principally three groups: (i) smallholders who cultivate less than four hectares and own five small ruminants or less; (ii) settled pastoralists in registered villages in the three localities who have limited access to water and fodder; and (iii) destitute women who were displaced 10 years ago by the civil strife in southern Sudan. The project is expected to benefit 20,000 households, including 19,000 smallholder households, 800 settled pastoralist households and 200 households headed by women returnees.

**Targeting approach**

11. In line with the IFAD Policy on Targeting, the poverty targeting strategy relies on the following sequential approach: (i) a survey of all villages in the project area and their ranking against a set of poverty-related criteria; (ii) selection of the 100 poorest villages by the locality's coordination committees; (iii) mapping of poverty in the selected villages using the wealth ranking tool; and (iv) monitoring the profile of beneficiaries for alignment with the target group description. The project's gender mainstreaming strategy aims to enable women to access extension services as well as participate in relevant training, demonstration and scaling-up activities. It rests on tailoring technical packages to women's needs, introducing post-harvest management techniques that support income diversification and alleviating women's workload.

**Participation**

12. Village development committees will act as liaison between the project and the communities. They will mobilize the community, assist in the organization of common interest groups, assess the need for conservation of natural resources, organize maintenance works on wadi crossings, and monitor project activities and effects on the community and the livelihoods of beneficiary households. The central task of the common interest groups is to organize their members participating in the demonstration phase of technological packages, monitor the results of the demonstration to adapt technical packages in the following season, and facilitate the scaling up of successful techniques in their communities.

**D. Development objectives****Key project objectives**

13. The project goal is to reduce rural poverty and increase food security and incomes for about 20,000 households in the project area. The objective is to increase the productivity of staple and cash crops as well as small ruminants.

### **Policy and institutional objectives**

14. There are three main institutional outcomes expected from the project: (i) the quality of extension services will improve thanks to capacity-building for staff and the introduction of new procedures for smallholder access to improved technological packages; (ii) insurance companies will tailor their services to meet smallholders' needs, thus helping them overcome their risk aversion; and (iii) the state government will have an operational policy on land use and resource management thanks to formulation of the land use and investment map and promulgation of the bill on sustainable management of natural resources.

### **IFAD policy and strategy alignment**

15. The project is aligned with the IFAD policies pertaining to (i) targeting; (ii) improved access to land and tenure security; and (iii) private-sector development. Furthermore, it is aligned with the three strategic objectives of the results-based country strategic opportunities programme for The Sudan.

## **E. Harmonization and alignment**

### **Alignment with national priorities**

16. The programme is aligned with and complements initiatives supported by the federal and state governments as stated in paragraph 4 above.

### **Harmonization with development partners**

17. The project is complementary to the following interventions: (i) the Integrated Livestock Production and Marketing Project funded by the Government and the Multi-Donor Trust Fund, (ii) the Eastern Nile Watershed Project of the Nile Basin Initiative; and (iii) the Revitalizing The Sudan Gum Arabic Production and Marketing Project funded by the Government, the Multi-Donor Trust Fund and IFAD.

## **F. Components and expenditure categories**

### **Main components**

18. The project has three components: (i) technology transfer; (ii) market access and post-harvest management; and (iii) capacity-building and institutional strengthening.

### **Expenditure categories**

19. There are six expenditure categories: (i) civil works (10.3 per cent of total project costs); (ii) vehicles, equipment and materials (11.7 per cent); (iii) technical assistance, studies and training (40.5 per cent); (iv) the fund (11.5 per cent); (v) salaries and allowances (19.6 per cent); and (vi) operation and maintenance (6.4 per cent).

## **G. Management, implementation responsibilities and partnerships**

### **Key implementing partners**

20. A project management office (PMO) will be responsible for project implementation. The PMO will be established through a ministerial decree as an autonomous entity reporting to the project's board of directors, chaired by the state Minister for Agriculture, Animal Wealth and Irrigation. Five extension teams will carry out field implementation in the five rural administrative units of the three localities. Other implementing partners include the state Ministry of Agriculture, Animal Wealth and Irrigation (MAAWI) technical departments, the state Ministry of Physical Planning and Public Works (MPPPW), and the village development committees and common interest groups.

