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IFAD

INTERNATIONAL FUND FOR AGRICULTURAL DEVELOPMENT

Executive Board – Eighty-Third Session

Rome, 1-2 December 2004

REPORT AND RECOMMENDATION OF THE PRESIDENT

TO THE EXECUTIVE BOARD ON A PROPOSED LOAN TO THE

REPUBLIC OF THE SUDAN

FOR THE

WESTERN SUDAN RESOURCES MANAGEMENT PROGRAMME

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CURRENCY EQUIVALENTS

Currency unit	=	Sudanese dinar (SDD)
USD 1.00	=	SDD 265
SDD 1.00	=	USD 0.0038

WEIGHTS AND MEASURES

1 kilogram (kg)	=	2.204 pounds (lb)
1 000 kg	=	1 metric tonne (t)
1 kilometre (km)	=	0.62 miles (mi)
1 metre (m)	=	1.09 yards (yd)
1 square metre (m ²)	=	10.76 square feet (ft ²)
1 acre (ac)	=	0.405 hectare (ha)
1 ha	=	2.47 ac
1 feddan (fd)	=	0.42 ha = 1.03 ac

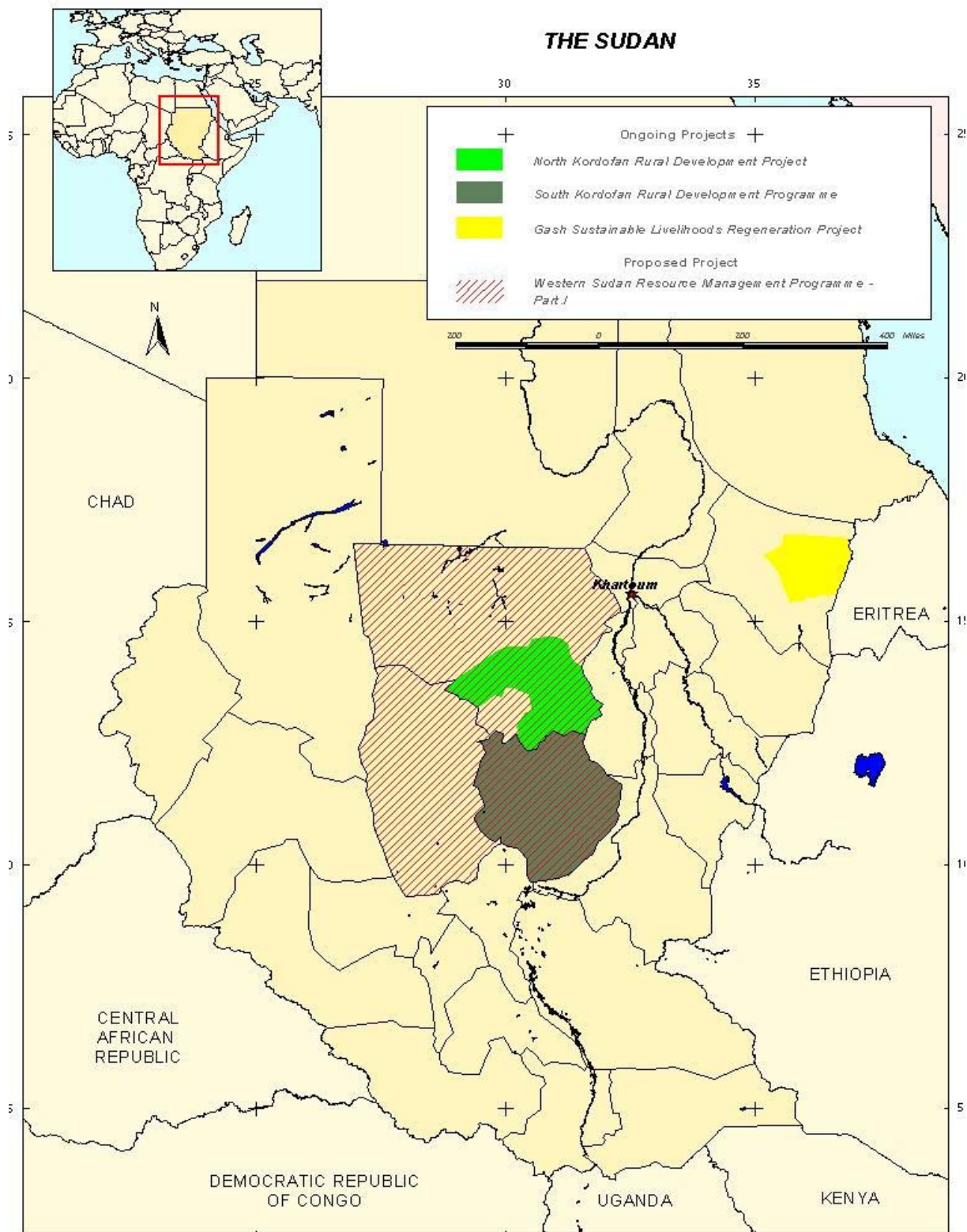
ABBREVIATIONS AND ACRONYMS

AWP/B	Annual Workplan and Budget
GDP	Gross Domestic Product
MAAWI	Ministries of Agriculture, Animal Wealth and Irrigation
NGOs	Non-Governmental Organizations
NKRDP	North Kordofan Rural Development Project
PCU	Programme Coordination Unit
PFI	Partner Financial Institution
PPC	Principal Programme Coordinator
SKRDP	South Kordofan Rural Development Programme
SPLM	Sudan People's Liberation Movement
UNDP	United Nations Development Programme
WSRMP	Western Sudan Resources Management Programme

**GOVERNMENT OF THE SUDAN
Fiscal Year**

1 January – 31 December

MAP OF THE PROGRAMME AREA



Source: IFAD.

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.

REPUBLIC OF THE SUDAN**WESTERN SUDAN RESOURCES MANAGEMENT PROGRAMME****LOAN SUMMARY**

INITIATING INSTITUTION:	IFAD
BORROWER:	Republic of The Sudan
EXECUTING AGENCY:	Federal Ministry of Agriculture and Forestry
TOTAL PROGRAMME COST:	USD 49 million
AMOUNT OF IFAD LOAN:	SDR 17.05 million (equivalent to approximately USD 25.5 million)
TERMS OF IFAD LOAN:	40 years, including a grace period of ten years, with a service charge of three fourths of one per cent (0.75%) per annum
COFINANCIERS:	To be determined
AMOUNT OF COFINANCING:	USD 8.6 million
TERMS OF COFINANCING:	To be determined
CONTRIBUTION OF BORROWER:	USD 12.8 million
CONTRIBUTION OF BENEFICIARIES:	USD 1.6 million
CONTRIBUTION OF PARTICIPATING FINANCIAL INSTITUTION	USD 500 000
APPRAISING INSTITUTION:	IFAD
COOPERATING INSTITUTION:	United Nations Office for Project Services (UNOPS)

PROGRAMME BRIEF

Programme beneficiaries. The indirect and direct beneficiary population has been identified on the basis of the main investment thrusts of the programme, i.e., natural resource management, marketing, extension and community development. An estimated 200 000 households, living around 17 stock routes and six markets in the programme area of North, South and West Kordofan will benefit from the programme. Out of these, it is anticipated that 44 000 settled households and 7 000 pastoralist households will be direct beneficiaries. Women will be mainstreamed into the programme activities through a series of direct and proactive targeting measures.

Causes of poverty. Poverty in the programme area affects 50-75% of the population. Its main characteristics are lack of food self-sufficiency, high cost of accessing water, limited labour force, access to land on a sharecropping or gift basis, limited livestock holdings and an absence of off-farm labour. Poverty is perpetuated through low input and low output agriculture, which renders smallholder farmers incapable of long-term asset accumulation, and vulnerable to decapitalization (especially of livestock) and displacement as a result of drought and civil strife. The main causes of poverty are linked to low economic and social investment in the traditional rainfed sector; the inefficient governance of land and water resources, which creates notions of scarcity and fuels conflicts; and high margins on product prices due to poor transportation infrastructure.

Programme assistance to the target group. The programme plans to assist the pastoralist and farming communities through: (i) land zonation for herding and for traditional and mechanized farming to limit encroachment; (ii) demarcation of the stock routes based on land zonation and registration of the stock routes to herders' groups; (iii) improved access to water for domestic and livestock use; (iv) marketing modalities that improve the market value of the crop or animal sold; (v) improved coverage of extension services; and (vi) strengthening the role and accountability of community and local government organizations. Destitute households also form part of the target group. These households basically survive on wage labour and charity, and constitute 15% of the population. The programme will assist this section of the population through livestock restocking, vocational training and the financing of value added enterprises. To ensure that women participate in the programme and benefit from its assistance, safeguards are provided in the form of: (i) the recruitment of women extension workers to reach out to rural women; (ii) gender sensitization and training as part of the capacity-building of community organizations; and (iii) quotas for women's participation in technical activities and in community organizations.

