

## **The Republic of Seychelles**

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### **Competitive Local Innovations for Small-scale Agriculture Project (CLISSA)**

#### **Supervision report**

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

Mission Dates: 27 April – 15 May 2015  
Document Date: 15-Jun 2015  
Project No. 1100001560  
Report No: 3780-SC

East and Southern Africa Division  
Programme Management Department



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## Abbreviations and acronyms

AWPB	Annual Work Plan and Budget
CBS	Central Bank of Seychelles
CLISSA	Competitive Local Innovations for Small-scale Agriculture Project
DBS	Development Bank of Seychelles
GoS	Government of Seychelles
IAs	Implementing Agents
IFAD	International Fund for Agricultural Development
KM	Knowledge Management
M&E	Monitoring and Evaluation
MFTBE	Ministry of Finance, Trade and the Blue Economy
MFA	Ministry of Fisheries and Agriculture
MoU	Memorandum of Understanding
NPSC	National Project Steering Committee
OAG	Office of the Auditor General
ODL	Online Distant Learning
PMU	Project Management Unit
RIMS	Results and Impact Management System
SAA	Seychelles Agriculture Agency
SAHTC	Seychelles Agriculture and Horticulture Training Centre
SCR	Seychelles Rupees
SEnPA	Small Enterprise Promotion Agency
SFA	Seychelles Fishing Authority
STC	Seychelles Trading Company
TOR	Terms of Reference
TWG	Technical Working Group
UNDP	United Nations Development Programme
UNEP	United Nations Environment Programme
WA	Withdrawal Application
WB	World Bank

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

1. The second joint supervision mission of the Competitive Local Innovations for Small-scale Agriculture Project (CLISSA) took place from 27 April to 15 May 2015. The objectives of the mission were to: (a) review implementation progress and achievement of outputs by component since programme start up; (b) identify implementation constraints and agree on actions to address them; and (c) review the quality of financial and procurement management.

1. With a total project cost of about USD 3.74 million, CLISSA is financed through an IFAD loan of USD 3 million and a contribution of the Government of Seychelles (GoS), partners, and beneficiaries totalling USD 741,000. CLISSA entered into force in November 2013 and its completion and closure dates are December 2018 and June 2019 respectively.

2. The project's development objective is to promote sustainable and environmentally-friendly agricultural and fishery practices, and to increase and diversify market access for smallholder farmers and fishers. To that end, the project is organized around 4 components: (i) Enhancing business arrangements through capacity development of small farmers, rural micro entrepreneurs and fishers; (ii) Improving Access to Agricultural and Rural Finance; (iii) Strategic capacity strengthening and infrastructure; and (iv) Project Management.

3. The mission met with the Minister of Fisheries and Agriculture, H.E Wallace Cosgrow. The mission held technical meetings with the Principal Secretary of the Ministry of Fisheries and Agriculture (MFA), the CLISSA Project Management Unit, representatives of the Ministry of Finance, Trade and The Blue Economy (Director of public debt, Senior Project Accountant, and legal advisor), the Seychelles Fishing Authority (Fisheries Development Manager). The field mission took place on the islands of Praslin and La Digue where the mission team met with vegetable crops farmers. In Mahe, the mission held specific meetings with the Seychelles Credit Union (Chief Executive Officer, Chief accountant and risk and recovery manager), the Development Bank of Seychelles (Chief Executive Officer, Head of credit) and the Seychelles Trading Company (Chief Executive Officer).

4. The main conclusions of the mission were discussed and approved at a wrap-up meeting in Victoria, Mahe, chaired by Mr. Michael Nalletamby, Principal Secretary of the Ministry of Fisheries and Agriculture on 04 May 2015 in the presence of CLISSA Project Management Unit (PMU), Seychelles Agricultural Agency (SAA), Seychelles Fisheries Authority, Ministry of Finance, Trade and the Blue Economy (MFTBE), Seychelles Agricultural and Horticultural Training Centre (SAHTC), Seychelles Credit Union (SCU). Further discussions were carried on with the Ministry of Fisheries and Agriculture after the field mission to finalize this aide-memoire.

5. The team members are grateful for the support from the MFA and the CLISSA PMU during this mission.

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

6. CLISSA records 18 months of implementation. Overall, the mission was pleased to note that the PMU has completed the main preparatory activities to launch the support to farmers: (i) market studies, baseline survey of fishers, identification and definition of backyard gardeners, (ii) definition of modalities for the establishment, management and oversight of the credit facility to farmers and, (iii) identification of infrastructures to be rehabilitated, preparation of their technical specifications and engagement of the procurement process.

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<sup>1</sup> Mission composition: For IFAD: Valantine Achancho, Mission Leader, Programme Officer; Ann Wessling, Rural finance consultant; Michael Stewart Brewin, M&E consultant, John Harivero Ramamonjisoa, Financial Management consultant. For GoS: Michael Nalletamby, Principal Secretary of MFA. For CLISSA: Georges Bibi, Coordinator CLISSA, Thembekile Manjengwa, M&E Officer, Jude Barra, Accountant and Charles Elizabeth, Procurement Officer.

7. As of the 15 April 2015, the overall disbursement rate of IFAD loan stands at 14, 91% including the amount of the initial deposit of SDR 264 429.90. If the 4th WA in preparation of about SDR 60,000 is included, the disbursement rate is estimated at 17, 96%. The mission noted with satisfaction that the amount of the GoS counterpart funding so far mobilized is USD 67 000 representing about 24% of the commitment indicated in the project design document. The contribution of the beneficiaries will be mobilized when project activities will be launched on the ground.

8. The mission noted that the level of financial execution of the 2014 AWPB stands at 17% of provisions (USD 193,710 out of a plan of USD 1,125 million). This low disbursement level is mainly due to the fact that activities planned under the credit facility could not be launched as IFAD and the GoS agreed to redesign this component to adjust the implementation modalities to prevailing market conditions. Exclusive of the amount scheduled for disbursement under the credit facility, the execution rate of the 2014 AWPB stands at about 37% (USD 193,710 out of USD 523,840). The execution level by component is given in the table below :

2014	Planned AWPB (0,000)	Executed AWPB (0,000)	%
<b>Component 1</b>	78.10	54.67	<b>70%</b>
<b>Component 2</b>	56.00	8.93	<b>16%</b>
<b>Component 3</b>	232.65	33.14	<b>14%</b>
<b>Component 4</b>	157.09	96.98	<b>62%</b>
<b>Total</b>	<b>523.84</b>	<b>193.72</b>	<b>37%</b>

9. Overall, the mission noted that, the level of realization of activities for component 1 - Enhancing business arrangements through capacity development of small farmers, rural micro entrepreneurs is and fishers is at high level. Scheduled preparatory activities were completed as follows: (i) the benchmark assessment of farmers and fishers to determine their capacity to meet market needs and, (ii) the market study that gave key information on demand gaps, market specific needs in terms of produce, quality and quantities, price, profit margin for crops, livestock and fisheries for value chain at producers, wholesalers and consumers level. In addition, the mission was pleased to note that marketing issues are already given attention by the Project. The PMU has engaged preliminary discussions with some hotels and the Seychelles Trading Company (STC) to explore potential collaborations with farmers for the supply of basic food crops and fishery products. The hotels involved have communicated to CLISSA their needs (nature of food products, monthly quantity and quality specifications).

10. *The mission recommended that building on these results the project develops an action plan to operationalize the technical, financial and logistic support needed to farmers on production and market linkages. This action plan should encompass the following activities : (i) assessment of farmer's/fishers production capacity and specific support needs and, development of farmers production plan to meet the market demand; (ii) provision of technical, logistical and financial support to farmers /fishers to improve their production, productivity and quality standard on selected food crops, livestock and fishing products; (iii) support to the organization of farmers/fishers for negotiation with the buyers and execution of sales contracts.*

11. With regard to **component 2 - Improving Access to Agricultural and Rural Finance**, the mission was pleased to note that during the period under review, the Project proactively led the redesign of activities to ensure alignment with prevailing market conditions. The new implementation modalities were shared with the partners involved. The supervision mission reviewed the redesign of component 2 and found that the main adjustments to be made relate to the use of international best practices for the management of the lines of credits and the preparation of an exit strategy.

12. *In view of operationalization of the agricultural and rural finance activities under the revised modalities, the mission recommended that:*

- (i) *LoCs be structured as loan funds rather than a grant,*
- (ii) *Commercial interest rates be applied instead of subsidized rates;*
- (iii) *The management of the LoCs be done in the main balance sheet of participating financial institutions rather than off balance sheet and,*
- (iv) *the disbursement of funds be done in tranches based on performance benchmarks;*

13. Concerning **component 3 - Strategic capacity strengthening and infrastructure**. The mission noted with satisfaction that investments in equipment and infrastructures for water harvesting and storage (water reservoir and barrage for irrigation systems) have been realized. Communication equipment such as video camera, computers and scanners were also acquired and the training of the dedicated staff is planned to take place in the second quarter 2015. However, the mission noted that procurement process remain slow and is affecting implementation timelines. The PMU is already taking actions to address these delays in implementation by anticipating the preparation of technical specifications of works and ensuring their readiness in time.

14. *As the project is entering its operational phase, the mission recommended that the execution of capacity building activities (training of farmers) be outsourced to service providers given the low level of staffing and outreach capacity of the implementing agencies (Seychelles Agricultural Agency and Seychelles Fishery Authority).*

15. *The mission also recommended that targets under the 2015 AWPB should be revised to reflect fast tracking of activities under component 1.*

16. Regarding the **project management**, the mission noted with satisfaction that the interim project Coordinator has been confirmed as Coordinator and the monitoring and evaluation officer has been recruited.

