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OFFICE OF EVALUATION AND INTERNAL OVERSIGHT

INDEPENDENT TERMINAL EVALUATION

Sudan

FOSTERING INCLUSIVE ECONOMIC GROWTH IN SUDAN
KASSALA STATE THROUGH AGRO-VALUE CHAIN DEVELOPMENT
AND ACCESS TO FINANCIAL SERVICES

UNIDO PROJECT ID: 170074



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Acronyms and abbreviations

Abbreviation	Meaning
A2F	Access to Finance
ABS	Agricultural Bank of Sudan
AICS	Agenzia Italiana per la Cooperazione allo Sviluppo
ARC	Agricultural Research Corporation
CBOS	Central Bank of Sudan
CTA	Chief Technical Advisor
FA	Farmers Association
IEC	International Evaluation Consultant
ISID	Inclusive and sustainable industrial development
KFMI	Kassala Microfinance Institution
KPI	Key Performance Indicator
MFI	Micro Finance Institution
MOPER	Ministry of Production and Economic Resources – Kassala State
MSME	Micro, Small and Medium Enterprise
NEC	National Evaluation Consultant
OVI	Objectively Verifiable Indicator
PA	Producers Association
PRO-P Facility	Project Pipeline Facility
PSC	Project Steering Committee
PPP	Public-Private Partnership
SDG	Sudanese pound
ToR	Terms of Reference
ToT	Training of Trainers
TSC	Technical Steering Committee

Glossary of evaluation-related terms

Term	Definition
Baseline	The situation, before an intervention, against which progress can be assessed.
Effect	Intended or unintended change due directly or indirectly to an intervention.
Effectiveness	The extent to which the development intervention's objectives were achieved or are expected to be achieved.
Efficiency	A measure of how resources/inputs (funds, expertise, time, etc.) are converted to results.
Impact	Positive and negative, intended and non-intended, directly and indirectly, long term effects produced by a development intervention.
Indicator	Quantitative or qualitative factors that provide a means to measure the changes caused by an intervention.
Lessons learned	Generalizations based on evaluation experiences that abstract from the specific circumstances to broader situations.
Log frame (logical framework approach)	A management tool used to facilitate the planning, implementation, and evaluation of an intervention. It involves identifying strategic elements (activities, outputs, outcome, impact) and their causal relationships, indicators, and assumptions that may affect success or failure. Based on RBM (results-based management) principles.
Outcome	The likely or achieved (short-term and medium-term) effects of an intervention's outputs.
Outputs	The products, capital goods, and services which result from an intervention; may also include changes resulting from the intervention which are relevant to the achievement of outcomes.
Relevance	The extent to which the objectives of intervention are consistent with beneficiaries' requirements, country needs, global priorities, and partners' and donor's policies.
Risks	Factors, generally outside the scope of an intervention, which may affect the achievement of an intervention's objectives.
Sustainability	The continuation of benefits from an intervention, after the development assistance, has been completed.
Target groups	The specific individuals or organizations for whose benefit an intervention is undertaken.
Theory of Change	A set of hypotheses on how and why an initiative works.

Executive summary

Evaluation purpose and methodology

The evaluation assesses the performance of the project against the revised DAC criteria and reflects critically on the implementation of the project to learn from experience and inform the next phase of the project.

The evaluation, undertaken by Ms. Jayanthi Aniruth and Mr. Ahmed El-Karouri, used a participatory methodology to understand the performance and impact of the project from a variety of viewpoints. The inclusion of multiple views and voices in the evaluation process increases the validity of evaluation results and encourages the adoption of learnings. The evaluation began with an analysis of project documents. Information was then triangulated with data collected in field through 23 semi-structured stakeholder interviews and focus group discussions with 39 beneficiaries.

Key Findings

After reviewing the available evidence and the evaluation data, the evaluators have found that the implementation of the Kassala Project was extremely good, especially when one considers that implementation had to be undertaken under very challenging circumstances. The quality of project management allowed the project to meet its objectives despite a dramatic deterioration of the national situation in Sudan. The PCU had to contend with worsening macro-economic conditions starting early in the project implementation, with a depreciation of the local currency and runaway inflation rates leading to fuel shortages and socio-political unrest that resulted in regime change in mid-2019. This was followed shortly thereafter by work disruptions and uncertainty related to the economic lockdowns in response to the COVID-19 pandemic in early 2020. Despite these many and varied challenges, the project has achieved its objectives and has surpassed targets on a number of outputs.

Summary of Key Findings and Conclusions

	KEY FINDINGS	CONCLUSIONS
Project Effectiveness	Project undertook year-long survey of project beneficiaries & control group to measure project outcomes.	Project was highly effective and surpassed most targets. Refer to Section 2.1 for discussion
Progress towards Impact	Project strengthened local institutions and fostered local ownership.	Local partners appear to have adopted project lessons and changed the way they work. They have indicated that they will continue to service clients, but that they do not have the funds for the capacity building introduced by the project.

	KEY FINDINGS	CONCLUSIONS
Design	Many strengths in project design: used ToT methodologies to train local organizations, who in turn trained beneficiaries, thus creating capacity and setting a base for sustainability, but some weaknesses in access to finance design.	Contracting MFIs to provide microfinance services limited exposure to project modalities to a small number of MFIs only.
Relevance	Agricultural value chain focus was relevant to the rural areas targeted. The project's focus on value chain development is central to UNIDO's mandate, but the project also tested new ground with the microfinance component.	The project was relevant to policies in Sudan, the needs of Kassala state and the remote areas serviced. The project played a key role in providing funds and capacity to local organizations – so highly relevant to their needs and provision of services locally.
Efficiency	The national context deteriorated rapidly during the project implementation period due to the political revolution, runaway inflation rates & the economic shutdown due to COVID-19. However, the PCU managed these challenges and delivered all project outputs with an extension of only 6 months and a budget increase of only about 3%.	Project efficiency is deemed to have been high since targets were met, and often surpassed, despite the difficult contextual circumstances.
Sustainability	The project increased small scale farmers' knowledge and improved production techniques. The new techniques were continued by farmers in subsequent years and was also taken up by neighbouring farmers. The project supported aggregation of farmers & built the capacity of associations. UNIDO investments will enable beneficiaries to continue productive activities into the future: a sesame cleaning & a tomato paste facility as well as a cold storage facility. Sustainability issues were considered & a financial contribution was requested from Alikhaa Cooperative for the cold storage. Training and capacity building provided. UNIDO handed over shares to MOPER & established a PPP. The facility will be managed jointly by Alikhaa and MOPER. Business plan for facility prepared with technical assistance from UNIDO.	

	KEY FINDINGS	CONCLUSIONS
	Project strengthened local partners' capacity to continue service delivery & enhanced the institutional environment by developing the Entrepreneurial Hub and the EDC. However, there are concerns about the sustainability of these organizations without the commitment of further funding.	
Gender Mainstreaming	35% of the farmers trained in agricultural production and marketing were women, while 39% of the farmers financed were women. The project performed better in the processing component, where women accounted for 65% of the trainees & 77% of the entrepreneurs financed. The project document did not set targets for the participation of women.	Women were actively recruited into the beneficiary selection process but the approach to gender mainstreaming was not as programmatic as it could have been. Targets were not set; the gender expert was not recruited and women were under-represented in the PCU.
Monitoring & Evaluation	The project took cognisance of the need to measure project outcomes well in advance of the project's end. The PCU undertook a year-long survey to measure the outcomes of the project and the effect of project participation at household level: track changes in household spending, savings, coping strategies and production. UNIDO trained MOPER's staff on the survey methodologies and MOPER in turn trained participants on in the use of the household savings notebook. So, the process of outcomes monitoring was itself an exercise in capacity building for local organizations and participants.	The project's outcomes monitoring methodology had a threefold benefit: it provided fairly robust outcomes data, it increased the capacity of households to manage finances, improve budgeting and increase savings; and it increased the capacity of the partner organisation, MOPER.
Key Finding	The project strengthened the capacity of local organizations to contribute to long term development objectives. It preserved local organizations and expanded their service offerings in a time of great socio-political stress. It also contributed to the institutional thickening of the region through the development of the EDC & Entrepreneurial Hub. It built the capacity of local organizations through training and practical	The local partnership model used by the project was highly effective and represents good practice that should be adopted on other projects.

	KEY FINDINGS	CONCLUSIONS
	experience and has changed the way they think about delivering their services.	
	The project facilitated access to small loans for 1568 small farmers and enterprises. Nonetheless, the microfinance component of the project suffered various challenges: the approval processes of formal MFIs in Sudan are long and bureaucratic & caused some farmers to miss the planting season; in a highly inflationary context, prices had sometimes doubled while applications were being processed, making entrepreneurial ventures unaffordable; the microfinance loan was too small for the business needs of many entrepreneurs; some beneficiaries lacked documents and guarantees and were unable to meet microfinance requirements; at the time of the evaluation, IRADA was considering legal action against two producer associations that have not repaid their loans. However, UNIDO is facilitating an agreement between IRADA & the PAs, so hopefully, these farmers will not be left worse off after the project intervention.	While the project performed well against the access to finance targets, the challenges articulated by participants demands that the A2F model be improved in order to address these problems.
	Respondents indicated that some families were over-represented on the beneficiary lists. While this reflects the nature of some PAs as family-based organizations, respondents indicated that other organizations prioritised friends and relatives in identifying beneficiaries. This undermined the credibility of the selection process and led to the selection of some beneficiaries who were 'grant hunters' and not fully committed to productive activities.	The beneficiary selection processes used by the project need to be further refined.
	The project employed two key members of staff from local partner organizations. These individuals are	This is a complex issue since these individuals have the right to freely offer their services within the

	KEY FINDINGS	CONCLUSIONS
	<p>experts in their field and have been great assets to the UNIDO team. Their inclusion on the UNIDO project is also likely to increase these individual's personal skills and competencies and strengthen their knowledge of innovative approaches. However, their departure is likely to have left noticeable gaps in the capacity of the local organizations they exited. Moreover, given the competence, open-mindedness and rank of these individuals, they would probably have been well placed to effect change within the local organizations and their departure is likely to have slowed these change processes.</p>	<p>market & the PCU reports that they have improved UNIDO's ability to interface with local partners.</p> <p>The Government of Sudan also supports the development of public sector capacity through the secondment of staff to international organizations. These seconded staff then return to their positions within local organizations with greater capacity and knowledge and add to the organisational strength of public organizations.</p> <p>However, these individuals appear to have given up their positions within their local organizations in favour of short-term contracts with UNIDO and may be unable to move back into the public sector organizations once these contracts are over.</p>

Recommendations

1. Based on the evidence presented in this report, the evaluation team recommends that the project team prepare Good Practice Notes on the following issues:
 - The implementation modalities used by the project to engage local partners, including the mobilization processes used, as well as the contractual arrangements to support these partnerships (Please see discussion in section 6.3.1).
 - The integration of outcomes monitoring into project implementation (Please see discussion in section 5.1).
2. The evaluators also recommend that the project team undertakes a review in the latter part of 2023 of the Kassala Cold Storage Facility to assess the management arrangements and consider whether the process of establishing the facility should be written up as a good practice on how to improve the sustainability of investments in capital infrastructure.
3. The evaluation recommends that the UNIDO project team in Kassala consider a differentiated strategy to further improve access to microfinance for different types of beneficiaries, as discussed in section 6.2.1.
4. In order to enhance the sustainability of the Entrepreneurship Development Committee (EDC) and the Entrepreneurial Hub, the UNIDO project team and local partner organizations should aggressively pursue long term funding commitments from government, the University of Kassala, international donors, large corporate and financial institutions towards the cost of maintaining these organizations.
5. The next phase of the project is targeting a 50% participation rate for women across all components of the project, but the target might be different for each component, depending on traditional practices. A target for youth participation has not been set. The evaluation recommends that these targets be defined at the outset of the next phase to ensure that the incorporation of these marginalized groups stays at the forefront of implementation. The M&E system should collect the necessary data to evaluate performance against these targets.
6. Given the challenges discussed in Section 6.2.2. in the evaluation, the evaluation recommends that the UNIDO project team closely monitors the application of the selection criteria by local partners, including producers' associations, community groups and the Entrepreneurship Development Committee, to ensure fairness and equity in access to project services, as well as a proper assessment of beneficiary capacity and commitment.
7. The evaluation recommends that with regard to the recruitment of project staff from local public sector organizations, project management in consultation with the Human Resources Department, should suggest appropriate provisions for the recruitment of local project personnel in order to avoid adverse effects on public sector capacity in partner countries.

Project ratings

	<u>Evaluation criteria</u>	<u>Mandatory rating</u>
A	Impact: Likely positive & negative, primary and secondary long term effects produced by the development intervention, directly or indirectly, intended or unintended, including redirecting trajectories of transformational process and the extent to which conditions for trajectory change are being put in place.	6
B	Project design	5
1	Overall design: Assessment of the design in general	5
2	Project Logframe: Assessment of Logical Framework	5
C	Project Performance	6
1	Relevance: Extent to which the project suited the priorities and policies of the target group, recipient and donor.	6
2	Effectiveness: Extent to which objectives were achieved.	6
3	Efficiency: A measure of how economically resources/inputs (funds, expertise, time, etc.) are converted to results.	5
4	Sustainability of benefits: The continuation of benefits from a development intervention after major development assistance has been completed. The probability of continued long-term benefits. The resilience to risk of the net benefit flows over time.	6
D	Cross-cutting performance criteria	5
1	Gender mainstreaming: The extent to which the intervention has contributed to better gender equality and gender related dimensions were considered in an intervention.	5
2	M&E: Refers to all the indicators, tools and processes used to measure if a development intervention has been implemented according to the plan (monitoring) and is having the desired result (evaluation). <ul style="list-style-type: none"> • M&E design • M&E implementation 	5
	Environment and socio-economic aspects	5
3	Results-based management (RBM): Assessment of issues related to results based work planning, results based M&E and reporting based on results.	5
E	Performance of partners: Assessment of the contribution of partners to project design, implementation, monitoring & reporting, supervision and backstopping and evaluation. The performance of each partner will be assessed individually, based on its expected role and responsibilities in the project life cycle.	6
1	UNIDO	6
2	National counterparts	6
F	Overall assessment: Overarching assessment of the project, drawing upon the analysis made under the Project Performance and Progress to Impact Criteria above, but not an average of ratings.	6

1. Introduction

1.1. Evaluation objectives and scope

The Terms of Reference (ToR) set out the twofold objectives of the evaluation:

- (i) To independently assess the project performance against the objectives and outcomes of the project in relation to the revised DAC criteria: relevance, coherence, effectiveness, efficiency, sustainability and progress to impact; and
- (ii) To help UNIDO improve the performance and results of future programmes by developing a series of findings, lessons and recommendations for enhancing the design of new and the implementation of ongoing projects.

This evaluation is therefore underpinned by two key purposes: to undertake an independent evaluation of the project's performance, as required by UNIDO's evaluation policies; and a critical reflection on the implementation history of the project in order to learn from experience and to improve the next phase of the project, currently underway with additional funding secured from the Italian Agency for Development Cooperation (AICS).

The Terms of Reference defined the following key evaluation questions:

- (a) What are the key drivers and barriers to achieving the long-term objectives? To what extent has the project helped put in place the conditions likely to address the drivers, overcome the barriers and contribute to the long-term objectives?
- (b) How well has the project performed? Has the project done the right things? Has the project done things right, with good value for money?
- (c) What have been the project's key results (outputs, outcome and impact)? To what extent have the expected results been achieved or are likely to be achieved? To what extent will the achieved results be sustained after the completion of the project?
- (d) What lessons can be drawn from the successful and unsuccessful practices in designing, implementing and managing the project?"

These questions provided a framework for the evaluation, which focused on gathering the necessary data to critically answer these questions. Please refer to Annex A for the full Terms of Reference for this evaluation. Annex B reflects the Evaluation Matrix based on the ToR.

1.2. Overview of the Project Context

The Kassala region, in East-central Sudan, has good potential for agricultural growth with over 1.7 million hectares of cultivable land and relatively abundant water resources. However, the agricultural sector in Kassala suffers the same challenges as the rest of Sudan:

- limited inputs like improved seeds, extension, research and agricultural services,
- poor market access,
- weak access to credit institutions, and
- under-capacitated and inefficient farmers organizations¹.