Beneficiary participation. The programme will create an enabling environment for strengthening community organization by: (i) promoting legal incentives for the devolution of natural resource management to user communities; (ii) providing market-based incentives for community organizations through the dissemination of market information, the piloting of the market pre-finance system and an open auction system for livestock; and (iii) making resources available for reinforcing community organizations and locality outreach systems. A poverty-based and gender-disaggregated monitoring system, based on the results and impact management system, will ensure that participation and benefits are equitable.

Innovative features. The programme uses institutional learning gained over two decades to leverage natural resource governance reforms deemed necessary for poverty reduction. The programme is also piloting marketing initiatives with the ultimate aim of providing market-based incentives to producers and the State for the efficient allocation and management of natural resources. The programme's design and subsequent implementation will serve as a model for negotiating and establishing appropriate natural resource management practices that respond to the needs of poor women and men and constitute an instrument for resolving land and water-based conflicts.

**REPORT AND RECOMMENDATION OF THE PRESIDENT OF IFAD
TO THE EXECUTIVE BOARD ON A PROPOSED LOAN TO THE
REPUBLIC OF THE SUDAN
FOR THE
WESTERN SUDAN RESOURCES MANAGEMENT PROGRAMME**

I submit the following Report and Recommendation on a proposed loan to the Republic of The Sudan for SDR 17.05 million (equivalent to approximately USD 25.5 million) on highly concessional terms to help finance the Western Sudan Resources Management Programme. The loan will have a term of 40 years, including a grace period of ten years, with a service charge of three fourths of one per cent (0.75%) per annum. It will be administered by the United Nations Office for Project Services (UNOPS) as IFAD's cooperating institution.

PART I – THE ECONOMY, SECTORAL CONTEXT AND IFAD STRATEGY¹

A. The Economy and Agricultural Sector

1. The Sudan, with a total land area of about 2.4 million km², is the largest country in Africa and one of the poorest countries in the world. The population is around 33 million and is growing at about 2.2% per year. By the most conservative estimates, about 20 million people in 2002 were living below the poverty line of less than USD 1.0 per day. Poverty in The Sudan is mainly a rural phenomenon, and the level of poverty is closely linked to the strength of agricultural productivity. A low input/low output subsistence model has prevailed in the traditional sector due to the poor governance structure of natural resources, limited investments in the rainfed sector and protracted civil strife.
2. In 1997, the Government engaged in a programme of economic reform monitored by the International Monetary Fund, which yielded considerable gains in macroeconomic stabilization. Gross Domestic Product (GDP) growth averages about 6% per annum, inflation has stabilized at around 8% and there is a surge in foreign investment, mainly in the oil sector. The country's resources, however, continue to be drained by security expenditure and by an external debt that is projected at USD 25.0 billion for the end of 2003, equivalent to 135% of GDP. Concomitantly with the economic reforms, the Government also engaged in reforming public administration by decentralizing executive powers to local government.
3. The economy is predominantly agricultural, with 70% of the population deriving their livelihoods from this sector. In 2001, agriculture contributed 39% of GDP and continues to be a major export sector. The three major farming systems are: (i) irrigated; (ii) rainfed and semi-mechanized; and (iii) rainfed traditional agriculture, respectively accounting for 29%, 9% and 61% of agricultural production. Within the sector, crop production represents 53% of agricultural output, livestock 38%, and forestry and fisheries, 9%. Generally, The Sudan can now produce enough basic food to feed its population. Food security at the national level, however, can be compromised by inter-annual and geographical variations, combined with serious distribution problems due to poor market organization and shortages of stores and roads.
4. Economic reforms are expected to be pursued under the forthcoming North-South Peace Agreement. The peace protocols negotiated to date between the Government of The Sudan and the Sudan People's Liberation Movement (SPLM) establish the mechanisms for the redistribution of

¹ See Appendix I for additional information.

wealth and power. Three elements are particularly significant in this regard: (i) the strengthening of the decentralized government and its fiscal resource base; (ii) the emphasis on land tenure reform; and (iii) the establishment of the Fiscal and Financial Allocation and Monitoring Commission to ensure transparent and fair allocation of nationally collected funds to the states. The signing of the comprehensive peace agreement is pending the finalization of the security arrangements and of the detailed plan for the implementation of the peace protocols.

5. Since 2003, the conflict in Darfur has escalated to a humanitarian crisis and underscores the imperative need to ensure balanced development across the various regions of The Sudan. The international community has issued two United Nations resolutions calling on the Government to facilitate the access of humanitarian aid, and to disarm the Janjaweed militia and bring them to justice. In the case of non-compliance, the United Nations will consider imposing economic sanctions on the Government. The main impact of the conflict to date is its human toll and economic costs. In addition to the food gap created by the loss of the rainy season in Darfur, rainfall has been below average in the other rainfed areas, threatening serious food shortages in 2005. Furthermore, the livestock trade in Darfur has been shifted to Kordofan, further increasing the pressure on range and water facilities. Despite the conflict in Darfur, the Kordofan states remain generally secure from strife and banditry.

B. Lessons Learned from Previous IFAD Experience

6. Since 1979, IFAD has financed a total of 12 investment projects in The Sudan with a loan amount of SDR 147 million. This has mobilized USD 129.77 million of government funding, USD 143.0 million in cofinancing and USD 7.8 million in beneficiary contributions. The most relevant lessons for the Western Sudan Resources Management Programme (WSRMP) pertain to the factors strengthening the poverty reduction impact of projects in rainfed areas, particularly the decentralization process, the transition from conflict to peace, community organization and the empowerment of women.

7. The decentralization process has been volatile since 1998, with the constant reorganization of the competencies and powers of local government. In spite of its acquired powers, local government remains weak because it lacks resources and an adequate fiscal base. IFAD-financed projects have tried to cope with these changes by investing in community organization, establishing cost-efficient outreach services at the locality level, and negotiating community-based delivery of social services.

8. This grass-roots level investment focus has also enabled the ongoing South Kordofan Rural Development Programme (SKRDP) – located in a past area of conflict – to reach out to communities in Government and rebel-held territories. The entry point has been to work with communities that have been split by the conflict boundaries to distribute agricultural inputs (seeds, tools and veterinary care) to improve food security and community resilience to crop failure and disease outbreaks. The most successful mediators in this regard have been the local leaders, non-governmental organizations (NGOs) and local extension teams. Three key features specific to the design of the SKRDP have made this outreach possible: (i) the state-wide coverage of the programme; (ii) its community approach; and (iii) a programme management team that is accessible to communities and sensitive to issues of equity.

9. Introducing self-reliance and gender-mainstreaming concepts requires time. In the context of the ongoing North Kordofan Rural Development Project (NKRDP) and the SKRDP, the change that occurred in three to four years of project operation in community attitude, from dependency on aid to self-reliance is remarkable and promising. As regards women's empowerment, their participation in community decision-making is still nominal. Projects have introduced leadership training for women and gender-sensitization for local leaders, and established mechanisms to hold women and men accountable for their performance in the management of community organizations.

10. The sustainability of these programmes and projects and their poverty reduction impact could be further enhanced by: (i) addressing usufruct rights over farmland and grazing land, and establishing incentives for investments in land productivity and land care; (ii) removing institutional and organizational barriers to water planning and investment, and devolving water management to users or other accountable organizations; (iii) reducing marketing margins so that gains in productivity accrue proportionally to farmers; and (iv) mobilizing additional state investment in the agricultural sector. Long-term poverty reduction in the rainfed areas is thus premised on a combination of community-managed investments coupled with reforms in land, water and trade that aim to improve the productivity of smallholder agriculture and the development impact of state budgeting and investment.

C. IFAD's Strategy for Collaboration with The Sudan

The Sudan's Policy for Poverty Eradication

11. The Government has completed its draft interim poverty reduction strategy paper for northern Sudan and the SPLM has also prepared its vision for a poverty reduction strategy. Both parties met in Kenya in September 2004 to produce a national poverty eradication strategy that prioritizes the primary causes of poverty in The Sudan due to socio-economic factors, restricted political inclusion and inadequate policies. Issues of war, civil strife, environmental degradation and weak infrastructure are considered secondary causes of poverty and a ramification of the primary causes. The main policy elements of the national poverty eradication strategy include: (i) macroeconomic stabilization; (ii) strengthening of the decentralization process and empowerment of local communities; and (iii) prioritizing investments in the traditional rainfed areas and sound natural resource management. The latter policy element is a significant shift from past policies that have had a major bias for urban areas and irrigated agriculture. The WSRMP is therefore firmly grounded within the national policy framework of the interim period and will provide the instruments to lead the major policy transition in the area of natural resource governance.

