

THE STRENGTHENING COMMODITY VALUE CHAINS FOR VULNERABLE COMMUNITIES IN DARFUR PROJECT

PROJECT ID: 00087681

ANNUAL REPORT
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Figure 1: Beekeeper using Modern Hive in Kubum, South Darfur. Photo credit © UNDP Sudan



Figure 2: Groundnut Farmers Ploughing Farm in Katila, South Darfur. Photo credit © UNDP Sudan

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Acronyms

CBO	Community Based Organization
CPAP	Country Programme Action Plan
CSO	Civil Society Organization
DCPSF	Darfur Community Peace and Stability Fund
DCRC	Darfur Community Recovery for Coexistence
DDRA	Darfur Development and Rehabilitation Agency
DIM	Direct Implementation Modality
DPA	Darfur Peace Agreement
DRA	Darfur Regional Authority
FAST	Foundational and Short Term Activities
GoS	Government of Sudan
HAC	Humanitarian Aid Commission
HH	Household
IDP	Internally Displaced Persons
INGO	International NGO
IP	Implementing Partner
LOA	Letter of Agreement
MMTA	Market Monitoring and Trade Analysis
MSME	Micro Small and Medium Enterpris
NGO	Non Governmental Organisation
NISS	National Intelligence and Security Services
OCHA	United Nations Office for the Coordination of Humanitarian Affairs
OFDA	Office of Foreign Disaster Assistance
PACT	Policy Assessment, Consultancy & Training
PDC	Peace and Development Council
RDN	Rural Development Network
SME	Small and Medium Enterprises
TOT	Training of Trainers
UNAMID	Joint United Nations - African Union Mission in Darfur
UNDAF	United Nations Development Assistance Framework
UNDP	United Nations Development Programme
UNDSS	United Nations Department Safety and Security
UNEP	United Nations Environment Programme
UNHCR	United Nations High Commissioner for Refugees
UNICEF	United Nations Children’s Fund
USAID	United States Agency for International Development
VCA	Value Chain Analysis
WFP	United Nations World Food Programme
YVRD	Youth Volunteers Rebuilding Darfur

I. Executive Summary

Context and Key Developments of the Project

The conflict in Darfur has undermined livelihood coping strategies as never before, leaving millions reliant on humanitarian aid. For the past several years, the international community has focused on life-saving interventions creating dependencies and disempowering communities. Many humanitarian and development actors now recognize the need to incorporate longer-term perspectives whilst meeting urgent humanitarian needs. To this end, in 2010, UNDP expanded its activities in Darfur to incorporate early recovery programming principles. In late 2011, the *Pro-Poor Value Chain Integration for Early Recovery Project* was launched as a follow-on to earlier livelihood recovery interventions. The second phase of the Project, the *Strengthening Commodity Value Chains for Vulnerable Communities in Darfur* built on the foundation and the gains of the first phase. The Project created sustainable livelihood opportunities for conflict affected communities through developing linkages between small producers, processors and establishing new upstream and downstream supply chains. As such, it created pro-poor value chains within key selected commodities that lead to increased incomes and improved livelihoods.

Progress against Outputs and Outcomes

The Project contributes to the realization of Outcome 1 and Outcome 8 under Sudan's 2013-2016 United Nations Development Assistance Framework (UNDAF) and UNDP Sudan's 2013-2016 Country Programme Action Plan (CPAP): People in Sudan, with special attention to youth, women and populations in need, have improved opportunities for decent work and sustainable livelihoods and are better protected from external shocks, thereby reducing poverty (Outcome 1), and Peace dividends are delivered for sustainable return, reintegration and recovery (Outcome 8). In addition, the Project is aligned to UNDP's Strategic Plan Outcome 1: Growth and development are inclusive and sustainable, incorporating productive capacities that create employment and livelihoods for the poor and excluded; and Outcome 6: Early recovery and rapid return to sustainable development pathways are achieved in post-conflict and post-disaster settings. The Project's key objective is to increase the incomes of value chain actors and micro-enterprises, improve competitiveness of value chains and participation of the private sector along stable and peaceful corridors through fostering an enabling environment and developing knowledge trajectories through multi-stakeholder processes. The Project planned to reach at least 60,000 conflict affected beneficiaries in 45 communities, with a particular focus on the most vulnerable communities.

Within the reporting period, the Project contributed to these Outcomes by directly supporting the livelihoods and self-reliance of **13,438** vulnerable households consisting **94,066** beneficiaries in **48 communities** in Darfur through the production, processing and marketing of 4 value chain commodities (honey, hides and skins, hibiscus and groundnuts), improving enabling environment and access to microfinance and other business development services thereby creating employment and stimulating local economic growth. Within this period, the Project supported the start-up of **520 new MSMEs** and **1,230** jobs were created. Some **6,472** direct beneficiaries recorded **average increase of 51.7% in annual incomes** across all 4 value chains from \$500 to about \$758. Women constituted 53% of the participants in all value chains; 21% are youth, and 40% were IPDs, returnees and pastoralists. An average of **46.4%** of targeted women expressed increase in decision making within their households and within communities, groups and associations (Ref. to monitoring survey reports in 2014).

The Project indirectly impacted the lives of **94,066** vulnerable household members in **48** communities in North, West, Central, East and South Darfur. Monitoring survey reports indicate improved incomes of value chain actors and micro-enterprises as well as improved competitiveness and profitability of value chains as follows:

- **The combined production of some 3,300 assisted beekeepers within 11 associations increased from 422MT to 430MT of high quality honey whereby beekeepers reported 76.6% increase in sales resulting in**

average household annual income of US\$1,600 from local sales of honey; triple that of last year's average of \$500 from same commodity.

- **The average groundnut yield increased** from 105kg per acre in 2013 to 107kg per acre in 2014 of some **4,622** groundnut producing households due to increased intensification and improved agronomic practices as well as ready access to high quality improved inputs locally. Average area under cultivation per household in SD and ND increased from 16 acres to 16.5 acres per household. This resulted in a 12.5% increase in average annual household income from \$630 in 2013 to \$720 per within the 2014 season (ref. to Final Monitoring Survey Report 2014).
- **The combined hibiscus production increased from 74MT in 2013 to 80 MT** within the previous year for some 1,000 hibiscus producing households. Due to improvement in the quality of the products, a 12.5% premium on prices was paid by an exporter (Hassabo) for higher quality hibiscus. Beneficiaries reported average increase of 56.7% in sales and annual net household incomes (Ref. to Final Monitoring Survey Report 2014).
- Some 1,149 people including butchers, tanners, leather processors, shoe makers from 5 Hides and Skin Associations (H&SAs) were assisted with training, equipment and tools and start-up kits to improve their businesses. Monitoring surveys indicate that 36% of female beneficiaries have stated that their participation in household and community decision making has increased as a result of increase in their income.
- Two different editions of **market information bulletins were produced and up to 2,500 copies circulated** in English and Arabic reaching approximately **4,516** stakeholders. Monitoring surveys indicated that 69.1% of beneficiaries stated that the information received contributed positively to the marketing of their products by achieving higher prices. As a result, 76.4% of beneficiaries recorded between 10-50% increases of net annual income as a result of the MMTA activities mainly through price information.
- The study on the impact of conflict and food aid operations on cereal trade in Darfur was completed in collaboration with the Tufts University. Key recommendations and plan for supporting rural livelihoods through cereal trade were identified and endorsed by relevant stakeholders at different levels in Darfur.

Expenditure Update

The total budget for the Project was **USD 1,137,386**. Total expenditure as of the end of the Project stands at **USD 1,067,060.83** representing 93.82% of the total budget allocated from both USAID and UNDP.

Key Challenges and Risks

The key challenges and risks encountered by the Project include the **limited access to project sites** in all five states due to poor infrastructure, insecurity and difficulties to obtain travel permits. These impacted both the delivery and monitoring of activities. Secondly, the **low capacity of national implementing partners has been a challenge to effective implementation**. This posed a direct challenge to the effective implementation of activities. UNDP works closely with a number of local CBOs and NGOs built their capacities and utilized their extensive ground presence and outreach to improve implementation and monitoring in remote and insecure locations. Thirdly, the business environment continue to be hampered by the **limited services such as micro-finance, market and transport infrastructure** needed to facilitate the flow of goods and services. The Project developed the concept of Micro-finance Mediators to improve access to business development services and embarked on vigorous advocacy for policy intervention at the State level to address key business bottlenecks.

Key Recommendations

There is a need for an evaluation of the two project phases to draw lessons that will augment the ongoing comprehensive analysis to inform the design of a new phase. Given the importance of microfinance in value chain integration, there is need for emphasis on expanding strategic partnerships and exploring innovative approaches to facilitating access to microfinance and other business development services in Darfur. Future interventions need to place additional efforts at advocacy for policy intervention to address the crippling business climate that affects the profitability of agro-business in Darfur. There is also urgent need for continued advocacy with

government to improve access to basic services and infrastructure to encourage spontaneous returns. Finally, continued funding for this Project is critical to ensuring sustainable livelihoods stabilisation and self-reliance.