Agreed action	Responsibility	Agreed date
1. <i>Prepare an action plan for the operationalization of the technical, financial and logistic support to farmers in production and market linkage. This action plan should include : (i) assessment of farmer's/fishers production capacity and specific support needs and, development of farmers production plan to meet the market demand; (ii) provision of technical, logistical and financial support to farmers /fishers to improve their production, productivity and quality standard on selected food crops, livestock and fishing products; (iii) support to the organization of farmers/fishers for negotiation with the buyers and execution of sales contracts.</i>	PMU/Coordinator	15 July 2015
2. <i>Finalize the reshaping of the component 2 to reflect the use of international best practices for the management of lines of credits and preparation of exit strategy as follows:</i>  <ul style="list-style-type: none"> <li>(i) <i>LoCs be structured as loan funds rather than a grant,</i></li> <li>(ii) <i>Commercial interest rates be applied instead of subsidized rates;</i></li> <li>(iii) <i>The management of the LoCs be done in the main balance sheet of participating financial institutions rather than off balance sheet and,</i></li> <li>(iv) <i>the disbursement of funds be done in tranches based on performance benchmarks;</i></li> </ul>	PMU/Coordinator	30 August 2015

Agreed action	Responsibility	Agreed date
3. <i>Outsource the execution of capacity building activities (trainings of farmers) to national or international consultants when necessary</i>	PMU/Coordinator	Immediate
4. <i>Revise targets under the 2015 AWPB to reflect fast tracking of activities under component 1.</i>	PMU/Coordinator	30 June 2015

## C. Outputs and outcomes

### Component 1: Enhancing business arrangements through capacity development of small farmers, rural micro entrepreneurs and fishers.

17. This component aimed at enabling small farmers, rural micro entrepreneurs and fishers, to effectively respond to market signals through targeted business development, marketing and technical support services as well as establishing links with the market, and to promote innovative technologies and green value chains. The activities are structured around two subcomponents :

- (a) *Public Private Partnership (PPP) and technology development.* The main activities are capacity building of small farmers and fishers in technology adoption, business development and business management, quality improvement of selected products, and identification, trials and promotion of technologies packages of significant importance to the development of the sector.
- (b) *Food security and productivity development.* This will be enhanced through the promotion of home and community gardens on target extensive and intensive horticulture crops (green houses and hydroponic), fruits (banana & papaw), and livestock. The project will also enhance productivity at household level through training and other forms of capacity development.

18. Overall, the mission noted that key preparatory activities were completed and direct supports to farmers have been engaged. The MFA is providing technical support to the PMU through the facilitation of contacts with buyers from the hotel chains and the organisation of regular follow up meeting with the PMU.

19. **PPP and technology development.** The following activities were planned under the 2014-2015 AWPB: (i) technical working groups meetings to identify and assess technologies and pre-trial preparation and propagation of these technologies; (ii) training and skill development in the technologies adopted through small scale farmers participation in on-farm trials following the outcome of the market study; (iii) mobile phone based communication campaign and audio - video documentaries to sensitize backyard farmers, small scale registered farmers and other beneficiaries of CLISSA along the value chain, disseminate technical and market surveys information; (iv) market study and assessment of value chain actors, capacity of suppliers and preparation of PPP action plan.

20. The previous supervision mission noted that three technologies had been identified namely: integrated crop management, development of shade houses and drip irrigation system. However, the pre-trial preparation and propagation of technologies and the assessment of the economic viability of the identified technologies are yet to be carried out.

21. *The mission recommends that, under the leadership of the MFA, the PMU completes the validation of identified technologies by 30 June 2015 and enable the execution of the pre-trial preparation and the propagation of the identified technologies. The mission also recommended that the MFA ensures the timely mobilization of TWG in support of planned activities.*

22. *Finally, the mission recommended that the PMU completes by 30 June 2015, the evaluation of the economic viability of the identified technologies prior to their promotion at a larger scale as recommended by the previous supervision mission.*

23. Concerning the market study, the mission noted with satisfaction that the study was finalized and validated. The PMU has also engaged discussions with the Galilee Institute for the training of farmers on farm management for agribusiness based on the outcomes of this study. Regarding the support to establish business relationships between buyers and farmers/fishers, the mission was pleased to note that the PMU has proactively engaged discussions with some hotels and the Seychelles Trading Company (STC) for the supply of fish, fruit and vegetables through targeted farmers. The STC and the Hilton hotel chains have expressed their interest in contract farming through the project. CLISSA is expected to support farmers/fishers in meeting their demand needs in terms of quality and quantity and, support the brokering of contract between parties. The mission advised the PMU to start the business partnership with potential buyers with a limited number of products in order to establish a foundation upon which further success could be built. The mission also provided guidance to the PMU to develop a comprehensive action plan for the materialization of this PPP opportunity. The action plan is provided in the annex of the supervision report.

24. The execution of activities under the PPP action plan will require the recruitment of consultant to provide technical to farmers. *The mission recommends that the PMU should use the technical note elaborated during the supervision to develop by 30 June 2015, the Terms of Reference for the execution of the PPP action plan focussing on the following activities : (i) identification of interested farmers/fishermen; (ii) evaluation of selected beneficiaries production potential and assessment of their needs; (iii) capacity building of the selected farmers (technical and logistic support) to meet the market requirement; (iv) negotiation with buyers to agree on quantity, quality and prices; (v) organisation of farmers/fishermen to plan, mobilise the required production and ensure supply to buyers as agreed.*

25. With regard to fisheries, the mission noted that the baseline survey and situation analysis of artisanal fishers have been engaged and the report is expected in July 2015. Regarding the training of farmers, the mission noted that during the period under review, the project organized a training session on the use of pesticide. A training session and demonstration to fishers on fish storage and preservation practices was also organized in Praslin for the fishers of Praslin and La Digue with 30 fishers trained against planned target of 65 fishers. The PMU explained that this average participation was due to insufficient mobilization of fishermen as their level of organization is still low.

26. *The mission recommended the continuous sensitization and information of farmers to ensure their effective mobilization and participation in training activities;*

27. Regarding the supports to the Praslin fishers association, the mission noted that the PMU has organized meeting with this group of fishers to identify their needs. The next step is to prepare the technical file to engage the procurement process for the installation of the group cool store that will serve as a marketing tool for negotiation of better fish prices with buyers.

28. *To ensure the timely execution of activities the mission recommends that the PMU should : (i) define with SAA and SFA by 30 June 2015 a precise calendar for the execution of the training of farmers and fishermen; (ii) define by 30 June with other potential implementing partners (SEnPA, SAHTC) a calendar for the execution of capacity building of beneficiaries within the selected value chains;*

29. **Food security and productivity development.** The planned activities for the period under review include: (i) Support to backyard gardening for food security through - acquisition and restocking of agricultural inputs and small garden tools at SAA requisite stores - sales of these tools and inputs through SAA and the development of a data base to monitor the purchase of these small garden equipment and agricultural inputs by backyard farmers; (ii) promotion of peri-urban farming through - research and identification of suitable techniques - recruitment of a consultant to develop suitable demonstration materials to sensitize backyarders - training of trainers and SAA extension officers in peri-urban techniques and setting up demonstration and sensitization of Household gardeners on peri-urban techniques.

30. The last supervision mission acknowledged the supports to backyard gardening through the supply of improved seeds, bio-fertilisers and small farming tools was effective. The project has provided the required support SAA for the rehabilitation of pre-requisite stores, the acquisition and management of farming inputs. Farmers met during the field mission expressed their satisfaction on the availability of these inputs. The database system to monitor the purchase of farming input is also operational.

31. Regarding the promotion of peri-urban farming, the mission noted the execution of the following specific activities is delayed: research and identification of suitable techniques, development of demonstration materials to sensitize backyard gardeners, training of trainers and SAA extension officers in Peri-Urban techniques, sensitization of household gardeners on peri-urban techniques.

32. *The mission recommends that these activities should be given a high priority for the ongoing semester.*

Agreed action	Responsibility	Agreed date
5. <i>Elaborate under the leadership of the MFA, the planning of the TWG meetings to ensure the validation of identified technologies, enable the execution of the pre-trial preparation and the propagation of the identified technologies;</i>	PMU	30 June 2015
6. <i>Look into the appointment of the members of the TWG to ensure their full participation in the planned meetings.</i>	MFA	immediately
7. <i>Conduct the evaluation of the economic viability of the identified technologies prior to their promotion at a larger scale as recommended by the previous supervision mission.</i>	PMU	30 June 2015,
8. <i>Use the technical note elaborated during the supervision to prepare the ToR for the execution of the PPP action plan focussing on the following activities : (i) identification of interested farmers/fishermen; (ii) evaluation of selected beneficiaries production potential and assessment of their needs; (iii) capacity building of the selected farmers (technical and logistic support) to meet the market requirement; (iv) negotiation with buyers to agree on quantity, quality and prices; (v) organisation of farmers/fishermen to plan, mobilise the required production and ensure supply to buyers as agreed.</i>	PMU	30 June 2015
9. <i>Ensure continuous sensitization and information of farmers for their effective mobilization and participation in training activities.</i>	PMU	Continuous
10. <i>Define with SAA and SFA a calendar for the execution of the training of farmers and fishermen;</i>	PMU / SAA and SFA	30 June 2015
11. <i>Define with other potential implementing partners (SEnPA, SAHTC) a calendar for the execution of capacity building of beneficiaries within the selected value chains;</i>	PMU	30 June 2015
12. <i>Ensure the effective realisation of activities for the promotion of peri-urban farming</i>	PMU	30 August 2015

## Component 2: Improving Access to Agricultural and Rural Finance

33. The objective of this component is to provide the financial services required for transforming the ailing agricultural sector and removing access constraints for smaller farmers, producers, fishers and rural micro entrepreneurs to finance.

34. The activities are structured around two subcomponents:

- (a) *Sub-component 2.1 – refinancing fund.* This introduces a line of credit to provide refinancing to agricultural, fisheries and rural micro enterprise. This sub-component is to be implemented with two banks with a strategic view on agricultural revival and adequate experience in rural development financing.
- (b) *Sub-component 2.2 – complementary support to participating banks.* Through activities under this subcomponent, the necessary training and management development support will be provided in order to make the agricultural revival a viable proposition for banks in the Seychelles.

35. The October 2014 supervision mission noted that GoS in collaboration with IFAD had commissioned a reshaping study for this component in order to align its implementation modalities to the prevailing market conditions. The present supervision mission noted with satisfaction that the final report and the proposed MOU to be signed with the financial institutions were effectively prepared in November 2014 and subsequently shared with implementation partners, the GoS and, finally IFAD, who received the complete documentation in April 2015. This report provides modalities for the establishment, management and oversight of the credit facility through the DBS and SCU, including the required monitoring, evaluation and reporting requirements for this facility.

