

## **Mozambique**

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

#### **Supervision report**

#### **Main report and appendices**

Mission Dates: 2 – 9 December 2013  
Document Date: 25 January 2014  
Project No. 1618  
Report No: 3315-MZ

East and Southern Africa Division  
Programme Management Department



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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	Geographycal 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
MZM	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

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

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 December 2-9, 2013 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 National Directorate of Veterinary Services (DNSV), National Directorate of Agrarian Services (DNSA), Regadio do Baixo Limpopo (RBL), National Directorate of Extension (DNEA) and in Xai-Xai with the staff of the Programme Management Team, with the implementing agency CEPAGRI and African Development Bank (AfDB). The mission also visited the beneficiaries in Lumane irrigation block.
3. This Aide-Memoire represents the findings and recommendations of the mission discussed and agreed at a wrap-up meeting held on December 9, 2013 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 the PROSUL PMT staff for its assistance and participation in the mission.

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

6. PROSUL became effective on October 3<sup>rd</sup>, 2012. Until end of November 2013, the main activities carried out have been preparatory related, such as establishing the Programme Management Team (PMT); procurement of office and equipment; hosting the inception workshop; establishing the steering committee; preparing for the baseline; appointing focal points; setting up the M&E system; and recruiting Lead Service Providers (LSPs). As such, financial execution stands at 4% while physical progress remains at zero.
7. The tenders for the lead service providers for Component 2 (Cassava) and 3 (Red Meat) are at final stages and expected to conclude by Jan 2014. The Tender for Component 1 (Horticulture) was unsuccessful and will be re-launched immediately. PROSUL faces serious liquidity problems and further implementation is at risk due to the lengthy process for establishing eSISTAFE. It is important that all necessary actions are taken to mitigate this risk and ensure rapid setup of the system. The mission is very pleased to note the strong commitment and leadership by Government to the Programme.

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<sup>1</sup> Mission composition: Ambrosio Barros (CPM and Team Leader); Espen Berg (Co-Team Leader); Jelle Tas (Value Chain Expert); Elisa Distefano (ASAP and M&E Expert); Steven Jonckheere (Land Tenure Expert, remotely from Rome); Alaudio Chingotuane (Financial Management and Procurement Expert); Ana Zandamela (Financial Management and Procurement).



## C. Outputs and outcomes

### Components: 1. Horticulture; 2. Cassava; and 3. Red Meat

8. **Partner institutions.** PROSUL will work with several government institutions materialized through, either separate MoUs or a working plan (when under the same ministry). A number of MoUs were presented and reviewed during the Mission, the draft working plan was not yet read. The remaining MoUs and working plan should be finalized and presented for signature by end of 2013.
9. **Irrigation and Water Points.** The Programme will assist in improving and rehabilitating existing irrigation schemes. An irrigation study will be undertaken – tendered by January 2014 – to fully assess what types of civil works are needed. To assist the National Irrigation Institute (INIR) in the supervision of the civil irrigation works, it was discussed and agreed that the PMT will contract technical assistance for controlling and approving the works at final stage. The TORs for the irrigation studies, announcements, and draft selection criteria were finalized with Mission input. A water point inventory for the red meat value chain will be done by the red meat Lead Service Provider (LSP).
10. **Regadio do Baixo Limpopo.** The Mission reviewed the Gov't and PMT proposal to replace the Nhocoene Block (NB) for the Lumane Block (LB). The main reason for this block change is that the NB is going to benefit from the AfDB Programme. The Mission met with the chairman of RBL, conducted a rapid assessment at the LB and met with the AfDB supervision team present in Xai-Xai. Given the fact that the LB does not require large infrastructural rehabilitation works, the AfDB commitment in NB to cover the entire VC should be sufficient. In light of this, it was agreed to focus intervention in LB. While the LB drainage is rehabilitated this year there are not many technical investments foreseen; therefore no more than 50% of the budget should be in infrastructure, rather focusing on farmer development. The mission reviewed the MoU between CEPAGRI and RBL and provided comments.
11. **Scoping studies.** The Programme is facing some delay in the implementation of the Value Chain (VC) activities. This is predominantly due to the complexity and time consuming hiring process of LSPs. With the evaluation of the technical proposals of Cassava and Red Meat it became clear that the LSPs require 4 to 7 months to conduct the foreseen scoping studies. This would mean further delay of field activities, which would possibly not start before the third quarter of 2014. The Mission discussed ways to increase the implementation speed of the VC related activities without compromising on quantitative and qualitative data essential for effective implementation of the Programme. It was agreed to reduce the complexity of the scoping studies by conducting a Participatory Rapid Appraisal (PRA), this should be sufficient for producing an Annual Work Plan and Budget (AWPB) and start activities in the field. More detailed information requirements will be included in a separate scoping study which should be tendered out immediately. Later on, the work plan would be fine-tuned to a first Value Chain Development Action Plan during a review session using the detailed information from the scoping study. Detailed rationale and implications for this change of implementation activity sequence is described in the VC technical annex.
12. **Market Linkages.** PROSUL will promote market linkages for the small scale farmers. Fostering contractual arrangements between smallholders' organisations and selected commercial farmers or traders has first priority. For Cassava and Horticulture, in occasions where market linkages are difficult to forge due to the complete absence of private sector actors, Service Hubs constitute an alternative model to attract private sector involvement. In Gaza Province there is some experience with Service Hubs in the form of "Casas Agrarias", with mixed success due to management and sustainability complexity. Because of these complexities the Programme will undertake a service HUB feasibility study possibly followed by a legal study and pilot service hubs in order to test and evaluate the sustainability in practice before scaling up. Furthermore, the Mission reviewed and provided comments on the HUB feasibility study TOR, the HUB business Legal advisory service TOR and proposed evaluation criteria for the civil works contractor. For the Red Meat VC, one of the investments to develop market linkages is setting up a new slaughterhouse in a location to be determined with the feasibility study results.

13. **Cassava and Red Meat.** The tender process was conducted successfully and currently two LSPs are selected based on their technical proposals with the process expected to be complete by the end of 2013. The following elements are important to include in the LSP contract: (i) ensure leverage for the PMT to mitigate under performance; and (ii) clear responsibilities between different actors in consortiums. The Cassava multiplication plan and 2014 budget for Umbeluzi, Chokwe and Nhamatanga districts has advanced. It was agreed that a detailed workplan will be finalized by Jan 2014 and included in the 2014 AWPB.
14. There is a concrete market linkage opportunity for PROSUL cassava farmers to engage with Dutch Agricultural Development & Trading Company Ltd. (DADTCO), a private sector operator who also showed interest in the Programme. The demand for cassava cake is growing steeply as ingredient for beer but also for other uses like flour, starch, alcohol and glucose. DADTCO is looking for opportunities to expand into high cassava production areas. It was discussed and agreed to (i) launch the tender for two feasibility studies (service hub and slaughterhouse) in Feb 2014; (ii) start with pilot service hubs, one per Programme province; (iii) the PMT to liaise with DADTCO to explore opportunities for cooperation
15. **Horticulture.** Recruitment of the Horticulture VC LSP is facing serious delays because of the unsuccessful tender process. The mission stress the importance of a rapid re-launch of the tender. It was agreed to: (i) speed up the tender process by directly launch the call for proposal, as suggested by the PMT; and (ii) encourage the LSP applicants applying as a consortium to limit the number of consortium members to maximum two as to avoid excessive operation and coordination complexity.
16. **Farmer Field School and Animal Health Promoters** are foreseen to be one of the instruments to promote innovative agriculture and cattle ranching practices. The Mission was pleased with the proactive approach from the PMT to start these activities, providing a detailed time-bound action plan (see technical annex). Farmer Field Schools (FFS) will build on existing experiences and extension partners like: Mozambique Agrarian Research Institute (IAM) for Cassava and horticulture and National Directorate for Livestock Services (DNSV) for Red Meat. The Mission supports the idea of involving FAO in the FFS training, and the IFAD-financed PRONEA Support Programme (PSP) to utilise and if necessary build capacity of existing extensionists at district level. This will also foster synergies between IFAD funded Programmes and partners, and contribute to a more holistic country programme approach. The learning curricula will be adapted to PROSUL key areas, including value chain; production planning and improvement; creating market linkages, and; agriculture in plastic tunnels and under shade nets (see detailed action plan in annex). Procurement of the start-up kit can start so that these will be ready to be demonstrated and distributed at FFS start.
17. **Land Tenure.** Equitable access to land, secure land rights and sustainable land management are essential for the success of PROSUL. The Programme 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 adviser (LTA), (ii) land tenure service provider (LTSP) and (iii) a GIS service provider (GIS SP). In Oct. 2013 the TORs for the LTA were shared with IFAD for feedback and a request for non-objection was made to IFAD for starting the LTSP recruitment; but this was rejected due to missing information. The mission has reviewed the TORs for the LTA, LTSP and GIS SP and made suggestions for their improvement so the recruitment processes can start as soon as possible.
18. The PMT expressed Gov't concerns regarding the issuing of *Direito de Uso e Aproveitamento da Terra* (DUATs) in the irrigation schemes that will be supported by PROSUL. The Mission emphasizes that, for the horticulture value chain, options for improving tenure should be based on farmers' own analysis of land access and tenure security issues and needs of their members, with input provided into the legal/regulatory options. Options could include support for: i) community land delimitation, ii) the processing of DUATs for associations and/or iii) demarcating land use areas documenting group rules and by-laws for regulating land allocation and use. In this context, the LTSP has an important role to play in identifying and analysing options securing land rights and improving access to land before conclusions are drawn on the best one.

19. A request was made by the PMT to include the responsibilities of the GIS SP in the TORs of the LTA. However, different skills sets are needed for someone to assist with identifying tenure security options across value chains and helping the Programme to set up a GIS system, which will be used to map and analyse all Programme interventions. It was therefore agreed to keep the two contracts separate.
20. **ASAP.** The ASAP related activities have not progressed much since the last mission as most of the PMTs attention has been on the recruitment of the LSPs. Both the MSc course for the CEPAGRI staff and recruitment of the climate specialist from the University of Eduardo Mondelane (UEM) are planned for 2014. Like stressed in the previous mission, it was agreed that the ASAP related activities are key for the sustainability of PROSUL interventions.

#### **Component 4: Financial Services**

21. The Gov't notified the Mission that IFAD is to receive an official letter requesting support to make some adjustments to the Financial Service component. The implementation mechanism that was foreseen for this component involves the establishment of an agreement between CEPAGRI and the Beira Agricultural Growth Corridor (BAGC) Catalytic Fund. However, the fact that BAGC is based in the central part of Mozambique and faces some challenges in implementing its activities have raised CEPAGRI's concerns. It was therefore agreed that an IFAD consultant would review and propose some adjustments to this component by the end of 2013.

<b>Agreed action</b>	<b>Responsibility</b>	<b>Agreed date</b>
Finalize pending MoUs and master plan including the specific tasks and responsibilities	PMT	Dec, 2013
Liaise with IFDC in arranging knowledge sharing platform on Cassava	PMT	Jan, 2014
Tender Irrigation study	PMT	Jan, 2014
contract independent engineer for controlling and approving the irrigation works	PMT	When applicable
Prepare ToRs for separate scoping study	PMT	Jan, 2014
Finalize negotiations of cassava and red meat LSPs	PMT	Jan, 2014
Liaise with DATCO for cooperation	PMT	Jan, 2014
launch tender for two feasibility studies(service hub and slaughterhouse)	PMT	Feb, 2014
Relaunch Horticulture LSP tender	PMT	Feb, 2014
Start FFS preparation according to action plan	PMT	Immediate
Start recruitment of LTA, LTSP and GIS SP	PMT	28-Feb-14
Follow-up on recommendations from the previous ASAP mission	PMT	Immediate

#### **D. PROSUL implementation progress**

22. **Programme Management.** So far, on the seven senior positions CEPAGRI was supposed to recruit for PROSUL, 3 are missing: the Financial Manager, the Financial Services Expert and the Climate Change Expert. PROSUL financial management has been handled by the Coordinator and the Financial Assistant; both participated in the Financial Management Forum organized by IFAD in October 2013. However, it becomes urgent to finalize by January 2014 the recruitment process of the Financial Manager for the programme to carry its fiduciary responsibilities with efficiency. With respect to the recruitment of the Financial Expert, it was agreed to wait for the requested amendment (by GoM) of the Rural Finance component to adapt the profile of the Expert according to possible recommended adjustments. Regarding the Climate change Expert, while a CEPAGRI staff (who will integrate PROSUL team) is following a MSc on Climate Change Adaptation, it was agreed that the Programme will recruit a consultant on a retainer base to provide technical support to the PMT.

