

## **The Republic of Mozambique**

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### **ProPESCA & CHAPANI**

**Artisanal Fisheries Promotion Project (ProPESCA)**

**Coastal HIV/AIDS Prevention and Nutrition Improvement Project  
(CHAPANI)**

### **Follow-up report**

Main report and appendices

Mission Dates: 14 to 20 February 2013  
Document Date: 8-Apr 2013  
Project No. 1517  
Report No: 3012-MZ

East and Southern Africa Division  
Programme Management Department



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## Abbreviations and acronyms

AMODER	<i>Associação Moçambicana Para o Desenvolvimento Rural</i>
ANE	National Roads Authority
CCP	Community Fishing Council ( <i>Conselho Comunidade das Pescas</i> ) or co-management committee
COSOP	Country Strategic Opportunities Paper
ADNAP	National Fisheries Administration
DPOPH	Provincial Directorates of Public Works and Housing
EDM	<i>Electricidade de Moçambique</i>
FFP	Fisheries Development Fund ( <i>Fundo de Fomento Pesqueiro</i> )
FFPI	Small Industry Development Fund ( <i>Fundo de Fomento de Pequena Industria</i> )
GAPI	<i>Sociedade de Gestão e Financiamento para a Promoção de Pequenas Projectos de Investimentos sarl</i>
HQ	Headquarters
IDPPE	Institute for Development of Small-Scale (Artisanal) Fisheries ( <i>Instituto de Desenvolvimento da Pesca de Pequena Escala</i> )
INIP	National Institute for Fisheries Inspection
IIP	Institute of Fisheries Research ( <i>Instituto de Investigação Pesqueira</i> )
M&E	Monitoring and Evaluation
MFI	Microfinance institution
MoU	Memorandum of Understanding
NGO	Non-governmental organization
PAG	Public Audit Group
PARPA	National Action Plan for Reduction of Absolute Poverty
PCCG	Project Consultative and Coordination Group
PCR	Rotating savings and credit groups ( <i>Poupança e Crédito Rotativo</i> )
PCU	Project Coordination Unit
PESPA	Strategic Plan for the Artisanal Fisheries Sub-Sector
PPABAS	Sofala Bank Artisanal Fisheries Project
PPAGI	Fisheries Project for Gaza and Inhambane
PROAGRI	National Programme for Agricultural Development
PPANNCD	Northern Nampula and Cabo Delgado Artisanal Fisheries Project
PROMER	Rural Market Promotion Programme
PRONEA	National Programme for Agricultural Extension
PY	Project year
RFA	Revolving saving and credit association ( <i>Poupança e Crédito Rotativo</i> )
RFSP	Rural Finance Support Programme
RIMS	Results and impact management system
RMF	Risk Mitigation Fund
TA	Technical Assistance

**REPUBLIC OF MOZAMBIQUE**  
**Artisanal Fisheries Promotion Project (ProPESCA)**  
**IFAD loan 822-MZ, OFID loan 1408P**  
**Coastal HIV/AIDS Prevention and Nutrition Improvement Project (CHAPANI)**  
**BFFS grant G-BG-48-MZ-CHAPANI**

Follow-up Mission: 14-20 February 2013

**Aide-mémoire**  
**signed on 21 February 2013**

**A. Introduction<sup>1</sup>**

1. The ProPESCA development goal is to improve incomes and livelihoods of households involved in artisanal fisheries. Its purpose is to increase the volume of high value fish on a sustainable basis and increase the returns obtained from traded fish. It will invest USD 62.4 million over seven years on the whole coastline, with IFAD financing USD 21.1 million, EU USD18.9 million, OFID USD 13.5 million and the Government providing the balance. Some 26 growth poles, in 7 provinces along the coast line, were originally identified within 24 districts to participate in ProPESCA, representing about half of the 51 coastal districts of Mozambique. With the advent of the EU funding the number of GPs has been increased to 30. ProPESCA was approved by the IFAD Executive Board in December 2010, and declared effective in March 2011. The OFID loan was declared effective in January 2012.
2. The project is making investments in the fish value chains at the participating growth poles. These will include strengthening fisher capacity, fish market and related infrastructure, input and output traders and community as well as national and district government capacities to manage artisanal fisheries sustainably. There are four components – Supporting development of Higher Value Fish; Improving Economic Infrastructures; developing Financial Services and Institutional Strengthening, Policy Initiatives and Project management.
3. Parallel to and linked to ProPESCA, IFAD administers a grant from the Belgian Fund for Food Security (BFFS) for the Coastal HIV/Aids Prevention and Nutrition Improvement Project (CHAPANI), effective from May 2012, with the overall goal to improve food security and livelihoods of households involved in artisanal fisheries. The grant recipient *Associação Moçambicana Ajuda de Povo para Povo* (ADPP) will mobilise people in the fishing communities to increase their knowledge of and change risky sexual behaviour and (as of the second year) diversify their regular diet.
4. This mission has been a follow-up to the first full implementation support and supervision mission to the projects. It was required to follow-up on key implementation matters and supervises both ProPESCA and CHAPANI, seeking to assist the implementation of project activities and to facilitate the integration and complementarities of the activities envisaged. Due to the time assigned to the Mission it was only able to work in Maputo.
5. The team wish to express their appreciation for the constructive and collaborative approach shared with it by IDPPE, the ProPESCA implementation team and the implementing agencies that we were able to meet.
6. The content of this Aide Memoire is subject to separate confirmation by IFAD management by way of a management letter.

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<sup>1</sup> Mission composition was: David Rendall (Team Leader), David Geilinger (Infrastructure Specialist) and Jean Bosco Rurangangabo (Financial Management Specialist). Claus Reiner (CPM-IFAD) joined the Mission from 17 – 20 February whilst Ana Cipriano Zandamela (Administrative Assistant-IFAD Country Office) provided logistical support.

## **B. Overall assessment of project implementation**

7. In 2012, the PCU with considerable involvement of IDPPE headquarters and delegation staff, carried out the intensive GP planning exercise in 22 zones. This is a significant achievement that has established the critical base for ProPESCA implementation. Not only that it also initiated the IDPPE capacity enhancement aspect of the project, with the involvement of the various levels of IDPPE staff. This is reported as having had a positive impact in relation to their knowledge of ProPESCA and also the application of participatory planning methods.

8. With this base for implementation in place it is disappointing that delays in activating 2013 AWPB is affecting progress. With no AWPB resources available, and not expected to be so until late February, almost a quarter of 2013 has already been lost – given the significant delays in mobilising the various technical specialists of the PCU further delays in fielding key reviews and component implementation strategy studies (either PCU or consultant based) is a serious limitation. It is critical that good standard and substantive physical achievements be realised during 2013. The PCU also needs to carefully review provisioning for 2013 and make sure that targets are achievable with good quality standards of delivery.

9. Finally it is important that more active support is provided for ProPESCA by the Government to ensure that bureaucratic procedures are adhered to and handled in an expeditious manner – for instance the delays in repaying the VAT payments to IFAD, in the activation of the 2013 AWPB in e-Sistafe and the prolonged processing of the TA contracts are pertinent examples of un-needed delays to ProPESCA.

## **C. Outputs and outcomes**

### **Component 1 – Supporting Development of Higher Value Fish**

10. With 22 GP plans complete and the Fisheries Technologist and the Value Chain Specialist in position, initial use of the Value Chain Facility should commence through 2013. The recruitment of the consultancy to review and draw lessons from earlier projects is now urgent as is the need for the resource assessment (see Component 4). The Mission has reviewed the draft ToR for the assignment and is satisfied that they provide the necessary basis for a constructive, action oriented planning and implementation process. The review will incorporate appropriate fishing gear and improved boats based on the different needs of the main fishing zones of coastal Mozambique. To supplement these approaches it will also be necessary to develop the associated business model and necessary financial products in collaboration with the RFS.

11. Given the urgent need to a support fisher and other value chain group enterprises the Mission supports IDPPE's initiative to seek to develop a partnership with the Associação Moçambicana de Promoção do Cooperativismo Moderno (AMPCM). It will be necessary to establish a suitable funding mechanism under the MOU. This civil society organisation has lead the rejuvenation of the cooperative movement in Mozambique through guiding the development of improved laws and regulations aimed at modernising this sector and establishing a solid business orientation for its members.

12. As an apex association it has a powerful obligation to assist business group development (based on associations moving to register as cooperatives or companies) and has the established training capacity and methods already established. Importantly its mandate is the oversight and governance of the movement hence there is no conflict between its operations and those of its members.

13. Work on the value chain from the 'first point of sale' is based on the methodology developed under ProPAPA with the additional focus on market hygiene and preparation of fish for sale. Current efforts to test the approach by working with the Market association at the Maputo market are commendable and likely to provide a solid basis for training of trainers for extension of the improved methods to GP markets. Understanding the motivation and response of vendors to using e.g. ice for improved preservation of the fresh product is a critical element of this process. The development of training modules is important, including consumer education as an important driver of acceptance of improved quality produce in the various markets.

14. Another critical aspect of the VCS's workplan is the preliminary work being carried out into the "business relationship" between the local authorities, the Vendors Associations and their members. Capturing the various operating models and using these to develop guidelines for councils and business groups will be an important policy initiative for ProPESCA.

Agreed action	Responsibility	Agreed date
1. Recruit fisheries extension consultant	FTS/PCU	30 April 2013
2. Advance discussion towards the development of the AMPCM partnership	PCU/AMPCM	30 April 2013
3. Preparation of "best practice" market /vendor operations	VCS/PCU	30 May 2013
4. Review of market management methods and development of formal guidelines	VCS/PCU	30 Sept 2013

## Component 2 – Improving Economic Infrastructure

### Sub-Component 2.1: Access Road Improvement

15. The MoU between IDPPE, the Road Fund and ANE has been prepared and was signed on 24 September 2012. The MoU places the major implementation responsibilities with the Provincial Delegations of ANE.

16. Based on the 22 (of the 30) completed Growth Pole plans a list of 630 km of high priority roads for improvement was developed. The estimated cost for the construction work is estimated at approximately MZM 282 million (USD 9.5 million). This list is currently under review by ANE and its provincial delegations the outcome of which will be the proposed implementation plan. These estimates need to be prioritised within the overall resources available under this component. The planning process involved an intensive data collection and analysis process for each Growth Pole.

17. The decisions regarding the selection criteria for the economic infrastructure projects were the result of the GP planning process that included extensive involvement of local stakeholders. This has been a complex process and the anticipated development of rigid selection criteria has perhaps been overtaken by the broad range of issues that needed to be considered. Thus, to date, the prioritisation of projects has been the result of broad consensus in the GP stakeholder groups and the need for selection criteria has included key criteria such as poverty and fishing potential. The preparation of a final list of selection criteria will be undertaken before the next round of infrastructure planning where larger projects will be considered. Initial commitments for these roads will be limited to a maximum of 50% of the component allocation prior to the overall component resource allocation plan.

18. The plan to recruit a design consultant to assist the design preparation work for roads is fully supported at ANE Headquarters. Relatively minor comments on the TOR are being prepared by ANE-DIMAN and will be returned by the end of February 2013.

19. ProPESCA intends to support the maintenance of the improved roads for a period of one year after completion of the works contracts. In addition, training in road maintenance will be provided for SDPI staff. This will help in creating the conditions for roads, especially those up-graded under ProPESCA, to be adequately maintained in the future. As has been mentioned in the previous mission report, current use of the funds provided by RF to the Districts is predominantly allocated for further improvement works and not for road maintenance. In order to clarify the responsibilities and expectations regarding future maintenance of unclassified roads it would be helpful for ANE to elaborate and disseminate clear policy guidance and SOPs on this issue. The PCU will work with the RF, ANE and the districts in exploring an effective way to obtain assurances that project-rehabilitated roads will be maintained annually.

20. ANE has been alerted to its commitment under the project to provide training for 50 contractors and 34 staff from respective SDPI (District Planning and Infrastructure Services). ANE intends that these training activities be undertaken through a contract with the Roads Training Centre (CFE) in Chimoio. It is worth clarifying that the 50 contractors will be 50 individuals employed by small contractors in a variety of roles. Preference will be given to the staff of those contractors who gain works contracts for the ProPESCA roads component. ANE-DIMAN will prepare a brief proposal for this issue in time for the next ProPESCA supervision mission.

21. The issue of quality control for road spot improvement work was raised in the previous mission report and should be seen as a priority area for improvement in the provincial and district works under ProPESCA. The recruitment of new provincial consultants is a good opportunity to make efforts to improve performance in the delivery of quality of works (both at design stage and during construction). Some improvements are also anticipated from the mobilisation of the Design Consultants for ProPESCA funded works. The additional supervision staff proposed for the provincial consultants and an increased availability of funds for monitoring by ANE staff (both Provincial and Head Office) both provide the potential to add to an improved quality control system.

