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Ouvrer pour que les
populations rurales pauvres
se libèrent de la pauvreté

République du Soudan

Programme d'options stratégiques pour le pays

Note pour les représentants au Conseil d'administration

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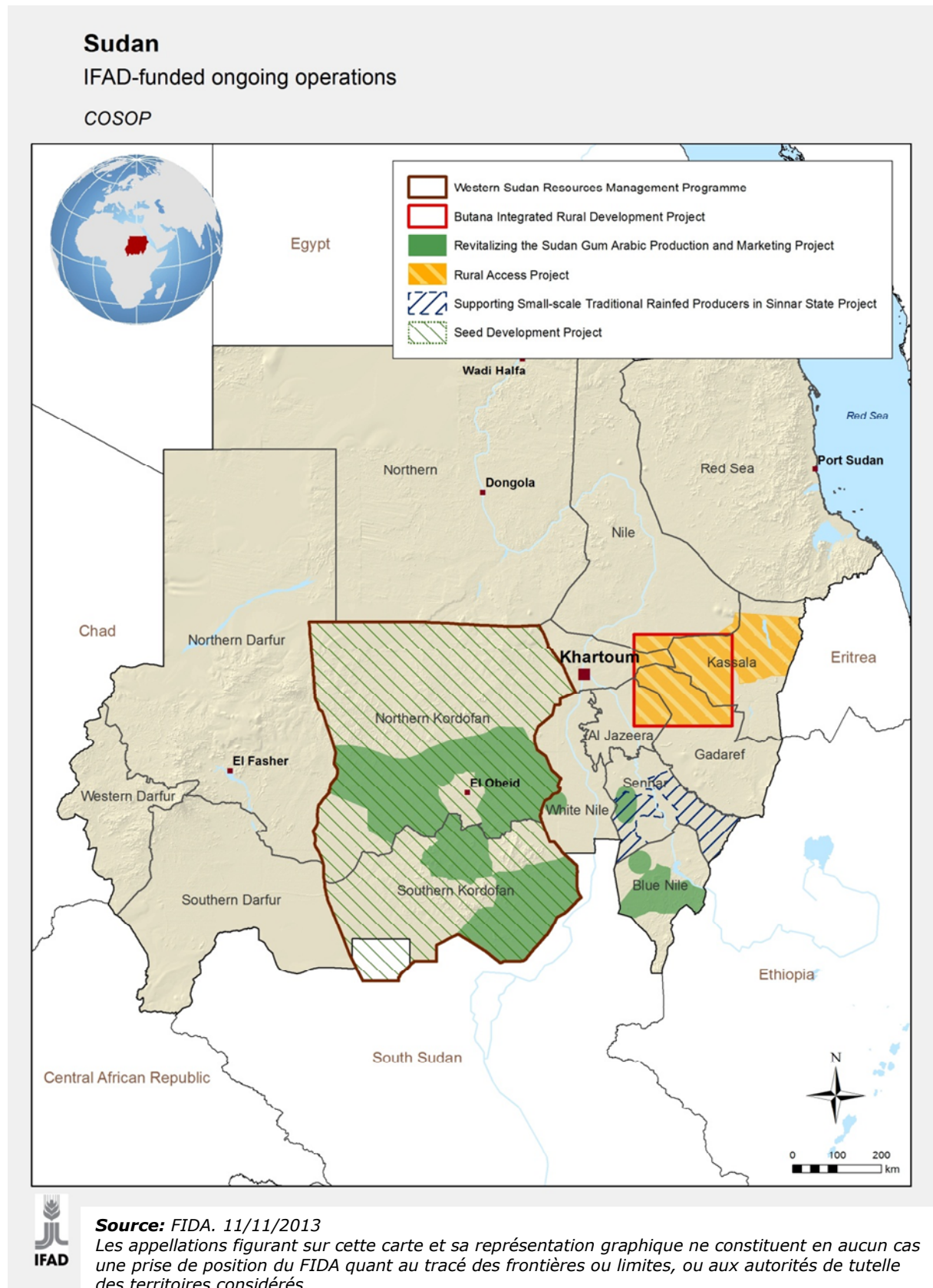
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Sigles et acronymes

ASAP	Programme d'adaptation de l'agriculture paysanne
COSOP-AR	Programme d'options stratégiques pour le pays axé sur les résultats
EGPP	Équipe de gestion du programme de pays
PPP	Partenariat public-privé
S&E	Suivi-évaluation
SKRDP	Programme de développement rural dans le Kordofan-Sud
WSRMP	Programme de gestion des ressources dans l'ouest du Soudan

Carte du pays indiquant les zones d'intervention du FIDA



Résumé de la stratégie pour le pays

1. Le présent programme d'options stratégiques pour le pays axé sur les résultats (COSOP-AR) pour le Soudan couvre la période 2013-2018. Il est aligné sur les stratégies gouvernementales pour le développement rural et agricole et sur les grandes orientations et le Cadre stratégique du FIDA pour 2011-2015. Il tient compte des considérables changements économiques et sociaux intervenus à la suite de la sécession du Soudan du Sud, au terme de plus de deux décennies de troubles politiques et de conflits armés, ayant entraîné des effets délétères sur l'agriculture et la population rurale.
2. L'objectif de développement global du présent COSOP est d'accroître la sécurité alimentaire et les revenus des populations rurales pauvres. On s'y emploiera au moyen de deux objectifs stratégiques: i) renforcement de la productivité de l'agriculture, de l'élevage et de la foresterie dans les systèmes agricoles pluviaux et accroissement de la résilience; et ii) amélioration de l'accès des ménages ruraux pauvres à des services financiers, à des marchés et à des filières rentables viables.
3. Le programme de pays sera axé sur l'agriculture, l'élevage et la foresterie en zones pluviales, et ciblera les petits exploitants agricoles et ceux qui pratiquent l'agriculture de subsistance, les pasteurs et petits agropasteurs ainsi que les femmes et les jeunes en milieu rural.

République du Soudan

Programme d'options stratégiques pour le pays

I. Introduction

1. Le présent programme d'options stratégiques pour le pays axé sur les résultats (COSOP-AR) pour le Soudan couvre la période de six ans allant de 2013 à 2018. Depuis le COSOP-AR précédent (2009), la situation a beaucoup changé, du fait de la sécession du Soudan du Sud en juillet 2011, et notamment de la perte des revenus pétroliers, mais aussi du renouveau d'intérêt que le gouvernement porte à l'agriculture. Le présent COSOP-AR imprime une nouvelle orientation au programme du FIDA au Soudan à la lumière de ces réalités, en tenant compte des politiques nationales et des priorités du FIDA, et en mettant à profit des programmes antérieurs menés dans le pays. Le présent document est l'aboutissement d'une concertation menée avec toutes les principales parties prenantes au développement agricole et rural. Un atelier de validation s'est tenu à Khartoum en septembre 2013 avec les principales parties prenantes.

II. Le contexte du pays

A. Économie, agriculture et pauvreté rurale

Situation économique générale

2. À l'heure actuelle, le Soudan compte environ 35,1 millions d'habitants, dont 67% vivent en milieu rural. Des changements considérables sont intervenus du fait de la sécession, dont la perte de ressources humaines et foncières, mais aussi des trois quarts de la richesse pétrolière du pays. Les recettes de l'État ont ainsi chuté de 36,5%, ce qui a représenté un choc pour la balance des paiements et provoqué une chute du PIB, passé à - 4,4% en 2012, et un accroissement du taux d'inflation annuel, passé de 10% en 2010 à 47% en 2012. Le taux de change du dollar des États-Unis a été réduit de 66% en juillet 2012. Depuis quelque temps, la production d'or aide à stabiliser l'économie. Le gouvernement a en outre adopté un Programme de redressement économique de trois ans (2012-2014) ainsi qu'un programme exhaustif de réforme pour tenter d'améliorer la situation économique et financière. D'après l'Economist Intelligence Unit, le PIB réel du Soudan progressera de 2,8% en 2013, puis de 5,7% en 2017, et l'inflation se stabilisera à un taux, certes élevé, de 20,8% en 2013.
3. **La dette.** En 2012, la dette extérieure se montait à 42 milliards d'USD. Les arriérés non réglés, ainsi que les conséquences politiques de la situation au Darfour, continuent de limiter l'accès à un financement à taux préférentiel, bien que l'assistance humanitaire se poursuive. Le Soudan peut potentiellement prétendre à l'allègement de sa dette dans le cadre de diverses initiatives, dont l'Initiative pour la réduction de la dette des pays pauvres très endettés.
4. **Les conflits.** Le Soudan a beaucoup souffert du conflit armé qui s'est prolongé pendant plus de deux décennies, avec des effets dévastateurs sur les moyens de subsistance en milieu rural. Depuis la sécession, les combats se poursuivent dans les zones frontalières. Les conflits entre pasteurs, agropasteurs et agriculteurs sont généralisés à cause des différends quant à la question de savoir à qui appartiennent les ressources naturelles et qui les utilise. Autre source de conflit: les régimes fonciers.

Agriculture et pauvreté rurale

5. En 2012, le secteur agricole représentait 30,4% du PIB. La sécession du Soudan du Sud a été à l'origine d'une contraction de l'économie et du secteur agricole. En 2009, la plus forte contribution au PIB agricole provenait de l'élevage (47%), suivi

par l'irrigation à grande échelle (28%), l'agriculture pluviale traditionnelle (15%), les produits de la forêt (7%) et l'agriculture semi-mécanisée (3%). Le secteur agricole emploie 70 à 80% de la population active en zone rurale. La productivité agricole du Soudan est faible et, de plus, variable, et ce à cause des conditions climatiques irrégulières, de la dégradation des sols, du faible recours aux technologies propices à la productivité, des connaissances limitées et du faible accès aux services financiers en milieu rural. En outre, l'extraction de l'or fait désormais concurrence à l'agriculture, pour ce qui est tant de la main-d'œuvre que des terres.

6. **Le secteur foncier.** Du fait de la sécession, le Soudan a perdu 25% de sa superficie, les zones arides passant de 65 à 90% du pays. Cela étant, 75% des terres arables se trouvent encore dans le pays, mais seuls 16,8 millions d'hectares sont cultivés. Plus critique encore, si le cheptel a diminué à hauteur de 28%, chutant ainsi à 104 millions de têtes, les ressources provenant des pâturages et de la forêt ont diminué de 40%. Les carences du régime foncier du fait de l'absence de garanties quant au droit de propriété foncière ont favorisé des modes de production agricole extensifs et extractifs. L'irrigation à grande échelle concerne seulement 9% des terres cultivées, mais absorbe la plus grande part des dépenses publiques consacrées à l'agriculture.
7. **Le secteur pluvial.** Le secteur pluvial est généralement réparti entre l'agriculture semi-mécanisée, la production de cultures traditionnelles et l'élevage. En 2011, ces sous-secteurs ont représenté trois quarts des recettes en devises provenant de l'exportation de produits agricoles. L'agriculture pluviale semi-mécanisée, pratiquée par de gros exploitants, couvre 6,7 millions d'hectares et se caractérise par la faiblesse des intrants et de la production et par un moindre souci de durabilité. Elle fournit certes des emplois, mais empiète sur les pâturages libres; les pasteurs se trouvent exclus des pâturages et des ressources en eau traditionnels, d'où des conflits à propos de l'accès. Le sous-secteur de l'agriculture traditionnelle pluviale couvre environ 10 millions d'hectares et est pratiqué par des propriétés familiales de 2 à 50 hectares. La productivité est en baisse, mais le recours à des pratiques améliorées dans le cadre de projets pilotes a clairement montré que de vastes améliorations étaient possibles. Il est urgent que les ménages diversifient leurs sources de revenus et ajoutent de la valeur à leurs produits.
8. **L'élevage.** L'élevage est un élément primordial du secteur pluvial traditionnel. En plus de la viande, du lait et des peaux, le bétail est apprécié pour son utilisation comme moyen de traction, mode de transport et source mobile de capital et d'assurance. L'élevage est principalement pratiqué par des pasteurs nomades ou semi-nomades qui pratiquent la transhumance à l'intérieur du Soudan ou au-delà des frontières avec les pays voisins. Outre les difficultés liées au régime foncier, les éleveurs doivent acquitter un droit de pâturage et d'accès à l'eau aux détenteurs des titres de propriété. La productivité du secteur de l'élevage est peu élevée pour de nombreuses causes: maladie et parasites; pratiques de reproduction sous-optimales; mauvaise gestion des troupeaux; accès réduit aux zones traditionnelles de pâturage, aux parcours empruntés par le bétail, aux résidus de cultures et aux points d'eau; et surpâturage.
9. **Le secteur forestier.** D'après des estimations officielles, les forêts ne représentent que 1 à 2% du PIB du pays. Au nombre des principaux facteurs limitant l'exploitation forestière, citons l'expansion de l'agriculture en forêt, la coupe d'arbres pour obtenir du bois de chauffage et du charbon de bois, le surpâturage, les incendies de forêt, la sécheresse et l'irrégularité des pluies. Le principal produit commercial de la forêt est la gomme arabique, qui, en 2012, a représenté 8% de la valeur des exportations agricoles.
10. L'évaluation de l'environnement et du changement climatique, menée dans le souci de disposer de toute l'information voulue pour mieux établir le COSOP-AR et

repérer les secteurs vulnérables appelant une intervention prioritaire du FIDA, a conclu que le changement climatique provoque des sécheresses de plus en plus sévères et chroniques, menaçant les systèmes agricoles pluviaux. Au cours des 80 dernières années, le réchauffement des températures et la diminution des précipitations ont poussé plus au sud, de 50 à 200 kilomètres, la frontière entre zones désertiques et semi-désertiques. De vastes zones de ce qui reste du semi-désert et de la savane peu arrosée courent le risque de désertification. Le réchauffement des températures et l'accroissement des taux d'évapotranspiration vont accroître la demande d'eau pour l'agriculture de manière significative, et le risque de tension hydrique va lui aussi augmenter pour les cultures comme pour le bétail. Les rendements agricoles devraient converger pour atteindre des moyennes à long terme bien plus faibles. Les chutes de rendement pourraient osciller entre 5 et 50% d'ici à 2050, représentant une baisse du PIB de 7 à 14 milliards d'USD. Il existe une forte corrélation entre la vulnérabilité face au changement climatique et la dépendance à l'égard des cultures non irriguées et de l'élevage, le manque de capacité d'adaptation et l'insécurité alimentaire des ménages: 100% des ménages pauvres et 25% des ménages aux limites de la pauvreté sont jugés vulnérables face à la sécheresse. Les directives nécessaires pour une meilleure adaptation au changement climatique et de meilleurs mécanismes pour y faire face ont été testées et sont désormais en place, mais l'élargissement et la mise en œuvre judicieuse de politiques visant à sauvegarder l'environnement restent à la traîne.

Pauvreté rurale

11. Au Soudan, le taux de pauvreté rurale moyen est estimé à 58%, soit bien supérieur au taux national moyen ou au taux de pauvreté urbaine (47% et 27% respectivement). Cette estimation utilise comme point de référence la somme d'un dollar par jour en zone rurale. Les petits agriculteurs et les petits éleveurs du secteur traditionnel pluvial, les populations sans terres et les personnes déplacées à l'intérieur de leur propre pays, les ménages démunis et les populations vivant dans des zones frappées par la sécheresse et le conflit sont les groupes ruraux les plus exposés à la pauvreté. Les principales difficultés pesant sur les moyens de subsistance en milieu rural ont trait à l'accès aux marchés, à l'accès aux services financiers, au caractère imprévisible des pluies et aux pénuries d'eau, aux obstacles sur les parcours migratoires empruntés par le bétail, aux attaques de ravageurs et aux épidémies, et aux conflits. Le chômage est plus élevé en milieu rural (19,8%) qu'en milieu urbain (12,1%) et plus élevé pour les femmes (24,7%) que pour les hommes (13,9%). La sécurité alimentaire et nutritionnelle est fragile, la sous-alimentation très répandue. Pour l'ensemble du Soudan, le taux de personnes souffrant de sous-alimentation est estimé à 22%; celui des enfants atteints d'émaciation atteint en moyenne 10 à 18% par an; les retards de croissance s'établissent à 11% et les carences en micronutriments sont fréquentes.
12. **L'égalité entre les sexes.** La participation des femmes à la prise de décisions s'est améliorée grâce à la mise en place de quotas aux assemblées législatives et dans les partis politiques et les organisations à assise communautaire. L'expérience acquise par le FIDA dans le cadre de projets indique que, là où les femmes ont accès au renforcement des capacités et à la microfinance, elles obtiennent des résultats extraordinaires.

B. Politiques, stratégies et contexte institutionnel

Le contexte institutionnel national

13. Le Soudan a mis en place un système fédéral de gouvernement qui laisse beaucoup d'autonomie aux différents États pour ce qui touche à la législation, à l'exécution du budget, à l'élaboration de programmes de développement et à l'exécution de services. Pour le secteur agricole, c'est le Ministère fédéral de l'agriculture et de l'irrigation qui a autorité sur les questions relatives au régime foncier, à la gestion de l'eau, à la conservation de l'environnement, au commerce, à l'apport d'intrants, aux contrôles sanitaires et à la lutte contre les ravageurs et les maladies. Chaque

État possède son propre ministère de l'agriculture, habituellement responsable de l'agriculture, de l'élevage et de l'irrigation. Les principales faiblesses institutionnelles se situent au niveau du budget, des effectifs, du manque d'attention à l'agriculture pluviale et de l'insuffisance du transfert de fonds fédéraux. De plus, il y a un manque de clarté quant aux rôles dans le domaine de l'agriculture et des ressources naturelles; par ailleurs, l'appui politique varie d'un État à l'autre. Il n'y a aucun mécanisme visant à harmoniser et à rationaliser les politiques et les stratégies d'un État à l'autre; depuis longtemps, les politiques sont mises en œuvre de haut en bas et sont marquées par la fréquence des changements et par l'absence d'environnement propice. L'environnement politique n'est guère favorable au secteur privé mais, dans le secteur agricole, le gouvernement souhaite intensifier les investissements privés et accroître les exportations.

La stratégie nationale de réduction de la pauvreté rurale

14. Le deuxième Plan de développement quinquennal 2012-2016 se veut un fondement pour le document de stratégie pour la réduction de la pauvreté (DSRP) et pour le Programme de redressement agricole. Le DSRP provisoire a été approuvé par le Parlement en 2012 et par la Banque mondiale en 2013. La version "complète" du DSRP est en cours d'élaboration.
15. **Stratégies de développement rural.** En 2008, le gouvernement a adopté le Programme de redressement agricole, doté d'un budget de 2,27 milliards d'USD et assorti des objectifs suivants: promotion des exportations; accroissement de la productivité et des revenus; amélioration de la sécurité alimentaire; réduction de la pauvreté; création d'emplois; croissance équilibrée; et développement et protection des ressources naturelles. En 2011, le programme a été prorogé de trois ans à l'issue d'une évaluation indépendante ayant conclu que, bien que le Programme de redressement agricole n'ait pas atteint les résultats souhaités, les réalisations effectives étaient néanmoins importantes.
16. Le secteur agricole a bénéficié d'un certain nombre de lois et règlements favorables aux pauvres. En 2009, une loi sur la gomme arabique a libéralisé les échanges et a permis d'améliorer la production au profit des agriculteurs. Une nouvelle loi sur les semences a été approuvée en 2010 pour garantir les droits en matière d'obtention végétale et mettre en place une réglementation solide en matière de production de semences. Une loi de 2011 ayant trait aux organisations professionnelles d'agriculteurs et d'éleveurs créait le fondement juridique permettant la création d'organisations de producteurs autonomes. Le FIDA finance actuellement des projets de développement qui appuient la mise en place d'organisations à assise communautaire dans le cadre d'une législation appropriée, la fourniture de services sociaux, d'intrants agricoles, de services de vulgarisation et de services de crédit et de commercialisation. Pour ce qui est de la microfinance, un mécanisme d'assurance accessible à toutes les banques a été introduit pour atténuer les risques liés à l'absence de garanties. L'unité de microfinance de la Banque centrale du Soudan a conclu un partenariat avec le FIDA, la Banque islamique de développement, le Programme des Nations Unies pour le développement (PNUD) et le Programme alimentaire mondial (PAM).

Harmonisation et alignement

17. Les opérations que le FIDA mène et prévoit de mener au Soudan sont harmonisées et alignées sur les politiques du gouvernement et du FIDA, notamment celles relatives au ciblage et à la résilience au climat. Ces opérations appuient également les initiatives du gouvernement dans l'ensemble du continent, dont le Programme détaillé pour le développement de l'agriculture africaine. L'accent mis sur le secteur pluvial est conforme au Programme de redressement agricole et au DSRP provisoire. Le Projet conjoint Banque mondiale/FIDA de relance de la production et de la commercialisation de la gomme arabique au Soudan, et le Projet de développement des semences, qui vise à faciliter la mise en œuvre de la politique

gouvernementale pour la réforme du secteur semencier, sont deux excellents exemples de l'alignement du FIDA sur les objectifs du gouvernement et de partenaires de développement.

III. Enseignements tirés de l'expérience du FIDA dans le pays

A. Résultats, impact et performance des opérations antérieures

18. Depuis 1979, le FIDA a financé 19 projets au Soudan, pour un coût total de 596,2 millions d'USD; ces projets ont touché 455 500 ménages pauvres (soit quelque 3 millions de personnes). À partir d'une approche intégrée du développement rural, le FIDA a mis un accent particulier sur les points suivants: renforcement des capacités des organisations de producteurs; accès aux marchés, à la microfinance et aux services agricoles pour les populations rurales pauvres; renforcement des organisations à assise communautaire; gestion des ressources naturelles et résolution des conflits; et accès aux services sociaux.
19. **Précédent COSOP-AR (2009-2012).** Le programme de pays pour la période 2009-2012 prévoyait huit projets mis en œuvre dans la plupart des États de l'actuel Soudan, ainsi qu'un projet au Soudan du Sud, et ce pour un financement total de 217,7 millions d'USD. Durant cette période, les huit projets ont directement touché 886 000 personnes. Le programme de pays a également appuyé quatre petits projets nationaux et un don régional. Les données relatives à l'impact concernant deux projets clos – le Projet de rétablissement de moyens de subsistance durables dans la région du Gash et le Programme de développement rural dans le Kordofan-Sud (SKRDP) – ainsi que l'actuel Projet de relance de la production et de la commercialisation de la gomme arabique au Soudan ont fait état d'une augmentation des revenus et d'une amélioration de la sécurité alimentaire des ménages. Deux programmes – le Programme de gestion des ressources dans l'ouest du Soudan (WSRMP) et le SKRDP – ont souffert des conflits qui ont continué au lendemain de la sécession. Dans le cadre du programme de pays, l'accent a été mis sur les questions relatives à l'égalité des sexes et sur les groupes de jeunes, avec l'intégration de ces questions dans toutes les opérations. Le programme de pays avait trois objectifs stratégiques:
 - a) **Objectif stratégique 1:** le premier objectif stratégique, "intensification de l'aptitude des organisations de producteurs à participer à la planification et au suivi des politiques pour un développement durable", a été atteint dans une mesure modeste, notamment en ce qui concerne l'influence exercée au niveau fédéral. Cela étant, un nombre important d'organisations bénéficiaires de différentes catégories ont été créées ou renforcées, et les communautés ont établi des plans de gestion et de conservation de l'environnement qui ont ensuite été intégrés aux plans des gouvernements locaux. Un appui aux communautés a été fourni par le biais des organisations à assise communautaire, prévoyant notamment des formations sur divers thèmes. Une attention particulière a été accordée à la question de la durabilité.
 - b) **Objectif stratégique 2:** en revanche, les produits et les effets concernant le deuxième objectif stratégique, "amélioration de l'accès des populations rurales pauvres aux services agricoles", ont été considérables. Au nombre des réalisations figurent l'amélioration de l'accès des agriculteurs à des services agricoles décentralisés, et la création d'associations d'usagers de l'eau. Dans le cadre du Projet de rétablissement de moyens de subsistance durables dans la région du Gash, on a constaté une forte augmentation de la taille moyenne du cheptel, de la production fourragère et du rendement des pâturages. Les terres cultivées dans le cadre du SKRDP ont augmenté des deux tiers, et les rendements ont eux aussi progressé. Le WSRMP a réussi à protéger les pâturages contre la dégradation des sols et la désertification grâce à la

fixation des dunes de sable, à des mesures de conservation des sols, à l'installation de systèmes agroforestiers, au développement de systèmes de gestion des pâturages, à l'amélioration de l'accès à l'eau, et à la délimitation des parcours migratoires empruntés par le bétail.

- c) **Objectif stratégique 3:** pour le troisième objectif stratégique, "amélioration de l'accès des ruraux pauvres, femmes et hommes, aux marchés et à la microfinance", les résultats sont mitigés. Par exemple, les producteurs de gomme arabique ont tous pu vendre leurs produits de façon rentable, alors que les 54 organisations de producteurs créées dans le cadre du WSRMP ont dû cesser de fonctionner malgré un sensible renforcement des capacités dans le domaine de la commercialisation. La construction de routes en zones rurales a été retardée à cause de difficultés survenues dans la conception du projet. Les résultats dans le secteur de la microfinance sont considérables et ont dépassé les attentes vu le volume relativement limité des investissements du FIDA: 37 135 bénéficiaires ont été touchés, et les taux de remboursement avoisinent les 100% pour les trois modèles de microcrédit ayant réussi l'épreuve pilote.
20. **Portefeuille actuel.** En 2013, le portefeuille compte six projets: le Projet intégré de développement rural du Butana; le Projet de relance de la production et de la commercialisation de la gomme arabique au Soudan; le Projet relatif à l'accès rural; le Projet de développement des semences; le Projet d'appui aux petites exploitations traditionnelles non irriguées dans l'État de Sennar; et le WSRMP. Des dons en cours au titre du guichet-pays prévoient l'appui à l'élaboration d'une stratégie nationale pour le secteur non irrigué, l'élargissement de la microfinance rurale par la Banque agricole du Soudan, et la restructuration des *sandugs* communautaires (groupements d'épargne et de crédit) à Al-Garrah. La stratégie relative au secteur non irrigué a donné lieu à de nombreuses consultations avec les principales parties prenantes dans tout le pays et a beaucoup enrichi le présent COSOP-AR. Un nouveau projet sur la séquestration du carbone, financé par le Fonds pour l'environnement mondial par l'intermédiaire du FIDA, devrait être signé d'ici à la fin de l'année. Il existe des synergies entre différents projets en ce qui concerne la couverture géographique et la mise en commun des efforts, actuels et à venir. Le programme de pays profite également d'initiatives régionales dans le domaine de la gestion des savoirs (KariaNet, par exemple).

B. Enseignements tirés

21. Quelques-uns des enseignements clés retenus dans le cadre du COSOP précédent:
- **Un environnement institutionnel et politique propice améliore l'efficacité des initiatives financées par le FIDA.** Exemples: mise en place de réseaux privés de vulgarisation décentralisés; meilleur accès aux services de microfinance; et accroissement des revenus des producteurs de gomme arabique lorsque des instruments de politique judicieux ont été mis en place.
 - **Les difficultés d'ordre structurel lors de l'élaboration du programme de pays peuvent en freiner la mise en œuvre et l'impact.** L'exécution d'un projet peut être compliquée par l'existence de zones ou de populations ciblées trop importantes et trop dispersées ou encore par la diversité des interventions. Bien que ces difficultés soient difficiles à éviter au Soudan, il faudra en tenir compte au stade de la conception des projets.
 - **Pour rester pertinents et atteindre les résultats et les effets souhaités, les modalités de conception et de mise en œuvre d'un projet doivent tenir compte des contextes sociopolitique et financier dans lesquels il s'inscrit.** Dans un environnement politique instable, il peut être difficile d'exécuter un projet si celui-ci manque de souplesse ou n'est pas adaptable.

- **Les organisations à assise communautaire jouent un rôle essentiel dans l'exécution des projets et la concertation sur les politiques au niveau local.**
- **Pour assurer la durabilité des services une fois un projet achevé, lorsque les services financiers et l'infrastructure relevant du secteur public sont instables, il faut prévoir des prestataires privés et la prise en charge communautaire.**
- **La multiplication des risques imputables au climat oblige à mettre l'accent sur la résilience et l'adaptation.**
- **Les services financiers ruraux à l'intention des pauvres peuvent être viables.** Les initiatives de microfinance financées par le FIDA ont démontré la viabilité des mécanismes d'exécution judicieusement conçus à même de gagner la confiance des clients, d'accroître peu à peu la capacité d'absorption du crédit, et qui s'accompagnent de bons mécanismes de suivi et de gestion.

