



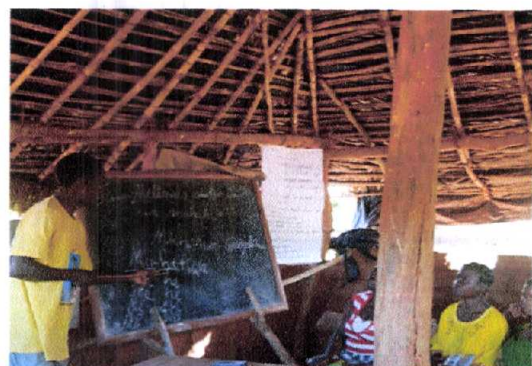
REPÚBLICA DE MOÇAMBIQUE
MINISTÉRIO ADMINISTRAÇÃO ESTATAL
Direcção Nacional de Promoção do Desenvolvimento Rural

PROGRAMA DE PROMOÇÃO DE MERCADOS RURAIS



MID TERM REVIEW

MAIN REPORT AND ANNEXES



NOVEMBER 2014

PROMER MID TERM REVIEW MAIN REPORT

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Acronyms

Acronym	Definition
AGRA	Alliance for the Green Revolution in Africa
AMODER	<i>Associação Moçambicana para o Desenvolvimento Rural</i> – Mozambican Association for Rural Development
ANE	<i>Agência Nacional de Estradas</i> – National Roads Authority
AR	Appraisal Report
ASCA	Accumulative Savings and Credit Association
CBFS	Community Based Financial Services
DIC	<i>Departamento de Cooperação Internacional</i> – Department for International Cooperation
DNPDR	<i>Direcção Nacional de Promoção de Desenvolvimento Rural</i> – National Directorate of Rural Development
DPA	<i>Direcção Provincial de Agricultura</i> – Provincial Directorate of Agriculture
DPEC	<i>Direcção Provincial de Educação e Cultura</i> – Provincial Directorate of Education and Culture
DPIC	<i>Direcção Provincial de Indústria e Comércio</i> – Provincial Directorate of Industry and Commerce
DUAT	<i>Direito de Uso e Aproveitamento da Terra</i> – Right of Use and Benefit from the land
EU	European Union
FA	Farmers' Association
FARE	<i>Fundo de Apoio à Reabilitação Económica</i> – Support Fund for Economic Rehabilitation
FDD	<i>Fundo Distrital de Desenvolvimento</i> – District Development Fund
FI	Financial Institution
FO	Farmers' Organisation
FONPA	<i>Fórum Nacional de Produtores de Algodão</i> – National Forum of Cotton Producers
GAPI	<i>Gabinete de Apoio à Pequena Indústria</i> – Office of Support to Small Scale Industry
GDR	<i>Grupo de Referência</i> – Reference Group
GoM	Government of Mozambique
HDI	Human Development Index
KM	Knowledge Management
KMU	Knowledge Management Unit (see UGC)
M&E	Monitoring and Evaluation
MAE	<i>Ministério de Administração Estatal</i> – Ministry of State Administration
MDG	Millennium Development Goals
MFI	Microfinance Financial Institution
MIC	<i>Ministério de Indústria e Comércio</i> – Ministry of Industry and Commerce
MINAG	<i>Ministério da Agricultura</i> – Ministry of Agriculture
MoU	Memorandum of Understanding
MPD	<i>Ministério de Planificação e Desenvolvimento</i> – Ministry of Planning and Development
MTR	Mid Term Review
NUIT	<i>Número Único de Identificação Tributária</i> – Unique Number of Tax-Payer Identification
OIIL	<i>Orçamento de Investimento de Iniciativas Locais</i> – Budget for Local Investment Initiatives
P+F	Planning and Facilitation
PAMA	<i>Programa de Apoio aos Mercados Agrícolas</i> – Agricultural Market Support Programme
PAPA	<i>Plano de Acção de Produção de Alimentos</i> – Food Production Action Plan
PARPA	<i>Programa de Acção para a Redução da Pobreza Absoluta</i> – Absolute Poverty Reduction Action Programme

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Acronym	Definition
PICA	<i>Plano Integrado de Comercialização Agrária</i> – Integrated Plan for agricultural marketing
PM	Programme Management
PMC	Programme Management Cell
PMT	Programme Management Team
PMU	Programme Management Team
PROMER	<i>Programa de Promoção de Mercados Rurais</i> – Rural Markets Support Programme
PRONEA	<i>Programa Nacional de Extensão Rural</i> – National Programme of Agricultural Extension
ProPAPA	<i>Projecto do Plano de Acção de Produção de Alimentos</i> – Food Production Action Plan Project
PSP	Production Support Programme
RFSP	Rural Finance Support Programme
SDAE	<i>Serviço Distrital de Actividades Económicas</i> – District Office of Economic Activities
SIP	Strategic Investment Plan
SIRP	<i>Sistema de Informação e Recolha de Preços</i> – Prices Information and Collection System
SP	Service Provider
SPCU	Sub-component Programme Coordination Unit
SRIM	<i>Sistema Regional de Informação de Mercados</i> – Regional System of Markets Information
UATAF	<i>Unidade de Assistência Técnica à Alfabetização Funcional</i> - Technical Assistance Unit of Functional Literacy
UGC	<i>Unidade de Gestão de Conhecimento</i> (see KMT) – Knowledge Management Unit
VC	Value Chain
WA	Withdrawal Application
WFP	World Food Programme

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A. Introduction: Context and Background

1. **Context.** Since the design of the programme Mozambique has registered an increase in the overall agricultural production. However, poverty reduction was not significant for the period. Food production is not at pace with the population growth and the emergence of the extractive industries in the primary sectors threatens the attention that is expected to be granted to agricultural production and marketing.
2. The country kept the pace of recent years in terms of economic performance. A recent update by the World Bank (April, 2014) states that "Mozambique's economy grew by 7 percent in 2013 led by transport and communications, financial services and extractive industries." It also shows the relative importance of the agricultural sector, which is only second to Transport and Communications. The policy gaps identified by the Appraisal report are also there, namely in what refers to the concessions marketing systems, the agricultural input supply systems and the fiscal policy at local level.
3. During the first four years since the project became effective, some changes in the policy environment have occurred. The major changes in the policy-economic environment are (i) the expansion of investments on exploitation of mineral resources and (ii) the increase of demand of land by foreign investors for agriculture/exports, tourism and mining purposes. Some of these may have consequences in PROMER areas.
4. Particular attention is also drawn to the changes in government, both at central and at provincial level, the changes in the managers and leaders of the sectors with which PROMER is required to keep close relation. When the programme was designed, DNPDR, the host institution for PROMER was under the Ministry of Planning and development (MPD). In 2010 and through the presidential decree no. 1/2010, DNPDR was transferred to the Ministry of State Administration (MAE), which has the mandate of local administration and development. Also during this period, DNPDR has had three Directors. As Provincial Governors and Directors, District Administrators have also changed, the Project undertook a new cycle of visits to gain the understanding and commitment of the new leadership.
5. After some effective interventions in rural infrastructure, in 2013 and in the beginning of 2014 the country suffered from a year of intense rains, affecting agricultural production and market infrastructure, including the roads that have been rehabilitated by the programme.
6. Considering the above, for the most part, the assessment made during the appraisal report remains valid, and PROMER is fully consistent with the main country strategic orientations such as the PARPA II, and the Rural Development Strategy which emphasize the importance of assisting smallholder households into a more market-oriented agriculture; the Strategic Plan for the Development of the Agricultural Sector, aiming at productivity enhancement and intensification, market access for inputs and outputs and value-addition of agricultural products; and the Integrated Plan for Agricultural Marketing (PICA).
7. **Background.** The Rural Market Promotion Programme is a 9 year initiative of the Government of Mozambique in partnership with IFAD, also the main funder. It was started in April, 2009, with a coverage of 15 districts in the Northern Provinces of Cabo Delgado, Niassa, Nampula and Zambézia. The programme was originally planned for a 7 year duration with an initial budget that was the sum of contributions by IFAD with USD 31.1 million; AGRA with USD 3.5 million; the Government of Mozambique (GoM), with USD 2.9 million; and the beneficiaries with USD 3.0 million, totalling USD 40.6 million. From 2010 to 2012, the European Union (EU) financed an additional EUR 0.76 million through PRO-PAPA in support of government's Pro-Food Production Action Plan (PAPA), which is now closed. In 2013, an Amendment to the Loan Agreement was signed to accommodate additional funds (grant) from the EU, under the MDG 1.C programme¹ and extended the programme duration to 9 years. Presently the programme has a total budget of USD 51.914.545. The goal

1 - MDG 1C stands for Millennium Development Goals, Target 1.C, which is to "Halve, between 1990 and 2015, the proportion of people who suffer from hunger", <http://unstats.un.org/unsd/mdg/Host.aspx?Content=Indicators/OfficialList.htm>

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of PROMER is to improve the livelihood of poor rural households by enabling small-scale farmers increase their incomes from agriculture by helping them market their surpluses more profitably.

8. The design of PROMER follows the experience of the previous market linkages programmes, in particular the also IFAD-funded PAMA, as well as the recognition of persistent challenges in the functioning of rural and agricultural markets. Most of the initial assumptions remain valid. The components and their sub-components remain relevant, the strategies for their implementation remain, for most cases relevant. In particular, the choice to resort to Service Providers to implement several activities remains valid. Changes were and will be needed, but not at a point to prompt a radical change of course.
9. The approach is inclusive, to enable the extremely poor and food insecure, with the necessary labour and other minimum assets to take advantage of the market opportunities that the programme will create.
10. PROMER contributes to the development of more efficient market intermediaries; promotes partnerships with agribusinesses for the transformation of smallholder agriculture; improves economic infrastructure; and assist in developing a conducive policy and institutional environment for business investment in agriculture. The programme was initially designed with 4 components, namely:
 - a. Development of more dynamic market intermediaries. This component assists market intermediaries supporting their marketing activities with the aim to provide smallholders with increased options for selling their crops and getting access to improved agricultural inputs (support to: input and output traders; farmers organisations; literacy training, low cost value addition activities).
 - b. Enterprise led value chain initiative. Under this component, smallholders and agribusinesses are supported to establish profitable partnerships that produce mutually beneficial arrangements (identification of commodity market opportunities; facilitating long term producer-agribusiness partnerships; matching grants facilities for agri-business driver).
 - c. Improve the Market Environment. The purpose of this component is to enable market participants to operate more knowledgeably and effectively (market access, infrastructure, and access to finance, market transparency).
 - d. Policy/Institutional support and management. Activities under this component assist in building the capacity of Government, and in particular the National Directorate for the Promotion of Rural Development (DNPDR), to take leadership in overseeing the promotion of rural markets in Mozambique.
11. In 2013 and as a result of additional funds received under the MDG 1/C programme funded by the EU, PROMER 2 additional components were introduced, namely:
 - a. Nutritional Education, with the purpose of promoting awareness on the consumption of a healthy and balanced diet by ensuring adequate calories, proteins and micro-nutrients.
 - b. Institutional Support to DIC, to manage the funds for the MDG IFAD sub-programme Coordination Unit (SPCU) at DIC/MPD.
12. **Implementation arrangements:** The National Directorate of Rural Development (DNPDR), under the Ministry of State Administration (MAE) is responsible on for the implementation of PROMER behalf of GOM. Apart from DNPDR, three other institutions are involved in implementation of the programme. These are the Directorate of Rural Extension (DNER), of MINAG; the Ministry of Industry and Commerce (MIC) and National Roads Authority (ANE). The day to day management of the project is the responsibility of a Project Management Unit (PMU). For the purpose of implementation three implementation Blocks were established: Block A – Niassa; Block B - Cabo Delgado) and Block C Zambézia and Nampula; and to assist the PMU, three separate provincial Project Management Cells (PMC) in Pemba (Cabo Delgado), Cuamba (Niassa) and Alto Molocué (Zambézia).
13. The responsibility for project oversight is vested in PROMER Reference Groups (RG) at National, Provincial and District levels under the chairmanship of DNPDR, the Provincial Directorate for Planning and Finance

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(DPPF); and District Administrators respectively. Membership of the RG comprise of key stakeholders concerned with market linkage issues. These include central and provincial level government, representatives of the agribusinesses, farming and the commercial banking sector as well as the NGO and donor community.

14. District level Reference Groups represent the local economic interest groups (farmers, traders, agribusiness companies, key public and NGO resource persons) operating in the area. Membership of these groups will vary from area to area. These groups are created to assist and advice in matters related to planning and implementation of activities, including the participation on the monitoring of the performance and impact of those activities.
15. The majority of the activities supported by PROMER are implemented through contracts with service providers. The role of the PMU is to facilitate the selection of the most effective service providers and to ensure optimum performance from them through a monitoring and evaluation system.
16. **The MTR Exercise.** The MTR exercise aims at evaluating the project implementation performance, the achievements of project objectives and the constraints thereon, the management performance of the PMU and PMCs and the continuing relevance and feasibility of the different components and activities to reach the defined objectives and recommend reorientation as maybe required to achieve such objectives and remove the identified constraints. Specifically The Mid Term Review Exercise involves 4 steps:
 - a. **Step 1: Internal Evaluation.** It was implemented from 3rd of March to 18th April 2014, consisting of assessments to evaluate implementation progress, results and preliminary impact of Program Components 1, 2 and 3. These assessments were done by the Program staff together with the Service Providers and with a support from a Consultant to analyse and consolidate the reports. The PMT then integrated the different elements in a series of retreats, to assess the achievements, the challenges ahead, the problems and the lessons learned, to develop proposals on changes deemed needed, so that the Programme can achieve the desired results.
 - b. **Step 2: Elaboration of a detailed preparation report for the Mid Term Evaluation.** It was Implementation from 21st of April to 12th of May. The report is be about the current situation of the Program and includes recommendations for the coming years. The report was written with the help of an external Consultant that contracted by PMT, based on the results from the assessments and PMT's analysis. The MTR preparation report summarised the self-assessment made by the programme and was intended to provide inputs to the review Mission. It aimed at confirming the strategic approaches adopted and changes made when necessary, as well as to weigh on the challenges ahead for the future implementation.
 - c. **Step 3: IFAD Support Mission.** The current mid-term review (MTR) mission², which took place from 19 to 30 May 2014, follows the October 2013 supervision mission to assist the National Directorate of Rural Development (DNPDR) – the programme lead agency – and PROMER management team in the enhanced implementation of the programme. It also builds on the above mentioned draft MTR report prepared by PROMER PMU serving as a self-assessment on implementation progress and the way forward. The mission visited programme operations and partners in the districts of Alto Molocué in Zambézia Province, Ribaué in Nampula Province, and Mandimba and Marrupa in Niassa Province. It held working sessions in Maputo with staff of the PROMER management team, the National Road Administration (ANE) and the Road Fund, the Support Fund for Economic Rehabilitation (FARE), the EU, FAO, MDP as well as all service providers and financial service partners. The Mid Term Review Exercise performed a detailed review of the performance of each component, and of the strategies adopted or to be adopted, based on the performance and the lessons learnt. Following the above exercise, the Mission examined the need for a reallocation of funds between the project components to support any changes to programme, and its implications for Loan Agreement (allocation proceeds) and for the initially stated

² Mission composition: For GoM: Olegario Banze, Deputy Director of DNPDR, with the entire PROMER team. For IFAD: Ambrosio Barros, Team Leader, IFAD; Juliane Friedrich, Nutrition Expert, IFAD; Elisabeth Ssendiwala, Gender/Youth Expert, IFAD; Line Kaspersen - M&E and KM Expert, IFAD; Emerson Zhou, Value Chain Expert, Consultant; Rui Ribeiro, Farmers Organisations and Trader Development Expert, Consultant; Alaudio Chingotuane, Financial Management and Procurement Expert, Consultant; Sophie Teyssier, Rural Finance Expert, Consultant; Felisberto Afonso, Climate Adaptation Expert.

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objectives and results. This included a thorough review of the implementation organization, including the planning, monitoring and evaluation processes, as well as financial aspects and the relationship with service providers. Recommendations were produced in the hope that they will contribute to a more effective and efficient use of resources and managerial tools to improve the project implementation process.

- d. Step 4: Elaboration of this MTR final report.

B. Implementation progress, lessons learned and way forward

17. This section reflects a combination of the MTR preparation Report, the findings of the field visits during the IFAD support Mission, and the Aide-Memoire agreed upon at the end of the MTR Mission. Tables and figures are placed at the end of the report, followed by Technical Notes on key issues.

Component 1: Development of more dynamic market intermediaries

Sub-component 1.1: Support for Rural Traders Development

Implementation progress.

18. This sub-component was to be funded and implemented through an MOU signed in August 2009 between the Government of Mozambique (through DNPDR) and AGRA. AGRA did not comply with the MoU and the MoU was cancelled in 2012. In 2013, funding source was secured through EU, with a total of USD 1,292,000.00. Two Service Providers (SPs), namely OLIPA for block C and GAPI for Blocks A and B, were recently contracted, to implement the activities of the subcomponent in each of the 3 Implementation Blocks. Activities are expected to start in June 2014. The programme target is to support 225 traders. The activities include training traders to improve their participation in agricultural marketing, facilitating their integration in the regional and international markets, introduce risk and guarantee funds, facilitating access to financial products, promote agricultural inputs demand for new technological packages through results demonstration fields, and study the potential to introduce seed vouchers
19. The price of the contracts for the 2 SPs was based on the budget presented in the MDG project document (Support to Accelerate Progress towards MDG 1C in Mozambique – IFAD Sub – Programme Detailed Design Report). However, as the budget presented in the project document includes taxes, there is a financial gap between the budget presented and the actual available funds. Hence, additional funds needed to meet the contracts obligations.

Lessons learned

20. The procurement process confirmed that the existing offer of the required services is rather limited both in quantitative and qualitative terms. The SP contracted may face difficulties to deliver with the necessary quality, particularly due to insufficient experience of the field staff. In view of this, it was agreed that the PMT and Cells will assist and monitor closely the inception phase of the three contracts in order to reduce risks of poor quality of the outputs and to allow the evaluation of the SP's field and backstopping staff skills. If needed, PROMER may consider funding the training of SP field staff within the contracts' budget. The price of the contracts of the 2 SPs is considered low for the targets to meet

Way forward and exit strategy.