22. As best practice in Mozambique other projects include External Technical Auditing for the road sector programmes (PRISE) in general auditing contracts. Moreover, some internal technical auditing has been undertaken by the road sector and plans exist for the contracting of an external technical auditor. Under current circumstances, the IDPPE has expressed a desire to reinforce their own internal technical auditing capacity for road works through short term specialist input. IDPPE will discuss this issue internally and make its recommendation prior to the next supervision mission.

### **Sub-Component 2.2: Electrification**

23. Improved understanding of the roles and responsibilities in the energy sector has pointed to the need for an alteration in the identity of the implementing agency. Where it was intended that the Mozambican Electricity Company, EDM, would be the identified implementing agency it is proposed that this be altered to show the Ministry of Energy in this role. Explanation of the reasons for this change relate to the need to recognise MoE as the key decision maker and administrator of use of e-Sistafe whilst EDM is essentially a contractor and management company and as such does not operate through e-Sistafe.

24. As a result of the planning process in 22 of the GPs, a list of three grid extension projects totalling 14 km have been proposed to MoE and EDM for implementation during 2013. EDM will evaluate these locations and plans and will make proposals for the required level of investment.

25. The MoE proposed that a regular electrification coordination meeting be arranged for the ProPESCA works to facilitate coordination for the project.

26. The energy sector convenes (chaired by the MoE) for an annual review and progress meeting by April each year. This meeting will provide an appropriate opportunity to obtain supplementary funding for the work required in extending the electricity grid to the further 5 GPs currently identified. The potential use of these extensions in an economically productive way, in the promotion of fish related activities, will help to attract development partners. MoE agreed to invite IDPPE to attend this meeting in the future and present ProPESCA plans.

### **Sub-Component 2.3: Alternative Power Supplies**

27. IDPPE has made a request to FUNAE for them to evaluate the equipment, the installation and operation of the solar power systems that were installed in 4 Markets under the PPABAS. FUNAE agreed to commence the evaluation once funds are available in e-Sistafe.

28. IDPPE have also made a request to FUNAE for the installation of 5 solar power systems for fish markets in island locations. FUNAE following a technical and financial assessment will prepare a plan to visit the locations and prepare proposals for these projects and present this to IDPPE.

29. IDPPE has also requested the help of FUNAE in evaluating the direct solar ice making machine proposed during the last Supervision Mission. Some preliminary work had been carried out by FUNAE staff that compared a system of solar power for a domestic freezer with that of the direct solar ice maker. It was agreed that further assessment be carried out and as appropriate the necessary proposals prepared.



Agreed action	Responsibility	Agreed date
5. Review overall component plan	PCU	30 August 2013
6. Finalise the recruitment of the roads design consultant	ANE/PCU	31 May 2013
7. Provide initial training for 50 contractors and 34 staff from respective SDPI	ANE/CFE	30 September 2013
8. Establish an electrification coordination meeting	MoE/PCU	30 April 2013

### Component 3 – Developing Financial Services

30. With the long delayed arrival of the RFS (mid-February 2013), due to a very lengthy approval process (contract was signed March 2012), it is important that prompt action be taken to select PCR providers and to lead the process of obtaining a 'matching grant' facilitator.

#### PCRs and other Community-based Financial Services

31. A review of the situation indicates that all the provinces with perhaps the exception of Inhambane (still to be confirmed) have well developed PCR programmes and it is unlikely that the much training of PCR promoters will be necessary.

32. In terms of developing PCR+ entities, GAPI has created a few OPEs (credit and savings operators ) with varying success which should be monitored and FARE has hired a consultant to help legalize one of the few SACCOs established by ADEM (in Manica Province) (another SACCO exists within ProPESCA coverage at Buzi).

33. Priorities for this subcomponent are to i) identify existing PCR promoters operating in coastal provinces and ii) invite them to submit bids for provincial lots (possibly, district lots, depending on population density).

#### Financial Services for Fisheries Value Chains

##### Line of Credit

34. The original ProPESCA cost estimates did not include a line of credit for financial institutions, having assumed that such lines of credit would be provided through PAFIR; The MDG Programme has established a line of credit for USD 1.378 million to ProPESCA.

35. Given the current operational difficulties of PAFIR and the unlikelihood of a quick resolution, an alternative entity capable of managing the line of credit needs to be found.

36. The Fisheries Development Fund (FFP) appears to be the most likely candidate, given its experience in operating the USD 4 million line of credit (lending to GAPI, AMODER and FFPI) and smaller lines of credit (PPAGI and PASP), involving a total of 7 financial institutions including 2 that have received IOF support from FARE. FFP is also likely to manage the lines of credit for the World Bank's Socio-Economic Development of the Zambezia Valley and the Inland Aquaculture and Artisanal Fisheries Development Project (PAPAI).

37. Given the strong preference of the Ministry of Fisheries to collaborate with the FFP combined with its satisfactory management of lines of credit, FFP would seem to be the most likely candidate to manage the ProPESCA line of credit. The RFS should urgently review the organisation options including due diligence and following consultation with IFAD submit the recommendation to the PRG. In order to allay concerns from the EU about exorbitant rates of interest being applied by some credit retailers in rural Mozambique, it is suggested that the ProPESCA line of credit be subject to developmental criteria, including an interest rate ceiling.

38. One major concern regarding the application of the Line of Credit is the ironic predicament of the FFPI. The FFPI was IFAD's most important provider of credit for ProPESCA predecessors but will be excluded on the basis of FFP's eligibility criteria because it is not a registered financial institution subject to BoM supervision. It is important to urgently investigate what legal possibilities exist for including the FFPI as a potential client for the line of credit.

### Outreach Grants

39. The management of Matching Grants is a significant challenge as they need to produce a development impact and are vulnerable to abuse. FFP has no experience in this field and the only known similar exercise (outside of FARE) was the Access to Finance Challenge Fund financed by GIZ and implemented by the consultancy company ICC in collaboration with the Bank of Mozambique. This fund was a matching grant scheme which supported financial institutions (MFIs and commercial banks) to establish operations in remote areas (purchase of mobile banks, ATMs, computer software, mobile phones for loan officers, etc).

40. Three options for the Outreach grant management seem possible: i) launch a bidding process for it to be implemented by a private entity; ii) give responsibility to FFP with comprehensive training and monitoring, taking all steps possible to avoid the pitfalls of the FARE experience; iii) join the management with the other two matching grant schemes in terms of implementation by an evaluation commission established by ProPESCA with in-house monitoring while the funds will be housed and disbursed by a financial institution such as FFP.

41. A ProPESCA position paper needs to be prepared urgently by the RFS with a recommended position for decision by IDPPE and 'no objection' by IFAD.

### Risk Management Fund (RMF)

42. The necessary RMF operational procedures and eligibility criteria have been developed by GAPI, IDPPE and FFP and subsequently approved by IFAD; furthermore, an RMF management committee consisting of representatives from IDPPE; FFP and GAPI has been appointed and is expected to meet in early March.

43. During a meeting with GAPI, it was agreed that the annual report on the RMF would be produced by early March with performance indicators, loan details, location, etc. Preliminary information provided by GAPI indicates that loans from the RMF are in the region of USD 56,000. One problem requiring attention is that the RMF is currently being used as a line of credit. The RMF management committee will address this issue in its next meeting. Now that the procedures are clear, once again GAPI agreed to relaunch its promotion of the RMF to commercial banks and MFIs. It was agreed that IDPPE would furnish GAPI with a list of operators that it is aware of through the growth pole planning exercise and any other information obtained (e.g. through FARE).

### Innovation and Infant Industry/ Female Entrepreneur Funds

44. Operational procedures need to be developed for these two funds that should be administered using the mechanisms developed for the Outreach Fund. The RFS will work closely with the value chain and gender experts to establish this process.

45. Business development services (BDS) provision to loan clients is essential for improving enterprise performance and thus repayment capacity. The RFS will work closely with the value chain expert to help develop relevant BDS approaches and suitable service providers. It is noted that BDS capacity exists in Mozambique however further strengthening and adaptation of the methodology is needed. As the appropriate arrangements (MOU, service provider contracts) are developed provision for BDS should be included as part of the overall responsibility matrix).

<b>Agreed action</b>	<b>Responsibility</b>	<b>Agreed date</b>
9. Identify and select PCR providers	PCU	30 May 2013
10. Identify an alternative entity capable of managing the line of credit		
11. An Outreach Fund management position paper needs to be prepared urgently	RFS/PCU	30 April 2013
12. GAPI to relaunch its promotion of the RMF to commercial banks and MFIs.	RFS/IDPPE/IFAD	30 April 2013
	GAPI	On-going

#### **Component 4 Nutrition**

46. The advent of the MDG Programme engenders the inclusion of a nutrition component in the project, already included in the 2013 AWPB. The Mission notes the PCU concerns regarding the management requirements and agrees that simple contracting arrangements should be established. Technically the component will resemble the nutrition activities of CHAPANI. The funds foreseen for the component may need to be increased, yet the funding estimates of USD 280,000 should guide the implementation planning.

#### **Component 5 – Institutional Strengthening, Policy Initiatives and Project Management**

47. Timely implementation of the resource assessment of small pelagics in the 5 – 50 m depth zone is the key responsibility of IIP (with regard to ProPESCA) during 2013. The survey is scheduled to begin in June and take around 3 months to complete. Apart from establishing a critical baseline of fish stock in the critical area the information is vital for the development of constrictive and responsible investments packages for the development of small scale fishing systems in the 5 key zones of coastal Mozambique.

48. Good progress in finalising the necessary protocols and identifying key IIP staff for training and participation in the survey has been achieved. The Mission is however concerned that neither the TOR for the fisheries resource assessment consultant nor the specifications for the needed survey equipment have been finalised. Hence the procurements have not been advertised. Time is now critical for the survey to take place in the planned period that should provide optimal weather and sea conditions for the survey. Arrangements for rental of the survey boat(s) need also to be put in place. The draft ToR for the CCP consultancy has been reviewed by the Mission and it recommends that they are suitable for IFAD to, when requested, issue its 'no objection'.

49. It is necessary for the Project Reference Group (PRG that is effectively the project Steering Committee) to establish a regular meeting schedule (at least twice a year) and that it focus on providing sound delivery expectations and support as needed e.g. the importance of the USD 141,693 being repaid to IFAD (PPABAS VAT repayments) in a timely manner. Coupled with this initiative and to build on the active involvement of IDPPE staff in the GP planning process, it is important that attention be paid to Output 4 – Increased institutional capacity to support resource management production/marketing of higher value fish through the preparation of comprehensive capacity building assessment and plan.

50. With the completion of 22 GP plans it is necessary to ensure that the compilation of these individual plans into a coherent and measurable strategy be completed and reviewed by the PRG and IFAD) – there is much to be learnt from the approach developed as well as useful information – not just for ProPESCA but also the wider marine fisheries sector. It will be important to review the very good MIS structure to ensure that it covers all aspects of the individual GP plans.

51. The MDG Programme is expected to be signed between IFAD and the EU shortly. Following this, the ProPESCA financing agreement will require amendment to include the additional USD 19.0 million of grant funds. The PCU has already included provisions for the MDG Programme in its 2013 AWPB and needs to finalise urgently the physical targets for its part of the MDG financing, overall and for 2013.

<b>Agreed action</b>	<b>Responsibility</b>	<b>Agreed date</b>
13. Complete procurement actions for resource survey	IIP	30 May 2013
14. Proceed with CCP consultancy	ADNAP/PCU	30 May 2013
		At least twice yearly from 30 April 2013
15. PRG to establish regular meeting schedule	IPPPE/PCU	April 2013
16. Prepare the IDPPE capacity building workplan	PCU/	30 June 2013
17. Complete review and compilation of GP plans	PCU	15 March 2013

## CHAPANI Grant

52. The implementation of the CHAPANI grant effectively commenced in October 2012 - some 5 months after the grant agreement was signed. The delay was due to administrative reasons between IFAD and ADPP. Since activities commenced, good progress has been achieved with HIV/Aids awareness campaigns initiated in the 6 designated GPs (Memba, Nacala Porto, Ilha de Mozambique, Angoche, Larde and Moma in Nampula Province).

53. The effort in establishing the 6 offices, recruiting and training the staff (and IDPPE staff – 2 per GP) and effectively initiating awareness programmes aimed at establishing total Control of the Epidemic (TCE) with nearly 4,000 coastal families is commendable. The ADPP team recognise the positive support they are receiving from the provincial delegations and local authorities.

54. The key matters requiring attention are the need to: (i) include a budget line for transportation of condoms (this is the reason for the low delivery performance), (ii) consider enhancing the supervisory staff (to a ratio of 1 supervisor to 2 GPs), (iii) the commencement of the nutrition component and (iv) work with the Ministry of Health to strengthen the availability of HIV test kits and condoms.