Poverty Eradication Activities of Other Major Donors

12. International financial institutions, and multilateral and bilateral donors who have suspended development assistance to The Sudan in the nineties are now reactivating their programmes. The most comprehensive and detailed framework for the recovery, reconstruction, and development of The Sudan is the Joint Assessment Mission (JAM) led by the World Bank and United Nations Development Programme (UNDP) under the sponsorship of the Intergovernmental Authority on Development (IGAD) Partner Forum.² The guiding principles of the JAM are poverty eradication, redressing regional disparities and achieving the Millennium Development Goals. IFAD is participating in the JAM, with specific input to the development of an agriculture sector strategy and to the design of short and medium-term interventions for smallholder agriculture in rainfed areas. The final document of the JAM is planned to be completed by end-2004, and will serve as an instrument for donor coordination and fund mobilization.

IFAD's Strategy in The Sudan

13. In the framework of IFAD's country strategic opportunities paper (COSOP) for The Sudan (2002), the Government and IFAD have agreed on a strategy that: (i) highlights the need to concentrate on the more disadvantaged populations in areas where rainfed agriculture predominates; (ii) promotes projects that have more direct relevance to the livelihood strategies of the target groups; (iii) empowers women to participate fully in the development process; (iv) encourages the use of investment projects to pilot critical policy reforms and to contribute to peace-building efforts;

² The IGAD Partner Forum is composed of the United States, Norway, United Kingdom and Italy.

(v) relies on an enhanced partnership with civil-society institutions; and (vi) is consistent with the main thrusts of the corporate strategic framework, the regional strategy and the Government's own poverty-reduction strategy.

14. In this context, the main thrust of the strategy is to support the livelihoods of target groups, focusing on improving the productive capacity of rural households and on creating an enabling institutional environment. The strategy's second thrust is to empower both men and women to participate fully in the development process. The third thrust is the promotion of good local governance. The field presence pilot programme was approved for The Sudan in 2003 and is set to be operational before the end of 2004. The main objectives of the programme are to strengthen government capacity in steering the land and water governance reforms that are increasingly forming an integral part of project development and to participate in donor coordination for the reconstruction and development of The Sudan.

Programme Rationale

15. The WSRMP was agreed to as part of the three-year lending framework presented in the COSOP, and as part of investments in the good governance of natural resources. On the basis of physical and human capital, the Kordofan states are considered among the poorest in The Sudan, with poverty in the range of 50-75%. Yet the production and trade of livestock and cash crops render these states major contributors to GDP growth at the national level. The local redistribution of such wealth at the state and household level is, however, constrained by limited investments in the rainfed sector, insecurity of land tenure stemming from land and water-based conflicts and high marketing margins. The result is a low input/low output production model that perpetuates vulnerability and traps households in poverty. In view of the larger focus of the ongoing NKRDP and SKRDP on the development of community productive capacity and social capital, the WSRMP addresses the reform of the governance of the land and water resources that underpin local livelihoods. Such reform will strongly promote development and peace in the programme area.

PART II – THE PROGRAMME

A. Programme Area and Target Group

16. The WSRMP area of North, South and West Kordofan covers a total of 380 000 km² and a rural population of 470 000 households. WSRMP interventions however will be concentrated around 17 stock routes and six markets in the Kordofan states, roughly corresponding to 200 000 households benefiting from the adoption of the reforms to the governance structure for natural resources. It is anticipated that direct beneficiaries adopting the WSRMP technical packages will total 44 000 settled households and 7 000 pastoralist households. Women and pastoralist communities will be mainstreamed into WSRMP activities, through a series of direct and proactive targeting measures.

B. Objectives and Scope

17. The overall **goal** of the WSRMP is to improve the equity, efficiency and stability of the economy of the three Kordofan states through rationalizing the regulation and use of natural resources, and enabling the access of poor households to productive services and fair terms of trade. The specific **objectives** of the programme will be to:

- (a) promote the establishment of a natural resources governance system that is equitable, economically efficient and environmentally sustainable;
- (b) enable the development of effective market chains to produce added value that are accessible to both women and men;

- (c) improve the livelihoods of rural poor households headed by both men and women and their access to productive and social services; and
- (d) strengthen capacity at the state and interstate levels to manage regional natural resources in a way that is sustainable and equitable, both socially and in terms of gender.

18. The WSRMP will be implemented over an eight-year period. At mid-term, its performance will be evaluated on the basis of trigger indicators whose satisfactory fulfilment will determine its continuation.

C. Components

19. The WSRMP will have five components: (i) natural resource management; (ii) rural financial services and marketing; (iii) community development and extension; (iv) rural feeder roads; and (v) institutional support.

Natural Resource Management

20. This component will contribute to: (i) the development of a governance structure for natural resources that is efficient, equitable and environmentally sustainable in the Kordofan states; (ii) increased biodiversity measured by the forage value of the range and by an increase in the wildlife count and in afforestation. Expanding on initiatives by NGOs and UNDP to resolve natural resource-based conflicts, the WSRMP will conduct demonstrations on the devolution of stock route/water/forestry management. These demonstrations will subsequently inform the development of a natural resource management strategy that lays the foundations for the reform of the natural resource governance structure. The main features of the reform proposal include the legal recognition of customary rights to land, vesting titles to land with community organizations and streamlining the competencies of the various stakeholder agencies. The WSRMP proposes a number of technical packages in pasture regeneration, investment in water facilities, introduction of small and large-scale water-harvesting techniques and the construction of quarantine facilities. The transboundary catchment area of Khor Abu Habil has been a source of dispute between the states of North and South Kordofan. As part of the programme, the states have agreed on a joint planning and development mechanism for this area that includes the rehabilitation of the irrigation canal of Semeih, downstream of the catchment, and the establishment of a nature reserve on Jebel ed Dair, a principal watershed.

Rural Financial Services and Marketing

21. The rural financial services aim to consolidate similar ongoing initiatives in North and South Kordofan, thus improving the capacity of rural financial institutions, and their outreach to poor men and women. In addition to investment finance and decentralized community credit and savings promotion, rural financial services also include a policy dialogue – coordinated with the field presence – on the restructuring of agricultural state-owned banks. The WSRMP will provide credit and grant funds to the recruited partner financial institution (PFI),³ technical assistance in the areas of loan tracking, savings mobilization and community-based microfinance, and will partially cover the operational costs of the PFI during the first two years of operation.

22. The marketing activities aim to reduce the costs of marketing transactions thus enabling producers to negotiate better terms of trade for their products. In addition to the rehabilitation and equipment of the markets, the WSRMP will pilot new activities. Market organizations at the community level will be formed, leading to the establishment of apex organizations at the market and regional levels. The main role of the apex organizations is to help small producers access markets on better terms, and to supervise the transparent functioning of the markets. Market pre-financing

³ The partner financial institution would be recruited from among existing state-owned and commercial banks active in the Kordofan region.

operations will also be piloted to enable producers to benefit from arbitrage gains. A market information network will be developed on the basis of the existing El Obeid and En Nahud market information centres. These centres will provide producers and traders with information on market prices and the volume of transactions in neighbouring and terminal markets. If proved effective, these activities will be replicated. The funds for the market pre-finance operation will be provided on a grant basis and will be administered by the PFI.

Community Development and Extension

23. The main outputs of the component are an improved productive asset base for poor households, and a greater coverage by extension and social services. The component includes support to settled and pastoral communities identified on the basis of their poverty and willingness to participate. The support encompasses capacity-building of community organizations, training in literacy and vocational skills, community-wide social services and household-targeted asset-building activities in favour of poor households and women (restocking activities, starter pack (seeds and tools) distribution). The activities aiming to increase agricultural productivity rely on a multi-layered system that links extension agents at the village, locality and state level in the areas of veterinary care and pest control. The village level extension operates on a cost recovery basis. The WSRMP will support the establishment and consolidation of revolving funds for veterinary drugs and plant protection, managed by the concerned departments in the State Ministries of Agriculture, Animal Wealth and Irrigation (MAAWI).

Rural Feeder Roads

24. Improved rural feeder roads will enhance trade and food security, and consolidate civil security. A list of 11 rural feeder roads that need to be rebuilt or constructed was identified in the central and southern parts of the WSRMP area. The final prioritization of the roads will be made on the basis of strengthening trade routes. The final priority list and the corresponding cofinancing plan will be confirmed 120 days after loan effectiveness. Road maintenance will be financed from the state and locality budgets.

Institutional Support

25. This component aims to strengthen the state's capacity for equitable economic planning and management, and to establish a mechanism to support effective interstate collaboration and decision-making. This will involve building the capacity of local government to address technical and institutional aspects of natural resource management. The regional land policy committee will be established as a forum for policy review and advocacy on natural resource governance. The committee will be composed of the principal stakeholders in land and water governance in North, South and West Kordofan, particularly the MAAWI, the state water corporation, the forestry national corporation, the Attorney-General, tribal leaders and the unions of pastoralists, farmers and women. The programme coordination unit (PCU) of WSRMP will play a key role in ensuring synergy among the interventions of the various implementing agencies, coherence with the ongoing projects in North and South Kordofan and the development of coalitions in support of natural resource governance reforms. The WSRMP will provide logistical and technical support to the various implementing and coordinating agencies.