IV. Cadre stratégique du FIDA pour le pays

A. Avantage comparatif du FIDA

22. Le FIDA est le premier bailleur de fonds pour le secteur agricole et rural au Soudan. Son avantage comparatif tient aux éléments suivants: le partenariat à long terme avec le gouvernement, la capacité à relever des défis divers et systémiques dans le domaine du développement dans le pays tout entier et à établir des relations avec les parties prenantes à tous les niveaux, et le cadre bien établi d'appui à l'exécution de projets.

B. Objectifs stratégiques

23. L'objectif global du présent COSOP-AR est d'accroître la sécurité alimentaire et les revenus des ruraux pauvres, objectif conforme aux politiques nationales de développement rural. Ses objectifs stratégiques sont les suivants:
- a) **Objectif stratégique 1: la productivité des cultures, de l'élevage et de la foresterie dans les systèmes d'agriculture non irriguée est renforcée et rendue plus résistante.** C'est en réduisant la vulnérabilité des petits exploitants que l'on atteindra cet objectif grâce aux moyens suivants: i) meilleur accès aux services agricoles de base tels que la vulgarisation, les conseils techniques, la recherche et les services vétérinaires; ii) fourniture d'intrants: semences améliorées, engrais et fourrage; iii) plus grande résilience des systèmes et communautés agricoles aux effets du changement climatique; et iv) rétablissement de l'écosystème. Le COSOP-AR se penchera sur toute une série de contraintes pesant sur la productivité et reproduira à plus grande échelle les méthodes efficaces pour la production animale et l'exécution de projets au niveau des collectivités.
 - b) **Objectif stratégique 2: amélioration de l'accès des ménages ruraux pauvres à des services financiers ruraux, aux marchés et à des filières rentables sur le long terme.** Avec l'accent particulier qu'il met sur l'élevage, la gomme arabique et d'autres filières prometteuses, le COSOP-AR atteindra cet objectif en: i) reproduisant à plus grande échelle des modèles ayant fait leurs preuves dans le cadre de projets pilotes pour la prestation de services financiers ruraux; ii) investissant dans la valeur ajoutée, la commercialisation et l'accès aux marchés, y compris l'infrastructure et l'entretien des routes; iii) favorisant la diversification des systèmes de subsistance des petits exploitants grâce à la microfinance; iv) formant, structurant et renforçant les capacités des communautés, des producteurs, des femmes et des jeunes (essentiellement ceux sans terres) ainsi que des institutions gouvernementales; et v) menant une étude spécialisée sur la valorisation de filières agricoles prometteuses.

24. **Questions transversales.** Les questions relatives à la gestion durable des ressources naturelles, au changement climatique, à la parité hommes-femmes, aux jeunes et à la nutrition seront intégrées dans les activités menées dans le cadre du programme de pays. Une évaluation de la vulnérabilité servira d'outil de référence tout au long du programme. D'une manière générale, le COSOP-AR promouvra l'adoption de mesures concluantes favorables aux pauvres, et ce dans l'optique de rendre les ressources naturelles et les communautés qui en dépendent plus résilientes face au climat.
25. Le COSOP-AR mettra l'accent sur un appui, des formations et des investissements concrets à l'intention des femmes rurales, en particulier des plus jeunes d'entre elles, pour leur permettre d'accroître leurs revenus. Les investissements non agricoles, dans le domaine de la formation, y compris pour ce qui concerne la nutrition et l'accès au crédit, continueront de jouer un rôle de premier plan dans l'amélioration de la condition des femmes. On s'efforcera parallèlement de cibler les jeunes d'une manière générale. Le renforcement des capacités des bénéficiaires et des fonctionnaires prenant part à l'exécution des projets sera rationalisé. Les objectifs stratégiques et les questions transversales susmentionnés sont conformes aux priorités gouvernementales actuelles.

C. Perspectives d'innovation et de reproduction à plus grande échelle

26. Les projets financés par le FIDA ont testé de nombreuses approches et activités innovantes dans le cadre du précédent COSOP-AR. La reproduction à plus grande échelle de trois de ces innovations, concernant la finance rurale, les organisations à assise communautaire et la gestion des pâturages, est prévu pour les projets en cours et en réserve. De plus, le présent COSOP-AR constituera un cadre pour la reproduction à plus grande échelle d'une expérience menée par la Banque mondiale qui a fait ses preuves dans les secteurs de la production animale et de la commercialisation.
- a) **Finance rurale.** Les trois modèles d'exécution ayant été testés avec succès (microfinance relevant des banques, institutions financières appartenant à la communauté et groupements féminins d'épargne et de crédit) seront reproduits à plus grande échelle. Ces modèles sont axés sur la constitution de groupements féminins d'épargne, offrant ainsi une excellente occasion de se concentrer sur l'égalité des sexes et l'autonomisation des femmes.
- b) **Organisations à assise communautaire.** La multiplication du nombre d'organisations à assise communautaire et leur renforcement sont susceptibles d'améliorer la productivité, de renforcer la résilience face au changement climatique, d'améliorer la gestion des ressources naturelles et des services de vulgarisation dans la communauté, mais aussi de créer des filières et d'améliorer celles qui existent. Des projets pilotes ont permis de conclure que les gens acceptaient de payer les services et qu'ils étaient capables de gérer leurs organisations et mener leurs affaires de manière démocratique. Les organisations à assise communautaire ouvrent la possibilité de cibler en priorité les jeunes et d'autonomiser les femmes.
- c) **Gestion des pâturages.** On a pu démontrer que la bonne gestion de la clôture sociale permettait un accroissement de la productivité des pâturages et du bétail, et procurait d'autres avantages dont, par exemple, l'augmentation du capital social, la constitution d'actifs communautaires comme les points d'eau et le stockage du fourrage, la multiplication des possibilités d'emploi, la diminution des conflits entre éleveurs sédentarisés et éleveurs nomades, et une moindre dépendance à l'égard des pâturages situés à distance. D'après ce principe, les communautés et agropasteurs sédentarisés sont d'accord pour améliorer la productivité des pâturages communs situés aux alentours du village. La bonne gestion de la clôture

sociale aide à concrétiser la vision d'une gestion durable et sert à améliorer la résilience des ressources naturelles face aux conditions climatiques.

27. De nouvelles méthodes innovantes seront mises à l'épreuve dans le contexte soudanais, dont la création de partenariats public-privé (PPP) dans les secteurs de l'élevage et de la production de semences. Une étude sera menée pour déterminer s'il est possible de recourir plus systématiquement aux PPP. La collaboration avec des organismes de recherche, dont l'Agricultural Research Corporation, se poursuivra dans l'optique de mettre au point de nouvelles innovations techniques pour améliorer la productivité et la résilience.

D. Stratégie de ciblage

28. Le programme de pays sera globalement axé sur l'agriculture, l'élevage et la foresterie dans les zones non irriguées. Les groupes cibles de ces secteurs compteront notamment les petits cultivateurs, les agriculteurs pratiquant l'agriculture de subsistance, les pasteurs et les petits agropasteurs, l'accent étant mis sur les femmes et les jeunes.
29. Dans le cadre de l'évaluation de la vulnérabilité et afin de définir des zones prioritaires pour l'intervention du FIDA, des corrélations ont été établies entre la vulnérabilité face au climat et la densité démographique, la productivité des sols, la pauvreté, l'insécurité alimentaire, les zones de risques liés aux catastrophes et les zones présentant un potentiel d'amélioration de la productivité agricole. Étant donné l'ampleur des conflits dans cette zone, le présent COSOP-AR ne ciblera pas la région du Darfour à moins que des possibilités ne se présentent.
30. Dans les États où l'incidence de la pauvreté rurale dépasse la moyenne, le ciblage géographique se fera en fonction des possibilités de développement qui existent. Le COSOP-AR ciblera également les zones présentant des poches de pauvreté extrême dans les différents États. Le ciblage dans les États et les localités et entre eux tiendra également compte du niveau de la sécurité alimentaire et nutritionnelle, dans la mesure où il existe des données récentes fiables.

E. Articulation au niveau des politiques

31. Le programme du FIDA relatif à la concertation sur les politiques à mener se fera par le biais du bureau de pays du FIDA, en coordination avec d'autres donateurs, et découlera des objectifs stratégiques assignés au COSOP-AR. Le programme de pays servira d'outil d'apprentissage, et la gestion systématique des savoirs donnera lieu à une information qui sera utile pour l'élaboration des politiques. Cette information et ces savoirs seront partagés avec le groupe de coordination des parties prenantes pour le secteur rural et agricole que le FIDA, de concert avec d'autres donateurs, mettra en place. La concertation sur les politiques sera également menée dans le cadre d'ateliers ciblés et grâce à de petits dons. En vertu de l'article 2 de l'Accord portant création du FIDA, le Fonds fera tout son possible pour faire en sorte que les activités financées grâce aux prêts/dons qu'il accorde soient pleinement conformes aux Principes et critères applicables aux financements du FIDA, et ce afin de garantir le respect des droits de toutes les parties intéressées.
32. Afin de promouvoir un environnement politique et institutionnel favorable à la réalisation durable des objectifs stratégiques assignés au COSOP-AR, les domaines prioritaires clés pour la concertation sur les politiques menée par le FIDA seront les suivants: i) régimes fonciers et gestion des ressources naturelles – amélioration des droits des pasteurs et des petits agriculteurs. Cela supposera la mise en place d'un cadre pour la gestion des ressources naturelles au niveau de l'État et une meilleure concertation au niveau national; ii) finance rurale – amener la Banque centrale du Soudan à adopter des modèles différents permettant de toucher les couches inférieures du marché et renforcer le cadre réglementaire afin d'encourager la transparence, les investissements et la multiplication du nombre de prestataires de services; iii) élevage – améliorer la gestion durable des pâturages, la démarcation

et la réglementation des parcours empruntés par le bétail, la lutte contre les maladies animales, la fiscalité, les normes de qualité et les échanges;
 iv) changement climatique – susciter une prise de conscience du changement climatique et faire une plus grande place aux mesures d’atténuation; et v) nutrition – appuyer l’élaboration de politiques et de directives visant à intégrer les aspects nutritionnels dans les politiques et en favoriser la mise en œuvre.

V. Gestion du programme

A. Suivi du programme de pays

33. La gestion et le suivi du présent programme de pays se feront au moyen d’un examen annuel, organisé par l’équipe de gestion du programme de pays (EGPP), qui mesurera les progrès par rapport à des indicateurs clés susceptibles d’être mis à jour en fonction de l’évolution du programme. Les systèmes de suivi-évaluation (S&E) des projets individuels rendront compte des indicateurs retenus. Un système central de S&E sera conçu et mis en œuvre par l’unité centrale de coordination pour les projets financés par le FIDA au Soudan. L’examen à mi-parcours du programme de pays est prévu début 2016, et l’autoévaluation au moment où le programme prendra fin, en 2018.

B. Gestion du programme de pays

34. Le bureau de pays du FIDA sera chargé de la gestion du programme de pays. Il organisera des réunions de l’EGPP dans le pays pour faire le point des progrès accomplis, créer des occasions de partage des savoirs, recenser les possibilités d’innovation et de reproduction à plus grande échelle, et tirer les enseignements. Il coordonnera également les activités avec les donateurs et forgera des partenariats. L’unité centrale de coordination pour les projets financés par le FIDA au Soudan sera renforcé et assumera un rôle plus important en termes de S&E et de gestion des savoirs. Des réunions périodiques seront tenues avec les projets.

C. Partenariats

35. À l’heure actuelle, les partenaires du FIDA sont le Ministère de l’agriculture et de l’irrigation, le gouvernement local, les organisations à assise communautaire, l’Agricultural Research Corporation, la Banque agricole du Soudan, le Centre Mamoun Beheiry (organisation de la société civile soudanaise) et le secteur privé. Tout au long de ce COSOP-AR, ces partenariats seront renforcés et d’autres seront créés, notamment avec le Ministère de l’élevage, des pêches et des pâturages; le Ministère des affaires sociales et de la sécurité sociale pour les questions ayant trait aux femmes et à la microfinance; le Ministère du commerce extérieur pour les questions commerciales; et la Banque centrale du Soudan pour les questions relatives à la finance rurale. Il existe un partenariat particulier avec l’Agricultural Research Corporation; celui-ci se poursuivra dans le cadre des projets, en cours et en réserve, dans les domaines du développement des semences, de la conservation des sols et de l’eau, de l’élevage et du changement climatique.
36. Chaque fois que cela sera possible, le FIDA coordonnera son action avec celles des organismes des Nations Unies, notamment sur les questions relatives à la nutrition, et ce par le biais d’un mémorandum d’accord entre les organismes présents au Soudan. Alors qu’ils travaillent actuellement dans le cadre d’activités conjointes spécifiques (par exemple, pour les questions ayant trait aux travailleurs communautaires en santé animale dans le cadre du projet Butana), le FIDA et l’Organisation des Nations Unies pour l’alimentation et l’agriculture (FAO) chercheront également à travailler sur des questions ayant trait au développement agricole sur le plan national. Un groupe de coordination des donateurs pour le secteur agricole est actuellement envisagé, et le FIDA et la FAO sont en train d’examiner l’élaboration d’un plan d’investissements agricoles au Soudan. Les possibilités de créer des synergies avec l’Organisation des Nations Unies pour le

développement industriel dans le domaine de l'agro-industrie seront également examinées.

37. On s'efforce d'entretenir les partenariats avec les donateurs régionaux, dont la Banque islamique de développement et le Groupement des fonds arabes. Étant donné l'importance que le COSOP-AR accorde à l'élargissement des services financiers ruraux, il est bon d'envisager des partenariats potentiels avec la Banque islamique de développement, qui œuvre dans ce domaine.
38. Les partenariats avec des donateurs bilatéraux sont limités du fait de l'hésitation des intéressés à entretenir des relations avec le gouvernement en dehors du cadre de l'Accord de paix global de 2005 et du Fonds d'affectation spéciale multidonateurs. À l'heure actuelle, le pays ne peut prétendre au onzième Fonds européen de développement de l'Union européenne; cela étant, l'Union européenne dégagera des crédits moins élevés à l'intention du Soudan. Le Ministère britannique du développement international interviendra dans le secteur des régimes fonciers, et un partenariat avec le Ministère constituerait une situation avantageuse pour les deux parties. Un partenariat avec l'Agence turque de coopération et de développement internationaux est en cours d'établissement. Les partenariats avec le secteur privé revêtent une importance particulière pour cette stratégie s'agissant des PPP aux fins de l'accroissement de la productivité, du développement de filières et éventuellement de la prestation de services.
39. Des discussions sont actuellement en cours avec la China-Africa Agriculture Investment Corporation Limited sur les possibilités de cofinancement dans les secteurs thématiques de l'élevage et des semences. Des pourparlers analogues ont commencé avec l'Office arabe pour les investissements et le développement agricoles.

D. Gestion des savoirs et communication

40. Le présent COSOP-AR accordera une attention renouvelée à la gestion des savoirs. Il est prévu que les savoirs seront générés par le biais de débats structurés entre les parties prenantes, dans le cadre d'ateliers et d'études de cas, éventuellement complétés par des données générées à l'occasion du S&E et d'études ponctuelles commandées. Des ateliers périodiques seront organisés afin d'examiner les enseignements tirés avec les parties prenantes et la communauté du développement en vue d'influer sur les politiques nationales. Au nombre des autres outils utilisés, mentionnons les notes d'orientation, les brochures, les réunions bilatérales et l'assistance technique. À l'occasion des rapports de situation, les unités de coordination de projet seront amenées à faire le point des progrès accomplis en matière de gestion des savoirs et de communication. Les meilleures pratiques déjà utilisées dans la gestion des savoirs seront mises à profit: méthodes d'apprentissage à l'intention du personnel affecté à un projet pour qu'il puisse combler ses lacunes en matière technique, ateliers relatifs à la documentation, publications. On repérera en outre les sources globales de savoirs pertinents, telles que les instituts de recherche agricole regroupés au sein du Groupe consultatif pour la recherche agricole internationale.

E. Cadre de financement SAFP

41. Une somme d'environ 26,3 millions d'USD est allouée au Soudan pour le cycle de financement 2013-2015 au titre du Système d'allocation fondé sur la performance (SAFP) (voir les tableaux 1 et 2). Le Soudan s'est également vu allouer provisoirement une somme de 7,0 millions d'USD provenant du Programme d'adaptation de l'agriculture paysanne (ASAP). Le montant octroyé pour le cycle suivant (2016-2018) devrait être du même ordre de grandeur. Ces ressources seront utilisées pour financer des projets d'investissement comme indiqué au tableau 1 de l'appendice 5. Le Soudan peut prétendre à une aide composée à 100% de dons au titre du Cadre pour la soutenabilité de la dette (CSD). Les fonds alloués au titre de l'ASAP seront également octroyés sous la forme d'un don. Des efforts

seront consentis tout au long de la durée du COSOP pour améliorer les domaines dans lesquels des faiblesses ont été repérées, afin d'accroître le montant des futures sommes allouées au titre du SAFF.

Tableau 1
Calcul de l'allocation SAFF pour la première année du COSOP

<i>Indicateur</i>	<i>Note</i>
Dispositif politique et juridique encadrant les organisations rurales	3,88
Dialogue entre le gouvernement et les organisations rurales	3,38
Accès à la terre	3,63
Accès à l'eau à usage agricole	3,38
Accès aux services de recherche et de vulgarisation agricoles	3,67
Conditions propices au développement des services financiers ruraux	3,88
Climat des investissements pour les entreprises rurales	3,50
Accès aux marchés des intrants et des produits agricoles	4,00
Accès à l'éducation dans les zones rurales	3,50
Représentation des femmes	3,50
Affectation et gestion des fonds publics en faveur du développement rural	2,75
Obligation redditionnelle, transparence et corruption dans les zones rurales	2,75
Somme des notes cumulées	41,82
Moyenne des notes cumulées	3,48
Note PAR 2012	4,00
Notation CPIA 2011 (Évaluation des politiques et des institutions nationales)	2,36
Allocation annuelle 2013 (en millions de dollars des États-Unis)	8,77

PAR = projet à risque; CPIA = indice d'évaluation des politiques et institutions nationales (Banque mondiale)

Tableau 2
Relations entre les indicateurs de performance et la note du pays

<i>Scénario de financement</i>	<i>Note PAR (+/- 1)</i>	<i>Note de performance du secteur rural (+/- 0,3)</i>	<i>Variation en pourcentage de la note SAFF du pays par rapport au scénario de base</i>
Hypothèse basse	3	3,17	- 27%
Hypothèse de base	4	3,47	0%
Hypothèse haute	5	3,77	31%

PAR = projet à risque

F. Risques et gestion des risques

42. **Risques liés au cadre politique et institutionnel.** Il existe d'importants risques du fait des baisses récentes imputables à la politique monétaire et aux politiques relatives aux taux de change et à la fiscalité. Dans le domaine de la microfinance, il faudra affiner plus encore les politiques pour encourager la transparence, les investissements et une plus forte pénétration des prestataires de services dans le secteur de la finance rurale. On procédera par concertation tout au long des programmes en cours et en réserve pour concrétiser les réformes souhaitées. Une nouvelle politique de la Banque centrale du Soudan, adoptée en 2013, tiendra compte d'un certain nombre de ces questions. Les risques majeurs sont décrits dans les paragraphes suivants.
43. La coordination entre les instances au niveau fédéral et de l'État laisse souvent à désirer. Le COSOP-AR aidera à tenir compte des risques liés aux politiques en engageant une concertation dans des domaines susceptibles de freiner la mise en

œuvre du programme. Il s'agira de compléter la concertation par un renforcement des capacités des organisations à assise communautaire et d'autres engagements institutionnels pertinents. La coordination avec les différentes instances gouvernementales relèvera de l'unité de coordination de projet et de l'unité centrale de coordination. Les projections selon lesquelles les perspectives macroéconomiques s'amélioreront faciliteront la tâche.

44. **Risques fiduciaires.** Les risques fiduciaires majeurs ont trait à la gouvernance, aux arriérés, aux fonds de contrepartie et au cofinancement. Les principales conclusions de l'évaluation des politiques et institutions nationales du Soudan menée en 2010 par la Banque mondiale sont les suivantes: i) on connaît mal les flux de trésorerie; ii) il existe des risques fiduciaires imputables à la diminution des recettes, au manque d'information fiscale et à la pratique des contrôles manuels; iii) la question des arriérés reste très préoccupante (de fait, le portefeuille de projets du FIDA au Soudan a été suspendu début 2012, pour n'être rétabli qu'après la conclusion d'un accord sur le rééchelonnement de la dette); iv) des failles persistent dans la gestion du budget; v) la Chambre des comptes, un organe de contrôle du budget, tient une comptabilité manuelle sur la base de la méthode comptable de caisse; vi) la comptabilité et la vérification des comptes souffrent de la faiblesse des capacités institutionnelles; vii) l'audit interne n'est pas efficace; et viii) il existe de nombreuses difficultés avec la Chambre nationale d'audit encore que, malgré les contraintes, elle exerce ses responsabilités constitutionnelles et soumet ses rapports dans les délais impartis. Les progrès réalisés à ce jour portent notamment sur le renforcement de la gestion de la dette et la création possible d'une autorité fiscale unitaire; et sur l'amélioration de la vérification externe des comptes et l'efficacité du suivi des conclusions d'audit par le pouvoir législatif.
45. Mesures d'atténuation:
- a) Même si le risque lié au portefeuille de projets est jugé moyen, tous les projets financés par le FIDA prévoient l'affectation des fonds à une utilisation précise. Les dispositions relatives à la passation des marchés sont en train d'être renforcées, et l'exécution communautaire est une autre mesure d'atténuation des risques fiduciaires.
 - b) Les arriérés et d'autres considérations politiques limitent la disponibilité de cofinancements provenant de nombreux partenaires mondiaux traditionnels. Dans le cadre de la gestion du pays, on s'efforcera de mobiliser des cofinancements, notamment auprès de partenaires du Conseil de coopération des États arabes du Golfe, du Fonds pour l'environnement mondial, du Fonds pour les pays les moins avancés et d'autres sources éventuelles, et ce dès les premiers temps du cycle d'un projet. Pour les nouveaux projets, une part importante des fonds de contrepartie facilement disponibles proviendra des subventions du microfinancement mises en place dans le cadre du système bancaire.
 - c) En ce qui concerne la disponibilité de fonds de contrepartie et le remboursement de la dette au FIDA, malgré les contraintes économiques, le gouvernement a donné la priorité aux prêts du FIDA. Ce sera là l'un des indicateurs utilisés pour évaluer la performance de l'EGPP. La situation du cofinancement sera évaluée dans le cadre de l'examen annuel du COSOP-AR, et des mesures correctives seront prises en conséquence.
46. **Risques liés aux conflits et aux catastrophes naturelles.** Les zones couvertes par les projets sont exposées aux conflits et aux catastrophes naturelles, ce qui pourrait perturber leur exécution. Diverses mesures pourront atténuer ce risque: appui à une gouvernance sans exclusive; promotion de la participation, de l'égalité entre les sexes, de la décentralisation, de la transparence et de la responsabilité; ciblage des investissements ayant trait notamment au renforcement des capacités des organisations à assise communautaire, à une meilleure gestion des pâturages,

à une réforme foncière et à un appui aux centres de résolution des conflits le long des parcours empruntés par le bétail. Pour tenir compte des risques liés aux catastrophes naturelles et au changement climatique, on choisira des interventions ciblées appuyées par l'ASAP et d'autres fonds destinés aux questions climatiques.

COSOP consultation process

1. The process of planning for the COSOP was initiated in early 2013. The decision to prepare a new RB-COSOP followed the expiry of the 2009– 2012 RB-COSOP. The new COSOP is based on the following: (i) the large scale of IFAD's ongoing investments in the Sudan, both in terms of total loans and grants (USD 98.1 million during the previous COSOP cycle) and outreach; (ii) the large 2013–2015 PBAS allocation of USD 26.32 million; (iii) The plan to develop two new projects during this COSOP cycle and other supplemental financing for successful operations; and (iv) the dramatic changes which have taken place in the Sudan since the preparation of the last COSOP. Following the secession of South Sudan, the impacts of the loss of oil revenue and demographic changes dramatically altered both the profile of rural poverty in the Sudan and the structure of economy; Agriculture, and particularly livestock, are currently contributing a much larger share of GDP, exports, employment, etc., and thus are commanding far greater interest and attention from Government and development partners..
2. A COSOP development team visited the Sudan during 1–21st June 2013 under the guidance of the CPM. The mission consisted of several local and international consultants with extensive knowledge of the Sudan and of the IFAD country programme, and an experienced team leader. Two climate change experts also participated, preparing a detailed Environment and Climate Change Assessment (ECCA) study covering the visible and predicted impacts of climate change in The Sudan and possible mitigating measures to be incorporated into the country strategy. The mission also benefitted from the findings of the Traditional Rainfed Sector Agricultural Strategy for the Sudan that was prepared in 2012 by the Mamoun Beheiry Centre through support from IFAD in 2012 with the final version issued in June 2013. Integration of the COSOP design mission with three on-going follow-up and implementation support missions, for BIRDP, WSRMP and RAP allowed for a valuable sharing of ideas and knowledge based on the latest realities on the ground.
3. The COSOP design mission met with key stakeholders in the country including Government representatives at the Federal and State levels, development partners engaged in the agriculture and rural development, civil society and beneficiary organisations, including producers associations such as the Pastoralist Union, and with beneficiaries.
4. Overall, during the COSOP consultation process meetings were held with the following stakeholders:
 - **Government Ministries:** Ministry of Agriculture and Irrigation; Ministry of Finance and National Economy; Ministry of Livestock, Fisheries and Rangelands; Ministry of Environment and Natural Resources, Ministry of Foreign Affairs; Ministry of Trade; Ministry of Welfare and Social Security; State Ministries of Agriculture from South Kordofan, Sennar, and Gedaraf.
 - **Other Government Agencies:** National Council for Strategic Planning, General Secretariat of the Agricultural Revival Programme, Agricultural Research Corporation, Higher Council for Environment and Natural Resources, Higher Council for Decentralized Governance, Forests National Corporation, Central Bank of Sudan, Agricultural Bank of Sudan, and project coordinators of all IFAD projects and programmes.
 - **Private Sector and Civil Society:** Farmers' and Pastoralists' Unions, Mamoun Behiery Centre for Social Studies and Economic Research in Africa, Agricultural Chamber of Business, Hawa Organisation, Sudan Seed Trade Association, Agribusiness Sudan Company, Sudanese Environmental Conservation Society, Sudan Veterinary Council

- **Development Partners:** African Development Bank, Canada, DFID, EU, FAO, France, ICARDA, IGAD, IMF, Netherlands, Norway, UNDP, USAID, WFP.
5. Following the initial round of bilateral meetings a COSOP Design Workshop was held over two days on 16 – 17 June 2013. The workshop was attended by approximately 80 participants including representatives of Government, civil society, beneficiaries and development partners. The first day of the workshop was dedicated to reviewing the overall context and environment for agricultural and rural development including relevant strategies and policies. Lessons learned from the current COSOP and on-going country programme, and challenges and opportunities to be considered in developing the new COSOP were identified. The second day of the workshop was dedicated to developing and refining a set of potential strategic objectives, as well as, the related partners and issues for policy dialogue. Presentations were made regarding the Agricultural Revival Programme, the Rainfed Agriculture Strategy, lessons learned from IFAD's on-going country programme and the results of an assessment of the likely impacts of climate change on the Sudan. Through a series of facilitated exercises the workshop arrived at a shortlist of six possible strategic objectives and a range of possible focus areas and issues to consider during the drafting of the COSOP. The objectives suggested by the participants were:
 - Enhance access to scalable and sustainable **rural financial services**.
 - Increase **farming and livestock productivity** and income in a sustainable way through **research, extension and improved technologies**.
 - Mainstream **knowledge management, partnerships and participatory** dialogue for better national policies to improve livelihood of rural communities.
 - Promote governance of **NRM and resilience to climate change**, through empowerment of policy makers and communities.
 - Create **employment opportunities** for resource poor rural people through diversification of livelihoods and income generating opportunities.
 - To empower rural communities (men, **women and young people**) to improve livelihoods, and achieve food security and poverty reduction due to lack of capacities and capabilities of production.
 6. Other key cross-cutting concerns were how to build sustainability of project activities, especially extension services, coordination between federal and state level institutions, land use and land tenure, access to markets, and conflict.
 7. Following the preparation of a draft COSOP and identification of broad strategic directions a new CPMT was established within IFAD and in the Sudan, combining the necessary skills and experience to refine and execute the 2013-2018 COSOP.
 8. The draft COSOP was distributed for review by the in-house CPMT on 29 July 2013 with first CPMT meeting taking place on 5 August 2013, to in-country CPMT on 1 August, 2013. A modified version was distributed to the in-house CPMT and peer reviewers on 19 August, 2013. A new version was sent to the CPMT on 9 September and a second in-house CPMT took place on 12 September 2013. Following some adjustments and the incorporation of the CPMT and peer reviewers' inputs, the RB-COSOP was submitted for OSC review on 26 September 2013. Following completion of all review processes and final agreement with the Government of the Sudan in October 2013, the RB-COSOP is submitted to IFAD's Executive Board for Review in December 2013.