Agreed action	Responsibility	Agreed date
18. Include in next AWPB provision for condom transportation	Project Coordinator and ADPP HQ	30 March 2013
19. Prepare submission to increase ratio of supervisors per GP from 1:3 to 1: 2	ADPP HQ	30 March 2013
20. Ensure proper screening of vegetables for each GP and establish linkages with MOA	Project Coordinator and Supervisors	On-going
21. Strengthen advocacy with Min. of Health for supplies of test kits and condoms	ADPP HQ	On-going

## D. Project implementation progress

55. **Planning, Monitoring and Evaluation.** The 2012 Annual Report has been drafted on schedule and the 2013 AWPB was also submitted to IFAD in draft form on time. Unfortunately the AWPB was not submitted to National Directorate of Budget in good time and as a consequence no budgetary resources have been able to be accessed in 2013. This is an area that the IDPPE need to address both immediately and in the longer term.

56. A follow-up round of training is scheduled for delegation staff to strengthen their capacity to maintain in a timely and accurate manner the inputting of GP data into the well-structured ProPESCA MIS system.

57. The immediate need to complete the procurement process for the base-line survey consultant and to mobilise the socio-economic intern whose CV is under review. With regard to the procurement process the Mission recommends that the PCU request an ex-post “no objection” for the call for expressions of interest and also a ‘no-objection’ to proceed with the limited tender (2 qualified individual consultants) for closing on 5 March 2013 and that IFAD should issue the same.

58. The PCU is also encouraged to re-advertise internally the post of the PME Assistant on an urgent basis and notes that the ToR and associated candidate assessment methods are suitable.

Agreed action	Responsibility	Agreed date
22. Finalise recruitment of base-line survey consultant	PCU	30 March 2013
23. Re-advertise post of PME Assistant	PCU	30 April 2013

## E. Fiduciary aspects

### Financial Management

59. All project financial operations are managed through the government financial management tool - e-Sistafe. It took almost 6 months for the project and the Centre for Development of Public Finance System (CEDSIF) to fully establish ProPESCA within the e-Sistafe system. This has had a negative impact of project progress. All 7 delegation accounts are operational borrowing e-Sistafe equipment from neighbour's institutions as the e-Sistafe equipment for provinces, recently acquired by the project are not yet installed. It has been agreed that the process of installing the provincial e-Sistafe equipment should be accelerated as currently accounts officers perform provincial financial operations by borrowing from other institutions, and that CEDSIF should restore the access of three accounts officers at the project headquarters.

60. The assessment of e-Sistafe for ProPESCA financial management is positive. The reporting by categories and by component is possible and with small adjustments the project is able to prepare withdrawal applications. Further the segregation of duties is ensured by number of people required in performing one operation (at least 3). However, the project must pay attention to getting the best out of this centralised tool by respecting the deadlines.

61. From the beginning of the year no payment has been made including the salaries of employees due to the late submission of project budget that reached the treasury by 5th February 2013 while it should have been submitted in December 2012. It has been agreed that the elaboration of AWPB including IFAD no objection should always be done by 15 December of each year to give time for National Directorate of Budget to enter the budget into the system. The PCU has been working with National Directorate of Budget to enter and activate the 2013 AWPB. This is expected to be effective by 28 February, 2013.

62. The 2012 ProPESCA budget, initially estimated at USD 3.2 million was revised in July 2012 to USD 3.8 million. The execution rate was very low as the total expenditure amounted to USD 0.93 million, representing 29% of the original 2012 budget. 97.5% of 2012 expenditures are posted on component 4 of Strengthening Institutions, Policy and Project Management. However, some expenditures should have been charged to other components. This practice can result in overstating the expenditure of this component and the mission advised the financial manager to review all the operations posted and allocate expenditure to the appropriate components.

63. **The project implementation manual (PIM).** The elaboration of this important document for management of project was supposed to be completed by March 2012. Instead of hiring external service the project preferred to do it internally and up to now the document is still a draft and misses some sections such as: the organisational structure, management of assets and vehicles and internal control policies. It has been agreed that this document should be finalised, shared with IFAD and then be approved by the project steering committee.

64. **Disbursement.** The project is at its 3rd withdrawal application on IFAD funds. The first of USD 0.25 million for ProPESCA starting cost and the second of USD 1.7 million in 2012. The 3rd application that is ready to be sent for payment amounts to USD 0.96 million. The disbursement of OFID funds is taking time to materialise. In October 2012 the project introduced the first disbursement application for an amount of USD 223,000. In December IFAD Nairobi asked for additional documentation on the application which has been provided in December 2012 but as of today (mid-February) the funds have not yet been received. A recent letter by OFID to the Ministry of Finance clarifies the disbursement procedures OFID can use, requiring an urgent response from the Ministry of Finance. During the mission, OFID expressed its regrets for the delays, and for its inability of channelling funds through the CUT. Nonetheless, it indicated that on the basis of a withdrawal application on OFID forms it can disburse rapidly an advance of USD 500,000 to the Designated Account already opened. OFID also indicated the possibility of passing its funds through IFAD, in order to follow the CUT mechanism.

65. **Counterpart funds.** In 2012 the project requested USD 156,666 an amount of USD 60,000 that represented 38% of the requested budget was approved but at the end no disbursement has been made so far. For 2013, the project requested USD 366,666 for funding government share of expenditures for the EU funding for the project, However only USD 50,000 was approved representing

13.6 % of the requested budget. This situation raises concern as the project will not be able to acquire services where the government has to contribute and the situation will worsen with EU coming on board with proceeds that are strictly exempted from paying taxes.

66. **Compliance with loan covenants.** At this stage, there is compliance with the loan covenants except for section 7.02 on the availability of counterpart funds, which are not provided to the project on time.

67. **Procurement.** Only 29% of the last year budget has been disbursed, with the implication that most of the contracts planned for 2012 have been rescheduled to 2013. The mission is satisfied that recruitment and procurement in 2012, such as fishery technologist specialist, rural finance specialist, e-Sistafe equipment etc, respected IFAD procurement regulations. In addition the project is familiar with the use of contract monitoring form. The contract register and assets register were found to be updated up to 31 December 2012 and the procurement plan for 2013 is already available. However, there is a room to improve the filing of the tender documents by keeping the documentation related to one tender in the same box and a chronological numbering of contracts files.

68. **Audit.** The mission is satisfied that ProPESCA auditors have been recruited for two years. It was agreed that the financial department will have to update financial statements from e-Sistafe according to International Public Accounting Standard (IPSAS) and get ready for audit operation by March 2013 as the deadline for submitting audit report to IFAD is fixed on 30th June 2013.

69. **Ex-post review of supporting documents.** The sample selected from the last disbursement is supported by proper documentation. However, there is a room to improve the numbering system of vouchers to correspond the number from e-Sistafe to the number of the physical supporting documents. Furthermore, to relieve the accounts office of a huge volume of audited files, it is advisable store them out of the immediate accounting office. The simplest option will be to buy a container to hold securely, audited files that are not needed on a daily basis.

#### **CHAPANI (Coastal HIV/AIDS Prevention and Nutrition- BSF-BG-48-MZ)**

70. **Financial Management and flow of Funds.** The CHAPANI grant (EUR 0.5 million) became effective in May 2012 and it receives funds from IFAD in EUR. To facilitate operations on the ground, one account in local currency has been opened in Nampula province. ADPP is in charge of daily operations with supervision by IFAD. In general, ADPP has a sound management system but has not had an introduction to IFAD procedures and standards. The mission indicated how to report by categories and by components.

71. **Disbursement and fund utilisation.** CHAPANI funds disbursement schedule is in three instalments (i) EUR 250,000, (ii) EUR 225,000 and (iii) EUR 25,000. The second disbursement is subject to the justification of 80% of the first instalment. In May 2012 ADPP received the first disbursement USD 250,000. At the end of December 2012, the total expenditure amounted to EUR 70,438 representing 43.3% of the 2012 budget and 14% the first disbursement. While the percentage of expenditure is still low for requesting the second disbursement, it is time to start the preparation of CHAPANI AWPB that has to be submitted to IFAD before 31 March as stipulated in the grant agreement. It has been agreed that the next budget will be organised by component and a summary by categories in formats provided by the mission.

72. **Procurement.** The procurement of CHAPANI goods and services follows ADPP guidelines derived from an international NGO's guidelines and which the mission found to be compatible with IFAD. However, the mission noted that there is omission of some important documents such as the procurement plan, assets register and contract monitoring form. It has been agreed that formats will be provided by the mission while the training on filling the formats will be provided to the CHAPANI accountant by ProPESCA financial staff.

73. **Audit.** ADPP financial statements are audited by KMPG. Likewise, the CHAPANI books will be audited by KPMG. ADPP will need to share the terms of reference with IFAD. The CHAPANI audit should be included in the ADPP annual audit. The CHAPANI funds need to be separately shown in the books, and audited within the overall ADPP accounts. The audit report is expected by 30 April 2013.

#### **PPABAS (Sofala Bank Artisanal Fisheries Project, IFAD loan 566-MZ)**

74. **Closing of project and loan account.** The September mission reported that an amount of USD 141,693 representing the Government's obligation for VAT counterpart funding was still

outstanding and constituted a barrier for the closure of project and loan account. The Government promised to refund this amount in two instalments: one of USD 65,000 by 15 November 2012 and the balance in the first quarter of 2013 but up-to-date no payment has been made. The last mission highlighted that the non-payment could be a basis for IFAD suspending disbursement for Mozambique. After a review of the situation and noting that the Minister had approved the allocation of funds to enable the first payment, the Government renewed its commitment to settle the stated amount in two instalments with deadlines of 30 April and 30 June 2013 respectively. However, IFAD cannot accept moving the deadline again, and insists that the full payment be made by 31 March 2013. It is also necessary for the provisioning for these payments to be fully made by MoF under its approved 2013 budget. Should the payment not be made by 31 March 2013, IFAD will be forced to consider suspending disbursements partially or even across the entire Mozambique portfolio.

Agreed action	Responsibility	Agreed date
24. Installing the provincial e-Sistafe equipment should be accelerated	PCU/CEDSIP	31 March 2013
25. The PIM should be finalised, reviewed and approved	PCU/IFAD	31 March 2013
26. 2012 Audit should be initiated	PCU	
27. Necessary IFAD compliant report formats should be shared with ADPP	PCU	28 February 2013

## F. Conclusion

75. ProPESCA is emerging from its intensive participatory planning phase – real implementation is in sight – this brings a new set of challenges for all parties as the pace of support/review/approval by PRG, IDPPE and IFAD becomes increasingly important for timely and quality implementation. At the same time the ProPESCA team needs to ensure that it attends to its management and fiduciary obligations in a timely manner it ensure that the project does not suffer from unnecessary bureaucratic delays.