36. The mission carried out the review of the report for the reshaping of component 2 and noted that the study proposes two main financial instruments: (i) an **Agricultural Investment Finance fund** of SCR 12 million (about USD 902 863 ) to be provided to the DBS to strengthen its resources for agricultural investment finance targeting farmers with funding requirements significantly smaller than the ADF loans; and (ii) a **Rural microfinance Pilot Initiative** of about SCR 1 - 1.5 million (about USD 112 857), where small farmers with working capital requirements will have access to small, quick and unsecured loans to purchase agricultural inputs through the SCU managed facility. The mission noted that the total amount proposed for these lines of credits is presented in SCR and, as a result of the fluctuating exchange rate the amount may not reflect the exact fund available in the initial project design document (USD 1 Million).

37. *The mission recommended that the amounts proposed in the reshaping study should be in USD to be in-line with the available funds.*

38. The mission also noted that some of the changes should be aligned to best practices, notably:

- (a) The use of grants to finance revolving credit funds is proposed with no modality for repayment of the funds. This could affect the project's exit strategy which is currently limited to the renewal of the performance agreement with the Financial Institutions to allow them to continue to revolve the funds. *The mission recommended that the LoCs be financed through loan funds;*
- (b) The DBS going rate is around 10% while the proposed rate for CLISSA funds is set at 6%. This interest rate for CLISSA funds is however higher than the other funds under DBS management which are 2.5%, 3% and 5%. The DBS indicated that their Small and Medium Enterprise (SME) fund which is 5% is available to farmers and they question whether there will be very many clients for the CLISSA funds. The mission also noted that the SCU has recently re-evaluated its lending conditions and lowered their interest rates which, starting May 1st will be close to the CLISSA funds rate. The SCU did express the desire for a partial guarantee (50%) of the CLISSA portfolio. *The mission recommended the use of commercial rates;*

- (c) DBS indicated that they would manage CLISSA funds off balance sheet. The MFTBE indicated that they will clarify this situation with DBS to manage the funds in balance sheet. *The mission recommended that the on-let funds be managed in the main balance sheet of participating financial institutions rather than off balance sheet funds*
- (d) The reshaping proposes that the results under the first tranche of funds should be evaluated prior disbursements of the second tranche without providing the benchmarks or criteria for that disbursement. *The mission recommended the disbursement of funds in tranches be based on performance benchmarks/criteria to be determined in collaboration with the MFA, MFTBE, FIs and the PMU and included in the performance based agreement.*
- (e) While the agreements with the FIs are based on IFAD's templates, *the mission recommended that the agreements with FIs integrate the recommendations on best practices specified above and :*
  - *Set the respective amounts to be disbursed to each FI within the total envelop of the available funds at initial design in USD;*
  - *Specify the amount of FI own funds to be used;*
  - *Include social performance monitoring indicators in the annex to the agreement.*

39. Finally the mission also noted that the project M&E only captures two of the indicators included in the PBA for the FIs – active borrowers segregated by gender and gross loan portfolio. *It was recommended that the PMU in coordination with the MFTBE should monitor the other performance indicators and report on them in a separate annex to ensure adequate monitoring.*

40. Concerning the demand survey to identify the current use of financial services among the target group and evaluate the demand (financing objectives, amounts, periods) which would contribute to the identification of technologies as well as improved products offered via the LoCs, the mission drew the attention of the PMU to the delay in carrying out this activity. Accordingly, the mission proposed terms of reference to help structure the collection of this data by using secondary quantitative data available through SAA and SFA studies being conducted and, proposed specific qualitative data collection questions to be managed by the PMU M&E specialist.

41. *The mission recommended that the PMU finalize the ToR for the Credit Demand Survey and contract a consultant to execute the work. The reshaping of the component should also be finalized including IFAD comments and submitted to both GoS for validation and IFAD for no objection in view of operationalization.*

42. Regarding the implementation of activities under **component 2.2 Complementary Support to Participating Banks**, the mission noted that the training and management development support to the partner financial institutions is yet to start. The other activities under subcomponent 2.2 concerns the management development supports to partners financial institutions and their implementation are therefore dependant on the operationalization of component 2.1.

43. *The mission recommended that the PMU develops a training calendar and engage the procurement of training services in order to speed up the execution of training of the staffs of partner financial institutions once the PBA will be signed.*

Agreed action	Responsibility	Agreed date
13. <i>Ensure that LoCs be financed through loan funds;</i>	PMU/MFA	15 July 2015
14. <i>Ensure that the funds managed by DBS will be on balance sheet to evaluate fully the financial situation and the impact of the fund on the bank's portfolio.</i>	PMU/MFA	15 July 2015
15. <i>Inform SCU that IFAD does not provide a 50% guarantee for this fund.</i>	PMU	15 July 2015

Agreed action	Responsibility	Agreed date
16. Ensure the revision of the PBAs to: (i) include the respective LoC allocations that are in-line with the available budget; (ii) set performance criteria/benchmarks for second tranche disbursement; (iii) specify the amount of FI own funds to be on-lent; (iv) include social performance management indicators in the reporting requirements annex of the agreements which can be found in the IFAD rural finance toolkit.	PMU	30 August 2015
17. Incorporate the monitoring of the FI indicators into a separate monitoring matrix within the M&E which will be annexed to the semester and annual reports.	PMU	30 September 2015
18. Finalize the ToR for the Credit Demand Survey and contract a consultant to execute the work.	PMU M&E Manager	15 June 2015
19. Ensure the revision of the reshaping report to follow IFAD design report structure, clarify implementation modalities, incorporate IFAD comments, the demand survey results and ensure the amounts of funds proposed for the LoCs are indicated in USD.	PMU	30 July 2015

### Component 3: Strategic capacity strengthening and infrastructure

44. The objective of this component is to: (i) provide the necessary and complementary public goods that will enable the implementation of component 1; and (ii) prepare the exit strategy of the project in terms of institutional continuity. The strategy is to strengthen public sector institutions and build infrastructure for delivering the required public goods and meet the requirements of promoted agricultural and fishing activities. The main activities include : (i) strategic capacity strengthening where public sector institutions will be supported through human resource capacity building, equipment and limited infrastructure development, aligned to the work of other financing partners, and (ii) financing public and collective rural infrastructure (irrigation/water harvesting, etc.), which are related to activities of Component 1.

45. **Strategic capacity of selected public sector institutions strengthened.** During the period under review the following priority activities were planned: (i) strengthen the communication unit through - acquisition of Communication equipment (hardware, software and other facilities) - training of communication staff in audio and video editing and in print media techniques and production; (ii) Institutional Capacity Building through - training for PMU staff in Accounting and Reporting software - Finance and M&E training – exchange/familiarization visits to a country in the region and, training of SAA Extension Unit and pilot study in peri-urban farming; (iii) Identification and Acquisition of Equipment to strengthen the capacity of the Research Centre; (iv) support post-harvest handling facilities for SAA through - post-harvest local expert visit on entrepreneurs site, and on farm visits - acquisition of knowledge and exchange of experiences in grading, storing and other post-harvest techniques and best practices to farmers and artisanal fishermen - acquisition of equipment for post-harvest training of farmers at Research Centre and (v) support for quality control mechanisms – quality control sensitization workshop for key practitioners (technicians, component heads, selected farmers) and sampling and testing kits for quality control.

46. The October 2014 supervision mission noted that the training of the SAA staff and the acquisition of communication equipment were delayed. The present supervision mission noted with satisfaction the SAA and PMU staffs were trained in using the project accounting and reporting software. A training of the PMU staff on Microsoft project was also carried out. The acquisition of communication equipment (video camera, computers and dedicated software and scanner) was effective as planned. The acquisition of equipment for post-harvest training of farmers at research station (Chiller, Fridge, washing facilities, electronic Scales, Crates wrapping material) was effective in March 2015.

47. However, the acquisition of equipment for the improvement of productivity and quality for Praslin Fishermen Association (Cold Compressor and Motor,) is yet to be completed as the association has not sent its project proposal to the PMU. The training in Communication (audio & video editing) is also delayed.

48. **Public and collective rural infrastructure.** The mission noted that the tender process for the planned activities for 2014 were engaged: (i) drawings for the barrages, reservoirs and distribution pipeline and irrigation network at Port Glaud, La Gogue; (ii) water harvesting by restoring barrages, upgrading of reservoirs, installation of distribution pipes and rehabilitation of irrigation network at Port Glaud and La Gogue; (iii) drawing of road construction (Helvetia); (iv) rehabilitation of requisite stores at Anse Boileau and Val d'Andorre and renovation of tools shed, nursery shed and rough Lab at Research Centre at Anse Boileau. During the period under review, the mission noted that as a result of the above mentioned preparatory process, the design and building for the barrages, reservoirs, distribution pipeline and irrigation network at Port Glaud, La Gogue has started as the contract was awarded in March 2015. The rehabilitation of Requisite Stores at Val D'andor and the Renovation of tools shed, nursery shed and Requisite Store at Research Station at Anse Boileau were completed in March 2015. However, the mission noted that procurement process remain slow and is affecting implementation timelines.

49. *The mission recommended that the procurement officer enhance the monitoring of the procurement plan with key milestone to fast track the realization of procurement activities. The mission also recommended that the planning of works be strengthened to ensure timely preparation of the technical bidding documents and the mobilisation of beneficiaries' contributions. Works for year n should therefore be prepared at year n-1. The monitoring and evaluation specialist should develop together with the procurement specialist a precise monitoring board to ensure a realistic planning and follow up of these activities.*

Agreed action	Responsibility	Agreed date
20. <i>Prepare a monitoring action plan with key milestone to fast tract the realization of procurement activities.</i>	Procurement officer	30 June 2015
21. <i>Identify and plan the preparation of the technical bidding documents and the mobilisation of beneficiaries' contributions of all rehabilitation works for year n at year n-1 in order fast tract implementation.</i>	Procurement and M&E officer	30 September 2015

#### Component 4 – Project Management

50. The mission noted with satisfaction that during the period under review, staff vacancies within the Project Management Unit have been filled with the confirmation of the interim project coordination as coordinator and the recruitment of the M&E officer. A youth and gender focal point person has also been identified to oversee the alignment of activities to the project's objectives with regard to these target groups. With regards to the Technical Working Group, the mission noted that only half of the planned meetings have taken place during the reporting period under consideration with scheduling difficulties blamed for shortfall. Regarding the Steering Committee meetings the mission noted that the planned meeting has not taken place.