The Fostering Inclusive Economic Growth in Sudan Kassala State through Agro-value Chain Development and Access to Financial Services Project (No.170074), hereafter referred to as the Kassala Project, sought to address these challenges within selected agricultural value chains by increasing production through improved inputs, access to finance, capacity building of producers associations and increased access to better markets.

However, the macro-economic situation in Sudan deteriorated rapidly after the initiation of the project in 2018. Widespread political demonstrations began in December 2018, fuelled by continuous hikes in the price of food. This led to the toppling of the El-Bashir regime in April 2019 and to general shortages of fuel, runaway inflation rates and the suspension of internet services for two months in 2019. A Transitional Government was established in September 2019, with a power-sharing agreement between the military and civilian forces and is expected to pave the way for free and fair electoral processes within 39 months. The Transitional Government is committed to addressing the economic crisis and reforming the economy; however, reforms will take time and conditions are likely to worsen before improvement can be seen.

In addition to political and economic uncertainty, Sudan is also suffering the impact of the economic shutdowns and public health costs associated with the COVID-19 pandemic. The economic impact of COVID-19 includes increased prices of basic foods, rising unemployment and decreasing exports. Restrictions on the movement of people are making the economic situation worse and increasing the human costs of the pandemic.

1.3. Overview of the Project

The project sought to develop selected agricultural value chains in the state of Kassala by improving production, encouraging processing activities and improving access to markets. Project activities focused on a few localities: Kassala City, Rural Kassala, Rural Aroma, Wad El Helew and New Halfa. The project concentrated on developing the sesame and horticultural value chains, with more limited activities conducted within the fodder and groundnut value chains. Since horticultural farmers in the target areas plant fodder after harvesting their horticultural crops, the project included support for fodder production and processing. No marketing activities were included for this crop since fodder shortages at regional and national level make it easy to sell. Processing and marketing activities were undertaken within the groundnut value chain since opportunities for value-adding were identified in this value chain (Project Inception Report, 2018, 15).

¹ Ministry of Finance & Economic Planning (2019) Implementation of Istanbul Plan of Action for Least Developed Countries (IPOA) 2011-2020: Sudan National Report. Khartoum, Republic of the Sudan

As illustrated in Figure 1 below, the project worked in three functional areas: production, processing and marketing.

Figure 1: Overview of Project Components.

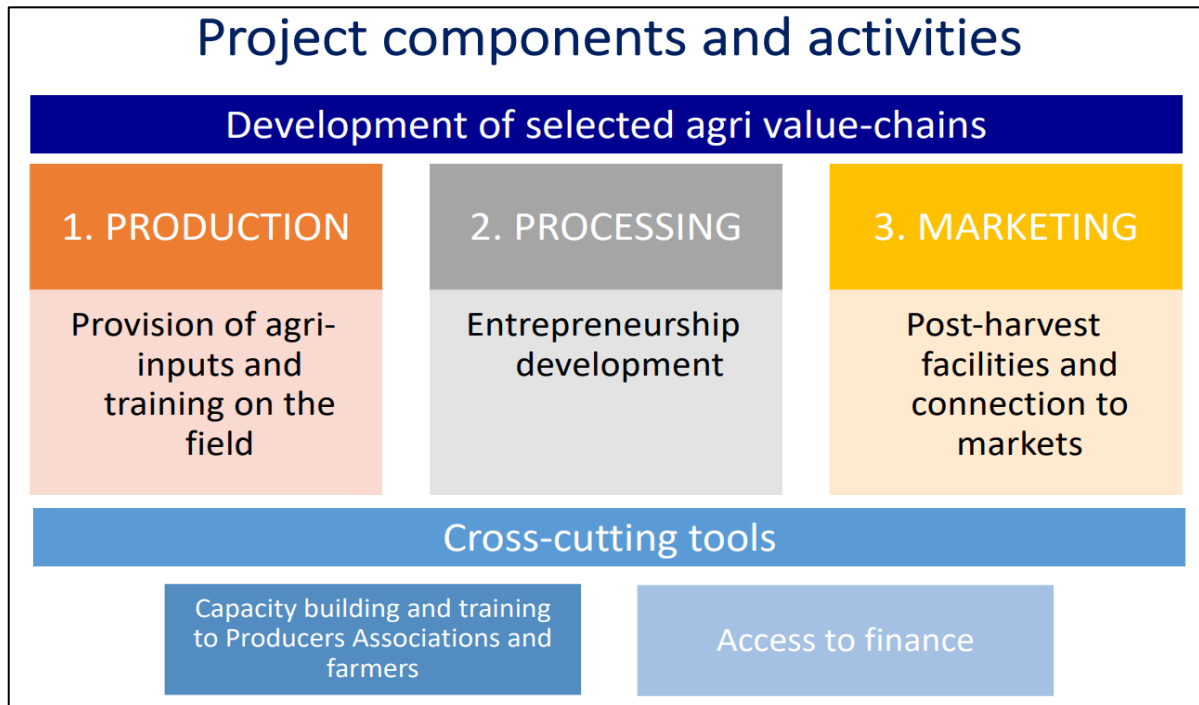


Figure from document titled "UNIDO Kassala Project Presentation (Sudan), April 2021"

In the production arena, the project invested in activities to improve the productivity of small holder farmers by improving farming methods, financing agricultural inputs and facilitating the organisation and aggregation of farmers into larger producers associations. The project worked with Sudanese stakeholders like the Agricultural Research Corporation (ARC) to identify the most suitable production technologies for the selected crops, then developed farmer training courses based on these methods and trained extension workers within the Ministry of Production and Economic Resources (MOPER) to deliver this training to beneficiaries through in-field Farmer Field Schools.

The project also defined a package of associated technical inputs for each of the chosen crops. These technical packages were then financed through microfinance institutions (MFIs) identified by UNIDO through a competitive process each year. UNIDO subsidised the cost of the technical packages, so farmers had to repay a lesser cost to the MFI. Once farmers had repaid their MFI loans, a portion of the UNIDO contribution was released to the relevant producers association to kickstart the association's savings (sunduk), which would be applied to productive activities identified by the association.

In the processing sphere, the project promoted the processing of agricultural products in the selected value chains by supporting the establishment of micro, small and medium enterprises (MSMEs) through business development services and access to finance. The project entered into an arrangement with the University of Kassala to provide entrepreneurial training to selected entrepreneurs and to assist them to develop their business plans. The university staff providing

the training were themselves first trained in the provision of business development services by UNIDO. Once the business plans were completed by entrepreneurs with the necessary assistance from the University, they were assessed by the Entrepreneurship Development Committee (EDC) established by UNIDO. The committee consisted of representatives from the public sector and financial institutions. If the committee judged the business to be viable, they issued a Certificate of Financial Pledge committing Kassala Project funds to be used for the establishment of the business. The funding commitment from the Kassala Project covered part of each business's costs and acted as a risk-sharing mechanism, allowing MFI's to finance the rest of the business plan.

In the marketing sphere, the Kassala Project sought to improve access to markets through the provision of post-harvest facilities and by establishing new and better connections to markets. In addition to business-to-business marketing events which linked farmers to buyers, processors and exporters, the project jointly funded the establishment of a cold-storage facility for horticultural products in Kassala, together with a local cooperative. The project also invested in a sesame cleaning machine and a tomato paste machine for producers in the Wad El Helew and Kassala areas, respectively. The Kassala Project undertook an extensive range of capacity building initiatives and promoted access to finance as tools to support all three areas of intervention: production, processing and marketing. The capacity building activities also included public sector organizations and MFIs in order to build institutional capacity and increase the sustainability of project benefits (Kassala Project, 2019, Second Year Consolidated Project Progress Report).

1.4. Theory of Change

Table 1: Project logframe

	Intervention logic	M&E Tools	Objectively verifiable indicators of achievement	Sources and means of verification	Assumptions
Overall objective	To contribute to improved food, nutritional security and livelihoods of the target communities in Kassala State (Sudan), especially for women and youth	Coping strategy	% of HH who adopted livelihood-based coping strategies in the past 7 days (baseline "WFP 2018": 43.4%; target not more than 20%)	"WFP 2018" (baseline study) Project survey reports and monitoring reports	Political situation remains stable in Sudan and enabling environment ushered in by all stakeholders involved in formulation, implementation and monitoring of the programme components
		HH budget	% of HH spending more than 65% of their total expenditure on food (baseline "WFP 2018": 91.3%; target not more than 50%)		
Specific objective	To create sustainable job opportunities and foster inclusive economic growth in Kassala State through value chain development and access to finance	Internal M&E	No. of jobs/micro-enterprises created (baseline 0; target 1,000)	Baseline study Annual assessment reports Annual statistics report	Enabling environment ushered in by all stakeholders involved in implementation and monitoring of the programme components
		HH budget	Increase in the household income (baseline: 0; target not less than 25%)		
Outcomes				Baseline study	

	Intervention logic	M&E Tools	Objectively verifiable indicators of achievement	Sources and means of verification	Assumptions
	1. The value-added in the agriculture and food-processing sector is increased and small-scale farmers access to local and regional market is improved.	Productivity register	% of targeted HH reporting production/productivity increases (baseline: 0; target not less than 60%) % of targeted HH selling part of the production (baseline: 0; target: not less than 60%)	Project survey reports and monitoring reports	Valid, reliable and authentic data available adding to the correctness and completeness of assessments
	2. Small-scale farmers and micro-entrepreneurs' capacities and skills in the field of entrepreneurship development are improved and promoters of sustainable investment projects are supported in applying for financing through MFIs	Internal M&E	No. of trainees (baseline: 0; Target: 3000) No. of loans disbursed / N. of loan applications (baseline: 0; target: not less than 50%)		Full participation of stakeholders and target beneficiaries during the project implementation
	3. Small-scale farmers and micro-entrepreneurs' access to financial services from local MFIs is improved.		N. of loans disbursed (baseline: 0; target: 1,200) % of borrower micro-entrepreneurs who have never had a loan (baseline: 0; target: not less than 60%) % of small-scale farmers out of the total number of loan beneficiaries (baseline: 0; target: not less than 60%)		Favourable climate for cultivation of crops

Source: Technical Report: Source: Provision of Training on Financial Education & Data Collection Services

Table 1 above reflects an excerpt from the project logframe on the outcomes level. This is an updated version of the project logframe, revised in 2019. While the objectives of the project were left unchanged, the revision defined the Objectively Verifiable Indicators (OVIs) for the project outcomes more clearly, improving the underlying logic of the logframe and making the outcomes of the project easier to measure against well-defined targets.

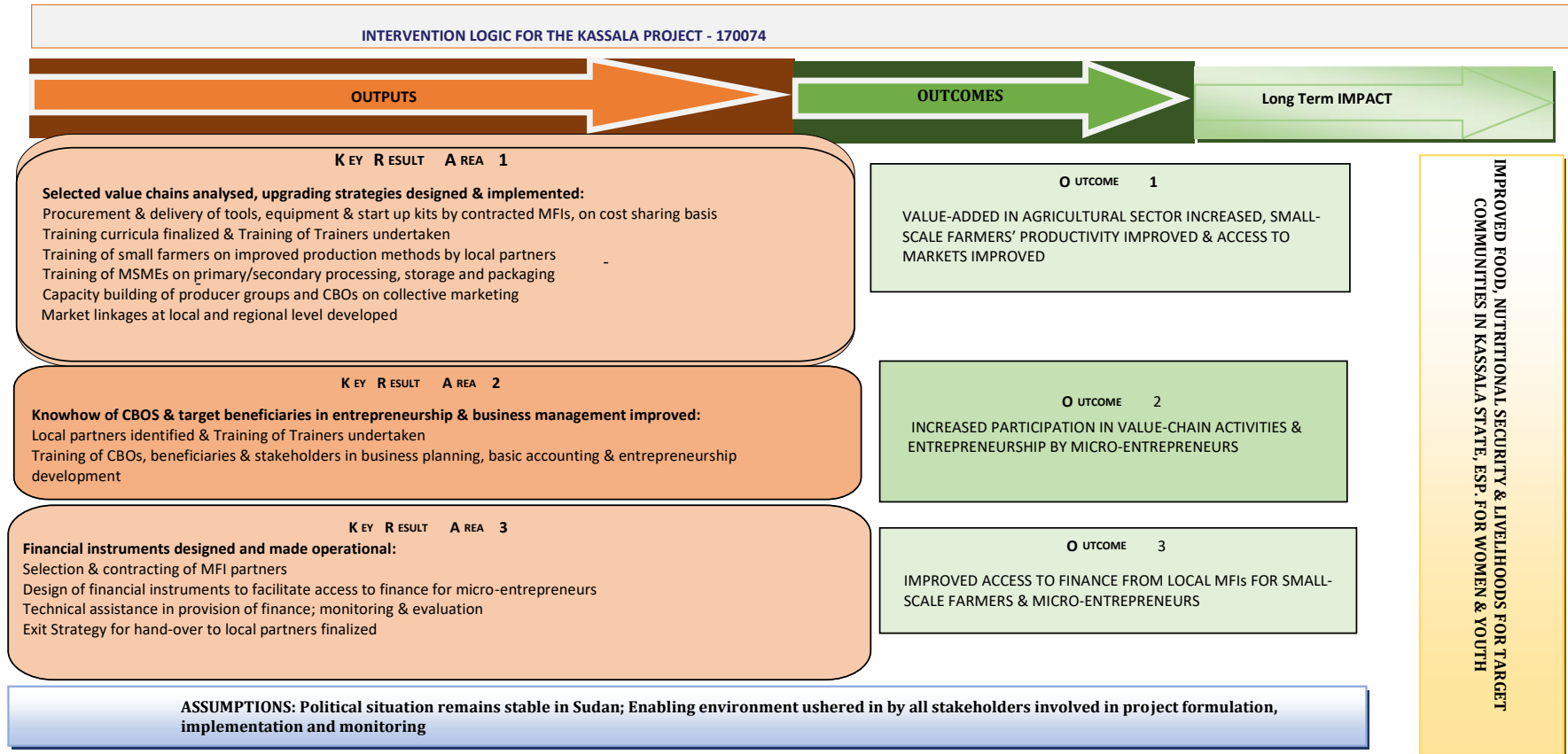
The target set by the new version of the logframe is tightly defined even at the level of the overall objective of the project. So, the project measured its contribution to improved food, nutritional security and livelihoods in Kassala State by measuring the change in the coping strategies used by the 3000 beneficiary households targeted by the project, as well as the change in their household expenditure.

This tight definition of OVIs and targets is continued at the level of the specific objective, measuring increases in household income and household production for beneficiary households. This tight definition of OVIs means that the project defined the impact it was targeting and demonstrated impact on household level for direct beneficiaries of the project during the project period itself. These results will be discussed further in section 2.1.

Whether the impact on the production levels and income levels of the beneficiary households is sustained in the long-term would depend on whether small scale farmers continue to access improved inputs and continue with the new production techniques into the future.

Figure 2, on the next page, reflects the reconstructed theory of change, based on the overall project logframe in the revised Project Document and includes the activity and output levels of the logframe. The project logic is comprehensive since a whole host of issues could be included in the value chain analyses and upgrading strategies to be defined under KRA 1 during project implementation. In addition to the specific issues limiting value chain engagement (KRA 1), the project prioritizes capacity building (KRA 2) and access to finance (KRA 3) in order to increase the engagement of small-scale farmers and entrepreneurs within agricultural value chains. The project intervention logic includes capacity building for local partners and stakeholders and uses Training of Trainers methodologies to improve the capacity of local partners to continue the work started by the project.

Figure 2: Reconstructed Theory of Change



1.5. Evaluation Methodology

The evaluation adopted a participative approach and used a qualitative research methodology. It mobilized a range of partner perspectives and insights in order to better understand the performance and impact of the project from a variety of viewpoints. The participative methodology was chosen to increase ownership and allow the exercise of agency by a range of stakeholders within Sudan, thereby increasing the legitimacy of the evaluation findings. The inclusion of multiple views and voices in the process increased the validity of evaluation results by capturing a diversity of viewpoints and will hopefully encourage the adoption of learnings generated through the process.

