

Mozambique

Rural Markets Promotion Programme

Supervision Report

Main report and appendices

Mission Dates: 03rd - 14th December, 2018
Document Date: 13/03/2019
Project No. 1100001423
Report No. 4957-MZ

East and Southern Africa Division
Programme Management Department

Abbreviations and Acronyms

ANE	National Administration of Roads
DNEA	National Directorate for Agrarian Extension
PROME	Rural Markets Promotion Programme
FO	Farmers' Organisations
DNDR	National Directorate for the Promotion of Rural Development
GALS	Gender Action Learning System
ASCAs	Accumulating Savings and Credit Associations
M&E	Monitoring and Evaluation
MTR	Mid Term Review
IFAD	International for Agriculture Development
EU	European Union
AWPB	Annual Work Plan and Budget
MOU	Memorandum of Understanding
GAPI	Sociedade de Gestao e Financiamento para a Promocao de Pequenas Projectos de Investimentos sarl
PMU	Project Management Unit
SNV	Netherlands Development Organisation
PMT	Programme Management Team
PRONEA	National Agricultural Extension Programme
PROMER	Rural Markets Promotion Programme Value Chain
PROSUL	Pro-Poor Value Chain Development in the Maputo and Limpopo Corridors
PROPESCA	Artisanal Fisheries Promotion Project
SDAE	District Services for Planning and Infrastructure
SDPI	District Services for Planning and Infrastructure
SIPs	Strategic Investment Plan
SP	Service Provider
UNAC	National Union of Small-scale Farmers
USD	United States Dollar
VC	Value Chain
WA	Withdrawal Application
FARE	Fundo de Apoio a Reabilitação da Economia
LPAs	Local Plans of Adaptation
FA	Financial Agreement
NUIT	Tax number
NCCAMS	National Climate Change Adaptation and Mitigation Strategy

A. Project Overview

Region:	East and Southern Africa Division	Project at Risk Status:	Not at risk
Country:	Mozambique	Environmental and Social Category:	B
Project Name:	Rural Markets Promotion Programme	Climate Risk Classification:	not available yet
Project Id:	1100001423	Executing Institution:	Ministry of Planning and Development
Project Type:	Rural Development	Implementing Institutions:	not available yet
CPM:	Robson Mutandi		
Project Director:	not available yet		
Project Area:	not available yet		

Approval Date	11/09/2008	Last audit receipt	27/07/2018
Signing Date	17/09/2008	Date of Last SIS Mission	14/12/2018
Entry into Force Date	26/04/2009	Number of SIS Missions	10
Available for Disbursement Date	26/04/2009	Number of extensions	1
First Disbursement Date	20/07/2009	Effectiveness lag	7 months
MTR Date	19/05/2014		
Original Completion Date	30/06/2018		
Current Completion Date	30/06/2019		
Financial Closure	not available yet		

Project total financing

IFAD Financing breakdown	IFAD	\$31,134,613
	IFAD	\$12,500,000
	Debt Sustainability Framework	\$12,500,000
Domestic Financing breakdown	Beneficiaries	\$3,050,000
	National Government	\$2,861,003
Co-financing breakdown,	Alliance for a Green Revolution In Africa	\$3,517,000
Project total financing		\$65,562,616

Current Mission

Mission Dates: 03rd - 14th December, 2018

Days in the field: 4th – 8th December 2018 (5 days)

Mission composition: Mr Custodio Mucavele, IFAD CPO and Team Leader, Project Management; Mr Shakib Mbabaali, Project Management/Institutions Consultant / Lead writer; Mr Narciso Manhenje, MDG 1c Coordinator; Mr Luabeya Kapiamba, IFAD PO, Value Chain Development Expert; Mr Moses Abukari, MDG1c; Ms Elizabeth Sendiwala, Gender, Targeting and Youth; Mr Guy Kemtsop, Rural Infrastructure Consultant; Mr Palani Muleya, Farmer Organizations Consultant; Ms Grace Nakanjakko, Monitoring & Evaluation and KM Consultant; Mr Godfrey Wanjohi, Procurement Consultant; Mr Alaudio Chingotuane, Financial Management Consultant; and Mr Ilarion Rea, Climate Change, Environment Management and Safeguards Consultant.

Field sites visited: Niassa Province (Lichinga, Mandimba, Cuamba, Metarica), Nampula Province (Nampula, Malema, Ribaué) and Zambézia Province (Gurué)

B. Overall Assessment

Key SIS Indicator #1	Ø	Rating	Key SIS Indicator #2	Ø	Rating
Likelihood of Achieving the Development Objective		4	Assessment of the Overall Implementation Performance		4

Effectiveness and Developmental Focus	4	Project Management	4
Effectiveness	3	Quality of Project Management	5
Targeting and Outreach	5	Knowledge Management	3
Gender equality & women's participation	5	Value for Money	4
Agricultural Productivity		Coherence between AWPB and Implementation	3
Nutrition	5	Performance of M&E System	3
Adaptation to Climate Change	4	Requirements of Social, Environmental and Climate Assessment Procedures (SECAP)	4

Sustainability and Scaling-up	4	Financial Management and Execution	4
Institutions and Policy Engagement	4	Acceptable Disbursement Rate	2
Partnership-building	4	Quality of Financial Management	5
Human and Social Capital and Empowerment	5	Quality and Timeliness of Audit	6
Quality of Beneficiary Participation	5	Counterparts Funds	4
Responsiveness of Service Providers	3	Compliance with Loan Covenants	4
Environment and Natural Resource Management	4	Procurement	3
Exit Strategy	4		
Potential for Scaling-up	5		

Relevance

C. Mission Objectives and Key Conclusions

Background and Main Objective of the Mission

Background and Main Objective of the Mission

IFAD and GoM fielded a Supervision Mission to the country during the period 3rd to 14th December 2018. The main objective of the Mission was to: a) jointly review both the technical, fiduciary and cross-cutting aspects of PROMER implementation; and b) work with the Programme Management Team (PMT) to identify any existent constraints and jointly agree on solutions so as to avail an enabling environment necessary for effective Programme implementation. The Mission interacted with different stakeholders that included Governors of the Provinces visited, Permanent Secretaries of selected districts, National Director of DNDR, Directors of the relevant departments in the visited districts, representatives of the National Roads Authority (ANE) and the Road Fund (FE), private sector representatives, service providers, staff of the PMT and selected beneficiaries.

Field visits were undertaken during the period 4th – 8th December 2018. The Mission, together with the PMT and DNDR staff, were divided into different teams that visited selected districts in Niassa Province (Lichinga, Mandimba, Cuamba, Metarica), Nampula Province (Nampula, Malema, Ribaué) and Zambézia Province (Gurué). The sites visited included: a) selected infrastructure sites; b) farmer organisations (at different levels – primary, zonal and district); c) rural traders involved both in inputs and produce; d) private sector representatives involved in processing, seed multiplication, distribution and large scale produce purchases; etc. A pre-wrap up meeting was held on 12th December 2018 with the PMT staff. The purpose of this meeting was twofold: a) to discuss the Mission's observations, conclusions and recommendations with the PMT staff; and b) to agree on the key actions and the associated timeframe. A wrap-up meeting was held on 14th December 2018 in Maputo under the chairpersonship of Mr Olegário Banze, Director, DNDR, and attended by members of the National Reference Groups, representatives of the Service Providers, the PMT and relevant DNDR staff. The Mission would like to express its appreciation to GoM for the hospitalities and courtesies extended and to the PMT staff for their contributions to the Mission's outputs.

Key Mission Agreements and Conclusions

Key Mission Agreements and Conclusions

Duration of PROMER Implementation – As per the Financing Agreement signed between GoM and IFAD in November 2017, implementation of the PROMER AF activities is supposed to be completed by 30th June 2019 and the Programme closed by 31st December 2019. However, in recognition of: a) the delay in approving the additional financing resources; and b) the magnitude of the activities to be financed by the additional financing, it is obvious that the objective of the additional financing resources would not be achieved in the 6 months between now and the Programme's completion date. It has been agreed that GoM will urgently initiate the process of requesting IFAD to extend implementation period of the PROMER AF activities by 2 years so as to avail the Programme with enough time for effective implementation and eventual achievement of the target goal and objective.

Legal Status of Accumulative Savings and Credit Association (ASCAs) – ASCAs are increasingly becoming popular and widely used in the country. However, there is no legal instrument that can be used to register the ASCAs and protect members against any potential fraudulent activities. PROMER will explore and facilitate the process of establishing such an instrument.

Flexibility with the Value Addition Matching Grant Facility under Component 1 – The PMT will prepare a proposal to change the target group's matching proportion from 30% to 10% to encourage uptake; this will make this type of MGF consistent with other donors. The proposal will also seek permission to allow for special packages targeting women and youth. The proposal will be presented to IFAD for review and decision.

Road Rehabilitation Costs – The unit cost for full road rehabilitation was estimated at USD 15,000 per km; USD 5,000 less than the prevailing costs. PROMER will work with IFAD to either reduce the target number of kms to fit the available resources or reallocate funds from selected activities to road rehabilitation.

Annual Outcome Surveys – PROMER will start undertaking annual outcome surveys from 2019 to systematically track progress towards achieving set targets and have a better understanding of the changes in the target beneficiaries' lives as a result of their participation in the Programme.

Match Available Resources to Priority Completion Activities for EU-funded Intervention – The MDG1c will be completed on 31st March 2019 based on the approved fourth amendment of EU Contribution Agreement. It was agreed that: a) IFAD will formally communicate this new amendment to GoM so that the PMT prepares for proper closure of the MGD1c activities; and b) update the AWPB with eligible completion and closure activities.

Establishment of a Knowledge Management Strategy for DNDR – PROMER will facilitate DNDR to establish a Knowledge Management Strategy and Framework for institutionalisation of KM into the Directorate.

- **PROMER Staff Contribution to GoM's Social Security Authority, INSS** – There is an inaccuracy in the calculation of the social security contribution of PROMER staff due to the original requirement that pegged contributions at a fixed exchange rate. This has resulted in a difference of approximately USD 131,000 that is due

to INSS. The Programme sought and received a No Objection from IFAD to pay the computed difference. However, although PROMER and DNDR have engaged the INSS in an effort to resolve this issue, unfortunately it is still pending and, therefore, the difference is yet to be paid. PROMER would be budgeting for this difference annually on a cumulative basis until resolution. Also, some of the contributions made on behalf of PROMER staff are missing in the online system. It was agreed that DNDR would officially request a resolution of the issue with INSS.

D. Overview and Project Progress

A. Overview and Project Progress

Component 1: Development of More Dynamic Market Intermediaries – This component is co-funded by EU and IFAD.

Subcomponent 1.1: Support for Rural Traders Development – The Programme is currently supporting a total of 225 rural traders. Activities focused on training and coaching in business plan preparation, market linkages, legal registration and facilitating access to credit. As a result of these activities, the volume of traded inputs and produce is reported to have increased. Seven rural traders benefited from access to credit facilities, mostly from *GAPI-Sociedade de Investimentos*, while 6 had assets registered; asset registration is meant to facilitate the traders' access to credit facilities. Efforts to facilitate licencing and to get many other traders to be active input suppliers will continue. Promotion of small scale value addition has not progressed; PROMER has not succeeded in attracting applicants to the Matching Grant Facility (MGF) allocated for this intervention. This is attributed to the applicants' inability to raise their required matching proportion of 30%. Accordingly, PROMER is to make a proposal for adjusting the matching proportion in order to attract potential applicants.

- **Subcomponent 1.2: Support to Farmers' Organisations Development** – PROMER is currently supporting a total of 500 Farmers' Organisations (FOs), representing 100% of the revised target, of which 85 FOs were supported by the EU. Total membership is reported to be 13,646 farmers; 49% of whom are women. A total of 18,604 (54% women) have participated in literacy training; the training involves beneficiaries that are not necessarily members of the target FOs. Literacy training is reported to be boosting the target beneficiaries' ability to negotiate contracts and bargain for better commodity prices. Productivity enhancement is promoted through demonstration plots using a lead farmer's approach; currently, there are about 291 demonstration plots in PROMER's target areas. More demonstration plots are going to be introduced with the participation of the private sector, especially agro-input companies. Going forward, the focus of interventions is to be increasingly put on district unions to enhance their ability to provide guidance and support to the lower farmers' associations. An assessment of FOs in PROMER focal areas and development of PROMER strategy to support secondary FOs gives guidance and recommendations on how to give support to district unions.

1. **Component 2: Enterprise-Led Value Chain Initiative** – The Component seeks to facilitate the increase of smallholders' agriculture-related incomes by enabling them to enter into profitable partnerships with agribusinesses for selected commodities. The target is to establish 5 partnerships by the end of PROMER implementation, reaching at least 5,000 farmers (50% women) participating in agribusiness partnerships. Despite weak performance recorded in the implementation of this component prior to the MTR, significant progress has been achieved in the last two years with the completion of Strategic Investment plans (SIP) and the signing of contracts with 5 agribusiness companies[1]; [2] of the companies are to develop and implement out-grower schemes. Nonetheless, except for the contract with San JFS which was launched in early 2018, there are substantial delays in implementation of the other four sub-projects due to the late access, by PROMER, to the Additional Financing funds. Given the limited time remaining to PROMER completion, it is important that any other slippage in implementation gets avoided so as to allow effective implementation of the sub-projects, extract lessons of experience and make recommendations for possible future scaling up of the successful aspects.
2. Although Additional Financing targeted a total of 5 partnerships under this component, PROMER decided to work on operationalising those that had already been entered into prior to the effectiveness of the Additional Financing. It is important for PROMER to ensure that the interests of its main target groups are adequately taken care of during implementation of the sub-projects. PROMER also needs to closely monitor and continue giving technical support during SIP implementation for the partnerships established between smallholders and agri-business enterprises to be mutually beneficial to both parties and increase the likelihood of sustainability in the long run. With regard to the number of beneficiaries to be reached per partnership, the MTR highlighted that the investment support limit of \$75/producer needs to be viewed as a reference; higher figures may be justified in specific circumstances. To that effect, PROMER will work with the different agribusiness companies to define realistic beneficiary targets and send the revised targets and justification to IFAD for review, comments and provision of No Objection.
3. **Component 3: Improve the Market Environment** – The Component seeks to enable market participants to operate more knowledgeably and effectively; it is also co-funded by EU and IFAD.
4. *Subcomponent 3.1: Market Infrastructure* – Interventions under this subcomponent focus on road and market infrastructures. For roads, all targeted 755 km (415 km funded by IFAD and 340 km by EU) of 39 feeder roads have been rehabilitated (spot improvement) through equipment-based approach. As a result, traders have been able to increase quantities of produce purchased from farmers; it has also made it easier for the agro-dealers to deliver inputs to farmers.
5. Going forward, the approach is to change from spot improvement to full rehabilitation and a target of about 744 km of 38 roads was set. But progress has been slow due to: a) the late availability of funds; b) delays in finalising a tripartite Memorandum of Understanding (MoU) between the National Roads Authority (ANE), the Road Fund (FE) and PROMER; and c) development of environmental best practices manual. Given the limited time remaining to effectively implement activities and the limited capacity of ANE, it has

been agreed that additional staff would be required to ensure effective supervision of works. On a different note, it has been agreed that the “Claycrete” technology (surface dressing) will be piloted (under the technical leadership of ANE) on one selected road following specific guidelines.

6. For market infrastructure, out of the 15 markets targeted, 11 are rehabilitated and being utilised. Construction of three markets (out of the 4) was completed and they are being used. For the fourth market, the construction site was abandoned by the contractor (70% physical completion). A proposal was made by PROMER to the District authorities to consider turning the building into a warehouse facility which is believed to be of better use for the many market operators in the nearby areas; the District is yet to come back to PROMER. Cabo Delgado Provincial Government requested PROMER to support construction of a retail market in Pemba; PROMER recognizes the potential contribution such a market would make to the development of agricultural marketing in the province. The Provincial Government was advised to submit an official request together with the associated feasibility study. The PMT would then request IFAD for a ‘No Objection’, contingent on availability of funds to support the investment.
 7. **Subcomponent 3.2: Facilitating Access to Finance** – Some of the investments made by PROMER are beginning to yield results. The two GAPI financial institutions constructed in Ribaué and Balama districts are operational; the Balama branch started its operations during the first semester of 2018 while the Ribaué branch has been operating since 2015. The Ribaué branch extended financial services to 67 individual clients (48 men and 19 women) and to one ‘solidarity’ group composed of 2 men and 1 woman in 2017. The 2018 active portfolio amounts to 7.5 million meticaís, with 142 operations in progress. PROMER is also monitoring repayments of all active loans from the beneficiaries. The Programme continues to explore potential linkages to other financial institutions as well with the government Development Financing Fund (FDD).
 8. PROMER has also done well with regard to the Accumulated Savings and Credit Associations (ASCAs). A total of 449 ASCAs have been established with total membership of 11,495. The value of total loans disbursed to date is MT 31.7 million (USD 528,000) with an average loan size per member of MT 2,756 (USD 46). The average interest rate used on loans to members is about 10% per month. On a different note, there is no legal instrument that can be used to legally register the ASCAs; this is a loophole that could potentially affect the growth and sustainability of the ASCAs.
- **Subcomponent 3.3: Improving the Market Transparency** – PROMER disseminates market information through 13 community radios in 13 of the 15 Districts in which PROMER operates. PROMER has an MoU with the Ministry of Industry and Commerce (MIC) where support is provided in monitoring of agricultural marketing and collection of information on agricultural commodity price dynamics. In addition, especially in those districts with no operational community radios, PROMER promotes the MIC-led market information dissemination drive through the Short Message Services (SMS). The MoU also includes support to the promotion of agricultural fairs and to district and provincial stakeholders’ fora where the relevant issues are brought up and discussed.
 - An impact study of the PROMER’s market information dissemination approach was undertaken and the plan is to use the lessons learned to improve provision of this vital service; also the results of the study will be shared with all relevant stakeholders. In the meantime, PROMER continues to work with community radios with the incorporation of information on cross cutting issues.

1. **Component 4: Policy/Institutional Support and Management** – This component seeks to develop the capacity of government to be able take the lead in overseeing market linkage/value chain development in the country.
2. **Subcomponent 4.1: Knowledge Management and Coordination** – The Programme has developed a webpage[3] to enhance the sharing of information within the PROMER and amongst its stakeholders. Training is ongoing for selected PROMER and DNDR staff on the use and upload of information onto the webpage as well as its linkage onto DNDR website[4]. PROMER continues to face capacity gaps in systematic documentation, extraction, packaging and dissemination of knowledge and lessons learnt by staff and implementing partners.
3. PROMER has developed a number of knowledge, communication and visibility products or initiatives but these have been done in an unstructured way. The Mission noted that, although PROMER has a standalone Knowledge Management (KM) plan that is being revised to take into account possible Programme extension and lessons from past implementation, it does not yet have a coherent, integrated framework/approach for KM and Learning, Communication and Visibility (KMCV). It is clear that service providers, technical assistance and short term consultants are key constituents to the knowledge base of the Programme. It is critical that the PMT provides clear guidelines on operationalization of KMCV approach within PROMER. Priority should be on MDG1c interventions; the IFAD Country Office has already shared EU guidelines on Communication and Visibility.
4. PROMER should consider recruiting Technical Assistance to prepare a consolidated learning document for its interventions covering best practices, success stories, lessons learnt for future interventions, and areas where there is potential for scaling up and replication. During the rest of PROMER implementation, the document would be progressively updated using results from the M&E system. Hence the need for a results-focused M&E system and its integration with the KM function.
5. For DNDR, PROMER supported the institutionalization of the KM function in 2011. The full operationalization and expansion of KM activities, however, never took off due to a weak institutional

structure and framework. But the need for a functional KM function in the Directorate still exists. PROMER will support improvement in institutionalisation and integration of KM within DNDR by facilitating the development of a KM strategy and framework for its institutionalisation. PROMER, through IFAD, will explore possibilities to tap into the capacity of IFAD's South-South and Triangular Cooperation (SSTC) and Knowledge Centre in Addis Ababa to provide the necessary technical back stopping on institutionalisation of KM and Communication in DNDR. A request should be submitted to the SSTC & Knowledge Centre by February 2019. PROMER will facilitate strengthening of the DNDR M&E system and capacity building of staff in KM, focussing on the extraction of lessons learnt, documentation and systematisation of implementation experiences.

6. On the issue of communication and visibility at the field level, it was agreed that Service Providers will no longer produce or print any promotion or visibility material without the PMT's prior No Objection.
 7. *Subcomponent 4.2: Policy and Institutional Support* – Under this subcomponent, thus far, PROMER has succeeded in involving those government institutions that are directly related to the Programme's effective implementation; this is being done through established Programme Reference Groups at the national, provincial and district levels. But, the support to institutional capacity building, has not been done in a structured manner. Thus, there is a need for the PMT and DNDR to liaise and identify the existent capacity gaps and agree on structured measures to address them, within the limits of the available budget. The 2018 AWPB included capacity building in the areas of nutrition, Climate Change, Gender Action Learning System (GALS), agribusiness development and market oriented extension for technical staff of District Services for Economic Activities (SDAEs) and Provincial Directorates of Agriculture and Food Security (DPASAs), and PROMER staff. During the first half of 2018, 15 of the planned 85 government and Programme staff were trained; the training covered nutrition, GALS and policy development. For interventions on supporting policies and procedures, PROMER is in the process of identifying specific areas that would contribute to the implicit policy debates. Some of such areas include: a) the need to ensure that the provision and dissemination of market information gets recognised as public information; b) the need to establish an instrument for legalisation of ASCAs; and c) simplifying the complete registration of Farmers Organisation, including the process of gazetting before the final certification can be allocated.
- **Component 5: Nutrition Activities** – This component promotes awareness on the consumption of healthy and balanced diets by ensuring adequate intake of calories, protein, and micro-nutrients. This was done (under the EU-MDG1c financing) as a pilot in 5 districts of Cabo Delgado Province. Activities focused on promotion of nutrition education for women in rural communities and youth at schools. The target outcome was to achieve a diversified diet among family members of the farmer organisations, especially women and children under two years. At the end of the implementation period, an end-line assessment on the Minimum Dietary Diversity (MDD) was undertaken. A comparison with the mid-term MDD assessment confirmed that nutrition knowledge and methods improved in targeted families: 72% of women of reproductive age (WRA) and 78% of adolescent girls have knowledge of the benefits of dietary diversity. About 63% of WRA process and conserve vegetables, 98% of WRA and 94% adolescents have knowledge on critical handwashing and food preparations practices. Approximately 63% of WRA and 49% of adolescent girls listen to nutrition related messages via community radio. In addition, 40% of WRA and 68% of adolescent girls 11-18 years and 45% of children 6-23 months[5] achieved minimum dietary diversity; that is, they are more likely to have higher (more adequate) micronutrient intakes. This means that PROMER achieved the MDG1c nutrition component outcome indicator target. The success of the nutrition activities are being scaled up and mainstreamed through the Additional Financing.