TABLE 1: SUMMARY OF PROGRAMME COSTS^a
(USD million)

Components	Local	Foreign	Total	% of Foreign Exchange	% of Total Base Costs
1. Natural Resource Management	6.5	2.7	9.2	29	22
2. Rural Financial Services and Marketing					
a. Rural finance	1.5	0.5	2.0	26	5
b. Marketing	1.7	0.8	2.5	33	6
Subtotal	3.2	1.3	4.5	30	11
3. Community Development and Extension	4.8	1.9	6.7	28	16
4. Rural Feeder Roads	8.4	3.5	11.9	29	28
5. Institutional Support					
a. Support to local government	2.8	0.8	3.5	22	8
b. Support to local government and instrumentalities	1.3	0.3	1.6	18	4
c. Support for state coordination	1.1	0.2	1.2	15	3
d. Support for programme coordination	2.7	0.4	3.1	12	7
Subtotal	7.8	1.6	9.4	17	23
Total base costs	30.7	11.0	41.7	26	100
Physical contingencies	2.4	1.0	3.5	30	8
Price contingencies	3.0	0.9	3.9	23	9
Total programme costs	36.1	12.9	49.0	26	118

^a Discrepancies in totals are due to rounding.

TABLE 2: FINANCING PLAN^a
(USD million)

Components	IFAD		Cofinancier		Financial Institutions		Government		Beneficiaries		Total		Foreign Exchange	Local (Excl. Taxes)	Duties and Taxes
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%			
1. Natural Resource Management	8.2	77.3					1.6	15.0	0.8	7.7	10.6	21.6	3.1	6.3	1.2
2. Rural Financial Services and Marketing															
a. Rural finance	1.6	73.0			0.2	10.0	0.2	10.0	0.1	5.0	2.2	4.4	0.6	1.4	0.2
b. Marketing	1.7	60.7			0.3	10.7	0.8	28.6	0.0	0.1	2.8	5.8	1.0	1.4	0.4
Subtotal	3.3	66.0			0.5	10.5	1.1	22.0	0.1	2.0	5.0	10.2	1.6	2.8	0.7
3. Community Development and Extension	6.7	82.7					0.8	9.8	0.7	8.6	8.1	16.6	2.3	5.0	0.8
4. Rural Feeder Roads			8.6	60.0			5.6	39.0			14.3	29.1	4.2	7.5	2.6
5. Institutional Support															
a. Support to local government.	2.0	47.6					2.2	52.4			4.2	8.4	0.9	2.8	0.5
b. Support to local government and instrumentalities	1.5	88.0					0.2	12.0			1.8	3.8	0.3	1.3	0.2
c. Support for state coordination	0.5	34.9					1.0	66.0			1.5	3.0	0.2	1.1	0.1
d. Support for programme coordination	3.3	94.0					0.2	6.0			3.6	7.3	0.4	2.9	0.2
Subtotal	7.4	67.0					3.6	33.0			11.0	22.5	1.8	8.1	1.1
Total	25.5	52.0	8.6	17.6	0.5	1.0	12.8	26.0	1.6	3.2	49.0	100.0	12.9	29.8	6.3

^a Discrepancies in totals are due to rounding.

D. Costs and Financing

26. The total WSRMP costs, including price and physical contingencies, are estimated at USD 49.0 million over the eight-year implementation period, with a foreign exchange element of USD 12.9 million. The cost per beneficiary household amounts to about USD 245. The proposed IFAD loan of USD 25.5 million will finance 52% of total programme costs. The Government of The Sudan will contribute (at the federal, state and locality level) USD 12.8 million corresponding to 26% of the total costs. The beneficiaries will contribute the equivalent of USD 1.6 million through cash contributions, provision of labour and local material. The contribution of the PFI is estimated at USD 500 000. Cofinancing amounts to USD 8.6 million for rural feeder roads. The Organization of the Petroleum Exporting Countries Fund for International Development (OPEC Fund) has expressed initial interest in pledging USD 3.0 million, which should cover the financing of the Semeih-Kurgul priority road. The Government intends to approach a number of donors such as the Organization of the Petroleum Exporting Countries Fund for International Development, the Islamic Development Bank and the European Union, and will seek to formalize in 2005 a cofinancing plan for the rural feeder roads component either under a cofinancing agreement or under its own resources.

E. Procurement, Disbursement, Accounts and Audit

27. **Procurement.** The procurement of goods and services financed by the IFAD loan will be carried out in accordance with IFAD procurement guidelines. The major procurement categories for the WSRMP are civil works, vehicles and equipment, training and technical assistance, credit and grants. **Civil works** will be awarded following local competitive bidding procedures. In the case of **vehicles and equipment**, each contract for the supply of goods estimated to cost more than USD 100 000 equivalent will be awarded following international competitive bidding procedures. Goods supplied under contract estimated to cost between USD 10 000 and USD 100 000 equivalent will be procured following local competitive bidding procedures approved by IFAD. Local shopping will be used for minor items costing less than USD 10 000, under contracts awarded on the basis of the evaluation and comparison of bids from at least three suppliers.

28. The services of the **principal programme coordinator (PPC), the professional staff of the PCU and national and international technical assistance** will be procured in accordance with competitive procedures acceptable to IFAD. Their services, as well as those of consultants, organizations (including NGOs) and other appropriate implementing agencies, will be retained under contracts specifying terms of reference appropriate to the task, and designed to secure the services of individuals, firms and organizations with qualifications and experience satisfactory to IFAD.

29. The operation of the **credit** and pre-financing funds will be procured through a competitive selection process of the PFI. The selection process will be based on due diligence criteria. A performance-based subsidiary loan and grant agreement will outline the credit by-laws and performance standards for the operation of the rural financial services.

30. **Matching grants** will be made available, under the natural resource management, and community development and extension components, for community-wide water investments and social initiatives. Community contribution is estimated at 25%. Procurement will adopt local contracting modalities that fully involve the communities and are satisfactory to IFAD.

31. **Disbursement.** The IFAD loan will be disbursed over an eight-year period. Local expenditures for contracts costing less than USD 30 000 will be initially disbursed against certified statements of expenditure. Related supporting documents will be retained by the PCU for subsequent review by supervision missions and examined in the course of the annual audit of the WSRMP accounts. All other withdrawals from the loan account will be made on the basis of full supportive documentation.

The PFI will be pre-financed on the basis of the submitted annual workplan and budget (AWP/B), and contingent upon achieving an agreed loan recovery performance.

32. **Accounts.** The Government will open and maintain a Special Account in hard currency in the El Obeid branch of the Bank of Sudan (the Central Bank) or a commercial bank acceptable to IFAD. The special account will be established for the purpose of pre-financing IFAD's share of WSRMP expenditure, on terms and conditions satisfactory to IFAD. It will be used to make both foreign and local currency payments including disbursements to the WSRMP local account. The Special Account will be opened with an initial amount corresponding to IFAD's share of the first six months of WSRMP expenditure. For normal operating expenses, the Government will open and maintain a local programme account in Sudanese dinars in the branch of a commercial bank to be determined, and that is acceptable to IFAD. The Government will deposit an initial amount equivalent to six months of government contribution to the budget of the first year into the programme account, replenishing the account six-monthly in advance from its own resources in accordance with the consolidated AWP/B. The PPC and the financial controller of the PCU will be authorized to operate the Special Account and programme account. All organizations receiving programme funds, including the states and the PFI, will maintain separate accounts which will then be consolidated at the PCU level. The state PCUs will have an imprest account for WSRMP expenses in their respective states.

33. **Audit.** WSRMP management will contract a qualified external auditor, subject to approval by IFAD, to undertake an annual audit, including the implementing agencies. The external auditor will present certified audited accounts and a management report in long form within six months of the end of the financial year.

F. Organization and Management

34. The WSRMP will be placed at the federal level because of its interstate nature. The lead programme agency will be the Federal Ministry of Agriculture and Forestry. A small PCU based in El Obeid – the regional centre – will facilitate the execution of WSRMP interventions. In particular, the PPC will be given senior status in the governance structure, enabling him/her to facilitate interstate coordination and submit proposals for reforms in natural resource governance. State PCUs and coordination committees will be established to oversee WSRMP state-specific activities. The PPC will support the policy review and advocacy activities of the regional land policy committee. Community development committees will be established and registered as legal entities. They will organize the management of natural resources, the implementation of community-wide services, as well as activities to promote self-reliance among poorer households. The services and inputs that will have direct impact on the target group will be decentralized and provided by competent agencies from the respective state's government (namely the localities and MAAWI), the PFI, the private sector and NGOs. Technical backstopping will be provided from the relevant agency, for example, the forestry national corporation, SWC and Animal Health Administration. The programme coordination committee, chaired by the Federal Minister for Agriculture and Forestry or his designate, will be responsible for reviewing and approving the AWP/B, monitoring programme progress and ensuring inter-agency cooperation and impact-oriented management. This committee will be composed of two senior representatives of the Federal Ministry of Finance and National Economy (from the Departments of Development Budget and International Financial Cooperation), one senior representative from the Department of International Development and Investment of the Federal Ministry of Agriculture and Forestry, the Director General of the Forestry National Corporation, one representative from the Federal Ministry of Animal Wealth, one senior representative from the Ministry of Federal Government, a senior representative of the MAAWI and Ministry of Finance, Economy and Labour Force in each state, four senior representatives from the unions of pastoralists, farmers, gum arabic producers and water associations, one representative of the PFI, the Senior Coordinator of IFAD-financed projects in The Sudan, a representative of the United Nations ongoing

projects in natural resources management in the programme area and the PPC acting as the Secretary of the Committee.

