



Investing in rural people

Mozambique

PRO-POOR VALUE CHAIN DEVELOPMENT PROJECT IN THE MAPUTO AND LIMPOPO CORRIDORS (PROSUL)

Supervision report

Main report and appendices

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East and Southern Africa Division
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Abbreviations and acronyms

AMPCM	<i>Associação Mozambicana para Promoção de Cooperativas Modernas</i> Mozambican Association for the Promotion of Modern Cooperatives
AfDB	African Development Bank
ANE	<i>Autoridade Nacional das Estradas</i> (National Road Authority)
ASAP	Adaptation for Smallholder Agriculture Programme
AWPB	Annual Work Plan and Budget
BAGC	Beira Agricultural Growth Corridor
CAADP	Comprehensive Africa Agricultural Development Programme
CEPAGRI	<i>Centro de Promoção da Agricultura</i> (Centre for the Promotion of Agriculture)
COSOP	Country Strategic Opportunities Programme
CPE	Country Programme Evaluation
DATCO	Dutch Agricultural & Trading Company
DNEA	<i>Direcção Nacional de Extensão Agrária</i> National Directorate for Agriculture Extension
DNSA	<i>Direcção Nacional de Serviços Agrários</i> National Directorate for Agriculture Services
DNTF	<i>Direcção Nacional de Terras e Florestas</i> National Directorate for Land and Forests
DNSV	<i>Direcção Nacional de Serviços de Pecuária</i> National Directorate for Livestock Services
DPA	<i>Direcção provincial da Agricultura</i> Provincial Directorate for Agriculture
DUAT	<i>Direito de Uso e Aproveitamento da Terra</i> Right of Use and Enjoyment of Land
ENRM	Environment and Natural Resources Management
FFS	Farmer Field School
FO	Farmer Organisations
GHG	Green House Gases
GIS	Geophysical Information System
IIAM	<i>Instituto de Investigação Agrária de Moçambique</i>
INIR	Mozambique Agrarian Research Institute <i>Instituto Nacional de Irrigação</i>
INS	National Irrigation Institute <i>Instituto Nacional de Saúde</i>
IT	National Health Institute
KM	Information and Telecommunication Knowledge Management
LPO	Livestock Producers' Organisations
LSP	Lead Service Provider
LTA	Land Tenure Advisor
M&E	Monitoring and Evaluation
MFI	Micro Finance Institution
MINAG	Ministry of Agriculture
MINED	Ministry of Education
MZN	Mozambique Metical
NAPA	National Adaptation Programme of Action
NRM	Natural Resource Management
O&M	Operation and Maintenance
PAMA	<i>Programa de Apoio aos Mercados Agrícolas</i>

	Programme in Support of Agriculture Markets
PARP	Poverty Reduction Action Plan
PRA	Participatory Rapid Appraisal
PMT	Project Management Team
PO	Producers' Organisations
PROMER	<i>Programa de Promoção de Mercados Rurais</i> Rural Markets Promotion Programme
PSP	PRONEA Support Programme
RIMS	Results and Impact Management System
RBL	<i>Regadio do Baixo Limpopo</i>
SIDA	Swedish International Development Agency
SISTAFE	<i>Sistema de Administração Financeira do Estado</i>
SME	Small and Medium Enterprise
USAID	United States Agency for International Development
USD	United States Dollar
VC	Value Chain
VCP	Value Chain Platform
WA	Withdrawal Application
WUA	Water Users' Association



Investing in rural people

Aide memoire

Mozambique

PRO-POOR VALUE CHAIN DEVELOPMENT PROJECT IN THE MAPUTO AND LIMPOPO CORRIDORS (PROSUL)

Supervision Mission: 31 March - 11 April 2014

A. Introduction¹

1. The Pro-Poor Value Chain Development Project in the Maputo and Limpopo Corridors (PROSUL) involves pro-poor improvements in three value chains: irrigated horticulture, cassava and red meat. It will work in the trade corridors of the southern Provinces of Gaza, Inhambane and Maputo. It aims to reach 20,350 beneficiaries, mostly economically active poor who are already involved in value chain production. The Programme goal is to establish improved and climate-smart livelihoods of small farmers in selected districts of the Maputo and Limpopo corridors. Its development objective is to achieve sustainable increased returns to smallholder farmers from increased production volumes and quality in the targeted value chains, improved market linkages, efficient farmer organizations and higher farmers' share over the final added value. The Centre for the Promotion of Agriculture (CEPAGRI) is responsible for the implementation of the Programme with the support of a Programme Management Team (PMT) based at the CEPAGRI Delegation in Xai-Xai.
2. An IFAD supervision Mission visited Mozambique during 31 March to 11 April 2014 to review the implementation status of PROSUL, provide support for an effective implementation of Programme activities, identify constraints and to agree on solutions. In that respect, the Mission has held meetings in Maputo with the National Directorate of Veterinary Services (DNSV), National Directorate of Agrarian Services (DNSA), PRONEA Support Project (PSP), National Directorate of Extension (DNEA); National Directorate for Land and Forest (DNLF); Millennium BIM; GAPI; KfW; Department for International Development (DfID); Banco Pro Credito; Banco Terra; Cooperativa de Poupança e Credito dos Produtores do Limpopo (CPL); DANIDA; Women Development Fund (FDM); First National Bank; Hluvucu; Standard Bank; Banco Oportunidade; the Fund for Support of Economic Rehabilitation (FARE); Food and Agricultural Organization (FAO), and in Xai-Xai with the staff of the PMT; the International Livestock Research Institute (ILRI); Dutch Agricultural & Trading Company (DATCO), Stichting Nederlandse Vrijwilligers (SNV), the Iniciativa para Terras Comunitarias (ITC), the Provincial Department of Geography and Cadastre, the Provincial Directorate for Agriculture (DPA) in Inhambane, and the implementing agency CEPAGRI. The Mission also visited beneficiaries in Maputo province (Magde and Manhiça); Gaza province (Manjacaze; Chókwè; and Mabalane), and Inhambane province (Zavala; Inharrime; and Morrumbene).

¹ Mission composition: Espen Berg (Team Leader – IFAD), Antonio Rota (Livestock Expert – IFAD), Michael Hamp (Rural Finance Expert – IFAD), Stephen Twomlow (Climate Adoption Expert – IFAD), Elizabeth Ssendiwalwa (Gender and Youth Expert – IFAD), Elisa Distefano (M&E and KM Expert – IFAD), Steven Jonckheere (Land Tenure Expert – IFAD), Ana Zandamela (Financial Management and Procurement Support – IFAD), Jelle Tas (Value Chain Expert – Consultant), Alaudio Chingotuane (Financial Management and Procurement Expert – Consultant).

3. This Aide-Memoire represents the findings and recommendations of the Mission discussed and agreed at a wrap-up meeting held on 11 April 2014 chaired by CEPAGRI Director Mr. Abdul Cesar Mussuale.
4. IFAD, CEPAGRI and the Government of Mozambique endorse all findings and agreements of this Aide-Memoire.
5. The Mission would like to thank CEPAGRI and the PROSUL PMT staff for its assistance and participation in the Mission.

B. Overall assessment of PROSUL implementation

6. PROSUL became effective on 3 October 2012. Until 31 March 2014, the majority of activities have been preparatory, with no field activities started to date. While negotiations are in the final stages with the Lead Service Provider (LSP) for Component 2 (Cassava), the contract with the LSP for Component 3 (Red Meat) was presented for signing during the Mission. E-SISTAFE is still not operational and PROSUL is therefore facing a serious liquidity crisis as all current resources have been exhausted. Further implementation and start of field activities are dependent upon efficient flow of resources from E-SISTAFE and some activities planned for 2014 may not start until 2015. It is thus imperative that E-SISTAFE is made operational as soon as possible to allow activities to start.

Agreed action	Responsibility	Agreed date
Activate execution of funds in e-SISTAFE at PROSUL	CEPAGRI / MINFIN	May, 2014

C. Outputs and outcomes

7. **Outputs.** At this stage of the Programme the majority of activities have been preparatory. However, there has been some outputs achieved. Since the last Mission, the Programme has achieved the following: conducted the baseline study; held a steering committee meeting; MOU between CEPAGRI and INAM signed; AWPB developed; operationalised the M&E system; drafted the TOR for the scoping study and feasibility studies (service hubs and slaughterhouse); tendered the irrigation study; finalised contract negotiation with the LSP for component 3 (Red Meat) and have ongoing negotiations with the LSP for component 2 (Cassava); re-tendered the LSP for component 1 (Horticulture); and launched a call for interest for the Land Tenure Service Provider (LTSP).
8. **Outcomes.** There are limited outcomes to be expected at such an early stage of the Programme. However, there is already evidence of improved institutional capacity emerging, especially in regards to: influencing the climate change agenda and participation in national and international dialogue; enhanced consolidation of knowledge; partnership building with key institutions; identification of and plan to take good practices and innovations to scale; and improved dialogue on gender sensitive approaches in the agricultural sector.

D. PROSUL implementation progress

Component 1: Horticulture

9. The Mission rates the performance of this component as moderately satisfactory. The Horticulture LSP has been retendered and is expected to conclude by June 2014. The tender for the Irrigation study has been launched and the proposals are ready to be reviewed. However, the lack of liquidity in PROSUL will delay the start of the study, with the implication that irrigation rehabilitation works might not start until 2015.

Agreed action	Responsibility	Agreed date
Finalize Horticulture LSP selection and negotiations	PMT	July, 2014
Finalize irrigation tender	PMT	July, 2014
Finalize irrigation study	PMT	November, 2014
Contracting Irrigation Civil works	PMT	November, 2014

Component 2: Cassava

10. The Mission rates the performance of this component as satisfactory. The tender for the LSP for this component is at advanced stages with a consortium of SNV, a Dutch NGO, and Mahlahe, a Mozambican NGO. A second round of contract negotiation is scheduled for April 2014. Following discussions with SNV/Mahlahe, and a review of the CVs of both candidates, the Mission supports the rationale for changing the proposed Project Coordinator. It was agreed that the rational, including the name of the new coordinator, will be included in the negotiation report
11. The Mission reviewed the draft contract with SNV/Mahlahe and noted discrepancies between the contract and technical proposal, beyond the changes agreed and documented in the negotiation report. These discrepancies include: (i) removal of additional key staff listed in the proposal; (ii) inclusion of staff not mentioned in the proposal; and (iii) a budget increase of USD 600, 000, despite a reduction of responsibilities in the LSP TOR. This increase is largely due to additional proposed senior staff, and a substantial increase in the operational cost. Furthermore, approximately 80% of the human resource budget is allocated for coordination, senior staff and administration, resulting in a weak representation of field technicians. Although the Mission recognizes that the cost of senior staff will obtain the majority of the budget, it was agreed that the second negotiation should focus on a more equal distribution of the resources to have a stronger field presence than currently proposed. The Mission also stress that all changes agreed, deviating from the technical proposal, should be adequately documented in the negotiation report.
12. Furthermore, the Mission reviewed the proposed office location of the LSP and agree with the PMT that Inharrime is a more suited location than Maxixe, primarily due to: (i) the central location of Inharrime respective to the target area, (ii) close proximity to the IIAM agronomic post in Nhacoongo ; (iii) avoid overlap with actors already active in Morrumbene, which is close to Maxixe; and (iv) Maxixe is not within the Programme area. To avoid delay, the contract should be signed immediately upon successful conclusion of the negotiations and receipt of an updated workplan. Upon contract signature, the preparatory activities for the establishment of FFS and Cassava Multiplication will be handed over to the LSPs for them to continue. The Mission was pleased with the linkage made by the PMT with DATCO, a private sector entity, who started cassava processing in Morrumbene. The PMT will explore further, the support for a new processing platform in Zavala district,

Agreed action	Responsibility	Agreed date
Finalize Cassava LSP negotiation	PMT	May, 2014
Explore support for new processing platform	Cassava LSP	July, 2014

Component 3: Red Meat

13. The Mission rates the performance of this component as satisfactory. The Red Meat LSP contract is ready to be signed with the consortium between SNV and ILRI. Upon contract signature, SNV/ILRI will start field activities following the findings of the Participatory Rural Appraisal (PRA). In this context, it was agreed that distribution of “technical packages” to animal health agents as well as other activities such as identification of water points will start only after the completed PRA.

14. The Mission had extensive interactions with ILRI staff, and reviewed the proposed workplan along with the PRA questionnaire and the scoping study, and found these well done. It was agreed that considering SNV/ILRI knowledge of the value chain in the Programme area, along with the technical expertise in the team and the similarities in expected outputs, there is no need to undertake a specific scoping study beyond the PRA. In this regard, it was agreed that HIV, climate change and gender issues should be integrated in the PRA exercise. The PRA should also geo-reference the findings important for the implementation of this component.
15. **Slaughterhouse feasibility study.** The Mission reviewed the TORs for the feasibility study concerning the establishment of a new abattoir for slaughtering and meat processing services in the Gaza Province. It was agreed to revise the TOR to reflect the recent developments in the sector, including: (i) the construction of the new abattoir (Matadouro de Manhica) in Palmeira; and (ii) the upgrade of the abattoir in Chokwe, managed by the Limpopo Meat company, which is now fully operational. In this context, the study should provide a holistic and in-depth review of the sector, of which further decision can be based upon. This can include the development of a private public partnership with slaughterhouses and meat processors already providing services to producers and traders located in the Programme area, or maintaining the original plan of developing a new slaughterhouse.

Agreed action	Responsibility	Agreed date
Sign contract between CEPAGRI and SNV/ILRI Consortium	CEPAGRI, SNV/ILRI	April, 2014
Finalize TORs for PRA (including HIV, Climate Change and Gender appraisal)	PMT, SNV/ILRI	April, 2014
Undertake PRA activities for the RMVC component	SNV/ILRI	April, 2014
Launch tender for the feasibility study on slaughtering facilities (including alternative business options)	PMT	July, 2014
Start RMVC activities according to the SNV/ILRI work plan	SNV/ILRI	July, 2014

Component 4: Financial Services

16. **Financial Services Component.** The Mission rates the performance of this component as moderately satisfactory. The redesign of the financial service component has taken shape following the findings and preliminary conclusions from the financial expert in the December 2013 mission, and discussions with Government and key stakeholders during the current mission. The consensus is that PROSUL will need a holistic value-chain approach which looks at the financial products offered to farmers and value-chain stakeholders; the perceived risk of the agricultural sector by formal financial institutions; and the enabling environment for conducive and pro-poor financial services.
17. It was agreed that the financial service component will be re-structured in the three following sub-components: (i) *Innovation and Outreach Facility*. With the objective to incentivize development of new product and delivery mechanisms offered by the financial sector, including mobile banking and community-based financial services; (ii) *Financial Sector Deepening Fund*. This will target smallholder farmers in the form of financial literacy and education, savings mobilization and insurance promotion campaigns, and the enabling environment through mechanisms such as collateral registries, credit reference bureaus, mobile payment platforms, and support to effective policy-making; and (iii) *Loan Guarantee Fund*, to address the bottleneck of lack of adequate collateral.
18. To this extent, it was agreed that PROSUL will participate in the multi-donor Financial Sector Deepening Trust Fund already ongoing, and the DANIDA financed Agro-invest Credit Guarantee Fund, which CEPAGRI is already involved in. The Innovation and Outreach Facility will be tendered. To this extent, the PMT will retender the Financial service expert on the basis of the revised TOR, and engage a consultant to elaborate the implementation modalities for the

Innovation and Outreach Facility. Government reconfirmed that they will formally request to IFAD, an amendment to the Financing Agreement following the redesign.

Agreed action	Responsibility	Agreed date
Explore potential partnership with DANIDA/GAPI on the Agro-Investe LGF	PMT / IFAD	May, 2014
Explore potential partnership with the multi-donor Financial Sector Deepening Trust Fund	PMT / IFAD	May, 2014
Tender the Innovation and Outreach Facility	PMT / IFAD	July, 2014
Hire consultant to develop the details of the Innovation and outreach facility	PMT / IFAD	June, 2014
Government to request amendment to Financing Agreement	Government	April, 2014

Component 5: Institutional Support and Programme Management

19. **Programme Management.** The Mission rates the performance of this component as moderately satisfactory. Three out of the seven senior PMT positions remains vacant. The contract of the Agribusiness specialist was terminated as the post-holder failed to present evidence of academic qualifications, while the process to fill the Financial Manager post is at a final stage, with the evaluation report having received a no objection from IFAD. The tender for the Financial Service Expert was postponed as agreed during the last follow-up mission and should be re-tendered following the Missions' agreements on Component 4: Financial Services. The Program manager is working at strained capacity as they have to absorb the workload of three vacant PMT posts at such a critical phase of implementation. To prevent further delay in implementation, the Mission stresses the importance of a speedy recruitment process for the outstanding positions. It was also agreed that the PMT will hire a consultant on a retainer contract to fill the gap of the vacant agribusiness specialist until this post is filled.
20. **Human Resource Management.** An effective performance evaluation system is important to enhance personal and professional development, and to enable staff to get rewarded for good performance and identify areas of improvement. The envisaged Human Resource Management consultant has not yet commenced. In the meantime, the PMT has started performance evaluation using the existing Government performance assessment system, *Sistema de Gestão de Desempenho na Administração Pública* (SIGEDAP). In this regard, PROSUL will assess systems already developed by other IFAD financed programmes, and if necessary recruit a consultant to adopt the system to the PROSUL context .
21. **Monitoring and Evaluation.** The PM&E database is designed around objectively verifiable and quantifiable output and outcome indicators. It is still in the process of being refined to become fully operational, but gives structure to data entry and processing. The generation of the RIMS reports should be harmonized with the RIMS second level results, and include the ASAP-relevant indicators. To ensure effective use of the system through all levels, it will be crucial that the M&E Officer provide adequate training of the system and ongoing M&E support to LSPs and other implementing partners. The system will be supported by GIS and geo-science spatial data for targeting, monitoring and decision-making within the Programme.
22. **Baseline survey.** The baseline survey has been conducted, the enumerators completed data collection across 19 districts by surveying 900 households for each value chain (for a total of 2,700 households surveyed). It was agreed with the contracted institution, Ernst and Young (E&Y), that GPS coordinates for the villages surveyed will be included in the dataset to allow presentation of results through geographical maps. The Mission has worked with PMT to define the main principles of data analysis and processing to guide E&Y in the production of the final report. It was agreed with E&Y that the focus of the baseline report should be based on the differential degree of household asset ownership, child malnutrition, climate vulnerability, as well as production, sales and profitability of crops and livestock across the surveyed area. The

analysis should also be disaggregated by gender and age. Average responses for some selected data will be presented at village level to allow plotting the results in geographical maps.

23. **Knowledge Management.** The PMT has a plan to revise the draft KM and Communication action plan in the Programme Design Report (Annex 11) to clearly indicate roles and responsibilities and type of knowledge to be disseminated. The M&E system has a section for KM activities. The Mission discussed with the M&E and KM Officer about the involvement of national media in harnessing and disseminating know-how and successful experiences produced by the Programme. PMT foresees that the LSPs will engage in identifying the most prominent stories on a regularly basis, to be screened and proposed to professional journalists for potential site visits and documentation.
24. **Land Tenure Security.** To implement activities aiming at securing land rights and improving access to land by poorer people involved in the three value chains, three different kinds of technical assistance are foreseen: (i) land tenure adviser (LTA); (ii) land tenure service provider (LTSP); and (iii) GIS service provider (GIS SP). A call for interest for the LTSP was published in February 2014 and is expected to be signed in September 2014. It was agreed that the recruitment of the LTA and the GIS SP will start immediately. The GIS SP will help to identify the data needs and sources of data, including that which ICRAF can provide. The GIS SP should work closely with the LSPs for the PRAs and the M&E and KM Officer for implementation of geo-referenced data across the M&E system.
25. **Scoping Study and Participatory Rapid Appraisal.** The draft TOR for the scoping study was presented during the mission and comments were provided. It was agreed that the scoping study should take maximum 4 months, including report writing, and the PRA to take maximum 1 month. To avoid duplication of efforts and to maximising the findings from the study, it was agreed that the HUB feasibility study and gender and youth strategy will commence after the completion of the scoping study. The aspects related to Component 3 (Red Meat) has been removed as agreed with the PMT (see paragraph under component 3).

Agreed action	Responsibility	Agreed date
Finalise the recruitment of the Financial Manager	PMT	April , 2014
Finalise the recruitment of the Financial Service Expert, Procurement officer and Agribusiness specialist	PMT	July, 2014
Recruit the Agribusiness and Implementation support consultant	PMT	April, 2014
Develop a performance assessment system	PMT	July, 2014
Provide close supervision of E&Y during preparation of baseline survey report	PMT	April 2014
Baseline survey report to be shared with LSPs	M&E Officer	May 2014
Training LSPs on the use of the M&E system (including guidance on measurement of ASAP indicators)	M&E Officer	continuous
Ensure that LSPs implement GIS and geo-science spatial data for M&E	PMT	continuous
Prepare a KM and Communication plan	PMT	June 2014
Explore collaboration with national media for documentation and dissemination of knowledge	PMT	Sept 2014
Start recruitment of LTA and GIS SP	PMT	July, 2014
Launch tender for Scoping Study	PMT	July, 2014

E. Fiduciary aspects

26. **Financial management.** Overall, the Mission rates PROSUL's Financial Management arrangements as moderately unsatisfactory. While there have been improvements from the previous supervision mission, several of the agreed actions could not be implemented, in part due to the unavailability of funds and the Financial Manager. The Mission noted that the financial report for 2013 had not been finalized by the deadline of 28 February, established in

- the Code of Practices for Project Management (CPPM). PROSUL will prepare the financial report for the USD 800,000 received as start-up funds, outside of e-SISTAFE, to be submitted to IFAD.
27. **Accounting.** TOMPRO has been installed and the backlog is being cleared. As of 10 April 2014, about 70% of past expenditures have been uploaded in the system. It was agreed that after all the data is in the system, TOMPRO will replace excel as the main accounting system. Filing and bookkeeping will also be improved. To enhance internal control, PROSUL will ensure that the PROSUL accounting books are kept separate from those of CEPAGRI Xai-Xai, and that all payment vouchers be signed by the Project Coordinator.
 28. **Disbursement and e-SISTAFE.** The Mission rates the disbursement level of PROSUL as unsatisfactory. The Programme received start-up funds amounting to USD 800,000 in June 2013 from both the IFAD and STF loans. Considering the IFAD financing of USD 16,300,000, the disbursement rate of the Project is 2.4% at the end of 2013. As of April 2014, the second withdrawal application (WA) has not yet been sent to IFAD. This is a consequence of the lengthy recruitment of the Financial Manager, as well as difficulties in implementing e-SISTAFE. No further expenses can be paid for until e-SISTAFE is functional, which may risk delaying the Programme. To prevent further implementation delay, e-SISTAFE should be operational in PROSUL by the end of April 2014.
 29. The execution of the initial advance currently stands at USD 799,280 (44.7% of 2013 budget of USD 1,788,213). As of 9 April 2014, the balance of the Designated and Programme accounts shows that total available funds is USD 717. Commitments incurred by the Programme amount to USD 176,299, as such, PROSUL is currently cash-flow insolvent. This is affecting the implementation of Programme activities. It was agreed that WA2 should be sent to IFAD as soon as the Financial Manager is formally recruited.
 30. **Counterpart funds.** The Mission rates the provision of counterpart funds as satisfactorily. In 2013, CEPAGRI provided start-up funds for PROSUL for a total of USD 26,700 (MZN 800,000). Given the difficulty in reimbursing CEPAGRI due to Government rules on flow of funds to public institutions, it was agreed that this amount will be considered as part of the Government contribution to PROSUL. As such, total counterpart funds for 2013 amount to USD 119,337 (6.7% of 2013 budget), fully compliant with loan covenants.
 31. **Compliance with loan covenants.** As observed in the previous Supervision Mission, Schedule 3, paragraph 1, which requires that the Borrower insures the PMT staff against health and accident risks, has not been complied with. PROSUL will start the tender process for an insurance company as soon as funds are available. All other loan covenants are being complied with or are not applicable to the current stage of Programme implementation.
 32. **Procurement.** The Mission rates the procurement procedures as moderately satisfactorily. There were only minor deviations from IFAD's Procurement guidelines and decree 15/2010, that regulates Procurement in Mozambique, is strictly applied. However, some of the original procurement documentation of PROSUL is still filed in CEPAGRI Maputo. PROSUL will request these files to be transferred to Xai-Xai. The registry of contracts is up-to-date, however the Contract Management Form (CMF) are not used to track the payments. It was agreed that going forward, the CMFs will be attached to all relevant payment documentation.
 33. **Audit.** As agreed in the Supervision Mission held in August 2013, the audit of PROSUL's Financial Statements for 2013 and 2014 will be done jointly in early 2015.