### **Implementation responsibilities**

21. The PMO will be responsible for project implementation and operational management. The MAAWI will have an oversight role and will provide strategic and technical guidance to the PMO. The MPPPW will carry out topographical surveys of the locations of wadi crossings, validate design work, participate in the procurement

of qualified contractors, supervise construction of the crossings, carry out the final acceptance of works and train communities on maintenance. The village development committees will act as liaison between the project and the communities, mobilize communities, assist in the organization of common interest groups, assess the need for environment conservation, organize maintenance works on wadi crossings, and monitor project activities and effects on the community and the livelihoods of beneficiary households. The central task of the common interest groups will be to organize their members participating in the demonstration phase, monitor demonstration results in order to adapt technical packages in the following season, and facilitate the scaling up of successful techniques in their communities.

#### **Role of technical assistance**

22. The Agricultural Research Corporation (ARC) will be the main technical partner during project implementation, contracted to: (i) provide training and technical support to the five extension teams during the establishment, implementation, monitoring and evaluation of field demonstrations; (ii) carry out quality seed production and train extension teams and farmers in seed multiplication; and (iii) carry out adaptive research on zero tillage techniques for small and large holders.

#### **Key financing partners and amounts committed**

23. The total project cost is US\$21.17 million over seven years. The sources of financing are IFAD (64 per cent), the Government of The Sudan (22.3 per cent) and the beneficiaries (13.7 per cent).

### **H. Benefits and economic and financial justification**

#### **Main categories of benefits generated**

24. The main sources of benefits are expected to be: (i) improved production and productivity of crop production and livestock and its off-take, with substantial improvements in household income, diet and food security, (ii) market access and post-harvest handling technology; and (iii) increased income from income-generating activities, especially for women and poor households.

#### **Economic and financial viability**

25. The economic internal rate of return of the investments in the project area over 20 years is estimated at 15 per cent. The project will generate average net revenue of approximately US\$2.4 million annually, largely offsetting operation and maintenance costs, which are estimated at US\$1.5 million.

### **I. Knowledge management, innovation and scaling up**

#### **Knowledge management arrangements**

26. The project will contribute to knowledge management in the following ways: (i) networking in the Near East and North Africa region and the Programme Management Department on techniques related to soil and water conservation and livestock nutrition and their uptake by smallholders; (ii) in-country networking through annual implementation workshops, donor coordination meetings, seminars and workshops; (iii) regional knowledge networking, especially through the Knowledge Access in Rural Inter-connected Areas Network (KariaNet); and (iv) regional research networks such as the International Center for Agricultural Research in the Dry Areas (ICARDA), the Arab Authority for Agricultural Investment and Development (AAAID) and the Arab Organization for Agricultural Development (AOAD), in addition to the existing partnership with the World Bank, the World Food Programme (WFP), the Food and Agriculture Organization of the United Nations (FAO) and the United Nations Development Programme (UNDP).

#### **Development innovations that the project will promote**

27. The main features that are new to the context of The Sudan programme are: (i) the project approach, which combines demonstration and scaling up; (ii) removing



barriers to direct business linkages between machinery operators and small producers' groups; (iii) tailoring crop insurance to the needs of small-scale traditional farmers; and (iv) testing voluntary community destocking of healthy but weak animals.

### **Scaling-up approach**

28. The design incorporates measures to facilitate the replication and wider adoption of the technical packages promoted by the project, whether for minimum tillage, soil and water conservation, animal nutrition or post-harvest management, such as: (i) training farmers so that they in turn can train their peers; (ii) developing the capacity of common interest groups in technical and managerial skills and contracting private-sector suppliers of agricultural services; (iii) enabling the private sector to provide timely services to smallholders through organization to achieve economies of scale; access to credit to finance land preparation, sowing and weeding operations; and access to insurance to mitigate risk aversion in adopting new production techniques; and (iv) promulgation of laws to sustain the natural resource base.

## **J. Main risks**

### **Main risks and mitigation measures**

29. The project faces four main risks: (i) fragmented land use policies and rules for conservation and management of natural resources that are not enforced; (ii) severe drought; (iii) limited capacity of MAAWI in coordination and management and limited social capital of communities; and (iv) lack of access by farmers to credit to finance the adoption of proposed technical packages. The project provides for the following mitigation measures: (i) formulation of a state land use and investment plan and adoption of bills on sustainable management of natural resources; (ii) technical packages promoted by the project will enhance household resilience to drought; (iii) significant investments in capacity-building for extension staff and producers and provision of technical support by ARC; and (iv) appropriate credit products negotiated with banks.