23. **Human resources management.** The Mission took note that not all Programme staff was administratively transferred under the oversight of CEPAGRI. Furthermore, the recruitment of the Agribusiness Specialist still needs to be certified by the Administrative Tribunal in order to secure his integration into the PMT. It was agreed that CEPAGRI will do a close follow up and make sure to have full oversight of all PROSUL staff and finalize the administrative integration of the Agribusiness Specialist by 31 January 2014. Moreover, it was agreed that the PMT will liaise with PROMER PMT (which is carrying a similar exercise) and recruit an HR specialist to amend the Programme Implementation Manual in order to add a clear performance assessment methodology relying on the *Sistema de Gestão de Desempenho na Administração Pública* (SIGEDAP). Such initiative will help PROSUL acquire a streamlined staff annual evaluation system, model on the public administration system.
24. **Monitoring & Evaluation.** A Monitoring and Evaluation (M&E) consultant was hired to assist the PMT in establishing the M&E system. The system has been set up to monitor progress and produce reports according to various information-levels disaggregated by geographical scope. This includes outcome, output, components and sub-components. As PROSUL will also report on ASAP and RIMS indicators it was agreed the system will produce reports at ASAP/RIMS level. The M&E consultant should also assess to what extent the M&E system could report on progress according to expenditures, or the possibility of using third-party systems such as TECPRO to provide this information. The logframe was revised with the mission and should be shared with all partners.
25. Currently, the M&E system is envisaged to measure level 2 indicators by using level 1 indicators as proxies. This will add limited value as it is merely double-counting of indicators and may erroneously enforce the impression that output automatically result in outcome (e.g. training of 20 farmers does not necessary result in enhanced capacities of all the targeted individuals). As such, it was agreed that the PMT will work with the PM&E consultant to develop a streamlined and efficient way to estimate level 2 indicators in a manner that better reflects achievements and impact.
26. **Baseline survey.** The baseline study has been tendered and a service provider selected, with the study expected to commence by Jan 2014. To reduce complexity of obtaining important baseline data through several different studies, it was agreed that the M&E consultant will work with the PMT to device a sampling model that can produce statistical significant results in the three different value chains, and negotiate with the service provider the possibility of adding a few additional questions to the survey.
27. **Knowledge Management.** The development of the envisaged Knowledge Management (KM) strategy has not started. As M&E and KM is closely interlinked, it was agreed that PMT discuss its overall KM vision with the M&E consultant and how the M&E system will support this vision. This should include identification and monitoring of good practices, innovations, and challenges experienced by multiple actors. A KM and Communication strategy should subsequently be drafted by April 2014, connecting identification of KM with a clear plan for how this is disseminated to stakeholders.
28. **Gender.** Gender activities has not progressed much since the last mission, primarily due to the lengthy procurement process for the LSPs. The integration of gender approach in the extension training curricula and FFS methodology is expected to be completed by the end of December 2013 and February 2014 respectively. To speed up the development of the gender strategy, and facilitate for a coherent and consistent approach between the individual LSP components, it was agreed that the PMT would start developing an overall strategy that encompasses the aim of PROSUL gender-specific activities (what will be achieved); generic challenges for women in the three value chains; specific areas that should be addressed; key actors and their role; the relationship between key actors and how this will be enforced. This should be completed by June 2014. It was further agreed that PMT will take action to ensure a better gender balance in the team itself by encouraging women to apply to vacant PMT positions.
29. **HIV/AIDS.** The mission observed in the short field trip to Lumane block the prevalence of HIV/AIDS affected farm households, with visible consequences to the agriculture labour force. According to the Institute of National Health (INS), HIV prevalence in Gaza province is 25%, which is high compared to the country average of 11.5%. To understand the full implications of

HIV/AIDS in the three VCs, it was agreed to include HIV/AIDS along with gender issues in the scoping study TORs.

Agreed action	Responsibility	Agreed date
Finalize recruitment of the Financial Manager	PMT	Jan 2014
Recruit Climate Expert on retainer contract	PMT	Jan 2014
finalize the administrative integration of the Agribusiness Specialist	PMT	Jan 2014
Set-up performance assessment system	PMT	Jan 2014
M&E system to produce RIMS and ASAP reports	M&E Consultant	Jan 2014
Assess to what extent the M&E system could report on progress according to expenditures	M&E Consultant	Jan 2014
Commence the baseline survey	PMT	Jan 2014
Draft Communication and KM strategy	PMT	April 2014
Draft Gender strategy	PMT	June 2014

## E. Fiduciary aspects

30. **Financial management.** The Mission reviewed PROSUL's Financial Management (FM) arrangements, which has improved since the last supervision mission. However, some important issues still need to be addressed in (i) accounting; (ii) reporting; and (iii) internal control. The PROSUL FM team is currently understaffed due to the vacancy of the Financial Manager post. In the interim period, until finalization of the Financial Manager recruitment in January 2014 two CEPAGRI accountants will continue supporting the PMT. The 2014 AWPB has been drafted and was presented to the mission, which found it generally well done. The AWPB will be submitted to IFAD for No Objection by 20 December the latest.
31. **Accounting.** The payment support documentation of PROSUL were not available onsite due to an internal audit of CEPAGRI in Maputo. It was agreed that PROSUL will keep copies of Programme files, which can be done electronically, in addition to the originals. The Mission reviewed a small sample of payment support documentation and concluded that bookkeeping is moderately adequate. While comprehensive, the Programme accounting is still performed in Excel, with no clear indication of activities, categories and components.
32. TOMPRO has recently been installed and the PMT will hire two interns to categorize the expenses and clear the backlog. Based on PROMER genuine experience of TOMPRO, it was agreed that the FM Assistant would seek PROMER Financial Manager guidance to use TOMPRO the most effectively possible. If needed, the FM Assistant can also attend another TOMPRO training to provide technical assistance to the rest of the FM staff. It was also agreed that the items in the SOE in WA 2 will follow the same reference numbers as the items in the Excel accounting books, and the bank reconciliations will be prepared at the end of each month, signed by both the FM Assistant and the Programme Coordinator.
33. **eSISTAFE.** The implementation of the national accounting system eSISTAFE has not yet been finalized, primarily due to the long set-up process. This is a requirement for the flow of funds from the Designated Account to the Operational Accounts. The delay increases the liquidity risk of the Programme in the short term and needs to be addressed immediately. It was agreed that PROSUL would implement the normal version of the system to facilitate fund allocation, contrary to the initial suggestion of introducing a version that allocated funds according to categories and activities. It was agreed that PROSUL will therefore send an official letter to Ministry of Finance (MOF) through Ministry of Agriculture (MINAG), requesting rapid completion of the process.
34. **Financial Execution.** Due to the delay in setting up eSISTAFE, PROSUL has only received the initial advance of USD 800,000 against a budgeted USD 2.5 million. As of 5 December 2013, execution of the initial advance stands at USD 622,604 (78%), i.e. 25% of the 2013 AWPB. As such, total liquidity of the Programme is USD 177,395 with commitments corresponding to around USD 202,915. To mitigate liquidity issues, CEPAGRI has agreed to pay some of PROSUL's commitments in advance, which could then be recovered in WA 2. No detailed expense tables were available for the mission. It was agreed that the PMT will prepare more

detailed financial progress tables as per IFAD in view of the Financial Statement exercise for 2013.

35. **Counterpart funds** Total GOM contribution as of 5 December 2013 stands at USD 68,214 (tax and VAT exemptions), which corresponds to 11% of the 2013 expenditures, fully compliant with the Financing Agreement.
36. **Procurement.** Overall, the Mission finds that procurement procedures are moderately adequate for the implementation of Programme activities. Most procurement processes for PROSUL were carried by CEPAGRI-Maputo until October 2013, and the relative bidding support documentation is kept in Maputo and not at PROSUL. It was agreed that the PMT will keep the originals in Xai-Xai, or as a minimum make copies for record keeping. The Mission noted that CEPAGRI's internal arrangements for filing of procurement processes are substantially different from IFAD standards. As such, the PMT will file the procurement processes with the technical and/or financial proposal of all bidding participants, copy of bidding announcement, signed evaluation tables and any NO received from IFAD when applicable. Furthermore, PROSUL will develop its own unique coding system (rather than that of CEPAGRI) for referencing. Finally, the PMT will advertise the position of Procurement Officer.
37. The Mission reviewed the 2014 Procurement Plan and was satisfied with the improvements from the 2013 Plan. Further inputs were made and it was agreed that the plan would be revised together with the AWPB prior to submission for IFAD NO .
38. Mozambique's national legislation dictates that contracts awarded to persons with foreign academic degree have to be homologated by the Ministry of Education (MINED), which is a lengthy process. Furthermore, eSISTAFE does not allow payments to non-Mozambican bank accounts without a special authorisation by MOF. This result in a very time consuming and complex process when hiring international consultants. It was agreed that PROSUL will consult with PROPECA and PSP to discuss how to approach the situation with IFAD support.
39. **Contract Management.** The register of contracts was reviewed and it was found that while it captures the status of all the contracts awarded by PROSUL, it lacks some key elements like contract numbers and correct contract dates. The Contract Monitoring Forms also need improvement, with several of the mandatory fields either missing, or employed incorrectly. The Mission has provided support to the PMT in the correct usage of these forms.
40. **Compliance with loan covenants.** The Mission noted that PROSUL's staff are not insured against health and accident risks. This is a breach of the Special Covenant set up on Schedule 3, paragraph 1 of the Financing Agreement. It was agreed that PROSUL would seek the best arrangement to insure its staff in close consultation with CEPAGRI. PROSUL could draw from the experience of other IFAD-funded Programmes in Mozambique. All other loan covenants are being complied with or are not applicable to the current stage of Programme implementation.

Agreed action	Responsibility	Agreed date
Finalize hiring process for Financial Manager	PMT	Jan 2014
Start hiring process for Procurement Officer	PMT	Feb 2014
Hire two interns to clear TOMPRO backlog	PMT	Feb 2014
Harmonize AWPB, M&E database and TOMPRO	PMT	Jan 2014
Request implementation of normal eSISTAFE	PMT	Jan 2014
Submit AWPB 2014 for NO	PMT	Jan 2014
Improve register of contracts and CMFs	PMT	Mar 2014
Insure PMT staff against health and accident risks	PMT	Mar 2014
Prepare 2013 monthly bank reconciliation forms	PMT	Dec 2013
<i>Transfer copies of Procurement documentation from CEPAGRI HQ to Xai-Xai</i>	<i>PMT</i>	<i>Dec 2013</i>
Consult Propesca on contracts for foreign consultants	PMT	Mar 2014
Submit WA 2 (pending hiring of Financial Manager)	PMT	Jan 2014

## F. Conclusion

41. The mission is positive about the Programme despite a slight delay in implementation. To prevent further delay , it is important to (i) ensure a rapid start up for the lead service providers

and other implementation partners; (ii) sign the outstanding MoUs and the joint working plan; (iii) tender the scoping studies immediately to avoid a long lag between LSP startup and the findings of the studies; (iv) finalise eSISTAFE process to mitigate liquidity risk; (v) finalise all TORs and launch tenders; and (vi) finalise recruitment of the financial manager. Attention will also need to be put on ASAP, Land Tenure, and Gender issues to ensure a complementary Programme approach.

42. Next supervision mission is planned for 30 March to 11 April 2014.
43. 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-Dec-2013				
Supervising Inst.	IFAD/IFAD				
No. of Supervisions	1	No. of Implementation Support/Follow-up missions	1		
Last Supervision	07-Jun-2013	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	4	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	NA	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	4	3. Quality of beneficiary participation	4	4
			4. Responsiveness of service providers	4	4
			5. Exit strategy (readiness and quality)	NA	4
			6. Potential for scaling up and replication	4	4



## B.5 Justification of ratings

Except for the Financial Manager who does not seem very confident with his work, the other members of the Project Management Team, shows a good degree of professionalism and dynamism and they have a very good understanding of the project and their terms of Reference.

## 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	NA	4
C.4 Overall <b>implementation progress</b> (Sections B1 and B2)	4	4

### Rationale for implementation progress rating

PROSUL became effective on October 3rd, 2012. As at end of November 2013, the main activities carried out have been preparatory related, such as establishing the Programme Management Team (PMT); hosting the inception workshop; establishing the steering committee; preparing for the baseline; appointing focal points; and recruiting Lead Service Providers (LSPs). As such, financial execution stands at 4% while physical progress remains 0.

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.	December 2013	On track

### Additional observations

Next Supervision mission is scheduled for 31 March to 11 April 2014

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

Narrative Summary	Key Performance Indicators	Means of Verification	Assumptions (A) / Risks (R)
<b>Goal:</b>			
Improved and climate-resilient livelihoods of smallholder farmers in selected districts of the Maputo and Limpopo corridors.	<ul style="list-style-type: none"> <li>▪ Rural households with improvement in asset ownership</li> <li>▪ Households for which food security has improved</li> <li>▪ Poor smallholder household members whose climate resilience has increased due to ASAP</li> <li>▪ Individuals reached by meteorology weather forecasts (IIAM's Meteorological facilities)</li> </ul>	<ul style="list-style-type: none"> <li>▪ Project baseline &amp; impact surveys, reality checked against national statistics IIAM meteorological reports.</li> </ul>	<ul style="list-style-type: none"> <li>▪ Favourable economic environment</li> <li>▪ Links with Strategic Program for Climate Resilience in Mozambique established</li> </ul>
<b>Project Development Objective:</b> <i>Development Objective: Sustainable increased returns to smallholder farmers from increased production volumes and quality in target value chains, improved market linkages, efficient farmer organisation and higher farmers' share over the final added value</i>	<ul style="list-style-type: none"> <li>▪ Households (50% women) receiving project services</li> <li>▪ Farmers who participate in a formalised marketing arrangement</li> <li>▪ Average quantities of crops sold by small-scale producers</li> <li>▪ Average quantities of animals sold by small-scale producers</li> </ul>		

