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Enabling poor rural people
to overcome poverty

Republic of The Sudan

Country strategic opportunities programme

Executive Board — Ninety-sixth Session
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For: **Review**

Note to Executive Board Directors

This document is submitted for review by the Executive Board.

Directors are invited to contact the following focal point with any technical questions about this document:

Rasha Omar

Country Programme Manager
telephone: +39 06 5459 2089
e-mail: r.omar@ifad.org

Queries regarding the dispatch of documentation for this session should be addressed to:

Deirdre McGrenra

Governing Bodies Officer
telephone: +39 06 5459 2374
e-mail: d.mcgrenra@ifad.org

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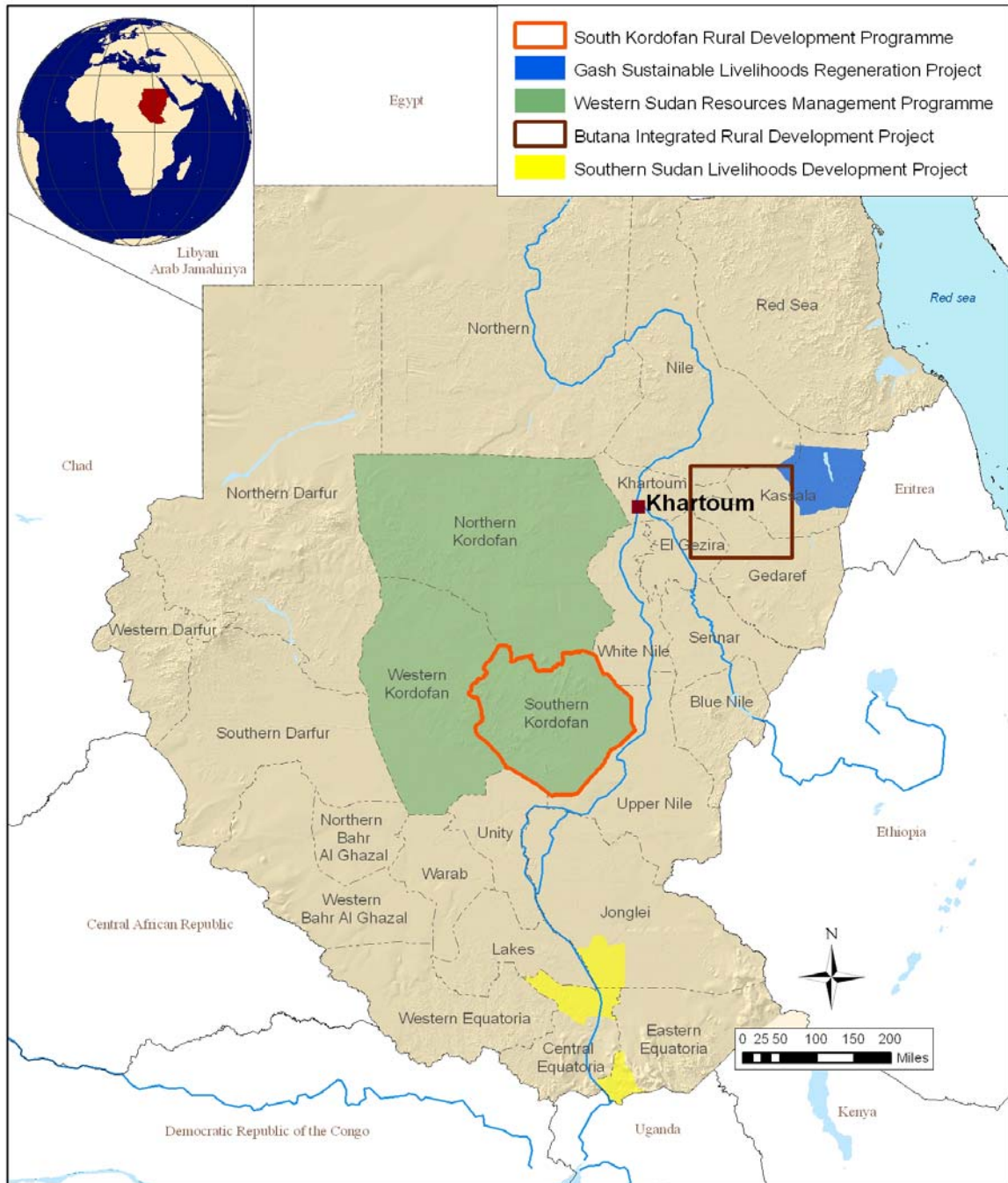
Abbreviations and acronyms

COSOP	country strategic opportunities programme
CPA	Comprehensive Peace Agreement
CPMT	country programme management team
FAO	Food and Agriculture Organization of the United Nations
HIPC	Heavily Indebted Poor Country
M&E	monitoring and evaluation
MDGs	Millennium Development Goals
MFI	microfinance institution
NKRDP	North Kordofan Rural Development Project
UNDP	United Nations Development Programme

Map of IFAD operations in the country

The Republic of The Sudan

IFAD operations in the country



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

Summary of country strategy

1. This results-based country strategic opportunities programme (COSOP) 2009-2012 for The Sudan is the second COSOP that IFAD has developed for the country. It takes into account the new governance structure established as a result of the Comprehensive Peace Agreement signed in 2005, and was formulated in consultation with both the Government of National Unity and the Government of Southern Sudan. The country programme seeks to: (i) leverage opportunities for rural poverty reduction created by the peace agreement and the centrality of agricultural development in both Governments' economic growth strategies, while mitigating the economic risks resulting from falling oil prices; and (ii) enable poor rural people to cope with the political risks related to continued civil and resource-based conflicts, and with the environmental risks linked to climatic variability.
2. The COSOP will focus on building the financial and social asset base of poor rural people in support of their adaptive capacities and their ability to influence policy decisions that affect them. The overall goal is to empower poor rural people so that they can increase their food security, incomes and resilience to shocks. This will be achieved through the three strategic objectives described below.
3. **Strategic objective 1: Increased capacity of producers' organizations to participate in policy planning and monitoring for sustainable development.** Community and producers' organizations, as well as state governments, are the primary agents for the replication of successful poverty reduction models. This entails strengthening the representation of community organizations, cooperatives, specialized producers' organizations, and women's, farmers' and pastoralists' unions, and their capacities to articulate the priorities of poor rural people and to plan and monitor pro-poor policy reforms. The country programme will address three policy issues: an increased budgetary allocation to the rainfed sector; devolution of water management to users' organizations; and sustainable microfinance services supported by an enabling policy framework.
4. **Strategic objective 2: Increased access of poor rural people to agricultural services.** The COSOP 2002-2008 developed models for decentralized public and private extension services. The adaptation of these models for efficiency and sustainability and their replication will be further supported to ensure the continued supply of inputs and the wider coverage of technical advisory services.
5. **Strategic objective 3: Increased access of poor rural women and men to markets and microfinance.** Market analysis shows that transportation, transaction costs and access to finance are the three main factors determining producers' output prices. Four types of interventions will therefore be supported: (i) construction/rehabilitation of rural feeder roads; (ii) support to agroprocessing and storage operations that increase added value (iii) organization of producers to decrease market transaction costs and, where possible, shorten the value chain; (iv) capacity-building of microfinance organizations and extension of their outreach to rural areas. This will involve replicating and further adapting the microfinance model based on *sandugs* (member-based saving and credit groups) piloted under COSOP 2002-2008 and diversifying the supply of microfinance services where appropriate. The COSOP is aligned with the strategies of the Government of National Unity and the Government of Southern Sudan for agriculture development and rural poverty eradication, as these are stated in the former's Executive Programme for Agriculture Revival and the latter's Expenditure Profile and Funding Needs. A programmatic approach will be adopted whereby the ongoing projects constitute the core programme as their impacts make up the main results of the new country programme. Expansion to new rainfed areas and agroecological zones will take place and is premised on the mobilization of additional donor cofinancing resources.

Republic of The Sudan

Country strategic opportunities programme

I. Introduction

1. This results-based country strategic opportunities programme (COSOP) 2009-2012 for The Sudan is the second COSOP that IFAD has developed for the country. It was formulated in consultation with the Government of National Unity and the Government of Southern Sudan. It will be completed one year after the referendum¹ on the self-determination for Southern Sudan, scheduled to take place in 2011. The COSOP aims to provide a clear rationale and guidelines for the IFAD country engagement in rural poverty reduction. It builds on the results, lessons learned and recommendations of the country programme evaluation of 2008.
2. The country programme seeks to: (i) leverage opportunities for rural poverty reduction created by the centrality of agricultural development in both Governments' economic growth strategies, while mitigating the economic risks resulting from falling oil prices; (ii) enable poor rural people to cope with the political risks related to continued civil and resource-based conflicts, and with the environmental risks linked to climatic variability. The country programme will focus on the following levers for rural poverty reduction: increased agriculture productivity and a greater share of marketing margins to producers.

II. Country context

A. Economic, agricultural and rural poverty context

Country economic background

3. **Rapid economic growth and unsustainable debt.** The Sudan is the largest country in Africa in terms of land area and has an estimated population of 39 million (2008²). The population growth rate during 2000-2006 was 2 per cent. The GNI per capita reached US\$800 in 2006, up from US\$340 in 2001. Extreme poverty has declined from 85 per cent in the 1990s to an estimated 60 per cent today. These positive developments are principally driven by a sustained annual GDP growth that reached 8 per cent over the period 2000-2007 thanks to increasing oil production and, to a lesser degree, good harvests and the rise of the service sector. However, such growth masks important regional disparities as will be explained below, and The Sudan remains a low-income and food-deficit country. Moreover, because of its unsustainable debt burden, The Sudan qualifies for assistance under the Heavily Indebted Poor Countries (HIPC) Debt Initiative. At present, it is not expected to reach the HIPC completion point until at least end-2012 as the decision is linked to clearance of arrears, implementation of the Comprehensive Peace Agreement (CPA) and peaceful resolution of the conflict in Darfur.
4. **Peace and conflict.** The signing of the CPA in 2005 provided an opportunity for economic and social recovery from the 20-year-old conflict that claimed 2 million lives and displaced 4 million people. The Eastern Sudan Peace Agreement, signed in 2006, brought stability to the eastern front. However, such relative stability went unheeded in Darfur, and today the crisis that began in 2003 continues to deteriorate alarmingly despite the Darfur Peace Agreement in 2006 and resumption of peace talks under the sponsorship of Qatar. This situation is hindering a broader sharing of the benefits of growth. As a result of the CPA, The Sudan's governance structure includes two governments, the Government of National Unity in the north and the

¹ The referendum will be held in 2011 as agreed in the Comprehensive Peace Agreement signed in January 2005.

² This figure is released by the census council of Sudan based on the April 2008 population census.

Government of Southern Sudan. Both Governments have adopted a decentralized mode of governance as set out in their respective Interim Constitutions.

5. **The impact of falling oil prices.** Proceeds from oil exports are expected to decrease by roughly 46 per cent in 2009. Both Governments plan to compensate the shortfall in oil revenues through increased taxation and spending cuts.³ The predominant scenario for 2009-2010 projects a real GDP growth of 5 per cent on average; slower growth of foreign direct investment; and aid flows focused on southern Sudan. Inflation is projected to remain at 9 per cent during the period. Under this scenario, public expenditure on development is likely to decrease. The challenge is to maintain the momentum of public and private investments in agriculture despite the economic downturn.

Agriculture and rural poverty

6. **Performance of the agriculture sector.** Agriculture is the main source of livelihood for The Sudan's rural inhabitants, roughly 60 per cent and 90 per cent of the country's population in the north and south respectively. Agriculture provides 90 per cent of the national food requirements, constitutes 80 per cent of non-oil exports, and accounted for 42 per cent of GDP in 2007. Traditionally, prior to the oil wave, agriculture represented a far greater share: for instance, it accounted for 90 per cent of exports in the early 1990s but only 8 per cent in 2006. Exports include mainly livestock, sesame, cotton and gum arabic. The low productivity of agriculture combined with the recent appreciation of the Sudanese pound has further eroded the competitiveness of Sudanese agricultural products, namely for sesame, groundnuts and sorghum.
7. The country's agriculture growth rate is highly variable (from -2.5 to 7 per cent within the period 2001-2007). A distinction is usually made between the irrigated and the rainfed agriculture subsectors. Growth in both subsectors is erratic. In the irrigated sector, this is the result of the deferred rehabilitation and modernization of irrigation systems and their management leading to low efficiency in water conveyance and low productivity. In the rainfed sector, disappointing growth can be traced to the vulnerability of agricultural production to climatic variability, declining and erratic yields, and the restrictions imposed by importing countries on Sudanese livestock due to intermittent disease outbreaks. The traditional rainfed sector⁴ accounted for 26 per cent of the GDP in 2005, and for 67 per cent of agriculture GDP. It is the most important sector for the agricultural economy and the livelihoods of poor rural people, and yet it only receives from 3 to 12 per cent of agriculture expenditures. The rainfed sector also receives a very limited share of private investments in agriculture, generally financed by Sudanese, Arab or foreign businesses. It is worth indicating that prior to the Government of National Unity's Executive Programme for Agricultural Revitalization, private investments in agriculture surpassed public expenditures in the sector. Although there is great interest from food-poor countries in agriculture investments in The Sudan, most private investments are financed by Sudanese capital and are concentrated in the state of Khartoum.
8. In The Sudan, the weak performance of the agriculture sector is perpetuated by five main factors: (i) decades of civil conflict and underdevelopment that have ravaged traditional rainfed agriculture, particularly in the Three Areas⁵ and in southern Sudan; (ii) disabling agriculture policies, including delayed financing of agricultural investments, insufficient financing of the running costs of agricultural services, and

³ For example, the Government of Southern Sudan is planning to cut expenditures on the salaries of constitutional post holders, screen public payroll for "ghost workers", reduce administrative costs by merging ministries and committees, and tighten accountability of state expenditures.

⁴ The traditional rainfed sector encompasses here rainfed agriculture, animal resources and forestry.

⁵ The Three Areas refer to Abyei, which has a specific governance system reporting directly to the Presidency, the South Kordofan and Blue Nile States.

overtaxation of agriculture commodities, particularly the exportable commodities produced mainly by the rainfed sector; (iii) inadequate land policy with the superposition of statutory and customary systems, which has led to the reallocation of land uses without consultation with the users, introducing an open access regime and weakening traditional institutions for land care; this dual system cannot deal effectively with competing land claims resulting from the expansion of farming, herding and mining; (iv) inadequate water policy, with no systematic implementation of the cost recovery of operation and maintenance costs of water services (whether for irrigation or livestock purposes), an inappropriate level of water pricing and no enforcement of user management of water facilities; (v) inefficient marketing arrangements owing to chronic low productivity and low output value in agricultural and pastoral production systems, high internal costs of transport due to limited road infrastructure, high costs of handling products moving to points of export, imposition of charges and taxes in the marketing chain for which no services are provided, and, finally, the weak organization and bargaining power of small-scale producers. These structural factors have constrained the growth of the agricultural sector and have thus trapped households in poverty. This situation is further aggravated by climate change and rising food prices.