### **Environmental classification**

30. Pursuant to IFAD's environmental assessment procedures, the project has been classified as a Category B operation in that it is not likely to have any significant negative environmental impact.

## **K. Sustainability**

31. The project has a high likelihood of sustainability based on the following considerations: it will: (i) enable business linkages between producers and agricultural machinery operators, thus removing barriers to farmers' access to timely land preparation services, by organizing producers, training producers in contracting and supervising work by machinery operators, and providing producers with access to credit where needed to finance such services; (ii) facilitate producers' access to insurance services to mitigate risk aversion in the adoption of new technologies; (iii) invest in building the capacity of extension agents in terms of logistics, work organization and competencies, while monitoring cost recovery for extension services; and (iv) contribute to regulating the expansion of mechanization and enforce norms for sustainable natural resources management that preserve the production base for smallholders, through the land use and investment map and the bills for natural resources management.

## **II. Legal instruments and authority**

32. A project financing agreement between the Republic of The Sudan and IFAD will constitute the legal instrument for extending the proposed financing to the recipient. A copy of the negotiated financing agreement is attached as an annex.

33. The Republic of The Sudan is empowered under its laws to receive financing from IFAD.
34. I am satisfied that the proposed financing will comply with the Agreement Establishing IFAD and the Lending Policies and Criteria.

### **III. Recommendation**

35. I recommend that the Executive Board approve the proposed financing in terms of the following resolution:

RESOLVED: that the Fund shall provide a grant to the Republic of The Sudan in an amount equivalent to eight million eight hundred and seventy-five thousand special drawing rights (SDR 8,875,000) and upon such terms and conditions as shall be substantially in accordance with the terms and conditions presented herein.

Kanayo F. Nwanze  
President

## **Negotiated financing agreement: "Supporting Small-scale Traditional Rainfed Producers in Sinnar State Project "**

(Negotiations concluded on 2 December 2010)

Grant Number: \_\_\_\_\_

Project Title: Support to Small-Scale Traditional Rainfed Producers in Sinnar State (SUSTAIN)(the "Project")

The International Fund for Agricultural Development (the "Fund" or "IFAD")

and

the Republic of the Sudan (the "Recipient")

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

hereby agree as follows:

### **Section A**

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

### **Section B**

1. The amount of the Grant is SDR 8 875 000.
2. The first day of the applicable Fiscal Year shall be 1 January.
3. There shall be a Project Account for the benefit of the Project Management Office in the Central Bank of Sudan or a commercial bank acceptable to the Fund.
4. In accordance with Section 4.04(d) of the General Conditions, amounts withdrawn by the Recipient in advance shall be held in an account designated for that purpose in a bank acceptable to the Fund.
5. The Recipient shall provide counterpart financing for the Project/Programme in the amount equivalent of USD 4.72 million.

**Section C**

1. The Lead Project Agency shall be the Ministry of Agriculture, Animal Wealth and Irrigation in the State of Sinnar.
2. The following are designated as additional Project Parties the Federal Ministry of Finance and National Economy, the Federal Ministry of Agriculture, the Federal Ministry of Animal Resources and Fisheries and the State Ministry of Physical Planning and Public Utilities in the State of Sinnar.
3. The Project Completion Date shall be the seventh anniversary of the date of entry into force of this Agreement.

**Section D**

1. The Financing will be administered and the Project supervised by the Fund.

**Section E**

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

For the Fund:

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

For the Recipient:

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

This agreement, dated \_\_\_\_\_, has been prepared in the (English) language in six (6) original copies, three (3) for the Fund and three (3) for the Recipient.

\_\_\_\_\_  
For the Fund

\_\_\_\_\_  
For the Recipient

## Schedule 1

### *Project Description and Implementation Arrangements*

#### **I. Project Description**

1. **Project area and target population:** The Project area covers the localities of Dinder, Abu Hujar and Dali & Mazmoum in Sinnar State. The Project shall cover 100 villages distributed over the three localities. The Project shall target principally three groups with the following socio-economic profile: (i) smallholders who cultivate 9 feddans or less and own about five small ruminants or less and are thus not able to meet basic food and non food requirements; (ii) settled pastoralists in registered villages in the three localities who cultivate a smaller area but raise a larger number of animals and who are constrained in their access to water and fodder; (iii) destitute displaced women in Mazmoum area and currently living on welfare assistance.