II. Introduction

This Annual Report highlights the key achievements of the *Strengthening Commodity Value Chains for Vulnerable Communities in Darfur Project* and the progress made towards planned outputs and targets for January – December 2014 as set out in the 2014 Annual Work Plan (AWP). It also provides an overview of the major challenges, lessons learned and partnerships that played a major role in the implementation of the project within the year. Finally, the report provides a financial summary of the contributions and expenditures for the year 2014.

The conflict in Darfur has undermined livelihood coping strategies, leaving millions reliant on humanitarian aid. For the past several years, the international community has focused on life-saving interventions creating dependencies and disempowering people and their communities. Many humanitarian and development actors now recognize the need and opportunities to incorporate medium to longer-term or more enabling perspective whilst meeting urgent humanitarian needs. To this end, in 2010, UNDP expanded its activities in Darfur to incorporate livelihood and economic recovery components focusing on five key areas: identification, promotion and strengthening of commodity value chains, capacity building of local non-government organizations and community-based organizations skills and vocational training for employment creation, support for livelihood recovery and natural resource management. The current security context makes large scale labor-based employment schemes difficult. However, by remaining engaged with relevant local, regional and national institutions and partner agencies, this project identified openings for expanding opportunities for Micro, Small and Medium Enterprises (MSME) entrepreneurs and producers to be integrated into value chains that generates diversified income and employment opportunities.

Project Strategy

The Project forms an integral part of UNDP's Darfur Livelihoods and Recovery Programme. It builds on the foundations and the gains of the previous project phase funded by USAID - *the Pro-Poor Value Chain Integration for Peace and Early Recovery in Darfur Project* and addresses areas critical to the dynamic value chain development processes. The key objective of the Project is to increase the incomes of value chain actors and micro-enterprises (especially the vulnerable), improve competitiveness of value chains and participation of the private sector along stable and peaceful corridors through fostering an enabling environment and developing knowledge trajectories through multi-stakeholder processes. The Project aims to target at least 60,000 conflict affected beneficiaries in 45 communities. The Project focuses on four Value Chain commodities: *hibiscus, groundnuts, animal hides and skins, and honey*. The Project aims to achieve its goal by delivering on the following 7 outputs:

- **Output 1:** Extending and deepening the community-based market monitoring network across entire Darfur region to capture the constantly shifting patterns of trade and conflict in order to inform the value chain work;
- **Output 2:** Mapping conducted along commodity corridors to identify two new commodities for value chain development and expansion of existing value chain commodities;
- **Output 3:** Increased production, employment and incomes for rural households to include women, youth, demobilized soldiers, IDPs and pastoralists through improved husbandry, harvesting and processing methods;
- **Output 4:** Improved efficiency of commodity value chains realized through promotion of business development services (BDS) hubs (along commodity value chains and trade routes);
- **Output 5:** Improved access to markets and financial services promoted through infrastructure development and brokering linkages between producers, financial services providers and the private sector;
- **Output 6:** Enhanced competitiveness within commodity value chains through improved enabling environment at state level;

- **Output 7:** Analysis of how the cereal trade in Darfur has been impacted by ten years of conflict and by one of the largest food aid operations;

The Project links lead firms with vulnerable producer groups through forward purchase agreements on the one hand, while building the capacities of local partners such as national NGOs, CBOs, and the private sector and Government institutions to be better able to deliver services along supported value chains. The overarching market linkage strategy for high value commodities engages leading investors, or larger export-oriented national companies to discuss and find innovative, efficient and socially responsible solutions to investment projects which align financial viability and promote equitable local economic development. The Project builds the capacity of primary producers and other value chain stakeholders through sub-contracting, technical advisory and coaching of NGOs and CBOs already operating in Darfur as well as Government institutions. By remaining engaged with relevant local and regional governmental bodies, localities and state ministries and partner agencies, UNDP has identified openings for expanding opportunities for MSME entrepreneurs and producers and integrated into value chains that generated and diversified employment and increased incomes. The Project focuses specifically on vulnerable groups such as poor producers, women and youth, returnees and nomads.

Partnerships

This Project is managed and implemented by UNDP Sudan within the delegated Direct Implementation Modality (DIM), in line with the UNDP Programming for Results Management User Guide. A Programme Board takes responsibility for the strategic direction and executive management decisions when guidance is required. State-Level Technical Coordination Committees provides a forum for evidence-based advocacy, problem identification, resolution, and implementation of synergies between stakeholders and actors, as well as functions as quality assurance/peer review mechanism for the Project. UNDP partners with Government entities such as the State Ministries of Agriculture and Finance, producer associations, local NGO partners including the Rural Development Network (RDN), Umm Keddada, Voluntary Network for Rural Helping and Development (VNRHD), Darfur Development and Reconstruction Agency (DDRA), PACT Consultancy & Training Company (PACT), Sudan University of Science & Technology, UNAMID and UNEP. The rationale for this was to build the capacity of government structures as well as CBOs and NGOs to ensure effective implementation of the Project.

III. Progress Review: Key Activities and Results –(Jan 2014- Dec. 2014)

Section 1: Overall progress against outcomes

The key objective of the Project is to increase the incomes of value chain actors and micro-enterprises (especially the vulnerable), improve competitiveness of value chains and participation of the private sector along stable and peaceful corridors through fostering an enabling environment and developing knowledge trajectories through multi-stakeholder processes.

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- **The average groundnut yield increased** from 105kg per acre in 2013 to 107kg per acre in 2014 of some **4,622** groundnut producing households due to increased intensification and improved agronomic practices as well as ready access to high quality improved inputs locally. Average area under cultivation per household in SD and ND increased from 16 acres to 16.5 acres per household. This resulted in a 12.5% increase in average annual household income from \$630 in 2013 to \$720 per within the 2014 season.
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- The study on the impact of conflict and food aid operations on cereal trade in Darfur was completed in collaboration with the Tufts University. Key recommendations and plan for supporting rural livelihoods through cereal trade were identified and endorsed by relevant stakeholders at different levels in Darfur.

Section 2: Progress Review: Progress against each Output

This section presents detailed overview of progress made against each of the 7 outputs outlined in the Project document as well as the 2014 Annual Work Plan.

Project Output 1: Extending and deepening the community-based market monitoring network across entire Darfur region to capture the constantly shifting patterns of trade and conflict in order to inform the value chain work

Output 1 focuses on further expanding the outreach of the existing community based market monitoring system to cover more states and communities. Under this output, the implementing partner the Darfur Development and Rehabilitation Agency (DDRA) was supported to expand its ongoing community-based market monitoring network as well as provide technical advisory and support to DDRA to improve the quality of market data, analysis and information products.

Project Output 1: Extending and deepening the community-based market monitoring network across entire Darfur region to capture the constantly shifting patterns of trade and conflict in order to inform the value chain work		
Output indicators	Targets	Progress against targets
1.1)Market monitoring information produced and used to boost livelihoods and local economies through trade in VC commodities	1.1) 15-30% average increase of net annual income of reached SMEs, producer groups and households annually.	1.1 Monitoring surveys conducted in North, South, East, and West Darfur indicate that 97.8% of the recipients ranked the bulletins between medium and high quality and 69.6% of beneficiaries stated that they received them on regular basis (quarterly). The surveys further indicated that 69.1% of beneficiaries stated that the information received contributed positively to the marketing of their products which helped them achieve good prices for their products. As a result, 76.4% of beneficiaries recorded between 10-50% increases of net annual income as a result of the MMTA activities¹. The rest of beneficiaries (some 25.5%) reported more than 50% increases of net annual incomes.
1.2)Peacebuilding/Conflict mitigated: % change through increased personal investment in peace & cross tribal trade of VC commodities	1.2) 15%-20% change in number of respondents that report they have something to lose if violence breaks out e.g. loss of income. Baseline: - 1.1) A Quarterly Market Monitoring Bulletin for West and North Darfur is	

¹ Joint Monitoring Survey Report –UNDP; Final Project Report –DDRA

Project Output 1: Extending and deepening the community-based market monitoring network across entire Darfur region to capture the constantly shifting patterns of trade and conflict in order to inform the value chain work

	<p>available. No Bulletin available in the East.</p> <p>1.2) 10% of respondents that report they have something to lose if violence breaks out</p>	<p>1.2) A rapid monitoring exercise conducted by DDRA indicates that 26% of value chain beneficiaries feared resumption of widespread violence due to its disruptive effect on their increasing business activities compared to 10 % at the beginning of this project. Regular market monitoring information was made available to key stakeholders through the production and dissemination of market information bulletins. Three different editions of market information bulletins were produced in English and Arabic. Up to 3000 hard copies were circulated. In addition, electronic copies were circulated by email and through online platforms. Overall, the bulletins reached approximately 6,000 stakeholders within State Ministries, CBOs, NGOs, local authorities, SMEs, traders, producers and local communities across 4 states (North, South, East, and West Darfur).</p>
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Key Activities and Results

