

Document: EB 2017/120/R.13/Rev.1
Agenda: 9(b)
Date: 10 April 2017
Distribution: Public
Original: English

E



Investing in rural people

President's report

Proposed loan to the Democratic Socialist Republic of Sri Lanka for the Smallholder Agribusiness Partnerships Programme

Note to Executive Board representatives

Focal points:

Technical questions:

Hubert Boirard
Country Programme Manager
Asia and the Pacific Division
Tel.: +39 06 5459 2298
e-mail: h.boirard@ifad.org

Dispatch of documentation:

William Skinner
Chief
Governing Bodies Office
Tel.: +39 06 5459 2974
e-mail: gb_office@ifad.org

Executive Board — 120th Session
Rome, 10-11 April 2017

For: Approval

Contents

Abbreviations and acronyms	ii
Map of the programme area	iii
Financing summary	iv
Recommendation for approval	1
I. Strategic context and rationale	1
A. Country and rural development and poverty context	1
B. Rationale and alignment with government priorities and RB-COSOP	1
II. Programme description	2
A. Programme area and target group	2
B. Programme development objective	2
C. Components/outcomes	2
III. Programme implementation	4
A. Approach	4
B. Organizational framework	4
C. Planning, monitoring and evaluation, and learning and knowledge management	5
D. Financial management, procurement and governance	5
E. Supervision	6
IV. Programme costs, financing and benefits	6
A. Programme costs	7
B. Programme financing	7
C. Summary benefit and economic analysis	8
D. Sustainability	8
E. Risk identification and mitigation	9
V. Corporate considerations	9
A. Compliance with IFAD policies	9
B. Alignment and harmonization	9
C. Innovations and scaling up	9
D. Policy engagement	10
VI. Legal instruments and authority	10
VII. Recommendation	10

Appendices

- I. Negotiated financing agreement
- II. Logical framework

Abbreviations and acronyms

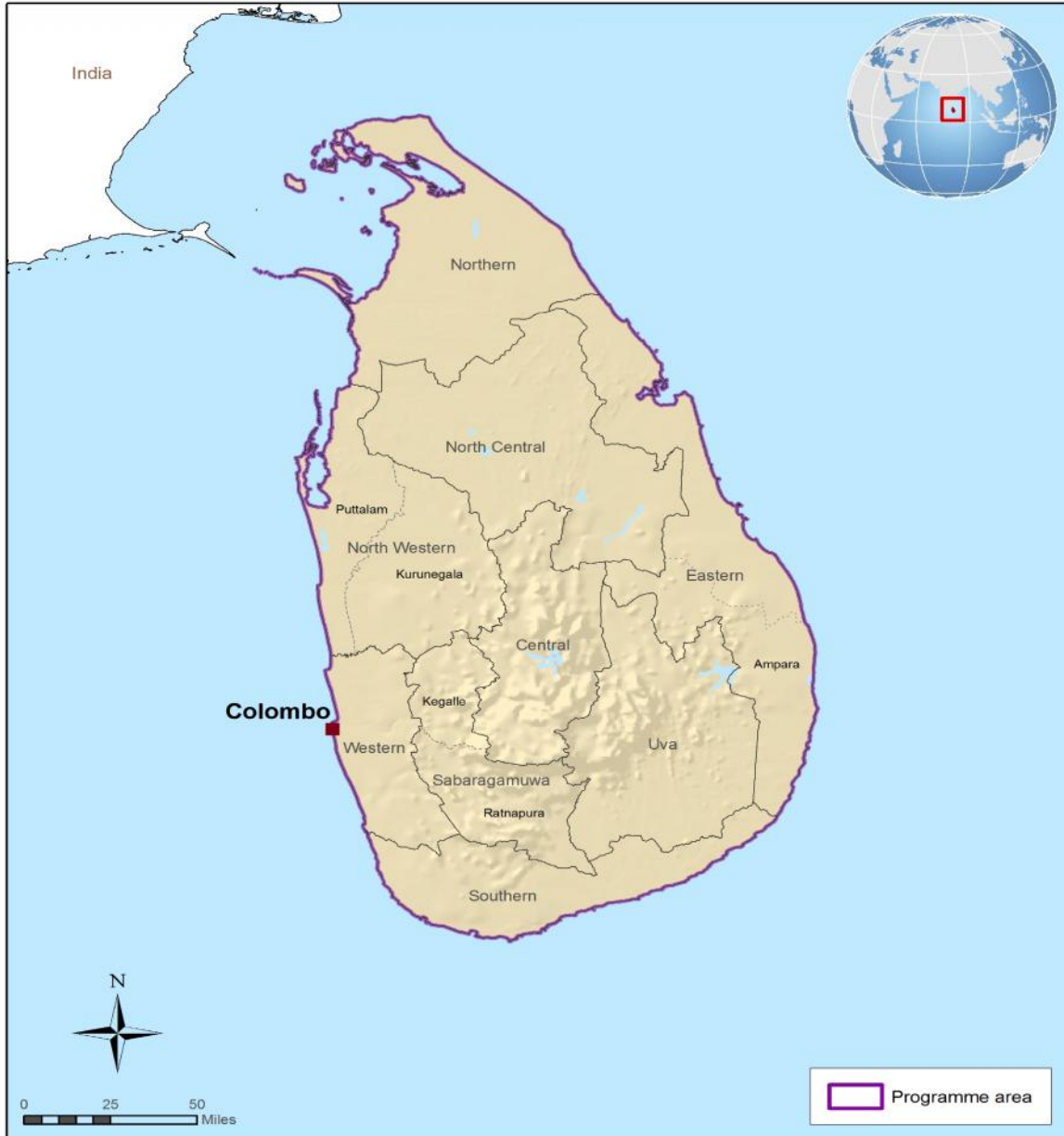
4P	public/private/producer partnership
CBSL	Central Bank of Sri Lanka
COSOP	country strategic opportunities programme
FO	farmer organization
LOC	line of credit
LPA	lead programme agency
M&E	monitoring and evaluation
NADeP	National Agribusiness Development Programme
PFI	participating financial institution
P/FOs	producer/farmer organizations
PMU	programme management unit
RIMS	Results and Impact Management System
SAP	Smallholder Agribusiness Partnerships Programme

Map of the programme area

Sri Lanka

Smallholder Agribusiness Partnerships Programme (SAP)

President's report



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

Map compiled by IFAD | 02-02-2017

Democratic Socialist Republic of Sri Lanka
 Smallholder Agribusiness Partnerships Programme
 Financing summary

Initiating institution:	IFAD
Borrower:	Democratic Socialist Republic of Sri Lanka
Executing agency:	Presidential Secretariat
Total programme cost:	US\$105 million
Amount of IFAD loan:	US\$33.7 million
Terms of IFAD loan:	Blend terms: Maturity period of 25 years, including a grace period of 5 years, with interest at a fixed rate of 1.25 per cent plus a service charge of 0.75 per cent per annum
Financing gap:	US\$20.7 million
Cofinancier(s):	Private-sector companies and financial institutions
Amount of cofinancing:	Private-sector partners: US\$17 million Participating financial institutions: US\$9.8 million
Contribution of borrower:	US\$19.4 million
Contribution of beneficiaries:	US\$4.5 million
Appraising institution:	IFAD
Cooperating institution:	Directly supervised by IFAD

Recommendation for approval

The Executive Board is invited to approve the recommendation for the proposed loan to the Democratic Socialist Republic of Sri Lanka for the Smallholder Agribusiness Partnerships Programme, as contained in paragraph 56.