51. *The mission recommended that a steering committee meeting be organized by 30 July 2015.*

52. **Monitoring and Evaluation.** The mission noted with satisfaction that with the new M&E officer in place since January 2015 significant progress are made in developing the M&E framework notably the input data in the M&E system, the finalisation of the baseline study for farmers and the engagement of baseline studies for fishers. However, the mission found that the M&E officer needs technical support and backstopping that is not available in Seychelles. *The mission recommends that technical support be arrange for CLISSA M&E by an M&E specialist in successful IFAD project within ESA region.*

53. The mission also noted that the farmers' baseline report on the survey conducted in 2014 was completed. This study provides baseline values for income from agriculture, crop yields / production levels, asset ownership and number of people employed in the farm, and also identify training needs, the level of satisfaction with agricultural extension services, agricultural constraints and whether farmers have previously taken a loan. Combining the latter two factors could be used as a proxy for the demand for credit.

54. *The mission recommended the PMU should organize interview of individuals selected from the baseline dataset on the basis of their credit history to gather more detailed information for the proposed Credit Demand Survey, applying a qualitative tool.*

55. At the time of the supervision mission, the SAA was currently collecting additional data through a survey focusing only of small-scale farmers. The mission was satisfied that the M&E officer had the opportunity to input into the questionnaire design to maximise utility to CLISSA. It is expected that the results will provide some information on the level of satisfaction with the SMS-based agricultural extension system (Lifelong Learning for Farmers) and the agricultural extension system in general. Once this survey data is available, the M&E specialist should explore the possibility of linking households sampled under the various agricultural surveys with data gathered through the NBS Household Census, allowing a better understanding on income levels and value of assets owned.

56. The mission had the opportunity review the questionnaire of the fishers' baseline survey which was at questionnaire testing stage and provided comments in a separate communication to make it more relevant to CLISSA's needs including exploring the demand for credit.

57. The mission also noted with satisfaction that the M&E officer has developed an M&E Plan which contains a template for assessing trainees' perceptions of the quality of agricultural extension advice (both online and face-to-face) and for tracking the number and content of training courses delivered by extension officers. The mission recognizes that one of the key ways that project impact will be measured is through case studies of individual farmers and fishermen selected from the respective baseline surveys to represent the range of beneficiaries (including women and youth) that the project is assisting. A longitudinal data set assembled through a series of field visits and records kept by individuals themselves will therefore provide a rich source of information into the relative impact of project interventions and decision making processes. *The mission recommends that the M&E officer should prepare a farmer / fishers' diaries that enable project beneficiaries to record activities, expenditures and returns from their farm or fishing activities in view of performance evaluation.*

58. In addition to the basic financial data on performance of number of borrowers, loan performance, etc. collected by the financial partners as specified in the Performance Based Agreement, IFAD requires that a number of key performance indicators related to provision of rural finance are collected on a regular basis. This will be a specific M&E activity to be done once Component 2 becomes operational. The mission informed the PMU that a full guide to the selection and collection of these Rural finance indicators is set out in the IFAD document 'How to do: Key Performance Indicators (KPI) and Performance Based Agreements in Rural Finance' (IFAD 2014). Basically the objective of collecting these KPIs is to enable the reporting on the extent to which Financial Service Providers reach their target markets (depth), the number of clients serviced (scale), and the degree to which they do so in an equitable and sustainable manner (IFAD, 2010). *The mission recommends that the M&E officer should use this guide to ensure that the project's financial services partners' (DBS and SCU) internal monitoring systems are set up to collect the required financial indicators in a timely and systematic matter, and incorporated in the PMU's regular project monitoring reports.* It is likely that the M&E officer will require backstopping from IFAD in establishing this system as Component 2 develops.

59. **Gender and Youth.** As indicated in the last supervision report, the project has not yet developed strategies to ensure that women and the youth are able to derive benefit from the project. *The present mission reiterates the recommendation to the PMU to develop a note on gender-specific issues emerging from the baseline studies and to ensure that implementation approaches and M&E techniques are gender and youth sensitive.*

**60. Knowledge management.** The project will soon begin generating useful knowledge on the success and appropriateness of processes and approaches to achieving the projects objectives. In order that this knowledge is used to maximum effect, the PMU should decide how lessons are best communicated with other stakeholders. A range of options could be considered, including a published paper, a series of published case studies, presentations at workshops, etc. It should be remembered that the audience for knowledge generated through CLISSA will be very limited in size and quite specific, and that a functional M&E system should be in place to enable the project to make a useful contribution to learning.

Agreed action	Responsibility	Agreed date
22. <i>Organize a steering committee meeting</i>	PMU - MFA	30 July 2015.
23. <i>Arrange for the provision of technical support to CLISSA M&amp;E by an M&amp;E specialist in successful IFAD project within ESA region.</i>	M&E Officer	30 September 2015
24. <i>Analyse the farmers' baseline datasets to extract information on the number of households who have taken out credit and the difficulties they have with repayment and select households from the dataset to participate in the qualitative element of the Credit Demand Survey</i>	M&E Officer	30 June 2015
25. <i>Prepare a farmer / fishers' diaries that enable project beneficiaries to record activities, expenditures and returns from their farm or fishing boat.</i>	M&E Officer	30 July 2015
26. <i>Use IFAD guidelines on Rural finance Key Performance Indicators to ensure that the project's financial services partners' (DBS and SCU) internal monitoring systems are set up to collect the require financial indicators in a timely and systematic matter, and incorporated in the PMU's regular project monitoring reports.</i>	M&E Officer	31 August
27. <i>Draft a note on gender-specific issues emerging from the baseline studies and ensure that implementation strategies, approaches and M&amp;E techniques are gender and youth sensitive</i>	M&E Officer	30 September 2015

## D. Fiduciary aspects

**61. Financial management.** The mission noted with satisfaction following recommendations of the previous missions, the project has prepared an asset register, coded the assets, and prepared an asset schedule for inclusion.

**62. Project Implementation Manual (PIM).** The mission noted that the PIM was updated to incorporate recommendations of the last supervision namely: the financial statement, the chart of accounts, a contract register, the procurement plan and situation, the asset register. However, this updated PIM is not yet submitted to IFAD for clearance. *The mission recommends that this should be done without delay.*

**63. IFAD Loan Disbursement.** As of the 15th April 2015, the disbursement overall rate of the loan stands at 14, 91% including the amount of the initial deposit of XDR 264 429.90. If we include 4<sup>th</sup> WA in preparation of about XDR 60,000 the disbursement rate will be about 17, 96%. IFAD Loan disbursement status by category is summarized in the table below :

Category	Category description	Original Allocation	Disbursement	W/A in preparation	Balance	Per cent disbursed
I	Civil Works and Infrastructure(Equipment's and Goods	548,000.00	11,357.92	8,959.70	527,982.38	4%
II	Vehicles	17,000.00	156.89	0.00	16,843.11	1%
III	Technical Assistance and Training	498,000.00	2,634.02	38,987.29	456,378.69	8%
IV	Credit	594,000.00	0.00	0.00	594,000.00	0%
Va	Recurrent Cost – salaries	118,000.00	16,342.23	12,446.54	89,211.23	24%
Vb	Recurrent Cost – operations	7,000.00	245.38	425.06	6,329.56	10%
	Unallocated	198,000.00	0.00	0.00	198,000.00	0%
	Initial deposit		264,426.90	0.00	-264,426.90	0%
	<b>Total</b>	<b>1,980,000.00</b>	<b>295,163.34</b>	<b>60,518.59</b>	<b>1,624,318.07</b>	<b>17.96%</b>

64. **Counterpart funds.** The mission noted with satisfaction that the amount of the GoS counterpart funding so far mobilized is USD 67 000.00, representing about 24% of the commitment indicated in the project design document. *The mission recommended that the PCU to capture all the non-financial and non-material contributions from the Government, partners and beneficiaries in the project database for reference and follow up.*

65. **Accounting/Financial management Software:** The project uses the IPSAS “accrual basis” accounting method which recognizes all revenues and expenses. The mission noted that the government Treasury Accounting System known as Visual Account Mate (VAM) has been installed in the project and the financial management specialist has received training on the software and data input is ongoing. The PMU has initiated discussion with the Ministry of finance to mobilize an expert from the software manufacturer in order to customize the software to the needs of the project. For the main time, the project continues to use Excel spread sheets for keeping its accounts but it is planned that this situation will be resolved for the accounting information for 2015 to be generated automatically through the dedicated accounting software. *The mission recommended the PMU to finalize the configuration of its accounting software with the support of the Ministry of Finance with no delay and ensure all project financial data are captured in this system by 31 October 2015.*

66. **Execution of the 2014 AWPB:** The financial execution of the 2014 AWPB stands at 17% (USD 193,710 out of a plan of USD 1,125 million). As already indicated, this low disbursement level was mainly due to the fact that activities planned under the credit facility could not be launched as IFAD and the GoS agreed to redesign this component to adjust the implementation modalities to prevailing market conditions. Accordingly exclusive of the amount scheduled for disbursement under the credit facility, the execution rate of the 2014 AWPB stands at about 37% (USD 193,710 out of USD 523,840). **Execution of the 2015 AWPB:** The PMU submitted the current version of the 2015 AWPB to IFAD in February 2015 and received a no-objection for its implementation in March 2015. The proposed budget for 2015 is USD 1,278,000. IFAD contribution is USD 1,094,050, other Financial Institutions will contribute USD 113,630 and the Government contribution is estimated at USD 70,340. As of 15th April 2015, the execution rate stands at 5%. The mission however noted that with the finalisation of the reshaping of component 2, the engagement of constructions works and the procurement of equipment under component 3, it is expected that the disbursement rate will significantly improve by the 3 quarter of 2015. Accordingly, the mission provided support to the PMU for the development of detailed action plan for key activities of component 1 and 2 and, *on this basis the mission recommends that the 2015 AWPB should be revised and submitted to IFAD by 30 June 2015.*

67. **Withdrawal Applications.** Since its start up, the project sent three Withdrawal applications to IFAD. Two withdrawal applications (N°1 and 3) were for the first initial deposit of USD 200,000 and to raise it to USD 400,000. The WA in preparation at project level amount to approximately USD

100,000. *The mission recommends that this WA should be prepared and submitted to IFAD without further delay.*

68. **Statement of Expenditures review.** The mission verified the supporting documentation of the expenditures that were presented in the Statement of Expenditures (Form 102) of the pending WA and found them in order. The mission confirms that expenditures are properly supported and are eligible for IFAD disbursement in accordance with legal agreements.