E. Project implementation

a. Development Effectiveness

Effectiveness and Developmental Focus		
Effectiveness	Rating: 3	Previous rating: 4

Justification of rating

PAT Review comments as follows and CD does not agree with this: Project data points to the contrary but we leave it as 3. "After 9 years of implementation, progress seems to be fully satisfactory only for components 3 and 5. For component 1, the matching grant facility has not succeeded in attracting applicants. Training for rural traders is reported to have increased as a result of training activities, but no data is presented to support this statement. For component 2, Contracts have been signed with 5 agribusinesses, but only one has been implemented and the 5000 expected smallholders have not been reached yet. Component 4 also seems to be lagging behind (please see comment on policy engagement). Given the key importance of components 1 and 2 especially, we recommend a 3."

Log-Frame Analysis & Main Issues of Effectiveness

Log-Frame Analysis & Main Issues of Effectiveness

The Programme has generally made an effort to report on some of the resultant outcomes through its regular M&E system. In addition, interactions with Programme beneficiaries during the Mission indicated improvements have been recorded in gender awareness and gender relations among beneficiaries in addition to improvements in literacy and numeracy levels which have consequently impacted on the way beneficiaries conduct business. Structured Outcome surveys have however not been conducted to enable systematic tracking and update of outcome indicators in the Programme Logical Framework and to enable objective assessment of progress towards attainment of the development outcomes. Plans should be made to have these undertaken annually commencing in 2019 and subsequent years. This could be done in partnership with Eduardo Mondlane University, Ministry of Industry and Commerce (MIC) and Ministry of Agriculture and Food Security (MASA). In addition, it is recommended that arrangements be made to undertake an impact evaluation of the Programme's pre-Additional Financing activities; the results and lessons learnt should be used to improve implementation of the Additional Financing activities

The Mission notes that proposed new and revised indicators on nutrition and land tenure, as recommended by the previous supervision Mission, are yet to be incorporated in the operational Logical Framework as part of the additional financing activities. These need to be incorporated prior to carrying out the planned nutrition baseline survey and commence their monitoring.

The Programme also needs to keep track of expected results from the implementation of the pre-Additional Financing activities and harmonise them with those emanating from implementation of the Additional Financing activities. Thus, a consolidated Logical Framework should be prepared that combines indicators tracking pre-additional financing and additional financing activities. The Mission shared examples of similar consolidated Logical Frameworks of IFAD-financed projects in West Africa that should be used for guidance by the PMT.

Development Focus		
Targeting and Outreach	Rating: 5	Previous rating: 5

Justification of rating

37. Within the Programme's 15 district focus area, the programme is deepening its support and revitalizing support to the 500 FOs from the initial financing. PROMER will target about 76,600 households through the rehabilitation of the road and market infrastructure. Based on recommendation from the previous mission, PROMER has improved the M&E tool in order to collect age-disaggregated data in order to track the Programme's outreach to the youth. The Programme is in the process of receiving and analysing this data through the SPs. Data available shows that outreach to the youth is gradually increasing. Under the EU MDG-1c, nutrition related activities are targeting women of reproductive age, children under two years and adolescents using FOs and schools as an entry points.

Main issues

- **At a higher level of farmer organization, PROMER is supporting 77 Fora, 13 district unions and 2 federations. Currently, 13,764 members of Farmer Associations (49% of whom are women) are receiving services from PROMER as per the AWPB targets (2018/2019). This includes a package of different activities, such as, FO training, ASCAs, nutrition and adult literacy. PROMER is supporting 225 rural traders, and proportion of female traders has remained at 3% given that the Programme is not registering new rural traders under the Additional Financing. It is however worth noting that 34% of the rural traders are youth. Cumulatively, 18,604 people (54% women) are attending literacy classes. Farmers accessing technical advisory services through the programme are 13,709 – (50% women and 35% youth).**

- The Mission appreciates efforts to reach out to rural youth and address their specific needs. During 2018, PROMER partnered with the Provincial Directorate for Labour and Social Security through *Instituto Nacional de Emprego e Formação Profissional* (INEFP) National Institute for Employment and Professional Training) and offered a tailor-made course on Agribusiness and Entrepreneurship for 15 youth (7 females; 8 males). It was noted that the training would have been more beneficial had it been accompanied with a start-up package for the participating youth. Given the general barriers in access to finance for women and youth, it was agreed that the criteria for accessing matching grant under component 1 would be revised to include special packages for women and youth. Currently, the grant covers 70% of 'enterprise' while beneficiaries are expected to offer 30% contribution[1].

[1]Useful documentation on matching grants: Matching Grants - IFAD Technical Note: <https://bit.ly/2Ci90wZ>

Gender equality & women's participation	Rating: 5	Previous rating: 5
--	------------------	---------------------------

Justification of rating

40. The Mission commends progress made in mainstreaming gender and youth within the reporting period. While tracking of youth participation is still 'work in progress', disaggregation of data by sex has become routine; this facilitates ease of tracking women's participation under various activities. The Gender Action Learning system is being implemented as agreed in the previous Mission. The methodology is helping to address socio-cultural practices that perpetuate gender inequalities. Focus on rural youth empowerment has been strengthened. A tailor-made course for youth in entrepreneurship was conducted for 15 youth – within the reporting period.

Main issues

As recommended by the previous Mission, PROMER engaged a consultant to support implementation of the GALS. A Training of Trainers (TOT) session was carried out targeting staff from DNDR, PROMER, Service Providers (SPs) and selected beneficiaries. To facilitate the roll out of GALS, the beneficiaries trained on the methodology were expected to replicate the training in their organizations and communities. Each beneficiary was expected to train at least 3 other households and the SPs to monitor results. The tools covered in the initial training included visioning, gender-balance tree, gender-challenge tree and the empowerment map. The Mission was pleased by the enthusiasm shown by beneficiaries in the field on the methodology. Accounts from the beneficiaries show that GALS is helping to address some cultural related gender inequalities. Different categories of beneficiaries are using the methodology (especially the vision tool) for planning purposes. The male traders supported by PROMER indicated that after GALS training, they are now engaging their wives in their businesses. Moving forward, implementation of GALS will be intensified through: a) a second training that will offer refresher on the introductory tools and introduce new tools; b) adapt the tools to incorporate relevant themes, including market access, nutrition and climate change; c) consolidate training material used in the process into guidelines for GALS and market access. The Mission takes note of postponement of the Learning Route/Study tour on GALS, initially planned for 2018 to 2019. This will enhance the learning on the methodology.

Within component 1, capacity building package/modules will include at least one session on gender. This is to ensure continued sensitization and awareness on gender equality and women's empowerment, particularly on economic empowerment, representation as well as equitable workloads. It was agreed that the community radio will include messages promoting gender equality and empowerment of women and youth. PROMER will further explore opportunities to strengthen institutionalization of gender mainstreaming and social inclusion within DNDR.

The Mission noted that women are increasingly signing marketing contracts for different commodities as follows: a) in Niassa, women constitute 45% of contracts signed with ALMI and 24% of contracts signed with SAN JFS; b) in Cabo Delgado, contracts with women form 36% with Cornelio Commercial and in general women constitute 53% of contracts signed. While reports show high number of FOs with women in leadership positions (72%), it is important to provide a further analysis on the number and type of positions women hold in these groups. Current data show an average of 2 leadership positions out of 12 for women and youth. As this data shows, it is important to recognize that sometimes women are relegated to 'token' positions without real decision making authority. Reminiscent

Agricultural Productivity	Rating:	Previous rating: 4
----------------------------------	----------------	---------------------------

Nutrition	Rating: 5	Previous rating: 5
------------------	------------------	---------------------------

Justification of rating

45. Comparing the results of the mid-term and end-line MDD assessment, the Nutrition knowledge and methods have improved in targeted families: 40% of women of reproductive age and 68% of adolescent girls 11-18 years and 45% of children 6-23 months achieved minimum dietary diversity. The implication is that they are more likely to have higher (more

adequate) micronutrient intakes. Following this pilot initiative, nutrition interventions are being scaled up and mainstreamed by PROMER in 15 districts through additional financing. The Programme has drafted Strategic Plan for the new phase, Guidance Note, Policy Brief and developed nutrition sensitive newsletters to share the results and impacts.

Main issues

New intervention approach – Based on the results and lessons of the first and standalone nutrition mainstreaming intervention phase, PROMER has started and prepared a Nutrition Mainstreaming Strategy for the period 2019–2021. During this period, the implementation approach will also be changed, moving from Sensitization or Nutrition Awareness focus to a Nutrition Sensitive programming throughout the Value Chains, changing from an Income objective to a Diet Quality objective, and adjusting the target focus from Producers to Consumers. The programme will work throughout the different value chains (inputs, food production, storage and processing, distribution and transport, trading and marketing, promotion and consumption).

The mission had the opportunity to review the strategy for nutrition integration (2019-2021). The strategy will need further enhancement to be aligned with the new IFAD guidelines for Nutrition Sensitive Value Chains (NSVC). The new guidelines highlight four key steps to develop a NSVC namely: a) *The nutrition situation Analysis*; b) *Commodity selection*; c) *NSVC analysis*; and d) *Identification of intervention options*. Although the steps for the NSVC studies are presented as a sequence, they can also be adapted to specific situations. In the case of PROMER, the main commodities have been preselected and the value chain studies are available. Taking into account that the available VC analysis was conducted using the standard market oriented approach (map of actors, opportunities for VC upgrading, addressing constraints in the supply), there is a need to further review the VC analysis using the nutrition lens (addressing constraints in the supply, demand and nutrition value). Therefore it was agreed that the team of experts that will conduct the baseline or nutrition situation analysis will include a VC expert to analyse the main VC constraints along the supply and demand spectrum, using a nutrition lens.

The nutrition situation analysis will highlight the main constraints in the VC. The identification of these problems, as well as the in-depth nutrition analysis of VC will lead to the revision and improvement of PROMER's nutrition integration theory of change. The revision of the theory of change, and the identification of new activities and indicators in the components and sub-components, will require a revision of the operational logical framework to include key nutrition-sensitive indicators.

1. Small-scale Value Addition – PROMER will review the eligibility criteria for the small-scale value addition matching grant. Under this review it was agreed that a special package will be prepared focusing on nutrition value chain sub-projects at different VC links. Key aspects to be included as part of the eligibility criteria for the sub-projects to be financed are the following, depending to the link along the value chain: a) *Inputs* – nutrient-rich varieties or traditional varieties and species, bio fortification, inputs to control food safety risks; b) *Food Production* – Diversification of production, integrated farming (agriculture, livestock, fish farming), nutrition sensitive extension messages; c) *Storage and processing* – safe storage, nutrient-preserving processing and fortification; d) *Distribution and Transport* – Refrigerated transport, diversified distribution channels; e) *Trading and Marketing* – local market targeting, public purchasing programmes, packing in small quantities, nutrition labelling; f) *Promotion* – social marketing, behaviour change communication, consumer food and nutrition education; and g) *Preparation and Consumption* – cooking classes, recipe development, hygienic food preparation, measures to discourage food waste.

Adaptation to Climate Change	Rating: 4	Previous rating: 4
-------------------------------------	------------------	---------------------------

Justification of rating

50. Despite the fact that climate change adaptation was not embedded in the Programme design, the PMU is making efforts to improve climate change awareness and resilience at both implementers and beneficiaries' levels. A climate change awareness forum, facilitated by a national expert, was held in November 2018, benefitting 70 participants from the PMU, PMC, SPs and DNDR. In addition, some adaptation measures (i.e. on road infrastructures and in the promotion of drought tolerant seed varieties) are already being implemented and could now be further structured and integrated to ensure a strategized and sustainable approach. This would, in essence, align PROMER's interventions to the national climate adaptation strategies and objectives.

Main issues

In order to further build PROMER's interventions' resilience towards adverse climatic impacts, a number of activities may be integrated into its operations as part of a broader climate adaptation approach. On the production side, the PMU shall ensure the SPs have adequate capacity to promote context specific climate adaptation practices and technologies. This would help in identifying capacity gaps and address them if needed. The outcomes from the climate baseline, as well as the use of the PLAs, where elaborated, will serve as a basis in this regard. Relevant information on the target geographic area can also be pulled-out from the recent climate analysis elaborated by WFP through IFAD financing and benefit this exercise. Financial products shall ideally support these efforts and seek alignment to identified district adaptation priorities while being tailored to the climate resilient measures promoted.

In addition, the provision of weather information is instrumental in strengthening planning capacity and in responding to increased variability for both traders and producers. The Programme may explore sustainable ways to promote weather

information packaging and dissemination among its beneficiaries. For instance, by taking advantage of the community radios approach being promoted, climate variables, such as temperature, rainfall, wind, humidity, soil moisture, etc. can be packed and disseminated through the districts' extension service and input suppliers' agents. Where capacity building is needed, the Programme may promote effective trainings for both extension workers and farmers' associations/unions as to pack, disseminate and interpret the data and plan accordingly. Accurate and accessible rainfall information help farmers decide not only when to plant and harvest, but when to dry the crops and look out for the outbreak of pests and diseases that can ruin yields. It can also indicate whether vital infrastructure – such as roads and communications systems, essential for market access – are likely to be impacted. Working with information in this way, farmers increase their chances of boosting productivity and reducing post-harvest losses. On the same line, the use of mobile technology could represent a supplementary channel to facilitate climate information access. A free of charge Vodacom service elaborated through USAID is already operational and, similarly, PROSUL's experience on climate information may turn useful to PROMER.

- **Finally, ensuring rural infrastructures resilience to climate is of paramount importance considered the strategic relevance of these investments and the high costs involved. In its 2nd phase, PROMER and its partners have made improvements in promoting climate resilient road design. Full rehabilitation operations are now also piloting new materials such as the “Claycrete” technology (surface dressing) following specific guidelines. The adoption of climate-smart approaches is expected to better withstand future disasters. As part of a wider Integrated Road Management approach, the Programme may think to promote the use of weather information provided to district authorities as a tool for them to improve management and maintenance by regularising roads access according to the meteorological forecast.**

b. Sustainability and Scaling up

Institutions and Policy Engagement	Rating: 4	Previous rating: 5
---	------------------	---------------------------

Justification of rating

54. PROMER has succeeded in involving government institutions that are directly related to the Programme's effective implementation; this is being done through established Programme Reference Groups at the national, provincial and district levels. On policy engagement, the Programme has identified areas that it has started to work on to contribute to the implicit policy debates. These areas include: a) the need to ensure that the provision and dissemination of market information gets recognised as public information; b) the need to establish an instrument for legalisation of ASCAs; and c) simplifying the complete registration of Farmers Organisation, including the process of gazetting before the final certification can be allocated. Downgraded to 4

Partnership-building	Rating: 4
-----------------------------	------------------

Justification of rating

By design, PROPROMER is a partnership building Programme. It has, thus far established 11 partnerships with private and public sector institutions; some of those partnerships are formal and are based on written agreements while others are less formal and are based on mutually agreed annual milestones. The underlying factor in all the partnerships is to forge avenues through which the Programme's outputs and outcomes can be delivered; it is also a way of sustaining PROMER's successful interventions. More specifically, the private sector partnerships are geared at leveraging private investments in a manner that benefits the Programme's target beneficiaries. Downgraded to 4

Main issues

Refer to Appendix 4: Technical Background Analysis, table on Partnership-Building.

Human and Social Capital and Empowerment	Rating: 5	Previous rating: 5
---	------------------	---------------------------

Justification of rating

Various capacity building is being provided to FOs, ASCAs and rural traders. Rural traders are further supported to register their businesses and assets. Support to ASCAs ensures that farmers can tap in the social fund to address their immediate needs. Functional literacy programme has greatly empowered farmers in literacy and numeracy thus capacitating them to improve business transactions and capacity to understand and negotiate market contracts, especially for women whose illiteracy level is higher than men's. Nutrition activities have benefited women in rural communities and youth at schools. The peer-to-peer network for women on nutrition also enhances social capital and information sharing.

PMT staff benefit from in-country, regional, and international trainings and exposure.

Quality of Beneficiary Participation	Rating: 5	Previous rating: 5
---	------------------	---------------------------

Justification of rating

58. PROMER's activities are demand driven and largely tailored to the needs of the beneficiaries. The exception is the Component MGF where the requirement of 30% matching contribution from beneficiaries has impeded the uptake of the facility. To unlock this, the matching proportions for Component 1 MGF will be adjusted in order to attract potential applicants and to allow special packages for women and youth. The analysis of FOs capacities ensures that services provided to the FOs, including training and market linkages, are relevant and respond to the needs of the FOs. The recent analysis shows that there is a need to support the Associations to develop strategies. The rehabilitation of roads and market infrastructure is improving stakeholders' access to input and output markets.

Responsiveness of Service Providers	Rating: 3	Previous rating: 4
--	------------------	---------------------------

Justification of rating

The Programme has reduced the number of Service Providers (SP) from 10 to 3. Generally, they respond to the demands of beneficiaries although the field staff had some weaknesses in terms of knowledge on agribusiness and business management. Timely submission of plans progress reports is generally a challenge and PROMER has now introduced penalties in the contracts of the 3 SPs to help address the problem. Reports have tended to lack proper analysis and quite often the information is not accurate; this results in additional time from the PMT and Project Management Cells (PMC) to confirm, and revise the figures. Again, to overcome this problem, penalties have been introduced in the new contracts.

Main issues

1. In general: a) SPs respond to the demands of beneficiaries. However, the field staff had some weaknesses in terms of knowledge on agribusiness and business management and PROMER had to carry out capacity building sessions; b) the quality of the services is good, and good results are being achieved; c) some SPs have tended to plan a budget higher than their real needs and, in such cases, contract amendments are undertaken to extend the contract duration; d) timeliness in submitting implementation progress reports tends to be a challenge and needs improvement. SP tend to delay the submission of plans and progress reports. To overcome this problem, penalties have been introduced in the contracts; e) reports from SPs lack proper analysis and quite often the information is not accurate. This results in additional time from the PMT and PMC to confirm, and revise the figures. To overcome this problem, penalties have been introduced in contracts.

Environment and Natural Resource Management	Rating: 4	Previous rating: 4
--	------------------	---------------------------

Justification of rating

Through the Programme's interventions, Good Agriculture Practices (GAPs), such as lining, intercropping, soil management, organic fertilizers, appropriate use of pesticides, etc. are promoted; this, therefore, aims at intensification rather than expansion of the production areas. PROMER is also contributing to the national efforts in strengthening land tenure security and improve land use practices, thus supporting the Terra Segura Project's efforts in achieving its final target. The Programme is facilitating the formalization and issuance of land titles (DUATs) for 500 associations and 24,000 individual farmers/rural traders; three Service Providers have been recruited for this purpose.

Main issues

Taking into consideration the target set by the Programme with regard to the issuing of DUATs, the PMU could evaluate the possibility to further extend the SPs contract duration on the basis of qualitative deliverables.

Exit Strategy	Rating: 4	Previous rating: 4
----------------------	------------------	---------------------------

Justification of rating

The Programme developed an exit strategy, by component, and is working with the relevant stakeholders to implement it. In most of the cases, mutual economic benefits accruing to the different parties in the established partnerships are the 'engines' to drive sustainability. In some of the cases, those a public good nature, PROMER is working with relevant public sector institutions to take them on board.

Main issues

Unions appeared to be doing the same functions as the associations they serve, with a potential of conflict of interest. The

mission agrees that going forward each district union should develop its own development strategy since the district unions are at different levels. During the development of these strategies the roles and functions of the unions will be clearly defined and this will form the basis on which support will be given to each union.

Potential for Scaling-up	Rating: 5	Previous rating: 5
---------------------------------	------------------	---------------------------

Justification of rating

There are a few interventions with a potential for scaling up. One of such interventions is, actually, being scaled up by PROMER. Nutrition interventions were carried out as a pilot in 5 districts of Cabo Delgado Province. Activities focused on promotion of nutrition education for women in rural communities and youth at schools. The pilots have been evaluated and it has been confirmed that nutrition knowledge and methods improved in targeted families. This successful nutrition intervention is being scaled up in the Programme's other focal districts. The other potential interventions include partnership establishment for sustainable market linkages.

c. Project Management

Quality of Project Management	Rating: 5	Previous rating: 5
--------------------------------------	------------------	---------------------------

Justification of rating

PROMER's Programme management/coordination is progressing well. Programme coordination has benefited from the PMT's stable structures at national and provincial levels; the exception is the M&E Officer that left the Programme in October 2017 and a replacement was recruited and started working in July 2018. The national, provincial and district Reference Groups are all in place and are following-up of Programme implementation through their regular review of AWPBs and progress reports as well as ensure institutional linkages at the district, provincial and national levels.

Knowledge Management	Rating: 3	Previous rating: 4
-----------------------------	------------------	---------------------------

Justification of rating

Although the Mission noted that PROMER has a Knowledge Management Plan, its consistency and coherent operationalization needs to be improved. The Programme currently lacks an integrated Knowledge Management, Communication and Visibility approach which should be seamlessly anchored on an operationally effective M&E system. In spite of this, PROMER has documented and shared a number of knowledge and communication products and tools, some of which are reported to have influenced decision and policy processes at district, provincial and national levels. With the additional financing from IFAD, PROMER will focus on institutionalisation of KM and learning agenda in a structured way in order to enhance the visibility of its outcomes and impacts at all levels.

Main issues

PROMER has a Knowledge Management (KM) Plan that is used to guide implementation of knowledge Management activities within the Programme. However this needs to be regularly updated and also integrated with a more functional M&E system that guarantees focus on results, ensures appropriate knowledge extraction, packaging and dissemination of knowledge products. The Programme has developed various knowledge products in the past, in line with the KM plan but this was affected in the year under review following the departure of the M&E Officer who was at the same time responsible for the KM function. A replacement of the Officer was done during the second half of 2018 and should ensure continuity in the implementation of the KM function within the Programme.

To improve communication and sharing of knowledge products within PROMER, the Programme has developed a webpage (www.promer.org.mz). Training of relevant staff from both PROMER and DNDR is currently ongoing. PMT should ensure linkage of the webpage to the DNDR webpage and that relevant knowledge products, such as case stories, video documentaries, policy briefs, photographic compendium are prepared and uploaded onto the website once it is ready by April 2019. In line with this, the Programme has planned a training for Programme staff on photography to be delivered in early 2019. The Mission noted the low capacity of PMT staff and service providers' staff on documentation and systematisation of lessons learnt and knowledge generated within the Programme. Further support may therefore be needed in form of external Technical Assistance to prepare a consolidated learning document for PROMER interventions particularly for the activities that have been completed during the Pre-Additional Financing phase covering: a) best practices; b) success stories; c) lessons learnt for future interventions; and d) areas where there is potential for scaling up and replication. During the rest of Programme implementation, the document would be progressively updated using results from the M&E system. Hence, the need for a results-focused M&E system and its integration with the KM function.