Proposed loan to the Democratic Socialist Republic of Sri Lanka for the Smallholder Agribusiness Partnerships Programme

I. Strategic context and rationale

A. Country and rural development and poverty context

1. In recent years, the Sri Lankan economy has continued to grow at a steady rate, averaging 6 to 7 per cent up to the present day. Sri Lanka is now a lower-middle-income country with a population of 20.5 million and per capita GDP of US\$3,811. While growth has contributed to poverty reduction, 32 per cent of the population remain “nearly” poor or “poor” (25 and 7 per cent of the population respectively). The vast majority of poor people (87 per cent of the total) live in rural areas and estates, with high dependency on the agriculture sector. Population groups most affected by poverty are agricultural smallholders, plantation workers, underemployed and landless labourers, particularly youth (representing 24 per cent of the total population), and women.
2. The food security situation has improved significantly, and Sri Lanka is now ranked above all other South Asian countries. While availability of food at the national level is secure, this does not fully translate into food and nutrition security at the household level for all segments of the population, especially socially and nutritionally vulnerable groups. Undernutrition remains a concern, reflected by a 15-per-cent stunting rate and 21-per-cent wasting rate among children under five years of age.
3. Sri Lanka’s agriculture sector is characterized by plantation (mainly tea, rubber and coconut) and non-plantation cropping subsectors (mainly rice, maize, fruit, vegetables and other crops grown in smallholdings). Despite a declining share in GDP, the sector remains the backbone of the economy and an important source of employment. While it is serving to contribute to poverty reduction, the sustainability of its gains is not assured and will remain modest unless complemented by improved agricultural productivity and modernization, with diversification, value addition, improved commercialization and market competitiveness.
4. Despite challenges encountered in making the agriculture sector more competitive, there is significant market potential for Sri Lankan agricultural products, serving both export and local markets. The private sector is increasingly demonstrating a willingness to partner with smallholder producers to respond to these market opportunities, and is engaging in public/private/producer partnerships (4Ps).

B. Rationale and alignment with government priorities and RB-COSOP

5. In recent years, IFAD’s country programme and investments have been refined and refocused in support of national priorities, as outlined in the latest country strategic opportunities programme (COSOP) for 2015-2020. On the basis of the partnership experience between IFAD and the Government of Sri Lanka – in particular, recent

efforts to promote agribusiness and facilitate private- and financial-sector engagement through the ongoing National Agribusiness Development Programme (NADeP) – the Government requested IFAD's support in financing a new programme for modernization of the agriculture sector, with strengthened engagement of producer/farmer organizations (P/FOs) and mobilization of private- and financial-sector investment. Complementary measures include support in establishing a more conducive regulatory environment for rural finance and financial inclusion.

6. The Smallholder Agribusiness Partnerships Programme (SAP) thus serves as a key IFAD and government instrument to achieve priorities under the national policy framework and in the evolving rural (business) and institutional environment. Regarding the inclusion of and benefits to smallholder producers, justifications for the programme are the following: (i) it is responsive and aligns itself with the rural development agenda and priorities – that is, enhancing agriculture/rural-sector competitiveness for inclusive growth; (ii) the institutional environment is increasingly supportive of and conducive to establishing and scaling up 4Ps; (iii) the programme is geared to capture existing and emerging market (and business) opportunities – including leveraging and mobilizing financial investment; (iv) results and lessons learned from the ongoing NADeP can be applied to make the 4P model more effective and beneficial to poor rural people; and (v) SAP represents a major opportunity to promote dialogue among national stakeholders on the policy environment for smallholder-sourced agribusiness.

II. Programme description

A. Programme area and target group

7. The programme will have national coverage, though special attention and preference will be given, through an evaluation process, to low-income districts and areas in which agriproduction potential is high. The programme is demand-driven and the willingness and commitment of stakeholders (agribusiness and value chain actors, including the private sector and farmer/producer organizations) will be critical.
8. The programme target group comprises 57,500 poor rural households (representing 230,000 individuals), with the potential to become active economic players in a diverse array of value chains. Essentially, there are three target subgroups: (i) 35,000 new rural household producers (owning less than 1 ha of land and relying on agriculture for at least 50 per cent of their household income) that will benefit from increased livelihood opportunities through their engagement with 4P schemes – this includes 4,000 households organized in 70 P/FOs; (ii) 20,000 households already participating in 4P schemes established under the NADeP programme that will benefit from SAP support in the form of access to seasonal working-capital loans to ensure the sustainability of their production systems; and (iii) 2,500 poor young women and men that will be supported in becoming entrepreneurs, responding to demand for products or services generated along the value chain and complementing the 4Ps – they are either unemployed, landless or own less than 1 ha of land.

B. Programme development objective

9. The programme development objective is to sustainably increase the incomes and quality of diet of 57,500 smallholder households (initially) involved in commercially oriented production and marketing systems.

C. Components/outcomes

10. The development objective and expected outcomes will be achieved through three components: (i) access to commercial partnerships; (ii) access to rural finance; and (iii) programme management and policy dialogue.