9. **Climate change.** The expected changes in weather patterns are projected to exacerbate existing household vulnerabilities and to exceed current coping mechanisms, limiting still further poor people's capacity to create sustainable livelihoods for themselves. Expected impacts are increased water scarcity, accelerated desertification and soil erosion processes, decreased productivity (a 20 per cent drop in crop yields is predicted), damages caused by more extreme climate events such as droughts or floods, increased health-related illnesses, and higher risk of pest and disease outbreaks.⁶
10. **Volatile food prices.** The impact of food prices increases is nuanced in The Sudan. Sorghum and millet recorded a 70 per cent and 40 per cent price increase respectively over the first semester 2008 compared with their 2007 levels. Livestock prices remained within the range of their seasonal variation. The net outcome on small-scale producers is therefore not clear. It is certain, however, that consumers are the most negatively affected group, with their food security jeopardized and their living standards reduced. In response to this, the Government lifted the value added tax and stamp duties on food, thereby reducing the final price to consumers.
11. **Rural poverty.** Poverty in The Sudan remains a rural phenomenon, and within the rural areas is closely associated with rainfed agriculture livelihood systems. The incidence and depth of poverty is higher in southern Sudan and in conflict-affected areas (about 90 per cent) than elsewhere in the country. Per capita income, US\$340 in 2001, is now estimated at US\$800 (2006) in the northern region. In southern Sudan, the average annual GDP per capita is estimated at US\$100, well below the average of sub-Saharan Africa. Moreover, rural per capita GDP increased at a lower pace than overall GDP per capita, thus widening the income gap between rural and urban areas.
12. **Spatial distribution of rural poverty.** The main areas⁷ where the magnitude and distribution of poverty (in terms of income, knowledge and access to services) are the largest include:

⁶ Source: United Nations Environment Programme (2007). Sudan: Post-conflict environmental assessment. Executive Summary.

⁷ This information is based on a 2006 Ministry of Health survey and on computations made by H. Faki and E. Nur (2008) in Poverty assessment and mapping in Sudan, International Center for Agricultural Research in the Dry Areas.

- In southern Sudan, all states except Western Equatoria are classified as food-deficit and/or with very low coverage of social services;
 - In the transition area between the northern region and southern Sudan, the states of Blue Nile, Southern Darfur and Southern Kordofan.
 - In the northern region, the states of Gedaref, Kassala, Northern Darfur, Northern Kordofan, Red Sea, Western Darfur and White Nile.⁸
13. **Characteristics of poor households.** Poor households are characterized by their physical assets (land, livestock), economical activity that relies on traditional rainfed agriculture, gender of the head of household and displacement status. Poor households include smallholders, woman-headed households and returnee households. Proxy methods are used to assess poverty given the dearth of data on the subject.
14. **Livelihoods of poor rural people.** Rural livelihoods are subsistence-oriented and are based on crop cultivation, herding, and fishing where available. Depending on the predominant production system, poor households own approximately 10-30 small ruminants, cultivate about 1-5 *feddans*⁹ of mainly food crops, cover from three to six months of their food requirements from their own production and the remainder from barter or trade of livestock products/inclusion in the labour force/handicrafts and petty trade. Their main livelihood constraints are (i) unpredictability of rainfall in terms of timing and quantity; (ii) pest and disease outbreaks; (iii) water shortages in the dry season; (iv) barriers on migratory routes, which lead to disputes over rights of passage between pastoral and settled communities or between local communities and commercial interests; and (v) cattle raiding.
15. **Coping strategies.** Poor rural people rely on kinship relations and solidarity among community members as their main coping strategies. They also compensate crop failures or loss of livestock by exploiting their environment, supplementing food or income through wild fruit collection, game hunting, fishing, apiculture, weed handicrafts and charcoal making. In larger villages and towns where production systems are more diversified, wage labour constitutes an alternative coping strategy. In the transition area and the northern region, wage labour represents close to 50 per cent of cash incomes. Households also take consumption-limiting decisions such as curbing education and health expenses, cutting water consumption and reducing food intake.
16. The gender-related development index (GDI) is 0.492 compared with the human development index (HDI) of 0.516, which indicates that disparity in gender development accounts for 95.3 per cent of the HDI. Regional differences are significant, however. The maternal mortality ratio in southern Sudan, for instance, is one of the highest in the world: the lifetime risk of dying during pregnancy or childbirth (1,700 per 100,000 live births) is more than three times that in the north. Similarly the ratio of girls to boys in primary education is 36 per cent in the south and 88 per cent in the north. Moreover, women hold 10 per cent of parliament seats in southern Sudan and 18 per cent in the north.
17. Women are generally the main contributors to the household's income and food production. Their participation in decision-making can increasingly be quantified thanks to the introduction of a quota for their representation in state legislatures, parties and community organizations. Nevertheless, this participation is qualitatively weak. Women's empowerment is hindered by (i) a high rate of illiteracy among women, (ii) a customary law that attributes specific gender- and age-differentiated

⁸ There are some pockets in the north including west of the Gezira and Managil area.

⁹ A feddan is equal to 1.038 acres.

roles; (iii) marriage practices that push women into early marriages; and (iv) heavy workloads.

18. **Prospects for attaining the Millennium Development Goals (MDGs) in The Sudan.** It is estimated that The Sudan will only be able to achieve the first MDG of reducing extreme hunger and poverty by half if its GDP grows by 7.2 per cent annually; this would require an investment rate ranging from 35 per cent to 42 per cent of GDP, and a 7 per cent allocation of federal and state expenditures to pro-poor sectors such as agriculture, health, education, water and sanitation. These figures suggest that current and future expenditure patterns need to double to achieve MDG1. The MDG3 of gender equality may be more achievable given progress in the primary school enrolment ratio of girls and in women's representation in decision-making.

B. Policy, strategy and institutional context

National institutional context

19. The national institutional context in The Sudan is characterized by decentralization, the emergence of new microfinance institutions (MFIs) and producers' organizations, and a centralized and discretionary policymaking process.
20. Both the Government of National Unity and the Government of Southern Sudan have a decentralized governance structure: 15 states were established in the northern region and 10 states in southern Sudan. State governments have large prerogatives over legislation, budget execution, development programming and service delivery. Both Governments retain – in the case of the agriculture sector – powers over the regulation of land tenure, water management, environmental conservation, trade, input supply, pest and disease surveillance and control. The main generic institutional weaknesses in decentralized government are poor budget formulation, incomplete staffing, scant attention given to agriculture in terms of financing investment and recurrent costs, variation in the transfer of federal funds and limited efforts in expanding the local revenue base.
21. The development of the microfinance sector has gained momentum in both the north and south as a result of the Central Bank of Sudan's and the Bank of Southern Sudan's efforts to promote microfinance, the former setting a quota for allocation of bank portfolios to microfinance (whether state-owned or private banks), and the latter establishing three "best practice" MFIs. In the north, organizations working on rural microfinance include state-owned banks, such as the Agricultural Bank of Sudan and the Savings and Social Development Bank, and the *sandugs* – member-based savings and credit groups piloted at village level and in a federated form at a locality level through IFAD-financed projects. In southern Sudan, a microfinance forum supported by the United States Agency for International Development is working with the Bank of Southern Sudan to develop a broad regulatory framework. The three best practice MFIs¹⁰ mainly service urban and peri-urban communities. They have good performance records and are mobilizing funds from donors for further capital expansion and product development. Effective expansion of microfinance into the rural areas of the country is associated with supporting the initial start-up costs of MFIs, removing caps on interest rates and promoting alternative collateral mechanisms. An effective system of licensing, capacity-building and monitoring of MFIs is also needed.
22. Producers' and community organizations are increasingly called on to play more active roles in development. The Government of Southern Sudan is devolving input supply and service delivery to NGOs and producers' organizations (for example for the distribution of veterinary care), whereas the Government of National Unity is piloting co-management of resources between parastatals and user groups in the

¹⁰ These are the Sudan Microfinance Institution, Finance Sudan and the Bangladesh Rural Advancement Committee.

Gezira scheme (with support from the Food and Agriculture Organization of the United Nations [FAO] and the World Bank), in the Gash spate irrigation scheme (with support from IFAD), and in the Khor Abu Habil scheme. Development projects are supporting the establishment of producers' organizations under appropriate cooperative laws or alternative legislation, and supporting their involvement in the delivery of social services, agricultural inputs and extension, and credit and marketing services. Moreover, both Governments are promoting more enabling private-sector legislation. The challenge now is to create enabling conditions for developing individual producers' organization's capacity to enter into coalitions in order to voice smallholders' concerns and influence policymaking.

23. Developing an enabling policy framework requires an understanding of policy processes. Policy analysis¹¹ highlighted the following:
- (a) Policy decisions have historically been initiated by the bureaucracy, with membership being elite-based (along political affiliation and economic weight). This has meant that smallholders and their representatives have been largely excluded from decision-making.
 - (b) The flow of information is inadequate and restricted. Deliberations and proceedings on a given policy issue are classified for a certain period, preventing the general population from knowing what information exists on key policy issues.
 - (c) As a result of these processes, policy outcomes and enforcement are marked by frequent changes and insufficient resources for implementation. Furthermore, such processes neglect to address in substance the enabling environment for the development of the traditional rainfed sector, which is fundamental to rural poverty reduction.

National rural poverty reduction strategy

24. Two strategic documents – the Government of National Unity's Executive Programme for Agricultural Revival and the Government of Southern Sudan's Expenditure Priorities and Funding Needs – articulate the Governments' vision for agricultural development as the engine of growth and rural poverty reduction. The strategies are premised on enabling small-scale producers to shift from subsistence to market-oriented agriculture. They aim to achieve the following specific objectives: higher agricultural exports and decreased reliance on volatile oil exports; increased productivity; improved food security and agricultural incomes; reduced rural poverty; and redressed regional imbalances. Human development, gender mainstreaming and environmental conservation are cross-cutting issues in both strategies. However, budget allocation to achieve these objectives remains insufficient: it reached 8 per cent of the Government of Southern Sudan's budget in 2008 and 5 per cent of the Government of National Unity's budget in 2006.
25. The Sudan's poverty reduction strategy paper (PRSP) is not yet finalized. An Interim PRSP exists as does a broad framework for a national poverty eradication strategy developed by the Government of The Sudan and the Sudan People's Liberation Movement in 2004. Both documents share the following strategic objectives: (i) achieving peace and reducing the risk of future conflicts; and (ii) making a lasting impact on poverty and progress on other MDGs. The concept of "widely shared growth" underpins the strategies in line with the fundamental thrusts of the CPA of power- and wealth-sharing.

¹¹ Source: International Food Policy Research Institute with support from IFAD and the Government of National Unity's Ministry of Finance and National Economy (2006). Empowering the rural poor under volatile policy environments in the Near East and North Africa region research project, Sudan case study. The analysis of the policy process was conducted using the cases of natural resource management and decentralization.

Harmonization and alignment

26. The ongoing IFAD-funded country programme – described in appendices IV and VI – is generally well aligned with the strategic thrusts of both Governments' objectives of food security and increased incomes. Greater alignment will be achieved by including responses to the market challenges identified in both Governments' strategies. For now, the good fit between the Governments' objectives and those of IFAD-cofinanced projects have led to mobilizing more than US\$70 million of paid Government counterpart and parallel funding,¹² for an IFAD committed financing of about US\$88.5 million¹³ under the COSOP 2002-2008.
27. The 2008 survey on monitoring the Paris Declaration on Aid Effectiveness highlighted the following characteristics for The Sudan: only 3 per cent of aid in support of the public sector uses the country's public financial management and procurement systems; about 50 per cent of the technical cooperation and 45 per cent of country analyses are coordinated; 44 per cent of aid to The Sudan is untied; 19 per cent of aid is programme-based; government records only 53 per cent of aid disbursed; and there are more than 100 parallel project implementation units. Measures for improved harmonization and aid effectiveness are discussed below.

III. Lessons from IFAD's experience in the country

A. Past results, impact and performance

28. The present outreach of the country programme is about 1.6 million persons, or 53 per cent of the planned outreach target of 3 million persons envisaged in the COSOP 2002-2008.¹⁴ The results available from the completed North Kordofan Rural Development Project (NKRDP) and the two ongoing projects that have passed their mid-term – the South Kordofan Rural Development Programme and GSLRP – suggest that the country programme has contributed to increased asset ownership, improved food security and higher farm and off-farm incomes. For example, in NKRDP, the area cropped with improved seeds increased by 50 per cent, livestock herd increased by 16-30 per cent, farm income increased by 20 per cent, and off-farm income increased by 40 per cent. Moreover, the average income increase in the project area has reached US\$700 per capita, higher than average rural incomes and closing the gap between rural and urban incomes. The results of ongoing projects are presented in appendix IV.
29. In the area of policy dialogue, the country programme shifted focus from the Nile-based irrigated production systems to the traditional rainfed areas where the incidence of poverty and conflict is higher. Main achievements include: (i) enactment of state legislation for community organizations; (ii) decentralization of the extension services; (iii) demonstration of the potential of member-based and managed MFIs and ongoing engagement to replicate and scale up the model; (iv) devolution of water management to user groups, especially for potable and livestock uses but also in spate irrigation schemes; and (v) ongoing efforts to organize passage rights on stock routes and open-access rangelands.
30. The country programme evaluation rated the overall performance of the IFAD portfolio in support of the Government of The Sudan as moderately satisfactory. The evaluation notes that the country programme needs to improve in terms of efficiency, sustainability and scaling up of policy dialogue from the project to the national level (appendix V).

¹² The estimated counterpart funding at appraisal is about US\$25 million.

¹³ This refers to the financing of the Gash Sustainable Livelihoods Regeneration Project (GSLRP), Western Sudan Resources Management Programme (WSRMP), Butana Integrated Rural Development Project (BIRDP) and Southern Sudan Livelihoods Development Project (SSLDP).

¹⁴ Conclusions on outreach should be qualified as only the recently completed NKRDP and the two ongoing projects that have passed their mid-term can be considered.

B. Lessons learned

- **Area-based integrated rural development projects are an effective approach for rural poverty reduction in drought-prone and conflict-affected areas.** Impact on the incomes of poor rural people was achieved by improving agricultural productivity, creating income-generating activities in the dry season, and generating savings from improved access to water, alternative sources of energy and primary health care. These results are based on a significant investment in strengthening the capacities of decentralized agriculture extension services and community organizations. The new country programme should further strengthen such organizational capacities and support their sustainability.
- **Practical experience shows the importance of an early development-oriented engagement in conflict-affected areas.** Although project start-up is usually slowed by disincentives created by relief efforts, an early start allows a project to build and strengthen government and community organizations so that they can respond to the significant increase in demand for social and agricultural services when the political and military situation stabilizes. Other lessons learned include: (i) working with a range of government, NGO and community organizations enables effective outreach to communities on both sides of the conflict; (ii) communities have an immense capacity to mobilize resources for social investments; and (iii) the importance of trust-building through predictability of service delivery, social inclusion and long-term presence cannot be overstated.
- **Gender mainstreaming works best when emphasis is on the practical.** The rate of women's participation in projects' economic activities is estimated at 40 per cent. This was achieved by recruiting women extension officers at the local level, and by raising awareness of gender equity issues among extension staff, community leaders and women.¹⁵ By focusing on practical actions with quick impact, such as labour-saving techniques, nutrition and vocational training, the projects have freed up women's time and helped develop their self-confidence. Building on socially accepted solidarity networks, they also enabled women to develop their financial assets and increase their incomes.
- **Climate change activities are an essential part of operations in The Sudan.** The country programme features good climate change adaptation.¹⁶ Ongoing projects systematically include actions related to climate change adaptation such as: (i) dissemination of early-maturing crop varieties; (ii) demonstration of water harvesting techniques; (iii) systematic mapping of natural resources in support of the formulation of state-level natural resource management strategies; and (iv) protection of the vegetative cover by promoting the use of gas stoves, community forestry and range development. Given the severity of climate change over the long term in The Sudan, attention should be paid to developing disaster preparedness and rapid responses to severe climatic events (drought, flood) in ongoing and future projects, and to consider actions for climate change mitigation.