Value for Money	Rating: 4
------------------------	------------------

Justification of rating

The Mission rates the value for money for PROMER as moderately satisfactory. Review of Programme costs as available from financial reports and the register of contracts shows that overall costs for the main Programme inputs, especially on infrastructure, are relatively high when compared against Programme estimates at appraisal and the 2018 AWPB and Procurement Plan. For the additional financing, the cost for full rehabilitation of roads was estimated at USD 15,000 per Km, while the current estimated cost as at December 2018 is USD 20,000 per Km, due to the changes in the economic environment in Mozambique.

Main issues

Value for Money Review

This analysis is based on the sole original IFAD loan and the EU grant, which became available in 2009 and 2013, respectively. The additional financing IFAD loan and grant have only been disbursed in mid-2018 and as such, it is much too soon to elaborate any considerations related to value for money for these two new financing instruments. The Programme has reached a disbursement rate of 98.13% for the original IFAD loan (disbursement of SDR 18.74 million against an allocation of SDR 19.1 million), 98.20% for the EU grant (disbursement of EUR 8.19 million against an allocation of EUR 8.34 million). Most activities to be financed under the original IFAD loan have reached their conclusion. However, as PROMER was designed as a 7 year Programme, and taking into account the disbursement profile of the Programme in light of the extension received in 2013, PROMER has suffered an overall delay of 2 years in the implementation of the original loan activities. This shall have an impact on the overall profitability indicators, as calculated in the original design that shall be confirmed once specific studies are commissioned to evaluate Programme impact. Analysis of the Programme Logical Framework, shows that PROMER has reached the target number of market facilities to be constructed/rehabilitated as well as reached the target number of kilometres of roads to be rehabilitated. To reach this target, and due to the higher actual cost of rehabilitation of roads per kilometre, the Programme requested and obtained a reallocation of loan proceeds, increasing the allocation for civil works by 31%. The targets for number of Farmer Organizations trained have been mostly met by around 80%, while funds for these activities have been exhausted. Going forward, PROMER should collect and analyse data on productivity and revenue increase for farmers and agro-dealers reached by the Programme, as a means to verify design assumptions on the overall economic benefits of the Programme.

Coherence between AWPB and Implementation	Rating: 3	Previous rating: 3
--	------------------	---------------------------

Justification of rating

The Programme had earlier developed a two year work plan in tandem with the additional financing from IFAD. However delays were encountered in the execution of the 2018 AWPB activities due to delays in accessing funds thus affecting overall implementation. By the end of the third quarter, the 2018 AWPB execution rate was 46%. The Programme will review and update the AWPB to ensure that there is coherence in budget and work towards attaining target outputs and outcomes.

AWPB Inputs and Outputs Review and Implementation Progress

AWPB Review

Implementation of various activities within the AWPB was below target due to delays encountered in accessing the Additional Financing resources. The activities included rehabilitation of access roads, activities related to the implementation of Strategic Investment Plans and Nutrition Mainstreaming, among others

Delays in execution of these activities will likely affect the full monitoring and attainment of related outcomes. PMT also needs to improve the way the physical progress is measured against AWPB. The standard format should be followed to make it easy for the objective assessment of progress towards output targets. The Mission has shared with the team an example of how the analysis should be undertaken and presented and the Programme is expected to use a similar format in subsequent reports.

Performance of M&E System	Rating: 3	Previous rating: 4
--------------------------------------	------------------	---------------------------

Justification of rating

Although PROMER has developed a Monitoring and Evaluation Plan, its use and reference during implementation to guide M&E activities could be improved. There is minimal reporting on outcomes in a structured way as well as analysis, interpretation and use of results from the monitoring system as they relate to the Programme development outcomes and objectives. The staffing gap in the M&E function created by the departure of the M&E Officer at PMT level and the promotion of the M&E officer at field level under Cell B equally affected the performance of the system. Down graded by PAT.

M&E System Review

M&E system Review

A Monitoring and Evaluation Plan was developed during Programme design and has been used as a reference to guide M&E activities of the Programme. However, the Plan has not been updated since then to take care of the new activities as they evolve. Data is collected periodically on a monthly and quarterly basis and consolidated by the Programme at PMT level. Data quality checks are done at Cell level through meetings and at PMT level, particularly during the PMT staff retreat held twice a year. The Programme's operational monitoring system has remained constrained both in efficiency and functionality. Updates to the system were not possible as the monitoring database was not user-friendly and would not support flexibility in incorporation of relevant qualitative and quantitative progress. In the meantime, the Programme has reverted to a manual system where data is collected, collated and managed in an excel file. Programme management plans to enlist services of an external firm to make improvements to the existing monitoring system by having an upgrade of the database to make it more user friendly, integrated and more synchronized at both Central and Provincial levels. The update will also induce incorporation of additional indicators to measure progress on nutrition activities as well as land tenure activities that were introduced as part of the additional financing plan. The recruitment of the firm is currently ongoing. It is hoped that requisite processes will be timely undertaken to enable the database to be operational by April 2019.

The mission noted that M&E reports are made by staff at service provider level, Cell and PMT level on a regular basis. The quality of the reports however needs to be improved particularly at service provider level to ensure consistency and accuracy in the information reported. The Programme suffered a 10-months gap in the M&E function with the departure of the M&E Officer at PMT level. A new staff was recruited and took office effective July 2018 and also participated in the IFAD-funded PRIME Certification training that was held in Korea. The staff however still require training on the use of the ORMS and its link to the Programme's operational logical framework. This is expected to improve the performance of the M&E and KM functions of the Programme. At the same time, the M&E Officer for one of the regional Cells (Cell B) was promoted to the position of Cell Coordinator, leaving a gap in the M&E function at that level. There is therefore need to fill the M&E position for cell B to ensure continuity in the M E function.

The Mission was informed that various mechanisms for reviewing Programme implementation have been setup. These include among others, staff retreats held twice a year, reference groups (15 at district level, 4 at provincial level and one at national level) meetings which comprise of representatives of the relevant sectors and are organized on a quarterly basis and sector specific implementation review meetings held with partners, such as ANE and Service Providers contracted by the Programme. These fora have been very useful in ironing out challenges affecting implementation in time. The Mission commends Programme management on organizing such fora and urges that these should be enhanced with increased focus on results, extraction of lessons learnt as well as sharing and using them to enhance implementation

Requirements of Social, Environmental and Climate Assessment Procedures (SECAP)

Rating: 4

Justification of rating

A SECAP review note was never developed for PROMER as it came into force before the SECAP became mandatory for IFAD's operations. However, according to IFAD's recommendation on the full road rehabilitation investments, PROMER has produced 11 Environment and Social Management Plans (ESMPs) thus ensuring higher standards compared to those required for similar interventions in the Country. The Programme should now ensure effective implementation and monitoring of these plans to be integrated within the AWPB in order to minimise potential negative impacts and guarantee sustainability.

SECAP Review

SECAP Review

The elaboration of the studies has benefitted from the active engagement of national authorities such as ANE, DPTADER, SDPI, and PROMER technicians. A clear identification of implementation and monitoring responsibilities is provided together with the risk and mitigation measures to be put in place. In addition, conflict resolution and grievance mechanisms are integrated within the plans and are expected to be put in place by both the DPTADER and the contractors. PROMER is now recommended to ensure an effective operationalisation of the plans by integrating them into the AWPB thus minimising negative impacts. Overall, the Programme shall ensure the recommendations and good environmental and social practices identified through the studies are used by the District Authorities (SDPI) to minimise negative impacts after the project handover. Similarly, measures to sensitise communities to avoid detrimental practices alongside the roads which can damage the roads' integrity causing erosion and landslides such as slash and burn (especially on the upstream/ downstream road sides) could be integrated within the plans. A similar exercise will be needed for other roads investments planned. On a different note, MFIs' exposure to environmental and social risks is typically low, requiring in most cases environmental and social risk management procedures to screen transactions only. These will be applied as part of the microfinance institution's overall risk management framework for each transaction. Where available, it may be recommendable to request the MFIs operating within the Programme to use their environmental and social screening tools for their microfinance operations.

d. Financial Management & Execution

Disbursement by financier

Type	Name	Current Amount	Disbursed Amount	Actual Rate
Domestic Financing breakdown	Beneficiaries	\$3,050,000		
	National Government	\$2,861,003		
Co-financing breakdown,	Alliance for a Green Revolution In Africa	\$3,517,000		

Acceptable Disbursement Rate

Rating: 2

Previous rating: 4

Justification of rating

Automated rating based on IFAD disbursement data

Main issues

- IFAD to amend the Financing Agreement to extend the EU grant completion date.
- Government of Mozambique to send a request formally to IFAD on the need for extension of the programme completion date.

Agreed Action	Responsibility	Agreed Date
Financial Management & Execution		
IFAD to amend the PROMER financing agreement To reflect the new completion date for the EU grant	ICO	01/2019
GoM to submit request for extension of programme completion date and reallocation of financing proceeds For reallocation proceeds for the new IFAD loan and IFAD grant	DNDR	01/2019

Fiduciary Aspects

Quality of Financial Management

Rating: 5

Justification of rating

The financial reports are accurate in general, and there are no issues reported with the programme accounting.

Main issues

- The national social security contributions by the project staff not being registered fully in the online system by INSS.
- The project should open an account for the withholding of the Social Security contribution from the project staff.
- To improve contract monitoring by introducing contract monitoring forms for all the payments made in more than one instalment.
- The project should initiate the electronic archiving of financial and procurement documents
- Late submission of the audited financial statements

Quality and Timeliness of Audit

Rating: 6

Previous rating: 5

Justification of rating

The report has been prepared in full compliance with the IFAD requirements for project audits. Both reports for both IFAD and Eu financing give an unqualified audit opinion. The un-audited accounts were timely provided and similarly the audited accounts were received in time. There were no management letter issues noted and follow up was provided for the only

issue noted last year and this shows the issue was resolved. The financial statements are informative and reconcile with the IFAD records. Both financial statements and the Management letter have also been provided for the EU financing.

Main issues

No issues pointed out in the management letter.

Counterparts Funds	Rating: 4	Previous rating: 4
--------------------	-----------	--------------------

Justification of rating

Government contribution to the project amounts to USD 3.55 million against an allocation of USD 6.80 million, representing 42.5% of target contribution.

Main issues

- The project should evaluate the In-Kind Contributions and include the expenditures identified for the reporting of 2018 financial statements.

Compliance with Loan Covenants	Rating: 4	Previous rating: 4
--------------------------------	-----------	--------------------

Justification of rating

GoM is currently non-compliant with the schedule 2, which foresees that the EU grant proceeds should not be used for the payment of taxes. As such, and as noted above, GoM should reimburse a total amount of EUR 13,419 of taxes paid from the EU grant proceeds. Government is currently compliant with all other applicable loan covenants.

Procurement

Procurement	Rating: 3
-------------	-----------

Justification of rating

Compliance with procurement is rated moderately satisfactory. The Procurement Plan for the 2018-19 work plan and budget has a total value of USD 12.3 million; this includes planned procurements for 2018 amounting to USD 9.8 million. The execution rate for 2018 was USD 5.8 million or 59%. Procurement items worthy about USD 4 million will be carried forward into the 2019 Procurement Plan. This will include the entire infrastructure plan estimated at USD 3 million. The PMT need to enhance procurement technical capacity in order to improve the execution rate of the Procurement Plan. Downgraded by PAT to 3

Procurement Review

Procurement Review

Structure of the Procurement Arrangements of the Programme– The PMT does not have a dedicated procurement unit. Thus far, Programme procurement responsibilities have been shared between the component heads, the Finance Manager and the Programme Coordinator. Other procurements are also carried out by service providers from the advances made to them under the terms of the specific MoUs. For the remainder of PROMER's implementation, the bulk of the activities shall include major procurements for road and market infrastructure, as well as those for service providers, spread out widely across the Programme areas. For effective implementation during the remaining period, there is need to enhance the overall procurement technical capacity of the PMT in order to guarantee efficient and timely coordination, follow-up of progress of the set procurement milestones, and, effective contract management. A recruitment of a procurement TA is highly recommended. This TA will also ensure that delegated procurement by the service providers shall be fully consistent with the procedures under GoM Decree no. 5/2016.

Procurement Planning and current Procurement Plan– The current Procurement Plan is for two Programme years, 2018 and 2019. The total value of the planned investments for the two years includes works for markets and road infrastructure, motor vehicles and equipment and consultancies for service provision. The cost estimates for each of the planned items have been checked and found to be consistent with the underlying AWPB. The proposed procurement method is NCB and this has been found to be appropriate given the individual thresholds and the practical requirements of the localised implementation environment. The Procurement Plan for 2018/19 with total cost estimate of USD 12.3 million included planned procurements for 2018 financial year estimated at USD 9.8 million whose actual achievement was USD 5.8 million or 59% of the annualised plan. This leaves planned activities estimated at USD 4.0 million to be added to those for 2019 financial year of USD 2.6 million for a total procurement cost estimate of USD 6.6 million.

Review of the Completed Procurements during 2018– The Mission reviewed the process for 2 roads completed in Nampula Province; 1030-Lapala for 6.7 km and 1032-Naquessa for 11 km. Their contract values were MTS 5.43 million and MTS 8.69 million, respectively. The process for recruitment of the Service Provider, OLIPA ODES, was also

assessed. The steps applied for the procurement followed the laid down procedures in the GoM decree 5/2016.

1. **Proposed Way forward for Procurement Strategy** – The new IFAD Loan and Grant combined with residues from the original IFAD and EU financing are estimated at just over USD 25 million. Assuming a 2-year extension, the PMT would have a total of 30 months to effectively implement the different activities and contribute towards achieving PROMER's objective. In order to achieve a result oriented implementation for the remaining period, it is necessary for the PMT to formulate a projected comprehensive 36 month plan (including the 6 months closure period) for both the work plan and budget and the associated Procurement Plan with the total cost estimates harmonised to the available funds. This should become the working tool of the PMT which should assist the team to prioritise on the earliest implementation preparation, including timely identification of the specific activities, bid preparation, timely contract management, coordination of implementation, monitoring and reporting.

F. Agreed Actions

<i>Agreed Action</i>	<i>Responsibility</i>	<i>Agreed Date</i>
Financial Management & Execution		
IFAD to amend the PROMER financing agreement To reflect the new completion date for the EU grant	ICO	01/2019
GoM to submit request for extension of programme completion date and reallocation of financing proceeds For reallocation proceeds for the new IFAD loan and IFAD grant	DNDR	01/2019

Logical Framework

Results Hierarchy	Indicators							Means of verification			Assumptions
	Name	Baseline	Mid-Term	End Target	Annual Result (2018)	Cumulative Result (2018)	Cumulative Result % (2018)	Source	Frequency	Responsibility	
Outreach Farmer Association members directly supported	1.b Estimated corresponding total number of households members							RIMS			
	Household members			20 000	0	14 023	70.1				
	1.a Corresponding number of households reached							RIMS	Annual		
	Non-women-headed households										
	Women-headed households										
	Households			4 000	0	2 804.8	70.1				
	1 Persons receiving services promoted or supported by the project							RIMS Baseline, Midterm and Completion Reports			
	Males			2 400	0	1 452	60.5				
	Females			1 600	0	1 352	84.5				
	Total number of persons receiving services			4 000	0	2 804	70.1				
	Households receiving project services							RIMS Baseline, Midterm and Completion Reports			
	Total Households			4 000	0	2 804	70.1				
	Communities receiving project services										
	Communities										

Results Hierarchy	Indicators							Means of verification			Assumptions
	Name	Baseline	Mid-Term	End Target	Annual Result (2018)	Cumulative Result (2018)	Cumulative Result % (2018)	Source	Frequency	Responsibility	
Goal To improve the livelihoods of poor rural households	Increased income of rural household							National Impact Household income and expenditure surveys, Programme baseline and Impact surveys			Political and military stability allow for economic development in the rural areas. No major natural disasters distort economic. development in rural areas; Macroeconomic Stability. No major natural disasters affect asset accumulation; Rural electrification expansion stimulates asset accumulation. Beneficiaries adopt practices for good nutrition; Increased income allows for more parents to enroll their children in primary education"
	Change in Average Income										
	Improvement in asset ownership index of rural households							National Impact Household income and expenditure surveys Programme baseline and Impact surveys National Nutrition survey National and Programme baseline and impact nutrition Surveys National education statistics National statistics			
	Households										
	Literacy rate										
	Males										
	Females										

Results Hierarchy	Indicators							Means of verification			Assumptions
	Name	Baseline	Mid-Term	End Target	Annual Result (2018)	Cumulative Result (2018)	Cumulative Result % (2018)	Source	Frequency	Responsibility	
	Improved social indicators, including reduction in child malnutrition and enrollment in primary education for both girls and boys							National Impact Household income and expenditure surveys Programme baseline and Impact surveys National Nutrition survey National and Programme baseline and impact nutrition Surveys National education statistics National statistics			
	Child Malnutrition										
	Enrollment Rate - Boys										
	Enrollment Rate - Girls										
Objective To enable smallholders to increase their agricultural income by marketing surpluses more profitably	1.2.4 Households reporting an increase in production										Mozambique continues to pursue sound economic policies and poverty alleviation strategies; The terms of trade for smallholders remain favourable and increases their returns for the crops and other agricultural products; Mining activities do not attract away Programme beneficiaries from the Programme activities (agricultural production).
	Households										

Results Hierarchy	Indicators							Means of verification			Assumptions
	Name	Baseline	Mid-Term	End Target	Annual Result (2018)	Cumulative Result (2018)	Cumulative Result % (2018)	Source	Frequency	Responsibility	
Outcome 1. Improved smallholder access to and participation in value chain and agricultural markets	1.0.1 Change in % of volume of cash crop production by participating farmers in programme area							Programme baseline and impact surveys Programme progress reports			The terms of trade for smallholders remain favorable and increases their returns for the crops and other agricultural products. No major natural disasters distort economic development in rural areas Market demand and prices remain favourable for major crops in selected value chains to stimulate production. Existence and interest of Value Chain leaders to engage in partnerships. Willingness of farmers in participating in value chain partnerships. PROMER will find enough Farmers' Unions which meet the PROMER selection criteria for them to be Programme beneficiaries. The Programme will find enough traders who fit the PROMER eligibility criteria to be supported by the Programme. Beneficiaries are interested in attending literacy classes. Farmer Organizations keep

Results Hierarchy	Indicators							Means of verification			Assumptions the same membership numbers.
	Name	Baseline	Mid-Term	End Target	Annual Result (2018)	Cumulative Result (2018)	Cumulative Result % (2018)	Source	Frequency	Responsibility	
	Volume of cash crop										

Results Hierarchy Output	Indicators							Means of verification			Assumptions
	Name	Baseline	Mid-Term	End-Target	Annual Result (2018)	Cumulative Result (2018)	Cumulative Result % (2018)	Source	Frequency	Responsibility	
1.1 Increased capacity of farmers' associations and traders to effectively market surplus production	1.1.1 Number of higher level farmer organizations at district level supported by the programme supporting their members in marketing activities							Programme progress reports Programme baseline and progress reports Programme progress reports			The terms of trade for smallholders remain favorable and increases their returns for the crops and other agricultural products. No major natural disasters distort economic development in rural areas Market demand and prices remain favourable for major crops in selected value chains to stimulate production. Existence and interest of Value Chain leaders to engage in partnerships. Willingness of farmers in participating in value chain partnerships. PROMER will find enough Farmers' Unions which meet the PROMER selection criteria for them to be Programme beneficiaries. The Programme will find enough traders who fit the PROMER eligibility criteria to be supported by the Programme. Beneficiaries are interested in attending literacy classes. Farmer Organizations keep the same membership numbers.
	Households	0	84		0	103					
	1.1.2 Number of traders active in outputs marketing							Programme progress reports Programme baseline and progress reports Programme progress reports			
	Active traders				0	225					
	1.1.3 Number of agro-dealers active in input supply							Programme progress reports Programme baseline and progress reports Programme progress reports			
	Active Agro-dealers				0	225					
	1.1.4 Number of people attending literacy classes										
	Males				0	10 434					
	Females				0	8 361					
	2.1.1 Rural enterprises accessing business development services							Programme progress reports Programme baseline and progress reports Programme progress reports			
	Rural enterprises	0		225	0	225	100				

Results Hierarchy	Indicators							Means of verification			Assumptions
	Name	Baseline	Mid-Term	End Target	Annual Result (2018)	Cumulative Result (2018)	Cumulative Result % (2018)	Source	Frequency	Responsibility	
Output 1.2 Stronger institutions effectively representing farmers' interests at national and local level	2.1.3 Rural producers' organizations supported							Programme progress reports Programme baseline and progress reports Programme progress reports			The terms of trade for smallholders remain favorable and increases their returns for the crops and other agricultural products. No major natural disasters distort economic development in rural areas Market demand and prices remain favourable for major crops in selected value chains to stimulate production. Existence and interest of Value Chain leaders to engage in partnerships. Willingness of farmers in participating in value chain partnerships. PROMER will find enough Farmers' Unions which meet the PROMER selection criteria for them to be Programme beneficiaries. The Programme will find enough traders who fit the PROMER eligibility criteria to be supported by the Programme. Beneficiaries are interested in attending literacy classes. Farmer Organizations keep
	Rural POs supported		465	500	0	500	100				
	1.2.2 Number of FO with women in leadership positions							Programme progress reports Programme baseline and progress reports Programme progress reports			
	FOs with women in leadership positions	143	284	450	0	379	84.2				
	1.2.3 Number of members of FO trained / coached in organizational development and market linkages							Programme progress reports Programme baseline and progress reports Programme progress reports			
	Males	0	6 262	10 166	0	7 262	71.4				
	Females	0	5 334	11 934	0	6 761	56.7				
	1.2.4 Farmers accessing technical advisory services facilitated by Programme							Programme progress reports Programme baseline and progress reports Programme progress reports			
	Males	0	6 262	10 166	0	7 262	71.4				
	Females	0	5 334	11 934	0	10 241	85.8				
	1.2.5 Apex organizations formed/strengthened							Programme progress reports Programme baseline and progress reports Programme progress reports			

Results Hierarchy	Indicators							Means of verification			Assumptions the same membership numbers.
	Name	Baseline	Mid-Term	End Target	Annual Result (2018)	Cumulative Result (2018)	Cumulative Result % (2018)	Source	Frequency	Responsibility	
	Organizations formed	0	1		0	1					
Outcome 2. More efficient market intermediaries and more effective partnerships stimulating increases in agricultural production, value addition and volumes marketed	2.0.1 Change in number of licensed small and medium traders										Availability of inputs, extension services and appropriate technology Farmers are willing to adopt improved techniques and technologies. The terms of trade for smallholders remain favourable and increases their returns for the crops and other agricultural products Programme beneficiaries have the technical capacity to manage investments made. Marketing and value addition activities through farmer organizations result in higher farm gate prices for smallholders and/or shared profits for members
	Small traders	43	59	225	69	188	83.6				
	Medium traders										
	2.0.2 Traders and agro dealers serving smallholder clients in the 15 districts of PROMER										
	Traders	113	225	225	0	225	100				
	Agro-dealers										
	2.0.3 Change in volume of trade of agricultural inputs and produce of small and medium traders										
	Volume of trade - agricultural inputs and produce	190	15 461		4 346	30 453.24					
	1.2.4 Households reporting an increase in production										
	Males										
	Females										
	2.0.5 Farmers associations and traders "graduate" or # achieving level A and B status										
	Farmers associations and traders "graduate"										