76. A full supervision mission will be fielded from 9 to 20 September 2013 for ProPESCA, CHAPANI and PROAQUA.

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**Claus Reiner**  
**Country Programme Manager**  
**IFAD**

**Tomé Capece**  
**Director**  
**IDPPE**

**21 February 2013**





## Appendix 1: Summary of ProPESCA status and ratings

### IFAD Project Status Report

#### Basic Facts

Country	<b>Mozambique</b>			Project ID	1517	Loan/DSF Grant No.	822-MZ
Project	<b>Artisanal Fisheries Promotion Project (ProPESCA)</b>					Supp. Loan/DSF Grant	
Date of Update	20 Feb 2013 2012					Financing terms	HC
Supervising Inst.	IFAD						
No. of Supervisions	2	No. of Implementation Support/Follow-up missions	3				
Last Supervision	14 Sept-2012	Last Implementation Support/Follow-up mission	20 Feb 2013				

					USD million	Exp. Rate %
Approval	15/12/2010			Total costs	43.524	
Agreement	24/3/2011	Effectiveness lag	3.3 mths	IFAD Total		
Effectiveness	24/3/2011	PAR value		IFAD loan	21.1001	11%
MTR				OFID loan	13.53	0.0%
Current completion	30/3/2018	Last Amendment		Other	4.53(1)	
Current closing	30/9/2018	Last Audit	na	Government	1.12	
No. of extensions	0			Entrepreneurs	1.06	
				Local Fin. Inst.		
				Risk MF	0.60	
				Loans	1.60	
				Cofinancing Total	22.03	

#### Project Performance Ratings

(6) highly satisfactory; (5) satisfactory; (4) moderately satisfactory; (3) moderately unsatisfactory; (2) unsatisfactory; (1) highly unsatisfactory

B.1 Fiduciary Aspects	Last	Current	B.2 Project implementation progress	Last	Current
1. Quality of financial management	4	4	1. Quality of project management	4	4
2. Acceptable disbursement rate	3	3	2. Performance of M&E	5	5
3. Counterpart funds	4	2	3. Coherence between AWPB & implementation	4	3
4. Compliance with loan covenants	4	3	4. Gender focus	4	4
5. Compliance with procurement	4	4	5. Poverty focus	5	5
6. Quality and timeliness of audits	4	5	6. Effectiveness of targeting approach	5	5
			7. Innovation and learning	4	3
B.3 Outputs and outcomes	Last	Current	B.4 Sustainability	Last	Current
1.1 Commercially viable fishing units	4	4	1. Institution building (organizations, etc.)	4	4

1.2 Fish marketing and processing facilities operative (financially, health wise etc)	4	4	2. Empowerment	5	5
1.3 Appropriate institutional capacity at HQ, province and district/GP levels	4	5	3. Quality of beneficiary participation	5	5
2. Reliable and well maintained access and power supplies	4	4	4. Responsiveness of service providers	4	4
3. Financially viable financial services available through the fish value chains.	4	4	5. Exit strategy (readiness and quality)	NR	NR
4.1. Artisanal fisheries sector operate in a empowered policy environment with sustainable policies and fair administration	4	4	6. Potential for scaling up and replication	5	5
4.2. Strengthened implementation capacity	4	4			

#### B.5 Justification of ratings

While there have been some delays due to the introduction of e-SISTAFE there is no indication of increased risk of not achieving the planned outcomes and outputs

#### Overall Assessment and Risk Profile

	Last	Current
C.1 Physical/financial assets	4	4
C.2 Food security	4	4
C.3 Overall implementation progress (Sections B1 and B2)	4	4
Rationale for implementation progress rating:		
C.4 Likelihood of achieving the development objectives (section B3 and B4)	4	4

Rationale for development objectives rating: The Project has successfully carried out 22 of 30 GP planning exercises and is expected to complete the other 8 by the mid 2013 as such the necessary implementation base is well established and real development investments can be expected to start during the coming year.

#### C.5 **Risks** Short description of major risks for each section and their impact on achievement of development objectives and sustainability

Fiduciary aspects: e-SISTAFE system is operating – full decentralisation in process, reports function needs improvement – need to mobilise necessary equipment and training in the delegations, provision of counterpart funding including provision for VAT is of serious concern
Project implementation progress: solid progress – increased risk – delays in budget release and counterpart funding of concern, quality of road improvements needs careful attention
Outputs and outcomes: initial results from the GP plans indicated that the project is well structured to meet the requirements of small fishers in increasing productivity with strengthened market access
Sustainability: the need to establish sound and fair market tenure arrangements and the on-going associations/group business sustainability will be key – the approach is under careful review with participatory planning for practical approaches initiated

#### Proposed Follow-up

Issue / Problem	Recommended Action	Timing	Status
Operationising of ProPESCA account in e-SISTAFE in delegations	IFAD to continue its close follow-up with the PCU and the Ministry of Finance	Sep 2013	On track
OFID funds not yet accessible	IFAD to assist in the elaboration of functioning disbursement mechanisms for OFID funds	30 April 2013	Delayed
Planning of MDG Programme	IFAD to ensure that the design is supportive of project objectives and in line with PCU capacities.	31 March 2013	Completed

#### Additional observations

## **Appendix 2: Updated logical framework: Progress against objectives, outcomes and outputs**

Logframe not up-dated – this to be done as part of the integration of the MDG Programme incremental; targets



## Appendix 3: Summary of Agreed Actions

**Table 1: ProPESCA**

Agreed Actions Sep 2012 Mission	Status of Actions, Sep 2012 (with Mission Comments)	Agreed Actions, Feb 2013 Mission (with Responsibility & Deadlines)
<b>Comp.1 Supporting Dev of Higher Value Fish</b>		
7. Complete works on market facilities developed under PPABAS and ProPAPA (IDPPE and district teams, 31 Oct 2012)	Ongoing. Field work carried out by VC Specialist. Work performed on Good Hygiene Practices (GHP), Good Manufacture Practices (GMP) in handling, processing and marketing of fish. Report produced on the current situation and actions required, including recommendations of additional civil works needed to improve functionality of the markets.	7. Complete works on market facilities developed under PPABAS and ProPAPA (IDPPE and district teams, 30 June 2013)
8a. Document results and lessons of fishery extension technology packages and use to prepare extension messages. 8b. Develop a standardised approach to assessing fishing methods options (fishing technologist and value chain specialist, 30 Nov 2012)	Initiated. Terms of reference drafted. Tender for selection of a consultant to assist in conducting this evaluation to be launched in February. Work expected to take place in March and April. Delay was due to the late integration of fisheries technologist.	8a. Document results and lessons of fishery extension technology packages and use to prepare extension messages. 8b. Develop a standardised approach to assessing fishing methods options (fishing technologist and value chain specialist, 30 April 2013)
24. Complete review of market operating models and development of alternative ones (PCU, 31 Oct. 12)	Ongoing. Assessment of situation done during the consultation and planning processes undertaken in the growth poles. Contacts with private companies will follow to attract to open outlets in those poles not well served currently. Some incentives may be required.	24. Complete review of market operating models and development of alternative ones (PCU, 5 April 2013)
		44. Advance discussion towards the development of the partnership with AMPCM (PCU, 30 April 2013)
<b>Comp 2: Economic Infrastructure</b>		
25. Adopt selection criteria for Economic infrastructure projects (PCU Engineer, 15 Dec 2012)	Not yet done. However, following consultation and planning an initial number of infrastructure projects were selected to be considered under the 2013 AWPB based on simple criteria (reasonable cost, likelihood of strong impact)	25. Adopt selection criteria for Economic infrastructure projects (PCU Engineer and ANE, 30 Aug 2013)
26. Recruit Road Design Engineer (ANE, 31 Jan 2013)	Not yet done. Terms of reference prepared and submitted to ANE for consideration. Tender for this purpose to be released towards end of February.	26. Recruit Road Design Engineer (ANE, 31 May 2013)
27. Strengthen Roads O & M capacity (PCU & ANE, on-going)	Not yet started. To be done in the framework of implementation of ProPESCA.	27. Strengthen Roads O & M capacity (PCU & ANE, on-going)
28. Investigate supplementary funding for electrification (IDPPE, 31 Mar 13)	Ongoing. Initial discussions conducted involving the Ministry of Energy and EDM start. Priority was given to finalizing negotiations on the MoU between IDPPE, ME, and EDM.	28. Investigate supplementary funding for electrification (IDPPE, on-going)
29. Finalise Alternative Energy pilot scheme (Mission and PCU Engineer, 30 Sep. 2012)	Ongoing. Discussions held with FUNAE who is assessing the proposal. More technical and financial data is needed.	29. Finalise design of Alternative Energy pilot scheme (FUNAE and PCU, 30 June 2013)
		45. Review overall component plan (PCU, 30 August 2013)

Agreed Actions Sep 2012 Mission	Status of Actions, Sep 2012 (with Mission Comments)	Agreed Actions, Feb 2013 Mission (with Responsibility & Deadlines)
		46. Provide training for 50 contractors and 34 staff from respective SDPI (ANE/CFE, 30 June 2013)
		47. Establish an electrification coordination meeting (MoE/PCU, 30 April 2013)
<b>Comp. 3 Developing Financial Services</b>		
12a. Map PCR promoters, 12b. Recruit & train PCR promoters (PCU/RFS, March 2013)	Not yet done due to significant delay in getting contract of RFS endorsed by the Administrative Court.	12a. Map PCR promoters, 12b. Recruit & train PCR promoters (PCU/RFS, May 2013)
13. Start Level-3 PCR Promotor Training (PCU, 30 Nov 2012)	As above	OK, see #12
14. Develop advanced PCR model (short-term TA/RFS, June 2013)	As above	14. Develop advanced PCR model (short-term TA/RFS, June 2013)
15. Carry out independent review of the Risk Mitigation Scheme managed by GAPI (GAPI/PCU/external consultant, July to September 2013)	As above	15. Carry out independent review of the Risk Mitigation Scheme managed by GAPI (GAPI/PCU/external consultant, July to September 2013)
30. Decide on ProPESCA approach to attract financial institutions to GPs (PCU/RFS, 31 March 2013)	As above	30. Decide on ProPESCA approach to attract financial institutions to GPs (PCU/RFS, 31 March 2013)
31a. Finalise RMF regulations and 31b. Activate management committee (GAPI, PCU/RFS, 31 Oct 2012)	Done. Regulation on the RMF finalized and signed by the concerned parties. Management Committee to start works soon.	OK
32. Organise provincial RMF promotion meetings (GAPI/IDPPE, 31 Dec 2012)	Not yet done. The RFS now finally integrated in the project team shall liaise with GAPI and IDPPE provincial offices for such meetings to take place.	32. Organise provincial RMF promotion meetings. (GAPI/IDPPE, 30 June 2013)
33. Design rules for the two matching grant operations (RFS & Value Chain Specialist, 31 Mar 2013)	Not yet started due to significant delay in getting contract of RFS endorsed by the Administrative Court. Some initial considerations discussed during consultation and planning workshops in the growth poles.	33. Design rules for the two matching grant operations (RFS & Value Chain Specialist, 30 June 2013)
34. Recruit short-term TA for PCR+ (RFS, PCU, 31 Mar 13)	-	34. Recruit short-term TA for PCR+ (RFS, PCU, 31 Mar 13)
35. Define ProPESCA approach for advanced PCR Promoters (short-term TA, RFS, PCU, 30 Jun 13)	-	35. Define ProPESCA approach for advanced PCR Promoters (short-term TA, RFS, PCU, 30 Jun 2013)
36. Design and implement BDS approach for ProPESCA (RFS, VCS, PCU, 30 Jun 13)	-	36. Design and implement BDS approach for ProPESCA (RFS, VCS, PCU, 30 June 2013)
		48. Identify an alternative entity capable of managing the line of credit. (RFS/PCU, 30 April 2013)
		49. Prepare an Outreach Grant management position paper. (RFS/ IDPPE/, 30 April 2013)
		50. Promote the RMF to commercial banks and MFIs. (GAPI, on-going)
<b>Comp 4 Instit. Strengthening, Policy and Project Management</b>		
17. Recruit and train the technical officers and inspectors along with co-management committees (by ADNAP & IDPPE, 31 March 2013)	Not Done	17. Recruit and train the technical officers and inspectors along with co-management committees (by ADNAP & IDPPE, 31 March 2013)
39a. Initiate full M&E training (PCU, 1 Dec 12) 39b. Recruit baseline consultant (IDPPE 25 Oct 12) 39c. Recruit M&E Assistant	-	39a. OK 39b. Recruit baseline consultant (PCU, 30 March 2013) 39c. Recruit M&E Assistant (PCU, 30 June 2013)

<b>Agreed Actions Sep 2012 Mission</b>	<b>Status of Actions, Sep 2012 (with Mission Comments)</b>	<b>Agreed Actions, Feb 2013 Mission (with Responsibility &amp; Deadlines)</b>
(PCU & IDPPE, 30 Nov 2012)		
		51. Complete procurement actions for resource survey (IIP, 30 May 2013)
		52. Proceed with CCP consultancy (ADNAP/PCU, 30 May 2013)
		53. Establish regular PRG meeting schedule (IDPPE, at least twice yearly from 30 April 2013)
		54. Prepare the IDPPE capacity building workplan (PCU, 30 June 2013)
		55. Complete review and compilation of GP plans (PCU, 15 March 2013)
<b>Fiduciary Matters</b>		
5. Finalise PIM review (PCU, 15 Oct 2012)	Done. A draft version available to be shared on the course of the follow-up mission.	5. Finalise PIM review (PCU, 31 March 2013)
6a. Document e-SISTAFE process (IFAD Country Office, 31 Dec 2012) 6b. Upgrade e-SISTAFE Reports (PCU, 31 Dec 2012)	Performed. Based on the information produced by the PCU the IFAD Country officer produced a paper documenting lessons learned in the process of establishing the E-SISTAFE for ProPESCA.	OK
40. Ensure adequate counterpart funding for 2013 (MoF, IDPPE, 31 Dec 2012)	Not done. Under the 2013 budgeting exercise the PCU planned for sufficient counterpart funds (MZM 11.6 millions), but the approved allocation is MZM 1.5 million.	40. Ensure adequate counterpart funding for 2013. (MoF, IDPPE, 30 June 2013)
42. Resolve outstanding balance for PPABAS (MoF, urgent)	-	42. Resolve outstanding balance for PPABAS. (MoF, urgent)
43. Resolve balance of BSF Grant (MoF, urgent)	-	43. Resolve balance of BSF Grant. (MoF, urgent)
		56. Install the provincial e-SISTAFE equipment. (PCU/CEDSIF, 31 March 2013)
		57. Share with ADPP the IFAD compliant report formats to be used by ADPP (PCU, 28 February 2013)