21. Although this component did not start yet, a number of challenges may be expected, and the Programme Management has developed some possible approaches for the likely scenarios. These include:
22. Weak capacity of implementation on the part of the SPs. There is not much experience in Mozambique of implementing this type of activities through Service Providers: In this regard, the PMT may need to have an initial work session with SPs to harmonize the approach and methodologies on the implementation of this

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component, mainly to master the momentum. This meeting will serve also to build a common vision about the expectations from this subcomponent with the PROMER interventions frame. It may have to be followed by the training of the 2 SPs technicians in the beginning of the contract implementation to harmonize procedures and approach based on each one of the SPs methodologies. It is expected that after a year of implementation, a training and capacity building manual will be produced. SPs will be encouraged to identify the best practices learnt from other countries to exchange experiences among SPs, and also to establish and consolidate contacts with other institutions.

23. Risk and guarantee fund management: The local demand of inputs is currently very small. Consequently, input supply is a minor business to small and medium traders and they have no skills to deal with agriculture inputs. Some questions are raised concerning this activity: Will distributors accept to supply products on credit under these circumstances? Why to invest USD 480,000 in an activity that represents probably not more than 1% of the traders business? What is the capacity of small traders to manage large quantities of inputs? In view of this, PROMER will hire a consultant to analyse the feasibility and, if feasible, recommend an adequate modality for the operation and management of this financial tool.
24. Credit access: Difficulties in accessing financial support can reduce small trader self-capacity to develop. In this regards, PROMER may need to define what type of traders PROMER will support in accessing finances, particularly for the small, because the medium have not the same difficulties in getting credit. It may also need, together with the operators, approach the issue of credit access as a whole and in all its dimensions, including the possibility of reducing interest rates within the MDG credit line to make credit accessible to PROMER target group.
25. Vouchers introduction and management: There is no evidence of the sustainability of this system adopted by projects implemented during the last 10 years in Mozambique. On the basis of the review of those recent experiences, it is necessary to assess the feasibility of introducing the voucher system in the PROMER area.
26. Targets: The number of traders available and interested in participating in PROMER training programme can be lower than the one established as a target. The focus should be on quality so as the traders that have better conditions and more interest in developing their agricultural marketing activities. This subcomponent, which will be implemented by the 2 above mentioned SPs, and will include the following activities:
 - a) Training and capacity building of traders. One issue to consider in this activity is the need to explore the opportunities for more structured relations as they have very weak knowledge about the potential business among them.
 - b) Management of Matching grants for small scale Value addition for traders.
 - c) Management of risk fund credit and grantee fund for agro-dealers.
27. The contracts with the SP are, at this stage, too general as far as implementation strategies, approaches and activities are concerned. It is expected that the inception phase will identify major business constraints and opportunities, through mapping and analysis of the context in which they operate. The implementation strategies and approaches, including the exit strategy, as well as the operational plan of each contract will be defined on the basis of this information. During the inception phase, the conditions (level of demand of inputs, interest of local traders, input suppliers and finance services) to establish the risk/guarantee fund foreseen in the PDR will be assessed. On this basis, PROMER will identify the amount of funding required and the best model to implement this scheme. Considering the delays in starting the activities of this Subcomponent, SPs contracts duration would have to be adjusted through an Amendment from 48 to 45 months duration (from July 2014 to March 2018). At the end of the inception phase the contracts may be revised to accommodate the outcomes of the inception phase. This revision will also include funds to support small scale value addition activities (which originally were planned to be managed by the PMT at central level). A maximum of 25% in readjustment of the present contract value could be considered, to fill the gap mentioned in paragraph 19 above (see Annex 6, table 1.B. for details).

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28. PROMER will collaborate with PSP-PRONEA to identify the training needs of Extension workers to better assist in the counselling and advising of local traders.
29. Sustainability will stem from a programme implementation process allowing the achievement of the following outcomes:
 - a) SPs are capable to continue providing services;
 - b) Traders are more able to do their work as market intermediaries;
 - c) Local government (SDAEs, Extension Workers) has the capacity to continue providing guidance, counselling and conducting monitoring.

Sub component 1.2: Support to Farmers' Organisations Development

Implementation progress.

30. This sub-component aims to improve the ability of the FO to better serve its members in linking and dealing with the markets. The target is a total of 755 FOs to be supported by the programme, (670 with IFAD funding and 85 with EU funding), covering a total of 21.700 beneficiaries (20.000 with IFAD funding and 1.700 with EU funding) and 11.250 people covered by literacy training. Three SPs, one for each implementation Block, were contracted and the implementation started in all blocks in the last quarter of 2011. The preparatory process included the mobilization of each SP and baseline surveys in each block to assess the organizational and business status of the FO, to select the FO to be supported and to define implementation strategies, capacity building approaches and contents as well as approaches to facilitate market linkages. This information was used for the formulation of the SP implementation plans in each block.
31. Since 2012, PROMER has covered a total of 465 FOs in the three blocks (62% of the PDR revised target), involving 17,685 members³ (81% of the PDR revised target) of which 54% are woman. Two training cycles on organizational development and market linkages were conducted covering all 465 FO and benefiting 11.596 members, being 46% woman (24% PDR target). Each SP used its own training material, but in line with subject matters agreed with PMT to be included in all blocks. By the end of 2013, based on the experience gained, the material used by the three SP was harmonised into a single training manual to be used from now on in all blocks. The draft of the manual will be debated soon with the SPs. 5.627 FO members (50% of the AR revised target), being 61% W (24 % AR target) participated in literacy training in Blocks A and C, following a 1 year model instead of the 3 years system in use by the Ministry of Education (MINED). So far, no functional literacy was done in Block B, because DPEC has not approved the one year model (see Annex 1, **TABLE 1**, for details).
32. PROMER developed a graduation system of FOs based on PAMA experience. This relies on criteria and indicators which allow assessing the evolution of the organizational and business status of each FO, as well as defining training and coaching activities tailored for each FO needs. The system defines three categories: A (FOs having a functional internal organization, own assets and management skills to run their business independently of external assistance), B (FOs in an intermediary stage of development still requiring regular project support) and C (emerging FOs highly requiring capacity building assistance). This system was applied in 2013 to reclassify the FOs assisted by PROMER in all 3 blocks, following a participatory SWOT analysis conducted by the SPs in each FO involving its members. This process allowed the classification of 3 FOs in category A, 124 in B and 226 in C in all blocks (see Annex 1, **TABLE 2**, for details). Two training cycles have been administered. The 1st cycle reached 330 FOs and 8.334 direct beneficiaries. The 2nd cycle reached 135 FOs and 3.262 direct beneficiaries (see Annex 1, **TABLE 3**, for details).
33. As a result of the SP market linkages facilitation, FO marketed 3.615 tons of different products in 2012 and 2013, of which 2010 tons were sold through contracts. From 2012 to 2013, the number of FOs conducting

³ - This figure includes the market linkage facilitation to members of associations which, although not receiving the complete PROMER's assistance package, do benefit from the support given in the market linkage facilitation activities by PROMER to the district fora and unions.

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marketing activities increased by 59%, the number of contracts increased four times, the quantity of produce marketed increased by 60% and the value of the sales grew by 150% (see Annex 1, **TABLE 4**, for details).

34. Besides the work with FOs, the SPs worked with district *Fora*, Unions and Federations. The work consisted mainly of the strengthening of their capacity to provided marketing services to their membership. Thus, 70 *Fora*, 11 Zone Unions, and 2 Federations were selected to be supported by the Programme (see Annex 1, **TABLE 5**, for details).
35. UNAC (National Union for Farmers) and FONPA (National Forum of Cotton Producers) are 2 higher level institutions that support Farmers organizations. Following a recommendation from an IFAD supervision mission, the support to UNAC was cancelled and therefore this subcomponent was limited to the support to FONPA. PROMER has supported FONPA in evaluating its Strategic Plan and on building capacity to enhance their ability for planning, monitoring and advocacy.
36. As planned, 16 Extension Officers were hired in 2013 to be based at the SDAE of PROMER districts to develop marketing extension activities in coordination with PROMER, and particularly with SP of sub-components 1.1 and 1.2. They followed a training program on production and marketing extension methods and they are now fully operational.
37. Guidelines on criteria and procedures to implement the Small Scale Value Addition Matching Grant Facility (previously structured as sub-component 1.3) were formulated by PMT, and SPs promoted awareness on this subject among FOs in all three blocks. This facility aims to improve the post-harvest management capacity and marketability of key commodities through value adding, and is targeted to FOs and traders.

Lessons learned.

38. The implementation of the subcomponent, and in particular the baseline study done, showed that the assumption that PAMA's FOs would maintain their level of organization and therefore would need less support from PROMER than the new Farmers Organizations proved to be wrong. The classification of FO conducted by PROMER showed that a large number of FO assisted by PAMA and other projects that achieved level "A" regressed several years after the ending of the projects. Moreover, in the definition of the target number of beneficiaries, it was assumed that in average each FO would have 30 farmers. In practice, the average number of beneficiaries per FO is 26.
39. The performance of this sub-component confirms the convenience of joint planning with sub-components 1.1. and 3.2. In particular, access to credit for the FOs is important when promoting joint marketing by their membership. The structuring of relationships between the FOs and local traders may take advantage of a mapping of market linkages opportunities.
40. The refining of the graduation system and the SWOT analysis demonstrated the need to adapt the capacity building to the real needs of each FO. In order be more effective in developing business skills of FO members, the trainings should focus more on practical issues and give more emphasis on mentoring methods. The participatory methodology allowed for FO members to get a better understanding about the role FOs can play to benefit them, the real status of their organizations and what needs to be improved to move forward. The process also contributed to ownership.
41. The graduation system is based on precise and clearly verifiable indicators that need to be combined with a qualitative assessment of the FO business skills to allow an accurate evaluation of the status of each FO development. This exercise requires close monitoring by PROMER and SP backstopping staff, to avoid risks of misclassification by field staff and to ensure that procedures are applied uniformly in all blocks.
42. The rationale to reduce the literacy cycles was based on the intention to reach a higher number of beneficiaries, assuming that 1 year would be enough to provide the target population with the basic literacy and numeracy knowledge required to deal in the markets and to allow for access to the next levels of the formal adult education system. The assessment done by PROMER showed however that, despite the skills

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acquired, the beneficiaries still have literacy and numeracy limitations to understand the concepts they need to deal with finance and contracts.

43. To operate efficiently on an enterprise model generating higher incomes for its members, FOs need to access finance to buy product of their members and eventually of non-members to reach an attractive scale, and to store it with a view of selling at the market price pick. However, access of FO to credit continues to be limited due to the current high interest rates of commercial loans and because most of them are unable to meet the requirements of financial services (management skills and acceptable guarantees). It is not expectable that this situation will change in the near future. In view of this, FO should be encouraged by PROMER to operate as marketing facilitators by facilitating information exchange between their members and traders on demand and offer of products, aggregating and storing production of their members and by negotiating contracts with buyers on behalf of their members. Buying and selling activities should be promoted only when marketing and finance opportunities exist to allow for success of the business. We consider that PROMER approach to assist the local Unions in playing more efficiently the role of facilitators of direct linkages between FO with medium and large scale buyers is consistent with this.
44. The SPs adopted a market linkage approach that drove FOs to sign commercial contracts with main traders aiming at getting higher prices, by avoiding small market intermediaries. Most of the contracts were established with the large traders and, in some cases, both the buyers and the FOs fail to comply with these contracts, either in payments schedule or in quantities agreed due to poor production and/or side-selling. In view of this and considering that there are evidences of medium size traders based at the districts that bought small farmers produce at better prices, the SP carried out a mapping of the market circuits and identify other marketing options. This will allow for FOs to diversify their business linkages and to reduce the risks of marketing failures.
45. To make sure the process was transparent, IFAD recommended that the matching grant facility was disseminated to all FOs supported by the programme, and although the eligibility criteria were explained this created expectations among the FOs, since they all thought they could have the possibility of benefiting from the initiative. In practice, not all FOs had the capacity to contribute or to manage the investments they intend to do. A better approach would have been to direct this initiative only to the FOs that have the right capacity to participate and manage this type of investment. Experience also show that FOs main priorities are the storage facilities and that a review of the level of their contribution is needed to help them solving a key demand from both the farmers and the traders.
46. Despite the promotional activities conducted, no matching grants were given so far for two reasons: (i) PMCs and SPs were not able to provide the necessary assistance to FOs to prepare suitable investment proposals; (ii) FOs could not compile the necessary documentation and secure the minimum matching fund of 30%.

Way forward and exit strategy.

47. Support for the Development of Farmers' Organizations, will continue to be implemented through the current contracts with SPs.
48. SPs contracts will end in April 2015 while the large majority of the FOs are in category C and. The experience shows that assistance is required for a longer period to upgrade the FOs, to capacitate unions to be effective in providing services to their members and to develop and consolidate FO marketing activities. PROMER will extend the contracts for 36 more months and will include in these contracts the existing matching grants funds for small-scale value-adding initiatives to facilitate implementation and complementarities with the market linkages activities, as well as the available funds to support unions. The 36 months extension will imply additional fund allocation and the signature of Addendums to the present contracts with the SP. In order to ensure assistance of SDAE extension staff to improve FO members' production, funds will be included for on-farm demonstrations, training and, eventually, a Production Assistant to coordinate and supervise these activities. Since both PSP and PROSAVANA are planning support to FOs in areas assisted by PROMER, the PMT will consult these programmes in view of establishing synergies and avoiding overlapping.

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49. With the introduction of the MDG programme, the AR revised target is to reach 755 FO strengthened by the end of the project (from which, 85 to be supported by the EU). This doesn't seem to be achievable, given the current stage of progress. PROMER is now assisting 465 FO (415 funded by IFAD and 50 funded by the EU), of which around 72% are in Category C. These are the FO demanding more capacity building and market linkages facilitation from SP. The extension of the contracts for 36 months (implying allocation of additional funds (See Annex 6, Table 1.D. for details) should allow for upgrading at least 10% of these FOs to level A and 40% to level B. However, it is unlikely that SP will be able to effectively assist newly formed FOs to achieve level A within this limited time frame, to meet the AR target it would be necessary to include 290 new FOs. Moreover, the inclusion of a large number of new FOs may drive SP to reallocate resources in order to respond to the new demand, putting at risk the effectiveness of the support to the existing FOs. In view of this PROMER will only incorporate the already agreed 35 new FOs to be assisted with EU – MDG 1 funds, which means reducing the AR target to 500 FOs⁴ and 13.000 direct beneficiaries⁵, (1.700 of which with EC funding). As for adult literacy, the target will remain 11.250.
50. SPs will be guided to conduct an analysis of the situation of the Local Unions in their Blocks, in order to adopt a better approach for technical assistance provision. Given the large number of Unions, PROMER will reassess the selection made of the Unions to be assisted on the basis of the outcomes of the situation analysis. Some Unions might be at a stage that doesn't justify investing project resources to assist them (some criteria for elimination: inactive unions, poor performance, no adherence of members, leadership conflicts, mismanagement of funds, lack of transparency, bad debts with banks).
51. An intentional effort will be on mentoring them in promoting Associations that support their members to increase production and productivity. District Forum and Unions will be driven in concentrating efforts on collective marketing of and processing the production of their members (the Associations). PROMER will approach prudently its assistance to the Federations. The focus will be on providing assistance to the Federations to develop their alternative business strategies to improve the viability of their activity (as FEDAMOZA has already started to do). However, those strategies need to have a broad vision, and not only focused on the Federations, to ensure better incomes and advantages to their membership. PROMER may allocate resources for coaching of the Federations in the implementation of their business plans, but it will not divert resources allocated to assist Associations and local Unions or Fora, in response to the needs of the Federations. Support to FONPA will be given on a demand basis.
52. PROMER will work to build, within the whole team of technicians (functional literacy, training and coaching and market linkages) a working attitude in a consistent manner to take advantages of the synergies generated by each intervention and to allow the team understanding the role of PROMER as a whole and the importance of its own role to achieve the joint results.
53. A 2nd year of literacy training should be provided to participants that followed the 1st cycle model. For the Province of Cabo Delgado and any new literacy groups, where the programme has not started yet, a 3 year cycle literacy training model will be implemented.
54. Under support to small scale value addition, priority will be given to the following activities: (i) Reassessing the level of contribution by the beneficiaries, in percentage; (ii) Assisting the FOs in their paperwork to obtain support documentations, such as the Unit Number of Tax Payer Identification (NUIT), the DUAT, etc., and budget these activities in the contracts. District Fora and Unions will be driven to take on this role of providing, on a professional basis, some of these services; (iii) Strengthening the collaboration with other institutions in supporting the FOs in their business plans;

⁴ The following criteria suggested in the technical note of Component 1 of the SM Oct-Nov 2103 could be applied for the selection of new FO: (i) The FO emerged from the initiative of members with the specific purpose of improving the marketing of their products; (ii) The FO has a minimum level of organization to start market linkages; (iii) FO members have enough produce surplus to attract buyers, if aggregated; (iv) FO has literate leaders elected by the members.

⁵ This 13,000 direct beneficiaries receive the complete assistance package, including regular training, literacy and market linkages. PROMER does, however, assist the members of fora and unions and other FOs in market linkages. Combining the figures – see §26 – the total number of beneficiaries may indeed reach 20,000, as set in the Appraisal Report.

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55. A clear exit strategy will have to be defined in each SP contract, based on concrete targets regarding the upgrade of FOs to A level and the consolidation of services provided by unions. The exit strategy will be complemented by the development of SDAE capacities to assist FOs more effectively. This will be done in partnership with PSP.
56. The sustainability of this subcomponent will be based in the following aspects: (i) FOs at different levels (associations, Fora and Unions) functioning in an independent manner; (ii) SDAEs with the capacity to coach and counselling Associations in market linkages and internal governance; (iii) SPs better skilled to continue providing services in the local market

Component 2: Enterprise led Value Chain Initiative

Sub-component 2.1: Identification of opportunities in Value Chains

Implementation progress.