35. **Gender mainstreaming.** Instruments used to achieve gender equity at implementation include: (i) deployment of women extension agents; (ii) analysis of the gender division of labour for the various production and marketing activities as part of the assessment of community needs and assets; and (iii) provision of training on literacy, numeracy, leadership and communication skills. In order to ensure that women's views are represented in the consultation on the natural resource management strategy and legislation, separate forums for women will be facilitated by the Women and Development Administration in the Ministry of Agriculture and Forestry, or by NGOs.

36. **Programme planning, monitoring and evaluation.** The AWP/B for the first year of WSRMP operations will be prepared as part of programme start-up activities and will be presented to IFAD within three months of loan effectiveness. In subsequent years, the development of the AWP/B of the WSRMP will engage all stakeholders, particularly community organizations, locality extension teams and the MAAWI. Planning will be based on monitoring results.

37. Programme monitoring and evaluation will be critical to the management of programme activities and will consequently inform the planning, communication and advocacy functions of the WSRMP. Given the dynamic institutional context of the WSRMP, monitoring indicators will include an analysis of the external environment with regard to the forecasting of drought and pest outbreak in the Kordofan area and in neighbouring areas, and progress in the signing of the comprehensive peace agreement and in the resolution of the conflict in Darfur. The WSRMP logical framework (logframe) has been streamlined with the results and impact management system and will implement the corresponding operational guidelines.

G. Economic Justification

38. The main benefits expected from the WSRMP are: (i) improvement in the incomes and asset-holdings of poor households through yield improvement, economically viable sized holdings of land and livestock and improved producer prices; (ii) equitable and stable access to land and water; (iii) improvement in the ecological status of the area, including its global flora and fauna resources; and (iv) increased state investments in the agriculture sector. At WSRMP maturity (ten years), the increase in productivity and revenue is estimated within the range of 50-100%. The economic internal rate of return for programme investments over 20 years is estimated at 16%.

H. Risks

39. The main external factors affecting WSRMP performance are drought and volatility in the decentralization process. The latter could stall progress in land reform and in streamlining decentralized government. The WSRMP will mitigate these risks by: (i) integrating the environmental warning system as part of the programme monitoring and contingency planning; (ii) building community resilience to drought by improved range management, water distribution and grain storage capacity; (iii) building coalitions and advocacy at the community level for the reform of natural resource governance; and (iv) establishing a cost-effective and competent extension and outreach system at the local level.

40. The conflict in Darfur is creating an ecological challenge to the local population in the programme area due to herd movement into Kordofan and the resulting pressure on the range and water facilities. Negotiations to resolve the humanitarian crisis in Darfur are ongoing. Enhancing community and state capability in Kordofan to address issues of natural resource governance is a strategy to contain the spread of land and water-based conflicts and eventually replicate these reforms in Darfur.

I. Environmental Impact

41. The WSRMP has been classified as environmental category B. Environmental degradation such as deforestation, land degradation and depletion of water resources will be addressed through the WSRMP's institutional and technical interventions. Increased biodiversity is one of the key outputs of the WSRMP.

J. Innovative Features

42. The WSRMP uses institutional learning gained over 20 years to leverage reforms in the governance of natural resources. It is also piloting marketing initiatives with the ultimate aim of providing market-based incentives to producers and the state government for efficient allocation and management of natural resources. The design and subsequent implementation of the WSRMP will constitute a model for negotiating and addressing appropriate natural resource management practices that respond to the needs of the poor and furnish an instrument for resolving land and water-based conflicts.

PART III – LEGAL INSTRUMENTS AND AUTHORITY

43. A loan agreement between the Republic of The Sudan and IFAD constitutes the legal instrument for extending the proposed loan to the borrower. A summary of the important supplementary assurances included in the negotiated loan agreement is attached as an annex.

44. The Republic of The Sudan is empowered under its laws to borrow from IFAD.

45. I am satisfied that the proposed loan will comply with the *Agreement Establishing IFAD*.

PART IV – RECOMMENDATION

46. I recommend that the Executive Board approve the proposed loan in terms of the following resolution:

RESOLVED: that the Fund shall make a loan to the Republic of The Sudan in various currencies in an amount equivalent to seventeen million and fifty thousand Special Drawing Rights (SDR 17 050 000) to mature on or prior to 1 December 2044 and to bear a service charge of three fourths of one per cent (0.75%) per annum, and to be upon such terms and conditions as shall be substantially in accordance with the terms and conditions presented to the Executive Board in this Report and Recommendation of the President.

Lennart Båge
President

**SUMMARY OF IMPORTANT SUPPLEMENTARY ASSURANCES
INCLUDED IN THE NEGOTIATED LOAN AGREEMENT**

(Loan negotiations concluded on 24 November 2004)

1. **Programme account.** The Government of the Republic of The Sudan (the “Government”) will open and thereafter maintain in the El Obeid branch of the Bank of Sudan a current account denominated in Sudanese dinars for programme operations (the “programme account”). The principal programme coordinator and the financial controller will be fully authorized to operate jointly the programme account.
2. **Counterpart funds.** The Government will make available to the PCU, during the programme implementation period, counterpart funds in an aggregate amount equivalent to USD 12.8 million in accordance with the programme implementation agreement, customary national procedures for development assistance and the AWP/Bs. For such purpose, the Government will deposit counterpart funds in an initial amount equivalent to USD 300 000 into the programme account to cover the first six months of programme implementation, and will thereafter replenish the programme account by depositing the counterpart funds called for in the AWP/B for the relevant programme year semi-annually in advance.
3. **Channelling of programme resources.** The PCU will transfer available funds and other resources called for in the AWP/Bs to: (i) implementing agencies; (ii) PFIs, in accordance with the PFI subsidiary agreement, to carry out the rural financial services and marketing component; and (iii) the states’ MAAWI, in accordance with the programme implementation agreement, to carry out the implementation of programme activities.
4. **Progress report.** In addition to the matters required by the general conditions, each progress report will detail agreed indicators within the result and impact management systems of IFAD. The list of indicators will be developed in the programme implementation manual.
5. **Programme implementation manual.** The PCU will prepare a draft programme implementation manual. The draft manual will include, among other things, articles of organization of the programme; procedures and criteria to be used by the PCU and the implementing agencies; the methodology for identification, appraisal and implementation of programme activities; the performance indicators; and the information management system. The lead programme agency will forward the draft manual to IFAD for comment and approval within the 90 days following the effective date. The programme coordination committee (PCC) will adopt the manual substantially in the form approved by IFAD.
6. **Programme implementation agreement.** The Government and the Kordofan states in the programme area will enter into a programme implementation agreement that will provide for the role and obligations of the parties in implementing the programme activities. The Government will submit a draft of the programme implementation agreement to IFAD for comment and approval before its signature.
7. **PFI subsidiary agreement.** The Government and the PFI will enter into an agreement that will include: (i) the PFI’s commitment to the goal and purposes of the programme; (ii) the PFI’s credit by-laws; and (iii) performance criteria for the PFI. The transfer of funds to the PFI will be contingent upon the PFI’s achievement of the agreed performance criteria. The draft of the PFI subsidiary agreement will be submitted to IFAD for comment and approval before its signature.

8. **Revolving funds.** In consultation with the PCU, the Animal Health Directorate and the Crop Protection Department of the MAAWI will establish and maintain a veterinary and plant protection revolving fund into which all net revenues from credits extended to programme beneficiaries financed by the programme loan agreement will be deposited.

9. **Suspension.** In addition to the events set forth in the general conditions that may cause IFAD to suspend the right of the Government to request withdrawals from the loan account, IFAD may – after notification to the Government – suspend the loan, in whole or in part, upon the occurrence of any of the following events:

- (a) The credit by-laws, or any provision thereof, have been waived, suspended, terminated, amended or otherwise modified without the prior consent of IFAD, and IFAD has determined that such waiver, suspension, termination, amendment or modification has had, or is likely to have, a material adverse effect on the rural financial services and marketing component.
- (b) The programme implementation manual, or any provision thereof, has been waived, suspended, terminated, amended or modified without the prior consent of IFAD, and IFAD has determined that such waiver, suspension, termination, amendment or modification has had, or is likely to have, a material adverse effect on the programme.
- (c) The programme implementation agreement, or any provision thereof, has been waived, suspended, terminated, amended or otherwise modified without the prior consent of IFAD, and IFAD has determined that such waiver, suspension, termination, amendment or modification has had, or is likely to have, a material adverse effect on the implementation of programme activities.
- (d) The PFI has suspended, cancelled or terminated the proceeds of its contribution in whole or in part, or any event has occurred that, with notice or the passage of time, could result in any of the foregoing.