Working with communities, markets and civil society organisations, DDRA positioned trained enumerators at the market locations who collected and collated data sets and sent them to the central unit in El Fasher. DDRA expanded and deepened its coverage from two to four states under this Project. The data collection and analysis expanded from 37 in mid-2013 to 50 market stations by the end of 2014 where enumerators were positioned. Multi-stakeholder analysis workshops were then organised every quarter to analyse and discuss the results for the bulletins. Within the reporting period, three market information analysis workshops were carried out by the Market Monitoring and Trade Analysis (MMTA) team in four states (North, West East and Central) where data collected from the 50 markets were analysed. Participants at the analysis workshops included: State Ministries, CBOs, and NGOs, local authorities, SMEs, traders, producers and local communities. Three different editions of market information bulletins were produced in English and Arabic. Up to **3,500** hard copies were printed and disseminated to a cross-section of stakeholders. In addition, electronic copies were circulated by email and through online platforms. Overall, the bulletins reached approximately **4,516** stakeholders within State Ministries, CBOs, NGOs, local authorities, SMEs, traders, producers and local communities across 4 states (North, South, East, and West Darfur). DDRA also produced monthly situational update reports on topical issues within the targeted states.

As part of the MMTA staff capacity building for the DDRA, the Project’s International Advisor from the Tufts University organised one training workshop on report writing and data analysis. The training has improved the skills of project staff in report writing, data analysis bulletins and headlines. Staff members now have adequate skills for data collection, analysis and reporting. The Tufts University provided technical support to the DDRA which improved the quality of the analysis and presentation of the reports.

UNDP conducted joint monitoring surveys using a combination of field visits, open ended questionnaires and checklists across all the target communities. The surveys included bilateral interviews with 141 respondents including opinion leaders, community leaders, traders, state ministries regarding the impacts of the market monitoring activities on livelihoods and peacebuilding. Initially, a user perception survey was carried out. It was meant to provide information on beneficiary perception on the regularity and quality of the information received as well as gauged the effects of the information on the livelihood of households and their communities. The

survey provided useful feedback which enabled the MMTA team to improve on the contents, design, frequency and the overall quality of the bulletins and headlines.

The second comprehensive survey was meant to determine the effects and impacts of market information on livelihoods and overall human security. The surveys indicated that 69.1% of beneficiaries stated that the information received contributed positively to the marketing of their products; helped them make decisions when to sell which helped them achieve good prices for their products. As a result, 76.4% of beneficiaries experienced between 10-50% increases in net annual income as a result of the MMTA activities. Some 25.5% of beneficiaries stated that market information helped them increase their net annual incomes by more than 50%.

Project Output 2: Mapping conducted along commodity corridors to identify two new commodities for value chain development and expansion of existing value chain commodities

Output 2 focused on the identification and mapping of trade routes along relatively stable and peaceful commodity corridors, mapping of value chain actors participating within identified commodity corridors and the identification of challenges, barriers to trade and needs within commodity corridors and implementation of solutions.

Project Output 2: Mapping conducted along commodity corridors to identify two new commodities for value chain development and expansion of existing value chain commodities		
Output indicators	Targets	Progress against targets
2.1) Trade routes map developed and produced across the 5 Darfur States 2.2) Extend of value chain actors mapping. 2.3) # of state/interstate action plans identifying opportunities and constraints to trade by commodity.	2.1) Value chain maps for high value chain commodities targeted for development, constraints and opportunities mapped, including opportunities for women in a participatory manner and adopted. 2.2) Related value chain actors participation mapped 2.3) 5 State/interstate action plans identifying opportunities and constraints to trade by commodity developed by stakeholders in a participatory manner and adopted Baseline: 2.1 Baseline Analysis and mapping conducted in 2010. 2.2 No commodity maps exist; peace corridor maps are available. 2.3) No State/interstate action plans in place for identifying opportunities and constraints to trade.	2.1) The value chain analysis process has been initiated, still on-going and will be completed within the second quarter of 2015. The analyses involve updating the existing Value Chain Analysis conducted in 2010, scoping and identifying new value chain commodities, mapping of trade routes and flows, mapping of value chain actors and identifying key obstacles within identified commodity value chain. 2.2) Mapping of Value Chain actors in the 5 states is being done as integral part of the comprehensive value chain analysis. 2.3) The state/interstate plans have not yet been developed. These will be developed based on the specific challenges and obstacles identified as part of the outcome of the value chain analysis. The analyses are currently on-going and the plans will feed into similar UNDP value chain activities in the states.

Key Activities and Results

The Value Chain Analysis is currently still ongoing and covers three of the five states of Darfur. The analysis concentrates on scoping and mapping commodities that maximize the expansion of livelihood opportunities for the wider groups of beneficiaries. It will also map trade routes along commodity corridors, map of value chain actors participating within identified commodity corridors, market flows as well as identifying challenges and obstacles to trade within commodity corridors and determine modalities to ease bottlenecks. In order to support this challenging activity, it has been merged with a similar activity under the "Building Resilience for communities of Return Project", also under the Darfur Livelihoods and Recovery Programme to utilise further ground support from our implementing partners on ground.

Project Output 3: Increased production, employment and incomes for rural households to include women, youth, demobilized soldiers, IDPs and pastoralists through improved husbandry, harvesting and processing methods

Output 3 focuses on up-scaling and replication of existing value chain commodities, targeting the most vulnerable population in old and new locations. Activities include testing innovation in new products including in production, post-harvest management, value addition and quality control among the four value chain commodities.

Project Output 3: Increased production, employment and incomes for rural households to include women, youth, demobilized soldiers, IDPs and pastoralists through improved husbandry, harvesting and processing methods		
Output indicators	Targets	Progress against targets
<p>3.1) Average % increase of net annual income of reached SMEs, producer groups and households</p> <p>3.2) % of women and vulnerable groups participating in each value chain;</p>	<p>3.1) 15-30% average increase of net annual income of reached SMEs, producer groups and households annually.</p> <p>3.2) 50% women participation across value chains, 20% youth, 30% IDPs, returnees, and pastoralists.</p> <p>3.3) 15-30% income increase amongst targeted women.</p> <p>3.4) 15% change in the # of targeted women whom express increased decision making within HH and/or community/producer groups.</p> <p>Baseline:</p> <p>3.1) Average HH net income of \$500 at project's first entry point</p> <p>3.2) 10% income and decision making participation increase amongst women.</p> <p>3.3) 30% vulnerable group participation</p>	<p>3.1 Beneficiaries recorded average increase of 51.7% in annual incomes across all 4 value chains from \$500 to about \$758 (See details below).² Some 6,000 direct beneficiaries (SMEs, producer groups and households) were assisted to improve production, processing, marketing of hibiscus, honey, groundnuts, and hides & skin commodities.</p> <p>3.2 Women constituted 53% of the participants in all value chains; 21% are youth, 40% of a project participants are IPDs, returnees and pastoralists.</p> <p>3.3 Female beneficiaries who consist 53% of total beneficiaries recorded 51.7% increase in annual household incomes across all value chains.</p> <p>3.4 Average of 46.4% of targeted women expressed increase in decision making within their households and within communities, groups and associations. See details below.</p>

² Joint Monitoring Survey Report –UNDP; IP Reports- MOF South Darfur.

Key Activities and Results

Within the period under review, approximately **6,000** direct beneficiaries, all vulnerable households, were assisted to improve production, processing, marketing of hibiscus, honey, groundnuts, and hides & skin commodities. Of these, 53% are women, youth, IDP and returnees. Beneficiaries received inputs, training, facilitation of access to micro-finance, technical advisory and marketing support to improve output, sales and efficiency which led to increased incomes for vulnerable producers. The specific activities and results per commodity were as follows:

▪ Honey Value Chain

Under the honey value chain, equal attention was placed on productive capacity, value addition, quality control and market access. The number of beekeepers increased by 1,200 from **2,300** in 2013 to **3,500** by the end of 2014. Also, the number of beekeepers associations increased from 7 in 2013 to 10 by the end of 2014. The number of women joining the honey value chain activities have increase from **11%** in 2013 to **40%** at the end of 2014 due to the increase in the local processing of honey and byproducts such as honeywax into beauty products. Some 500 of the new beekeepers were assisted with improved beehives to increase the production of high quality pure honey which led to increased incomes.