57. Under this subcomponent, the following activities took place in the first phase of the programme:
- Development of guidelines to facilitate the development of value chains. This process was assisted by a consultant and involved the following main steps: (1) a review of the implementation strategy, (2) the planning of the development for the value chains, and (3) the establishment of the matching grants facility to support small scale value adding initiatives and value chain enterprise investment. The Guidelines are in their third revision. Improvements were introduced in the contract between PROMER and the value chain driver to account for procurement procedures, property registry and conditions to suspend or terminate the contract. Adjustments were adopted in what refers to the requirements that the value chain driver has to fulfil to get to access the matching grants.
 - The establishment of a multi-stakeholder Value Chain Advisory Committee, which supports the PMU in the selection of value chains, the approval of the Strategic Investment Plans (SIPs) and the allocation of matching grants.
 - The selection of the value chains to be assisted by PROMER, based on desk review followed by field validation. The value chains selected are: Cassava, Sesame, Beans and Groundnut.
 - Dissemination of the procedures of PROMER's matching grant facility in two rounds, through a workshop, public announcement and letters to potential value chain drivers, and through meetings led by the PMCs with potential interested parties to assist them in the formulation of proposals in the form of concept notes (see Annex 1, **TABLE 6**, for details).
 - A workshop with Agri-business officers to harmonise on the approach for continuing dissemination of the Matching Grants Facility.
58. PROMER received 10 concept notes from two rounds of calls for proposals (see Annex 1, **TABLE 7** for details). Of these, five were rejected for not meeting the minimum requirements; one proposal from OLAM was withdrawn during the review process; three proposals from CISTER, MATHARIA, ZAC and ALIMMI are at various stages of processing and one proposal from Corridor Agro (CAL) is under implementation.

Lessons learned.

59. Development and processing of concept notes have been slow. This may partly be explained by the fact that eligibility guidelines were not sufficiently understood and required some adjustments between PROMER and the applicants in order to arrive at acceptable concepts. There is a need to further clarify eligibility criteria and adopt procedures that seek to approve applications in the shortest possible time.
60. The approach to SIP development adopted was narrow in that it only addressed the investment requirements of the identified agribusiness. Investment gaps have emerged that are not provided for in any of the PROMER interventions.
61. PROMER approach to promote single VCs for a period of three years appears narrow. Concentration of programme resources in one VC presents disadvantages. First, it is not consistent with realities on the ground

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as both smallholders and agribusiness marketing companies are involved in more than one VC, and resources tend to be shared between such VCs. Moreover, it exposes the programme to the negative effects of the weather; in the event of a crop failure affecting the affected commodity, a whole season of programme efforts may be lost. Finally, the relative profitability of annual crops may change from year to year.

62. It was expected that the private sector VC drivers would lead the process of elaborating the necessary documents to qualify for PROMER Matching Grants. Experience has shown that they lack capacity and do not commit enough time to this. PROMER has thus to give a lot of support for the documents to meet the required quality and the set deadlines for submission.
63. In order to make the requirements for qualifying for the Matching Grants more attractive and competitive against similar initiatives, PROMER had to adjust the requirement of cash as the only way to match the PROMER funds to allow for "in kind" matching which includes existing equipment and operating costs;
64. Given the challenges of side-selling, it was noted that the chain driver should work closely with the PROMER Service Provider for Farmer Group Development in the selection process of farmers who will sign contracts and in monitoring the fulfilment of the contracts by the producers and the chain driver.

Way forward and exit strategy.

65. PROMER shall retain the services of consultants to annually undertake rapid assessments of existing value chains as well as those that may be proposed through calls for proposals. The objective of such assessments is to 1) determine the extent to which they meet the agreed criteria and; ii) for those value chain meeting the criteria undertake detailed constraints analysis with a view to identify limiting constraints faced by target farmers and the agribusiness firms. Identified constraints will need to be assessed and prioritised with a view to allocating resources to the resolution of constraints that will bring greatest impact on the target beneficiaries. It will also be necessary to determine which of those constraints are within the scope of programme investments. Based on the constraints analysis Strategic Investment Plans (SIP) should be developed which will present a phased annual intervention programme to be supported by PROMER. It is expected that some of these constraints will be accommodated within existing PROMER components while others will be recommended to other programmes operating in the target geographical area. PROMER will also maintain a budget for hiring other consultants that may be required for the development of SIP
66. A pragmatic approach is required in undertaking such value chain studies. The general approach taken to-date is to produce large descriptive volumes of information that is often irrelevant to making required decisions. A series of consultative stakeholder workshops, direct consultation of key public and private key informants combined with a desk review is often sufficient to produce required information. Some examples of programmes that could emerge from such an exercise include the following:
 - a. An opportunity for implementing in an out-grower scheme is identified. Consultations with the agribusiness entity(ies) would inform the design of a call for proposal, ensuring that the content thereof meets the expectation of the agribusiness partners
 - b. An opportunity to invest in development of appropriate varieties leads to the development of a sub-programme with the national research institute.
 - c. A shortage of appropriate seed in sufficient quantities leads to the development of a seed multiplication programme with an identified seed house.
 - d. A demand for more organized farmers capable of respecting contractual obligations leads to the identification of new groups leading to the expansion or resizing of the farmer group development programme.
67. Such emerging needs can be met through applying the resources that have been placed under this component. The project will promote win-win business arrangements between smallholder farmers or associations and private sector operators. Private sector operators could be large scale commercial producers (requiring volumes to meet identified markets) or processing and/or trading companies dealing in a particular commodity. The project will finance such investments as necessary to facilitate the participation of smallholder

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farmers. The overall key condition for qualifying for the support under this sub component is that the proposed investment is material (i.e., relevant, necessary) to build a long term pro-poor partnership relationship between the agribusiness and smallholder farmers.

68. Within the PROMER focal areas it is important to realise that the number of agribusiness firms willing to enter into out-grower schemes with smallholder farmers are rather limited and this may limit options for competitive bidding. It is the responsibility of the project to assess the integrity of firms that would like to enter into out-grower arrangements with smallholder farmers in order to avoid facilitating relations that do not guarantee benefits for the participating farmers (e.g. through defaults by the participating company)
69. The identification of projects to be financed will be in two stages i) a public call for Concept Notes and after screening and acceptance ii) a restricted invitation for submission of proposals. This two stage process ensures that time and resources are dedicated to those proposals that best fit PROMER objectives. Agribusinesses will need support from the project in elaborating proposals.
70. The following number of value chains will be supported in the next phase of the programme:
 - a. Block C: already 1 on going and 2 in the approval process. PROMER shall not accept more proposals for this Block;
 - b. Block B: 2 value chains can be accepted;
 - c. Block A: 2 value chains can be accepted;
71. A review the guidelines for the matching grants will be conducted to consider new provisions in line with the lessons learned and to accelerate the implementation of this component.

Sub component 2.2: Facilitation of Agribusiness Partnerships

Implementation progress.

72. One contract to support the development of the Sesame Value Chain was signed between CAL and PROMER in the value of USD 250.000, to benefit a total of 3.333 small scale farmers. This contract is directly implemented by CAL and monitored by the PMT.
73. The contract with CAL was signed in December 2012 and the implementation of the SIP started in January 2013. In 2013, CAL signed contracts with 1.139 farmers, 607 of which belonging to FOs assisted by the programme. The plan was to purchase 150 tons of sesame, but late arrival of the equipment and rain irregularities reduced the produce to 17 tons. The plan for 2014 is to involve 1.000 farmers and purchase a total of 140 tons.

Lessons learned.

74. For the sesame VC led by CAL, the programme is essentially implementing an out-grower scheme. For these types of interventions there is no demand for the services of Planning and Facilitation (P+F) Teams as envisaged in the PDR. Such teams would be necessary where the programme is making simultaneously multiple investments along the VC and involving different actors.
75. Experience shows that VC driver works should work closely with PROMER Service Provider for Farmer Group Development in the selection process of farmers who will sign contracts and in monitoring the fulfilment of the contracts by the producers and the VC driver. This rationalizes tasks and resource allocations between the two.
76. SIPs can be for more than 1 of the currently selected four value chains, also given the fact that in general the value chain drivers and the farmers normally grow and market more than one crop.

Way forward and exit strategy.

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77. In the next phase of the programme: (i) PROMER strengthen its capacity to effectively facilitate implementation of agribusiness linked VC activities. This will be done on the one hand by recruiting a Consultant on a retainer basis to provide implementation support to approved schemes, and, on the other hand by training PMC staff on contract monitoring and on the coordination with other programme components; (ii) operationalize the contracts of the approved SIPs
78. PROMER's PMU and PMCs will ensure that SDAEs are involved in the SIP planning processes as well as in contract implementation monitoring.

Sub component 2.3. Matching investment grants facility

Implementation progress.

79. The only matching grant awarded by the programme so far was to CAL for implementing a sesame out-grower programme for the development of Sesame VC. PROMER contribution was for various equipment that included trailers, motor cycles and motor vehicles. CAL matching contribution included an existing tractor fleet, computers, salaries of extension and some running costs.

Lessons learned.

80. The matching grant concept as applied by PROMER has been rather wide and needs to be narrowed. Thus, investment requests from participating private sector actors are addressing more the company's own general investment requirements than the specific investments needed to address market linkage constraints related to the target farmers.
81. The out-grower investment plan needs to be presented in a manner that allows PROMER to evaluate its adequacy to meet the expected targets in terms of farmer outreach. The investment support limit of \$75/producer could only be taken as a reference, as higher figures may be justified under specific circumstances (e.g. where beneficiaries are highly dispersed).
82. In evaluating the potential impact of the programme, a range of indicators will be considered, such as the number of beneficiaries, the area under production, the volume of products marketed, the costs of inputs and the prices paid to the producer, and the number of employments created.

Way forward and exit strategy.

83. The matching grant concept will be applied for following types of investment:
- Support to Out-grower Development:** An outgrowing investment plan will be developed on the basis of a market linkage constraints analysis. This plan will specify the direct investments that are required to implement such a scheme. Typical investments will include support for technology transfer (availability of improved varieties, farm level demonstrations and technical assistance/extension). Other inputs may be required depending on the agronomic requirements of the crop. PROMER will aim to co-finance such an out-grower and meet up to 75% of the costs. Applicants contributing more will be preferred as this is a good indicator of commitment and sustainability. PROMER support will be phased out over the implementation period with the agribusiness partner taking over all costs on a fully cost recoverable basis at the end of the period. The actual investment support limit for this subcomponent will be determined by its investment requirements and the scale of the programme in terms of number of beneficiaries involved.
 - Support to Private Sector Investments:** These are investments in assets (such as field level storage facilities, processing facilities, transportation) that need to be made by the private sector in order to successfully work with the target farmers. The market linkage constraints analysis needs to be used to identify such investments. A key qualifying criteria is that such an investment in material is directly relevant to the market linkage investment and that the agribusiness entity is willing to directly co-invest with PROMER in such facilities. PROMER should not finance assets that are easily transferable to other locations. The agro-enterprises would be required to provide a minimum of 60% of the cost of these investment projects from their own resources. To facilitate communication with applicants whose project concepts have already been approved, PROMER shall maintain the contributions at 50:50 for these applications. This matching grant will

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be on an asset by asset basis. Finally, the matching grant support level for private sector investments will be reviewed downwards from USD 250,000 to 150,000 per enterprise. The programme will retain rights over its contribution up to the end of Ownership for assets rests with the agribusiness enterprise.

- c. **Investments in other elements of the value chain.** The SIP would have identified additional complementary investment opportunities and activities within the VC. Such investments and activities will in the first instance be met from other PROMER components. For those investments falling outside such framework sub-grants may be provided in the contract with the agribusiness or directly to an identified grantee.

84. PROMER can consider two types of beneficiaries: (i) beneficiaries for the complete technical assistance package and (ii) those who only take advantage of the marketing opportunity but these beneficiaries must be up to a maximum share of 30% of the total number of expected beneficiaries. To estimate the investment /beneficiary, the reference of USD 75/beneficiary will be used. However, values higher than USD 75/farmer can be accepted as long as this is justified.

Component 3: Improve the Market Environment

Sub-component 3.1: Market Infrastructure

Implementation progress.

85. The rehabilitation of feeder roads is done through an MOU signed with the Road Sector (ANE and FE), under which ANE hires contractors to do road rehabilitation using a spot improvement approach and, whenever possible, labour intensive methods (see Annex 1, **TABLE 8**, for details). IFAD is funding the rehabilitation of 415 km (55% of the total), out of which 335.2 km have been completed, and EU funds, through PROPAPA and MDG additional 340 km, of which 179 km have been completed (see Annex 1, **TABLE 9**, for details).
86. A set of five criteria score approach was adopted to selected roads to be rehabilitated, which include population served, market potential, roads critical to connection to markets, and availability of funds. A fifth eliminatory (*sine qua non*) criterion is that the district government has to ensure future maintenance works.
87. A list of potential roads to be rehabilitated according the defined criteria were identified during the general baseline survey. These roads were validated by the Reference Groups. Based on the list, every year, the districts prioritise the road to be rehabilitated. This is followed by a technical survey by the PROMER engineers, to estimate the rehabilitation needs and costs. The results of the survey are taken back to the Reference group to take the final decision. Once the road is selected, the PROMER engineers finalize the technical surveys, prepare the tender documents and send them to ANE to launch the tenders.
88. In agreement with District Governments and Reference Groups, it was decided to focus the spot improvements on the rehabilitation of structures (bridges, drifts, culverts), despite its higher unit costs, for the following reasons: (a) structures are more durable and generally critical for traffic, allowing the traffic all year round; (b) The number of structures per road is relatively small and this allows interventions in more roads with the funds available; (c) it was agreed that district authorities would carry out, with their own budgets, maintenance of the other parts of the roads with structures improved with PROMER funding.
89. With regard to other market infrastructure, the target was to rehabilitate 6 market facilities in all the project area. However, the results of the general baseline survey showed that market rehabilitation was a priority in all districts covered by the programme and it was decided to rehabilitate a total of 15 district markets (1 market/district). The rehabilitation is carried out by the district authorities, following a joint process of identification of the priority markets to be rehabilitated. Currently, 5 of the 15 identified markets are in the process of rehabilitation.

Lessons learned.

90. There is a real demand for roads and the impact for the rural communities is visible. Traders have now access to areas where previously it was not possible to enter and thus increase the quantities of products purchased from farmers in the areas that benefited from rehabilitation of roads. Some traders declared that they buy quantities exceeding 100 tons of various products in those areas. The roads rehabilitated serve for purposes

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far beyond access to markets, and in some districts, new houses, new schools and new sanitary units are being built along the rehabilitated roads.

91. The development of a score-based methodology is helping in the effectiveness of the selection process, which also requires the commitment of the district authorities to ensure that roads rehabilitated are expected to be maintained.
92. The experience showed that without a full rehabilitation of the road, maintenance activities in roads rehabilitated using a spot improvement methodology is extremely expensive and the districts had not been able to support these costs from their annual budgets. On the other hand, the heavy rains occurred in the last rainy season had negative impact in the roads and will require additional works already rehabilitated by the programme and will further increase the costs of maintenance. According to the forecasts, this tendency for intense and heavy rains will continue in the coming years.
93. The implementation of feeder roads rehabilitation has so far yielded valuable lessons, pointing at the need of close collaboration between PROMER, ANE and Roads Funds. While it was identified that, eventually, training of contractors during different phases of the process is clearly a necessity, the regular flow of information would mitigate some of the constraints faced, such as:
 - a. The technical surveys of the roads selected for rehabilitation is very much influenced by the timing and the condition of the roads may change significantly before the rehabilitation begins. This may result in additional works and consequent cost increases.
 - b. The tendering and bidding process suffers from weak technical quality of the proposals, which often do not meet the technical requirements, with unreasonable high costs and even with plain arithmetic mistakes.
 - c. In the implementation and contract management, there are also challenges in the quality of technical documentation, delays in performing the works and presenting and clearing invoices.
 - d. In works supervision, the insufficient number and sometimes weak technical skills of the field work supervisors, might affect the quality of the rehabilitation.
94. With respect to feeder road rehabilitation, it was learned that the costs were above what was planned: the initial budget was based on a USD 15,000/km, while the real cost has been between USD 15.000/km and USD 21.000/km, depending on the type and no of structures in each road rehabilitated. As a result, IFAD funds available for this subcomponent were exhausted without completing the extension originally planned and the committed Contracts exceed the available budget. (See Annex 6, Tables 2.A. and 2.B for details).
95. The targets for IFAD funded roads rehabilitation will be reviewed to ensure that complementary works are undertaken in feeder roads where structures have already been rehabilitated in order to guarantee that districts will be able to carry out regular maintenance. The rehabilitation of 160 km remaining under the framework of the EU-funded MDG 1.C Programme will be completed.
96. Based on the challenges and lessons learned from current experience, in rehabilitating the roads, PROMER should, on the one hand, ensure that the quality of the work contributes to better address the negative effects of heavy rains, and, on the other hand, adopt a strategy to strengthen the capacities of the district governments benefiting from the road rehabilitation equipment under decentralised funds, in order to give them the capacity to lead the process, from identification to rehabilitation and maintenance of the selected roads.
97. PROMER shall monitor and disseminate any additional impact resulting from road rehabilitation, in the improvement of the standards of living of the population served.
98. For the next years, and based in the recommendations of the assessment of the infrastructure subcomponent, rehabilitation of feeder roads will focus in the following activities:
 - a. Assessment to identify what additional works need to be done in the rehabilitated roads to ensure resilience to the above mentioned climate risks, and, on the basis of the results of the study, complement the rehabilitation works already carried out, so that regular routine maintenance can be done by the districts.

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From the results of the field assessment carried out during the MTR, it is foreseen that the additional interventions will be focused in the following aspects:

- **In high steep slope areas:** Paving concrete slab in the wheel path to prevent rutting and protecting with "vetiver grass" or paving the all area and the side drains with concrete.
- **Other areas:** cross falls, gravelling and in some cases cascades, to prevent water accumulation in the carriage ways.
- **Structures:** Although all the structures rehabilitated by the programme have resisted so far, protection slopes in the abatement approaches of the structures and construction of transition slabs in the places of settlements will be necessary.

- b. Together with ANE, implying also costs-sharing, develop training programmes for district technicians, contractors and, craftsmen/craftswomen on feeder roads maintenance and climate risk management. The training should also include updating of the district road.
- c. With support from PROMER, ANE should invest in the improvement of the capacity and accountability of the road supervisors, through systematic evaluation of their performance and organizing relevant training programmes as needed.
- d. Allocation of additional funds will be needed to: (i): Fill the present budget gap mentioned in paragraph 92 above (ii) accommodate the complementary works in feeder roads where structures have already been rehabilitated (considering both IFAD funded roads and EU funded roads through PROPAPA and MDG 1.C); (iii) accommodate complementary works for the remaining 160 km of roads still to be rehabilitated under the framework of the EU-funded MDG 1.C Programme in Block C; (iv) accommodate activities proposed in a), b) and c) of the previous paragraph.