Narrative Summary	Key Performance Indicators	Means of Verification	Assumptions (A) / Risks (R)
<b>Outcome 1:</b> Sustainable increased returns to smallholder farmers from increased production volumes and quality in target value chains, improved market linkages, efficient farmer organisation and higher farmers' share over the final added value	<ul style="list-style-type: none"> <li>Small-scale farmers who have adopted one or more improved production technologies (farming management practices) introduced under the project</li> <li>Farmers adopting climate-resilient technologies (ASAP)</li> <li>Land managed under climate-resilient practices (ASAP)</li> <li>Households, producing and processing facilities with increased water availability and water use efficiency</li> </ul>	<ul style="list-style-type: none"> <li>Project surveys, service hubs' reports, farmers' organisations statistics, Value Chain Platform reports</li> </ul>	<ul style="list-style-type: none"> <li>Continued government commitment to improve returns to farmers in agricultural value chains</li> </ul>
<b>Outputs:</b> 1.1.1 Improvement or rehabilitation of irrigation schemes 1.1.2 WUAs established or strengthened 1.1.3 Capacity of farmers to manage irrigation schemes improved 1.2.1: Farmer organizations established or strengthened 1.2.2 Capacity of farmers improved 1.3.1: Marketing arrangements between producers and value chain actors facilitated 1.4.1 Meteorological facilities improved	<ul style="list-style-type: none"> <li>Land under improved or rehabilitated irrigation schemes</li> <li>WUAs established or strengthened</li> <li>People trained in O&amp;M</li> <li>FOs established or strengthened</li> <li>Members/leaders of FOs trained in crop production, value adding, agribusiness and marketing aspects</li> <li>Value chain review/support groups established and operational</li> <li>Meteorological reports produced by the IIAM Research Station at Gaza</li> </ul>	<ul style="list-style-type: none"> <li>Regional VCPs and district IPs.</li> <li>Project surveys, LSP M&amp;E system, Service hubs' reports</li> <li>Farmers' organisations statistics</li> </ul>	<ul style="list-style-type: none"> <li>Private investors interested in investing in processing units, outgrower schemes and hubs along conditions proposed by IFAD</li> <li>Projected changes in cassava pest and diseases due to climate change are positive</li> </ul>
<b>Outcome 2:</b> Increased sustainable income for smallholder farmers in project areas from improved cassava production, models for the profitable production	<ul style="list-style-type: none"> <li>Small-scale farmers who have adopted one or more improved production technologies (farming practices) introduced under the project</li> </ul>	<ul style="list-style-type: none"> <li>Project surveys, LSP M&amp;E system, Service hubs' reports, Farmers' organisations statistics</li> </ul>	<ul style="list-style-type: none"> <li>Private investors interested in investing in processing units, outgrower schemes and hubs along conditions proposed by IFAD</li> </ul>

Narrative Summary	Key Performance Indicators	Means of Verification	Assumptions (A) / Risks (R)
and marketing of cassava-based products.	<ul style="list-style-type: none"> <li>▪ Farmers adopting climate-resilient technologies (ASAP)</li> <li>▪ Land managed under climate-resilient practices (ASAP)</li> <li>▪ Households, producing and processing facilities with increased water availability and water use efficiency</li> </ul>		<ul style="list-style-type: none"> <li>▪ Projected changes in cassava pest and diseases due to climate change are positive</li> </ul>
<b>Outputs:</b> 2.1.1: Farmer organizations established or strengthened 2.1.2 Capacity of farmers improved 2.2.1: Marketing arrangements between producers and value chain actors facilitated 2.3.1 Meteorological facilities improved	<ul style="list-style-type: none"> <li>▪ FOs established or strengthened</li> <li>▪ Members/leaders of FOs trained in crop production, value adding, agribusiness and marketing aspects</li> <li>▪ Value chain review/support groups established and operational</li> <li>▪ Meteorological reports produced by the IIAM Research Station at Inhambane</li> </ul>		
<b>Outcome 3:</b> Increased sustainable income for small-scale cattle, goat and sheep breeders in project areas through improved production and better organised markets	<ul style="list-style-type: none"> <li>▪ Herders who have adopted one or more improved production technologies (animal husbandry practices) introduced under the project</li> <li>▪ Herders adopting climate-resilient technologies (ASAP)</li> <li>▪ Land managed under climate-resilient practices (ASAP)</li> <li>▪ Households, producing and processing facilities with increased water availability and water use efficiency</li> </ul>	<ul style="list-style-type: none"> <li>▪ Project surveys, LSP M&amp;E system, Farmers' organisations statistics, Value Chain Platform reports</li> </ul>	<ul style="list-style-type: none"> <li>▪ Private investors interested in investing in slaughterhouse at PROSUL conditions</li> <li>▪ Prospect of higher and regular income induces herders to develop commercially-oriented herd management</li> </ul>

Narrative Summary	Key Performance Indicators	Means of Verification	Assumptions (A) / Risks (R)
<b>Outputs:</b> 3.1.1: Marketing arrangements between producers and value chain actors facilitated 3.2.2: Soil carbon stock increased in grazing areas 3.2.3 Farmer organizations established or strengthened 3.2.4 Capacity of farmers improved 3.3.1: Institutions for livestock marketing established	<ul style="list-style-type: none"> <li>Value chain review/support groups established and operational</li> <li>Individuals, community groups and institutions formulating and enforcing ENRM plans</li> <li>Tonnes of GHG emissions (CO2e) sequestered (ASAP)</li> <li>LPOs established or strengthened</li> <li>Members/leaders of LPOs trained in livestock production, value adding, agribusiness and marketing aspects</li> <li>Meat Trader Organizations established</li> </ul>		<ul style="list-style-type: none"> <li>Cost effective means of monitoring soil carbon in rangelands available and accepted</li> </ul>
<b>Outcome 4:</b> 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	<ul style="list-style-type: none"> <li>Participating farmers (50% women) access financial services (by type of client, service, financial/non-financial service provider), loan portfolio</li> </ul>	<ul style="list-style-type: none"> <li>Catalytic Fund and MFIs M&amp;E systems</li> </ul>	<ul style="list-style-type: none"> <li>MFIs are interested in extending services in rural areas along conditions affordable for agricultural activities</li> </ul>
<b>Outputs:</b> 4.1.4 Financial mechanisms established 4.1.2: Financial products made available for value chain stakeholders 4.2.1: Financial institutions strengthened 4.2.2: Staff trained to provide financial services to farmers	<ul style="list-style-type: none"> <li>Loans disbursed</li> <li>Value of loans disbursed</li> <li>Financial institutions strengthened</li> <li>Staff of MFIs/SMEs trained in financial and management subjects</li> </ul>		<ul style="list-style-type: none"> <li>Loans repaid and revolving fund established to enable further households/hubs to benefit from investments in infrastructural development</li> </ul>
<b>Outcome 5:</b> CEPAGRI, and specifically its	<ul style="list-style-type: none"> <li>Systems and tools for planning and budgeting public support to</li> </ul>	<ul style="list-style-type: none"> <li>Project reports and publications</li> </ul>	<ul style="list-style-type: none"> <li>Continued government commitment to improve returns</li> </ul>

Narrative Summary	Key Performance Indicators	Means of Verification	Assumptions (A) / Risks (R)
delegation for the southern provinces, has and uses systems and tools for supporting inclusive value chain development and for promoting new business models	value chains and for monitoring value chain performance are operational and implemented <ul style="list-style-type: none"> <li>Knowledge products and publication produced and/or disseminated (of which climate-related)</li> </ul>		to farmers in agricultural value chains
<b>Outputs:</b> 5.1.1: Capacity of local actors on value chain development strengthened 5.1.2: Country dialogue on climate-related issues supported 5.1.3: CEPAGRI is capable to climate proof commercial agriculture, and contribute to the broader national and regional climate change agenda 5.2.1: Land tenure security of farmers secured	<ul style="list-style-type: none"> <li>CEPAGRI and project staff trained in value chain development</li> <li>Climate change adaptation knowledge sharing mechanism established within CEPAGRI (ASAP)</li> <li>CEPAGRI and project staff trained on issues related to the broader national and regional climate agenda (ASAP)</li> <li>Farmer associations that have been issued DUATs</li> </ul>		<ul style="list-style-type: none"> <li>CEPAGRI commit staff resources to participate in National and Regional Climate Adaptation Fora</li> </ul>



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

Ref.	Agreed action	Responsibility	Agreed date
1	Finalize pending MoUs and master plan including the specific tasks and responsibilities	PMT	Dec, 2013
2	Liaise with IFDC in arranging knowledge sharing platform on Cassava	PMT	Jan, 2014
3	Tender Irrigation study	PMT	Jan, 2014
4	Contract independent engineer for controlling and approving the irrigation works	PMT	When applicable
5	Prepare ToRs for separate scoping study	PMT	Jan,2014
6	Finalize negotiations of cassava and red meat LSPs	PMT	Jan, 2014
7	Liaise with DATCO for cooperation	PMT	Jan, 2014
8	Launch tender for two feasibility studies(service hub and slaughterhouse)	PMT	Feb, 2014
9	Relaunch Horticulture LSP tender	PMT	Feb, 2014
10	Start FFS preparation according to action plan	PMT	Immediate
11	Start recruitment of LTA, LTSP and GIS SP	PMT	28-Feb-14
12	Follow-up on recommendations from the previous ASAP mission	PMT	Immediate
13	Finalize recruitment of the Financial Manager	PMT	Jan 2014
14	Recruit Climate Expert on retainer contract	PMT	Jan 2014
15	Finalize the administrative integration of the Agribusiness Specialist	PMT	Jan 2014



16	Set-up performance assessment system	PMT	Jan 2014
17	M&E system to produce RIMS and ASAP reports	M&E Consultant	Jan 2014
18	Assess to what extent the M&E system could report on progress according to expenditures	M&E Consultant	Jan 2014
19	Commence the baseline survey	PMT	Jan 2014
20	Draft Communication and KM strategy	PMT	April 2014
21	Draft Gender strategy	PMT	June 2014
22	Finalize hiring process for Financial Manager	<b>PMT</b>	Jan 2014
23	Start hiring process for Procurement Officer	PMT	Feb 2014
24	Hire two interns to clear TOMPRO backlog	PMT	Feb 2014
25	Harmonize AWPB, M&E database and TOMPRO	PMT	Jan 2014
26	Request implementation of normal eSISTAFE	PMT	Jan 2014
27	Submit AWPB 2014 for NO	PMT	Jan 2014
28	Improve register of contracts and CMFs	PMT	Mar 2014
29	Insure PMT staff against health and accident risks	PMT	Mar 2014
30	Prepare 2013 monthly bank reconciliation forms	PMT	Dec 2013
31	Transfer copies of Procurement documentation from CEPAGRI HQ to Xai-Xai	<i>PMT</i>	<i>Dec 2013</i>
32	Consult Propesca on contracts for foreign consultants	PMT	Mar 2014
33	Submit WA 2 (pending hiring of Financial Manager)	PMT	Jan 2014

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

Component/ Sub-component or Output	Indicator	Unit	Period: 01/01/2013 to 30/11/2013			Cumulative Actual	Appraisal Target	%
Component 1 Horticulture Value Chain Development								
Goal: Improved and climate-resilient livelihoods of smallholder farmers in selected districts of the Maputo and Limpopo corridors.	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
	Poor smallholder household members whose climate resilience has increased due to ASAP	Number	0	0	0	0	60,000	0
Development Objective: Sustainable increased returns to smallholder farmers from increased production volumes and quality in target value chains, improved market linkages, efficient farmer organisation and higher farmers' share over the final added value	Individuals reached by meteorology weather forecasts (IIAM's Meteorological facilities)	Number	0	0	0	0		0
	Households (50% women) receiving project services	Number	0	0	0	0	20,350	0
	Farmers who participate in a formalised marketing arrangement	Number	0	0	0	0		0
	Average quantities of crops sold by small-scale producers	Number	0	0	0	0		0
	Average quantities of animals sold by small-scale producers	Number	0	0	0	0		0
	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
		Number	0	0	0	0	3,840	0

<i>through increased productivity, volumes and quality of vegetables reaching both traditional and modern market segments.</i>	Farmers adopting climate-resilient technologies (ASAP)							
		Ha						
	Land managed under climate-resilient practices (ASAP)		0	0	0	0	0	0
	Households, producing and processing facilities with increased water availability and water use efficiency	Number	0	0	0	0	0	0
<u>Sub-component 1.1 - Rehabilitation and expansion of existing irrigated perimeters</u>								
<i>Output 1.1.1: Improvement or rehabilitation of irrigation schemes</i>	Land under improved or rehabilitated irrigation schemes	Ha	0	0	0	0	21,000	0
<i>Output 1.1.2: Farmer organizations established or strengthened</i>	WUAs established or strengthened	Number	0	0	0	0		0
<i>Output 1.1.3 Capacity of farmers to manage irrigation schemes improved</i>	People trained in O&M	Number	0	0	0	0		0
<u>Sub-component 1.2 - Strengthening linkages between value chain stakeholders</u>								
<i>Output 1.2.1: Farmer organizations established</i>	FOs established or strengthened	Number	0	0	0	0		0

<i>or strengthened</i>								
<i>Output 1.2.2 Capacity of farmers improved</i>	Members/leaders of FOs trained in crop production, value adding, agribusiness and marketing aspects	Number	0	0	0	0	0	0
<u><i>Sub-component 1.3 – Value chain environment</i></u>								
<i>Output 1.3.1: Marketing arrangements between producers and value chain actors facilitated</i>	Value chain review/support groups established and operational	Number	0	0	0	0	0	0
<i>Output 1.4.1 Meteorological facilities improved</i>	Meteorological reports produced by the IIAM Research Station at Gaza	Number	0	0	0	0	0	0
<b>Component 2</b>								
<i>Outcome 2: Increased sustainable income for smallholder farmers in project areas from improved cassava production, models for the profitable production and marketing of cassava-based products.</i>	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	0
	Land managed under climate-resilient practices (ASAP)	Ha	0	0	0	0	2,880	0
	Households, producing and processing facilities with increased water availability and water use efficiency	Number	0	0	0	0	0	0
<u><i>Sub-component 2.1 - Strengthening linkages between value chain stakeholders</i></u>								
<i>Output 2.1.1: Farmer</i>	FOs established or strengthened	Number	0	0	0	0	0	0