The evaluation began with an analysis of project documents and information from the Kassala Project's Monitoring and Evaluation (M&E) system in order to understand programme design, objectives, activities and achievements. Please see a list of documents reviewed in Annex C. This process identified issues to be explored through the evaluation process, along with the evaluation questions set out in the terms of reference. Information from the document analysis process was then triangulated with data collected in field through semi-structured interviews and focus group discussions.

The evaluation team undertook a stakeholder mapping process that categorized stakeholders into key stakeholders, primary stakeholders and secondary stakeholders, depending on their level of involvement with the project. This mapping process then guided the sampling of respondents engaged by the evaluators. The fieldwork included 23 interviews with stakeholders, 11 of which were undertaken in person during the field mission, while the remaining 12 were conducted online through the Skype virtual meeting platform. The field mission also included focus group discussions with 39 beneficiary farmers & MSMEs. The list of stakeholders engaged is reflected in Annex D.

The evaluation used semi-structured interviews loosely structured around particular areas of enquiry to understand the experience of partners and key stakeholders who engaged with the Kassala project. This method of data collection allowed the evaluators to probe answers more deeply than structured questionnaires would have allowed. It enabled the evaluators to follow promising avenues of information as they arose from stakeholder responses.

The focus group discussions with participant farmers and entrepreneurs were similarly structured around questions that reflected broad areas of enquiry and allowed evaluators to understand the lived experience of beneficiaries and their engagement with the project. Please see the schedule of questions for the semi-structured interviews and the focus group discussions attached in Annex E.

1.6. Limitations of the Evaluation

The restrictions on international travel due to the COVID-19 pandemic meant that the international evaluation consultant (IEC) could not participate in the field mission in Sudan, so this was undertaken by the national evaluation consultant (NEC) alone. Most of the field mission engagements were held at the UNIDO offices in Kassala, allowing the IEC to connect virtually to

these engagements. However, most respondents chose to have the interview conducted in Arabic and connectivity problems often meant that the sound and picture quality was poor. Translating each question and response therefore became impossible. The IEC's participation in the field mission was therefore limited.

Although the NEC recorded the interviews and later used the recordings to write up responses to questions for each interview, the interviews could not be transcribed verbatim due to the time-consuming nature of this process. The quality of the interview notes indicate that detectable data losses occurred in this process. This process also delayed the virtual interviews with stakeholders that were then used to triangulate and follow-up on findings from the field mission. These considerations need to be built into future evaluations that are constrained by COVID-related restrictions.

2. Contribution to development results - Effectiveness and impact

2.1. Achieved results and overall effectiveness

This section of the report critically analyses the information from the monitoring and evaluation system of the Kassala Project and triangulates this information with the data obtained from the interviews and site visits with beneficiaries and stakeholders.

The project team presented the information generated through the M&E system against the project logframe which was updated and approved by the donor in 2019. The revision was undertaken to better define the objectively verifiable indicators (OVIs) on the original logframe, especially in relation to measuring the impact of the intervention. The revision significantly improved the utility and coherence of the project logframe.

The Kassala project then commissioned the Ministry of Productive and Economic Resources (MOPER) to undertake a year-long survey of a sample of project beneficiaries in order to measure project results in terms of the new OVIs. The large-scale survey tracked changes in the household coping strategies, budgets and agricultural production of 734 households. The design of the survey process included a control group so as to better understand the impact of the project intervention independently of other variables.

The excerpts from the logframe presented below have been extracted from a report-back presentation shared with the evaluation team by the Chief Technical Advisor (CTA).

Table 2: Excerpt 1 from the Project logframe

	Intervention logic	INDEX	M&E Tools	Objectively verifiable indicators of achievement	Endline
Overall objective	To contribute to improved food, nutritional security and livelihoods of the target communities in Kassala State (Sudan), especially for women and youth	A	Coping strategy	% of HH who adopted livelihood-based coping strategies in the past 7 days (baseline "WFP 2018": 43.4%; target not more than 20%)	33%
		B	HH budget	% of HH spending more than 65% of their total expenditure on food (baseline "WFP 2018": 91.3%; target not more than 50%)	Kassala: 5% Wad El Helew: 8% New Halpha: 12%
Specific objective	To create sustainable job opportunities and foster inclusive economic growth in Kassala State through value chain development and access to finance	C	Internal M&E	N. of job/micro-enterprises created (baseline 0 target 1,000)	1,438
		D	HH budget	Increase in the household income (baseline: 0; target not less than 25%)	Kassala: 32% Wad El Helew: 30% New Halpha: 17%

Excerpt from "UNIDO Kassala Project Presentation (SUDAN): Fostering inclusive economic growth in Kassala State (Sudan) through agro-value chains development and access to financial services, April 2021".

A reflection on the table above shows that the overall objective of the project was:

"To contribute to improved food, nutritional security and livelihoods of the target communities in Kassala State (Sudan), especially for women and youth".

Achievement of this objective was to be measured through two OVIs, the first being the percentage of households using livelihood-based coping strategies to smooth food consumption within the last seven days (indicated as A on the table above). The project target for this OVI was that the percentage of households using these coping strategies within the target communities would decrease from 43,4% in 2018 to less than 20% by the end of this project.

However, the survey found that 33% of beneficiary households had used livelihood based coping strategies to manage food consumption within the last seven days. The specific strategies being used by beneficiary households were:

- (1) eating less preferred/cheaper foods,
- (2) borrowing food or money,
- (3) relying on help from friends/relatives or
- (4) spending savings to purchase food.

While 33% represents a significant improvement on the 43,4% of households using livelihood-based coping strategies in 2018, the project did not achieve its target on this OVI. However, this result is deemed to have been acceptable when considered in the context of the overall deterioration in the socio-economic circumstances within Sudan in the last three years due to the recent political revolution, the hyper-inflationary environment and the lockdown of economic activity necessitated by the COVID-19 pandemic.

The second OVI to measure progress against the overall objective was the percentage of households spending more than 65% of total household expenditure on food (B on the table above). The project sought to decrease this indicator from 93,3% of households in 2018 to less than 50% of households in the target communities through the project intervention. The survey found that the project performed very well on this OVI with only 5% of households in Kassala, 8% in Wad El Helew and 12% in New Halpha spending more than 65% of household expenditure on food. So, according to the household survey results, the project far exceeded its target in relation to this OVI.

However, a comparison of the figures for indicators A and B indicate that there might be an anomaly in the data collected through the survey. It seems inconsistent to the evaluation team that that beneficiary households would be using livelihood-based coping strategies like eating less preferred foods, borrowing food or money, relying on friends/relatives or spending savings to purchase food before reallocating a larger portion of spending toward food within the household budget. The evaluation team accepts that most of the surveyed households are farmers who produce, consume and exchange their own food, so this is likely to decrease monetary expenditure on food. The inconsistency might also arise from the manner in which 'livelihood-based coping strategies' are understood by the survey respondents. Nonetheless, the appears to be an anomaly between the performance on indicator A & B on the logframe that needs to be better understood. For this reason, it is recommended that the project team review the survey instruments and methods before undertaking the household survey in the next phase of the project.

Moving one level down the logframe, the specific objective of the project was:

“To create sustainable job opportunities and foster inclusive economic growth in Kassala State through value chain development and access to finance”

The logframe included two OVIs to measure performance on this objective, the number of jobs/micro-enterprises created and increase in household income. The project performed very well on the first OVI and created 1438 such opportunities, exceeding the target by 43,8%. On the second OVI, the project sought to increase household income in targeted communities by at least 25% and exceeded this target too, with an increase of 32% in Kassala, 30% in Wad El Helew and 17% in New Halpha. So, on the level of the specific objective too, the project has performed extremely well and exceeded its targets.

Table 3 below is a further excerpt from the project logframe and reflects on the planned outcomes of the project.

Table 3: Excerpt 2 from the Project logframe

1. The value-added in the agriculture and food-processing sector is increased and small-scale farmers access to local and regional market is improved.	E	Productivity register	% of targeted HH reporting production/productivity increases (baseline: 0; target not less than 60%)	Kassala: 100%
	F		% of targeted HH selling part of the production (baseline: 0; target: not less than 60%)	Wad El Helew: 100%
2. Small-scale farmers and micro-entrepreneurs' capacities and skills in the field of entrepreneurship development are improved and promoters of sustainable investment projects are supported in applying for financing through MFIs	G	Internal M&E	N. trainees (baseline: 0; target: 3,000)	New Halpha: 100%
	H		N. of loans disbursed / N. of loan applications (baseline: 0; target: not less than 50%)	Kassala: 100%
3. Small-scale farmers and micro-entrepreneurs' access to financial services from local MFIs is improved.	I		N. of loans disbursed (baseline: 0; target: 1,200)	Wad El Helew: 100%
	J		% of borrower micro-entrepreneurs who have never had a loan (baseline: 0; target: not less than 60%)	New Halpha: 100%
	K	% of small-scale farmers out of the total number of loan beneficiaries (baseline: 0; target: not less than 60%)		

Excerpt from “UNIDO Kassala Project Presentation (SUDAN): Fostering inclusive economic growth in Kassala State (Sudan) through agro-value chains development and access to financial services, April 2021”.

The project sought three outcomes through the implementation of its activities Firstly:

“The value-added in the agriculture and food-processing sector is increased and small-scale farmers' access to local and regional market is improved.

This outcome had two associated OVIs, (1) the percentage of households reporting increases in production, and (2) the percentage of households selling part of their production. The project performed extremely well against both indicators, with production increases in all farming households in all three target areas, and all beneficiary households producing enough to sell part of production. So, the project far exceeded its target on these two indicators.

The second outcome pursued by the project was:

“Small-scale farmers and micro-entrepreneurs’ capacities and skills in the field of entrepreneurship development are improved and promoters of sustainable investment projects are supported in applying for financing through MFIs.

Again, this outcome has two OVIs, the number of people trained and the number of loans disbursed as a percentage of the number of loan applications submitted by participants of the project. The project trained 3,782 people, exceeding the target by 26%. The project also exceeded the target with respect to the percentage of loans approved, with a 96% approval rate compared to the 50% approval rate that was set as its target.

The third outcome pursued by the project was:

“Small-scale farmers and micro-entrepreneurs’ access to financial services from local MFIs is improved”.

This outcome was measured in three OVIs, the number of loans disbursed, the number of first-time borrowers supported with loans and the percentage of borrowers who are small scale farmers. Again, the project exceeded its targets on all three OVIs:

- 1568 loans were disbursed, exceeding the target of 1200 by 31%;
- The project exceeded the 60% target for financial inclusion since 77% of borrowers had never had a loan before; and
- 99% of loan beneficiaries were small scale farmers, exceeding the target of 60%.

The project has therefore performed exceptionally well at the outcomes level, exceeding all the targets set at the project outset. This is especially commendable given the contextual difficulties that the project team had to negotiate, including social unrest, a political revolution, the steep increases in prices, fuel shortages and the COVID-19 related lockdowns that hampered project implementation activities.

In addition to the effective implementation of project activities, the project team is commended for integrating impact monitoring into project implementation. Despite some anomalies in the data generated, the implementation of the year-long household survey shows foresight and is an example of good practice that other project teams would do well to emulate.

However, the logframe OVIs to measure the increase in “value-added in the agriculture and food-processing sector” and “improvement in small-scale farmers’ access to local and regional markets” better measure improvements in household agricultural production than a move to higher value-added activities within the value chains of the targeted agricultural products. So, the discussion in this section thus far has not reflected on the project’s effectiveness in increasing value addition within the agricultural sector. The evaluation found that the project has undertaken investments to improve value added activities within the horticulture and sesame value chains. The project secured additional funding from AICS to invest in the establishment of a 100-ton cold storage facility in Kassala. The facility will allow farmers to increase the shelf-life of crops like mangoes, onions and tomatoes and to obtain higher prices for crops in the high season. The facility was co-funded by the Alikhaa Cooperative and will be owned and managed by the Co-operative together with MOPER for the benefit of horticultural smallholder farmers in

and around Kassala. The project also invested in a sesame cleaning facility for sesame farmers in Wad El Helew. So, the project has invested in post-harvest facilities that will enable a large number of farmers to have increased access to higher value markets.

2.2. Progress towards impact

2.2.1. Behavioral change

The Kassala Project adopted an inclusive and empowering implementation modality that strengthened the capacity of the local institutional landscape to address development challenges and contribute to long term development outcomes in a number of ways:

- The project acted as a bulwark to preserve local organizations and expand their service offerings in a time of great socio-political stress. The project chose to deliver business development services to selected entrepreneurs through the Faculty of Economic Management at the University of Kassala and paid compensation for these services. The project therefore served to smooth the incomes of university staff and allowed them to 'stay in place' within the university structure even when funding from national government was compromised as a result of civil unrest and the 2019 revolution.

The project led to the establishment of the Entrepreneurial Hub at the University that will continue beyond the project timeframe. The Entrepreneurial Hub has now expanded its focus and will be providing entrepreneurial training and business development services to projects funded by other donors as well as individual entrepreneurs who may access these services for a fee.

- The project built the capacity of local organizations through training and practical in-field experience at a time when the work of public organizations is constrained by severe budget shortfalls. In the words of the respondent from ARC, "UNIDO gave no direct support to ARC, only implementation of the project activities, but due to poor support from the Sudan government to finance ARC activities, unless we implemented UNIDO activities we couldn't provide our assistance to agricultural sector".

This theme emerged from the interviews with many of the local organizations: even though these organizations exist, have staff and skills, they do not currently have the operational budgets to properly service clients. The Kassala Project funded support activities with smallholder farmers and aspiring entrepreneurs, using the under-utilized capacity within local organizations and allowing them to interact with, support and provide services to their client base who would otherwise have received no services.

- A number of local organizations engaged with the project as implementing partners/service providers, received training and were then able to undertake project activities in accordance with the new methods/modalities of UNIDO. Many of these organizations report that the project has changed the way they think about delivering their services. This applies to a variety of Sudanese organizations: MOPER, ARC, the Central Bank of Sudan and the microfinance institutions. The following quotes, paraphrased from interviews with these organizations, illustrates this point clearly:

“The project-built capacity within MOPER: not only through the Training of Trainers methodology used for extension staff who then used these skills in the Farmers’ Field Schools, but also by teaching good practice in field, giving MOPER staff practical experience and building their self-confidence by allowing them to apply their knowledge practically. MOPER staff went to field and stayed through the season, they had direct contact with farmers who had problems and learnt how to help them” (Interview 20).

“MOPER was involved in the project activities and this taught MOPER how to deliver services and think about services differently. The project work was different from the way that MOPER usually works because it focused on a chain of activities: farmer aggregation, financial training and savings, income generation activities, linkages to markets and linkages to financial institutions. Usually, MOPER worked with farmers on production only, but now we will take this approach forward” (Interview 20).

- The project contributed to the institutional thickening² (Beer & Lester, 2015) of the region through the development of the Entrepreneurial Hub and the Entrepreneurship Development Committee (EDC). The project initiated the Entrepreneurship Development Committee to sift and select promising entrepreneurs for capacity building through the Entrepreneurial Hub. The EDC then reviewed the business plans developed by the selected entrepreneurs to assess viability and decide whether to issue a Certificate of Financial Pledge (CFP), committing UNIDO funding to the enterprise. These business plans, together with the pledges, were then channeled to the financial institutions partnering with the project for financing.

Both the EDC and the Entrepreneurial Hub were initiated by the project as mechanisms to enable the implementation of project activities but have now taken on a life of their own and grown into more substantial organizations that service other actors. The EDC was initially chaired by the main project implementing partner, the Kassala State Ministry of Production and Economic Resources (MOPER). However, the EDC was officially ‘proclaimed’ in 2019 and moved to the Kassala Ministry of Finance which oversees job creation and economic development within the state. The state government has also committed to funding a permanent secretariat for the EDC and to covering the running costs of the organisation. This operational grant was recently increased from SDG 100,000 to SDG 300,000 per month. While this increase is a good indicator of the state government’s faith in the usefulness of the organisation, it will not allow the organisation to continue to provide the financial subsidies that leveraged finance from MFIs during the Kassala project.