Country economic background

Sudan			
Land area (km2 thousand) 2011 1/	2 376	GNI per capita (USD) 2011 1/	1 310
Total population (million) 2011 1/	34.32	GDP per capita growth (annual %) 2011 1/	2
Population density (people per km2) 2011 1/	19	Inflation, consumer prices (annual %) 2010 1/	13
Local currency	Sudanese Pound (SDG)	Exchange rate: USD 1 =	SDG
Social Indicators		Economic Indicators	
Population growth (annual %) 2011 1/	2	GDP (USD million) 2011 1/	64 053
Crude birth rate (per thousand people) 2011 1/	32	GDP growth (annual %) 1/	
Crude death rate (per thousand people) 2011 1/	9	2000	8.4
Infant mortality rate (per thousand live births) 2011 1/	57	2011	4.7
Life expectancy at birth (years) 2011 1/	61	Sectoral distribution of GDP 2011 1/	
Total labour force (million) 2011 1/	11.10	% agriculture	25
Female labour force as % of total 2010 1/	29	% industry	28
		% manufacturing	7
		% services	47
Education		Consumption 2011 1/	
School enrolment, primary (% gross) 2009 1/	73	General government final consumption expenditure (as % of GDP)	11
Adult illiteracy rate (% age 15 and above) 2011 1/	29	Household final consumption expenditure, etc. (as % of GDP)	65
		Gross domestic savings (as % of GDP)	24
Nutrition			
Daily calorie supply per capita	n/a		
Malnutrition prevalence, height for age (% of children under 5) 2008 1/	n/a		
Malnutrition prevalence, weight for age (% of children under 5) 2008 1/	n/a		
		Balance of Payments (USD million)	
Health		Merchandise exports 2011 1/	9 694
Health expenditure, total (as % of GDP) 2011 1/	8	Merchandise imports 2011 1/	9 231
Physicians (per thousand people) 2010 1/	0.28	Balance of merchandise trade	463
Population using improved water sources (%) 2010 1/	58	Current account balances (USD million)	
Population using adequate sanitation facilities (%) 2010 1/	26	before official transfers 2011 1/	-1 349
		after official transfers 2011 1/	710
		Foreign direct investment, net 2011 1/	3 056
Agriculture and Food			
Food imports (% of merchandise imports) 2009 1/	14.9		
		Government Finance	
Fertilizer consumption (kilograms per ha of arable land) 2009 1/	7.8	Cash surplus/deficit (as % of GDP) 2011 1/	n/a
Food production index (2004-2006=100) 2010 1/	109.79	Total expense (% of GDP) 2011 1/	n/a
Cereal yield (kg per ha) 2010 1/	452	Present value of external debt (as % of GNI) 2011 1/	42
		Total debt service (% of GNI) 2011 1/	1
Land Use			
Arable land as % of land area 2010 1/	8	Lending interest rate (%) 2011 1/	n/a
Forest area as % of total land area 2011 1/	29	Deposit interest rate (%) 2011 1/	n/a
Agricultural irrigated land as % of total agric. land 2009 1/	1		

1/ World Bank, *World Development Indicators* 2013-2014

COSOP results management framework

Country Strategy Alignment	Key Results for RB-COSOP		Institutional and Policy Objectives	
	Strategic Objective	Outcome Indicators		Milestone Indicators
<p>ARP objectives 2, 3, 4 and 6 : increasing productivity and efficiency of the production and processing stages; achieving food security; reducing poverty and generating job opportunities and increasing per capita income; and protection of natural resources to ensure renewal and sustainability</p> <p>I-PRSP fourth pillar: Promoting economic growth and employment creation</p>	<p>SO-1: The productivity of crop, livestock and forestry in rain-fed farming systems is enhanced and made more resilient</p>	<ul style="list-style-type: none"> • % of farmers reporting increase in production / yields increased by 400% • % of pastoralists reporting increase in livestock increased by 200% • Average carcass weights for cattle, sheep and goats in target areas are increased by 10% • No. of households that are climate resilient increased by 50,000 households. • The area of land improved through soil and water conservation methods / plans managed by CBOs increased by 60% • Community Capability Index increased by 25% 	<ul style="list-style-type: none"> • Number of trained extension agents in crops and livestock production increased from 1245 to 3470. • No. of people accessing advisory services facilitated by the project increased from 53,000 to 320,000 • No. of people trained in livestock production increased from 4,500 to 111,000 • People trained in crop production technologies increased from 21,500 to 49,100 • Smallholder and agro-pastoralist producers using improved seeds increased from 33,700 to 140,250 • Land under improved agricultural practices increased from 50,000 feddans to 1,300,000 feddans • Area of land managed under climate resilient practices increased from 315,000 feddans to 1,478,000 feddan (rangelands, forest, cropped areas • No. Water user associations or committees established increased from 42 to 672. • Water management points established and managed increased from 42 to 447. • Number of communities that adopt local climate change resilience plans increased from 289 to 1055 • Lengths of livestock transit routes mapped increased from 4320 km to 5150 km • Number of community agreements on the boundaries of livestock transit routes increased from 268 to 430. 	<ul style="list-style-type: none"> • Government and producer organization allocate sufficient resources and staff to extension services • Affirmative action in place to recruit women extension agents
<p>ARP objectives 3 and 4 : achieving food security; reducing poverty and generating</p>	<p>SO-2: The access of the poor rural</p>	<ul style="list-style-type: none"> • Share of household incomes from off-farm activities increased by 20% 	<ul style="list-style-type: none"> • Number of Marketing groups formed / strengthened increased from 201 to 1414 • Number of people trained in post-production, processing and 	<ul style="list-style-type: none"> • Government provides incentives and an improved regulatory environment to promote

Country Strategy Alignment	Key Results for RB-COSOP			Institutional and Policy Objectives
	Strategic Objective	Outcome Indicators	Milestone Indicators	
<p>job opportunities and increasing per capita income; and protection of natural resources to ensure renewal and sustainability</p> <p>I-PRSP fourth pillar: Promoting economic growth and employment creation</p>	households to sustainable rural finance services, markets and profitable value chains is increased	<ul style="list-style-type: none"> Financial institutions involved in delivering rural financial services are sustainable Number of marketing groups that are operational has increased by 300% number of households in which at least one member has regular employment is increased from 12,000 to 52,000 through self-employment and enterprising Women's employment increased by 50% and youth employment increased by 20% The average value of marketed produce has increased by 20%. 	<p>technologies increased from 4500 to 69350</p> <ul style="list-style-type: none"> No. of people with access to microfinance increased from 24, 250 to 151,500 No. of people trained on income generating activities increased from 4,600 to 68,000 Length of new roads constructed/rehabilitated increased by 352 km. No. of processing, marketing or storage facilities constructed / rehabilitated increased from 18 to 435 90% rural finance service providers with strong credit performance achieved (with overall repayment rate and PAR > 60 days aligned with MIX market benchmarks for these indicators for the MENA region) 	<p>increase in the number of formal and informal rural credit institutions and their use by communities and poor rural people</p> <ul style="list-style-type: none"> Liberalize microfinance policy to enable use of alternative collateral, remove cap on interest rates and improve clarification on regulations for MFIs Reforms to Gum Arabic marketing are sustained Increased Govt's awareness on the importance of agriculture including land policy and leasing, product and transit taxation, improved communications and provision of rural infrastructure

Previous COSOP results management framework

Country strategy alignment	Key Results for COSOP		COSOP Institutional/Policy objectives (in partnership mode)	
Poverty reduction strategy (PRS) Targets	Strategic Objective	COSOP outcome indicators related to the strategic objectives	COSOP milestone indicators showing progress towards strategic objective	
<p>Overall goal: Growth through rural and agricultural development:</p> <ul style="list-style-type: none"> o Higher agricultural exports; o Increased productivity and food security; o Improved agricultural incomes; o Regional imbalances redressed. <p>Baseline: estimated rural per capita income is USD 500 in Sudan.</p>	<p>Overall goal: contribute to empower the rural poor to increase their food security, incomes and resilience to shocks.</p> <p>Outreach target: 2.5 million persons. Target: increase of rural incomes from USD 500/ capita to USD 800/ capita</p>		<ul style="list-style-type: none"> - Sustained and increasing investments for social and productive services in conflict affected areas. - Increased Government budgetary support to the rainfed agriculture sector. 	
<p>1. ARP: Developing enabling policies for sustainable agricultural development.</p> <p>Baseline: inadequate policies on land tenure, water governance, marketing in Northern Sudan.</p>	<p>1. SO1: Increased participation of producers' organizations in planning and monitoring agricultural policy</p>	<ul style="list-style-type: none"> • 1086 ha of common-property rangeland under improved management practices • 17 rainwater harvesting systems in operation; 160 farmers have secure access to water; 60 of them (38%) women • 609 Community action plans included in local government plans • Environmental action plans (CEAP) developed and being implemented • A decree formalizing Joint Management of and stakeholders' roles along Stock Routes 	<ul style="list-style-type: none"> • 2616 community groups formed/strengthened (125% achievement); 663 of these have women in leadership positions (66% achievement) • 115 groups managing productive infrastructure formed/strengthened; 79% achievement • 903 groups involved in NRM formed/strengthened; 101% achievement • 141 Environmental management plans formulated in rangelands and pasture; 102% achievement • 529 non-planned rural financial services groups operational/functional • 68 groups managing irrigation infrastructure formed/strengthened 	<ul style="list-style-type: none"> • Organization by Government of policy space at state and federal level for discussions with producers' organizations on policy design and monitoring. • Number of pro-poor legislation and regulations enforced at the state and federal levels • Microfinance policy emphasizes alternative collateral, removes cap on interest rates, and clarified regulation of MFIs • MFI implementation is progressing as per

		<ul style="list-style-type: none"> • 136 WUAs registered and functional* • Three apex producers' organizations strengthened and registered: Bara'a, Al Garrah, Higher Council for WUA 		business plan targets for outreach and operational self-sufficiency
<p>2. ARP: Development of agricultural support services</p> <p>Baseline: Food insecurity affects about a third of households.</p>	2. SO2: Increased access of the rural poor women and men to agricultural services.	<ul style="list-style-type: none"> • Moderately satisfactory (rating 4.4) improved agricultural, livestock and fishery production • Moderately satisfactory (rating 4.0) improved performance of service providers for crop and livestock extension 	<ul style="list-style-type: none"> • 1119 Rainwater harvesting systems constructed/ rehabilitated; 337% achievement • Numbers ranging from 1421 to 21237 beneficiaries (77% to 133% achievement) trained in crop and livestock production practices and technologies, income generating activities, infrastructure management, or post-harvest, processing and marketing; Women formed one third to over one half of the beneficiaries, except in infrastructure management (negligible) • 48660 individuals (47% of them women) accessing facilitated advisory services (technology transfer and animal production); 108% achievement • 37705 ha of land under irrigation scheme constructed/rehabilitated; 47% achievement • 120384 households receiving facilitated animal health services; 87% achievement 	<ul style="list-style-type: none"> • Government and producer organizations allocate sufficient resources to extension services. • Affirmative action in place to recruit women extension agents
<p>3. ARP: Building capacity of producers.</p> <ul style="list-style-type: none"> • Baseline: predominantly subsistence agriculture and barter trade. 	2. SO3: Increased access of the rural poor women and men to markets and to microfinance.	<ul style="list-style-type: none"> • Moderately unsatisfactory (3.0 rating) producers benefiting from improved market access • Bara'ah and ABSUMI registered in the Central 	<ul style="list-style-type: none"> • 15 market and processing facilities constructed/ rehabilitated; 33% achievement • 12 marketing groups formed/strengthened; 15% achievement 	<ul style="list-style-type: none"> • State governments issue clear policies and procedures for management and maintenance of rural feeder roads.

		<p>Bank of Sudan as MFI</p> <ul style="list-style-type: none"> • Moderately satisfactory (4.3 rating) improved access of the poor to financial services • Portfolio at risk = 0 • Loan repayment 100% 	<ul style="list-style-type: none"> • 1421 people trained in post-production, processing and marketing; 100% achievement • No roads constructed or rehabilitated in contrast to 264 km planned roads • 1266 savings/credit groups involving 19260 people (of which 16420 - 85% women) formed/ strengthened; 89% achievement. • 18348 Voluntary savers; 69% achievement (84% women) • MF outreach: SCG 11,702; ABSUMI 10,216; Bara'ah 3,400 with total MF outreach of 25,318 • 24368 active borrowers in rural financial services; 97% achievement. 64% of these are women with 86% achievement • 115 trained staff of financial institutions; 116% achievement; 33 of the staff trained (29%) is women; 100% achievement 	<ul style="list-style-type: none"> • Government decontrols Gum Arabic marketing. • Central Bank of Sudan adopts an enabling microfinance policy and regulation.
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Proposed Project Pipeline

1. Approximately US\$ 26.32 million have been allocated for the 2013-2015 funding cycle. It has also been provisionally allocated US\$7.0 million from the Adaptation for Smallholder Agriculture Programme (ASAP). The allocation for the next cycle (2016-2018) is likely to be of a similar amount. These resources will be used to finance investment projects as per Table 1. At the beginning of the implementation of this COSOP in 2013, The Sudan's status under the Debt Sustainability Framework 'traffic light' system is 'Red', implying that the country qualifies for 100% grant financing. The ASAP funds will also be provided as a grant.
2. Efforts will be made during the lifetime of this COSOP to improve areas of weakness identified in Sudan's country and rural sector performance ratings and reduce the portfolio at risk rating in order to increase future PBAS allocations. This will be done through enhanced focus on policy dialogue and knowledge management, addressing issues of efficiency, impact and sustainability in project operation, and strengthening financial management and procurement.

Table 1. Pipeline projects and Indicative Amounts

Lending Cycle	PBAS Allocation (US\$ million)	ASAP Funds (US\$ million)	Pipeline Project(s)		Amount (US\$ million)	Envisaged EB Approval date
2013-2015	26.32	7.00	1	Livestock Marketing and Resilience Programme (LMRP)	20.00 (IFAD) 7.00 (ASAP)	Dec 2014
			2	Butana Integrated Rural Development Project - Supplementary Financing (BIRDP-SF)	6.30 (IFAD)	December 2015
2016-2018	26.00 (estimate)	<i>Not yet available</i>	3	Rural Micro Finance and Value Chain Development Programme (RMFVCP)	15.00 ¹ (IFAD)	September 2016

¹ IFAD will explore the possibility of using part of the 2016-2018 PBAS allocation for supplementary financing of well-performing on-going projects.

Concept Note 1: LIVESTOCK MARKETING AND RESILIENCE PROGRAMME (LMRP)

Background

1. In May 2013 the Government of Sudan requested IFAD to scale-up the Improving Livestock Production and Marketing Project (ILPMP). The ILPMP was implemented on a pilot basis under World Bank supervision from August 2007 to June 2013. The project was financed by the World Bank administered Multi-Donor Trust Fund (MDTF) (US\$ 8.3m, including two top-ups), and the Sudanese Government of National Unity (GoNU) (US\$ 3.7m). The MDTF financing closed on June 30, 2013 and though project performance has been satisfactory the World Bank is unable to provide additional financing due to arrears. IFAD and Government have agreed that a project focused on the livestock sector will be an important and strategic addition to the country programme and that the ILPMP provides a valuable foundation for scaling up both the successful activities of the pilot phase and successful livestock activities of IFAD's own country programme.

2. The development objective of the ILPMP was to improve livestock production and marketing in selected rain-fed areas of Central and Eastern Sudan (six localities across four states: Blue Nile, White Nile, Sennar, and North Kordofan). The project included four components: (i) Livestock Development Investment Fund; (ii) Privatisation of Animal Health Services and Markets; (iii) Rehabilitation of Livestock Routes; and (iv) Project Implementation and Studies. Implementation was integrated within the national decentralised administrative structure with a federal level Project Coordination Unit at the Ministry of Livestock, Fisheries and Rangelands (MLFR) in Khartoum, with Regional Project Implementation Units (RPIUs) in the State Ministries of Agriculture, Animal Resources and Irrigation (SMAARI) in Sennar State (also serving Blue Nile and White Nile states) and North Kordofan.

3. Key achievements include establishing 28 water points, reseeding 6,500ha of rangelands, supporting 3,669 households in income generating activities, training 91 Community Animal Health Workers (CAHWs), rehabilitation and upgrading of six livestock markets and demarcating and registering 286km of livestock routes. Policy achievements include a decree issued by the State of North Kordofan in April 2009 legalising privatization of delivery of veterinary services and an improved framework for legal recognition of livestock routes. The project also financed technical studies on: (i) a livestock-marketing database; (ii) design of a matching grants system; (iii) livestock market privatization and development; (iv) privatization strategy for veterinary services in North Kordofan and (v) factors contributing to conflict among pastoralists, agro-pastoralists and farmers. Overall 160,000 people have benefitted (35% women), smallstock herd sizes in target communities increased from 31 to 64, and the number of sheep marketed in rehabilitated markets increased from 300,000 in May 2009 to 490,000 in December 2012.

A. Strategic context and rationale for IFAD involvement, commitment and partnership

A.1. Poverty and Rural Development Context

4. **Poverty and Food Insecurity.** Sudan is a low-income country with a population of 33.4 million, over 60% whom live in rural areas where poverty is 58%². Food insecurity is chronic, affecting 20% of the population at any time. Poverty and food insecurity are closely linked with the rainfed sector (agriculture/livestock), particularly in conflict and drought-prone areas.

5. **Climate and Environment.** The majority of Sudan is a gently sloping plain covered by rangelands, pasture and forests which support the largest livestock population in Africa after Ethiopia. Rainfall varies, north to south, from 25-700mm and falls in 2-3 months between June and October, with temperatures ranging from 30-40°C in summer and 10-25°C in winter. The north of the country is largely desert, shifting progressively to semi-desert, low rainfall savannah and high rainfall savannah towards the south. Climate studies have shown that temperatures across Sudan have already risen by 0.6-2.1°C since 1900 and by 2050 further increases of 1.5-2.5°C are projected. Increased temperatures and declining rainfall have shifted the desert south by 50-200km over the past 80 years. This trend is continuing meaning large areas of the remaining semi-desert and low rainfall savannah - key livestock production zones - are at risk of desertification.

6. Land tenure problems underlie many of Sudan's environmental problems, and seriously affect the livestock sector. Traditional tribal land management was abolished in 1970 when all land not formally registered was claimed as government-owned. The consequences for pastoralist and agro-pastoralist communities were severe, including: (i) a dramatic increase in large scale semi-mechanised and mechanised farming on traditional rangelands, destroying traditional grazing areas and blocking stock routes; (ii) influxes of herders and farmers with no traditional right of access to tribal land; (iii) the collapse of traditional rangeland management systems leading to land degradation; and (iv) intensified competition for available grazing, overstocking of remaining rangelands and expansion of pastoralism into more marginal and fragile environments subject to more frequent drought and more susceptible to degradation. These processes have dramatically increased vulnerability to climate change and recurrent drought has resulted in increased tensions and conflict over access to natural resources, particularly between mobile and settled communities.

7. The Nile and its tributaries are the main sources of water in Sudan, though rain water harvesting is also important in rangeland areas. Agriculture and livestock account for approximately 95% of water use, which at 683m³/capita/year, mainly from rivers and rainwater harvesting, is well within the limit of 64.5km³/year (1 445m³/capita/year) established by the Nile Waters Agreement with Egypt. Sudan also has vast groundwater reserves estimated at 9 trillion m³, which are used only to a very limited extent. Climate change is leading to more severe and chronic droughts such as the severe drought which affected the Horn of Africa region in 2010 - 2011. In areas far from the Nile increased rainwater harvesting and increased use of groundwater resources will be essential to build resilience to climate change. Mobile pastoralism, a traditional coping strategy for drought, is being made unfeasible by the encroachment of agriculture on rangelands and stock routes, by conflicts, and loss of access to grazing in South Sudan.

² The poverty line is defined as persons with the value of monthly total consumption below SDG 114 (calculated using 2400 calories per person per day as the daily energy intake threshold).

8. **Livestock Systems and Livelihoods.** Livestock account for 13% of GDP (2005 – 2010), about half of the total agricultural share of GDP³. The livestock population is over 100 million head of sheep, goats, cattle and camels, mainly raised in extensive mobile and transhumant rainfed pastoral and agro-pastoral systems, moving between seasonal grazing areas. Herd sizes range from just a few animals to thousands, with most rural households, including poor households having at least a few smallstock, particularly sheep, goats or poultry. Overall over 50% of all households in Sudan keep some livestock as an important capital asset and risk management tool.

9. Livestock productivity is low and variable; especially in rainfed systems affected by water shortages, low quality grazing and lack of supplementary feed. Livestock pests and diseases are widespread, causing heavy losses through death, reduced productivity and losses of markets for products - bans on sheep exports to Saudi Arabia have occurred in 2000, 2001 and 2007. The livestock disease problem is complicated size of the country and widespread and poorly controlled trans-boundary movements of livestock. Overall mortality is as high as 15% of adult and 25% of young stock, higher during droughts; fertility rates are also low. Carcass weights of cattle, sheep and goat, as well as milk and egg yields have actually declined since the 1980s⁴. Off-take rates also remain low⁵. Climate change is likely to exacerbate these animal health problems, increasing the spread of zoonotic diseases and parasites in some areas, forcing longer migrations in search of water and grazing, causing more droughts and reducing rangeland productivity.

10. **Livestock Products and Marketing.** Livestock provide milk, meat, hides, skins, hair, manure, draught power and transport when kept for subsistence and income when the livestock or their products are marketed. However most rural communities suffer limited access to finance and markets and have inadequate technical knowledge and poor skills in production and marketing. Many of the rural poor engage in agriculture and livestock keeping on a subsistence basis only, cash income is earned through sale of firewood, seasonal labour, remittances, and petty trade. Despite this livestock and livestock products account for more than half of agricultural exports, value at US\$446 million in 2012, compared to US\$223 million for sesame exports and US\$67.1 m for Gum Arabic, the other main agricultural exports. Live animal exports, particularly sheep to Saudi Arabia, account for the majority, worth US\$ 371 million in 2012, while exports of meat accounts for less than 10% of total livestock exports. Most exported sheep and goats originate in Greater Kordofan and Darfur and many are taken to Port Sudan by rail with high losses along the way, increasing marketing costs for livestock traders.

11. The leather industry in Sudan holds great potential. Currently exports are mainly raw leather and there is severe excess capacity. In the 1990s the EU and the US were major buyers of Sudanese leather but exports have declined due to poor quality; prices are now only around 50% of international averages and Pakistan, China and India are the main buyers. Widespread parasites and diseases and outdated slaughtering techniques limit the supply of high quality hides and skins.

12. The domestic market also offers opportunities for increased sales of livestock and livestock products. There is strong demand for meat but consumption is still low even by developing country standards (23kg/capita/annum). Production has increased to meet demand but by increasing herd sizes and slaughter rather than productivity. Per capita milk consumption has increased from 85kg – 115kg since 1990 but much is imported (US\$ 89.7 million in 2012) indicating opportunity for import substitution. Small scale rural poultry and egg production is important accounting for over 75% of production while livestock fattening and dairy operations are common near urban

³ <http://www.imf.org/external/pubs/ft/scr/2012/cr12299.pdf>

⁴ Cattle – 165kg to 121kg, sheep – 17.5kg to 16kg, goat – 13kg – 12.9kg, milk – 500kg to 480kg, and eggs – 5.6kg to 5.2kg (http://www.fao.org/ag/againfo/resources/en/publications/sector_briefs/lb_SDN.pdf)

⁵ Sudan: The Road Towards Sustainable and Broad-Based Growth, The World Bank, December 2009, pp.79

centres.

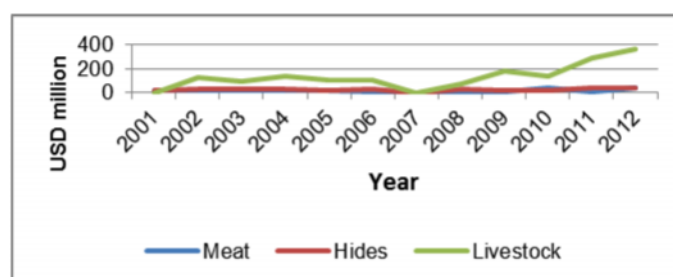
A.2. Policy, governance and institutional issues, political and economic issues.

13. **Economy and Secession of South Sudan.** From 2000 to 2011 Sudan's GDP grew five times, driven by oil which in 2010 accounted for 90% of exports. However growth of the oil sector caused symptoms of 'Dutch disease' and non-oil sectors suffered. Agriculture became focused on domestic market as currency appreciation caused export competitiveness to decline and growth in the livestock sector fell from an average of 15.9% during the 1990s to 3.6% during 2000 to 2008.

14. In July 2011 South Sudan became an independent state. Sudan's population and land area were reduced by 25%, range and forest resources decreased by 60%, and oil wealth was cut by 75%. Since mid-2011 Government revenues have declined by one third and a trade surplus in 2011 became a deficit of US\$6.11 billion in 2012. The official rate of the Sudanese pound against the US Dollar was cut by two-thirds in June 2012, and inflation increased from around 8% through the 2000s to 44% in 2012, with even higher rates for food.

15. The country must now undertake a major rebalancing of the economy focused on strengthening non-oil sectors, particularly those with export potential such as livestock. Fortunately the weakening of the currency has increased competitiveness of Sudanese exports which, as shown below, has led to livestock exports doubling in value since 2010.

Fig. 1. Trends in Livestock Exports (Trademap/Central Bank of Sudan)



16. **Trade.** Sudan is a member of COMESA, the African Common Market Agreement, the Organisation of Islamic Conference and the Arab League. It is a signatory of the Arab Trade Facilitation and Development Agreement and a WTO observer. Sudan's accession negotiations for the WTO have been stalled since 2004 but there are now efforts to restart them and to address issues including sanitary and phytosanitary measures (SPS) and technical barriers to trade.

17. **Government Policy.** The secession of South Sudan has made agriculture, and in particular livestock, a key Government priority. The Government's three-year Economic Recovery Program (ERP, 2011-2013), intended to address the challenges and mitigate the effects of the secession promotes increased agricultural exports and import substitution. The major main agriculture sector initiative, the Agricultural Revival Program (ARP) also promotes livestock exports, increased productivity and efficiency and sustainable development and protection of natural resources.

18. **Conflict.** Sudan has long history with conflicts. Many years of civil war in the South, Darfur to the west and in the east has had many devastating impacts. It had cost the lives of about 1.5 million people and had a devastating effect on rural livelihoods through destruction of assets (livestock, roads, markets, and water points) and

restrictions on access to farmland. Two years after secession of the south, there is still many unresolved issues in the border areas and in Damazin, Blue Nile and Greater Kordofan between Government and rebel groups, and among rebel factions and tribal groups. Border blockage threatens discontinuity of long existing stock travel routes; Conflict in Darfur is still ongoing with widespread banditry and inter-tribal conflicts. Conflicts between pastoralists, agro-pastoralists and crop farmers are widespread and rooted in disputes over ownership and use of natural resources. Cattle raiding are widespread in Darfur, South Kordofan and eastern areas including Kassala and Gederef and have worsened with the conflict.