Results Hierarchy	Indicators							Means of verification			Assumptions
	Name	Baseline	Mid-Term	End Target	Annual Result (2018)	Cumulative Result (2018)	Cumulative Result % (2018)	Source	Frequency	Responsibility	
	Farmers associations and traders achieving level A and B status				133	541					
	2.0.6 Change in the number of small scale value addition Programmes undertaken by farmer organizations and/or small traders										
	Small scale value addition programmes				0	1					
Output 2.1 Profitable partnerships between smallholders and agri-business enterprises	2.1.1 Partnerships developed between smallholders and agri-business enterprises							Contracts for development of Value Chain through matching grants Contracts for development of Value Chain through matching grants, Programme progress reports			Agribusiness enterprises have interest to participate and capacity to enter into partnerships with the smallholder farmers. Smallholder farmers have the interest and the capacity to enter into partnerships with agribusiness firms. Contracts are fulfilled by the farmers and the agribusiness firms.
	Partnerships				276	1 641					
	2.1.2 Farmers and farmer organizations participating in agri-business partnerships							Contracts for development of Value Chain through matching grants Contracts for development of Value Chain through matching grants, Programme progress reports			
	Farmers				5 529	5 529					
	Farmers' organizations				159	159					
	2.1.6 Market, processing or storage facilities constructed or rehabilitated							Contracts for development of Value Chain through matching grants Contracts for development of Value Chain through matching grants, Programme progress reports			
	Processing facilities constructed/rehabilitated										

Results Hierarchy	Indicators							Means of verification			Assumptions
	Name	Baseline	Mid-Term	End Target	Annual Result (2018)	Cumulative Result (2018)	Cumulative Result % (2018)	Source	Frequency	Responsibility	
	2.1.1 Rural enterprises accessing business development services							Contracts for development of Value Chain through matching grants Contracts for development of Value Chain through matching grants, Programme progress reports			
	Rural enterprises	0	1	6	4	6	100				
Outcome 3. A more conducive environment of agricultural market operations	3.0.1 Market facilities/infrastructures operating by PY 9										Larger Policy and institutional environment remains favourable. Availability of complementary investments in market infrastructure and service (particularly production related advisory services and financial services) Beneficiaries are able and have the resources to manage and maintain market facilities. Small-scale traders and farmers associations' parallel and sometimes competitive roles in output marketing do not negatively affect their development. The overlapping roles of small traders and large buyers do not negatively affect their development. Favourable market demand and prices of agricultural inputs
	Facilities	0	30	49	4	53	108.2				
	3.0.2 Change in number of participating FOs and FO members and traders accessing credit for marketing or production activities										
	Farmers Organizations										
	Farmers Organizations' Members				3	3					
	1.1.5 Persons in rural areas accessing financial services										
	Men in rural areas accessing financial services - credit				50	50					
	Women in rural areas accessing financial services - credit				20	20					
	3.0.4 PCR groups formed and operational by PY 9										
	PCR Groups				0	449					

Results Hierarchy			Indicators					Means of verification			Assumptions
	Name	Baseline	Mid-Term	End Target	Annual Result (2018)	Cumulative Result (2018)	Cumulative Result % (2018)	Source	Frequency	Responsibility	
											and products stimulate the participation of FOs and traders. FIs are interested to invest in agriculture. Low
											wholesale interest rates will translate into affordable interest rates applied by FIs. Local government partners carry out infrastructure/facilities maintenance. The Road Sector is willing to carry out a joint capacity building programme with PROMER Contractors, road supervisors and government staff interested in participating in the training programme. Radios do not go bankrupt and their equipment does not breakdown. Financial service institutions will comply with the contracts signed with PROMER. People are interested in joining PCR groups The PCR savings are not robbed or destroyed by fires and other disasters. Financial Institutions are interested in lending money to the PCRs.

Results Hierarchy	Indicators							Means of verification			Assumptions
	Name	Baseline	Mid-Term	End Target	Annual Result (2018)	Cumulative Result (2018)	Cumulative Result % (2018)	Source	Frequency	Responsibility	
Output 3.1 Improvement in the quantity and quality of market related infrastructure and services	2.1.6 Market, processing or storage facilities constructed or rehabilitated							Programme progress reports, Roads completion certificate Radio bulletins, programme progress reports			Larger Policy and institutional environment remains favourable. Availability of complementary investments in market infrastructure and service (particularly production related advisory services and financial services) Beneficiaries are able and have the resources to manage and maintain market facilities. Small-scale traders and farmers associations' parallel and sometimes competitive roles in output marketing do not negatively affect their development. The overlapping roles of small traders and large buyers do not negatively affect their development. Favourable market demand and prices of agricultural inputs and products stimulate the participation of FOs and traders. FIs are interested to invest in agriculture. Low wholesale interest rates will translate into affordable interest rates applied by FIs. Local government partners
	Market facilities constructed/rehabilitated	0	30	49	4	53	108.2				
	2.1.2 Persons trained in income-generating activities or business management							Programme progress reports, Roads completion certificate Radio bulletins, programme progress reports			
	Males										
	Females										
	3.1.3 Market information radio broadcasts							Programme progress reports, Roads completion certificate Radio bulletins, programme progress reports			
	Broadcasts	0	480	960	318	2 738	285.2				
	Financial institutions participating in project							Programme progress reports, Roads completion certificate Radio bulletins, programme progress reports			
	Financial institutions participating	2	6	6	0	6	100				
	2.1.5 Roads constructed, rehabilitated or upgraded							Programme progress reports, Roads completion certificate Radio bulletins, programme progress reports			

Results Hierarchy	Indicators							Means of verification			Assumptions
	Name	Baseline	Mid-Term	End Target	Annual Result (2018)	Cumulative Result (2018)	Cumulative Result % (2018)	Source	Frequency	Responsibility	
	Length of roads	0	438	678	43	729	107.5				<p>carry out infrastructure/facilities maintenance. The Road Sector is willing to carry out a joint capacity building programme with PROMER Contractors, road supervisors and government staff interested in participating in the training programme. Radios do not go bankrupt and their equipment does not breakdown. Financial service institutions will comply with the contracts signed with PROMER. People are interested in joining PCR groups The PCR savings are not robbed or destroyed by fires and other disasters. Financial Institutions are interested in lending money to the PCRs.</p>

Results Hierarchy	Indicators							Means of verification			Assumptions
	Name	Baseline	Mid-Term	End Target	Annual Result (2018)	Cumulative Result (2018)	Cumulative Result % (2018)	Source	Frequency	Responsibility	
Output 3.2 Access to finance improved for PROMER target group	3.2.1 Number of PCR groups formed, membership							SP and programme progress reports; PCR records			Larger Policy and institutional environment remains favourable. Availability of complementary investments in market infrastructure and service (particularly production related advisory services and financial services) Beneficiaries are able and have the resources to manage and maintain market facilities. Small-scale traders and farmers associations' parallel and sometimes competitive roles in output marketing do not negatively affect their development. The overlapping roles of small traders and large buyers do not negatively affect their development. Favourable market demand and prices of agricultural inputs and products stimulate the participation of FOs and traders. FIs are interested to invest in agriculture. Low wholesale interest rates will translate into affordable interest rates applied by FIs. Local government partners
	Savings/credit groups formed/strengthened	0	209	275	0	449	163.3				
	3.2.2 PCR members							SP and programme progress reports; PCR records			
	Males	0	2 794	2 560	0	3 404	133				
	Females	0	3 367	3 840	0	4 744	123.5				
	3.2.3 Volume of savings “at the end of the cycle”							SP and programme progress reports; PCR records			
	Value of gross loan portfolio	0	0	0	15 913	25 650 394	Inf				
	1.1.5 Persons in rural areas accessing financial services							SP and programme progress reports; PCR records			
	Women in rural areas accessing financial services - savings				0	4 744					
	Men in rural areas accessing financial services - savings				0	3 404					
	Men in rural areas accessing financial services - credit				0	3 404					

Results Hierarchy	Indicators							Means of verification			Assumptions
	Name	Baseline	Mid-Term	End Target	Annual Result (2018)	Cumulative Result (2018)	Cumulative Result % (2018)	Source	Frequency	Responsibility	
	Women in rural areas accessing financial services - credit				0	4 744					<p>carry out infrastructure/facilities maintenance. The Road Sector is willing to carry out a joint capacity building programme with PROMER</p> <p>Contractors, road supervisors and government staff interested in participating in the training programme. Radios do not go bankrupt and their equipment does not breakdown. Financial service institutions will comply with the contracts signed with PROMER. People are interested in joining PCR groups</p> <p>The PCR savings are not robbed or destroyed by fires and other disasters. Financial Institutions are interested in lending money to the PCRs.</p>

Results Hierarchy			Indicators					Means of verification			Assumptions
	Name	Baseline	Mid-Term	End Target	Annual Result	Cumulative Result	Cumulative Result %	Source	Frequency	Responsibility	
Outcome 4. Improve nutritional status of vulnerable groups	4.0.1 Number of people adopting improved food habits and management practices				(2018)	(2018)	(2018)				
	Total people	0	840		1 592	5 818					
Output 4.1 Increased production of nutritious foods like fruit, vegetables and poultry	4.1.1 Number of vegetable gardens by end of programme							Programme progress reports			Beneficiaries are willing to adopt the new nutritional habits. People are interested in participating in nutrition classes People listen to the radio broadcasts on nutrition.
	Gardens	0	0	0	0	322	Inf				
Output 4.2 Women and children with improved knowledge in basic nutrition hygiene and health	4.2.1 Number of nutrition classes held in school							Programme progress reports, radio bulletins			Beneficiaries are willing to adopt the new nutritional habits. People are interested in participating in nutrition classes People listen to the radio broadcasts on nutrition.
	Nutrition classes				0	243					
	4.2.2 Government officials and staff trained							Programme progress reports			
	Males	0			13	93					
	Females	0			4	57					
Output 4.3 Communication for nutrition enhanced	4.3.1 Number of Nutrition sessions with community radio							Programme progress reports, radio bulletins			Beneficiaries are willing to adopt the new nutritional habits. People are interested in participating in nutrition classes People listen to the radio broadcasts on nutrition.
	Nutrition sessions with community radio				0	173					

Mozambique

Rural Markets Promotion Programme

Supervision Report

Appendix 1: Financial: actual financial performance; by financier by component and disbursements by category

Mission Dates: 03rd - 14th December, 2018

Document Date: 13/03/2019

Project No. 1100001423

Report No. 4957-MZ

East and Southern Africa Division
Programme Management Department

Appendix 1: Financial: Actual financial performance by financier; by component and disbursements by category

Table 2A: Financial performance by financier

Financier	Approved (US\$ '000)	Current (US\$ '000)	Disbursement (USD '000)	Per cent disbursed
IFAD loan 754	31,135,000.0	31,135,000.0	28,015,518.5	90.0%
IFAD loan 2000001455	12,500,000.0	12,500,000.0	2,000,000.0	16.0%
IFAD grant 2000001454	12,500,000.0	12,500,000.0	2,000,000.0	16.0%
Agra	3,517,000.0	3,517,000.0	-	0.0%
EU/MDG	10,524,000.0	10,524,000.0	9,766,762.2	92.8%
GoM	6,800,000.0	6,800,000.0	3,515,695.2	51.7%
Beneficiaries	3,050,000.0	3,050,000.0	308,092.0	10.1%
Total	80,026,000.0	80,026,000.0	45,606,067.8	57.0%

Table 2B: Financial performance by financier by component (USD '000)

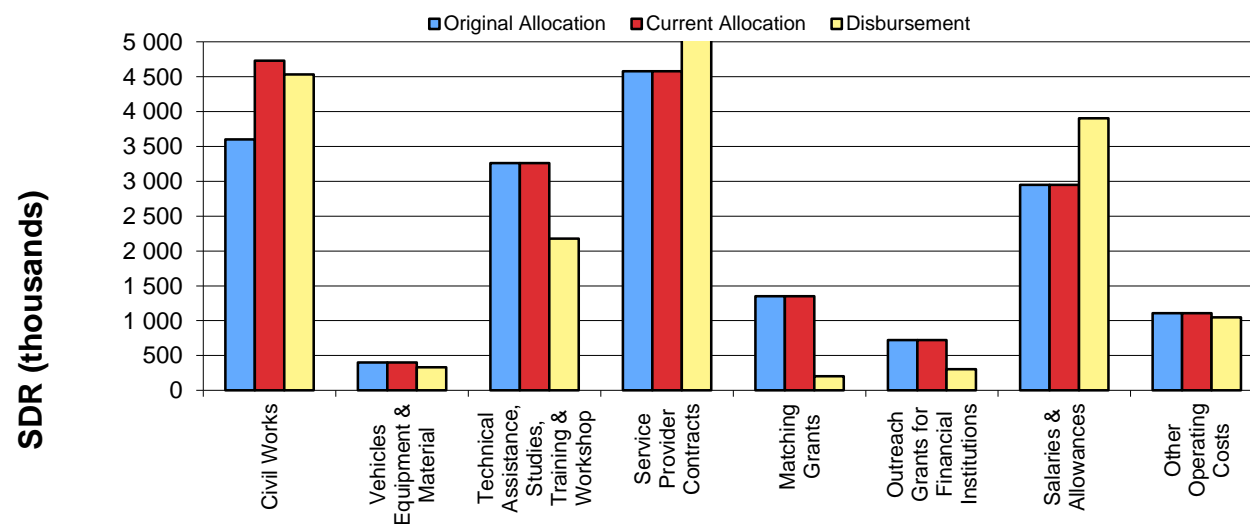
	Financiers	IFAD		IFAD II (IFAD loan + grant)		European Union		Beneficiaries		GoM PROMER		GoM EU		Total		
		Budget (Appraisal)	Actual	Budget (Appraisal)	Actual	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual	%
1	Development of More Dynamic Market Intermediaries	7,711,500	8,139,920	4,674,000	507,451	1,942,000	1,774,078	800,000	10,780	1,026,000	-	398,000	-	16,551,500	10,432,229	63.0
2	Enterprise Led Value Chain Initiative	4,723,500	459,336	1,032,000	0	-	-	2,250,000	297,312	278,500	-	-	-	8,284,000	756,648	9.1
3	Improving the Market Environment	9,817,000	8,416,545	11,582,000	66,040	6,449,000	4,039,732	-	-	1,191,500	-	437,000	-	29,476,500	12,522,318	42.5
4	Policy/Institutional Support and Management	8,883,000	10,187,439	6,744,000	796,059	1,267,000	1,814,837	-	-	365,000	-	541,000	-	17,800,000	12,798,335	71.9
5	Nutrition Promotion	-	26,918	968,000	0	232,000	654,796	-	-	-	0	48,000	-	1,248,000	681,714	54.6
6	Implementation Support (DIC)	-	-	-	0	634,000	509,928	-	-	-	0	223,000	-	857,000	509,928	59.5
	Total	31,135,000	27,230,158	25,000,000	1,369,550	10,524,000	8,793,372	3,050,000	308,092	2,861,000	952,277	1,647,000	184,644	74,217,000	38,838,094	52.3

Republic of Mozambique
Rural Markets Support Programme (PROMER)
Supervision Mission Report; Mission Dates: 3rd – 14th December 2018

Table 1C: IFAD loan 754-MZ disbursements (SDR, as at 14-12-2018)

	Category Description	Original Allocation	Current Allocation	Disbursement	Balance	Per cent disbursed
I	Civil Works	3,600,000	4,730,000	4,532,609.34	197,391	96%
II	Vehicles Equipment & Material	400,000	400,000	331,782.90	68,217	83%
III	Technical Assistance, Studies, Training & Workshop	3,260,000	3,260,000	2,177,101.38	1,082,899	67%
IV	Service Provider Contracts	4,580,000	4,580,000	5,660,665.86	-1,080,666	124%
V	Matching Grants	1,350,000	1,350,000	204,092.63	1,145,907	15%
VI	Outreach Grants for Financial Institutions	720,000	720,000	303,474.05	416,526	42%
VII	Salaries & Allowances	2,950,000	2,950,000	3,905,100.03	-955,100	132%
VIII	Other Operating Costs	1,110,000	1,110,000	1,049,735.78	60,264	95%
	Unallocated	1,130,000	0	0		
	Authorized Allocation- Special Account			579,885	-579,885	
	Total	19,100,000	19,100,000	18,744,447.44	355,553	98%

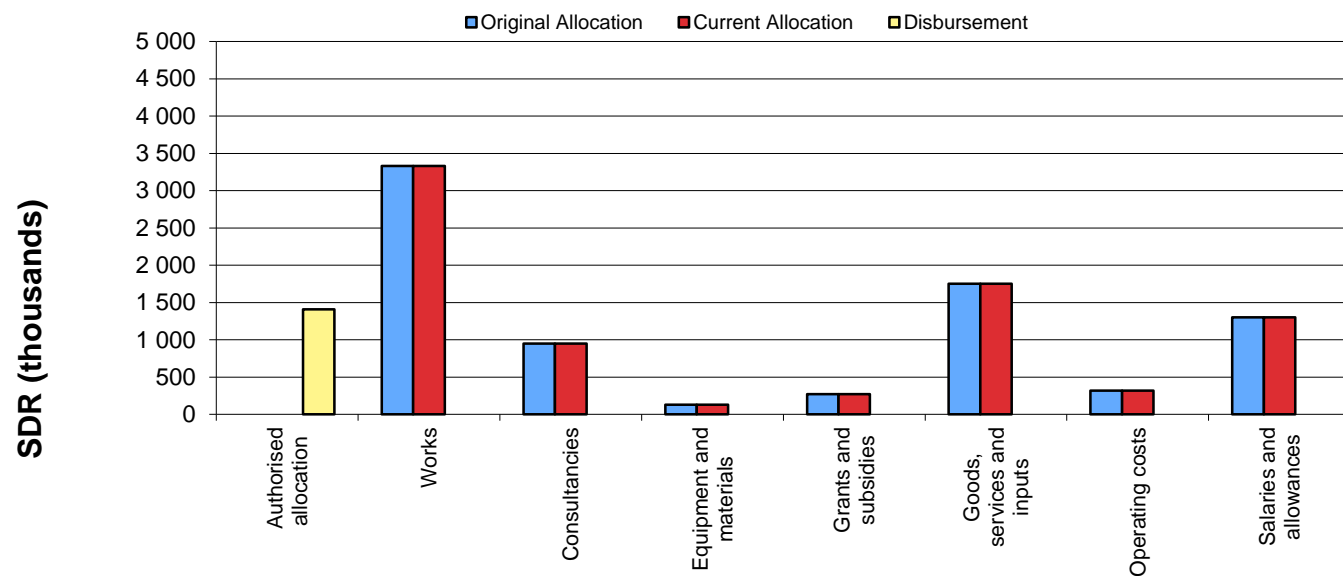
Figure 1: IFAD loan/grant disbursement, comparisons between original and revised allocations and actual disbursement



Republic of Mozambique
Rural Markets Support Programme (PROMER)
Supervision Mission Report; Mission Dates: 3rd – 14th December 2018

Table 1D: IFAD loan 2000001455 disbursements (SDR, as at 14-12-2018)

	Category Description	Original Allocation	Current Allocation	Disbursement	Balance	Per cent disbursed
I	Authorized allocation	0	0	1,409,860.56	-1,409,861	-
II	Works	3,330,000	3,330,000	0.00	3,330,000	0%
III	Consultancies	950,000	950,000	0.00	950,000	0%
IV	Equipment and materials	130,000	130,000	0.00	130,000	0%
V	Grants and subsidies	270,000	270,000	0.00	270,000	0%
VI	Goods, services and inputs	1,750,000	1,750,000	0.00	1,750,000	0%
VII	Operating costs	320,000	320,000	0.00	320,000	0%
VIII	Salaries and allowances	1,300,000	1,300,000	0.00	1,300,000	0%
	Unallocated	890,000	890,000	0		
	Total	8,940,000	8,940,000	1,409,861	6,640,139	16%



Appendix 1: Compliance with legal covenants: Status of implementation

1. Section	Covenant	Target/Action Due Date	Compliance Status/Date	Remarks
Schedule 2	Proceeds of the EU grant are net of taxes	Continuous	Partially	Government to reimburse EUR 13,419 of taxes paid from EU grant proceeds
Section 4.02	PCU to open and maintain a Project Account USD.		Yes	
Section 4.03	Procurement of goods, works and services carried out in accordance with the procedures laid down in Schedule 3	Continuous	Yes	No deviations from IFAD procurement guidelines were detected during the Mission.
Section 4.04	Insurance of vehicles, equipment and civil works financed from the loan proceeds to be consistent with sound commercial practice.	Continuous	Yes	Highly depreciable assets (computers and furniture) were not insured, which is acceptable)
Section 4.05, section 11.10(b)	Audit report submitted to IFAD.	30 June 2018	Not compliant	Audit report submitted beyond the deadline.
Section 4.06	Progress reports to be submitted to IFAD on a quarterly basis.	Continuous	Yes	
Schedule 4, para 7	AWPB to be submitted to the Fund, for its review and comments	Continuous	Yes	
Schedule 4, para 8(a)	A Mid-Term Review (MTR) to be carried out jointly by the Borrower and IFAD.	May 2014	Yes	Yes.
Schedule 4, para 16	Project to be exempted from all import duties, excise taxes and value added tax (VAT) on investment expenditures	Continuous	No	Programme using EU grant funds to finance taxes. Reimbursement of VAT by GoM is behind schedule.