11. The expected outcomes of the programme are the following: (i) access to markets improved for smallholder farmers and their organizations, in partnership with the private sector; (ii) 57,500 households supported under SAP have sustainable access to rural financial services at affordable rates; and (iii) the policy environment improved for equitable and sustainable smallholder farmer-sourced agribusiness development.
12. Component 1: Access to commercial partnerships. This component includes two subcomponents: (1.1) establishing 4Ps; and (1.2) institutional strengthening and capacity-building of producer groups (within a market-driven model).
13. Under subcomponent 1.1, the programme will support establishment of market-driven 4Ps under three categories: (i) new 4P schemes led by private companies (21,000 households); (ii) geographical/outreach expansion or scaling up of NADeP-supported 4P schemes (10,000 households); and (iii) new 4P schemes explicitly working with P/FOs as stakeholders in the 4P business schemes (4,000 households). The "originator" of the 4P schemes will be either a private-sector company or an FO that can show evidence of a confirmed commercial arrangement with a private-sector company. For the overall purposes of promoting agricultural modernization and reducing producer/farmer risks related to uptake of new technologies and activities (especially those that promote sustainable natural resource management and climate change adaptation), SAP will provide start-up funds, complementary to the term loans to farmers and to investment by the private sector, on an approximately one-third cost-sharing arrangement to the overall business investment proposed under the 4P scheme; these start-up funds are strictly targeted at smallholder farmers only. For the new 4P schemes explicitly working with FOs, the programme will provide additional support in the form of start-up funding at the group level for seed capital (such as acquisition of small to medium-sized equipment) and initial working capital. Finally, as mentioned previously, SAP will also provide targeted support to rural youth to enhance their employability or to help them become entrepreneurs, responding to the demand for products/services generated along the value chain and complementing the 4Ps. An initial 2,500 youth will be supported with start-up financing for their business plans.
14. Under subcomponent 1.2, the programme intends to support capacity-building of P/FOs, with the rationale that strengthening these groups will empower them to become effective partners under 4P schemes, as well as build their capacity to make informed decisions about their businesses. The start-up funding at the group level will be complemented by support in the form of business mentoring, training, exchange visits and gradually diminishing support to FOs in their management.
15. Component 2: Access to rural finance. This component will have two subcomponents: (2.1) financing of 4Ps; and (2.2) institutional strengthening of the financial services sector. The component follows the strategies, modes of intervention and investment opportunities that emerge under component 1, and aims to facilitate sustainable access to rural financial services at affordable rates.
16. Under subcomponent 2.1, SAP will collaborate with participating financial institutions (PFIs) that are capable of and interested in expanding their services into the rural sector, in particular to serve the target groups supported under SAP, and in cofinancing the programme. Through a SAP line of credit (LOC), three products will be made available: (i) working capital loans for farmers; (ii) term loans for farmers (for investment); and (iii) youth loans.
17. Under subcomponent 2.2, the Central Bank of Sri Lanka (CBSL) will be supported in the elaboration and dissemination of new regulations for the microfinance sector, thus ensuring adequate participation opportunities for rural communities, and in training of licensed microfinance institutions in these new regulations. Moreover, some critical support will be provided to PFIs, including commercial banks and deposit-taking microfinance institutions, to enhance their capacity in rural, micro-

and agricultural finance for low-income groups, mostly through training and technical assistance.

18. Component 3: Programme management and policy dialogue. This component comprises two subcomponents: (3.1) programme and knowledge management; and (3.2) policy dialogue.
19. Under subcomponent 3.1, the existing NADeP programme management unit (PMU) will be restructured and strengthened with additional capacity to evolve into the SAP PMU and to effectively carry out its key responsibilities of planning, coordination, facilitation and brokerage, and monitoring and evaluation (M&E).
20. Under subcomponent 3.2, SAP will also support activities aimed at improving the policy environment for equitable and sustainable smallholder farmer-sourced agribusiness development. To achieve this, the policy dialogue agenda will be built on two broad thrusts. First, the programme will bring together the key stakeholders – government, agribusiness, financial service providers and smallholder farmers – to enable them to collectively identify the policy constraints they face, and to promote consensus regarding the need for policy change. Second, it will draw out the key lessons and successes emerging from the implementation experience, and feed these back to the Government for reflection in national policies, strategies and programmes as appropriate.

III. Programme implementation

A. Approach

21. The following overarching principles frame and govern the management and coordination of SAP: (i) alignment with and support for government policy priorities; (ii) a demand-driven, flexible approach; (iii) adoption of a market-driven and private-sector-led approach; (iv) inclusive rural financial services provision; (v) joint financing (cost-sharing) and risk-sharing; (vi) competitive selection of partners and viable business plans; (vii) empowerment, organization and strengthening of smallholder farmers as business partners; and (viii) complementary support to market-driven employment activities (including self-employment) for specific segments of the rural population (i.e. landless youth).
22. These principles are embodied through the promotion of mutually beneficial (win/win) 4Ps between private companies and smallholder farmers, articulated in 4P business plans. These partnerships will build on lessons learned in the ongoing NADeP and will adopt some of the good practices identified by IFAD in applying this approach worldwide.
23. Financing of the 4P business plan (i.e. investment plan) will be through a cofinancing/cost-sharing arrangement that includes: (i) matching grants provided by the programme; (ii) credit from PFIs (facilitated by the programme-supported LOC) as part of the beneficiary contribution; and (iii) private-sector (agribusiness) contributions.

B. Organizational framework

24. In general, SAP will largely replicate the institutional and implementation structure of NADeP. The lead programme agency (LPA) is the Presidential Secretariat, which, by virtue of its high-level status, is best placed to ensure effective mobilization and coordination among the various public agencies (including CBSL) and with private-sector partners (including financial institutions, companies, associations, etc.) that have either direct implementation responsibilities or a supporting role (e.g. research, training, mobilization, complementary extension services, etc.). In support of FOs and 4Ps, the key agencies involved in the programme include: the Mahaweli Authority of Sri Lanka (especially its well-developed network and organizational structure), Ministry of Agriculture, Department of Export Agriculture, Department of Agriculture and Exports Development Board.

25. Through the LPA, responsibility for programme management is delegated to the PMU based in Colombo. The PMU will work under the guidance of a national steering committee, chaired by the Secretary to the President or his representative.

C. Planning, monitoring and evaluation, and learning and knowledge management

26. Extensive early planning and preparation by stakeholders and a system of rigorous assessment are critical in promoting the sustainability of the financing of 4P business plans and in building the capacity of farmer groups for eventual transformation into FOs and companies. The annual workplan and budget (AWP/B) and procurement plan will be the outcomes of SAP's participatory and consultative planning process.
27. As the model of 4Ps is still relatively innovative, the M&E system will be put in place to facilitate timely and responsive monitoring and decision-making. The main purpose of an M&E system is to provide comprehensive, frequent and reliable data and information for sound results-based management. It is thus intended to be a management tool and should promote accountability – enabling the PMU to report to the Government and IFAD on its performance and impact.
28. The M&E system will also serve to contribute to the SAP learning agenda. By virtue of the multiple programme stakeholders and 4P partners, knowledge-sharing and -management are critical to effective coordination, and towards instilling a sustainable model of partnership. They are also closely linked to policy engagement efforts, which seek to ensure that the policy and regulatory framework is conducive. Subsequently, analysis of the data and information generated by the M&E system will be central to informing knowledge management and dissemination, learning events, and promotional, advocacy and policy forums.