19. The above conflicts have negative impacts on the agricultural sector and the rural population as outlined above. Inequitable distribution of the benefits of oil wealth, politicized land allocation, extreme poverty, shortages of water, differing priorities and patterns of resource use between mobile pastoralists and settled farmers created an environment conducive to conflict. Conflict has increased the number of WHHs, IDPs, orphans, forced people to abandon rural areas for cities, discouraged investment in livestock herds which can be killed or stolen, and made reliance on growing crops which can also be destroyed or stolen a highly risky livelihood, forcing smallholders to abandon agriculture and seek casual labour instead.

20. Natural governance of range land and land tenure issues (referred to in clause 5 above) are causing major conflicts among nomadic and sedentary pastoralists; pastoralists and farmers; small scale pastoralists and farmers and large scale semi-mechanized farmers. According to what was described as a conservative estimate, 'the last generation of pastoralists has seen rangelands shrink by approximately 20 - 50% on a national scale, with total losses in some areas' (UNEP 2007: 186). A study in Gedaref State, in eastern Sudan reported that grazing lands reduced from 28,250 km² of the state's total to 6,700 km² in 2002 (Babikir 2011). In the same area semi-mechanized farming area increased 3,150 km² in 1941 to 26,000 km² in 2002. In the area of El Obeid, in North Kordofan state, about a third of pastoral land is estimated to have been lost or converted to cultivation between 1973 and 1999, whilst cultivated land, at least nominally, increased by 57% (ibid.). Fadul (2004) estimates losses of pasture lands in the Darfur region to be at least 60%.

21. This expansion of semi-mechanized agriculture has pushed large numbers of pastoralist livestock into smaller, more marginal areas, leading to overstocking and increasing tensions between livestock herders and farmers. The earlier customary practice of allowing nomads to graze crop residues after the harvest has mostly disappeared and herders are expected to pay the land lease-holding tenants for grazing and access to essential water sources, especially in eastern Sudan. In addition, nomads are charged fees for grazing the uncultivated areas within the lease-holding. Earlier studies reports also that in both west and east Sudan even crop residues are sometimes not made available to livestock, as this is considered trespassing and many farmers either burn or sell the crop residues. This contrasts with earlier times, when both pastoralists and farmers shared the benefits. The progressive commercialization of pastoral inputs, including crop residues, natural pastures and water, makes adding value to the livestock production chain an essential survival strategy. Despite all these environmental and commercial pressures, livestock remains the leading agricultural export product of Sudan.

A.3. The IFAD Country Programme

22. The IFAD country programme consists of six ongoing projects and programmes representing US\$ 143.5m in loans and grants of which US\$ 89.9m is provided by IFAD and US\$ 53.6m by domestic and external co-financiers. These activities are spread across south-central and eastern parts of the country and include integrated community development (Butana Integrated Rural Development Programme [BIRD],

Small Scale Traditional Producers in Sennar State Project [SUSTAIN], Western Sudan Resources Management Project [WSRMP]), rural infrastructure (Rural Access Programme [RAP]), improved crop productivity (Seed Development Programme [SDP]) and pro-poor export commodities (Gum Arabic Production and Marketing Project [GAPMP]). The total outreach is estimated at 1.4 million at an average cost of US\$ 101/beneficiary. Two country grants support the development of a national rainfed sector strategy and scaling up of rural microfinance by the Agricultural Bank of Sudan (ABSUMI). Two more projects: the South Kordofan Rural Development Project (SKRDP) and Gash Sustainable Livelihoods Project (GSLP) completed in 2013.

23. Though not their main focus, these projects have yielded impressive results in the livestock sector: (i) GSLP: increased fodder yields by 35% through soil water conservation techniques, increased grazing yields on rangelands by 2-3 mt per feddan through reseeding and boosted average herd sizes by 43%; (ii) WSRMP: protected 15,000 feddans of rangelands against desertification through sand dune fixation, developed 8,000 feddans of agro-forestry, increased access to water through construction of hafirs totalling 330,000m³, and demarcated 4,220km of stock routes. SUSTAIN and BIRDP are new projects, both focused in south eastern Sudan and include fodder production, animal nutrition, restocking, range rehabilitation and improvement, livestock marketing, and CAHWs. The ILPMP developed strong collaboration with these projects during its pilot phase: with WSRMP in North Kordofan on community mobilization, rangeland protection and rehabilitation of water points, and with SUSTAIN in Sennar State on destocking, rangeland exclosures, seed propagation, stock routes, and NRM policy.

24. **Lessons Learned.** The experiences of the IFAD country programme and the ILPMP have generated important lessons for the LMRP including:

- a. Rangeland management: to ensure sustainability of rangeland management interventions, strong commitments to 'social fencing' must first be obtained by target communities.
- b. Selecting CAHWs: people selected for CAHW training should be well settled in the village and have alternative income – the purpose of training CAHWs is to provide access to animal health services for poor livestock keepers, not to provide an income for the CAHW.
- c. Targeting Mobile Communities: when targeting mobile communities who move over large distances, proper planning and coordination of implementing partners and institutions is essential to ensure that interventions are provided as a complementary package.
- d. Meeting Basic Needs: need to ensure communities' basic needs are met for any project to be successful. Access to water builds relationships with communities, saves time and money to reinvest in productive activities, and reduces conflict.
- e. Rural finance: Poor access to finance prevents success of development initiatives in rural areas and limits sustainability. IFAD has piloted a range of microfinance models which are suitable for a range of contexts and can easily be integrated in other projects.

B. Possible geographic area of intervention and target groups

25. **Area of Intervention**⁶. Due to the size of the sector, the need for flexibility in implementation due to conflict, and the possibility for further scaling-up should

⁶ In the mid-1990s Sudan adopted a Federal Presidential Republic system with three levels of political institutions: federal, 17 states and 86 localities (3-9 per State). Each state is governed by a Wali (Governor) with 7 to 10 State Ministers and 4 to 5 Commissioners for the different localities within the state. Each State has complete administrative and fiscal autonomy and its own State Legislative

additional financing be mobilised, the programme will be national in scope. Field activities will initially focus on states where ILPMP pilot activities have started (North Kordofan, Blue Nile, White Nile and Sennar). In Years 2 and 3 it will expand to priority localities in other states to be confirmed during detailed design based on: (i) livestock population; (ii) poverty and food insecurity; (iii) vulnerability to climate change; (iv) accessibility and safety for programme staff. Expansion to the Darfur states may be considered if resources become available.

26. **Target Groups.** The primary target group are small scale pastoralists and agro-pastoralists. Priority will be given to poor and landless women and youth. Detailed targeting measures will be developed during detailed design, particular for activities such as restocking. The programme will aim to reach at least 110,000 households (660,000 people), approximately four times the outreach of the pilot phase, maintaining a similar cost per beneficiary (US\$ 75). Beneficiaries of policy dialogue outcomes potentially include the entire sector.

C. Justification and rationale

27. Livestock have always been fundamental to life in Sudan but since the secession of South Sudan the livestock sector new importance as a source of growth, employment, income and exports. However, key natural resources on which the livestock sector depends – rainfall and rangelands – are threatened by increasing temperatures and more erratic rainfall due to climate change, by environmental degradation due to weak management, and by the expansion of mechanised and semi-mechanised cropping into traditional pastoral zones due to a lack of clear land tenure and land use planning; persistent conflicts prevent traditional seasonal livestock movements and restrict opportunities to find fresh grazing and water during droughts. The decline in public revenues also means Government has limited resources to tackle these, and many of the other problems which restrict the development of the sector, such as infrastructure, animal health, quality standards, access to markets and finance.

28. However the weakening of the currency has increased export competitiveness, creating an opportunity to increase exports of value added products such as meat and leather, shift the focus of the livestock sector from herd size to productivity, and to boost domestic dairy production as imports become relatively more expensive. All of which could benefit small scale pastoralists and agro-pastoralists and their communities, and create a range of additional economic and employment opportunities for poor landless women and unemployed youth.

29. The success of the pilot phase of the ILPMP, and IFAD's previous experiences in supporting pastoralist and agro-pastoralist communities and managing conflicts have developed effective models for community-based natural resource management and rehabilitation to increase resilience to climate change, stock route demarcation to reduce conflict, community rangeland, privatisation of animal health service delivery to improve animal health and rehabilitation of livestock markets to improve adherence to quality standards and access to markets. Important lessons have also been learned regarding ensuring sustainability of interventions, and proper planning and institutional coordination. The pilot phase of the ILPM has been successful in raising these issues in policy dialogue at state and federal level and in promulgating new legislation which creates an enabling environment for scaling up these models. It has also established implementing arrangements appropriate to Sudan's federal system of governance, and partnerships with the key institutions involved in the livestock sector.

30. **Rationale for IFAD Involvement.** IFAD is the largest financier of rural and

Assembly for legislative matters of the State. State and locality boundaries are subject to relatively frequent changes: in 2012, 2 new states were created – Central Darfur and East Darfur; in 2006 Western Kordofan was split up and merged with Northern and Southern Kordofan.

agricultural development in Sudan, with decades of experience in supporting community-driven development in fragile and conflict affected environments. Addressing the development of the livestock sector in Sudan will require drawing on all of that experience, and lessons learned from elsewhere IFAD operates, to tackle many of the key areas of concern in IFAD's current Strategic Framework including natural resource management, institutional and policy environments, effective producers' organisations, and access to markets and technologies.

31. The development of the livestock sector is also strongly pro-poor: 90% of Sudan's livestock are raised in rain-fed areas where the poorest pastoralist and agro-pastoralist communities are found. Livestock can provide important nutritional diversity to otherwise poor diet, and act as a store of wealth to buffer against shocks. Of all Sudan's potential agricultural exports livestock and Gum Arabic are the most accessible to the rural poor, as even small scale producers can engage effectively in export-oriented value chains, in fattening small stock, collecting or growing fodder, or processing meat, dairy, or hides for local markets. The livestock sector has a high economic and job creation multiplier effect due to the wide range of processing, marketing, trading, and other activities linked to livestock production, many of which are undertaken by low-income households in rural areas. FAO have found that economic multiplier effects average 2.9 in livestock production and 5.9 in processing⁷ and that the number of full time jobs created per 100 litres of milk traded can be anywhere from 3.7 in Kenya to 17 in Ghana⁸.

32. The rationale for ASAP financing is also clear, climate change poses an immediate and direct threat to poor rural pastoralist and agro-pastoralist communities in Sudan reliant upon increasingly erratic rainfall and rangelands threatened by degradation and desertification. Traditional coping mechanisms are becoming unfeasible due to conflict and encroachment of mechanised farming on former grazing areas yet increasing temperatures and increasingly unpredictable rainfall continually increase the proposed target communities' vulnerability.

D. Programme Goal and Objectives

33. **Goal.** The programme's goal is increased food security, incomes and climate resilience for small scale pastoralists and agro-pastoralists.

34. **Objectives.** The programme's development objective is increased livestock productivity, value addition and marketing. Key outcomes will include: more sustainable management and utilisation of natural resources; improved animal health and access to animal health services; and increased marketing of primary and secondary livestock products.

35. **Intervention Approach.** The programme will adopt a community-driven value chain development approach, building on successful activities of the ILPMP and lessons from livestock investments financed by IFAD and development partners. Such an approach recognizes that value chains are created by markets and begins by selecting value chains with market demand and growth potential but in terms of project design and implementation starts from the level of the target communities, using traditional tools associated with community development projects (such as community based organisations, producer groups, user associations, local extension networks, participatory value chain analysis, community based natural resource management and poverty and gender targeting criteria) and applying them to upgrading the value chain. This is particularly appropriate in the case of livestock in Sudan because it is widely

⁷ <http://www.fao.org/ag/aqainfo/resources/newsletter/docs/policynote-investinginlivestock.pdf>

⁸ <http://www.ilri.org/InfoServ/Webpub/fulldocs/InvestingInDairy/DOX/Omore%20-%20PFL%20Workshop%20Mombasa%2022-25%20Apr%2003.pdf>. FAO also estimate that for every 1,000 litres of milk produced per day in Kenya small scale farmers create 60 wage labour opportunities <http://www.fao.org/docrep/015/i2744e/i2744e00.pdf>

acknowledged that key weaknesses in the livestock value chain relate to management of rangeland resources and conflict which community based mechanisms have already proven effective in addressing.

36. The benefits of the community driven value chain development approach in livestock in Sudan would be a more pro-poor, gender equitable value chain, based on social capital, trust and collaboration between value chain actors (essential in a country with weak public institutions and pervasive conflict), building communities' power as key stakeholders in value chains on which their traditional livelihoods are based, such as meat, milk, and hides for pastoralists and agro-pastoralists. However at its foundation it remains focused on strengthening the value chain's ability to create value in response to market demands in terms of quality, quantity and price. Mitigation of natural resource conflict, climate adaptation, and women's empowerment are cross-cutting concerns.

37. The project will also scale-up proven approaches from previous programmes that were proven effective in reducing conflicts; e.g, stock route demarcation, building conflict resolution centres, introduction of community managed rangeland and forests, building water points, etc.

E. Ownership, Harmonization and Alignment

38. **Alignment with national priorities.** The programme is fully aligned with the ERP 2011-2013 and ARP 2012-2016. It is aligned with the pillars of the Comprehensive Africa Agriculture Development Programme to provide access to water sources, increase market access and trade, strengthen and sustain pastoral livelihoods, introduce appropriate technologies in support to livestock productivity and diversify sources of income.

39. **Conformity to IFAD policies and strategies.** The programme conforms to IFAD's Strategic Framework 2011-2015, Environment and Natural Resource Management Policy, Climate Change Strategy and the goals and objectives of the Adaptation of Smallholder Agriculture Programme. It is also fully aligned with the new IFAD COSOP in Sudan for 2013-2018. Design and implementation will take into account IFAD's strategies, policies and guidelines for operating in fragile and conflict prone environments. The programme will contribute to corporate priorities including policy dialogue and scaling-up.

40. **Harmonisation.** The programme will be coordinated with on-going rural development programmes. Efforts will be made to build linkages with humanitarian interventions in the programme area. The programme is also aligned with regional initiatives in the Horn of Africa and Sahel targeting livestock and drought resilience, particularly with regard to trans-boundary livestock movements, disease and natural resources, e.g. Drought Resilience and Sustainable Livelihoods Programme, supported by AfDB, WB and FAO and coordinated by IGAD.

F. Components and activities

41. The programme consists of three complementary components:

42. **Component 1: Livestock Production and Productivity (US\$ 30.0m).** The objective of this component is to increase livestock production and productivity whilst strengthening management of the natural resources on which livestock depends. Priority will initially be given to communities located along existing traditional livestock routes. It will include two subcomponents:

- **Subcomponent 1.1 Natural Resource Management.** Improved rangeland management practices will be introduced, effective traditional practices revived and degraded rangelands rehabilitated, including through reseeding, improved soil and water conservation techniques will be promoted to increase rainfed

fodder production and networks of livestock water points will be established. Support will also be provided to increase access to drinking water. Livestock routes will be mapped, demarcated, registered and rehabilitated. The programme will support the establishment and strengthening of users association for rangelands and water points. Community commitments to implement social fencing and prevent overexploitation of resources will be required prior to investment. These activities will create opportunities for community enterprises including production and sale of fodder and water to traders and livestock keepers. All of the above is expected to help prevent conflicts.

- **Subcomponent 1.2 Animal Health and Husbandry.** Access to animal health services will be improved through support to the Government's animal health privatisation strategy, linking trained and equipped CAHWs to private veterinarians in local extension networks (which will ensure access to inputs and new knowledge and support), supporting vaccination, rehabilitation of quarantine facilities and strengthening of disease control systems. CAHWs will also provide support and advice to communities to improve livestock breeding. All CAHWs will charge for their services. Areas where livestock populations have declined due to drought or conflict will be given support to restock. Integrated services centres will be constructed at along livestock routes where basic services (animal health, conflict resolution) will be provided, creating an integrated network for animal health service delivery ensuring sufficient permanent and mobile clinics, labs, check points and quarantine stations.

43. **Component 2: Value Addition and Marketing (US\$ 15.0m).** This component aims to increase value addition to livestock products and to improve their marketing. It will include two subcomponents:

- **Subcomponent 2.1 Market Infrastructure and Value Addition.** Based on more detailed value chain analysis to be undertaken at design, strategic market infrastructure and facilities will be strengthened including spot improvements to access roads and rail tracks serving key markets and export points (with proper arrangements for sustainable management), and facilities at markets, municipal slaughterhouses, stations, ports and quarantine, veterinary inspection and vaccination facilities will be upgraded. Rehabilitation of markets and slaughterhouses will include upgrading equipment, including hide pullers, cold storage units and refrigerated vehicles. Linkages will be made with banks interested to establish operations at livestock markets. Management of markets and slaughterhouses will be strengthened by establishing Market Boards of Directors composed of traders, producers and locality representatives, and systems will be introduced to collect fees for services. Efforts will be made to introduce auction systems and pricing based on weight. Butchers, flayers, traders and hides and skins extension workers will be provided with training. Public-private partnerships will be sought for larger investments where required, particularly in relation to road, rail, market, slaughterhouse and port facilities and partnerships developed with private sector partners where relevant.

At community level, support, including training and financing support will be provided for small income generating activities and value adding enterprises including fattening, backyard poultry, small stock rearing, hide processing and dairy, particularly targeting poor women and youth. Mechanisms already established by the pilot phase will be utilised. Women's saving and credit groups will be established, using the existing proven methodology, to enable them to benefit from these activities, with the possibility of eventually creating village level savings and loan associations to be linked to external financing from formal banks. Support will be provided for producers' associations.

- **Subcomponent 2.2 Market Access.** This subcomponent will focus on domestic and export market promotion and implementation of quality standards for livestock products. Support will be provided to markets, slaughterhouses and related enterprises in meeting process and quality standards, obtaining HACCP and ISO certification, diversification of export markets including participation in trade fairs, sending trial shipments, and obtaining market information. Contractual marketing arrangements between producer associations and traders/processors will be facilitated. Assistance will be included to support measures required for WTO membership including capacity building of the Standards and Metrology and Organisation and General Custom's Administration to implement sanitary and phytosanitary standards.

44. **Component 3: Institutional Development, Policy, and Programme Management, (US\$ 5.0m).** This component will ensure that the programme is efficiently managed and that the knowledge and best practices generated during implementation are properly documented, shared and disseminated to ensure achievement of project development objectives. The focus will be on community-driven implementation using proven methodologies. Programme organisation and management are described in detail below. Additional activities implemented under this component will include: (i) literacy training programmes to build capacity of poorer and more vulnerable community members to participate in and benefit from the programme and ensure pro-poor and gender equitable outcomes; and (ii) policy dialogue initiatives concerning sustainable management of rangelands, regulation of stocking rates, demarcation of stock routes and control of animal diseases, quality standards and trade.

45. **Social development.** While this programme will support access to drinking water and literacy training, appropriate partnerships will be developed with agencies that can support target groups, especially mobile ones with other basic services such as education, health and sanitation.

G. Costs and financing

46. The total programme costs are estimated at USD 50 million over a 7 year implementation period: IFAD – US\$20m; IFAD-ASAP – US\$7m; Gov. – US\$5m; beneficiaries – US\$5m; partnering financial institutions – US\$5m; co-financiers (tbc) – US\$8m. The programme will be directly supervised by IFAD. Additional resources, if mobilised, will be incorporated through expansion to new localities and states.

H. Organization and management

47. Organization and management will be based on the arrangements established during the pilot phase. The Lead Programme Agency will be the Ministry of Livestock, Forestry and Rangeland (MLFR). The Programme Coordination Unit (PCU) has already been established in the MLFR's Directorate for Planning and Economics in Khartoum. Programme implementation will be through two Regional Programme Implementation Units (RPIUs) already established in the State Ministries of Agriculture, Animal Resources, and Irrigation in Singa (Sennar State) with responsibility for the Eastern Sector (Blue Nile, White Nile, Sennar, Gezira, Gedarif, Kassala and Khartoum) and El Obeid (North Kordofan) with responsibility for the Western Sector (Northern and Southern Kordofan). Small Locality Implementation Units (LIUs) will be established in each of the targeted localities. At each level (federal, state and locality), there will be committees to provide direction and guidance to programme implementation; a Project Steering Committee (PSC) chaired by the Undersecretary of MLFR at Federal level; a State Steering Committee at State level; and Locality Coordination Committees at locality level.

48. Design and implementation of community-level activities will be led by community organisations with support from LIUs. Community contracting will be utilised to the extent possible. Proven community-driven implementation methodologies including establishment of Community Development Committees, Conflict Resolution Centres, local extension networks, and Councils of Implementing Partners will be implemented. Assistance will be provided to mobilize communities, support formation and strengthening of Village Development Committees, producers' associations and self-help groups, including saving and credit groups. Assistance will be given to undertake community poverty mapping in order to rank priority groups or households to be assisted. Communities will contribute in-cash and in-kind to all activities, including civil works and training, up to an average of 20% of the total investment cost. A mechanism for distribution of matching grants has been established during the pilot phase.

49. The possibility of lighter management structure, including implementation of certain activities through the PMUs of existing IFAD-financed projects (SUSTAIN in Sennar; BIRDP in Khartoum, Gederef, River Nile, Gezira, Kassala), under the guidance of the national PCU, will be explored during detailed design. The need for establishing an additional RPIU will also be considered.

50. Partners during implementation may include: relevant federal and state ministries, the National Council for Strategic Planning, the General Secretariat of the Agricultural Revival Programme, the Agricultural Research Corporation, the Land Commission, the Higher Council for Environment and Natural Resources, the Butana Development Agency, Sudan Veterinary Council, General Custom's Administration, Sudan Standards and Metrology Organisation, Agricultural Chamber of Business and private sector businesses, state, commercial and microfinance banks, the Pastoralists' Union, producers' organisations and Village Development Committees. Close cooperation will be sought with development partners including the World Bank, AfDB, EU, IGAD, UNDP, WFP, and FAO.

I. Monitoring and Evaluation indicators

51. Key indicators to be monitored are detailed in the logical framework (Annex 1). Close monitoring, of both processes and impact of the programme will be carried out so that the lessons are used to guide implementation. The Monitoring Officers at RPIUs, in coordination with PCU monitoring unit, will be responsible for establishing the M&E system. Improvements in resilience to climate change for pastoralist and agro-pastoralist households will be assessed based on changes in household asset index, access to water, and membership of a rangeland management groups/producers group.

J. Main Risks and Mitigation measures

52. Key risks are expected to include: (i) inter-community conflicts, which will be mitigated through conflict resolution mechanisms and efforts to develop participatory systems of natural resource management and land use planning - State governments are expected to play a major role in conflict mitigation including extensive disarmament programmes; (ii) limited capacity of implementing institutions and partners, which will be mitigated by undertaking capacity needs assessments with a view to identifying limitations and enhancing the capacities of such institutions; (iii) price and exchange rate fluctuations, which will be mitigated by making larger than normal allowances in the programme Costab; and (iv) environmental degradation if programme activities stimulate increase in herd sizes, which will be mitigated by placing major focus on rehabilitation and improved management of rangeland resources.

K. Timing

IFAD COSOP OSC Review	September 2013
Fielding of detailed design mission	November 2013
Finalization of Detailed Project Design Report (PDR)	December-January 2013
QE Review	February 2014
Completion Design Mission	March 2014
QA	June 2014
Loan negotiations	July 2014
Presentation to IFAD Executive Board	December 2014

LMRP Logical framework

Narrative Summary	Key Performance Indicators (at programme completion/disaggregated by age and gender)	Monitoring instruments and information sources	Assumptions(A) /Risks (R)
Programme Goal			
<i>Increased food security, incomes and climate resilience for small-scale pastoralists and agro-pastoralists.</i>	<ul style="list-style-type: none"> Reduction in child malnutrition (%) Rural people sustainably moved out of poverty (#) Increase in asset ownership index Poor smallholder household members whose climate resilience has been increased (#) (ASAP) 	<ul style="list-style-type: none"> RIMS Surveys WFP/UNICEF surveys Government statistics Special studies 	<ul style="list-style-type: none"> Enabling policy environment (A) Macroeconomic improvement (A) Severe recurrent drought (R) Deterioration in security (R)
Programme Development Objective			
<i>Increased livestock productivity, value addition and marketing</i>	<ul style="list-style-type: none"> Livestock keepers with productivity increase (#) Increase in average carcass weights (10%) Domestic and export sales of livestock (US\$) Increased exports of meat and hides (US\$, %) 	<ul style="list-style-type: none"> RIMS surveys MLFR surveys/reports Central Bank Statistics VDCs and project records 	
Component 1: Livestock Production and Productivity			
Outcome 1.1: <i>More sustainable management and utilisation of natural resources</i>	<ul style="list-style-type: none"> VDCs with 100% coverage of water points O&M (#) Increase in hectares of land managed under climate resilient practices (#) (ASAP) 	<ul style="list-style-type: none"> Baseline survey, mid-term and completion assessments MLFR surveys and reports Range and Pasture Administration records Integrated services centres reports CAHW reports Interviews and focus groups 	<ul style="list-style-type: none"> Patterns of seasonal rainfall is normal or average (A) Political will and community support (A) Continued allocation of land on livestock routes for mechanised farming (R)
Output 1.1: Rangelands rehabilitated and managed sustainably	<ul style="list-style-type: none"> Water points constructed/rehabilitated US\$ value of new/existing rural infrastructures made climate-resilient (ASAP) ENRM groups formed/strengthened (#) (ASAP) Livestock routes demarcated and registered (km) 		
Outcome 1.2: <i>Animal health improved</i>	<ul style="list-style-type: none"> Reduction in reported incidents of disease (#) HHs reporting reduced livestock mortality (%) 		
Output 1.2: Access to animal health services improved	<ul style="list-style-type: none"> CAHWs trained and equipped by the project (#) HHs receiving animal health services (#) 		

Narrative Summary	Key Performance Indicators (at programme completion/disaggregated by age and gender)	Monitoring instruments and information sources	Assumptions(A) /Risks (R)
	<ul style="list-style-type: none"> Integrated services centres operational (#) 		
Component 2: Value Addition and Marketing			
Outcome 2.1: <i>Infrastructure, equipment and skills for marketing and value addition improved</i>	<ul style="list-style-type: none"> Reduction in mortality and weight loss during transport and marketing (%) Jobs created in value addition and marketing in targeted communities and market (#) Increase in livestock sales in targeted markets (#) 	<ul style="list-style-type: none"> Baseline survey, mid-term and completion assessments MLFR surveys and reports Project Reports Records of markets/slaughterhouses Focus groups/interviews Reports by the financial institutions 	<ul style="list-style-type: none"> MLFR can develop effective partnerships with private sector (A) Communities develop culture of saving and repayment (A)
Output 2.1: Infrastructure rehabilitated and operating sustainably	<ul style="list-style-type: none"> Value of livestock marketing infrastructure upgraded/rehabilitated (US\$) Coverage of O&M costs at markets and municipal slaughterhouses (100%) Length of road/rail constructed/rehabilitated (km) Length of road/rail provided with sustainable O&M arrangements 		
Output 2.2: Capacity built for value addition	<ul style="list-style-type: none"> People trained in processing (#) IGAs financed with matching grants (#) 		
Outcome 2.2: <i>Access to sustainable savings and credit services increased</i>	<ul style="list-style-type: none"> Outreach of savings and credit services (# wo/men) Financial and operations sustainability of rural finance institutions in the target areas 		
Output 2.2: Appropriate rural finance models established in target communities	<ul style="list-style-type: none"> Number of SCGs/SCAs formed (#) Number of ABSUMI units established (#) Volume and growth in savings and loans (US\$, %) Credit performance of loans 		
Outcome 2.3: <i>Increased access to export markets</i>	<ul style="list-style-type: none"> Increase in number of country destinations for exports of livestock products (#) 		
Output 2.3: Improved adherence to quality standards	<ul style="list-style-type: none"> Number of facilities certified (#) Number of people trained in quality standards (#) 		
Component 3: Institutional Development, Policy and Programme Management			
Outcome 3.1: <i>Programme implemented</i>	<ul style="list-style-type: none"> Individuals/households/groups receiving programme services 	<ul style="list-style-type: none"> MLFR surveys/ reports 	<ul style="list-style-type: none"> Programme staff

Narrative Summary	Key Performance Indicators (at programme completion/disaggregated by age and gender)	Monitoring instruments and information sources	Assumptions(A) /Risks (R)
<i>successfully with lessons learned effectively captured and disseminated and policy reforms implemented</i>	(#)	<ul style="list-style-type: none"> Project reports 	develop strong working relationship with target communities (A)
Output 3.1: Project management arrangements establishment	<ul style="list-style-type: none"> PCU, RPIUs and LIUs staffed, and equipped (#) Programme implementation manual approved 		
Output 3.2: VDCs formed and strengthened	<ul style="list-style-type: none"> Number of VDCs formed/strengthened (#) People receiving literacy training (#) 		
Output 3.3: Participatory M&E system established and functioning and lessons learned captured, dissemination and used to inform planning and implementation	<ul style="list-style-type: none"> M&E meetings held with stakeholders (#) Reports submitted in required format on time (#) Documentation of lessons learned (videos, stories, articles, reports, studies) Planning meetings held using lessons learned (#) 		
Output 3.4: Improved policies and regulations for the livestock sector	<ul style="list-style-type: none"> Policy studies/briefs prepared (#) New policies and regulations approved (#) 		

Concept Note 2: SUDAN: BUTANA INTEGRATE RURAL DEVELOPMENT PROJECT-SUPPLEMENTARY FINANCING (BIRDP-SF)

Background

1. The Butana Integrated Rural Development Project (BIRDP) was declared effective in 2008 and is scheduled to close in September 2016. The overall goal of the project is to improve in a sustainable manner the livelihoods and resilience to drought of the poor rural households in the Butana areas.
2. The project area falls in ten localities in the states of Khartoum, Gedaref, River Nile, Gezira and Kassala. Deep poverty pockets exist in this area and the State of Gedaref is among the poorest. Despite the present day administrative fragmentation of the Butana, the area used to constitute one socio-economic and political unit from the 16th century to the independence of Sudan. The area is a predominately-wet season grazing land for the transhumant and nomadic tribes. Present estimates put the figure at 6 million animal units (mainly camels, sheep, goats and cattle) that converge on the Butana for the period June-end of October. With the abolition of the native administration in the 1970's the customary system of enforcement of land and water access rules disintegrated. At present, the movement of the herd is unregulated: a large number of tribes cross from all directions to graze in Butana. The degradation of the ecosystem is demonstrated by severe deforestation, the poor state of water facilities, and the disappearance of palatable species. Large part of the original Butana area has been taken by the large scale semi-mechanized rain-fed farms.
3. Access to grazing lands and to markets and vulnerability of small-holders to droughts were identified as the main reasons leading to the high prevalence of poverty in the Butana area. The BIRDP aims at establishing a coherent and cost effective governance framework that ensures a regulated access to land and water resources of the Butana; improving the access to grazing land, marketing of livestock; reduce vulnerability to droughts of small holders, developing the capacity of community-based organizations.
4. Key achievements of the project include establishing Butana Development Authority with physical infrastructure in place and institutional strengthening under way, issuance of bylaws for 72 CBO's, endorsement of decree for a common grazing area by all states, CBO's active in resolving conflict disputes, market rehabilitation is partially completed, and community capability index increased by 12% since project inception. The project outcomes include increasing sorghum productivity by 100%, and about 20,000 beneficiaries adopting the technological package recommended by the project (25% women), more than SDG240,000 channelled to the poor households through Community Investment Fund, and carrying capacity of range land increased through increased production of fodder crops, saving for HH on purchase of fees in dry season and purchase of potable water.
5. The project is on the right track and the overall implementation progress is rated moderately satisfactory. The GoS is interested in the provision of supplemental financing to enable scaling up of the successful interventions of agricultural, range and water development; livestock and marketing management; and community development as well as intensify the implementation of the vital activities aiming at developing a governance framework for management of resources in the Butana area and ensuring the sustainability through further strengthening and support of the Butana Development Agency.