Agreed action	Responsibility	Agreed date
Clear TOMPRO backlog	PMT	June , 2014
Improve CMFs	PMT	June, 2014
Insure PMT staff	PMT	June, 2014
Transfer procurement documentation to Xai-Xai	PMT	June, 2014
Prepare Financial reports for 2013	PMT	May, 2014
Submit WA2 (pending hiring of Financial Manager)	PMT	May, 2014

F. Cross-cutting issues

34. **Climate Change and Adaptation.** The Climate Change and Adaptation activities are being satisfactorily addressed. Government and PMT are taking a keen interest and requesting increasing debate and dialogue on climate adaption. CEPAGRI is currently selecting a key staff to obtain further capacity building on the topic, which should further strengthen the capacity to influence the climate agenda. Furthermore, two staff from CEPAGRI have been identified to attend a post-degree training on the climate adaption at the University of Cape Town.
35. To address the immediate needs of the PMT and LSPs, a short term consultant has been hired, who, in collaboration with the IFAD Regional Climate and Environmental Specialist, has developed a short capacity training course to be given over the next two months following contract signature with the LSPs. The working arrangements between PMT and the Mozambican Meteorological Authority (INAM) has been agreed through a MOU, where upgrading of the meteorological stations at Chokwe and Inhambane will be performed in conformity with the World Meteorological Organization Standards.
36. **Gender and Youth.** The main activity achieved since the last Mission is the development of TOR for an international consultant to support development of PROSUL's gender action plan. Given that the context and issues vary between the value chains, each LSP will develop a value chain specific action plan. The action plans will be informed by the findings from the planned scoping study, where the involvement of women and youth at the different stages of the value chain will be explored along with HIV/AIDS issues. As such, the planned international consultant will rather support the development of the MINAG strategy (see separate section). The Mission was pleased to note that ILRI, as one of the LSPs, has an institutional gender strategy which will serve to guide the development of the value chain specific one. A gender training on household methodologies has been planned in September 2014 for IFAD supported programmes in Mozambique. It was agreed that the trainer will dedicate three days following the training to exclusively support PROSUL gender expert.
37. **MINAG Gender Strategy.** The update of the MINAG gender strategy is pending. Activities leading to the updated strategy were agreed upon and are elaborated in the technical annex (attached to the supervision Mission report). A consultant will be hired to facilitate this process and will work closely with other departments in the Ministry, especially the Directorate of Economics and DNEA.

Agreed action	Responsibility	Agreed date
Identify staff member for post-graduation training in climate change adaption	CEPAGRI	June, 2014
Carry out climate change adaption capacity training for LSPS	PMT and Climate consultant	June, 2014
Complete rehabilitation of two meteorological stations	PMT / INAM	July, 2014
Update MINAG gender strategy	PMT	October, 2014
Develop PROSUL gender action plan	PMT	August, 2014
Develop gender module GALS training	PMT/Consultant	July, 2014

G. Conclusion

38. The Programme has established a solid foundation for starting the implementation of activities. The LSPs for component two (Cassava) and component three (Red Meat) are ready to start the PRAs and commence implementation in the field following the findings. However, these activities cannot start without an functioning E-SISTAFE in PROSUL. It is therefore imperative to ensure that the PMT have adequate access to E-SISTAFE and that payments can be made through the system as soon as possible. In this respect, the Mission would appreciate support from Government to facilitate for a rapid resolution to avoid potential implementation delays. Upon availability of funds, the PMT should immediately tender outstanding studies and consultancies to ensure these are in place as soon as possible.

39. Following the official letter from the Government of Mozambique and subsequent amendment to the Financing Agreement, the activities in the proposed sub-component 4.2 Financial Sector Deepening Fund, and sub-component 4.3 Credit Guarantee Fund can start immediately. The Innovation and Outreach Facility will be dependent upon the findings of the Financial Service consultant, in agreement with Government and IFAD.
40. The next follow-up Mission is tentatively postponed to 17-21 of November 2014.
41. IFAD and the Government of Mozambique endorse the findings of the supervision mission.

Appendix 1: Summary of project status and ratings

Basic Facts

Country	Mozambique	Project ID	1618	Loan/DSF Grant No.	878
Project	Pro-Poor Value Chain Development in the Maputo and Limpopo Corridors			Top-up Loan/DSF Grant	
Date of Update	09-April-2014				
Supervising Inst.	IFAD				
No. of Supervisions	2	No. of Implementation Support/Follow-up missions	1		
Last Supervision	09-Apr-2014	Last Implementation Support/Follow-up mission	09-Dec-2013		

USD million Disb. rate %

Approval	21-Sep-2012			Total financing	44.95	
Agreement	03-Oct-2012	Effectiveness lag	0.4	IFAD Total	22.73	
Entry into force	03-Oct-2012	PAR value	Not at risk	IFAD loan	21.21	4
First disbursement	11-Jun-2013			DSF grant		
MTR		Last amendment		IFAD grant	1.52	0
Original completion	31-Dec-2019	Last audit		Domestic Total	5.78	
Current completion	31-Dec-2019			Beneficiaries	1.40	0
Original closing	30-Jun-2020			Government (National)	2.49	0
Current closing	30-Jun-2020			Private Sector Local	1.90	0
No. of extensions	0			External Cofinancing Total	16.44	
				Spanish Fund	16.30	0
				UNCDF	0.14	0

Project Performance Ratings

B.1 Fiduciary Aspects	Last	Current	B.2 Project implementation progress	Last	Current
1. Quality of financial management	3	3	1. Quality of project management	4	4
2. Acceptable disbursement rate	2	2	2. Performance of M&E	4	4
3. Counterpart funds	5	5	3. Coherence between AWPB & implementation	4	3
4. Compliance with financing covenants	4	4	4. Gender focus	4	4
5. Compliance with procurement	3	3	5. Poverty focus	4	4
6. Quality and timeliness of audits	4	4	6. Effectiveness of targeting approach	4	4
			7. Innovation and learning	4	4
			8. Climate and environment focus	4	4

B.3 Outputs and outcomes	Last	Current	B.4 Sustainability	Last	Current
1. comp.1: Red Meat Value Chain	4	4	1. Institution building (organizations, etc.)	4	4
2. Comp 2: Cassava Value Chain	4	4	2. Empowerment	4	4
3. Comp 3: Horticulture Value Chain	4	3	3. Quality of beneficiary participation	4	4
			4. Responsiveness of service providers	4	4
			5. Exit strategy (readiness and quality)	4	4
			6. Potential for scaling up and replication	4	4

B.5 Justification of ratings

The preparatory activities carried out thus far have created a solid foundation for the programme. The Lead Service Providers for component 2 (Cassava) and component 3 (Red Meat) are ready to commence work immediately after signing the contract. Government buy-in is strong and especially the Project Coordinator is very committed.

Overall Assessment and Risk Profile

	Last	Current
C.1 Physical/financial assets	4	4
C.2 Food security	4	4
C.3 Quality of natural asset improvement and climate resilience	4	4
C.4 Overall implementation progress (Sections B1 and B2)	4	4

Rationale for implementation progress rating

PROSUL became effective on October 3rd, 2012. As at end of March 2014, the main activities carried out since the last mission have been preparatory, such as launched the baseline study; drafted the TOR for the scoping study and feasibility studies; tendered the irrigation study; finalised contract negotiation with the LSP for component 3 (Red Meat) and started negotiations with the LSP for component 2 (Cassava); re-tendered the LSP for component 1 (Horticulture); and launched a call for interest for the Land Tenure Service Provider (LTSP).

C.5 Likelihood of achieving the development objectives (section B3 and B4)	4	4
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Rationale for development objectives rating

The commitment to designate focal points in each governmental institution partner of the project (DNSE, DNSV, INIR, IIAM, DNEA), Government, Steering committee, and the PMT indicates their willingness to develop project ownership and concretely assist the project in its implementation and development and to link with the LSP is key in achieving the development objectives of the project

C.6 **Risks** Short description of major risks for each section and their impact on achievement of development objectives and sustainability

Fiduciary aspects	Further delays may be caused by the high coordination requirement of establishing the flow-of-funds mechanism using e-SISTAFE.
Project implementation progress	Poor CEPAGRI institutional capacity and experience on the Value Chain initiatives and to deal with Service Providers. Lack of experience with implementing a project with decentralised PMT may lead to implementation delays. Delay by lead service providers to set up and commence activities on the ground and the re-tendering of the Horticulture lead service provider tender.
Outputs and outcomes	Weak M&E systems to capture the programme intervention professionally and timely.
Sustainability	Adequate integration of ASAP activities and strong market linkages created, including input and finance.

Proposed Follow-up

Issue / Problem	Recommended Action	Timing	Status
Poor implementation performance	Finalise eSISTAFE to enable disbursement.	April 2014	Delayed

Additional observations

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

Narrative Summary	Key Performance Indicators	Means of Verification	Assumptions (A) / Risks (R)
Goal:			
Goal: improve livelihoods of smallholder farmers, including strengthened climate adaptation (<i>as per financing agreement</i>)	Rural households with improvement in asset ownership	Project baseline & impact surveys, reality checked against national statistics IIAM meteorological reports	Favorable economic environment
	Households for which food security has improved		
	Households for which sale of target crops/livestock makes an important contribution to household income		
	Poor smallholder household members whose climate resilience has increased due to ASAP		Links with Strategic Program for Climate Resilience in Mozambique established
	Households reached by meteorology weather forecasts (IIAM's Meteorological facilities)		
Development Objective: to achieve sustainable increased returns to smallholder farmers in the target value chains	Groups receiving project services	Project surveys Service hubs' reports Farmers' organisations statistics Value Chain Platform reports	Continued government commitment to improve returns to farmers in agricultural value chains
	Households (50% women) receiving project services		
	Increase in average gross margin (horticultural crops)		
	Increase in average gross margin (cassava)		
	Increase in average price (in real terms) obtained for sale of ruminants (by type)		
	Proportion of farmer groups that have reached 'A' or 'B' status		

Outcome 1: Increased productivity, quality and sales of irrigated vegetables produced in smallholder irrigation schemes	Small-scale farmers who have adopted one or more improved production technologies (farming management practices) introduced under the project	DNSA and INIR, LSP M&E system Project surveys Service hubs' reports Farmers' organisations statistics Value Chain Platform reports	Private investors interested in investing in outgrower schemes/hubs along conditions proposed by IFAD Flooding due to extreme climatic events controlled by water authorities
	Farmers adopting climate-resilient technologies (ASAP)		
	Land managed under climate-resilient practices (ASAP)		
	Increase in average crop yields (horticulture)		
	Households with increased water availability for agricultural production and processing		
	Production/processing facilities with increased water availability		
	Increase in average quantities of crops sold by small-scale producers		
	Proportion of farmers (horticulture) who participate in a formalised marketing arrangement		
Output 1.1.1: Improvement or rehabilitation of irrigation schemes	Improved or rehabilitated irrigation schemes		
	Land under improved or rehabilitated irrigation schemes		
	Irrigation staff trained		
Output 1.1.2: Farmer organizations established or strengthened	WUAs established or strengthened		
	Members of WUAs established or strengthened		
	WUAs with women in leadership positions		
Output 1.1.3 Capacity of farmers to manage irrigation schemes and develop their horticultural production/marketing systems strengthened	Members/leaders of FOs (horticulture) trained in organization and management		
	Members/leaders of WUAs trained in scheme O&M		
	Members/leaders of FOs (horticulture) trained in crop production / technical aspects.		

	Members/leaders of FOs (horticulture) trained in value adding, agribusiness and marketing aspects		
Output 1.2.1: Marketing arrangements between producers and value chain actors facilitated	Value chain review/support groups established and operational		
	FOs (horticulture) that have secured contracts or other formal marketing arrangements		
Output 1.2.2 Meteorological stations rehabilitated and capacity to disseminate information strengthened	Meteorological facilities at IIAM research stations improved		
	Meteorological reports produced by the IIAM Research Station at Gaza (ASAP)		
Output 1.2.3 Facilities established to support horticultural production and marketing	Protective shade houses established		
	Service hubs (horticulture) established		
	Access roads to service hubs rehabilitated		
Outcome 2: Increased productivity and sales of cassava by smallholder farmers	Small-scale farmers who have adopted one or more improved production technologies (farming practices) introduced under the project	Project surveys LSP M&E system Service hubs' reports Farmers' organizations statistics	Private investors interested in investing in processing units, outgrower schemes and hubs along conditions proposed by IFAD
	Farmers adopting climate-resilient technologies (ASAP)		Projected changes in cassava pest and diseases due to climate change are positive
	Land managed under climate-resilient practices (ASAP)		
	Average crop yields (cassava)		
	Average quantities of crops sold by small-scale producers (cassava)		
	Proportion of farmers (cassava) who participate in a formalized marketing arrangement		
	Households with increased water availability for agricultural production and processing		
	Production/processing facilities with increased water availability		

Output 2.1.1: Farmer organizations established or strengthened	FOs (cassava) established or strengthened		
	Members of FOs (cassava) established or strengthened		
	FOs (cassava) with women in leadership positions		
Output 2.1.2 Capacity of farmers to develop their cassava production/marketing systems strengthened	Members/leaders of FOs (cassava) trained in organization and management		
	Members/leaders of FOs (cassava) trained in crop production / technical aspects		
	Members/leaders of FOs (cassava) trained in value adding, agribusiness and marketing aspects		
Output 2.1.3 Facilities established to support cassava production and marketing	Service hubs (cassava) established		
	Access roads (cassava) rehabilitated		
	Cassava multiplication sites established		
	Area of cassava multiplication sites established		
	Cassava processing facilities established		
Output 2.2.1: Marketing arrangements between producers and value chain actors facilitated	Value chain review/support groups established and operational		
	FOs (cassava) that have secured contracts or other formal marketing arrangements		
Output 2.2.2 * Meteorological stations rehabilitated and capacity to disseminate information strengthened	Meteorological facilities at IIAM research stations improved		
	Meteorological reports produced by the IIAM Research Station at Inhambane (ASAP)		
Outcome 3: Increased productivity, quality and sales of ruminants by small-scale livestock producers	Herders who have adopted one or more improved production technologies (animal husbandry practices) introduced under the project	Project surveys LSP M&E system Farmers' organizations statistics Value Chain Platform reports	Private investors interested in investing in slaughterhouse at PROSUL conditions Prospect of higher and regular

	Herders adopting climate-resilient technologies (ASAP)		income induces herders to develop commercially-oriented herd management
	Land managed under climate-resilient practices (ASAP)		
	Average slaughter weight of ruminants		
	Average number of ruminants sold by small-scale producers		
	Animals processed by slaughter facilities established under the project		
	Proportion of farmers (livestock) who participate in a formalized marketing arrangement		
	Households with increased water availability for agricultural production and processing		
	Production/processing facilities with increased water availability		
Output 3.1.1: Marketing arrangements between producers and value chain actors facilitated	Value chain review/support groups established and operational		
Output 3.2.1: Improved pasture management through ENRM plans	NRM plans developed		
	Individuals, community groups and institutions formulating and enforcing ENRM plans		Cost effective means of monitoring soil carbon in rangelands available and accepted
Output 3.2.2: Soil carbon stock increased in grazing areas	Tonnes of GHG emissions (CO2e) sequestered (ASAP)		
Output 3.2.3 Farmer organizations established or strengthened	FOs (livestock) established or strengthened		
	Members of FOs (livestock) established or strengthened		
	FOs (livestock) with women in leadership positions		

Output 3.2.4 Capacity of farmers to develop their livestock production/marketing systems strengthened	Members/leaders of FOs (livestock) trained in organization and management		
	Members/leaders of FOs (livestock) trained in livestock production / technical aspects		
	Members/leaders of FOs (livestock) trained in value adding, agribusiness and marketing aspects		
Output 3.2.5 Facilities established to support livestock production	Breeding centres established		
	Fodder banks established		
	Livestock vet stores established		
	Water facilities established		
Output 3.3.1: Marketing arrangements between producers and value chain actors facilitated	Meat Trader Organizations established		
	FOs (livestock) that have secured contracts or other formal marketing arrangements		
Output 3.3.2 Facilities established to support livestock marketing	Cattle fairs established/equipped		
	Slaughterhouse established		
	Access roads (livestock) rehabilitated		
Outcome 4: Selected value chain stakeholders have a timely and adequate access to a diversified range of affordable financial products, through existing or to be created financial and on-financial service providers	Participating farmers (50% women) access financial services (by type of client, service, financial/non-financial service provider), loan portfolio	Catalytic Fund and MFIs M&E systems	MFIs are interested in extending services in rural areas along conditions affordable for agricultural activities
	Proportion of farmers satisfied with the types and quality of services available		
Output 4.1.1 Financial products to support value chain development made available to value chain stakeholders	Loans disbursed		
	Grants disbursed		
	Value of loans disbursed		
	Value of grants disbursed		
	Value of loans repaid		
Output 4.2.1 Financial institutions strengthened	Financial institutions supported		Loans repaid and revolving fund established to enable further

	Staff of MFIs/SMEs trained in financial and management subjects		households/hubs to benefit from investments in infrastructural development
Outcome 5: CEPAGRI, and specifically its delegation for the southern provinces, has and uses systems and tools for supporting inclusive value chain development and for promoting new business models	Systems and tools for planning and budgeting public support to value chains and for monitoring value chain performance are operational and implemented	Project reports and publications	Continued government commitment to improve returns to farmers in agricultural value chains
	Proportion of farmers satisfied with the types and quality of services available		
	Knowledge products and publications produced/disseminated (general / climate-related)		
Output 5.1.1: Capacity of local actors on value chain development strengthened	Staff of the project, CEPAGRI and other government institutions trained in value chain development		CEPAGRI commit staff resources to participate in National and Regional Climate Adaptation Fora
	Training programmes, manuals and materials developed		
Output 5.1.2: Country dialogue on climate-related issues supported	Climate change adaptation knowledge sharing mechanism established within CEPAGRI (ASAP)		
Output 5.1.3: CEPAGRI is capable to climate proof commercial agriculture, and contribute to the broader national and regional climate change agenda	Staff of the project, CEPAGRI and other government institutions trained on issues related to the broader national and regional climate agenda (ASAP)		
Output 5.2.1: Land management and tenure security of farmers improved	Farmer associations that have been issued DUATs		
	Cassava producing area with secure land tenure		
	Demarcated grazing and browsing areas		
	Size of grazing/browsing area demarcated		

Appendix 3: Summary of key actions to be taken within agreed timeframes

Action Area	Action Agreed	Date	Whom	Progress
Project Implementation	Activate execution of funds in e-SISTAFE at PROSUL	May 2014	CEPAGRI / MINFIN	
	Finalize Horticulture LSP selection and negotiations	July, 2014	PMT	
	Finalize irrigation tender	July, 2014	PMT	
	Finalize irrigation study	Nov., 2014	PMT	
	Contracting Irrigation Civil works	Nov. 2014	PMT	
	Finalize Cassava LSP negotiation	May, 2014	PMT	
	Explore support for new processing platform	July, 2014	Cassava LSP	
	Sign contract between CEPAGRI and SNV/ILRI Consortium	April 2014	CEPAGRI, SNV/ILRI	
	Finalize TORs for PRA (including HIV, CC & Gender appraisal)	April 2014	PMT, SNV/ILRI	
	Undertake PRA activities for the RMVC component	April 2014	SNV/ILRI	
	Launch tender for the feasibility study on slaughtering facilities (including alternative business options)	July 2014	PMT	
	Start RMVC activities according to the SNV/ILRI work plan	July 2014	SNV/ILRI	
	Explore potential partnership with DANIDA/GAPI on the Agro-Investe LGF	May, 2014	PMT/IFAD	
	Explore potential partnership with the multi-donor Financial Sector Deepening Trust Fund	May, 2014	PMT/IFAD	
	Tender the Innovation and Outreach Facility	July, 2014	PMT / IFAD	
	Hire consultant to develop the details of the Innovation and outreach facility	June, 2014	PMT/IFAD	
	Government to request amendment to Financing	April, 2014	Government	
	Finalise the recruitment of the Financial Manager	April , 2014	PMT	
	Finalise the recruitment of the Financial Service Expert, Procurement officer and Agribusiness specialist	July, 2014	PMT	
	Recruit the Agribusiness & Implementation support consultant	April, 2014	PMT	
	Develop a performance assessment system	July, 2014	PMT	
	Provide close supervision of E&Y during preparation of baseline survey report	April 2014	PMT	
	Baseline survey report to be shared with LSPs	May 2014	M&E Officer	
	Training LSPs on the use of the M&E system (including guidance on measurement of ASAP indicators)	continuous	M&E Officer	
	Ensure that LSPs implement GIS and geo-science spatial data for M&E	continuous	PMT	
	Prepare a KM and Communication plan	June 2014	PMT	
	Explore collaboration with national media for documentation and dissemination of knowledge	Sept 2014	PMT	