The Project provided thermo-solar wax extractors to 5 beekeepers associations for wax refinery. Beeswax, as a valued commodity, have expanded hive related, value added products for increased income generation, especially for women in target communities. The Project also provided training to the associations on the use and maintenance to the beekeepers associations for honey processing. Within the reporting period, 200 beekeeping community members were trained on business and financial management skills. These skills assisted the beekeeping community in proactively managing their resources in order to invest and expand their activities to increase income potential. Within the same period, some 530 beekeepers were assisted to participate in a honey fair organized in Bindizi for three days in order to link the honey producers (beekeepers) with suppliers, honey marketing companies, line ministries, institutions / researches centers, consumers and associations from outside the area.



Figure 3: Processed Pure Honey Displayed for Sale by beneficiaries in Nyala, South Darfur. Photo credit ©UNDP Sudan

The Project provided training for 5 local carpenters and blacksmiths to produce modern beehives and honey extracting tools locally using local materials which ensured the sustainability of the honey production industry at

the local level. Two sewing machines were provided to the beekeeping associations' members to sustain this process. Six (6) local tailors were trained to fabricate protective clothing for the beekeepers. Such income generating activities for MSMEs have now expanded profit potential for the target beneficiaries; making them affordable and locally readily available.

In order to build capacity and create awareness on environmentally friendly and economically efficient honey production, one beekeepers demonstration center was constructed in order to carry out farmer field school trainings on various practical interventions on an ongoing basis that trained 1,200 beneficiaries within the period under review. Some 900 economically vulnerable beekeepers were trained in quality control for post-harvest processing and supplied with modern packaging materials to enhance market value of their honey. This has improved income by 45% for economically vulnerable beekeepers.



Figure 4: Beekeeper Using a Locally Made Hive Kubum, South Dafur – Photo credit © UNDP

▪ Groundnuts Value Chain

Within the reporting period, some **4,622** groundnut farmers received inputs, extension services on the production and post-harvest pest and disease mitigation measures in 35 villages. Information and skills on improved agronomic practices were provided which assisted farmers to access more lucrative markets by producing quality groundnuts, with better storage parameters to attain late market season price increases.

In addition, 2,000 groundnut farmers from the selected villages received technical packages inclusive of improved groundnut seeds (var. Ghebash) and improved animal traction ploughs which enabled them to expand the area under cultivation. Framework for rotating seed banks was put in place with certification process for germination testing with the seed unit of the Ministry of Agriculture (MoA). These improved inputs ensured higher quality and volumes of seed which enabled vulnerable households to increase earnings. The average area under cultivation per household in South and North Darfur increased from 16 acres to 16.5 acres per household. The average yield increased from 105 kg per acre in 2013 to 107 kg per acre in 2014 as a result of increased intensification and improved agronomic practices and ready access to high quality improved inputs. Farmers improved post-harvest quality through the construction of 750MT of storage capacity facility for aggregating purposes in Katila. The storage facility assisted farmers to extend the selling season when supply is less and when the prices have

increased substantially leading to increased profits from sales. Monitoring surveys indicated that up to 85.9% of the beneficiaries reported increase in sales at the end of 2014 as a result of improved access to market information, storage facilities and the collective bargaining power of the groundnut producer associations. Training on micro credit was organized for producer groups. Four women's savings groups (124HHs) were established, trained and registered. Five meetings were organized with the Agricultural Bank of Sudan (ABS); the ABS and groundnut farmer representatives reached an agreement for extended loans based on futures contracts on farmers' production. Futures contracting is an innovative solution for vulnerable households to ensure shortfalls in income during the hunger gap; which can be covered and agronomic interventions can be fully concentrated on instead of concentrating on livelihood coping strategies during the lean season.



Figure 5: Women Harvesting Groundnuts in Beida Locality. Photo credit ©UNDP Sudan

▪ Hides & Skins Value Chain

Within the reporting period, 1,149 people including butchers, tanners, leather processors, shoe makers from 5 Hides and Skin Associations were assisted with training, equipment and tools and start-up kits to improve their businesses. The associations in Nyala and El Geneina were provided with equipment and tools as in-kind start-up kits including for leather measurement, crafting and cutting equipment identified and provided to the leather handcrafters. Two service and training centres were established and equipped with leather design, cutting, finishing and sewing machines in Nyala and El Geneina, enabling efficiency and enhanced quality in the production of leather products benefiting approximately 500 beneficiaries.

Two improved rural tanning machines with acacia milling machines to extract tannin were installed in the traditional tanning locations (Nyala and El Geneina) to enhance quality and quantity of the beneficiaries' final products, benefiting 539 tanners. The tanners were trained by consultants from Sudan University of Science and Technology on the improved tanning technology and machinery management. Up to 70% of the tanners are now using the modern equipment to produce leather in a shorter period of time than with traditional methods, which has improved the output and incomes with increased processing efficiency. The industrial equipment has helped MSMEs both learn and use the equipment to increase production and quality in order to bolster overall sales and their incomes.

Within the same period, 110 butchers were trained as trainers (ToTs) by consultants contracted from Sudan University of Science and Technology on specialized butchering techniques to retain the integrity of the skins for rendering into proper leather hides. This has ensured quality across the value chain, translating into increased income to a chain of relevant actors. Some 25 (10F) shoe and bag makers were trained as trainers by experts from Sudan University of Science and Technology on improved craftsmanship and industrial machinery operation. Such training has directly benefited incomes of those trained by the TOTs through improved volumes and quality of their products.



Figure 6: Beneficiary Tanning Leather at the Tannery in Nyala, South Darfur. Photo credit ©UNDP Sudan

▪ Hibiscus Value Chain

Within the reporting period, 1,000 new farmers (85% Female) in North Darfur were assisted to produce high quality hibiscus for sale locally and for export within 2014. Cumulatively 2,500 farmers have so far been supported to produce and sell Hibiscuss since 2013. Each of these farmers received a package of inputs including hibiscus seed, weeding and harvesting tools. They were also provided with technical extension training on agronomic cultural practices as well as post-harvest handling practices. As a result, within this period, the hibiscus production increased from 74MT in 2013 to 80 MT within the 2014 marketing season. Additionally, due to recorded improvements in the quality of the products, a 12.5% premium on the price per ton was paid by an exporter (Hassabo) for higher quality hibiscus. Beneficiary monitoring surveys indicated that average increase of 56.7% in sales and incomes were attained attributed to the increased product quality emanating from the use of the new methods of production, harvesting and improved access to market and price information and access to fairer markets.



Figure 7: Hibiscus being Packaged and ready for Market in Alait, North Darfur State- Photo Credit ©UNDP Sudan

Project Output 4: Improved efficiency of commodity value chains realized through promotion of business development services (BDS) hubs (along commodity value chains and trade routes

Output 4 focuses on identifying and supporting the development of local business development services and strengthening the capacity of government institutions to provide BDS. In addition to professional support, skilled youth volunteers will be seconded from the Youth Volunteer Rebuilding Darfur Project towards additional support to field extension services, improving data collection and reporting for relevant departments.

Project Output 4 : Improved efficiency of commodity value chains realized through promotion of business development services (BDS) hubs (along commodity value chains and trade routes)

Output indicators	Targets	Progress against targets
4.1) # of MSMEs opened/expanded	4.1) 500 new MSMEs opened/expanded and	4.1 & 4.2) Due to the introduction of improved technology enhanced access to information, microfinance and quality control practices, new MSMEs have been established and others expanded. Up to 520 new MSMEs were supported to open in and 1,230 jobs have been created as a result. In addition, 20 leather artisans have improved their skills in shoe making skills and subsequently opened new shoe making and leather product businesses. They also act as TOTs on shoe making and leather processing and crafting in their communities.
4.2) # of jobs created in value chain commodities, by-products and spillover effects.	4.2) 1000 jobs created Baseline 4.1) Limited/no BDS hubs exists limiting access to information for business development and expansion. 4.2) Low capacity of government entities to provide even high demand services e.g. vet and agriculture due to no/limited budgets.	

Key Activities and Results

Innovation in the production and value addition of the 4 value chain commodities has further improved efficiency, profitability and job creation. For instance, improved design of hives, smokers for honey harvest, establishment of 2 of tanneries, establishment leather crafting machinery, the fabrication and production of improved hibiscus harvesting tools further boosted MSME opportunities. This enabled the expansion of 520 MSMEs across all the 4 value chains. Some 230 of these beneficiaries were trained as TOTs on Honey Post-Harvest processing of value added honey products such as using beeswax to produce women’s hair products in Central Darfur. They were also trained on the processing of high quality honey which created income streams for the entrepreneurs. In conjunction with the training, in-kind grants inclusive of the thermo- solar beeswax extractors. The hides and skins tanning machinery was installed in two locations in South and West Darfur, next to established traditional tannery sites. This machinery produces 100 hides and skins within two days while the traditional tanning produces 10 hides and skins each in 5 days. The tanning system contains a water storage unit with 30,000 litres capacity, electric power (30 horse power; 24 KW generator), as well as proper environmental drainage. Hardware installation for value addition and efficient processing in the hides and skins, hibiscus and honey value chains have already spurred MSME development within the targeted beneficiary groups as the equipment has given them the latitude and the confidence to undertake new business ideas through supported infrastructure development.