A. Strategic context and rationale for IFAD involvement, commitment and partnership

A.1. Poverty and Rural Development Context

6. Sudan's profile changed dramatically following the secession of South Sudan in July 2011. Its area decreased from some 2.5 million km² to close to 1.9 million km² and population dropped by about 21% to stand at close to 36.2 million in 2013. Sudan's arid land increased to 90% of its total area compared to 65% before the secession, while the range

resources and forest cover decreased to 60%. Of the total population, 64% is rural and 49% are females. The population is young, with 43% is below 15 years of age.

7. Oil, the principal economic growth driver before the secession has been largely lost (75%) to South Sudan thereafter. As a result, the high growth rates realized earlier sharply declined, budgetary deficits mounted, both exports and imports declined substantially, inflation escalated and the premium on the US dollar pushed over 100% by mid-2012. The situation has accentuated the already high and widely-spread poverty in the country. Sudan remained as before a Lower Middle Income Country.

8. The contribution of the agricultural sector to GDP was 40.5% in 2000. It declined to 31% in 2012 as a result of growth in the service and industrial sectors, the secession of South Sudan, and a significant decline in agricultural growth rates from 10.8% through the 1980s to 2.4% during 2000 to 2009. In 2009 the largest share of agricultural GDP was derived from livestock production (47%), followed by large-scale irrigation (28%), traditional rain-fed lands (19%), forest products (7%) and semi-mechanized farming (3%). Agriculture provides employment for 70-80% of the labour force in rural areas. Agricultural growth marginally exceeds population growth but government pressure to produce export crops for foreign exchange means that less food is grown for internal consumption and since 1998 average annual wheat imports have tripled from 0.6 million tons to 1.9 million tons in 2011-2012. Agricultural productivity in Sudan is historically known to be low, particularly in the traditional sector. Farmers, pastoralists and agro-pastoralists lack up to date knowledge, have limited access to market information, suffer from poor governance of natural resources, and struggle to cope with seasonal fluctuations in rainfall. Effective extension services are not readily available.

9. **Land tenure** is a critical issue in the Sudan, particularly for the livestock sector. The abolition of the traditional tribal administration system and the introduction of the 1970 Unregistered Land Act which stated that all land not previously registered was formally owned by the government caused intensified competition for available grazing, overstocking of remaining rangelands and expansion of pastoralism into more marginal and fragile environments subject to more frequent drought and more susceptible to degradation. This has resulted in increased tensions and conflict over access to natural resources, particularly between mobile and settled communities. Today rangelands and land used for subsistence cultivation remain unregistered and communally owned under customary laws and are vulnerable to reallocation for large scale semi-mechanized farming.

10. **Rain-fed sector.** The rain-fed sector is typically divided into the semi-mechanized farming, traditional crop production, and livestock. In 2011 the rain-fed subsectors contributed three-quarters of foreign exchange earnings from agricultural exports. Semi-mechanized rain-fed farming, practiced by a large farmers and companies with low rent leases granted by the federal government, covers nearly 6.7 million ha. It is characterized by cheap access to land allowing unlimited horizontal expansion and a low-input: low-output system with limited concern for sustainable land management. Investors plant according to market prices, and availability of loans and subsidies, usually choosing either sorghum or sesame. While providing employment this form of farming encroaches on rangeland and pastoralists find themselves excluded from traditional pastures and water sources, creating conflict over access.

11. The traditional rain-fed farming subsector covers around 10 million ha over the whole of Sudan and is made up of small family households of 2-50 ha, farming for income and subsistence. Farmers in the traditional subsector pay more attention to good farming practices than investors in the mechanized subsector. They make use of crop rotation and intercropping; undertake more frequent and timely sowing with higher plant densities, resulting in more efficient and sustainable use of land. Use of improved seeds, zero tillage, and water harvesting in pilot projects have clearly demonstrated room for major improvements in crop yields. However, productivity in rain-fed cropping systems is declining due to land degradation, reducing soil fertility, traditional tillage practices, lack of seed

quality control and lack of knowledge on improved management practices. The average yields in this sector are 350, 180, 137 and 411 kg/ha for sorghum, millet, sesame and groundnuts, respectively - obviously lower than the Sudan's average. Other challenges facing rain-fed crop production include unpredictability of rainfall that typically allows only 40-80% of the area planted to be harvested as well as pests and locusts. Although crop failure normally still implies fodder for livestock, there is an urgent need for households to diversify their sources of income and add value to what they produce. The lack of accessible rural financial services, appropriate extension Government policies, poor enforcement, and excessive taxation are major impediments as well.

12. **Livestock production**, an important component of the traditional rain-fed sector, has consistently contributed the largest share of agricultural GDP. In 2012 it accounted for 56% of agricultural exports in terms of value, mainly comprising live animals, especially sheep, exported to Saudi Arabia, Gulf States, Libya, Egypt and Jordan. However most off-take is consumed internally and animal protein forms a significant part of the Sudanese diet, especially in urban centres. In addition to meat, milk and skin livestock are valued for draught power, transport and as a mobile source of capital and insurance. Livestock are raised mostly by nomadic or semi-nomadic pastoralists practicing transhumance within Sudan or crossing borders into neighbouring countries. In addition to the difficulties faced by livestock herders with regard to land tenure which were noted above, the customary practice of allowing nomads to graze crop residues after the harvest has mostly disappeared and herders are expected to pay lease-holding tenants for grazing and access to water, especially in eastern Sudan. In general, livestock productivity is low, although information thereon is scattered and variable. This results from disease and parasites, suboptimal breeding, herd management practices which focus on herd size rather than quality, declining availability and access to traditional range resources, stock routes, crop residues, and water sources due to large-scale land leasing by Government, and overgrazing of remaining rangeland.

13. **Forestry**. Forestry is also a significant resource in some areas of Sudan. The main commercial forest product is gum arabic that contributed 8% to the value of agricultural exports in 2012. This followed many years of decline ended by the 2009 abolition of the state monopoly on sales and deep sector reform enabled through the World Bank/IFAD Revitalizing the Sudan Gum Arabic Production and Marketing Project. Successful initiation of pilot programs in four regions engaged 12,000 producers and between 2009 to 2011 gum arabic exports have increased 120%. Official estimates show that overall, after the separation of South Sudan, forestry contributes a very modest 1-2% of national GDP but this is likely underestimated due to lack of data. Mismanagement of forest resources has led to desertification and destruction of watersheds, especially in central and northern Sudan. Expansion of agriculture into forest lands, tree felling for charcoal and firewood, overgrazing, forest fires, droughts and erratic rainfall are major factors.

14. Climate change is already leading to more severe and chronic drought threatening all rain-fed agricultural systems. Increased temperatures and declining rainfall have shifted the boundary between desert and semi-desert zones south by 50-200km over the past 80 years. This trend is continuing and large areas of the remaining semi-desert and low rainfall savannah - key livestock production zones - are at risk of desertification. By 2050 vulnerability assessments show that temperatures are likely to rise by 1.5 - 2.5°C throughout the country. Average annual rainfall is expected to increase in most areas but with significant changes in the seasonality of the rainfall and more frequent droughts. Increased temperatures and higher rates of evapotranspiration will increase moisture stress in crops and animals and water demand for agriculture significantly. Agricultural yields are expected to be significantly. This will vary across crops and agro-ecological zones but impacts will be most significant in rain-fed areas. Declines in yields could range from 5%-50%, or 15-25% in terms of value of agricultural output by 2050, reducing GDP by US\$ 7 to 14 Billion. Vulnerability to climate change is strongly correlated with dependency on non-irrigated agriculture and livestock, coping capacity (household wealth) and household food security (food consumption): 100% of poor households and 25% of borderline households are

considered vulnerable to drought. The issues outlined above related to land tenure are compounding vulnerability to climate change.

15. Rural poverty rates in Sudan average 58%, much higher than the national average and the urban poverty rate of 27%. Wage labour represents more than half of cash incomes in rural areas, indicating the extent to which agriculture is practiced for subsistence. Unemployment is higher (19.8%) in rural than in urban (12.1%) areas, and for women (24.7%) than for males (13.9%). Food and nutrition security is fragile and under-nourishment is widespread, estimated as 31% for urban and 34% for rural populations. Women are generally the main unpaid contributors to household income and food production. IFAD's project experience shows that where women have access to capacity-building and microfinance they perform outstandingly. Women's empowerment is hindered by illiteracy, customary law that attributes specific gender and age differentiated roles, social pressures that push women into early marriages, and heavy workloads.

16. Gold mining is also causing an increasing labour shortage in agriculture and competing to some extent in certain areas with land use as range land and for crop production, because it is small-scale, disbursed and labour intensive, and such severely disruptive to the environment. The productivity situation could be illustrated by the yield levels of four major crops, sorghum, millet, sesame and groundnuts that occupy close to 90% of the total areas under cropping in the country.

A.2. Policy, governance and institutional issues, political and economic issues

17. **Economy and Secession of South Sudan.** From 2000 to 2011 Sudan's GDP grew five times, driven by oil which in 2010 accounted for 90% of exports. However growth of the oil sector caused decline of non-oil sectors. Agriculture became focused on domestic market as currency appreciation caused export competitiveness to decline and growth in the livestock sector fell from an average of 15.9% during the 1990s to 3.6% during 2000 to 2008. Due to high inflation rates, people tend to invest in livestock; even micro financing is often used to invest in livestock including women.

18. In July 2011 South Sudan became an independent state. Sudan's population and land area were reduced and Government revenues have declined by one third and a trade surplus in 2011 became a deficit of US\$6.11 billion in 2012. The official rate of the Sudanese pound against the US Dollar was cut by two-thirds in June 2012, and inflation increased from around 8% through the 2000s to 44% in 2012, with even higher rates for food. The country must now undertake a major rebalancing of the economy focused on strengthening non-oil sectors, particularly those with export potential such as livestock. Fortunately the weakening of the currency has increased competitiveness of Sudanese exports which, as shown below, has led to livestock exports doubling in value since 2010.

19. **Trade.** Sudan is a member of COMESA, the African Common Market Agreement, the Organisation of Islamic Conference and the Arab League. It is a signatory of the Arab Trade Facilitation and Development Agreement and a WTO observer. Sudan's accession negotiations for the WTO have been stalled since 2004 but there are now efforts to restart them and to address issues including sanitary and phytosanitary measures (SPS) and technical barriers to trade.

20. **Government Policy.** The secession of South Sudan has made agriculture, and in particular livestock, a key Government priority. The Government's three-year Economic Recovery Program (ERP, 2011-2013), intended to address the challenges and mitigate the effects of the secession promotes increased agricultural exports and import substitution. The major main agriculture sector initiative, the Agricultural Revival Program (ARP) also promotes livestock exports, increased productivity and efficiency and sustainable development and protection of natural resources. Differences among states even within the same ecological / geographical region; e.g. Butana with regard to key areas; such as NRM management regulations and subsidies for veterinary and extension services is quite damaging to the sector and to the overall NRM governance scheme.

21. **Conflict.** Conflict is widespread in Darfur, Blue Nile, South Kordofan and along

the border with South Sudan, between Government and rebel groups, and among rebel factions and tribal groups. Two decades of unrest have cost the lives of about 1.5 million people and had a devastating effect on rural livelihoods through destruction of assets (livestock, roads, markets, and water points) and restrictions on access to farmland. Conflicts between pastoralists, agro-pastoralists and crop farmers are widespread and rooted in disputes over ownership and use of natural resources. Cattle raiding is widespread in Darfur, South Kordofan and eastern areas including Kassala and Gederef and has worsened with the conflict. The main potential conflicts in Butana region is due to conflicting land use; e.g. sedentary pastoralists; influx of pastoralists during grazing season; conversion of range land into semi-mechanized farms; and gold mining.

A.3. The IFAD Country Programme

22. The current IFAD country programme consists of six on-going projects and programmes representing US\$ 143.5m in loans and grants of which US\$ 89.9m is provided by IFAD and US\$ 53.6m by domestic and external co-financiers. These activities are spread across south-central and eastern parts of the country and include integrated community development (Butana Integrated Rural Development Programme [BIRD], Small Scale Traditional Producers in Sennar State Project [SUSTAIN], Western Sudan Resources Management Project [WSRMP]), rural infrastructure (Rural Access Programme [RAP]), improved crop productivity (Seed Development Programme [SDP]) and pro-poor export commodities (Gum Arabic Production and Marketing Project [GAPMP]). The total outreach is estimated at 1.4 million at an average cost of US\$ 101/beneficiary. Two country grants support the development of a national rain-fed sector strategy and scaling up of rural microfinance by the Agricultural Bank of Sudan (ABSUMI). Two more projects: the South Kordofan Rural Development Project (SKRDP) and Gash Sustainable Livelihoods Project (GSLP) completed in 2013.

23. Though not their main focus, these projects have yielded impressive results in the livestock sector: (i) GSLP: increased fodder yields by 35% through soil water conservation techniques, increased grazing yields on rangelands by 2-3 mt per feddan through reseeding and boosted average herd sizes by 43%; (ii) WSRMP: protected 15,000 feddans of rangelands against desertification through sand dune fixation, developed 8,000 feddans of agro-forestry, increased access to water through construction of hafirs totalling 330,000m³, and demarcated 4,220km of stock routes. SUSTAIN and BIRD are new projects, both focused in south eastern Sudan and include fodder production, animal nutrition, restocking, range rehabilitation and improvement, livestock marketing, and CAHWs.

24. **Lessons Learned.** The experiences of the IFAD country programme have generated important lessons for the Butana region:

- Access to Domestic Water Supply: When communities have difficulty accessing domestic water (2-4 hours was needed to carry water from the source to household), participation in the BIRD activities was restraint especially for women. Access to domestic water supply is thus a considered a prerequisite for communities to actively participate in development activities.
- Involvement of communities is key for addressing public issues; e.g. public and animal health problems: Involvement of communities has been key factor in successfully combating Botulism. The solution was about starting a process with the communities to address the problem; i.e. creating awareness about the nature of the disease and jointly finding a solution.
- Protection of rangeland by communities to be in place prior to investments: When intending to invest in rehabilitation / development of rangeland/grazing areas, it is a prerequisite to have to mechanisms for protection of the target areas by the communities. Without adequate protection, the investments (soil and water harvesting structures, reseeding, planting seedlings, etc.) would not be effective and / or sustainable.

- Models for development of the rangeland resources: Various models were piloted to demonstrate which ones can be implemented at the lowest cost, and which would be more suitable on the long term.
- Sustainability of potable waters services: Tri-partite partnerships between the Water User Committees, Locality Authorities and BDA lead to higher probability of sustainability of services.
- Go for water efficient fodder crops: The most efficient fodder is clitoria as it provides maximum growth over short period of time, with the least water requirements in comparison to other types of crops; such as alfalfa. It has shown also good results in terms of improving feed ration leading to improving animal health and increasing productivity (milk yield, rate of lambing).
- The need for business approach for O&M of farm machinery assets: While BIRD has made significant investments in farm machineries, a major lesson learnt is the need to have a proper business plan for efficient management of these assets.
- Microfinance is essential element for success: Lack of financial services limits the success and sustainability of development initiatives in rural areas. Number of promising microfinance models have been piloted by IFAD projects in different parts of Sudan. Microfinance products for fattening livestock, setting up household tree nurseries, etc. have proven to be successful in the Butana region.
- Large rural development programs should focus only on green sectors: **When focusing on** activities such as education, human health, handicrafts, etc., large rural development projects became too complex to manage. Where there is a high demand for such services, communities should be brought in contact with relevant Government Schemes, other projects, NGOs, etc. that can better address these needs.
- Backyard poultry should go hand in hand with livestock programs: Experience has shown strong preference by women for keeping backyard poultry (BYP). This should be taken into consideration in program design as training and vaccination needs were not addressed in earlier programs.

25. The overall focus of the country programme has been and will continue during the coming few years to be in areas of rain-fed production, including agriculture, livestock and forestry. The target groups within these areas includes: (i) small crop producers and subsistence farmers; (ii) pastoralists and small agro-pastoralists; (iii) rural women, particularly in female-headed households; and (iv) youth.

26. As part of the vulnerability assessment conducted as part of COSOP preparation, climate vulnerability maps were overlaid with population density, soil productivity, poverty areas mentioned above, food insecure areas, disaster-risk areas and areas with potential for increasing agricultural productivity, to generate priority areas for IFAD intervention. Butana region is included in the priority areas.

27. In states where rural poverty incidences are significantly higher than average, geographic targeting would be driven by availability of development opportunities primarily. In states with pockets of deep poverty, geographic targeting would focus on the localities in which these pockets are found. Targeting within and among the states and localities will also take into account levels of food and nutrition security, to the extent reliable and current data are available. At village/household level, targeting will be supported by community leaders and village census information, with community organisations collaborating with project field staff to identify priority households.

A.4 Partnership

28. The main target area for the proposed supplementary financing is the Butana region, which falls in ten localities in the states of Khartoum, Gedaref, River Nile, Gezira and

Kassala. The IFAD co-financed Butana Integrated Rural Development Project (BIRDP). Other supporting IFAD co-financed projects include Rural Access Project (RAP) (US\$ 14.96 million), Integrated Carbon Sequestration in Sudan (US\$ 3.65 million) the Scaling up of the Agricultural Bank of Sudan Microfinance Initiative (ABSUMI) (US\$ 4.6 million). Apart from the UNDP-financed Area Development Scheme in Lower Atbara and Central Butana (subsequently referred to as ADS), the project area has also an on-going FAO funded Special Programme for Food Security (SPFS). As a result of food deficits in the project area, WFP used to routinely distributes food rations in the area. It is also worth noting that within a Joint Assessment Mission recommendations for investments in drought and war affected areas in Sudan, there is no mention of Butana as a potential target area. UNDP, FAO and WFP appear as the main donor agencies that provide hands-on expertise to better design and implement project interventions. The EU intends to finance a new program in that area.

B. Possible geographic area of intervention and target groups

29. **Area of Intervention.** The BIRDP-SF will continue to focus on the Butana region, aiming at addressing new villages and communities. The project area lies between latitude 14°:30' and 16°:22' north and longitude 33°:33' and 35°:33' east. It is in the semi-arid zone of central Sudan with an average rainfall varying from less than 100 mm in the far north to 400 mm per year in the south. It is also renowned as a grazing area for the rainy season (makhruf). This led to Butana being declared in 1904 a General Grazing Area open to grazing by all tribes but with very strict instructions of avoiding settled and cultivated areas. Present estimates put the figure at 6 million animal units (mainly camels, sheep, goats and cattle) that converge on the Butana for the period June- end of October. The Butana is traversed with a series of low mountains, hills and wadis that drain the rainfall into northwest and southwest directions. The surface runoff draining southwest can form major wadis that join the River Nile System in River Rahad or the Blue Nile. Under normal range of rainfall, most of those wadis end up spreading into deltas. The deltas are terraced and cultivated for the production of sorghum, while the flat land is used for grazing of livestock.

30. The available statistics for the project area show that almost 12% of under-five children are moderately wasted and 12% are severely wasted. Taking the indicators of infant mortality rate and under five mortality rate as a proxy for poverty: in the project, area they vary between 40 to 100‰, and 60 to 140‰ respectively. These indicators are the lower in the states of Gedaref and Kassala which cover the central and southern parts of the project area.

31. Targeting will continue to: (i) focus on the livestock sector which is the main economic viable enterprise in Butana; (ii) support the shift of the governance framework of natural resources from open access resources to regulated access thus facilitating the access and use of the range and water resources by the poor and average households during the rainy and dry seasons; (iii) criteria for selecting the poor communities and poor and average households, similar to BIRDP. The project will target 35 villages within the 10 localities.

32. The project will select communities with the support of a community selection committee composed of the representatives of the localities (executive and legislative branch) and NGOs operating in the area. The relative weight of interventions in the various states and localities will be validated on the basis of a household and anthropometric survey undertaken in the first year of the earlier project implementation. The results of the survey has enabled the BDA to rank all the Butana localities according to poverty and to assign the 35 villages covered by the project to the 10 localities with higher coverage of communities in the poorer localities.

33. The program will target as well traditional leaders, CBO's legislative bodies and political leaders and the main actors for improving NRM governance framework.

C. Justification and rationale

34. Dispute over natural resources in the Butana region is a major source of

conflicts. Competition over scarce water and range resources and overstocking of animals during the grazing season is causing great distress to the agro-pastoralists and transhumants and nomadic groups. The status of the surveys and indicators show deep poverty in the project area. Issues related to conversion of use of range and forest land into semi-mechanized farming and competition with gold mining activities as well as inconsistency among state governments with regard to rules of administration and use of range and forest resources are causing significant conflict and distress to target groups. Lack of capacity of the communities and infrastructure deficiency is another major bottleneck.

35. The BIRDP provides a successful model for addressing the underlying of poverty and disputes in the area and developing the capacity of community-based organizations to engage in sound development initiatives. At the output level, successful implementation of activities of agriculture, range, forest and water services; such as enhanced terrace cultivation, women's irrigated fruits and vegetables gardens, firelines, wadi cultivation, water harvesting for range land improvement, nursery and community forests, and water supply have met or exceeded targets. Similarly; for interventions for livestock development and marketing services as well as community development where the innovative program for development of a cadre of Community Animal Health Workers, cross breeding, animal production, community organization and strengthening, gender sensitization, skills training, and community investment funds are progressing well. At outcome level, the recent MTR concluded that the above activities is contributing to achieving the desired impacts.

36. With regard to development of a governance mechanism for natural resources as well as development of Butana Development Authority, good achievements are made at the output level. Results at the outcome level, are taking shape, however more focused efforts are needed to achieve the desired results.

37. The main sources of the BIRDP-SP Project benefits are expected to continue to be derived from: (i) improved production and productivity of livestock, and its off-take, and crop production; (ii) improved marketing of agricultural products, mainly livestock production, dairy processing, market infrastructure and market information systems. Other benefits arising from the Project include the sustainable development of natural resources (range, land, and forests), increased climate resilience of target communities, greater community capability to manage natural resources, gender equity and women involvement within the communities, better nutritional status and human health as well as cost savings from the improved domestic water supplies and water investments, and easier access to midwifery services.

38. The BIRDP-SF will build on lessons learnt from earlier IFAD interventions. It will be scaling-up successful interventions from earlier IFAD program in Sudan; such as range and forest management including social fencing as well as formulation and strengthening of CBO's and community based implementation.

39. During the project duration, the following would be achieved:

- Continue working towards states legislation supporting the regulated access to the resources of the Butana is established.
- The community organizations responsible for the management of the range and water resources will continue to be established.
- The Community Capability Index in communities participating in the project increased by at least 10 percentage points.
- The capacity of the locality is strengthened in the area of planning and budgeting for the development of the livestock sector and the enforcement of the rules of a regulated access to the Butana range and water facilities.

40. At the community level, the exit strategy will be based on the development of the capacity of community organizations in planning, budgeting, monitoring, and establishing cost recovery mechanisms for the operation and maintenance of collective

assets (such as water, range, etc...). At locality and state level, the exit strategy is based on building the capacity of local government in the management of markets and natural resources.

41. At the level of the BDA, there will be a continued need for this organization after project completion. The capacity of the BDA to act as a coordinating body for the management of the Butana resources as well as its capacity to mobilize funds was checked at the BIRDP Mid-Term Review.

D. Programme Goal and Objectives

42. The overall **goal** of the project would be to improve in a sustainable manner the livelihoods and resilience to drought of the poor rural households.

43. The specific **objectives** of the project would continue to include: (i) establishing a coherent and cost effective governance framework that ensures a regulated access to land and water resources of the Butana; (ii) improving the access and bargaining position of women and men in the marketing of livestock; (iii) developing the capacity of community-based organizations to engage in environmentally sound, socially and gender equitable development initiatives. These objectives directly address the strategic objectives of the Sudan Country Strategic Opportunities Programme (COSOP) 2013-18; as well as the main areas of policy dialogue.

E. Ownership, Harmonization and Alignment

44. The programme is a practical vehicle for the policy stance of the Government supporting the reduction of poverty through improved smallholder productivity. The project will do so through scaling up best practices of earlier IFAD program interventions in Sudan. Within this context, the state governments are expected to focus on its core functions, which include policy formulation, range management, disease surveillance and control and the preparation and enforcement of legislation and regulations.

45. IFAD's principal partnership is, and would continue to be, with the Federal Government, represented by Ministry of Finance (MoFE) and Ministry of Agriculture and Irrigation (MAI). At the state level, IFAD will partner with the respective state Ministries for Agriculture and Livestock. For the BIRDP-SF, the BDA of the federal MAI will be the implementing agency. The programme will be developed in full consultation with the MAI and with development partners, involved in the Butana area.

F. Components and activities

46. The Project would have four components: (i) Institutional Support and Project Management; (ii) Agriculture, Range, Water Development; (iii) Livestock Production and Productivity Improvement; and (iv) Project Management.