99. As for the market infrastructures, PROMER will complete the rehabilitation of the market facilities in the 15 districts and support local governments to improve infrastructures for trade fairs (see Annex 1, TABLE 10, for details). Additional funds will have to be allocated to meet the increase in the number of markets to be rehabilitated, mentioned in paragraph 87 above (See Annex 6, table 2.B. for details).

100. Sustainability of the investment in infrastructure will be based on (i) the quality of the roads rehabilitation, to ensure extended durability, and (ii) the capacity of both local contractors and district governments to maintain the roads.

Sub component 3.2: Facilitating Access to Finance

Implementation progress.

101. PROMER provided institutional support to GAPI and AMODER to establish 3 functional outlets, but did not yield any result so far. GAPI decided unilaterally to "transfer" the investment from Gurué to Montepuez, also in the project area, requesting PROMER non-objection afterward; the demand is still under examination.
102. Support to financial institution outreach in PROMER area, through a partnership with FARE/ RFSP, led to the establishment of 4 MFI outlets in 3 districts⁶ for USD 465,827. Those institutions are still far from performing and would need a strong support to improve their performances. They have not issued credit to FOs or PROMER target groups.
103. Training of FOs has started, through the introduction of an "access to finance" module in the more comprehensive training delivered to FOs and 175 FO's have been trained (3.284 members, of which 1.229 women - 37%). The FO's support SP did a mapping of the locally available financial institution, in order to better know and be able to disseminate the information. 38 loan applications were submitted, and 12 approved (32%).

⁶ Khan Microcrédito and Kuyakana Microcrédito in Chiure, Cabo Delgado, Tséco Microfinanças em Alto Molocué- Zambézia, Zandamela Microfinanças in Malema – Nampula

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104. The EU-MDG funds led to the introduction of CBFS (ASCA⁷ model) through SPs and a credit line (CL) (USD 702,775) to be managed by a wholesale financial institution. A guarantee fund for input wholesalers, and working capital for small input/output traders are also foreseen but concrete implementation still have to be defined. ASCA promotion should start briefly as 3 SPs have been selected. Other activities have not started yet.

Lessons learned.

105. Support to FI expansion did not reach PROMER's objectives of increasing the number of districts served by a FI and increasing access to finance for the target group. Clear orientations regarding the objectives of the support to FI would allow a more focused intervention (i.e. to reach unserved districts, to promote rural finance meaning at least 50 % of the portfolio dedicated to farming or agricultural commercialization).

106. Target-setting deserve a more careful analysis of the rural finance landscape. Considering that the presence of financial institutions in the programme area would in principle be favourable to improve access to finance, the targets set in the initial project design included 6 commercial banks counters, 5 micro-banks. The experience, however, has shown that those targets were unrealistic: after 2 rounds of RFP only 4 MFIs applied to open business in the PROMER area districts.

107. With the investment in financial institutions it was assumed that these would develop financial products suitable to PROMER target group and in this way contribute to improve the access to finance for farmers and traders. In practice this is not happening and hardly any farmer or trader has benefited from credit from these institutions. The type of collateral requested by these institutions and the high interest rates applied, make the financial products not adapted to the programme target group.

108. One of the key constraints to access to finance for PROMER target groups is the lack of collateral, together with a non-repayment culture. ASCAs will induce a new financial culture into the target groups, and can facilitate access to bigger loans, using the accumulated savings as co-participation and/or collaterals, and credit/savings practices being part of the client evaluation. Linkage between ASCAs and FIs as in PPABAS (PROMER predecessor) shows that ASCA participation facilitates access to formal finance and members become welcomed borrowers for MFIs, getting loans under smoothed conditions.

109. Regarding ASCA promotion, RFSP showed that quality aspects of formed groups matter as much as numbers of groups. The quality of the initial training and follow up is extremely important to insure group cohesion, and should not be sacrificed to the urgency of reaching more groups. Access to external counselling⁸ is another factor of sustainability; the exit strategy of the SP should consider from the beginning how to maintain such external counselling provided by the SP during the project. On top of the fact that similarly to what was mentioned in paragraph 19 above, the actual funds available are less than what is presented in the MDG project document, the budget for this group of activities is very tight, for the magnitude (275 ASCAs to be established in 15 districts) and duration (30 months) of the work. Despite costs for promoting CBFS are relatively low, operating cost are in general expensive in Mozambique, increased in the case of rural areas by the poor communication networks (roads conditions and lack of public transports). The budget is therefore globally insufficient to cover the implementation of the foreseen activities and meet the targets in the three PROMER blocks during 30 months.

Way forward and exit strategy.

110. GAPI must conclude and equip its building in Ribaué in a reasonable term (3 Months) and start its operations there. Instead of Montepuez, already well served by FIs (including GAPI itself), it should consider the establishment of a new outlet in an underserved district (two or less FIs) and request PROMER no-objection beforehand, or reimburse the funds to PROMER. GAPI should also comply with the reporting format that was designed during the October 2013 supervision mission.

⁷ ASCA for Accumulative Saving and Credit Association

⁸ See 10 Years of community based financial services, Teyssier & Carrilho, 2010, FARE

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111. The ASCA promotion will start as quickly as possible. SPs were selected and contracted. They will be encouraged to strongly promote savings in order to ease linkages with formal financial institution. External technical assistance will be necessary to support PROMER team in the follow up of this component (see technical note for reporting indicators).
112. The selection of wholesaler for the credit line to be conducted in the short term will require specific financial management skills not currently available in PROMER. The same applies to the financial support to input dealers. The MTR therefore agreed that PROMER will recruit a rural finance expert on a retainer's base with 120 days/year during 4 years. This consultant will support the team on the following: (i) the implementation of the ASCA sub-component; (ii) the design of the credit line operational modality (iii) the assessment of the feasibility of the guarantee funds. He/she will work closely with – and contribute to capacitate – the PROMER staff already hired to manage the UE programme. He/she will also work in close collaboration with IDPPE/ProPESCA rural finance expert. It was also agreed that the unused budget of technical assistance to improve bankability of VC participants will be reallocated.
113. PROMER will consider the possibility of providing institutional support (training activities, MIS and other M&E, IT, intermediation cost reducing equipment or initiatives) to (i) MFIs selected to benefit from PROMER's CL and (ii) ASCA promotion SPs. The fund will be managed by the CL wholesaler
114. Allocation of additional funds will be needed to: (i) fill the gap mentioned in paragraph 108 above and meet the targets in the implementation of the ASCA promotion activities; (ii) recruitment, on a retainer basis, of a rural finance expert to support the PMT; (iii) to provide capacity building and training support to MFIs selected to benefit from PROMER CL and ASCA promotion SPs. Part of these funds could be taken from the existing balance for this subcomponent (see Annex 4, table 1F and Annex 6 table 2.D. for details).
115. Sustainability will depend on a careful targeting of the institutions and investments to partner with, to ensure that the investments result in institutions with sound management and profitable business.

Sub component 3.3: Improving the Market Transparency

Implementation progress.

116. In 2011, a study concluded that conditions were not in place to implement the proposed Regional Market Information System (SRIM), partly due to the existence of programmes by MINAG and MIC. Instead, local initiatives were supported, with participation of the SDAEs (in collection of prices), SPs (for information on product availability) and community radios as broadcasters of weekly programmes in Portuguese and local languages. PROMER cells play a coordinating role. The model was piloted in 2013 in Alto Molócue and rolled out in 2013. In July-December 2013, contracts were signed with 10 community radios and 480 bulletins broadcasted.
117. PROMER, through a MoU, is supporting MIC in monitoring of agricultural marketing and collection of information on agricultural commodity price dynamics, and is actively promoting the market information programme with SMS services, especially in districts with no operational community radios. The MoU also includes support to promotion of agricultural fairs and planning meetings.

Lessons learned.

118. Promotion of existing market information systems through community radios seem to be appropriate. However, there are some concerns about outreach (due to signal reach) and quality and frequency of information provided.
119. The information collection, analysis and broadcasting system need to be improved in order to better serve the interests of the target group: the farmers need to receive farmer gate price information; the traders need to receive information on transport costs and the market information of neighbouring districts. The extensive use of cellular phones, present an opportunity that need to be explored to improve the outreach in the programme area.

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120. As for the activities under the MoU with MIC, it is important to improve the support to weekly fairs. Fairs are a local initiative. They already exist and work independently from external support. PROMER will focus the support in the transformation of the fairs in true poles of attraction to marketing activities, by introducing market information, information on credit opportunities, promoting the participation of inputs traders, and improving sanitation conditions (WC, water supply, markets stalls, etc.).

Way forward and exit strategy.

121. The community radio approach works well and the contracts could be strengthened in terms of: (i) content of the bulletins, including cross-cutting issues (in collaboration with FAO and PSP/PRONEA); (ii) increasing the capacity of community radio and journalists to collect and analyse information, through trainings and budget for field work; and (iii) ensuring streamlining of contents and sharing of lessons amongst radio stations.
122. For the next phase of the programme, the following activities are planned: (i) Support the radios in ensuring participation of SDAE staff in the coordination of the MIS; (ii) Through DNPDR, encourage districts to include resources for market price dissemination through community radios in their annual budgets, as is being done for public information at national level; (iii) explore the possibility of introducing SMS systems in the districts covered by the programme, including the one developed by MIC.; (iv) Scale up the support to MIC in the organisation of fairs, so that they are transformed into true poles for marketing activities, using a professional facilitator if needed be and conducting a case study of existing fairs, for replication.
123. Additional budget allocation will be needed to expand the support to local market information initiatives, up to end of the programme, and include the dissemination of relevant information on cross-cutting issues (nutrition, climate change, HIV/AIDS, financing opportunities and extension messages), besides training to the Radio staff in information collection as needed (See Annex 6, Table 2.F. for details).

Component 4: Policy/Institutional Support and Management

Sub-component 4.1: Knowledge Management and Coordination

Implementation progress.

124. This subcomponent includes 2 groups of activities: one at DNPDR level and one at PROMR level. In 2011, Knowledge Management (KM) was institutionalised in DNPDR, by setting up a KM unit (UGC) to facilitate sharing and learning within DNPDR and amongst external stakeholders. It comprises 5 existing DNPDR staff, including a part time dedicated Coordinator. Training was provided to DNPDR staff on Planning, Monitoring and Evaluation, development of information collection tools and documentation of information. Training was also provided to DNPDR staff in the provinces of PROMER. Computer and intranet equipment was acquired and installed in the library with the support of PROMER, and a webpage was designed and opened – with funds from other development partners. PROMER also financed the publication of the quarterly Bulletin of DNPDR. Two consultancies were funded to support the process, and a 1-year technical assistance was contracted to assist in the implementation of this sub-component.
125. Within PROMER, M&E Officers from the cells were trained in KM while the Central PMU M&E Officer participated in an IFAD regional KM forum. Moreover, success stories were prepared for publication in the IFAD and IFADAFRICA website, as well as in the DNPDR and MAE websites and portals, with the appropriate links. An intranet was installed and the PMU strived to create a culture of information sharing among PROMER's staff and among SPs and among the FOs supported by project, through regular meeting of coordination between the PM Cells and the SPs, by sharing reports and plans, as well as lessons on good practices learnt from implementation and through exchange visits between FOs. PROMER disseminated good practices and the experience of PROMER was shared through newspapers and TV.

Lessons learned.

126. Despite the investments and commitments made by DNPDR management, the impact of KM activities in the institution cannot be felt. Information and knowledge gained by the DNPDR UGC staff is not being shared in a structured manner and the tools developed are not being sufficiently used. Change in attitude has not been observed partly because focus has not been in enforcing accountability.

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Way forward and exit strategy.

127. The institutionalisation of KM in DNPDR is already a strong exit strategy, a detailed action plan for UGC should be developed to include specific KM products for DNPDR and ensure that activities are within the unit capacity. The unit will work closely with project managers to ensure that KM is incorporated in job descriptions of all staff.
128. Under the responsibility of DPDR/UGC: (i) DNPDR will define an action plan for UGC activities, with measurable and time-bound targets, and within the existing capacity of the unit in terms of time and skill.; (ii) The UGC will facilitate the inclusion of KM responsibilities within the job descriptions of each staff; (iii) The UGC will organize the dissemination of knowledge gained following participation in trainings and learning events of DNPDR staff
129. PROMER staff will continue and consolidate the culture of information sharing between actors, including: (i) continue supporting publication of DNPDR bulletin; (ii) organize thematic workshops to take up discussions relevant for lessons learned which could feed into policy dialogue (see subcomponent 4.2); (iii) disseminate relevant legislation (see subcomponent 4.2); (iv) further develop the website; (iv) organise HH surveys to collect impact stories; (v) reinforce organization of exchange visits amongst FOs and amongst service providers of the different components; (vi) reinforce branding and communication to improve visibility; (vii) to reinforce internal knowledge sharing through periodic meetings with SPs and PMCs.
130. Additional financial resources, , will be required for KM and training of DNPDR staff, for continued support to the publication of DNPDR bulletin and the development of its website as well as efforts to improve visibility, including through improved branding and communication, particularly on impact stories collected on the basis of HH surveys. These additional funds will also be used by PROMER to promote KM events and reinforce organization of exchange visits between FOs, and ensure training of PROMER's own staff at PMU and Cells, as well as other staff, such as those of the SPs (See Annex 6, Table 3.A. for details).
131. Sustainability is expected to be achieved with an operational UGC, with the capacity to manage knowledge generated through the implementation of rural development interventions.

Sub component 4.2: Policy and Institutional Support

Implementation progress.

132. To ensure an active role of relevant GoM stakeholders in market and VC development, MoUs were signed with: ANE for supporting road rehabilitation; MIC for supporting marketing dialogue fora and marketing policy development; with the DPAs for strengthening the capacity of providing market oriented extension services; FARE for supporting the outreach of Financial and improve access of PROMER beneficiaries to financial services.
133. National, Provincial and District Reference Groups have been constituted to ensure follow-up of programme implementation, specifically the review of AWPBs and progress reports as well as ensure institutional linkages and exchanges.
134. PROMER provided financing for DNPDR staff to participate in training courses and also in national and international events on rural development and rural markets.
135. PROMER has provided funds to train DNPDR and MIC for dissemination of the National Integrated Plan of Agricultural Marketing (PICA).

Lessons learned.

136. DPAs and MIC have been facing difficulties in presenting financial reports. This has created some constraints for the financial management and a strong support from the PMCs was needed.
137. The intervention in policy development could be originated either from the demand of institutions, or from issues arising as a result of experience gained during implementation. So far no policy issues had come from

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the demand of institutions and with 4 years of implementation its only now that PROMER is able to identify substantial lessons learned that could feed the policy agenda.

Way forward and exit strategy.

138. In the next phase of the project, Institutional support will strongly focus on continuing the efforts in training staff of partner institutions like DNPDR, MIC, Road Sector and District authorities to improve the capacity to monitor market linkages interventions.
139. In the context of support for the development of policies and strategies, PROMER will continue support MIC in the development of provincial Integrated Plans of Agricultural Marketing (PICA). Linked to the KM activities described above and in close collaboration with DNPDR, PROMER will continue to promote information and dissemination of legislation relevant to agricultural marketing, through existing mechanisms, and through workshops, promote debate on key issues arising from implementation. A performance based incentives system will be considered for DNPDR staff involved with PROMER coordination.
140. Additional funds will be required to promote thematic seminars, to strengthen training activities of governmental partner institutions, as well as to provide performance based incentives to DNPDR staff (See Annex 6, Table 3.D. for details)

Sub component 4.3: Programme Management

Implementation progress.

141. The management of the programme was dimensioned for 4 components in 15 districts and that changed to 6 components in the same 15 districts. The management structure adjusted to 1 central PMU and 3 PM Cells in the area of the project (1 more PMC than foreseen in the PAD) . The project management team consists of 25 staff – 6 of which contracted under MDG funds, an increase from 14 envisaged from appraisal (see Annex 1, **TABLE 11**, for details).
142. One Programme management Unit at central level and 3 Programme management Cells at provincial level coordinate the implementation of the programme activities. Planning and coordination meetings are being held regularly, guided by the Programme Implementation Manual.
143. The implementation mechanisms are contracts with SPs and MoUs with partner institutions. The M&E system was established in March 2010, including a project wide database for capturing quantitative and qualitative data, and a manual is in place. In February 2011, a general baseline survey was carried out. This was followed by District baseline surveys by the 3 SPs contracted to develop Farmers Organizations. Financial management is centralized at the PMU and presently the Programme manages a total of 22 contracts/MoUs (see Annex 1, **TABLE 12**, for details).

Lessons learned.

144. PROMER design is based on the assumption that rural markets have a multi-sector dimension and, in view of this, project interventions shall address in an integrated manner key issues and problems aiming at improving small holders' access to agriculture markets. Consistent with this, the original PAD included four components and several sub-components addressing both the supply and demand sides of the markets, as well as market environment issues. It was expected that all project activities would be implemented in an interlinked, complementary and dynamic manner, on the basis of integrated implementation strategies and annual plans. However, for reasons already stated in this report which are beyond DNPDR and PMU control, delays in implementing some sub-components did not allow for ensuring the necessary linkages and internal consistency of PROMER activities particularly at local level. Moreover, new components funded by EU MDG were included at a later stage of implementation. This situation created additional management pressure, both at technical and financial levels.
145. Considerations of size, complexity, geographical dispersion and weak capacity of SPs, should have been carefully made, to ensure that structure, human resources and budget are not underestimated. Capacity of

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Cells and SPs staff is, in general, below required, which translates into additional workload to the PMT. The large number of contracts to manage through centralised accounting, as well as sometime extensive exchanges with IFAD (on procurement matters), leaves not sufficient time for reflection.

146. Centralized Accountancy is resulting in an overload of the central PMU. Currently, PROMER is executing an average of 400 payments/month and that, in turn, means that almost monthly WA have to be requested to IFAD. With the introduction of 2 new components, from 2014 on, this workload will be increased and the PMU will be managing 37 contracts, MoUs and Agreements and therefore resources will have to be planned to reinforce the coordination and management and monitoring capacity of the project.
147. The M&E database is strong. PROMER logframe needs to integrate the indicators and targets derived from the EU-funded activities. Moreover, participatory approaches have proven successful, and has led to self-awareness and self-monitoring by farmer groups.

Way forward and exit strategy.