**Table 2: CHAPANI**

<b>Agreed Actions Sep 2012 Mission</b>	<b>Status of Actions, Sep 2012 (with Mission Comments)</b>	<b>Agreed Actions, Feb 2013 Mission (with Responsibility &amp; Deadlines)</b>
1. Complete baseline survey report (ADPP, 31 Jan 2013)	Not complete	1. Complete baseline survey report (ADPP, 30 June 2013)
2. Commence demonstration programme for hygienic food preservation (ADPP, 31 Jan 2013)	-	2. Commence demonstration programme for hygienic food preservation (ADPP, 31 Mar 2013)
3. Commence demonstration programme for hygienic food preparation for children (ADPP, 31 Jan 2013)	-	3. Commence demonstration programme for hygienic food preparation for children (ADPP, 31 Mar 2013)
		4. Include in next AWPB provision for condom transportation (ADPP, 30 March 2013)
		5. Submit request to IFAD to increase ratio of supervisors per Growth Pole from 1:3 to 1:2. (ADPP, 30 March 2013)
		6. Ensure proper screening of vegetables for each GP and establish linkages with MOA (ADPP, on-going)
		7. Strengthen advocacy with Ministry of Health for supplies of test kits and condoms (ADPP, on-going)



## Appendix 4: ProPESCA Physical progress against AWPB, including RIMS indicators

Output Indicators	Unit	Total Project					Annual		
		PDR Target	Target	Target	Cum	%	2012 AWPB	Actual- End Dec 2012	%
Component 1. Supporting Development of Higher Value Fish			30 GPs	ex GP Plans					
Households receiving project services (n)		13,600			0	0			<div></div> #DIV/0!
Output 1. Diversified, commercially viable fishing units									
1.1 People trained in boat building	no.	95			0	0	0	0	<div></div> #DIV/0!
	Male								
	Female								
1.2 Boat drivers trained	no.	210			0	0	0	0	<div></div> #DIV/0!
	Male								
	Female								
1.3 Engine mechanics trained	no.	210			0	0	0	0	<div></div> #DIV/0!
	Male								
	Female								
1.4 Fishers trained in good fish handling practices	Male	2,160			0	0	0	0	<div></div> #DIV/0!
	Female	140			0	0	0	0	<div></div> #DIV/0!
1.5 Fishers trained in improved gear and fishing	Male	295			0	0	0	0	<div></div> #DIV/0!
	Female	20			0	0	0	0	<div></div> #DIV/0!
1.6 Fishers accessing business development services	Male	2,210			0	0	0	0	<div></div> #DIV/0!
	Female	90			0	0	0	0	<div></div> #DIV/0!
1.7 New/existing associations supported	no.	100			0	0	0	0	<div></div> #DIV/0!
Output 2. Improved Post Harvest skills									
2.1 Traders / processors trained in marketing of fresh/frozen fish	Male	1,300			0	0	0	0	<div></div> #DIV/0!
(nb marketing includes handling and processing/preservation)	Female	700			0	0	0	0	<div></div> #DIV/0!
2.2 Traders / processors trained in marketing of traditionally processed fish	Male	1,300			0	0	0	0	<div></div> #DIV/0!
	Female	700			0	0	0	0	<div></div> #DIV/0!
2.3 Fish fairs held	no.	130			0	0	0	0	<div></div> #DIV/0!
2.4 Traders / processors accessing business development services	Male	1,800			0	0	0	0	<div></div> #DIV/0!
	Female	950			0	0	0	0	<div></div> #DIV/0!
2.5 New / existing trader associations supported	no.	50			0	0	0	0	<div></div> #DIV/0!



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<i>Output 3. Market-related infrastructure (quality &amp; hygiene)</i>					0				#DIV/0!
3.1 Addn. Ice plants and freezing / cold storage businesses established	no.	10			10	1	10	10	1
3.2 Entrepreneurs with home freezers for ice production	Male	160			0	0	0	0	#DIV/0!
	Female	80			0	0	0	0	#DIV/0!
3.3 Point of fist sale markets established	no.	11			2	0	11	2	0
3.4 Market agents trained	Male	670			0	0	0	0	#DIV/0!
	Female	330			0	0	0	0	#DIV/0!
3.5 Small-scale processing units established	no.	14			0	0	0	0	#DIV/0!
3.6 Motorized transporters for fish / inputs established	Male	122			0	0	0	0	#DIV/0!
	Female	60			0	0	0	0	#DIV/0!
3.7 Urban retail traders established	Male	13			0	0	0	0	#DIV/0!
	Female	13			0	0	0	0	#DIV/0!
3.8 Urban fish market facilities upgraded	no.	6			2	0	6	2	0
<b>Component 2. Economic Infrastructure</b>									
Households benefitting from roads and electrification	no.	40,000			0	0			#DIV/0!
<i>Output 3. Market-related infrastructure</i>									
3.9 Electricity lines extended within growth poles	km	160			0	0	0	0	#DIV/0!
3.10 Electricity connections made	no.	target			0	#VALUE!	0	0	#DIV/0!
3.11 Alternative power sources established	no.	7			0	0	0	0	#DIV/0!
<i>Output 4. Improved access between fishing centres, markets and the national roads network</i>					0	#DIV/0!		0	#DIV/0!
4.1 Local contractors trained	no.	50			0	0	0	0	#DIV/0!
4.2 Classified roads improved to all season standard [1]	km	250			0	0	0	0	#DIV/0!
4.3 Unclassified roads improved to all season standard	km	250			0	0	0	0	#DIV/0!
4.4 People benefitting from labour-based road works employment	Male	6,000			0	0	0	0	#DIV/0!
	Female	2,000			0	0		0	#DIV/0!
4.5 District staff trained in road maintenance aspects	no.	34			0	0	0	0	#DIV/0!
4.6 Roads maintained to all season access	km	2,500			0	0	0	0	#DIV/0!

Component 3. Developing Financial Services	Unit	Total Project					Annual		
		Target	Target	Target	Cum	%	AWPB	Actual	%
			30 GPs	ex GP Plans					
Households receiving project services	no.	35,200			0	0	0	0	#DIV/0!
<b>Output 5. Community-based financial institutions with increased capacity for savings mobilization and lending</b>									
5.1 Staff of PCR promoters trained	Male	50			0	0	0	0	#DIV/0!
	Female	50			0	0	0	0	#DIV/0!
5.2 Savings and Credit Groups supported [2]	no.	1,600			0	0	0	0	#DIV/0!
5.3 Number of active savers	Male	18,000			0	0	0	0	#DIV/0!
	Female	14,000			0	0	0	0	#DIV/0!
5.4 Number of borrowers	Male	9,000			0	0	0	0	#DIV/0!
	Female	7,000			0	0	0	0	#DIV/0!
5.5 Value of savings - these are annual targets do we multiply by 7 ???	USD	1,300,000			0	0	0	0	#DIV/0!
5.6 Value of loans	USD	260,000			0	0	0	0	#DIV/0!
5.7 People trained in functional adult literacy	Male	1,700			0	0	0	0	#DIV/0!
	Female	2,700			0	0	0	0	#DIV/0!
5.8 People trained in business planning and development	Male	8,000			0	0	0	0	#DIV/0!
	Female	8,000			0	0	0	0	#DIV/0!
5.9 Formal CBFS providers supported	no.	11			0	0	0	0	#DIV/0!
5.10 Value of matching grants to formal CBFS providers	USD	750,000			0	0	0	0	#DIV/0!
5.11 Members of formal CBFS providers	Male	2,000			0	0	0	0	#DIV/0!
	Female	1,000			0	0	0	0	#DIV/0!
<b>Output 6. Private financial institutions financing fisheries</b>									
6.1 Enterprises accessing matching grants / RMF loans	no.	220			0	0	0	0	#DIV/0!
6.2 a Value of matching grants	USD	3,500,000			0	0	0	0	#DIV/0!
6.2 b Value of RMF loans disbursed	USD								
6.3 New outlets of formal financial institutions	no.	26			0	0	0	0	#DIV/0!
6.4 Value of matching grants for formal financial institutions	USD	800,000			0	0	0	0	#DIV/0!
6.5 Staff of formal financial institutions trained	Male	70			0	0	0	0	#DIV/0!
	Female	34			0	0	0	0	#DIV/0!
6.6 PCR members accessing enterprise development loans from formal financial institutions	Male	1,050			0	0	0	0	#DIV/0!
	Female	450			0	0	0	0	#DIV/0!
6.7 Enterprises accessing pilot investment support grants	no.				0	#DIV/0!	0	0	#DIV/0!
6.8 Value of pilot investment support grants	USD	300,000			0	0	0	0	#DIV/0!
6.9 Women entrepreneurs accessing micro-enterprise grants	Female	1,000			0	0	0	0	#DIV/0!
6.10 Value of women micro-enterprise grants	USD	300,000			0	0	0	0	#DIV/0!

<b>Component 4. Institutional Strengthening, Policy Initiatives and Project Management</b>									
<i>Output 7. Increased institutional capacity</i>					0	✓	#DIV/0!	0	0
7.1 Growth pole extensionists, equipped/operational	No	104			0		0	26	0
7.2 District with fisheries administration established	No	23			0		0	0	0
7.3 Growth pole resource potential assessment reports prepared	No	26			0		0	0	0
7.4 Provincial and district staff trained	No				0	✓	#DIV/0!	0	0
<i>Output 8. Improved policy/legislative framework supportive of artisanal fisheries</i>					0				
8.1 Management policies, regulations and legislation introduced	no.				0	✓	#DIV/0!	0	0
<i>Output 9. Effective project management systems</i>					0	✓	#DIV/0!	0	0
9.1 Growth pole investment plans prepared	no.	26			22		1	26	22
9.2 Study, survey and strategy reports produced	no.	20			0		0	1	0
9.4 Planning and review workshops / seminars conducted	no.	140			7		0	7	7
9.5 Knowledge management and advocacy products created	no.	10			0		0	0	0

## Appendix 5: ProPESCA financial performance

**Table 1: ProPESCA 2012 PAAO Expenditure by Component, as of 31 December 2012 (in MZM '000)**

Financier	IFAD		OFID		EU		GoM		RMF Manager		Fls		Private Investors		Total		
Component	Initial	2012	Initial	2012	Initial	2012	Initial	2012	Initial	2012	Initial	2012	Initial	2012	Initial	2012	%
	PAAO	Exp.	PAAO	Exp.	PAAO	Exp.	PAAO	Exp.	PAAO	Exp.	PAAO	Exp.	PAAO	Exp.	PAAO	Exp.	
1. Supporting Dev. of Higher Value Fish	20 031.0	674.7	-	-	-	-	-	-	-	-	-	-	-	-	20 031.0	674.7	3.4
2. Improving Economic Infrastructures	-	-	6 690.0	-	-	-	-	-	-	-	-	-	-	-	6 690.0	-	-
3. Financial Services	19 239.0	-	-	-	-	-	-	-	-	-	-	-	-	-	19 239.0	-	-
4. Institutional Strengthen, Policy & Project Mgt	48 677.5	27 315.3	-	-	-	-	2 127.0	-	-	-	-	-	-	-	50 804.5	27 315.3	53.8
<b>Total</b>	<b>87 947.5</b>	<b>27 990.1</b>	<b>6 690.0</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2 127.0</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>96 764.5</b>	<b>27 990.1</b>	<b>28.9</b>

**Table 2: ProPESCA 2012 PAAO Expenditure by Category, as of 31 December 2012 (in MZM '000)**

Financier	IFAD		OFID		EU		GoM		RMF Manager		Fls		Private Investors		Total		
Category	Initial	2012	Initial	2012	Initial	2012	Initial	2012	Initial	2012	Initial	2012	Initial	2012	Initial	2012	%
	PAAO	Exp.	PAAO	Exp.	PAAO	Exp.	PAAO	Exp.	PAAO	Exp.	PAAO	Exp.	PAAO	Exp.	PAAO	Exp.	
1. Civil Works	-	36.1	-	-	-	-	-	-	-	-	-	-	-	-	-	36.1	-
2. Vehicles, Equipment and Materials	6 810.0	279.5	-	-	-	-	-	-	-	-	-	-	-	-	6 810.0	279.5	4.1
3. TA, Contracts, Studies, Training and Workshops	24 921.0	10 192.1	2 400.0	-	-	-	-	-	-	-	-	-	-	-	27 321.0	10 192.1	37.3
4. Value Chain Facility	15 795.0	431.6	1 068.0	-	-	-	-	-	-	-	-	-	-	-	16 863.0	431.6	2.6
5. IOF Matching Grants	12 630.0	-	-	-	-	-	-	-	-	-	-	-	-	-	12 630.0	-	-
6. Investment Capital	3 729.0	-	3 222.0	-	-	-	-	-	-	-	-	-	-	-	6 951.0	-	-
7.1 Salaries and allowances	17 342.5	12 339.1	-	-	-	-	-	-	-	-	-	-	-	-	17 342.5	12 339.1	71.1
7.2 Incremental Operating Costs	6 720.0	4 711.7	-	-	-	-	2 127.0	-	-	-	-	-	-	-	8 847.0	4 711.7	53.3
<b>Total</b>	<b>87 947.5</b>	<b>27 990.1</b>	<b>6 690.0</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2 127.0</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>96 764.5</b>	<b>27 990.1</b>	<b>28.9</b>