Mozambique

Rural Markets Promotion Programme

Supervision Report

Appendix 2: Physical progress measured against AWP&B

Mission Dates: 03rd - 14th December, 2018
Document Date: 13/03/2019
Project No. 1100001423
Report No. 4957-MZ

East and Southern Africa Division
Programme Management Department

Appendix 2: Financial: Actual financial performance by financier; by component and disbursements by category

Table 2A: Financial performance by financier

Financier	Approved (US\$ '000)	Current (US\$ '000)	Disbursement (USD '000)	Per cent disbursed
IFAD loan 754	31,135,000.0	31,135,000.0	28,015,518.5	90.0%
IFAD loan 2000001455	12,500,000.0	12,500,000.0	2,000,000.0	16.0%
IFAD grant 2000001454	12,500,000.0	12,500,000.0	2,000,000.0	16.0%
Agra	3,517,000.0	-	-	0.0%
EU/MDG	10,524,000.0	10,524,000.0	9,766,762.2	92.8%
GoM	6,800,000.0	6,800,000.0	3,515,695.2	51.7%
Beneficiaries	3,050,000.0	3,050,000.0	308,092.0	10.1%
Total	80,026,000.0	76,509,000.0	45,606,067.8	59.6%

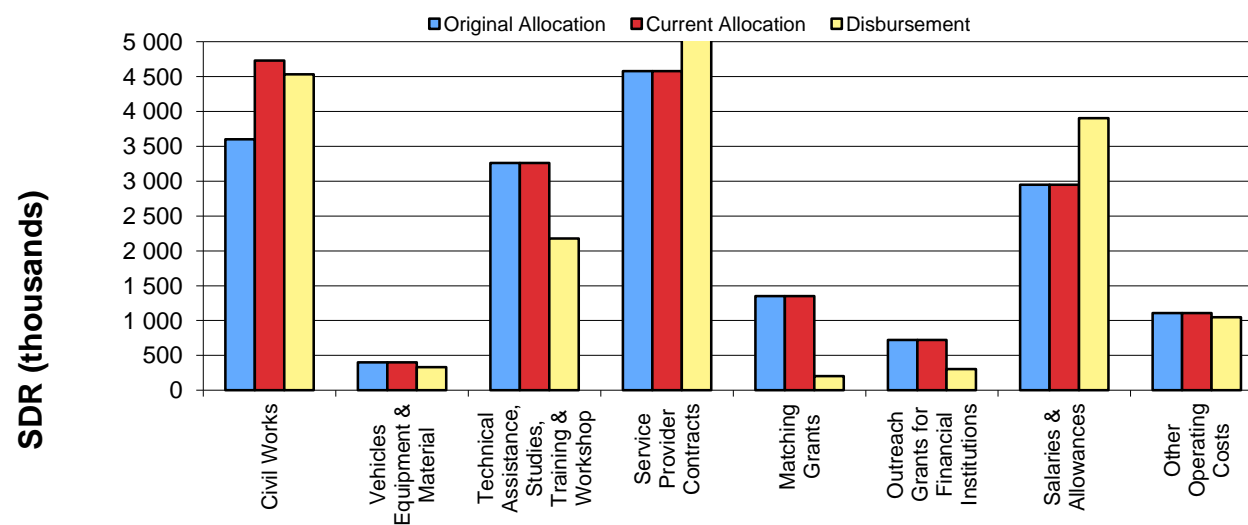
Table 2B: Financial performance by financier by component (USD '000)

	Financiers	IFAD		IFAD II (IFAD loan + grant)		European Union		Beneficiaries		GoM PROMER		GoM EU		Total		
		Budget (Appraisal)	Actual	Budget (Appraisal)	Actual	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual	%
1	Development of More Dynamic Market Intermediaries	7,711,500	8,139,920	4,674,000	507,451	1,942,000	1,774,078	800,000	10,780	1,026,000	-	398,000	-	16,551,500	10,432,229	63.0
2	Enterprise Led Value Chain Initiative	4,723,500	459,336	1,032,000	0	-	-	2,250,000	297,312	278,500	-	-	-	8,284,000	756,648	9.1
3	Improving the Market Environment	9,817,000	8,416,545	11,582,000	66,040	6,449,000	4,039,732	-	-	1,191,500	-	437,000	-	29,476,500	12,522,318	42.5
4	Policy/Institutional Support and Management	8,883,000	10,187,439	6,744,000	796,059	1,267,000	1,814,837	-	-	365,000	-	541,000	-	17,800,000	12,798,335	71.9
5	Nutrition Promotion	-	26,918	968,000	0	232,000	654,796	-	-	-	0	48,000	-	1,248,000	681,714	54.6
6	Implementation Support (DIC)	-	-	-	0	634,000	509,928	-	-	-	0	223,000	-	857,000	509,928	59.5
	Total	31,135,000	27,230,158	25,000,000	1,369,550	10,524,000	8,793,372	3,050,000	308,092	2,861,000	952,277	1,647,000	184,644	74,217,000	38,838,094	52.3

Table 2C: IFAD loan 754-MZ disbursements (SDR, as at 14-12-2018)

	Category Description	Original Allocation	Current Allocation	Disbursement	Balance	Per cent disbursed
I	Civil Works	3,600,000	4,730,000	4,532,609.34	197,391	96%
II	Vehicles Equipment & Material	400,000	400,000	331,782.90	68,217	83%
III	Technical Assistance, Studies, Training & Workshop	3,260,000	3,260,000	2,177,101.38	1,082,899	67%
IV	Service Provider Contracts	4,580,000	4,580,000	5,660,665.86	-1,080,666	124%
V	Matching Grants	1,350,000	1,350,000	204,092.63	1,145,907	15%
VI	Outreach Grants for Financial Institutions	720,000	720,000	303,474.05	416,526	42%
VII	Salaries & Allowances	2,950,000	2,950,000	3,905,100.03	-955,100	132%
VIII	Other Operating Costs	1,110,000	1,110,000	1,049,735.78	60,264	95%
	Unallocated	1,130,000	0	0		
	Authorized Allocation- Special Account			579,885	-579,885	
	Total	19,100,000	19,100,000	18,744,447.44	355,553	98%

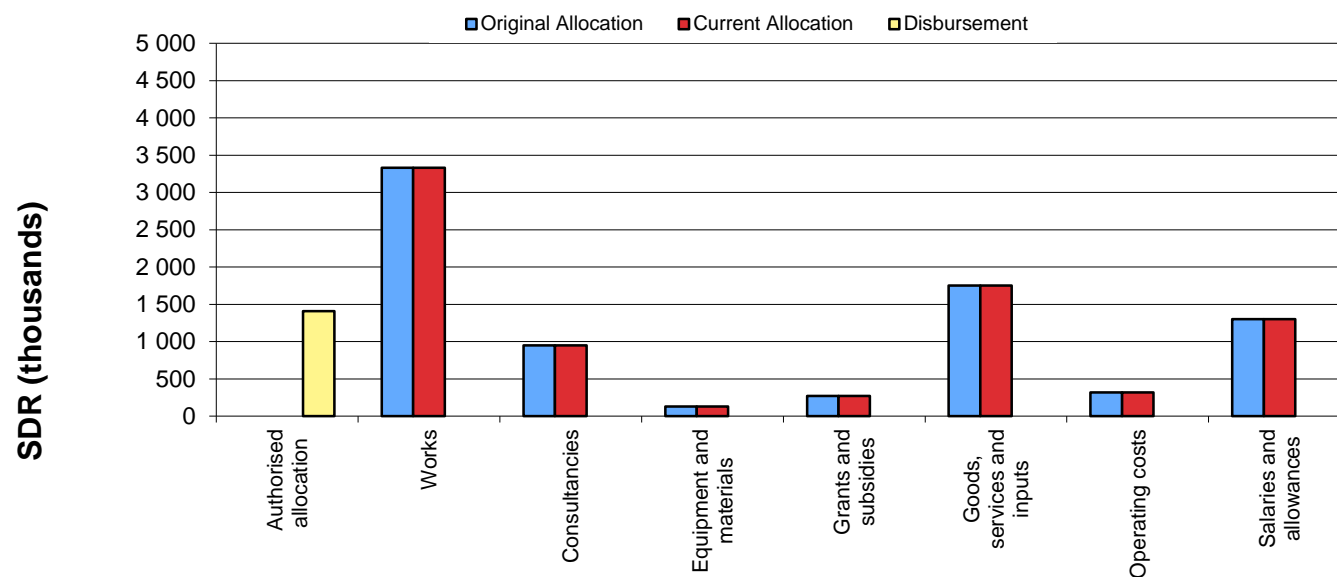
Figure 1: IFAD loan/grant disbursement, comparisons between original and revised allocations and actual disbursement



Republic of Mozambique
Rural Markets Support Programme (PROMER)
Supervision Mission Report; Mission Dates: 3rd – 14th December 2018

Table 2D: IFAD loan 2000001455 disbursements (SDR, as at 14-12-2018)

	Category Description	Original Allocation	Current Allocation	Disbursement	Balance	Per cent disbursed
I	Authorized allocation	0	0	1,409,860.56	-1,409,861	-
II	Works	3,330,000	3,330,000	0.00	3,330,000	0%
III	Consultancies	950,000	950,000	0.00	950,000	0%
IV	Equipment and materials	130,000	130,000	0.00	130,000	0%
V	Grants and subsidies	270,000	270,000	0.00	270,000	0%
VI	Goods, services and inputs	1,750,000	1,750,000	0.00	1,750,000	0%
VII	Operating costs	320,000	320,000	0.00	320,000	0%
VIII	Salaries and allowances	1,300,000	1,300,000	0.00	1,300,000	0%
	Unallocated	890,000	890,000	0		
	Total	8,940,000	8,940,000	1,409,861	6,640,139	16%



Mozambique

Rural Markets Promotion Programme

Supervision Report

Appendix 3: Compliance with legal covenants: status of implementation

Mission Dates: 03rd - 14th December, 2018
Document Date: 13/03/2019
Project No. 1100001423
Report No. 4957-MZ

East and Southern Africa Division
Programme Management Department

Appendix 3: Compliance with legal covenants: Status of implementation

Section	Covenant	Target/Action Due Date	Compliance Status/Date	Remarks
Schedule 2	Proceeds of the EU grant are net of taxes	Continuous	Partially	Government to reimburse EUR 13,419 of taxes paid from EU grant proceeds
Section 4.02	PCU to open and maintain a Project Account USD.		Yes	
Section 4.03	Procurement of goods, works and services carried out in accordance with the procedures laid down in Schedule 3	Continuous	Yes	No deviations from IFAD procurement guidelines were detected during the Mission.
Section 4.04	Insurance of vehicles, equipment and civil works financed from the loan proceeds to be consistent with sound commercial practice.	Continuous	Yes	Highly depreciable assets (computers and furniture) were not insured, which is acceptable)
Section 4.05, section 11.10(b)	Audit report submitted to IFAD.	30 June 2018	Not compliant	Audit report submitted beyond the deadline.
Section 4.06	Progress reports to be submitted to IFAD on a quarterly basis.	Continuous	Yes	
Schedule 4, para 7	AWPB to be submitted to the Fund, for its review and comments	Continuous	Yes	
Schedule 4, para 8(a)	A Mid-Term Review (MTR) to be carried out jointly by the Borrower and IFAD.	May 2014	Yes	Yes.
Schedule 4, para 16	Project to be exempted from all import duties, excise taxes and value added tax (VAT) on investment expenditures	Continuous	No	Programme using EU grant funds to finance taxes. Reimbursement of VAT by GoM is behind schedule.

Mozambique

Rural Markets Promotion Programme

Supervision Report

Appendix 4: Technical background analysis

Mission Dates: 03rd - 14th December, 2018
Document Date: 13/03/2019
Project No. 1100001423
Report No. 4957-MZ

East and Southern Africa Division
Programme Management Department

Appendix 4: Technical Background Analysis

I. Technical Analysis for Component 1: Development of More Dynamic Market Intermediaries

1. This component aims at promoting the development of farmers' organizations and small and medium rural businesses. It is organised to support input and output traders and farmers' organisations (FOs) through interventions in the following two main subcomponents: a) Support for Rural Traders Development; and b) Support to Farmers' Organisations Development. The expected outcome of this component is to increase the participation of smallholder farmers in agricultural market, particularly through the increase in the number of men and women farmers who sign marketing contracts with traders. The expected outputs are: a) increased capacity of traders to effectively market surplus production and deliver improved inputs; b) increased capacity of FOs to effectively market surplus production and conduct profitable transactions; and c) institutions that can more effectively represent farmers' interest and deliver relevant support services. Approaches to the implementation of this component include provision of capacity building activities, mainly through training, mentoring, literacy training and facilitation of market linkages and also initiatives that promote value addition on a small scale. The component is implemented by 3 Service Providers (SPs), namely GAPI in Cell A (Niassa), OIKOS in cell B (Cabo Delgado) and OLIPA in Cell C (Nampula and Zambezia).

2. *Subcomponent 1.1: Support for Rural Traders Development* – Significant progress has been registered in this subcomponent. The Programme is currently supporting a total of 225 rural traders (100% of the revised target). The major activities of support to this group focused on training and coaching in business plan preparation, market linkages, legal registration and facilitating access to credit. As a result of these activities, the volume of traded inputs and produce is reported to have increased. The volume of the traded agricultural produce increased from the baseline of 190 tonnes to over 1,000 tonnes in 2018. The associated revenue in 2018 was about USD 37,900. On the other hand, revenue from traded inputs increased from almost nothing at the start of Programme activities to about USD109,000. Seven rural traders benefited from access to credit facilities, mostly from *GAPI-Sociedade de Investimentos*, while 6 had assets registered; asset registration is meant to facilitate the traders' access to credit facilities. Efforts to facilitate licencing and to get many other traders to be active input suppliers will continue. Small scale value addition activities have not progressed as well; the Programme has not been successful in attracting applicants to the Matching Grant Facility (MGF) allocated for this intervention. This is partly attributed to the potential applicants' inability to raise their required matching proportion of 30%. Traders visited during the mission expressed interest in venturing into small scale value addition activities and their main constraint was lack of financing. Accordingly, the Programme is to make a proposal for adjusting the matching proportions in order to attract the potential applicants; the proposal will be submitted to IFAD for review, comments and provision of No Objection. Efforts to facilitate licencing, registration of assets and facilitation to formalise issuance of land titles (DUATS) to rural traders will avail rural traders with acceptable collateral and increase their likelihood to access credit facilities from formal financial institutions.

3. Despite the increased capacity to market surplus production and deliver improved inputs, the level of involvement of selected traders in marketing activities in PROMER areas vary according to their scale of operation, which in turn imposes different types of challenges for their further development. The medium-sized traders often own assets, such as warehouses and cargo transportation that could be used as collateral to obtain loans and expand their businesses and to extend the geographic scope of their operations. Medium-scale traders also benefit from their linkages with large traders (wholesalers) with which they establish formal contracts and obtain advance payments for their marketing operations and, as a result, they are able to market relatively large volumes of surplus production.

4. Going forward the demonstration plots are going to be increased in PROMER area with the participation of the private sector, especially agro-input companies. One such agro-dealer was visited by the mission at Lichinga and had a beneficial relationship with FOs. In these demonstration plots, the agro-dealer will provide technical support and support is also going to come from SDAE, who are represented in each district as well as animators from FOs. This will ensure that the optimal ratio of one technician to 12-15 FOs is addressed. If, need be, technicians who were used by PSP project can be used to assist. With good climate smart seeds, and application of Good Agriculture Practices (GAPs), such as crop rotation, intercropping, soil management, application of fertilisers, appropriate use of pesticides and herbicides impacted to FOs through demonstration plots productivity at farmer level for various crops is expected to increase further.

5. A Strategy Paper to Support Apex Organisations, titled 'Assessment of Farmer Organisations in PROMER Focal Areas and Development of PROMER Strategy to Support Secondary Level Farmer Organisations' was shared with the mission. The paper gives guidance and recommendations on how to give support to District Unions to enhance their ability to provide guidance and support to the lower Farmers Associations. The Mission agrees that, going forward, each district union should be facilitated to develop its own development strategy since the district unions are at different levels of development. This will form the basis on which support will be given to each union. During the development of these strategies, the roles and functions of the unions will be clearly

defined; during field visits, they appeared to be doing the same functions as the associations they serve, with a potential of conflict of interest.

II. Technical Analysis for Subcomponent 3.1: Market Infrastructure

A. Introduction

1. This technical analysis for PROMER's subcomponent 3.1 is an outcome of the Mission findings and is complementary to the Mission's Aide Memoire and the associated report. It provides detailed guidelines on the way forward to sustainably implement recommendations agreed upon during the Mission. Interventions under this sector focus on road (both rehabilitation works and management committees) and market infrastructures.

2. With regard to this subcomponent, the Mission was expected to: a) based on the field visit and taking into consideration the Programme's extension period, give guidance on the focus of the additional works to be executed on roads which will benefit from the full rehabilitation to assure resilience to climate risks and on what realistically can be achieved in the remaining period of the project recommendation; b) discuss with ANE and draft recommendations on the training Programme for district technicians, contractors and, craftsmen/craftswomen to undertake feeder roads maintenance; c) Support the PMT in the development of ToR for the impact of road rehabilitation in facilitating access to market; and d) support the PMT in the development of training a programme on Climate Change and SECAP.

3. Desk work (before and after field visits) and field visits were carried out during the Mission period. Two Districts were visited (Cuamba and Malema) with discussions held with stakeholders (District authorities, ANE/FE) and beneficiaries. The Mission visited three roads: two targeted for full rehabilitation (one surveyed with BoQ ready for advertising and another one awaiting for surveys) and one under rehabilitation (spot improvement, at 90% completed).

4. Given the limited time remaining to effectively implement activities, a timeframe with clear milestones (Figure 1) for all economic infrastructure development activities (including road committees) has been developed, in consultation with all key stakeholders, to ensure timeliness and quality of results. It is recommended that: a) efforts be made to hasten finalisation/signing of the tripartite MoU; b) all stakeholders should adhere to the updated timeline as any slippage could jeopardise achievement of the set targets; c) the design team to have regular exchange meetings for harmonisation; and d) Project Engineers to be exposed (out of country) to good experiences/practices on how to engage road committees in sustained road routine maintenance.

B. Road Development

5. *Pre-Additional Financing Phase* – Considerable progress was made on road development during the pre-Additional Financing phase of PROMER implementation. All targeted 755 km (415 km funded by IFAD and 340 km by EU) of 39 feeder roads have been rehabilitated (spot improvement) through equipment-based approach. As a result of this intervention, traders are reported to have increased and improved access to areas that were previously inaccessible. This has made it possible for them to increase the quantities of produce purchased from farmers in those areas that benefited from road improvement; it has also made it easier for the agro-dealers to deliver inputs to farmers. However, under the EU funding based on the fourth amendment of completion date to 31st March 2019, the Programme will be completing the on-going remaining road rehabilitation in order to reach the target of 340 km as ANE has existing contract with the Programme. For all the four outstanding roads, works have reached more than 90% of the physical completion. The Mission visited one of them, and backfilling operation of the bridge was on-going. After total completion of works, they will be handed over to the respective recipients.

6. *Additional Financing Phase* – For this phase of the PPROMER implementation, the intervention approach will change from spot improvement to full rehabilitation, as recommended by the AF design (with spot improved roads, District authorities reported to encounter high maintenance costs). Initially set for 600 km by the AF design, the actual target is being revised to about 744 km (38 roads, Table 1Table). The increase in the length of the total targeted road under AF is mainly due to the inclusion of road sections (following the alignment of previous roads) to ensure that rehabilitated roads are effectively connected to the existing road networks. It was agreed that the targeted roads will exclusively include those spot improved during the pre-Additional financing phase. In addition, this target does not include the four roads recently spot rehabilitated.

Table 1: Distribution of Roads to be Rehabilitated under the Additional Financing Phase

Provinces/Districts	Road lenghts (Km)	Number of roads
Cabo Delgado	181.4	10
Ancuabe	31	2
Balama	38.6	2
Chiúre	46.8	2
Montepuez	25.2	2
Namuno	39.8	2
Nampula	180.2	9

Malema	106.9	4
Ribaue	73.3	5
Niassa	196.7	12
Cuamba	31.1	2
Mandimba	29.6	2
Marrupa	34.8	2
Maúá	19	2
Mecanhelas	55.4	2
Metarica	26.8	2
Zambézia	185.8	7
Alto Molócuè	117.3	4
Gurúè	68.5	3
Total général	744.1	38

7. Progress in implementing the current phase has been considerably delayed due to: a) late availability of funds which, in turn, led to delays in the required road categorisation (socio environment) processes; b) delays in finalising a tripartite Memorandum of Understanding (MoU) between the National Roads Authority (ANE), the Road Fund (FE) and PROMER; and c) development of environmental best practices manual. However, a total of 213.6 km (11 roads) of road have already been surveyed/designed and BoQs are ready to be advertised. The Mission had the opportunity, through a field visit to one road with Project engineers, to review the proposed scope of works, as a sample. Very few issues were brought up, and a lot of improvements were made throughout the design process to expect sustained and climate resilient roads. It should be recalled that, rehabilitation works under the Additional Financing phase should aim at meeting the standards and technical specifications of Class C roads, for further endorsement into ANE's responsibility and maintenance.

8. The average estimated cost for full rehabilitation of the first batch roads is around USD 20 700 per km. This is higher than the unit cost of the Additional Financing design Costab (USD 15 000 per km). It should be noted that, the average unit cost for spot improvement during pre-Additional Financing phase was USD 15 000 per km. Given the increased volume of works and the improved standard adopted (from sport improvement to full rehabilitation), keeping the same unit cost without revising the target is not realistic. On the other hand, although the Additional Financing Costab provides funds for supervision, it does not address challenges related to sustainability, including setting up of functional and operational road maintenance committees who are expected to play a great role in routine maintenance activities for roads. Going forward, two alternatives are proposed: a) review the current target so that it matches with the available budget or; b) reallocate funds (reallocation to be informed at some time next year during Programme implementation) by providing the current equivalent financing gap (to be determined as soon as ANE provides PROMER with the budget for supervision and set up of road committees) in order to meet the current target (744.1 Km). While waiting for these clarifications, all activities will continue to be implemented.

9. For all these roads and as recommended by previous Missions, the need of a good supervision framework is required during rehabilitation works. ANE is expected to supervise road rehabilitation, but they report to be understaffed and this is a threat to efficient results. It has been agreed that additional staff would be hired to ensure effective supervision of works. The hiring process to be under the responsibility of ANE, as PROMER is not in a position to do so. Corresponding funds will be allocated to ANE, which will include fees for supervision staff, as well as administrative charges (including their mobility in the field). Consequently, one staff (Junior Engineer) will be recruited per District to oversee rehabilitation work, under the overall responsibility of ANE and Project Engineers.

10. MoU with ANE/FE – With the implementation of the Additional Financing phase, the existing MoU signed with the ANE and FE needs to be updated, to take into account areas that are not covered. These include: a) setting up functional Road Committees along each rehabilitated road; b) ensuring efficient supervision of works; c) carrying out, on a pilot basis, implementation of the "Claycrete" technology for further assessment. It was agreed that ANE should develop and propose the following to the PROMER: a) a comprehensive methodology of intervention; and b) the corresponding detailed budget.

11. Road Maintenance Committees – As a way to address sustainability of rehabilitated roads, gangs/committees will be formed along each road, under the leadership of ANE, following national standards (density, training module, institutional status, etc.). The process will include sensitisation, capacity building (training and distribution of light equipment), and legalisation of those (committees to have a legal entity considering expected roles they will play in road maintenance framework). Maintenance is a challenge for district authorities and it expected that all effort to set up operational road committees will aim at including those entities within the routine maintenance framework led by districts. The Programme will work in collaboration with ANE, district authorities (and Infrastructure Engineers) and possible other stakeholders, in setting adequate and favourable environment where road gongs will serve as the main operational bodies for routine maintenance. For an efficient implementation and deployment of ANE during the process, all activities will take place at the districts level. Based on national standards (density of committee along the road, training modules, tools to be provided),

ANE will provide support, targeting groups of beneficiaries. Training sessions should follow the national standards and include both theoretical and practical sessions. It is expected that road committees formed will play an important role, in addition to contractors, during rehabilitation works (sensitisation, mobilisation/hiring of unskilled workers, etc.) as a possible complementary practical training.