The same is true of the Entrepreneurial Hub: the University of Kassala has committed space and resources to the Hub which has recently extended its training services to World Bank projects and plans to service entrepreneurs on a ‘user-pays’ basis. UNIDO has funded business plans for both these organizations and will continue to use their services

² Beer & Lester (2015), *Regional Studies, Regional Science*, 2015 Vol. 2, No. 1, 205–228, <http://dx.doi.org/10.1080/21681376.2015.1013150>

over the next three years for the next phase of the project, allowing the organizations more time to establish themselves. In order to increase the sustainability of these organizations, the local partner organizations and UNIDO should aggressively pursue long term funding commitments for the support of the Entrepreneurial Hub and the EDC during this period. These arrangements should seek commitment from government, the University, as well as relationships with other international donors and the corporate social investment and supplier development programmes of large corporations. The financial organizations who benefit from the work conducted by the EDC should also be persuaded to invest in the continued operation of the EDC. The EDC has the potential to effectively link micro, small and medium enterprises (MSMEs) to business development and financial services, thereby supporting their growth³.

2.2.1.1. Economically competitive - Advancing economic competitiveness

Given the duration and scale of the intervention, the Kassala project rightly took a more incremental approach and addressed the building blocks for economic competitiveness by increasing the productivity levels of individual smallholder farmers. Improving farming methodologies and production levels at the level of individual units of production, while linking those units one to another (through farming collectives) and to larger regional markets worked well in contributing to a more fundamental approach to economic competitiveness.

The project also built the capacity of local organizations to advance economic competitiveness beyond the project timeframe by establishing strong local partnerships that improved the skills of local organizations and demonstrated new ways of delivering services to individual producers and MSMEs. The local partnerships are discussed in detail in section 3.5. The project also introduced local MFIs and the Central Bank of Sudan to new models to promote access to finance for small farmers and MSMEs.

The project succeeded in demonstrating the effectiveness of these new models to local organizations and induced these MFIs to change their internal policies to allow for more efficient group lending models. Please see the discussion of the achievements of the project in relation to increasing access to microfinance in section 6.2.1.

2.2.1.2. Environmentally sound – Safeguarding environment

The Kassala project did not undertake specific activities related to environmental protection, however, it did consider environmental impact as one of the factors affecting the choice of farming methods to use to produce the selected crops in the different target areas given the prevailing environmental conditions, availability of water and other natural resources. However, the

³ The work of the Entrepreneurship Development Committee was recognised in 2021 by the United Nations Department of Economic and Social Affairs with a SDG Good Practices Award. <https://sdgs.un.org/partnerships/establishment-entrepreneurship-development-committee-edc-kassala-state-sudan>.

implementation of the project was often challenged by the shortage of diesel and agricultural methods often had to be adjusted in order to compensate for the lack of fuel.

For this reason, the next phase of the project has been designed to increase farmers' access to renewable energy agro-products that do not rely on fossil fuels. The project will develop an operational system with local MFIs to increase access to finance for farmers so that they can afford the cost of investing in appropriate renewable energy technologies like solar pumps, salt batteries and hybrid pumps that use a combination of photovoltaic energy and diesel. The project will take a value chain approach to the provision and distribution of renewable energy products and will seek to develop a "renewable energy technology district" in Kassala that includes all the main actors - producers, retailers, maintenance technicians and financial institutions. So, the challenges and lessons learnt from the current phase of the project have allowed the project team to redesign the next phase of the project, so as to capitalise on untapped economic opportunities in the renewable energies sector, thereby protecting agricultural production while encouraging the development of a new economic sector and promoting sustainable environmental practices.

2.2.1.3. Socially inclusive – Creating shared prosperity

The project focused on two highly vulnerable groups in Kassala state - smallholder farmers and aspirant micro, small and medium entrepreneurs. The economic activity supported by the project led to the creation of 1438 jobs in the local economy and the project contributed to increases in household income in Kassala (32%), Wad El Helew (30%) and New Halpha (17%). The household surveys showed that beneficiary households all increased production levels after using the improved production methods introduced by the project and that all households were then able to produce enough to sell on the market. The household survey also showed a dramatic decrease in the proportion of beneficiary households spending more than 65% of their expenditure on food, as well as a decrease in the proportion of households using livelihood-based coping strategies to manage access to food. These indicators show that the economic improvements induced by the project were directed at the more vulnerable households within the target areas and benefitted the very poor.

Moreover, the logframe names women and youth as marginalized groups who will be targeted to benefit from the project. The project M&E system indicates that women accounted for 38% of the farmers and entrepreneurs trained by the project, and 42% of the beneficiaries financed by the project for farming and micro-entrepreneurial activities.

On the processing side, youth accounted for an impressive 66% of the entrepreneurs trained and 63% of entrepreneurs funded by the project. However, the PCU indicated that the number of youths participating in the agricultural production and marketing component of the project was not tracked because, "those project components are mainly involving farmers' associations. There were only few youth farmers' associations (FAs) involved by the project and it is not easy to have the youth breakdown because most of the FA are family-based. Whereas for gender, female producers' associations are well identifiable and active, more than the youth ones. Most of them were set up by other NGOs and Agencies in the past. Therefore, in the case of farmers' associations the gender breakdown is well identifiable whereas the youth one not" (Email dated 8 September 2021).

While the difficulty associated with identifying young farmers is accepted, the evaluators believe that the project should nonetheless have tracked the number of youth farmers who did participate in the project. The availability of this metric, although small in number, would have indicated the import of the issue for the project implementers and would have underscored the difficulty in reaching these potential beneficiaries.

2.3. Broader adoption

2.3.1. Mainstreaming

Interviews with Sudanese stakeholders indicated that they all valued the new methods introduced by the Kassala project. The systems established by the project integrated and improved support services traditionally provided by different departments/agencies: agricultural research services, agricultural extension and training of farmers, capacity building for producers associations, micro-finance services for farmers, business development services, access to finance for entrepreneurs, etc. Stakeholders recognised that the project methodologies represented an improvement on the way they each previously serviced clients and indicated an interest in adopting and continuing these implementation methodologies within their own work. These views were articulated by a number of interviewees representing different stakeholder organizations like the Central Bank of Sudan, Kassala Microfinance Institute and MOPER. The project has taught public sector partners to think differently about the way they provide services to clients, for e.g., the Central Bank of Sudan and the Agricultural Bank of Sudan did not fund groups of farmers before, but the Kassala Project demonstrated the methodologies needed to do this and the local banks have amended their internal policies in order to be able to provide financing to groups of farmers (Interviews 4,7,1,2).

2.3.2. Replication

Replication of the project methodologies by partner organizations began even during the project timeframe: MOPER indicated that they duplicated project activities in other areas and with other client communities, with the assistance of the UNIDO project team. The interview with one MOPER respondent indicated that,

“The project assisted MOPER to use their project methodologies to help another 400 small farmers that were not covered by the project activities. The project built eight farmers associations which helped us in provision of our technical services through groupings of farmers, which is better than dealing with individuals. This helped the dissemination of our message and enhanced the sustainability of services”
(Interview 1).

The Central Bank of Sudan indicated that the project methodologies also improved the provision of micro-finance services - committees were formed even by small farmers who were not part of the project activities, by observation and imitation of the practices undertaken by farmers within the project. This assisted MFIs to reach potential clients within their target group more easily (Interview 4).

2.3.3. Scaling-up

As discussed before, Sudanese partner organizations articulated great appreciation for the service delivery models set up by the project. They indicated that these methods were an improvement on the manner in which they usually provided services to citizens and indicated that they would continue using these methods. However, they also indicated that the budget constraints they currently face would inhibit their ability to continue providing the training and capacity building that characterized the Kassala Project to farmers, producers' associations and entrepreneurs.

These budget constraints are also likely to prevent the scaling up of the project intervention by the local partners alone. UNIDO, along with its network of donor partners will therefore be integral in sourcing the funding needed to scale up project activities in Kassala and to replicate the project model in other states in Sudan. The fact that UNIDO and the AICS have currently committed to further project activities (albeit with a slightly different focus) in Kassala, using the current project methodologies and the current project implementation partners, is a good indication of commitment in this regard.

3. Project's quality and performance

3.1. Design

The design of the project demonstrated many strengths, taking a value chain approach to the development of agriculture and addressing constraints in production, processing and marketing. It's focus on improving the production methods of small holder farmers meant that poor households enjoyed increased production levels within the season, with related gains in food and nutritional security. Moreover, the project increased access to finance for small farmers and micro-entrepreneurs by negotiating new delivery models with MFI organizations. These models demonstrated new methods for group financing that have changed the way local MFI organizations do business. The project delivery model also built the savings capacity of local producers associations, allowing them to initiate their own sunduks and make collective investments that further improved members' production abilities.

In addition, the project design used local partner organizations to deliver project activities and trained these partners at the outset. This training introduced partners to international best practice models, like the Enterprise Development and Investment Promotion (EDIP) Programme developed in other UNIDO projects and widely used around the world. The project used a 'Training of Trainers' (ToT) methodology, so that local partners were then able to undertake the training of project beneficiaries themselves. This model built the capacity of the local institutions and will allow them to continue to provide training to more beneficiaries outside the parameters of the project.

On the access to finance side, the project chose to contract a microfinance institution each year to provide access to agricultural inputs and services. These services were financed by the MFI and subsidized by UNIDO. According to this model, the MFI acted as a service provider to UNIDO. The MFI in turn, contracted agricultural service providers to provide agricultural inputs and

mechanized services to beneficiary farmers. The MFI was therefore responsible for managing the agricultural service providers, something in which they had little experience since it lies outside of their core competency. Although the PCU did provide assistance to the MFI in this process, the implementation model made for an overly complicated institutional structure and beneficiaries reported problems with underperforming service providers, especially in the first year. This was a serious drawback in project design since these problems were large enough, in some cases, to cause beneficiary farmers to miss the planting season.

Moreover, this model meant that UNIDO interacted with a limited number of MFIs over the project duration, exposing fewer MFIs to the new methodologies for group financing and limiting the impact on the MFI sector. It is possible that this model allowed for a more intensive engagement by participating MFIs with the new methodologies, allowing them to embed these methodologies to a greater degree. However, in order to affect change in the MFI sector more widely, UNIDO and local partners like the Central Bank of Sudan have to spread awareness of the model and 'market' these methods more widely within the sector. Widespread change within the sector is probably best served by a model that engages a larger number of MFI organizations, rather than limiting project engagement to just a few MFIs who act as service providers to UNIDO. The project team is currently investigating a shift to a centralized risk sharing mechanism like a guarantee fund open to all financial institutions as one mechanism to engage a larger number of MFIs.

3.2. Relevance

The Kassala Project is well aligned to the Government of Sudan's development strategies, which highlight the importance of the agricultural sector since two thirds of the population live in rural areas and nearly 50% of the workforce is engaged in agriculture and agro-processing activities⁴ (FAO, 2020). As discussed in more detail in Annex F, the project design and objectives are relevant to the strategies outlined in the Sudan Poverty Reduction Strategy Paper⁵ (IMF, 2021), the Sudan Humanitarian Response Plan⁶ (OCHA, 2021), Sudan's Agricultural Strategy⁷ (IFAD, 2021), as well as the Central Bank of Sudan's Microfinance Strategy⁸ (CBoS, 2020).

On a local level, the targeted areas in Kassala State are rural in nature, and depend on agriculture as the primary economic activity, so the project's focus on developing agricultural value chains and improving agricultural production technologies was appropriate to the context. The improved farming methods propagated by the project also increased household production, thereby improving livelihoods and nutritional security. So, the project activities were highly relevant and appropriate in meeting the needs of targeted beneficiaries.

The project design was fully aligned with UNIDO's mandate to support member countries in realizing inclusive and sustainable industrial development (ISID) by increasing productivity,

⁴ Food & Agriculture Organization (2020) Country Programming Framework for Sudan: PLAN OF ACTION (2015-2019): Resilient Livelihoods for Sustainable Agriculture, Food Security and Nutrition

⁵ International Monetary Fund (2021) Sudan Poverty Reduction Strategy Paper

⁶ United Nations Office for the Coordination of Humanitarian Affairs (2021) Sudan Humanitarian Response Plan

⁷ International Fund for Agriculture Development (2021) Sudan Agricultural Strategy

⁸ Central Bank of Sudan (2020) Microfinance Policy: Micro and Mini Finance Policies

creating jobs and raising incomes for all, including women and youth⁹. The project included actions in pursuit of each of these objectives in its attempt to improve agricultural production and increase Kassala's engagement in higher value processing activities within agricultural value chains. In addition, the project also tested new ground for UNIDO through the incorporation of activities to increase the access of small farmers and micro-entrepreneurs to microfinance for productive activities.

3.3 Coherence

The project was also aligned to the implementation of the Country Programming Framework for Sudan, developed by the Food and Agriculture Organization (FAO, 2020), that intends to align donor activities within the country around a consistent strategy. The Country Programming Framework identifies agriculture as a key driver for economic growth and prioritizes the development of capacity within the support institutions needed to promote agricultural development. The Kassala Project effectively developed capacity within MOPER, and ARC to provide agricultural support services to farmers, capacity within CBoS and MFIs to provide financial support and capacity within the University of Kassala to provide non-financial business development support for agricultural processing.

The project actively connected with other projects and donors within Sudan and successfully leveraged funding from UNWomen to extend project training and support to a greater number of female entrepreneurs. The Kassala Project also played a key role in providing funds and training to local organizations, thereby meeting their need for funding to service their clients, as well as building their capacity to provide these services more effectively. The project was therefore highly relevant to the needs of local organizations and highly relevant in enabling the ongoing provision of developmental services to local farmers and entrepreneurs.

The project also demonstrated internal coherence with other programmes within UNIDO and used the Enterprise Development and Investment Promotion (EDIP) Programme from UNIDO-Bahrain to train the University of Kassala staff in the provision of business development services entrepreneurs. The project is consistent with previous initiatives undertaken by UNIDO within the Kassala area, and extended the work begun the Canadian funded project, the "Integrated Food Security Project in Kassala State", that was jointly implemented by the FAO and UNIDO between 2011 and 2014. A third phase of this work will be continued by UNIDO through a project titled, "Resilience of Agropastoral Populations in Eastern Sudan (190352)" with funding from the Italian Development Fund.

3.4. Efficiency

The original budget presented in the project document in 2017 indicated that direct project costs would be fully funded by the AICS through a grant of EUR 1,991,300, while UNIDO's project management and administration fee amounted to EUR 258,700, for a total project cost of EUR

⁹ Industrial Development Board (2017) Medium-term programme framework, 2018-2021. Forty-fifth session Vienna, 27-29 June 2017

2,250,000. A revised budget included in the updated project document¹⁰ prepared in 2020 contained the following revised project budget.

Table 4: Revised project budget

Project Cost (Euro)	Project Inputs	Support Costs	Total Contribution
Italian Development Fund	EUR 1,991,150.44	EUR 258,849.56 (13%)	EUR 2,250,000
Italian Development Fund (additional funds)	EUR 60,414.78	EUR 7,853.92 (13%)	EUR 68,268.70
Grand Total	EUR 2,318,268.70		
UN Women	USD 37,037	USD 2,963 (8%)	USD 40,000
Counterpart Inputs	In kind		

Source: Project document updated in December 2020

The revised budget shows that AICS increased its contribution to the project budget by an additional EUR 60,414.78 during project implementation. When added to the additional project support costs paid to UNIDO, this increased the overall project cost to EUR 2,318,268.70. In addition, the project leveraged an additional grant of USD 40,000 from UNWomen during project implementation to use on vocational and business training for women through the Project Pipeline (PRO-P) Facility.

The national socio-economic and political context was volatile during project inception and deteriorated rapidly during the project implementation period. These dynamics seriously tested the project roll-out and challenged the efficient implementation of project activities. The contextual factors impeding efficient project implementation included:

- Widespread political demonstrations began in December 2018 and led to the political revolution in 2019, causing concern for the safety and security of project staff, especially in field.
- The inflation rate continued to escalate during the project implementation period, making it difficult to contract with service providers for the delivery of goods and services.
- Fuel shortages impacted negatively on the execution of project activities, delaying or hindering the delivery of mechanized agricultural services.
- The advent of the COVID-19 pandemic in early 2020, led to a national shutdown of economic activity as the government sought to inhibit the movement of people and slow down the spread of the virus.

Commendably, the project team effectively managed these challenges and was able to implement all activities and deliver all project outputs with only a short extension of six months and the addition of only EUR 68,268.70 to the project budget, about 3% of the project budget, not counting the additional activities funded through the funds leveraged from UN-Women.