Fiduciary Aspects	Start recruitment of LTA and GIS SP	July, 2014	PMT
	Launch tender for Scoping Study	July, 2014	PMT
	Clear TOMPRO backlog	June , 2014	PMT
	Improve CMFs	June, 2014	PMT
	Insure PMT staff	June, 2014	PMT
	Transfer procurement documentation to Xai-xai	June, 2014	PMT
	Prepare Financial reports for 2013	May, 2014	PMT
	Submit WA2 (pending hiring of Financial Manager)	May, 2014	PMT
Other	Identify staff member for post-graduation training in climate change adaptation	June, 2014	CEPAGRI
	Carry out climate change adaption capacity training for LSPS	June, 2014	PMT & Climate consultant
	Complete rehabilitation of two meteorological stations	July, 2014	PMT and NDMA
	Update MINAG gender strategy	October, 2014	PMT
	Develop PROSUL gender strategy	August, 2014	PMT
	Develop gender module GALS training	July, 2014	PMT/Consultant

Appendix 4: Physical progress measured against AWP&B, including RIMS indicators

Component/ Sub-component or Output			Period: to 01/01/2013 to 31/12/2013			Cumulative		Appraisal
			AWP&B	Actual	%	Actual	Target	%
Goal: Improved and climate-resilient livelihoods of smallholder farmers in selected districts of the Maputo and Limpopo corridors. Development Objective: Sustainable increased returns to smallholder farmers from increased production volumes and quality in target value chains, improved market linkages, efficient farmer organization and higher farmers' share over the final added value	Rural households with improvement in asset ownership	number	0	0	0	0	20,000	0
	Households for which food security has improved	number	0	0	0	0	20,000	0
	Households for which sale of target crops/livestock makes an important contribution to household income	number	0	0	0	0		0
	Poor smallholder household members whose climate resilience has increased due to ASAP	number	0	0	0	0	60,000	0
	Households reached by meteorology weather forecasts (IIAM's Meteorological facilities)	number	0	0	0	0		0
	Groups receiving project services	number	0	0	0	0		0
	Households (50% women) receiving project services	number	0	0	0	0		0
	Increase in average gross margin (horticultural crops)	MZN/ha	0	0	0	0		0
	Increase in average gross margin (cassava)	MZN/ha	0	0	0	0		0
	Increase in average price (in real terms) obtained for sale of ruminants (by type)	MZN/unit	0	0	0	0		0
	Proportion of farmer groups that have reached 'A' or 'B' status	number	0	0	0	0		0

Component 1: Horticulture Value Chain Development

<i>Outcome 1: Increased sustainable income for smallholder farmers producing irrigated vegetables in project areas through increased productivity, volumes and quality of vegetables reaching both traditional and modern market segments.</i>	Small-scale farmers who have adopted one or more improved production technologies (farming management practices) introduced under the project	number	0	0	0	0	0
	Farmers adopting climate-resilient technologies (ASAP)	number	0	0	0	0	3,840
	Land managed under climate-resilient practices (ASAP)	ha	0	0	0	0	0
	Increase in average crop yields (horticulture)	MT/ha	0	0	0	0	0
	Households with increased water availability for agricultural production and processing	number	0	0	0	0	0
	Production/processing facilities with increased water availability	number	0	0	0	0	0
	Increase in average quantities of crops sold by small-scale producers	MT	0	0	0	0	0
	Proportion of farmers (horticulture) who participate in a formalized marketing arrangement	%	0	0	0	0	0
<i>Sub-component 1.1 - Rehabilitation and expansion of existing irrigated perimeters</i>							
Output 1.1.1: Improvement or rehabilitation of irrigation schemes	Improved or rehabilitated irrigation schemes	number	0	0	0	0	19
	Land under improved or rehabilitated irrigation schemes	ha	0	0	0	0	21,000
Output 1.1.2: Farmer organizations established or strengthened	WUAs established or strengthened	number	0	0	0	0	0
	Members of WUAs established or strengthened	male / female	0	0	0	0	0

	WUAs with women in leadership positions	number	0	0	0	0		0
Output 1.1.3 Capacity of farmers to manage irrigation schemes and develop their horticultural production/ marketing systems strengthened	Members/leaders of FOs (horticulture) trained in organization and management	male / female	0	0	0	0		0
	Members/leaders of WUAs trained in scheme O&M	male / female	0	0	0	0		0
	Members/leaders of FOs (horticulture) trained in crop production / technical aspects.	male / female	0	0	0	0		0
	Members/leaders of FOs (horticulture) trained in value adding, agribusiness and marketing aspects	male / female	0	0	0	0		0
	Value chain review/support groups established and operational	number	0	0	0	0		0
	FOs (horticulture) that have secured contracts or other formal marketing arrangements	number	0	0	0	0		0
<i>Sub-component 1.2 - Strengthening linkages between value chain stakeholders</i>								
Output 1.2.2 Meteorological stations rehabilitated and capacity to disseminate information strengthened	Meteorological facilities at IIAM research stations improved	number	0	0	0	0		0
	Meteorological reports produced by the IIAM Research Station at Gaza (ASAP)	number	0	0	0	0	1	0
Output 1.2.3 Facilities established to support horticultural production and marketing	Protective shade houses established	number	0	0	0	0		0
	Service hubs (horticulture) established	number	0	0	0	0		0
	Access roads to service hubs rehabilitated	KM	0	0	0	0		0
Component 2: Cassava Value Chain Development								
Outcome 2: Increased productivity and sales of cassava by smallholder farmers	Small-scale farmers who have adopted one or more improved production technologies (farming practices) introduced under the project	number	0	0	0	0	4,800	0

	Farmers adopting climate-resilient technologies (ASAP)	number	0	0	0	0	0
	Land managed under climate-resilient practices (ASAP)	ha	0	0	0	0	2,880
	Average crop yields (cassava)	MT/ha	0	0	0	0	0
	Average quantities of crops sold by small-scale producers (cassava)	MT	0	0	0	0	0
	Proportion of farmers (cassava) who participate in a formalized marketing arrangement	%	0	0	0	0	0
	Households with increased water availability for agricultural production and processing	number	0	0	0	0	0
	Production/processing facilities with increased water availability	number	0	0	0	0	0
<i>Sub-component 2.1 - Strengthening linkages between value chain stakeholders</i>							
Output 2.1.1: Farmer organizations established or strengthened	FOs (cassava) established or strengthened	number	0	0	0	0	0
	Members of FOs (cassava) established or strengthened	male / female	0	0	0	0	0
	FOs (cassava) with women in leadership positions	number	0	0	0	0	0
Output 2.1.2 Capacity of farmers to develop their cassava production/ marketing systems strengthened	Members/leaders of FOs (cassava) trained in organization and management		0	0	0	0	0
	Members/leaders of FOs (cassava) trained in crop production / technical aspects		0	0	0	0	0
	Members/leaders of FOs (cassava) trained in value adding, agribusiness and marketing aspects	number	0	0	0	0	0
Output 2.1.3 Facilities established to support cassava production and marketing	Service hubs (cassava) established	number	0	0	0	0	0
	Access roads (cassava) rehabilitated	km	0	0	0	0	0

	Cassava multiplication sites established	number	0	0	0	0	0
	Area of cassava multiplication sites established	ha	0	0	0	0	0
	Cassava processing facilities established	number	0	0	0	0	0
<i>Sub-component 2.2 - Value chain environment</i>							
Output 2.2.1: Marketing arrangements between producers and value chain actors facilitated	Value chain review/support groups established and operational	number	0	0	0	0	0
	FOs (cassava) that have secured contracts or other formal marketing arrangements	number	0	0	0	0	0
Output 2.2.2 Meteorological stations rehabilitated and capacity to disseminate information strengthened	Meteorological facilities at IIAM research stations improved	number	0	0	0	0	0
	Meteorological reports produced by the IIAM Research Station at Inhambane (ASAP)	number	0	0	0	0	0
Component 3: Red Meat Value Chain Development							
<i>Outcome 3: Increased productivity, quality and sales of ruminants by small-scale livestock producers</i>	Herders who have adopted one or more improved production technologies (animal husbandry practices) introduced under the project	number	0	0	0	0	3,360
	Herders adopting climate-resilient technologies (ASAP)	number	0	0	0	0	0
Output 3.2.5 Facilities established to support livestock production	Water facilities established	number	0	0	0	0	0
<i>Sub-component 3.3 - Market linkages</i>							
Output 3.3.1: Marketing arrangements between producers and value chain actors facilitated	Meat Trader Organizations established	number	0	0	0	0	0
	FOs (livestock) that have secured contracts or other formal marketing arrangements	number	0	0	0	0	0
Output 3.3.2 Facilities established to support	Cattle fairs established/equipped	number	0	0	0	0	0

livestock marketing	Slaughterhouse established	number	0	0	0	0	0
	Access roads (livestock) rehabilitated	km	0	0	0	0	0

Component 4: Financial services

<i>Outcome 4: Selected value chain stakeholders have a timely and adequate access to a diversified range of affordable financial products, through existing or to be created financial and on-financial service providers</i>	Participating farmers (50% women) access financial services (by type of client, service, financial/non-financial service provider), loan portfolio	number	0	0	0	0	0
	Proportion of farmers satisfied with the types and quality of services available	%	0	0	0	0	0
					0	0	0

Sub-component 4.1 - Financial Services

Output 4.1.1 Financial products to support value chain development made available to value chain stakeholders	Loans disbursed	Number	0	0	0	0	0
	Grants disbursed	Number	0	0	0	0	0
	Value of loans disbursed	MZN	0	0	0	0	0
	Value of grants disbursed	MZN	0	0	0	0	0
	Value of loans repaid	MZN	0	0	0	0	0

Sub-component 4.2 - Capacity Building

Output 4.2.1 Financial institutions strengthened	Financial institutions supported	number	0	0	0	0	0
	Staff of MFIs/SMEs trained in financial and management subjects	male / female	0	0	0	0	0

Component 5: Institutional Support and Project management

<i>Outcome 5: CEPAGRI, and specifically its delegation for the southern provinces, has and uses systems and tools for supporting inclusive value chain development and for promoting new business models</i>	Systems and tools for planning and budgeting public support to value chains and for monitoring value chain performance are operational and implemented	number	0	0	0	0	0
	Proportion of farmers satisfied with the types and quality of services available	%	0	0	0	0	0
	Knowledge products and publications produced/disseminated (general / climate-related)	number	0	0	0	0	0
			0		0	0	
<i>Sub-component 5.1 - Institutional support</i>							
Output 5.1.1: Capacity of local actors on value chain development strengthened	Staff of the project, CEPAGRI and other government institutions trained in value chain development	male / female	0	0	0	0	0
	Training programmes, manuals and materials developed	number	0	0	0	0	0
Output 5.1.2: Country dialogue on climate-related issues supported	Climate change adaptation knowledge sharing mechanism established within CEPAGRI (ASAP)	number	0	0	0	0	0
Output 5.1.3: CEPAGRI is capable to climate proof commercial agriculture, and contribute to the broader national and regional climate change agenda	Staff of the project, CEPAGRI and other government institutions trained on issues related to the broader national and regional climate agenda (ASAP)	male / female	0	0	0	0	0
<i>Sub-component 5.2 - Land Tenure Security</i>							
Output 5.2.1: Land management and tenure security of farmers improved	Farmer associations that have been issued DUATs	number	0	0	0	0	0
	Cassava producing area with secure land tenure	ha	0	0	0	0	0
	Demarcated grazing and browsing areas	number	0	0	0	0	0
	Size of grazing/browsing area demarcated	ha	0	0	0	0	0

Sub-component 5.3- Project Management

Output 5.3.1 Adequate goods and equipment available for PMT operations	Goods for adequate Project operation made available	0	0	0	0	0
	Project equipment well maintained	0	0	0	0	0
Output 5.3.2 Financial Management, Planning, Monitoring and Evaluation, and communication systems established, operational and consolidated	Financial system - TOMPRO operational and consolidated	0	0	0	0	0
	M&E system - operational and consolidated	0	0	0	0	0
	Communication system functional	0	0	0	0	0
Output 5.3.3 Adequate Project Performance	Performance assessment system established and implemented	0	0	0	0	0

Appendix 5: Financial: Actual financial performance by financier; by component and disbursements by category

Table 5A: Financial performance by financier

Financier	Appraisal (USD '000)	Disbursements (USD '000)	Per cent disbursed
IFAD loan	16'300.00	400.00	2.43
IFAD grant	1'520.00	0.00	0.00
Spanish Trust Fund	16'300.00	400.00	2.28
ASAP grant	4'910.00	0.00	0.00
UNCDF	140.00	0.00	0.00
Government	2'490.00	0.00	0.00
Private Investors	1'900.00	0.00	0.00
Beneficiaries	1'400.00	0.00	0.00
Total	44'960.00	800.00	1.78

Table 5B: Financial performance by financier by component (USD '000)

Component	IFAD loan			IFAD grant			Spanish Trust Fund			ASAP grant			UNCDF			Government			Private Investors			Beneficiaries			Total		
	Appraisal	Actual	%	Appraisal	Actual	%	Appraisal	Actual	%	Appraisal	Actual	%	Appraisal	Actual	%	Appraisal	Actual	%	Appraisal	Actual	%	Appraisal	Actual	%	Appraisal	Actual	%
Start-up costs	16'300	400	2.43	1'520	0.00	0.00	16'300	400	2.28	4'910	0.00	0.00	140	0.00	0.00	2'490	0.00	0.00	1'900	0.00	0.00	1400	0.00	0.00	44'960	0.00	1.7802
																</											

Table 5C: IFAD loan disbursements (SDR, as at 31-03-2014)

Category	Category description	Original Allocation	Revised Allocation	Disbursement	W/A pending	Balance	Per cent disbursed
I	Civil works	2 330 000.00	2 330 000.00	0.00	NA	2 330 000.00	0.00
II	Vehicles, Equipment and Materials	620 000.00	620 000.00	0.00	NA	620 000.00	0.00
III	Training, TA and Studies	2 250 000.00	2 250 000.00	0.00	NA	2 250 000.00	0.00
IV	Contractual Services	1 000 000.00	1 000 000.00	0.00	NA	1 000 000.00	0.00
V	Financial Services	2 700 000.00	2 700 000.00	0.00	NA	2 700 000.00	0.00
VI	Recurrent Costs	860 000.00	860 000.00	0.00	NA	860 000.00	0.00
	Unallocated	1 090 000.00	1 090 000.00	0.00	NA	1 090 000.00	0.00
	Initial deposit	NA	NA	263 424.78	NA	-263 424.78	100.00
	Total	10 850 000.00	10 850 000.00	263 424.78	NA	10 586 575.22	2.43

Appendix 6: Compliance with legal covenants: Status of implementation

Section	Covenant	Target/Action Due Date	Compliance Status/Date	Remarks
Section 4.02	PCU to open and maintain a Project Account (in USD);		Yes	Designated account open at Central Bank of Mozambique
Section 4.03	Procurement of goods, works and services carried out in accordance with the procedures laid down in Schedule 3		Partial	Not all covenants in schedule 3 are applicable at this stage of project implementation.
Section 4.04	Insurance of vehicles, equipment and civil works financed from the loan proceeds to be consistent with sound commercial practice.		Yes	Vehicles insured. Insurance of other assets pending cost-benefit analysis.
Schedule 3, para 1	Insurance of Project personnel.	30 June 2014	Not compliant	Project has not insured its staff against health and accident risks.
Schedule 4, para 16	Project to be exempted from all import duties, excise taxes and value added tax (VAT) on investment expenditures		Yes	GOM either reimburses or pays directly (through CEPAGRI) taxes and VAT.

Appendix 7: Knowledge management: Learning and Innovation

Learning

Involvement and coordination with several Donors

The mission has adopted the approach of inviting one of the ASAP Donors (Belgium) to the Supervision Mission wrap-up meeting with MINAG Directorates to facilitate donor coordination on project implementation among IFAD, PMT and all ASAP Donors (Netherlands, UK, Norway, Canada, Sweden) in Mozambique. This is a learning opportunity for the different actors fostering climate change adaptation with regard to the type of investments IFAD is promoting through ASAP. In a previous meeting with the IFAD Regional Climate and Environmental Specialist and the Counsellor Development Cooperation of Belgium, it was agreed that PROSUL intervention areas undertaken with the LSPs will be mapped with other donor initiatives in the same target areas. This approach will facilitate coordination among diverse Donors and stakeholders in the country through identification of synergies.

Innovation: Describe any interesting innovation noted during supervision

Downscaling of climate change scenarios and assessment of land use capability

The project is introducing an interesting innovation in the execution of the scoping studies for the three value chains, namely the downscaling of climate change scenarios and the assessment of current land use capability and potential impact of climate change over the next 10 to 20 years.

The scoping studies are expected to analyse the climate-related risks and vulnerabilities in the target districts as well as appraise the exposure and sensitivity of value chain products and ecosystems to climate hazards. This will be performed through the review of current available studies and a more systematic use of remote sensing analytics to allow monitoring landscape use and capabilities. Furthermore, the studies are foreseen to facilitate the shaping of the climate resilient packages and identification of interventions for further testing through on-farm trials and demonstration plots. In practical terms this exercise will entail the following key actions:

- a) Collection and qualitative analysis of loss and damage data from the horticultural and cassava products in relation to climate-related hazards
 - b) Provision of baseline analysis outlining the exposure of horticultural and cassava products to prevalent current and future climate shocks and stresses
 - c) A simulation of climate scenarios for the project area, including the key horticultural and cassava production sites
 - d) Analysis of relevant impacts in the project area under different climate scenarios for the period 2015-2030. This will imply the analysis of impacts and vulnerabilities in the production, harvest, and post-harvest phases of horticultural and cassava products.
-

Attachment 1: Value Chains

Introduction.

1. The purpose of this technical note is to assist the Project Management Team (PMT) in implementing PROSUL components: 1 – Horticulture and 2 – Cassava. It provides details of the findings and agreed actions of the Aide Memoire, as well as some additional considerations and recommendations by the Mission.

Implementation progress.

2. Implementation of component 1 (Horticulture) is moderately satisfactory. Delays are mainly due to the required re-tender for a Lead Service Provider (LSP) as agreed in the December follow-up Mission. The Mission rates the performance of implementation progress of component 2 (Cassava) and component 3 (Red Meat) as satisfactory, however, both components are facing minor delays because of the complex and lengthy tender processes. The LSPs are responsible for the implementation of the activities under their respective component. The Agribusiness Officer has been suspended due to failure to provide the necessary documentation for academic degrees. This suspension will bring more delay in coordination of the component implementation activities. The Mission was pleased with the actions taken to gain lost time. Specifically, in the form of simplifying the LSP TORs by replacing the scoping study by a much lighter Participatory Rapid Assessment (PRA) enabling the LSP to start their field activities sooner. The selected LSP for cassava is a consortium of Stichting Nederlandse Vrijwilligers (SNV), a Dutch NGO, and Mahlahle (a Mozambican NGO) and has been selected on the basis of their technical proposal. Currently, the financial proposal is under negotiation, and is expected to be finalized before May 2014. For Horticulture the tender is expected to finalize by July 2014.
3. With regards to staffing of the PMT, The Mission reviewed the second candidate from the initial shortlist of the Agribusiness Officer position and found this candidate not meeting the required profile satisfactory in agribusiness in general and private sector experience in specific. The Mission recommends to re-launch the recruitment process in pursuit of a candidate fitting the required specialized profile and experience to a greater extend. It was agreed to obtain national Agribusiness Technical Assistance (TA) to support the PMT in guiding the LSP start-up activities and ensure timely implementation of the activities of component 1, 2 and component 3, Red Meat as long as the position remains vacant. To ease the process of re-launching the recruitment process, revised draft TORs for the Agribusiness Officer are included in annex 1.

Component 1 - Horticulture Value Chain Development

4. The Mission rates the performance of this component as moderately satisfactory. The Horticulture LSP was retendered and the review of the technical and financial proposals, followed by contract negotiations is expected to be concluded by June.
5. **Irrigation.** The call for interest for the Irrigation study was held successfully and the technical and financial proposals received, are ready to be reviewed. However, the Programme is facing severe liquidity issues which will delay the evaluation process of the proposals and the subsequent irrigation study. This delay will have the implication that irrigation rehabilitation civil works will most likely not start this year. The current agreed actions: (i) finalize irrigation tender, July 2014; (ii) finalize irrigation study, November 2014; and (iii) irrigation civil works, November 2014 are planned expecting the liquidity issues being resolved not earlier than June this year. It is expected that when the irrigation study has finalized its assessment of a specific irrigation block, the civil works for that block can be tendered out immediately. If funds become available before June the irrigation activities should start earlier.
6. **Partner institutions.** Prosul will work with several government institutions such as: the National Irrigation Institute (INIR.- Instituto Nacional de Irrigação); Mozambique Agrarian Research Institute (IIAM – Instituto de Investigação Agrária de Moçambique); National Directorate of Agrarian Services (DNSA - Direcção Nacional de Serviços Agrários); National Directorate of Veterinary Services (DNSV - Direcção Nacional de Serviços Veterinários); and National

Directorate of Agriculture Extension (DNEA - Direcção Nacional de Extensão Agrária). The Mission expected that the approval of the master plan detailing specific responsibilities of partner institutions would have progressed more as recommended in the June and December 2013 Missions. It was agreed to present the masterplan for approval to MINAG by end of April in order to start activities with Programme partners.

7. **Scoping studies.** In the December 2012 Mission it was agreed to reduce the complexity of the scoping studies by conducting a PRA². It was agreed that a PRA would be sufficient for producing an Annual Work Plan and Budget (AWPB) and start activities in the field. The PRA will replace some study activities from the original scoping study format. More detailed information requirements which are not covered by the PRA will be covered by the adjusted scoping study format which will be tendered out separately. The PRA is expected to take a maximum of one month. The draft TORs for the scoping study were prepared and presented during the Mission and comments were provided. It was discussed and agreed: (i) to remove component 3 - Red Meat from the TORs, because it will be sufficiently covered by the PRA undertaken by the Red Meat LSP; (ii) that the scoping study should take maximum 4 months, including report writing and the PRA to take maximum 1 month; and (iii) to launch the scoping study first followed by the HUB feasibility study and the gender and youth strategy to maximize the use of study results and avoid overlap.

Component 2 - Cassava Value Chain Development

The contract of the Cassava LSP is in its final stages of negotiation and is expected to be finalized by mid May 2014. The LSP has suggested a replacement for the Project Coordinator, initially presented in their technical proposal, because of unsatisfactory scoring at the project management and leadership assessment. The Mission fully supports the rationale for the proposed change but regrets the caused delay in starting implementation of the component activities. The Mission reviewed the CVs of three new shortlisted Project Coordinator candidates along with their Project Management assessment results and agreed with the LSP on the new Project Coordinator to be Mr. Afonso Pedro Chibalo.