IV. IFAD country strategic framework

A. IFAD's comparative advantage at the country level

31. The COSOP 2002-2008, in line with the IFAD Strategic Framework 2007-2010, effectively addressed the need to: (i) increase input and productivity of on-farm

¹⁵ The NKRDP developed a training curriculum on gender and development, which is being used in the training of project staff, community leaders and women in ongoing and new projects.

¹⁶ Penny Urquhart (2008). Review of IFAD's support to climate change activities: case studies from Sudan. Draft report for the Technical Advisory Division, December 2008.

activities through improved access to decentralized extension and rural finance services; (ii) increase off-farm income through labour-saving techniques, vocational training for women and rural finance; (iii) provide water and other social services through community participation and the establishment of community initiative funds; and (iv) mitigate natural resource-based conflicts through water management, stock route and rangelands development (see appendix IV).

32. IFAD's comparative advantage in Sudan lies in: (i) its experience working with a broad network of community organizations and decentralized extension services; (ii) a core project and government team that shares a common vision for human and economic development; (iii) a range of successful business models that can be scaled up, such as community paraprofessionals, the privatization of input supply, member-based microfinance organizations, and the management of water facilities. The fact that IFAD financing is now eligible for Debt Sustainability Framework grants also allows the new country programme to engage with a larger variety of state and non-state agencies in order to adapt, replicate and scale up effective solutions, with attention given to the efficiency and sustainability of these solutions.

B. Strategic objectives

33. As the country context continues to be characterized by mass poverty, widespread risks and the Governments' commitment to agriculture development, the COSOP 2009-2012 will focus on building the financial and social asset base of poor rural people in support of their adaptive capacity and their capacity to influence policy decisions that affect them. This translates into the following COSOP goal: to contribute to empowering poor rural women and men so that they can increase their food security, incomes and resilience to shocks. Three strategic objectives are identified: (i) increased capacity of producers' organizations to participate in policy planning and monitoring for sustainable agricultural development; (ii) increased access of poor rural people to agricultural services (input supply, technical advice); and (iii) increased access of poor rural women and men to markets and to microfinance services. The country programme will thus contribute to two results of the United Nations Development Assistance Framework: sustainable economic development and a strengthened social fabric.
34. **Strategic objective 1: Increased capacity of producers' organizations to participate in policy planning and monitoring for sustainable development.** Community and producers' organizations, as well as state governments, are the primary agents for the replication of successful poverty reduction models. This entails strengthening the representation of community organizations, cooperatives, specialized producers' organizations, and women's, farmers' and pastoralists' unions and their capacities to articulate the priorities of poor rural people and to plan and monitor pro-poor policy reforms. The country programme will support capacity-building for three apex organizations to strengthen their representation among small-scale producers and their leadership and advocacy skills. It is expected that the active involvement of these organizations in policymaking at state and federal levels will make it possible to effectively influence three policy issues under this strategic objective: budgetary allocation to the rainfed sector; devolution of water management to users' organizations; and sustainable microfinance services supported by an enabling policy framework.
35. **Strategic objective 2: Increased access of poor rural people to agricultural services.** The ongoing projects have developed models for decentralized public and private extension services. The adaptation of these models for efficiency and sustainability constitutes part of the supervision of ongoing projects. The replication of these models is expected to be gradually funded by government, other donors and the private sector. The consolidation and replication of these services is expected to enable 30 per cent of women and men producers in localities/counties covered by IFAD-funded projects to access agriculture services. Moreover, activities linked to disaster preparedness, food security and rapid response will be introduced

in ongoing and future projects, to help projects enable poor rural people to increase their resilience to shocks.

36. **Strategic objective 3: Increased access of poor rural women and men to markets and microfinance.** Four types of interventions will be supported: (i) construction/rehabilitation of rural feeder roads, which generate a significant decrease in transportation costs between production and service/market areas; (ii) support to agroprocessing and storage operations that increase added value; (iii) organization of producers in order to decrease market transaction costs and, where possible, shorten the value chain; (iv) capacity-building of microfinance organizations and extension of their outreach to rural areas. In this regard, the country programme will support capacity-building of *sandugs*, restructuring state owned banks to expand the delivery of microfinance in rural areas, and the establishment and expansion of “best practice” MFIs in rural areas.
37. **The approach.** The country programme will adopt an integrated rural development approach based on: (i) consolidating ongoing projects to strengthen their impact and sustainability; (ii) strengthening marketing and microfinance components in ongoing projects; (iii) systematically seeking complementarities and partnerships with ongoing operations in project areas; (iv) balancing investments in capacity-building and productive activities; (v) mainstreaming gender; and (vi) expanding the country programme to new rainfed areas. This is reflected in the pipeline of projects presented in appendix VI. The successful implementation of this approach is premised on the mobilization of additional donor cofinancing.
38. **Sustainability.** The country programme evaluation recommended that sustainability be incorporated in the strategic thrusts of the country programme.
- (a) For ongoing projects, project implementation will be adjusted to: (i) allocate resources to support capacity-building of community organizations in management practices; (ii) put in place cost recovery mechanisms, as appropriate, for agriculture extension services; (iii) build the capacity of producers’ and community organizations to implement and enforce environmental rules and agreed land uses; and (iv) use participatory water management as a key entry point for environmental conservation. These actions will strengthen sustainability under strategic objective 2, where the results of ongoing projects are concentrated.
- (b) For the new projects designed under COSOP 2009-2012, strategies for sustainability will take into account four key elements: (i) cost recovery of outreach and service delivery; (ii) federation of community organizations and their linkages with the public, private and NGO sectors from project start; (iii) inclusion in the project design budget of a project handover period and a fund for replication and scaling up of project activities; and (iv) identification of key milestones during project implementation for assessing project sustainability and for taking corrective actions accordingly.

C. Opportunities for innovation

39. The main areas of innovation are under strategic objectives 2 and 3. Under strategic objective 2, new solutions are required for: (i) financing the recurrent costs of public extension services; and (ii) identifying, testing and replicating technological packages that improve productivity and constitute an adaptation to climate change such as technologies for increased soil fertility, herd and range management in drought-affected areas, cost-effective environmental conservation and energy-efficient agroprocessing. Under strategic objective 3, new solutions are required for: (i) supporting local government to meet the demand for good coverage of road networks despite competing claims on local budgets and limited allocation for operation and maintenance; and (ii) supporting producers so that they can organize to obtain higher output prices.

D. Targeting strategy

40. The targeting strategy is in line with the IFAD Policy on Targeting. Given the multistakeholder nature of the governance of natural resources and markets, the household targeting approach will be inclusive. Self-targeting approaches based on livelihood systems will be used to channel proportionately more resources to the poorer households (smallholders, woman-headed households and returnee households). A case in point for the application of livelihoods-based targeting is the revitalization of the gum arabic sector (see appendix VI). Gender mainstreaming activities will adopt the successful instruments tested under COSOP 2002-2008, i.e. enabling measures through awareness-raising, capacity-building of community leaders and women, and quota-setting for women's participation. Geographically, the programme will focus on rainfed production systems, in addition to the flood plains, dry hilly areas and green belt agroecological zones in southern Sudan.

E. Policy linkages

41. The policy agenda is captured under strategic objective 1. Policy dialogue will be based on the development of a road map for policy engagement with the two Governments, which will determine the outcomes expected from policy dialogue, the stakeholders involved, the partnerships required and the resources needed. IFAD will also participate in the main policy discussion forums, such as the natural resource management sector budget group in the Government of Southern Sudan and the working groups of the Executive Programme for Agriculture Revival¹⁷ in the Government of National Unity, as well as the Southern Sudan Microfinance Forum and its counterpart in the north. IFAD will bring project evidence and the experience drawn from its partnerships with the producers' organizations to policy dialogue forums. In this regard, the participation of the representatives of apex producers' organization in project supervision will be pursued systematically especially in projects where evidence of the potential impact of policy change can be assessed and documented.

V. Programme management

A. COSOP monitoring

42. Since 2006, a programme implementation review workshop has been held annually. The workshop agenda will now be revised to include a review of the performance of projects and non-lending activities against the COSOP results framework. A mid-term review of the COSOP will be organized at the end of 2010. An assessment at COSOP completion will be undertaken in 2012 to inform the development of a new country programme. The achievement of COSOP results will be monitored using annual reporting of IFAD's Results and Impact Management System (RIMS), aggregated for all projects.

B. Country programme management

43. **Performance management.** The country programme management team (CPMT) encompasses Government partners, project directors and representatives of producers' organizations. Its main tasks are to (i) directly supervise programme performance; (ii) monitor and document projects' results, impacts and sustainability; (iii) follow-up on the timely loan service payments by the Government of The Sudan; and (iv) mobilize resources for cofinancing and capacity-building. The central coordination unit for IFAD-cofinanced projects was established in 1998 in the Ministry of Agriculture and Forestry of the Government of National Unity and represents a key member in the CPMT. It will continue to follow up on payment of counterpart funds and facilitate project procurement; it will also strengthen its own

¹⁷ The following working groups are of particular interest: (i) poverty alleviation headed by the Ministry of Social Affairs; (ii) institutional and legal reforms headed by the Ministry of Justice; (iii) agricultural productivity headed by the Ministry of Agriculture and Forestry.

capacity to facilitate effective project start-up, management and closing. The unit will continue to convene project coordinators on a quarterly basis to discuss and resolve recurrent implementation issues. In addition, the country presence in The Sudan has expanded with the outposting of the country programme manager as of 2009. The main areas that require proactive management on the part of the CPMT to improve overall programme performance are (i) heightening effectiveness and decreasing start-up delays; (ii) improving financial management, procurement and audit; and (iii) ensuring effective results-based monitoring and evaluation (M&E).

44. **Non-lending activities.** Funds under the small country grants window will be used to support the following activities: (i) capacity-building programmes on financial management, procurement, M&E and learning systems; (ii) support to an innovation-scouting facility to harvest solutions (see section IV, part C); (iii) support to the assessment of the environmental and livelihoods impact of oil concessions; (iv) seed funds for the replication of successful project activities; and (v) support to policy analysis work.

C. Partnerships

45. Partnerships with the two Governments will be strengthened to improve the efficiency and sustainability of the country programme. To further support the operationalization of the Paris Declaration in The Sudan, IFAD commits to: (i) using the national financial and procurement systems as these are strengthened;¹⁸ (ii) mainstreaming project implementation arrangements within existing public, private or producers' organizations; (iii) coordinating technical assistance and policy analysis work with government and donor agencies; and (iv) supporting the development of a monitorable performance assessment framework for development assistance in The Sudan.
46. Under strategic objective 1, IFAD will support community and producers' organizations in advocating for policy change (see section IV, part E). The instrument here is the technical assistance grants and the supplementary funds. The main partners are FAO, the European Commission, the Royal Netherlands Embassy, and farmers', pastoralists' and women's unions. Moreover, IFAD is planning to provide regular support to the microfinance forum organized by the Central Bank of Sudan in collaboration with United Nations Development Programme (UNDP) and the World Bank. Similar support will also be sought for the Southern Sudan Microfinance Forum. The possible synergies with ongoing donor-funded projects are presented in key file 3.
47. Under strategic objective 2, IFAD will enter into partnerships with the Arab Organization for Agricultural Development, the International Center for Agricultural Research in the Dry Areas (ICARDA), FAO and NGOs working in the agricultural sector with a view to harvesting good practices for appropriate technology transfer and effective extension systems, and disseminating these within ongoing projects. For disaster preparedness, IFAD will work closely with, FAO, UNDP and the World Food Programme to monitor the risk situation and take preventive measures accordingly. The instruments are (i) supplementary financing from other donors to ongoing projects to support adaptation and replication of successful project activities; (ii) supplementary financing from the Global Environment Facility to support climate change adaptation and mitigation; and (iii) reallocation of IFAD funds in ongoing projects to support effective technology transfer and extension services.
48. Under strategic objective 3, IFAD will seek partnerships with the African Development Bank, the Arab Authority for Agricultural Investment and Development, the European Commission, the Multi-Donor Trust Fund, the United Nations Industrial

¹⁸ The World Bank is leading the support to the Government of National Unity and The Government of Southern Sudan in this area.

Development Organization, specialized producers' organizations and the private sector, among others. The main instrument here is project cofinancing.

D. Knowledge management and communication

49. The cornerstone of knowledge management and communication (KM&C) is an effective M&E system that generates and documents knowledge and feeds it into relevant networks. The main KM&C activities are:
- (a) Under strategic objective 1, generating knowledge from project implementation to influence policy formulation and implementation. This will be done through the development of results-oriented M&E and joint policy analysis.
 - (b) Under strategic objectives 2 and 3, scouting for good and new practices to fulfil the innovation opportunities identified under section IV, part C above will be done through consultation with the communities of practice established in IFAD for the design of new projects, the Karianet regional network that links projects funded by IFAD and by the International Development Research Centre (IDRC) in the region, and the country programme team networks.

E. PBAS financing framework

50. The annual resources allocation for the Sudan country programme under the performance-based allocation system (PBAS) is US\$8.8 million. These resources will be used to finance both investment projects listed under appendix VI and grants listed under section V, part B. It is important to note here that IFAD assistance will be provided in line with revisions to financing terms (including Debt Sustainability Framework "traffic light" status) and PBAS allocation.
51. The CPMT will carry out the following actions to improve project and sector performance scores: (i) expediting project effectiveness and start-up through improved project design; (ii) building project management and M&E capabilities; (iii) supervising project efficiency, impact and sustainability, and proposing enhancing actions accordingly; and (iv) supporting producers' organizations in their dialogue with government. The three policy areas identified under strategic objective 1 fall under the rural sector domains that were poorly scored in the PBAS, as indicated in table 1 below.

Table 1
PBAS calculation for COSOP year 1

<i>Indicators</i>	<i>COSOP year 1</i>
Rural sector scores	
Policy and legal framework for rural organizations	3.5
Dialogue between government and rural organizations	3.25
Access to land	2.5
Access to water for agriculture	2.5
Access to agricultural research and extension services	3
Enabling conditions for rural financial services development	2.12
Investment climate for rural business	2.66
Access to agricultural input and produce markets	2.33
Access to education in rural areas	3.66
Women representatives	3.5
Allocation and management of public resources for rural development	2
Accountability and transparency, or corruption in rural areas	2
Average all indicators	2.8
Project-at-risk (PAR) rating	4
International Development Association Resource Allocation Index	2.51
Country score	3.945
Annual country allocation (millions of United States dollars) (three years)	8.8

Table 2
Relationship between performance indicators and country score

<i>Financing scenario</i>	<i>PAR rating (+/- 1)</i>	<i>Rural sector performance score (+/- 0.3)</i>	<i>Percentage change in PBAS country score from base scenario</i>
Hypothetical low case	3	2.49	-28%
Base case	4	2.79	0%
Hypothetical high case	5	3.09	32%

F. Risks and risk management

52. Five key risks were identified:

- (a) Accumulation of arrears. The projected loan service payment is about US\$5 million per year. The risk of arrears is managed by the Government of The Sudan's monthly payment of equal instalments of US\$0.40 million. Despite the projected economic constraints due to falling revenues, the Government has prioritized the payment of loan services to IFAD. Timely loan service payment is one of the indicators used to assess CPMT performance.
- (b) Unsuccessful cofinancing. The COSOP 2009-2012 is premised on the mobilization of additional resources from Government and other donors. IFAD will launch a cofinancing drive early in the project cycle to secure the projects' financing plans. The status of cofinancing will be assessed as part of the annual COSOP review and corrective measures taken accordingly.
- (c) Decreasing public expenditures allocated to the agricultural sector. This risk drives the policy dialogue on the matter of budgetary allocation to the

agriculture sector in general and to rainfed agriculture in particular. It underscores the importance of building coalitions with producers' organizations and concerned ministries to advocate for investing in the rainfed sector to achieve the objectives of both Governments' agriculture development strategies.