¹⁰ UNIDO (2020) Fostering Inclusive Economic Growth in Sudan Kassala State through Agro-value Chain Development and Access to Financial Services Project (No.170074), Updated Project Document dated 4-12-2020

The evaluation team therefore deems project efficiency to have been high, especially because targets were met despite the difficult circumstances in which project implementation took place.

3.5. Sustainability

A focus on sustainability was built into the implementation modalities, as well as the activities of the Kassala Project. The project made the following contributions to sustainable growth for individual producers:

- It increased smallholder farmer knowledge of better agricultural practices and techniques and connected these farmers to research organizations like the Agricultural Research Corporation (ARC).
- Focus group discussions with the smallholder farmers who accessed project services in the earlier years of project show that these farmers have continued to use the new farming technologies in subsequent years, indicating that the improvements in production have persisted over the last three years and might be sustained into the future.
- Discussions with farmer organizations indicated that new technologies might also have been taken up by other farmers not included among the project beneficiaries, indicating that the better farming practices advocated by the project is proliferating within the target areas through the diffusion of information among farmers.

On an institutional level, the project supported sustainability beyond the project timeframe in the following ways:

- Strengthened local partner organizations' ability to effectively deliver services, including MOPER, ARC, Central Bank of Sudan (CBOS), Agricultural Bank of Sudan, and the Kassala Microfinance Institution (KMFI). However, interviews with local partners indicated that while they will continue to use their improved skills to provide microfinance and agricultural support services to clients, they are unable to fund the beneficiary training programmes initiated by UNIDO without further financial assistance.
- The project enhanced the Kassala institutional environment through the development of the Entrepreneurial Hub and the EDC. The EDC now receives funding from government for the operation of a small office, while the Entrepreneurial Hub has attracted similar support from the University of Kassala. However, these commitments are small and these organizations will have to seek out further funding from international donors and corporate social investment programmes in order to continue to operate.
- The project has begun a process of improving the enabling environment for entrepreneurship in Kassala, especially in terms of increasing access to finance. Local stakeholders reported that "Some participants are very far from becoming entrepreneurs, but the project has changed the way the MFIs and potential entrepreneurs engage". So, the project has initiated a dialogue between financial institutions and MSMEs that the EDC can take forward.

- UNIDO investments in post-harvest facilities will improve agricultural value chains in Kassala into the future. These investments include a sesame cleaning facility that will be owned and managed by a producer's association in Wad El Helew and a tomato paste machine to be used by the horticultural producers in Kassala. In addition to co-funding the purchase of this equipment, the project considered how the equipment would be owned and managed to sustainably provide benefits to a wide range of farmers into the future. So UNIDO also provided technical assistance in business planning and assistance in establishing the relevant associations and building their capacity. Sustainability issues were also considered in relation to the cold storage facility established in the Kassala fruit and vegetable market. The project requested an own contribution from the Alikhaa Cooperative which was not a project beneficiary before they approached the PCU for funding to establish the facility. The rationale behind the request for the contribution from the Alikhaa Cooperative was to establish a greater sense of ownership and responsibility for the facility. UNIDO signed over their shares in the cold storage facility to MOPER in order to increase access to the facility and to ensure that its use is open to farmers outside of the Alikhaa Cooperative. The facility will therefore be jointly owned and managed by Alikhaa and MOPER. The Kassala Project provided technical assistance for the development of a business plan for the facility and the management team has been given training in order to build their capacity to manage the facility sustainably. These investments in post-harvest facilities will allow project beneficiaries and farmers in the area more generally, to continue productive activities after project close-out.
- The project provided an impetus for the organization and aggregation of farmers into larger associations and provided training programmes to build their capacity to properly run these organizations and provide services to members. Government organizations indicated that this aggregation facilitated the delivery of agricultural services as well as microfinance to farmers. The new associations are attempting to access better services from government and solve common problems, like access to better varieties of seeds.

The quotes below, paraphrased from focus group discussions with beneficiaries reflect on the likelihood that the behaviours and processes initiated by the project will continue:

According to the Women's Horticultural Associations in Kassala:

"We are going to continue the same (agricultural) technologies in our horticultural activities. We are looking forward to participating in the technical association. We would like to form a mother association to enhance the network among us and participate in the tomato machine that will be purchased by the men's horticultural association funded by UNIDO".

The Men's Horticultural Associations in Kassala made the following comments:

"The UNIDO project upgraded small farmer skills and other farmers adopted the same technical knowledge provided. The new chickpeas adopted succeeded in some areas and will be adopted next year ... 26 Horticulture Associations were formed and financed by UNIDO with 50% (funding). The project improved employment opportunities for labourers and offered their agricultural technologies to other surrounding communities".

3.6. Gender mainstreaming

A reading of the project document indicates that the project sought to address gender issues at the design stage and the overall objective indicates an intention “To contribute to improved food, nutritional security and livelihoods of the target communities in Kassala State (Sudan), especially for women and youth”. The project document goes on to discuss possible ways of reaching and empowering women, so the project design stage did consider the issue of gender inclusivity. Women were actively recruited into the beneficiary selection process during project implementation. The following table summarizes the quantitative achievements of the project in terms of numbers of women benefitting directly from the project.

Table 5: Number of women beneficiaries on the Kassala Project

WOMEN PARTICIPATION	TRAINED		FINANCED	
	No.	%	No.	%
PRODUCTION AND MARKETING	827	35%	578	39%
PROCESSING COMPONENT	220	65%	78	77%
TOTAL	1,047	38%	656	42%

Source: Email from CTA dated 8 September 2021

Table 5 indicates that 35% of the farmers trained in agricultural production and marketing skills were women, while 39% of the farmers financed were women. The project performed much better on the processing side of the project, where women accounted for 65% of the entrepreneurs trained and 77% of the entrepreneurs financed. Communication with the PCU indicated that ensuring women’s participation was more challenging in the agricultural production sphere than in the processing component of the project since farming communities are generally more conservative regarding women’s roles. It should be noted that although the project document mentions a focus on gender, it did not set targets for the participation of women; instead, it mentions baseline gender analyses and target setting that would be undertaken in the inception phase of the project. These gender analyses and assessments were not available to the evaluation.

In addition to the work conducted through the original project budget, the entrepreneurship development work undertaken by the project was recognized by other donors working in Kassala and UN-Women made a further USD 40,000 available to the project for the training and financing of women entrepreneurs through the PRO-P Facility, as well as for the vocational training of women. Moreover, the project assisted women to become more organized and Associations for Women Farmers and Women Entrepreneurs were established in Kassala, Wad El Helew and New Halfa. Participants in the focus group discussions with Women’s Horticultural Associations in Kassala had the following to say about the effect of the project on their work and lives,

“The project developed our skills and improved our productivity. The lessons we learned were disseminated to other farmers. We learnt how to manage our revolving fund and prepare our business plans. New knowledge was transferred to us. We are becoming closer to each other when we formed our associations. As women, we have been empowered and self-reliant once we are producing our product and selling our products in different markets. Most of us have bank accounts and have our saving accounts”.

These comments attest to the important work undertaken by the project with women. The fact that most female participants in the project now have bank accounts and savings accounts is notable since only 2.1% of the population in Kassala State¹¹ owns a bank account.

The evaluators commend the work undertaken by the project team with regard to gender. However, it is noted that the more programmatic approach to gender set out in the project document did not materialize. This is likely to be due at least partly to the pressures of getting a three-year development programme underway quickly so as not to miss the first planting season (Interview 15). However, the approach to gender inclusivity might have been more systematically addressed if the gender experts proposed in the project document were actually recruited.

The project budget included a position for a National Gender Expert to work on the project full-time for 30 months, initially supported by an International Gender Expert providing backstopping support. The project document notes that, “Considering the conservative and very tradition-based culture of Kassala, the National Gender Expert will ensure appropriate access to and acceptability within the communities”¹² (Project document, 2017: 24). Since the project had three UNIDO project managers and two CTAs over its three-year term, the breaks in institutional memory mean that nobody could convincingly explain when and why the decision not to hire a Gender Expert was made (Interview 15, 16, 21, 22, 23).

A respondent suggested that cultural issues would have necessitated a woman in the role and that an appropriate person would have been hard to identify and recruit (Interview 22). Indeed, women were not well represented within the project PCU, with only two women working within the PCU at different times, in the same junior administrative role. The recruitment of an appropriate National Gender Expert is likely to have improved access to women within the traditional farming communities of Kassala and to have given a greater focus to gender inclusivity during project implementation.

¹¹ Ministry of Cabinet (2014). “Sudan – Multiple Indicator Cluster Survey”. [https://mics-surveys-prod.s3.amazonaws.com/MICS5/Middle%20East%20and%20North%20Africa/Sudan/2014/Final/Sudan%202014%20MICS_English.pdf]

¹² United Nations Industrial Development Organization (2017) Project Document of The Republic of the Sudan: Fostering inclusive economic growth in Kassala State through agro-value chains development and access to financial services, Project No.: 170074

4. Performance of partners

4.1. UNIDO

As noted earlier, three different UNIDO project managers were assigned to manage the Kassala project at different times in its three-year implementation period. The changes in project manager were necessitated by the promotion of the first project manager and later, a reassignment of work in order to balance workloads. While this kind of change is best avoided in the interest of timely and efficient project implementation, none of the stakeholders cited it as a particular problem on this project and the locally based PCU indicated that they were satisfied with the management and support received from the different project managers based in Vienna.

The project built on the results of the previous FAO-UNIDO project and despite the socio-political challenges and the COVID-19 necessitated lockdowns, the project was efficiently implemented in a manner that allowed for the realisation of project results. More importantly, the implementation modalities adopted by the PCU empowered local partners and built capacity within these local organizations with whom UNIDO worked very closely. These local partners described UNIDO as being unusually transparent and empowering compared to other donors; and reported that they were adequately included in the design and implementation of the project, as well as in discussions about project close-out and the design of the follow up project titled, “Resilience of Agropastoral Populations in Eastern Sudan, Project No.: 190352”. UNIDO’s performance as project implementer and supervisor is deemed to have been highly satisfactory.

On a more ambiguous note, the PCU has internalised some key individuals from local organizations, including the foremost expert in sesame production in Sudan who previously worked for the Agricultural Research Corporation, and the Director-General of MOPER. These individuals are both highly proficient and the loss of their expertise is likely to be felt within their previous organizations, even though their expertise continues to be available to the local institutional ecosystem through UNIDO’s ongoing work in Kassala.

The challenges to capacity building posed by the leaking of public sector staff into aid programmes is a long-standing issue within aid circles and a review undertaken by the World Bank in 2000 noted that “despite massive technical assistance, aid programs have probably weakened capacity in Africa. Technical assistance has displaced local expertise and drawn away civil servants to administer aid-funded programs—precisely the opposite of the capacity-building intentions of donors and recipients” (World Bank, 2000, 244)¹³.

The evaluation team notes that the Government of Sudan supports the development of public sector capacity through the secondment of staff to international organizations. These seconded staff members can then return to their positions within local organizations with greater capacity and knowledge and add to the organisational strength of public organizations.

The UNIDO project team reports that the individuals in question were released by their organizations to take up their positions in the project so as to enable them to gain skills and experience in project management. However, stakeholder interviews indicated that these

¹³ World Bank (2000) *Can Africa Claim the Twenty First Century?* Washington, D.C.

individuals gave up their positions within their local organizations in favour of short-term contracts with UNIDO and that it may be difficult for them to move back into the public sector organizations once these contracts are over.

4.2. National counterparts

National organizations were supportive of the project and provided direction to the project through their regular engagement in the Project Steering Committee (PSC) meetings held in Khartoum. These organizations included the Federal Ministry of Industry and organizations like the Central Bank of Sudan and the Agricultural Bank of Sudan. While the more senior staff from these organizations participated in the project at the level of the PSC, they also designated personnel from their Kassala offices to work more closely with the project on a technical level.

These Kassala based personnel represented their organizations at monthly meetings of the Technical Steering Committee (TSC) which coordinated the project operationally. The TSC was chaired by the lead implementing partner, the Kassala Ministry of Production and Economic Resources (MOPER) and included the state level organizations that were involved in the direct implementation of project activities, including ARC, University of Kassala, KFMI, IRADA, Tayseer Guarantee Funds, etc. These organizations all committed staff time and resources to the implementation of programme activities.

Local institutions took ownership of the project and appear to have engaged fully in implementation activities. The main executing partner, MOPER indicated that they pushed for greater decision-making powers on the project and that their request was positively met by UNIDO. This exercise of local ownership is very positive and bodes well for sustaining project benefits. The official proclamation of the EDC and the commitment of ongoing operational funds to the organization by the state government is a similarly positive development, as is the commitment of space and organizational resources by the University of Kassala to the Entrepreneurial Hub.

In addition, the participating organizations appear to have embraced new practices introduced through the project, as an example, CBOS & Agricultural Bank of Sudan did not finance groups of farmers before, however, the Kassala Project has shown them how to finance groups and their internal policies have been adjusted in response. These changes all indicate that the Sudanese partner organizations took ownership of the project, engaged enthusiastically in project implementation activities and have changed their practice in response to learnings from the project, so the performance of national partners is deemed to have been highly satisfactory.

4.3. Donor

The AICS played a significant and supportive role on the Kassala project, especially during the project design phase. UNIDO respondents indicate that the AICS advocated for the inclusion of the microfinance aspect of the project, a departure from UNIDO's usual work, and provided the expertise to design this part of the project during the project inception phase.

The AICS had a special interest in increasing access to finance for the poor and the unbanked and assisted UNIDO in designing a project that met these objectives. This aspect of the project was key in enabling access to better agricultural technologies and higher production levels for a larger number of poor households, on a more sustainable basis than would have been possible if the project provided inputs at no cost. In addition, the AICS Rome office also insisted on the inclusion of a Gender Expert in the project document, an acknowledgement of an important global issue that is even more pressing in Sudan.

Despite small delays in the transfer of funds to UNIDO, AICS was a highly satisfactory donor to the project, with the Khartoum Office staff participating actively in the PSC meetings and actively searching for ways to assist the project, as in the commitment of excess funds from other sources to the Kassala project for the establishment of the cold storage facility.

5. Factors facilitating or limiting the achievement of results

5.1. Monitoring & Evaluation

The project team was able to put in place a robust monitoring system to manage and monitor project outputs. However, the ease of access to information should be improved in the next phase of the project, which again gives preference to women and youth beneficiaries. Information on the numbers of beneficiaries that belong in these target groups should be properly recorded for each component of the project, so participation levels are easily tracked. Moreover, the project should conduct the gender baseline studies mentioned in the prodoc for the current project at the start of the next phase in order to set and monitor reasonable targets for the participation of these marginalised groups.

The Kassala Project is commended for taking cognisance of the need to measure project outcomes well in advance of the project's end. The PCU contracted MOPER to conduct an extended survey to measure the outcomes of the project in terms of the effects at household level of participating as a beneficiary of the project. MOPER engaged with more than 730 households (including a control group who did not benefit from the project) over a period of one year in order to track changes in household spending, savings, coping strategies and production.

UNIDO provided training to staff members from MOPER's Planning & Monitoring Department on how to undertake the survey and capture data using mobile technology, as well as the use of a household savings notebook used on other UNIDO projects. MOPER staff then trained the households participating in the survey in the use of the notebook, and then collected and analysed the data in line with the agreed protocols. So, the whole process of outcomes monitoring was itself an exercise in capacity building for local organizations and participants. The project is commended for adopting a monitoring methodology that had a threefold benefit:

- it provided fairly robust outcomes data;
- it increased the capacity of households to manage finances, improve budgeting and increase savings; and
- it provided training and increased the capacity of the partner organisation, MOPER.

5.2. Results-Based Management

According to the UNIDO Evaluation Manual¹⁴, Results-Based Management (RBM) is seen within the organisation as “a broad management strategy aiming at improving management effectiveness and accountability by defining realistic expected results, monitoring progress toward their achievement, integrating lessons learned into management decisions and reporting” (UNIDO, 2018: 12).

The Kassala Project appears to have operationalised the different facets of this definition well, despite a late start with the Monitoring and Evaluation of project outcomes which was undertaken in the period November 2019 – December 2020.