8. **Contract negotiations.** The Mission noted discrepancies between the Cassava technical proposal, the negotiation report and the draft contract. Key observations in this respect are:
- (i) Key staff listed in the proposal, are not included in the contract with no rationale provided. The technical proposal describes a Group Formation specialist with CV included and a climate change consultant. If these positions are not needed, rationale should be provided in the negotiation report.
 - (ii) The LSP is proposing additional key staff, not described in the technical proposal with insufficient rationale and overlap with existing staff responsibilities. These are:
 - a. A Markets, Business and Producer Group Strengthening Advisor (full time). The TORs of this position overlap with other key staff like the Project Coordinator and Extension Specialist. Total proposed budget for this position is 182,790 USD. The Mission is confident that with the newly selected and experienced Project Coordinator the need for additional high level advisory staff is not needed. If the LSP Project Coordinator requires additional support for the assigned tasks it should come from the LSP budget and not from the Cassava service budget.
 - b. A Project Supervision and Business Linkages Specialist. This position is not mentioned in the proposal but has a strong overlap with the Business Development Strategist originally budgeted for 2,5 months. The rationale to increase this international support to 8 months is insufficient. It is expected that the in-depth separate Scoping Study and the HUB Feasibility study will give clear guidance and situational analysis of the local conditions and limitations on industrial opportunities and HUB feasibility. The results of these studies will help and reduce to some extent the foreseen workload, therefore the Mission recommends to maintain the original foreseen time of 2,5 months.

² Supervision Report PROSUL 2-9 December, Attachment 3: Value Chains for detailed rational and implications

- (iii) During the negotiations the LSP TORs became lighter with the following items taken out: (i) scoping study replaced by a much lighter PRA; (ii) no separate M&E set-up required; (iii) Land Tenure Advisor being separately tendered; and (iv) the activities for Service HUB like feasibility and design being tendered out separately. Yet, the overall budget rose by 618.560USD(+59%), for a large part due to additional proposed senior staff and a substantial increase in the operational cost. Table 1, below provides an overview per main budget category for the 4 financial proposals that have been presented for this component so far.

Budget categories	A. Original proposal	B. Proposal 15/01/14	C. Proposal 27/01/14	D. Current proposal	% Increase A to D ³	\$ Increase A to D
Salaries	921,730	789,917	795,681	1,115,781	+21%	+194,051
Operational cost	119,040	354,040	260,570	392,701	+230%	+273,661
Overhead	0	137,275	126,750	150.848	N/A	+150,848
Total budget	1,040,770	1,281,231	1,183,002	1,659,330	+59.4%	+618,560
Investments in transport	Not budgeted	incl. in operational costs	134,000	138,100		

Tabel 1: Budget specification per negotiation round

- (iv) Operational cost, rose by 230%, this is a strong upward revision from the original proposal. It is important that the LSP provides detailed and sufficient rationale to support this. Fuel, maintenance and insurance takes the biggest part of the increase.
- (v) The Mission observes that approximately 80% of the human resource budget is allocated for coordination, senior staff and administration and little less than 20% for field work technicians and backstopping. The Mission would like to see a more equal distribution of the resources to have a stronger field presence than currently proposed and invites the LSP to come up with a proposal to this end.
- (vi) It was agreed that geo-reference activities(training of staff, installing software, analysis) will be done by an separate service provider. However, the LSP should have a provision of GPS equipment for each technician to use at 500USD per set.
- (vii) Furthermore, the Mission reviewed the proposed office location of the LSP and agrees with the PMT that Inharrime is a more suitable location than Maxixe, primarily due to: (i) Inharrime being more centrally located in the target area, (ii) Inharrime being in close proximity to the IIAM agronomic post in Nhacoongo to maximise coordination and cooperation; (iii) Maxixe not being in the Programme area; and (iv) avoiding overlap because a private cassava processor, Dutch Agricultural Development & Trading Company Ltd. (DATCO) together with the International Fertilizer Development Center (IFDC) are already active in Morrumbene distributing improved Cassava varieties, which is close to Maxixe⁴. If the proposed change in office location materializes, this would have a consequence in the budget provisions, as of kilometres estimated will be less. Upon successful conclusion of the negotiations and receipt of an updated workplan for implementing the Cassava component, the LSP contract would be ready to be signed.

9. **Cassava Multiplication.** The cassava multiplication plan, as proposed by IIAM in 2013, has not advanced since the last Mission due to the suspension of the Agribusiness Officer. Once the Cassava LSP contract will be signed the preparatory work for multiplication can be handed over to the LSP and related activities can start without any further delay, starting with the selection of improved varieties. The following production sites have been identified: Umbelúzi – 1.0ha, Chókwe – 1.0ha and Nhacoongo with 2ha. Important details of how many seedlings every station will produce and in what time frame need to be finalized by the LSP, as well as the distribution to, and training of the beneficiary farmers.

³ Percent increase formula: (new – old) / old x 100% here (D – A) / A x 100%

⁴ Detailed description of DATCO's activities and opportunities for collaboration is provided under Market linkages

10. **Market linkages.** The Mission was pleased that the private sector Cassava processor, DADTCO, was contacted by the PMT and the Mission was able to visit their second processing facility in Mozambique close to Morrumbene. DADTCO processes cassava cake under agreement with beer brewer SABMiller for brewing cassava-based beer. The demand for cassava cake is growing steeply as an important ingredient for beer, but also for other uses like flour, starch, alcohol and glucose. In Morrumbene, within a time frame of 8 months, DADTCO processed 1500 tonnes of cassava roots, sourcing from 1200 small scale farmers. The cassava roots are collected by DADTCO, weighed at the processing site and the farmer gets paid cash in hand on site at a fixed 1.5MZN / Kg. DATCO is operating two mobile processing plants (one in Morrumbene and one in Ribaué), called an Autonomous Mobile Processing Unit (AMPU), which operates ideally from 3 different processing platforms rotating every 4 months to follow the harvest season. The catchment area around a processing platform is ideally within a radius of 50 kilometre. Beyond that it is not viable due to transport cost. While the AMPU can produce 80 tonnes of cassava root per day in two shifts of 40 tonnes, it is currently operating at a capacity far below that.
11. Currently, the only client for the processed cassava cake is SABMiller, as it replaces 70% of the imported barely necessary to brew beer. The demand for the cake grows steadily with the demand for the popular cassava beer, named Impala. Other options for cassava cake customers are continuously explored and negotiated. DADTCO works together with the following partners: (i) IIAM to produce the seed for the selected improved varieties; (ii) a private company to propagate the seedling; (iii) IFDC to distribute the seedlings, to train and coach the farmer from planting to harvest. IFDC distributes the seedling for free to selected lead farmers on the condition that the following year the lead farmer redistribute 40% of the improved variety to five farmers in his area. The price of one seedling is 0.40 MZN. IFDC has submitted a funding proposal to expand their work in Inhambane and Gaza province. Status or size of this funding proposal was not shared with the Mission. Undoubtedly, DADTCO is an important, if not the most important cassava processor, currently active in Mozambique. However, the country's production and more specifically the production in the PROSUL target area vastly outstretches the volumes DADTCO can absorb. Next to the existing market linkages, it is expected that the LSP with their private sector network will foster more Cassava market linkages and opportunities.
12. **Cassava Processing platform.** Currently DATCO has only one processing platform in Inhambane province, located in Morrumbene. Because SABMiller wants to spread the brewing of Impala beer between the Beira and Maputo brewing facilities. Therefore, DADTCO is currently looking at expanding in the south by introducing possibly one or two more processing platforms. This would bring more processing capacity closer to the farmers and reduce the transport cost to Maputo. A processing platform is a simple structure consisting of: (i) easy accessible location (rented); (ii) borehole and pump; (iii) concrete platform made of Stelcon slabs (approximately 200 slabs); (iv) toilets; and (v) registration office made of local material. The total estimated cost of a full operational platform lies between 80.000 to 100.000 USD, of which the borehole is the most expensive part. Electricity is not needed as the AMPU is equipped with a generator. The Mission discussed possible cooperation with DATCO for the establishment of a processing platform in Zavala. It was agreed that the PMT will explore support for an additional processing platform in the Programme area potentially in combination with a Service HUB.
13. **Guaranteed Purchase order.** Quite interesting is the guaranteed purchase order DATCO issues to farmers who have supplied successfully for the first time. This purchase order is signed and guaranteed for the volume and price stated. It details the production and the harvest period as far as 3 years ahead. This guaranteed purchase order might be accepted as collateral for farmers to access input credit. This needs to be further explored by the PROSUL Financial Services Officer (currently vacant). An example of this purchase order is attached in appendix 2.
14. Furthermore, the LSP will explore feasible market linkages with the Biofuel factory CleanStar in Sofala Province and plans to open a second plant in Inhambane province. CleanStar produces cassava based ethanol for domestic use as an alternative to charcoal.
15. **Farmer Field School(FFS).** The PMT has made some progress in starting the FFS activities with DNEA involvement and a starter kit was compiled. The cassava LSP has incorporated the FFS

implementation activities into their draft workplan and will give further follow-up to the work currently done and planned. In addition to FFS it is expected that the LSP will start with demo plots ahead of fully operational and DNEA supported FFSs. The FFS will build on existing experiences and will work with extension partners such as: DNEA, IIAM and the National Directorate for Livestock Services (DNSV) for red meat when applicable.

16. **Documents reviewed.** The following documents were presented to the Mission for review and comments were provided: TORs for Scoping study; draft Cassava LSP contract; Agribusiness Officer TOR; and Agribusiness Technical Assistance TORs. The latter included in appendix 1.

Component 3: Red Meat.

17. Background: A supervision mission was held from 30 March to 10 April in Mozambique to assess the progress made with the implementation of the Red Meat component of the IFAD funded “Pro-Poor Value Chain Development Project in the Maputo and Limpopo Corridors (PROSUL)”. The Mission met with Project Management Unit staff, CEPAGRI officers, ILRI and SNV representatives and Provincial SDAE officers. The Livestock Expert (LE) in the mission also visited: i. a Livestock Farmer Association and the livestock market they manage in Motassi; ii. Communal Grazing Pasture managed by 6 communities in Mabalane; iii. Private slaughtering facilities located in Chokwe (Limpopo Meat Company), and iv. new slaughterhouse facilities under construction in Palmera by a private company (Matadouro de Manhica). In the TORs for the mission, the LE was specifically requested to: i. review the progress for rapid start-up of the Lead Service Provider (LSP) and operationalization of activities for the Red Meat value chain and advise accordingly and ii. assess the progress made on the slaughterhouse feasibility studies.
18. The component aims at sustainably increasing the income for cattle, goat and sheep producers generated through improved climate smart production and better organised markets. It will reach approximately 5,600 smallholder livestock producers with activities that foster better production and increased off-take. During the design mission, the main identified constraints hindering the red meat value chain are high mortality rates, poor productivity and a reduced off-take, not only due to a low access to services (veterinary, breeding, communication, extension and credit) and inputs but also to a lack of incentives to sell on poorly organized markets. In addition to the lack of market linkages referred, existing local slaughterhouses were major deterrent to the development of the value chain due to their crude slaughter and unhygienic practices that entertain negative consumer attitude to local meat.
19. PROSUL with the assistance of a LSP and in collaboration with CEPAGRI will achieve the Red Meat component's objective through empowering producers to form Livestock Producers Organizations (LPOs) producing quality cattle and small ruminants based on essential services and jointly managed water sources that will increase resilience to drought. In order to ensure access to animal health services, Animal Health Agents (AHAs) will be selected, trained and linked to veterinary inputs suppliers. PROSUL will also develop sustainable market access and better prices by organizing cattle fairs, creating Meat Traders' Organizations (MTOs) and developing contract schemes, and setting up a new and low-carbon slaughterhouse near Maputo town. It will support the preparation and financing of Community Based Natural Resource Management Plans (CBNRMPs) to improve the management of pasture land and to decide on strategic location for project investments. Land tenure support will lead to better community management of grazing areas.

Main activities:

20. PROSUL activities related to the upgrading of the Red Meat Value Chain (RMVC) in the Maputo and Limpopo corridors are about to start. The LSP for this component has been selected and agreed (a consortium between the Dutch NGO Stichting Nederlandse Vrijwilligers - SNV and the International Livestock Research Institute - ILRI) and the contract is ready to be signed. The mission is fully satisfied with the selection made for the LPS and encourages the two parties, CEPAGRI and SNV/ILRI to establish pro-active communication channels for ensuring coordinated planning, implementing and monitoring of project activities. Once the contract is signed, SNV/ILRI will start field activities according to a work-plan which will be finalised and endorsed by

CEPAGRI. It will be LPS' duty to take in full consideration observations and recommendations made on different matters from Government experts and technicians. In this context, it was agreed that distribution of "technical packages" to Field Farmers Field Schools (FFFS) as well as any other activity concerning identifying water points, animal health agents etc. will occur only after the completion of the initial SNV/ILRI's Participatory Rural Appraisal (PRA) study. Concerning the opportunity of involving the Food and Agriculture Organization of the United Nations (FAO) in implementing the FFS activities, it is the mission's opinion that such involvement would not be required for the Red Meat component since the selected SNV/ILRI consortium has the full capacity of undertaking effective field demonstrations and research-action activities with the targeted livestock producers building on their institutional and in-country experience.

21. The original design included undertaking a Scoping Study (SS). The mission assessed the following: i. the TORS, the work plan for the PRA developed by SNV/ILRI and the questionnaires which have been designed to collect data from RMVC stakeholders, and ii. the TORs for the planned SS prepared by CEPAGRI. It was agreed that - considering SNV/ILRI knowledge of the RMVC in the project area, the technical expertise in the team and the similarities in expected outputs - a specific SS for the Red Meat sector would not be necessary as the PRA exercise will suffice. It was however recognized and agreed that HIV, climate change and gender issues would need to be better integrated into the PRA activities. It would also be necessary to geo-reference the findings which are relevant for the implementation of the Red Meat component.
22. The LE had extensive interactions with ILRI staff and the overall plan of action for the RMVC component under PROSUL has been exhaustively reviewed and validated by the mission which fully endorse it. Once the contract will be signed, the initial phase will entail the following activities:
 - a. carrying out a PRA for the red meat value chain;
 - b. setting up the Value Chain Platform and Innovation Platforms in Manhiça and Magude districts in Maputo province;
 - c. developing the value chain gender strategy;
 - d. developing the first Value Chain Development Action Plan (VC DAP) and the first Annual Work Plan and Budget (AWPB);
 - e. setting up a Monitoring and Evaluation and Knowledge Management sub-system; and
 - f. setting up required administrative, financial and management systems
23. The key issue of delayed project financing which could result in a further deferral of the beginning of PROSUL activities is discussed in other sections of the Supervision Report. This is a serious issue which needs an urgent action.
24. The mission reviewed the TORs for the feasibility study concerning the establishment of a new abattoir under PROSUL which should provide slaughtering and meat processing services to producers, traders and butchers/processors in the Gaza Province. Considering that since PROSUL's design mission, some conditions have changed, notably: i. a new privately owned abattoir is under construction in the area of Palmeira (Matadouro de Manhiça) and ii. the abattoir located in Chokwe managed by Limpopo Meat Company has been gradually reconverting and upgrading its facilities and equipment from pig to cattle slaughtering and it is now fully operational, the mission has expanded the scope of the original TORs for the feasibility study to include the need for developing alternative options to the construction of a new abattoir. In particular, the proposed study should provide all elements for MINAG to decide if: i. continue with PROSUL original plan to build a new slaughterhouse or ii. develop private public partnership with slaughterhouses and meat processors already providing services to producers and traders located in the project area.
25. Field visits: The LE met with representatives of the private company MATAMA who are building a new abattoir the "Matadouro de Manhica" for cattle slaughtering in Palmeira (2 hours driving from Maputo's market). The total investment is MT120 millions of which 40% from private investments and 60% from a bank loan (Millenium BIM bank). However, MATAMA targets a social capital of MT175million (700,000 shares of a value of MT250,000 each). The slaughtering facility will provide a job for 50 persons. The building will have a total surface of 1,200 sqm and the plan is to

slaughter 60 animals/day following international hygienic and practice standards. The plant's design is very well conceived and the equipment will be imported from Germany. The German equipment supplier will train workers in slaughtering and butchering good practices. A plant for the treatment of slaughtering effluents/residuals and grey water is part of the design. During the meeting, MATAMA mentioned the interest for installing a biogas production unit. The biogas could be used for producing electricity to run cold room for storing carcasses. Constant water and electricity supply will be assured respectively by a well and a diesel-powered generator. The project includes also cattle fattening: apart from forage (the property covers a total of 5000ha of agricultural land on which forage will be cultivated), the plan foresees to access large quantities of agricultural by-products as feed from 2 sugarcane (Acucareira da Maragra and Acucareira Tongaat Hulet in Xinavane) and 1 rice processing factories located in the same area.

26. MATAMA has develop a “code of conduct” for this project and the LE particularly appreciated the intention from management to: i. support “family cattle rearing” through the provision of vet and technical advisory services; ii. establish strict rules to combat the slaughtering of stolen animals (all documents accompanying an animal must be certified by local authorities); iii. ensure that animals are appropriately handled and transported, and - once they will be unloaded from trucks – they could rest for at least 24 hours before slaughtering. In addition, the company intend to define a quota for women working in the abattoir and norms to combat “alcoholism” at work which often results in accidents. MATAMA’s managers are extremely interested in collaborating with PROSUL and explore opportunity for entering in contract with associated producers for the regular supply of quality animals. In addition, they informed the LE that company’s shares are still available for private investors.
27. The mission visited the privately-owned slaughtering facilities of the Limpopo Meat Company’s (LMC) located in Chokwe. The company - since PROSUL design - has been gradually reconverting from pigs into cattle slaughtering activity. They slaughter an average of 20 to 30 carcasses a week following modern and hygienic practices. LMC manager explained that they have to face an unfair competition from “clandestine butchery” activities. In fact, while LMC pays taxes, utilities bills (e.g. water) and duties (e.g. meat inspection fees), clandestine butchers don’t pay and supply the market with lower priced, low quality and uninspected meat potentially dangerous for public health. Moreover, part of the meat sold on popular markets is smuggled from South Africa and Zimbabwe, or supplied by livestock thieves.
28. The mission met with the president of the livestock producers association (LPA) of Motassi who organizes a cattle market (Feiras) every two weeks. The market has basic infrastructures: an holding pen, a scale (with a capacity of 1 MT) and a cattle crush pen with a truck loading crush pen. An average, 40-50 animals are sold during the “feiras”. Traders and butchers are the main buyers. The price of cattle live-weight is at present MZN 45-50/kg. Quite remarkably, the name of the seller and the weight of the sold animals are recorded by the LPA’s AHA. The LE and the LPA representative agreed that as part of PROSUL, it will be essential to organise learning visits to Motassi for members of other LPAs for knowledge sharing and capacity building. The same will apply for the successful experience of the “Mabomo’s communal pasture grazing project” nearby Mabalane, where six communities are managing and have a “land title” on 4,000ha of pastureland.

Attachment 1: Annex 1:

Technical Assistance Agribusiness Support TOR

Contract duration & type:	3 – 6 months. The contract will be on a retainer basis for a maximum of 70 working days
Duty station:	CEPAGRI /Gaza Delegation, with frequent travel to the provinces.
Qualifications:	University degree in agribusiness, agricultural economics, agronomy or equivalent (preferable with at least Master of Science), with at least 5 year experience in agribusiness and agriculture/livestock value chain development. Experience with the private sector would be an asset. Demonstrated skills and track record in coordinating development programmes, project planning, scheduling and execution and undertaking market/value chain analysis for a wide range of agricultural sub-sectors within the Southern African Region. Good knowledge of the Mozambican agricultural and agribusiness environment and of Public and Private Partnership. Knowledge on climate change issues in the smallholder sector would be advantageous. Excellent writing skills, strong networking and relationship building skills, excellent communication and negotiation skills. Fluency in spoken and written Portuguese and a good working knowledge of English.

Specific tasks:

Under the direct supervision of the Project Coordinator, the Agribusiness Support Consultant (hereby referred to as “the consultant”) will support the PMT in ensuring an efficient implementation of PROSUL activities. This will entail but not limit to the following specific tasks:

- a) provide guidance to LSPs and DPA Focal Points on the identification, planning, implementation, monitoring and evaluation of PROSUL activities for value chain support, including for the preparation, implementation and monitoring of annual Value Chain Development Action Plans (VC DAPs) and for the promotion of entrepreneurial skills in farmers’ organisations;
- b) discuss with the PMT the implementation progress and advice the way forward;
- c) guide the preparation of Annual Work Plan and Budgets by main service providers;
- d) guide the LSP in uniform and timely reporting on the execution of the planned activities and review their performance;
- e) assess the partnership between CEPAGRI/the PMT and LSPs and advice accordingly;
- f) assess the integration of climate-resilient technologies in value chain development activities supported by the project and advice accordingly;
- g) review the linkages between LSPs, relevant public national institutions (CEPAGRI, DNSA, DNSV, IIAM and other as appropriate) and stakeholders in the private sector;
- h) providing guidance to the preparation and implementation of the scoping studies and feasibility studies;
- i) ensure correct handover of project planning methods and planned activities;
- j) conduct on the job training and coaching for a minimum of two week period to the new recruited Agribusiness Officer.

Attachment 1: Annex 2:

DADTCO Guaranteed Purchase Order



GARANTIA DE COMPRA DE MANDIOCA DADTCO MANDIOCA MOÇAMBIQUE



Este acordo é celebrado no dia _____ de _____, 201____, entre a
DADTCO MANDIOCA MOÇAMBIQUE LDA, Sociedade unipessoal,
 e _____ (Camponês).

Residente no distrito de _____ comunidade de _____
 número de telefone _____



- I. A DMM assume a compra de mandioca produzida pelo camponês;
- II. O camponês receberá o valor de 1.500 Mt por 1000 kg ;
- III. A entrega deverá ser feita no ponto de coleta ou na fábrica, e a mandioca deve ser entregue em menos de 24 horas;



IV. Estimativa da areas de mandioca plantada _____ ha.

i. Período de plantação

Ano: 20.....

Jan-Mar

☐

Abr- Jun

☐

Jul-set

☐

Out-Dez

☐


ii. Período de colheita

Ano: 20.....

Jan-Mar

☐

Abr- Jun

☐

Jul-set

☐

Out-Dez

☐

V. Estimativa das areas de mandioca a ser plantada _____ ha.

i. Período de plantação

Ano: 20.....

Jan-Mar

☐

Abr- Jun

☐

Jul-Set

☐

Out-Dez

☐

ii. Período de colheita

Ano: 20.....