The Project also benefited from the close linkages to the Youth Volunteers Rebuilding Darfur Project, also under the Darfur Livelihoods and Recovery Programme umbrella in which extensive business management training is offered through volunteers at the community level as a result of the combined efforts, 1,230 jobs have been created as a result by the end of the Project.

Project Output 5: Improved access to markets and financial services promoted through infrastructure development and brokering linkages between producers, financial services providers and the private sector

Output 5 focuses on developing market infrastructure development at primary and secondary levels, strengthening market information systems to ensure price transparency brokering relationships between importers/exporters, traders and producers to enhance market access and access to other business development services. It also emphasized on mobilizing financial services providers at state level.

Project Output 5 : Improved access to markets and financial services promoted through infrastructure development and brokering linkages between producers, financial services providers and the private sector

Output indicators	Targets	Progress against targets
<p>5.1) % income increase as a result of pricing transparency, access to MF and access to new markets.</p> <p>5.2) % loan repayment rate to Micro-Finance Institutions (MFIs);</p> <p>Baseline:</p> <p>5.1) Average annual household income about \$500 in targeted VC communities</p> <p>5.2) 2% access to MF and repayment rate</p>	<p>Targets:</p> <p>5.1a) 15-30% average increase of net annual income of reached SMEs, producer groups and households.</p> <p>5.1b) 15-30% income increase amongst targeted women.</p> <p>5.2) 25% increase in use of MF with minimum 60% repayment rate.</p>	<p>5.1a) Monitoring surveys indicate that some 63.85% of beneficiary SMEs, producer groups and households increased their sales and average net annual incomes between 15-50%. This was attributed to improved access to timely and transparent market (price) information, access to financial services, improved infrastructure and innovation in production, value addition and market access.</p> <p>Within the period under review, about 3,000 beneficiaries benefited from various services promoting access to markets financial services brokering linkages between producers, financial services providers and the private sector.</p> <p>5.1b) Women constituted 53% of the participants (3,000) in all value chains. Some 63.85% reported to have increased average net annual incomes between 15-50%. This was attributed to improved access to timely and transparent price information, access to financial services, improved infrastructure and innovation in production, value addition and market access.</p> <p>5.2) Access to micro-finance increased from about 2% to 18.35% through the linkage and brokerage activities undertaken in the Project. This was partly due to the role of micro-finance mediators, improve organisation among SMEs as well the increase linkage and brokerage meetings facilitated between producer groups, associations and banks. Access to credit was also boosted by linkage to Accumulating Savings and Credit Scheme under UNDPs Youth Volunteers Rebuilding Darfur Project. Average repayment rate for credit is about 61% across beneficiaries. However, 79.3% stated that unfavourable tax environment and poor infrastructure remain a stumbling block to the scale of profits across all commodity value chains.</p>

Key Activities and Results

In 2014, business relations were established with three major banks across all commodities. The Project made critical efforts to increase access to microfinance and other business development services. Some key activities and results included:

- Some 139 participants were trained as trainers (TOTs) as microfinance mediators, organized in three states of Darfur. The training improved the capacity of the volunteers to act as interlocutors between beneficiaries and

Microfinance Service Providers which improved access to MFI and traditional financial services by beneficiaries by up to 18.3% compared to estimated 2% in the previous years³.

- A strategic partnership is being concluded between the Savings and Social Development Bank (SSDB) Nyala branch and the Kubum Beekeeper's Association (KBA) to improve their future access to micro-credit. The bank also agreed to provide microfinance assistance for tanners and leather artisans. An agreement was reached to avail 550,000 SDG in microfinance to North Darfur Groundnut Producers from the Agricultural Bank of Sudan (ABS). The deal involved futures trading of the production. Insecurity before and during harvest adversely affected the implementation of the agreement.
- Some 250 Value Chain beneficiaries who are members of the Groundnuts and Beekeepers Associations in Katila, Kubum, Idd Alfursan and Nyala, participated in Accumulating Saving and Credit Association (ASCA) training through which ASCA groups were established under the Youth Volunteers Rebuilding Darfur Project which contributed to the start of new MSMEs and contributed to increased job creation as reported as reported under Output 4 above.
- A 3-day honey demonstration fair was conducted in Central Darfur. Fifteen (15) private companies, UN Agencies, I/NGOs, and Government line ministries participated with target beneficiaries. Structured brokered linkages between producers and buyers were undertaken as a main activity resulting in increased sales and market access for honey producers.
- The South Darfur State Ministry of Agriculture was supported to conduct one annual commercial exhibition for different commodities. Government line ministries and the private sector from within and outside Darfur participated. Structured broker linkages between producers with buyers were undertaken as a main activity for the honey value chain also boosting sales and increasing producer incomes.
- A brokered arrangement with 1,000 hibiscus growers and an international exporting company (Hassabo) resulted in 40MT of improved commodity being sold, while the sale spurred the local market traders to buy the rest of the surplus, an extra 40MT. The financial value of 80MT is valued at about USD\$200,000.



Figure 8 : Participants of Micro- Finance Mediators training- El Fasher, April 2014. Photo Credit ©UNDP Sudan

³ Joint Monitoring Survey Report –UNDP
Final Microfinance Mediator Training Report- PACT Consult, Sudan

Project Output 6: Enhanced competitiveness within commodity value chains through improved enabling environment at state level

Output 6 focuses on identifying and enhancing the enabling environment related barriers along trade routes especially those impacting livelihoods of vulnerable groups and developing strategies to enhance the enabling environment with government and value chain actors at state level.

Project Output 6: Enhanced competitiveness within commodity value chains through improved enabling environment at state level		
Output indicators	Targets	Progress against targets
<p>6.1) % income increase contributed to by articulated state/interstate mitigation measures implemented disaggregated by sector.</p> <p>6.2) # of new SMEs and jobs generated as a result of value chain development (by-products or spill over in value chains and surrounding communities).</p> <p>6.3) # direct linkages facilitated between producers and input suppliers and markets.</p>	<p>6.1) 15-30% average increase of net annual income of reached SMEs, producer groups and households contributed to by business enabling environment measures implemented;</p> <p>6.2) 500 new MSMEs opened/expanded and 1000 jobs created;</p> <p>6.3) Minimum of one new linkage facilitated between producers and input suppliers and markets by each value chain commodity;</p> <p>Baseline: The business enabling environment for value chain commodities is poor: e.g. groundnut and livestock taxes are high with multiple state and local taxes (formal and informal)</p>	<p>6.1) Due to the enhanced innovation and modest gains in the enhancement of the enabling environment within the state, new MSMEs have been established who recorded average 17% in annual income (See also Output 4 above for further details).</p> <p>6.2) Up to 520 new MSMEs have been supported to start in and 1,230 jobs have been created. In addition, 20 leather artisans have improved skills in shoe making skills and subsequently opened new shoe making and leader product businesses. They also act as TOTs on shoe making and leather processing in their communities</p> <p>6.3) Six (6) new linkages were facilitated between producers and input suppliers and markets by each value chain commodity as follows:</p> <ul style="list-style-type: none"> ➤ Groundnuts Value Chain: 2 ➤ Hibiscus Value Chain: 2 ➤ Honey Value Chain: 1 ➤ Hides and Skin Value Chain: 1

Key Activities and Results

The Project made efforts to address key policy issues affecting MSME business development and commodity specific constraints and opportunities. Four (4) advocacy meetings were held with government and direct value chain stakeholders in El Geneina, El Fasher, and Nyala to identify critical roadblocks and bottleneck. Key issues identified includes poor infrastructure, limited/no access to microfinance and other business development services, hiking transportation costs as well as stifling and multiple taxation burden that together suffocate

fledgling small businesses. Working groups were established to address these issues related to taxation and the improvement in productive socio-economic infrastructure. The Project also benefited from linkages to the other projects under UNDP's Darfur Livelihoods and Recovery Programme under which socio-economic infrastructure and business entrepreneurial trainings were offered to same community members.



Figure 9: Trained Shoe Maker Started own Shoe Business Shop in Nyala. Photo Credit. ©UNDP Sudan

Project Output 7: Analysis of how the cereal trade in Darfur has been impacted by ten years of conflict and by one of the largest food aid operations in the world, in order to identify how rural livelihoods can be supported through trade and how trade in cereals with neighboring countries could boost Darfur's economy

Output 7 Looks at the cereal trade in Darfur with emphasis on the extent to which it has been impact by protracted war and food assistance and come up with recommendations for how UNDP can boost cereal production and trade for improved livelihoods in future programming. It built on the two in-depth trade studies carried out by Tufts/ FIC so far⁴.