- (d) Natural disasters in the form of floods or droughts. As IFAD builds its capacity in the area of climate change, projects will be submitted to climate proofing. Moreover, since ongoing projects are located in areas prone to drought and floods, as will be future projects, disaster preparedness and quick response will be built into implementation and design modalities.
- (e) Insecurity. The project areas are vulnerable to the resumption or escalation of conflicts. The risk management strategy is primarily based on mobilizing development investments to militate against conflict risks. If conflict and insecurity do occur, the projects will build on the experience of the South Kordofan Rural Development Programme whereby activities are scaled down to focus on priority services (agricultural inputs, veterinary services and water facilities), and alternative delivery channels are adopted such as traditional institutions and national and international NGOs. Operations in conflict areas will be closely coordinated with United Nations missions and their lead agencies.

COSOP consultation process

1. The COSOP formulation started in April with the design workshop, which took place in Khartoum from 6th to 10th April 2008. The main objective of the workshop was to build on the CPMT experiential knowledge to develop a guiding framework for the COSOP. The workshop participants represented the organizations that are members of the CPMT i.e. representatives from the GoNU (Ministries of Finance and National Economy, Agriculture and Forestry, Animal Resources and Fisheries, Microfinance Unit of the Central Bank of Sudan), GoSS (Ministry of Finance, Ministry of Animal Resources and Fisheries), the on-going projects, the States (Agricultural Committee of the Legislative Council of North Kordofan and the State Ministry of Agriculture in North Kordofan), partner banks (Agricultural Bank of Sudan and Savings and Social Development Bank), member organizations (Unions of Women, Farmers and Pastoralists), UN (FAO and UNDP), IFIs (World Bank). In total about 30 participants regularly attended the workshop. Participants represented middle management and the professional staff involved in investment operations at Government and project level. The formulation workshop was inaugurated by Dr. Lual Deng, State Minister, Ministry of Finance and National Economy. It also hosted Mr. Abdelatif Egemi, Undersecretary, Ministry of Agriculture and Forestry.
2. The workshop successfully brought together a wide range of stakeholders with extensive knowledge of rural poverty issues in Sudan, and in-depth knowledge of Government and IFAD systems (including project implementation). The workshop introduced an innovative combination of three analytical tools, the Livelihoods Analysis, the Creative Problem Solving (CPS) and the challenge clarification. In preparation of the workshop, a guiding note and a questionnaire on the challenges faced by the rural poor were shared with the CPMT members, with the request that they identify the most important challenges and obstacles they believed the rural poor faced in their respective areas of intervention, leaving the possibility for suggesting other challenges. The challenges identified belonged to a wide range of realms, including governance, natural resources, markets and technology. The participants were successful in the development of the profile of the rural poor, future scenarios for the evolution of the poverty profile and in the identification of the main threats and challenges facing the livelihoods of the rural poor, thus providing valuable inputs to the development of a COSOP guiding framework.
3. The following recommendations emerged from the workshop:
 - **Strategic objectives.** Income increase was prioritized as the main challenge for the rural poor. Given the uncertainty characterizing the immediate future, the country programme should aim to contribute to increase the incomes of the rural poor as well as to strengthening their resilience to possible climatic or security shocks.
 - **Approach.** The Agricultural Revival Programme and the forthcoming PRS of the GoNU (which is scheduled for consultation in May 2008) provide an institutional anchor to the COSOP in the Northern part of Sudan. It also shapes a multi-pronged approach for the country programme 2009-2012: (i) ensuring the sustainability in line with the CPE and the Ministry of Agriculture and Forestry (MOAF) assessment of the performance of the on-going country programme; (ii) replication and up-scaling of the effective solutions implemented in the on-going and past projects that respond to the objectives of the Agricultural Revival Plan; (iii) piloting new responses to the market challenges. It also appeared from the discussion with the participants that disaster preparedness plans should be incorporated in on-going and future projects to respond to environment and security shocks. IFAD should also find about equivalent institutional

and investment programmes similar to the Agriculture Revival Programme in GoSS; this would also provide the framework for alignment of the country programme in the Southern part of Sudan. This framework for the GoSS was since identified as the Expenditure Priorities and Funding Needs and the Southern Sudan Food Security Action Plan and Strategic Plan for the Livestock and Fisheries sectors.

- **Principle of engagement.** IFAD will need to invest seriously in building partnerships for the replication/ up-scaling of effective solutions as well as for piloting new solutions. IFAD– similar to the other enabling agencies participating in the workshop – has a gap in effective solutions to facilitate the market access of the rural poor. Partnership building will need to draw on effective skills in communication, scouting and on effective management.
4. Further consultation on the country programme strategy have taken place during the period November 2008 to February 2009 where the strategy was discussed with the representatives of the Farmers Union, the Pastoralists Union, the Women’s Union, NGOs such as the Society for Environmental Conservation, the Ministry of Agriculture and forestry in GoNU and the economic cluster Ministries in GoSS, selected group of donors involved in the agricultural sector. The draft COSOP was presented to the UNCT on 17th February 2009 and then to the country programme stakeholders on the 26th February following the discussion of the CPE findings and recommendations.
 5. These discussions pointed to the following issues:
 - a. The objectives of the COSOP, the policy dialogue agenda and the project approach are relevant. Participants also cautioned that the policy dialogue and policy proposals should be built from the bottom up.
 - b. The resources available for the country programme are not commensurate with the needs in Sudan and with the challenges for peace building.
 - c. The need to revise the proposed pipeline of projects in accordance with resources available.
 - d. The opportunity to allow producers’ organizations to participate in the design, implementation and monitoring of project activities.
 - e. There is also a need to strengthen partnerships and the flow of communication between IFAD and concerned ministries in GoNU and GoSS so that all sectors related to agriculture are represented in the consultations.
 - f. The Government counterparts pointed to the need for their respective ministries to allocate financial resources for their participation in design and supervision missions.
 6. The CPMT composition for the Sudan programme is as follows:
 - a. In North Sudan, it is composed of the representatives of the International Cooperation Directorate in the Ministries of Finance and National Economy and the Ministry of Agriculture and Forestry, the senior coordinator for the IFAD co-financed projects, the coordinators of the on-going projects, the representatives of the Farmers’ Union, the Pastoralists Union and the Women’s Union.
 - b. In South Sudan, it is composed of the representatives of the economic cluster ministries, the focal person for the Southern Sudan Livelihoods Development Project (SSLDP) and the project director of the SSLDP when recruited.

Country economic background

SUDAN

Land area (km2 thousand) 2006 1/	2 376	Arable land as % of land area 2006 1/	8.2
Total population (million) 2006 1/	37.71	Forest area as % of total land area 2006 1/	28.4 a/
Population density (people per km2) 2006 1/	16	Irrigated land as % of cropland 2006 1/	10.2 a/
Local currency Sudanese Pound (SDG)		Land area (km2 thousand) 2006 1/	2 376
Social Indicators		GNI per capita (USD) 2006 1/	800
Population (average annual population growth rate) 2000-2006 1/	2.0	GDP per capita growth (annual %) 2006 1/	9
Crude birth rate (per thousand people) 2006 1/	32	Inflation, consumer prices (annual %) 2006 1/	7
Crude death rate (per thousand people) 2006 1/	10	Exchange rate: USD 1 = SDG	2.19
Infant mortality rate (per thousand live births) 2006 1/	61	Economic Indicators	
Life expectancy at birth (years) 2006 1/	58	GDP (USD million) 2006 1/	37 442
Number of rural poor (million) (estimate) 1/	n/a	GDP growth (annual %) 1/	
Poor as % of total rural population 1/	n/a	2000	8.4
Total labour force (million) 2006 1/	10.66	2006	11.8
Female labour force as % of total 2006 1/	25	Sectoral distribution of GDP 2006 1/	
Education		% agriculture	32
School enrolment, primary (% gross) 2006 1/	66	% industry	29
Adult illiteracy rate (% age 15 and above) 2006 1/	n/a	% manufacturing	6
Nutrition		% services	39
Daily calorie supply per capita	n/a	Consumption 2006 1/	
Malnutrition prevalence, height for age (% of children under 5) 2006 2/	43	General government final consumption expenditure (as % of GDP)	16
Malnutrition prevalence, weight for age (% of children under 5) 2006 2/	17	Household final consumption expenditure, etc. (as % of GDP)	70
Health		Gross domestic savings (as % of GDP)	14
Health expenditure, total (as % of GDP) 2006 1/	3.8 a/	Balance of Payments (USD million)	
Physicians (per thousand people)	0.3	Merchandise exports 2006 1/	5 657
Population using improved water sources (%) 2004 2/	70	Merchandise imports 2006 1/	8 074
Population with access to essential drugs (%) 2/	n/a	Balance of merchandise trade	-2 417
Population using adequate sanitation facilities (%) 2004 2/	34	Current account balances (USD million)	
Agriculture and Food		before official transfers 2006 1/	-6 987
Food imports (% of merchandise imports) 2006 1/	13.0 a/	after official transfers 2006 1/	-4 722
Fertilizer consumption (hundreds of grams per ha of arable land) 2006 1/	25.8 a/	Foreign direct investment, net 2006 1/	3 534
Food production index (1999-01=100) 2006 1/	116	Government Finance	
Cereal yield (kg per ha) 2006 1/	718	Cash surplus/deficit (as % of GDP) 2006 1/	n/a
		Total expenditure (% of GDP) 2006 1/	n/a
		Total external debt (USD million) 2006 1/	2 073
		Present value of debt (as % of GNI) 2006 1/	77
		Total debt service (% of GNI) 2006 1/	1
		Lending interest rate (%) 2006 1/	n/a
		Deposit interest rate (%) 2006 1/	n/a
			800

Land Use

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

1/ World Bank, *World Development Indicators* database CD ROM 2008

2/ UNDP, *Human Development Report*, 2007-2008

COSOP results management framework

Country strategy alignment	Key Results for COSOP			COSOP Institutional/Policy objectives (in partnership mode)
Poverty reduction strategy (PRS) Targets	Strategic Objective	COSOP outcome indicators related to the strategic objectives (from projects/programmes)	COSOP milestone indicators showing progress towards strategic objective	
<p>Overall goal: Growth through rural and agricultural development:</p> <ul style="list-style-type: none"> o Higher agricultural exports; o Increased productivity and food security; o Improved agricultural incomes; o Regional imbalances redressed. <p>Baseline: estimated rural per capita income is USD 100 in southern Sudan and USD 500 in Northern Sudan.</p>	<p>Overall goal: contribute to empower the rural poor to increase their food security, incomes and resilience to shocks.</p> <p>Outreach target: 2.5 million persons. Target: increase of rural incomes from USD 500/ capita to USD 800/ capita</p>			<ul style="list-style-type: none"> - Sustained and increasing investments for social and productive services in conflict affected areas. - Increased GoNU and GoSS budgetary support to the rainfed agriculture sector.
<p>1. GoNU EPAR: Developing enabling policies for sustainable agricultural development; GoSS EPFN: support the emergence of a vibrant private sector that would be the provider of productive and marketing services to small holders.</p> <p>Baseline: inadequate policies on land tenure, water governance, marketing in Northern Sudan; on-going formulation of land policy, seed policy, private sector policy in southern Sudan.</p>	<p>1. SO1: Increased participation of producers' organizations in planning and monitoring agricultural policy</p>	<ul style="list-style-type: none"> - Number of pro-poor legislation and regulations enforced at the state and federal levels. - At least 3 apex producers' organizations strengthened. 	<ul style="list-style-type: none"> - Effective devolution of water management in project areas; - Microfinance policy emphasizes alternative collateral, removes cap on interest rates, and clarified regulation of MFIs. 	<ul style="list-style-type: none"> - Organization by GoNU and GoSS of policy space at state and federal level for discussions with producers' organizations on policy design and monitoring.
<p>2. GoNU EPAR: Development of agricultural support services; GoSS EPFN: improve food security in rural hhd's by 20%. by 2011</p> <p>Baseline: Food insecurity affects about a third of households.</p>	<p>2. SO2: Increased access of the rural poor women and men to agricultural services.</p>	<ul style="list-style-type: none"> - Producers access agriculture services increases from 10-20% to 30% in project areas. - 50% producers are women. 	<ul style="list-style-type: none"> - At least 70% beneficiary farmers (women and men) use one of the following: improved seed varieties, veterinary services, soil and water conservation techniques. 	<ul style="list-style-type: none"> - Government and producer organizations allocate sufficient resources to extension services. - Affirmative action in place to recruit women extension agents.
<p>3. GoNU EPAR: Building capacity of producers; and GOSS EPFN: assist at least 20% of producers to access markets by 2011.</p> <p>Baseline: predominantly subsistence agriculture and barter trade.</p>	<p>2. SO3: Increased access of the rural poor women and men to markets and to microfinance.</p>	<ul style="list-style-type: none"> - At least 20% producers' access markets in project areas. (Baseline to be calculated). - Producers access to microfinance in project areas increases from 10% to 30%. - 50% beneficiaries are women. 	<ul style="list-style-type: none"> - Approx 200 km of roads constructed in project areas. - Approx 350 community organizations engaged in marketing in project areas. - Performance of 80 sanduqs improved in S & N Kordofan. - 1 state owned bank downscale services in project areas; establishment of at 1 apex member based microfinance institution. 	<ul style="list-style-type: none"> - State governments issue clear policies and procedures for management and maintenance of rural feeder roads. - Government decontrols Gum Arabic marketing. - Central Bank of Sudan and Bank of Southern Sudan adopt an enabling microfinance policy and regulation.