148. The main focus will be on intensifying monitoring at provincial level, providing back-up to SPs and PMC, document and share lessons learned and reinforce the capacity of the district and provincial governmental counterparts to facilitate market linkages.
149. To supplement programme management capacity, one financial support staff and eventually 2 monitoring support staff for the PMCs will be recruited. In addition, three long-term consultancies (Rural finance expert; VC / agribusiness expert; Communication expert) will be recruited on a retainer basis as implementation of the delayed components picks up. Short term consultants to support the PMC will also be recruited as needed.
150. The division of labour between the PMU, the cells, service providers and district authorities will be re-fined to ensure that each plays his role in terms of coordination, implementation and monitoring. To ensure sustainability, district staff is expected to be increasingly engaged in monitoring of programme activities and to increase their capacity in terms of rural markets. If circumstances recommend, PROMER will promote training to improve the capacity of the SPs.
151. New components as well as execution of up-to-now dormant components will increase the pressure on the PMU and national, provincial and district reference groups will have to be executed in a timely manner to ensure complementarities and synergies between project components.
152. The Project Logframe will be revised and the M&E system will be adapted towards a learning-oriented approach, telling the story of PROMER interventions and beneficiaries as their livelihoods improve, requiring quality-based indicators and beneficiary characterisation.
153. A programmatic impact evaluation approach will be developed to supplement the impact assessments by each SP, including beneficiary tracking, mapping and qualitative methods, needed to evaluate a multi-faceted programme like PROMER (see Annex 1, **TABLE 13**, for details). Certain components will have an array of experiences to capture impact and learning from, while others will have more of a piloting approach, which requires special attention. A system for reporting on EU-MDG activities will be fine-tuned, in close coordination with Component 6 activities.
154. Additional funds are needed to fill the gap of salaries and operational costs for 2016-2018; to strengthen the capacity of the programme management unit (with 2 posts + Consultants); to further involve districts and provinces institutions in monitoring activities of the project; to implement impact studies and assessments; and to purchase additional equipment (See Annex 6, Table 3.C. for details).

Component 5: Nutritional Education

Implementation progress.

155. Financed by the EU MDG-1, component 5 was only introduced in 2013 as a rather stand-alone activity. The component foresees encouragement of primarily members of the FOs to eat a balanced and healthy diet, to practice appropriate infant and child feeding practices, to follow appropriate hygiene practices, and to practice

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food conservation. Besides members of FOs, pupils and teachers in primary schools are target groups for nutrition education. Implementation strategies are establishment of demonstration and kitchen gardens, women peer-to-peer groups, community radio transmissions, and nutrition classes in primary schools and community awareness and sensitization meetings.

156. To adopt a pragmatic approach and ensure sufficient funds for adequate implementation, the October 2013 supervision mission agreed that the nutrition activities will be piloted in Ancuabe, Balama, Chiúre, Montepuez and Namuno districts of Cabo Delgado province, one of the provinces leading in terms of chronic under-nutrition. Districts where FAO is planning to implement nutrition education activities are spared to avoid overlapping and duplication. So far, the tender process for SPs is completed and potential SPs are shortlisted. The selected SP will do a technical assessment of the status of the nutritional situation as a first task and on the basis of the results, present an implementation plan for the duration of the contract.

Lessons learned.

157. Nutrition education as stand-alone activity has limited impact as nutrition is multi-sectorial and PROMER activities are offering a wide range of entry points for integrating / mainstreaming nutrition. The component was under-budgeted and therefore, only basic activities could be planned in a very confined geographical area. Due to budget constraints the implementation of activities is limited to only one province and within this province to five districts only out of eleven districts envisaged. In order to make nutrition education and Behaviour Change Communication effective a scaling up is necessary to have the expected impact.
158. Similarly to the other MDG funded activities and for the reasons already explained in previous paragraphs, there is a gap between the price of the contracts for the already identified SPs to pilot nutrition education activities in Cabo Delgado and the actual funds available.

Way forward and exit strategy.

159. The chosen activities for nutrition education should remain but be expanded and closely associated to the other components of PROMER and thereby, making the intervention more nutrition-sensitive, e.g. trainings for FOs should apply a nutrition lens in order to sensitize communities about nutrition aspects; value chains such as introduction of Soya beans in the out growers arrangements should become nutrition-sensitive by add-on preparation and cooking instructions; radio programmes could disseminate nutrition tailor-made messages based on the results of a knowledge, attitude and practice (KAP) assessment which will be a base for a Behaviour Change Communication Strategy. Synergies with other IFAD funded projects with nutrition components should be explored.
160. It is recommended that, to achieve scaling up, another Service Provider e.g. a NGO with proved nutrition education competence and experience as implementing partner shall be select through public tender. In order to carry out this comprehensive nutrition education programme a revised increased budget will be essential.
161. For this component, additional fund allocation will be required, not only to scale up the nutrition component, but also to fill the gap on the present contract with the SP (*See Annex 6, table 1.B. for details*)

Component 6: Institutional support to the Department of International Cooperation of the MPD

Implementation progress.

162. In 2013, EU MDG 1.C programme funds were secured to supplement on-going initiatives of WFP, FAO and IFAD. 4 IFAD programmes were provided with top-up funds to the tune of USD 32 million (PROMER, ProPESCA and PSP) and one additional project designed (ProAQUA). To manage the funds, an IFAD-MDG sub-programme Coordination Unit (SPCU) was set up at DIC/MPD. Key roles for the unit are expected to be: 1) support to project M&E officers to ensure alignment of M&E systems to the EU framework; 2) consolidation

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of reports on EU funded activities and 3) coordination between IFAD supported programmes and the WFP and FAO counterparts, especially ensuring coordination at decentralised levels. PROMER was designated to manage the funds for this unit under this component 6 in the Financing Agreement. The unit reports to the Technical Secretariat for Food Security and Nutrition (SETSAN). The role of PROMER is to disburse funds to the unit, as well as approve AWPB. Implementation of the EU activities is still in early stages, and the unit will support the PMUs in developing implementation plans. Staff recruitment is on-going. The EU funds were made available in January 2014, and very few expenditures have been executed by any programme.

Way forward and exit strategy.

163. The M&E Officer will need to ensure adequate adaptation of the M&E system, where EU funded activities should be differentiable from IFAD funded activities, although the implementation will be integrated.

Cross-cutting issues

Targeting, Gender, youth employment and HIV

Implementation progress.

164. With the cancellation of the MoU with AGRA, and the MDG 1 programme, the targeted number of beneficiary rural traders in component 1 was adjusted from 375 in 5 years to 225 in 4 years. Component 1.2 had targeted 670 farmers' organizations (about 20,000 direct beneficiaries). With the introduction of the MDG 1-C programme, the targeted number of beneficiaries increased to 755 Farmers organizations (about 21,700 direct beneficiaries). Progress in meeting these targets has been reported by gender. PROMER's geographic targeting remains at 15 districts.
165. A gender analysis was conducted as part of the baseline survey leading to the development of a gender action plan. However, the SPs implementing PROMER's activities on the ground are not familiar with the action plan. A gender focal person to coordinate and follow-up on gender related activities (and social inclusion) was appointed.
166. Progress in targeting women has been made in the following areas: (i) 46% of the beneficiaries in the capacity building activities carried out with Farmer Groups and Association are women (ii) 77% of the FOs supported by the programme have women in leadership positions (iii) 61% of the functional adult literacy beneficiaries are women (iv) through the market linkage activities, 10% of the Farmers selling their produce through contracts are women; (v) 12% of the contracts for the development of Sesame VC under an out-grower scheme were signed by women (see Annex 1, **TABLE 14** and **TABLE 15**, for details).
167. Regarding PROMER focus on youth, there are some young people participating in the programme activities. However, this is by default as PROMER has not had deliberate effort to reach the young people.
168. Activities on HIV/AIDS have focused on awareness and sensitization. In Block B the awareness sessions and sensitization were carried out with contractors, involving 612 people. Similar activities are yet to be undertaken in Blocs A and C.

Lessons learned.

169. PROMER's rural outreach and poverty targeting has been updated to reflect the additional funding the programme has benefited, and remains relevant. Gender responsiveness appeared essential as demonstrated by the gender action plan and the trainings conducted by the SPs. There is however need for enhanced awareness on focusing on young women and men. A follow-up on the application of knowledge and skills on the ground seems important. The adult literacy programme was noted to be of particular benefit to women as it helps build their confidence and negotiations at market level. The use of quotas for women participation in leadership positions as a criteria for graduation will translate in experience and confidence gained by these women that can be applied in other areas of their lives. They are also more efficient in their leadership roles within the FOs. An area of concern, based on field interactions with the women, is the equitable balance in workloads and in the sharing of economic benefits between women and men.

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Way forward and exit strategy.

170. The gender action plan needs to be updated. The SPs have to be part and parcel of this process given that they are implementing the activities on the ground. The Gender Action plan will be updated with SPs to guide them in the gender mainstreaming opportunities and activities. SPs staff will be involved as needed in agriculture marketing related gender training.
171. The equitable balance in workloads and in the sharing of economic benefits between women and men can be addressed through gender sensitization for both women and men through various fora such as community radio messages, thematic discussion at literacy classes and other group training activities. PROMER can benefit from using the Household Methodologies that have been used elsewhere to address these issues. Training on these methodologies is planned for September 2014 in Maputo. PROMER will promote household planning to encourage fair use of household income to benefit all household members through awareness raising and behaviour change communication at the community and household levels.
172. PROMER will define a quota for ensuring that female traders and women's associations also benefit from the value addition matching grant facility, and ensure that both the awareness raising activities and the technical assistance support reach potential female beneficiaries. Careful selection of the value addition support (for example maize mill) would address several issues: women's economic empowerment; reduce the distance and time spent on milling maize for home use and sale therefore freeing their time for other activities. Women's capacity for developing and executing business plans should be enhanced.
173. Technical capacity for the Gender Focal Point will be built through various opportunities. Part of this capacity building may include 'implementation support' either through IFAD staff or a consultant.
174. Sensitization and awareness creation on HIV/AIDS should continue and should be monitored. Moreover, given their numbers, energy and potential to contribute to commercialization of agriculture, it is agreed that PROMER will actively seek available entry points to reach young women and men in the programme areas. The community radio offers an opportunity to discuss issues relating to youth as well as communicating information on the same. Other cross-cutting themes, such as gender and HIV/AIDS will be incorporated in the radio programming.

Climate Change Adaptation

Implementation progress.

175. So far, PROMER has not been giving any particular focus in climate change adaptation initiatives. However, according to the forecasts, in the geographical area of the project, the pattern of frequency of heavy rains will continue and increase in the coming 10 – 20 years. Therefore, in the next phase of the programme, some adaptation measures in the implementation strategy need to be introduced to better address the climate risks and ensure the sustainability of the project investments.

Way forward and exit strategy.

176. Since the climate risk do not only affect the roads, parallel to the activities mentioned in paragraphs 94 and 95 above, the following interventions will be introduced:
 - a. Promotion of a series of educational programmes on good practices for resilience to climate risks that value local knowledge. These programmes will have an important role in the success of the mitigation and adaptation options. The target group for these programmes would be the District Reference groups, local economic interest groups, including farmers, traders, agribusiness companies; road contractors, road supervisors and local craftsmen/craftswomen in the programme area.
 - b. Through the community radios and integrated in the market information broadcast package, dissemination of messages on climate change impacts in agriculture and adaptation measures.
 - c. Training of the Service Providers that are supporting the development of Farmers Organizations in climate change adaptation.

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- d. Introduction of a module on climate change adaptation in the training programme of the Farmers Organizations carried out by the Service providers to increase awareness.
- 177. Additional fund allocation will be required to cover for the introduction of the above presented adaptation measures (See Annex 6, tables 2.B and 2.F for details)

C. Fiduciary aspects

Implementation progress

- 178. The accounting team now counts with three accountants, with one assigned exclusively to MDG funded activities. The PMT uses both Excel and TOMPRO for bookkeeping, and bank reconciliations are carried out in a timely manner, following IFAD best practices.
- 179. PROMER has received a grant of EUR 8.34 million as part of the EU Millennium Development Goals. In order to manage the funds, the Project has finalized the hiring process of a dedicated accountant a Programme Officer and an M&E Officer for the Alto-Molocué cell. As at 19 May 2014 PROMER has received the initial allocation of EUR 1.6 million. PROMER will finalize the update of the TOMPRO database to include the MDG grant in order to initiate execution of the funds. As per the agreed actions of the last supervision mission, PROMER signed an MOU with DIC which regulates the financial flows between the two institutions.
- 180. The IFAD loan amounts to SDR 19.1 million, equivalent to USD 31.1 million (see Annex 1 **Table 16** for details). As at 31 December 2013, total disbursement from IFAD was USD 15.3 million (52%). The PROMER cumulative expenses as of end of December 2013, amount to USD 13.3 (see Annex 1, **Table 17**, for details). In the same period, GoM contribution obtained by adding total VAT recovered by PROMER, as well as tax exemption on vehicles and Service Providers contracts stands at USD 1,19 million (42.5% of the original contribution of USD 2.8 million). GoM is thus fully compliant with the Financing Agreement, having contributed to 8.9% of PROMER expenditures so far.

Lessons learned

- 181. In the estimation of the Project budget, the exchange rate between SDR and USD was 1.63. In practice that average exchange rate of the project since 2009, has been 1.54 USD/SDR. This difference means that so far the project has "lost" a total amount of USD 477.275 SDR, corresponding to 735.000 USD.
- 182. In general the cost estimates for the different activities to be funded by the EU through the MDG 1/C programme was underestimated and there not enough available funds for the implementation. In addition, as mentioned in previous paragraphs, in the MDG Detailed Design Report, the estimated budget presented in the different activities/ items of the financial tables and that were used as reference for planning and recruitment purposes included VAT, importation duties and unallocated funds and therefore the actual available amounts are much lower than the presented amounts. This situation was discovered in May, and meanwhile some expenses and commitments had already been made and therefore, for some activities, there was overspending.
- 183. When extending the programme duration to accommodate the new components funded by the EU, it was not considered that additional funds will be needed to cover current programme expenses (salaries, current costs, etc.). The EU funds only provide funds for the new activities.
- 184. Current committed contracts amount to USD 7.5 million. Even without considering the extension of the Project to 2018, the estimated balance of about USD 10 million, would not be enough to complete the project activities (see Annex 1, **Table 17** for details).

Way forward

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185. Given that PROMER has been audited by the same company for the past four years, the Project will launch a new tender to identify and select an auditor for the 2014 Financial Statements exercise.
186. The financial database (TOMPRO) will be updated to accommodate the additional funding from the EU.
187. Taking into account that the programme was extended for two more years, additional funds are required to continue the implementation of the entire programme, ensuring adequate staff, equipment, current costs and taking into account the average exchange rate in the last 4 years. Furthermore, additional funds from IFAD will be needed to cover the gap of the MDG components available funds, as mentioned in previous paragraphs.
188. **With the extension of the completion date to 2018, PROMER has made a preliminary analysis of the projected financial needs. On this regard, the Project envisions that additional USD 25 million will be needed (see Annex 4, Tables 1F and 2F, for details).** Risk Assessment
189. A general risk that might affect PROMER and most of the country agricultural economy is if the performance of the agricultural sector falls below expected levels, for different reasons, including:
190. Reduced priority in favour of public works, transportation, mineral resources and tourism sectors, which have a higher share in the economic growth rate, Irregular rainfall in the region, where irrigation is not a common practice.
191. PROMER is a complex programme and was made even more complex with the addition of new components, and like in any rural development programme, there are also many other issues and risks that need to be managed:
- a. As a major aim of the project is to further develop and test a range of market intervention models, it is inbuilt that there is a margin of risk that some models will not prove viable. A good example is that the interest of the potential Value Chain leaders to apply and comply with the established procedures for matching grants has not been as expected.
 - b. Mozambique, and in particular the geographical area of the programme is in a period of rapid change, with new mineral resources discoveries that are beginning to have some labour displacement effect. On the other hand, new significant interventions in the agricultural sector, such as the ProSAVANA, large forestry plantation investments, and support to the development of the small, medium and large scale farmers in some of the districts of the programme have initiated. Some of these projects have approaches similar to PROMER, but do not necessarily have the same procedures, which can create uncertainties and some confusion among the beneficiaries.
 - c. The poor availability and inadequate capacity of SPs continues to be a risk for the project, especially as it relies almost completely on them for project implementation. The issue is not just whether the SPs will produce the outputs they are contracted to provide, but whether the quality of the outputs is such that the project will have a sustainable impact. To mitigate this risk the project will have to continue making extensive efforts to provide SPs with capacity building and technical assistance, and implement a continuing process of review, reflection and refining strategies and approaches. Risk mitigation will also imply a strengthening of the staff dealing with contract management and field monitoring.
192. The project has to maintain a high level of facilitation, technical and management skills, to be able to provide a degree of analysis, skills and flexibility to successfully address issues and risks. It is important for the future success of the project though, to continue to assess the major risks and to consider measures to reduce or eliminate them.

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D. List of Annexes

- Annex 1: Illustrative Tables on project implementation
- Annex 2: Performance table
- Annex 3: Revised Log Frame
- Annex 4: Financial estimations for IFAD funds up to project closing date (2018)
- Annex 5: Summary of recommendations
- Anexo 6: Financial Implications for the proposed new activities

ANNEX 1

ILLUSTRATIVE TABLES ON PROJECT IMPLEMENTATION

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ANNEX 1

Component 1

Table 1: Achieved results in component 1.2.: Functional Literacy

Blocks	2012 and 2013		
	W	M	TOTAL
A	940	1.431	2.371
B	0	0	0
C	1.265	1.991	3.256
TOTAL	2.205	3.422	5.627

Table 2: FOs Reclassification

Block	Initial Classification in the Baseline				Reclassification			
	Cat A	Cat B	Cat C	TOTAL	Cat A	Cat B	Cat C	TOTAL
A	9	18	63	90	0	43	46	89
B	27	79	54	160	0	28	130	158
C	2	25	79	106	3	53	50	106
Total	38	102	196	356 *	3	124	226	353 *

Note*: totals differ because, 1 out of the 90 FOs initially selected in Block A gave up. From the 160 FOs initially selected in Block B, two were written off in view of their insufficient commitment to progress, measured by their non-participation in training activities.