Project Output 7: Analysis of how the cereal trade in Darfur has been impacted by ten years of conflict and by one of the largest food aid operations in the world, in order to identify how rural livelihoods can be supported through trade and how trade in cereals with neighboring countries could boost Darfur's economy

Output indicators	Targets	Progress against targets
7.1) Analysis report on cereal trade in Darfur produced and recommendations	7.1) Study recommendations applied to a Cereal Producers' Livelihood Action Plan endorsed and promulgated by relevant local authorities, private sector partners,	7.1) The study on cereal trade in Darfur was completed in collaboration with the Tufts University and WFP. The study outlined twelve (12) key recommendations

⁴ See <http://sites.tufts.edu/feinstein/2012/on-the-hoof-livestock-trade-in-darfur> for the livestock trade study. The cash crop trade study will be completed by end June 2013.

Project Output 7: Analysis of how the cereal trade in Darfur has been impacted by ten years of conflict and by one of the largest food aid operations in the world, in order to identify how rural livelihoods can be supported through trade and how trade in cereals with neighboring countries could boost Darfur's economy

<p>to support rural livelihoods adopted and implemented by all relevant partners and stakeholders at different governance levels in Darfur</p>	<p>and UN and cereal producer associations.</p> <p>Baseline: 7.1) No agreed strategy in place to support livelihoods of rural cereal producers. Limited export of Sudan cereals even when the export market is advantageous over the local market.</p>	<p>of strategies and actions to support the livelihoods of rural Cereal Producers in Darfur endorsed by relevant partners and stakeholders at different governance levels in Darfur. UNDP is currently supporting dissemination efforts of the study and advocating the implementation of its recommendations among state governments, partners and other stakeholder. UNDP has also incorporated some of the recommendations to be implemented under the 2015 Annual Work Plan of the Value Chain Integration Project for implementation. The recommendations will guide the further development of UNDPs value chain work in the region.</p> <p>Some 820 copies of the final copy-edited and designed report were printed and disseminated among European and North American donors, UN and INGO agency headquarters, technical institutes, and Sudan specialists, including the media. The report was also published online (see http://fic.tufts.edu/publication-item/against-the-grain-the-cereal-trade-in-darfur/) and Tufts FIC issued an e-alert to its substantial electronic mailing list to about 5000 users.</p>
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Key Activities and Results

The study explores both the impact of a decade of conflict and the impact of a decade of food assistance (in-kind food aid and, more recently, food vouchers) on the cereal market, as well as the influence of government policy. It builds on the ongoing market monitoring and analysis activities supported under the project. It was implemented in collaboration with the Tufts University Feinstein Institute, WFP and State Government Ministries and departments and national NGOs. FEWSNet joined the cereal trade study as a collaborator. A planning workshop was conducted in Khartoum to discuss objectives of the study; review of the research question; and an overview of the approach and methodology. Fieldwork was carried out in Gedaref and Kosti markets, by a team comprising FEWSNet and an agricultural economist from the University of Khartoum. Analysis of the federal policy context was carried out by a senior national policy researcher and an international economist consultant, and the analysis of the impact of food aid on the cereal trade in Darfur was carried out by a food aid international consultant.

The study revealed that cereal production and trade flows in Darfur have been badly impacted by conflict, sometimes drying up completely. While food assistance has played a vital role in keeping Darfur's cereal markets functioning and in stabilizing prices, especially in the early years of the conflict, more recently the full impact of declining production has become apparent. In 2014, cereal shortages were widely reported due to a combination of a very poor harvest, insecurity disrupting key production areas, smaller amounts of food aid available, and increased demand for cereals through WFP's food voucher program. Despite the many obstacles to cereal trading in Darfur in the last decade, there appears to be greater integration with the national cereal market due to a number of factors. This is facilitated by the near-completion of the tarmac road linking El Fasher with Central Sudan.

Furthermore, the study identified that some of the constraints to Darfur’s cereal trade pre-date the current conflict, for example the long-term policy neglect of the traditional rainfed agricultural sector and infrastructural constraints. These have been magnified during the prolonged conflict years as agricultural services have more or less collapsed, as roads have deteriorated, and as there are many additional costs to trading and transportation. The study highlights a vacuum of coherent and enabling policy for cereal production and trade. Until there is greater peace and security, cereal production in Darfur is unlikely to recover, and year’s combination of drought and conflict (as in 2013/14) severely depress local cereal production and prices soar, negatively impacting household food security.

The study outlined key recommendations for immediate and long-term implementation to promote cereal production and trade in Darfur, to support rural livelihoods, to enhance food security, and with wider economic and social benefits. Many of these are consistent with the Darfur Development Strategy. See below in Table 1:

Table 1: Summary of Recommendations of Cereal Study

Recommendations for Short-term implementation:	Recommendations for Longer Term implementation:
1. Promote Cereal Production	1. Investment in transport infrastructure
2. Strengthen monitoring capacity of state government	2. Increase Cereal production
3. Greater policy coherence across the Darfur region	3. Harmonizing Exchange rate policy
4. Investment in market infrastructure	4. Develop and Implement Cross-border trade policy
5. Support the role of women in the cereal trade	5. Improve management and utilization of the Strategic Reserve
6. Review Food Voucher programme based on context	6. Review of taxation policy

UNDP is currently supporting dissemination efforts of the study and advocating the implementation of its recommendation among state governments. UNDP has also incorporated some of the recommendations to be implemented under the 2015 Annual Work Plan of the Value Chain Integration Project for implementation. The recommendations will guide the further development of UNDPs value chain work in the region.

Some 820 copies of the final copy-edited and designed report were printed and disseminated among European and North American donors, UN and INGO agency headquarters, technical institutes, and Sudan specialists, including the media. The report was also published online (see <http://fic.tufts.edu/publication-item/against-the-grain-the-cereal-trade-in-darfur/>) and Tufts FIC issued an e-alert to its substantial electronic mailing list to about 5000 users.

IV. Monitoring and Evaluation

The results-based framework was the foundation for planning, monitoring and evaluation of activities. The framework includes indicators, baselines, targets, quantitative and qualitative assessments that feed into value chain specific score cards to monitor progress of commodity value chain activities by state. A baseline assessment was conducted jointly by the implementing partners, UNDP and Government representatives. UNDP developed an M&E strategy which guided the collection and analysis of data on regular basis. UNDP received monthly and quarterly updates from all implementing partners using standard formats. The formats included basic demographic and socio-economic information which tracked progress against set indicators and targets. This information is then analyzed and fed back to UNDP.

UNDP Project Officers visited the field monthly and or when security permits to review project progress and prepare a follow-up report on each visit. Weekly reports were completed by commodity by state, reviewed, analyzed and information is collated. Follow-up activities were monitored by senior project staff. Focus group discussions and interviews were conducted with the beneficiaries in the areas to understand the perception of beneficiaries on the impact of the project.

Summary of Key Monitoring Activities for the Project

Between January to December, 2014, the UNDP team conducted 27 monitoring visits to the project sites to ensure the smooth delivery of the project activities by the Programme Manager, Value Chain Advisor and other project staff during the course of implementation. Out of these, 5 of them were joint visits between UNDP, the Ministry of Finance, Ministry of Agriculture, the Ministry of Animal Resources and implementing partners (CBOs/NGOs) in the various localities. The visits involved observation of ongoing work, interaction with beneficiaries and local leadership. The team also collected periodic reports and information through 6 main implementing partners who are located at the various communities who have access to project locations and in constant contact with beneficiaries which enabled progress to be tracked regularly.

The UNDP team periodically monitor market conditions to assess their impact on SMEs. The team also utilised market information from the MMTA data and information analysed to determine market trends. Information on microfinance access was collected through direct surveys with beneficiaries and data collected from Micro-finance mediators and youth volunteers at the field level. Also, the number of benefiting from Accumulating Savings and Credit activities and business training was obtained from Youth Volunteers stationed at the various localities.

The team also embarked on perception surveys and monitoring surveys to determine the effects and impact of activities on the livelihoods of the beneficiary households and SMEs. In all, two perception surveys were conducted. The first perception survey was conducted through our IP DDRA and focused on the perception on access and quality of market information and its impact on incomes and overall human security at the beginning of the Project as a baseline. The second was conducted to at the mid of the project to measure changes. UNDP conducted 2 different monitoring surveys; one mid-way and one second and more comprehensive survey which was conducted in December 2014; near the end of the Project. This comprehensive survey enabled UNDP to measure the extent to which change has been achieved through the implementation of the various activities. The results of these surveys have been highlighted in the progress review in section 2 above.