Previous COSOP results management framework

	STATUS AT COSOP DESIGN	STATUS AT COMPLETION	LESSONS LEARNED
<p>A Country Strategic Goals: Draft PRSP (2000-2001).</p> <ul style="list-style-type: none"> • Priority to agricultural development and food security • Create employment opportunities in the agricultural and services sector • Ensure rational utilization of natural resources • build strategic partnerships with potential donors • Improve implementation mechanisms and widen participation process to include public and private groups, civil society and NGOs. 	<p>Economy</p> <ul style="list-style-type: none"> • GDP: 13.6 (US\$ billion) • GDP growth rate: 6.1 % (2001) • External debt USD21.9 billion or 143.9% of GDP • Contribution of agriculture to GDP 46 % (2000) • Per capita income \$340 in 2001 • <p>Poverty</p> <ul style="list-style-type: none"> • Extreme poverty, rural 85% (UNDP 1991) • Average per capita rural income: USD 145 	<p>Economy</p> <ul style="list-style-type: none"> • GDP : 37 (US\$ billion) in 2006 • GDP growth rate: 11% (2006) • External debt as 91% of GDP (2005) • Contribution of agriculture to GDP 32% (2006) • GNI per capita: \$800 (2006). <p>Poverty</p> <ul style="list-style-type: none"> • Extreme poverty, rural 60.9% • Extreme poverty, urban 36.5% • Estimate of rural income per capita: USD 500 	<ul style="list-style-type: none"> • Despite sustained GDP growth and improvement in the overall fiscal situation, there has been a noticeable decrease in the poverty incidence. However, the HDI index increased by 3% only reflecting limited change in the social indicators (health, education, drinking water and sanitation), and the share of agriculture in the total GDP has decreased. • The Comprehensive Peace Agreement was signed in 2005. However, conflicts and displacement of population continued and are causing major disruption of rural poor livelihoods. Conflict management is incorporated in the country programme activities and is specifically linked to the management of water resources in areas of dispute between pastoralist and settled communities.
<p>B. COSOP Strategic Objectives:</p> <p>Goal: Improve the living conditions of 3 million rural poor in rainfed agriculture areas, particularly in central-west and eastern region</p> <p>Approach: Geographic concentration and focus on rainfed sector to develop leverage, enhance impact and facilitate implementation support.</p>	<ul style="list-style-type: none"> • Concentration on the rainfed sector to reach a larger number of poor households at a more affordable cost compared to the projects in irrigated sector. • The strategy of geographical concentration was appropriate. 	<ul style="list-style-type: none"> • Approx 1.6 million persons reached. • Income of beneficiaries range between USD 250 per capita in conflict affected area (household survey 2008 in SKRDP) to 640 USD per capita in drought prone area (NKRDP impact assessment study). This still constitutes approximately by 25% to 60% with larger gains in the conflict affected areas with high agricultural potential. • Physical coverage still wide, with ambitious outreach targets. • Dilution of resources: approx 25 USD/ beneficiary of applied resources at design. 	<ul style="list-style-type: none"> • Financial gains can be built upon in the new COSOP to enable poor households to shift from subsistence to commercial small-holder agriculture. • Agriculture development leads to income increase. However significant income gains can also be achieved through improvement in off-farm and non agricultural employment. • Resources are too thinly spread to trigger self-sustaining process for change. • An appropriate balance needs to be struck between the resources/ population outreach of the projects/ and change anticipated in

	STATUS AT COSOP DESIGN	STATUS AT COMPLETION	LESSONS LEARNED
			livelihoods to empower the rural poor to overcome poverty. This would require a new way of planning interventions starting from the households' livelihoods and the additional income and resources needed to reduce their rural poverty.
Strategic Objective 1 Support the livelihoods strategies of target groups in rainfed areas	Investments in livestock, income generating activities and water infrastructure are economically profitable and have a better outreach to rural poor and women.	<ul style="list-style-type: none"> The programme has resulted in increased asset ownership, improved food security and increased farm and off-farm incomes: in NKRDP, area cropped with improved seeds increased by 50%, increase by 16-30% livestock herd, increase by 20% farm income, and increase by 40% off-farm income; in SKRDP, women increased home gardens and land cultivated by 36% and 96% respectively whereas men increased land cultivated by 140%. Livestock ownership has increased from 30 to 200% (the highest increase is for goat ownership), increased income by 60%. The strategic location of water points and the tripartite management of these water facilities (community, local government and state government) are providing a replicable tool for conflict mitigation and effective management of water resources. 	<ul style="list-style-type: none"> Livelihood support strategies in drought prone areas and in conflict affected areas differ. In drought prone areas, the focus is on yield stabilization and on increasing off-farm incomes particularly in the dry season; in conflict affected areas endowed with good natural resources, the focus is on improving agricultural productivity, and strengthening community and government capacity to manage resources effectively and resolve conflicts.
Strategic Objective 2 Empower both men and women to fully participate in the development process	<ul style="list-style-type: none"> Promote women's access to decision making at local level as a way to address their strategic needs and to mitigate the effect of cultural factors limiting their presence in the public arena. Build on women's experience in setting-up and managing self-help groups in close collaboration with the IFAD-sponsored Programme of Action to Reach Rural Women in NENA region. 	<ul style="list-style-type: none"> Greater women participation in community organizations where women represent 30% of the committees of community organizations; Women access to extension and microfinance services increased and women account for 40% beneficiaries at least. Decreased burden on women thanks to investments in improved access to water, alternative energy, and small scale forestry. 	<ul style="list-style-type: none"> Community organizations are sustainable when they have an economic asset to manage (such as water facility or microfinance services). However, they require continued capacity building and follow-up to ensure poverty targeting, active participation of women and expansion/improvement of the management of economic activities. Sustainability strategy for these organizations should address: (i) linkages with

	STATUS AT COSOP DESIGN	STATUS AT COMPLETION	LESSONS LEARNED
		<ul style="list-style-type: none"> • Approx 530 community organizations formed through NKRDP, SKRDP, GSLRP and WSRMP. • Approx 173 village sanduqs established in two localities in North Kordofan and 1 central sanduq at locality level in South Kordofan. • In NKRDP and SKRDP, about 50% of these organizations have demonstrated the potential to grow into strong local institutions. More significantly, the basis for the link of local communities to the locality and state level services has been established. • The Community Capability Index is also used as a measure of empowerment. In NKRDP the index has increased from 46 to 64% • Steps taken to devolve natural resources management to users' groups. Progress in this area is undermined by resistance from vested interests and non enforcement of agreed rules. 	<p>private sector and banking institutions; (ii) monitoring by the relevant Government agency; (iii) continuation of capacity building and business advisory services; (iv) where applicable federation of these organizations to gain larger voice in the planning and delivery of social and larger bargaining power in the delivery of marketing or rural finance services.</p> <ul style="list-style-type: none"> • As poverty in the rainfed areas is mostly caused by inadequate policies exacerbated by climatic variability, poverty reduction projects in the rainfed areas should be reform oriented. The experience suggests that projects should – as of design – engage in a process of policy dialogue and action supported by investments in livelihood improvement and institutional development. This is the design approach adopted in GSLRP and BIRDP.
<p>Strategic Objective 3 Promoting good local governance.</p>	<ul style="list-style-type: none"> • Management of security risks through the promotion of good local governance. • Expected results consisted of: (i) liaise with partners to ensure pro-poor policy reforms; (ii) streamlined state Government development budgets; (iii) enhanced managerial capacity and accountability. 	<ul style="list-style-type: none"> • 28 Rural Administrative Extension Team, 11 Locality Extension Teams and 2 mobile extension teams established in North and South Kordofan thus covering the whole 2 states with an extension network. • Increased federal allocation to the state development budget since the signing of the CPA, and improvement in the flow of counterpart funding to on-going projects. • In nominal terms, higher budgetary allocation to the rainfed sector (see annex on poverty analysis) 	<ul style="list-style-type: none"> • Investment in decentralization and building the institutional capacity of decentralized extension services proved relevant and effective in expanding the outreach of the extension and microfinance services. • The main assumption for the sustainability of decentralized extension services namely that the revenue base of Locality governments would increase sufficiently to take over financial responsibility for projects, proved ambitious. Alternative cost recovery mechanisms and service delivery channels (alternative to public extension services) need to be explored • Within the decentralization process, an effective and transparent mechanism for revenue transfer

	STATUS AT COSOP DESIGN	STATUS AT COMPLETION	LESSONS LEARNED
			from the centre (federal) to the States and Localities is required especially with regards the financing of recurrent costs (as these are the main costs of an extension service).
C. IFAD performance			
Policy dialogue	<ul style="list-style-type: none"> The main focus for IFAD was the settlement of debt issue as an important prerequisite for policy dialogue leading to effective implementation. Support to PRSP process and to decentralization policy. 	<ul style="list-style-type: none"> Only 2 suspensions during the COSOP period. Progress achieved in : <ul style="list-style-type: none"> Shifting IFAD financing to focus on the traditional rainfed areas away from the Nile based irrigation schemes. Demonstrating that member based sanduq organizations are viable rural MFIs but would require additional capacity building. Internal organization restructuring in ABS to operate microfinance services. Legal framework for registration and operation of community organization. User management of water facilities for domestic and livestock purposes enshrined in a tri-partite agreement between communities, localities and state government in North and South Kordofan. Shift from centralized management to co-management between parastatal and WUAs in the Gash spate irrigation scheme. Decentralized extension services and development of a network of community extension agents. 	<ul style="list-style-type: none"> The PBAS could be strategically used for enhancing the interest of Government to engage in dialogue on policy issues that influence the allocation of IFAD financial resources. This is particularly timely in view of the weak rural sector performance. Policy dialogue and policy reform need to be based on careful stakeholder analysis. Proposed institutional changes should foster equality of agency and accountability. In view of this, policy dialogue and reform needs to be supported by significant investments and close monitoring by Government, civil society and IFAD.
Partnerships and consultation	<ul style="list-style-type: none"> Due to political and arrears problems, most of the donors had to suspend operations in Sudan except IFAD, IsDB, OPEC Fund, Arab Funds and UN humanitarian agencies. 	<p>IsDB and OPEC have been the traditional co-financiers of the IFAD Programme. In the implementation of the projects, traditional partners from civil society include the Pastoralist and Farmers' Union as well as the Women Union.</p> <p>Following the Comprehensive Peace Agreement, IFAD is re-establishing contacts with future key players in the agricultural sector, FAO, EU, World Bank,</p>	Facilitation of strategic partnerships is key to programme management, policy dialogue and replication of investments.

	STATUS AT COSOP DESIGN	STATUS AT COMPLETION	LESSONS LEARNED
		Dutch cooperation, OPEC Fund, IsDB. These relationships were mainly brokered by the Country Presence Officer.	
Portfolio performance	<p>The portfolio review in 2001 reports the following:</p> <ul style="list-style-type: none"> • Policy framework not providing incentives to small producers; • Strong elements of beneficiary participation and users' groups investments; • Managerial shortfalls that improved with the location of management units at state level; and staffing of project management units a serious issue in remote areas; • Counterpart funds insufficient and untimely; • Frequent loan suspension has also disrupted flow of funds from donors; • Project implementation through Government agencies even with beneficiary participation is not enough to ensure institutional sustainability; • Environmental sustainability: user management of water facilities improves environmental conservation; non enforcement of environmental rules by producer organizations threatens environmental sustainability. 	<p>Results from the rural sector analysis and the performance of on-going projects:</p> <ul style="list-style-type: none"> • Policy framework recognizes importance of agriculture and particularly rainfed agriculture for rural poverty reduction. However, resources allocated to the sector are insufficient. • Beneficiary participation mainstreamed in legally recognized community organizations. • All project management units located at state level. However the wide geographic spread of projects limits regular and adequate monitoring and follow-up. M&E systems and management for results need to be strengthened. • Decentralization effectively supported with re-design of the institutional component to increase resources allocated to this sub-component. However financial sustainability of decentralized extension issues without in-depth analysis of the resource revenue base of local government. • Environmental sustainability: user management of water facilities mainstreamed into law in Kassala State and is a formal government agreement in North and South Kordofan. Attitude change towards the environment improved at community level through use of gas stoves, establishment of range reserves, afforestation. 	<ul style="list-style-type: none"> • Generating higher impact and addressing issues of efficiency and sustainability would likely require specialization of project interventions, greater leverage of co-financing resources and reliance on alternative delivery systems in addition to public extension services. • Main areas of innovation proposed are in the areas of project management to facilitate effective start up and implementation, technological innovations and scaling up the successful institutional innovations tested in the programme to date.

CPE agreement at completion point

Sudan Country Programme Evaluation Agreement at Completion Point

A. Background

1. In 2007/2008, IFAD's Office of Evaluation (OE) conducted a Country Programme Evaluation (CPE) in Sudan. The main objectives of the CPE were to: (i) assess the performance and impact of IFAD's strategy and operations in Sudan; and (ii) develop a series of findings and recommendations that would serve as building blocks for the preparation of the new IFAD results-based country strategy and opportunities programme (COSOP) for Sudan. The COSOP would be formulated by the Near East and North Africa Division (PN) of IFAD in close collaboration with the Government of Sudan.
2. This Agreement at Completion Point (ACP) includes the key findings and recommendations contained in the CPE. It also benefits from the main discussion points that emerged at the CPE national roundtable workshop, organized in Khartoum on February 25-26, 2009. This ACP captures the understanding between the IFAD management (represented by the Programme Management Department) and the Government of Sudan (represented by the Ministry of Ministry of Finance and National Economy) on the core CPE findings, and their commitment to adopt and implement the evaluation recommendations contained in this document within specified timeframes.

B. The Main CPE Findings

3. The Sudan Country Programme brought hope to largely marginalized populations following a period of conflict in some areas, and much needed support to state governments and localities where few other donors existed. It provided them with hands-on-experience in innovative areas such as the newly formed CDCs. IFAD has assisted in the introduction of improved agricultural practices, seed varieties and livestock which have enhanced incomes, food security and nutrition. There has been emphasis put on enhancing extension services at the lower administrative levels, and even at village level for some extension staff and service providers like paravets and midwives. There has been an increase in the establishment and improvements of local organizations, training in health care, nutrition, hygiene, especially through the recruitment of female extension staff. The provision of micro-finance to generate enhanced economic activities has increased local economic activities, albeit not always on a sustainable basis. Community and rural infrastructure (e.g. El Obeid-Bara road) have also improved access to markets. IFAD remains today's largest donor in the Agriculture sector in the country, making the Fund a major partner in the current period of rising agricultural commodity and food prices.
4. The Evaluation notes that components to strengthen rainfed agricultural services are explicitly present in only two out of the five ongoing IFAD projects, but subsumed under different components in all projects. The Evaluation also found that little technical innovation has been developed by research institutions that could be adopted by beneficiaries. Nevertheless, farmers are already beginning to experiment themselves in some areas such as more intensified use of manure. They could be assisted with technical advice for on-farm trials, with pastoralists assisted with corral systems for manure collection. While learning from experience and replication of successful interventions is important, so is identification of local opportunities and priorities. A renewed focus on agricultural development raises the challenge of the most suitable targeting strategy for IFAD operations.

- a. The evaluation found that the vast geographic coverage of IFAD activities in Sudan raises coordination concerns and does not generate sufficient synergies within/across programmes. Greater geographic concentration could be sought to foster agricultural productivity and market linkages, while facilitating project supervision and overall programme management. The diverse agricultural environment in Sudan is at once a challenge and an opportunity in this regard.
- b. The CPE notes that the COSOP did not fully capture the privileged status of IFAD at the time of its preparation in 2002, when IFAD remained among the few funding development agencies in Sudan. There was a missed opportunity for IFAD to more systematically follow-up on policy issues notably at the Federal level. The Fund's policy dialogue efforts concentrated mainly at the project level. The lack of a consolidated country presence in Sudan restricted IFAD's engagement in the policy arena at the national level.
- c. Project sustainability, which has been identified as a key weakness since the Sudan Country Portfolio Evaluation of 1994, requires broader efforts beyond the simple scope of project activities. The Evaluation found hard-earned gains in projects are threatened with loss when projects come to an end and there are no prospects for follow-up with internally generated resources. The solution that consists in phasing out the external (IFAD) contribution during the period of implementation often proved unrealistic, because it takes much more time (in the range of 15-20 years) to reach results that are sustainable. Hence, an important aspect of sustainability is continuity of support to avoid the degeneration and possible loss of good results and assets. At the same time, situation of donor-dependency should be avoided.
- d. The CPE also found that institution building through projects has been one of IFAD's strong points in Sudan and has demonstrated its appropriateness and relevance for rural poverty reduction. However, the model demands substantial resources, especially at the State/Locality and programme management levels where over 70 per cent of institutional support funding has gone and where institutional and operational linkages are still weak. The model is also based on a number of assumptions that have been found to be optimistic, such as growth of locality government revenues as projects raise agricultural productivity and hence incomes of the farmers (and the private sector more generally) who not only would pay more taxes, but also have capacity to pay for most of the services they require. Community organizations visited which were established or supported by the programme appeared to be far from attaining self-reliance.

C. Recommendations

Recommendation 1: Agriculture as a key sector of intervention

5. The Evaluation recommends that IFAD further address the root causes of smallholder low productivity by focussing more on agriculture in the next COSOP. Localities where basic services and infrastructure that have proved to support labour productivity and market access are available could be favoured. In today's environment of rising prices, the issues of value-chain marketing and market access require more consideration than these issues received in the past. IFAD could also build on current efforts such as the decentralised agricultural extension services which have been beneficial to smallholders. Land tenure, irrigated cultivation, overgrazing and livestock should continue to be addressed. However, consideration should be given to pursuing these in a more focused and systematic manner to ensure greater integration and synergies in these areas.