Table 3: Achieved results in component 1.2.: Capacity Building

Blocks	2012				2013			
	Beneficiaries				Beneficiaries			
	No. FOs	M	W	Total	No. FOs	H	W	Total
A	90	855	747	1602	60	773	699	1.472
B	160	1924	1083	3007	15	131	146	277
C	80	1565	2160	3725	60	983	530	1.513
TOTAL	330	4344	3990	8334	135	1887	1375	3262

Table 4: Achieved results in component 1.2.: Market Linkages

Blocks	2012				2013			
	No. Signed contract	FOs Involved	Ton Marktd	Amount MZM	No. Signed contract	No. FOs Involved	Ton Marktd	Amount MZM
A	20	24	215	2.291.823,0	53	62	497	6.600.000,0
B	0	20	158	1.251.753,0	69	49	200	2.148.518,5
C	24	102	1.002	7.603.355,0	52	121	1.543	18.042.053,0
TOTAL	44	146	1.375	11.146.931,0	174	232	2.240	26.790.571,5

Table 5: Fora, Unions and Federations supported by PROMER.

Block	Zone Fora/Unions	District Unions	Federations
A	41	6	-
B	10	5	-
C	28		2
Total	70	11	2

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Component 2

Table 6: Updated List of Potential Value Chain Drivers.

Province	Cassava	Sesame	Beans	Groundnut
Niassa	-	ALIMI	ALIMI	ALIMI
		Trans Lúcio	Trans Lúcio	IKURU
		IKURU		
		Export Marketing		
Cabo Delgado	Jose Abudo	Moageira da Cidade		Zulficar Abdul Carimo (ZAC)
		Nazma Taibo		
		Indu Africa		
Nampula	DATCO MATHARIA	OLAM		
		Corredor Agro (CAL)	-	-
			MATHARIA	MATHARIA
Zambézia	MBT Mozambique Infra	-	CISTER	CISTER
			Export Marketing (ETG)	CISTER
			Lurio Green	
			MBT Mozambique Infra	
	Lozane Farms		Cister	
			Lozane Farms	

Table 7: Companies who submitted Conceptual Notes.

Company	Value Chain	District	Status
EKARIKHO	Beans	Niassa Cuamba	Did not show interest in continuing
ALIMI	Groundnut and Beans	Niassa Cuamba, Mandimba, Maua, Mecanheles and Marrupa	Concept Note being revised by ALIMI
Zulficar Abdul Carimo (ZAC)	Groundnut	Cabo Delgado Namuno, Montepuez and Balama	Concept Note being revised by ZAC
Najamabano	Sesame	Cabo Delgado Ancuabe, Balama, Chiúre, Montepuez and Namuno	Did not show interest in continuing
Oruwera	To be defined	To be defined	Not Approved
JNB Empreendimentos	Not defined	Zambezia Alto Molocue	Not Approved
MBT	Beans	Zambezia Gurue	Not Approved
Contabil	Not defined	To be defined	Not Approved

Component 3

Table 8: Roads rehabilitated per Province

Province	Km
Cabo Delgado	172.7
Nampula	53.5
Zambézia	125.5
Niassa	162.5
TOTAL	514.2

Table 9: Rehabilitation of Roads in Km, per Funding Source

IFAD		Subtotal (IFAD)	EU (MDG)		EU (ProPAPA)	Total	
Completed	Balance		Completed	Balance	Completed	Completed	Balance
335.1	79.9	415	59.1	160.9	120	514.2	240.8

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Table 10: Achievements: Rehabilitation of district market facilities.

Market Facilities			Subtotal (IFAD)
Completed	In rehabilitation	Balance	
0	5	10	15

Component 4

Table 11: PROMER staff

Posts	PMU		Cuamba Cell		Pemba Cell		Molócue Cell	
	Planned	Actual	Planned	Actual	Planned	Actual	Planned	Actual
Coordinator	1	1	1	1	1	1	0	1
Financial Manager	1	1	0	0	0	0	0	0
Accountants	1	3	0	0	0	0	0	0
Programme Officers	1	3	0	0	0	0	0	0
M&E Officers	1	1	0	1	0	1	0	1
Engineers	0	0	1	1	0	1	0	0
Administrative Officers	1	1	0	0	0	0	0	0
Administrative Assistants	0	0	1	1	1	1	0	1
Clerks	1	1	0	0	0	1	0	0
Drivers	1	1	1	1	1	1	0	0
Total	8	12	4	5	3	6	0	3

Table 12: Contracts, Agreements and MoUs signed and managed

MoU			Agreements and Contracts with Service Providers			Other Contracts and Agreements		
Instit.	Actual	Expected till end of Project	Instit.	Actual	Expected till end of Project	Instit.	Actual	Expected till end of Project
Roads Sector	1	1	Service Providers for FA Develop.	3	3	VC	1	7
FARE	1	0	GAPI	1	1	Comm. Radios	10	10
MIC	1	1	SP for Nutrition Education	0	1			
DPAs	4	4	SP for develop. of ASCAS	0	3			
DIC/MP D	0	1	SP for rural trader develop.	0	3			
			SP for manag. of Credit Lines	0	1			
TOTAL	7	8		4	12		11	18

Table 13: Review Programme for Current and future Contracts

No.	Contract	Start Date	1st impact assessment	Other impact assessments
1	Support for Farmers Organizations in Block A	April 2011	March 2014	August 2017
2	Support for farmers Organizations in Cabo Delgado	April 2011	March 2014	August 2017
3	Support for farmers Organizations in Nampula and Zambézia	April 2011	March 2014	August 2017
4	Support to local market Information Systems	2012	March 2014	March 2018
5	Matching grants for Value Chain development	2012	March 2014	March 2015; March 2016; March 2017

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6	MoU with MIC		April 2015	August 2017
7	Road rehabilitation	2010	2013	2014,2015,2016
8	Support for rural traders in Block A	June 2014	August 2016	April 2018
9	Support for rural traders in Block B	June 2014	August 2016	April 2018
10	Support for rural traders in Block C	June 2014	August 2016	April 2018
11	Support to development of Community based financial services in Block A	June 2014	August 2016	April 2018
12	Support to development of Community based financial services in Block B	June 2014	August 2016	April 2018
13	Support to development of Community based financial services in Block C	June 2014	August 2016	April 2018
14	Support to nutrition education in Cabo Delgado	June 2014	April 2016	

Cross Cutting Issues

Table 14: FOs composed by female farmers in the 3 implementation Blocks

Block	No de FOs			Total no. of members
	Category A	Category B	Category C	
A	1	7	0	95
B	0	1	3	51
C	0	6	0	146
TOTAL	1	14	3	292

Table 15: Gender training performed by the SPs

Block	Subjects	Participants		
		H	W	T
A	Difference between sex and gender; Appreciating both sexes in daily life;	11	1	12
B	Gender Equality and Gender equity	16	2	18
TOTAL		27	3	30

Fiduciary Aspects

Table 16: Disbursement and expenditure of IFAD Funds 2009 – 2013)

CA T	DESIGNATION	(IFAD LOAN)	Disbursed by IFAD from WA 1- WA 20 (SDR)	Executed from	% DISB.	% USED
		(SDR)		WA 1- WA 22 (SDR)		
I	Civil Works	3,600,000	1,971,969	2,372,883	54%	65%
II	Vehicles Equipment & Material	400,000	293,668	301,377	73%	75%
III	Technical Assistance, Studies, Training & Workshop	3,260,000	698,505	409,385	21%	12%
IV	Service Provider Contracts	4,580,000	2,133,376	2,788,549	46%	60%
V	Matching Grants	1,350,000	142,499	140,366	10%	10%
VI	Outreach Grants for Financial Institutions	720,000	303,474	302,445	42%	42%
VII	Salaries & Allowances	2,950,000	1,745,506	1,878,062	59%	63%
VIII	Other Operating Costs	1,110,000	426,348	470,818	38%	42%
99	Unallocated	1,130,000	0	0	0 %	0 %
99Z	Authorised Allocation- Special Account		2,232,663.93			
	Total in SDR	19,100,000	9,948,011	8,663,888	52%	45%

Average exchange rate of SDR/USD= 1.540207 used for Executed expenses

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Table 17: Financial Execution of IFAD funds 2009 – 2013 (all values are in USD)

CATEGORY	IFAD Loan Amount	Cumulative expenditure (2009 – 12/2013)	Current and committed Contracts approved	Total Expenditure	Current Balance by Loan Category
(A)	(B)	(C)	D	(E)= (C+D)	(F)= (B - E)
CAT. I : Civil Works	5,868,000.00	3,654,732.00	4,417,691.84	8,072,423.84	-2,204,423.84
CAT. II : Vehicles Equipment & Material	652,000.00	464,185.00	0.00	464,185.00	187,815.00
CAT. III : Technical Assistance, Studies, Training & Workshops	5,313,800.00	1,189,801.00	479,000.00	1,668,801.00	3,644,999.00
CAT. IV : Service Provider Contracts	7,465,400.00	3,735,680.00	2,633,946.95	6,369,626.95	1,095,773.05
CAT. V : Matching Grants	2,200,500.00	216,193.00	0.00	216,193.00	1,984,307.00
CAT. VI : Outreach Grants for Financial Institutions	1,173,600.00	465,827.00	0.00	465,827.00	707,773.00
CAT. VII : Salaries & Allowances	4,808,500.00	2,892,604.00	0.00	2,892,604.00	1,915,896.00
CAT. VIII : Other Operating Costs	1,809,300.00	725,158.00	0.00	725,158.00	1,084,142.00
Unallocated	1,841,900.00	0.00	0.00	0.00	1,841,900.00
GRAND TOTAL PROMER	31,133,000.00	13,344,180.00	7,530,638.79	20,874,818.79	10,258,181.21
(*)Loan Exchange Rate SDR/USD 1.63 (Appraisal Exchange rate)					

ANNEX 2

PERFORMANCE TABLE

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PERFORMANCE TABLE

Nº	Activity	Expected Results (based on PDR and/or supervision mission reports)	Outputs/outcomes (May 2014)
Component 1: Development of more dynamic market intermediaries			
Subcomponent 1.1. Support to input and output traders			
Activities to be funded by the EU (MDG) and to start in July 2014			
Subcomponent 1.2. Support for Farmers Organization development			
Implementation status: 62%			
1	Studies and strategy reports	3	3 Baseline and Inception reports
2	Marketing groups Strengthen	755 Marketing groups formed or strengthened	465 Farmers Associations assisted
3	People in marketing groups	21.700 (24% W)	17.685 (54% W)
4	Training of Members of FOs	NA	11.596 (46% W) trained in organizational development and market linkages subjects
5	Functional literacy training	11.250 (24% W)	5.627 (61% W)
6	Strength apex organisations	12	2 district Federations; 11 district Unions 11 District Fora; Total: 83
7	Facilitation of market linkages	NA	218 contracts signed (44 in 2012 and 174 in 2013) 3615 tons of commodities marketed (1.375 in 2012 and 2.240 in 2013)
8	Supporting investments with matching grants	400,000 \$US total investments co-financed by PROMER MG	None
Component 2: Enterprise led Value Chain Initiative			
Implementation status: 30%			
1	Value chains identified	6	4 VC
2	Facilitation of Agribusiness Partnerships (P&F team)	4	0
3	Matching Grants	USD 1,500,000	1 contract (USD 250,000)
Component 3: Improve the Market Environment			
Implementation status: 50%			
Subcomponent 3.1. Access Roads and market Infrastructures			
1	Feeder road rehabilitation	755 km of road to rehabilitate	514 km of road rehabilitated
2	Market infrastructures rehabilitated	6 market infrastructures rehabilitated	5 market infrastructures under rehabilitation
Subcomponent 3.2. Access to Finance			
3	Technical assistance to improve bankability of value chain participants	6 Action plans (1 per VC)	0 Action Plans 4 selected Value Chain studies
4	Rural finance training to farmers associations and traders;	NA	Financial services training module developed (draft under revision) Training delivered to 175 FOs Financial services mapping 38 FO's loan applications submitted (5 in block A, 26 block B, 7 block C) 12 financed (1 in block A, 9 in block B, 2 block C) + 1 on individual basis
4	short term institutional support to GAPI and AMODER	3 outlets created (building, equipment and staff) and operating	1 outlet built.
5	Support to FI outreach in PROMER area (Matching grant)	Management delegated to FARE	1 MOU signed

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Nº	Activity	Expected Results (based on PDR and/or supervision mission reports)	Outputs/outcomes (May 2014)
			4 MFI financed, in 3 District (PROMER Matching grant + Credit line provided by FARE)
6	Establishment of CBFS through SPs,	275 PCR groups established and operational	3 SP selected and contracted
7	Credit line (700.000 USD) for financial institutions expansion to be managed by a wholesale financial institution	5 new outlets of formal financial institutions in PROMER area	Activity to start in July 2014
8	Supplier Credit Risk Mitigation Fund	N/A	0
9	Working capital for input/output traders	N/A	0
10	Market information radio broadcasts being undertaken	Community awareness of prices for increased negotiating power.	408 community radio programmes have been successfully aired since July 2013. Impact yet to be documented. 75% on track.
Component 4: Policy/Institutional Support and Management			
Implementation status: 58%			
1	KM unit established at DNPDR	KM institutionalised to provide technical support to IFAD projects	Unit has been established and staffed. Impact yet to be seen. 25% on track.
2	Policy dialogue and institutional support	To ensure an active role of government stakeholder in market development processes	MoUs signed with ANE, MIC, FARE, DPAs. Implementation needs strengthening. 25% on track.
3	Project management structures in place	To ensure efficient management and disbursement of funds	Management structures are in place and functional; financial management has received special attention for compliance. 100% on track.
4	M&E system in place and functional	Ensure monitoring of programme performance	M&E system fully operational, with space for improvement regarding learning and reporting on impact. 80% on track.
Component 5: Nutritional Education			
Implementation status: 5%			
1	Demonstration and kitchen gardens established	10,000 persons adopting recommended practices	n/a – SP in the process to be selected
2	Nutrition classes held in schools	At least 500 classes performed	n/a – SP in the process to be selected
3	Nutrition sessions with community radio	At least 5 nutrition topics covered	n/a – SP in the process to be selected
Component 6: Institutional support to the Department of International Cooperation of the MPD			
Implementation status: 10%			
1	Unit establishment	Efficient coordination of EU/MDG funds amongst IFAD programmes, and with WFP and FAO programmes	Unit has been established
Cross-cutting issues: Gender & HIV			
Implementation status: 25%			
1	Gender-specific constraints limiting the women's economic empowerment analyzed & addressed	Gender and youth issues are in marketing identified and addressed Women and youth participate and benefit from programme activities	Gender analysis conducted Gender Action plan developed – but needs updating with SPs & be operationalized Women's participation in capacity building activities at 48% 61% women participation in literacy training
2	Quotas for women's in leadership positions set	Women participated fully in decision making in the FOs and Associations Gender sensitivity in decision-making at all levels	77% of the FOs have women in leadership positions – No analysis yet of the kind of positions or the ratio (w:m) in FO leadership

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Nº	Activity	Expected Results (based on PDR and/or supervision mission reports)	Outputs/outcomes (May 2014)
3	Gender & youth related issues included in training curriculum & fora	Enhanced appreciation on gender issues which allows for women's economic empowerment	3 Gender trainings conducted with SPs
4.	Sensitization and awareness creation on HIV/AIDS	Reduced stigma by increasing awareness on HIV/AIDS, its prevention and consequences	Sensitization in Block B carried out, but not yet blocks A & C.

ANNEX 3

REVISED LOGFRAME

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1 Log-frame

Narrative	Verifiable Indicators	Means of verification	Assumptions/Risks
Programme Goal and Objectives			
Development Goal: To improve livelihoods of poor rural households	1. Increased income of rural households	National Impact Household income and expenditure surveys	Political and military stability allow for economic development in the rural areas. No major natural disasters distort economic. Development in rural areas. Macroeconomic Stability.
	2. Improvement in asset ownership index of rural households [RIMS indicator] (30% increase in asset ownership for Farmers and traders supported by the programme)	Programme baseline and Impact surveys	Political and military stability allow for asset accumulation. No major natural disasters affect asset accumulation. Rural electrification expansion stimulates asset accumulation.
	3. Improved social indicators, including reduction in child malnutrition and enrolment in primary education for both girls and boys [RIMS indicator] (5% decrease in child malnutrition in the Programme area and 10% increase in enrolment in primary education for boys and girls by PY 9)	National Nutrition survey National and Programme baseline and impact nutrition Surveys. National education statistics	Political and military stability allow for improved nutrition and school enrolment. No major natural disasters affect nutrition and school enrolment. Beneficiaries adopt practices for good nutrition. Increased income allows for more parents to enrol their children in primary education.
	4. Literacy rate, by gender [RIMS indicator] (10% increase in literacy rates in the districts covered by the programme.)	National statistics Programme baseline data and impact surveys	Political and military stability allow for people to attend literacy classes. Interest of people in attending literacy classes.
Programme Purpose :			
To enable smallholders to increase their agricultural income by marketing surpluses more profitably	% change of small farmers income from sales of their produce (75% of the FO supported by the programme selling crops worth USD 200/ season from PY9)) (25% increased income of traders supported by the programme by PY9)	Programme baseline, case studies and impact Household income and expenditure surveys	Political and military stability allow for economic development in the rural areas. Mozambique continues to pursue sound economic policies and poverty alleviation strategies The terms of trade for smallholders remain favourable and increases their returns for the crops and other agricultural products. Mining activities do not attract away Programme beneficiaries from the Programme activities (agricultural production).

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Outcome 1: Improved smallholder access to and participation in value chain and agricultural markets

(Component 1 and 2)	1. Change in % of volume of cash crop production by participating farmers in programme area <i>(30 % increase in the volume of cash crop production of farmers participating in Value Chain development activities)</i>	Programme baseline and impact surveys, Programme progress reports	The terms of trade for smallholders remain favourable and increases their returns for the crops and other agricultural products. No major natural disasters distort economic development in rural areas. Market demand and prices remain favourable for major crops in selected value chains to stimulate production.
	2. # of value chain activities or agri-business partnerships operating after 3 years <i>(7 partnerships for the development of value Chains operating by PY 9)</i>	Programme baseline and impact surveys, Programme progress reports	Existence and interest of Value Chain leaders to engage in partnerships. Willingness of farmers in participating in value chain partnerships.