- **Component 1. Policy and Institution Building (US\$2.5 m)** with expected outcome 'An enabling governance framework is developed for natural resources management in Butana'. The main aim is to consolidate earlier efforts. In doing so, a long term international expertise will be recruited to do the following: (i) critically review existing legislation with regard to NRM in terms of their suitability and applicability. In doing so, current land use will be reviewed using tools; such as remote sensing and GIS; (iii) develop proposals for improving existing governance framework for NRM in the project area; (iv) dissemination and consensus building at the local, state and federal levels, through carrying out series of workshops as well as measures for reach out, capacity building and knowledge management. This would involve stakeholders from five states as well as BDA.

- **Component 2. Natural Resources Management (Water, Range, Forest, Vegetable, Fodder and Agriculture Crops) (US\$2.5 m)** with expected outcome 'Improved Natural Resources management (range, forest, vegetables, crops)'. This

component would aim at scaling up earlier interventions.

- **Component 3. Livestock and marketing development (US\$0.8 m)** with expected outcome 'improved animal health and animal productivity'. This component would aim at scaling up earlier intervention in the area of livestock marketing.
- **Component 4. Community Development & Business Options (US\$1.8 m)** with expected outcome 'Community-based groups are empowered and business-oriented'. This component would aim at scaling up earlier interventions.

G. Costs and financing

47. The BIRDP-SF cost is estimated at USD 7.6 million including contributions from IFAD (USD 6.3 million), Federal Government (USD 0.8 million), State Governments (USD 0.25 million), project beneficiaries (USD 0.25 million). Government and beneficiary contributions would be scaled up over the life of the project to ensure program sustainability at project end. The participation of bilateral donors has not yet been ascertained and would be explored during project preparation. The project would be implemented over 3 years⁹, commencing by end of 2015.

H. Organization and management

48. The BIRDP-SF will continue to use the same management structure like the original project. It will have 3 organization levels. The first level is the overall project management level which will be undertaken by the Butana Development Agency, a federal entity. The second level is the State level, where a State Coordination Unit will be placed in the State Ministry of Agriculture, Animal Resources and Irrigation. It will coordinate and carry out the implementation of project activities through the appropriate locality departments and NGOs. Its outreach to local communities will be undertaken by a development team deployed from technical staff of the state and localities. The third organization level is the community organizations and interest groups that are largely responsible for selection of project activities, community mobilization and participation in natural resources management or marketing activities, and selection of beneficiary individuals and groups, as well as assessment of project inputs and results.

I. Monitoring and Evaluation indicators

49. The project M&E system will continue to be the responsibility of the BDA. The M&E system will be adapted on the basis of the experience of the on-going IFAD co-financed projects and will be documented in the Project Implementation Manual. The BDA will allocate specific monitoring responsibilities to community organizations, localities and development teams, state coordination units. At the level of the BDA, the main M&E responsibilities will consist in the aggregation of M&E data at the project area, analysis of trends, and recommendation of corrective or enhancing actions to the concerned stakeholders. The BDA will continue to submit bi-annual progress reports to its Board of Directors and IFAD.

J. Main Risks and Mitigation measures

50. The main risks continue to be: (i) macro-economic and political instability that may negatively affect the flow of counterpart funds to the project, (ii) deterioration in the

⁹ Project duration will be finalized once detailed project costs are established.

performance of the agricultural sector and unstable livestock markets as a result of disease outbreak and trade barriers on export, (iii) volatility of the decentralization process and change in the authority of local government and hence position vis-à-vis the regulated access to natural resources, and (iv) extended drought and climatic vulnerability. The project design will incorporate certain number of measures to mitigate these risks. **Firstly**, the project will continue to use built in cost recovery mechanisms for the various services provided to the communities or localities and thus restricted counterpart funding to salaries, taxes and duties and to 25% of recurrent costs. **Secondly**, the project will continue to strengthen the veterinary coverage of the Butana in order to maintain it as a disease free zone. **Thirdly**, the annual monitoring of the regulated access to range and water resources ensures the development of a constituency for the new governance framework and institutionalization of the devolution of the management of natural resources. **Fourthly**, the project will build resilience to climate change as well as the expected improvement in range and crop productivity and in water availability should strengthen community resilience to drought and climatic changes. The Government management of the strategic grain reserve has also proved effective in the past years when drought events have occurred.

K. Timing

Approval by IFAD EB through LOT

September 2015

BIRDP-SF Logical Framework

Narrative Summary	Indicators (at program completion / disaggregated by age and gender)	Means of Verification	Risks (R)/Assumptions (A)
<p>Goal: Improve in a sustainable manner the livelihoods and resilience to drought of the poor rural households</p>	<ul style="list-style-type: none"> - Number of households that have improved food security - Decrease in chronic child malnutrition (RIMS) - Increase in household asset index (RIMS) - Number of persons receiving project services by gender (Target: 40,000 pers). 	<ul style="list-style-type: none"> - RIMS baseline and impact surveys - UNICEF MICS survey. 	<p>Continued political and macro-economic stability (A).</p>
<p>Development Specific Objectives:</p> <p>1. Establishing a coherent and cost effective governance framework that ensures a regulated access to land and water resources of the Butana;</p>	<ul style="list-style-type: none"> - Legislations, laws and by-laws enacted and enforced 1. Number of communities with registered community range/forest/pasture/water resources committees 2. Decrease of dispute cases over natural resources solved at community organizations level. 	<p>Incremental support of Federal Government to BDA Bench mark setting (surveys) for new and old indicators Inter -, State and Locality State legislation</p>	<p>CCI Assessment: BL, MTR and PCR CCI data analysis as per MTR recommendations (A) Lack of coherent cost effective governance framework and strategic vision for the development of the Butana region (R) Resistance to Inter State harmonisation of laws, by laws overcome Political will in place (R)</p>
<p>2. Improving the access and bargaining position of women and men in the marketing;</p>	<ul style="list-style-type: none"> - Decrease in transportation time and cost to market and social services - Increase in animal off take (livestock markets) - Increase in the No of traders (livestock markets) 		
<p>3. Developing the capacity of community-based organizations to engage in environmentally sound, socially and gender equitable development initiatives and management of natural resources.</p>	<ul style="list-style-type: none"> - % of women and men who have access to the markets - Increasing CCI value - % of women participating in decision making structures - No of HHs benefitting from the CIF and ability to manage the revolving funds and business options 	<p>Longitudinal¹⁰ Market and Livestock surveys</p>	<p>Agriculture and Livestock sector performance improves in the national economy (GNP and balance of trade) (A)</p>

¹⁰Longitudinal implying that it will be done at regular intervals; regarding markets it will be done as part of the LMI System, while livestock surveys are done 1/yr. by SCU.

Narrative	Indicators (at program completion / disaggregated by age and gender)	Means of Verification	Risks (R)/Assumptions (A)
Component 1: Policy and Institution Building			
Outcome 1.1: An enabling governance framework is developed for natural resources management in Butana	<ul style="list-style-type: none"> - Policies, Strategy, Laws, By-laws established and enforced. - No of interstate partnership/agreement established for NRM management - Effectiveness of NRM Conservation Plans - Likelihood of Sustainability of Market facilities 	<ul style="list-style-type: none"> - Environmental monitoring system - Info on State and Inter State regulations - Livestock and market surveys 	Continued Government decentralization policy (A) Focal points (Fed./State) pro-active (A)
<p>Output 1.1: Legislation for NRM is developed</p> <p>Output 1.2: Policy & Strategy is developed and applied</p> <p>Output 1.3: Institutional capacity is built for:</p> <ul style="list-style-type: none"> - BDA - CBOs - Markets - Others (e.g. Govt. partners) 	<ul style="list-style-type: none"> - Gaps in existing laws and by-laws identified and addressed - Number of Environmental Plans formulated - Area (Ha) of land under improved management practices (range, forest; individual and communal areas) - No of local NRM regulations and by-laws established at community level. - Share of federal budgets allocated to BDA - No of cost-recovery based services provided to communities by BDA and earning generated - No of CBOs partnerships established - Number of markets rehabilitated/constructed fully functional - No Market services established - Number of performance based contracts with market operators signed 	<ul style="list-style-type: none"> - Court records - State progress reports - Proceedings/Minutes of meetings/workshops/people forums/dialogues/etc. - Revised and new State and inter State legislations - BDA annual budget - Progress & annual reports, minutes (State Ministries: Agri/Animal Wealth) 	<p>BDA Role is perceived only as an implementing agency and not as a strategic Development Agency (R)</p> <p>BDA does not become financially self-sufficient (R)</p>
Output 1.4: Knowledge Management Capacity is built ¹¹ (Development Teams), Technical assistance, Studies, Pilots, Research, Young Professionals Programme, etc.)	<ul style="list-style-type: none"> - Simple BDA KM strategy developed - Number of locality staff and private operators trained - No of studies/research undertaken on NRM - No of young professionals successfully benefiting from young professional program - No of innovations, learning process, pilots/trials documented - Extension materials and handbooks produced - No of items postings in MENA knowledge base and IFAD website 	<ul style="list-style-type: none"> - Technical Assistant contracts and reports, BIRD - , MENA -, IFAD Website content - Good Practice NOTES - Extension materials - Training Manuals - Annual report BIRD 	Incentives provided to those individuals / Development Teams pro-active in domain of KM (A)

¹¹All capacity building at community level is placed under component 4.

Component 2: Natural Resources Management			
<p>Outcome 2.1: Improved Natural Resources management (range, forest, vegetables, crops)</p>	<ul style="list-style-type: none"> - Effectiveness and sustainability of water infrastructure (drinking water for people, animals). - Savings in spending of poorer households' for portable water supply. - Resources invested in development, rehabilitation and O&M of domestic water facilities - Increase in yields of subsistence, cash, food, dual purpose and fodder crops (irrigated, rain-fed) - Effectiveness of NRM plans - Increased carrying capacity of rangeland - Savings for smallholders' in purchase of animal feed during the dry season - Number of women and men adopting technology recommended by the project (i.e. beyond demonstration/beyond outcome); area covered, amount invested, etc. 	<ul style="list-style-type: none"> - Annual Impact Assessment - Community organization reports - SCU reports - Benchmarking (see above) - Cost – benefit analysis - Reports on trials and pilots 	<p>In case of extended drought, national drought coping mechanisms are in place (A)</p>
<p>Output 2.1: Water Infrastructures (hafirs, water yards for people and animals) is built.</p>	<ul style="list-style-type: none"> - No of Drinking Water Systems constructed/rehabilitated (Water yards, Hafirs, Cisterns, Dams) - People trained in water infrastructures management 	<ul style="list-style-type: none"> - Environmental Monitoring System - Quarterly reports - Programme training and Extension activities plus lists of attendance 	<p>Limited disciplines included in the extension team. (R)</p> <p>Proper expertise for implementation of technical activities. (A)</p>
<p>Output 2.2: Water harvesting per Agro-ecological zone for forage, forest, fodder, vegetables and crops</p>	<ul style="list-style-type: none"> - Area in feddans under improved management practices - No. of People trained in water harvesting and related plant and land management - Increase in contribution of locality/state/communities to fire line construction - Length of fire lines (km) and area protected (feddan) 	<ul style="list-style-type: none"> - Environmental Monitoring System - Quarterly reports - Programme training and Extension activities plus lists of attendance 	<p>All farm machinery of BDA used effectively and efficiently (A)</p>
Component 3: Livestock and Marketing Development			
<p>Outcome 3.1: Improved animal health and animal productivity</p>	<ul style="list-style-type: none"> - No of calving/lambing/kidding rates (large and small ruminants) - % of (cattle, shoats) animal mortality rate (young stock, adult) - % decrease in mortality rate traditional poultry systems - Decrease in market transportation costs during the rainy season 	<ul style="list-style-type: none"> - Community organization reports - Household survey - Project progress reports - Bench mark setting (livestock / other surveys) - Flock and Hen card records - State animal 	<ul style="list-style-type: none"> - Backyard Poultry taken up as important activity for women (A) - Reaching out to nomads (seasonal herders) feasible (A)

		vaccination and health reports - Programme training and Extension activities plus lists of attendance	
Output 3.1: Established business and livestock markets information entities (BLMIE) Output 3.2: Introduced animal feeding innovations and initiatives Output 3.3: Introduced comprehensive extension and vaccination campaigns Output 3.4: Introduced animal husbandry and management (large and small stock including indigenous poultry) Output 3.5: Enhanced of Pastoralism	- No people trained in livestock production technology - No. of women and men accessing (livestock) extension services - No. of business and livestock market information entities established, operational and financially sustainable - No of producers and traders benefitting from LIMS - No of facilities/services available in market places (including for women) - No of spontaneous small business (green and dry fodder, range seed, tree seedlings, etc.) around markets	- Quarterly progress reports. - Extension/paravet reports - Performance assessment reports of CAHWs	Acceptance by the communities and adoption of the cost-recovery approach (A) BDA business approach working (A)

Concept Note 3: RURAL FINANCE DEVELOPMENT PROGRAMME (RFDP)

Background

1. Over the last three decades IFAD projects in Sudan has addressed the key poverty areas through a range of integrated interventions, in which the delivery of rural financial services has remained a crucial area. Unfortunately, the rural financial services were seldom successful due to flaws in delivery design, project led implementation and an overall environment of policy and regulatory void. The absence of commercial supply of finance in rural areas not only hindered the microfinance needs of poor households, but also affected the sustainability of IFAD's community level interventions such as agricultural tools, machinery and production technologies, water management, storage reservoirs, small scale irrigation system, climate change adaptation practices and small enterprises e.g. flour mills and oil expellers. Also, in the absence of additional financial investments successful interventions were seldom scaled-up beyond project villages thus hampering overall impact.

2. Around 2007-08 the IFAD Sudan country programme decided to adopt a programmatic approach towards the delivery of rural financial services and initiated the piloting of a range of new delivery mechanisms in the form of (a) bank-owned microfinance programme model (b) community-based savings and credit groups and (c) community-owned apex microfinance institution. The pilot phase of these initiatives has been highly successful reaching around 25,000 poor rural households with close to 100% repayment rates and near 100% financial sustainability over two years of operation. It has been proven that the rural poor are creditworthy and it is possible to serve them in a profitable and sustainable manner through a women-centric approach. The new rural finance institutional platforms and delivery models have also generated renewed business interest in profitable investments in rural value chains and productive community-based projects in a sustainable manner. The growth, full development and refinement of these models are ongoing and over the next two years are expected to integrate full range of microfinance services such as savings, credit, insurance and remittances and also diversify the range of financing to value chains and profitable community level investments.

3. The proposed Programme is aimed to promote adoption, development and scaling-up of these three credit delivery mechanisms with the ultimate goal of increasing incomes of target households in a sustainable manner. It will reach the bottom layers of the economically active poor households with variety of microfinance loan products of less than US\$ 1,000. In addition it will enhance the returns to the poor households by supporting value chain financing and investments in promising community based productive projects in areas such as livestock, agriculture, water management and microenterprise development.

A. Strategic context and rationale for IFAD involvement, commitment and partnership

A.1. Poverty and Rural Development Context

4. **Poverty and Food Insecurity:** Poverty and food insecurity are widespread in Sudan. The results of the 2009 North Sudan Baseline Household Survey indicated that 47% of the total population is poor. Further analysis of the rural and urban poverty statistics indicate that around 12 million people live in rural poverty. The incidence of rural poverty is largest among agricultural households in the Red Sea State, Greater Darfur, Greater Kordofan, Blue Nile, White Nile, Gadarif, and Kassala where rural poor constituted 50%-80% of the total rural population. Analysis of the factors for poverty in these areas indicate that rural poverty and food insecurity are closely associated with the rain-fed sector particularly in areas affected by conflict and drought and in those areas which are isolated from markets and services due to poor infrastructure. The root causes of poverty and food insecurity includes persistent conflicts, urban bias of development, poor productivity of rural factors of

production, lack of employment opportunities and the concentration of socio economic development in a few areas. The Government and development agency supported rural development projects in these areas often fail to achieve the desired results due to the lack of sustainable rural finance supply.

5. **Lack of access to rural financial services:** Traditional financial services delivered through formal financial systems in rural areas have generally been marred by design constraints which failed to develop strong credit culture, recover costs and continue in a sustainable manner after project closure. Past setbacks with rural finance delivery has developed a strong belief among formal banks that the rural poor are not credit worthy. Under such conditions, the inability of the poor to furnish physical collateral further limits their access to credit. The remote and scattered location of rural communities, poor communication infrastructure and the lack of financial intermediaries, increase the cost of credit delivery and the absence of scalable and outreach oriented service delivery models prevents financial sustainability.

6. The overall size of the rural finance market is estimated to be around 2.5 million households. Recently the microfinance development initiatives of the Central Bank of Sudan has resulted in the overall increase in supply of microfinance in the system but the outreach of the sector is estimated at less than 250,000 households of which less than 50% are in the rural sector. Amongst the several reasons for the tiny proportion of rural outreach are lack of rural branches and gaps in the adoption of suitable rural finance delivery models by financial institutions which continue to approach rural lending through the traditional commercial bank operating mechanisms. IFAD experiences have indicated that smallholders require loans as little as US\$ 100-200. However, traditional microfinance loan sizes of banks are above USD 1,500 and completely miss the microfinance market at the bottom layers of the economic pyramid for supporting a variety of year-round activities such as homestead agricultural inputs, small-scale livestock rearing and fattening, backyard poultry, petty trading, grocery shops and small handicraft and needlework production.

7. Formal credit and insurance support to the different links in export and local value chains for cereals, oilseeds, horticulture, hibiscus, gum Arabic and livestock production is highly constrained. As a result existing value chains are unable to increase their capacity for assembly, transportation, processing, warehousing and marketing which restricts their ability to scale-up and handle larger commodity volumes or trial new approaches by directly integrating producers. Most smallholder producers curtail price risks by producing limited quantities which can be easily sold in the local market and earns limited revenue insufficient to improve their living standards. Past and ongoing value chain financing initiatives have suffered from variability in credit performance due to design and delivery gaps and their sustainability is questionable.

8. The lack of long term financing support has affected the financial sustainability and scaling up of promising community level interventions by IFAD and other agencies allowing high levels of poverty to continue. For example, skill training to IFAD project beneficiaries on a range of microenterprise could not be turned into businesses by the households due to the lack of access to start-up and working capital especially after project closure. Similarly, IFAD project investments in initiatives such as small water reservoirs, community based flour mills and oil expeller, small scale irrigation systems, agricultural and livestock production and veterinarian services often fail after project closure due to the lack of access to rural financial support.

A.2. Policy, governance and institutional issues, political and economic issues.

9. The cessation of South Sudan as an independent state had major economic, political and demographic implications for Sudan. Its GDP fell from US\$ 65.0 billion to US\$ 50 billion (IMF, 2013) mainly due to the reduction of Sudan's oil wealth by 75% as the main reserves were located in South Sudan. Daunting challenges have emerged in the form of declining foreign currency reserves, high trade deficit, depreciating domestic currency, high inflation and increasing food prices. The need for rebalancing of the economy in favour of agricultural and livestock development and boosting of exports related to these sectors has

emerged.

10. Around 2006-07 the Government of Sudan focused special attention on the development of the microfinance sector which led to the establishment of a specialized Microfinance Unit within the Central Bank of Sudan (CBoS-MFU) as well as the formation of the Sudanese Microfinance Development Facility (SMDF) supported by the Multi Donor Trust Fund. Together the CBoS-MFU and the SMDF were mandated to develop specific policy and regulations for microfinance sector development and has mobilized more than US\$ 100 million of microfinance portfolio investments. The microfinance regulatory framework addressed growth of the sector by removing the cap on interest rates, allowing the acceptance of alternative forms of collateral and instructed banks to dedicate 12% of their portfolio to microfinance lending through specialized windows established within each bank. Licensing norms were developed for locality, regional and state level microfinance service providers which led to the formation of a number of microfinance institutions. Though the overall supply of microfinance services has increased through the intervention of the Central Bank of Sudan, the supervision of the microfinance portfolio created through these efforts remains weak.

11. Although the above measures were meant to encourage banks to lend to the relatively poor households, the ceiling for microfinance loans was retained at SDG 10,000 which around year 2008-09 was equivalent to US\$ 4,000-5,000. Consequently, the microfinance windows of the commercial banks extending relatively large sized loans which failed to reach the rural microfinance market especially where household loan requirement ranged from USD 100-1,500. Moreover, the microfinance windows employed traditional delivery mechanisms which were not outreach and sustainability oriented. As a cumulative effect of the above factors the financial resources deployed over the last few years have been confined mainly to urban and semi-urban areas. The rural finance market which is estimated to comprise more than 70% of the total microfinance market remains almost totally unserved.

A.3. The IFAD Country Programme

12. The IFAD country programme currently manages six ongoing projects involving a total investment of US\$ 143.5 million of which US\$ 89.9 million is provided by IFAD and US\$ 53.6 million by domestic and external co-financiers. Most of the projects, such as the Western Sudan Resource Management Project (WSRMP), the Butana Integrated Rural Development Programme (BIRDP) and the Small Scale Traditional Producers in Sennar State Project (SUSTAIN), focus on integrated community development. Others focus on improving infrastructures for market access (Rural Access Programme - RAP), overcoming key constraints to improved crop productivity (Seed Development Programme - SDP) and developing pro-poor export commodities (Gum Arabic Production and Marketing Project). The total outreach is estimated at 1.4 million poor rural people at an average cost of US\$ 101 per beneficiary. Ongoing country grants support the development of a national strategy for the rain-fed sector and the scaling up of rural microfinance by the Agricultural Bank of Sudan (ABSUMI) through the establishment of six ABSUMI Units delivering a range of savings and loan products for agriculture, livestock and microenterprise development for small producers with credit requirement of less than US\$ 1,000. Two other projects, the South Kordofan Rural Development Project (SKRDP) and the Gash Sustainable Livelihoods Regeneration Project (GSLRP) have completed in 2012 and 2013 respectively.

13. **Rural finance.** During the preparation of the previous RB-COSOP (2008-2012), an analysis of the constraints related to traditional mechanisms for delivering rural finance was carried out. It was decided that in the long run IFAD should support the rural finance sector in Sudan through a programmatic approach so that the interventions are sustainable, scalable across programmes and harmonised with the national policy and regulations. Then, three new delivery models for rural finance (basically three different stages of the evolution of micro finance in the rural areas) were piloted within the RB-COSOP period, successfully. They demonstrated that rural poor are credit-worthy and that rural finance can be profitable, thus sustainable and scalable. The three models were the following: (i) a bank owned

microfinance model; (b) a community owned apex microfinance institution model; and (c) a community-based savings and credit groups model.

14. Model 1: Bank owned microfinance model (ABSUMI): This model was piloted as the ABSUMI microfinance programme within the Agricultural Bank of Sudan (ABS) in North and South Kordofan, through IFAD-funded project WSRMP. While WSRMP provided infrastructure support IFAD supplied the technical assistance for the design and delivery of services. All operations costs were borne by ABS. Portfolio financing was shared between the Central Bank of Sudan and ABS. After 2-2.5 years of operations, these two units have been fully successful and have reached about 13,000 members organized into approximately 750 women's groups, with a portfolio of around US\$ 1.5 million and with 100% repayment rate. ABSUMI's success has been driven by its business plan approach, professional management through managers with banking background, doorstep delivery of services, women's groups, strong group solidarity and group guarantee culture. Encouraged by the success, additional grant financing was secured through IFAD for developing six more units which will result in a total of eight ABSUMI units in five states. It is expected that the upcoming livestock development and marketing project will also support the establishment of additional ABSUMI units in its areas of operation. However, given the huge gap in the demand and supply for rural financial services it is estimated that ABSUMI will need at least 25-30 more branches to achieve its long-term objective of reaching about 1 million rural poor households.

15. Model 2: Community owned apex microfinance institution model (Bara'ah): Bara'ah was established as a licensed, professionally managed central microfinance institution owned by the communities it served in the region. The development of the Bara'ah model was supported through the rural finance component of the IFAD-funded project SKRDP and additional Swedish funds. SKRDP and the Swedish grants supported infrastructure and operations costs and initial portfolio financing. IFAD supplied the initial technical assistance for design and implementation support. Further portfolio financing was supported by the Central Bank of Sudan. Soon after its development, Bara'ah's area of operation was engulfed in armed conflict and insecurity which continues till date. However, in spite of these obstacles Bara'ah has succeeded in maintaining its operations and has reached about 4,500 households maintaining a portfolio of around USD 1 million with more than 95% repayment rate. Bara'ah's community owned structure and management through locally recruited staff contributed to its will to continue operations even under adverse circumstances. The Bara'ah design and implementation model can be adopted by a range of other licensed microfinance institutions for expanding their rural outreach in a sustainable manner.

16. Model 3: Community level women's savings and credit Groups (SCGs): The formation of women's savings and credit groups at the community level has been achieved through the IFAD supported WSRMP. These groups are self-sustainable and offer some degree of financial services especially in those areas not well reached by formal financial services. Their presence has helped to attract financial institutions to interior villages and many of them have been linked to ABSUMI. Their success has been achieved through a set of women focused group formation and management criteria, limited volume of funds under management and strong community support. It is expected that at the end of 2013 around 2,000 savings and credit groups, with around 4,000 members and a savings base of about \$1 million, will be active in the Kordofan region, through WSRMP.

17. Having successfully delivered microfinance support in the IFAD areas, these models are now being refined to support value chain lending and investments in promising community-based initiatives such as small-scale irrigation and water management initiatives. They will continue to be implemented in different regions and adapted to varying socio-economic conditions.

18. **Lessons learned**: The success of the various initiatives have demonstrated that the rural poor are creditworthy and that the adoption of appropriate delivery methodology can establish sustainable rural finance practice in remote areas. The involvement of women centric approach is critical to ensure desired credit discipline. Enhanced personal interaction between the staff of the financial institutions and the client households is essential for

developing a bond of trust and long term service relationship. These models are outreach oriented and can be used to reach a large number of villages within a relatively short time. Although the models can support the full range livelihood activities of the rural poor, it is important to start through group lending for small microfinance projects that develop group solidarity and strengthen the financial institution's relationship with the communities which lead to the development of strong credit culture. Once it has established a culture of financial discipline and strong credit repayment, these models can be used successfully for financing the integration of smallholder farmers into value chains and also to finance community based projects.

B. Possible geographic area of intervention and target groups

19. **Area of Intervention.** The proposed geographic areas to be covered by the programme would be North and South Kordofan States, Sennar State, White Nile State, the Butana Region including poverty pockets in rural Khartoum and Gezera. Emphasis will be given to those areas where IFAD projects are ongoing or are upcoming to support the sustainability and the scaling up of their benefits across their region of operation.

20. **Target Groups.** The primary target group will be the rural households at the bottom layers of the economic pyramid whose credit requirements range from USD 100-2,000. It will mainly be focused on smallholder farming households and will include small pastoralists and agro-pastoralists where relevant. The credit delivery will be done mainly through women's groups. Traders, merchants and other relevant private sector value chain actors will also be appropriately targeted. The programme will aim to reach approximately 300,000 households over a seven year period. Further addition to the outreach is expected to occur through indirect mechanisms within and outside the project area by adoption of the models by non-project partners through the facilitation of the Central Bank.

C. Justification and rationale

21. The programme is aligned with the 2013-16 COSOP objectives to increase and diversify rural income and employment opportunities for men, women and youth. It is also in line with the overall objectives of the Agricultural Revival Programme and the Federal Government of Sudan's thrust to develop the microfinance sector in the country. These factors will provide the programme with adequate supportive conditions for successful implementation.

22. Currently, the three delivery models for rural finance are supported by specific IFAD projects and cover only a fraction of the target population. However, the scope of their implementation extends to the entire States where former or ongoing IFAD projects are under implementation as well as those where upcoming programme will be hosted. This Programme will promote the adoption and implementation of the successful models along with their full range of benefits in an effective and efficient manner in the entire region of IFAD programme implementation.

23. IFAD's support to the pilot models was started with the objective of moving to a programmatic approach for delivering rural financial services. This rural finance programme will signify the culmination of this approach. In future, the implementation of rural microfinance components in new IFAD projects will be handled through this programme instead of creating separate and independent microfinance implementation mechanisms in each project. Moreover, the embodiment of the models in a central Programme will result in their mainstreaming and will influence necessary policy, regulatory and institutional changes which are necessary for their further growth and development. Some of the policy and regulatory interventions are expected in the areas of examining the ceiling for rural microfinance, guidelines to promote commercial bank linkage to rural finance intermediaries, development and role of apex institution in the rural finance domain, supervision framework for rural finance initiatives and coordinated and consolidated reporting systems on the rural finance sector.