69. **Reconciliation of the Designated Account.** As of 15th April 2015, CLISSA's bank statement presents a balance of USD 296 060.20 as presented in the table below.

No.	Description	Value (USD)
<b>a</b>	<b>Authorized Allocation</b>	<b>400 000.00</b>
<b>b</b>	Balance in the Designated Account	296 060.20
<b>c</b>	Balance in the Programme Account	Not applicable
<b>f</b>	Expenditures yet to be claimed	138 522.42
<b>G</b>	<b>Total (b + c + d + e + f)</b>	<b>434 582.62</b>
<b>H</b>	<b>Differences (a – g) = (i + j+k)</b>	<b>-34 582.62</b>
<b>i</b>	Payments pending at the bank	33 715.86
<b>j</b>	Pre-financed VAT to be refunded by Counterpart	-4 442.37
<b>k</b>	Re-imbursement to Designated Accounts by error	5 309.05
<b>I</b>	Un-reconciled balance	0.00

87. As of 15th April 2015, the pre-financed VAT to be refunded in the loans account by the counterpart of USD 4, 442, 37 persists in the reconciliation. *As recommended by the last supervision mission, refund must be done on a quarterly basis or when the ceiling of USD 10,000 is reached.*

88. **Compliance with financing agreement covenants.** The mission notes that there is no contravention with respect to compliance with the financing agreement covenants. The status of compliance with key covenants is provided in appendix.

89. **Procurement.** The mission noted delay in the procurement process affected the implementation of some scheduled activities. To date, out of a total amount of USD 484,614, the project has procured about USD 49,507 representing 10% of the 2015 procurement plan. This delay related to the initiation and management of the procurement processes (ToR, Goods specifications etc.). However, the mission noted that preparatory processes are now completed and should lead to implementation.

90. **Reporting.** To follow up the level of achievement of activities and the financial situation of the project the mission recommends that the following tools be update on a bi-weekly base as part of the performance management plan. These will include: statements of expenditure by component, bank reconciliation statements, and updated procurement plan.

91. **Internal control.** As the project is embedded in the Ministry of Fisheries and Agriculture, procedures are done with respect of national rules and requirements. There is a clear segregation of

duties and control/and approval procedures are in place and effective. Execution of payments is handled by the Ministry of Finance. The mission noted a high level of internal control.

92. **Internal audit.** In 2014, there was no intervention of internal auditors. *The mission recommends for 2015 that the internal audit unit at the Ministry of Finance provides internal audit services to the project.*

93. **Audit.** The audit exercise of the project books for the 2014 financial year will be done by the office of the Auditor General. The audit covers the period from October 2013 to December 2014, including earlier small expenses retroactively financed by the counterpart fund prior to project entry into force. Terms of reference of the audit in collaboration with the OAG was cleared by IFAD. As recommended by the previous supervision mission, the project unaudited financial reports have been submitted before the 30<sup>th</sup> march 2015. The audit exercise is planned to be executed on time.

Agreed action	Responsibility	Agreed date
28. <i>Finalize the configuration of the project financial management software.</i>	PMU, MFA, MFTBE	31 October, 2015
29. <i>Capture tax pre-financed by IFAD and transfer refunds from the counterpart funds on a quarterly basis</i>	Accountant/PMU	Continuously
30. <i>Submit to IFAD the 4<sup>th</sup> WA in preparation</i>	Accountant/PMU	30 June, 2015
31. <i>Produce bi-weekly financial situation as part of the performance monitoring plan to support decision making in the project implementation</i>	PMU, PS	Continuously
32. <i>Send the Updated PIM for clearance by IFAD</i>	PMU	30 June 2015
33. <i>Organize internal audit intervention for 2015 operation</i>	PMU, PS, MFTBE	30 June 2015
34. <i>Submit 2014 audit report to IFAD.</i>	MFTBE/PMU	30 June 2015

## E. Sustainability

94. At this stage of implementation, the sustainability of the project will rely on its capacity to build the institutional capacity of the implementing agents to continuously provide the necessary technical support to small holder farmers and the government engagement to raise agriculture as a strategic sector for food security, nutrition and reduce dependence on import of basic food requirement of the population. The reinforcement of human resources within the key implementing agencies, both in quality and in quantity remains a major concern to enable these institutions to play their role. Support to farmer organizations is a key area of intervention to empower small holder farmers (negotiation and decision making) to become entrepreneurs within the agricultural value chains. The development of a win-win business relationship between small scale farmers and the hotel sector is a challenge.

## F. Others

95. There are a number of other programmes operational in Seychelles with which the Project could build synergies, including a UNDP project to improve the supply of water to farms on Praslin and an AUSAID initiative to monitor saline intrusion and improve the types of seeds available. The Programme must ensure that it is aware of operations conducted under these and other programmes – for example by attending coordination meetings hosted by the parent government agency – to ensure that these synergies are maximised.

## G. Conclusion

96. CLISSA project has now setup the technical modalities needed for the full deployment of its supports to farmers: (i) preparatory activities completed (baseline surveys of farmers and fishers, identification of technologies to be promoted); (ii) market study completed and potential for marketing

opportunities identified, (iii) redesign of component 2 under completion and (iv) Public and collective infrastructures to be rehabilitated/upgraded identified. The PMU should be able to build on this level of preparedness to focus on the launch of operations on the ground at a fast track space to ensure timely delivery of expected development outcomes. This would require a tighter management planning and monitoring by the PMU.

97. The mission agreed that the next supervision mission is scheduled in November 2015.

## Appendix 1: Summary of project status and ratings

Project 1560 [894] Competitive Local Innovations for Small-scale Agriculture Project

### Basic Facts

Country	Seychelles	Project ID	1560	Loan/DSF Grant No.	894
Project	Competitive Local Innovations for Small-scale Agriculture Project			Top-up Loan/DSF Grant	
Date of Update	10-Dec-2014				
Supervising Inst.	IFAD/IFAD				
No. of Supervisions	2	No. of Implementation Support/Follow-up missions	1		
Last Supervision	27-Apr-2014	Last Implementation Support/Follow-up mission	23-Jan-2014		

				USD million Disb. rate %		
Approval	07-Apr-2013			Total financing	3.74	
Agreement	22-May-2013	Effectiveness lag	7.4	IFAD Total	3.00	
Entry into force	14-Nov-2013	PAR value	-----	IFAD loan	3.00	14.91
First disbursement	07-Feb-2014			DSF grant		
MTR		Last amendment		IFAD grant		
Original completion	31-Dec-2018	Last audit		Domestic Total	0.74	
Current completion	31-Dec-2018			Beneficiaries	0.09	0
Original closing	30-Jun-2019			Government (National)	0.28	24
Current closing	30-Jun-2019			Other Domestic	0.25	0
No. of extensions	0			Private Sector Local	0.12	0
				External Cofinancing Total		

### Project Performance Ratings

B.1 Fiduciary Aspects	Last	Current	B.2 Project implementation progress	Last	Current
1. Quality of financial management	4	4	1. Quality of project management	4	4
2. Acceptable disbursement rate	3	3	2. Performance of M&E	3	4
3. Counterpart funds	4	5	3. Coherence between AWPB & implementation	3	3
4. Compliance with financing covenants	4	6	4. Gender focus	4	4
5. Compliance with procurement	4	4	5. Poverty focus	4	4
6. Quality and timeliness of audits	4	4	6. Effectiveness of targeting approach	4	4
			7. Innovation and learning	4	4
			8. Climate and environment focus	4	4
B.3 Outputs and outcomes	Last	Current	B.4 Sustainability	Last	Current
1. Enhancing business arrangements through capacity d	4	3	1. Institution building (organizations, etc.)	4	4
2. Improving Access to Agricultural and Rural Finance	4	4	2. Empowerment	4	4

3. Strategic Capacity Strengthening and Infrastructure	3	4	3. Quality of beneficiary participation	4	4
			4. Responsiveness of service providers	4	4
			5. Exit strategy (readiness and quality)		
			6. Potential for scaling up and replication	4	4

#### B.5 Justification of ratings

CLISSA records 18 months of implementation. The PMU has completed the main preparatory activities to launch the support to farmers: (i) market studies, baseline survey of fishers, identification and definition of backyard gardeners, (ii) definition of modalities for the establishment, management and oversight of the credit facility to farmers and, (iii) identification of infrastructures to be rehabilitated, preparation of their technical specifications and engagement of the procurement process.

**For component 1**, Scheduled preparatory activities are completed as indicated above. In addition, marketing issues are already given attention by the Project. The PMU has engaged preliminary discussions with some hotels and the Seychelles Trading Company (STC) to explore potential collaborations with farmers for the supply of basic food crops and fishery products. The hotels have communicated to CLISSA their needs (nature of food products, monthly quantity and quality specifications). Three technologies are assessed (integrated crop management, development of shade houses and drip irrigation system) and a first technology trial has started implementation. Replenishment of stocks of input packages in the requisite stores and supplies to farmers are done. **Concerning component 2**, the redesign of activities to ensure alignment with prevailing market conditions is under completion. It is planned the credit scheme will start by the end of the year. **Component on Strategic capacity strengthening and infrastructure** is now fully engaged. Investments in equipment and infrastructures for water harvesting and storage (water reservoir and barrage for irrigation systems) have been realized. Communication equipment such as video camera, computers and scanners are acquired. The MFA is taking actions to address the delays in implementation. Significant progress are made in developing the M&E framework notably the input data in the M&E system, the finalization of the baseline studies for farmers fishers.