**Table 3: ProPESCA Cumulative Expenditure by Component, as of 31 December 2012 (in MZM '000)**

Financier	IFAD		OFID		EU		GoM		RMF Manager		Fls		Private Investors		Total		
Component	Project Budget	Cumulative Exp.	Project Budget	Cumulative Exp.	Project Budget	Cumulative Exp.	Project Budget	Cumulative Exp.	Project Budget	Cumulative Exp.	Project Budget	Cumulative Exp.	Project Budget	Cumulative Exp.	Project Budget	Cumulative Exp.	%
1. Supporting Dev. of Higher Value Fish	109 743.0	668.0	-	-	245 400.1	-	-	-	-	-	-	-	-	-	355 143.1	668.0	0.2
2. Improving Economic Infrastructures	178 515.0	-	399 405.6	-	215 148.6	-	6 360.0	-	-	-	-	-	-	-	799 429.2	-	-
3. Financial Services	66 039.0	-	-	-	57 000.0	-	-	-	18 000.0	-	48 000.0	-	31 800.0	-	220 839.0	-	-
4. Institutional Strengthen, Policy & Project Mgt	279 654.0	30 193.3	6 494.4	-	21 749.9	-	27 183.0	-	-	-	-	-	-	-	335 081.3	30 193.3	9.0
<b>Total</b>	<b>633 951.0</b>	<b>30 861.3</b>	<b>405 900.0</b>	<b>-</b>	<b>539 298.6</b>	<b>-</b>	<b>33 543.0</b>	<b>-</b>	<b>18 000.0</b>	<b>-</b>	<b>48 000.0</b>	<b>-</b>	<b>31 800.0</b>	<b>-</b>	<b>1 710 492.6</b>	<b>30 861.3</b>	<b>1.8</b>

**Table 4: ProPESCA Cumulative Expenditure by Category, as of 31 December 2012 (in MZM '000)**

Financier	IFAD		OFID		EU		GoM		RMF Manager		Fls		Private Investors		Total		
Category	Project Budget	Cumulative Exp.	Project Budget	Cumulative Exp.	Project Budget	Cumulative Exp.	Project Budget	Cumulative Exp.	Project Budget	Cumulative Exp.	Project Budget	Cumulative Exp.	Project Budget	Cumulative Exp.	Project Budget	Cumulative Exp.	%
1. Civil Works	168 540.0	35.7	338 940.0	-	210 930.0	-	5 830.5	-	-	-	-	-	-	-	724 240.5	35.7	0.0
2. Vehicles, Equipment and Materials	42 615.0	276.8	19 353.0	-	92 118.5	-	-	-	-	-	-	-	-	-	154 086.5	276.8	0.2
3. TA, Contracts, Studies, Training and Workshops	101 169.0	13 241.3	45 441.0	-	-	-	529.5	-	-	-	-	-	-	-	147 139.5	13 241.3	9.0
4. Value Chain Facility	98 808.0	427.2	-	-	165 000.1	-	-	-	-	-	-	-	-	-	263 808.1	427.2	0.2
5. IOF Matching Grants	24 000.0	-	-	-	-	-	-	-	-	-	-	-	-	-	24 000.0	-	-
6. Investment Capital	39 000.0	-	-	-	57 000.0	-	-	-	18 000.0	-	48 000.0	-	31 800.0	-	193 800.0	-	-
7.1 Salaries and allowances	140 394.0	12 215.7	2 166.0	-	9 000.0	-	27 183.0	-	-	-	-	-	-	-	178 743.0	12 215.7	6.8
7.2 Incremental Operating Costs	19 425.0	4 664.6	-	-	5 250.0	-	-	-	-	-	-	-	-	-	24 675.0	4 664.6	18.9
<b>Total</b>	<b>633 951.0</b>	<b>30 861.3</b>	<b>405 900.0</b>	<b>-</b>	<b>539 298.6</b>	<b>-</b>	<b>33 543.0</b>	<b>-</b>	<b>18 000.0</b>	<b>-</b>	<b>48 000.0</b>	<b>-</b>	<b>31 800.0</b>	<b>-</b>	<b>1 710 492.6</b>	<b>30 861.3</b>	<b>1.8</b>

## Appendix 6: Status of Compliance with Key Covenants of the ProPESCA Financing Agreement

Section		Target/Action Due Date	Compliance Status/Date	Remarks
<b>Section E.1</b>	Project Coordinator and Finance Manager appointed with IFAD no-objection	On-going	Compliant	
<b>Section 3.a.</b>	The agreements between IDPPE and FE, ANE, EMD, FUNAE, FARE & for the RMF are approved by IFAD	Prior to relevant disbursement	Compliant	
<b>Schedule 1.1.1</b>	The target population will be located in the selected growth poles along the whole coastline of Mozambique	On-going	Compliant	All GPs are in coastal zone
<b>Schedule 1.II.5 &amp; 6</b>	Project Reference Groups (PRGs) will be established at national and local levels, and meet at least semi-annually to facilitate coordination among key Project parties and stakeholders and their participation in the planning, monitoring and implementation of the Project.	On-going	<b>Not Compliant</b>	National PRG has not met yet, and provincial PRGs are established as part of the GP planning process.
<b>Schedule 2.2</b>	Start-Up expenditures are limited to the equivalent of USD 250,000	Start-up	Compliant	
<b>Schedule 3.1</b>	IDPPE will recruit at least one additional extensionist in each GP	As of GP investment	NYA	
<b>Schedule 3.2</b>	Appropriate insurance will be taken out for PCU staff	On-going	Compliant	
<b>Schedule 3.3</b>	Appropriate O&M arrangements will be established for all market infrastructure facilities	On-going	NYA	The commitment relates to ProPESCA infrastructure, but progress with PPABAS infrastructure, for which the PCU is developing alternative models, is delayed
<b>Schedule 3.4</b>	Establishment and operation of a PM & E system	30 March 2012 (12 months from entry into force)	Compliant	
<b>Schedule 3.5</b>	The PIM to guide project operations at HQ and in all the GPs will have received the IFAD no-objection	30 March 2012 (12 months from entry into force)	<b>Not Compliant</b>	PIM preparation still in progress
<b>General Conditions</b>	1. Financial statements submitted to IFAD	31 March	NYA	
	2. Audit Report submitted to IFAD	30 June	NYA	



## Appendix 7: ProPESCA No-objection Tracking Sheet

Overall 4.5 working days average turn-around time						5.1		1.0		
STAGE ONE (Review of Bidding Documents)						STAGETWO (Review of Evaluation Reports)				
Description of Goods/ Works or Services	DATE OF FIRST RECEPTION	DATE OF COMPLETE RECEPTION	Date No-Objection Provided By CPM	REMARKS	WORKING DAYS in ESA	DATE OF FIRST RECEPTION	DATE OF COMPLETE RECEPTION	Date No-Objection Provided by CPM	REMARKS	WORKING DAYS in ESA
001 - AWPB 2012	05-Dec-11		09-Jan-12		22					n/a
002 Five TA positions & PKM Assistant	08-Nov-11		23-Nov-11		11	07-Mar-12		11-Mar-12		2
003 office equipment	17-May-12	04-Jun-12	04-Jun-12		0	25-Oct-12		25-Oct-12		0
004 MOUs with IIP & FUNAE	04-Jun-12			denied 08-Jun-12	n/a					n/a
004b MOUs with IIP & FUNAE	12-Jul-12		23-Jul-12		7					n/a
005 revised AWPB 2012	16-Aug-12	22-Aug-12	23-Aug-12		1					n/a
006 MoUs between IDPPE, ANE & Road Fund	13-Sep-12		19-Sep-12		4					n/a
007 AWPB 2013	08-Dec-12	11-Dec-12	12-Dec-12		1					n/a
008 audit 2013	22-Oct-12		25-Oct-12		3					n/a
009 staff incentive scheme	13-Dec-12			denied 18-Dec-12	n/a					n/a
009b staff incentive scheme	03-Jan-13		03-Jan-13		0					n/a
010 MOU with ADNAP	12-Dec-12		18-Dec-12		4					n/a
011 ProPESCA baseline survey	22-Oct-12		26-Oct-12	number changed on 8Feb13	3					n/a



## **Appendix 8: Knowledge management: Learning and Innovation**

### **Learning**

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The basis for a significant learning process has been established in the GP planning process with the involvement of the key headquarters and provincial IDPPE staff. The completion of 22 of the 30 GPs also provides a significant amount of information where learning can be derived from. The expected communications strategy will bring clarity to the learning-needs that should be addressed in an effective communication process.

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### **Innovation: Describe any interesting innovation noted during supervision**

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The delays in assessing the potential of the solar powered freezer system are disappointing. Similarly the delay in capturing many of the fishing technology innovations under the Sofala Bank Artisanal Fisheries Project (PPABAS) has constrained the assessment of up-scaling potential in this regard.

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## **Annex 1: Improving Economic Infrastructure**

### **Sub-Component 2.1: Access Road Improvement**

1. The MoU between IDPPE, the Road Fund and ANE has been prepared and was signed on 24 September 2012. The MoU places the major implementation responsibilities with the Provincial Delegations of ANE.
2. Based on the 22 (of the 30) completed Growth Pole plans, a list of 630 km of high priority roads for improvement was developed. The estimated cost for the construction work is approximately MZM 282 million (USD 9.5 million). This list is currently under review by ANE and its provincial delegations the outcome of which will be the proposed implementation plan. These estimates need to be prioritised within the overall resources available under this component. The planning process involved an intensive data collection and analysis process for each Growth Pole which has kept the ProPESCA staff occupied for a considerable period of time. The Infrastructure Implementation Support Report of May 2012 includes, in Appendix 4, a Methodology for Road Priorization. It is important that the roads component merges the process that has been undertaken thus far with this proposed methodology. The list provided to ANE effectively puts the process at stage 3 according to the proposed methodology. Thus, it is suggested that, the process continue through stage 3 and stage 4 on the basis of the 630 km plus the additional roads that come from the remaining 8 Growth Poles.
3. Further work is required to identify the classified roads that will be added to the overall list of road improvements proposed under ProPESCA. It is proposed that the ProPESCA Engineer in collaboration with ANE prepares a more detailed plan for the roads component which indicates, in broad terms, the budgets and specific interventions over the remaining period of ProPESCA.
4. A budget of USD 5 million is allocated for 'Rehabilitation of Classified Roads and/or major river crossings'. The intention of this allocation is to allow more significant works on the classified network, which are of particular importance to coastal fishing areas, to be included in the project. At the completion of the Growth Pole planning process, ProPESCA will make an assessment of appropriate candidate sub-projects for this work. Discussions with ANE will then allow their inclusion in the road works plan mentioned above.
5. The Infrastructure Implementation Support Report of May 2012 indicates that 4<sup>th</sup> and 5<sup>th</sup> Class contractors be targeted for these works (para. 36). Given that 3<sup>rd</sup> class contractors are authorized to undertake works up to MZM 10 million (USD 350,000) it is recommended that, for relatively simple works, the tenders be open to contractors at this level.
6. The decisions regarding the selection criteria for the economic infrastructure projects were the result of the GP planning process that included extensive involvement of local stakeholders. This has been a complex process and the anticipated development of rigid selection criteria has perhaps been overtaken by the broad range of issues that needed to be considered. Thus, to date, the prioritisation of projects has been the result of broad consensus in the GP stakeholder groups and the need for selection criteria has included key criteria such as poverty and fishing potential. The preparation of a final list of selection criteria will be undertaken before the next round of infrastructure planning where larger projects will be considered. Initial commitments for these roads will be limited to a maximum of 50% of the component allocation prior to the overall component resource allocation plan.
7. The plan to recruit a design consultant to assist the design preparation work for roads is fully supported at ANE Headquarters. Relatively minor comments on the TOR are being prepared by ANE-DIMAN and will be returned by the end of February 2013. This process has suffered considerable delays to the timeframe that was outlined in the May 2012 report. At that time, mobilisation was planned for September 2012 but will now only occur in June 2013 at the earliest. This means that the design input will not be available in time to contribute fully to the preparation of works contracts for 2013 works. There is consensus between ANE and the Project Coordination Unit (PCU) of ProPESCA that the procurement process advances as quickly as possible. It may still be feasible for some input to be made to the works design process for 2013 contracts through the addition of

comments and improvements to the documentation prior to mobilisation of contractors. Despite this, ANE should be encouraged not to wait for the consultants but to prepare contracts and launch tenders in advance of their mobilisation.