24. Promising community-based initiatives such as rainwater harvesting, water management, agricultural tools and livestock feed production and small enterprises initiated through IFAD project often stop after project closure due to the lack of adequate longer-term financing facilities. The Programme will assist formal banks to develop a portfolio of such productive community based projects through the adoption of the aforementioned rural finance models. Similarly, the Programme will assist the formal financial partners to develop and deliver specialized financing for integration of smallholder farmers into value chains. This range of rural financial services by the Programme will contribute to enhancing the overall returns to the smallholder producers.

D. Programme Goal and Objectives

25. **Goal.** The goal of the Programme is to enhance food and nutrition security, increase incomes, resilience to shocks and overall wellbeing of poor rural households.

26. **Objectives.** The Programme's objectives is to enhance the income of smallholder farmer households through access to a range of financial services using the successful IFAD supported rural finance delivery models in Sudan. The programme will narrow the demand-supply gap for rural financial services by providing access to savings services, a range of credit and investment products including ones which support value chains and productive community based projects

27. **Intervention Approach:** The Programme will involve the delivery of financial services mainly through women's groups at the community level accompanied with capacity development initiatives to improve the skills, managerial abilities and absorption capacity of these groups. The mature groups will be included as critical links in the value chain for production, marketing and processing activities through the creation of links with the private sector where relevant. The expansion of ABSUMI and its replications by other Banks through the initiation of new branches in the rural areas will be supported. A range of rural financial products will be delivered to support microfinance services, value chain lending and community based initiatives. In addition to improving household economic conditions such financing will aim to reduce the drudgery of rural women by supporting better access to education, medical, social and infrastructure services. Moreover, financing support to local food processing and value addition activities coupled with higher household budget line achieved through the project interventions is expected to improve diet nutritional quality at the household level. ABSUMI has already initiated partnerships with the existing IFAD programmes which will be further strengthened to expand the outreach of financial services in existing and upcoming IFAD project areas.

E. Ownership, Harmonization and Alignment

28. **Alignment with national priorities.** The Programme is aligned with the Governments thrust on development of the microfinance sector, promoting value chains, and private sector partnerships. It is also in harmony with the Central Bank's efforts to enhance supply of financial services to the rural areas in a sustainable manner. It supports the Government's poverty reduction strategy and the Agricultural Revival Programme.

29. **Conformity to IFAD policies and strategies.** The Programme is fully aligned with IFAD's Strategic Framework 2011-2015, and the new IFAD COSOP in Sudan for 2013-2018. Design and implementation will take into account IFAD's strategies and rural finance policies and guidelines and will have special focus on scaling-up and sustainability requirements.

30. **Harmonization.** Since the core models to be used in this Programme have evolved through support by different IFAD projects they could be easily harmonized and coordinated with the ongoing and upcoming IFAD interventions. In addition, efforts will be

directed to develop relevant linkages with other development interventions in the programme area.

F. Components and activities

31. The programme consists of three complementary components:

Component 1: Community mobilization, Group promotion and capacity building

32. Under this component the Programme will facilitate the formation of women's savings and credit groups and will develop their institutional and organizational capacities with focus on financial intermediation. It will provide the groups with technical skills in appropriate farming technologies, improved animal husbandry and nutrition practices, rural economic activities, relevant vocational skills and other business development services. Where relevant, training will also include home economics package comprising food security awareness, food processing, nutrition, hygiene, environmental sanitation and aids to enhance the food security of their households. The ultimate objective of the training activities is to enable women entrepreneurs to increase productivity and incomes from existing or newly established enterprises and to manage their enterprises in a sustainable manner.

33. In particular the involvement of the mature women groups in the relevant value chains will be promoted for supporting production, processing, marketing or allied roles in a manner that maximize the returns to the member households. The involvement of these groups in the management of community based projects will be strengthened. Federating the mature groups into association and producers organizations and their access to remunerative markets, partnerships with agro-processors and involvement in public-private partnerships will be considered.

Component 2: Rural Finance Development and Delivery

34. This component will enhance the supply of rural finance in the Programme areas through further development, adoption, replication and scaling-up of the successful IFAD supported rural finance models. It will enable partner financial institutions adopting the IFAD supported models to develop a robust rural finance portfolio comprising (a) microfinance with loans of less than US\$ 1,000 (b) value chain financing loans for smallholders and (c) loans for supporting promising a variety of productive community based projects.

35. ABSUMI's expansion through additional rural branches will be supported. Adoption of the ABSUMI model by other large financial institutions, both public and private banks, will be supported to diversify the sources of rural financial supply and to develop the systemic stability of the sector. The adoption and implementation of the Bara'ah model will be supported in relatively remote areas where the formal banking partners cannot start operations immediately or in areas with existing or potential situations of insecurity where the bank-led delivery models are challenged.

36. The groups and association promoted and strengthened through 'Component 1' will be linked to a range of financial services delivered through the network of specialized rural financial bank branches. The bank branches delivering the ABSUMI model will independently form additional savings and credit groups in the village clusters surrounding the programme villages for greater efficiency indirectly expanding Programme benefits.

37. A range of financial services will be delivered led by variety of savings products to enhance household ability to absorb economic shocks and to develop regular savings habit and financial discipline. Loan products tailored for supporting livestock development, agricultural practices, and microenterprise development will be delivered. The ceiling for microfinance loan sizes will be less than US\$ 1,000 to ensure that the bank clientele comprises households in the bottom layers of the economic pyramid. Specialized formal loan

and investment mechanisms will be promoted to support value chain lending to community-based groups engaged in production, marketing, processing and allied activities. Similarly, specialised loan and investment products will be delivered for supporting the sustainability and scaling up of promising community based productive activities such as small scale irrigation and water management activities, livestock fodder and feed supply and other agricultural, livestock and microenterprise development initiatives developed through past, ongoing and future IFAD projects. Access to micro-insurance services and guarantee mechanisms will also be promoted for smooth financing of the value chains at all levels and also to ensure the greater flow of microfinance funds to the programme areas. Remittance will be promoted and technological innovations such as mobile phone banking and point-of-sale financing mechanisms will be developed.

38. Under this component the Programme will support portfolio development, infrastructure support, operations and technical assistance requirements of rural finance initiatives. Portfolio financing will be supported through contributions of the Central Bank, the respective parent financial institutions adopting the ABSUMI model and other financing partners such as the Islamic Development Bank which is already in partnership with the Central Bank of Sudan.

Component 3: Policy, Regulation and Knowledge Management and Programme Support

39. This component will facilitate relevant policy and regulatory reforms towards further developing an enabling environment for enhanced and sustainable flow of formal finance to the rural areas. It will develop stronger engagement of the Central Bank of Sudan with the rural finance sector enhancing its understanding and actions on policy, regulatory and financial requirement for the further adoption, replication, growth and scaling-up of the successful rural finance models on a National scale over time. Long-term strategy on poverty outreach and sustainability will be developed.

40. Technical assistance will be provided to strengthen the on-site and off-site supervision systems of the Central Bank for the rural finance portfolio to ensure compliance with regulations, to mitigate systemic risks and maintain the quality and sustainability of the services. Technical assistance will also be provided to promote sector transparency through measures such as publication of performance bulletins and rural finance rating services which in turn will enhance public and private sector investments. In order to ensure the supply of trained human resources to support the growth of the rural microfinance sector, technical assistance will be provided for developing specialized rural finance curriculum in banking institutions and relevant educational setups. Knowledge management will be supported through publications, websites, workshops, exposure visits and appropriate research and development initiatives. Development and strengthening of structural entities such as regional and national level apexes, credit bureaus and specific funds for rural finance providers will be considered.

G. Costs and financing

H. Organization and management

41. A programme coordination unit (PCU) will be established within the Central Bank of Sudan for overall coordination and oversight of implementation. Since the programme area will mostly cover States where IFAD projects are already active these IFAD projects will be sub-contracted by the PCU for the implementation of activities under component 1, related to group development and capacity building inputs. ABS/ABSUMI and other financial partners will be contracted for the delivery of the services under component 2 in the programme area in collaboration with the IFAD projects. The activities under component 3 related to policy, regulation and knowledge management will be implemented directly by the PCU.

42. The direct involvement of the Central Bank of Sudan in the coordination of the Programme will assist in (a) timely mobilization of the co-financing for portfolio funding which will constitute a major proportion of the total Programme costs (b) sustainability and scaling up of the successful experiences on a National Scale and (c) effective policy and regulatory reforms and knowledge management interventions supporting the sustainability of the sector (d) harmonization of Programme activities with other donor interventions. It should be noted that the Central Bank of Sudan is not new to managing donor funded projects and already hosts a project management unit for coordinating an Islamic Development Bank funded microfinance project.

I. Monitoring and Evaluation indicators

43. Key monitoring indicators are presented in the detailed log-frame (annex I). The strengthening of the on and off-site monitoring mechanisms for rural finance portfolios through the involvement of the supervision division of the Central bank of Sudan will contribute towards the monitoring of the overall results. IFAD supervision missions and subsequent follow-ups will contribute to the monitoring and evaluation process.

J. Main Risks and Mitigation measures

44. Key risks are expected to include: (i) conflict in an environment of insecurity (ii) environmental shocks pests and diseases affecting production and consequently the quality of the rural finance portfolio (iii) price and exchange rate fluctuations (iv) culture of non-repayment developed inside some pockets due to faulty design and implementation of some previous microfinance projects. Given the economic challenges developing within Sudan shortage of liquidity within the system can prevent government and institutional allocations to rural portfolio development in spite of conducive conditions created by the project. To the extent possible the programme will start implementation in areas which are not affected by insecurity. Where there are chances of future insecurity the Bara'ah model will be favoured.

45. Investments will be backed by insurance arrangements to overcome risks related to climatic shocks, pests and diseases. The introduction of weather based insurance mechanisms will be explored. Insurance services to rural finance clients will initially cover at least the loss of asset and will gradually develop to include tailored services to cover asset productivity, client health and life. High premium level is a general constraint across the rural micro-insurance sector. It is visualised that IFAD's outreach based models will enable more client friendly pricing of insurance services.

Loan sizes will be reviewed regularly to adjust repayment to household cash flow projections. In areas with previous history of poor credit culture gradual rollout of services will be undertaken and personal interactions with the clients will be emphasized to development an environment of trust and long-term relationship.

K. Timing

IFAD COSOP OSC Review	September 2013
Finalization of Detailed Project Design Report (PDR)	December 2015
QE Review	January 2016
Completion Design Mission	March 2016
QA	June 2016
Loan negotiations	July 2016
Presentation to IFAD Executive Board	September 2016

Note: The period from 2014-16 will serve as the preparatory phase for the project during which the models will be refined through the rural finance components of the ongoing IFAD projects and of the upcoming livestock development and marketing project. Some of the areas of refinement will be stronger institutional stability, diversifying services into value chain linkages, community-based investments, small enterprise development and microinsurance linkages and creating the mechanisms within the Central Bank of Sudan for supporting the coordination and

implementation of this project. These developments will contribute to the efficiency and effectiveness of the project when it is launched around 2016-17

RMVCDP Logical framework

Narrative Summary	Key Performance Indicators (at programme completion/disaggregated by age and gender)	Monitoring instruments and information sources	Assumptions(A) /Risks (R)
Programme Goal			
<i>Enhanced food and nutrition security, increase income, resilience to shocks and overall well-being of poor rural households</i>	<ul style="list-style-type: none"> • Reduction in chronic child malnutrition (%) • Rural people sustainably moved out of poverty (#) • Increase in Household asset ownership index (#) 	<ul style="list-style-type: none"> • RIMS Surveys • WFP/UNICEF surveys • Government statistics • Special studies 	<ul style="list-style-type: none"> • Enabling policy environment • Macroeconomic improvements • Severe recurrent drought • Deterioration in security
Programme Development Objective			
<i>Improved access to rural microfinance and financial services for value chains, climate change adaptation activities for improving household incomes</i>	<ul style="list-style-type: none"> • Increase in no of households with access to formal savings and credit services, value chain financing, • Increase in land cultivated and productivity from the rural financial services supported • Increase in income levels of the target households from greater access to financial services 	<ul style="list-style-type: none"> • RIMS surveys • Central Bank Statistics • VDCs and project records 	<ul style="list-style-type: none"> • Macroeconomic instability • Climatic fluctuations
Component 1: Community mobilisation, Group promotion and capacity building			
Outcome 1: <i>Improved capacity to adsorb rural finance services</i>	<ul style="list-style-type: none"> • Good financial performance on a range of rural finance services • Increase in household income from access to the range of financial services. 	<ul style="list-style-type: none"> • Baseline survey, mid-term and completion assessments 	
Output 1.1: Functional and trained savings and credit groups established	<ul style="list-style-type: none"> • Savings and credit groups established and trained (#) • No. of SCG with women in leadership position (#) • No of groups applying the training for livelihood purpose 	<ul style="list-style-type: none"> • RIMS reports • Project reports • Reports of the partner financial institutions 	<ul style="list-style-type: none"> • Community level management capacity

Narrative Summary	Key Performance Indicators (at programme completion/disaggregated by age and gender)	Monitoring instruments and information sources	Assumptions(A) /Risks (R)
Outcome 2: <i>Improved access to rural financial services</i>	<ul style="list-style-type: none"> Improved access of the poor to formal savings services (#) Improved access to a range of rural finance services 		
Output 2.1: Functional rural microfinance units established in the programme area	<ul style="list-style-type: none"> No of rural microfinance units established Outreach of savings and credit services extended Quality of the portfolio maintained with Portfolio at Risk (PAR) > 60 days at less than 5% and Repayment Rate more than 90% Increasing trend towards sustainability of the units characterised by operations self-sufficiency progressively tending towards 100%. 	<ul style="list-style-type: none"> Baseline survey, mid-term and completion assessments Project reports RIMS surveys Reports of the partner financial institutions Reports of the Central Bank of Sudan 	<ul style="list-style-type: none"> Macroeconomic instability Climatic fluctuations Market instability Conflict situations
Output 2.2: A range of financial services supporting microenterprises, value chains and community projects are designed and delivered	<ul style="list-style-type: none"> Outreach of rural finance services to small producers increases to 300,000 Credit performance of the portfolio Profitability of the portfolio 		
Component 3: Policy, Regulation, Knowledge Management and Programme Support			
Outcome 3: <i>Enabling policy, regulatory and supervision framework with adequate space for promotion the scaling up of the rural finance models</i>	<ul style="list-style-type: none"> Increase in the adoption of the models and the volume of financial services sustainably delivered by them in rural areas No of pro-poor legislation and regulations adopted in favour of rural finance promotion (#) 	<ul style="list-style-type: none"> Baseline survey, mid-term and completion assessments Reports of the Central Bank of Sudan Policy documents Project reports RIMS surveys 	<ul style="list-style-type: none"> Government and Central Bank interest and involvement in microfinance development will continue
Output 3.1: Policy and regulatory reforms are undertaken to better support the growth and scaling up of the financial services of the project	<ul style="list-style-type: none"> Level of awareness and adoption of the policies 		
Output 3.2: Supervision capacity of the Central Bank of Sudan is strengthened	<ul style="list-style-type: none"> Percentage of compliance with the regulations Regularity of on-site and off-site supervision of rural finance portfolios No of issues identified and addressed through improved supervision 		

Narrative Summary	Key Performance Indicators (at programme completion/disaggregated by age and gender)	Monitoring instruments and information sources	Assumptions(A) /Risks (R)
<p>Output 3.2: Greater awareness is developed about rural finance delivery best practices in Sudan</p>	<ul style="list-style-type: none"> • No of knowledge management workshops held • No of research activities undertaken • No of publications delivered 		

Key file 1: Rural poverty and agricultural/rural sector issues

Priority areas	Affected group	Major issues	Actions needed
Low, variable and declining crop productivity	Small farmers and farming households in the traditional rain-fed sector	<p>Irrational utilization of the land resource caused by obscured property rights and frequently resulting in uncontrollable land use.</p> <p>Erratic rainfall and its intra-seasonal distribution; expected shocks to climate change.</p> <p>Mono-cropping and absence of appropriate crop rotation.</p> <p>Limited producers' awareness of productivity-enhancing technology.</p> <p>Limited producers' capacities to trigger and spur innovative agricultural practices.</p>	<ul style="list-style-type: none"> • Build, sensitize and capacitate communities to revive and protect natural resources, including through consensus on suitable regulation. Achievements of IFAD in this area should be consolidated and wherever possible up-scaled. • Disseminate practices of use of non-fossil energy • Promote various suitable forms of water harvesting at field and community levels • Work with communities and farmer groups to establish suitable crop rotations and crop sequence that conserve soil fertility • Build producers' capacities through participatory extension, farm demonstrations and farmer schools to promote their knowledge of improved technology and to stimulate innovative actions. • Strengthen institutional linkages between research, extension and farmers. • Support agricultural research to work with producers for generating, verifying and promoting improved agricultural technology, including practices adaptable to moisture stresses and improved harvest and post-harvest technology. • Activate the establishment of a disaster mitigation fund.
Low and variable livestock productivity	Pastoralists and small agro-pastoral herders	<p>Erratic annual rainfall and its spatial distribution.</p> <p>Unlatching spatial water availability on the one hand and pasture and crop residue availability on the other hand.</p> <p>Encroachment of farming, particularly mechanized farming, on pasture areas, also obstructing stock routes.</p> <p>Expected impediments to pastoralists in using their traditional summer grazing areas in South Sudan, leading to overcrowding of livestock in the remaining pastures in the country.</p> <p>Poor social services along stock routes and pastoralists' resting sites during their movement.</p>	<ul style="list-style-type: none"> • Enhancing the organizational capacity of pastoralists to engage in natural resources improvement in cooperation with settled communities. • Adequate investment in wide water harvesting and re-seeding of pasture areas; utilizing the experience gained from IFAD's activities to compensate for part of the pasture loss due to South Sudan Secession. • Support and improve pastoralists' schools and enhance capacities of pastoralists to properly treat livestock diseases, including through effective extension services by building on the experience of

		<p>Reluctance of pastoralists to fully engage in the market and increase their animal off-take</p> <p>Poor education and low capacity of pastoralists in treating various livestock diseases</p>	<p>the ILPM Project.</p> <ul style="list-style-type: none"> • Awareness raising among pastoralists to shift to vertical instead of the prevailing horizontal livestock business by increasing off-take and improving herd quality.
High unemployment and dependency, especially of the youth and women	Households and individuals in rural areas, notably in the traditional rain-fed sector	<p>Low investment that would be conducive to employment creation.</p> <p>Low education levels, including of the rural male and female youth; sufficient to bring about creative income generating activities.</p> <p>Too much dependency, distorting the healthy culture of family solidarity and family-based safety nets.</p> <p>Limited asset base and access to small finances required to establish small businesses</p> <p>Poor social services and lack of attractive working opportunities that meet the aspirations of the youth with decent education levels.</p> <p>Lack of women-targeted innovative opportunities, including in agro-processing and cottage activities</p> <p>Limited rural-market demand for processed and non-food commodities, associated with problematic access to urban markets.</p>	<ul style="list-style-type: none"> • Activate policy dialogue to provide tangible incentives for private-sector investment in rural areas • Activate policy dialogue to expand public investment in rural social services and improved environment for a better social life. • Capacity building, focusing on young men and women to enhance their capabilities for innovation and creation of income generating opportunities. • Consolidation and expansion of the current microfinance provision in the rural sector, including to build assets for rural households. • Encourage community initiatives that lead to awareness-raising to reduce dependency. • Improve physical market and transport structures to widen the demand for prospective processed and other products emanating from rural areas.
Rudimentary, inefficient rural markets	Small crop producers, pastoralists and small settled herders	<p>Limited comprehension of constraints along the value chain.</p> <p>Long value chain in livestock marketing with high transaction costs and producers receiving modest shares of final prices.</p> <p>Lack of rural roads and cost-effective means of transport.</p> <p>Poor physical facilities and services in rural markets.</p> <p>Inadequate access to market information.</p> <p>Multiple road tax levies and charges with no services rendered, especially for livestock transactions.</p> <p>Significant harvest and post-harvest losses of crops</p> <p>Limited agro-processing that could add value.</p>	<ul style="list-style-type: none"> • Conduct analyses of value chains of major crops and livestock breeds. • Activate and support communities to have timely access to market information and organize to engage in collective marketing of their produce. • Activate policy dialogue for sufficient investment in rural roads building and substantially invest in railway rehabilitation and expansion. • Activate policy dialogue for reducing road taxes and abolishing charges against which no services are provided. • Provide adapted technologies and microfinance for improving harvest and storage at household and community level to reduce crop losses.

Key file 2: Organizations matrix (strengths, weaknesses, opportunities and threats [SWOT] analysis)

Institution	Strengths	Weaknesses	Opportunities/Threats	Remarks
Enabling organizations				
Ministry of Finance and National Economy (MFNE)	<ul style="list-style-type: none"> • Inherited a well trained Staff from the dissolved Ministry of Planning and lately trained cadre from the dissolved Ministry of International Cooperation. • Cooperation with and benefiting from advice and support from centres having expertise in issues related to the functions of the Ministry • Continued consultation with concerned actors to improve policies and actions given the serious economic situation • Control of financial resources and the budget provide opportunity for financial monitoring. • Close coordination with State Ministries of Finance 	<ul style="list-style-type: none"> • Variable revenue inflow and expenditure requirements as affected by peace instability • Inadequate spread of tax collection • Irregularity in payment of counterpart funds (timely and sufficient amounts) • Sometimes issues of reactive and counterproductive policies like exchange rate restrictions • Sometimes sluggishness in designing policies. Examples are adjusting value-added tax, reforming personal income tax and clarifying tax jurisdiction 	<ul style="list-style-type: none"> • Decline in oil revenues • Unsustainable debt burden • MOFNE has prepared the I-PSRP, approved by the World Bank in March 2013 • Limited delegation of authority to staff who interact with development partners (slows down processes and creates duality) • Unstable economic situation is increasingly constraining the payment of the arrears • High staff turnover • Despite sanctions, many existing partners in the region are willing to foster cooperation with the Ministry • Foreign capital flows and investment may be revived if there is progress on IMF side regarding debt negotiations (HIPIC initiative) 	<p>The designated Borrower representative for IFAD loans.</p> <p>Responsibility of MFNE for proper economic policies is crucial for success of IFAD investment programme</p>
Federal Ministry of Agriculture and Irrigation (MAI)	<ul style="list-style-type: none"> • This Ministry has a large pool of qualified staff • Recruitment of young graduates but they still need to be trained/coached • Agriculture Revival programme provides a guiding and results framework for Government and donor interventions • Top-level policy refocuses on agriculture as a leading sector to substitute loss of oil, fight poverty and enhance food security • The return of the Agricultural Research Corporation to the Ministry forms a crucial addition 	<ul style="list-style-type: none"> • Weak follow-up and engagement with state ministries of agriculture • Delays in formulation of policies particularly land, and balance between irrigated/rain-fed sectors. • Lack of training and support to staff and technicians in particular leading to poor performance • Weak national and sectoral policies and support, and failing to keep up with technological advances, leading to poor performance of the agricultural sector and low 	<ul style="list-style-type: none"> • Need for agricultural sector to compensate loss of oil revenues • Increasing support to agricultural research and extension for rain-fed areas where the majority of the poor live. • High costs of imported materials such as fertilizers puts pressure on the limited foreign exchange and strains producers on debt repayment • A Second phase of the ARP 2012-2014 has already been planned to be set into motion • Good and improving relations with regional and international organizations, including the on- 	<p>The current organization structure of the Ministry is under review to better respond to decentralization.</p> <p>More transparent and participatory change processes are required</p>

Institution	Strengths	Weaknesses	Opportunities/Threats	Remarks
Enabling organizations	to the Ministry to better perform its functions	<ul style="list-style-type: none"> • enforcement of enacted policies • Limited support to transformation of the agricultural sector into professional agribusiness where opportunities arise and vague/inconsistent vision to backup and support the traditional agricultural sector • Lack of clear and shared policy within the ministry • Frequent institutional reshuffling with ingoing and outgoing departments confuse objectives and performance • Despite ostensibly considered as a lead sector, agriculture is underfinanced • lack of infrastructure and unfavourable investment environment deters foreign investment • Still remaining bias towards irrigated agriculture and mechanized farming 	going process of joining the Comprehensive Africa Agriculture Development Programme (CAADP)	
State Ministries for Agriculture	<ul style="list-style-type: none"> • Responsible for rural resource development in the fields of agricultural services, extension, horticulture, plant protection, animal resources, range and pastures, forestry and irrigation. • Collection of rents and fees • Policy setting at the local level, monitoring and review of progress of agricultural development • Increased decentralization via creation of two new states and another one expected to be created provide state ministries of agriculture a more confined space for action. 	<ul style="list-style-type: none"> • Lack of facilities and equipment • Lack of operating funds • Limited management, outreach and law enforcement capacity. • Deployment of services favours mechanised farming, irrigated farming, and male farmers • Policies and regulation regarding water as important factor in poverty alleviation and development have been restrictive and at best discouraging to investment in the water sector • The initiative of water users associations as regulatory mechanism lacks professionalism and is highly influenced by local politics and lack of clarity of 	<ul style="list-style-type: none"> • Competition for scarce budgetary resources between agriculture services and social service providers (Ministry of Education and Health), and urban centres • Interference with land laws by the body politic and investment promoters • Reduced budgetary transfers to the States as of 2009 • Contradiction or lack of clarity at the locality level as to the roles and responsibilities of state and non-state actors dealing with natural resources management and improvement, land, water and green cover. • Possible restriction of pastoralists movements into South Sudan increases disputes and conflicts 	<p>Some states have not fully decentralized agric services to locality levels.</p> <p>Those states which decentralized agricultural services have not supported activities financially and technically. Service provision is therefore almost nil.</p>

Institution	Strengths	Weaknesses	Opportunities/Threats	Remarks
Enabling organizations		responsibilities of various actors. <ul style="list-style-type: none"> • Weak institutional linkages with research and university centres • Staff mostly lack newly required competencies and skills, especially in absence of regular capacity building programs • The outreach effected by placing staff at locality level put more burden on locality without provision of required advisory services because of lack of support 	between pastoralists and sedentary farmers and puts pressure on state ministries to allocate land for resettling groups <ul style="list-style-type: none"> • Armed conflicts and internal displacement disrupts agricultural plans and programs • Establishment of microfinance Unit within the Ministry to facilitate poor household's access to financial services 	
Ministry of Livestock Fisheries and Rangelands (MLFR)	<ul style="list-style-type: none"> • A strong professional staff, especially in animal health and disease control, quarantine measures animal husbandry, extension, and range management • Strong infrastructure of vaccine laboratories and vaccine production • Animal Resources Research Corporation now under the Ministry • Wide presence in all states and regions of the country; highly alert to outbreak of diseases and immediate actions for control • Agreements of Cooperation and MOUs with many Arab countries on livestock and livestock products exports and with many African and other countries on technical cooperation • Established markets for Sudan's livestock in the Gulf and Egypt • Good quality meat of Sudan's livestock, especially sheep, due to good breeds and feeding on natural pastures 	<ul style="list-style-type: none"> • Unreliable Livestock statistics based on outdated census figures • Loss of pasture due to cropping encroachment and lately due to restrictions of pastoralists' movement into South Sudan • Absence of development strategy on rangelands or land policy; lack of rangeland demarcation • Rangelands development falls under state ministries who are reluctant to invest in rangelands being influenced by free livestock movement among states under the federal system • Conflict over natural resources between pastoralists and sedentary farmers constrains Ministry interventions • Intermittent bans on livestock exports often based on ungrounded allegations of disease infection and sanctions on Sudan led to fluctuations of livestock exports 	<ul style="list-style-type: none"> • Federal law on pasture is under preparation • Preparations underway for establishment of a Public Sharing Company for development of the livestock sector and promotion of its exports • Good prospects for Sudan's livestock and products exports in the world market if conditions for quality standards and safety are adequately met • The ILPM Project financed by the MDTF has established enabling organizational and working structures for livestock improvement in four states, which enable up-scaling. 	
Central Bank of Sudan (CBoS)	<ul style="list-style-type: none"> • Allocation of resources in favour of agricultural and industrial production within its Three Year Programme (2012-2014) • Well established microfinance strategy that ensure availability of 	<ul style="list-style-type: none"> • Limited Capacity to regulate microfinance under development • The conceptualization and support to microfinance has not been mainstreamed; only very few managers at the top are on the 	<ul style="list-style-type: none"> • Establishment of the Sudan Microfinance Development Facility as capacity building arm for microfinance, and the Microfinance Unit as the regulatory body. • The MFDF has a clear vision 	<p>Projected economic outlook may push government for capping interest rates</p> <p>The 2010 policy encourages coordination and collaboration</p>