The project progress reports indicate continued monitoring of project activities and corrective measures taken to address problems on the basis of lessons learnt. For example, after problems were experienced with the suppliers of technical services to farmers in 2018, the PCU and MOPER undertook visits and preassessments of six companies who could potentially act as new suppliers to the financial institutions contracted in 2019¹⁵ (UNIDO, 2019: 33); so corrective action was undertaken on the basis of evidence gathered from the monitoring of the project implementation process.

Discussions with UNIDO project managers indicate that the project logframe is the basis of results-based management within the organisation. The logframe for this project was reviewed and adjusted in 2019 in order to refine the targets for the overall and specific objectives in order to be more realistic and to define indicators that were measurable. This adjustment of the logframe shows an ongoing awareness of managing for results and improved the evaluability of the project.

5.3. Other factors

Interviews with UNIDO and stakeholders indicate that the continued presence of the PCU ‘on the ground’ and the respectful engagement style of the PCU management played a large part in developing supportive and effective work relationships with local partners. This relationship with local government partners played were key to the success of the project since it allowed the project to successfully navigate obstacles like the fuel shortage in Sudan and gain access to limited supplies.

5.4. Overarching assessment and rating table

Since 2015, UNIDO evaluations have been required to rate project performance against several criteria, as reflected on Table 7. The rating system is intended to summarize the qualitative inputs of evaluators and to promote comparability across projects; as well as to track progress over time

¹⁴ UNIDO Independent Evaluation Division (2018) Evaluation Manual. Vienna

¹⁵ UNIDO (2019) Fostering Inclusive Economic Growth in Kassala State Through Agro-value Chains Development and Access to Financial Services: 2nd Year Consolidated Project Progress Report, October 15, 2018 – March 31, 2019

within projects. UNIDO uses a six-point rating scale, reflected on Table 6 below to rate each criterion, with 1 being the lowest and 6 being the highest rating.

Table 6: UNIDO Evaluation rating scale

Score		Definition*	Category
6	Highly satisfactory	Level of achievement presents no shortcomings (90% - 100% achievement rate of planned expectations and targets).	SATISFACTORY
5	Satisfactory	Level of achievement presents minor shortcomings (70% - 89% achievement rate of planned expectations and targets).	
4	Moderately satisfactory	Level of achievement presents moderate shortcomings (50% - 69% achievement rate of planned expectations and targets).	
3	Moderately unsatisfactory	Level of achievement presents some significant shortcomings (30% - 49% achievement rate of planned expectations and targets).	UNSATISFACTORY
2	Unsatisfactory	Level of achievement presents major shortcomings (10% - 29% achievement rate of planned expectations and targets).	
1	Highly unsatisfactory	Level of achievement presents severe shortcomings (0% - 9% achievement rate of planned expectations and targets).	

Source: UNIDO ToR: Final Evaluation¹⁶

¹⁶ UNIDO (2021) Terms of Reference: Independent Terminal Evaluation: Fostering inclusive economic growth in Sudan Kassala State through agro-value chains development and access to financial services, UNIDO ID: 170074

Table 7: Evaluation rating table: Kassala Project

	<u>Evaluation criteria</u>	<u>Mandatory rating</u>
A	Impact: Likely positive & negative, primary and secondary long term effects produced by the development intervention, directly or indirectly, intended or unintended, including redirecting trajectories of transformational process and the extent to which conditions for trajectory change are being put in place.	6
B	Project design	5
1	Overall design: Assessment of the design in general	5
2	Project Logframe: Assessment of Logical Framework	5
C	Project Performance	6
1	Relevance: Extent to which the project suited the priorities and policies of the target group, recipient and donor.	6
2	Effectiveness: Extent to which objectives were achieved.	6
3	Efficiency: A measure of how economically resources/inputs (funds, expertise, time, etc.) are converted to results.	5
4	Sustainability of benefits: The continuation of benefits from a development intervention after major development assistance has been completed. The probability of continued long-term benefits. The resilience to risk of the net benefit flows over time.	6
D	Cross-cutting performance criteria	5
1	Gender mainstreaming: The extent to which the intervention has contributed to better gender equality and gender related dimensions were considered in an intervention.	5
2	M&E: Refers to all the indicators, tools and processes used to measure if a development intervention has been implemented according to the plan (monitoring) and is having the desired result (evaluation). <ul style="list-style-type: none"> • M&E design • M&E implementation 	5
	Environment and socio-economic aspects	5
3	Results-based management (RBM): Assessment of issues related to results based work planning, results based M&E and reporting based on results.	5
E	Performance of partners: Assessment of the contribution of partners to project design, implementation, monitoring & reporting, supervision and backstopping and evaluation. The performance of each partner will be assessed individually, based on its expected role and responsibilities in the project life cycle.	6
1	UNIDO	6
2	National counterparts	6
F	Overall assessment: Overarching assessment of the project, drawing upon the analysis made under the Project Performance and Progress to Impact Criteria above, but not an average of ratings.	6

As indicated in Table 5, the evaluators have found that the performance of the Kassala Project has been highly satisfactory on most counts, with only minor shortcomings in some respects.

6. Conclusions, recommendations and lessons learned

6.1. Conclusions

After reviewing the available evidence and the evaluation data, the evaluators have concluded that the implementation of the Kassala Project was extremely good, especially when one considers that implementation had to be undertaken under very challenging circumstances. The quality of project management allowed the project to meet its objectives despite a dramatic deterioration of the national situation in Sudan. The PCU had to contend with worsening macro-economic conditions starting early in the project implementation phase in the second quarter of 2018, with a depreciation of the local currency and runaway inflation rates leading to fuel shortages and socio-political unrest toward the end of 2018. This unrest led to a national suspension of access to the internet that impacted on work and finally resulted in regime change in mid-2019. This was followed shortly thereafter by work disruptions and uncertainty related to the economic lockdowns in response to the COVID-19 pandemic in early 2020. Despite these many and varied challenges, the project has achieved its objectives and has surpassed targets on a number of outputs (Please see Section 2.1 for a discussion of these achievements).

6.2. Lessons learned

Despite its many successes, the Kassala Project encountered some challenges during the implementation of project activities in field. These challenges were twofold and provide the basis for lessons learned during project implementation:

1. Lessons related to the need for reflective practice in developing access to microfinance models
2. Lessons related to beneficiary selection.

The positive lessons that arose from the implementation of the Kassala Project will be discussed in section 6.3. Good Practices.

6.2.1. Access to microfinance

The Kassala Project project tested new ground for UNIDO through the incorporation of activities to increase access to finance (A2F) for small farmers and micro-entrepreneurs. The A2F activities undertaken by the project achieved the following successes:

- It successfully facilitated access to small loans for 1568 small farmers and enterprises.
- 77% of the microfinance beneficiaries were first-time borrowers who lacked access to financial institutions before the project intervention.
- The project established a model for the provision of micro-finance loans to small farmer collectives, persuading partnering MFIs to update their policies to allow for group lending.

- The UNIDO subsidies to project beneficiaries meant that the MFIs were able to share risk with UNIDO and the loan to each beneficiary was smaller than it would otherwise have been, decreasing the exposure of these small farmers and entrepreneurs.
- Moreover, the UNIDO model for microfinance access included substantial investments in non-financial services – capacity building and training for beneficiary farmers and entrepreneurs – further reducing the risk of defaults on the microloans
- The partnering MFIs continued to engage with the beneficiary producers’ associations (PAs) even after their participation in the project had ended, indicating that access to finance might be continued into the future.

So, the project succeeded in improving access to microfinance for small farmers within the target areas in Kassala. However, the microfinance component of the project suffered various challenges. Focus group discussions with beneficiaries indicated that:

- Microfinance approval processes used by the formal MFIs in Sudan were long and bureaucratic and some farmers missed the planting season while awaiting approval of their loans.
- Given the highly inflationary context prevailing in Sudan, entrepreneurs reported that prices had often doubled while their applications were being processed. Some businesses were therefore unable to afford raw materials after purchasing equipment and stopped their enterprises midway for this reason.
- Other entrepreneurs reported that the size of the microfinance loan was inadequate for business needs. The maximum microloan in Sudan was set at 100,000 SDG (about 220 USD) but was recently increased to 300,000 SDG (around 660 USD). Despite this increase, the loan remains too small for the needs of processing enterprises.
- Microfinance procedures were difficult for some beneficiaries to meet since they lack documents and guarantees. These issues are illustrated by the following quote from a participant in the focus group discussion with the MSME Entrepreneurs Associations in Kassala:

“Dealing with the bank was very difficult, when I selected to purchase an oil machine to produce groundnut oil, the price was 300,000 SDG (600 USD). After 3 months when I received the finance, it became 700,000 SDG (1,400 USD). The procedure is very difficult to meet and it is not easy for everyone to deal with it ... The amount of finance is not covering the small business requirements, especially financing equipment which is affected by the fluctuation of the exchange rate”.
- In addition, the micro finance institutions (MFIs) interviewed estimated that more than a quarter of the beneficiaries misunderstood the nature of microfinance services and thought that the microfinance loans were a grant from UNIDO that did not have to be repaid. These MFIs indicated that they would prefer to be more involved in the training of beneficiaries through the Entrepreneurial Hub (Interview 12 & 4).
- The IRADA MFI provided micro finance loans to 18 Producers Associations (PA) as part of the Kassala Project. The members of 16 associations repaid their loans, but two Producers Associations had yet to repay. At the time of the evaluation, IRADA was considering legal action against these two producer associations. However, UNIDO is facilitating an agreement between IRADA & the PAs, so hopefully, an agreement can be reached and these farmers will not be left worse off after the project intervention.

So, while the microfinance model used by UNIDO has many strengths, the implementation experience indicates that the model should be further refined in order to overcome the particular challenges experienced. The Kassala project team is considering using a credit guarantee facility as a means of extending the access to microfinance work to include a larger number of MFIs in the next phase of the project.

Given the challenges experienced by beneficiaries in the microfinance process discussed in section 6.2.1., the evaluation recommends that the Kassala project team consider a differentiated strategy to further improve access to finance for different types of beneficiaries:

- For poorer farmers and micro-entrepreneurs needing very small loans, traditional models of microfinance that mobilize community savings and lending associations should be explored. These community organizations, built on interpersonal knowledge and trust networks, are able to make financing decisions more quickly and easily than a bank and are able to waive guarantee requirements. If the loan required is bigger than the association can afford, the association can offer a guarantee to secure a loan from an MFI or bank. This kind of microfinance model builds financial competence and the savings capacity of the very poor, allowing them an easier entry into the financial system without the risk of legal penalties. Since this kind of work is outside of UNIDO's core competency, partnerships with appropriate local NGOs should be established to undertake the community facilitation work required.
- For more established farmers, the Kassala project should consider extending the support and capacity building of the producer's associations so that they are able to develop and grow their respective sunduks. The PAs will need extended counselling and education on how to run the organization and how to manage the funds collected through member fees, savings and possible grants. These associations can finance the productive activities of their members more affordably than financial organizations and make production inputs available on credit. Until sunduk resources are built up, MFIs could be used to supplement internal resources according to the model already used by the project.
- For processing enterprises that require larger loans, the EDC should continue to broker relationships with a range of financial institutions, including MFIs and regular banks for larger loans. The EDC should work to draw larger numbers of financial organizations into their network to increase the amount of finance available within the model and to disseminate the initial learnings, like group financing, from the Kassala project as well as the continued learnings that arise from the evolving 'finance for productive activity' models developed by UNIDO.

The lesson learnt from the A2F activities of the Kassala project is the importance of reflective practice when developing new models for access to microfinance. Programme activities should be closely monitored and practice should be thoughtfully recalibrated to address implementation challenges according to the emerging evidence base. In an agricultural project like the Kassala project, this reflection should ideally be undertaken with beneficiaries the end of every season, so as to improve service delivery in the next planting season.

6.2.2. Beneficiary Selection

The project used an implementation model that worked via collective organizations, like producers associations. This model had a number of benefits:

- It allowed the MFIs to provide group financing to producer's associations, rather than single loan applicants. This model allowed MFIs to reach a larger number of applicants within the project timeframe, after they adjusted their policies and work procedures.
- It allowed the project to promote group savings (sunduks), increasing access to finance for shared services among farmers.
- It would increase farmers' negotiating power and improve farmers' ability to access better markets.
- It facilitated communication with beneficiaries and allowed the project to provide services to a larger number of individuals more easily.

However, some respondents from the public organizations interviewed, as well as the beneficiaries in the focus group discussions indicated that beneficiary selection on the project was problematic and some families were over-represented on the beneficiary lists. This was attributed to both, the fact that some producers' associations were family based organizations, especially in horticulture; as well as to the fact that some youth and sport clubs prioritised friends and relatives in identifying potential beneficiaries. In addition to undermining the credibility of the selection process within the wider community, these problems sometimes led to the selection of beneficiaries who were 'grant-seekers' and who were not fully committed to production activities. These issues are well known in Sudan and the project did put selection criteria in place at the outset to guide the beneficiary selection process in both, the production and processing components. However, engagement with stakeholders indicate that these criteria have to be properly monitored to ensure fairness and equity in access, as well as increasing the stringency of the selection process and assessing beneficiary capacity & commitment.

The lesson learnt from this experience on the Kassala project is that delegating the selection of beneficiaries to partnering associations can lead to sub-optimal results. The UNIDO team implementing the project should monitor the beneficiary selection process to ensure that partnering organizations properly apply the agreed selection criteria.

6.3. Good practices

The implementation experience of the Kassala Project indicates examples of good practice that could be beneficial to other projects. Two particular areas of good practice relate to the:

- Strength of implementation partnerships established with local organizations and
- Attention to sustainability of infrastructural investments.

6.3.1. Local Partnerships

As noted before, the Kassala Project had to contend with a number of contextual challenges, but was successfully implemented despite these challenges and even exceeded targets on a number of outputs. Much of the success of the project can be attributed to the strength of the relationships established with local organizations, including MOPER, KFMI, IRADA, University of Kassala, the Agricultural Bank of Sudan, Central Bank of Sudan, the EDC, etc. These relationships with local

government organizations assisted the project to navigate challenges, for example, accessing fuel for agricultural activities even when the state was beset by fuel shortages and enabling movement of project personnel even when movement was curtailed due to unrest¹⁷ (UNIDO, 2018).

Sudanese partner organizations demonstrated a very high level of local ownership of the project and took direct responsibility for the delivery of project services, usually after having been trained in particular methodologies by UNIDO. These local organizations essentially acted as service providers to UNIDO in undertaking suites of project activities. Sudanese organizations indicated that UNIDO was exceptional in establishing implementation partnerships of this nature with local organizations. Usually, international organizations request the secondment of a small number of staff from local organizations in order to assist with delivery of project activities within the project management unit. This limits capacity building to the staff members involved and has only a limited impact on the larger local organisation when staff members return. Stakeholders preferred the implementing arrangements used on the Kassala Project since it mobilised large numbers of staff within the local organisation and built organisational capacity. UNIDO project managers indicated that UNIDO defaulted to this mode of partnership because the organization's internal systems recognize service contracts only and do not allow for the transfer of funds to partner organizations for the execution of project activities. While some governments are upset by this constraint, it appears to have worked well on this project in Kassala.

This level of public sector engagement and commitment was unusual and led to the local organizations rethinking their own modes of service delivery. UNIDO's implementation partnership with local organizations had a threefold benefit: (a) it allowed for the implementation of project activities and gave the project priority access to scarce resources like fuel; (b) it built the implementation capacity of local organizations, (c) it exposed local organizations to new ways of working and induced them to change their own policies and work processes and (4) it built UNIDO's reputation as a partner of choice, showing them to be respectful and accommodating of local partners.

The evaluation team recommends that the implementation modalities used by the project to engage local partners be properly reviewed and written up. This should be disseminated as an example of good development practice. This write-up should include a reflection on the engagement and mobilisation processes used, as well as the contractual arrangements put in place to support these partnerships.

6.3.2. Attention to Sustainability of Infrastructural Investments

The PCU managed the establishment of a cold storage facility for horticultural produce in the Kassala Fruit and Vegetable Market after receiving a request for assistance from the Alikhaa Cooperative in August 2018. In addition to investigating the 'hard' issues about technical specifications/infrastructural requirements and financial feasibility, the PCU also addressed the 'soft' issues regarding appropriate governance mechanisms for the facility, so as to address issues related to sustainability into the future.