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*organizations established or strengthened*

<i>Output 2.1.2 Capacity of farmers improved</i>	Members/leaders of FOs trained in crop production, value adding, agribusiness and marketing aspects	Number	0	0	0	0	0
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*Sub-component 2.2 - Value chain environment*

<i>Output 2.2.1: Marketing arrangements between producers and value chain actors facilitated</i>	Value chain review/support groups established and operational	Number	0	0	0	0	0
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<i>Output 2.3.1 Meteorological facilities improved</i>	Meteorological reports produced by the IIAM Research Station at Inhambane	Number	0	0	0	0	0
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**Component 3**

<i>Outcome 3: Increased sustainable income for small-scale cattle, goat and sheep breeders in project areas through improved production and better organised markets</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	0
	Herders adopting climate-resilient technologies (ASAP)	Number	0	0	0	0		0
	Land managed under climate-resilient practices (ASAP)	Ha	0	0	0	0		0
	Households, producing and processing facilities with increased water availability and water use efficiency	Number	0	0	0	0		0

*Sub-component 3.1 - Value chain environment*

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<i>Output 3.1.1: Marketing arrangements between producers and value chain actors facilitated</i>	Value chain review/support groups established and operational	Number	0	0	0	0	0
<u><i>Sub-component 3.2 - Production improvement</i></u>							
<i>Output 3.2.1: Improved pasture management through ENRM plans</i>	Individuals, community groups and institutions formulating and enforcing ENRM plans	Number	0	0	0	0	0
<i>Output 3.2.2: Soil carbon stock increased in grazing areas</i>	Tonnes of GHG emissions (CO <sub>2</sub> e) sequestered (ASAP)	Number	0	0	0	0	0
<i>Output 3.2.3 Farmer organizations established or strengthened</i>	LPOs established or strengthened	Number	0	0	0	0	0
<i>Output 3.2.4 Capacity of farmers improved</i>	Members/leaders of LPOs trained in livestock production, value adding, agribusiness and marketing aspects	Number	0	0	0	0	0
<u><i>Sub-component 3.3 - Market linkages</i></u>							
<i>Output 3.3.1: Institutions for livestock marketing established</i>	Meat Trader Organizations established	Number	0	0	0	0	0
<b>Component 4</b>							
<i>Outcome 4: Selected value chain stakeholders have a timely and adequate access to a diversified range of</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

*affordable financial products, through existing or to be created financial and on-financial service providers*

Sub-component 4.1 - Financial Services

<i>Output 4.1.4 Financial mechanisms established</i>	Loans disbursed	Number	0	0	0	0	0
<i>Output 4.1.2: Financial products made available for value chain stakeholders</i>	Value of loans disbursed	MZN	0	0	0	0	0

Sub-component 4.2 - Capacity Building

<i>Output 4.2.1: Financial institutions strengthened</i>	Financial institutions strengthened	Number	0	0	0	0	0
<i>Output 4.2.2: Staff trained to provide financial services to farmers</i>	Staff of MFIs/SMEs trained in financial and management subjects	Number	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</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
	Knowledge products and publication produced and/or disseminated (of	Number	0	0	0	0	0

<i>promoting new business models</i>	which climate-related)		0	0	0	0	0
<u>Sub-component 5.1 - Institutional support</u>							
<i>Output 5.1.1: Capacity of local actors on value chain development strengthened</i>	CEPAGRI and project staff trained in value chain development	Number	0	0	0	0	0
<i>Output 5.1.2: Country dialogue on climate-related issues supported</i>	Climate change adaptation knowledge sharing mechanism established within CEPAGRI (ASAP)	Number	0	0	0	0	0
<i>Output 5.1.3: CEPAGRI is capable to climate proof commercial agriculture, and contribute to the broader national and regional climate change agenda</i>	CEPAGRI and project staff trained on issues related to the broader national and regional climate agenda (ASAP)	Number	0	0	0	0	0
<u>Sub-component 5.2 - Land Tenure Security</u>							
<i>Output 5.2.1: Land tenure security of farmers secured</i>	Farmer associations that have been issued DUATs	Number	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
<b>Total</b>	<b>44'960.00</b>	<b>800.00</b>	<b>1.78</b>

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

	IFAD loan				IFAD grant				Spanish Trust Fund				ASAP grant				UNCDF				Government				Private investors				Beneficiaries				Total			
Component	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	1.780	

**Table 5C: IFAD loan disbursements (SDR, as at 6 December 2013)**

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
	<b>Total</b>	<b>10 850 000.00</b>	<b>10 850 000.00</b>	<b>263 424.78</b>	<b>NA</b>	<b>10 586 575.22</b>	<b>2.43</b>



## Appendix 6: Compliance with legal covenants: Status of implementation

Section	Covenant	Target/Action Due Date	Compliance Status/Date	Remarks
<b>Section 4.02</b>	PCU to open and maintain a Project Account (in USD);		Yes	Designated account open at Central Bank of Mozambique
<b>Section 4.03</b>	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.
<b>Section 4.04</b>	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.
<b>Schedule 3, para 1</b>	Insurance of Project personnel.	31 Mar 2014	Not compliant	Project has not insured its staff against health and accident risks.
<b>Schedule 4, para 16</b>	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.



## **Attachment 1: Management and Gender**

44. Programme Management. So far, on the 7 seven senior positions CEPAGRI was supposed to recruit for PROSUL, 3 are missing: the Financial Manager, the Financial Services Expert and the Climate Change Expert. So far, the Coordinator and the Financial Assistant have handled PROSUL financial management; both participated in the Financial Management Forum organized by IFAD in October 2013. However, it becomes urgent to finalize by January 2014 the recruitment process of the Financial Manager for the programme to carry its fiduciary responsibilities with efficiency. With respect to the recruitment of the Rural Finance Expert, it was agreed to wait for the requested amendment (by GoM) of the Rural Finance component to adapt the profile of the Expert according to possible recommended adjustments. Regarding the Climate change Expert, while a CEPAGRI staff (who will integrate PROSUL team) is following an MSc on Climate Change Adaptation, it was agreed that the Programme will recruit a consultant on a retainer base to provide technical support to the PMT.
45. Human resources management. The Mission observed that not all Project staff was administratively transferred under the oversight of CEPAGRI (per example, the M&E Officer is still administratively under the Ministry of Planning and Development). Such situation could present some challenges in terms of oversight to legitimize the authority of CEPAGRI and PROSUL Coordinator over the Programme staff. Furthermore, the recruitment of the Agribusiness Specialist still needs to be certified by the Administrative Tribunal. This lengthy certification process creates some insecurity and could on the long term jeopardize the Agribusiness Specialist integration into the PMT. It was therefore agreed that CEPAGRI will do a close follow up on the administrative staffing process and by 31 January 2014: (i) make sure to have full oversight of all PROSUL staff (by ensuring the administrative transfer of all affected staff) and (ii) push the Administrative Tribunal to finalize the integration of the Agribusiness Specialist.
46. Moreover, after exchanging with several PCU and CEPAGRI staff, the mission took note of the need to set up a streamlined HR process. Such process could describe and clarify the HR rules, the supervision lines among staff, the code of conduct as well as the staff evaluation system within the PCU and between the PCU and CEPAGRI (more specifically between PROSUL Coordinator and the Director of CEPAGRI). It was therefore agreed that the PMT will liaise with PROMER PMT (which is carrying a similar exercise) and recruit an HR specialist to amend the Programme Implementation Manual in order to add HR manual section as well as a clear performance assessment methodology relying on the Sistema de Gestão de Desempenho na Administração Pública (SIGEDAP). Such initiative will help PROSUL acquire a streamlined staff annual evaluation system, based on and aligned to the public administration system.
47. Gender. Gender activities has not progressed much since the last mission, primarily due to the lengthy procurement process for the LSPs. The integration of gender approach in the extension training curricula and FFS methodology is expected to be completed by the end of December 2013 and February 2014 respectively. To speed up the development of the gender strategy, and facilitate for a coherent and consistent approach between the individual LSP components, it was agreed that the PMT would start developing an overall strategy that encompasses the aim of PROSUL gender-specific activities (what will be achieved); generic challenges for women in the three value chains; specific areas that should be addressed; key actors and their role; the relationship between key actors and how this will be enforced. This should be completed by June 2014. It was further agreed that PMT will take action to ensure a better gender balance in the team itself by encouraging women to apply to vacant PMT positions.
48. The strategy should also aim to:

- (a) Expand women's access to and control over fundamental assets
  - (b) Strengthen their agency – thus their decision-making role
  - (c) Improve well-being and ease women's workload
49. and work as much as possible on the following milestones:
- (a) Undertake a gender analysis of each VC, assessing gender-based division of benefits/workload, information flow, inequalities, unbalanced workloads, differences in access to markets / technology/credit, and the role each of them play in their broader livelihood strategies. Please find attached two VC checklists that could be of help.
  - (b) Define opportunities and challenges for gender-sensitive VC upgrading
  - (c) Identify key actors and those of them who could be potential partners.
  - (d) Identify hot areas of key needs for women to overcome gender inequalities in each VC: capacity needs, gaps, areas of support, financial products, physical facilities (storages etc)
  - (e) Propose areas of work/intervention to be integrated in VC strategies – to be further fine-tuned and integrated with the more general VC Strategies
  - (f) Outline areas/aspects to be further explored during scoping studies
50. The analysis has to focus on the specificities of the communities that will be likely to benefit from project interventions. Even if there will be certain overlaps, The three VC should be approached separately (3 documents to be submitted to the LSP) and start with the VC whose LSD will be recruited the soonest (Cassava and Red Meat). The gender Expert will have to work extensively with the lead service providers to guide and support their work and ensure a holistic approach on the strategy.

#### Checklist for Gender Equality and Women's Empowerment in Project Implementation

<b>Parameters</b>
<b>Baseline or gender analysis</b> <ul style="list-style-type: none"> <li>Has a gender-sensitive baseline survey/situation analysis been undertaken?</li> <li>Were the needs, priorities of different categories of poor people and women assessed?</li> </ul>
<b>Project gender strategy</b> <ul style="list-style-type: none"> <li>Does the project have a specific gender strategy for both the organization and the interventions?</li> <li>Does the strategy respond to the baseline analysis?</li> <li>Does the gender strategy involve men also ?</li> <li>Does it address economic empowerment, decision-making and workloads?</li> <li>Does it have indicators and timelines? Are responsibilities for implementation (who does what) well delineated?</li> <li>Does the strategy include access to the various pro-women policies and programmes of the Government?</li> </ul>
<b>Personnel/staff capacity</b> <ul style="list-style-type: none"> <li>Is a commitment to gender equality reflected in the ToRs of the PMU staff?</li> <li>Is recruitment of female staff been encouraged? What is the proportion of female to male staff? At the different levels?</li> <li>Do the staff possess the required skills to address gender issues and provide any special inputs/support required by women? Has technical gender training been provided to staff, including M&amp;E?</li> <li>Are women field staff used to deliver the goods or services to women beneficiaries, when required?</li> <li>Is there a gender focal point in the PMU or is there a PCU member who combines responsibility for gender with other functions?</li> </ul>
<b>Financing</b> <ul style="list-style-type: none"> <li>Are funding levels adequate to support the implementation of the gender strategy?</li> <li>Does the project have a way of tracking the flow of funds to women as compared to men?</li> </ul>

**Ways of working and planning process**

- Do the director and sector personnel (e.g officers in charge of agricultural extension or rural finance) take responsibility for gender mainstreaming in their respective working areas or do they leave it to the gender focal point?
- Does the PMU work as a team with the gender focal point?
- Are gender equality/women's empowerment issues regularly discussed during staff meetings?
- Does the annual work planning and budgeting process involve gender analysis and are specific activities regularly included?
- Is the working environment supportive of the specific needs of female staff, particularly field staff (eg. flexible hours, mobility support, etc)

**Partners and counterparts**

- Was experience of working with women a factor in selecting NGOs and other implementing partners?
- Do implementing partners make efforts to reach/include poorer women?
- Has the project involved institutional/government partners in gender. training?

**Policy environment**

- Does the project engage effectively in policy advocacy when needed (to develop conducive policies or remove policy obstacles)?

**Operational modalities and delivery mechanisms**

- Are there activities specifically targeted to women to increase their ability to participate (e.g capacity/building, self-confidence building, group formation, etc?)
- Are any pro-active/ positive discrimination measures (eg quotas) taken to promote access by women to benefits and participate in key project-related decision-making bodies?
- Are meetings/consultations with women at community level as inclusive as possible (of women of different ages, married status, caste, etc), for example by holding meetings open to all women, changing traditional practices that may exclude specific categories of women, such as widows, etc)
- Has information on the project and how to access benefits and services reached women as much as men, and poor women in particular?
- Is access to project services simple (e,g form to fill in, location, language etc?)
- Are beneficiary contributions, where required, affordable by different categories of women?