Recommendation 2: Promoting pro-poor agricultural innovations

6. Notwithstanding the programme's good performance in the areas of rural finance or institutional innovations, the Evaluation recommends that IFAD redouble efforts in promoting pro-poor agricultural innovations. These have been weaker than innovations in the other programme components. The Fund's focus on agricultural

innovation should be realised within projects through allocation of greater resources for suitable staffing, links to relevant research organisations and to undertake adaptive research components. A more systematic approach to replication and upscaling of agricultural innovations should also be developed. In particular, technical innovations need to be developed by research, under the impulse of IFAD and GOS, and be adopted as technical packages by the projects. Greater practical support to innovation in the agricultural sector should be given both at research level and in support to farmer's own experimentation and innovation.

Recommendation 3: Scaling-up Policy Dialogue

7. Building on project-level policy dialogue initiatives that are currently being pursued, the division should scale up agricultural policy dialogue to the national level. This could be done by presenting a limited set of strategic themes for dialogue in the forthcoming Sudan COSOP, which could include, *inter alia*, such themes as: Agricultural Pro-poor Innovation, Partnership and Sustainability. Policy dialogue on these strategic themes could then be enhanced and sustained through the life of the next COSOP through the regular follow-up and analysis mandated in the RB-COSOP framework, including annual workshops and the mid-term review exercise. Regularly revisiting dialogue on policy issues also presents the potential to establish a more transparent partnership and consultation mechanism, making it possible to better engage with national and local level authorities, civil society and the wider donor community. The end result would be a more holistic country programme and, ultimately, more sustainable development impact.

Recommendation 4: Tackling Sustainability

8. The Evaluation recommends that the next COSOP ensure sustainability is incorporated in the broad framework of the strategic elements of the Country Programme in terms of design (e.g. clarity of exit strategies), and partnership (e.g. stakeholder ownership) at the outset of the new country programme. For example, the new strategy should fully take into account the changing economic landscape of Sudan to ensure greater GoS ownership of the COSOP from the outset to ensure sustainability. Also, recognizing the contextual realities of Sudan, where conflict over natural resource is an integral part of the daily reality of farming and pastoral communities, IFAD should include the capacity building of the field staff in conflict prevention and disaster management as integral component of its programmatic interventions in Sudan in order to enhance sustainability. The Fund's assistance to the Agricultural Bank of Sudan (ABS), which resulted in a major change in its rural finance policy, should be pursued if gains achieved are to be further enhanced and sustained.

Proposed Timeframe to Implement the Recommendations 1-4

9. The recommendations will be taken into account in formulating the new results-based COSOP and new operations in Sudan.

Key Partners to Be Involved

10. Government of Sudan (especially the Economic Affairs Division), IFAD, and the concerned technical and financial partners at both the federal and local levels.

Project Pipeline under the COSOP: 2009-2012

The annex presents an overview of the projects scheduled for financing under COSOP 2009-2012. The **timeline** for processing these projects are as follows:

Project	QE date	QA date	EB date
1. List of projects proposed for financing			
Revitalizing Gum Arabic production and marketing	November 2008	March/April 2009 and May 2009	September 2009
Rural Feeder Roads	April 2009	June 2008	September 2009
Programme for value chain development in Southern Sudan	April 2010	September 2010	December 2010
Dinder agricultural development project	April 2010	September 2010	September 2011
2. List of projects proposed for design and eventual financing by a consortium of financiers			
Jebel Marra agricultural development project	March 2011	May 2011	
Tokar scheme rehabilitation project	May 2011	September 2011	

Risks and risk management. The projects share the same risk with reference to the volume and equity of public expenditures on the agricultural sector. This risk is mitigated through capacity building of producers' organizations in policy planning and monitoring, using projects to catalyze further investments in the traditional rainfed areas.

Project 1: Revitalizing Gum Arabic Production and Marketing

Possible geographic area of intervention and target groups. The project area falls in the Gum Arabic belt which stretches in 11 states. The project is composed of two phases and has a total duration of 4 years. During phase one, the project will support Gum Arabic Producers' Associations (GAPAS) in five selected localities in the South Kordofan, North Kordofan, Sennar and Blue Nile states. During phase two, geographical coverage will be expanded to cover the White Nile state and eight additional localities. The target group will comprise small-scale gum Arabic producers in the main production areas of the Gum Arabic belt; women participating in Gum Arabic production; and Gum Arabic Producers' Associations. A total of 125 out of 1600 GAPAs are expected to be supported at project completion.

Justification and rationale. Sudan is the world's largest producer of Gum Arabic, a key agricultural export commodity produced by small-scale farmers. Around one million households living in the traditional rainfed areas depend on supplementary revenues generated from Gum Arabic production. However given the monopoly exercised by the Gum Arabic Corporation, the farmers' marketing margins are squeezed rendering the production and safeguard of Gum Arabic trees unattractive. The GoNU is committed to rehabilitate the Gum Arabic sector through enactment of a series of marketing reforms and supporting Gum Arabic production as stipulated under the Executive Programme for Agriculture Revival. The project will support the Government with critical analytical inputs to develop a pragmatic road map for the revival of the sector, as well as support producers and their organizations to take advantage of a more competitive and liberalized market.

Key Project Objectives. The objective of the proposed project are to: (i) support the livelihoods strategies of targeted groups through increasing the production and income of small-scale gum producers in selected areas of the gum belt and (ii) improve the performance of the production and marketing systems.

Ownership, Harmonization and Alignment. The project will be implemented by the Forestry National Corporation, using its existing staff and procedures. The design of the project was initiated by the FNC with support from the World Bank. The project will be co-financed with the Multi-Donor Trust Fund.

Components and activities., In addition to project management and supervision, the project will have two components:

- i. Gum Arabic Policy Reform and Sector Support. This component will finance studies related to more in depth of Gum Arabic value chains and potential market developments, the establishment of a gum Arabic market information system and matching grants to private agencies and public and semi-public agencies to support capacity development in marketing.
- ii. Support to Gum Arabic Producers' Associations (GAPAs). This component will finance capacity building activities to strengthen the management and skills of GAPAs in savings, credit, marketing, quality control and production. It will also provide grants to supplement revolving savings and credit schemes to be set up and managed by the GAPAs. The project will also facilitate the formation of unions of GAPAs and strengthen their capacity.

Costs and financing. The total cost of the project is estimated at USD 10 million. The MDTF is expected to provide USD 4.0 million. Domestic contribution is expected to amount to USD 3.0 million. IFAD share is USD 3 million.

Organization and management. FNC – a government agency - will implement the project. .

Monitoring and Evaluation indicators. As listed in the COSOP results framework, the project will contribute to the following results under SO3: (i) increase in the incomes of the rural poor; (ii) producers organized to decrease transaction costs; and Government decontrols the Gum Arabic market.

Project 2: Rural Feeder Roads Project

Possible geographic area of intervention and target groups. The project target area is comprised of the Gash spate irrigation scheme served by the on-going Gash Sustainable Livelihoods Regeneration Project and the 10 localities served by the on-going Butana Integrated Rural Development Project. The direct and indirect beneficiaries likely to benefit from the project interventions represent about 1.5 million people or approx 200 000 households. The project duration is 4 years.

Justification and rationale. The project addresses the issues of inaccessibility of production areas as well as high costs of access to markets. The project interventions will aim to resolve the following problems currently experienced in the Gash Sustainable Livelihoods Regeneration Project (GSLRP) and in the Butana Integrated Rural Development Project (BIRDP):

- In the GSLRP, poor access within the Gash spate irrigation block areas along the main canals is restricting the operation and maintenance activities especially during the flood season when rapid access to the intakes or damaged areas is needed.

- In the BIRDP, it is estimated that transport costs represent up to 10% products prices and that important losses in animals and crops are incurred due to the inadequate transportation facilities.

Key Project Objectives. The project aims to facilitate the rural population efficient access to productive services and markets.

Ownership, Harmonization and Alignment. The project falls under SO2 of the COSOP. It will seek complementarities with other donor and government interventions in the project area namely: (i) the EC, MDTF, and the Government funded Executive Programme for Agricultural Revival. The added value of the project would be in developing an effective mechanism for operation and maintenance of the rural feeder roads.

Components and activities. The project will have 3 components as follows:

- Rehabilitation and construction of rural feeder roads. Activities include the planning of the rural feeder roads as part of 3-5 year infrastructure development plans for the localities; the survey of the status of the proposed rural feeder roads, the funding of the capital costs of the rehabilitation/ construction of the rural feeder roads.
- Capacity building on supervision, operation and maintenance (O&M) of rural feeder roads. Activities include training and system development on O&M of rural feeder roads.
- Project management. The project day to day management will be carried out by a project management unit. The hosting of the PMU is not finalized.

Costs and financing. The project costs are estimated at USD 25 to 35 million, with co-financing of USD 8 million from IFAD. An amount of USD 17 to 27 million is being sought from additional financiers.

Organization and management. A specific PMU will be established for the project. The PMU will liaise closely with the project coordination unit of the GSLRP, the Butana development Authority managing the BIRDP, the project coordination unit of the MDTF funded Community Development Fund, as well as the Ministry of Agriculture and Forestry in charge of the EC funded SIFSIA and the Government funded Executive Programme for Agriculture Revival.

Monitoring and Evaluation indicators. The project contributes to the following COSOP results under SO3: (i) increased income; (ii) at least 20% of women and men producers access markets; (iii) road network linking communities and markets effectively established and maintained; (iv) state governments issue clear policies and procedures for market related infrastructure such as rural feeder roads.

Project 3: Dinder Agricultural development project

Possible geographic area of intervention and target groups. The project area is located between longitudes 34-35 and latitudes 12 30 and 13 30. The total area is about 1.7 million feddans equivalent to 700000 Ha. The total population of the area is estimated at 355000 persons of whom 70% are sedentary population and 30% nomads. Both sedentary and nomadic populations live in 200 villages and temporary nomadic camps along the banks of the Dinder River and its tributaries. The population derives its main livelihood from: traditional rainfed agriculture, large mechanized farms (owned in the main by absentee land lords from outside the area), horticulture, livestock grazing, fishing, Gum Arabic tapping, forestry and handicrafts. The large mechanized rain fed schemes occupy an area of 452,000 feddans while the small holdings occupy an area of 500,000 feddans.

Justification and rationale. Poverty in the project area is characterized by food security, high rates of unemployment and male migration. Productivity in all production systems is low. The project area is subject to competing claims for land between small-scale producers, nomads, large scale mechanized farming, mining activities and the establishment of a nature park. This situation is leading to environmental degradation and increased poverty.

Key Project Objectives. The project aims to enable producers to increase their food security, incomes and resilience to shocks.

Ownership, Harmonization and Alignment. The project falls under SO2 of the COSOP. It will seek synergies with the interventions of: (i) the Executive Programme for Agricultural Revitalization; (ii) the UNDP/ GEF financed nature park in Dinder; (iii) UNHCR and WFP assistance to internally displaced persons living in the project area.

Components and activities. The project will have the following components:

- Technology transfer. Under this component, appropriate technological packages will be identified, adapted to the main production systems practiced by smallholders, disseminated and evaluated for their impact on productivity, food security and incomes.
- Piloting synergistic investments between the traditional rainfed farming, pastoral systems, mechanized farming, mining activities, and nature reserve. Under this component, the project will pilot a series of integrated investments to reduce competition over land uses by the various production systems.
- Support to the establishment of a MFI. Under this component, the project will support the establishment/ expansion of a MFI to extend microfinance services to smallholders.
- Institutional strengthening of agricultural services. Under this component, locality extension services will be equipped and trained and private or NGO based delivery of extension services and input supply will also be encouraged.

The poverty and gender mainstreaming strategy of the project will be developed at project design.

Costs and financing. The total project costs are estimated at USD 25 million.

Organization and management. The lead agency of the project is the State Ministry of Agriculture in the state of Sennar. The main implementing partner is the agriculture department in the Dinder locality, assisted by competent local and national NGOs as well as producers' organizations. The support to the MFI will be channeled through the Sudan Microfinance Development Facility.

Monitoring and Evaluation indicators. The project contributes to the following COSOP results under SO2: (i) increased food security and income; (ii) at least 30% women and men producers access agriculture services in the locality.

Project 4: Support to value chain development in Southern Sudan

Possible geographic area of intervention and target groups. The project will be implemented in 3 agro-ecological zones namely the flood plains, the dry hilly areas and the green belt. The project will build upon and complement the activities of the Southern Sudan Livelihoods Development Project approved in September 2008.

Justification and rationale. The Government of Southern Sudan agricultural strategy aims to support producers to shift from subsistence to market oriented production. The Southern Sudan Livelihoods Development Project approved in 2008 has mainly focused

on rebuilding the productive capacity of the rural poor and is scheduled for review in 2010. The review will highlight the project achievements and the actions needed to improve producers' marketing margins. The project will also aim to replicate and adapt successful marketing interventions undertaken in the green belt area. The duration of the project is 4 years.

Key Project Objectives. The project aims to enable producers, women and men, to benefit from increasingly remunerative prices for their products.

Ownership, Harmonization and Alignment. The project falls under SO3 of the COSOP. It will seek synergies with the interventions of: (i) the MDTF in the agricultural sector and the development of the private sector; (ii) the EC funded agricultural capacity building, model productive project and market information support; (iii) WFP food purchase for progress initiative; (iv) the NGOs involved in market related activities such as World Vision and Land O'Lakes; (v) the expansion of microfinance services.

Components and activities. The project will have the following components:

- Producers' organization. This component will provide support to producers' organizations and cooperatives to engage in marketing activities.
- Financial services for marketing. This component will provide appropriate financial services to the producer organizations and cooperatives to invest in value adding activities and to reduce transaction costs in the marketing chain.
- Project management. This component will aim to facilitate the monitoring and financial management of the project, as well as facilitate contractual arrangements between producers' organizations and cooperatives on one hand and the private sector on the other.

The content and structure of the components will be revised on the basis of the recommendations of the SSLDP review scheduled in 2010 as well as the progress achieved in the interventions listed above by other donors as well as progress achieved in the Government's strategy in the development of commodity markets and the private sector. The poverty and gender mainstreaming strategy of the project will be developed at design.

Costs and financing. The total project costs have yet to be estimated.

Organization and management. The host organization for the project is yet to be identified. Key characteristics include: (i) knowledge of markets; (ii) capacity to broker contractual arrangements between producers' organizations/ cooperatives and the private sector. A consortium of NGOs with marketing experience, MFIs and private traders may be considered.

Monitoring and Evaluation indicators. The project contributes to the following COSOP results under SO3: (i) increased income; (ii) at least 20% women and men producers access markets; (iii) 30% of women and men have access to rural finance.

Project 5: Jebel Marra Agricultural Development Project

Possible geographic area of intervention and target groups. The Jebel Marra is a public project established in the 1980s. Geographically it lies between latitudes 11° 15' - 13° 30' North and longitudes 22° 30' – 24° 30' East. It extends over a region in the west and north western edge of the Sudan. West Darfur State encompasses about 80 % of Jebel Marra command area, while South and North Darfur States share the remaining area. The project area covers about 42,000 square kilometres, which is about 8 % of Greater Darfur area. Out of this total area, about 500,000 ha or 1,200,000 feddan is estimated to be the cultivable agricultural land. The population figures of the project area

are not reliable due to constant population movement. What is clear however is that the area is affected by the civil strife with deserted villages, the rural population concentrated in camps for internally displaced people around the towns, health disability and a large proportion of women headed households.