¹⁷ UNIDO (2018) Fostering Inclusive Economic Growth In Kassala State through Agro-Value Chains Development and Access to Financial Services: 1st Progress Project Report: January 1st – 15th October 2018

The PCU therefore invested in a long ‘investment preparation’ phase in order to establish a basis for long-term sustainability before building the facility. The preparation included the following activities:

- A preliminary feasibility assessment for the facility.
- An executive design for the facility, including drawings, bill of quantities and technical documentation, by an international expert in cooling and energy supply systems.
- Agreement on funding: The AICS agreed to fund the larger part of the facility costs, more than EUR 200,000, from the Poverty Alleviation Programme (external to the Kassala project budget). However, the PCU also insisted on a cash contribution from Alikhaa (around SDG 2,000,000) to ensure commitment and accountability from the Cooperative, while MOPER undertook to make appropriate land available.
- Subcontracting of a local NGO, on advice of AICS, to oversee the construction of the cold storage and oversee maintenance for 12 months.
- Training for technical, logistic and administrative personnel in Italy.

A public-private partnership has been established between Alikhaa Cooperative and MOPER as the public partner that received UNIDO ‘shares’ in the project. Alikhaa and MOPER now each own 50% of the facility and the business plan funded by UNIDO sets out a rental system for part of the facility that will enable other farmers to access cold storage facilities. The board members of the facility have recently appointed an operational team consisting of a General Manager, a Trade Manager and an Agronomist. The General Manager is also responsible for overseeing the organisation and ensuring good governance. The facility only recently became operational in mid-2021 and the next phase of the project will continue to monitor and advise the facility. There is often a trade-off between sustainability and inclusivity, where privately owned facilities are usually better managed and more sustainable, but are available for use by only a small number of people who are able to afford access. Since the design of this facility has taken conscious steps to manage this tension, it might prove to me an instructive experience. The evaluators therefore recommend that the Independent Evaluation Division of UNIDO follow-up on this experience and commission a review in the latter half of 2023 to assess the success of the facility and the management arrangements implemented.

6.4. Recommendations

8. Based on the evidence presented in this report, the evaluation team recommends that the project team prepare Good Practice Notes on the following issues:
 - The implementation modalities used by the project to engage local partners, including the mobilization processes used, as well as the contractual arrangements to support these partnerships (Please see discussion in section 6.3.1).
 - The integration of outcomes monitoring into project implementation (Please see discussion in section 5.1).
9. The evaluators also recommend that the project team undertakes a review in the latter part of 2023 of the Kassala Cold Storage Facility to assess the management arrangements and consider whether the process of establishing the facility should be written up as a good practice on how to improve the sustainability of investments in capital infrastructure.

10. The evaluation recommends that the UNIDO project team in Kassala consider a differentiated strategy to further improve access to microfinance for different types of beneficiaries, as discussed in section 6.2.1.
11. In order to enhance the sustainability of the Entrepreneurship Development Committee (EDC) and the Entrepreneurial Hub, the UNIDO project team and local partner organizations should aggressively pursue long term funding commitments from government, the University of Kassala, international donors, large corporate and financial institutions towards the cost of maintaining these organizations.
12. The next phase of the project is targeting a 50% participation rate for women across all components of the project, but the target might be different for each component, depending on traditional practices. A target for youth participation has not been set. The evaluation recommends that these targets be defined at the outset of the next phase to ensure that the incorporation of these marginalized groups stays at the forefront of implementation. The M&E system should collect the necessary data to evaluate performance against these targets.
13. Given the challenges discussed in Section 6.2.2. in the evaluation, the evaluation recommends that the UNIDO project team closely monitors the application of the selection criteria by local partners, including producers' associations, community groups and the Entrepreneurship Development Committee, to ensure fairness and equity in access to project services, as well as a proper assessment of beneficiary capacity and commitment.
14. The evaluation recommends that with regard to the recruitment of project staff from local public sector organizations, project management in consultation with the Human Resources Department, should suggest appropriate provisions for the recruitment of local project personnel in order to avoid adverse effects on public sector capacity in partner countries.

Annexes

Annex A: Evaluation Terms of Reference

The complete evaluation Terms of Reference could be accessed at the below link:

https://www.unido.org/sites/default/files/files/2021-03/SUD-170074 TOR TE-2021_210325.pdf

Annex B: Evaluation Matrix

EVALUATION CRITERIA	EVALUATION QUESTIONS	PROPOSED EVALUATION TOOLS	SOURCES OF EVIDENCE
Relevance, progress to impact	(a) What are the key drivers and barriers to achieve the long-term objectives? To what extent has the project helped put in place the conditions likely to address the drivers, overcome barriers and contribute to the long-term objectives?	Content review of documents. Focus group discussions with beneficiary farmers & MSMEs. Semi-structured interviews with producers' associations. In-field observation of beneficiaries. Semi-structured interviews with Sudanese partners and stakeholders.	Project documents, Sudanese policy documents, and donor strategy documents. Stakeholder interviews. Focus groups. Field notes.
Effectiveness, relevance project design, efficiency	b) How well has the project performed? Has the project done the right things? Has the project done things right, with good value for money?	Content review of project documents. Analysis of project M&E information. Focus group discussions with beneficiaries. Semi-structured interviews with Sudanese partners, stakeholders and donors.	Project documents, M&E database, Stakeholder interviews. Focus groups.
Effectiveness, sustainability	c) What have been the project's key results (outputs, outcome and impact)? To what extent have the expected results been achieved or are likely to be achieved? To what extent will the achieved results be sustained after the completion of the project?	Content review of project documents. Analysis of project M&E information. Focus group discussions with beneficiaries. Semi-structured interviews with Sudanese partners, stakeholders and donors.	Project documents, M&E database, Stakeholder interviews. Focus groups.
Lessons for practice	(d) What lessons can be drawn from the successful and unsuccessful practices in designing, implementing and managing the project?"	Content review of project documents. Focus group discussions with beneficiaries. Semi-structured interviews with Sudanese partners, stakeholders and donors.	Project documents, Stakeholder interviews. Focus groups.

Annex C: List of documentation reviewed

- Project Inception Report
- 1st Project Report
- 2nd Consolidated Project Report,
- Project Presentation updated as of 31-3-21
- Inception Report of the New Project in Kassala (Phase II of the current one)
- Internal M&E Tool
- Project Document
- New Project Document (Phase II)
- Presentation to 1st PSC (2018)
- Presentation to 2nd PSC (2019)
- Presentation to 3rd PSC (2020)
- Company Profile of the EDC
- Partnership Agreement between ADB and EDC
- Partnership Agreement between UNIDO and Silatech
- Collaboration between EDC and GIZ
- Letter of Agreement between EDC and World Bank Project
- Concept Note of the Processing Component (for future project orientation)
- Concept Note of the Marketing and Production Components (for future project)
- Baseline Document: WFP 2018
- M&E Final Report from MOPER
- Presentation of M&E Final Report from MOPER.
- Coping Strategy (MOPER)
- Saving Notebook used for financial education and for tracking household expenditure
- Manual for Enumerators (MOPER)
- Master file M&E in Kassala Locality (MOPER)
- Master file M&E in New Halpha locality (MOPER)
- Master file M&E in Wad El Helew locality (MOPER)
- Implementation of Istanbul Plan of Action for Least Developed Countries (IPOA) 2011-2020: Sudan National Report
- Beer & Lester (2015), Regional Studies, Regional Science, 2015 Vol. 2, No. 1
- Food & Agriculture Organization (2020) Country Programming Framework for Sudan: PLAN OF ACTION (2015-2019): Resilient Livelihoods for Sustainable Agriculture, Food Security and Nutrition
- International Monetary Fund (2021) Sudan Poverty Reduction Strategy Paper
- United Nations Office for the Coordination of Humanitarian Affairs (2021) Sudan Humanitarian Response Plan
- International Fund for Agriculture Development (2021) Sudan Agricultural Strategy
- Central Bank of Sudan (2020) Microfinance Policy: Micro and Mini Finance Policies
- Industrial Development Board (2017) Medium-term programme framework, 2018-2021. Forty-fifth session Vienna, 27-29 June 2017
- Ministry of Cabinet (2014) "Sudan – Multiple Indicator Cluster Survey"
- TOR: Independent Terminal Evaluation: Fostering inclusive economic growth in Sudan Kassala State through agro-value chains development and access to financial services (170074)
- UNIDO Grant Delivery Report
- UNIDO Provisional Statement of Account

Annex D: List of Stakeholders Engaged

ORGANIZATION	REPRESENTATIVE	ROLE
SUDANESE STAKEHOLDERS		
Ministry of Production and Economic Resources of the Kassala State	Abdelgadir Haj Ali	Director-General: appointed on 10/2020, previously responsible for M&E component on Kassala Project
	Ibtisam Ali Nimer	Head of Horticulture Department, current Chairman of EDC and Member of the Project Technical Steering Committee (TSC) (2017 up to date)
	Ali Mohamed	Former DG and chairman of the EDC (2017-2020) now UNIDO expert on agro-business investments
Central Bank of Sudan	Wagdi Altahir	EDC focal person appointed by Central Bank of Sudan – Kassala
University of Kassala – Faculty of Economics and Management	Adil Idries	Partner and implementer (service provider for entrepreneurial training under the PRO-P Facility)
Kassala Microfinance Institution (KMFI)	Abdelaziz Ahmed	Main project focal point since 2018
Agricultural Bank of Sudan (Kassala branch)	Ehab Saeed	Main project focal point
UNIDO Khartoum Office	Mohamed Abdelmomen	UNIDO Country Representative
UN Women Component of Project	Nariman Hassan	Consultant and trainer- UNWOMEN Component
Agricultural Research Corporation	Mohamed Eltayeb Abdelgadir Muawiya Abdelfatah Alharith Hamad Bakhiet Ahmed Babiket Ahmed Altahir Adroab Hamid Abdallah Alhassan Yousif Ibithal Hamid Mohamed Hamid Alawad Mohamed Siddig:	Implementing Partner
Commission of Investment & Industry - Kassala State	Aisha Mohamed Noor	TSC and EDC Member
IRADA Microfinance Company (Kassala Branch)	Ahmed Mahgoub	Implementer and IRADA Officer in Kassala
Microfinance Guarantee Agency Tayseer	Mugdad Mohamed	EDC focal person appointed by Tayseer

ORGANIZATION	REPRESENTATIVE	ROLE
ALIKHA Cooperative Association	Altahir Mohamed Hamaza	Co-owners of Cold Storage Facility Kassala State
PROJECT CORORDINATING UNIT MEMBERS		
	Marco Azzalini	First Chief Technical Advisor
	Edoardo Scalco	UNIDO Kassala Office Chief Technical Advisor
	Khalafallah Hamid	UNIDO Kassala Office Agronomist
	Ikhlas Ali	UNIDO Kassala Office Administrator and Finance Assistant
	Mubarak Hassan	PCU Field Assistant
	Ali Mohamed	Expert on Agro-business Investments
UNIDO VIENNA OFFICE		
	Aurelia Calabro	UNIDO Project Manager (2017-2019)
	Yvonne Lokko	UNIDO Project Manager (2019-2020)
	Fredrick Kongongo	UNIDO Project Manager (2020-to date)
FOCUS GROUPS DISCUSSIONS WITH PROJECT BENEFICIARIES		
Processing: Women MSME Beneficiaries	Namarig Bushraa; Haleema Mohamed Issa; Zienab Humad Mohamed Osman; Raheeg Awad Jaafa; Amna Mohamed Saidat; Afrah Abdallah Ibrahim; Amal Hamid	
Processing: Male MSME Beneficiaries	Omer Hussien; Hamaza Ahmed; Musaab Salih; Mazin Salih; Mohamed Khier Osman	
Men Horticulture Producers Associations in Kassala	Salaheldin Ahmed Mohamed; Abdelazim Abdallah Mohamed;	Al Hamid Association

ORGANIZATION	REPRESENTATIVE	ROLE
	Omer Suliman Farajallah; Ali Mohamed Issa; Salah Ejlawi Ahmed; Jalaeldin Babilker Ahmed; Alataa Alhassan Abedlmajid; Emad Khider Nagnag; Siddig Abdelraheem Suliman	Amen Association Farajallah Sons Association Alekhwa Association Ejlawi Association Alwafaa Association Alharam Association Nagnag Association Alsiddig Association
Women Horticulture Producers Associations in Kassala	Salwa Suliman Farajallah; Imithal Ali Attalah; Jihad Ali Attallah; Thouraya Abdallah Mohamed; Mariam Rabih	Farajallah Sons Association Alharam Association Alharam Association Amen Association Farajallah Sons
Wad Al Helew Sesame Producers Associations - Men and Women	Khalid Mohamed El Mustafa; Yousif Taher Abaker; Adam Hassan Ibrahim; Osman Yousif Suliman; Fatima Musa Fadul; Zienab Yahia Omer; Hawa Abaker; Salawa Hassan Mohamed; Halima Hamad Osman; Babaoia Ali Abdelnabi; Hana Ahmed Malik; Zihour Musa Fadul; Khalil Mohamed Haroun	Nahda Association Tadamoun Association Falah Association Falah Association Marahib Association Ikhilas Association Ikhilas Association Marahib Association Nusiba Association Nusiba Association Nusiba Association Marahib Association Nahda Association

Annex E: Primary Data Collection Instruments

Semi-structured Questions to Guide Interviews with Stakeholders
Terminal Evaluation: Fostering inclusive Economic Growth in Sudan Kassala State
through Agro-Value Chains Development and Access to Financial Services
UNIDO ID: 170074

INFORMED CONSENT

We are conducting an end-of-project evaluation for the project: Fostering inclusive Economic Growth in Sudan Kassala State through Agro-Value Chains Development and Access to Financial Services. The findings from this evaluation will be used to improve any future projects run by UNIDO.

We appreciate your participation in this discussion since your views and experiences as a project stakeholder are important to us. The discussion usually takes about 60 minutes. The information you provide will be kept confidential and we won't use your name when reporting the study results. Do you have any questions about the evaluation?

Date:.....

Part One Basic Information

1. Respondent name:
2. Organisation:
3. Designation in Organisation:

Part Two

1. When did you become involved with the project?
2. What role has your organisation played in this project?
3. How often did your organisation interact with the project?
4. In what project activities did your organisation take part?
5. Did you organisation have to recruit new staff for this project? If so, why? How many? Did staff have to undergo training as part of this project?
6. Did you participate in any of the training courses? If so, which one/s?
7. What do you think of the quality and usefulness of the courses provided?
8. Do you think that this project helped build the capacity of your organisation to serve beneficiaries? If so, please explain how.
9. How well did the project perform? Do you think that the project increased value-added in the agriculture and food-processing sector?

10. Do you think the project increased market access for small-scale farmers?
11. Do you think the project improved entrepreneurial skills of small-scale farmers and micro-entrepreneurs?
12. Do you think the project improved access to financial services from local MFIs for small-scale farmers and micro-entrepreneurs?
13. Was your organization part of the Entrepreneurship Development Committee (EDC)?
14. In your opinion, how well did the EDC work during this project?
15. Do you think that the EDC will improve access to finance for small producers in the future?
16. Were there any unexpected effects of the project, either positive or negative?
17. Did the project reach the right beneficiaries?
18. How do you think that the project could have been improved?
19. What factors helped and hindered the results of the project?
20. Do you think that the project benefits will continue after the UNIDO project ends? Are appropriate structures in place, with skilled staff, to continue the benefits of the project?
21. What lessons (good and bad) have been learned from this project?

Questions to Guide Focus Group Discussions with Stakeholders
Terminal Evaluation: Fostering inclusive Economic Growth in Sudan Kassala State
through Agro-Value Chains Development and Access to Financial Services
UNIDO ID: 170074

INFORMED CONSENT

We are conducting an end-of-project evaluation for the project: Fostering inclusive Economic Growth in Sudan Kassala State through Agro-Value Chains Development and Access to Financial Services. The findings from this evaluation will be used to improve any future projects run by UNIDO.

We appreciate your participation in this discussion since your views and experiences as a project beneficiary are important to us. The discussion usually takes about 1.5-2 hours. The information you provide will be kept confidential and we won't use your name when reporting the study results. Do you have any questions about the study?

Date:.....