**Key questions for mapping of value chains**

51. Key questions to help add a poverty/gender dimension to a standard mapping of a value chain:

- a) Who are the key actors and organizations involved in the value chain (farmers, service providers, government extension workers, input suppliers, buyers, etc) ? Specify who they are (men/women), at which stage they are involved and the relationship between them.
- b) How many poor rural women and men are involved at each function of the value chain? (Gender differences can be highlighted in the map either by using different colours for activities carried out by women and men or by specifying the percentage of male/female participation and gender division of labour).
- c) How and where do the poorest and more vulnerable (by gender, age, ethnicity, social background) participate in value chain?
- d) Who gains what? Where is power concentrated related to decision-making and why? (This analysis should help in understanding gender differences in power and profit)
- e) Who makes the transactions between nodes? Are there gender differences in primary production and market transactions?
- f) How does the market information flow to different value-chain actors? Do gender differences play a role?



- g) What are the main obstacles to wealth creation? To gender equality? Describe inefficiencies that exist along the chain (i.e. farmers' lack of organization and capacity to bulk; inequalities in access and entitlements; uneven distribution of workload)?
- h) How to upgrade the value chain? How to change an uneven balance of power between value-chain actors so as to promote win-win, gender sensitive strategies?

**52. Formulating or assessing a gender and targeting strategy during design/supervision and implementation support missions.**

Information gathered during value-chain analysis should be used as an input for designing and assessing gender-sensitive pro-poor value-chain development strategies. The Checklists on targeting and gender in value-chain development are flexible and easy-to-use tools that can be applied in design, supervision or during implementation support missions. Their objective is to guide programme staff and consultants in assessing how and if value chain development projects reach IFAD's target groups in design or implementation. On the basis of the information obtained, staff, consultants, and beneficiaries will find it easier to develop activities and strategies for promoting social inclusion, gender equality and inter-generational equity.

Targeting Checklist for value-chain development projects				
	Yes	No	Partial	Issues and Recommendations
1. <b>Value-chain analysis.</b> Was a value-chain/marketing study prepared during design and project's implementation? Does it include an analysis of the specific roles, constraints and opportunities faced by IFAD's target groups (women; young men and women; indigenous people; disadvantaged segments) at each node of the value chain including at the household level?				
2. <b>Self-targeting</b> Do the services and products (i.e. vocational training, business skills development, small-scale processing machines etc.) respond to the needs of the target groups, are they attractive and suitable to the livelihood characteristics of target groups?				
3. What are alternative livelihood options for the poorest who have no land but can be linked to the value chain (i.e. availability of common land to grow crops collectively; provision of services; provisions for other actors in the value chain)				
4. <b>Commodity targeting.</b> Have poverty, youth and gender-sensitive criteria been considered for value-chain selection (percentage of participation of poor smallholders and women; potential for employment generation; value-chains for landless people etc.?)				
5. <b>Empowerment and social capital strengthening.</b> Does the project set quotas or incentives for strengthening social capital and promotes participation and empowerment of target groups in farmer organizations, marketing boards, value-chain platform and other governance structures ?				
6. <b>Direct targeting/selection criteria.</b> Are there pro-poor and gender specific eligibility conditions in matching grant and credit schemes?				
7. Is there a special fund for poorest households who will be in the transition process from household production to commercial production as part of the value chain project?				
8. <b>Enabling environment/pro-poor partnership.</b> Are gender equality, poverty targeting, food security and nutrition (and other criteria such as HIV/AIDS) included in the terms of reference of service providers?				

9. Are participatory, pro-poor, gender-sensitive approaches and methodologies to value-chain development (i.e. inclusive business, household approaches, farmer-to-farmer <i>etc.</i> ) included?				
10. Is poverty eradication, social inclusion and gender equality a criteria for selection of private sector actors (Corporate Social Responsibility; gender-sensitive contract farming schemes; willingness to provide poor people with market access <i>etc.</i> ) and a condition for partnership?				
11. <b>M&amp;E and Knowledge Management.</b> Does the project's monitoring system collect and use data disaggregated by sex/age/ethnicity.				
12. Does the M&E system include data on employment generation disaggregated by sex/age/ethnicity.				

Gender Checklist for value-chain development projects				
	Yes	No	Partial	Issues and Recommendations
<b>1. Project document contains poverty and gender analysis data.</b>				
Marketing studies analyse gender differences in marketing channels including mobility/transport, wholesale and retail markets, and consumer requirements, <i>etc.</i>				
Commodity-specific analyses identify and address gender-based constraints to participation of women at all levels.				
<b>2. Project gender strategy – at design and implementation.</b>				
Expand women's access to and control over key productive assets for value chain development: capital (working and investment), land, information, and technologies.				
Strengthen women's agency in value chain governance: participation and leadership roles in farmer groups, marketing boards, enterprises, women-only groups and value chain platforms (quotas; targets; incentives)				
Facilitate women's full participation in value chain activities through reducing domestic workload: access to childcare services, provision of labour-saving devices, encouraging men's participation <i>etc.</i>				
Provide guidelines for the development of pro-poor gender sensitive business plans, women's participation in training and workshops, and their participation at all levels of production, planning and monitoring.				
Include measures to improve women's role in decision-making over productive assets and expenditure at household level (introducing household approaches, working with men; campaigns for behavioural change, <i>etc.</i> )				
<b>3. The project identifies and implements operational measures to ensure gender-equitable participation in, and benefit from, planned activities.</b>				
Set specific targets on proportion of women participants involved in all value chain activities. If this is not appropriate, then provide a clear rationale and compensating measures.				
Ensure that selected value chains include women-led chains.				
Ensure that services – such as childcare/safe transport - in the value chain strategy that will enable women's participation in training activities and decision-making bodies are reflected in the cost tables and included in annual work plan and budget.				
<b>4. Monitoring and Evaluation.</b>				

Include gender-sensitive value-chain indicators for all activities in log-frames and track them regularly.				
<b>5. The project provides opportunities for dialogue with private sector on how to include women</b>				
Gender strategies and indicators are included in Corporate Social Responsibility, Codes of Conduct, Decent Work Agenda <i>etc.</i>				

## Attachment 2: Knowledge Management and Monitoring & Evaluation

53. A Monitoring and Evaluation (M&E) consultant was hired to assist the PMT in establishing the M&E system. The system has been set up to monitor progress and produce reports according to various information-levels disaggregated by geographical scope. This includes outcome, output, components and sub-components. As PROSUL will also report on ASAP and RIMS indicators it was agreed the system will produce reports at ASAP/RIMS level. The M&E consultant should also assess to what extent the M&E system could report on progress according to expenditures, or the possibility of using third-party systems such as TECPRO to provide this information.
54. As PROSUL has a wide range of implementing partners, it is important to have a simple and understandable logframe that clearly presents the logic of the M&E system. In this context the logframe was revised and should be used by the PMT as a visual representation of the system when for example being explained to service providers. The objective of the logframe is not to provide a detailed overview of every indicator used, but rather provide an overview of the logic behind the M&E system and how output indicators are influencing outcome and ultimately impact. It is important to maintain a short and simple logframe as an exhausting list of indicators may be too overwhelming and thus confuse the reader.
55. The inception report developed by the PM&E consultant offers a list of indicators at detailed level, which should be used as an overview of the indicators used in the M&E database. The two documents should guide the use and development of the M&E system.
56. Currently, the M&E system is envisaged to measure level 2 indicators by using level 1 indicators as proxies. This will add limited value as it is merely double-counting of indicators and may erroneously enforce the impression that output automatically result in outcome. In other words, training of 20 farmers does not necessary result in enhanced capacities of all the targeted individuals, which the use of a level 1 proxy assumes. As such, it was agreed that the PMT will work with the PM&E consultant to develop a streamlined and efficient way to estimate level 2 indicators in a manner that better reflects achievements and impact. To this extent, the inception report is proposing collecting some qualitative data, which is a good idea, at the same time, some quantitative data can be collected which can provide the basis for some assumptions. E.g. questions can be asked if there has been changes in behaviour (did you adopt the practice in the training) of which a percentage could be derived and applied to calculate the number (75% of respondents adopted the practice, so we assume 75% of everyone trained did the same). This will obviously not be scientific and might give substantial room for error, but at least give more of an indication than a proxy (which can also be used if needed by looking at the output). The extent the PMU wishes to have an accurate measurement of the outcome will dictate the methodology and sampling used for this exercise.
57. Measuring outcome is important as the M&E database should be used as a management tool, where outcomes can give an indication if the training (or other interventions) is effective or not. This will help guide the PMU in making decisions to continue implementing activities or make alterations. For example, if a training does not change behaviour as expected, the PMU will have to decide to stop the training as it is not having the desired effect, or make changes to the training to help improve it. By continuing to measure outcome the PMU can understand the effects of these alterations, i.e if more people report they are making changes after the training the PMU may conclude that the alterations have been successful. By using a proxy such as amount of trainings held, this is not possible at all.
58. **Baseline survey.** The baseline study has been tendered and a service provider selected, with the study expected to commence by Jan 2014. To reduce complexity of obtaining important

baseline data through several different studies, it was agreed that the M&E consultant will work with the PMT to device a sampling model that can produce statistical significant results in the three different value chains, and negotiate with the service provider the possibility of adding additional questions to the survey.

59. The RIMS survey requires a complete random sampling, including project beneficiaries and non-beneficiaries. As such, in order to be RIMS compliant, the survey will have to follow the sampling approach specified in the RIMS guidelines. This might mean that those surveyed may or may not be project beneficiaries.
60. **Knowledge Management.** The development of the envisaged Knowledge Management (KM) strategy has not started. As M&E and KM is closely interlinked, it was agreed that PMT discuss its overall KM vision with the M&E consultant and how the M&E system will support this vision. This should include identification and monitoring of good practices, innovations, and challenges experienced by multiple actors. A KM and Communication strategy should subsequently be drafted by April 2014, connecting identification of KM with a clear plan for how this is disseminated to stakeholders.
61. **Adaptation-related indicators** were included to i) generate evidence for the strategic use of the ASAP grant, ii) estimate the increased resilience of the three value chains, iii) allow reporting through the global ASAP M&E framework, as well as iv) compare and aggregate results among PROSUL and other ASAP-supported projects. Their definition was discussed with the staff in the Xai-Xai Delegation Office, as follow:
  - (a) Poor smallholder household whose climate resilience has increased due to ASAP. Estimation of impact will be performed on the basis of compliance with the definition of 'climate resilient household'. Namely, this is a household that has access to timely and relevant climate information, farms new drought tolerant, disease resistant or high yielding crop varieties, engage in livestock dry season feeding, and has adopted additional technologies to reduce losses from climate-related events. It also experiences increased water availability and water use efficiency, has access to processing facilities and to traditional and/or modern markets.
  - (b) Individuals reached by meteorology weather forecasts: The indicator counts the number of people reached by the meteorology weather forecasts produced by IIAM's facilities. It measures the individuals that receive localized climate information and preferably advice regarding related impacts on crops and livestock to prevent, reduce and/or manage risks, while enable better choices in the type, timing and location of agricultural practices. The climate information can be provided through radio, extension workers and community leaders. The indicator provides an estimate of the actual increased coverage of such service. The number is expected to be higher than the ASAP component's target group.
  - (c) Farmers adopting climate-resilient technologies: The indicator refers to the activities implemented by the project for creating or strengthening human capacity to manage short- and long-term climate risks and reduce losses from climate-related disasters (such as flooding, drought, pest infestations). It quantifies the number of project beneficiaries that have adopted practices from the climate resilient package, and are appreciating positive changes on the productivity and profitability of their farming systems.
  - (d) Land managed under climate-resilient practices: This indicators specifies the land acreage on which SLM practices are applied to address previously identified local and regional climate-related vulnerabilities. Specifically, it quantifies the hectares of land cultivated under increased crop diversity and climate-tolerant varieties, community-based NRM plans, improved soil management practices, sustainable livestock management and grazing practices, and so on.
  - (e) Households, producing and processing facilities with increased water availability and water use efficiency: This indicator refers to the number of households, livestock

concentration points, cassava processing plants and service hubs, that adopt more efficient irrigation systems and/or have better access to freshwater to satisfy their demand for cultivation, food processing and consumption. The indicator refers to the households and facilities that have improved capacity to cultivate and transform the agricultural produce in spite of annual and seasonal variation in the availability of water resources in the short- and long term.

The indicator makes reference to a wide range of interventions, from improved water harvesting and storage, to rehabilitation of degraded water sources, introduction of water conservation and protection measures to minimize loss and waste and practices to enhance care and protection of water resources.

Therefore, the indicator quantifies the number of households, producing and processing facilities that maintain a stable water supply as result of interventions that increase the efficiency of water use; or access to additional sources, or improved capacity of water infrastructure installed to withdraw the water from its source.

- (f) Tonnes of GHG emissions (CO<sub>2</sub>e) sequestered: This is the number of tonnes of carbon emissions avoided and reduced as a result of introduction and uptake of technologies and practices for the enhancement and protection of carbon stocks above-ground in the biomass (e.g. grassland management), and below ground in the soil organic matter. Support for the assessing carbon impact can be provided by IFAD and other partners through land degradation surveillance frameworks.
- (g) Climate change adaptation knowledge sharing mechanism established within CEPAGRI: These mechanisms are described as platforms to exchange and share information about adaptation and seasonal climate forecasts at district level and during the annual meetings for the development of Value Chain Development Action Plan.

## Attachment 3: Value Chains

### Introduction

62. The purpose of this **technical note** is to assist the Project Management Team (PMT) in implementing PROSUL components: 1 - Horticulture; 2 – Cassava; and 3 – Red Meat. 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

63. Implementation progress of all three components have faced some delay, predominantly because the complex and lengthy tender process for the Lead Service Providers (LSP) for each component. The LSPs are responsible for the implementation of the activities under their respective Value Chain(VC) component. The LSPs for Cassava and Red Meat are selected on the basis of technical proposals and currently the financial proposals are under negotiation, expected to be finalized before the end of 2013. Considering the Agribusiness Specialist started on 15 July 2013, the Mission expected that preparatory work would have advanced more over the last 5 months. Especially, key preparatory activities like the signing of the MoU between CEPAGRI and RBL; the preparation of the ToRs of the slaughterhouse feasibility study; and the implementation of the technical irrigation study are delayed.