D. Financial management, procurement and governance

29. Financial management. The proposed financial management arrangements for SAP incorporate a number of measures intended to mitigate risks to acceptable levels, ensuring that: (i) programme funds and assets are used for their intended purposes efficiently and effectively; and (ii) reliable and timely financial reports are prepared and submitted. Taking into consideration the experience of NADeP, the financial management assessment rated overall programme financial management risk medium.
30. The LPA will be accountable for financial management of the programme and for putting in place procedures meeting IFAD's fiduciary requirements to ensure that funds are used for the intended purposes. The existing NADeP PMU will be strengthened and transformed as a dedicated and autonomous SAP PMU, responsible for implementing all operational-level fiduciary functions, including: preparation of the AWP/B and PP; submission of applications to withdraw advances from the designated account to meet programme expenditures based on available budgetary provision; release of adequate funds to programme partners for undertaking planned activities; preparation of withdrawal applications based on actual expenditure statements; maintenance of the fixed asset register; preparation of annual financial statements and quarterly financial reports; maintenance of the audit log; and response to the Auditor General on issues raised and action taken to resolve them.
31. The PMU will maintain separate accounts for the programme, in accordance with government accounting standards. Programme expenditure will be recorded using an accounting software for which customization and training will be provided. International public-sector accounting standards (IPSAS), cash basis, were adopted in 2002 for Sri Lanka's public finances. The transition to accrual accounting starting in 2009 was supported by the development of Sri Lankan public sector accounting standards (SLPSAS), currently incorporating 10 of the 38 IPSAS. Pending full

compliance with IPSAS, the financial statements prepared for the programme will be supplemented as necessary with additional data so as to provide minimum disclosures under international accounting standards.

32. Disbursement arrangements and flow of funds. A designated account in United States dollars will be opened at CBSL, managed by the General Treasury. Two accounts for day-to-day operations for IFAD- and government-funded expenditure respectively, and managed under dual signature by the programme manager and finance manager, will be opened at the Bank of Ceylon or another bank designated by the borrower. The PMU will be responsible for ensuring the flow of funds from the designated account and General Treasury respectively, through imprest applications approved by the LPA and submitted via the Treasury to CBSL. A dedicated account will be opened at CBSL, operated by the Regional Development Department, for operations under the LOC.
33. Start-up costs. A start-up advance may be provided once the financing agreement has become effective to facilitate implementation activity, pending fulfilment of the disbursement conditions specified in the agreement. The ceiling of this start-up advance will not exceed US\$300,000 and will be agreed during negotiations.
34. Audit. In accordance with a government circular, all donor-financed projects must foresee internal audit arrangements, and the LPA's Internal Audit unit will be requested to include SAP in its annual workplan. As for the LOC, CBSL has an internal audit department that reports to the Monetary Board of CBSL. Internal audit reports will be submitted to IFAD.
35. The supreme audit institution, the Auditor General (AG) of Sri Lanka, is mandated to audit donor-funded projects, in addition to all accounts pertaining to government revenues and the use of public resources. In line with IFAD's guidelines, the scope of annual audits includes a review of the financial statements, designated account and expenditure reported in statements of expenditure. The AG will also provide an opinion on the use of resources under 4P contracts and on management of the lines of credit.
36. Procurement. The programme will adopt the National Procurement Guidelines, which are largely consistent with IFAD's Procurement Guidelines and Handbook. In the case of inconsistencies, IFAD's guidelines will supersede the national guidelines. IFAD review of and "no objection" to the consolidated procurement plan is compulsory; any changes will also be subject to IFAD's "no objection".
37. Governance. All procurement for goods, works and services financed from resources funded or administered by IFAD require bidding documents. All contracts will include a provision requiring that suppliers, contractors and consultants ensure compliance with IFAD's zero-tolerance anticorruption policy and permit IFAD to inspect their accounts, records and other documents relating to the bid submission and contract performance, and to have them audited by the Auditor General.

E. Supervision

38. The programme will be directly supervised by IFAD, with at least a yearly formal supervision mission to be fielded with government participation. The provision of implementation support missions on a more frequent basis will be emphasized, especially during start-up and the first two years of programme implementation. A midterm review is expected in the third year.

IV. Programme costs, financing and benefits

39. The financing gap of US\$20.7 million may be sourced by subsequent PBAS cycles (under financing terms to be determined and subject to internal procedures and

subsequent Executive Board approval) or by cofinancing identified during implementation.¹

A. Programme costs

40. Total investment and recurrent costs over the six-year implementation period, including physical and price contingences, are estimated at US\$105 million (17 billion Sri Lanka rupees). Indicative costs by component and financier are detailed in table 1; indicative costs by expenditure category and financier are provided in table 2.

Table 1

Programme costs by component and financier

(Thousands of United States dollars)

Component	IFAD loan		Financing gap		Participating financial institutions		Private-sector partners		Beneficiaries		Borrower/ counterpart		Total Amount
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	
1. Access to commercial partnerships	18 233	34	18 079	33	-	-	16 967	31	-	-	184	2	53 463
2. Access to rural finance	13 416	29	-	-	9 821	21	-	-	4 494	10	18 470	40	46 201
3. Programme management and policy dialogue	2 051	38	2 621	49	-	-	-	-	-	-	705	12	5 377
Total	33 700	32	20 700	20	9 821	9	16 967	16	4 494	4	19 359	19	105 041

B. Programme financing

41. Towards total programme costs, IFAD will provide a loan on blend terms in the amount of US\$33.7 million. The contribution by the Government amounts to US\$19.4 million, including US\$0.345 million for salaries and 0.65 million in the form of taxes and duties. The remaining US\$18.5 million of the government contribution consists of the cumulative balances of the lines of credit established under previous IFAD-financed projects, which are managed by CBSL under a memorandum of understanding with the Ministry of Finance. Under a new memorandum, which will be signed by CBSL and the Ministry, these funds will be available for the SAP LOC for onlending to beneficiary smallholder producers/farmers. The contribution of PFIs amounts to US\$9.8 million, which is in line with the strategy of leveraging PFI funds for use under the LOC. Cofinancing by private-sector partners under the 4P schemes is estimated at US\$17 million, which can take the form of contributions in cash, in kind and working capital. Beneficiary contributions from farmers and FOs are estimated at US\$4.5 million, in the form of savings or in kind contributions.

¹ Tables 1 and 2 include the financing gap under the IFAD loan.

Table 2
Programme costs by expenditure category and financier*
 (Thousands of United States dollars)

Expenditure category	IFAD loan		Financing gap		PFIs		Private-sector partners		Beneficiaries		Borrower/count erpart		Total Amount
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	
1. Consultancies	1 957	31	4 043	65	100	2	-	-	-	-	106	2	6 206
2. Equipment and materials	336	41	375	45	-	-	-	-	-	-	107	14	818
3. Credit	13 097	29	-	-	9 505	21	-	-	4 494	10	18 372	40	45468
4. Grants and subsidies	16 050	36	12 121	27	-	-	16 967	37	-	-	-	-	45138
5. Workshops	283	37	417	55	8	2	-	-	-	-	49	6	757
6. Training	904	26	1 995	59	208	-	-	-	-	-	260	8	3367
7. Vehicles	246	86	-	-	-	-	-	-	-	-	37	14	283
8. Salaries and allowances	650	28	1 371	58	-	7	-	-	-	-	345	14	2366
9. Operating costs	177	28	378	59	-	-	-	-	-	-	83	13	638
Total	33 700		20 700		9 821		16 967		4 494		19 359		105 041

* Disbursement categories will be specified in schedule 2 of the negotiated financing agreement. A maximum of six disbursement categories is envisaged, to allow sufficient flexibility during implementation.