Outcome 2: More efficient market intermediaries and more effective partnerships stimulating increases in agricultural production, value addition and volumes marketed

Component 1	1. % change in number of licensed small and medium traders <i>(70% of the unlicensed small and medium traders supported by the programme licensed by PY 9)</i>	Programme baseline survey and programme progress reports	Willingness of the traders in getting a license. Traders and agro- processors expand activities in a manner that benefits smallholders Interest of the traders in increasing the volume of their agricultural input and output business. Increase in the levels of production and productivity of the farmers. Favourable market demand and prices of agricultural inputs and products.
	2. # of traders and agro dealers serving smallholder clients in the 15 districts of PROMER) <i>(225 traders and agro dealers serving smallholder clients by PY 9)</i>		Availability of inputs, extension services and appropriate technology. Farmers are willing to adopt improved techniques and technologies.
	3. % change in volume of trade of agricultural inputs and produce of small and medium traders <i>(25% increase in volume of trade of agricultural inputs and 30% increase in volume of trade of agricultural produce of small and medium scale traders by PY 9)</i>	Programme baseline survey and programme progress reports	The terms of trade for smallholders remain favourable and increases their returns for the crops and other agricultural products Programme beneficiaries have the technical capacity to manage investments made. Marketing and value addition activities through farmer organizations result in higher farm gate prices for smallholders and/or shared profits for members
	4. Farmers reporting production/yield increases by gender [RIMS indicator] <i>(50% of average production and of productivity increase per farmer -30% W) by PY 9)</i>	Programme baseline survey and Programme progress reports and Programme impact assessments	
	5. # of farmers associations and traders “graduate” or # achieving level A and B status <i>(10 % of the FO supported by the programme graduating to level A and 40% to level B by PY 9)</i>	Programme progress reports and graduation reports	
	6. Change in the number of small scale value addition Programmes undertaken by	Programme baseline survey and Programme progress reports and Programme impact assessments	

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farmer organizations and/or small traders

(16 sustainable additional small scale value addition Programmes running by PY9)

Outcome 3: A more conducive environment of agricultural market operations

1. # of market facilities/infrastructures operating by PY 9 (by type)

(At least 75% of district market facilities rehabilitated by the programme operating by PY 9)

(90% of roads rehabilitated by the programme being maintained by the district authorities by PY9)

Programme progress reports

Larger Policy and institutional environment remains favourable
Availability of complementary investments in market infrastructure and service (particularly production related advisory services and financial services)

Beneficiaries are able and have the resources to manage and maintain market facilities.

Small-scale traders and farmers associations' parallel and sometimes competitive roles in output marketing do not negatively affect their development.

The overlapping roles of small traders and large buyers do not negatively affect their development.

Favourable market demand and prices of agricultural inputs and products stimulate the participation of FOs and traders.

FIs are interested to invest in agriculture.

Low wholesale interest rates will translate into affordable interest rates applied by FIs.

3. % change in number of participating FOs and FO members and traders accessing credit for marketing or production activities

(30% increase in the number of participating FOs and FO members and traders accessing credit for marketing or production activities)

Programme baseline and progress reports, Financial Institutions records

4. % change in the number of active borrowers in supported financial institutions, by gender [RIMS indicator]

(15% annual increase in no. of active borrowers in supported FI)

Programme baseline and progress reports, FI records

4. # of PCR groups formed and operational by PY 9

(75% of the PCR groups formed functional within FOs supported by the programme , functional by PY 9)

Baseline study and impact survey

FOs interested in nutrition practices.

Outcome 4: Improve nutritional status of vulnerable groups

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Component 5	1. # of people adopting improved food habits and recommended vegetable garden management practices		
	2. 75% of targeted people – 60% women, adopting recommended practices to manage a vegetable garden.		
Outputs: Developing More Dynamic Market Intermediaries			
Increased capacity of farmers' associations and traders to effectively market surplus production	1. # of higher level farmer organizations at district level supported by the programme supporting their members in marketing activities <i>(20 district fora /unions/federations)</i>	Programme progress reports	PROMER will find enough Farmers' Unions which meet the PROMER selection criteria for them to be Programme beneficiaries.
	2. # of traders active in outputs marketing and # of agro-dealers active in input supply <i>(70% of the traders assisted active in output marketing by PY 9)</i> <i>At least 45 Agro dealers active in input supply by PY 9)</i>	Programme baseline and progress reports	The Programme will find enough traders who fit the PROMER eligibility criteria to be supported by the Programme.
	3. # of people attending literacy classes (disaggregated by gender).) [RIMS indicator] <i>(11,250 attending literacy classes, of which 30% W)</i>	Programme baseline and progress reports	Beneficiaries are interested in participating in attending literacy classes.
Stronger institutions effectively representing farmers' interests at national and local level	4. # of Farmers Associations/groups strengthened and functional and # of FO with women in leadership positions [RIMS indicator] <i>(500 FO functional by PY 9)</i> <i>(90% of the FOs assisted by the programme with women in leadership positions by PY 9)</i>	Programme progress reports	Farmers Organizations assisted by the programme meet the criteria to keep on working with the Programme
	5. # of members of FO trained / coached in organizational development and market linkages, by gender <i>(13.000 members of FOs trained / coached in organizational development and market linkages (50% women) By PY 9)</i>	Programme progress reports	Farmer Organizations keep the same membership numbers.

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	<p>6. # of farmers and farmer groups accessing technical advisory services facilitated by Programme by gender [RIMS indicator] (75% of the FO assisted accessing technical advisory services facilitated by Programme)</p> <p>(9.375 farmers (50% women) assessing technical advisory services facilitated by the programme)</p>	<p>Programme progress reports</p>	<p>Farmer Organizations keep the same membership numbers.</p>
	<p>7. # of members of FO trained in climate change awareness, by gender</p> <p>(at least 75% of the members of all the FO supported by the programme (50 % women) by PY 9</p>		

Outputs: Enterprise-Led Value Chain Initiative			
<p>Profitable partnerships between smallholders and agri-business enterprises</p>	<p>1. # of partnerships developed between smallholders and agri-business enterprises</p> <p>(At least 7 partnerships between smallholders and agri-business enterprises established by PY 9)</p>	<p>Contracts for development of Value Chain through matching grants</p>	<p>Agribusiness enterprises have interest to participate and capacity to enter into partnerships with the smallholder farmers.</p>
	<p>2. # of farmers and farmer organizations participating in agri-business partnerships (At least 50 Farmers Associations participating by PY 9)</p> <p>(6.000 farmers participating in agri-business partnerships by PY 9)</p>	<p>Contracts for development of Value Chain through matching grants, Programme progress reports</p>	<p>Smallholder farmers have the interest and the capacity to enter into partnerships with agribusiness firms. Contracts are fulfilled by the farmers and the agribusiness firms.</p>
	<p>3. # of processing facilities established /upgrades [RIMS indicator] (3 processing facilities established/upgraded by PY 3)</p>	<p>Contracts for development of Value Chain through matching grants, Programme progress reports</p>	<p>Agribusiness firms are interested in investing in processing facilities.</p>

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Outputs: Improving the Market Environment

Improvement in the quantity and quality of market related infrastructure and services	<p>1. # and type of market infrastructure/facilities built/rehabilitated (by km of road to closest sale point or size/volume capacity of market infrastructure) <i>[RIMS indicator]</i> <i>(675.2 km of road rehabilitated by PY 9)</i> <i>(335.2 km IFAD; 120 km EU – PROPAPA; 220 km EU – MDG)</i></p> <p><i>(15 district market facilities rehabilitated)</i></p>	Programme progress reports, Roads completion certificate	Local government partners carry out infrastructure/facilities maintenance.
	<p>3. # of contractors, road supervisors and district staff trained</p> <p><i>(30 contractors, 30 supervisors, 30 district technicians trained by PY 9)</i></p>	Programme progress reports	<p>The Road Sector is willing to carry out a joint capacity building programme with PROMER</p> <p>Contractors, road supervisors and government staff interested in participating in the training programme.</p>
	<p>4. # of contractors, road supervisors and district staff trained in climate change resilience techniques to be used in road rehabilitation</p> <p><i>(100% of the contractors; 100% of the road supervisors; at least 15 technician from the District department for infrastructures)</i></p>		
	<p>5. # of market information radio broadcasts.</p> <p><i>(At least 960 information radio broadcasted by PY 9)</i></p>	Radio bulletins, programme progress reports	Radios do not go bankrupt and their equipment does not breakdown.
	<p>6. # of radio broadcast including cross cutting issues</p> <p><i>(At least 50% of the radio broadcast including cross cutting issues (gender, youth, HIV/AIDS, climate change and/or nutrition).)</i></p>		Radios do not go bankrupt and their equipment does not breakdown.
	<p>7. # of financial service institutions newly established in the programme districts</p> <p><i>(At least 6 new financial institutions established in the programme districts)</i></p>	Programme progress report; FI reports	Financial service institutions will comply with the contracts signed with PROMER.

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Outputs: Improving the Market Environment

Access to finance improved for PROMER target group	8. # PCR groups formed, membership (275 groups formed with 6.400 members, 60% women) 7. # of PCR members (6.400 PCR members - 60% W by PY 9)	Programme progress reports, PCR records	People are interested in joining PCR groups
	9. volume of savings "at the end of the cycle" (Average of 58.000Mts/group (85 USD/saver)	SP and programme progress reports; PCR records	The PCR savings are not robbed or destroyed by fires and other disasters.
	10. # PCR members accessing a loan from a financial institution (825 PCR group members access formal loan)	SP and programme progress	Financial Institutions are interested in lending money to the PCRs.

Outputs: Nutritional education

Increased production of nutritious foods like fruit, vegetables and poultry	1. # of vegetable gardens by end of programme	Programme progress reports	Beneficiaries are willing to adopt the new nutritional habits.
Women and children with improved knowledge in basic nutrition hygiene and health	2. # of Nutrition classes held in schools (At least 500 classes performed by end of Programme)	Programme progress reports	People are interested in participating in nutrition classes
	3. # of people sensitized to improved food habits and sources of food (3.000 people - 50% women sensitized to improved food habits and sources of food by PY 9)		
Communication for nutrition enhanced	3. # of Nutrition sessions with community radio (At least 5 nutrition topics covered/year in each of 5 radio stations)	Programme progress reports, radio bulletins	People listen to the radio broadcasts on nutrition.

Outputs: Management and Policy/Institutional Support , Institutional support to DIC

Effective planning, M&E, technical support, administrative and programme management systems	1. Programme disbursement rates (100% disbursement by 2018)	Programme progress reports, financial statements, auditing reports	All planned activities are carried out within the stipulated timing.

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	<p>2. Timely production of physical and financial reports</p> <p><i>(9 semester reports, 9 annual reports, 9 audit reports, 9 RIMS reports)</i></p>	Supervision mission reports, audit reports	
<p>Greater dissemination of market intelligence and stakeholder engagement on market linkage initiatives within government, private sector, civil society, and development partners</p>	<p>3. # of seminars, publications or other types of knowledge products produced</p> <p><i>(5 thematic workshops, 2 brochures, 2 leaflets, 3 facilitation guidelines/manuals, publication of 2 publications of impact/success stories/year, publication of quarterly Bulletins (DNPDR))</i></p>	Workshop reports, Programme progress reports, website, DNPDR bulletins	
<p>Increased capacity within government to address market linkage issues</p>	<p>4. # of people trained [RIMS indicator]</p> <p><i>(125 people from the government institutions trained in market linkage issues (30 SDAE, 16 Extension Workers, 30 SDPI, 30 DNPDR, 15 district administrators (Reference Group), 4 DPPF staff)</i></p>	Training reports, programme progress reports	

ANNEX 4

**FINNANCIAL ESTIMATIONS FOR IFAD FUNDS UP TO PROJECT
CLOSING DATE (2018)**

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Table 1F: Disbursement Needs by Category (USD)

CATEGORY (A)	IFAD Loan Amount Costs Estimates (B)	% by Category/L oan (C)	Cumulative expenditure up 2009 to 30/09/2014 (D)	Comited contracts aproved (E)= (C+D)	Total Expenditure for all life of the Project (F)= (B - E)	Balance by Category of L.A up to Loan Closing date (G)= (E+F)	Total needed 2015 up 2018 (H)= (E+F)	Total Value of the PProject up 2018 (I)= (E+F)	% by Category/N ew Loan Estimation (J)= (C - J)	TotalMissing by Category the PProject up 2018 (K)= (C - J)
CAT. I : Civil Works	5,868,000.00	18.85%	5,746,542.00	2,669,674.84	8,416,216.84	-2,548,216.84	10,918,120.00	19,334,336.84	34.46%	-13,466,336.84
CAT. II : Vehicles Equipment & Material	652,000.00	2.09%	467,537.00	0.00	467,537.00	184,463.00	590,000.00	1,057,537.00	1.88%	-405,537.00
CAT. III : Technical Assistance, Studies, Training & Workshops	5,313,800.00	17.07%	1,486,782.00	248,267.00	1,735,049.00	3,578,751.00	5,381,636.20	7,116,685.20	12.68%	-1,802,885.20
CAT. IV : Service Provider Contracts	7,465,400.00	23.98%	4,705,136.00	1,813,543.95	6,518,679.95	946,720.05	7,704,843.00	14,223,522.95	25.34%	-6,758,122.95
CAT. V : Matching Grants	2,200,500.00	7.07%	216,193.00	0.00	216,193.00	1,984,307.00	1,300,000.00	1,516,193.00	2.70%	684,307.00
CAT. VI : Outreach Grants for Financial Institutions	1,173,600.00	3.77%	465,827.00	0.00	465,827.00	707,773.00	0.00	465,827.00	0.83%	707,773.00
CAT. VII : Salaries & Allowances	4,808,500.00	15.45%	3,445,204.00	184,200.00	3,629,404.00	1,179,096.00	6,283,100.80	9,912,504.80	17.66%	-5,104,004.80
CAT. VIII : Other Operating Costs	1,809,300.00	5.81%	865,385.00	46,742.00	912,127.00	897,173.00	1,589,031.00	2,501,158.00	4.46%	-691,858.00
Unallocated	1,841,900.00	5.92%	0.00	0.00	0.00	1,841,900.00				1,841,900.00
GRAND TOTAL PROMER	31,133,000.00	100.00%	17,398,606.00	4,962,427.79	22,361,033.79	8,771,966.21	33,766,731.00	56,127,764.79	100.00%	-24,994,764.79

(*)Loan Exchange Rate SDR/USD 1.63 (Apraisal Exchange rate)

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Table 2F: Disbursement Needs by Component

COMPONENTES	IFAD Loan Amount Costs Estimates	% by Category/Loan	Cumulative expenditure up 2009 to 31/12/2013	Comited contracts aproveo	Total Expenditure for all life of the Project	Balance by Category of L.A up to Loan Closing date	Total needed 2014 up 2018	Total Value of the PProject up 2018	% by Category/New Loan Estimation	Total/Missing by Category the PProject up 2018
(A)	(B)		(C)	(D)	(E)= (C+D)	(F)= (B - E)	(F)	(G)= (F+H)		(H)=(C - J)
Component 1: Development of More Dynamic Market Intermediaries	7,710,000.00	24.8%	4,502,541.00	1,700,659.95	6,203,200.95	1,506,799.05	6,338,760.20	12,541,961.15	22.3%	-4,831,961.15
Component 2: Enterprise Led Value Chain Initiative	4,723,000.00	15.2%	286,521.00	0.00	286,521.00	4,436,479.00	1,920,000.00	2,206,521.00	3.9%	2,516,479.00
Component 3: Improving the Market Environment	9,817,000.00	31.5%	6,882,084.00	2,989,767.84	9,871,851.84	-54,851.84	12,519,470.00	22,391,321.84	39.9%	-12,574,321.84
Component 4 : Policy and Institutional Support and Management	8,883,000.00	28.5%	5,727,460.00	272,000.00	5,999,460.00	2,883,540.00	12,988,500.80	18,987,960.80	33.8%	-10,104,960.80
TOTAL Project Costs	31,133,000.00	100.00%	17,398,606.00	4,962,427.79	22,361,033.79	8,771,966.21	33,766,731.00	56,127,764.79	100.0%	-24,994,764.79

Exchange rate USD/SDR: 1,63

ANNEX 5

SUMMARY OF MAIN RECOMMENDATIONS

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ANNEX 5

COMPONENT 1: DEVELOPMENT OF MORE DYNAMIC MARKET INTERMEDIARIES

Subcomponent 1.1: Support for Rural Traders Development

	Recommendation	Responsibility
1	Organize start up workshop with the SP to jointly define implementation strategy, procedures and study lessons learned from PAMA	PMT
2	Consultancy to study to what extend there are conditions to establish the guarantee fund foreseen in the PDR, asses the level of demand for inputs , availability of required inputs, input prices, and, on the basis of the results, define which amount to include for this activity.	PMT
3	Revision of the SP contracts to accommodate the outcomes of the inception and depending on availability of funds, consider a maximum of 25% adjustment.	PMT
4	Definition of a clear exit strategy	SP

Subcomponent 1.2: Support to Farmers' Organisations Development

	Recommendation	Responsibility
1	Extension of contracts with SPs for 36 months (May 2015 – April 2018). Contracts should include funds for: Training of FOs, On farm demonstration plots (including funds to support SDAEs) – partnership with FAO and PSP Small scale value addition Support to district unions	PMT
2	Definition of qualitative targets for FOs and clear exit strategy	PMT, SP
3	Delivery of extra year of literacy training for participants and start literacy in Cabo Delgado with 3 year cycle	SP
4	Continuation and strengthening of tailor made training and coaching to FO	SP
5	Assessment, per block, of the reasons for regression of FOs to lower levels, and on the basis of it, make the necessary adjustment to the approach	SP
6	Revision of the SSVA matching grants guidelines: to define type of investment for each level of FO and respective ceilings	PMT
7	Situation analysis of District Unions, and re-assessment of the selection of Unions to be supported by the programme in each block and define specific support	SP
8	Definition of roles of each level of FO in facilitating market linkages	PMT, SP
9	Capacity building of SDAEs ad define their future role To ensure sustainability after PROMER	PMT, PMC, SP
10	Revision, and finalization of the production of the Farmer Groups development manual	PMT, SP

COMPONENT 2: ENTERPRISE LED VALUE CHAIN INITIATIVE

	Recommendation	Responsibility
<i>Identification of opportunities in Value Chains</i>		
1	Launch yearly call for proposals	PMT
2	Assessment of existing VC Opportunities proposed and identify potential interventions in other VC segment to be done by the project	PMT, Consultant (retainer)
3	Assistance to VC leaders to produce a proposal	Consultant
<i>Facilitation of Agribusiness Partnerships and Matching Investment Grant</i>		
4	Revision of VC guidelines to accommodate new approach	PTM

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5	Support for the implementation of approved investment plans	PMT, Consultants (3x4mo/year)
<i>Management of the Matching Investment Grant</i>		
6	Definition criteria and procedures for 3 types of MG investment (Out-grower scheme, private sector and other segments of the VC)	PMT, Consultant