2. **Project goal and objective:** The Project goal shall be to reduce rural poverty, increase food security, and incomes of about 20 000 households in the project area. Its objective shall be to increase productivity of staple and cash crops as well as small ruminants for approximately 20 000 households.

3. **Project components and activities:** The Project shall have three main components, as follows.

(a) **Technology Transfer Component**, which shall address productivity constraints for crops and livestock; its main expected outcome is that at least 60% of the participating households adopt minimum tillage, soil and water conservation and livestock nutrition packages. Contracts with private machinery operators will be a key instrument to deliver timely land preparation services to producers groups. To this end, the Project Management Office shall develop performance based contracts satisfactory to the Fund, that will be signed between the Project, the machinery operators and the producers' groups, setting forth the obligations of each.

(b) **Market Access and Post-Harvest Management Component**, which shall tackle issues related to physical market accessibility and post-harvest handling techniques; its expected outcome is that at least 80% of the participating households' access to markets is improved. The main activity shall be the construction of crossings and training communities on maintaining them. The Project will monitor the effectiveness of the community maintenance of the crossings.

(c) **Capacity Building and Institution Strengthening Component**, which shall support the establishment of appropriate arrangements for building the capacity of producers to adopt environment-friendly production techniques, promulgation of laws favouring sustainable use of land and water resources, and the establishment of an efficient project management set-up. The main expected outcome of this component is that the social cohesion of the participating communities is improved. There shall be two main activities in this component (i) the establishment of the Project Management Office; and (ii) the equipment of extension teams in terms of logistics and training.

## II. Implementation Arrangements

**4. Inter-Ministerial Committee (IMC).** Its role and functions shall primarily be to review and approve policy recommendations emanating from the Project Board of Directors pertaining to natural resources management especially those related to land use and to policy issues inhibiting adoption of technology transfer and investment in agriculture. The Federal Minister of Agriculture or his representative shall chair this committee; the membership in this committee shall include the representative of the Ministry of Finance and National Economy, Ministry of Environment and Forests, Ministry of Irrigation and Water Resources, Ministry of Animal Resources, the State Ministries of Agriculture and, where IFAD co-financed projects are on-going, the Central Coordination Unit for IFAD co-financed projects. The chairperson of the committee may invite any other party in function of the policy issue under discussion. The committee shall meet at least twice a year.

**5. Project Board of Directors.** Project implementation shall be steered by a Board of Directors (BD) representing the key decision-making entities of the Project. The BD shall be established through a Governor Decree. The membership of BD shall include:

- The State Minister of Agriculture, Animal Wealth and Irrigation, chairperson
- The Director General of the Ministry of Agriculture, Animal Wealth and Irrigation, member
- Head of the department for rain-fed agriculture, member
- Head of the department for livestock production and health, member
- Head of the department for range, member
- Head of the department for horticulture, member
- Head of the department for technology transfer and extension, member
- Head of the department of forestry, member
- Director General of the MPPPU or his/her representative, member
- Director General of the State Ministry of Finance or his/ her representative, member
- Representative of the Federal Ministry of Agriculture, member
- Project Manager, secretary.

The composition of the BD may be changed with the agreement of the Fund and the Recipient.

6. The BD shall be responsible for and accountable to the Ministry of Finance and National Economy, the Ministry of Agriculture and IFAD for guiding Project execution under the principle of good governance, equity, efficiency and sustainability. The main functions of the BD shall be to review and approve the AWPB, progress and audit reports, resolve conflicts, review policy and strategy proposals before submission to the inter-ministerial committee for approval. The BD shall conduct hearings and consultations with different stakeholders as needed. BD shall meet quarterly and may convene extraordinary meetings as may be needed. The BD shall be established through a decree from the State Wali (Governor).

7. The **Project Management Office (PMO)** shall be established at the State Ministry of Agriculture Animal Wealth and Irrigation in Sinja. The PMO shall be established by a decree from the State Minister of Agriculture, Animal Wealth and Irrigation. It shall coordinate and monitor the physical implementation of project interventions and shall be composed of the following sub-units: (i) Administration and Finance; (ii) Technical

support and M&E; (iii) Capacity building support; (iv) Policy support; and (v) five field units located at the rural administrative unit (RAU) in Dali, Mazmoum, Abu Hujar , Dinder East and Dinder West. The Project Management Office will have financial and administrative autonomy.