C. Summary benefit and economic analysis

42. Based on the two main areas of investment (access to commercial partnerships and access to rural finance), the main quantifiable benefits expected from improved market access measures comprise: (i) increased agricultural and off-farm production, resulting in higher incomes; (ii) production guided by value chain priorities with respect to FOs; (iii) greater variety of income and higher-value-added products sold at consumer markets by FOs; (iv) increased income from short-term employment and self-employment for local villagers; and (v) greater value chain integration, with backward and forward market linkages, by beneficiaries.
43. According to the financial analysis of six combination crop and activity models, the programme is expected to increase household incomes by 63 per cent on average. Taking into consideration the benefit and cost streams, overall programme analysis suggests an economic internal rate of return (EIRR) of 52 per cent and a net present value (NPV) of US\$349,708,192 over a 20-year period. The gross value of production increases by about 56 per cent from the "without" situation, while outflows increase by 65 per cent, including labour. Sensitivity analysis found the EIRR to remain robust, with no negative returns.

D. Sustainability

44. Sustainability of the programme takes into consideration the rapidly developing context in Sri Lanka. The expectation is that at the end of the programme period, there is a very strong likelihood that the private and banking sectors are able to continue developing their relationships with farmer groups, without the need for government or external development partner interventions.
45. Through the 4P mechanism, sustainability is implicitly embedded in the programme and reinforced by the enhanced linkages to the formal financial sector for rural/microfinance. It is reasonably expected that the process of dialogue and negotiation between producers, their representatives and the private sector – in finalizing the proposed 4P business plans and in their implementation – is serving to build a culture of trust and normalize working relationships. As mutually beneficial arrangements, the mechanisms of the partnerships will continue beyond the programme's lifetime. In addition, the arrangements facilitated under 4P investment plans are entirely geared to facilitating access to affordable financial

services for farmers, and to maintaining good business relationships among farmers, agribusinesses and financial institutions. The ties are further strengthened through continued savings by farmers. Moreover, the interventions at meso and macro levels through capacity-building support to CBSL and PFIs will serve to improve financial inclusion over the long term.

E. Risk identification and mitigation

46. A detailed assessment of risks to successful implementation and achievement of programme objectives has been carried out. These relate primarily to issues of institutional and implementation capacity, climate change and variability, and market volatility. With the implementation of responsive mitigation measures, the residual risks are considered manageable. The key mitigation measures include: particular attention to the assessment and corresponding building of institutional capacity, with access to a wider pool of technical assistance and service providers, including the engagement of public and private agencies; rigorous and transparent evaluation and assessment procedures (of proposed 4Ps, business plans, technologies, etc.), with participatory multistakeholder consultations; and the specific strategy of deepening private- and financial-sector engagement in the programme through the cost- and risk-sharing mechanisms of the 4P model. Measures to mitigate fiduciary risk are described in section B above.

V. Corporate considerations

A. Compliance with IFAD policies

47. The SAP programme is fully aligned with the IFAD Strategic Framework 2016-2025 in pursuit of its mutually reinforcing strategic objectives. In particular, it will promote investment in productive capacities and encourage better and deeper market participation (and benefits) through the vehicle of 4Ps. Moreover, the principles of engagement (targeting; empowerment; gender equality; innovation, learning and scaling up; and partnerships) are fully embedded in the programme through the 4P and institutional strengthening approach and its operating modalities. The programme design adheres to IFAD policies and strategies regarding partnerships; rural finance; targeting and gender mainstreaming; environment and natural resource management; climate change and Social, Environmental and Climate Assessment Procedures (SECAP); and scaling up. The environmental and social risk is rated B, while the climate risk classification is deemed medium.

B. Alignment and harmonization

48. The programme supports and is aligned with government priorities in poverty alleviation, particularly efforts to promote public/private partnerships favouring smallholder farmers, and to improve financial inclusion. In addition to the direct partnerships established under the 4P arrangements with relevant public agencies and private- and banking-sector partners, SAP will seek to establish strong complementary linkages with the recently approved World Bank-financed Agriculture-Sector Modernization Programme, especially in the area of policy engagement and dialogue on identified emerging issues. In the area of nutrition, SAP will identify entry points to contribute to and be informed by the dialogue on nutrition policy and its operationalization promoted by the Scaling Up Nutrition (SUN) Movement.

C. Innovations and scaling up

49. SAP is facilitating establishment of a solid foundation for: uptake and scaling up of the innovative 4P principles and approach; integration and capacity-building of FOs to enable them to evolve into farmer companies within the 4P model; promotion of demand-driven and "new" technologies by 4P partners; and, in complement, innovations in the provision of financial services for better financial inclusion.

50. Systematic and highly participatory knowledge management and dissemination will create a strong basis for national stakeholders – farmer/producer-, private- and financial/banking-sector actors – to make informed decisions on how best to partner under mutually beneficial arrangements, without external intervention. The principles, processes, tools and financial products promoted by SAP are designed to be leveraged for scaling up.
51. Specific to the rural financial sector, scaling up will take place by: (i) deepening engagement with commercial banks and other financial institutions and leveraging their funds; (ii) leveraging existing credit line facilities previously financed by IFAD; (iii) introducing/including microfinance institutions; (iv) testing and rolling out specific, tailored financial products; (v) supporting enhanced financial literacy of individuals and FOs; and (vi) developing and rolling out operational guidelines as part of the regulatory framework for microfinance.

D. Policy engagement

52. The programme provides specific measures to improve the policy environment for equitable and sustainable smallholder farmer-sourced agribusiness development. To achieve this, the policy dialogue agenda will first: create the space for policy dialogue; develop the tools and platforms to support this dialogue; and create a culture of learning and knowledge management to analyse implementation experience and feedback to the Government (the successful approaches and models appropriate for scaling up and adoption) – for reflection in national policies, strategies and programmes as appropriate. Through these measures, the programme will seek to turn relevant policy analysis into policy change.

VI. Legal instruments and authority

53. A programme financing agreement between the Democratic Socialist Republic of Sri Lanka and IFAD will constitute the legal instrument for extending the proposed financing to the borrower. A copy of the negotiated financing agreement is included in appendix I.
54. The Democratic Socialist Republic of Sri Lanka is empowered under its laws to receive financing from IFAD.
55. I am satisfied that the proposed financing will comply with the Agreement Establishing IFAD and the Policies and Criteria for IFAD Financing.