Jan-Mar

☐

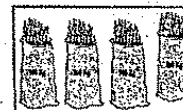
Abr- Jun

☐

Jul-set

☐

Out-Dez

☐


Assinatura do agente da DMM



Assinatura do Camponês

Nome e Título

Código de Barras

Nome e Título

Attachment 2: Financial Services

1. The redesign of the financial services component has taken shape based on the findings and preliminary conclusions from the previous financial services mission, complementary to the last supervision mission in December 2013, and follow-up discussions with MINAG Directorates, CEPAGRI management, the Programme Management Team (PMT), major stakeholders of the financial market, and relevant donors – who are committed to support the national financial inclusion agenda. PMT and CEPAGRI agree on the way forward for the operationalization of this component and the key steps and milestones for immediate actions. The adjusted Financial Services component applies the following key principles: (a) to be consistent with the Government's new comprehensive Financial Sector Development Strategy (2013-2020), which targets financial inclusion and the development of a sound, diverse, and competitive financial sector. As well as the Government of Mozambique's Rural Finance Strategy, which seeks to promote an inclusive financial system in rural areas; (b) to work in complementarity with ongoing government programmes and donor initiatives to avoid duplication, (c) to stay client centric and address the demand for various financial services of all actors in the identified food value chains, and (d) to build alliances and operational partnerships that contribute to building an inclusive financial system, enabling sustainable agricultural and rural development. The agreed objectively verifiable output and outcome indicators remain unchanged.
2. The outputs and outcomes of the financial services component support the development objective of PROSUL by direct cooperation at the micro level with selected financial service providers (FSPs) and by creating a conducive environment for the development of a viable financial market that is enabled to expand its rural outreach and deepens its services to smallholder families. The interlinked component activities can be structured in three activity areas or sub-components, which include a) an PROSUL Innovation and Outreach Technical Assistance Facility (PIOTAF), b) participation in the newly established Financial Sector Deepening (FSD) entity – it is still to be decided whether the legal entity would be in the form of a (multi-donor) trust fund or registered as a foundation, and c) formal partnership with the recently established loan guarantee fund as part of the DANIDA funded Agro-Invest programme.
3. The PIOTAF would support a broad range of FSPs such as commercial banks, rural and microfinance banks, NGO-type of microcredit operators and credit cooperatives, which are already present in the geographic area of PROSUL and which are interested in further diversifying into rural and agricultural finance and expanding their market segments. The facility would have different windows – at this stage it is a list of options and final decision on windows depends on the actual demand and the availability of resources. It would be based on a call for proposal or similar mechanism and on a cost-sharing basis. For fine-tuning of the design, additional expert consulting work would be required. The consulting work builds on similar models concerning potential practical implementation issues of the different fields of activities, which would be co-financed by the facility (for details see Attachment 1 - Draft scope of work of the follow-up expert consultancy). The PIOTAF would include the following windows:
 - a. new product and delivery channels mechanisms tailored for commercial smallholders in tight value chain arrangements. This window would finance market research, product testing and piloting, development of manuals and procedures, adjustments of the management information system and related staff training. The activities would be implemented through action research whereby a specialised national or international technical partner would team up with dedicated staff of the project participating FSP and guide the institution through the product development process. Eligible products would include loans, savings, agricultural insurance and digital financial services for more efficient and safer financial transactions from and to rural clients and linked to project objectives. Most of the FSPs visited at headquarter level in Maputo and in the provinces as well as in the branch offices in the project region (for details see Attachment 2 - list of interviewed persons and organizations) were showing interest in that kind of assistance and capacity development (the tentative budget allocation still needs to be defined).
 - b. physical outreach to rural clients aims at FSPs opening rural outlets in the project provinces. Preference would be given to low-cost solutions with minimum or no cash

transactions. Given the high costs of handling cash transactions through rural banking outlets, opportunities for using digital money and agent banking will be supported. The main purpose would be to have loan officers located in proximity to rural clients in order to facilitate loan appraisal and monitoring as well as customer relationships. Cash transactions should be minimized through the use of agents and mobile banking. Under this window, establishment costs such as office equipment, cellular phone devices and software and technologies to enable connectivity could be co-financed (tentative budget allocation still to be defined).

- c. development and promotion of community-based financial organisations (CBFOs), which would mainly focus on expanding the network of the Accumulative Savings and Credit Association (ASCA) type of CBFOs and facilitation of linkages between mature ASCAs and formal FSPs for both savings and loans. PROSUL would give special priority to women and girls within this window. The Women Development Fund (Fundo de Desenvolvimento da Mulher, FDM) has planned to support establishing 150 ASCAs in the southern provinces in 2014. FDM is experienced in both solidarity group as well as ASCA mobilization, development and technical support (training and mentoring, including financial literacy). The normal ASCA membership is 10 to 15 women and girls. Banco ProCredit and the Savings and Credit Cooperative for Rural Promotion and Development in Limpopo (Cooperativa de Poupança e Crédito dos Produtores do Limpopo, CPL) would be interested in refinancing ASCAs besides their ongoing financial transactions with Farmers Associations.
 - d. agricultural value chain finance related assistance would be directed to financial and non-financial institutions, such as agribusinesses as part of the PROSUL value chains willing to engage in or improve value chain finance arrangements in the project provinces involving smallholder producers as value chain actors (e.g. the cassava processing company DADTCO that provides guaranteed and signed purchase orders to its suppliers). Eligible for support would be technical assistance to improve contract farming arrangements based on best national and international practices aimed at instilling trust and fairness through appropriate incentive and sanction mechanisms. The window would also finance the design of multipartite arrangements between FSPs, smallholder producers and other value chain stakeholders to facilitate pre- and post-harvest finance (tentative budget allocation still to be identified).
 - e. general training and capacity development for improved rural financial services would include co-financing of training courses and exposure visits to enhance the general knowledge about good practices and innovations in rural finance. Contrary to the previous windows, activities under this window would be less tailored to specific customers but open to all interested FSPs (tentative budget allocation still to be defined).
 - f. Knowledge management, would include action research, documentation and dissemination of experiences and lessons learned for replication in other IFAD supported projects in Mozambique and scaling up through the collaborative programme of support by DFID, World Bank, KfW, and other bilateral donors (see sub-component 3).
4. At this point in time of the new design of the financial services component, the most capable and committed manager of the facility still needs to be identified through a competitive process (tender). The proposed facility would require a committed manager (embedded in an existing development finance organization or similar agency) which would have sufficient capacity to evaluate technical proposals, negotiate technical assistance and design and coordinate rural capacity development programmes related to the respective financing window for FSPs, which demonstrate their willingness to enter or expand their services in communal farming areas.
 5. Operational mechanisms such as selection and eligibility criteria, ceilings and cost-sharing formulae for the various activities and windows are yet to be defined, in consultation with FSPs, non-financial service providers, and other key stakeholders. As a starting point, banks could share 50%, rural and microfinance banks and non-financial service providers under the value chain and

CBFO windows 20% of the costs. In general, PIOTAF would be open to all interested FSPs, non-financial service providers and mobile phone operators and applications be solicited through calls for proposals or similar approaches. Selection and eligibility criteria could include (i) outreach potential to the PROSUL target group, (ii) feasibility and operational realism, (iii) innovativeness, (iv) strategic fit and credibility of rural outreach plan, and (v) compliance minimum financial performance standards. The Facility Manager would pre-screen proposals and guide applicants to ensure the quality of the proposal. The selection would be performed by a committee composed of key project stakeholders and industry experts. The Facility Manager would also help applicants to identify suitable service providers and monitor project implementation.

6. The first sub-component would be complementary to existing financial sector programmes. It would provide field tested knowledge, empirical evidence and tested solutions both on the supply side as well as on the demand side of FSPs' clients. Micro level interventions supported under the PIOTAF sub-component focused on working with FSPs to develop and deliver products and services targeted at primary producers and farmers associations, and other micro, small and medium scale enterprises in selected agricultural value chains, would provide the ground for replication and national scaling up through the Mozambique Access to Finance Programme (MAFiP) supported by DFID.
7. Therefore, the second sub-component would capitalize on the Financial Sector Deepening Programme through CEPAGRI's/IFAD's solid evidence, knowledge and data as well as financial contribution to the multi-donor trust fund. Building on the successful DFID supported financial deepening programmes in a number of African countries, MAFiP intends to adopt a flexible, market-based approach to the development of the financial sector. The decision needs to be taken on whether to pursue the option of establishing a non-profit Foundation as a Mozambican legal entity to enhance the MAFiP with a stronger local identity. The basket funding by DFID, KfW, the World Bank, and few other commitments by bilateral donors would receive some supplementary funding by IFAD through PROSUL/CEPAGRI, payable on a third-party donor account at Crown Agents Bank (for the user guide available from Crown Agents Bank; please e-mail your request to BankEnquiries@crownagents.co.uk) without fee. The currently discussed minimum threshold level would be at USD 2 million. However, the funding part is of less importance compared to getting credible partners on board. DFID draws up and signs a Delegated Cooperation Agreement and/ or Joint Funding Arrangement and/or Memorandum of Understanding and/or Delegation Agreement with the partner Government of Mozambique and joint donors to confirm acceptance of funding and project arrangements. The governance and management structure sees the Central Bank of Mozambique and the Ministry of Finance in the driver's seat, while CEPAGRI/IFAD would become members in the Management Committee next to a number of private sector representatives. The Programme Implementation Committee (PIC) provides operational challenge and decision-making, including investment decisions, strategic direction, and approves budgets. The Management Committee has ultimate sign off of the work that service providers will be delivering and ensures the Programme mandate/mission is on track; and advises the PIC for changes, if needed. It appoints through either competitive process or head hunting members that will be seated in the PIC. The independent PIC is composed by 5 Mozambican and international experts with a range of qualifications.
8. PROSUL operations would benefit from the programme's innovative supply side interventions targeted at poor rural households associated with financial literacy and education, savings mobilization and insurance promotion campaigns, active and planned lines of credit and matching grant instruments, its meso-level interventions to build the financial sector support infrastructure (like collateral registries, credit reference bureaus, mobile payment platforms, etc.), and macro-level interventions to improve policies and regulations and the data that supports effective policymaking.
9. Lack of adequate collateral and property rights is the major bottleneck for the PROSUL target group to access formal financial services. The third sub-component, therefore, will enter into a formal partnership with an existing loan guarantee fund (LGF), which fully complies with PROSUL outcomes. The DANIDA funded retail/individual LGF as part of the Agro-Investe programme is based on a tri-partite agreement between Denmark, MINAG, which includes a link between the Directorate of Economics (ED) and CEPAGRI, and GAPI. Through a collaborative arrangement with PROSUL the incremental guarantee coverage would include microfinance banks and

microcredit operators as long as they are regulated by the Central Bank of Mozambique, besides the eight commercial banks, which have signed the guarantee agreement. All FSPs visited had raised their interest in this risk coverage mechanism as a major incentive to expand their lending operations to smallholder producers and other SME agro-businesses in the value chain.

10. For DANIDA the rationale for the LGF is that local banks may not have the expertise necessary to deal with small and medium enterprise market (mainly with agricultural producers in general), they may not be interested in small-scale farmers, cooperatives and associations as clients, thus necessitating the involvement by this retail LGF. The LGF is targeting investments in agribusiness value chains and geographically focused. The primary benefit of targeting agricultural value chains is that economic development efforts can be sharply focused to promote growth in an area deemed necessary and important. Another potential advantage is that the LGF may have or generate specialized knowledge about its target group that allows it to make a better analysis than a bank. While the most desirable long-term objective for the financial system in Mozambique would be the development of a sound and well regulated financial system, supported by pertinent legislation and supervised by capable and professional institutions, a realistic medium-term objective is to institutionalize a system of LGF so as to extend access to the financial system for small businesses and borrowers who do not have sufficient collateral, such as land and other assets. The present LGF is a retail/individual guarantee to share the credit risk with participating FSPs. A significant advantage of individual LGFs is the personal contact with the borrower in order to allow for additional information collection and for LGF future impact evaluation. It is intended that GAPI-SI as LGF management entity will do an independent loan appraisal after credit operation is approved and submitted to the LGF.
11. After one year of negotiations and fine-tuning of the LGF operations and its institutionalization, a memorandum of understanding was signed in November 2013 with all eight commercial banks under the Mozambican Bankers Association (see DANIDA, Review of Growth and Employment Programme, December 2013, p. 12f). Details of the digressive guarantee percentage relating to the size of the loan are defined with some room left for adjustments necessary for smaller borrowing enterprises. The purpose for PROSUL to join the LGF is mainly to improve access to commercial loans for agro processing enterprises in the value chain. At the lower end of the target group however, the retail/individual LGF will not become effective. One would need to explore the possibility of introducing a portfolio guarantee scheme under the existing Agro-Investe LGF for smaller, non-bank FSPs.

Attachment 3: Programme Management

1. The Mission rates the performance of this component as moderately satisfactory. Three out of the seven senior PMT positions remains vacant. The contract of the Agribusiness specialist was terminated as the post-holder failed to present evidence of academic qualifications, while the process to fill the Financial Manager post is at a final stage, with the evaluation report having received a no objection from IFAD.
2. The tender for the Financial Service Expert was postponed as agreed during the last follow-up mission and should be re-tendered following the Missions' agreements on Component 4: Financial Services. The Program manager is working at strained capacity as they have to absorb the workload of three vacant PMT posts at such a critical phase of implementation. The hiring of the full Programme Management Team (PMT) is greatly overdue and should be completed as soon as possible to prevent any potential negative impact on the quality of work due to lack of capacity. Having an incomplete team and having to attend to recruitment processes also takes away focus on implementation at such a critical stage in the implementation. To prevent further delay, the Mission stresses the importance of a speedy recruitment process for the outstanding positions. It was also agreed that the PMT will hire a consultant on a retainer contract to fill the gap of the vacant agribusiness specialist until this post is filled.
3. An effective performance evaluation system is important to enhance personal and professional development, and to enable staff to get rewarded for good performance and identify areas of improvement. The envisaged Human Resource Management consultant has not yet commenced. In the meantime, the PMT has started performance evaluation using the existing Government performance assessment system, *Sistema de Gestão de Desempenho na Administração Pública* (SIGEDAP). In this regard, PROSUL will assess systems already developed by other IFAD financed programmes, and if necessary recruit a consultant to adopt the system to the PROSUL context .
4. When used well, such a system can be an important decision-making tool in regards to (i) justifying pay increase for high-performers; (ii) identifying areas where employees can improve and provide support accordingly; (iii) identifying employees with potential for advancement; and (iv) planning for future human resource needs.
5. It is important that the system is regarded as a work-aid rather than a policing tool, where employees can identify areas they need performing and being supported to improve in those areas. Personal development in the form of training and future career goals should be linked to the system. It is recommended that each employee is reviewed by their line-manager, with the coordinator being reviewed by the CEPAGRI director.
6. In attempt to incentivise staff and further develop capacity, the performance assessment system should be supported by a strong capacity building plan which staff agree with their supervisor at the beginning of each year. Capacity building serves two purposes, (i) it strengthens the capacity of the staff and the quality of their work, and (ii) serve as a motivational element outside of financial remuneration. Thus, capacity building should be considered as an important investment that may improve efficiency and effectiveness of the programme whilst also reduce staff turnover. Capacity building does not necessarily mean travel but can also include self-study during work hours, for example by using Massive Open Online Courses (MOOC). MOOC is a new educational model where classes from some of the top universities in the world is available online free of charge. The PMT can encourage enrolment in these classes and make available certain time a week (for example the last hour at work every Monday) when staff can study MOOC classes for professional development. Some providers of MOOC are: Coursera, , Khan Academy, Udacity, edX, and Academic Earth

Attachment 4: Monitoring and Evaluation & Knowledge Management

1. The PM&E database developed in 2013 is designed around several output and outcome objectively verifiable and quantifiable indicators. It is still in the process of being refined to become fully operational, but gives structure to data entry and processing. PMT agreed that the function allowing generation of the RIMS reports on an annual basis should be harmonized with the RIMS result second level indicators by making reference to the IFAD RIMS Handbook, and include the ASAP-relevant indicators. The mission has collaborated with PMT to complete the first RIMS 2013 submission and to identify the additional relevant RIMS indicators for inclusion in the PM&E database.
2. At this stage, it is crucial that PMT and especially the M&E Officer endeavours into training of LSPs and other Implementing Agencies. Follow-up, on-the-job coaching is necessary to facilitate collection of good quality data and their entering on a continuous basis. Special consideration should be given to guide the different stakeholders on the monitoring and reporting of the ASAP Indicators, reference to be made to the definitions was provided during the last supervision mission.
3. A discussion with the M&E consultant revealed that at output level, PMT can modify outputs and output indicators as needed. Project staff should enter annual and cumulative targets for output indicators. Any output indicator that is entered can be linked by the M&E Officer to a RIMS Level 1 Indicator, if applicable, and to a 'total outreach' indicator (e.g. people/groups benefiting from project services). Thus, implementers are only responsible about project-specific indicators: if targets and results are entered consistently, RIMS targets and results will come out automatically. However, the PMT cannot change RIMS Level 1 Indicators, since they are set by IFAD. For this reason, these will be revised in the next two week by the M&E consultant, hired by the project, to include the adaptation indicators.
4. At outcome level, the same applies: all the Level 2 Results statements are fixed in the database, taken from the spreadsheet available on IFAD's website. The project can edit project outcomes (e.g. increased productivity, quality and sales of irrigated vegetables produced in smallholder irrigation schemes) and outcome indicators (e.g. average crop yields), and can enter results information for the outcome indicators (baseline, each project year, completion). They cannot edit RIMS Level 2 Results statements.
5. The mission noted that the M&E system can be further improved by allowing accounting of the actual expenditure by importing information from TOMPRO. The PM&E database can export but not import from Excel. The link with TOMPRO is through having the same codes for activity types as well as government cost codes. Activity monitoring data (implementation progress) is added to activities throughout the year. Activities with all their details (budget details, or progress information) can be exported to Excel at any time, where expenditure information exported from TOMPRO could be added as one or several extra columns for comparison, but not in the database itself.
6. The Mission also noted the importance of ensuring LSPs rely on GIS and geo-science spatial data for targeting, monitoring and decision making within the project. PMT should coordinate the modus of operandi of the GIS LSP and respective value chain LSPs.
7. **Baseline survey.** The baseline survey is in the process of being conducted, the enumerators completed data collection across 19 districts by surveying 900 households for each value chain (for a total of 2700 households surveyed). Given the PROSUL commodity focus, the sampling approach involved the sampling of villages in the horticultural, cassava and livestock zones across the entire project area. It was agreed with the contracted institution (Ernst and Young, E&Y), that GPS coordinates for the villages, administrative posts, district and province surveyed will be included in the data set to allow presentation of results through geographical maps. The mission has worked with PMT to define the main principles of data analysis and processing to guide E&Y in the production of the final report. It was agreed that the focus of the baseline survey report should be based on the differential degree of household asset ownership, child malnutrition, climate vulnerability, as well as production, sales and profitability of crops and livestock across administrative posts, district and province surveyed for the three value chains. Average responses for some selected data will be also presented at village level to allow plotting the results in geographical maps The presentation of result

of the RIMS Impact Survey is expected to be performed according to the RIMS software. This Technical Annex gives indication on the main features to be extracted and computed below.

8. **Knowledge Management.** A plan to translate the KM and Communication strategy in the PDR (Annex 11) has not been drafted yet. This plan should clearly indicate individual responsibilities, content of the products, type of deliverables, means of dissemination and timing by each project stakeholder. For instance, the plan should indicate who should take the lead in the organization of exchange visits (farmer-to-farmer); documenting experience of pilot activities, facilitation of workshops and roundtables on specific project subjects, specifying under which timeframe.

9. The mission discussed with PMT about the involvement of national media (press, TV) in harnessing and disseminating know-how and successful experiences produced by the project. PMT foresees that the LSPs will engage in identifying the most prominent stories on a regularly basis, to be screened and proposed to professional journalists for potential site visits and documentation. For the purpose, the M&E system provides a space for description of case studies, and successful approaches. The LSPs will be trained on the use of the entire M&E system.

10. Illustration of the type of information to be presented in the Baseline survey report. Information (see annex 1) should be presented across administrative posts, district and province surveyed for the three value chains. Those in bold should be also computed at village level for representation in geographical maps at a later stage.

Attachment 4: Annex 1: Information to be presented in the Baseline survey report

WEATHER and CLIMATE INFORMATION

1. **Proportion of the sample that receive climate and meteorological forecasts**
2. **Proportion of the sample that use climate and meteorological forecasts to plan for agricultural activities**
3. Most common type of forecast received (e.g. Daily forecasts, Weekly forecasts, Monthly)
4. The three most common source of climate and meteorological forecasts

CLIMATE RESILIENT TECHNOLOGIES

5. The three most common crop production practices
6. The three most common livestock production practices
7. Proportion of the sample that does not have access to water for irrigation
8. **Proportion of the sample that has access to water for irrigation seasonally**
9. **Average number of months across the sample**
10. Proportion of the sample that has access to water for irrigation all year round
11. **Proportion of the sample that has access to livestock watering points (among those that engage in livestock raising) seasonally**
12. **Average number of months across the sample**
13. Proportion of the sample that have access to livestock watering points (among those that engage in livestock raising) all year round
14. Share of diverse HH water use by category
15. Proportion of the sample having indicated that rainfall is sufficient to ensure crop production
16. Proportion of the sample having indicated that rainfall is sufficient to the replenishment of livestock water points/ponds

CLIMATE-RELATED RISK AND VULNERABILITY

17. Natural disasters that occur often
18. Natural disasters that have a high degree of impact on the HH
19. Proportion of the sample that observed changes in changes in variability and uncertainty of climate within and between years
20. The three most common weather and climate elements that were reported to change across the sample

HORTICULTURE VALUE CHAIN - PRODUCTION

1. **Average contribution from horticulture/vegetable crop sale as a source of agricultural cash income (% HH income)**
2. The three most important horticulture/vegetable crops as a source of HH cash income
3. Proportion of the sample that produces horticultural products during the warm season in 2013 (for the tree most common products)
4. Proportion of the sample that reduced the area under horticultural/vegetable production during the warm season compared to the previous year (for the tree most common products)
5. Proportion of the sample that has observed a reduction horticultural/vegetable productivity during the warm season compared to the previous year
6. **Average area under cultivation per horticulture/vegetable crop (Ha) for the tree most important products**
7. The first three most important crops in terms of area under cultivation
8. Average horticulture/vegetable production per horticulture/vegetable crop (Kg) for the tree most common products

9. The first three most important crops in terms of quantity produced
10. Average quantity consumed per horticulture/vegetable crop (Kg) for the tree most common products
11. The first three most important crops in terms of quantity consumed
12. Average quantity lost per horticulture/vegetable crop (Kg) for the tree most common products
13. The first three most important crops that have suffered from highest losses
- 14. Average quantity sold per horticulture/vegetable crop (Kg) for the tree most common products**
15. The first three most important crops in terms of quantity sold
16. Average selling price per horticulture/vegetable crop (MZN/Kg) for the tree most common products
17. The first three most important crops in terms of highest price obtained
- 18. Average income per horticulture/vegetable crop (MZN) for the tree most common products**
19. The first three most important crops in terms of total income

HORTICULTURE VALUE CHAIN – INPUTS

20. Total average cost of inputs for cultivating an Ha of the three horticulture/vegetable crops mentioned
21. Proportion of the sample that uses improved seeds regularly
22. Proportion of the sample that grows seedlings in GHG
23. Proportion of the sample that applies fertilizers regularly
24. Proportion of the sample that applies organic fertilizers regularly
25. Proportion of the sample that performs crop rotation systematically
26. Proportion of the sample that participates to O&M of irrigation systems
27. Average frequency of the above
28. The three most common intermediaries to sell horticulture/vegetable products
29. The three most common mechanisms to sell horticulture/vegetable products

Attachment 5: Land Tenure Security

Introduction

1. Equitable access to land, secure land rights and sustainable land management are essential for the success of PROSUL. The project will finance specific activities aiming at securing land rights and improving access to land by poorer people, women and youth involved in the three value chains. To implement these activities three different kinds of technical assistance were foreseen: (i) land tenure service provider (LTSP), (ii) land tenure adviser (LTA) and (iii) a GIS service provider (GIS SP). It must be mentioned that the GIS SP will provide broader support to the Project, especially with regards to M&E.
2. **Technical assistance**
3. **Land tenure service provider.** The LTSP will assist the CEPAGRI Programme Management Team (PMT) and the VC LSPs to support the associations involved in PROSUL to secure their land rights.