8. **Staffing.** The Project staff will be composed of: Project Manager, Financial Manager, Monitoring and Evaluation officer, Community Development and Capacity Building officer, Senior Policy officer; and thirty eight extension agents to be deployed from the staff of the state Ministry of Agriculture to the RAU level based on implementation progress. The composition of the Project staff may be changed from time to time by agreement between the Fund and the Recipient. All Project staff shall be recruited or deployed on a competitive basis. The recruitment of the Project Management Office staff shall be submitted to IFAD for no objection. Project Management Office staff contracts shall be reviewed annually and their continuation decided based on satisfactory performance. Termination or modification of contracts or assignments shall be submitted to IFAD for no objection.

9. The Project Management Office shall report directly to the BD and will be responsible for operational management of the Project including:

- Contracting with the private sector and other parties;
- Coordinating and monitoring the implementation of the Project;
- Timely management of the preparation and consolidation process of annual work plans and budgets (AWPBs);
- Preparation of monthly, semi-annual and annual progress reports; these should include financial statements, as well as physical implementation and RIMS tables;
- Commissioning internal and external audit, and the preparation of thematic assessment studies and the project completion report.

10. At the field level, the extension staff shall play a key role in Project implementation. They shall be organized into five teams; each team composed of a multi-disciplinary extension team with the following specializations: (a) team leader cumulating M&E responsibilities; (b) crop production; (c) range management/forest management; (d) livestock production; (e) community development and capacity building; and (f) accountant clerk. Each team shall be deployed at the Rural Administrative Unit (RAU) level and will be responsible for a group of villages according to the AWPB. The composition of the extension teams may be adjusted by agreement between the Fund and the Recipient.

11. Four **Coordination Committees** shall be established, one at State level and one in each of the three localities. The State and Locality Coordination Committees shall serve as fora to raise and discuss issues relating to the project implementation and of relevance to their constituencies. The Committees will propose specific actions to resolve these issues, improve project implementation and let synergies emerge with other projects/ activities at locality and State level. The Committees will play an important role in lobbying for promulgation of laws for sustainable management of natural resources.

12. Membership in the **State Coordination Committee** (SCC) shall be open to representatives from the Ministry of Agriculture, Animal Wealth and Irrigation, the Forestry National Corporation, the Agriculture Research Corporation, the Executive Directors of the three localities, the Women's Union, the Pastoralists' Union, the Farmers' Union, the State Ministry of Physical Planning and Public Works, the Women State Advisory Commission, the Agriculture Committee in the Parliament, the Wildlife Department of the Ministry of Interior (managing the Dinder Natural Park), the Zakat Fund, the banks, and the private machinery operators. The composition of the SCC may

be adjusted by agreement between the Fund and the Recipient. The SCC shall meet bi-annually. The Project Manager shall prepare meeting agendas and minutes of the meetings and submit them promptly to the BD. The Project Manager shall chair the State Coordination Committee.

13. The **Locality Coordination Committee (LCC)** shall be chaired by the executive director of each locality. Members in the committee shall include the Director of the Agriculture Department, representatives of the Women's Union, Pastoralists' Union, Farmers Union, the Women's Advisory Commission at locality level, as well as two representatives (a man and a woman) from the village development committees participating in Project activities. The composition of the committees may vary by agreement between the Fund and the Recipient. The extension Team Leader shall act as secretary of this committee; s/he shall prepare the meetings' agenda and the minutes and submit a brief report to the Project Manager. The main functions of these committees shall include: review of the village database, village selection and phasing, approval of the AWPB/monthly and quarterly project progress reports prepared by the RAU extension team, discussion of project implementation, raising the concerns of their constituencies and conflict resolution. The commissioners, who are members in the State Coordination Committee, shall be responsible to submit unresolved matters for consideration by the SCC.

14. **Annual Work Plan and Budget (AWPB).** Each village development committee participating in the project shall submit its AWPB to the rural extension team at rural administrative unit level who will then consolidate these AWPBs into a RAU annual work plan and budget. The rural extension team shall submit the RAU annual work plan and budget to the locality coordination committee for review and approval at the latest in July of each year. Once approved, the RAU level extension team shall submit it to the PMO for consolidation at project level. The PMO shall submit the AWPB to the BD for discussion and approval no later than September of each year. Once approved, the PMO will submit the AWPB to IFAD for no objection no later than November of each year. The BD shall adopt the AWPB substantially in the form approved by the Fund.