### Performance

64. **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); National Directorate of Agriculture Extension (DNEA - Direcção Nacional de Extensão Agrária); Provincial Directorates of the three Southern Provinces (DPA's); Limpopo Irrigation Scheme (RBL - Regadio do Baixo Limpopo); and the National Road Administration (ANE - Administração Nacional de Estradas). Each partnership will be formalized through, either separate MoUs or a working plan when under the same ministry, as is the case for INIR, IIAM and DNSV, which are all institutions under MINAG. The Mission expected that the signing of the MoUs including a work plan detailing specific responsibilities would have progressed more as recommended in the June Mission. A number of MoUs were presented and reviewed during the Mission, the draft master working plan was not yet ready.
65. Additional potential partners for Prosul are the International Fertilizer Development Center (IFDC) and the International Water Management Institute (IWMI). IFDC, in collaboration with private sector partners, identifies and groups cassava farmers and assists them through providing services such as training in improved agricultural practices, input supplies and mechanization. In addition, IFDC works in private partnerships, particularly for cassava tuber propagation. The PMT and INIR liaised with the IWMI to explore possibilities for cooperation under the existing MoU between MINAG and IWMI, as was agreed in the Climate Mission earlier this year. It became clear that the main focus of IWMI is on research which is not very relevant for the Project at this stage, as it focuses on rehabilitation of irrigation schemes and making them operational instead. The Mission agreed that: (i) the various MoUs and in particular the master plan including the specific tasks and responsibilities of each partner are finalized and presented for signature before the end of 2013; (ii) the PMT to follow-up on the agreed action from the Climate Mission, to liaise with IFDC in

arranging knowledge sharing platform on Cassava Intensification; and (iii) evaluate relevance of cooperation between Prosul and IWMI after one or two years of Project implementation.

66. **Irrigation schemes and water points.** The Project will support improvement and rehabilitation of existing irrigation schemes and water points. To fully assess what types of civil works are needed for irrigation rehabilitation and improvement a technical irrigation study will be undertaken. It is expected that the irrigation study will be tendered by January 2014. INIR is responsible for the overall supervision of the civil irrigation works. To assist INIR in the supervision, it was discussed and agreed that the PMT will contract technical assistance for controlling and approving the works at final stage. A water point inventory for the red meat value chain will be done by the red meat LSP. During the Mission the TORs for the irrigation study and draft selection criteria for the study contractor were finalized and the Mission provided comments.
67. **Regadio do Baixo Limpopo(RBL).** The Mission reviewed the PMT proposal to replace the Nhocoene Block(NB) for the Lumane Block(LB). The main reason for this block change is that the NB is going to benefit from the AfDB Project, risking duplication of efforts. To make an informed decision the Mission met with the chairman of RBL, conducted a rapid assessment at the LB and met with the AfDB supervision team present in Xai Xai. Given the fact that the LB does not require large infrastructural rehabilitation works and the AfDB commitment to cover the entire VC in Nochene Block, the mission agreed to replace Nhocoene for Lumane. While the LB drainage has been rehabilitated this year, there are few technical investments foreseen. Therefore a minimum of 50 percent of the budget allocation should be reserved for farmer mobilization to increase the utilization of the arable land potential. The mission reviewed the MoU between CEPAGRI and RBL and provided comments.
68. **Scoping studies.** The Project is facing a slight delay in the implementation of the VC activities. This is predominantly due to the complexity and time consuming hiring process of LSPs. While evaluating the technical proposals of Cassava and Red Meat it became clear that the LSP requires 4 to 7 months to conduct the foreseen scoping studies. In the Project Design Report (PDR) the scoping studies are a mandatory activity to be undertaken before LSPs will start field activities. The duration of these studies would mean further delay of field activities, which would not start before the third quarter of 2014, when also taking the procurement process into account. The Mission discussed ways to increase the implementation speed of the VC related activities without compromising on quantitative and qualitative data essential for the long term implementation. Moreover, there is a potential conflict of interest if and when the scoping study and the activities planned on the basis of the study will fall under the single responsibility of the LSP. It was agreed to reduce the complexity of the scoping studies by conducting a Participatory Rapid Appraisal (PRA), this should 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. The more detailed information requirements which are not covered by the PRA will be covered by the adjusted scoping study format which should be tendered out separately and immediately. Following completion of the adjusted scoping study format, the work plan would be fine-tuned to a first Value Chain Development Action Plan during a review session using the detailed information from the scoping study.
69. Detailed rationale and implications for this change of implementation activity sequence is described in this paragraph. The table 1 lists the pros and cons of this change:

Table 1: The pros and cons of using a PRA instead of a scoping study to start the field activities.

1	Pros	#	Cons
2	Considerable time gain for VC activities to start in the field in 2014	1	The PRA will cover only some of the issues from the original scoping study



	With a considerable reduction of time before implementation can start of 4 month for Cassava VC and 7 months for Red meat VC.		format. Therefore the data available will not be as thorough and in-depth at field activity starting point as it would have been after a full scoping study.
3	Reduce risk of conflict of interest by separating the implementers role and the scoping study consulting firm role.	2	The PMT needs to (re)launch the Scoping study tender.
4	Relieving the LSP from complex and specialised, time consuming studies and maintain focus on the field activities		
5	The time between the PRA and the start of field activities is shortened, maintaining the momentum.		
6	The scoping study will fine-tune the field activities and directions to support PRA based decisions.(mitigates con		

70. **Timing.** Some of the issues to be covered in the original scoping study format will be now addressed in the PRA and in separate studies like the irrigation and feasibility studies. Therefore it will be possible to conduct the adjusted scoping study format in a time frame of two to maximum 3 months. Furthermore, by launching a separate tender for the scoping study the change of VC specific experienced companies bidding for it will increase. For the PRA it will be possible to conduct the appraisal in maximum 30 days when covering 6 districts.
71. Issues covered by PRA and/or Scoping Study. In the Project Design Report a number of issues to be covered by the scoping study are listed in attachment 1 of annex 4. To avoid duplication between the PRA and the scoping study, these issues, including updates with recent developments, are listed in the table below. Table 2 indicates if a certain issue will be covered by the PRA or the Scoping Study. This list of issues is not exhaustive but can be used to provide guidance for the LSP and for the PMT in drafting the ToR for the separate scoping study.

Table 2: issues to be covered by PRA and / or Scoping study

		PRA	Scoping study
Issues to be addressed, common to all 3 value chains			
1	PDR revalidation of findings related to producers, crops under production, location, farmer organisations, common constraints, government extension network, NGO interventions, farmer support programmes	√	
2	VC landscape: identify key value chain players in the <u>districts</u> and the major markets in the Prosul area	√	
3	VC landscape: Identify key value chain players in Southern <u>Province</u> (farmers' organisations, emerging and commercial farmers, traders, processors, private investors, input and equipment dealers...), assess their interest to participate in the project and their capacities;		√
4	For farmers' organisations, establish a district-based inventory of farmers' organisations/groups and membership, and broadly assess their performance and willingness to form structured organizations;	√	
5	Identify specific market opportunities and products, as well as related requirements in terms of volume, quality and time of delivery;		√
6	Identify existing supply of services ( <i>casas agrárias</i> , private service		√

	providers, cooperatives...), capacities and opportunities for participating in project implementation;		
7	Identify private sector players interested in taking shares in the limited liability companies supported by the project (horticulture and cassava hubs, slaughterhouse, other); <i>The coverage of this issue has overlap with the draft feasibility study TORs and could therefore be taken out of the scoping study altogether.</i>		
8	Identify participants in the district-based multi-stakeholder Innovation Platforms and Regional Value Chain Platform		√
9	Identify HIV/AIDS, gender and climate change adaptation related issues in the Prosul area affecting the Prosul target groups		√
Horticulture. Additional issues to be addressed for the horticulture value chain will include:			
10	Review the competitiveness of Mozambican horticultural products with South African imports by way of the study carried out by the Tripartite Project for Food Security financed by USAID and Brazil, and the costs of importation;		√
11	Identify existing Water User Organisations and assess their interest in participating in the project;	√	
12	Identify buyers (including traders, commercial farmers, processors) interested in developing outgrowers schemes/forward contracts and possible modalities;		√
13	Identify players interested in participating in Joint Team of Experts;		√
Cassava. Additional issues to be addressed for the cassava value chain will include:			
14	Identify market opportunities mainly for cassava chips and flour (but not excluding any other latest development, like cake for the cassava beer) and analyse market requirements to be addressed in the production and processing cycles to respond to market opportunities in such a way that it can allow increased value added to smallholders;		√
15	Identify buyers (including traders, commercial farmers, processors) interested in developing outgrowers' schemes/forward contracts;		√
16	Assess most suitable production areas;	√	√
17	Make detailed proposals of possible business ventures to be supported by the project;		√
Red meat. Additional issues to be addressed for the red meat value chain will include:			
18	Assessment of water points, dip tanks, herd size estimation, common pests, grazing area, pasture issues, current meat marketing and processing.	√	
19	Map stakeholders involved in ruminants production and trading (women and farmers' groups, commercial farmers, traders, slaughterhouses, input/service suppliers), assess their performance and willingness to form structured organizations, capacities and governance mechanisms;	√	
20	Based on the above, identify players that will participate in the project;	√	
21	In collaboration with the International Livestock Research Institute (ILRI), and based on the study "Overview of the livestock sector in Mozambique" (ILRI, July 2011), and using the ALive toolkit to conduct an in-depth assessment of the potential supply of slaughter animals, assess the scale, nature and location of demand for meat, and carry out a feasibility study of a new slaughtering facility near Maputo based on the supply, demand and price structure of the market for meat and cattle;. <i>(The coverage of this issue has overlap with the draft slaughterhouse feasibility study TORs and could</i>	n/a	n/a

	<i>therefore be taken out of the scoping study altogether.)</i>		
22	Identify the possible location for the construction of the slaughterhouse. <i>(The coverage of this issue has overlap with the draft feasibility study TORs and could therefore be taken out of the scoping study altogether.)</i>	n/a	n/a
23	Baseline assessment of biodiversity and soil carbon		√

72. Kick-start activities. The following activities, among others, can commence directly after the PRA: - mobilizing farmers, organizing farmers in FO's, production improvement workshops, new season production planning, irrigation and mechanisation planning and FFS start-up activities.
73. The potential implications of starting the initial field activities based on the PRA to be complemented with the scoping study later on will be minimal. The scoping study will be targeted to start in the same year as the field activities. Therefore, it is expected that the study results will be available to the LSP no later than 6 months after start of the field activities. The scoping study will be essential for the finalisation of the VC Development Action Plan.
74. Documents reviewed. The following documents were presented to the Mission for review and comments were provided: ToRs for Hub Feasibility study, Hub Legal business study, Irrigation Study, Irrigation study contractor selection criteria, MoU CEPAGRI – RBL and Hub feasibility and Hub legal advisory tender announcements. The Mission drafted a comprehensive set of evaluation criteria applicable for civil work (e.g. Slaughterhouse, Service hub and Irrigation Rehabilitation) contractors. These evaluation criteria are included in appendix 1.
75. Market Linkage. PROSUL will promote market linkages for small scale farmers in all three VCs. For the Cassava and Horticulture VC, fostering contractual arrangements between smallholders' organisations and selected commercial farmers or traders has the first priority. In situations where market linkages are difficult to forge due to the complete absence of private sector parties in the proximity of the small scale farmers, Service Hubs constitute an possible alternative model to attract private sector involvement to provide the core set of services that farmers will require to participate commercially into the VCs. In Xai Xai Province there is some experience with Service Hubs in the form of "Casas Agrarias", with mixed success due to management and sustainability complexity. The Casas Agrarias, for example in the AfDB project in Limpopo, have a long history and are based on farmer organisations that were initially formed and supported with project support. The Casas Agrarias are fully owned by farmer organisation and have no other private sector shareholders. Collecting fees for services and facilities remains a challenge for these Casas Agrarias. Because of these and other complexities the Project will pilot service hubs first, building on the experiences of the Casas Agrarias, in order to test and evaluate the sustainability before scaling up. It is obvious that the pilot will only start if the feasibility study results indicate a high change of financial success and return. The mission discussed and agreed to following: (i) launch the tender for two feasibility studies (service hub and slaughterhouse) in Feb 2014; and (ii) start with pilot service hubs, one per Project province when feasibility study results are positive.
76. For the Red Meat VC one of the investments to develop market linkages is setting up a new slaughterhouse in a location to be determined based on the feasibility study results. For the Cassava VC, there is a market linkage opportunity for Prosul cassava farmers to engage with Dutch Agricultural Development & Trading Company Ltd. (DADTCO), a private sector operator. DADTCO processes cassava cake under agreement with SAB Miller for brewing cassava-based beer. DADTCO engages directly with smallholder farmers in the rural areas around Beira and Ribaué for sourcing cassava. Farmers can either deliver themselves to the processing site (at an average price of at MZM 1,500 per ton or have the cassava tubers collected at MZM 1,000 per ton). While cassava is a bulky raw material, the processing unit is mobile and can be located close

to production areas, minimizing transport cost and following the production season in Mozambique. The cassava cake is transported to the brewery and replaces imported malted barley. The demand for cassava cake is growing steeply as ingredient for beer but also for other uses like flour, starch, alcohol and glucose. DADTCO is looking for opportunities to expand into high cassava production areas. DADTCO has a partnership with the International Fertilizer Development Center (IFDC). IFDC, in collaboration with DADTCO, identifies and groups cassava farmers (suppliers), assisting them in services such as training in improved agricultural practices, input supplies and mechanization. IFDC has also a partnership with private sector partners for the propagation of cassava roots. The mission discussed and agreed to liaise with DADTCO to explore opportunities for cooperation.