8. A new round of provincial supervision consultant contracts is being tendered by ANE with an intended start date in June 2013. These consultants provide the design and works supervision support to the provincial delegations of ANE and are thus crucial to the efficient and effective implementation of ProPESCA works. The transfer of responsibilities at that time is not expected to affect the ProPESCA works in any major way assuming that the planned timetable is achieved.

9. ProPESCA includes the support of the maintenance of the improved roads for a period of one year after completion of the works contracts. In addition, training in road maintenance will be provided for SDPI (District Planning and Infrastructure Services) staff. This will help in creating the conditions for roads, especially those improved under ProPESCA, to be adequately maintained in the future. As has been mentioned in the previous mission report, current use of the funds provided by RF to the Districts is predominantly allocated for further improvement works and not for road maintenance. The PCU will work with the RF, ANE and the districts in exploring an effective way to obtain assurances that project-rehabilitated roads will be maintained annually.

10. A programme to establish road maintenance capacity in the District Governments is being prepared with the involvement of ANE. This programme will provide some equipment for maintenance of district roads and will aim to create in-house maintenance brigades in the SDPIs.

11. ANE has been alerted to its commitment under the project to provide training for 50 contractors and 34 staff from respective SDPI (District Planning and Infrastructure Services). ANE intends that these training activities be undertaken through a contract with the Roads Training Centre (CFE) in Chimoio. It is worth clarifying that the 50 contractors will be 50 individuals employed by small contractors in a variety of roles. Preference will be given to the staff of those contractors who gain works contracts for the ProPESCA roads component. ANE-DIMAN will prepare a brief proposal for this issue in time for the next ProPESCA supervision mission. The SDPI staff training will provide a good opportunity to complement the equipment that is going to the districts for road maintenance.

12. The issue of quality control for road spot improvement work was raised in the mission report from May 2012 and should be seen as a priority area for improvement in the provincial and district works under ProPESCA. ANE staff indicated that problems with quality control on provincial and district works are a recurrent issue. There are a number of changes that may have some beneficial impact on improving the quality of works:

- (a) Firstly, the recruitment of new provincial consultants is a good opportunity to make efforts to improve performance in the delivery of quality of works (both at design stage and during construction). This may require changes to the TORs such that issues of quality control are more prominently stated. It is also required that the importance of the role of managing these consultants be reiterated to the ANE Delegation staff;
- (b) Some improvements can also be anticipated from the mobilisation of the Design Consultants for ProPESCA funded works. As mentioned above, the late mobilization of these consultants will mean that the opportunity to benefit from their input for the 2013 works programme will already be greatly reduced;
- (c) Additional support (staff, transport and running costs) from ProPESCA to reinforce the provincial consultant's supervision capacity is expected to be reflected in the new teams once they mobilize;
- (d) The increased availability of funds for monitoring by ANE staff (both Provincial and Head Office) which will cover per diems, fuel and airline tickets, is expected to add to an improved quality control system.

13. Technical Auditing of all road sector projects was included under a general auditing contract through the sector wide programme PRISE which included earlier IFAD-supported projects. This technical auditing was terminated in 2010 and external technical auditing was not included in subsequent general auditing contracts. Since that time only limited internal technical auditing has been undertaken by the Road Fund. IDPPE has expressed a desire to reinforce their internal technical auditing capacity for road works through short term specialist input. This will supplement

ANE oversight. IDPPE will discuss this issue internally and make its recommendation prior to the next supervision mission.

14. One issue from the Infrastructure Implementation Support Report of May 2012 which needs clarification relates to the use of SunSystems by the Road Fund. The Road Fund had planned to install a new Financial Management System based on SunSystems. The move to this system did not take place and the previous Primavera system is understood to have been renewed. This is not expected to have any material impact on the financial management provided by the Road Fund, although the improved monitoring of physical productivity that was anticipated under SunSystems will not now be realised.

15. Perhaps the most challenging aspect of trying to make low cost improvements to rural roads on the coastal plains of Mozambique is the scarcity of suitable material to provide the weather resistant wearing course which gives the road some durability. The materials normally used for this purpose need to be well graded such that all components are present from clays through sands and gravels and on to larger stones of up to 19 mm. The coastal plains tend to be predominantly formed of uniform sands which do not provide the hard resilient layer that is required. Building roads in the conventional way using these sandy materials does not result in a durable product and erosion of the road shoulder quickly produces a poor riding surface which can frequently be worse than the unrepaired tracks thus reducing to zero the value of the investment. This erosion often takes place within one rainy season meaning the benefits of such improvements are very short lived. The options under these circumstances are broadly as follows:

- (a) Some success has been achieved by mixing/ blending clays and sands (and calcrete where it is available) to create a better overall material. ANE DIMAN has undertaken some trials of this approach that can be seen in Maputo province (Maragra to Machubo and Maracuene to Macaneta);
- (b) ANE DIMAN are also in the process of developing appropriate specifications for low-cost surfacing for Low-Volume Roads. These options include Otta seals, sand seals, soils treated with bitumen emulsions and the use of calcrete. Clearly the cost of these solutions remain beyond the scope of most rural roads projects but in some cases can be justified on short sections where particular problems are otherwise hard to solve;
- (c) An option which has shown promising results is to alter the standard profile of the road (type C) to reduce the steep inclination of the drain in these weak soils. The erosion of the road shoulder normally begins where the water increases velocity as it enters the drain. If the inclination of the drain is reduced to equal the camber of the road then the erosion can be greatly reduced. This requires that the drain width is increased in order to yield sufficient material to adequately raise the level of the road but the overall movement of earth is unchanged. This approach was trialled in Zambezia province (R641 Luala to Posto Campo) in the late 1990s and seemed to give good results although these have not been monitored over the longer term;
- (d) In the absence of appropriate materials and with insufficient funds to pave roads, it may be an effective approach to invest only in the construction of durable drainage structures (culverts, bridges etc.) which resolve critical issues of access. This approach acknowledges that the investment in the road itself is not giving significant returns but that by building the quality structures, the road can be used and is ready for future improvements on a scale that provide durable results.

16. This difficult issue should not be ignored. In fact, ProPESCA should look for ways to contribute to finding appropriate solutions, and documenting and promoting them. This will mean close monitoring of the road performance in the first year or two after intervention and the inclusion of trial sections of some of the solutions above or others that might be suggested.

17. The issue of maintenance has been discussed above in relation to the moves by the road sector to equip the SDPIs to develop in-house brigades for maintaining district roads. In addition to this, some work was undertaken by the Road Fund to develop a short form of contract for grass-cutting which is intended for use in contracting micro-contractors and artisans to perform this important maintenance activity. This contract format has not yet been trialled but might provide an appropriate mechanism to involve local artisans in road maintenance if an enlightened district could be found in which to experiment with this innovative approach.

18. Given that the project has not yet reached the stage of starting the road works contracts, it is worth highlighting the useful summary of the infrastructure component that was prepared for the Infrastructure Implementation Support Mission of April 2012. This document provides an excellent outline plan for the component which, if followed, will help to maintain the various parties involved on the same course.

### **Sub-Component 2.2: Electrification**

19. Improved understanding of the roles and responsibilities in the energy sector has pointed to the need for an alteration in the identity of the implementing agency. Where it was intended that the Mozambican Electricity Company, EDM, would be the identified implementing agency it is required that this be altered to show the Ministry of Energy (MoE) in this role. Explanation of the reasons for this change relate to the need to recognise MoE as the key decision maker and administrator of use of e-SISTAFE whilst EDM is essentially a contractor and management company and as such does not operate through e- SISTAFE.

20. As a result of the planning process in 22 of the GPs, a list of three grid extension projects totalling 14 km have been proposed to MoE and EDM for implementation during 2013. On instruction from the MoE, EDM will visit and evaluate these locations and will make proposals to MoE which indicate the works that are needed and the costs involved.

21. The MoE proposed that a regular electrification coordination meeting be arranged for the ProPESCA works to facilitate coordination for the project.

22. The energy sector convenes (chaired by the MoE) for an annual review and progress meeting by April each year. This meeting will provide an appropriate opportunity to obtain supplementary funding for the work required in extending the electricity grid to the further 5 GPs currently identified. The potential use of these extensions in an economically productive way, in the promotion of fish related activities, will help to attract development partners. MoE agreed to invite IDPPE to attend this meeting in the future and present ProPESCA plans.

### **Sub-Component 2.3: Alternative Power Supplies**

23. IDPPE has requested to FUNAE to evaluate the equipment, the installation and operation of the solar power systems that were installed in 4 markets under the Sofala Bank Artisanal Fisheries Project (PPABAS). FUNAE agreed to commence the evaluation once funds are available in e-sistafe.

24. IDPPE have also made a request to FUNAE for the installation of 5 solar power systems for fish markets in island locations. FUNAE, following a technical and financial assessment, will prepare a plan to visit the locations and prepare proposals for these projects and present this to IDPPE.

25. IDPPE has also requested the help of FUNAE in evaluating the direct solar ice making machine proposed during the last Supervision Mission. Some preliminary work had been carried out by FUNAE staff that compared a system of photovoltaic power for a domestic freezer with that of the direct solar ice maker. The direct solar ice maker only produces ice. It has no other function. In order to make an appropriate comparison between these two options it is necessary to determine how much ice can be produced per day by the photovoltaic panel & freezer combination. It was agreed that a further assessment be carried out and as appropriate the necessary proposals prepared. This should be prepared by 30 June 2013.

26. The mission understands that the quantity of ice produced on a daily basis (50 kg) by one direct solar ice maker is insufficient to supply one boat for a 2 – 3 day fishing trip. Also there remains the issue of storage of the ice produced when there is no demand from fishing boats or other sources. Thus it appears likely that several unit need to be combined, or that a unit needs to be combined with a photovoltaic cooler to preserve the ice. Thus a trial of the system may need to combine a number of ice makers perhaps in combination with the photovoltaic power & freezer package to provide a minimum economically viable system. One that could produce and store sufficient ice for a boat taking into account the probable catch size and the period of the fishing trip cycle. This could then form the basis of a trial of the equipment and lead to an evaluation of its impact on the value of the catch. As this may be an appropriate innovation for the sector, the mission thus urges the PMT to prepare such a proposal, perhaps based at a location without electricity supplies like one of the islands.



## **Annex 2: ProPESCA Management**

### **Coordination**

1. It is necessary for the Project Reference Group (PRG, which is effectively the Project Steering Committee) to establish a regular meeting schedule (at least twice a year) and that it focus on providing sound delivery expectations and support as needed e.g. the importance of the USD 141,693 being repaid to IFAD (PPABAS VAT repayments) in a timely manner. Coupled with this initiative and to build on the active involvement of IDPPE staff in the GP planning process, it is important that attention be paid to Output 4 – Increased institutional capacity to support resource management production/marketing of higher value fish through the preparation of comprehensive capacity building assessment and plan.

2. In this regard, it is important that a training needs assessment/ capacity building plan activity be carried out to ensure that the wider IDPPE staff have access to a structured and relevant capacity building programme and that the positive momentum achieved through their active participation in the GP Planning exercise be maintained.

### **Incorporation of the MDG Programme**

3. The MDG Programme is expected to be signed between IFAD and the EU shortly. Following this, the ProPESCA financing agreement will require amendment to include the additional EU grant funds. The PCU has already included provisions for the MDG Programme in its 2013 Annual Workplan and Budget (PAAO) and needs to finalise urgently the physical targets for its part of the MDG financing, overall and for 2013. Care needs to be taken to ensure that 2013 PAAO is realistic as continued low delivery will affect the overall rating of the programme.

4. The MDG programme budgets for ProPESCA are included in Appendix 5.

### **Growth Pole Planning**

5. With the completion of 22 GP plans it is necessary to ensure that the compilation of these individual plans into a coherent and measurable strategy be completed and reviewed by the PRG and IFAD) – there is much to be learnt from the approach developed as well as useful information – not just for ProPESCA but also the wider marine fisheries sector. It will be important to review the very good MIS structure to ensure that it covers all aspects of the individual GP plans.

6. It is also important that the review process of the GP plans includes provision for the “final” GP Plan to be captured and stored safely as a key aspect of the ProPESCA baseline data. This should include concise growth pole value chain maps that define and locate key value chain player. The use of the GPs for individual components also needs to be documented by the component team leaders to ensure that the activities are linked to and fully integrated in the overall project.