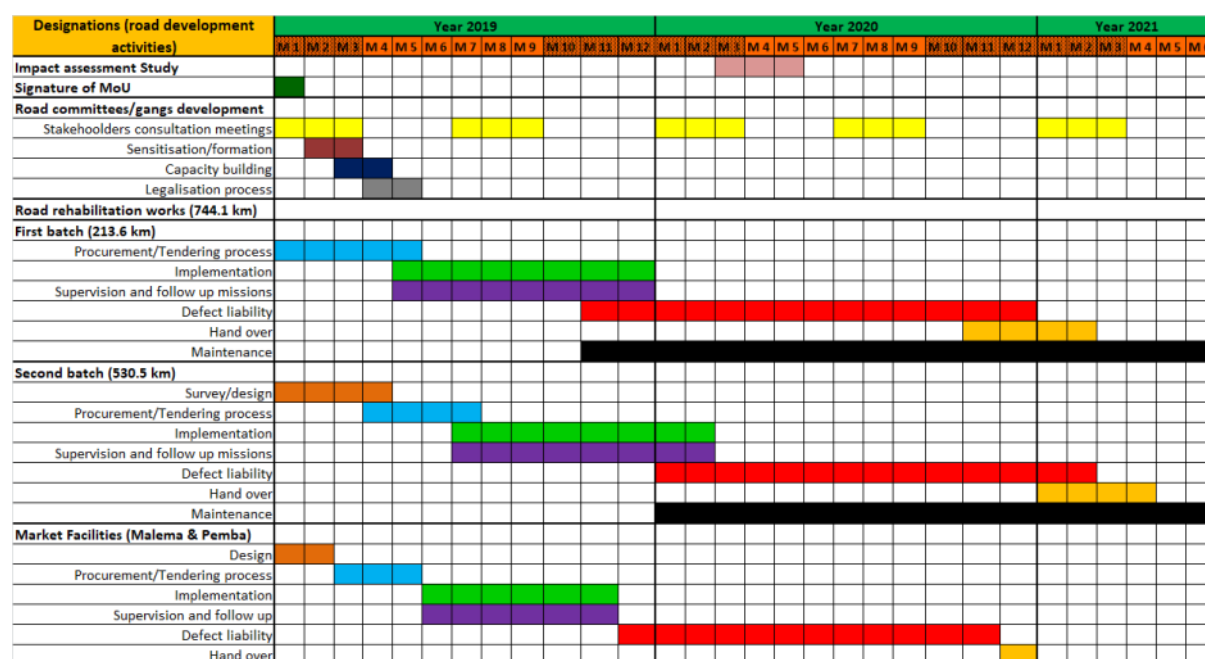
12. Application of the “Claycrete” Technology – consultations have been undertaken between the Programme and ANE and it has been agreed that the “Claycrete” technology (surface dressing) will be piloted (under the technical leadership of ANE) on one selected road following specific guidelines. The piloting of this technology should not hamper on-going dynamism of the Programme nor affect its expected results. Since this is a pilot, the implementation methodology should meet all scientific requirements for further assessment. These include: a) selection of the road where to apply it (issues to be considered may include level of transport service, climate/environmental conditions, main commodities produced in the area, etc.); b) the environment of application (the use of same material for sub-base along the roads, the same approach and application of equipment); b) the need to apply on sections or the entire stretch of the road. Other areas to go with this trial phase should include: implementation of the technology (needed capacity building to contractor), needs and requirements for maintenance (cost, existing capacity, periodicity, etc.).

C. Market Facilities

13. Good progress has also been made for market infrastructure interventions. Out of the 15 markets targeted (11 for rehabilitation and 4 for new construction), works are completed for the 11 rehabilitated ones and all are being utilised. Construction of three markets (out of the 4) was completed and they are being used. For the fourth market (in Malema District), the construction site was abandoned by the contractor (he has reached 70% physical completion). Given the investment already made, it has been agreed that the facility will be completed. However, the initial design of the market is no longer relevant to the prevailing circumstances; considerable development in the area has since taken place. A proposal was made by PROMER to the District authorities to consider turning the building into a warehouse facility which is believed to be of better use for the many market operators in the nearby areas; the District is yet to come back to the Programme.

14. On a related matter, the Cabo Delgado Provincial Government requested PROMER to support construction of a retail market in Pemba; the Programme recognizes the potential contribution such a market would make to the development of agricultural marketing in the province and the resultant demand pull effect. The Provincial Government was advised to submit an official request together with the associated feasibility study. The PMT would then request IFAD for a ‘No Objection’, contingent on availability of funds to support the investment.

Figure 1: Timeframe for Implementing all Infrastructure-Related Activities



III. Procurement Review

1. **Structure of the Procurement Arrangements of the Programme** – The PMT does not have a dedicated procurement unit. Thus far, Programme procurement responsibilities have been shared between the component

heads, the Finance Manager and the Programme Coordinator. Other procurements are also carried out by service providers from the advances made to them under the terms of the specific MoUs. For the remainder of PROMER's implementation, the bulk of the activities shall include major procurements for road and market infrastructure, as well as those for service providers, spread out widely across the Programme areas. For effective implementation during the remaining period, there is need to enhance the overall procurement technical capacity of the PMT in order to guarantee efficient and timely coordination, follow-up of progress of the set procurement milestones, and, effective contract management. A recruitment of a procurement TA is highly recommended. This TA will also ensure that delegated procurement by the service providers shall be fully consistent with the procedures under GoM Decree no. 5/2016.

2. **Procurement Planning and current Procurement Plan** – The current Procurement Plan is for two Programme years, 2018 and 2019. The total value of the planned investments for the two years includes works for markets and road infrastructure, motor vehicles and equipment and consultancies for service provision. The cost estimates for each of the planned items have been checked and found to be consistent with the underlying AWPB. The proposed procurement method is NCB and this has been found to be appropriate given the individual thresholds and the practical requirements of the localised implementation environment. The Procurement Plan for 2018/19 with total cost estimate of USD 12.3 million included planned procurements for 2018 financial year estimated at USD 9.8 million whose actual achievement was USD 5.8 million or 59% of the annualised plan. This leaves planned activities estimated at USD 4.0 million to be added to those for 2019 financial year of USD 2.6 million for a total procurement cost estimate of USD 6.6 million.

Procurement Plan Analysis for 2018/2019 Financial Years

CATEGORY	Combined 2018/19	2018			2019	
	Gross Estimates	Gross Estimates	Actual Procurement or drop During 2018	Net Carried C/F to 2019	Gross Estimates for the year	Procurement Plan opening Estimates at 1.1.19
	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000
Works	5,541	2,935	-	2,935	2,607	5,541
Goods and Equipment	570	570	500	70		70
Services	6,220	6,220	5,254	966		966
Total	12,331	9,725	5,754	3,971	2,607	6,578

3. **Review of the Completed Procurements during 2018** – The Mission reviewed the process for 2 roads completed in Nampula Province; 1030-Lapala for 6.7 km and 1032-Naquessa for 11 km. Their contract values were MTS 5.43 million and MTS 8.69 million, respectively. The process for recruitment of the Service Provider, OLIPA ODES, was also assessed. The steps applied for the procurement followed the laid down procedures in the GoM decree 5/2016.

4. **Proposed Way forward for Procurement Strategy** – The new IFAD Loan and Grant combined with residues from the original IFAD and EU financing are estimated at just over USD 25 million. Assuming a 2-year extension, the PMT would have a total of 30 months to effectively implement the different activities and contribute towards achieving PROMER's objective. In order to achieve a result oriented implementation for the remaining period, it is necessary for the PMT to formulate a projected comprehensive 36 month plan (including the 6 months closure period) for both the work plan and budget and the associated Procurement Plan with the total cost estimates harmonised to the available funds. This should become the working tool of the PMT which should assist the team to prioritise on the earliest implementation preparation, including timely identification of the specific activities, bid preparation, timely contract management, coordination of implementation, monitoring and reporting.

Country- Republic of Mozambique		Project name- PROMER	
Financing number- L-I-754		AWPB coverage period- 2018 and 2019 financial Years	
Procurement plan coverage period- 2018/19		Date of submission- January 2018	
Requirements		Focus of review procedure	Done (Y/N)¹
1. Presentation of procurement plan			
a. Procurement plan covers 24 months		<u>Critical examination of the document.</u>	
b. Procurement actions presented by project component,			

¹ Indicate whether or not this review step was completed. All negative answers must be justified in the Report.

properly identified and referenced	1. Cost estimates consistent to those of AWPB. 2. Procurement Milestones Clearly spelt out. 3. Milestones consistent with the Laid down procedures.	YES
c. Procurement actions grouped according to category (Goods/Works/Services) for each project component		YES
d. Procurement actions grouped into lots/packages within each category		YES
e. For each procurement action, indication of category, procurement method, estimated cost, IFAD review requirement, and anticipated timeline for entire procurement process		YES
f. Indication of contractor name and contract amount (after award) as part of the procurement plan annual update		YES
2. Coherence with project objectives and annual work plan		
a. Procurement actions are relevant to project objectives	Comparative analysis of procurement plan with project logical framework, design document and annual work plan	YES
b. Nature and quantity of goods/works/services are consistent with appraisal report		YES
c. Nature and quantity of goods/works/services are consistent with activities in the annual work plan		YES
3. Analysis of financial estimates		
a. Reasonableness of cost estimates	Investigation using various sources (bases of cost estimates from PMU, similar procurement in other projects, IFAD experience, etc.)	YES
b. Reflection of procurement cost estimates in the annual budget	Verification of procurement budget in the AWPB	YES
c. Procurement cost estimates are within over project funds allocation for each expenditure category	Comparison of total disbursements to date + current procurement budget with funds allocation	YES

IV. Technical Analysis for Nutrition Mainstreaming

1. This technical note highlights the progress, findings, results, details and agreed points based on discussions held with the PROMER PMT on different but interlinked subjects covering Nutrition.

2. The level of incidence of chronic malnutrition in PROMER intervention area (Northern provinces) is high (48.4%) compared to the Central (45.2%) and Southern (31.2%). In order to contribute to the reduction of levels of chronic malnutrition countrywide, and in the PROMER area in particular, as well as to align Programme interventions with the Government priorities and IFAD corporate and strategic objectives, nutrition activities are being retrofitted in PROMER since enhancing nutrition sensitivity was not part of the initial design. Interventions under this component aim at promoting awareness on the consumption of healthy and balanced diets by ensuring adequate intake of calories, protein, and micro-nutrients. Nutrition promotion activities were implemented from September 2014 to March 2018 (under the EU-MDG1c financing) as a pilot and stand-alone nutrition education component in 5 districts of Cabo Delgado (Ancuabe, Chiúre, Montepuez, Namuno and Balama).

3. Activities focused on promotion of nutrition education for women in rural communities and youth at schools through the promotion of vegetable gardens, cooking demonstrations, food conservation and processing techniques, and sensitisation sessions on consumption of nutritionally-dense foods. The target outcome was to achieve a diversified diet among family members of the farmer organisations, especially women and children under two years.

4. As a result of the interventions, a total of 5,631 women (adolescent) and men were reached with nutrition education sessions and cooking demonstrations compared to the target 3,000. About 1,607 women (adolescent) and men received support in managing vegetable and fruit tree gardens. Approximately 115 orange tree seedlings were planted by students' families and 54 community gardens were established. A total of 60 peer mother groups have been capacitated on basic nutrition awareness to continue community nutrition awareness raising. In addition, over 50 government officials, local service providers and PROMER staff have been trained in nutrition education and nutrition-sensitive programming approaches and interventions.

5. *End-line Assessment Results* – At the end of the implementation period, an end-line assessment on the Minimum Dietary Diversity (MDD) was undertaken. A comparison with the mid-term MDD assessment confirmed that nutrition knowledge and methods improved in targeted families: 72% of women of reproductive age (WRA) and 78% of adolescent girls have knowledge of the benefits of dietary diversity. About 63% of WRA process and

conserve vegetables, 98% of WRA and 94% adolescents have knowledge on critical handwashing and food preparations practices. Approximately 63% of WRA and 49% of adolescent girls listen to nutrition related messages via community radio.

6. In addition, 40% of WRA and 68% of adolescent girls 11-18 years and 45% of children 6-23 months² achieved minimum dietary diversity; that is, they are more likely to have higher (more adequate) micronutrient intakes. This means that PROMER achieved the MDG1c nutrition component outcome indicator target. However, further support is required to improve consumption of food groups rich in iron, vitamin A and zinc.

7. *New Intervention Approach* – Based on the results and lessons of the first and standalone nutrition mainstreaming intervention phase, PROMER has started and prepared a Nutrition Mainstreaming Strategy for its new phase 2019 – 2021. The process started in 2017 with the support and collaboration with Wageningen Centre for Development Innovation funded by NUFFIC, where PROMER has been engaged in a series of capacity building events for its programme team and service providers to mainstream nutrition into the PROMER Programme.

8. Nutrition integration will be expanded for all 15 PROMER districts. During the new phase, implementation approach will also be changed, moving from Sensitization or Nutrition Awareness focus to a Nutrition Sensitive programming throughout the Value Chains, changing from an Income objective to a Diet Quality objective, and adjusting the target focus from Producers to Consumers. The Programme will work throughout the different value chains (inputs, food production, storage and processing, distribution and transport, trading and marketing, promotion, and consumption).

9. The Mission had the opportunity to review the strategy for nutrition integration (2019-2021). The strategy will need further enhancement to be aligned with the new IFAD guidelines for Nutrition Sensitive Value Chains (NSVC). The new guidelines highlight four key steps to develop a NSVC namely: a) *The nutrition situation Analysis*; b) *Commodity selection*; c) *NSVC analysis*; and d) *Identification of intervention options* - options that respond to the nutrition problem and its context, and that the NSVC project can invest in.

10. Although the steps for the NSVC studies are presented as a sequence, they can also be adapted to specific situations. In the case of PROMER, the main commodities have been preselected and the value chain studies are available. Taking into account that the available VC analysis was conducted using the standard market oriented approach (map of actors, opportunities for VC upgrading, addressing constraints in the supply), there is a need to further review the VC analysis using the nutrition lens (addressing constraints in the supply, demand and nutrition value). Therefore it was agreed that the team of experts that will conduct the baseline or nutrition situation analysis will include a VC expert to analyse the main VC constraints along the supply and demand spectrum, using a nutrition lens.

11. The nutrition situation analysis will highlight the main constraints in the VC. The identification of these problems, as well as the in-depth nutrition analysis of VC will contribute for the revision and improvement of the Programme's nutrition integration theory of change. The focus PROMER NSVC interventions should be on the commodities. The components and sub-components envisaged activities will be the entry points of the VC or NSVC which will ensure that the concerns are well addressed with nutrition lens.

12. The revision of the theory of change, and the identification of new activities and indicators in the components and sub-components will require a revision of the operational logical framework. It was, therefore, agreed that a revision of the operational logical framework will be conducted to include key nutrition sensitive indicators.

13. *Food diversification, Gender and Climate Change* – In principle, the increase in income (cash commodities) could lead to dietary improvements in the household by enabling the purchase of more nutritious and diverse foods, as well as improving access to healthcare, better water and sanitation, and better education. However, evidence shows that dietary and other improvements do not happen automatically with increases in income. In fact, there are a number of factors, especially low nutrition awareness and women's social status that can prevent increases in income from leading to improvements in nutrition. In PROMER, through the gender and GALS approach, the empowerment of women and the impact of gender mainstreaming is evident. Where women are empowered or income is controlled by women, there is a higher chance of income increases resulting in improvements in household nutrition. In addition, from a gender perspective, diversification of production is instrumental in creating opportunities for the incorporation of commodities or varieties that women control and benefit from, in terms of income and management of production.

14. Experience shows that market-focused VC investments can sometimes lead to farmers selling, rather than consuming, the nutritious foods they have produced, or focusing on one or two cash crops; this affects on-farm

²Infants and young children's (aged 6–23 months) MDD is 4 or more of the 7 food groups.

diversity/production diversity. Changes in production, such as increasing yields, introducing new varieties and developing counter-seasonal production, can increase year-round availability. Changes in post-harvest management, such as promotion of climate-resilient storage and improved processing or packaging practices, can lead to longer product conservation and shelf life. In addition, in VC projects targeting smallholders, diversity of production can mitigate the risks of specializing in one commodity, making smallholders less susceptible to shocks from weather, climate change, pests and diseases, or price fluctuations that may compromise income generation. It was agreed that different set of interventions sensitive to gender and climate changes will be considered (promotion of intercropping, promotion of soil preservation varieties, etc.).

15. *Small-scale Value Addition* – The Programme will review the eligibility criteria for the small-scale value addition matching grant. Under this review, it was agreed that, among other things, a special package will be developed focusing on Nutrition Value Chain sub-projects at different VC stages. Key aspects to be included as part of the eligibility criteria for the sub-projects to be financed are the following, depending on the stage/link of the value chain: a) *Inputs*: nutrient-rich varieties or traditional varieties and species, bio-fortification, micronutrient fortified-fertilizers, inputs to control food safety risks; b) *Food Production*: diversification of production, integrated farming (agriculture, livestock, fish farm), safe production, nutrition sensitive extension; c) *Storage and processing*: safe storage, nutrient preserving processing, fortification; d) *Distribution and Transport*: refrigerated transport, diversified distribution channels; e) *Trading and Marketing*: local market targeting, public purchasing programmes, packing in small quantities, nutrition labelling; f) *Promotion*: social marketing, behaviour change communication, consumer food and nutrition education; g) *Preparation and Consumption*: cooking classes, recipe development, hygienic food preparation, measures to discourage food waste.

Terms of Reference for the Baseline Study

The Mission reviewed the ToRs for the baseline or situation analysis. As mentioned above apart of adjusting the contents and key questions, the mission also recommended the inclusion of a value chain expert as part of the team. Key aspects to be considered in the terms of reference are highlighted below, and the PMT should use the new guide for Nutrition Sensitive Value Chains (Volume I and II for more details).

The main objectives of the nutrition analysis is to assess i) the Nutritional status in the project areas, ii) the Causes of malnutrition; and iii) the diet characterization and identification of diet gaps. The analysis will identify the nutrition problem in the target population, specifically in terms of dietary gaps, and identify foods that can address these gaps and, thus, contribute to improving nutrition.

The Baseline or Situation Analysis will also provide information on the causes of malnutrition. An NSVC will contribute to improving nutrition primarily through improving dietary quality so the focus of this study should be on the food-related causes of malnutrition. However, the analysis should also review causes of malnutrition not related to diets. This gives an idea of the relative importance of the different categories of determinants and how they relate to one another, including if one poses a constraint to alleviating the other

For the situation analysis the project will also rely on the secondary data for many indicators. SETSAN and MISAU are valid sources of relevant and accurate information and data due to the regular food security, nutrition and health assessments conducted. Specifically for PROMER, a part of other key indicators to be measured (MDD and KAP) the PROMER Baseline or nutrition situation analysis should consider covering the following points:

- A. Characterize the nutritional status of the target population in project areas. This would include a summary of the following nutritional status indicators, with particular attention to women and children under 5:
 - Prevalence of child malnutrition, including stunting, wasting, underweight and overweight;
 - Prevalence of malnutrition among women, including underweight and overweight; Prevalence of micronutrient deficiencies among children and women, including iron, iodine, vitamin A and zinc;
- B. Analyse the causes of malnutrition. The analysis will focus on the food-related causes of malnutrition, but will also provide a brief characterization of the status of basic, underlying and immediate causes:

- Basic causes: i) policies and programmes related to food and nutrition security, ii) prevalence of poverty, and iii) status of women's empowerment and control over resources. It is suggested to limit the analysis of basic causes to those directly relevant to NSVCs.
- Underlying causes: i) food security, ii) childcare and feeding practices, iii) environmental health (water and sanitation), and iv) access to health services.
- Immediate causes: i) dietary intake, and ii) health status. Dietary intake is covered in the characterization of diets (explained in Point C below). Hence, only a brief indication of major health issues would be needed.

C. Characterize diets in the population and factors influencing diets. This would include an analysis of: i) food consumption patterns, ii) food availability and sources of food, including from markets, own production or social programmes, iii) food stability (ability to obtain food across seasons), iv) food affordability, v) food preferences, cultural norms and taboos, and vi) intra-household dynamics and decision-making power related to food allocation and consumption, especially of women and children, and to food production, sales and expenditures.