Table 1: Basic data on LTSP

Function	Land Tenure Service Provider
Responsibilities	<ul style="list-style-type: none"> • Support the analysis by associations of members' access to land and tenure security • Civic education on land tenure and management related policies and legislation • Mapping of land use areas • Documenting of land use management regulations • Facilitation of community delimitations or awarding of DUATs to Associations across all three value chains • Training of VC LSP to enable them to assist farmers' associations in dealing with land access and tenure security issues
Duration	4 years
Budget	717 800 USD

4. A call for interest for the LTSP was launched on 10 February 2014 and closed on 4 March 2014. The Project should immediately organise a meeting of the jury that will assess the different candidates and put together a shortlist using to the following criteria:
 - (i) experience in providing support to communities and associations in Mozambique for securing their land and natural resource rights
 - (ii) experience in assisting communities and associations to acquire DUATs
 - (iii) experience in assisting communities and associations to develop land use management plans
5. The shortlisted candidates will be asked to write a proposal and the jury will assess these using the following criteria:

Table 2: Criteria for assessing technical proposals LTSP

1. Adequacy of the proposed work plan and methodology	<ul style="list-style-type: none"> • Technical approach and methodology • Work plan • Organization and staffing • Demonstrated ability to complete projects on time and without having major cost escalations or overruns
2. Qualifications and competence of the key staff for the Assignment	
2.1 General qualifications (background)	<ul style="list-style-type: none"> • Strong social skills and ability to work effectively with others and create and maintain a solid network

	<ul style="list-style-type: none"> • solid understanding of rural development, community and gender participation
2.2 Specific experience for the position in the study	<ul style="list-style-type: none"> • Experience in providing support to communities and associations in Mozambique for securing their land and natural resource rights • Experience in assisting communities and associations to acquire DUATs • Experience in assisting communities and associations to develop land use management plans
2.3 Experience in Mozambique (inside)	<ul style="list-style-type: none"> • Preference for work experience in South of Mozambique
2.4 Language literacy in English	<ul style="list-style-type: none"> • Very strong written and oral communication skills in English
2.5 Computer literacy	<ul style="list-style-type: none"> • Office • Internet • Email
3. Quality and consistency of the comments on the TORs	
4. Degree of pertinence of data, services and facilities requested by the bidder	

6. The contract with the LTSP is expected to be signed in September 2014. The PMT should make sure that the different deadlines are met so that the LTSP can start implementing activities as soon as possible in collaboration with the Lead Service Providers.
7. **Land tenure adviser.** A LTA will be contracted to support the PMT and other service providers in identifying and supervising the LTSP's inputs. The recruitment of the LTA needs to start immediately.

Table 3: Basic data on LTA

Function	Land Tenure Adviser
Responsibilities	<ul style="list-style-type: none"> • Obtaining information on existing and planned community delimitations and DUATS • Undertaking, together with the VC LSP, the initial assessment of the interventions that may be required in the different value chains, including geographic priority areas; • Supporting the PMT to finalise the Terms of Reference for the LTSP • Ensuring that information on community delimitations and DUATs is regularly updated • Supervising the work of the LTSP • Identifying additional inputs that may be required • Supporting the PMT to finalise the Terms of Reference for the service provider contracted to support the PMT in setting up a Geographic Information System • Supporting the PMT in supervising the GIS SP's contract • Ensure measures for strengthening land/NR rights of poor and vulnerable groups including women and youth are given special attention
Duration	6 years (72 days/year first year, 24 days/year next years)
Budget	142 503 USD

8. **GIS service provider.** A GIS SP will be recruited to assist the Project in setting up a GIS system and providing the necessary guidance. The recruitment of the GIS SP needs to start immediately. The possibility of working together with the University of Maputo, as suggested by the PMT, seems to have a lot of potential and should be explored further.

Table 4: Basic data on GIS SP

Function	GIS Service Provider
Responsibilities	<ul style="list-style-type: none"> • Compiling the spatial data and maps in digital format which is already available (including from ICRAF) and which is obtained during the scoping studies/PRAs • Doing an assessment of project data needs • Doing an assessment of the PMT's equipment, software and training needs • Designing and installing the GIS • Providing on-going training and technical support to the PMT and other implementers
Duration	6 years (42 days/year first year, 10 days/year next years)
Budget	46 000 USD

9. It will be important to make sure that information gathered during the PRAs and the scoping study is geo-referenced and mapped. This includes information on existing and planned infrastructure, facilities (service hubs), services, markets, land natural resource capabilities (soils, bio-climatic zones, and environmental degradation) and use, ownership (community delimitations, DUATs for Associations and concessions), farmers' organisations and any other data considered relevant for the three value chains.

10. The PMT noted that the potential role of ICRAF still remains unclear to them, especially with regards to the GIS SP. The Mission clarified that the GIS SP would assist CEPAGRI and other PROSUL implementers to identify and address their GIS capacity needs. This would include identifying the data needs and sources of data, including that which ICRAF can provide.

Table 5: Basic data on ICRAF

Function	ICRAF
Responsibilities	<ul style="list-style-type: none"> • Providing guidance to establish Land Degradation Surveillance sites • Assisting vulnerability assessments of the current road infrastructures • Assisting in mapping water points and identifying where the siting of new points should be • Undertaking biophysical baseline assessments (topography, surface hydrology, soil condition, land degradation risk factors, vegetation cover, vegetation cover trends, vegetation phenology, climate resilience (proxies)) • Assisting in production of downscaled land use capability maps and outlook scenarios for 2030 and beyond
Duration	Upon request by PMT
Budget	No costs for PROSUL

Land use planning

11. Across all three value chains there is a need for strengthening community-level land use zoning and planning and for considering measures for improving land access by poorer people, women and youth.
12. The mapping should be done in a participatory manner by community interest groups with support of a facilitator. The maps should include community boundaries, land use and occupancy (including infrastructure, services and markets), common-use areas (e.g. forests and grazing), existing and new concessions and vision of future development.
13. Community-based grazing/browsing management plans should include the documentation of rules and by-laws regulating use and access, including estimated livestock carrying capacity, grazing fees and penalties for contravening grazing / browsing management plans. The plans

need to be endorsed by relevant community representative structures and presented to relevant district and provincial institutions dealing with livestock development and natural resource management.

14. ITC (see below), who has a lot of experiences with this type of activities, can share several examples of land use plans of which they have supported the development.

Links with other initiatives

15. There are several very interesting initiative on-going, from which PROSUL could benefit significantly. These are: (i) Iniciativa para Terras Comunitarias; (ii) Community-Investor Partnerships Project (ProParcerias); and, (iii) IFAD/GLTN Tenure Security Learning Initiative for East and Southern Africa (TSLI-ESA).
16. **Iniciativa para Terras Comunitarias.** The Mozambique Community Land Initiative (iTC) is a partnership programme developed by donors with government, civil society and private sector in Mozambique to assist rural communities to secure community land rights in the context of implementation of Mozambique's 1997 Land Law, long regarded as one of the most progressive in Africa.
17. ITC operates as a project, planning, finance, supervision and monitoring agency which manages and delivers funding to community based projects for land tenure security linked to programmes and projects for local economic and land use development. In addition to delimitation and titling of community areas, iTC also supports development of sustainable land and natural resource based businesses by rural producer associations. iTC supports associations of charcoal producers, bee keepers, artisans and cattle keepers and herbal medicine producers to utilise natural resources sustainably, develop business plans and generate employment. iTC is currently transforming into an established as a permanent institution with national coverage but it could still take some time to become fully operational in areas that it has previously not covered. Although currently there are no iTC offices in Inhambane and Maputo, the Gaza office is willing to implement activities in the other two provinces, as long as there is a demand for their services.
18. Women's direct participation in community land delimitation and zoning has been limited in many cases due to cultural barriers, and male dominance and lack of gender awareness within communities and service provider organisations. As a result of ITC's application of a Gender and Diversity Strategy, which arose from findings from a gender audit in the three pilot provinces women's participation has risen from estimates of 20 – 30% in different provinces to an averages of approximately forty per cent for iTC provinces and activities as a whole. Ensuring women's participation requires specific gender sensitive training and capacity building efforts, and gender responsive technical guidelines monitoring and reporting tools procedures and specific efforts for systematic gender targeting.
19. Development of community- investor partnerships and integration of small scale family farming into value chains are long term processes, but a major limitation so far has been the absence of a standing support mechanism to iTC assisted communities assisted to secure tenure rights in partnerships development and negotiation with market actors. Linking community land delimitations to investments is one of the main challenges for iTC and this is where PROSUL can come in and play an important role. PROSUL, through the LTSP and others should collaborate fully with iTC by sharing information and lessons learned in supporting the project's target groups to secure their land rights and linking them to investments.
20. **ProParcerias.** ProParcerias (Community Investor Partnerships Project) is a project which aimed to strengthen land and natural resource tenure security through the piloting of business partnerships between smallholder farmers, rural communities and outside investors. It examined the tools available for establishing and securing land rights in the context of such partnerships and for negotiating and documenting sustainable partnership arrangements, including the award of legal personality to the community groups involved. Guidelines have been developed on how partnerships between communities and investors should be established. ProParcerias was managed and implemented by the National Directorate for the Promotion of Rural Development (DNPDR) in partnership with various institutions. The PMT should follow up with DNPDR to get the main outputs of ProParcerias (guidelines, case studies, reports from service providers).

21. **Tenure Security Learning Initiative.** IFAD and UN-Habitat, through the Global Land Tool Network (GLTN), have entered into a partnership to implement a Land and Natural Resources Learning Initiative for East and Southern Africa (TSLI-ESA). The overall goal of the programme is to contribute to the development and integration of pro-poor tools and approaches for securing land and natural
22. resource rights into development programmes in selected countries in East and Southern Africa. The programme's objectives are to: 1) improve knowledge and awareness on issues and measures for strengthening land and natural resource tenure security of poor women and men; 2) strengthen capacity for tool development and implementation (for in-country policy dialogue, country strategy development and project/programme design, implementation and evaluation); 3) strengthen and scale up approaches and tools for securing land and natural resource tenure. TSLI-ESA will support PROSUL through technical assistance and lesson sharing.

Attachment 6: Financial Management

23. **Introduction.** Based on the terms of reference for the PROSUL Implementation Support Mission, an assessment of PROSUL's Financial Management and Procurement procedures was carried out in order to review the progress made with respect to the AWPB 2013, review and assess the status of the liquidity and support documentation for expenditures incurred in 2013, review the status of preparation of the WA 2, and work with the PMT to identify constraints and agree on solutions.
24. **Financial Management.** Overall, the Mission rates PROSUL's Financial Management as moderately unsatisfactory. The Mission noted that several of the issues that were observed in the previous Implementation Support Mission that took place in early December 2013 still persisted, and that many of the agreed actions were not implemented, in large part due to the lack of key staff in the Project's Financial Management Department and the lengthy process of installation and implementation of GoM's public financial and accounting system e-SISTAFE at PROSUL's Headquarters in Xai-Xai. The evaluation report for the Financial Manager received IFAD's NO during the Mission, after a long recruitment process. The Mission also noted that the Financial Report for the year 2013 was not submitted to the CPM by the deadline of 28 February, as established in the Code of Practices for Project Management (CPPM). PROSUL will prepare the financial report for the USD 800,000 received as start-up funds, outside of e-SISTAFE, to be submitted to IFAD.
25. **Disbursement and e-SISTAFE.** The Mission rates the disbursement level of PROSUL as unsatisfactory. The Project received start-up funds amounting to USD 800,000 in June 2013 from both the IFAD and STF loans. Considering the IFAD financing of USD 16,300,000, the disbursement rate of the Project is 2.4% at the end of 2013 (year one of implementation). As of April 2014, ten months later, the second withdrawal application (WA) has not yet been sent to IFAD. This is a consequence of the lengthy Financial Manager recruitment process, as well as several difficulties in implementing e-SISTAFE in PROSUL Headquarters. Both CEPAGRI and the Ministry of Finance have assured that PROSUL will be able to operate in e-SISTAFE by the end of April 2014. Execution of the initial advance currently stands at USD 799,280 (44.7% of 2013 budget of USD 1,788,213). The balance of the Designated and Project accounts at 9 April 2014 shows that total liquidity is USD 717. Commitments incurred by the Project amount to USD 176,299, as such, PROSUL is currently cash-flow insolvent. This is affecting severely the implementation of Project activities. To mitigate this issue it was agreed that WA2 should be sent to IFAD as soon as the Financial Manager is formally recruited.
26. **Accounting.** As agreed in December 2013, PROSUL has installed TOMPRO as the main accounting and bookkeeping software. By the end of the Mission, 70% of the expenditures incurred in 2013 were uploaded in the system, but Excel was still used as the main accounting software. As noted in August 2013, while e-SISTAFE is able to generate reports, the same ones are not tailored to IFAD's reporting standards. As noted in past supervision missions to other IFAD Project's in Mozambique, PSP and Propesca, all Projects under e-SISTAFE have requested that CEDSIF (*Centro de Desenvolvimento de Sistemas de Informação de Finanças* – the Ministry of Finance's Institution that oversees installation and distribution of e-SISTAFE) to configure e-SISTAFE such that the system is able to generate donor standardized reports. In several occasions CEDSIF has expressed the technical difficulties in implementing such request. As such, TOMPRO will be used in parallel to e-SISTAFE and will replace Excel as soon as all of the expenditures have been uploaded. If need be, PROSUL will hire a second accountant after the Financial Manager has taken up his/her position in the PMT.
27. **e-SISTAFE.** Until March 2014, CEPAGRI Xai-Xai, under which PROSUL is located, did not have the correct authorizations to fully execute funds in e-SISTAFE. e-SISTAFE has 4 main levels of operation: Supervisor Unit (US), which allocate the budget at the central level (the main one upon which the entire system is dependent for allocation and budget execution is MINFIN's National Directorate for Budget – DNO), Intermediary Units (UI), Executing Management Unit (UGE), which operates its own budget allocated by the Supervisor Unit, and Beneficiary Management Unit (UGB) which depends directly on a UGE, and cannot operate independently. UGBs must

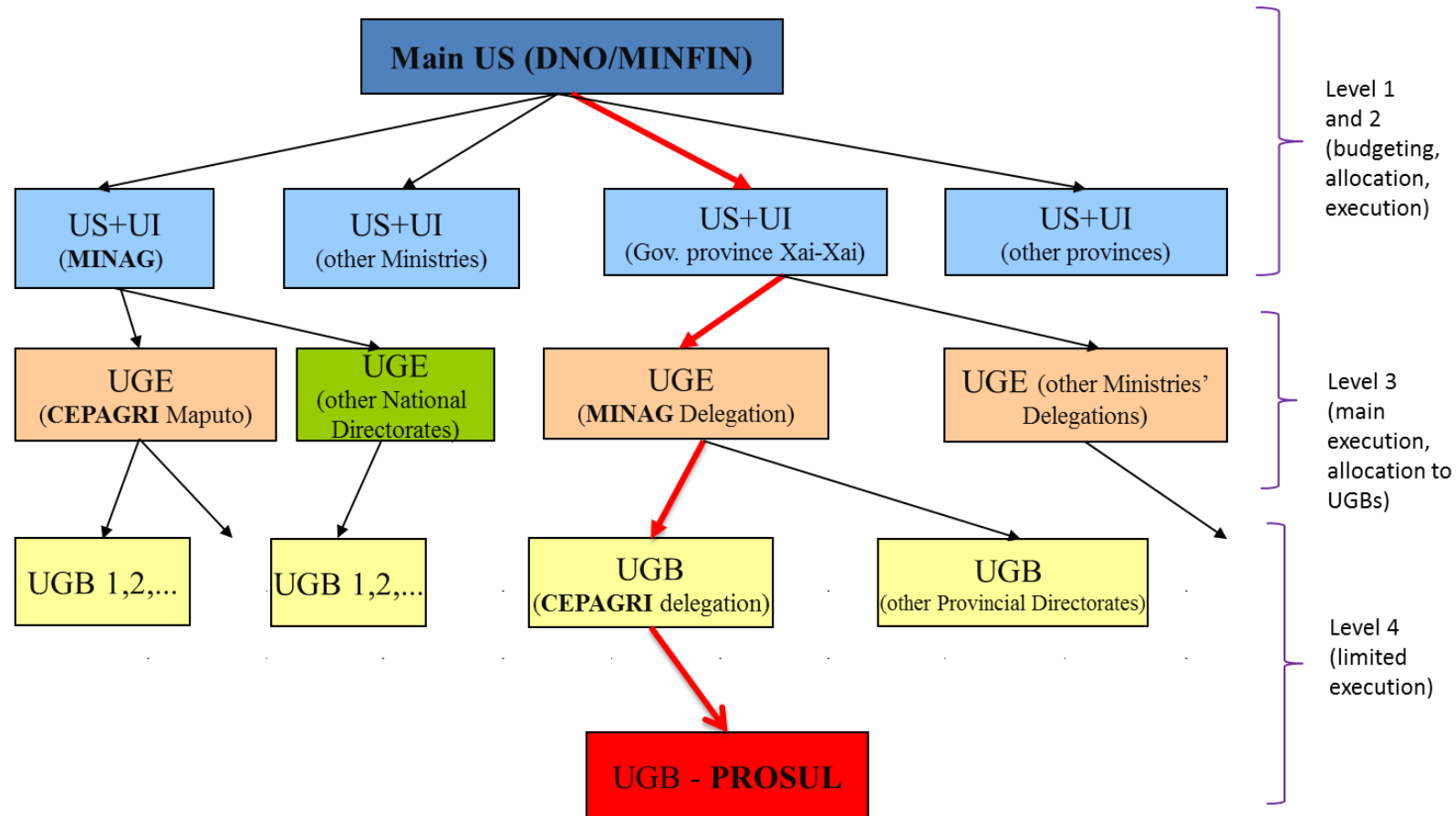
request monthly budget allocations from an UGE in order to operate, and must report and reconcile all accounts prior to requesting more funds. Please see attached note on e-SISTAFE organization.

28. CEPAGRI was an UGB due to not meeting the minimum amount of staff to operate the budget (7). As such, after PROSUL became effective, and prior to transferring the unit to CEPAGRI Xai-Xai, CEPAGRI needed to request an authorization from MINFIN to be registered as an UGE. The process to convert it from an UGB to an UGE is still underway, and in meetings with CEPAGRI, it was confirmed that the request should be processed by the end of April 2014. After this process is finalized, CEPAGRI HQ will transfer the funds to the newly created UGE. It must be noted that from 2015, for what concerns e-SISTAFE, PROSUL's UGE will be under the Xai-Xai Government's US, and will not depend directly on CEPAGRI HQ.
29. **Bookkeeping and Filing.** Overall, the payment support documentation for the 2013 expenditures was complete. However, the Mission noted several issues with filing. The documentation related to PROSUL's expenses is not kept in cabinets and numbered/named folders, and the accounting sector does not make a clear distinction between PROSUL's expenses and CEPAGRI's. As such, it was agreed that to enhance internal control, PROSUL's accounting books will be kept separate from those of CEPAGRI Xai-Xai, and kept in safe cabinets. PROSUL will also ensure that all payment vouchers are signed by the Project Coordinator prior to being processed by the accounting sector. Data related to the electronic accounting books should also be regularly backed-up in dedicated external storage devices.
30. **Designated account and internal control.** The mission noted a few important factors related to internal controls that were not addressed previously. Firstly, the Designated Accounts (one in USD and one in MZN) of PROSUL in Bank of Mozambique are under the name of CEPAGRI, with no reference to the project. Secondly, these accounts are operated based solely on the base of signatures of CEPAGRI staff (one signature from either the Director or Deputy Director, and one more from three other CEPAGRI staff). As such, the Project Coordinator has no control over the funds in the designated account. This is a severe risk for internal control. The same issue occurs in e-SISTAFE, where in the Project name, the designation of PROSUL is not used (the name of the project in the system is either *Apoio a cadeias de valor* – Support to value chains, or *Desenvolvimento das cadeias de valor* - Development of Value Chains). Therefore, PROSUL should request that the Coordinator be included as one of the mandatory signatories for operating the DA. The DA's name will be amended to reflect the Project's name and the name of the Project in e-SISTAFE will also include a clear reference to PROSUL.
31. **Counterpart funds.** The Mission rates the provision of counterpart funds for 2013 as satisfactorily. In 2013, CEPAGRI provided start-up funds for PROSUL for a total of USD 26,700 (MZN 800,000). Given the difficulty in reimbursing CEPAGRI due to Government rules on flow of funds to public institutions, it was agreed that this amount will be considered as part of the Government contribution to PROSUL. As such, total counterpart funds for 2013 amount to USD 119,337 (6.7% of 2013 budget), fully compliant with loan covenants.
32. The Mission reviewed the allocation of counterpart funds for 2014 from the CEPAGRI budget. While checking the data on e-SISTAFE, the Mission noted that no specific budget line has been created for GOM contribution to taxes and VAT. This issue poses a high risk to financial execution given that while operating in e-SISTAFE, each payment requires both donor funds and counterpart funds to be available at the same time. It was agreed that PROSUL, through MINAG, would request MINFIN to allocate the counterpart budget to the project.
33. On this issue, it must be noted that GoM finalizes its budget for approval in August of every fiscal year, to be approved by Parliament in December. This budget exercise includes IFAD Project's allocations for counterpart funds, which are calculated in a trial budget exercise. As such, and given that the AWPB for the Projects are approved in December of every year, there's usually a discrepancy between the official GoM allocation and the actual needs of the Project. This issue may pose a risk for budget execution, especially at the end of the fiscal year. As such, it was agreed that PROSUL should request a budget review for counterpart funds at the beginning of every fiscal year.