10. **Insurance of programme personnel.** The Government will insure programme personnel against health risks to the extent consistent with the Government's national procedures.

11. **Recruitment of programme personnel.** The Government will ensure that, everything being equal, preference will be given to female candidates for programme staff positions.

12. **Pest management practices.** As part of maintaining sound environmental practices as required by the general conditions, the programme parties will maintain appropriate pest management practices under the programme and, to that end, the Government will ensure that pesticides procured under the programme do not include any pesticide either proscribed by the International Code of Conduct on the Distribution and Use of Pesticides of the Food and Agriculture Organization of the United Nations, as amended from time to time, or listed in Tables 1 (Extremely Hazardous) or 2 (Highly Hazardous) of the World Health Organization's Recommended Classification of Pesticides by Hazard and Guidelines to Classification, 1996-1997, as amended from time to time. All such pesticides will be approved by the competent authorities of the Government prior to their use.

13. **Tax exemption.** The Government will exempt from taxes the importation, procurement and supply of all goods, civil works and services financed by the programme loan. The value of such exemptions will be credited against the obligation of the Government to provide counterpart funds for the programme.

14. **Gender focus.** The Government will ensure that women are represented in the organization and management of the programme, in particular in implementing and decision-making posts of the PCU and the PCC. The Government will also ensure that gender equity considerations are integrated into all programme activities during the programme implementation period and that women beneficiaries participate in all programme activities and that they receive appropriate benefit from programme outputs.

15. **Mid-term review.** The Government will ensure that IFAD approves the selection of the team of consultants assisting in the mid-term review and that IFAD will directly recruit the team leader after consultation with the Government. The Government – through the lead programme agency – and IFAD will jointly carry out a review of programme implementation within the 36 months following the date of effectiveness based on terms of reference prepared by the PCU and approved by IFAD. The mid-term review may also recommend modifications to the percentages of eligible expenditures to be financed by the loan proceeds. Continuation of programme implementation will depend on a joint assessment by IFAD and the Government that the following indicators are being achieved:

- (a) satisfactory level of staffing and of financial support at the locality and state level;
- (b) effective participation by women in programme activities;
- (c) development of a natural-resource management strategy and approval of comparable policy and laws in the Kordofan states;
- (d) the main stock routes have been demarcated and are under user management;
- (e) community-based organizations have been formed in nomadic and semi-nomadic communities according to state and national laws;
- (f) negotiating mechanisms have been formulated and tested for solving natural-resource management conflicts;
- (g) modalities for marketing and financial services have been formulated and implemented; and
- (h) an effective, functioning monitoring and evaluation system is in place with a set of verifiable indicators for determining whether or not the programme is likely to achieve its long-term objectives.

16. **Financing of the rural feeder roads component.** The Government will ensure that at least 50% of the external sources of financing for implementation of the rural feeder roads component have been committed by the third year of the programme.

17. **Conditions precedent to disbursement.** The conditions precedent to disbursement are as follows:

- (a) No disbursement may be made from the programme loan proceeds with respect to civil works and grants until the programme implementation manual has been finalized and approved by IFAD and the PCC and until the programme implementation agreement between the Government and the Kordofan states has been approved by IFAD;

- (b) No disbursement may be made from the programme loan proceeds with respect to credit lines until: (i) the credit by-laws have been approved by IFAD in draft and a copy of the credit by-laws as adopted by the PCC, substantially in the form so approved and certified as true and complete by a competent officer of the Government, has been delivered to IFAD; (ii) a PFI subsidiary agreement has been approved by IFAD in draft and a copy of such PFI subsidiary agreement, as signed by the Government and such PFI, substantially in the form so approved and certified as true and complete by a competent officer of the Government, has been delivered to IFAD, and the signature and performance thereof by the principal programme coordinator and such PFI have been duly authorized or ratified by all necessary corporate, administrative and governmental action, and all conditions precedent to the effectiveness thereof have been fulfilled; and (iii) the veterinary and plant protection revolving fund has been established.

18. **Conditions of effectiveness.** The following are specified as conditions precedent to the effectiveness of the loan agreement:

- (a) the PCC has been duly established;
- (b) the PCU has been duly established and the principal programme coordinator and the financial controller have been selected and recruited;
- (c) the Government has duly opened the programme account and the special account;
- (d) the Government has made the initial deposit of counterpart funds into the programme account and an initial budgetary allocation of counterpart funds has been made available to the PCU;
- (e) the Government has submitted to IFAD the official commitment by the Kordofan states to the programme objectives and activities as stated in the loan agreement;
- (f) the programme loan agreement has been duly signed, and the signature and performance thereof by the Government have been duly authorized or ratified by all necessary administrative and governmental action; and
- (g) a favourable legal opinion, issued by the Ministry of Justice of the Government in form and substance acceptable to IFAD, has been delivered by the Government to IFAD.

APPENDIX I

COUNTRY DATA

THE SUDAN

Land area (km² thousand) 2002 1/	2 376	GNI per capita (USD) 2002 1/	370
Total population (million) 2002 1/	32.79	GDP per capita growth (annual %) 2002 1/	3.3
Population density (people per km²) 2002 1/	14	Inflation, consumer prices (annual %) 2002 1/	6
Local currency	Sudanese dinar (SDD)	Exchange rate: USD 1.00	SDD 265
Social Indicators		Economic Indicators	
Population (average annual population growth rate) 1996-2002 1/	2.2	GDP (USD million) 2002 1/	13 516
Crude birth rate (per thousand people) 2002 1/	33	Average annual rate of growth of GDP 1982-1992	2.8
Crude death rate (per thousand people) 2002 1/	10	1992-2002	5.6
Infant mortality rate (per thousand live births) 2002 1/	64	Sectoral distribution of GDP 2002 1/	
Life expectancy at birth (years) 2002 1/	58	% agriculture	39
Number of rural poor (million) (approximate) 1/	n/a	% industry	18
Poor as % of total rural population 1/	n/a	% manufacturing	9
Total labour force (million) 2002 1/	13.22	% services	43
Female labour force as % of total 2002 1/	30	Consumption 2002 1/	
Education		General government final consumption expenditure (as % of GDP)	6 a/
School enrolment, primary (% gross) 2002 1/	59 a/	Household final consumption expenditure, etc. (as % of GDP)	74 a/
Adult illiteracy rate (% age 15 and above) 2002 1/	40	Gross domestic savings (as % of GDP)	20 a/
Nutrition		Balance of Payments (USD million)	
Daily calorie supply per capita,	n/a	Merchandise exports 2002 1/	1 850
Malnutrition prevalence, height for age (% of children under 5) 2002 3/	n/a	Merchandise imports 2002 1/	1 790
Malnutrition prevalence, weight for age (% of children under 5) 2002 3/	17	Balance of merchandise trade	60
Health		Current account balances (USD million)	
Health expenditure, total (as % of GDP) 2002 1/	4 a/	before official transfers 2002 1/	-2 046
Physicians (per thousand people) 2002 1/	n/a	after official transfers 2002 1/	-926
Population using improved water sources (%) 2002 3/	75 a/	Foreign direct investment, net 2002 1/	392 a/
Population with access to essential drugs (%) 1999 3/	0-49	Government Finance	
Population using adequate sanitation facilities (%) 2002 3/	62 a/	Overall budget deficit (including grants) (as % of GDP) 2002 1/	-1 a/
Agriculture and Food		Total expenditure (% of GDP) 2002 1/	9 a/
Food imports (% of merchandise imports) 2002 1/	19	Total external debt (USD million) 2002 1/	16 389
Fertilizer consumption (hundreds of grams per ha of arable land) 2002 1/	49 a/	Present value of debt (as % of GNI) 2002 1/	123
Food production index (1989-91=100) 2002 1/	166	Total debt service (% of exports of goods and services) 2002 1/	1
Cereal yield (kg per ha) 2002 1/	503	Lending interest rate (%) 2002 1/	n/a
Land Use		Deposit interest rate (%) 2002 1/	n/a
Arable land as % of land area 2002 1/	7 a/		
Forest area as % of total land area 2002 1/	26 a/		
Irrigated land as % of cropland 2002 1/	12 a/		

a/ Data are for years or periods other than those specified.