77. Lead Service Providers. For the Cassava and Red Meat VC the tender process was conducted successfully and two LSPs have provisionally been selected based on their technical proposals. The financial envelope was opened during the Mission and it is expected the negotiations will finalize before the end of this year. Following a positive outcome of these negotiations the following elements are important to include in the LSP contract: (i) ensure leverage for the PMT to enforce and if necessary sanction when planning and delivery commitments are not timely and/or satisfactory met; and (ii) when the LSP consists of a consortium, the leading service provider, needs to contractually agree to take up the management role and responsibilities it will assume.
78. Cassava. The Cassava multiplication plan and 2014 budget for Umbeluzi, Chokwe and Nhacoongo districts has advanced. However, a detailed workplan is not yet ready. The Mission agreed to have the detailed workplan finalized by the end of this year to be included in the 2014 AWPB.
79. Horticulture. Recruitment of the Horticulture VC LSP is facing serious delays because of the unsuccessful tender process. The mission stresses the importance of relaunching the tender process, since no objection was obtained on 21 November 2013. The Mission agrees with: (i) the PMT suggestion to speed up the tender process by skipping the expression of interest phase and start directly with the call for proposal phase; (ii) encouraging the LSP applicants applying as a consortium to limit the number of consortium members to maximum two. This to avoid operation and coordination complexity within the consortium and between the PMT and LSP.
80. Farmer Field School(FFS) and Animal Health Promoters are two of the instruments that can be used to promote innovative agriculture and cattle ranching practices. The Mission was pleased with the proactive approach from the PMT to start the FFS and animal health promoter activities, providing a detailed time bound action plan which is included in appendix 2. The FFS will build on existing experiences and will work with extension partners such as: Mozambique Agrarian Research Institute (IIAM) for cassava and horticulture and National Directorate for Livestock Services (DNSV) for red meat. The Mission supports the idea of involving FAO in the FFS training, and the IFAD-financed PRONEA Support Programme (PSP) to utilise and if necessary build capacity of existing extension workers at Project district level. This will also foster synergies between IFAD funded Programmes and partners, and contribute to a more holistic country programme approach. The learning curricula will be adapted to PROSUL key areas, including value chain; production planning and improvement; creating market linkages, and; agriculture in plastic tunnels and under shade nets. Procurement of the start-up kit can start so that these will be ready to be demonstrated and distributed at FFS start.
81. HIV/AIDS. The mission observed in the short field trip to Lumane block the prevalence of HIV/AIDS affected farm households, with visible consequences to the agriculture labour force. According to the 2009 National Survey on Prevalence, Behavioral Risks and Information about HIV and AIDS in Mozambique (INSIDA), carried out by the Instituto Nacional de Saúde (INS), HIV prevalence in Gaza Province is estimated at 25 percent, which is considerable high compared to the country

average of 11.5%. To understand the full implications of HIV/AIDS in the three VCs in the Prosul districts the Mission discussed and agreed to include HIV/AIDS along with gender issues in the scoping study TORs.

#### Appendix 1:

The selection criteria for civil works contractor (Slaughterhouse, Service HUB and Irrigation rehabilitation)

The following criteria may be used in the evaluation of Request for Proposals (RFPs) and in developing a list of qualified contracting firms. The evaluation items are listed in order of relative importance under the two headers:

1. Qualifications of the Project Manager/Supervisor (and if applicable the Project Team. Project Managers/Supervisor and Project Teams should have:

- Demonstrated all necessary professional engineering, architectural, surveying, planning and project management services related to performing and meeting the requirements as specified in the TORs;
- Strong managerial capabilities, specifically the ability to integrate data obtained using various collection methods and integrating it into project specific deliverables;
- Previous experience in similar or related work(s);
- Recent experience in slaughterhouse or agriculture processing and storage center projects;
- Experience or able to attract consultancies with local requirements for foundation work;
- Qualified key personnel to include resumes for the Project and Site Manager to be included in the proposal;
- Familiarity with Government, Provincial and Local conditions, codes, ordinances, laws, and regulations;
- Demonstrated ability to implement quality control measures, identify problems completely, and implement corrective action promptly in order to meet contract schedule requirements; and
- Timeliness in meeting requirements for review, reports, meetings with PMT and regulating agencies.

2. Qualifications of the Contracting Firm. The contracting firm, including sub-contractors and special consultants, should have:

- Adequate personnel to complete to the scope of all contracted work;
- Depth, variety, and availability of required staff disciplines;
- Insurance coverage;
- Information from references;
- Demonstrated ability to complete work within budget;
- Familiarity with applicable GOM regulations governing the work as specified in health, hygiene and safety regulations for meat processing and food processing plants;
- Previous related experience;
- Capability to provide various professional disciplines (e.g., planning, environmental evaluations, financial analysis, architectural design; and mechanical, electrical, and civil engineering)
- Capability to complete projects on time and without having major cost escalations or overruns; and Qualified and experienced sub-contractors regularly engaged for similar work.

Appendix 2:

FFS 2014 Work plan

#	Implementation Phases for FFS Development	Responsible	Jan				Feb				Mar				Apr				M	
			W1	W2	W3	W4	W1	W2	W3	W4	W1	W2	W3	W4	W1	W2	W3	W4	W1	W2
0	Consultation and Participatory Planning for FFS Development	CEPAGRI/PROSUL																		
1	Preparation of the Training on FFS Methodology for Potential FFS facilitators	FAO, DNEA e DPA																		
2	Adaptation/ Update of the General Learning Curricula (Preparation of Modules)	CEPAGRI, DPA e SDAE's																		
3.a	Training on FFS Methodology	FAO, DNEA, DPA																		
3.b	Training on General Learning Curricula (Main thematic areas)	FAO, CEPAGRI/PROSUL, DPA'S, SDAE'S																		
4	Development of Local Learning Curricula	SDAE's																		
5	Kick-off with the FFS establishment Process	SDAE's																		
6	Development of Production Plans	EMC's e SDAE's																		
7	Allocation of Resources and Inputs required	CEPAGRI/PROSUL, FAO																		
8	Monitoring of FFs	FAO, CEPAGRI/PROSUL, DPA'S, SDAE'S																		
9	Evaluation and Follow-up Action Plan	EMC's e SDAE's																		
10	Impact Assessment: Case studies	DNEA, CEPAGRI/PROSUL, FAO e DPA's																		

## Attachment 4: Financial Management and Procurement

83. **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 the preparation for the AWPB for 2014, review the status of preparation of the WA 2, and work with the PMT to identify constraints and agree on solutions.

84. **Financial Management.** Overall, the Mission concludes that PROSUL's Financial Management arrangements have improved since the last supervision mission, however some important issues still need to be addressed in (i) staffing, (ii) accounting, (iii) financial reporting, (iv) internal control and (v) filing standards. The FM section of the project is understaffed given that the position of Financial Manager has not been filled yet. The hiring process is in evaluation phase of the received CVs. Most of the FM functions for the project are being carried out by the project FM Assistant, with help from both the Project Coordinator and two accountants from CEPAGRI Xai-Xai. This issue is of particular relevance because the Financing Agreement clearly states that one of the conditions precedent to withdrawals is the recruitment of the Financial Manager (Section E, paragraph 2-a-i). Also, the implementation of the National accounting system eSISTAFE has not been finalized yet, which is a requirement for the flow of funds from the Designated Account to the Operational Accounts of the Project. All of these issues increase the liquidity risk of the project in the short term. Finally, the position of Procurement Officer, for which the Project received IFAD's NO, has not been advertised yet.

85. **Accounting.** The project accounting is still performed in Excel, with no clear indication of activities, categories and components. TOMPRO has been recently installed, and the FM staff were trained on its operation, but the proficiency level is still low, so no expenses have been loaded in the system yet. It was agreed that the PMT would hire two interns (who have been trained in TOMPRO operation) to categorize the expenses and enter the data in the system in order to clear the backlog. Detailed costs will be shared with the CPM prior to hiring. Given the status of the bookkeeping, no detailed progress tables for 2013 were readily available, with clear details of funds usage by financier. Monthly reconciliation of the Project accounts is not performed, and it was agreed that the reconciliation should be performed at the end of each month, and that both the FM Assistant and the Project Coordinator will sign them. PROSUL will retroactively prepare the monthly reconciliations for the year 2013.

86. **eSISTAFE.** The Mission also carried an assessment of the status of eSISTAFE implementation. Following discussions with the PMT it was agreed that the current planned implementation of eSISTAFE (with a clear characterization of activities and components in an attempt to facilitate reporting) could cause problems to the project flow of funds. This is due to the fact that eSISTAFE would allocate the funds to specific items and sub-items at the beginning of the fiscal year, creating a rigid fund flow system, where even the smallest reallocation among project activities would not be possible without the approval of the Ministry of Finance (MOF). As such, the PMT will request the implementation of the simplest version of eSISTAFE (where all the funds are allocated to the PROSUL account as a whole with no allocation to activities or components) and use TOMPRO in parallel for bookkeeping in order to prepare the Financial Reports and statements.

87. **Review of payment documentation.** The Mission noted that due to an internal audit taking place in the Maputo delegation of CEPAGRI, all the payment support documentation of PROSUL were not available onsite at the beginning of the mission, and no copies had been kept at HQ. It was agreed that PROSUL would always keep copies of Project files in case they must be moved elsewhere. The Mission reviewed a small sample of payment support documentation and found it adequate. Detailed analysis of the documents that were reviewed can be found in appendix 1.

88. **Execution of AWPB 2013.** Due to the delay in setting up eSISTAFE, PROSUL has only received the initial advance of USD 800,000, against a budgeted USD 2.5 million for 2013. As of 5 December 2013, execution of the initial advance stands at USD 622,604 (78%), which corresponds to 25% of the 2013 AWPB. As such, total liquidity of the project, spread between the Designated Account and the



Operational Account, is USD 177,396, but projected commitments correspond to around USD 202,915. Project liquidity is thus at high risk. To mitigate this risk CEPAGRI has agreed to pay some of PROSUL's commitments in advance, which could then be recovered in WA 2. As stated before, no detailed expense tables with actual versus budgeted, as well as details on expenses by financier were readily available. It was agreed that the PMT would prepare more detailed financial progress tables as per IFAD standards discussed with the Mission in view of the Financial Statement exercise for 2013.

89. It was also discussed that the expenses for the rehabilitation works in a building to house some of the PMT staff could be considered as not eligible expenses, given that the initial advance did not cover Category I (Civil Works), as per paragraph 17 of the LTB. IFAD will give clear instructions on how to resolve this issue.

90. **Counterpart funds.** Total GOM contribution as of 5 December 2013 stands at USD 68,214 (tax and VAT exemptions), which corresponds to 11% of the 2013 expenditures, fully compliant with the Financial Agreement. The advance of around USD 20,000 by CEPAGRI for start-up costs has not been returned yet. The Financial Manager of CEPAGRI Maputo explained that eSISTAFE does not allow the funds to be reimbursed, and as such it was agreed that a clear decision on considering these funds as counterpart funds will be made in the next Supervision Mission after consultation with IFAD.

91. **AWPB 2014.** Regarding fiduciary aspects, the Mission noted that the AWPB has no unique codes for each activity, which would allow for the classification of the expenses on TOMPRO and to link them with the M&E system. Also, it was noted that in the M&E database, some activities share the same account code on TOMPRO, which could create duplication of expenses. Given that the AWPB is prepared in consultation with the M&E Officer, PROSUL will have a closer look at the activities set up on the AWPB and TOMPRO in order to avoid that such issues arise in the future. It was also agreed that given that the AWPB and TOMPRO should reflect the geographical region (district, or province) in which the activities are taking place in order to keep track of the financial performance/implementation level by region.

92. **Procurement.** Overall, the Mission finds that Procurement procedures are adequate for the implementation of Project activities. Most Procurement processes for PROSUL were carried under the supervision of CEPAGRI-Maputo's Procurement Officer until October 2013, and the relative bidding support documentation is kept in Maputo and not at PROSUL. The PMT will request copies of these files to guarantee ease of access to the documentation. The Procurement documentation checked showed that all processes have followed IFAD's guidelines. However, the Mission noted that CEPAGRI's internal arrangements for filing are substantially different from IFAD standards. As such, PROSUL will ensure that the following documents are part of the files for the Procurement processes: the technical and/or financial proposal of all bidding participants, copy of bidding announcement, signed evaluation tables and any NO received from IFAD when applicable. Furthermore, PROSUL will adopt its own unique coding system for the bidding documentation (rather than CEPAGRI's). Finally, it was agreed that the PMT would advertise the position of Procurement Officer, while trying to address the gender balance in the team. Detailed analysis of the Procurement documentation that was reviewed can be found in appendix 2.