Justification and rationale. Reconstruction and development efforts in Darfur would target the rehabilitation of major development schemes that can generate food security, incomes and stability of settlement to the rural population. Jebel Marra is one such scheme.

Key Project Objectives. The project aims to enable producers to reconstitute their asset base and increase their food security and incomes.

Ownership, Harmonization and Alignment. The project falls under SO2 and SO3 of the COSOP. The project is likely to be financed by a consortium of donors and Government.

Components and activities. The project will have the following components:

- Community initiatives. Under this component, communities will be assisted with the establishment of social services namely potable water, education and health services.
- Farmland development. Under this component, assistance will be provided to returnee farmers to rehabilitate their terraces, rehabilitate or construct simple water spreading structures to make use of surface runoff in the project area. They will also be assisted with inputs and the establishment of seed banks.
- Rangeland development. Under this component, stock routes crossing the project area will be surveyed and demarcated, range and water development activities would be introduced: they will be planned and managed in a consultative manner.
- Infrastructure development. Under this component, rural feeder roads will be repaired or constructed to facilitate mobility within the project area, access to services and markets.
- Institutional strengthening. Under this component, activities will include strengthening the organization and capacity of community and producers' organizations, supporting conflict resolution, and strengthening the organizational capacity of the Jebel Marra agriculture development project.
- Project management. A project management unit will be established within the Jebel Marra agriculture development project to coordinate, monitor and supervise the implementation of the project activities.

The gender mainstreaming strategy of the project will be developed at project design.

Costs and financing. The total project costs are yet to be estimated. A consortium of donors would be involved.

Organization and management. The lead agency is the Jebel Marra agriculture development project. During implementation, the lead agency will be supported NGOs with expertise in community mobilization, organization, capacity building and with a good track record in the area of improving agricultural productivity.

Monitoring and Evaluation indicators. The project contributes to the following COSOP results under SO2: (i) increased food security and income; (ii) at least 30% women and men producers access agriculture services in the project area; (iii) at least 20% women and men producers access markets.

Project 6: Tokar Scheme Rehabilitation Project

Possible geographic area of intervention and target groups. The Tokar Delta is the outwash fan of the Baraka River, on the coastal plain of the Red Sea some 150 km south/south-east of the Red Sea state capital Port Sudan. The Delta covers a gross area of about 406,000 feddans (170,520 ha) of which about 40% (160,000 feddans) has been irrigated in the past. The town of Tokar is located about 35 km from Shidin Rock, a local land mark on the Baraka River (see Figure 1). Reliable population data for the Tokar Delta are not available but the Tokar Delta Corporation (TDAS) has a total of 5,724 landowners and 24,000 landless sharecroppers registered.

Justification and rationale. The Red Sea State in general and the Tokar Delta in particular are among the poorest areas in the drought prone region of Sudan. The food self-sufficiency and other human development indicators for this region are among the worst in Sudan. The fundamental problems that face the Tokar area are related to the deterioration of the spate irrigation scheme which constitutes a main source of livelihood for the population. The problems in Tokar scheme seem to derive from the lack of adequate management of the land and the solution lies in an improved land and water system that would capitalize on the lessons derived from the rehabilitation of the Gash spate irrigation scheme. The rehabilitation of the Tokar scheme constitutes an opportunity to assist the government in adapting the physical rehabilitation and institutional reform process piloted under the on-going Gash Sustainable Livelihoods Regeneration Project (GSLRP).

Key Project Objectives. The project aims to improve the incomes and food security of the smallholder farmers and women in the Tokar area.

Ownership, Harmonization and Alignment. The project will be implemented by the Tokar Delta Corporation in collaboration with the Tokar Farmers' Union. The capacity of these two organizations will be assessed so as to detail the required incremental support for effective project management. The project will seek synergies with the on-going EC financed Tokar model project. The inception of this project is currently on-going and synergies in the form of co-financing or parallel financing will be sought.

Components and activities. The project would have the following main activities in line with the component structure of the GSLRP:

- Irrigation Scheme Rehabilitation that will enhance the capture of flood waters through river control and stream regulation, will reconstruct the water spreading, and improve field layouts.
- Animal Production and Rangeland Management that will improve animal health services, restock men and women with improved animal breeds, and develop a sound land use policy through the rehabilitation community stock water facilities, construction of water containment and spreading structures for animal use, and control of mesquite invasion.
- Community Development, Capacity Building and Empowerment that will increase drinking water supply and quality by refurbishing existing facilities, build the capacity and empower communities through training both men and women, group formation, and provision of community initiative grants – on a matching basis - for social services support.
- Marketing services that will allow the target group the resources to increase their productivity, and access more remunerative markets.
- Institutional Support that will encompass land tenancy reform, the formation and empowerment of Water Users' Associations, support to the Tokar Delta Corporation and the Tokar Farmers' Union. Appropriate recovery for O&M costs would also be designed.

Costs and financing. The total cost of the project is yet to be estimated.

Organization and management. The Tokar Delta Corporation will carry out project management and implementation. The capacity of the Tokar Farmers' Union will be developed so that they play an effective role in influencing the land and water management of the Tokar scheme as well as become effective service providers to farmers with regards production and marketing support.

Monitoring and Evaluation indicators. The project will contribute to the COSOP results framework namely under SO 2 and SO3: (i) increased income and food security; (ii) at least 20% women and men producers access markets; (iii) 30% women and men have access to agriculture services.

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

Priority Areas	Affected Group	Major Issues	Actions Needed
Prevalence of malnutrition	Poor small farmers, pastoralists, landless, IDP, and poor rural women in particular in Southern Sudan and in transition areas between North and South Sudan	<ul style="list-style-type: none"> • Low agricultural productivity • High exposure to insecurity • Limited access to water and sanitation • physical isolation and remoteness from main villages/ towns 	<ul style="list-style-type: none"> • Improved agricultural production through technology transfer and appropriate storage • Access to safe water and hygiene awareness • Increased development assistance to mitigate conflict situations and increase investments in social and road infrastructure.
Low incomes in rural areas	Population in the rainfed areas	<ul style="list-style-type: none"> • Disincentives to production and marketing of rainfed commodities. • Conflicts due to disputes over access to natural resources (water, grazing lands, etc.) • Women workload to access fuel and water • Coping mechanisms with drought no longer adapted. • High expenditures in dry season. • Limited income earning opportunities during the dry season. 	<ul style="list-style-type: none"> • Improved agriculture production and marketing through technology transfer, organizing producers to increase their marketing margins, and planning enabling policies. • Sustainable natural resources management. • Labour saving techniques for women. • Decrease costs in dry season particularly water costs. • Farming system development, vocational training, agro-processing and access to finance to increase income from off-season agriculture production and from non farm activities.
Poor access to market and lack of infrastructures in the rural areas		<ul style="list-style-type: none"> • Limited opportunities for alternative income generating activities • High transaction costs • Long market chains leading to non remunerative prices for producers 	<ul style="list-style-type: none"> • Improve rural infrastructures • Shorten the value chain with producers' organizations and partnerships with private sector
Limited access to agricultural services and micro-finance services		<ul style="list-style-type: none"> • Weak extension services delivery and coverage • High transaction costs for extending microfinance in low density areas 	<ul style="list-style-type: none"> • Liberalization of input supply • Strengthen sanduqs as micro-finance institutions • Assist banks with downscaling their services
Illiteracy, high maternal mortality and children mortality	Smallholders, pastoralists, landless, IDP in particular in Southern Sudan and in transition areas between North and South Sudan	<ul style="list-style-type: none"> • Limited or no access to schools, to health clinics and to reliable food intake. • Limited awareness about hygiene. • Limited educational and health staff. 	<ul style="list-style-type: none"> • Development of social services and an appropriate outreach/ referral system. • Training of educational and health cadres. • Awareness raising in hygiene, nutrition, mother and child health matters.
Gender inequity	Women	<ul style="list-style-type: none"> • Very low access to agriculture services, education, health, education • Access to land is not secure • Economic activity of women non valued 	<ul style="list-style-type: none"> • Mainstreaming gender in agriculture services and microfinance • Women rights to land access be enforced • Gender sensitization of communities and leaders

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

Institution	Strengths	Weaknesses	Opportunities/Threats	Remarks
Enabling organizations				
Government of National Unity				
Ministry of Finance and National Economy (MOFNE)	<ul style="list-style-type: none"> Inherited a well trained Staff from the dissolved Ministry of Planning Control of financial resources and the budget provide opportunity for financial monitoring. Close coordination with State Ministries of Finance 	<ul style="list-style-type: none"> Irregularity in payment of counterpart funds (timely and sufficient amounts) 	<ul style="list-style-type: none"> Decline in oil revenues Unsustainable debt burden MOFNE is responsible for the Poverty Reduction Programme. 	Designated the Borrower for IFAD loans. Responsibility for economic policy is crucial for success of investment programme
Federal Ministry of Agriculture and Forestry (MOAF)	<ul style="list-style-type: none"> Ministry has a large pool of qualified staff Recruitment of young graduates but they still need to be trained/coached Agriculture Revival programme provides a guiding and result framework for Government and donor interventions 	<ul style="list-style-type: none"> Weak follow-up and engagement with state ministries of agriculture Delays in formulation of policies particularly land, and balance between irrigated/ rainfed sectors. 	<ul style="list-style-type: none"> Increase of public expenditures on the agric. sector. Increasing support to agricultural research and extension for rainfed areas where the majority of the poor live. Reform impetus driven by decentralization and CPA deliverables (land tenure). 	The current organization structure of the Ministry is under review to better respond to decentralization.
State Ministries for Agriculture	<ul style="list-style-type: none"> Responsible for rural resource development in the fields of agricultural services, extension, horticulture, plant protection, animal resources, range and pastures, forestry and irrigation. Collection of rents and fees 	<ul style="list-style-type: none"> Lack of facilities and equipment Lack of operating funds Limited management, outreach and law enforcement capacity. Deployment of services favours mechanised farming, irrigated farming, and male farmers Weak institutional linkages with research and university centers 	<ul style="list-style-type: none"> Competition for scarce budgetary resources between agriculture services and social service providers (Ministry of Education and Health), and urban centers Interference with land laws by the body politic and investment promoters Reduced budgetary transfers to the States as of 2009 	Some states have not fully decentralized agric services to locality levels.
Central Bank of Sudan	<ul style="list-style-type: none"> Launched microfinance strategy Earmarked resources for microfinance development Development of guidelines for microfinance 	<ul style="list-style-type: none"> Capacity to regulate microfinance under development 	<ul style="list-style-type: none"> Establishment of the Sudan Microfinance Development Facility as capacity building arm for microfinance, and the Microfinance Unit as the regulatory body. 	Projected economic outlook may push government for capping interest rates

Government of Southern Sudan	<ul style="list-style-type: none"> Formed in October 2005, granted with a high degree of autonomy Responsible for undertaking the reconstruction of the South Sudan region Decentralized governance system: central institutions in place and technical cadre recruitment under way; state governments and their ministries under formation. 	<ul style="list-style-type: none"> Legal and regulatory framework, technical procedures, under development Revenue base (in addition to oil) to be developed Limited capacity vis-à-vis the challenges of reconstruction 	<ul style="list-style-type: none"> Will be receiving capacity building and training from MDTF project Will be devolving service delivery to the private sector and NGO High priority on agriculture and rural development High reliance on oil revenues transfers for financing Government expenditures 	
Ministry of Agriculture and Forestry	<ul style="list-style-type: none"> Professional cadre in place Adequate mobility Coordinates development interventions in the agriculture sector with the Ministry of Animal Resources and Fisheries Planning to transfer larger share of ministry resources to state ministries of agriculture 	<ul style="list-style-type: none"> Capacity to coordinate and monitor overstretched in view of small number of cadre. On-going development of policies particularly seed supply and land. 	<ul style="list-style-type: none"> High priority given to the agriculture sector as engine of growth and poverty reduction Support to private sector and producers' organization as active agents in the sector 	
State Ministry of Agriculture, Animal Resources and Natural Resources	<ul style="list-style-type: none"> Structure of state ministry in place Physical assets (buildings, cars) being provided Good network of paraprofessionals who can be relied upon for service delivery 	<ul style="list-style-type: none"> Professional cadre under recruitment Over-representation of non qualified staff Budget for development and operations insufficient 	<ul style="list-style-type: none"> Capacity building support from the EU and MDTF projects 	
Bank of Southern Sudan	<ul style="list-style-type: none"> Launched microfinance in the South in cooperation with MDTF Private Sector Development Project. 			
Service organizations				
Agricultural Bank of Sudan (ABS)	<ul style="list-style-type: none"> Long-term experience in financing agriculture Large number of branches and presence in rural areas Accessible to poor women and men with leverage from donor financing Establishing microfinance units Developing business plan for downscaling 	<ul style="list-style-type: none"> High overhead costs and lending rates Declining role in development financing Limited in financial reserves for lending Lack of investment portfolio Weak operational and monitoring capacity due to downsizing of staff and loss of experienced staff to freelance consultancy and donor organizations 	<ul style="list-style-type: none"> Piloting of innovative financial services to poor farmers and community groups (mobile banking, sanduqs, financial intermediation, cotton pre-financing) with support from the IFAD funded country programme 	

<p>The Sudanese Savings and Social Development Bank</p>	<ul style="list-style-type: none"> • Lending to smallholders and the rural poor • Main partner of NGOs and safety net programmes • Participate in the government self-employment scheme • Developing an active outreach policy through introduction of mobile services to high potential farming areas • Resources: government transfer and loan repayments 	<ul style="list-style-type: none"> • Poor repayment rates • Loan appraisal weak 	<ul style="list-style-type: none"> • Interest in formulation of a business plan for bank downscaling 	
<p>The member based sanduq organizations</p>	<ul style="list-style-type: none"> • Legal entities (173 village sanduqs in North Kordofan and 1 central sanduq at locality level in South Kordofan), but not yet licensed. • Low operation costs • Outreach to the rural poor • Cover 30% of target population • 40% of members are women • Loans size are USD 100 to 300 • Annualized percentage rate is 60-70% • Outreach to 22000 hhds • Gross portfolio: USD 1.6 million in 2006 	<ul style="list-style-type: none"> • Weak financial management • Increasing default rate with relaxation of monitoring near project closing • Hand over of sanduq supervision to the ABS met with financial and legal constraints • Weak mobilization of savings 	<ul style="list-style-type: none"> • The State Governments are interested to capitalize on sanduq assets estimated at. State Governments are offering sanduqs shares in the capital of the state microfinance institution in North and South Kordofan, currently under establishment. 	
<p>Microfinance institutions in Southern Sudan (BRAC, SUMI , Finance Sudan)</p>	<ul style="list-style-type: none"> • 3 best practice MFIs operating • Gross portfolio for SUMI, USD 2.7 million with 90% repayment rate. Outreach to 6000 clients • Finance Sudan has an outreach to 750 clients, and a gross portfolio of USD 0.3 million. • Under licensing from the Bank of Southern Sudan. 	<ul style="list-style-type: none"> • Urban centered • Need infusion of loan capital and grant funding to expand and develop new products 	<ul style="list-style-type: none"> • Money transfer and foreign exchange services can be a new business • Forum for microfinance in Sudan established and active in developing policy framework • BRAC launching an Africa Loan Fund for USD 74 million over 7 years to reach 700,000 borrowers including in Southern Sudan, Uganda and Tanzania. 	
<p>Farmers' Unions, Pastoralists Union, Women's Union</p>	<ul style="list-style-type: none"> • Liaison with Government and financial institutions • Advocacy • Local branches of specific interest No women participation in pastoralist and farmers' union 	<ul style="list-style-type: none"> • Poor financial base • Prone to political interference • Represents large commercial farmers • Limited service delivery to smallholder producers in rainfed 	<ul style="list-style-type: none"> • Buy-in required from the Unions for effective policy change 	