V. Financial Management

Attachment 1: Financial Management Assessment Questionnaire at Supervision

Country: Mozambique	Loan ID: : IFAD Loan I-754-MZ IFAD Loan 2000001455 IFAD Grant 2000001454 EU Grant 2000000057
Project Name: PROMER – Rural Markets Promotion Programme	
Executing Agency: National Directorate for Rural Development (DNDR) within the Ministry of Land, Environment and Rural Development (MITADER)	CPM: Robson Mutandi
FMS: Alaudio Chingotuane	Date of this review: 20 December 2018

Topic		Risk Rating (H/M/L)	Issues/Comments/Recommendations
A. Inherent Risks			
High risk. According to Transparency International Corruption Perception Index (CPI) survey of 2017 Mozambique ranks 153 out 180 countries with a low score of 25/100.			
B. Control Risks			
No major control issues were found. However, the Mission noted that PROMER only employs Contract Monitoring Forms (CMFs) for high-value Service Provider contracts. PROMER should employ CMFs for all contracts which are paid in more than one instalment.			
1. Organization and Staffing			
a.	Adequacy of organizational structure to meet functional needs of the project.	L	Quality of Project Management is satisfactory. PROMER is managed by a dedicated, well qualified and experienced team and all key positions are currently filled.
b.	Availability of clear job description for key project positions, including fiduciary positions.	L	Adequate.
c.	Adequacy of project financial management staff (numbers and skill) matching functional needs of project.	L	PROMER's FM team now counts with 3 accountants, the Finance Manager and a Finance Assistant. The number of FM staff fully guarantees adequacy of segregation of duties, as well as increased internal control.

d.	Availability and adequacy of operating manuals and guidelines for staff.	L	Yes, all operating manuals and guidelines, including IFAD Procurement guidelines are available to staff.
e.	Existence of a performance based evaluation system in place and timely completion of performance evaluation for all staff.	L	Yes and adequate.
f.	Adequacy of health insurance coverage for all staff (where applicable).	L	Adequate.
g.	Timely payment of social security fees (where applicable).	M	There is an inaccuracy in the calculation of the social security contribution of PROMER staff due to the original requirement that pegged contributions at a fixed exchange rate. This has resulted in a difference of approximately USD 131,000 that is due to National Institute for Social Security (INSS). The Programme sought and received a No Objection from IFAD to pay the computed difference. However, although PROMER and DNDR have engaged the INSS in an effort to resolve this issue, unfortunately it is still pending and, therefore, the difference is yet to be paid. Going forward, it was agreed that PROMER would be budgeting for this difference annually on a cumulative basis until resolution. As a second issue: while PROMER has regularly channelled the social security contribution to INSS, Programme staff report that a considerable number of contributions made were not registered by INSS since some of the payments made are missing in the online system. It was agreed that DNDR would officially request a resolution of the issue with INSS
h.	Staff adequately informed about Ifad's national and anti-corruption policy and relevant contact details.	L	Yes.
2. Budgeting			
a.	Timely preparation and approval of AWPB.	L	Yes. AWPBs are usually prepared and submitted for IFAD No Objection in a timely manner
b.	AWPB in line with expenditure categories in Financing Agreement Schedule 2.	L	Yes. No deviations have been encountered.
c.	Financing sources and implementing agencies for each category in the AWPB are identified.	L	Yes.
d.	Linkage between AWPB and Procurement plan are identified (for cost estimate and activities). Check assumptions to support cost estimates. Test check high value items.	L	Yes. Test check of high value items has resulted in no issues that could adversely affect implementation.
3. Fund flows and Disbursements / Withdrawals			
a.	Timeliness of funds disbursed by different sources (and co-financiers funding if applicable).	L	Adequate.
b.	Timeliness of counterpart funds disbursed.	M	Counterpart funds are only provided as reimbursements of VAT, and exemption of taxes and duties. No allocation to Project accounts is made at the beginning of the fiscal year as requested in the Loan Agreement. GoM must reimburse EUR 13,419 of taxes paid from EU grant financing

			proceeds. Furthermore, PROMER must evaluate the in-kind contribution provided by GoM as the additional financing design report foresees this type of contribution from Government.
c.	Efficiency of the funding channels. Timeliness and traceability of funds flows.	L	Funding channels are efficient and traceability of fund flows is adequate.
d.	Efficiency of the funding channels for credit lines. Timeliness and traceability of funds flows, if applicable.	L	No credit lines in use under PROMER.
e.	Special Account(s)/Dedicated Account(s) Management, Disbursements		
	i) Adequacy of the authorized allocation to ensure a smooth flow of funds	L	Current allocation is adequate for the current stage of implementation for both the original IFAD loan and EU grant, as well as the new IFAD loan and IFAD grant.
	ii) Appropriateness of disbursement methods used	L	All disbursement methods are adequate.
	iii) Adequacy of documentary support for SOE disbursements, reimbursements, direct payments and Special Commitments. (refer to Appendix IV and complete, reflecting finding in rating).	M	Supporting documentation is satisfactory, with some deviations from guidelines (review of SOEs for recently submitted WAs showed instances of missing CMFs). PROMER to use CMFs for all those contracts which are payable by instalments.
	iv) Timely preparation and accuracy of Withdrawal Applications	L	PROMER has been submitting the latest WAs with a monthly frequency. WAs submitted by the project are generally accurate.
	v) Authorization of WA preparation.	L	Adequate.
	vi) Status on expenditures withdrawn from Special Account but not yet claimed for replenishment (old cases to be noted)	L	PROMER has no outstanding issues.
	vii) Regularity of Special Account(s) monitoring and monthly reconciliations signed by the project manager. Review and assess the reconciliations	L	All reconciliations are prepared monthly and are adequate.
	viii) Disbursement rate compared to the AWPB and whether satisfactory given the remaining implementation time. Provide comments as appropriate	L	Disbursement rate compared to the 2018 AWPB is moderately satisfactory.
	ix) Recovery of SA balances by loan closure	L	Recovery of the initial advance is almost complete. At this rate, PROMER will exhaust all original loan and EU grant proceeds and no balances shall be reimbursable to IFAD.
4.	Internal Controls		

a.	Segregation of duties - are the following functional responsibilities performed by different units or persons: (i) authorization of a transaction (ii) execution of a transaction (iii) recording of the transaction; and (iv) custody of assets involved in the transaction.	L	Yes, with a 4 person accounting sector in force, segregation of duties is adequate. 1. Final authorization for transactions rests on the Project Coordinator, who signs the bank orders together with the Finance Manager; 2. Execution of transactions are the responsibility of 2 accountants, one responsible for the IFAD loan, and the second responsible for the EU grant. 3. Transactions are recorded by the third accountant, and checked by the Finance Manager; 4. All assets involved in the transactions are safeguarded by the accountants, and procurement documentation are kept by the Project Administrative Officer.
b.	Clarity and adequacy of decision processes and sequence of events for control functions in project implementation reflected in the Financial Manual (or equivalent there-of).	L	All adequate.
c.	Adherence to Financial Manual.	L	Adequate.
d.	Effectiveness and efficiency of internal controls over inflows of funding sources other than IFAD.	L	Yes. Internal controls are adequate. No deviations have been encountered.
e.	Adequacy of contract management (use of contracts register and monitoring form) and filing there-of.	M	The Mission inspected the register of contracts and found it to be adequate. However, the Mission noted that PROMER only employs Contract Monitoring Forms (CMFs) for high-value Service Provider contracts. PROMER should employ for contracts which are paid in more than one instalment
f.	Effectiveness and efficiency of internal controls over expenditures (full cycle from commitment, payment, receipt of good and services, approval of payments, classification, etc.)	L	All transactions that were inspected showed that internal controls are adequate.
g.	Documentary evidence to confirm delivery and acceptance of contracted goods, works or services.	L	Yes. Documentation randomly inspected shows delivery certificates are part of accounting documentation.
h.	Physical controls over cash, documents and records. Adequacy of filing systems. Is the petty cash subject to monthly reconciliation as well as surprise checks; custody of cash box and control of keys.	L	Filing system is adequate. Petty cash and control of keys is adequate.
i.	Adequacy of physical management of cash.	L	Yes.
j.	Timely payment to suppliers and consultants.	L	No issues so far.
k.	Eligibility of expenditures with respect to Financing Agreements.	L	All expenses verified are eligible.
l.	Legality/eligibility of advances from project funds and timely justification for use there-of.	L	All advances are legal and eligible. However, form 104 shows several initial deposits to the Road Fund have not been recovered yet. Finance Manager

			assures that all recoveries will be done by project end.
m.	Compliance with financial management covenants in the Financing Agreements and LTB.	M	Only covenant not being complied with is schedule 2, which establishes that EU grant proceeds are net of taxes. GoM is yet to reimburse the EUR 13,419 of grant financing used for the payment of taxes.
n.	Adequacy of up-to-date record keeping for fixed assets and inventories.	L	Adequate.
o.	Adequacy of controls concerning project assets including: i) Vehicle and other assets management (are assets property tagged, is a physical inventory count done on a regular basis?) ii) Fuel management (do drivers maintain a log book?) iii) Travel authorisations (incl. DSA paid to staff)	L	All assets inspected were tagged. Most vehicles for PROMER are used in the local cells in the project areas. Field mission to PROMER cell showed that vehicles are tagged, however logbooks are not in use. Travel Authorizations were inspected and found to be adequate.
p.	Adequacy of vehicles and assets insurance.	L	Insurance for vehicles is adequate. Some fixed assets are not insured due to the low benefit/cost ratio.
q.	Workshops: i) Availability of list of participants ii) DSA paid to participants iii) Receipts for workshop expenditure	L	All supporting documentation was adequate, showing list of participants, DSA payment supporting documentation, and receipts for expenditures related to the workshop.
r.	Adequacy of controls and authorization process for use of funds (payments, transfers, Cash/Bank balance management) / and other operational accounts – non-special account.	L	All transactions recorded had the correct authorizations.
s.	Banking arrangement and controls (reconciliation of bank statements with financial accounts).	L	All accounts reconciled with bank statements.
t.	Existence of a proper IT support unit in place.	L	PROMER has a running contract with an IT company that provides support on a need basis.
5. Accounting			
a.	Basis of accounting (cash, accrual) and whether accounting standards are in line with IFAD's requirements (e.g. IFRS/IPSAS/IPSAS cash).	L	Cash basis. FIFO is used for project account reconciliation following transfers from special to local accounts.
b.	Adequacy and reliability of accounting system, (is double entry accounting used, specify software used, is budget data entered into the accounting system, can the accounting system produce regular automated financial reports?).	L	PROMER uses TOMPRO as accounting system, which supports double entry accounting, budget entry and generates all the reports that the projects uses to prepare financial reports according to IFAD guidelines. TOMPRO has furthermore been configured to allow the printing of smart SOEs directly from the system.

b.	Recordkeeping (including documentation and filing/archiving)	L	Recordkeeping, as well as filing and archiving of documentation is adequate.
c.	Fixed assets register maintained and reconciled (sample and physical check).	L	Yes. Asset register is also included in the project's audited financial statements.
d.	Adequate documentation and controls for Information Systems, including documented accounting procedures, backup of financial records, integration of all sub-systems.	L	Yes.
e.	Adequacy of chart of accounts for project accounting purposes	L	The chart of accounts is adequate for both IFAD and EU funds.
f.	Timeliness of recording transactions, regularity of performance and approval of reconciliations, controls on erroneous recordings.	L	Transactions are recorded in Excel immediately after being performed, and at a later stage in TOMPRO. Delay between execution and recording of transactions in TOMPRO is currently of 1 month.
g.	Appropriate/ adequate accounting and reporting of counterpart funds contributions (incl. tax and tax exemptions) as well as beneficiary contributions.	M	Counterpart funds are adequately accounted for and reported (GOM reimburses VAT upon submission of the original invoices). Beneficiary contributions are now accounted for. PROMER is still developing mechanisms to evaluate the Government's in-kind contribution. PROMER should liaise with PROSUL, which has recently developed a mechanism to evaluate in-kind contribution from Government.
6. Financial Reporting & Monitoring			
a.	Completeness, accuracy, usefulness, and timeliness of financial reports.	L	All financial reports are complete and accurate. Reports submitted to IFAD on a timely manner.
b.	Interim FM reports and linkage to progress reports - timely preparation, submission to IFAD.	H	PROMER (and other IFAD projects in Mozambique) does not submit interim reports to IFAD.
c.	Preparation of reports showing actual vs budget income/expenditure and AWPB execution rate.	L	Yes, both adequate and timely.
d.	Follow up of previous aide-memoirs fiduciary recommendations.	L	Yes.
e.	Reasonable alignment between disbursement rate of recurrent versus investment cost categories.	L	Yes.
7. Internal Audit			
a.	Existence of Internal Audit arrangements.	L	PROMER is audited by the Administrative Tribunal as well as the Inspectorate of Finance of the Ministry of Finance.
b.	Adequacy of internal audit arrangements (organization - staff capacity).	NA	No data shared with IFAD so far.
c.	Adequacy of internal audit scope of work and quality of reports.	NA	No data shared with IFAD so far.
d.	Assessment of matters raised in audit reports.	NA	No data shared with IFAD so far.

8. External Audit			
a.	Adequacy of scope and ToR.	L	Adequate, as per Finance Officer's review of the audited report.
b.	Adherence to ToR.	L	Yes, as per Finance Officer's review of audited report.
c.	Timeliness of audit report.	M	Audit report submitted to IFAD beyond the 30 June 2018 deadline. However, reported received in IFAD within 30 days of the deadline. PROMER to ensure that audit exercise for 2019 financial statements is initiated as early as to guarantee compliance with deadline of 30 June 2019.
d.	Quality of audit.	L	Auditor completed all tasks as per the TORs. Review of audit by IFAD detected no shortcomings. Opinion of the audit is unqualified.
e.	Implementation of audit recommendations/agreed action plan in place to address these.	L	No internal control shortcomings were reported in the management letter.

Attachment 2: Summary of the Programme's Fiduciary Risk Assessment and Supervision

Project: PROMER Implementing Agency : DNDR/Ministry of Land, Rural Development and Environment (MITADER)		
	Risk Assessment H/M/L	Proposed Mitigation
Inherent Risk	H	N/A
Control Risks	L	
1. Organization and Staffing	L	
2. Budgeting	M	PROMER to draw more realistic budgets going forward, considering that execution rates of the last 3 AWPBs only reached a maximum of 60% of the budget.
3. Funds flow & Disbursement Arrangements	M	GoM must reimburse EUR 13,419 of taxes paid from EU grant financing proceeds. Furthermore, PROMER must evaluate the in-kind contribution provided by GoM as the additional financing design report foresees this type of contribution from Government.
4. Internal Controls	L	PROMER should employ CMFs for all contracts which are paid in more than one instalment.
5. Accounting	L	
6. Financial Reporting and Monitoring	L	
7. Internal Audit	L	
8. External Audit	M	PROMER to ensure that audit exercise for 2019 financial statements is initiated as early as to guarantee compliance with deadline of 30 June 2019.
Overall Project Fiduciary Risk	L	Reason for rating: the overall quality of FM of PROMER has been consistently maintained in the past few years. The FM team has both the numbers and skills to maintain a good standard of FM. No ineligible expenditures beyond VAT to be reimbursed by Government are recorded. On internal controls, PROMER only uses CMFs for high value contracts, and these should be used also for any contract that is payable in more than one instalment. External audits was unqualified, with no issues reported in the auditor's management letter.
H=High, M=Medium, L= Low		

Attachment 3: SOE checklist

[illegible][illegible]

[illegible]21

[illegible]

VI. Partnership-Building

Partner's Name	Indicate whether NGO, UN Agency, Government Agency, Private Sector, etc.	Partnership based on written agreement (yes or no)	Exact Nature of Partnership
AC Matama	Private Sector	No formal Agreement but ToRs for the collaboration are agreed annually.	AC Matama is an agribusiness company based in Niassa Province. Since 2015, they have an agreement with GAPI (one of PROMER service providers) for technology transfer on production and seed multiplication of soyabean. AC Matama trains traders and farmers, who in turn, train other other farmers. Through Rural Traders, which are supported by PROMER, AC Matama, buys the produce from the farmers.
ABC Bank	Private Sector	PROMER made the first contact and is considering to sign an MoU	ABC Bank is established in some of the districts covered by PROMER and is using rural traders as bank agents to provide credit to farmers. Depending on the packages they have, PROMER is considering to sign an MoU with ABC Bank to recruit some of the traders supported by the Programme to be agents.
ICS (social communication Institute)	Government Agency	Yes	PROMER signed an MoU to use ICS as a resource for training the Community Radios on programme development and broadcasting, the 1 st training was conducted from 27 th August to 7 th September 2018, for all 13 Commuality Radios of the PROMER focal areas. A meeting between PROMER and ICS was to held following this training and ICS was asked to submit a proposal on follow-up actions (monitoring and mentoring), based on findings made during the 1 st training.
DINAT (National directorate for land- MITADER)	Government Agency responsible for land security issues	Yes	PROMER has signed an MoU where DINAT provides technical assistance to PROMER in the management and monitoring of the service providers contracted by PROMER to address DUAT-related issues.
SUSTENTA	Government Project	No	SUSTENTA is a world bank funded project, implemented through MITADER. The project has similar objectives as PROMER and is implemented in some of
IITA	CGIAR Centre	Yes	In 2016, GAPI (one of the Service providers contracted by PROMER) signed an MoU with IITA to provide technical assistance (a technician) to train farmers on soyabean value chain (from research to production). So far, 45 farmers and extension workers benefitted from the trainings
ALIMI	Private Sector	Yes	With PROMER Matching Grant, ALIMI will support 609 producers of sesame, beans and maize in Cuamba, Mecanhelas, Mandimba, Metarica, Maúa Districts (Niassa Province) providing inputs on credit, extension services. ALIMI will buy produce from these farmers.
SAN JFS	Private Sector	Yes	With PROMER Matching Grant, SAN JFS will, under an agro-dealer network, support 3,600 producers of sesame, beans and maize in Cuamba (Niassa Province) providing land preparation and inputs on

			<p>credit. SAN JFS will also provide extension services and buy from the same producers and others in the district.</p> <p>Under the agro-dealer network, SAN JFS will support 15 Rural Traders providing training, agricultural input stock, rehabilitation or upgrading of the Rural Traders' shops to include warehousing facilities, audiovisual system for dissemination of extension services and electronic stock management system.</p>
IKURU	Private Sector	Yes	<p>With PROMER Matching Grant, IKURU will support 3,000 producers in Ribaué and Malema Districts (Nampula Province) providing land preparation and inputs on credit. IKURU will also provide extension services and buy from the same producers under a seed multiplication and grain out-grower scheme.</p>
Cornelio Comercial	Private Sector	Yes	<p>With PROMER Matching Grant, Cornélio Comercial (CC) will support 2,442 producers of sesame, beans, groundnuts and maize in the Districts of Montepuez and Balama (Cabo Delgado Province) providing land preparation and inputs on credit. CC will also provide extension services and buy from the same producers and others in these districts.</p>
AgroFATAR VANO	Private Sector	Yes	<p>With PROMER Matching Grant, AgroFATAR VANO (AFV) will support 2,257 producers of sesame, beans and maize in Balama District providing land preparation and inputs on credit. AFV will also provide extension services and buy from the same producers and others in the district.</p>

Mozambique

Rural Markets Promotion Programme

Supervision Report

Appendix 5: Mission preparation and planning, TORs, schedules, people met

Mission Dates: 03rd - 14th December, 2018
Document Date: 13/03/2019
Project No. 1100001423
Report No. 4957-MZ

East and Southern Africa Division
Programme Management Department

Appendix 5: Mission Preparation and Planning, TORs, Schedules, People met

A. Mission Terms of Reference

TO: Custodio Mucavele, IFAD CPO and Team Leader, Project Management
Luabeya Kapiamba, IFAD PO, Value Chain Development Expert
Moses Abukari, MDG1c
Elizabeth Sendiwala Gender, Targeting and Youth
Guy Kemtsop, Rural Infrastructure Consultant
Shakib Mbabaali, Project Management
Palani Muleia, Farmer Organization Consultant
Grace Nakanjako, Monitoring & Evaluation and KM Consultant
Godfrey Wanjohi, Procurement Consultant

FROM: Robson Mutandi
Country Director - Mozambique

DATE: 19 November 2018

SUBJECT: Terms of Reference – Supervision mission for PROMER, Mozambique
3rd - 14th December, 2018

Background

1. The Rural Markets Promotion Programme (PROMER) aims at increasing small-scale farmers' incomes from agriculture by helping them market their surpluses more profitably. The 7-year programme, which became effective in April 2009, initiated with four components: (i) developing more dynamic market intermediaries; (ii) enterprise-led value chain initiative; (iii) improving the market environment; and (iv) policy & institutional support and management. Its total cost of USD 40.6 million is financed by IFAD (USD 31.1 million, 77%); the Alliance for the Green Revolution in Africa, AGRA (USD 3.5 million, 9%); government (USD 2.9 million, 7%) and beneficiaries (USD 3.0 million, 8%). The Memorandum of Understanding signed between the Government of Mozambique and AGRA was cancelled in 2012.
2. PROMER received EUR 0.9 million for roads, market infrastructure and farmer association support from the European Union (EU) funded Framework Programme for the Food Production Action Plan (Pro-PAPA). In 2013, an Amendment to the IFAD Loan Agreement was signed to accommodate 11.3 million USD as additional funds from an EU grant, under the MDG 1c programme¹ and two additional components were introduced as well as the programme duration was extended in 2 years (2009-2018). The new components are namely: (v) Nutritional Education; (vi) Institutional Support of Direction of International Cooperation (DIC) from the Ministry of Planning to manage the funds for the MDG1c IFAD sub-programme Coordination Unit.
3. In December 2017, following a request from the GoM, IFAD and the GoM signed an Amendment to the Financial Agreement, for an additional financing on the total value of USD 25 million. Although

¹ MDG1c stands for Millennium Development Goals, Target 1c, which is to "Halve, between 1990 and 2015, the proportion of people who suffer from hunger". This initiative involves IFAD, FAO and WFP activities in Mozambique.

the request for additional financing by the GoM was for 4 years, for technical reasons, the Amendment only granted 2 years (up to 2019). This situation was discussed between IFAD and the GoM during the startup workshop for the additional financing, held in February 2018 and it was agreed that an extension of the project until 2021 would be requested. All subsequent activities were planned assuming that the extension would be granted by IFAD.

4. From 3rd to 14th December 2018, IFAD will field a joint Supervision Mission to Mozambique to review project progress and to support the effective management of the project. The mission will review the progress made with respect to the annual work plan and budget (AWPB) for 2018 and work with the Project Management Team (PMT) to identify constraints and agree on solutions. It will work in Maputo and undertake field visits to some selected Provinces and districts to assess the progress of the implementation, with the final wrap-up meeting Maputo. An Aide Mémoire highlighting major issues and agreements will be shared with DNPDR some 24 hours before the wrap-up meeting scheduled for the morning of 15 December 2018. The mission will produce the final mission report by 31st December 2018.
5. The **output** of the mission (in English) will be:
 - A concise Aide Mémoire signed by government and the team leader, to be confirmed in writing by IFAD;
 - A Management Letter to be communicated by IFAD to Government;
 - The Supervision Report with short Technical Annexes according to the detailed Terms of Reference, as elaborated below.
6. **Documents.** The following additional documents to guide the work of the mission shall be made available by the PMT by e-mail to all team members by 26th November (printed copies, unless otherwise indicated, may be requested by team members through the team leader):
 - a) A proposal of the mission's schedule of work, including key meetings (Government and others);
 - b) An update of the implementation status (as at end-November 2018) of the agreed actions.
 - c) A short compilation of recommendations to be taken into account by the mission;
 - d) Minutes of recent meetings of Project Reference Groups;
 - e) The 4 financial progress tables (as at end-November 2018) as per Annex 2 of the last mission report;
 - f) The physical achievements against the 2018 AWPB, including key RIMS/ORMS indicators;
 - g) Project annual progress reports for 2017 and semi-annual progress reports for 2018, and
 - h) Any drafts of Memoranda of Understanding (MOUs), strategies, TORs, or other implementation agreements on which the PMT would like the mission's advice;
7. Detailed terms of reference for the team are elaborated below. Other tasks as reasonably required may requested by the team leader.

Custodio Mucavele, Team Leader

8. You will participate in the IFAD supervision mission for PROMER in Mozambique. As the Mission Leader you will be responsible for leading the review and ensuring that the mission's terms of reference will be met in a professional, efficient, effective and timely manner. To this end, you will coordinate, review and manage the work of the team including facilitate the development of review strategies. You will also ensure that stakeholders including the target group and its representatives, service providers, DNPDR and IFAD are consulted and their priorities adequately considered. Your specific tasks include:
 - a) review the overall Project performance with reference to a number of recommendations made by last Supervision Mission;
 - b) support the project team to identify and resolve any bottlenecks or emerging issues and identify strategic issues to be addressed in the forthcoming year;
 - c) assess actual and potential impact of investments at village level, and, in cooperation with

- other mission members, provide guidance to enable the PMT to manage project activities towards impact as part of its normal management responsibilities;
- d) review all institutional and management arrangements including the role and performance of the project reference groups and steering committees;

Expected Outputs:

- e) Coordinate the project scoring assessment;
- f) Draft the Aide Mémoire, and lead the discussions with government;
- g) Draft the Management Letter and compile and complete the supervision report for submission to IFAD by 31th December, 2018.