VII. Recommendation

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

RESOLVED: that the Fund shall provide a loan on blend terms to the Democratic Socialist Republic of Sri Lanka in an amount equivalent to thirty-three million and seven hundred thousand United States dollars (US\$33,700,000), and upon such terms and conditions as shall be substantially in accordance with the terms and conditions presented herein.

Gilbert F. Hougbo
President

Negotiated financing agreement: "Smallholder Agribusiness Partnerships (SAP) Programme"

(Negotiations concluded on 8 April 2017)

Loan Number: _____

Programme Title: Smallholder Agribusiness Partnerships (SAP) Programme (the "Programme")

The Democratic Socialist Republic of Sri Lanka (the "Borrower")

and

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

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

hereby agree as follows:

Section A

1. The following documents collectively form this Agreement: this document, the Programme Description and Implementation Arrangements (Schedule 1), the Allocation Table (Schedule 2), and the Special Covenants (Schedule 3).
2. The Fund's General Conditions for Agricultural Development Financing dated 29 April 2009, amended as of April 2014, and as may be amended hereafter from time to time (the "General Conditions") are annexed to this Agreement, and all provisions thereof shall apply to this Agreement, For the purposes of this Agreement the terms defined in the General Conditions shall have the meanings set forth therein.
3. The Fund shall provide a Loan to the Borrower (the "Financing"), which the Borrower shall use to implement the Programme in accordance with the terms and conditions of this Agreement.

Section B

1. The amount of the Loan is thirty three million seven hundred thousand United States dollars (USD 33 700 000).
2. The Loan is granted on blend terms and shall be subject to interest on the principal amount outstanding at a fixed rate of 1.25 per cent and in addition a service charge of 0.75 per cent per annum payable semi-annually in the Loan Service Payment Currency and shall have a maturity period of twenty five (25) years, including a grace period of five (5) years, starting from the date of approval by the Executive Board.
3. The Loan Service Payment Currency shall be the United States Dollar.
4. The first day of the applicable Fiscal Year shall be 1 January.

5. Payments of principal and interest shall be payable on each 15 May and 15 November.
6. There shall be one Designated Account denominated in USD (the "Designated Account") opened by the Borrower at the Central Bank of Sri Lanka (CBSL), through which the proceeds of the IFAD Financing shall be channelled.
7. There shall be two programme accounts opened at Bank of Ceylon or another bank designated by the Borrower, respectively for IFAD and GoSL funded expenditures.
8. The Borrower shall provide counterpart financing for the Programme in an approximate amount of nineteen million four hundred thousand United States Dollars (USD 19 400 000) comprising the estimated amount of eighteen million four hundred thousand United States Dollars (USD 18 400 000) towards the line of credit (LOC) for on-lending to beneficiaries which will be held in a segregated account at CBSL. The remaining approximate amount of one million USD will cover taxes and duties related to the Financing, and salaries of Government staff.

Section C

1. The Lead Programme Agency shall be the Presidential Secretariat.
2. The following are designated as additional Programme Parties:
 - (i) The Mahaweli Authority;
 - (ii) CBSL.
3. The Programme Completion Date shall be the sixth anniversary of the date of entry into force of this Agreement.

Section D

The Financing will be administered and the Programme supervised by the Fund.

Section E

1. The following are designated as additional grounds for suspension of this Agreement:
 - (a) The Programme Implementation Manual ("PIM"), or any provision thereof, has been waived, suspended, terminated, amended or modified without the prior consent of the Fund, and the Fund has determined that such waiver, suspension, termination, amendment or modification has had, or is likely to have, a material adverse effect on the Programme.
 - (b) The Programme Director, Finance Manager, Agribusiness Manager and the Monitoring and Evaluation (M&E) Officer are appointed, transferred or moved from the Programme Management Unit (PMU) without the prior concurrence of the Fund.

2. The following are designated as additional general conditions precedent to withdrawal:

- (a) The Borrower has duly opened the Designated Account and the programme accounts specified in paragraphs B.6 and B.7 above;
- (b) The Borrower has established the National Steering Committee (NSC) and the PMU in accordance with section II paragraph A7 of Schedule 1 to this Agreement;
- (c) The Borrower has appointed the PMU Programme Director and Finance Manager with terms of reference and qualifications acceptable to the Fund; and
- (d) The Borrower has prepared a draft PIM as described in section II of Schedule 1, in form and substance satisfactory to the Fund.

3. The following is designated as additional specific condition precedent to withdrawal:

- (a) No funds will be disbursed under Category III "Credit" before the Borrower and CBSL have entered into a Subsidiary Loan Agreement (SLA) as outlined in section II paragraph B11 of Schedule 1 to this Agreement, in form and substance satisfactory to the Fund.

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

For the Borrower:

For the Fund:

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

This Agreement, dated _____, has been prepared in the English language in two (2) original copies, one (1) for the Fund and one (1) for the Borrower.

DEMOCRATIC SOCIALIST REPUBLIC OF SRI LANKA

(Authorised Representative)
(name and title)

INTERNATIONAL FUND FOR
AGRICULTURAL DEVELOPMENT

Gilbert F. Houngbo
President

Schedule 1

Programme Description and Implementation Arrangements

I. Programme Description

1. Programme area. The Programme built on a demand driven basis will have national coverage and preference will be given to low income districts and where agri-production potential is high. (the "Programme Area").

2. Target Population. The Programme target group will comprise 57,500 poor rural households with the potential to become active economic players in a diverse array of value chains and under the framework of Public-Private-Producer Partnership (4P) schemes.

3. Goal. The goal of the Programme is to contribute to Sri Lanka's smallholders' poverty reduction and competitiveness.

4. Objectives. The objective of the Programme is to sustainably increase the income and quality of diet of 57,500 smallholder households involved in commercially-oriented production and marketing system.

5. Components. The Programme shall consist of the following Components:

5.1 Component 1. Access to commercial partnerships. This component will focus on the establishment of Public-Private-Producer Partnerships (4Ps) and on the institutional strengthening and capacity building of producer groups within a market-driven model.

Sub-Component 1.1. Establishing 4Ps. The programme will support the establishment of market-driven 4Ps under the following three categories, (i) new 4Ps schemes led by private companies, (ii) geographical/ outreach expansion or scaling-up of NADeP-supported 4P schemes; and (iii) new 4P schemes explicitly working with producer/ farmer organizations. The Programme will also provide targeted support to rural youth to become entrepreneurs, and to respond to the demand for services generated along the value chain in complement to the 4Ps.