International staff are less able to venture out into the deep field due to insecurity which is a drawback to effective monitoring and evaluation. However, continued collaboration between national and international staff has maintained the quality of information for monitoring and evaluation purposes despite limitations of travels. The project team also took active part in attending the Food Security and Livelihood Cluster meetings to share

information on activities and to ensure coordination with similar activities from other agencies and to identify opportunities for complementarities. Also, the Project utilized Youth Volunteers who had been trained under the UNDP Youth Volunteers Rebuilding Darfur Project to support the monitoring of project activities at the remote locations where the volunteers were deployed.

For the future, it is recommended that the Project makes greater use of independent field monitors, especially through established partnerships with University departments and research institutions to be better able to collect and analyze regular monitoring data. The use of a SMS-based M&E platform would enable the team to overcome access challenges.

V. Key Challenges, Lessons Learned and Recommendations

The main challenges that affected the implementation of activities included widespread insecurity; limited basic services; damaged infrastructure including communications, markets, roads, rails and transport infrastructure in general; mistrust between ethnic communities; crop damage caused by nomads and mistrust between nomads and farmers; weak governance structures; environmental degradation and vulnerability to climate change; and widespread displacement prolonged over several years, prompting new settlement patterns including rapid slum urbanization.

Lack of access to many parts of the five states impacts both delivery and monitoring capability. The lack of access is due to poor infrastructure, insecurity and denied access by government authorities. UNDP coordinated extensively with UNAMID for escort services but this remained a challenge given the reduced forces and increased targeting of UNAMID forces on patrol. Escort via national police was an alternative to UNAMID however, this was not approved by UNDSS until recently. Efforts to secure standardized pricing for this service was also a challenge on which OCHA continue to pursue. The Ministry of Finance is the main counterpart of UNDP and thus of the project. Coordination on the ground with the Humanitarian Aid Commission (HAC) and National Intelligence Security Service (NISS) for access permission is mandatory. Access continues to be an issue for activity monitoring and evaluation purposes with authorities in the respective state capitals on several occasions denying requests even after permission was granted from the ground authorities.

The Project worked closely with national partners to implement, monitor and report activities in accordance with UNDP standards, in order to achieve project results despite stated challenges. This was both imperative for access, but remained concurrently a challenge given **the uneven capacity of national partners**. Attention was however directed to capacity development of partners and communities (training in project management, community conflict assessment, post-harvest management etc.) as well as coordination between partners (e.g. monthly IP coordination meetings) which improved project performance. The performance of state ministries tends to be low, staff turnover high and information was not shared between persons within the same unit or between units within the same ministry. These rendered the inclination to focus on government entities as a core sustainability strategy unrealistic. To mitigate the impact of these, the project invested concurrently in structures that stimulated and upheld capacity development such as producer associations and community based organizations alongside national NGOs; a strategy that must be discreet to achieve success. UNDP strived to balance stringent capacity assessment with capacity building to ensure effective implementation of activities

While **access to credit** is imperative for success in the value chain approach, this has been a persistent problem in Sudan in general and Darfur in particular despite being a primary focus of the Government Sudan's Poverty Reduction Strategy. Banks have low outreach capacity and rely on traditional service approaches, which make them unable to reach the poor due to high transaction costs. Darfur has added challenges due to the limited number of financial service providers, one for every 94,220 clients.⁵ The strategy to address the barrier included the following: Inclusive financial product development working groups, the training of 139 Micro-finance

⁵ "Mapping Capacity Assessment and Capacity Development of Microfinance Providers in Sudan", PACT, June 2012.

mediators to educate and link financial service providers and clients, and testing the use of SMS and other innovations to reduce transaction costs which was be piloted in August 2014. The movement of farmers from small villages to bigger villages seeking protection has affected agribusiness and the concentration of farmers affecting agricultural preparations and land use patterns.

Lessons learned include that there linkages between the projects under the umbrella of the UNDP Darfur Livelihoods and Recovery Programme ensured synergies and complementarities and provided integrated support the vulnerable populations. For instance, impact on beneficiaries was greater where the Project was implemented in the same locations with the Youth Volunteers Rebuilding Darfur Project. Beneficiaries from both projects benefited from the other. For instance, some beneficiaries of the Strengthening Value Chains Commodities in Darfur project also benefited micro-grants, business training and participated in Accumulating Savings and Credit Association Scheme activities under the Youth Volunteer project. However, full geographical integration has not fully been achieved.

Recommendations

- Based on the encouraging results and synergies from the integration of the Project with other projects under the umbrella of UNDP's Livelihoods and Recovery Programme, it will be important that this is maintained and further strengthened. Given that youth volunteers recruited under the Youth Volunteers Programme component are deployed to remote locations, UNDP should further capacitate and increasingly use the expertise of the volunteers to carry out training and monitoring activities at community level for several components under the Programme to enhance outreach and effective monitoring;
- There is need to further strengthen the selection process for implementing partners using stringent capacity assessment tools and processes to ensure improved accountability. Also, UNDP will aim to provide increased technical support to IPs on programme management, ensuring a balance between capacity for effective implementation and building the capacity of nascent and fragile national institutions;
- The use of SMS is already being piloted in the provision of market information across Darfur. This should be built into future interventions. SMS platforms should also be designed as a low-cost mean of collecting and analysing monitoring data;
- Whilst foundational efforts have been made, strategic partnership with service providers and microfinance institutions to facilitate access to credit for vulnerable farmers should be an integral part of future project design;
- The Project made vigorous strides in ensuring bolstering production levels among the 4 value chains. Efforts have also been made at value addition. However, significant efforts still remain to ensure effective quality control in the processing of commodities such as honey. Quality remain a necessary factor in accessing regional and global markets, for premium pricing and for securing and maintaining lucrative futures purchase agreements;
- The business environment in Darfur has been stifled by the lack of or the presence of crippling policies such as taxation. Future projects need to place greater emphasis on advocacy for change in policy among state governments.

VI. Update on Risks and Mitigation Measures

The security situation in Darfur remained tense and unpredictable throughout the period of the Project. There were constant military movements of GOS troops and militias and daily security incidents from targeted ambush of UNAMID troops on patrol clashes, inter-tribal clashes, banditry, carjacking and high jacking of fuel and consumer supplies on guarded convey from Khartoum. Incidents have been on the increase in the first six months of 2014. The ongoing military operations, checkpoints, curfews, security clearances and internal UNDSS regulations affect all ongoing operations in Darfur. Many rural areas are remote and difficult to access. Access is via helicopter to main towns and then by road. Access by road must be accompanied by a UNAMID or police escort. This makes direct implementation difficult; and thus the use of national partners is mandated by the

government.

UNDP maintained and expanded its presence since its re-establishment in Darfur in 2004, i.e. prior to and after deployment of UNAMID. The situation throughout the country is challenging, but there are also pockets of stability at present. West Darfur is calm and has remained so since rapprochement with Chad. Nyala in South Darfur and some areas of Central Darfur have the most reported recent incidents. This is variable and requires constant attention and monitoring of staff and observance of security regulations (curfew, daily radio check, restricted movement). Specific risks to the project and mitigation measures include

- **Political instability and Conflict:** The security situation has had a major impact on the rate of implementation. Between January to April 2014, renewed tribal conflicts in Kubum, Alait, Idd el Fursan, and Mukjar disrupted project implementation. Similar periodic violence erupted in other project areas and impeded implementation. The Project identified and utilized alternative mechanisms to mitigate the impact of the volatile security situation on activity implementation by working closely with implementing partners such as RDN, DDRA and VHNRD. Risks related to personal security and travel were mitigated by implementing projects through NGOs/CBOs, youth volunteers.
- **Capacity of NGOs/CBOs:** The capacity of national organizations is uneven and in some cases extremely weak. This requires considerable time devoted to capacity building on the part of all staff: program, finance, and administrative. Since the project rely on them to reach remote project locations, their capacity still posed a risk to the project.
- **Independence of NGOs** – Only NGOs registered with the Government Humanitarian Aid Commission (HAC) may be granted authorization to work in Darfur and staff be given permits to travel to Darfur, which creates concerns about the independence of the NGOs. Additionally, there exist quite a few NGOs that are politically affiliated to the national Government. Drawing on UNDP's established network and knowledge of local NGOs, the Project conducted a capacity assessment of each potential partner and monitoring processes ensured sub-projects were implemented properly and for the right beneficiaries. Extensive coordination with other international organisations helped mitigate the risks associated with NGO/CBO selection.
- **Travel Permit Delays and Denials:** Many NGOs in Darfur have difficulty obtaining and extending visas for their staff as well as obtaining government approval for movement of staff. UNDP has been affected by this in terms of the time required to obtain travel permits, especially for visitors, but in general UNDP staff working in Darfur have not had problems. Recently 20 UNHCR staffs working in North Darfur were denied visa extensions.
- **Access to the Field:** Movement within Darfur requires patience and considerable coordination if one plans to move into the deep field due to the need for escort services as well as permission from HAC and NISS. On three occasions International UNDP staff were denied access to locations in South and Central Darfur States. This impacts program implementation in terms of the length of time required to organize and carry out activities, involvement of international staff in direct monitoring and benefit of external input into the program. See Annex 2 for Updated Risk Log.