Approximate Itinerary (excluding travel days): Maputo: 6 days; Field visits: 3 days, additional report writing 7 days, total: 16 days.

Shakib Mbabaali
(Project Management/ Institutions Consultant / Lead writer)

9. You will participate in the IFAD supervision mission for PROMER in Mozambique. For this mission you will be lead writer and alternate mission leader in the event that the mission leader is not available. In this regard you will be responsible for drafting the Aide Memoire and compiling the Supervision mission report with all its Annexes. You will also be responsible for Component 4 (Programme management) and take the lead in reviewing the team's contributions, reviewing institutional capacity and policy relevance of project interventions and strategies as well as project staffing and their relevance for the project extension period. Your specific recommendations include.
- a) review the overall Project performance with reference to a number of recommendations made by last Supervision Mission;
- b) review operational management arrangements and operational strategies in place for coordinating investments to achieve complementarities of investments at the local level;
- c) assess actual and potential impact of investments at village level, and, in cooperation with other mission members, provide guidance to enable the PMT to manage project activities towards impact as part of its normal management responsibilities;
- d) in close collaboration with the TL, review all institutional and management arrangements including the role and performance of the project reference groups and steering committees;

Expected Outputs:

- e) Contribute to the update the Project Status Report;
- f) Draft the Aide Mémoire and SM report by compiling inputs from all members ;
- g) Draft the Management Letter and compile and complete the supervision report for submission to IFAD PAT

Approximate Itinerary (excluding travel days): Maputo: 10 days; Field visits: 3 days, additional report writing 6 days, total: 19 days.

Moses Abukari
MDG1c

10. You will participate in the IFAD supervision mission for PROMER in Mozambique. Reporting to the team leader for the duration of the mission and the ensuing report-writing period. You will be responsible for IFAD/MDG1c aspects, and perform the following specific tasks:
- a) Review overall implementation status of MGD1c in relation to performance of PROMER and identify areas of improvements with regards to compliance with EU requirements;
- b) In close collaboration with the M&E specialist, review Programme achievements against targets and outcomes and update logframe indicators where relevant;

- c) During field visits and based on interactions with beneficiaries, assess the extent to which the EU contribution is having any emerging impact among households and identify any gaps;
- d) In consultation with other mission members, review the exit strategy and sustainability of EU contribution and highlight potential risks that could undermine programme outcomes and impact on the beneficiaries;
- e) Assess the effectiveness of the implementation of the communication and visibility of the Programme, and assess the application of EU C&V requirements in the project;
- f) Identify best practices, innovations and lessons learned that could be further documented and disseminated or replicated in other EU-funded actions;
- g) Actively participate and contribute to all mission's meetings and field visits as well as other relevant events;
- h) Provide relevant inputs and contribute to both the Aide memoire and supervision report as well as other relevant reports as may be required by the Mission leader.

Expected Outputs:

- a) Contribute to the update the Project Status Report;
- b) Contribute significantly to the Aide Mémoire; and

Approximate Itinerary (excluding travel days): Maputo: 10 days; Field visits: 3 days, additional report writing 3 days, total: 16 days.

**Laubeya Kapiamba
Value Chain Development Expert**

11. You will participate in the IFAD supervision mission for PROMER in Mozambique. Reporting to the team leader for the duration of the mission and the ensuing report-writing period, you will have specific responsibility for reviewing component 2 – and perform the following specific tasks:
- a) Assess thoroughly the progress made in overall implementation and on the last supervision mission agreed actions of the Component 2: Enterprise-led value Chain initiatives;
 - b) Give inputs on value chain development projects being implemented and give guidance on ways to speed up the implementation process, considering what could realistically be achieved by this component on the remaining period.
 - c) Based on the recommendation from the 4Ps Project, review the mechanism used to determine the number of beneficiaries per value chain development project and give guidance on how to create realistic targets.

Expected Outputs:

- a. Contribute to the time-bound recommendations to enhance project implementation;
- b. Contribute to the update the Project Status Report;
- c. Contribute significantly to the Aide Mémoire; and
- d. Prepare a Technical Annex (Enterprise-led Value Chain Initiatives) to be submitted to the team leader in MS Word by 22nd December.

Approximate Itinerary (excluding travel days): Maputo: 10 days; Field visits: 3 days, additional report writing 3 days, total: 16 days.

**Guy Kemtsop,
Rural Infrastructure Specialist**

12. You will participate in the IFAD supervision mission for PROMER in Mozambique. Working with the team leader for the duration of the mission and the ensuing report-writing period, you will have specific responsibility for reviewing Rural Infrastructure and perform the following specific tasks:
- a) Based on the field visit and taking into consideration the Programme's extension period, give guidance on the focus of the additional works to be executed on roads which will benefit from

the full rehabilitation to assure resilience to climate risks and on what realistically can be achieved in the remaining period of the project recommendation.

- b) Discuss with ANE and draft recommendations on the training Programme for district technicians, contractors and, craftsmen/craftswomen to undertake feeder roads maintenance
- c) Support the PMT in the development of ToR for the impact of road rehabilitation in facilitating access to market.
- d) Support the PMT in the development training program on Climate Change and SECAP

Expected Outputs:

- a. Contribute to the time-bound recommendations to enhance project implementation;
- b. Contribute to the update the Project Status Report;
- c. Contribute significantly to the Aide Mémoire; and
- d. Prepare a Technical Annex (Rural Infrastructure) to be submitted to the team leader in MS Word by 22nd December.

Approximate Itinerary (excluding travel days): Maputo: 10 days; Field visits: 3 days, additional report writing 3 days, total: 16 days.

**Palani Muleia,
Farmer Organizations Expert**

13. You will participate in the IFAD supervision mission for PROMER in Mozambique. Working with the team leader for the duration of the mission and the ensuing report-writing period, you will have specific responsibility for reviewing the Farmer organizations and Market linkages and perform the following specific tasks:

- a) Carry out a thorough review on the progress of agreed actions and the results achieved up to date by the SP for Farmer Groups Development and for the support to rural traders and give necessary comments/ recommendations;
- b) **Review the implementation plans for the new Service Providers for the development of market intermediaries.**
- c) **Review the designed strategy for the vertical integration of the Farmers Organizations and support to higher level farmers organizations (apex organizations)**
- d) **Review the strategy in place to stimulate improved productivity through collaboration between rural traders and agro dealers.**
- e) **Based on the lessons from the previous implementation phase, give guidance on how to operationalize small scale value addition activities.**

Expected Outputs:

- a. Contribute to the time-bound recommendations to enhance project implementation;
- b. Contribute to the update the Project Status Report;
- c. Contribute significantly to the Aide Mémoire; and
- d. Prepare a Technical Annex (Farmer organizations and Market linkages) to be submitted to the team leader in MS Word by 22nd December.

Approximate Itinerary (excluding travel days): Maputo: 10 days; Field visits: 3 days, additional report writing 3 days, total: 16 days.

**Elizabeth Sendiwala
Gender and Youth Specialist**

14. You will participate in the IFAD supervision mission for PROMER in Mozambique. Working with the team leader for the duration of the mission and the ensuing report-writing period, you will have

specific responsibility for reviewing the cross-cutting area of Gender and Youth aspects in the project and perform the following specific tasks:

- a) Review the progress made on agreed actions and provide comments/recommendations;
- b) **Based on the lessons learned, contacts with the PMT Gender consultant and international consultant, review/give comments and recommendations on the scale up process of the Gender and Youth Action Plan;**

Expected Outputs:

- a. Contribute to the time-bound recommendations to enhance project implementation;
- b. Contribute to the update the Project Status Report;
- c. Contribute significantly to the Aide Mémoire; and
- d. Prepare a Technical Annex (Gender and Youth integration) to be submitted to the team leader in MS Word by 22nd December.

Approximate Itinerary (excluding travel days): Maputo: 10 days; Field visits: 3 days, additional report writing 3 days, total: 16 days

Grace Nakanjako
Monitoring and Evaluation and KM Expert

15. You will participate in the IFAD supervision mission for PROMER in Mozambique. Working with the team leader for the duration of the mission and the ensuing report-writing period, you will have specific responsibility for reviewing Monitoring and Evaluation and KM aspects and perform the following specific tasks:

- a) Review the progress and propose improvements to the PROMER KM plan.
- b) In close collaboration with the nutrition specialist, review Programme achievements against targets and outcomes and update logframe indicators where relevant;
- c) Provide guidance on how to improve programme visibility (KM products at beneficiary level)
- d) In coordination with the Nutrition specialist, review the SP proposed implementation plan for the extension period and provide comments/recommendations;

Expected Outputs:

- a. Contribute to the time-bound recommendations to enhance project implementation;
- b. Contribute to the update the Project Status Report;
- c. Contribute significantly to the Aide Mémoire; and
- d. Prepare a Technical Annex (Monitoring and Evaluation and KM) to be submitted to the team leader in MS Word by 22nd December.

Approximate Itinerary (excluding travel days): Maputo: 10 days; Field visits: 3 days, additional report writing 3 days, total: 16 days.

Godfrey Wanjohi
Procurement Consultant

16. You will participate in the IFAD supervision mission for PROMER in Mozambique. Working with the team leader for the duration of the mission and the ensuing report-writing period, you will have specific responsibility for reviewing Monitoring and Evaluation and KM aspects and perform the following specific tasks:

- a) Assess the completeness and level of detail of procurement processes with particular attention to the following aspects:
 - i. thresholds, ceilings and preferences to be applied in the implementation of procurement under the project;

- ii. contracts for goods, works and consulting services required to implement the project;
 - iii. proposed methods of procurement for each contract;
 - iv. and provide suggestions to improve the overall quality of the Procurement Plan.
- b) Carry out spot checks on past procurement activities and assess the extent to which these adhere to Government and IFAD procurement regulations. In particular, verify that the goods, services and works procured are in line with the approved AWP&B and Procurement Plans, in terms of quantity and quality;
- c) Review the strategic use of procurement plans to guide the financial management of the project, in consultation with the Financial Management Specialist.
- d) Support the project in any other procurement related issues, including capacity building of project staff. ;
- e) Where applicable, support the project team in expediting procurement actions outlined in the procurement plan, during the mission and following up with implementation of mission recommendations and advice;
- f) Support the project team in ensuring that the project maintains appropriate procurement and contract management systems, including procurement plans, contract registers, and contract monitoring systems.

Approximate Itinerary (excluding travel days): Maputo: 10 days; Field visits: 3 days, additional report writing 3 days, total: 16 days.

B. Mission Schedule

Date	Activity	Participants
2/12	Arrival of mission members to Maputo	
3/12	Working session with PMT and DNDR	All
4/12	Trip to Nampula Meeting with Provincial authorities	Groups 1, 2 e 3
	Trip to Lichinga Meeting with Provincial authorities	Group 4
5 – 7/12	Field visits	All groups
8/12	Return to Maputo	All groups - via Nampula)
9/12	Sunday	
10/12	Internal meeting mission members	Mission members
11/12	Meeting with MITADER, and implementing partners	Paralell sessions
12/12	Presentation of the 1st draft of the Aide memoire to PROMER and DNDR	All mission members
13/12	Revision and finalization of the o Aide memoire by mission members and sending to PROMER and DNDR	All mission members
14/12	Wrap up meeting	All

Organization of the field visits

Group 1

Thematic focus : Rural infrastructures (roads)

Composition of the group: 8 people

IFAD: Rural infrastructure Specialist;

DNDR: 1 technician (to be designated)

PROMER: Alexandre Milice, Adelino Joaquim, Samuel Cossa;

ANE: PROMER Focal points at ANE; DPANE Zambézia and DPANE Nampula

Locations to be visited: : Project Implementation Block C (Nampula and Zambézia)

Flight routes	Date
Maputo - Nampula	4 de Dezembro
Nampula - Maputo	8 de Dezembro

Grupo 2

Thematic focus: Gender & Youth; Climate Change Adaptation; Market Information

Composition of the group: 7 people

IFAD: Gender & Youth Specialist, Climate Change Consultant;

DNDR: 1 technician (to be designated)

PROMER: Mário Quissico; Luciano Quipa

DPTADER: PROMER focal points at DPTADER de Zambézia e Nampula;

Locations to be visited: Project Implementation Block C (Nampula and Zambézia)

Flight routes	Date
Maputo - Nampula	4 de Dezembro
Nampula - Maputo	8 de Dezembro

Grupo 3

Thematic focus: Value Chain

Composition of the group: 7 people

IFAD: Team leader da missão; Value Chain Development Expert

DNDR: 1 technician (to be designated)

PROMER: Farai Manhanga; Apogeu Siniquinha; Sérgio Nemba; Edson Natha

Locations to be visited: project implementation Blocks C (Nampula and Zambézia) and A (Niassa)

Flight routes	Date
Maputo - Nampula	4 de Dezembro
Nampula - Maputo	8 de Dezembro

Grupo 4

Thematic focus: Market intermediaries (Farmer Groups and Rural trader); ASCAS; Nutrition

Composition of the group: 9 people

IFAD: Consultores do IFAD para Project management Consultant; Farmer Organization Expert; M&E Expert; Nutrition and EU activities Consultant

DNDR: 1 technician (to be designated)

PROMER: Carla Honwana; Arlindo Manjate; Ricardo Ofiço,

DPTADER: PROMER focal point at DPTADER Niassa

Locations to be visited: project implementation Block A (Niassa)

Flight routes	Date
Maputo - Lichinga	December 4
Nampula - Maputo	December 8

C. People Met

D. Name	Organization	Function or Position	contact details
Francisca Tomás	Niassa Government	Governor of Niassa Province	
Izdine Opressa	DPTADER- Niassa	Provincial Director	
Olegário Banze	DNDR - MITADER	National Director	olebanze@uem.mz
Sandra Barbosa	DNDR - MITADER	Technician	
Evaristo Mondlane	DNDR - MITADER	Head of Department	
Carla Honwana	DNDR - PROMER	National Coordinator	carlahonwana@dnldr-promer.org.mz
Vitoria Zucula	DNDR - PROMER	Financial Manager	vpzucula@dnldr-promer.org.mz
Mário Quissico	DNDR - PROMER	Markets Intermediaries Officer	mrquissico@dnldr-promer.org.mz
Farai Manhanga	DNDR - PROMER	Agribusiness Officer	fmanhanga@dnldr-promer.org.mz
Alexandre Milice	DNDR - PROMER	Program Officer	amilice@dnldr-promer.org.mz
Arlindo Manjate	DNDR - PROMER	PM&E Officer	amanjate@dnldr-promer.org.mz
Brenda Akwani	DNDR - PROMER	Nutrition Consultant	brendatrabalho@gmail.com
José Mussagy	GAPI	Coordinator – PROMER SP	jose.mussagy@gapi.co.mz
Afonso Chizoma	DPTADER - Niassa	Technician	chizomaafonso@hotmail.com
Carlitos Namucha	GAPI	Field Officer - Service Prov.	carlitos.namucha@gapi.co.mz
Sérgio Nemba	PROMER	Block A Coordinator	snemba@yahoo.com
Sansão Honwana	GAPI	Coordinator – Service Prov.	sansao.honwana@gapi.co.mz
Shirat Janamad	AC MATAMA	Representative	acmatamalogs@afrikancentury.co.mz
Isabel Cossa	DNDR	Head of Department	beluchacossa@gmail.com
Munhana Maloco	GAPI-SEPPA	Nutrition Officer	munhanamaloco@gmail.com
Ezequiel Mario	SDJT Mandimba	Health Director	
João Remade	SDAE Mandimba	SDAE Director	
Inocência Sualei	Beneficiary – Mandimba – Soya processing		867340275
Jacinta Nremanta	Beneficiary – Mandimba		
António Rampa	Congerenge Union	President	
Lino Fernando	Beneficiary – Soya production and processing		
Cristóvão Ibraimo	Beneficiary	Village leader	
Celestino White	Metarica Administration	Permanent Secretary	
Rosário Farane	SDAE Metarica	Director	
Pedro Chiboa	SDPI Metarica	Director	
Anatercia Pamosi	Nova Força Association	President	
Felismino Jeroa	Beneficiary	Rural Trader	
Abudo Misseranati	Cuamba Administration	Permanent Secretary	
Sérgio Muneza	SDPI Cuamba	Director	
Xavier Renato	SDEJT	Director	
Jão Laquene	SDAE	Technician	
Samuel Aiwene	Beneficiary	Rural Trader	
Gonçalves Mucona	District Union	President	
Victor Manuel Borges	Provincial Government	Governor Nampula	823249840
Luciano Quipa	PMC Nampula		
Domingos Nicote	DNDR Nampula		
Alina	DNDR Maputo		827161000
Ismael Uria	DNDR Zambezia		
Rodrigues Jose Nhaualeque	Tecnico de Credito, GAPI Ribaue		Rodrigues.nhaualeque@gapi.co.zm
Alima Amido Atumane	GAPI Ribaue	Admin. Assistant,	Alima.atumane@ @gapi.co.zm
Farmers Organizations	Nova Familia, Ribaue lacote, Malema		

Republic of Mozambique
Rural Markets Support Programme (PROMER)
Supervision Mission Report; Mission Dates: 3rd – 14th December 2018

Mr. Helder	Private Sector	Rural Traider Ribaue, Nampula	
Mr. Lancheque	Private Sector	Rural trader Malema, Nampula	
Mr. Tendai	Private Sector	Rural Trader, Gurue Zambezia	

Mozambique

Rural Markets Promotion Programme

Supervision Report

Appendix 6: Procurement

Mission Dates: 03rd - 14th December, 2018
Document Date: 13/03/2019
Project No. 1100001423
Report No. 4957-MZ

East and Southern Africa Division
Programme Management Department

Rural Markets Support Programme (PROMER)

Procurement Review Annex

- Structure of the Procurement arrangements of the Programme:** The PMT does not have a dedicated procurement unit. Thus far, in the completed implementation period, the Programme tasks for procurement have been shared between the components heads, the Finance Manager and the Programme Coordinator. Other procurements are also carried out by the service providers from the Advances made to them under the terms of the specific MoUs. The remaining life of the Programme is a maximum of two and half years up to Programme closure Date of June 2021. During this period, the bulk of the activities shall include major procurements for road and market infrastructure, as well as those for service providers, spread out widely across the programme areas. For effective implementation during the remaining period, there is need to enhance the overall procurement technical capacity of the PMT, that will guarantee efficient and timely coordination, follow-up of progress of the set Procurement milestones, and, effective contract management. A recruitment of a procurement TA is highly recommended. This TA will also ensure that delegated procurement by the service providers shall be fully consistent with the procedures under GoM Decree no. 5/2016.
- Procurement Planning and current Procurement Plan:** The current Procurement Plan is for a two year period covering financial years 2018 and 2019. The total value of the planned investments for the two years includes works for markets and road infrastructure, motor vehicles and Equipment and consultancies for the services provision. The cost estimates for each of the planned items have been checked and found to be consistent with the underlying AWPB. The proposed procurement method is NCB and this has been found to be appropriate given the individual thresholds and the practical requirements of the localised implementation environment. The procurement Plan for 2018/19 with total cost estimate of USD 12.3 million included planned procurements for 2018 financial year estimated at USD 9.8 million whose actual achievement was USD 5.8 million or 59% of the annualised plan. This leaves planned activities estimated at USD 4.0 million to be added to those for 2019 financial year of USD 2.6 million. This will accumulate to procurement cost estimates of USD 6.6 million.
- Review of the completed procurements during 2018:** The mission reviewed the Process for 2 roads completed in Nampula Province, (1)1030-Lapala for 6.7 km and (2) 1032-Naquessa for 11 km. Their contract values were MTS 5.43 million and MTS 8.69 million respectively. The process for recruitment of a service Provider OLIPA ODES was also assessed. The steps applied for the procurement followed the laid down procedures in the GoM decree 5/2016.

Procurement Plan Analysis for 2018/2019 Financial Years.

CATEGORY	Combined 2018/19	2018			2019	
	Gross Estimates	Gross Estimates	Actual Procurement or drop During 2018	Net Carried C/F to 2019	Gross Estimates for the year	Procurement Plan opening Estimates at 1.1.19
	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000
Works	5,541	2,935	-	2,935	2,607	5,541
Goods and Equipment	570	570	500	70		70
Services	6,220	6,220	5,254	966		966
Total	12,331	9,725	5,754	3,971	2,607	6,578

4. **Proposed Way forward for Procurement Strategy:** The new IFAD Loan and Grants combined with residues from the original IFAD and EU financing are estimated at just over USD 25 million. PMT focus should prioritise on maximum effective utilisation these funds which will fully cover the costs of remaining activities for the financial years 2018 and 2019 of USD 6.6 million, plus any other additional for the financial years 2019 and 2020. In order to achieve a result oriented implementation during the 30 month period to 30 June 2021, it is necessary for PMT to formulate a projected comprehensive 30 month plan for both the AWPB and Procurement plans with the total cost estimates harmonised to the available funds. This should become the working tool of the PMT which should assist the team to prioritise on the earliest implementation preparation, including timely identification of the specific activities, Bids preparation, timely contract management, coordination of implementation and, monitoring and reporting.

5.

Country- Republic of Mozambique	Project name- PROMER	
Financing number- L-I-754	AWPB coverage period- 2018 and 2019 financial Years	
Procurement plan coverage period- 2018/19	Date of submission- January 2018	
Requirements	Focus of review procedure	Done (Y/N) ¹
1. Presentation of procurement plan		
a. Procurement plan covers 24 months	Critical examination of the document. 1. Cost estimates consistent to those of AWPB. 2. Procurement Milestones Clearly spelt out. 3. Milestones consistent with the Laid down procedures.	
b. Procurement actions presented by project component, properly identified and referenced		YES
c. Procurement actions grouped according to category (Goods/Works/Services) for each project component		YES
d. Procurement actions grouped into lots/packages within each category		YES
e. For each procurement action, indication of category, procurement method, estimated cost, IFAD review requirement, and anticipated timeline for entire procurement process		YES
f. Indication of contractor name and contract amount (after award) as part of the procurement plan annual update		YES
2. Coherence with project objectives and annual work plan		
a. Procurement actions are relevant to project objectives	Comparative analysis of procurement plan with project logframe, design document and annual work plan	YES
b. Nature and quantity of goods/works/services are consistent with appraisal report		YES
c. Nature and quantity of goods/works/services are consistent with activities in the annual work plan		YES
3. Analysis of financial estimates		
a. Reasonableness of cost estimates	Investigation using various sources (bases of cost estimates from PMU, similar procurement in other projects, IFAD experience, etc.)	YES
b. Reflection of procurement cost estimates in the annual budget	Verification of procurement budget in the AWPB	YES
c. Procurement cost estimates are within over project funds allocation for each expenditure category	Comparison of total disbursements to date + current procurement budget with funds allocation	YES

¹ Indicate whether or not this review step was completed. All negative answers must be justified in the Report.