COMPONENT 3: IMPROVING MARKET ENVIRONMENT

Subcomponent 3.1. Rehabilitation of Access Roads and Market Infrastructures

	Recommendation	Responsibility
1	Conclude the rehabilitation of EU funded roads in Block C	PMT, ANE, FE, Contractors
2	Plan for additional works to enhance resilience to climate change of the rehabilitated roads	ANE
4	Together with the Road Sector (implying cost sharing), Development of a training plan for local contractors, supervisors and district authorities on road maintenance climate risk management in feeder road rehabilitation.	PMT, ANE, District Gov.nt
5	Monitoring and dissemination on additional impacts resulting from road rehabilitation	PMT, ANE
6	Regular traffic counting	ANE
7	Completion of rehabilitation of the 15 markets	PMT, Contractors
8	Under subcomponent 3.3., plan funds for small improvements in trade fairs (WC, stalls, etc.)	PMT, MIC/DPCI, District Gov.nt

Subcomponent 3.2: Facilitating Access to Finance

	Recommendation	Responsibility
1	GAPI to conclude equip the agency in Ribaue start banking operations there	PMT, GAPI
2	GAPI to establish a new in an unserved district	PMT, GAPI
3	Definition of monitoring indicators for ASCAS development	PMT
4	Starting of ASCAS development activities	SPs
5	Recruit a consultant on a retainer basis to define the implementation strategy of all financial support related activities (including management of credit lie, ASCAS, guarantee fund and reinforce the PMT management capacity	PMT, Consultant
6	Introduction of training activities for selected ASCAS and selection of CL MI beneficiaries	PMT, CL Manager

Subcomponent 3.3: Improving Market Transparency

	Recommendation	Responsibility
1	Continue contracts with Community radios to collect and broadcast information. Contracts should include: Information collection, analysis and broadcasting Training activities to reinforce capacity of journalists to collect and analyse information	PMT, Comm. Radios PMT, Comm. Radios
2	Broadcasting of relevant food security, extension and cross cutting issues in community radio programmes	UGC/DNPDR, PMT, MINAG, FAO, Comm. Radios
3	Exchange visits among radio stations	PMT, Comm. Radios
4	Support to radios to find viable alternatives for sustainability of the programme	PMT
5	Explore feasibility of introducing SMS based MIS in PROMER districts	PMT, MIC, MINAG
6	Case study of existing fairs for scaling up	MIC, PMT, Consultant

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7	Reinforcing support to MIC for the promotion of trade fairs and use external facilitation to capture lessons of the events to ensure cross district learning	PMT, MIC, DPCI
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COMPONENT 4: POLICY/INSTITUTIONAL SUPPORT AND PROGRAMME MANAGEMENT

Subcomponent 4.1: Knowledge management and coordination

	Recommendation	Responsibility
1	Design and approval of an action plan for UGC activities and KM development, with measurable and time-bound targets, and within the existing financial resources and capacity of the unit in terms of time and skill.	DNPDR
3	Dissemination of knowledge gained following participation in trainings and learning events of DNPDR staff	UGC
4	Continuation of the support for publication of DNPDR bulletin	PMT
5	Organization of thematic workshops to take up for discussion relevant lessons learned which could feed into policy dialogue (see subcomponent 4.2)	PMT
6	Dissemination of relevant legislation (see subcomponent 4.2)	PMT
7	Website development	PMT, UGC
8	HH surveys to collect impact stories	PMT, PMC, SPs
9	Strengthen support to the organization of exchange visits between FOs	PMT, SPs, FOs
10	Reinforcing branding and communication to improve visibility	PMT, UGC
11	Reinforcing internal knowledge sharing through periodic meetings with SPs and PMCs	PMT, PMC, SPs

Subcomponent 4.2: Policy/Institutional Support

	Recommendation	Responsibility
1	Facilitation of the development of agricultural marketing strategies for the four targeted provinces.	MIC/DPCI, PMT
2	Identifying lessons learned which could feed into evidence based policy dialogue and promote dialogue through thematic workshops	PMT
3	Reinforcement of the role of the Reference Groups at provincial and district level through frequent meetings and monitoring visits	PMT, MIC
4	Reinforcement of capacity building activities for DNPDR, MIC, SDAE, SDPI and other governmental partners	PMT
5	Design and implementation of performance based incentives for DNPDR	PMT

Subcomponent 4.3: Programme management

	Recommendation	Responsibility
1	Recruitment of Financial assistant	PMT
2	Recruitment of 2 additional staff for PMCs	PMT
3	Purchase of office equipment	PMT
4	Purchase of Vehicles (6)	
5	Update Logframe	PMT
6	Update database	PMT
7	Through a tender process, select new Audit consultant	PMT
8	Implementation of impact evaluations and assessments	PMT
9	Securing short term consultants to support PMU in different areas, including Legal advice, GIS training, cross cutting issues training, Rural finance, Value Chain, Roads, communication and visibility, M&E	PMT, Consultants

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COMPONENT5: NUTRITION EDUCATION

	Recommendation	Responsibility
1	Scale up the nutrition education activities to the all programme area covering the 15 districts, through contracts with SP	PMT
2	Disseminate nutrition messages through Community radios	
3	Apply nutrition lens in the training for FO to sensitize the communities about nutrition aspects	

CROSS CUTTING ISSUES

	Recommendation	Responsibility
<i>Gender , HIV/AIDS and youth</i>		
1	Update of the Gender Action Plan	PMT, consultant
2	Training of PROMER staff in household methodologies	PMT, consultant
3	Enhance the capacity of the PROMER Gender focal point	PMT
4	Monitor the sensitization and awareness creation on HIV/AIDS	PMC
5	Explore available entry points to reach young women and men in the programme areas	PMT, PMC
<i>Climate change</i>		
6	Training of PROMER and SP staff in climate risks	PMT, consultant
7	Inclusion of a climate change resilience module in the training programme of the Farmers Organizations supported by the programme	PMT, consultant
8	Promotion of educational programmes on good practices for resilience to climate risks for district reference groups and other stakeholders	PMT

ANNEX 6

FINANCIAL IMPLICATIONS OF PROPOSED NEW ACTIVITIES

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TABLE 1: COMPONENTE 1: DEVELOPMENT OF MORE DYNAMIC MARKET INTERMEDIAREIS

Subcomponent 1.1.: Support for Rural Traders Development

Table 1.A. Targets for Subcomponent 1.1.

<i>Targets</i>	<i>Current</i>	<i>Revised</i>
Purpose	N.A.	25% increased income of traders supported by the programme by PY9
Outcomes	N.A.	225 traders and agro dealers serving smallholder clients by PY 9 70% of the unlicensed small and medium traders supported by the programme, licensed by PY 9 25% increase in volume of trade of agricultural inputs and 30% increase in volume of trade of agricultural produce of small and medium scale traders by PY 9 10 % of the traders supported by the programme, graduating to level A and 40% to level B by PY 9
Outputs	At least 150 agri-dealers active in input supply by project end	70% of the traders assisted active in output marketing by PY 9 At least 45 Agro dealers active in input supply by PY 9

Table 1.B. Additional Planned activities and financial implications for subcomponent 1.1.

Activity	Budget project document (MDG)	Financial implication (USD)				Loan Category
		Actual available	Balance	Additional funds needed	Total additional funds needed to meet the target	
	A	B	C (A-B)	D	E (C+D)	G
Contracts with SPs	1.280.000	956.160	-323.8400	320.000	643.840	IV

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Sub-componente 1.2. Support for Farmers' Organizations Development

Table 1.C. Targets for Subcomponent 1.2.

<i>Targets</i>	<i>Present</i>	<i>Revised</i>
Purpose		75% of the FO supported by the programme selling crops worth USD 200/ season from PY 9 25% increased income of traders supported by the programme by PY 9
Outcomes	50% of supported FOs achieving level A status by project end	10 % of the FO supported by the programme graduating to level A and 40% to level B by PY 9)
	340.000 USD worth of annual additional marketed agricultural production by 85 FO by project end	75% of the FO supported by the programme selling crops worth USD 200 USD/ season from PY 9
	1.700 additional farmers (40% women) selling crops under commercial agreements with large buyers by project end	50% of average production increase /farmer by PY 9 (30% W)
		16 sustainable small scale value addition projects running by PY 9
Outputs	785 groups operational and functional by type at project end	500 operational and functional by type at project end.
	21.700 members of FO trained or coached in organizations development and market linkages (50% Women) by PY 9	13.000 members of FO trained or coached in organizations development and market linkages (50% Women) by PY 9
	At least 750 participants in literacy training by project end	11.250 beneficiaries benefiting from literacy training (30% women)
		90% of FO assisted by the programme with women in leadership positions by PY 9
		20 District Fora, Unions or federations supported by the programme by PY 9
		75% of FO assisted (50% Women) assessing technical advisory services facilitated by the program by PY 9
		At least 75% of the members of all the FO supported by the programme (50 % women) trained in climate change awareness by PY 9

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Table 1.D. Additional Planned activities and financial implications for subcomponent 1.2.

<i>Activity</i>	<i>Budget project document</i>		<i>Actual funds available</i>	<i>Additional funds needed for the extension period</i>		<i>Loan Category</i>
	<i>IFAD</i>	<i>EU</i>	<i>EU</i>	<i>IFAD</i>	<i>EU</i>	
	<i>A</i>	<i>B</i>	<i>C</i>	<i>D</i>	<i>E</i>	
Extend contracts of SPs for 36 months (May 2015 – April 2018).	5.756.000	1.060.000,	791.820	5.580.000	204.653	IV

TABLE 2: COMPONENTE 3: IMPROVING MARKET ENVIRONMENT

Subcomponent 3.1. Rehabilitation of Access Roads and Market InfrastructuresTable 2.A. Targets for Subcomponent 3.1.

<i>Targets</i>	<i>Present</i>	<i>Revised</i>
Outcomes	Market facilities operating after 3 years by type	At least 75% district market facilities rehabilitated by the programme operating by PY 9
	755 of roads rehabilitated by project end	90% of roads rehabilitated by the project being maintained by the district authorities by PY 9
Outputs	6 district market facilities rehabilitated	675 of roads rehabilitated by PY 9
		15 district market facilities rehabilitated
		100% of the contractors; 100% of the road supervisors; at least 15 technician from the District department for infrastructures trained in climate change resilience methodologies to be used in road rehabilitation by PY 9

Table 2.B. Additional Planned activities and financial implications for subcomponent 3.1.

<i>Activity</i>	<i>Budget project document</i>		<i>Actual funds available</i>	<i>Additional funds needed to meet the target</i>			<i>Loan Category</i>
	<i>IFAD A</i>	<i>EU B</i>		<i>IFAD D</i>	<i>EU E</i>	<i>TOTAL F</i>	
Assessment to identify what additional works need to be done in the rehabilitated roads to ensure resilience to climate risks	0	0	0	50,000	0	50,000	III
Carry out additional works to complement the rehabilitation already carried out and enhance resilience to climate change of the rehabilitated roads in Blocks A, B and C ⁽¹⁾	6.000.000	5.010.950	4.270.332	6.729.120	5.304.000	10,533,120	I
Together with ANE (implying	128.000	51.019	42.700	200.000	0	200.000	III

cost sharing), develop a training plan for local contractors, supervisors and district authorities on maintenance trainers)							
Consultancy to Monitor and disseminate additional impacts resulting from road rehabilitation	0	0	0	36.000	0	36,000	VIII
Complete the rehabilitation of the 15 markets	180.000	0	0	240.000	0	240.000	I
Baseline monitoring and post rehabilitation Traffic count	62.000	0	0	50.000	0	50.000	III
Rehabilitation of district trade fairs (stand stalls and water and sanitation)	0	0	0	75.000		75.000	I
Mobility of civil engineers	59.000	0	0	100.000	0	100.000	III
TOTAL	6.429.000	5.062.029	4.313.032	7.390.120	5.304.000	11.194.120	

Subcomponent 3.2. Facilitating Access to Finance

Table 2.C. : Targets for Subcomponent 3.2.

<i>Targets</i>	<i>Present</i>	<i>Revised</i>
Outcomes	No. of new FI operating in programme area	15% annual increase in no. of active borrowers in supported FI
		30% increase in the number of participating FOs and FO members and traders accessing credit for marketing or production activities.
		75% of the PCR groups formed functional within FOs supported by the programme , functional by PY 9.
		825 PCR group members accessing formal loan
Outputs	-	At least 6 new financial institutions established in the programme districts.
		275 groups formed with 6. 400 members, 60% women by PY9
		Average of 58.000Mts/group (85 USD/saver

Table 2.D. Additional Planned activities and financial implications for Subcomponent 3.2.

<i>Activity</i>	<i>Financial implication</i>					<i>Loan Category</i>
	<i>Budget project document</i>	<i>Actual available</i>	<i>Missing funds from the budget (balance)</i>	<i>Additional funds needed</i>	<i>Total additional funds needed to meet the target</i>	
	A	B	C (A-B)	D	E (C + D)	G
Adjustment of present contract with SP for Community based financial services	450,000	336.150	113.850	112.500	226.350	IV
Within the CL, training activities for selected ASCAS and selected MI beneficiaries of CL	0	0	0	200,000	200,000	III
Recruit a rural financial expert on a retainer basis to support PROMER define the implementation strategy of all financial support related activities (including management of credit line, ASCAS, guarantee fund)	0	0	0	180,000	180,000	III
TOTAL	450.000	336.150	113.850	492.500	606.350	

Subcomponent 3.3. Improving Market Transparency

Table 2.E.: Targets for Subcomponent 3.3.

<i>Targets</i>	<i>Present</i>	<i>Revised</i>
Outputs	—	At least 960 information radio broadcasted by PY 9
		# of radio broadcast including cross cutting issues At least 50% of the radio broadcast including cross cutting issues (gender, youth, HIV/AIDS, climate change and/or nutrition.

Table 2. F.: Additional Planned activities and financial implications for Subcomponent 3.3.

<i>Activity</i>	<i>Financial implications</i>		<i>Loan Category</i>
	<i>Budget project document</i>	<i>Additional funds needed for extension period Balance</i>	
Continue contracts with Community radios to collect and broadcast information. Contracts should include:	180.000	250.000	IV
Training activities to reinforce capacity of journalists to collect and analyse information (including exchange visits)	28.000	76.000	III
Reinforce support to MIC for : the promotion of trade fairs and use external facilitation to capture lessons of the events to ensure cross district learning; monitoring of agricultural marketing and collection of information on agricultural commodity price dynamics	0	175.000	III
TOTAL	208.000	501.000	

TABLE 3: COMPONENTE 4 - POLICY/INSTITUTIONAL SUPPORT AND PROGRAMME MANAGEMENT

Subcomponent 4.1. Knowledge management and coordination

Table 3.A. Additional Planned activities and financial implications for subcomponent 4.1.

	<i>Activity</i>	<i>Additional Funds needed</i>	<i>Loan Category</i>
1	KM + training DNPDR	70.000	III
2	Support to publication of DNPDR bulletin	50.000	III
3	PROMER website development	55.000	III
4	HH surveys to collect impact data and stories	250.000	III
5	Exchange visits between FOs and training for PROMER and others.	163.000	III
6	Branding and communication to improve PROMER visibility	160.000	III
	TOTAL	748.000	

Subcomponent 4.2. Policy/Institutional Support

Table 3.B. Additional Planned activities and financial implications for subcomponent 4.2.

	<i>Activity</i>	<i>Additional Funds needed for the extension period</i>	<i>Loan Category</i>
1	Promotion of thematic workshops to share lessons learned.	150.000	III
2	Provincial and district Reference Group meetings and monitoring visits	200.000	III
3	Capacity building activities for MIC, SDAE, and other governmental partners	90.000	III
4	Performance based incentives for DNPDR	192.000	III
5	National and international travel for DNPDR staff, Operational and maintenance costs for DNPDR and MIC Vehicles; other operational costs	222.000	VIII
	TOTAL	854.000	

Subcomponent 4.3. Programme Management

Table 3.C. Additional Planned activities and financial implications for subcomponent 4.3.

<i>Activity</i>		<i>Additional Funds needed for the extension period</i>	<i>Loan Category</i>
1	Short Term Consultancies and technical assistance to the PMT	346.000	III
2	Coordination meetings with PMCs and SPs for planning and internal knowledge sharing	396.000	III
3	IFAD workshops	300.000	III
4	Impact evaluations and assessments	200.000	III
5	Auditing (including auditing for MDG funds)	240.000	III
6	Recruitment of Financial Assistant for PMT and 2 additional Programme Officers for the PMCs	576.000	III
9	Office equipment and furniture	120.000	II
10	Maintenance computer and software	80.000	VIII
11	Purchase of Vehicles (7)	280.000	II
	Operational costs	470.000	VIII
13	Staff salaries and allowances	5.450.000	VII
	TOTAL	8.458.000	

TABLE 4 : COMPONENTE 5: PROMOTION OF NUTRITION EDUCATION ACTIVITIES

Table 4.A: Targets for Component 5

<i>Targets</i>	<i>Current</i>	<i>Revised</i>
Purpose	–	5% decrease in child malnutrition in the Programme area
Outcomes	Nutrition Knowledge and methods improved in 50% of the targeted families	75% of targeted people – 60% women, adopting recommended practices to manage a vegetable garden by PY 9
	10.000 persons adopting recommended practices to manage a vegetable garden	3.000 people – 50% women sensitized to improved food habits and sources of food
Outputs	3.000 people – 50% women sensitized to improved food habits and sources of food	At least 500 classes performed by end of Programme.
		At least 5 nutrition topics covered/year in each of the 10 radio stations involved in the programme

Table 4.B. Additional Planned activities and financial implications for Component 5

Activity		Budget project document	Financial implication				Loan Category
			Actual available	Missing funds from the budget (balance)	Additional funds needed	Total additional funds needed to meet the target	
			<i>A</i>	<i>B</i>	<i>C</i> (<i>A-B</i>)	<i>D</i>	<i>E</i> (<i>C + D</i>)
1	Contract with Service Provider for nutrition education in Block B (Cabo Delgado)	280.000	209.160	70.840	70.000	140.840	IV
2	Contract with Service providers for nutrition education in Block A (Niassa)	-	-	-	529.580	529.580	IV
3	Contract with Service provider for nutrition education in Block C (Nampula + Zambézia)	-	-	-	529.580	529.580	IV
TOTAL		280.000	209.160	70.840	1.129.160	1.200.000	