1/ World Bank, *World Development Indicators*, CD ROM 2004

2/ UNDP, *Human Development Report*, 2000

3/ UNDP, *Human Development Report*, 2004

PREVIOUS IFAD FINANCING IN SUDAN

Project ID	Project Name	Initiating Institution	Cooperating Institution	Lending Terms	Board Approval	Loan Effectiveness	Current Closing Date	Loan/Grant Acronym	Denominated Currency	Approved Loan/Grant Amount	Disbursement as % of Approved Amount
20	Southern Region Agriculture Project	World Bank/IDA	World Bank: IDA	HC	27 Jun 79	14 Feb 80	30 Jun 85	L - I - 20 -SU	SDR	11 700 000	91
39	New Halfa Irrigation Rehabilitation Project	World Bank/IDA	World Bank: IDA	HC	07 May 80	17 Feb 81	31 Dec 88	L - I - 39 -SU	SDR	11 950 000	96
134	Northern Region Agricultural Rehabilitation Project	IFAD	World Bank: IDA	HC	13 Sep 83	19 Jul 84	31 Dec 93	L - I - 134 -SU	SDR	9 500 000	89
155	Stock Route Project	IFAD	World Bank: IDA	HC	12 Sep 84	18 Oct 85	31 Dec 92	L - I - 155 -SU	SDR	5 950 000	96
181	Western Savannah Project – Phase II	World Bank/IDA	World Bank: IDA	HC	06 Dec 85	27 Nov 86	30 Jun 94	L - I - 181 -SU	SDR	9 450 000	96
268	Southern Roseires Agricultural Development Project	IFAD	UNOPS	HC	02 Oct 90	10 Jan 92	31 Mar 00	G - I - 212 -SU	SDR	40 000	86
268	Southern Roseires Agricultural Development Project	IFAD	UNOPS	HC	02 Oct 90	10 Jan 92	31 Mar 00	L - I - 268 -SU	SDR	7 500 000	100
304	Northern Province Irrigation Rehabilitation Project – Phase II	IFAD	World Bank: IDA	HC	15 Apr 92	10 Mar 93	31 Dec 98	L - I - 304 -SU	SDR	4 350 000	98
304	Northern Province Irrigation Rehabilitation Project – Phase II	IFAD	World Bank: IDA	HC	15 Apr 92	10 Mar 93	31 Dec 98	L - S - 32 -SU	SDR	4 350 000	99
448	En Nahud Cooperative Credit Project	IFAD	UNOPS	HC	30 Nov 88	15 Mar 89	31 Dec 98	G - S - 13 -SU	SDR	520 000	89
448	En Nahud Cooperative Credit Project	IFAD	UNOPS	HC	30 Nov 88	15 Mar 89	31 Dec 98	L - S - 16 -SU	SDR	6 550 000	101
459	Northern Province Irrigation Rehabilitation Project	IFAD	World Bank: IDA	HC	03 Dec 86	07 Dec 87	30 Jun 98	L - S - 5 -SU	SDR	8 050 000	94
465	White Nile Agricultural Services Project	IFAD	UNOPS	HC	15 Sep 93	18 Jan 95	30 Jun 02	L - S - 36 -SD	SDR	7 600 000	100
1045	North Kordofan Rural Development Project	IFAD	IFAD	HC	28 Apr 99	14 Jun 00	31 Dec 07	L - I - 501 -SD	SDR	7 750 000	68
1140	South Kordofan Rural Development Programme	IFAD	UNOPS	HC	14 Sep 00	12 Feb 01	30 Sep 11	G - I - 508 -SD	SDR	115 000	100
1140	South Kordofan Rural Development Programme	IFAD	UNOPS	HC	14 Sep 00	12 Feb 01	30 Sep 11	L - I - 544 -SD	SDR	13 300 000	43
1263	Gash Sustainable Livelihoods Regeneration Project	IFAD	UNOPS	HC	18 Dec-03	12 Aug 04	30 Sep 12	630-SD	SDR	17 450 000	0

HC: Highly concessional

IDA: International Development Association (World Bank Group)

LOGICAL FRAMEWORK

Narrative	Indicators	Means of Verification	Assumptions
<p>Goal: To improve the equity, efficiency and stability of the economy of the Kordofan States through rationalising the use of natural resources, enabling access of poor households to productive services and fair terms of trade.</p>	<ul style="list-style-type: none"> • Increase in revenues from agriculture sector in the Kordofan States • % of poor households whose livestock and land assets increased • % increase in average women holding of land and livestock • % decrease in child malnutrition 	<p>State and locality budgets Socio-economic surveys, at start, mid-term, completion, and 3 years after completion of programme</p> <p>Weight/age (UNICEF Reports)</p>	<p>Political and macroeconomic stability</p>
<p>Objectives:</p> <ol style="list-style-type: none"> 1. To enable the development of a natural resources governance that is equitable, economically efficient, and environmentally sustainable. 2. To enable the development of effective market chains for produce added value that are accessible to men and women. 3. To improve livelihoods of the poor and their access to productive and social services. 4. To strengthen capacity at state and inter-state level to manage natural resources in way that is sustainable, and socially and gender equitable 	<ul style="list-style-type: none"> • NRM strategy passed into law and State roles, responsibilities and resources vis a vis NRM are clearly defined. • % operational community organizations. • Decrease in marketing transaction costs. • % increase in market throughput <ul style="list-style-type: none"> • Increase in food self-sufficiency of poor households, and in cash earnings. <ul style="list-style-type: none"> • % of State budget allocated to agriculture and natural resources management activities. 	<p>State records Market records Socio-economic surveys</p>	<p>Commitment of Federal Government to devolution of natural resources management with adequate responsibilities, powers and resource base</p> <p>Contingency planning and environmental early warning systems streamlined into policy-making.</p> <p>Roles and mandates of States institutions are revised.</p>

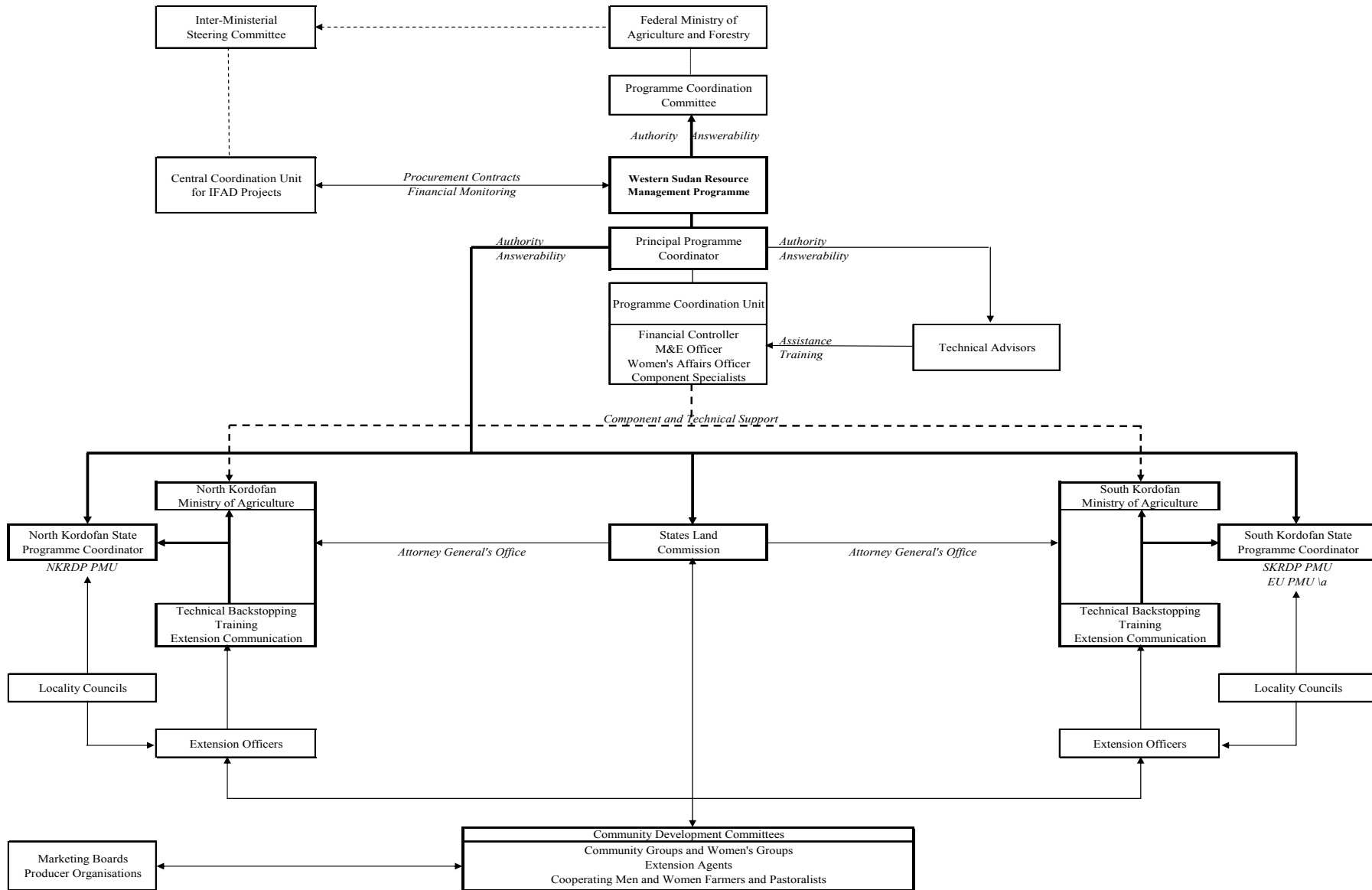
<p>Outputs from NRM Component: 1. Harmonised natural resources legislation voted and implemented with clear access and use rights, appeal and arbitration mechanisms, for farmland, grazing land, forest land and water.</p>	<ul style="list-style-type: none"> • Land uses zoned and demarcated in Ha (stock routes, agricultural, wildlife sanctuaries). • % of operational water points • Mechanism for managing Khor Abu Habil transboundary resources agreed upon by North and South Kordofan states. • Mechanised farming lease rents are increased. • Encroachment on farm/grazing land decreased 	<p>GIS mapping (at project start and continuous update) Legislation enacted State and locality records for water points and their operation status Semeih irrigation scheme records MAAWI records for leases and revenues of mechanised farms. Court documents on natural resources use conflicts Organizational assessment of pastoralist/farmers organizations. the range department in MAAWI, and forestry national corporation (annual assessments)</p>	<p>Commitment among states governments, pastoralists and settled farming communities to the vision of agricultural development based on crop production and extensive animal production.</p>
<p>2. Biodiversity in the programme area increased.</p>	<ul style="list-style-type: none"> • % increase in carrying capacity of the range. • % increase in wildlife count • % decrease in deforestation 	<p>Wildlife count Environmental assessment (at beginning of project, every two years) Community based NRM groups' records</p>	
<p>Outputs from Marketing and Financial Services Component: 3. Increased returns from sales of surplus production</p>	<ul style="list-style-type: none"> • % producers' benefit from arbitrage gains. • % increase in added value enterprises on the market and their economic viability • % of women entrepreneurs and viability of their businesses 	<p>Market surveys (seasonal surveys)</p>	<p>Market boards and localities adopt transparent procedures to regulate and oversee market transactions</p>
<p>4. Improved food security at household and locality level</p>	<ul style="list-style-type: none"> • % decrease in price paid for staple crops at the beginning of the rainy season 	<p>Market surveys (seasonal) State and locality records</p>	<p>Contingency planning and environmental early warning system streamlined into marketing and production forecasts</p>