Institution	Strengths	Weaknesses	Opportunities/Threats	Remarks
Enabling organizations				
	<p>required resources, functioning microfinance institutions, forging partnership with relevant institutions, support to civil society organizations for loan guarantees.</p> <ul style="list-style-type: none"> • A minimum of 12% investment portfolio for each bank in financing the projects and programmes of small finance, microfinance, mini finance and small finance with a social dimension and encouraging banks and microfinance extending institutions to reach the targeted segments via various backup policies from the Central bank. • Relentless efforts continue to curb macroeconomic instability, especially stability of exchange rate • De-capping profit margins, enhancing the potential for financial sustainability of rural finance programmes. 	<p>same wavelength and therefore the risk is that the support will be linked with person rather than institutional</p> <ul style="list-style-type: none"> • MFU not properly imbedded in CBS • Efforts have run short of successful curbing of exchange rate volatility • Presence of multiple exchange rates hinder efficient functioning of the economy • Limited monitoring and supervision capabilities with regards to the microfinance sector • Lack of a specific policies and approaches to bridge the wide demand supply gap in rural areas in a systemic manner • Gap in championing models that can enhance credit culture, efficiency, absorption capacity and sustainability of microfinance services rural areas 	<p>regarding mainstreaming microfinance and has commissioned a couple of studies and initiative alone the line of mainstreaming effort.</p> <ul style="list-style-type: none"> • Possible foreign exchange flow leading to exchange rate stability if the petrol transit agreement with South Sudan is completely settled. • Enhanced gold mining and productive sectors alleviate hard currency shortages • Licensing new MFIs without strong and appropriate monitoring and supervision mechanisms can lead to big failures eroding confidence on the sector as a whole. 	<p>with the Zakat Chamber in order to promote microfinance. Because of their different modality performance of microfinance is at risk, unless carefully managed</p>
Service organizations				
Agricultural Bank of Sudan (ABS)	<ul style="list-style-type: none"> • Long-term experience in financing agriculture • Large number of branches (105) and spread in rural areas • Strong support from the Central Bank of Sudan • Accessible to poor women and men with leverage from donor financing through ABSUMI microfinance, which envisages reaching about one million households over 10 years • Rising portfolio • Leading in finance to all agriculture sectors • Immaculate credit performance on the ABSUMI portfolio 	<ul style="list-style-type: none"> • High overhead costs and lending rates • Lack of investment portfolio with the bulk of portfolio directed to seasonal loans • Weak operational and monitoring capacity due to downsizing of staff and loss of experienced staff to freelance consultancy and donor organizations • Small lending contribution relative to the requirements in the agricultural sector: limited financial reserves for lending • Limited finance provision to the traditional sector (<20%); most finance goes to the irrigated and rain-fed mechanized sector 	<ul style="list-style-type: none"> • Piloting of innovative financial services to poor farmers and community groups (mobile banking, sanduqs, financial intermediation, cotton pre-financing) with support from the IFAD funded country programme • Expanded ABSUMI; the microfinance branch of the ABS • With WFP, ABS expands links farmers with markets with relatively low investment and high outreach • Low repayment (60-70%) • Bank hardly thrives without government support • Rising inflation reduces effectiveness of loans • Potential for increasing outreach 	<ul style="list-style-type: none"> • ABS undergoing restructuring led by consultancy that is now in the process of registration • It is likely it will be transformed based on the Absumi model • The Bank accepts all sorts of collateral • Considerable interventions in running the Bank's business

Institution	Strengths	Weaknesses	Opportunities/Threats	Remarks
Enabling organizations				
		<ul style="list-style-type: none"> No policy for gender-oriented lending (depends on location requirements) 	exponentially through scaling up of the ABSUMI model	
Agriculture Revival Programme	<ul style="list-style-type: none"> Clear mandate for the development of agriculture with larger focus on rain-fed areas. High visibility (under the patronage of the Vice President) Ability to mobilize resources Accumulated experience from the first phase utilized in the already planned phase 2012-2014 Good rapport with state ministries of agriculture and reasonable access to rural areas 	<ul style="list-style-type: none"> Limited effectiveness of ARP. Non transparent in budget allocation Modest flow of pledged funds 	<ul style="list-style-type: none"> Planned support from the World Bank for the formulation of an agricultural development strategy. Recent internal and external evaluations conclude that the programme was too short to achieve all objective and mainly stressed the physical outputs without providing evidence of impact. Evaluation of ARP undergoing 	
The Sudanese Savings and Social Development Bank	<ul style="list-style-type: none"> Lending to smallholders and the rural poor Main partner of NGOs and safety net programmes Participate in the government self-employment scheme Developing an active outreach policy through introduction of mobile services to high potential farming areas Resources: government transfer and loan repayments 	<ul style="list-style-type: none"> Poor repayment rates Loan appraisal weak Initiated partnerships with some active clients organization (women groups in Gezira who shoulder major part of appraisal) Targets different kinds of clients; women have better chances of being served Little engagement in non-financial services which affects performance and sustainability 	<ul style="list-style-type: none"> Interest in formulation of a business plan for bank downscaling. The business plan includes two windows; one for commercialization and one for microfinance They started a similar initiative as Absumi in NK 	
The member based 'sanduq' organizations'	<ul style="list-style-type: none"> Legal entities (173 village <i>sanduqs</i> in North Kordofan) but not yet licensed and 1 central <i>sanduq</i> at locality level in South Kordofan, now registered as Bara'ah. Low operation costs Outreach to the rural poor Cover 30% of target population 40% of members are women Loans size are USD 100 to 300 Outreach to 22000 hhds Gross portfolio: USD 1.6 million in 2006 Bara'ah has demonstrated ability function in an environment of 	<ul style="list-style-type: none"> Weak financial management Increasing default rate with relaxation of monitoring near project closing Handover of sanduq supervision to the ABS met with financial and legal constraints Weak mobilization of savings Training associated with financial management was good but the wide range of non-financial services has not been adequately considered, which affected negatively performance and creativity 	<ul style="list-style-type: none"> Grant has been given for Al Garrah to revive sunduqs in Northern Kordofan 	

Institution	Strengths	Weaknesses	Opportunities/Threats	Remarks
<p>Enabling organizations</p> <p>Farmers' Unions, Pastoralists Union, Women's Union</p> <p>Village and Community Development Committees (encompasses cooperatives, village based organizations, producers' organization and other interest groups)</p> <p>Academic and research institutions</p>	<p>conflict and insecurity</p> <ul style="list-style-type: none"> • Liaison with Government and financial institutions • Advocacy • Local branches of specific interest No women participation in pastoralist and farmers' union • Financial resources: membership fees, intermediary commissions, government sponsorship <ul style="list-style-type: none"> • Financial intermediary to access formal credit • Management of community services (water points, schools, health centres) • Provision of marketing services 	<ul style="list-style-type: none"> • Cost of setting up professionally managed central sanduq is high • Poor financial base • Prone to political interference • Represents large commercial farmers • Limited service delivery to smallholder producers in rain-fed areas except in the case of Women's Union • Indirect election system <ul style="list-style-type: none"> • Tendency to be dominated by the better off, educated civil servants and the politically driven • Weak women leadership • Lack of linkages with service providers (besides the projects that have supported their establishment) • Poor financial base and fiscal accountability to their constituents • Audit system not yet in place to supervise the operations of CDCs 	<ul style="list-style-type: none"> • Buy-in required from the Unions for effective policy change • The Agricultural and Livestock Professional Organization Act 2011 whereby existing producer trade unions are replaced by professional organization is expected to address producers' problems more effectively, improves marketing channels and ensures accessibility of producers to markets • Confiscation of social assets • Foreclosure by financial institution because member debt default 	<p>Approx 530 community organizations formed through NKRDP/SKRDP and GSLRP. In NKRDP and SKRDP, about 50% of these organizations have demonstrated the potential to grow into strong local institutions. More significantly, the basis for the link of local communities to the locality and state level services has been established.</p>
<p>Agriculture Research Corporation</p>	<ul style="list-style-type: none"> • Long terms experience (about 110 years) in technology generation including breeder and foundation seed development • Linkages with CGIAR International Agricultural Research Centres, regional institutions like ASARECA and many foreign organizations, research centres and universities • Long history of embarking on staff Qualification and training • Widespread presence in the country 	<ul style="list-style-type: none"> • Dwindling foreign funding • Low priority in the government budget • Old and obsolete laboratory and research equipment • Reduced on-farm research has increased researcher-led agenda • Decreasing staff training abroad • Low incentives for staff and low working morale • Shift between two ministries over the past ten years was disruptive 	<ul style="list-style-type: none"> • ARP provides an opportunity for partner research funding • More drive for research on rain-fed agriculture compared to historic focus on irrigated agriculture • Rising pressure for increasing government funding to research 	<ul style="list-style-type: none"> • Experience has shown that working with individual ARC researcher is better than working through the institution

Institution	Strengths	Weaknesses	Opportunities/Threats	Remarks
Enabling organizations	<ul style="list-style-type: none"> via research stations, research centres and testing sites • Strive for adoption of farming systems and participatory researches, which are more respondent to needs of communities • Established legal channels for technology approval through national technical committees • Good liaison with agricultural production corporations and state ministries of agriculture 	<ul style="list-style-type: none"> • Weak research-extension linkages, leading to low adoption of and feedback from improved technology • Loss of qualified research cadre to better local and foreign employment opportunities 		
Civil Society Organizations (CSOs)	<ul style="list-style-type: none"> • Important actors in poverty reduction, factoring the views of the poor into policy decisions, delivery of social services, implementation of emergency relief and improving public transparency and accountability of development • Knowledge of the context, wide geographical coverage, demonstrated potentials for improvement, and - for some - demonstrated remarkable resilience. • Collective power in building social, economic and political agenda • Ability to catalyze action within countries, mobilize broad-based movements and hold leaders accountable for their commitments • Empowered by a UN Charter mandating UNDP to work with them and their ability to drive forward UN's development agenda • Ability to play vital roles in observing behaviour of governments and other development actors and as collaborators in national development efforts 	<ul style="list-style-type: none"> • High focus on humanitarian actions and recovery and limited capacities, competencies and roles in developing meaningful livelihoods interventions and community driven recovery processes, with disconnect between humanitarianism and recovery • A substantial portion of CSOs in Darfur has poor basic prequalification indicators such as governance, accountability, outreach, etc. • High proliferation of NGOs with uncoordinated activities hindering cooperation with donors, governments and communities • Conflict and overlap within government institutions • Restriction of access to funding 	<ul style="list-style-type: none"> • Gained international and regional recognition and reputable records in gender mainstreaming and human rights advocacy • Enjoy UN support to have their perspectives heard by governments and incorporated into policy and programmes • Blurred dividing lines between governmental and nongovernmental organizations due to political manipulation • Tighter laws controlling registration especially under confused federal and state responsibilities, lengthy security screening mostly on political grounds could constrain smooth functioning • Possibility of being banned and/or expelled • Brewing conflict encourages more CSOs engagement • Portrayed as suffering problems of elitism, manipulation, and exclusivity and poor capacities besides being urban based and urban biased • Chances of unfair assessment by the Humanitarian Aid Commission (HAC), entrusted with assessment of NGOs and INGOs and lacks capacities and suffers accusations of partiality 	<ul style="list-style-type: none"> • CSOs are defined by UNDP as formal and informal organizations outside the state and the market – including social movements, volunteer involving organizations, mass-based membership organizations, faith-based groups, NGOs, and community-based organizations, as well as communities and citizens acting individually and collectively
Ministry of Environment	<ul style="list-style-type: none"> • In charge of guidelines for environmental assessments for 	<ul style="list-style-type: none"> • Enforcement is weak • Lack of funding 	<ul style="list-style-type: none"> • IFAD could work with them for ensuring interventions are 	<ul style="list-style-type: none"> • Process of EIA approval could be lengthy.

Institution	Strengths	Weaknesses	Opportunities/Threats	Remarks
Enabling organizations				
	projects <ul style="list-style-type: none"> • Could be important partner when it comes to forest and range lands protection and conversion of land use • In charge of coordination of climate resilience work • Focal point for climate financing 		environmentally sound <ul style="list-style-type: none"> • Could help in enforcing protection of forest and range land • Coordination is a must for ensuring climate financing is mobilised 	<ul style="list-style-type: none"> • Guidelines for community based interventions may not be in place • Guidelines for protection of rangeland and conversion of land use may not be in place.

Dossier clé 2

Key file 3: Complementary donor initiative/partnership potential

Donor/Agency	Programmes and Projects	Status	Complementary/Synergy potential
World Bank (IBRD)	<ul style="list-style-type: none"> Administers the Multi-Donor Trust Funds (MDTFs) that will close by December 2013.. Administered Low-Income Countries under Stress (LICUS) and Post Conflict Fund (PCF) trust funds for capacity building in support of institutional development of fiduciary and aid management systems in Sudan. Administers peace building in conflict areas trust fund. Work in Darfur is undergoing and work in other states is still in the pipeline Conducts sector work on land issues, value chain for small remnants in Darfur and agricultural research strategy 	MDTF is co-financing the Gum Arabic Revitalization the Gum Arabic Production and Marketing Project with IFAD and the Livestock Production and Marketing Project, which has closed in 2013	Complementarities with the World Bank's include building on earlier achievements of the Multi-Donor Trust Fund. The World Bank is supervising the Gum Arabic project on behalf of IFAD and IFAD intends to finance the upcoming phase of the Livestock Production and Marketing Project. Synergy when it comes to institutional capacity building, and policy dialogue for sector reform building on ongoing / planned economic sector work..
United Nations Development Program (UNDP)	<ul style="list-style-type: none"> Administers the Darfur Reconstruction Facility Reduction of Resource Based Conflicts Project Community Recovery & Integration The Recovery of Abyei through Good Governance and Poverty Reduction Improved Natural Resource Management Climate Change Adaptation 	Strategy is covered by the United Nations Development Assistance Framework Strategy is covered by the United Nations Development Assistance Framework (UNDAF) and Post 2015	High complementarities and synergy since the UNDP stresses on issues such as community recovery, poverty reduction, and improved natural resource management. Darfur facility includes a significant component focusing on agricultural and rural development. High complementary with regard to climate change resilience.
World Food Programme (WFP)	<ul style="list-style-type: none"> Country Programme for Food Security Educational and Nutritional Support Water infrastructure Food Assistance to Population Affected by Conflict Provision of Humanitarian Aid Service Emergency Road Repair and Mine Clearance of Key Transport Routes in Sudan 	Strategy is covered by the United Nations Development Assistance Framework (UNDAF). Signed the LoU on nutrition.	Synergy when it comes to change from relief to sustainable development and providing for food security. Complementary interests with IFAD regarding linking road infrastructure with food security and better livelihood opportunities; such as linking farmers to markets, nutrition.
United Nations Food and Agriculture Organization (FAO)	<ul style="list-style-type: none"> SPFS in Support of Traditional Farmers and Agro-pastoral livelihoods in Western White Nile Implements Small Scale Agriculture in Eastern Sudan Highly involved in the agricultural component in of the Darfur Facility Sudan Institutional Capacity Programme: Food Security Information for Action (SIFSIA) Capacity Building for the Sudan Productive 	Strategy is covered by the United Nations Development Assistance Framework (UNDAF).	High complementarities and synergy since FAO has delved into livelihood programs, and agricultural development. Donors groups on agriculture to carry out policy dialogue. Synergies with regard to implementing activities; such as CAHW, etc. LoU on nutrition.

Donor/Agency	Programmes and Projects	Status	Complementary/Synergy potential
	Capacity Recovery Programme (SPCRP) <ul style="list-style-type: none"> • Support to Agriculture and Forestry Development Programme (SAFDP) • Involved in emergency aid activities. • Intends to develop agricultural investment strategy 		
United Nations Population Fund (UNFPA)	<ul style="list-style-type: none"> • Reproductive Health • Population and Development Strategies • Gender mainstreaming • HIV/AIDS • Awareness Raising and Advocacy 	Strategy guided by the Programme of Action of the International Conference on Population and Development as well as UNDAF.	Complementarities in using demographic maps and poverty surveys in advocating poverty alleviation development projects. Complementarities also in providing vital services for well-being. MoU in nutrition.
Arab Fund for Economic and Social Development (AFESD)	Several infrastructure projects in Sudan		Synergy in terms of mandate concerning rural development and synergy in developing agricultural productivity. Complementarities in linking road infrastructure to livelihood initiatives by IFAD and further potential in agricultural development cooperation in the Sudan.
Arab Authority for Agricultural Investment and Development (AAAID)	<ul style="list-style-type: none"> • Food Security • Sustainable agriculture development • Agriculture Investment • Livestock production, processing, and marketing • Veterinary medicine • Program for Zero-Tillage Technology Transfer to Farmers 	Present strategy from 2013-20??.	High synergy in terms of creating rural livelihood opportunities and improving rural income. Synergy in development activities concerning traditional rain-fed agricultural development (Program for Zero-Tillage Technology Transfer). Possibility of leveraging private investments for agroindustry, value addition, and PPP.
Commission of the European Union (EC)	<ul style="list-style-type: none"> • Small Scale Agriculture in Eastern Sudan • Support to animal health in Eastern Sudan • Food Security information in Eastern Sudan plus Blue Nile • Darfur integrated resource management project • some 10 Food Security and Livelihood Projects in Eastern Sudan and Darfur 	started recently, second phase under preparation under preparation under implementation Two projects, one about to start second under preparation on-going	High complementarities and synergy due to the fact that the EU has programs that cover agriculture capacity and rehabilitation, food security and various rural development projects. New program might be limited in size.
Turkish Cooperation and Coordination Agency (TIKA)	<ul style="list-style-type: none"> • Finances small projects in areas; such as health, education, agricultural. • Provides TA and institutional support 	Involvement is based on requests submitted by the government and implementation I s through TIKA partners; such as NGO's	Synergy for co-financing projects and provision of TA
Islamic Development Bank	<ul style="list-style-type: none"> • Infrastructure in Sudan • Will support spate irrigation in eastern Sudan • Supports CBS in the area of microfinance 	Framework for cooperation with IFAD	High synergy as IsDB works in the agricultural sector and framework of cooperation with IFAD. High potential for partnership for greater outreach and

Donor/Agency	Programmes and Projects	Status	Complementary/Synergy potential
			stronger policy level dialogue on rural finance.
China Africa Agriculture Investment Company (CCAIC)	CCAIC plans to invest directly in the agricultural sector in Sudan. They are mostly interested in seeds and livestock. Plan first intervention in Gazera State	Looking for partnership	Develop synergies and explore co-financing opportunities in both livestock and the seed thematic areas with a public-private partnership model in mind.

Key file 4: Target group identification, priority issues and potential response

Typology	Poverty Level and Causes	Coping Actions	Priority Needs	Support from Other Initiatives	COSOP Response
Small Crop Producers in the Traditional Rain-fed Sector	<p>Extreme Poverty 35-80% Rural depth of hunger: 344 kcal/person/day</p> <ul style="list-style-type: none"> • Small contribution of own production to dietary energy consumption • High dependency¹² (76% for ages 16-64 for all North Sudan) • Negative resilience to food insecurity • Land tenure conducive to land degradation • Erratic climate, particularly rainfall and frequent weather shocks • Chronic low and variable crop productivity • Limited access to adapted improved technology • Limited market access • Poor local crop storage • Low incomes (way below those in irrigated areas) • Civil conflict leading to displacement and high rural – urban migration • Seasonal migration (mines, construction) leaving women behind (de facto Female Headed HHs) • Poor asset base: agricultural and non-agricultural 	<ul style="list-style-type: none"> • Reducing number of meals • Resort to low quality food • Withdrawal of children from schools • Sale of assets • Migration • Borrowing • Kinship assistance • Remittances • Resort to mobile short-period market places in war-affected areas • Wood cutting and charcoal production • Limited off – farm engagements such as petty trading and handicraft making. • Raising few small animals as safety net • Borrowing from friends and relatives and loans from sheil merchants 	<ul style="list-style-type: none"> • Rational land tenure arrangements and related NR strategies • Invest in Peace building • Capacity building of communities to manage natural resources • Agricultural extension of adoptable technologies • Improved access to inputs, credits and markets (i.e. back and forward linkage) • Identifying, testing and promoting Vulnerability and Adaptation mechanism • Reducing post-harvest losses such as storage • Improved local storage • Institutional strengthening of people institutions in particular and including local extension networks • Improved access to roads, communication and 	<ul style="list-style-type: none"> • Government distribution of inputs • Water harvesting through the Agricultural Revival Program • Safety net interventions (e.g., Zakat and child welfare fund) • Microfinance led by CBoS. supported by ABS and rural oriented financial institutions • Strategic Reserve Corporation – crop purchases when prices fall • FAO assistance programs • Community Development Fund in some states • WFP emergency food assistance • UNDP peace support • NGOs communities support 	<ul style="list-style-type: none"> • Build capacities of communities to empower them to identify and address their needs, especially NRM and rural finance. • Facilitate development and implementation of people centred NRs plans (own farm plots, neighbouring plots, common grazing lands, etc.) • Strengthen policy making at local and federal levels • Support resilience to natural conditions and climate change (V&A) • Support appropriate technology generation whereby testing these with the communities • Widespread promotion of proven water harvesting and product storage technologies • Support asset build-up • Support initiatives for conflict prevention and mitigating CC • Support the strengthening of back – and forward linkages. • Strengthen policy making at local, state and federal levels • Optimising the output of the livelihood systems of poor people which is based on crops, common land and livestock, and

¹² Dependency: percentage of household members without work, depending in their living on the household.

Typology	Poverty Level and Causes	Coping Actions	Priority Needs	Support from Other Initiatives	COSOP Response
	<ul style="list-style-type: none"> Lack of savings, poor access to credit Elite capture, faltering management limited financial planning and weak leverage of community based producers groups and organisations. Thin concentration of communities in any region inhibited by poor physical infrastructure, transportation and communication facilities which (a) constrains access to and returns from economic opportunities (b) limits outreach and sustainability of development programmes. 		transportation facilities		<p>off-farm activities</p> <ul style="list-style-type: none"> Pursue policy engagements to ensure that credit supply is targeted to the small crop producers In conjunction with CBoS promote further adoption, replication and scaling up of successful rural finance models such as savings and credit groups, Bara'ah and ABSUMI. Use the above models with deep rural outreach to support value chain approaches
Pastoralists and Small Agro-pastoralists	<p>85% of the agro-pastoralists; 83% of the pastoralists are very vulnerable to severe droughts</p> <p>High poverty incidence in areas of high pastoralist concentration: Kordofan 59%; Darfur 63% in 2010</p> <ul style="list-style-type: none"> Erratic climatic conditions and frequent droughts Imbalance between number of livestock vs pasture capacities Expansion in mechanized farming and mining decreases pasture/rangeland areas Traditional management systems (native administration) of rangeland collapsed resulting in poor rangeland strategies Recent loss of access to grazing areas in South Sudan Consistent removal of forests that provide livestock feed 	<ul style="list-style-type: none"> Migration in search of feed and water Buying mobile water tankers (better off pastoralists) Diversification into farming (agro-pastoralists) Taking arms Buying and administrating own drugs Buying supplementary feed Keeping more animals (spreading risks) 	<ul style="list-style-type: none"> Sustainable management of natural resource and fair access by a range of users Organisation of Pastoralists and agro-pastoralist so that they can be active players in managing NRs, livestock stock routes, water supply facilities, etc. Mobile animal production -, veterinary – and social services Strengthening the Natural Resources (wet and dry season grazing areas, community range/forest plots, etc.) Construction of water supply facilities for pastoralists and their animals Improved cost-effective accessibility to 	<ul style="list-style-type: none"> LPMP (World Bank) SOS Sahel engaged in opening stock routes Government support to vaccination and inspection (V&I) matters 	<ul style="list-style-type: none"> Capacity building of communities to empower them for co-management of natural resources with settled crop producers Restocking for poor agro-pastoralists (credit-in-kind approach of passing on the gift) Rehabilitation and strengthening of rangeland (improving the quantity and quality of the vegetation) Investing in supplementary feeding strategies, optimising year around balanced feeding Promote animal and plant biodiversity Facilitating sustainable access to animal production -, veterinary – and social services Assist policy making conducive to providing producers fair access to NR, livestock and social services along with

Typology	Poverty Level and Causes	Coping Actions	Priority Needs	Support from Other Initiatives	COSOP Response
	<ul style="list-style-type: none"> Frequent imposed shifts in migration routes for pastoralists, poor or no demarcation of livestock stock routes, no services along the stock routes Low livestock productivity (milk yield, twinning and calving, high mortality), Poor or no access to animal production -, veterinary - and social services High taxation along the value chain; on livestock, on utilising rangeland, etc. Low producers' shares of export prices Lack of access to financial services 		markets and marketing services		<p>incentives to increase off-take</p> <ul style="list-style-type: none"> Initiate policy dialogue to rationalize crop area expansions and demarcation of livestock stock routes Initiate studies on value chain and policy to rationalize taxation on livestock and rangeland Development products for financing mobile and semi mobile households and integration into value chain financing models.
Women in the Traditional rain-fed Sector	<p>High undernourishment (37%) and high depth of hunger (371 kcal/person/day) in (de facto) women-headed households (No significant difference in poverty between men- and women-headed households in Sudan)</p> <ul style="list-style-type: none"> Low literacy rate for rural women aged 15-24 years: 39% (57% urban) Low labour force participation: 24% for rural women aged 15+ (75% for men) Poor capacity building, little exposure and little voice Intensive household chores (water, fuel, in particular), reproductive and agriculture tasks Normally no ownership of 	<ul style="list-style-type: none"> Prudent utilization of available food and nutrition Engagement in small farming (<i>jubraka</i>) Engagement in off-farm activities (fuel wood collection, casual labour, handicrafts, needlework, petty trading etc.) Selling poultry Urging men to go for seasonal migratory activities 	<ul style="list-style-type: none"> Access to close-by drinking water is pre-requisite for women to participate in activities Women empowerment to contribute to decision making at household and community levels Women training and coaching in agriculture, animal production, animal health and social skills; promoting local extension agent Invest in One Health approaches (zoonotic diseases; balanced feeding of people and animals) 	<ul style="list-style-type: none"> UN organizations such as UNICEF Some of the institutions above 	<ul style="list-style-type: none"> Capacity building for skills building, empowerment and community organisation Setting non-negotiable in terms of female participation in activities, in committee positions, etc. Awareness raising within communities on women's important role in the society Improvement of farming such as of <i>jubrakas</i>, and livestock keeping implies relative more benefits for women Ensuring sufficient and professional female staff and related budgets Technology generation geared to women activities using participatory approaches Promoting greater

Typology	Poverty Level and Causes	Coping Actions	Priority Needs	Support from Other Initiatives	COSOP Response
	assets and limited access to and control over land, large animals, etc., limited access to finance		<ul style="list-style-type: none"> Access to savings and credit services 		adoption of savings and credit groups and scaling-up women centric, sustainable external credit delivery mechanisms
The Youth in the Traditional Rain-fed Sector	<p>Labour force participation: 30% for ages 15-24 in North Sudan</p> <ul style="list-style-type: none"> Limited training Little employment opportunities for graduate students 	<ul style="list-style-type: none"> Migration Seeking informal, non-satisfying, employment in urban areas Immigration 	<ul style="list-style-type: none"> Capacity building and tailor-made training Traineeship so as to obtain experiences and exposure Creation of employment opportunities 	<ul style="list-style-type: none"> Government graduates employment programmes 	<ul style="list-style-type: none"> Engage the youth in community development programs through: <ul style="list-style-type: none"> Encouraging them to engage in all CBOs and other collective actions, monitor their participation rate and assess their value addition Involving them in activities dealing with improved production and processing methods and technologies Simultaneously initiate participatory diagnosis on expectations/aspirations of the youth to detect feasible opportunities for their engagement in rural economic activities Sensitize the youth for innovative undertakings for self-employment Development of Young Professional Schemes implying that graduates can obtain relevant experiences in project settings (kind of traineeship)