### Overall Assessment and Risk Profile

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

#### Rationale for implementation progress rating

Although with some delay, the project has completed the main preparatory activities such as baseline surveys for farmers and fishers. For component 1 the project has completed the market studies and preliminary discussions have been engaged with buyers and hotels to address marketing issues. A specific action plan for PPP to supply fresh food products to hotels has been developed. Under this action plan, the project has engaged the procurement process for the section of consultant to provide technical supports to farmers in the following domain: agribusiness and post-harvest management, livestock production technologies and farm management, irrigation and Intensive Crop Management, water Supply Management, farmer's organizations and marketing. The different Technical Working Groups (TWG) are in place although they don't meet regularly. The redesign of component 2 is under finalization and it is planned that financial support will be provided to beneficiaries during the third quarter of 2015. Investments in equipment and infrastructures for water harvesting and storage (water reservoir and barrage for irrigation systems) are on-going. Construction works for the rehabilitation of shades and nurseries for the agricultural research center is on-going. The project however need to fast tract the realization of activities to avoid delays.

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

There is already evidence of improved institutional capacity emerging, especially in regards to: enhanced consolidation of knowledge; partnership building with key institutions such the Small Enterprise Promotion Agency (SEnPA), the Seychelles Trading Company (STC), the hotel chains etc.; Partnership with Seychelles Credit Union (SCU) and the Development Bank of Seychelles (DBS) is under finalization for the implementation of the credit facilities activities. With the ongoing discussions with the hotels for the supply of fresh farm produce by farmers, there is an opportunity to build a strong PPP.

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

Fiduciary aspects	Following recommendations of the previous missions, the project has prepared an asset register, coded the assets, and prepared an asset schedule for inclusion. The Project Implementation Manual has been updated to incorporate recommendations of the last supervision namely: the financial statement, the chart of accounts, a contract register, the procurement plan and situation, the asset register. The government Treasury Accounting System known as Visual Account Mate (VAM) has been installed in the project and the financial management specialist has received training on the software and data input is ongoing. The PMU has initiated discussion with the Ministry of finance to mobilize an expert from the software manufacturer in order to customize the software to the needs of the project. For the main time, the project continues to use Excel spread sheets for keeping its accounts but it is planned that this situation will be resolved soon and the accounting information for 2015 will be generated automatically through the dedicated accounting software.
Project implementation progress	Activities for component 1 and 3 are now fully engaged as technical. For component 2 the redesign report needs to be finalized to integrate comments from IFAD. Final discussions with the implementing partners (SCU and DBS) are on-going and will lead to the operationalization and a proper start of this

	component in the third quarter 2015.
Outputs and outcomes	With the results of the market study now available, and the preliminary discussion with buyers and hotels the project has developed a specific action plan to engage support to farmers for the operationalization of the PPP on market business opportunities. Farmers will now be empowered in the following domain: agribusiness and post-harvest management, livestock production technologies and farm management, irrigation and Intensive Crop Management, water Supply Management, farmer's organizations and marketing.
Sustainability	CLISSA needs to ensure that the implementing partners (i.e. the public agencies in MFA such as SAA and SFA) develop their capacity to conduct and supervise the activities.

## Proposed Follow-up

Issue / Problem	Recommended Action	Timing	Status
Finalize the reshaping of component 2 and start up activities.	Finalize the redesign report for component to reflect the use of international best practices and exit strategy for the Management of LoC; Ensure the complete report is shared with the stakeholders involved, endorsed by the GoS and submit to IFAD for clearance.	15 August 2015	On-going
Overall delay in implementation of activities	Set up a monthly detailed action plan with key milestones built on the agreed recommendations of the supervision mission. A monthly summary report on progress made will be addressed to the MFA with copy to IFAD for follow up.	Immediate	On-going
Delay in procurement process	Prepare a monitoring action plan with key milestone to fast track the realization of procurement activities.	immediately	On-going
Customize the financial management and M&E Software	PMU to finalize the configuration of the accounting software with the support of the Ministry of Finance and ensure all project financial data are captured in this system.	31 October 2015	On-going

## Additional observations



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

RESULTS HIERARCHY	INDICATORS	REVISED INDICATORS (CURRENT)	RESULTS (CUMULATIVE)			MEANS OF VERIFICATION	ASSUMPTIONS AND RISKS	COMMENTS
			Appraisal Target	Actual	% of Appraisal			
<b>GOAL: Sustainable pro-poor economic growth and employment and resilience to external shocks and trends</b>	By Programme completion at least 80% of small scale registered farmers and fishers (617 total registered farmers 1330 total artisanal fishers direct beneficiaries) achieve minimum one of the following:							
	Increase in asset ownership.	1558	1558		0%	-National Bureau of Statistics - Ministry of Social Affairs - Agricultural Census - Other reference surveys	Provided that prices remain stable, government maintains its policy on welfare support. Subject to no exceptional adverse weathering effects.	Baseline survey contains information on animals owned and certain household assets
	Registered farmers with Increase in savings.	494	494		0%		Provided that farmers and fishers participate in the scheme are willing to share information	No baseline information available. However, this information could potentially be collected at evaluation time by asking participants if their savings have increased over the project period
	Reduction on Social Welfare dependency.	n/a	10%		0%		Provided that farmers and fishers participate in the scheme are willing to share information	Same as above.

RESULTS HIERARCHY	INDICATORS	REVISED INDICATORS (CURRENT)	RESULTS (CUMULATIVE)			MEANS OF VERIFICATION	ASSUMPTIONS AND RISKS	COMMENTS
			Appraisal Target	Actual	% of Appraisal			
<b>DEVELOPMENT OBJECTIVES: (RIMS 3<sup>th</sup> level)</b> <b>Promote modern and sustainable agricultural and fisheries practices to increase and diversify market access for 617 small-holder farmers, 1 330 individuals active in the artisanal fisheries sector, and all household gardeners out of a total of 8662 who were below the poverty line in 2013</b>	Increase agricultural yield of specific crops and vegetables (such as tomatoes, lettuce, cucumbers etc) being highly sought by the market by 50%	n/a	5175 tons		0%	- MTR and PCR surveys - Relevant GoS statistics (Min. OF Social Affairs) - Project M&E system (see below)	Provided there is effective yield and effective diversification of agricultural produce to access market.	Conduct crop production studies with a range of beneficiary farmers representing different economic backgrounds. Track these 'sentinel' farms over the course of the project. Progress on this indicator could also be measured through changes in the 'supply gap' measured by the marketing study
	Increase market access of Small Scale farmers and fishers.	n/a	494		0%		Provided that registered farmers remain active and willing to participate in the scheme	Market survey could be repeated to assess whether markets / hotels / shops / restaurants are buying more produce locally. Will be necessary to attribute any increase to the CLISSA or other factors. Progress on this indicator could also be measured through changes in the 'supply gap' measured by the marketing study
	Increase crop yield of Small scale farmers by 50%	n/a	5175 tons		0%		Provided there is agricultural inputs and favourable weather conditions for varieties selected.	Conduct crop production studies with a range of beneficiary farmers representing different economic backgrounds. Track these 'sentinel' farms over the course of the project.
	Increase livestock production (namely poultry, pork by 50%	n/a	696 tons		0%		Provided the local animal feed factories can sustain demand for animal feed.	Conduct livestock production studies with a range of beneficiary farmers representing different economic backgrounds. Track these 'sentinel' farms over the course of the project.
	Increase artisanal fisheries yield of specific species (such as red snapper, grouper etc) being highly sought by the market by	n/a	40%		0%		Provided the scheme can sustain provision of adequate equipment and develop	Conduct longitudinal catch study for beneficiary fishers

RESULTS HIERARCHY	INDICATORS	REVISED INDICATORS (CURRENT)	RESULTS (CUMULATIVE)			MEANS OF VERIFICATION	ASSUMPTIONS AND RISKS	COMMENTS
			Appraisal Target	Actual	% of Appraisal			
	40%						capacities of the artisanal fishers in the adopted fishing techniques	
	Increase agricultural production of backyarders by 50%	n/a	50%		0%		Provided SAA can provide tools and develop capacities to the backyarders in the adopted production techniques	Conduct crop and livestock production studies with a range of beneficiary farmers representing different economic backgrounds. Track these 'sentinel' farms over the course of the project.
<b>OUTCOMES: (RIMS 2<sup>nd</sup> level)</b>								
<b>Component 1: Enhancing business arrangements through capacity development of small farmers, rural micro entrepreneurs and fishers</b>								
Small farmers, fishers and rural micro entrepreneurs have capacity to identify and service market demand	80 % of Number of Farmers and fishers benefitting from improved market access	1558	1558		0%	1-Surveys 2-Ex-post evaluations	Farmers and fishers can make good use of knowledge transferred to access market. SFA and SAA have capacities carry out surveys and evaluations	This needs definition to select the group of criteria: does it refer to more produce sold, higher prices gained, higher over-all incomes, lower costs of market access (better roads and transport)?
<b>Component 2: Improving Access to Agricultural and Rural Finance</b>								
Improved access by small farmers and fishers to equitable financial services	Effectiveness: Number of small farmers and fishers micro-entrepreneur accessing credit and other financial services (female/male) (RIMS 2nd level)	123	200	0	0%	1-Internal and external monitoring reports 2-6 monthly project progress reports to be submitted by	Provided that the credit facilities and other financial services are made available by banks on favourable terms	Financial service providers should also be able to provide information on this. Make sure that correct information is collected from the start and is accessible by the project (i.e not confidential)