15. **Project Implementation Manual (PIM).** The Project Management Office shall develop a draft Project Implementation Manual that will be submitted to the Board of Directors for review and approval. Once approved, the Project Management Office shall submit the PIM to the Fund for no objection. The Board of Directors shall adopt the PIM substantially in the form approved by the Fund. The PIM shall be finalized by December 2011.

16. **Monitoring.** The Project Management Office shall establish a Monitoring and Evaluation (M&E) system that will generate quantitative, verifiable information on the Project's performance in a form that will assist the Project Management Office and field units in planning and financing their activities, comparing physical progress against the planned targets and allowing timely remedial action to be taken to correct encountered problems during implementation. The M&E system shall include the first level, second level and impact indicators on which mandatory annual reporting is required as per the guidelines of the Results and Impact Measurement System. The M&E-generated information will contribute to facilitating the workflow and quality of the decision making by providing the means of focusing on implementation problems and ensuring effective communication and co-ordination between the implementing agencies. The M&E system of the Project shall be fully operational by December 2011.



## Schedule 2

### Allocation Table

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

Category	Grant Amount Allocated (expressed in SDR)	% of eligible expenditure to be financed
I. Civil works	1 100 000	100% net of taxes
II. Vehicles, equipment & materials	860 000	100% net of taxes and beneficiaries contribution
III. Technical assistance, studies and training	3 000 000	100% net of taxes and beneficiaries contribution
IV. Fund	900 000	100% net of taxes and beneficiaries contribution
V. Salaries and allowances	1 550 000	100% net of taxes and government contribution
VI. Operations and Maintenance	570 000	100% net of taxes and beneficiaries contribution
Unallocated	895 000	
<b>TOTAL</b>	<b>8 875 000</b>	

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

“Civil works” means the construction or rehabilitation of buildings and crossings that achieve the project objectives, inclusive of the costs of design and supervision.

“Vehicles, equipment and materials” means vehicles and other inputs required for the agricultural demonstrations and scaling up of the technological packages.

“Technical assistance, studies and training”: means demonstrations with farmers’ groups, all short and long term consultancies with private and public entities or with individuals to support farmers’ groups, as well as training delivered at community level, locality, state, national or international levels and studies.

“Fund” means grants under the community environment conservation fund and the cost of insurance premium during the scaling up of the technological packages.

“Salaries and allowances” means the salaries of the PMO staff, inclusive of social and other allowances; PMO staff field allowances, and the salary top up and field allowances of the rural extension teams.

"Operations and Maintenance" means the operation and maintenance costs of the vehicles, equipment and offices of the PMO and the rural extension units, as well as the meeting allowances for the project board of directors, the state coordination committees and the locality coordination committees.

2. *Start-up Costs.* Withdrawals may be made for expenditures for start-up costs in Category III incurred before the satisfaction of the general conditions precedent to withdrawal up to an aggregate amount of USD 50 000 under Category III.

## **Key reference documents**

### **Country reference documents**

Comprehensive Peace Agreement (CPA) between the government of Sudan and The Sudan People Liberalisation Movement, 2004

The Agricultural Revival Programme, April 2008

### **IFAD reference documents**

Project design document (PDD) and key files of the Supporting the Traditional Small-scale rainfed Producers in Sinnar State, September 2010

Sudan Country Programme Evaluation, OE, 2008

Result-Based COSOP for Sudan, April 2009

Sudan, Butana Integrated Rural Development Project, Project Appraisal report, 2006

Sudan, North Kordofan Rural Development Project, Project Completion Report, 2008

Administrative Procedures on Environmental Assessment

Case Study for Sudan, Empowering Rural Poor in a volatile Policy Context, IFAD/IFPRI, 2005