5. Improved capacity and outreach of rural financial institutions.	<ul style="list-style-type: none"> • % increase in number of women and men borrowers. • Loan repayment by gender, in investment finance and microfinance window. • % portfolio at risk, in investment finance and microfinance operations. 	Records of the financial institution and the intermediary community organizations (annual assessments)	Capitalization of banks and clear organizational development plans for financial institutions.
<p>Outputs for Community Development and Extension Component:</p> <p>6. Productive asset base of the poor households improved</p> <p>7. Improved coverage of extension services</p> <p>8. Improved coverage of social services</p>	<ul style="list-style-type: none"> • No. of poor households receiving in kind loans of livestock , starter packs, vocational training • % female headed households receiving in kind loans of livestock , starter packs, vocational training • No. women and men beneficiaries of extension services, in pastoralist and settled communities • No. boys and girls enrolled in schools • No. of cases followed up by midwives. 	<p>Community needs and asset assessment (done with each beneficiary community at start of activities, and annually)</p> <p>Locality records (annual) Community groups recording</p> <p>Social services' records (annually) Locality records (annually) Community groups records (annually)</p>	<p>Appropriate forecasting of drought and epidemic livestock disease risks</p> <p>Social and productive services remain decentralised at locality level</p>
<p>Outputs for Institutional Support Component:</p> <p>9. State capacity for equitable economic planning and management strengthened.</p> <p>10. Mechanism to support inter-state collaboration and decision-making working effectively.</p>	<ul style="list-style-type: none"> • No., profile and gender of deployed technical and extension staff in agriculture and natural resources management. • Ratio field days/ desk work for extension staff. • PCU formed, autonomous, and operational. • Regional Land Policy Committee established and meeting regularly. • Programme decision-making linked to management information system. 	<p>Institutional analysis of State governments (bi-annual). State budgets (annual)</p> <p>Supervision reports Minutes of the Programme Coordination Committee (quarterly) Minutes of the Regional Land Policy Committee AWP/B and monitoring reports of the Programme (annual)</p>	<p>Decentralisation provides state and locality governments with adequate fiscal resources</p> <p>PCU is vested with the required power and authority to steer and coordinate inter-state collaboration and conformation</p>

<p>Activities under the NRM Component NRM strategy development Stock route rehabilitation Forestry management plan Water investments (domestic and livestock supply, water harvesting, rehabilitation of the Semeih flood irrigation scheme) Quarantine development</p>	<p>Strategy document presented to legislature. No., location of re-opened stock routes No. forest management plans. No., location, type of water facilities rehabilitated/reconstructed No. of area under\water harvesting Area rehabilitated in Semeih and area under cultivation Wildlife/nature preserve established. No. native species re-introduced. No. quarantine constructed.</p>	<p>Inputs: (Costs, incl. contingencies) Civil works: USD 3.9 mil Vehicles: USD 0.3 mil Equipment: USD 1.6 mil Training, technical assistance, studies: USD 1.2 mil Grants: USD 2.9 mil Salaries: USD 0.5 mil Operational costs: USD 0.2 mil Total: USD 10.6 mil</p>	
<p>Activities under the Rural Financial Services and Marketing Component Recruitment of PFI for credit delivery and savings mobilization Monitoring of PFI performance Policy dialogue on bank restructuring Development of market organizations and their apex organizations at market and state levels Pilot of market pre-financing in 2 locations Set up a network of market information centers Physical rehabilitation of selected markets</p>	<p>Evaluation sheet of selected PFI and relative comparison of capabilities with other similar organizations. No. of borrowers disaggregated by gender, poverty and type of community (pastoralist/settled) Type of loans and average loan size, disaggregated by gender PFI reports on rural finance activities Main decisions reached and implemented with regards bank restructuring. No. of market organizations and % women membership and participation in board of these associations Annual cost/benefit analysis of the market pre-financing pilot activity No. market information centers established. No. markets rehabilitated.</p>	<p>Inputs: (Costs incl. contingencies) Vehicles: USD 0.6 mil Training, technical assistance, studies: USD 0.5 mil Credit and grant: USD 1 mil Recurrent costs: USD 0.1 mil Total: USD 2.2 mil Inputs: (Costs incl. contingencies) Civil works: USD 0.8 mil Vehicles: USD 0.5 mil Equipment: USD 0.4 mil Training, technical assistance, studies: USD 0.2 mil Grant: USD 0.6 mil Salaries: USD 0.2 mil Operation and maintenance: USD 0.1 mil Total: USD 2.8 mil</p>	

<p>Activities under the Community Development and Extension</p>			
<p>Community mobilization and organization. Activities aimed at empowering women Activities in support of the poorest Community initiatives fund Capacity building of multi-disciplinary extension teams at locality level Capacity building of village extension system working on a cost recovery basis</p>	<p>No. of communities nominated, screened, selected % of pastoralist communities No. community organizations formed. % women participation in membership and board of these organizations % women beneficiaries from social and economic skill training, restocking activities, agricultural activities % poor households accessing in-kind credit No. extension cadre and ratio women/men Training received by extension cadre No. village extension agents trained, disaggregated by gender No. demonstrations and types No. beneficiaries from extension services, disaggregated by gender</p>	<p>Inputs: (Costs incl. contingencies) Civil works: USD 2.6 mil Equipment: USD 1 mil Training, technical assistance, studies: USD 1.2 mil Credit: USD 0.7 mil (revolving fund for vet and phytosanitary products). Grant: USD 2.6 mil Total: USD 8.1 mil</p>	
<p>Activities under the rural feeder roads component Construction and maintenance of approximately 500 km of rural feeder roads along trade routes</p> <p>Activities under institutional support Support to localities Support to State Government and instrumentalities Support to state coordination unit Support to Programme coordination unit</p>	<p>No. km of roads constructed No. km maintained Source of funding for the road maintenance: % of locality/State funding</p> <p>Type and no. of vehicle, equipment, training provided at locality and state level % women professionals in staffing of state coordination unit, % women professionals in staffing of the Programme coordination unit</p>	<p>Inputs: (Costs incl. contingencies) Civil works: USD 10.2 mil Operation and maintenance: USD 4.1 mil Total: USD 14.3 mil</p> <p>Inputs: (Costs incl. contingencies) Civil works: USD 0.6 mil Vehicles: USD 1.5 mil Equipment: USD 0.6 mil Training, technical assistance, studies: USD 2.9 mil Salaries: USD 3.8 mil Operation and maintenance: USD 1.5 mil Total: USD 11 mil.</p>	

ORGANIGRAMME



Note \a: Proposed EU Productive Capacity Recovery Programme intervention