Sub-Component 1.2. Institutional strengthening and capacity building of producer groups. The programme will aim to support capacity building of FOs. The start-up funding at group (FO) level will be complemented with support in the form of business mentoring, training, exchange visits and digressive support to FOs for their management.

5.2 Component 2. Access to rural finance. This component will aim at facilitating access to rural financial services in a sustainable manner and at affordable rates through the following sub-components:

Sub-Component 2.1. Financing of 4Ps. The Programme shall focus on the establishment of a line of credit (LOC) under the Regional Development Department (RDD) of the CBSL that shall be used exclusively to refinance the Participating Financial Institutions (PFIs) providing financial services and targeted products to programme beneficiaries.

Sub-Component 2.2: Institutional strengthening for the financial services sector. The CBSL will be supported in the elaboration and dissemination of new regulations for the microfinance sector, thus ensuring adequate participation opportunities for rural communities, and in-training of licensed MFIs on these new regulations.

Furthermore, some critical support to PFIs, including commercial banks and deposit-taking MFIs, will be provided to enhance their capacity in rural, micro and agricultural finance for low income groups, mostly through training and technical assistance.

5.3 Component 3. Programme management and policy dialogue. This component will focus on activities to manage and facilitate the implementation of the operational activities under the two other components through:

Sub-Component 3.1. Programme and knowledge management. Under the programme the following measures will be undertaken: (i) establishment of management, finance and administrative procedures including accounting, auditing and a monitoring and evaluation system in line with IFAD guidelines, (ii) recruitment of institutional service providers where required, (iii) development of specialised studies, training manuals and information and communication materials to facilitate knowledge management among the programme stakeholders, and (iv) priority cross-cutting issues such as nutrition and natural resources management/climate change adaptation will be pursued at a high-level.

Sub-Component 3.2. Policy dialogue. The Programme will support activities aiming at improving the policy environment for equitable and sustainable smallholder farmer-sourced agribusiness development under two broad thrusts: (i) creation of space for policy dialogue between stakeholders and support that dialogue through 4P multi-stakeholders meetings at national level, and (ii) analysis of the lessons of the programme implementation experience in order to promote the scaling-up of successful approaches.

II. Implementation Arrangements

A. Organisation and management

6. Lead Programme Agency ("LPA"). The Presidential Secretariat shall be the LPA and shall have overall responsibility for the implementation of the Programme.

7. National Steering Committee ("NSC")

7.1 Establishment and Composition. The NSC shall be chaired by the Secretary to the President or his/her representative and will comprise inter alia, current members representing government or government agencies, plus representatives of the Mahaweli Authority, the Department of Export Agriculture of the Ministry of Primary Industries. It will additionally include representation from the Ceylon Chamber of Commerce, CBSL and a representative of the participating financial institutions.

7.2 Responsibilities. The NSC will provide programme oversight and direction and will meet at least twice-yearly to (i) review and approve the Annual Work Plan and Budgets prior to its submission to IFAD for no objection, and (ii) review implementation and financial progress. In addition the NSC will (i) appoint the 4P evaluation committee, (ii) endorse the 4P schemes to be submitted to IFAD for no objection; and (iii) endorse the policy issues prioritised for follow-up action.

8. Programme Management Unit ("PMU")

8.1 Establishment and Composition: The PMU will absorb the current staff of the NADeP PMU, and will be further strengthened with additional positions. The key managerial staff, as described in the PIM, will be selected according to the Borrower applicable procedures to the extent these are acceptable to the Fund and their recruitment shall be subject to the Fund's non objection.

8.2 Responsibilities: The PMU will be an autonomous administrative and financial unit delegated to manage the programme. The PMU key functions will relate to planning, coordination, facilitation and brokerage (amongst 4P stakeholders), and monitoring and evaluation. The PMU will also be responsible for implementing all operational-level fiduciary functions including (i) preparation of the Annual Work Plan and Budget and procurement plan, and (ii) submission of application to withdraw advances from the Designated Account.

9. Other partnerships. In addition to the direct partnerships to be established under the 4P arrangement the Programme will seek to establish strong and complementary linkages with the World Bank Agriculture Sector Modernization Project (ASMP) under the Ministry of Primary Industries, supporting the development of agribusiness companies and eligible producers organisations in order to build linkages and synergies.

B. Implementation of Programme Components

10.1 Component 1. Access to commercial partnerships. Within the first six months of Programme implementation, the PMU will (i) facilitate and broker the 4Ps schemes through sensitization and awareness raising in the lead up to programme effectiveness, (ii) be responsible for inviting expressions of interest and will conduct an independent assessment of the proposals received and (iii) take the lead for 4P development and appraisal. Once the 4P has been approved it is expected that the private sector will take the lead in brokering the partnership and support of financial institutions. In terms of institutional strengthening of FOs, the Mahaweli Authority will be a key partner.

10.2 Component 2. Access to rural finance. A Line of Credit (LOC) will be established for the Programme, consolidating the lines of credit established under previous IFAD-funded projects with new funding for credit under SAP. The Borrower and CBSL will enter into a Subsidiary Loan Agreement (SLA) governing the management of the LOC, which will be subject to IFAD no objection. The Regional Development Department (RDD) of the CBSL will administer the LOC, whose operational procedures, including reporting requirements and oversight – external and internal audit - will be detailed in the SLA. In turn, the CBSL will enter into SLAs with PFIs in order to determine the terms and conditions of the sub-loans. As part of the exit strategy, the LOC will be transformed into a revolving fund - Farming System Sustainability Fund (FSSD) - dedicated to short medium and long terms loan for agriculture, by the end of the programme.

10.3. Component 3. Programme management and policy dialogue. The PMU will have the overall responsibility for policy dialogue, led by the Programme Director.

11 Monitoring and Evaluation. Building on NADEP experience and systems, the programme will set up a participatory and decentralized M&E system that will be part of a larger MIS system to be developed within the first year of implementation, and which will serve as an information and knowledge sharing platform by generating comprehensive and reliable information to improve planning and decision making for results-based management during the programme life. All data will be disaggregated by sex and age where applicable, so as to be able to produce information on different target groups and beneficiaries.

12. Mid-Term Review. The LPA and the Fund shall jointly carry out a review of the Programme Implementation at the end of programme year three (the "Mid-Term Review").

13. Programme Implementation Manual (PIM). Preparation. The LPA shall prepare a PIM acceptable to the Fund, drawing on the existing PIM of NADeP. The PIM shall include among other arrangements: (i) institutional coordination and day-to-day execution of the Programme; (ii) Programme budgeting, disbursement, financial management, procurement, monitoring and evaluation, reporting and related procedures; (iii) detailed description of implementation arrangements for each Programme component; and (iv) such other administrative, financial, technical and organizational arrangements and procedures as shall be required for the Programme.