## Logical framework

Narrative Summary	Key Performance Indicators	Monitoring instruments	Assumptions(A) /Risks (R)
<p><b>Goal:</b> Reduce rural poverty, increase food security and income for about 20,000 small-scale traditional rain-fed agro-pastoralist households in Sinnar State.</p>	<ul style="list-style-type: none"> <li>Prevalence of malnutrition in children under the age of five years reduced by 10% (from 29%to 26%)</li> <li>8000 women and 6000 men with improved food security (length of hunger period)</li> <li>8000 women and 6600 men with increased income (USD 800/ capita)</li> <li>20 000 households with improved asset ownership (RIMS)</li> </ul>	<ul style="list-style-type: none"> <li>RIMS Baseline survey and impact survey.</li> <li>Annual impact assessments (data disaggregated by gender and returnees );</li> <li>RIMS Anthropometric survey and UNICEF periodic surveys</li> <li>Official government statistical yearbooks; censuses,</li> </ul>	<ul style="list-style-type: none"> <li>Land use policies adopted and enforced (A);</li> <li>Stable internal security (A);</li> <li>The targeting strategy is transparent and appropriate incentives are properly packaged (A);</li> </ul>
<p><b>Project Development Objective:</b> Increase productivity of staple and cash crops and small ruminants for about 20,000 households.</p>	<ul style="list-style-type: none"> <li>Average increase in overall yields of major staple food crops (20% for food crops and up to 160% for cash crops)</li> <li>10% increase in meat production in the project area</li> <li>25% decrease in post-harvest crop losses realised by the project</li> </ul>	<ul style="list-style-type: none"> <li>Baseline survey, mid-term and completion assessments</li> <li>Ministry of Agriculture crop cutting surveys</li> <li>Thematic studies and household surveys</li> </ul>	<ul style="list-style-type: none"> <li>Bill for sustainable NRM in place (A)</li> <li>Availability of private sector</li> <li>Access to loans for investing in improved agricultural implements(A)</li> </ul>
<p><b>Outcome 1:</b> Minimum tillage, soil and water conservation and livestock nutrition technologies successfully adopted</p> <ul style="list-style-type: none"> <li>HH familiarised with minimum tillage and livestock nutrition technology packages.</li> </ul>	<ul style="list-style-type: none"> <li>Land under improved agricultural practices will reach 13500 feddans (5700 Ha) by year 4 and 45500 feddan (19000 ha) by year 7</li> <li>28 000 fed or 11 760 Ha of on-field demonstrations completed</li> </ul>	<ul style="list-style-type: none"> <li>Annual impact assessment surveys</li> <li>Midterm evaluation and completion reports</li> </ul>	<ul style="list-style-type: none"> <li>Availability of right implements for minimum tillage operations</li> <li>Reduced use of the wide level disc among smallholders (A)</li> <li>Crop rotation includes fodder crop.</li> </ul>
<p><b>Outcome 2:</b> The social cohesiveness of the participating communities has improved.</p> <ul style="list-style-type: none"> <li>Village development committees and local institutions strengthened.</li> <li>Communities receive regular training and technical support from extension agents.</li> <li>An enabling environment for sustainable management of land and water is developed at State level.</li> </ul>	<ul style="list-style-type: none"> <li>200 Interest Groups functional</li> <li>100 village development committees (VDCs) established and registered</li> <li>26 600 VDC members trained (30% women)</li> <li>5 field extension units rehabilitated</li> <li>Land Use &amp; Investment Plan formulated in year 5</li> <li>Law for sustainable NRM drafted, approved and promulgated in year 5</li> </ul>	<ul style="list-style-type: none"> <li>Annual impact assessments</li> <li>Midterm evaluation and completion reports</li> <li>Records of the common interest groups</li> <li>Minutes of VDC meetings</li> <li>Extension staff monthly reports</li> <li>Extension team leaders' follow up reports</li> </ul>	<ul style="list-style-type: none"> <li>Government will deploy and maintain the extension staff in the field units, provide logistic support and incentives</li> <li>Contractual arrangement with beneficiaries and private sector for remuneration of extension teams</li> </ul>
<p><b>Outcome 3:</b> Market access improved</p> <ul style="list-style-type: none"> <li>Market access infrastructure established</li> <li>Post harvest management facilities provided.</li> </ul>	<ul style="list-style-type: none"> <li>Access to market and social services established for at least 80% of the participating villages in the rainy season</li> <li>50% decrease in cost of transportation to markets</li> <li>100 villages participating in the operation and maintenance of the crossings and pipe culvert</li> <li>2300 women market at least 50% of their home garden produce after processing it.</li> </ul>	<ul style="list-style-type: none"> <li>Baseline survey, mid-term and completion assessments</li> <li>Annual impact assessments</li> </ul>	<ul style="list-style-type: none"> <li>Operation and maintenance arrangement of the crossing and pipe culverts is maintained after project completion</li> </ul>