RESULTS HIERARCHY	INDICATORS	REVISED INDICATORS (CURRENT)	RESULTS (CUMULATIVE)			MEANS OF VERIFICATION	ASSUMPTIONS AND RISKS	COMMENTS
			Appraisal Target	Actual	% of Appraisal			
						participating banks		
	Sustainability: Active borrowers/fishers and farmers on a 1:4 ratio(RIMS 2nd level)	123	200	0	0%			
	Sustainability: Portfolio at risk/quality of loan portfolio (RIMS 2nd level)							
<b>Component 3: Strategic capacity strengthening and infrastructure</b>								
Strengthen public sector institutions and build infrastructure to meet the requirements of promoted agricultural and fishing activities	No. of farmers served by barrages, reservoirs and irrigation network rehabilitated	0	142	17	12%	-Internal and external monitoring reports -Beneficiary assessment reports -Internal monitoring reports	Provided that there is adequate external and internal capacities to support the planned activities	Can be calculated ex-post.
	Increase water storage capacity by 50% of 5055 cubic metre of water	0	2528	0	0%			Can be calculated ex-post
	Increase number of farmers on reticulation network by 40%	0						Need baseline figure
	Motorable access to new agricultural plots	0	10					Indicators to be defined : 10km?, 10 roads?, 10 plots?
	n. of farmers and households served by road constructed		18		0%			Can be calculated ex-post
	no. of Extension unit benefitting from shed	0	3	3	100%			Can be calculated ex-post
	n. of farmers served by equipment sheds and small infrastructure built		494	140	28%			Can be calculated ex-post

RESULTS HIERARCHY	INDICATORS	REVISED INDICATORS (CURRENT)	RESULTS (CUMULATIVE)			MEANS OF VERIFICATION	ASSUMPTIONS AND RISKS	COMMENTS
			Appraisal Target	Actual	% of Appraisal			
								Performance indicators defined with SAA staff. Measurement based on combination of self-assessment and triangulation with targeted farmers.
	Effectiveness: improved performance of service providers (operational self-sufficiency of SAA Extension officers)		6	0	0%			
OUTPUTS (RIMS 1 <sup>st</sup> level)								
Sub-component 1.1: PPP and technology development								
1.1a. Identification of technologies packages and assessment of their efficiency to local conditions.	3 Technical Working Groups meeting 4 times per annum		60	10	17%			On-going record keeping required.
	Identification of technologies packages and trials (agr./microfin./fisheries)		3	3	100%			On-going record keeping required.
1.1b. Capacity building of small farmers and fishers in technology adoption, business development and business management, quality improvement of selected products, demonstrations, trials and studies to promote these technologies	Acquisition of knowledge of small scale farmers through demonstration on farm and at research station and exchange of experience in post-production, processing and marketing (female/male/youth)		494	14	2.8%		Farmers and fishers can manage and makeeffective use of knowledge transferred.	Define knowledge acquisition. If it refers to use of a certain crop management practice or fishing practice, then a knowledge, attitudes, practices baseline is required.
	Fishers trained in fish production practices and technologies (female/male/youth)		1,064	30	2%			On-going record keeping required. Would it also be important to determine how practices have changed as a result of the training? What do fishers do differently?
Sub-component 1.2: Food security and productivity development								
1.2a. Improving food security by promoting home and community	Small gardening tools accessed			48			Provided the backyard gardeners are willing to make	A measure of food security could also be appropriate here. The baseline survey captures data on this.

RESULTS HIERARCHY	INDICATORS	REVISED INDICATORS (CURRENT)	RESULTS (CUMULATIVE)			MEANS OF VERIFICATION	ASSUMPTIONS AND RISKS	COMMENTS
			Appraisal Target	Actual	% of Appraisal			
gardens	Inputs			202			effective use of equipment, inputs and knowledge acquired.	Define: is it quantity of inputs used?
1.2b. Enhancing productivity at the household level through capacity development in all areas of agricultural development, including locally adapted livestock development (agriculture and pig production on suitable smallholder plots)	Household gardeners trained in new technology adoption (female/male/youth)	2,945	2,945	0	0%		Effective use of knowledge transfer, willingness and motivation of households for this initiative.	Adoption of new practices needs to be measured. Increases in productivity are measured elsewhere. Focus should be on what farmers do differently and what new approaches they adopt as a result of the training delivered. There should also be some kind of exploration of the different extension approaches used - online / face to face / demonstration farm, etc.
<b>Sub-component 2.1: Improved access to equitable financial services</b>								
2.1. Competitive refinancing lines for beneficiaries established on commercial and non-subsidized terms at all levels	Active borrowers (individuals)		123	0	0%	Active bank accounts	Sufficient borrowers, to participate in the scheme, depending on banks terms and conditions.	Financial service providers should also be able to provide information on this. Make sure that correct information is collected from the start and is accessible by the project (i.e. not confidential)
	Value of gross loan portfolio USD		1078		0%			Same as above.
<b>Sub-component 2.2: Complementary support to participating banks</b>								
2.2. Complementary support to participating banks	Sustainability and improved performance of bank services to the farmers and fishers through a monitoring system		2		0%		Terms and Conditions offered under the scheme is attractive to the banks	Define: does this need to be more focussed on providing banks with information on how loans are used?

RESULTS HIERARCHY	INDICATORS	REVISED INDICATORS (CURRENT)	RESULTS (CUMULATIVE)			MEANS OF VERIFICATION	ASSUMPTIONS AND RISKS	COMMENTS
			Appraisal Target	Actual	% of Appraisal			
Sub-component 3.1: Strategic capacity strengthening								
3.1. Public sector institutions will be supported through human resource capacity building, equipment and limited infrastructure development, aligned to the work of other financing partners	Staff of service providers trained		9	0	0%		Knowledge transfer are put into effective use, other financing partners are willing to participate.	Indicator needs more definition. For example: '70% of **** (insert target number) government staff trained report that they are better able to deliver their services / support farmers and fishers as a result of training and provided by CLISSA'. Surveys conducted with staff after training andat the end of the project cycle with key informants - including the supervisors of staff who attended training will be necessary.
Sub-component 3.2: Public and collective infrastructure								
3.2. Enabling rural infrastructure, including public investments and collective investments (irrigation/water harvesting, distribution access road etc.)	No. of barrages, reservoirs and irrigation network rehabilitated		16	6	37.5%		Provided approval are granted by the respective authorities and availability of financial resources and technical capacities	on-going record keeping required
	km of road constructed		0.6	0	0%			on-going record keeping required
	Requisite storage facilities Anse Boilea,Val D'en Dor		2	2	100%			on-going record keeping required
	AnseBoileau (Tool Shed, Nusery shed, Rough Lab/shed)		3	2	66%			on-going record keeping required

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

Agreed action	Responsibility	Agreed date
<b>Project implementation</b>		
1. <i>Outsource the execution of capacity building activities (trainings of farmers) to national or international consultants when necessary</i>	PMU/Coordinator	Immediate
2. <i>Revise targets under the 2015 AWPB to reflect fast tracking of activities under component 1.</i>	PMU/Coordinator	30 June 2015
<b>Component 1: Enhancing business arrangements through capacity development of small farmers, rural micro entrepreneurs and fishers.</b>		
3. <i>Prepare an action plan for the operationalization of the technical, financial and logistic support to farmers in production and market linkage. This action plan should include : (i) assessment of farmer's/fishers production capacity and specific support needs and, development of farmers production plan to meet the market demand; (ii) provision of technical, logistical and financial support to farmers /fishers to improve their production, productivity and quality standard on selected food crops, livestock and fishing products; (iii) support to the organization of farmers/fishers for negotiation with the buyers and execution of sales contracts.</i>	PMU/Coordinator	15 July 2015
4. <i>Elaborate under the leadership of the MFA, the planning of the TWG meetings to ensure the validation of identified technologies, enable the execution of the pre-trial preparation and the propagation of the identified technologies;</i>	PMU	30 June 2015
5. <i>Look into the appointment of the members of the TWG to ensure their full participation in the planned meetings.</i>	MFA	immediately
6. <i>Conduct the evaluation of the economic viability of the identified technologies prior to their promotion at a larger scale as recommended by the previous supervision mission.</i>	PMU	30 June 2015,
7. <i>Use the technical note elaborated during the supervision to prepare the ToR for the execution of the PPP action plan focussing on the following activities : (i) identification of interested farmers/fishermen; (ii) evaluation of selected beneficiaries production potential and assessment of their needs; (iii) capacity building of the selected farmers (technical and logistic support) to meet the market requirement; (iv) negotiation with buyers to agree on quantity, quality and prices; (v) organisation of farmers/fishermen to plan, mobilise the required production and ensure supply to buyers as agreed.</i>	PMU	30 June 2015
8. <i>Ensure continuous sensitization and information of farmers for their effective mobilization and participation in training activities.</i>	PMU	Continuous
9. <i>Define with SAA and SFA a calendar for the execution of the training of farmers and fishermen;</i>	PMU / SAA and SFA	30 June 2015
10. <i>Define with other potential implementing partners (SEnPA, SAHTC) a calendar for the execution of capacity building of beneficiaries within the selected value chains;</i>	PMU	30 June 2015
11. <i>Ensure the effective realisation of activities for the promotion of peri-urban farming</i>	PMU	30 August 2015

## Component2: Improving Access to Agricultural and Rural Finance

12. <i>Finalize the reshaping of the component 2 to reflect the use of international best practices for the management of lines of credits and preparation of exit strategy as follows :</i> (v) <i>LoCs be structured as loan funds rather than a grant,</i> (vi) <i>Commercial interest rates be applied instead of subsidized rates;</i> (vii) <i>The management of the LoCs be done in the main balance sheet of participating financial institutions rather than off balance sheet and,</i> (viii) <i>the disbursement of funds be done in tranches based on performance benchmarks;</i>	PMU/Coordinator	30 August 2015
13. <i>Ensure that LoCs be financed through loan funds;</i>	PMU/MFA	15 July 2015
14. <i>Ensure that the funds managed by DBS will be on balance sheet to evaluate fully the financial situation and the impact of the fund on the bank's portfolio.</i>	PMU/MFA	15 July 2015
15. <i>Inform SCU that IFAD does not provide a 50% guarantee for this fund.</i>	PMU	15 July 2015
16. <i>Ensure the revision of the PBAs to: (i) include the respective LoC allocations that are in-line with the available budget; (ii) set performance criteria/benchmarks for second tranche disbursement; (iii) specify the amount of FI own funds to be on-lent; (iv) include social performance management indicators in the reporting requirements annex of the agreements which can be found in the IFAD rural finance toolkit.</i>	PMU	30 August 2015
17. <i>Incorporate the monitoring of the FI indicators into a separate monitoring matrix within the M&amp;E which will be annexed to the semester and annual reports.</i>	PMU	30 September 2015
18. <i>Finalize the ToR for the Credit Demand Survey and contract a consultant to execute the work.</i>	PMU M&E Manager	15 June 2015
19. <i>Ensure the revision of the reshaping report to follow IFAD design report structure, clarify implementation modalities, incorporate IFAD comments, the demand survey results and ensure the amounts of funds proposed for the LoCs are indicated in USD.</i>	PMU	30 July 2015