34. **Harmonization of M&E database, AWPB and TOMPRO.** The PMT has followed the actions agreed in the previous mission and it was noted that the activity codes in both TOMPRO and the M&E database now match. However, it was noted that TOMPRO and the M&E database cannot share data directly. It was agreed that PROSUL will hire the consultant that set up the data to write a MACRO in order for the database to be able to read the TOMPRO Excel data.
35. **Procurement.** The Mission rates the procurement procedures as moderately satisfactorily. There were only minor deviations from IFAD's Procurement guidelines and decree 15/2010, that regulates Procurement in Mozambique, is strictly applied. However, some of the original procurement documentation of PROSUL is still filed in CEPAGRI Maputo. PROSUL will request these files to be transferred to Xai-Xai. The registry of contracts is up-to-date, however the CMFs are not implemented to track the payments performed by the accounting sector. It was agreed that the CMFs will be attached to all relevant payment documentation.
36. The Mission also noted that the maintenance of project vehicles is carried on a case by case basis with no clear contract for the performance of the services. The PMT should procure services for maintenance and repair of vehicles through a tender process to identify a local repair service provider for the Project vehicles.
37. **Contract management.** The mission reviewed the registry of contracts and found that it adequately captures the status of the contracts issued by the Project. However, the Contract Monitoring Forms (CMFs) are not used by the accounting sector to track all the relevant payments. As such, it was agreed that PROSUL will improve the use of the CMFs.
38. **Audit.** As agreed in the Supervision Mission held in August 2013, the audit of PROSUL's Financial Statements for 2013 and 2014 will be done jointly in early 2015.

Attachment 6: Annex 1. Budget allocation and execution simple chart (e-SISTAFE).

PROSUL is currently and UGB embedded in CEPAGRI Xai-Xai (which is supervised by the Government of the Province of Xai-Xai). As such, it's unable to fully operate the funds under its responsibility.



Attachment 6: Annex 2. Expenditures by category and component against AWPB 2013.

Table 1: PROSUL- 2013 and 2014 Expenditures by Category against Original AWPB, as of 31 March 2014 in '000 USD

Categories	Financiers																Total		
	IFAD Loan		IFAD Grant		Spanish Trust Fund		ASAP Grant		UNCDF		Government		Private Investors		Beneficiaries				
	AWPB	Actual	AWPB	Actual	AWPB	Actual	AWPB	Actual	AWPB	Actual	AWPB	Actual	AWPB	Actual	AWPB	Actual	AWPB	Actual	%
I.Civil Works	25 000.00	29 756.52	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	9 903.86	0.00	0.00	0.00	0.00	25 000.00	39 660.38	158.64%
II.Vehicles,Equipment and Materials	163 998.00	104 975.63	0.00	0.00	163 998.00	121 849.87	0.00	0.00	0.00	0.00	112 174.63	43 923.38	0.00	0.00	0.00	0.00	440 170.63	270 748.88	61.51%
III.Training,TA and Studies	166 718.33	72 353.54	338 500.00	0.00	166 718.33	82 404.46	173 916.35	0.00	0.00	0.00	83 700.01	36 172.72	0.00	0.00	0.00	0.00	929 553.01	190 930.72	20.54%
IV.Contractual Services	0.00	0.00	0.00	0.00	0.00	0.00	30 000.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	30 000.00	0.00	0.00%
V.Financial Services	45 000.00	0.00	0.00	0.00	45 000.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	90 000.00	0.00	0.00%
VI.Recurrent Costs	135 300.00	192 227.09	0.00	0.00	135 300.00	195 421.66	0.00	0.00	0.00	0.00	2 890.00	2 637.25	0.00	0.00	0.00	0.00	273 490.00	390 286.00	142.71%
Unallocated	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00%
Total	536 016.33	399 312.78	338 500.00	0.00	511 016.33	399 675.99	203 916.35	0.00	0.00	0.00	198 764.64	92 637.21	0.00	0.00	0.00	0.00	1 788 213.64	891 625.99	49.86%

USD/MZN-30,00mt

Table 2: PROSUL-2013 and 2014 Expenditures by Component against Original AWPB, as of 31 March 2014 in '000 USD

Components	Financiers																Total		
	IFAD Loan		IFAD Grant		Spanish Trust Fund		ASAP Grant		UNCDF		Government		Private Investors		Beneficiaries				
	AWPB	Actual	AWPB	Actual	AWPB	Actual	AWPB	Actual	AWPB	Actual	AWPB	Actual	AWPB	Actual	AWPB	Actual	AWPB	Actual	%
Start Up Costs	536 016.33	399 312.78	338 500.00	0.00	511 016.33	399 675.99	203 916.35	0.00	0.00	0.00	198 764.64	92 637.21	0.00	0.00	0.00	0.00	1 788 213.64	891 625.99	49.86%
Total	536 016.33	399 312.78	338 500.00	0.00	511 016.33	399 675.99	203 916.35	0.00	0.00	0.00	198 764.64	92 637.21	0.00	0.00	0.00	0.00	1 788 213.64	891 625.99	49.86%

USD/MZN-30,00mt

Attachment 6: Annex 3. Checklist for review of payment documentation.

Attachment III: Review of Statements of Expenditure* (Checklist)																						
						Checklist items : based on whether the respective item are attached to supporting documentation																
Item	Item Number of SOE*	Category	Cost Centre	Description	Amount (MZM)	ALL PAYMENTS								GOODS	SERVICES	WORKS	Expenditure consistent with Financing Agreement	Sufficient supporting documentation on file				
						Evidence of Receipt, invoice or performance	Bank guarantee for advance payments	Performance guarantee	Copy of No Objection from IFAT	Evidence of Payment/Accounting Records	Procurement Documents	Contract Monitoring Form	Recurrent Cost records	Bill of lading/Shipping Documents	Certificate of Delivery	Certified Supplier's/Consultant's Claim			Certificate of Delivery/Report	Contractor Claim Stating the Work Performed and Amount Due	Certification of Works Completed	
1	req.int. 58-59/INV-PROSUL/2014 CHEK N. 000862504	REC	ifad/STF	fuel payment for MM Empreendimentos	57 630.00	na	✓	na	na	na	✓	na	na	✓	✓	na	na	na	na	na	✓	✓
2	req.int 428/INV-PROSUL/13		ifad/STF	accommodation Hotel Residencial Africa	60 000.00	na	✓				✓	✓			✓					✓	✓	
3	req.int. 449/INV-PROSUL/2013			top up for CEPAGRI Xai-Xai staff	90 000.00	na	✓				✓						✓			✓	✓	
4	req.int. 460/INV-PROSUL/2013 Bank check nr. 8624607			accommodation for 6 people Good Life Place	41 400.00		✓				✓	✗							✓	✓	✗	
5	req.int. 41/INV-PROSUL/2014			accomodation for 8 people Hotel Casa do Capitao	38 400.00	✗	✓				✓	✗				✓				✓	✗	
6	req.int. 439/INV/PROSUL/2014			Salary payments PMT (5) - Dec 2013	471 000.00	✓	✓				✓	✓	✓							✓	✓	
7	req.int. 21/INV-PROSUL/2014			Salary payments PMT (5) - Feb 2014	474 307.00	✓	✓				✓	✓	✓							✓	✓	
8	req.int. 455/INV-PROSUL/2014			Payment of IRPS Oct, Nov, Dec	362 467.30		✓				✓	na			✓		✗			✓	✓	
9	req.int 12-17/INV-PROSUL/2014			Payment of publication of VA Jornal Noticias	147 420.00	✗	✓				✓	✓			✓	✓				✓	✓	
10	req.int. 28/INV-PROSUL/2014			Vehicle maintenance InterAuto	9 717.13	✓	✓				✓	✓			✓					✓	✓	
11	req.int. 23/INV-PROSUL/2014			Rental subsidy Mr Duvane, Mr de Lisboa	36 000.00		✓				✓			✓						✓	✓	
12	req.int. 50/INV-PROSUL/2014			Per diem - Mission to Maputo, 6 staff of PROSUL	30 000.00		✓							✓						✓	✓	
13	req.int. 08/INV-PROSUL/2014			fees Oscar Damien	477 099.27	✓	✓					✓	✗			✓	✓	✓	✗	✓	✗	
				TOTAL:	2 295 440.70																	
				TOTAL (USD)	79 153.13																	

Attachment 6: Annex 4: Financial Management Assessment at Supervision

Country: Mozambique	Loan ID: : IFAD Loan I-878-MZ, IFAD Grant C-1391-MZ, Spanish Trust Loan E-15-MZ, ASAP Trust Fund Grant C-ASP-1-MZ
Project Name: PROSUL	
Executing Agency: CEPAGRI	CPM: Ambrosio Barros
FMS: Alaudio Chingotuane	Date of this review: April 2014

Topic		Risk Rating (H/M/L)	Issues / Comments / Recommendations
A. Inherent Risks			
High risk. Mozambique ranks 119/177 (2013) on Transparency International's Corruption Perceptions Index (CPI)			
B. Control Risks			
Designated account in the name of CEPAGRI with no reference to PROSUL. Authorized signatories for the DA do not include PROSUL coordinator, but only CEPAGRI senior staff. e-SISTAFE designation of the Project has no reference to PROSUL.			
1. Organization and Staffing			
a.	Adequacy of organizational structure to meet functional needs of the project.	H	Project lacks position of Financial Manager (NO for final evaluation table received from IFAD in April 2014) and Agribusiness Expert. Position of Procurement officer (PO) will be advertised soon. Position of Rural Finance Expert vacant (hiring process not started yet). Mission recommends Financial Manager (FM) should sign the contract immediately in order to meet conditions for WA 2.

b.	Availability of clear job description for key project positions, including fiduciary positions.	M	PROSUL's Financial Assistant has been covering the functions of accountant, FM and PO. Situation should be mitigated after FM starts his work in the PMT. Job description of the two CEPAGRI accountants following the project in part time basis should be re-evaluated.
c.	Adequacy of project financial management staff (numbers and skill) matching functional needs of project.	H	Positions of FM and PO still vacant. With the introduction of TOMPRO in parallel to e-SISTAFE PROSUL might need an additional accountant.
d.	Availability and adequacy of operating manuals and guidelines for staff.		Not verified.
e.	Existence of a performance based evaluation system in place and timely completion of performance evaluation for all staff.	M	Yes, project using national system for evaluation of staff, but Mission recommends an additional module to be developed by an HR expert in close consultation with PSP and Propesca.
f.	Adequacy of health insurance coverage for all staff (where applicable).	M	Project staff not insured. PROSUL will finalize insurance of staff by July 2014 (after consultations with Propesca and PSP).
g.	Timely payment of social security fees (where applicable).	L	Yes.
h.	Staff adequately informed about Ifad's national and anti-corruption policy and relevant contact details.	L	Yes. Training performed in Implementation Support mission in Aug 2013.
2. Budgeting			
a.	Timely preparation and approval of AWPB.	L	NA
b.	AWPB in line with expenditure categories in Financing Agreement Schedule 2.	L	Yes.
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.
3. Fund flows and Disbursements / Withdrawals			

a.	Timeliness of funds disbursed by different sources (and co-financiers funding if applicable).	L	Project has only received start-up costs and WA2 has not been sent to IFAD yet. Counterpart funds for 2013 have been within Financing Agreements allocation;.
b.	Timeliness of counterpart funds disbursed.	L	Yes, GoM either exempts tax and VAT or pays directly through CEPAGRI.
c.	Efficiency of the funding channels. Timeliness and traceability of funds flows.		Not verified
d.	Efficiency of the funding channels for credit lines. Timeliness and traceability of funds flows, if applicable.		NA at this stage of project implementation.
e.	Special Account(s)/Dedicated Account(s) Management, Disbursements		
	i) Adequacy of the authorized allocation to ensure a smooth flow of funds		NA – project only received start-up funds.
	ii) Appropriateness of disbursement methods used		NA – project only received start-up funds.
	iii) Adequacy of documentary support for SOE disbursements, reimbursements, direct payments and Special Commitments. (refer to Appendix IV and complete, reflecting finding in rating).	L	No SOEs presented to IFAD so far, but random sampling of documentary support for expenses incurred showed that all hardcopies are accounted for.
	iv) Timely preparation and accuracy of Withdrawal Applications	H	WA 2 delayed due to eSISTAFE and hiring process for Financial Manager. Training provided by the Mission on WA preparation.
	v) Authorization of WA preparation.	M	WA2 signed by Financial Assistant and Project Coordinator.
	vi) Status on expenditures withdrawn from Special Account but not yet claimed for replenishment (old cases to be nofted)		NA
	vii) Regularity of Special Account(s) monitoring and monthly reconciliations signed by the project manager. Review and assess the reconciliations	M	Reconciliations correctly performed by the end of each month and all past reconciliations have been prepared. However, Project Coordinator not one of the authorized signatories for the operation of the DA.
	viii) Disbursement rate compared to the AWPB and whether satisfactory given the remaining implementation time. Provide comments as appropriate	H	Disbursement rate is unsatisfactory (2.4% of IFAD funding disbursed so far).

	ix) Recovery of SA balances by loan closure		NA
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.	M	Segregation of duties: transactions authorized by the Coordinator and the CEPAGRI head of division, executed by the FM Assistant and/or the two CEPAGRI accountants supporting the project. However, several transactions and payments were performed without the signature of the Coordinator.
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).		Not verified.
c.	Adherence to Financial Manual.		Not verified.
d.	Effectiveness and efficiency of internal controls over inflows of funding sources other than IFAD.	L	No inflows of funding sources other than IFAD so far.
e.	Adequacy of contract management (use of contracts register and monitoring form) and filing there-of.	M	Contract register is up to date. Contract Monitoring Forms (CMFs) are not employed by the accounting sector to track the status of contract implementation. The Mission recommended the use of the CMFs for all relevant payments.
f.	Effectiveness and efficiency of internal controls over expenditures (full cycle from commitment, payment, receipt of good and services, approval of payments, classification, etc.)	M	Some payments have been performed without the Coordinator's approval in writing.
g.	Documentary evidence to confirm delivery and acceptance of contracted goods, works or services.	L	Yes
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.	H	No Cash payments. Small transactions covered by staff and reimbursed through allowances. The Mission recommended the use of a petty cash system. Filing system is still poor: cabinets and folders must still be bought.

			PROSUL's accounting books are mixed with CEPAGRI's.
i.	Adequacy of physical management of cash.	M	No data (small transactions covered by staff). See point h.
j.	Timely payment to suppliers and consultants.	M	Payment to suppliers is adequate. Payment to consultants has been delayed in a few cases due to the new laws that increase control over bank transfers to accounts abroad. Situation should worsen with eSISTAFE (system needs authorization from Ministry of Finance to transfer funds abroad). Mitigation measures should be found together with Propesca and PSP.
k.	Eligibility of expenditures with respect to Financing Agreements.	M	No. Rehabilitation works for expanded office under start-up costs were not eligible under the LTB. As per ACPM suggestion, situation should be solved with amended Financing Agreement in 2014.
l.	Legality/eligibility of advances from project funds and timely justification for use there-of.	L	No advances performed.
m.	Compliance with financial management covenants in the Financing Agreements and LTB.	M	Partial. PMT not insured against health and accident risks and funds from start-up used for non-eligible expenditures (see point l.)
n.	Adequacy of up-to-date record keeping for fixed assets and inventories.	M	Asset register and inventory maintained up to date, but fixed assets have not been labeled yet. Mission suggested that inventory should contain the serial number of some assets (ex: laptops), as well as the name of the current user to which the asset is assigned to.
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)	M	Vehicles log book is not in use. Control on DSA and TAs is adequate as per sample documentation checked by the Mission.
p.	Adequacy of vehicles and assets insurance.	M	Vehicles Insured. All other assets not insured due to low benefit-cost ratio.
q.	Workshops: i) Availability of list of participants	L	Yes.

	ii) DSA paid to participants iii) Receipts for workshop expenditure		
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	Yes .
s.	Banking arrangement and controls (reconciliation of bank statements with financial accounts).	H	Reconciliations performed monthly, but Coordinator not authorized signatory of DA (see point B).
t.	Existence of a proper IT support unit in place.		NA at this stage of project implementation. eSISTAFE not running yet.
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	Modified cash basis (IPSAS)
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?).	H	Excel used for accounting. TOMPRO installed, but has not entered full use. Project should have all expenses in TOMPRO by Mar 2014. e-SISTAFE is not in use yet.
b.	Recordkeeping (including documentation and filing/archiving)	H	Yes, but filing and archiving must be improved. Use of project specific file-cabinets not in place. While separated in monthly folders, payment support documentation is not numbered. It was agreed that these issues will be solved by July 2014.
c.	Fixed assets register maintained and reconciled (sample and physical check).	L	Yes. All current assets are at PROSUL HQ in Xai-Xai.
d.	Adequate documentation and controls for Information Systems, including documented accounting procedures, backup of financial records, integration of all sub-systems.	L	Yes. FM Assistant keeps backup of Excel documentation on external disk.
e.	Adequacy of chart of accounts for project accounting purposes	H	Not adequate – Excel still in use and TOMPRO not fully in use (chart of

			accounts still under development).
f.	Timeliness of recording transactions, regularity of performance and approval of reconciliations, controls on erroneous recordings.	H	Not verified – Excel does not allow to track timeliness of recordkeeping. Situation should be mitigated with installation of TOMPRO and full use of e-SISTAFE.
g.	Appropriate/ adequate accounting and reporting of counterpart funds contributions (incl. tax and tax exemptions) as well as beneficiary contributions.	L	Yes.
6. Financial Reporting & Monitoring			
a.	Completeness, accuracy, usefulness, and timeliness of financial reports.	H	Financial reports for 2013 covering start-up funds have not been prepared yet. Due to lack of clear classification of past expenses, it's not possible to verify (independently) the funds by components and categories. Financial report will be sent to CPM by end of April 2014.
b.	Interim FM reports and linkage to progress reports - timely preparation, submission to IFAD.	H	No IFRs submitted to CPM as at April 2014.
c.	Preparation of reports showing actual vs budget income/expenditure and AWPB execution rate.	L	Yes.
d.	Follow up of previous aide-memoirs fiduciary recommendations.	H	Several actions have not been followed, partly due to the lack of funds and the vacant position of FM.
e.	Reasonable alignment between disbursement rate of recurrent versus investment cost categories.	L	NA at this stage of implementation – project received only start-up funding.
7. Internal Audit			
a.	Existence of Internal Audit arrangements.	L	PROSUL is audited together with CEPAGRI by Tribunal Administrativo.
b.	Adequacy of internal audit arrangements (organization - staff capacity).		NA
c.	Adequacy of internal audit scope of work and quality of reports.		NA
d.	Assessment of matters raised in audit reports.		NA at this stage of project implementation.

8. External Audit			
a.	Adequacy of scope and ToR.		NA - Audit 2013 to be conducted jointly with audit 2014 in early 2015.
b.	Adherence to ToR.		NA - Audit 2013 to be conducted jointly with audit 2014 in early 2015.
c.	Timeliness of audit report.		NA - Audit 2013 to be conducted jointly with audit 2014 in early 2015.
d.	Quality of audit.		NA - Audit 2013 to be conducted jointly with audit 2014 in early 2015.
e.	Implementation of audit recommendations/agreed action plan in place to address these.		NA - Audit 2013 to be conducted jointly with audit 2014 in early 2015.

Attachment 6: Appendix 5: Summary of Project Fiduciary Risk Assessment at Supervision

Project: PROSUL		
Implementing Agency : Ministry of Agriculture via PMU within CEPAGRI		
	Risk Assessment H/M/L	Proposed Mitigation
Inherent Risk	H	N/A
Control Risks	H	Project Coordinator to be part of authorized signatory list for DA. DA name and Project e-SISTAFE designation to include clear reference to PROSUL.
1. Organization and Staffing	M	Financial Manager to sign contract and finalization of recruitment process for Procurement Officer. Agribusiness Expert's position to be tendered as soon as funds are available.
2. Budgeting	L	NA - Project still managing start-up costs.
3. Funds flow & Disbursement Arrangements	H	PROSUL to request rapid completion of e-SISTAFE implementation process to Ministry of Finance.
4. Internal Controls	H	Project Coordinator to be part of authorized signatory list for DA. DA name and Project e-SISTAFE designation to include clear reference to PROSUL.
5. Accounting	M	PROSUL should implement TOMPRO and abandon Excel as main accounting software as soon as possible.
6. Financial Reporting and Monitoring	H	Financial report for 2013 and IFRs to be prepared and sent to IFAD. TOMPRO will function in parallel with e-SISTAFE, so all reports will be automatically generated.
7. Internal Audit	L	PROSUL is audited together with CEPAGRI by the Administrative Tribunal of the Ministry of Finance.
8. External Audit	L	External audit for 2013 will be carried out jointly with the audit 2014 in early 2015
Overall Project Fiduciary Risk	H	
H=High, M=Medium, L= Low		

Attachment 7: Adaptation for Smallholder Agriculture Programme (ASAP)

1. The ASAP funded activities are being satisfactorily addressed both by the PMT, CEPAGRI and MINAGRI. Although progress is a little slower than anticipated senior management are taking a keen interest and requesting increasing debate and dialogues to ensure they fully understand the climate related issues under discussion, to ensure PROSUL has firm foundations.
2. CEPAGRI management are in the process of identifying key CEPAGRI staff to obtain climate adaption training as part of the capacity building activities for the PMT in the short term and CEPAGRI in the longer.
3. To address the immediate needs of the PMT and the LSPs, as they are contracted, Luis Artur from the University of Edoardo Mundo has been contracted to provide short term technical assistance as required. A short training course has been drafted in collaboration with the IFAD Regional Climate and Environmental Specialist, and will be given over the next two months once the LSPs for each Value Chain have been contracted.
4. A short course has been identified at Oxford University that focuses on building the capacity of development project managers in understanding and mainstreaming climate change and adaptation issues into their programmes. It is strongly recommended that the PMT coordinator attend this training. The RCES has reviewed the PMT coordinators application and fully endorses his participation.
5. The capacity building opportunities outlined in bullets 2, 3 and 4 will enable both the PMT and CEPAGRI to participate in national and regional climate change debates. Based on discussions with the ASAP Donor Group it is strongly recommended that a representative of the PMT/PROSUL begin to participate in the monthly Environmental Coordination group that covers climate change and adaptation issues in Mozambique. This Government-Donor Platform is chaired by MICCOA, UNDP acts as the secretariat and UNAIDs hosts at their offices.
6. In the short term, to ensure a common understanding between the PMT and the LSPs the RCES has prepared a glossary of key climate change and adaptation terms that can be used as a reference. See Annex 1.
7. The PMT have met with the Mozambican Meteorological Authority (NDMA) and formal working arrangements have been agreed through a MoU. A total of 50,000 USD is available from ASAP funds to purchase appropriate equipment to upgrade the meteorological stations at Chokwe and Inhambane to World Meteorological Organization Standards. Once these upgrades have occurred the two stations can become part of the national monitoring network and help inform climatic information services for the Chokwe and Inhambane areas. Work is ongoing to agree on the specifications and purchase of appropriate equipment within the 50,000 USD allocation. The NDMA rep Inhambane shared the tender document that lists the equipment required to upgrade both stations and some initial costings based on the preferred suppliers in Mozambique – see Annex 2 for a summary list of equipment. Based on concerns raised by the Project Steering Committee re the proposed costings. The RCES approached the UK based Company WAGTECH for an initial quotation – see Annex 3 (PDF file has been shared). The quote excluding the computers requested and shippage to Mozambique is under 5,000 GBP (USD8,500). The PMT need to go back to the NDMS and discuss the sourcing.
8. The LSPs for the Red Meat and Cassava Value Chains have been agreed and contracts are under final negotiations. Activities to be undertaken in Q2 though to Q4 include Participatory Rural Appraisals and associated surveys. Key outputs from the red meat VC will be the preparation of the Community Based Natural Resource Managements Plans that identify where water points are needed, conservation/fodder bank areas are to be established, rangeland rehabilitation activities, market infrastructure and veterinary agents/shops. For the Cassava VC the establishment of multiplication units to ensure adequate quantities of improved drought tolerant and disease resistant planting materials will be a priority to ensure on farm evaluations can occur this season.