Basic Information

4. Area:
5. Organisation:
6. Type of Beneficiaries:(e.g. MSMEs, sesame farmers, etc.)

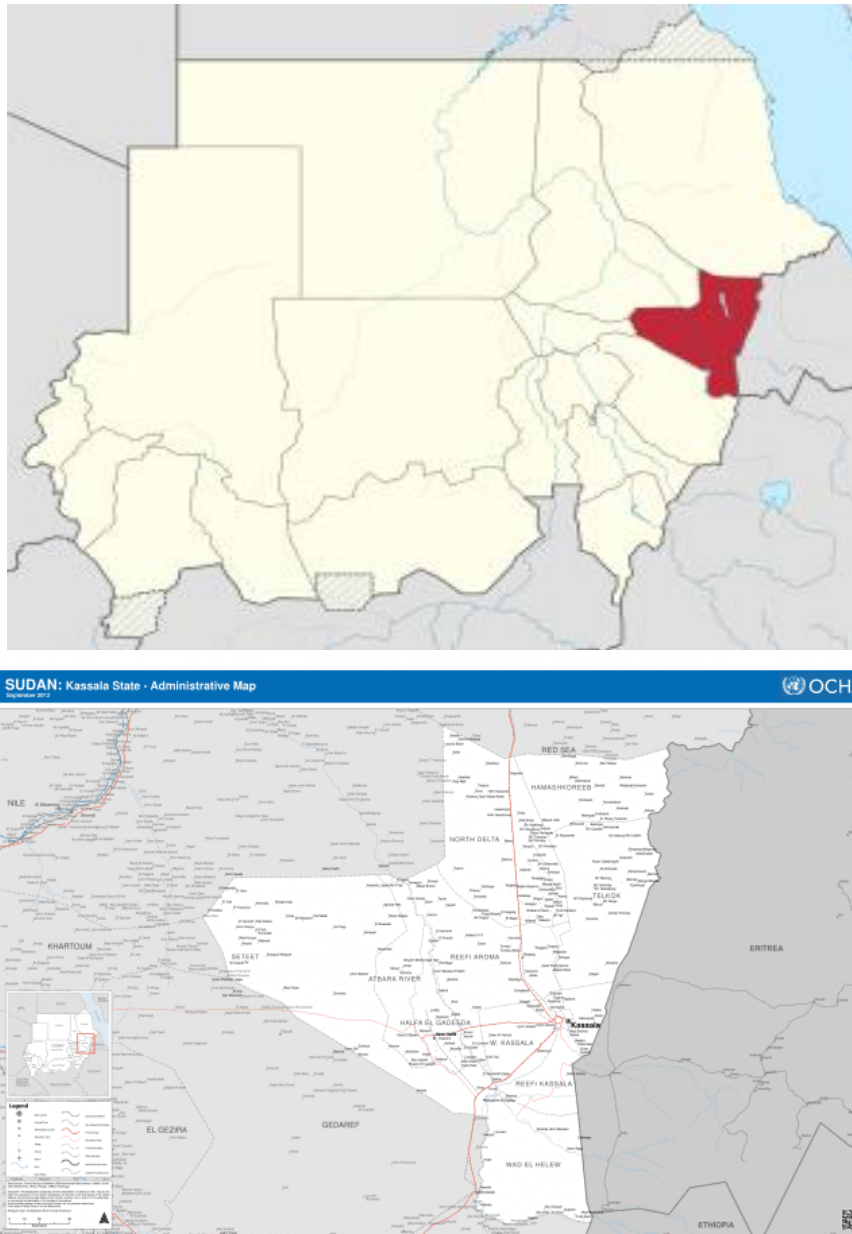
Questions

1. Tell us your names and how long you've been part of this project.
2. How did you first learn about the project?
3. What did you have to do to join the project?
4. What did you think of the project when you first joined?
5. Tell us about how the services you got from this project (e.g. training, access to seeds, etc.)?
6. What did you think about these services? Were they good? Why?
7. Is your life different because of the project? How?
8. How will you continue the changes started by the project (e.g. get new seeds from Producers' Association, apply for micro-finance from X, etc.)?
9. Is there anything else you would like us to know about the project?

Annex F: Relevance of Project to the Context in Sudan

Relevance of the Project to the Context in Sudan

Figure (1) Sudan and Kassala State Map



Source: UNOCHA, Sep. 2021.

Country Background

Sudan is geographically located at the crossroads of Sub-Saharan Africa and the Middle East and stretches to the Red Sea. Sudan shares borders with seven countries including Libya and Egypt to the North, Chad to the West, the Central African Republic to the South-West, South Sudan to the South, Ethiopia to the South-East and Eritrea to the East.

The White and Blue Niles meet in Khartoum, the capital city of Sudan, and merge to become the Nile River that flows all the way to the Mediterranean Sea via Egypt. Sudan has a Sahelian belt

with the desert in the far north and fertile land for farming and livestock in the Nile valleys, the Gezira and across the rest of the country from Darfur to Kassala via Blue Nile and Kordofan States.

The Kassala traditional region, in East-central Sudan, is bordered on the east by Eritrea. The Atbara River, an important tributary of the Nile, flows northwestward through Kassala and causes seasonal floods during torrential summer rains. Rocky deserts dominate the centre of the region, while in the north is the Butana Plain, with sandy clay soils and occasional low hills with short grass scrub and acacia. The south is underlain by Nubian sandstone and has thickets of acacia trees and tall grasses. Rainfall decreases steadily from south to north, with 40 inches (1,000 mm) falling annually in the extreme south but only 13 inches (330 mm) at Kassala town. The chief settlements in the region are Kassala and Gedaref.

Kassala State in Eastern Sudan has good potential for agricultural growth. The total cultivable area in Kassala State is around 1.7 million hectare or 40% of the state's total land. The agricultural endowments in Kassala, such as abundant water resources, arable land and livestock, render it a suitable place for agrarian activities.

Continuous food price hikes in Sudan gave rise to the December 2018 demonstrations which resulted in the removal of president El-Bashir from power in April 2019. This led to the formation of a Transition Government in September 2019. The power-sharing agreement between the military and civilian forces, expected to last 39 months, allowed a civilian Prime Minister to lead the government under the authority of a Presidential Sovereign Council to be chaired by the military during the first 21 months followed by a civilian government during the remaining 18 months. A transitional legislative assembly is expected to be established soon. On July 22, 2020, the Prime Minister appointed 18 civilian Governors, thereby achieving a key milestone included in the Constitutional Document of the transition.

Sudan's transitional government is committed to addressing the economic crisis and reforming the country's economy. Steps taken to this end include pledges of financial support; the International Monetary Fund (IMF's) programme to support economic reforms and strengthen governance; lifting of subsidies; and negotiations to remove Sudan from the State Sponsors of Terrorism List, an impediment to securing debt relief and international finance. However, reforms and access to international financing takes time and humanitarian conditions are likely to worsen before substantive progress is made.

In addition to the political and economic uncertainty, Sudan, like the rest of the world, has been experiencing the unprecedented social and economic impact of the COVID-19 pandemic. The COVID-19 shock is expected to be transitory with potential recovery possible in 2021 but the overall adverse economic impact on Sudan will be substantial. The economic impact of COVID-19 includes the increased price of basic foods, rising unemployment, and falling exports. Restrictions on movement are making the economic situation worse, with commodity prices soaring across the country

Sudan's economy is projected to remain in recession in 2021, with a return to modest growth expected in 2022. Agriculture and mining are expected to drive growth on the supply side, and private consumption and investment on the demand side. The improved political outlook and Sudan's recent removal from the State Sponsors of Terrorism List (SSTL) by the United States should stimulate financial flows, benefiting growth. Poverty is projected to come down by 0.5 percentage points in 2022, reflecting the improved economic outlook. Fiscal and current account

deficits are expected to improve because of planned reforms to accelerate the economic recovery. The key downside risks include low public revenues, which may trigger further monetization of the deficit, and further depreciation of the local currency.

Sudan's problems with its runaway inflation rate continues - the inflation rate for the month of June 2021 rose to 412.75%, compared to a rate of 378.79% for the month of May 2021, an increase of 33.96 points. The inflation rate for the food and beverage group was 247.97% in June compared to 241.83% for May and the basic rate without the food and beverage group, was 643.87% compared to 597.87% in May. The inflation rate for imported goods in the consumer basket was 230.32% in June, up from an average of 235.19% in May.

Sudan Humanitarian Response Plan

The project contributed to alleviating the humanitarian situation by meeting some of the growing needs of the target beneficiaries in Kassala state. The project contributed to reducing household expenditure on food by improving household production and alleviating the socio-economic impact of COVID-19. In Sudan a total of 13.4 million people is projected to need humanitarian assistance in 2021 which represents more than a quarter of the population. This is an increase of 4.1 million from 2020 and the highest number in the past decade. Of the 13.4 million people in need, 7.6 million are women and girls. Other vulnerable groups include 2.5 million internally displaced people and 1.1 million refugees, including the new arrivals from Ethiopia. The project has targeted three localities of Kassala people, including women and youth.

Sudan's plan for humanitarian response increased in the Eastern regions of Sudan. In the East, humanitarians reached 360,000 people, 35 percent of the people targeted in the east (4.8 per cent of the total reached across the country). In the first quarter of 2020, these regions had represented three per cent of the response¹⁸ (OCHA, 2021: 5).

This indicates how limited the humanitarian response has been, so the project contributions to alleviating the humanitarian situation, supplements the humanitarian plan, polices and priorities and also meets the needs of the target beneficiaries.

Sudan Poverty Reduction Strategy

Sudan faces several interrelated development challenges. These include, among others, political, macroeconomic, and financial instability associated with a fragile banking system, weak governance and institutional capacity, prolonged isolation from the international community, poverty, unemployment, income inequality and unequal access to social services and economic opportunities.

Given these challenges, the Poverty Reduction Strategy¹⁹ is based on *five* pillars:

- (i) *Promoting macroeconomic stability.*

¹⁸ United Nations Office for the Coordination of Humanitarian Affairs (2021) Sudan Humanitarian Response Plan.

¹⁹ International Monetary Fund (2021) Sudan Poverty Reduction Strategy Paper

- (ii) *Fostering inclusive and sustainable economic growth.*
- (iii) *Boosting human and social development.*
- (iv) *Promoting peace and providing equal opportunities for all Sudanese; and*
- (v) *Strengthening governance and institutional capacity” (IMF, 2021: 5).*

UNIDO worked with other UN agencies and other international and national delivery partners and utilized innovative techniques and best practices in its project. UNIDO support has contributed towards an improvement of government capacity for employment generation and poverty reduction.

Sudan Country Programming Framework

The Sudan Country Programming Framework (CPF) is owned by the government of Sudan through the Ministries of Agriculture and Irrigation, of Livestock Fisheries and Rangelands, of Environment Forestry and Physical Development and of Water Resources and Electricity.

The government of Sudan has advocated agriculture as the engine to effectively contribute to economic growth and export performance and to simultaneously advance peoples’ livelihoods, reduce poverty, improve food security and nutrition and develop and protect natural resources²⁰(FAO, 2020: 4-5).

It presents the broad commitment of Federal and State Governments in their efforts to achieving their own national and state development objectives that are specific to:

- Agriculture.
- Food and nutrition security.
- Natural resource management.

The Country Programme Framework (CPF) prioritizes:

- a) *Capacity development and consolidation of policy, laws, planning and information systems, institutions and mechanized reforms and development in agriculture, fisheries and forestry of Sudan.*
- b) *Capacity development of agricultural research, technology and knowledge development and transfer for enhanced productivity, production and competitiveness institutions, systems and mechanisms in agriculture, forestry and fisheries of Sudan (FAO, 2020: 6).*

Considering these priorities, the work undertaken by the UNIDO Kassala project in developing the capacity of public institutions for agricultural support, as well as the transfer of knowledge regarding improved production methods, is evidently needed and the project is considered important by the government for work in this area. The project selected methods of delivery that have been appropriate for the development context and the project has been influential in the inclusive growth of agriculture in Kassala state. The project partners’ capacity response was

²⁰ Food & Agriculture Organization (2020) Country Programming Framework for Sudan: PLAN OF ACTION (2015-2019): Resilient Livelihoods for Sustainable Agriculture, Food Security and Nutrition

evidently crucial for the successful project outcomes and the practice of implementing the project greatly increased the capacity of these partners to continue to support agricultural growth and development in Kassala State.

Sudan Agricultural Strategy

The Sudanese economy is highly dependent on agriculture, which employs 43 percent of the labor force according to the Food and Agriculture Organization of the United Nations (FAO) and 34 percent of GDP.

Although the sector operates below potential, a diverse range of crops are exported as raw materials, including cotton, sesame, gum Arabic, groundnuts, sorghum, hibiscus, melon seeds and livestock (mainly small ruminants).

The traditional rainfed sector covers about 9 million hectares and includes the poorest and most vulnerable farmers. The sector is composed of family units farming between 2 and 50 hectares for income and subsistence. Yields are low and vulnerable to climate change. Post-harvest processing and value addition are far below potential. In contrast to the situation of rainfed agriculture, access to water resources from the Nile River for irrigation enables intensive agriculture and better access to rural finance, input and extension services. Rural poverty in irrigated areas is much less severe than in the rainfed agricultural areas, which accounts for 90 percent of Sudan.

“Sudan agricultural strategy²¹ is provision of loans to help to increase agricultural production through environmentally sustainable practices and distribution of improved seeds. Activities target the needs of rural poor people in the rainfed farming sector and help them build resilience against climate change. The strategy also supports improved access to services and markets in rural areas through infrastructure and is developing partnerships with private-sector and service-provider networks. Strategic key activities include:

- a) Fostering community dialogue around sensitive topics including natural resource management;*
- b) Promoting land reform;*
- c) Harmonizing resources for nomads and farmers; and*
- d) Promoting equitable distribution of resources through participation of local communities in decision-making” (IFAD, 2021: 8).*

The project’s objectives to increase access to financial services for small-scale farmers and micro-entrepreneurs and to increase value-added in the agriculture and food-processing sector by promoting processing activities and improving productivity are therefore in line with Sudan’s agricultural strategy.

²¹ International Fund for Agriculture Development (2021) Sudan Agricultural Strategy

Central Bank of Sudan Microfinance Policy: Micro and Mini Finance Policies

Component 3 of the project, which seeks to support access to the market for farmers' associations and enhance their capabilities to access finance from microfinance institutions, contributes to fulfilling the country's microfinance policy²², which is based on: *Encouraging micro finance to contribute to achieving economic and social development by increasing the contribution of the micro finance projects to the gross national income, the provision of employment opportunities, alleviation of poverty acuteness and achievement of social justice.*

- 1. Providing finance to women, graduates and youth projects, laying down the principles of social justice, distributing wealth between the population groups and segments and the various geographical areas as a stimulus for encouraging a reverse migration to the rural areas and bringing about stability, integration and settlement.*
- 2. Facilitating access of the micro and small finance services to the weak segments incapable of accessing the official financial services, through the electronic transfers, mobile branches, rural agencies and intermediaries; working toward building confidence in the client founded on project quality, credit date, salaries and pensions as a guarantee for financing; in addition to reinforcing the role of small savings as a guarantee for granting and recovering the finance.*
- 3. Stimulating and supporting the establishment of micro finance institutions in the States, encouraging the banks and the micro finance institutions to apply best practices for achieving sustainability of micro finance, and, popularizing the banking culture which enhances the capacities of micro finance and small finance.*
- 4. Striving to create an enabling environment for stimulating small savings and promoting the level of savings and investment through mobilization of capital from individuals, societies and non-government organizations and Endeavour to obtain a special exception from the Taxation Department to exempt the micro finance projects from all Federal and State taxes throughout the repayment period (CBOS, 2020: 12).*

Overall, the project was found to be fully consistent and aligned with the policies and strategies pursued by Sudan. The project approach is highly relevant to addressing the challenge of fostering inclusive economic growth in Kassala state by improving productivity, improving marketing skills and promoting access to finance. This project was highly relevant to Sudan's drive for economic development and supported Sudan's desire to upgrade technologies in the agricultural sector. The project was well-aligned with national priorities, highly pertinent to the needs/interests of Sudan and Kassala state, end beneficiaries, and government counterparts, and consistent with the donor's priorities, the project has been assessed as highly relevant.

²² Central Bank of Sudan (2020) Microfinance Policy: Micro and Mini Finance Policies