### **Value Chain and Point of First Market Development and Operations**

7. One of the important priorities is the preparation of growth pole value chain maps. These maps need to capture and document the issues of organization and coordination, the strategies and the power relationship of the different actors in the chain. It is important to capture what is going on among the actors in a value chain, on what keeps these actors together, on what information is shared, on how the relationship among actors is evolving, etc.

8. Given the urgent need to support fisher and other value chain group enterprises the Mission supports IDPPE's initiative to seek to develop a partnership with the *Associação Moçambicana de Promoção do Cooperativismo Moderno* (AMPCM). It will be necessary to establish a suitable funding mechanism under an MOU. This civil society organisation has lead the rejuvenation of the cooperative

movement in Mozambique through guiding the development of improved laws and regulations aimed at modernising this sector and establishing a solid business orientation for its members.

9. As an apex association it has a powerful obligation to assist business group development (based on associations moving to register as cooperatives or companies) and has the established training capacity and methods already established. Importantly its mandate is the oversight and governance of the movement hence there is no conflict between its operations and those of its members.

10. Work on the value chain from the ‘first point of sale’ is based on the methodology developed under the Support Programme to the Food Production Action Plan (PRO-PAPA) with an additional focus on market hygiene and preparation of fish for sale. Current efforts to test the approach by working with the market association at the Maputo market are commendable and likely to provide a solid basis for training of trainers for extension of the improved methods to GP markets. Understanding the motivation and response of vendors to using e.g. ice for improved preservation of the fresh product is a critical element of this process. The development of training modules is important, including consumer education as an important driver of acceptance of improved quality produce in the various markets.

11. Another critical aspect of the VCS’s workplan is the preliminary work being carried out into the “business relationship” between the local authorities, the Vendors Associations and their members. Capturing the various operating models and using these to develop guidelines for councils and business groups will be an important policy initiative for ProPESCA. The Mission worked with the Value Chain Specialist in preparing for the increase of the “point of first sale” activities.

12. This process will continue as an “e-conversation” based on the following check-list:

- i. understand how the marketing system presently operates, who is involved, what are the channels for produce and what are the pressures for change to the system
- ii. review the existing market management and operating procedures, how these activities will be incorporated in a development and what are the institutional arrangements needed to facilitate the project
- iii. examine the general factors in market planning and design, examine alternative solutions, estimate space requirements and prepare a design brief -
- iv. review the overall market layout and facilities and prepare a plan of physical requirements (new or rehabilitation), including waste management and hygiene requirements (toilets, etc.)
- v. prepare a budget with capital and recurrent cost estimates
- vi. make an estimate of revenues, including those from daily licence fees, annual or monthly rents, and long leases on stalls or income from the sale of sites
- vii. review the business model of the market and consider what options there are to improve the on-going viability
- viii. summarise the key issues and risks that need to be monitored

### **Gender mainstreaming**

13. In the background work in the development of the artisanal fisheries sub-sector strategy, it was found that despite efforts to address gender issues in artisanal fisheries, gender imbalances between women and men continue(d) to characterize the artisanal fishing communities. Hence the need for a strategy that will guide the institute to effectively respond to gender issues.

14. The objectives of the IDPPE’s 2009 – 2013 gender strategy for the artisanal fisheries sub-sector to be achieved by 2013 and to address poverty reduction and gender equality are as follows:

- a) To increase the number of women that have sufficient qualification for management position and advance their careers in artisanal fisheries
- b) To build the capacity of IDPPE for gender mainstreaming
- c) To integrate gender analysis, sex-disaggregated targets and data in plans and reports as well as in all projects and programmes of the artisanal fisheries sub-sector

- d) Increase the ability of women in artisanal fishing communities to access, manage and benefit from fisheries resources and services

15. These objectives were developed in recognition that women are actively involved in small-scale fishing, even though their contribution is not as visible and as valued as that of men. Fish harvesting/capturing on the open seas is dominated by men and there are very few women who engage in this activity. In addition to their traditional gender roles women's participation in artisanal fishing includes:

- a) harvesting:
- as boat and net owners. They also engage in fish catching using fine meshed nets ("quinia") or mosquito nets. (This type of net is illegal and is environmentally destructive).
  - fish harvesting with beach seine as part-time workers and receive payment on spot in the form of fish is practiced by some. Others participate as helpers of their husbands. They also fish using fishing lines.
  - collectors of oysters, crabs, and other small species.
- b) fish trading, processing and conservation. Especially in Maputo City and Maputo and Inhambane Provinces where they are predominant. Men dominate this activity in all the other provinces.
- c) economic activities
- as mechanics, though on a smaller scale than men.
  - in small businesses where they supply cooked food to the fishermen at the beach, school children and to the community in general. In time of low or no fish availability, some women
  - trade in *capolanas* (a type of traditional fabric material used mostly by women).
  - selling firewood and charcoal

16. Whilst the well founded gender strategy is in place, there are concerns as to its effectiveness as the action plan was somewhat generic, there is little evidence that gender analysis is conducted during planning, and collection of sex-desegregated data is not systematic. Where it is done, there is no further interpretation of this data for purposes of planning, monitoring and evaluation and IDPPE generally lacks adequate capacity necessary to addressing gender issues in the sub-sector. There is little understanding of gender amongst staff and management at both Head Office and Provincial levels. Gender is viewed by many staff members as something that might divert them from achieving their work objectives if they to focus on it. As such, gender is seen as the responsibility of the Department of Social Development and not as a collective responsibility for everyone.

17. Against this background, the ProPESCA Design Report noted that rural women, including women in fishing households, especially women-headed households, are particularly vulnerable and one of the poorest segments of the population. The vast majority of rural women work in agriculture (90%), including those in fishing communities, where many are primarily engaged in food production rather than fishing. Along the coast the women do not directly participate in the main fishing operations but are often involved in marginal collection of crustaceans, and dragging on beaches for small shrimp. In some communities, they are also involved in drying/salting/smoking and marketing fish. Women have limited access to factors critical to increasing their incomes such as technology/extension services and credit<sup>2</sup>. This further handicaps women in taking up income earning opportunities or even marketing production surpluses, which in some areas remain primarily a male domain.

18. With regard to Gender Mainstreaming, efforts to mainstream gender aspects under ProPESCA are based on the gender strategy developed recently by IDPPE under PPABAS<sup>3</sup> and aligned with IFAD policy. They comprise the following four main elements:

- a) ensuring that the project has a gender-sensitive value chain approach, to allow women to make profitable use of fisheries resources, by encouraging their participation in technical training activities related to fish processing and trading and creating an enabling environment for women entrepreneurs by providing business development services, access to credit and

<sup>2</sup> Gender bias of supporting institutions, compounded by illiteracy, represents a particular constraint.

<sup>3</sup> 'Gender Mainstreaming Strategy for the Artisanal Fisheries Sub-Sector (2009-2013)'

- matching grants support for investments in innovative activities;
- b) strengthening the leadership skills of women and their role in community-based organizations and decision making, by providing training in leadership and literacy to better enable women to participate on an equal basis.
- c) encouraging women to access infrastructure, credit and project benefits by taking their specific constraints and needs into account.
- d) institutional capacity building to ensure that development of the fish value chain effectively incorporates gender aspects.

19. The project will ensure that: female community members are involved in the growth pole planning process; sensitization activities target both women and men; and gender equality in local organizations will be promoted. Lessons learned from PPABAS and other fisheries development interventions will be reviewed and an action plan for operationalizing the IDPPE gender strategy prepared.

20. In this context, ProPESCA makes specific provision for Gender and Poverty Targeting by providing: a Gender and Poverty Targeting Specialist for two years; a start-up targeting/ gender workshop; ILO 'Get Ahead' training; gender sensitive value chain training; and targeting and gender training.

21. The Gender and Targeting Specialist took up her post on 3 September 2012 and participated in several of the growth pole planning exercises. Based on this involvement and her wide experience in gender development in Mozambique and the region, the key immediate areas of priority include:

- a) the review of the 22 GP plans to assess the usefulness and relevance of the data collected and as needed follow-up work in those GPs to ensure there is adequate gender analysis in the final plans
- b) modification of the GP planning methodology to include a parallel session of women's roles and challenges in the remaining 8 GP planning exercises
- c) active participation of IDPPE (and ProPESCA staff) in the development of the sector wide fisheries gender strategy that is currently in process
- d) enhancement of joint programmes with the Ministry of Fisheries Gender Focal Point and strengthening of the IDPPE Gender Focal Point
- e) holding of a ProPESCA Gender and Targeting Assessment Workshop, most likely in September 2013. The outcome of this will be a focused ProPESCA Gender Mainstreaming Action Plan to which IFAD will be invited to participate.

## **Annex 3: ProPESCA and CHAPANI Financial Management**

1. This Annex supplements the Aide Memoire on fiduciary matters for both ProPESCA and CHAPANI projects. As most of issues have been highlighted in the Aide Memoire, the Working Paper concentrates mostly on elaborating formats that will help CHAPANI to streamline and update the Financial Management according to IFAD standards.

### **ProPESCA**

2. **Financial Management.** The September 2012 supervision mission elaborated on the operationalisation of e-SISTAFE but some issues still have to be tackled to enable the e-SISTAFE to help the project in maintaining the proper accounts, including: (i) the installation of provincial e-SISTAFE equipment that requires the Project Coordination Unit (PCU) to write a letter requiring CEDSIF to provide a team that will go on the field for the installation of equipment. At the end of operation, the PCU needs to sure that the CEDSIF team leaves the provinces with a tested and operational system. (ii) Three headquarter accounting officers are experiencing problems with posting transactions into e-SISTAFE. The mission learnt from CEDSIF that it is not the problem of default in settings but rather the network problems. It has been demonstrated that they can post transactions using equipment located at CEDSIF. To this regards, CEDSIF promised to contact the Network service provider to resolve the problem. It will be important for the PCU to follow up. (iii) Reports generated by e-SISTAFE need improvement to meet the IFAD reporting standards. Currently, the PCU is making small adjustments on the reports using Excel, which reduces the accuracy of data. It has been agreed that CEDSIF technicians will collaborate with the ProPESCA finance team to solve the issue.

3. As stated in the Aide Memoire, it took six months for the PCU and CEDSIF to finish the setting up of the project in e-SISTAFE mainly because it required considerable time for CEDSIF operators to understand the project. During the Mission, it was agreed with CEDSIF that in future its technicians should be associated at the last stage of the design of new projects so that by the time the project becomes effective all setting are established and the project can kick off its financial operations without delay.

4. **Management of vehicles.** The management of ProPESCA vehicles is not at a satisfactory level and needs improvement. This especially involves the use of logbooks in all project vehicles that indicates starting km, the destination of cars, ending km, etc. Furthermore, it is desirable that project facilities, goods and publications shall indicate their official function, including a reference to the key financiers. In this regard, ProPESCA vehicles should bear the inscription of IDPPE, possibly with a reference to ProPESCA and IFAD.

5. **Procurement.** The office of the procurement officer does not have a cabinet for filing tender documents and the filing of documents overall needs improvement by numbering contracts and organising them by nature: works, goods and services. It high time for this office to get organised as starting from this years the project is gearing with activities as it is reflected in its ambitious budget of more than USD 9 million.

### **CHAPANI**

6. **Financial management:** The mission visit at ADPP that executes CHAPANI found the financial management of the grant BSF-BG-48-MZ at a satisfactory level. However, in terms of IFAD requirement of elaborating the budget by components and by categories and reporting realisations against the budget; the necessary formats have not been introduced. To fill the gap, the mission elaborated a budget format that shows components, sub-components, activity, category, the number of units and the anticipated implementation schedule (workplan). A report format by component and by

category also has been developed by the mission and shared with ADPP. Through the linkage between the two projects, the CHAPANI accountant will receive basic training in filling the formats from the ProPESCA finance department.

7. **Procurement.** The mission was satisfied with the good practice by ADPP of awarding the contract to the bidder offering best value for money in compliance with the principles of transparency and equal treatment for potential contractors. Care is also being taken to avoid conflict of interest. However, the mission found that useful documents that assist in managing contracts were not in use. These documents include: the procurement plan that lists the items to be procured with indication of the method to be used and the time frame, the contract register and assets register. The formats of these useful tools have been shared by the mission with ADPP. Training will be provided by the ProPESCA finance department.

8. **Disbursement.** After organising CHAPANI expenditure by categories, it was recognised that category I (Vehicles, Equipment and Materials) has been disbursed at 84% of its total allocation, which means that future planning on this category will have to take into consideration the remaining balance on this category. In case of strong demand for additional equipment the project can ask IFAD for reallocation among categories.