9. The PMT and the LSPs will develop a farmer field school approach that will build on existing groups and institutions identified during the PRAs. Focus will be on ensuring climate adaptation and gender issues are captured in the curriculum, and feedback mechanisms established with each VC platform to ensure long term sustainability. It is essential that the draft curriculum are shared with the RCEs for review.

10. Based on discussions with the ASAP Donor Group it is essential that the PMTs GIS support develops maps of project interventions and activities undertaken with the LSPs and overlay them with other donor initiatives in the target areas. This will facilitate synergies between other donor investments and ensure complementarity rather than duplication of efforts. Annex 4 provides the PMT with a brief overview of GIS, and example map from the donor group and some further guidance on what additional support ICRAFS Geoinformatics Unit can Provide. The PMT needs to revisit its approach on GIS and resolve the GIS inputs that the LSPs will deliver.

11. Finally, the PMT need to plan their KM strategy and how they will follow some of the emerging stories within the project areas. For example, during the supervision mission we visited a newly formed farmers Cassava Production Association in Inhambane. The group explained that household access to water was increasingly problematic, they had to travel long distances each day to get water, with increased challenges during the dry season. To address this they created the association to raise the money through group production of cassava to build their own bore hole! A community adaptation response and it will be worthwhile documenting the associations journey to achieve the group goal of resolving their water issues. A possible focus for M&E and K&M in early years of the project.

Attachment 7: ANNEX 1 GLOSSARY OF KEY TERMS AND PRINCIPLES IN CLIMATE CHANGE

Adaptation and mitigation

Adaptation and Mitigation are complementary to each other. If mitigation measures are undertaken effectively, lesser will be the impacts to which we will need to adapt. Similarly, if adaptation measures (or the degree of preparedness) are strong, less might be the impacts associated with any given degree of climate change.

ADAPTATION

Adjustment in natural or human systems in response to actual or expected climatic stimuli or their effects, which moderates harm or exploits beneficial opportunities.

ADAPTIVE CAPACITY

The ability of a system to adjust to climate change (including climate variability and extremes) to moderate potential damages, to take advantage of opportunities, or to cope with the consequences.

AFFORESTATION

Planting of new forests on lands that historically have not contained forests.

ALTERNATIVE ENERGY

Energy derived from non traditional sources (e.g., compressed natural gas, solar, hydroelectric, wind)

ANTHROPOGENIC GREENHOUSE EMISSIONS

Greenhouse-gas emissions resulting from human activities.

BIOMASS FUELS OR BIOFUELS

A fuel produced from dry organic matter or combustible oils produced by plants. These fuels are considered renewable as long as the vegetation producing them is maintained or replanted, such as firewood, alcohol fermented from sugar, and combustible oils extracted from soy beans. Their use in place of fossil fuels cuts greenhouse gas emissions because the plants that are the fuel sources capture carbon dioxide from the atmosphere.

CAPACITY BUILDING

In the context of climate change, the process of developing the technical skills and institutional capability in developing countries and economies in transition to enable them to address effectively the causes and results of climate change.

CARBON MARKET

A popular (but misleading) term for a trading system through which countries may buy or sell units of greenhouse-gas emissions in an effort to meet their national limits on emissions, either under the kyoto protocol or under other agreements, such as that among member states of the european union. The term comes from the fact that carbon dioxide is the predominant greenhouse gas, and other gases are measured in units called "carbon-dioxide equivalents."

CARBON SEQUESTRATION

The process of removing carbon from the atmosphere and depositing it in a reservoir.

CLEAN DEVELOPMENT MECHANISM (CDM)

A mechanism under the kyoto protocol through which developed countries may finance greenhouse-gas emission reduction or removal projects in developing countries, and receive credits for doing so which they may apply towards meeting mandatory limits on their own emissions.

CLIMATE

Climate in a narrow sense is usually defined as the "average weather," or more rigorously, as the statistical description in terms of the mean and variability of relevant quantities over a period of time

ranging from months to thousands of years. The classical period is 3 decades, as defined by the world meteorological organization (wmo). These quantities are most often surface variables such as temperature, precipitation, and wind. Climate in a wider sense is the state, including a statistical description, of the climate system.

CLIMATE CHANGE

Climate change refers to any significant change in the measures of climate lasting for an extended period of time. In other words, climate change includes major changes in temperature, precipitation, or wind patterns, among others, that occur over several decades or longer.

COMMUNITY-BASED ADAPTATION

The goal of cba is to build the resilience of vulnerable individuals, households, communities and societies 'from The ground up'. Communities identify their adaptation needs and priorities, secure resources and take action. It is a Community-led or 'community-driven' approach to adaptation that complements top-down planning and programmes

DEFORESTATION

Conversion of forest to non-forest.

EL NIÑO - SOUTHERN OSCILLATION (ENSO)

El Niño, in its original sense, is a warm water current that periodically flows along the coast of Ecuador and Peru, disrupting the local fishery. This oceanic event is associated with a fluctuation of the intertropical surface pressure pattern and circulation in the Indian and Pacific Oceans, called the Southern Oscillation. This coupled atmosphere-ocean phenomenon is collectively known as El Niño-Southern Oscillation. During an El Niño event, the prevailing trade winds weaken and the equatorial countercurrent strengthens, causing warm surface waters in the Indonesian area to flow eastward to overlies the cold waters of the Peru current. This event has great impact on the wind, sea surface temperature, and precipitation patterns in the tropical Pacific. It has climatic effects throughout the Pacific region and in many other parts of the world. The opposite of an El Niño event is called La Niña

GREENHOUSE GASES (GHGS)

The atmospheric gases responsible for causing global warming and climate change. The major ghgs are carbon dioxide (co₂), methane (ch₄) and nitrous oxide (n₂O). Less prevalent --but very powerful -- greenhouse gases are hydrofluorocarbons (hfc), perfluorocarbons (pfc) and sulphur hexafluoride.

INTERTROPICAL CONVERGENCE ZONE (ITCZ)

The boundary zone separating the northeast trade winds of the Northern Hemisphere from the southeast trade winds of the Southern Hemisphere.

LAND USE, LAND-USE CHANGE, AND FORESTRY (LULUCF)

A greenhouse gas inventory sector that covers emissions and removals of greenhouse gases resulting from direct human-induced land use, land-use change and forestry activities.

LA NIÑA

La Niña is defined as cooler than normal sea-surface temperatures in the central and eastern tropical Pacific ocean that impact global weather patterns. La Niña conditions recur every few years and can persist for as long as two years. Typically, a La Niña is preceded by a buildup of cooler-than-normal subsurface waters in the tropical Pacific. Eastward-moving atmospheric and oceanic waves help bring the cold water to the surface through a complex series of events still being studied. In time, the easterly trade winds strengthen, cold upwelling off Peru and Ecuador intensifies, and sea-surface temperatures (SSTs) drop below normal. During the 1988- 89 La Niña, SSTs fell to as much as 4 degrees C (7 degrees F) below normal. Both La Niña and El Niño tend to peak during the Northern Hemisphere winter.

MITIGATION

In the context of climate change, a human intervention to reduce the sources or enhance the sinks of greenhouse gases. Examples include using fossil fuels more efficiently for industrial processes or

electricity generation, switching to solar energy or wind power, improving the insulation of buildings, and expanding forests and other "sinks" to remove greater amounts of carbon dioxide from the atmosphere.

"NO-REGRETS OPTIONS"

Technology for reducing greenhouse-gas emissions whose other benefits (in terms of efficiency or reduced energy costs) are so extensive that the investment is worth it for those reasons alone. For example, combined-cycle gas turbines -- in which the heat from the burning fuel drives steam turbines while the thermal expansion of the exhaust gases drives gas turbines -- may boost the efficiency of electricity generating plants by 70 per cent.

REDD

Reducing emissions from deforestation and forest degradation.

REFORESTATION

Replanting of forests on lands that have previously contained forests but that have been converted to some other use.

RESILIENCE

A capability to anticipate, prepare for, respond to, and recover from significant multi-hazard threats with minimum damage to social well-being, the economy, and the environment.

VULNERABILITY

The degree to which a system is susceptible to, or unable to cope with, adverse effects of climate change, including climate variability and extremes. Vulnerability is a function of the character, magnitude, and rate of climate variation to which a system is exposed, its sensitivity, and its adaptive capacity.

WEATHER

Atmospheric condition at any given time or place. It is measured in terms of such things as wind, temperature, humidity, atmospheric pressure, cloudiness, and precipitation. In most places, weather can change from hour-to-hour, day-to-day, and season-to-season. Climate in a narrow sense is usually defined as the "average weather", or more rigorously, as the statistical description in terms of the mean and variability of relevant quantities over a period of time ranging from months to thousands or millions of years. The classical period is 30 years, as defined by the world meteorological organization (wmo). These quantities are most often surface variables such as temperature, precipitation, and wind. Climate in a wider sense is the state, including a statistical description, of the climate system. A simple way of remembering the difference is that climate is what you expect (e.g. Cold winters) and 'weather' is what you get (e.g. A blizzard).

Attachment 7: ANNEX 2: LIST OF EQUIPMENT FOR WEATHER STATIONS

N/O	NOME	QUANT
1	PSICROMETRO	2
2	TERMOMETRO MAXIMA -10 A +50°C	2
3	TERMOMETRO MINIMA -10 A +50°C	2
4	TERMOMETRO MINIMA RELVA -10 A 50°C	2
5	TERMÔMETRO DE PROFUNDIDADE EM SUSPENSÃO DE 50CM	2
6	TERMÔMETRO DE PROFUNDIDADE EM SUSPENSÃO DE 100CM	2
7	TERMÔMETRO DE PROFUNDIDADE EM SUSPENSÃO DE 200 CM	2
8	TERMÔMETRO DE PROFUNDIDADE EM SUSPENSÃO DE 300 CM	2
9	EVAPORIMETRO PICHE	2
10	EMBALAGENS DE DISCOS POROSOS PARA EVAPORÍMETRO PACK 100	2
11	TERMOHIGROGRAFO -10 A 50°C e 0 a 100% HR COM GRÁFICOS ROTAÇÃO DIÁRIA 24HORAS	2
12	MICROBAROGRAFO	2
13	UDOMETRO 203MM COMPLETO	2
14	HELIOGRAFO	2
15	EVAPORIMETRO TANQUE DE CLASSE A	2
16	PARAFUSO MICROMETRICO	2
17	ANEMOGRAFO	2
18	COMPUTADOR PORTÁTIL, COM PROCESSADOR INTEL CORE I3, 2330, 2.3GHZ. 4GB DE MEMORIA DDR3, DISPLAY DE 15,6, 500GB DISCO DUR, WEB CAM COM MICROFONE, DVD WRIT, LAM CARD WINDOWS 7 HOME PREIUM 64 BIT	2
19	PIRANOMETRO	2
20	DATALOGERS	2
21	ABRIGO METEOROLOGICO GRANDE	2
22	VEDACAO PARA PARQUE	2
23	TRANSPORTE E MONTAGEM DE EQUIPAMENTO PARA OS DOIS DISTRITOS	2
24	CASA PARA PSICROMETRO	2

Attachment 7: ANNEX 3 GEOGRAPHIC INFORMATION SYSTEMS (GIS)

An important element of ASAP is the use of Geographic Information System (GIS) to better understand and monitor landscape use for effective project design and monitoring.

What is GIS?

A geographic information system (GIS) integrates hardware, software, and data for capturing, managing, analyzing, and displaying all forms of geographically referenced information (see Maps from Belgium Embassy summarising their development investments in Gaza Province). GIS allows us to view, understand, question, interpret, and visualize data in many ways that reveal relationships, patterns, and trends in the form of maps, globes, reports, and charts. A GIS helps you answer questions and solve problems by looking at your data in a way that is quickly understood and easily shared. GIS technology can be integrated into any enterprise information system framework.

What Can You Do with GIS?

GIS gives us a new way to look at the world around us. With GIS you can:

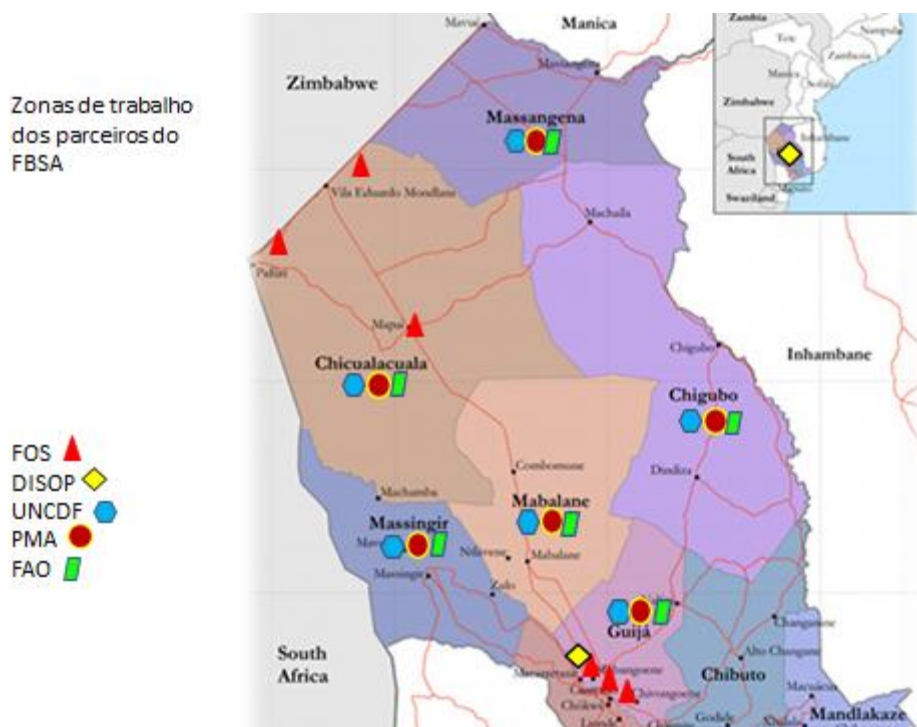


Figure 1 Geographic location of Belgium development investments in Gaza Province

- [Map Where Things Are](#)
- [Map Quantities](#)
- [Map Densities](#)
- [Find What's Inside](#)
- [Find What's Nearby](#)
- [Map Change](#)

DEVELOPMENT OF BIOPHYSICAL INDICATORS AND MONITORING PROTOCOLS –Potential Support from ICRAF GeoScience Lab (see attached PDF file)

Effective climate change adaptation projects must analyze climate-related risks and vulnerabilities and appraise the exposure and sensitivity of vulnerable communities and ecosystems to climate

hazards, considering landscape-wide approaches. At present, many project design processes face baseline information gaps emerging from the complexity of data required and the need of localized data (in addition to national statistics). For this reason, an important element of ASAP is a more systematic use of remote sensing analytics to better understand and monitor landscape use for effective project design, baseline assessments and identification of interventions.

A collaboration has been established between IFAD and the ICRAF Geoscience Lab with the aim of partially addressing this information gap by providing vital biophysical baseline data and evidence to improve ASAP planning, project design and monitoring. Under the cooperation PROSUL will be able to access a consolidated picture of what is already available in terms of satellite for both the Red Meat and Cassava Value chains. The cooperation can provide a consolidated picture of what is already available in terms of maps and satellite imagery for a designated project area, including a basic set of existing maps that can be drawn on during inception. ICRAF staff can assist in establishing 10 km by 10 km sentinel sites that can be used to monitor project impacts.

Products that were delivered include during inception and at periodic points during the project life include:

- a) Topography (terrain models and standard geomorphic variables)
- b) Surface hydrology (drainage patterns, catchment areas, wetness index)
- c) Soil condition (soil carbon, pH and other key functional properties)
- d) Land degradation risk factors such as soil erosion and root-depth restrictions
- e) Vegetation cover (including woody and herbaceous layers at 30m resolution)
- f) Vegetation cover trends since 2000 (250m resolution)
- g) Vegetation phenology (start of growing season, number of growing seasons at 250m resolution)
- h) Climate resilience (proxies), such as;
 - Number of days with precipitation
 - Rainfall aggressiveness
 - Mean annual precipitation
 - Annual temperature ranges
 - Min/max temperatures
- i) Working with the PMTs GIS capacity, and staff from the LSPs, IIAM and INGC, ICRAF can support the production of downscaled current land use capability maps and outlook scenarios for 2030 and beyond.

Attachment 8: Gender and Youth

1. **Development of PROSUL Gender and Youth Action Plan:** Given that the context and issues vary between the value chains, each Lead Service Provider (LSP) will develop a value chain specific action plan. The action plans will be informed by the findings from the planned scoping study, where the involvement of women and youth at the different stages of the value chain will be explored along with HIV/AIDS issues. They will be aligned to the relevant national policies as well as IFAD's gender policy. Some service providers, such as ILRI, already have an institutional gender strategy that can further guide the process. While the mission has reviewed the ToRs for the scoping study to ensure that such issues are included, it is very important that the PROSUL Gender Officer reviews the data collection tools to ensure that the focus on gender, youth and HIV/AIDS is maintained. The PMT will consolidate/synthesize the 3 action plans to form a Gender and Youth Strategy/Action plan for PROSUL. *In this case, it was agreed that there will be no need to hire a consultant for this task. Instead, consultants will be hired to support the updating of the MINAG gender strategy and the development of a gender manual as well as delivery of gender training.*

2. **Update of MINAG Gender Strategy of 2005-2010:** At a national level, PROSUL will support the ministry of Agriculture to update its gender strategy (the implementation of which, ended in 2010) and revitalize the Gender Unit in the ministry.

Activities to support the development of the strategy will include:

- a. **Hire a Consultant:** The process of developing and updated strategy will be facilitated by an international⁵ (and a local consultant) consultant. The consultant will work closely with PROSUL PMT and in consultation with the designated personnel at the MINAG. The process will be participatory to ensure 'ownership' of the strategy by MINAG.
- b. **Evaluation / review of old Gender Strategy:** The mission was informed that a brief report on the old strategy had been drawn. As this report was not availed to the mission, it will be important to assess if there is need for a more detailed evaluation – beyond the said report. The review/evaluation of the old strategy will go hand in hand with an assessment of the current gender and social issues to inform the new strategy.
- c. **Reactivate the MINAG Gender Unit:** The mission learnt that the gender unit is no longer active. As such there has been missed opportunity to focus on gender and social issue in the agricultural sector. For example, gender is not well addressed in the Agriculture Sector Strategic Plan (2011-2020). Gender focal points at Provincial and district levels will be identified.

Box 1 gives examples of key elements of an effective gender unit.

Key Elements of an Effective Gender Unit	
<ul style="list-style-type: none"> — A clear vision and intellectual leadership that harnesses the knowledge of many relevant partners in the society — The development of a strategic plan of action to support policy development and implementation — The utilization of research and data collection, in formulation and review of policies, programs, and plans — The establishment of alliances with strategic actors within government (head of governments, line ministries, and local governments), parliaments, 	<ul style="list-style-type: none"> — Capacity development through training of government officials and other relevant actors to support gender-sensitive policy formulation and implementation — Allocation of adequate personnel and budgetary resources to government bodies and other partners to implement the various activities — Innovative special incentives (such as awards to gender-sensitive judges or earmarked seed funds to sectoral ministries) to encourage further actions — Establishment of targets, development of appropriate monitoring tools, and regular tracking of

⁵ While it is important to have a consultant familiar with the local context, it is also important to work with someone who has experience in institutionalization of gender in other countries.

professional organizations, academic institutions, civil society, community-based organizations, and the media to create synergies to enhance outcomes _ For effective coordination and collaboration, development and implementation of different types of national gender-equity machineries, including joint meeting, plans, and annual reports _ The implementation of a package of actions—such as legislation, gender-mainstreaming action at policy and program levels, and pilot projects	progress _ Regular meeting with partners inside and outside government to assess progress, identify gaps, and devise collaborative strategies to address obstacles _ Mobilization of political will through public awareness programs and broad dissemination of information.
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- d. **Constitution and Operationalization of working Group:** A team of gender focal points from different regions will be selected to form a working group that will support the update of the strategy.
 - e. **Development of the strategy:** A workshop will be conducted to disseminate findings from the evaluation/review and to develop a Gender and Social Inclusion strategy with an operational plan.
 - f. **Publication; Launch and Dissemination:** It is anticipated that the strategy will serve to inform gender responsiveness of all agricultural initiatives in the country. As such it is important that it is well disseminated through various means to reach a wide range of stakeholders. The launch of the strategy should elaborate enough to boost the rejuvenation of the MINAG gender unit. It will also be a forum for further dissemination of the policy.
3. **Gender Training:** A training on Household methodologies has been organized by IFAD for project staff in all IFAD supported projects in Mozambique to take place in Maputo in September. A few extra days will be factored into the consultant's contract to focus on PROSUL. This focus may include i) building capacity of the Gender Officer ii) ToT for the roll out of the GALS to support gender-sensitive value chains.
4. **Monitoring and Evaluation PROSUL's Gender & Youth Action Plan:** The action plan shall include clear indicators that will allow effective M & E.

Attachment 8: Annex 1: INDICATIVE BUDGET

Nr	ITEM	Unit	Quantity	Unit Cost (USD)	Total Cost (USD)
1	Evaluation of the MINAG Gender Strategy 2005-2010	TA	1	7.000	7.000
2	Review of the Evaluation Findings of the MINAG Gender Strategy 2005-2010	TA	1	3.500	3.500
3	Provision of Support for the Reactivation of the MINAG Gender Unit	Lumpsum	1	5.000	5.000
4	Constitution and Operationalization of Working Group for the Review of the MINAG Gender Strategy	Lumpsum	1	5.000	5.000
5	Workshop: Sharing Findings of the Evaluation of the MINAG Gender Strategy 2005-2010 and Kick-off of the Review of MINAG Gender Strategy	Lumpsum	1	20.000	20.000
6	Training on Household methodologies for gender equality	TA+Lumpsum	1	20.000	20.000
7	Development/Review of MINAG Gender Strategy	TA	1	15.000	15.000
8	Workshop: Presentation of the Gender Strategy	Lumpsum	1	20.000	20.000
9	Design of Manual on Gender, Youth Promotion and Social Inclusion	TA	1	10.000	10.000
10	Mid-term review of the Implementation of MINAG Gender Strategy including Operational Plan of Gender, Youth and Social Inclusion	Lumpsum	1	2.000	2.000
Total					114.500