<p>Village and Community Development Committees (encompasses cooperatives, village based organizations, producers' organization and other interest groups)</p>	<ul style="list-style-type: none"> • Financial resources: membership fees, intermediary commissions, government sponsorship • Financial intermediary to access formal credit • Management of community services (water points, schools, health centres) • Provision of marketing services 	<p>areas except in the case of Women's Union</p> <ul style="list-style-type: none"> • Indirect election system • Tendency to be dominated by the better off, educated civil servants and the politically driven • Weak women leadership • Lack of linkages with service providers (besides the projects that have supported their establishment) • Poor financial base and fiscal accountability to their constituents • Audit system not yet in place to supervise the operations of CDCs 	<ul style="list-style-type: none"> • Confiscation of social assets • Foreclosure by financial institution because member debt default • Government interference by changing law of entity 	<p>Approx 530 community organizations formed through NKRDP/SKRDP and GSLRP. In NKRDP and SKRDP, about 50% of these organizations have demonstrated the potential to grow into strong local institutions. More significantly, the basis for the link of local communities to the locality and state level services has been established.</p>
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Key file 3: Complementary donor initiative/partnership potential

Donor/Agency	Nature of Project/Programme	Project/Programme Coverage	Status	Complementarity/Synergy Potential
WB-MDTF: Community Development Fund	Community Development Fund: I & II phases The program aims to empower communities to develop basic social service and infrastructure (including water access) under the supervision of local government.	Localities of South and North Kordofan, Kassala and Blue Nile	On-going	- Provision of social services (on-going collaboration under SKRDP, GSLRP) - Upscaling Locality Development Fund concept
WB-MDTF: Improving Livestock Production and Marketing Project – A Pilot	The project is structured around pilot activities that are designed to address priority needs to support livestock production and marketing. These activities include: community-led projects to support livestock production, resolution of land access based conflicts, privatization of veterinary services, and upgrading of livestock markets.	Selected Localities North Kordofan, Blue, White Nile and Sinnar	On-going	- Knowledge sharing esp. in privatization of veterinary services and livestock marketing. Very relevant for the WSRMP and the BIRD.P.
WB-MDTF: Livestock and Fisheries Development Project	The overall aim is to assist recovery of rural livelihoods based on livestock and fisheries. The specific objective of this project is to improve the performance of the livestock and fisheries sectors in five selected States of Southern Sudan through capacity building, improving animal health, reducing post-harvest losses and improving market infrastructure.	5 eastern states under GoSS	On-going	- Knowledge sharing particularly in areas of technology transfer and marketing. - Very relevant to SSLDP and to WSRMP.
WB-MDTF : Sudan Microfinance Project	The project supports the establishment of the Sudan Microfinance Development Facility. The Facility is designed to support the establishment of new and existing microfinance institutions and providers through dissemination of best practices, technical assistance and training, financing and managing donor resources.	Throughout Sudan including the three areas, marginalized parts of western, eastern, northern and southern Sudan	On-going	- Building the capacity of the central sanduq established through SKRDP, and the federation of the village sanduqs established by NKRDP. - Knowledge sharing on downscaling of rural finance services in state owned banks.
WB-MDTF: Private Sector Development Project	The project is aiming to establish an enabling policy, legal, regulatory environment for trade and investment; to enable businesses to access finance for medium, small and micro-enterprises; to build capacity of the industrial sector; and to develop	South Sudan	On-going	- Adapt the model of market management through public private partnerships to primary and secondary markets at state

	markets through private public partnership.			level. - Very relevant to SSLDP.
WB-MDTF: Agricultural Extension Services	The program will empower communities to access inputs, adopt appropriate technologies and better market their product. This could include improved animal husbandry, and maximization of use of crop residues.	States of Central Sudan (incl. North Kordofan, Blue Nile, and Sennar)	Design stage	- Continued support to decentralized extension services, and harmonization of approach of intervention in Kassala, North and South Kordofan
WB-MDTF: Support to Agriculture and Forestry Development Project	The objective of the project is to increase productivity of some targeted 730 agricultural groups and 260 forestry producer groups by: (i) facilitating adoption of improved technologies in agriculture and forestry; through a matching grant mechanism to be implemented by experienced NGOs and, (ii) strengthening capacities of the Central and State Governments and the private sector to plan and respond to identified needs in agriculture and forestry.	5 eastern states under GoSS	On-going	- Knowledge sharing particularly in the area of administration of matching grants for technology transfer purposes, appropriate technology development, and capacity building of extension services. - Very relevant to SSLDP and WSRMP.
E.C.: Food Security Information for Action (SIFSIA)	The program will support baseline and information generation and interpretation to serve food security policy and planning making.	Sudan	On-going	- Marketing database, market price information for stakeholders, and downscaling of this information to states and localities. - Knowledge sharing in establishing trade points in North and South Kordofan. - Very relevant to WSRMP and BIRDP
E.C.: Tokar Delta Rehabilitation Project	Reduce vulnerability and increase food security and incomes of rural households in the Toka Delta through a set of complementary actions aimed at rebuilding their productive capacity: <ul style="list-style-type: none"> ▪ land tenure; land development (remove Mesquite) ▪ irrigation scheme rehabilitation; WUAs ▪ agricultural support services (FFS) marketing 	Northern Sudan: Red Sea	On-going 4 years	- Co-financing or parallel financing of the proposed Tokar Development Scheme

E.C. : Kadugli- Talodi Market Access Project	Reduce vulnerability and enhance livelihoods of small-scale rainfed farmers (including returnees and those residing in peri-urban areas), while promoting peace initiatives in southern parts of S. Kordofan: <ul style="list-style-type: none"> ▪ feeder roads ▪ support to productive marketing groups ▪ institutional capacity building of local authorities and local stakeholder organizations (farmers unions, chambers of commerce, etc.) 	Northern Sudan: S. Kordofan (Kadugli and Talodi localities)	Not yet effective	- Completes needed infrastructure in conflict affected areas; - Rationale for SKRDP to establish second central sanduq in Talodi locality
E.C. : Sudan Productive Capacity Recovery Programme	The programme aims at sustainable agricultural development to control poverty and attaining desirable social and economic welfare in the country. The target beneficiaries of the project are the rural communities of the selected areas, including small farmers, fishermen and herdsman who have been affected by the civil war, drought, inequitable land reallocation, tribal conflicts, high tax charges, high input costs, limited supply of credit, poor marketing services reduced access to essential services.	5 western states in South Sudan under GoSS and South Kordofan, Blue Nile and Red Sea States under GoNU	On-going	- Joint activities in South Kordofan with WSRMP for building the capacity of extension services. - Projected collaboration in Central Equatoria on technology transfer, marketing and cooperative organization in the fisheries sector. Highly relevant for SSLDP.
FAO: Assistance for the Establishment of an Autonomous Agribusiness Investment Centre - (TCP)	Investment in agriculture limited by cumbersome procedures and absence of promotion. This project will provide assistance to establish an autonomous Agribusiness Investment Centre (ABIC) which will undertake the effective promotion of the private sector investments and agribusiness in rural areas.	Sudan	Not yet started	- Investment promotion activities,
IsDB : Rehabilitation of Rahad, Hurga, Tyba and Kimar Irrigation Schemes (USD 17.8 Million):	Increase the production capacity of smallholder farmers: <ul style="list-style-type: none"> • rehabilitation of irrigation networks Rahad (Gezira + Gedaref), Hurga (Gezira), and Tyba / Kemair (River Nile) • machinery • extension services • social services institutional strengthening 	Northern Sudan: Gezira, Gedarif, River Nile	(2005-2008)	- Knowledge sharing on spate irrigation and extension services
USAID 1) Southern Sudan Agriculture Revitalization Programme (USD 25 Million): Increase the capacity	<ul style="list-style-type: none"> ▪ agribusiness skills through establishment of six farmer training centres ▪ agricultural enterprise finance programme ▪ technical support to assist USA and its development partners in S. Sudan, including trade 	Southern Sudan Upper Nile, Leich N+W Bahr El Ghazal W+C+E Equatoria Warab ,Laskes, Jonglei	Completed	Established organizations like the training center and the MFIs, are potential collaborators in the SSLDP.

<p>for agricultural production and marketing in Southern Sudan.</p> <p>2) Cattle Marketing and Dairy Cooperatives and Livestock Policy Dialogue in Bahr El Ghazal Region in Southern Sudan</p>	<p>and institutional strengthening</p> <p>Enhance the value of the region's livestock and improve incomes of pastoralist families, by demonstrating the effectiveness of a market-oriented, business focused marketing and value-adding cooperative. This will be achieved by helping to organize and develop two sustainable model marketing cooperatives for wide application throughout Southern Sudan, especially other pastoralist communities, which will be privately owned and operated by its members.</p>	<p>Southern Sudan: Bahr El Ghazal</p>	<p>Completed</p>	<p>Capitalize on lessons learned to continue to support the NGO AMURT in the diversification of livelihood recovery activities</p>
<p>GEF</p>	<p>Conservation and management of habitats and species and sustainable community use of biodiversity in Dinder National Park</p> <p>Pilot project for sustainable land management in Tokar Delta</p>	<p>Sinnar State</p> <p>Red Sea State</p>	<p>On-going</p> <p>On-going</p>	<p>- Knowledge sharing on technical and institutional options for desertification control, soil and water conservation, afforestation.</p> <p>- Very relevant to WSRMP, BIRDP and GSLRP.</p>
<p>OFID</p>	<p>Infrastructures (rural feeder roads)</p>	<p>West Kordofan</p>	<p>ongoing</p>	<p>Co-financing with IFAD of WSRMP</p>

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

Key file 4

Typology	Poverty Level and Causes	Coping Actions	Priority Needs	COSOP/Project Response
Small and landless farmers under traditional rainfed agriculture	<p>Poverty level: High</p> <ul style="list-style-type: none"> • Insufficient manpower to cultivate larger pieces of land or to work as wage labour • Food crop production • Insufficient seeds • Frequent crop failures 	<ul style="list-style-type: none"> • Migration to urban centres and along River Nile • Diversification into animal rearing (transhumant) • Dependence on remittances from family members outside and within Sudan 	<ul style="list-style-type: none"> • Food security • Seed supply • Re-stocking and off-farm income generation activities 	<ul style="list-style-type: none"> • Support with seeds; • Negotiate access to land and assistance with land clearance and preparation; • Restocking • Vocational training • Access to micro loans
Small pastoralists	<p>Poverty level: High (satisfy basic needs for < 3 months/year)</p> <p>Causes:</p> <ul style="list-style-type: none"> - small size of herd, <15 to 20 small ruminants • no cultivable land • no transport animal • labour power equivalent to 0.8 adults - high dependency ratio • Drought affect pastures and increase water requirements • Water facilities inadequate • Veterinary services limited, loss of animals to epidemic disease outbreaks 	<ul style="list-style-type: none"> • Speedy sale of animals at low prices • Main income as casual labour • dependence on handouts • Dependence on remittances from family members outside and within Sudan • Women raise cash income through collection of wood and wild fruits and sale on the market 	<ul style="list-style-type: none"> • Improved veterinary support and veterinary extension services • Integration of livestock into the traditional small farming system • Improvement in marketing structure to prevent market failure during drought and/or loss of markets • Access to rural financial markets 	<ul style="list-style-type: none"> • Establish effective veterinary service at community, stock route and market infrastructures. • Establish priority for poor women and men to re-stocking activities. • Livestock credit to increase small producers asset base • Develop rules of communal access, use and arbitration for the grazing land and the stock routes. • Enable development of a water distribution map and appropriate management and financing mechanisms. • Enable pastoralists to organise into land care or natural resource users' groups. • Provide technical packages for increasing forage value of the grazing land and reducing fodder deficit in the dry season.
Small agro-pastoralists	<p>Poverty level: High (satisfy basic needs for < 4 months/year)</p> <p>Causes:</p> <ul style="list-style-type: none"> • Own < 5 small ruminants • Cultivates < 5 fed land that is either borrowed or sharecropped • high dependency ratio • Labour power equivalent to 0.8 adult 	<ul style="list-style-type: none"> • Main income as casual labour • Women would also engage in mat making, collection of wood, grass and wild fruits and sale on the market • Sale of animals to cover water and school costs market. 	<ul style="list-style-type: none"> • food security • access to services • improve communications (roads) 	<ul style="list-style-type: none"> • Establish effective extension services that address women as well as men agricultural needs. • Testing and upscaling of appropriate cultivation techniques for the different agroecological zones. • Establish effective veterinary service coverage. • Provide funds for community priority initiatives on a cost sharing basis. • Establish seed banks and re-

				stocking with priority given to the poor households. <ul style="list-style-type: none"> • Zone land for agricultural expansion. • Enable community to organise and develop required outreach and solidarity mechanisms in favour of poor women and men.
Poor fishermen in Southern Sudan	Poverty Level: High to medium <ul style="list-style-type: none"> • Lack of infrastructure/services • Lack of development opportunities 	<ul style="list-style-type: none"> • Sale of fish at low prices • Lack of organised processing and selling methods 	<ul style="list-style-type: none"> • Better prices for smoked and dried fish • Improved infrastructures 	<ul style="list-style-type: none"> • Fishing equipment – hooks, nets, etc. • Improved fish smoking (chokor) & drying • Improved landing points
Rural Women	Poverty level: High to vulnerable <ul style="list-style-type: none"> • The main agricultural labour force (60%) of farm activities and 80% or more of small livestock, vulnerable with high risk and uncertainty in both farming and livestock • Increasingly heading households with increased male migration for labour elsewhere • High illiteracy rates • Poor health services, high maternity death rates • Difficulty of access to potable water which is the responsibility of rural women within households • Access to assets including farm land • Access to financial resources 	<ul style="list-style-type: none"> • Long walking trips to collect water and wood, particularly in dry season • Increasingly dependent on remittances from migrant household members • Diversification into small livestock production • Migration with households to urban areas and along River Nile 	<ul style="list-style-type: none"> • Access to potable water at village level • Literacy programmes and skill training • Improvements in health services • Improved marketing structures 	<ul style="list-style-type: none"> • Provision of potable water at village level and support community-based organizations for their operation and maintenance • Literacy programmes from Government and skill training from project/partnership • Health programmes (in partnership) • Marketing infrastructure (in partnership) • Creation/training of water user groups • Community based reforestation, alternative cooking methods/utensils

<p>Destitute households without assets and labour power (women headed HH and returnees in post-conflict areas)</p>	<p>Poverty Level: Very High to vulnerable</p> <ul style="list-style-type: none"> • Very low income • Insecurity and war, • Not sufficient labour on farm if widowed. • Illiteracy 	<ul style="list-style-type: none"> • dependence on food aid • dependence on charity • Migration to urban centres and abroad for male youth 	<ul style="list-style-type: none"> • Education facilities rehabilitated and strengthened • Literacy programmes and skill training • Create income generating activities • Training and extension activities 	<ul style="list-style-type: none"> • Promote seed banks at community level to service the poorest. Seeds should include a mix of cereal and vegetable varieties to suit women and men's roles in household food security. • Establish re-stocking programme and priority given to the poorest. • Support community initiative to provide this socio-economic group with access to land and with access to labour • Ensure that community groups establish outreach and solidarity mechanisms in favour of poor women and returnees.
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Key file 4