93. The PMT has brought to the Mission's attention the fact that both Mozambique's national legislation and eSISTAFE could cause difficulties in hiring foreign and national consultants/staff with foreign degrees and/or bank accounts outside of Mozambique. Before a contract is awarded any foreign academic degrees must be homologated by the Ministry of Education (MINED), which is a lengthy bureaucratic process. This step cannot be circumvented given that all contracts with Public Institutions must be stamped by the National Administrative Tribunal prior to allowing payments through eSISTAFE. In the case of foreign bank accounts, a special authorization from MOF is needed in order to process any payments through eSISTAFE. This two issues could limit the pool of available consultants for the project, especially foreign nationals. In order to better assess the situation, PROSUL will consult with PROPESCA and PSP, which are already operating in eSISTAFE, to find mitigating measures.

94. **Procurement Plan 2014.** The Mission reviewed the Procurement Plan for 2014 and was satisfied with the improvements from the Plan for 2013. It was agreed that the Plan would be revised together with the AWPB prior to submission for NO from IFAD.

95. **Contract Management.** The Mission reviewed the register of contracts and found that while it captures the status of the contracts awarded by PROSUL, it does not have a reference to the correct contract numbers and to the numbers of the bidding processes. In this light it was noted that PROSUL's contract numbers follow CEPAGRI's reference system. As such, PROSUL will develop its own unique coding system. The length and dates of the contracts in the register do not match the actual ones written in the hardcopy versions. Furthermore, it was also noted that the Contract Monitoring Forms are not being employed correctly. Several of the mandatory fields (number of bidding file, bank details, correct contract number, dates of contract) were either missing or contained the wrong information. On tracking the payment of the invoices it was noted that no clear milestones were included, that in some cases either the invoice number or the payment date were missing. The Mission has given support to the PMT on the correct usage of the CMFs, and it was agreed that both the register of contracts and the CMFs would be improved to reflect the observations above.

96. **Compliance with loan covenants.** The Mission noted that PROSUL's staff does not possess any kind of insurance against health and accident risks. This is a breach of the Special Covenant set up on Schedule 3, paragraph 1 of the Financing Agreement. As such, PROSUL will seek the best arrangement (either through the National system, or through private companies) to insure its staff. PROSUL could draw from the experience of other IFAD Projects in Mozambique if needed. All other loan covenants are either being complied with or not applicable to the current stage of project implementation.

97. **Audit.** As noted in the previous mission, the 2013 audit exercise will be carried out together with the 2014 audit.

Appendix 1. Review of payment support documentation.

Appendix I: 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 Signed contract or Purchase order	Bank guarantee for advance payments	Performance guarantee	Copy of No Objection from IFAD	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
1	/PROSUL/13		NA	Pagto de tijoleira - Twingo Comercial (cheque nr. 3185567)	22 560.00	✗	✓				✓	✗						✓	✗
2	193/PROSUL/13		NA	Pagamento de publicação de anúncio de concurso Contratação	70 761.60	✓	✓				✓		✓					✓	✓
3	118/PROSUL/13		NA	Pagto consultoria Daniel Lallemand	131 705.08	✓	✓			✓	✓	✓	✓		✓	✗		✓	✗
4	137/PROSUL/13		NA	Pagto de aj. De custo p/ Egidio Mutimba e Rufino Duvane (Nairobi)	85 484.00	✓	✓				✓							✓	✓
5	142/PROSUL/13		NA	Pagto combustiveis e lubrificantes para actividades	38 420.00	✓	✓				✓							✓	✓
6	141/PROSUL/13		NA	Pagto de passagem aerea Maputo-Nairobi-Maputo	48 526.00	✓	✓				✓	✓						✓	✓
TOTAL:					397 456.68														
*no SOEs available yet (WA 2 not sent yet) - data gathered from Excel sheet with all accounting records																			

\*no SOEs available yet (WA 2 not sent yet) - data gathered from Excel sheet with all accounting records

Appendix 2. Review of Procurement documentation.

Appendix II: Review of Procurement documentation																
						Checklist of items in Procurement files: based on register of contracts for 2013										
#	Nr of bidding process*	Category	Cost Centre	Description	Supplier	Documents on file								Procurement process consistent with Financing Agreement	Sufficient supporting documentation on file	
						IFAD No Objection for bidding process (on file)	Adequacy of type of Procurement process	Announcement of bidding process	Pre-selection (minimum requirements)	All preselected CVs/participants on file	Evaluation table for technical proposal/CVs	Evaluation table for financial proposals	No Objection from IFAD (on file)			copy of contract
1	CG/01/2013	II	NA	Fornecimento de 5 Viaturas 4*4 Ford	INTER AUTO - Av.Namaacha,nº950, Maputo	✗	✓	✓	✓	✗		✓	✗	✓	✓	✗
2	CG/02/2013	II	NA	Fornecimento de 9 cadeiras giratórias	DDM Design em Mobiliário - Av,24 de Julho, nº3947R/C Maputo		✓	✗	✓	✗	✗		✓		✓	✗
3	CG/06/2013	II	NA	Fornecimento de mobiliário de escritório (18 Secretárias e 9 Cadeiras	Sidat Office Solution		✓	✗	✓	✗		✓		✓	✓	✗
4	CG/07/2013	II	NA	Fornecimento de 9 Cadeiras Fixas	M L Serviços		✓	✗	✓	✗	✗		✓		✓	✗
5	CS/10/2013	III	NA	Consultória do Sistema de Planificação, Monitoria, Avaliação e Fornecimento para Instalação de um Programa Informático	Mr. Oscar Damen	✓	✓						✓	✓	✓	✓
6	CW/13/2013	I	NA	Reabilitação de Dependência e Muro de Vedação	Valex Construções		✓	✓	✓	✗		✓		✓	✗	✗

### Appendix 3: Financial Management Assessment at Supervision

Country: <b>Mozambique</b>	Loan ID: : <b>IFAD Loan I-878-MZ, IFAD Grant C-1391-MZ, Spanish Trust Loan E-15-MZ, ASAP Trust Fund Grant C-ASP-1-MZ</b>
Project Name: <b>PROSUL</b>	
Executing Agency: <b>CEPAGRI</b>	CPM: <b>Ambrosio Barros</b>
FMS: <b>Alaudio Chingotuane</b>	Date of this review: <b>December 2013</b>

Topic		Risk Rating (H/M/L)	Issues / Comments / Recommendations
<b>A. Inherent Risks</b>			
<b>High risk.</b> Mozambique ranks 119/177 (2013) on Transparency International's Corruption Perceptions Index (CPI)			
<b>B. Control Risks</b>			
<b>1. Organization and Staffing</b>			
a.	Adequacy of organizational structure to meet functional needs of the project.	M	Project still lacks position of Financial Manager (recruitment process to be finalized by January 2014). Support position of Procurement officer will be advertised soon. Position of Rural Finance Expert vacant (hiring process not started yet).
b.	Availability of clear job description for key project positions, including fiduciary positions.	L	yes
c.	Adequacy of project financial management staff (numbers and skill) matching functional needs of project.	H	Financial Manager position is vacant (see point 1.a). Project has one accountant, helped by two CEPAGRI accountants. FM staff likely to be increased in the future to guarantee functional needs. Procurement Officer position to be advertised soon (Mar 2014).
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.		Not verified.

f.	Adequacy of health insurance coverage for all staff (where applicable).	M	Project staff not insured. PROSUL will finalize insurance of staff by Mar 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.
<b>2. Budgeting</b>			
a.	Timely preparation and approval of AWPB.	M	The CPM agreed that 2014 AWPB will be submitted by 20 December 2013.
b.	AWPB in line with expenditure categories in Financing Agreement Schedule 2.		AWPB 2014 not submitted yet – No assessment of 2013 AWPB (project received only start-up costs)
c.	Financing sources and implementing agencies for each category in the AWPB are identified.		AWPB 2014 not submitted yet – No assessment of 2013 AWPB (project received only start-up costs)
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.		AWPB 2014 not submitted yet – No assessment of 2013 AWPB (project received only start-up costs)
<b>3. Fund flows and Disbursements / Withdrawals</b>			
a.	Timeliness of funds disbursed by different sources (and co-financiers funding if applicable).		No assessment is possible as of yet (project received only start-up costs)
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		NA - WA 2 delayed due to eSISTAFE and hiring process for Financial Manager.
	v) Authorization of WA preparation.		NA - WA 2 delayed due to eSISTAFE and hiring process for Financial Manager.
	vi) Status on expenditures withdrawn from Special Account but not yet claimed for replenishment (old cases to be noted)		NA
	vii) Regularity of Special Account(s) monitoring and monthly reconciliations signed by the project manager. Review and assess the reconciliations	H	No, no monthly reconciliations were found. PROSUL will prepare all reconciliations for 2013 in view of the Financial Statements exercise for 2013.
	viii) Disbursement rate compared to the AWPB and whether satisfactory given the remaining implementation time. Provide comments as appropriate	L	Project at start-up phase.
	ix) Recovery of SA balances by loan closure		NA
<b>4. Internal Controls</b>			
a.	Segregation of duties - are the following functional responsibilities performed by different units or persons: (i) authorization of a transaction (ii) execution of a transaction (iii) recording of the transaction; and (iv) custody of assets involved in the transaction.	L	Yes. All transactions are authorized by the Coordinator and the CEPAGRI head of division, executed by the FM Assistant and/or the two CEPAGRI accountants supporting the project.
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.	H	Contract register is up to dated, but contract numbers do not reflect the actual ones. Contract Monitoring forms are not correctly used, some of the mandatory information was missing. Aide memoire clearly states that PROSUL will improve the register and CMFs after the training conducted by the Mission.
f.	Effectiveness and efficiency of internal controls over expenditures (full cycle from commitment, payment, receipt of good and services, approval of payments, classification, etc.)	L	Yes.
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.	M	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 (awaiting new office being rehabilitated).
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.	L	Asset register and inventory maintained up to date. Mission suggested that inventory should contain the serial number of some assets (ex: laptops).
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 ii) DSA paid to participants iii) Receipts for workshop expenditure		NA at this stage of project implementation.
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	Bank reconciliations are not prepared monthly.



t.	Existence of a proper IT support unit in place.		NA at this stage of project implementation. eSISTAFE not running yet.
<b>5. Accounting</b>			
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.
b.	Recordkeeping (including documentation and filing/archiving)	M	Yes, but filing and archiving must be improved. Use of project specific file-cabinets not in place. Procurement processes documentation from project-start to October 2013 is kept in CEPAGRI Maputo, and not at PROSUL. While separated in monthly folders, payment support documentation is not numbered. It was agreed that these issues will be solved by Mar 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.
g.	Appropriate/ adequate accounting and reporting of counterpart funds contributions (incl. tax and tax exemptions) as well as beneficiary contributions.	L	Yes.
<b>6. Financial Reporting &amp; Monitoring</b>			
a.	Completeness, accuracy, usefulness, and timeliness of financial reports.	H	Financial reports were not exhaustive. There were no financial progress tables available for the Mission. Also, due to lack of clear classification of past expenses, it's not possible to verify (independently) the funds by components and categories.
b.	Interim FM reports and linkage to progress reports - timely preparation, submission to IFAD.	L	NA at this stage of implementation.
c.	Preparation of reports showing actual vs budget income/expenditure and AWPB execution rate.	H	Reports on actual vs budget were not available for the mission to review. All reports should be prepared for Financial Statement exercise for 2013.
d.	Follow up of previous aide-memoirs fiduciary recommendations.	M	

e.	Reasonable alignment between disbursement rate of recurrent versus investment cost categories.	L	NA at this stage of implementation.
<b>7. Internal Audit</b>			
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.
<b>8. External Audit</b>			
a.	Adequacy of scope and ToR.		NA - Audit 2013 to be conducted jointly with audit 2014.
b.	Adherence to ToR.		NA - Audit 2013 to be conducted jointly with audit 2014.
c.	Timeliness of audit report.		NA - Audit 2013 to be conducted jointly with audit 2014.
d.	Quality of audit.		NA - Audit 2013 to be conducted jointly with audit 2014.
e.	Implementation of audit recommendations/agreed action plan in place to address these.		NA - Audit 2013 to be conducted jointly with audit 2014.

#### Appendix 4: Summary of Project Fiduciary Risk Assessment at Supervision

##### **Appendix IV: Summary of Project Fiduciary Risk Assessment at Supervision**

<b>Project:</b> PROSUL		
<b>Implementing Agency :</b> Ministry of Agriculture via PMU within CEPAGRI		
	<b>Risk Assessment H/M/L</b>	<b>Proposed Mitigation</b>
<b>Inherent Risk</b>	<b>H</b>	<b>N/A</b>
<b>Control Risks</b>		
1. Organization and Staffing	<b>M</b>	Finalize hiring process for Financial Manager and Procurement Officer.
2. Budgeting	<b>L</b>	NA - Project still managing start-up costs.
3. Funds flow & Disbursement Arrangements	<b>H</b>	PROSUL to request rapid completion of e-SISTAFE implementation process to Ministry of Finance.
4. Internal Controls	<b>M</b>	Bank reconciliations to be prepared on a monthly basis and signed by Project Coordinator. Vehicle logbook to be implemented. Petty cash system to be developed.
5. Accounting	<b>H</b>	PROSUL should implement TOMPRO as soon as possible. All past expenses must be classified and uploaded in the system.
6. Financial Reporting and Monitoring	<b>M</b>	TOMPRO will function in parallel with e-SISTAFE, so all reports will be automatically generated. e-SISTAFE version used by PROSUL does not generate automatic reports.
7. Internal Audit	<b>L</b>	PROSUL is audited together with CEPAGRI by the Administrative Tribunal of the Ministry of Finance.
8. External Audit	<b>L</b>	External audit for 2013 will be carried out jointly with the audit 2014.
<b>Overall Project Fiduciary Risk</b>	<b>M</b>	
H=High, M=Medium, L= Low		