14. Approval and Adoption. The LPA shall forward the draft PIM to the Fund for comments and approval. The LPA shall adopt the PIM, substantially in the form approved by the Fund, and the LPA shall promptly provide copies thereof to the Fund. The Borrower shall carry out the Programme in accordance with the PIM and shall not amend, abrogate, waive or permit to be amended, abrogated, or waived, the aforementioned manual, or any provision thereof, without the prior written consent of the Fund.

Schedule 2

Allocation Table

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

Category	Loan Amount Allocated (expressed in USD)	Percentage net of tax, counterpart and beneficiary contributions
I. Consultancies and non-consulting services	2 830 000	100%
II. Equipment and materials	520 000	100%
III. Credit	11 790 000	100%
IV. Grants	14 450 000	100%
V. Recurrent costs	740 000	100%
Unallocated	3 370 000	
TOTAL	33 700 000	

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

“Consultancies and non-consulting services” includes training and workshops;

“Equipment and materials” includes vehicles;

“Recurrent costs” includes salaries and allowances of staff, and operating costs.

Schedule 3

Special Covenants

In accordance with Section 12.01(a)(xxiii) of the General Conditions, the Fund may suspend, in whole or in part, the right of the Borrower to request withdrawals from the Loan Account if the Borrower has defaulted in the performance of any covenant set forth below, and the Fund has determined that such default has had, or is likely to have, a material adverse effect on Programme:

1. Gender. The Borrower shall develop a gender strategy for the Programme to ensure that gender concerns shall be reflected, in order to offer equal opportunities under the Programme to men, women and youth.
2. Implementation. The Programme will adhere with IFAD policies and strategies for environment and natural resources management, climate change and social and environmental and climate assessment.
3. Accounting. The Programme will procure an accounting software meeting IFAD's requirements for financial reporting. The system will be in place and finance staff trained in its usage at implementation start-up.
4. Line of credit (LOC). The Borrower will ensure that one consolidated line of credit is established to be utilised for the Programme, drawing on funds from previous IFAD-financed lines of credit and new financing. The LOC will be held in a segregated account at CBSL and will be governed by an MOU between the Borrower and CBSL.

Negotiated financing agreement

(To be tabled at the session.)

Logical framework

Results Hierarchy	Indicators ²					Means of Verification			Assumptions (A) / Risks (R)
	Name	Baseline	YR1	Mid-Term	End Target	Source	Frequency	Responsibility	
Goal: Contribute to Sri Lanka's smallholders poverty reduction and competitiveness	▪ % of households with improvements in asset ownership (RIMS 3 rd level)	0		30%	70%	RIMS; Impact surveys; National database	Yearly; baseline/ completion	LPA; Programme	<ul style="list-style-type: none"> Political commitment Stable macro-economic conditions
	▪ Prevalence of childhood malnutrition in the programme area reduced	0		5%	10%				
Development Objective: Sustainably increase the income and quality of diet of smallholders (57,500 hhs) involved in commercially-oriented production and marketing systems	▪ % of supported households reporting an increase in income (60% on average) (RIMS 2 nd level)	0		40%	70%	RIMS; AOS; IP reports	Yearly	Programme; IPs	<ul style="list-style-type: none"> Availability and uptake of GAP and technologies Steady market demand and conditions
Outcomes/ Components: Outcome 1: Improved access of smallholder farmers and their organizations to markets in partnership with the private sector	▪ % of 4P partnerships/ agreements in operation after 3 years (RIMS 2 nd level)	0		50%	75%	Progress reports; IP reports;	Yearly	Programme	<ul style="list-style-type: none"> Willingness and mutual benefits to producers and companies
	▪ % increase in average volume and value of sales through 4P agreements	0		15%	40%	AOS; market studies	Bi-annually	IPs; Programme	<ul style="list-style-type: none"> Steady market demand and conditions
Outputs: 1.1 4P business arrangements in place	▪ No. of farming households engaged in 4Ps implemented	20,000	30,000	45,000	57,500	Progress reports	Bi-annually	Programme	<ul style="list-style-type: none"> Willingness and mutual benefits to producers and companies Mature institutions
1.2 Organizational strengthening and capacity development of producer organizations and their members	▪ % of supported rural producers members of rural producers organizations reporting new or improved services provided by their organization (disaggregated by sex and age)*	0		33%	50%	AOS; particip. Surveys; Progress reports	Yearly	Programme	<ul style="list-style-type: none"> Commitment and willingness of beneficiaries and their institutions Favourable and stable market conditions and demand
	<ul style="list-style-type: none"> ▪ % of programme-supported producer groups registered ▪ Number of female and male members trained in nutrition 	0		40%	70%				

² Baseline will be refined within three months of entry into force.

Results Hierarchy	Indicators ²					Means of Verification			Assumptions (A) / Risks (R)
	Name	Baseline	YR1	Mid-Term	End Target	Source	Frequency	Responsibility	
Outcome 2: 57,500 households supported under SAP have access to rural financial services in a sustainable manner and at affordable rates	<ul style="list-style-type: none"> Number of programme beneficiaries (40% female) in rural areas accessing targeted and pro-poor financial services (disaggregated by sex and age)* 	6,000	38,000	45,000	57,500	CBSL and PFI reports; Progress reports	Yearly	Programme; CBSL; PFIs	<ul style="list-style-type: none"> CBSL and PFI commitment
Outputs: 2.1 Small producers access targeted and pro-poor financial products	<ul style="list-style-type: none"> Funds leveraged through PFI own-resources (as % of total loans outstanding funded from the LOC) Number of rural youth (40% female) receiving credit to finance their income generating activity (disaggregated by sex and age)* 	0		25%	45%	Progress reports	Bi-annually	Programme	<ul style="list-style-type: none"> Willingness of PFIs and enabling regulatory framework
2.2 Institutional strengthening and capacity building of Central Bank and PFIs	<ul style="list-style-type: none"> PAR <30 days of PFIs Share of agricultural loans in total loan portfolio 	N.A		5% +1% point	3% +2.5% points	CBSL/ PFI reports	Bi-annually	CBSL; PFIs	<ul style="list-style-type: none"> Stable macro-economic conditions
Outcome 3: Improved policy environment for equitable and sustainable smallholder farmer-sourced agribusiness development	<ul style="list-style-type: none"> No. of existing/ new laws, regulations, policies or strategies to which SAP has contributed to that are proposed for approval, ratification, or amendment to policy makers 	0		3	6	Progress reports	Yearly	Programme; CCC	<ul style="list-style-type: none"> Quality, relevance and acceptability of recommendations of analysis
Output: 3.1 Analysis conducted on prioritised policy issues/constraints and programme models/lessons learned	<ul style="list-style-type: none"> No. of studies carried out 	0	2	8	18	Progress reports	Yearly	Programme	<ul style="list-style-type: none"> Focus of PMU on policy agenda maintained