VII. Partnerships and Sustainability

The Project partnered with five (5) I/NGOS and two government ministries as principal implementing partners. In addition, the Ministry of Finance is UNDP's main national counterpart and chairs the Technical Coordination Committee in each state, a principle interagency coordination body.

Private sector partnerships were a key feature for the Project and included outreach to Chambers of Commerce and five multinational companies, including DAL Group, Savola, Elie Group, Hassabo Trading, all headquartered in Khartoum, as well as AfriCorp. These actors have helped in the identification of appropriate tools and production methods, and are potential partners for forward purchase agreements with farmers. Private sector financial partners have been identified to facilitate access to credit. These include the Social and Savings Development Bank and Agricultural Bank of Khartoum. The microfinance strategy drafted in consultation with

potential partners is ongoing. Partnerships with state radio and TV stations were also forged for information dissemination, as well as with research corporations and universities.

Capacity development was another key feature for the Project. UNDP conducted a Management Workshop to increase expertise about value chain integration, UNDP business practices and build synergies between livelihood projects. Technical training in NGO management, aflatoxin management, and producer groups for all commodities were conducted and capacities of partners built. The groups were used to strengthen farmer access to markets and promote sustainability. The groups are gender balanced and comprised of community leaders and experienced farmers. The Ministries of Animal Resources and Agriculture were IPs and where they were not an IP, they were still actively involved. In all cases the government was well represented in the State Technical Committees which were chaired by the Director General of the Ministry of Finance. In some cases, an extension officer was seconded from the Ministry of Agriculture e.g. North Darfur to support project implementation. This has formalized the Project's partnership with the government and is expected to improve the provision of extensions services substantially. The South Darfur Ministry of Agriculture supported project achievement through the provision and distribution of 26.6MT of improved and drought resistant seed varieties.

Collaboration with UN entities is ongoing through participation in various forum including Area Humanitarian Country Team and Area Inter-sector Coordination, which now includes the UNDP lead Governance, Infrastructure and Early Recovery (GIER). UNAMID Civil Affairs has provided valuable training and support in the field in conflict analysis, exchange of information and will be working with UNDP on the Hides and Skins Advisory Group. Collaboration with WFP, UNICEF, FAO, and UNEP continued as well as collaboration with several international organizations, such as Practical Action.

The State Technical Coordination Committees served as a forum to share and review achievements of project activities through coordination and cooperation across UNDP Darfur Livelihoods and Recovery Programme, relevant government and non-government institutions; and to enhance mutual accountability between UNDP, State ministries and other partners. Other Partners include relevant state ministries, universities, the Darfur Regional Authority, Governor's office, representatives of IPs, Chamber of Commerce, and UNDP staff. The body has proven to be useful in resolving issues of access to some extend and certainly in cross fertilization and support across ministries.

VIII. Financial Summary

Table 2 below provides an overview of the allocation, utilization and balance of resources between **January and December 2014**. The total available resources for the Project was **USD 1,137,386**. Total expenditure as of the end of the Project stands at **USD 1,067,060.83** representing 93.82% of the total budget allocated from both USAID and UNDP. Details of total allocated resources by donor have been outlined in Table 1 below.

Table 2: Overview of Available Resources for the project during the reporting period

Donor	Allocation in 2014	Available Fund 2014
UNDP-TRAC	200,000	200,000
USAID	937,386	937,386
Total	1,137,386	1,137,386

Table 3: Overview of allocation and expenditure per output

Activities for project 00087681	Actual fund		Expenditures		Balance	
	TRAC	USAID	TRAC	USAID	TRAC	USAID
ACTIVITY1 Market monitoring network	33,940.00	115,988.00		111,405.59	33,940.00	4,582.41
ACTIVITY2 Mapping new commodities		33,234.00	29,116.84	21,548.73	(29,116.84)	11,685.27
ACTIVITY3 Increased production & employment		241,853.00	12,356.58	132,905.63	(12,356.58)	108,947.37
ACTIVITY4 Business Development Services			9,265.96	896.75	(9,265.96)	(896.75)
ACTIVITY5 Improve access to markets & Fin		149,800.00		116,135.35	0.00	33,664.65
ACTIVITY6 Enhance competitiveness		57,544.00		43,157.52	0.00	14,386.48
ACTIVITY7 Project Management	166,060.00	338,967.00	80,707.95	509,563.93	85,352.05	(170,596.93)
Totals	200,000.00	937,386.00	131,447.33	935,613.50	68,552.67	1,772.50

Annex I: Updated Risk Log

#	Description	Date Identified	Type	Impact & Probability	Countermeasures / Mgmt response	Owner	Submitted, updated by	Last Update	Status
1	Insufficient number of communities participate in the scheme, or insufficient number of quality proposals from communities wishing to participate	During drafting of Prodoc	Strategic	This would imply the number of target communities would have to be revised, but no serious impact on project structure P = 4 I = 2	This risk was mitigated through increased community awareness and sensitization efforts in cooperation with participating implementing partners including NGOs, CBOs and state-level governments. The result is that the project exceeded its target in excess of 3 from 45 to 48 communities across Darfur 5 states.	State Coordinators	Programme Manager	31-Dec. 2014	Dead
2	Participating NGOs/RDPs don't develop rapidly enough capacity for high-quality training of trainers	During the preparation of the project proposal	Organizational	This would limit the ability of the NGOs/RDPs to ensure proper capacity development for the micro-entrepreneurs in the field P = 3 I = 4	The selection process for participating NGOs/RDPs has taken into account their management and livelihoods programming capacities using stringent capacity assessment tools. Most suitable NGOs/RDPs were selected for the implementation and clear plans for their capacity building developed from the onset as part of the implementation process which boosted their capacities.	Programme Manager	Programme Manager	31-Dec. 2014	Reduced
3	High price fluctuations and multiple risks and threats for primary producers and wholesalers prevent the finalization of forward purchase contracts	During the preparation of the project proposal	Operational	This would reduce the short-term impact of the project. P = 3 I = 3	Capacity development of primary producers was enhanced through regular market information; support for storage and facilitation of brokerage and futures agreements with both local and international buyers The use of fairs also exposed producers to a wider market and business opportunities.	National Livelihoods Officer	Programme Manager	31-Dec. 2014	Dead
4	Political instability in target states, or even conflict, puts an end to	During the preparation of the project proposal	Political	This would delay or stall the implementation of the project in affected target communities.	During the project implementation period, localized conflicts disrupted implementation in Al Lait in North Darfur, Id	Programme Manager	Programme Manager	31-Dec. 2014	No Change

	project implementation			<p>Instability could be caused by resurgence of conflict in Darfur, the upcoming separation, or other localized causes.</p> <p>P=4 I=5</p>	<p>El Fursan, Mukjar, Kubum and Katila in South Darfur for about 4 months. Since the project is spread across the 5 states of Darfur, implementation continued in other locations with stable security till the situation improved. Also, UNDP worked closely with the local implementing partners to ensure the quickest resumption of implementation as soon the situation was stabilized. Even though the project has closed, this risk still poses a threat to the sustainability of some of value chains.</p>				
5	Slow operational procedures hinders the implementation of the programme	During the lifetime of the project	Operational	<p>This would delay overall implementation of the project by partners</p> <p>P=3 I=3</p>	<p>Improved operational procedures within UNDP are under process and quicker disbursements of funds will take place. There were some delays in the clearance of agreements which affected the pace of implementation. Certain technical components of the project were affected by delays in the recruitment of key technical staff. Backstopping was provided by existing staff based on technical expertise available within the team.</p>	Programme Manager,	Programme Manager,	31-Dec. 2014	Reduced
6	Travel permit delays/denials	During project implementation	Political	<p>Travel permits for Darfur based staff take an average of 5 weeks, which delays their arrival and project implementation. Travel permits for visitors, technical advisors, delayed or not granted limiting</p>	<p>The project maintained relationships in Khartoum and at State level with relevant authorities. This continues to be a challenge and a risk that not only affect this project but the overall Darfur Livelihoods and Recovery Programme.</p>	UNDP CO	Programme Manager,	31-Dec. 2014	No change

				external advisory capacity P=3 I=1					
7	Lack of access to the Field	During project implementation	Operational	Delays implementation and hinders monitoring P=4 I=4	The project prioritized the use of competent national NGOs with ground presence in project locations or willing to place staff in project locations. The project also used independent field monitors on contract basis to conduct monitoring. Whilst this risk remain unchanged, it did not seriously impact the implementation of the project till its closure.	Programme Manager, Livelihoods Team.	Programme Manager	31-Dec. 2014	No change