## Component 3: Strategic capacity strengthening and infrastructure

20. <i>Prepare a monitoring action plan with key milestone to fast tract the realization of procurement activities.</i>	Procurement officer	30 June 2015
21. <i>Identify and plan the preparation of the technical bidding documents and the mobilisation of beneficiaries' contributions of all rehabilitation works for year n at year n-1 in order fast tract implementation.</i>	Procurement and M&E officer	30 September 2015

#### Component 4 – Project Management

22. <i>Organize a steering committee meeting</i>	PMU - MFA	30 July 2015.
23. <i>Arrange for the provision of technical support to CLISSA M&amp;E by an M&amp;E specialist in successful IFAD project within ESA region.</i>	M&E Officer	30 September 2015
24. <i>Analyse the farmers' baseline datasets to extract information on the number of households who have taken out credit and the difficulties they have with repayment and select households from the dataset to participate in the qualitative element of the Credit Demand Survey</i>	M&E Officer	30 June 2015
25. <i>Prepare a farmer / fishers' diaries that enable project beneficiaries to record activities, expenditures and returns from their farm or fishing boat.</i>	M&E Officer	30 July 2015
26. <i>Use IFAD guidelines on Rural finance Key Performance Indicators to ensure that the project's financial services partners' (DBS and SCU) internal monitoring systems are set up to collect the require financial indicators in a timely and systematic matter, and incorporated in the PMU's regular project monitoring reports.</i>	M&E Officer	31 August
27. <i>Draft a note on gender-specific issues emerging from the baseline studies and ensure that implementation strategies, approaches and M&amp;E techniques are gender and youth sensitive</i>	M&E Officer	30 September 2015

#### Fiduciary aspects

35. <i>Finalize the configuration of the project financial management software.</i>	PMU, MFA, MFTBE	31 October, 2015
36. <i>Capture tax pre-financed by IFAD and transfer refunds from the counterpart funds on a quarterly basis</i>	Accountant/PMU	Continuously
37. <i>Submit to IFAD the 4<sup>th</sup> WA in preparation</i>	Accountant/PMU	30 June, 2015
38. <i>Produce bi-weekly financial situation as part of the performance monitoring plan to support decision making in the project implementation</i>	PMU, PS	Continuously
39. <i>Send the Updated PIM for clearance by IFAD</i>	PMU	30 June 2015
40. <i>Organize internal audit intervention for 2015 operation</i>	PMU, PS, MFTBE	30 June 2015
41. <i>Submit 2014 audit report to IFAD.</i>	MFTBE/PMU	30 June 2015

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

Code	Component/Output/ Activities/Inputs	Impact/Result Indicators (*RIMS indicators)	Unit	CUMULATIVE			CURRENT YEAR			Comment
				Appraisal Targets	Actual	% of appraisal target	Annual target	Actual	% of annual target	
1	Component 1: Enhancing business arrangements through capacity development of small farmers, rural micro entrepreneurs and fishers									
1.1	Subcomponent 1.1: PPP and technology development									
-	Output 1.1a: Identification and assessment of Technology packages for their efficiency to local conditions.	Identification of technologies packages and trials (agr. Crop livestock & fisheries.)	packages of new tech.	10	0	0%	-	-	-	
1.1.A	Activity A: The technical working groups would assess existing technologies and identify new technologies and NPSC endorsement	5 packages identified	packages of new tech.	0	0	0%				
1.1.A.1	Input 1: Technical Meetings for technology assessment and identification and NPSC meetings	3 TWGs meeting 12 times per annum (Minutes)	No meeting/3grou ps	70	8	11%	14	8.0	57%	No change
1.1.A.2	Input 2: Pre-Trial Preparation and propagation of technologies	Protocols and Standard Operating Procedures Developed. Procurement Documentation	number	10	0	0%	2	0	0%	No change

Code	Component/Output/ Activities/Inputs	Impact/Result Indicators (*RIMS indicators)	Unit	CUMULATIVE			CURRENT YEAR			Comment
				Appraisal Targets	Actual	% of appraisal target	Annual target	Actual	% of annual target	
-	Output 1.1b: Trained small farmers and fishers in the technology adopted, business development and business management, quality improvement of selected products	-	-	-	-	-	-	-	-	
1.1.B	Activity B: Training and skill development in the technologies adopted									
1.1.B.1	Input 1: Training demonstration sessions for farmers on the production process at research station, SAHTC and selected farms	Small scale farmers trained in post-production, processing (female/male youth)	farmers	3 Technical Working Groups meeting 4 times per annum	0	0%	0	0	0%	Shifted to May 2015
1.1.B.2	Input 2: Small scale farmers participate in on-farm trials following the outcome of market study	Number of small scale farmers participated in on farm trials & demonstrations	farmers	0	0	0%	100	0	0%	No change
1.1.B.3	Input 3: Training demonstration to fishers in fish storage and preservation practices	fishers trained in production practices and technologies	fishers	0	0	0%	65	30	40%	30 trained of planned 65 because of poor sensitisation
1.1.C	Activity C: Training for small scale farmers in business development and entrepreneurship									

Code	Component/Output/ Activities/Inputs	Impact/Result Indicators (*RIMS indicators)	Unit	CUMULATIVE			CURRENT YEAR			Comment
				Appraisal Targets	Actual	% of appraisal target	Annual target	Actual	% of annual target	
1.1.C.1	Input 1: Farmers and fishers to manage acquired knowledge from traders, and selected farmers on entrepreneurial skills in the new approach to business.	Small scale farmers trained (female/male youth)	number	0	0	0%!	1	0	0%	No change
1.1.D	Activity D: Communication and promotion campaign									
1.1.D.1	Input 1: Mobile Phone Based Communication Campaign (SMS and Voice messages	Messages/Recipient s	No	120	0	0%	24	8	33%	8 messages sent over period, but no feedback
1.1.D.2	Input 2: Printing and distribution of pamphlets	Printed Material	lumpsum/set	4	0	0%	1	0	0%	Nothing done – blamed on ineffective M&E system
1.1.D.3	Input 3: audio and video documentaries, TV spots (including technical support )to dessiminate information about market surveys	audio and video documentaries, TV spots produced, contract	lumpsum/set	4	0	0%	2	2	100%	TV documentary about CLISSA ws produced and aired in October 2014
1.1.D.4	Input 4: Sensitising backyard farmers as beneficiaries of CLISSA	Sensitisation material	No	0	0	0%				
1.1.E	Activity E: Market study and assessment of value chain actors, capacity of suppliers and the Preparation of PPP action plan									

Code	Component/Output/ Activities/Inputs	Impact/Result Indicators (*RIMS indicators)	Unit	CUMULATIVE			CURRENT YEAR			Comment
				Appraisal Targets	Actual	% of appraisal target	Annual target	Actual	% of annual target	
1.1.E.1	Input 1: Gap analysis of market needs, pricing and profit margin for Crops, Livestock, Fisheries for value chain. (producers, wholesalers, customers,)	Report	No	4	1	25%	1	1	100%	Study carried out in November 2014
1.1.E.2	Input 2: Research/conduct trials based on result of market study	trials	Set	4	0	0%	1	0	0%	No change – not done awaiting mkt study
1.1.E.3	Input 3: Benchmark assessment of farmers and fishers to determine their ability and capacity to meet market needs	study	No	6	0	0%	1	1	80%	Report completed Feb 2015
1.1.E.4	Input 4: Intervention for the development of a comprehensive PPP action Plan based on market study results and trials.	PPP action Plan	No	4	0	0%	1	0	0%	No change – not done
	Sub-total Subcomponent 1.1:									
1.2	Subcomponent 1.2: Food security and productivity development									
-	Output 1.2: Improving food security by promoting home gardens	-	-	-	-	-	-	-	-	
1.2.A	Activity A: Supporting backyard gardening for food security	Backyard gardeners equipped - Households, Acreage, Varieties	No							
1.2.A.1	Input 1: Acquisition and restocking of agricultural requisite store with	Equipment and input stocked	Consignment	3	0	0%	1	1	100%	No change

Code	Component/Output/ Activities/Inputs	Impact/Result Indicators (*RIMS indicators)	Unit	CUMULATIVE			CURRENT YEAR			Comment
				Appraisal Targets	Actual	% of appraisal target	Annual target	Actual	% of annual target	
	inputs and small garden tools									
1.2.A.2	Input 2: Advertisement of Equipment (small garden tools) and agricultural inputs	Adverts	No/category	3	0	0%	3	3	100%	No change
1.2.A.3	Input 3: Sales of Equipment (small garden tools) and agricultural inputs	Backyard gardeners equipped with tools and agric inputs	No	2945	684	23%	589	684	116%	
1.2.A.4	Input 4: Development of data base to monitor the purchase of Equipment (small garden tools) and agricultural inputs by backyard farmers.	Database developed and Backyard gardeners on Database	No	1	1	100%	1	1	100%	Database developed and installed in computers at requisite stores
-	<u>Output 1.2:</u> Enhancing productivity at the household level through capacity development in all areas of agricultural development, including locally adapted livestock development (agriculture and pig production on suitable smallholder plots)	backyard gardeners trained (female/male/youth)	No		0	0%	-	-	-	
1.2.B	Activity B: Demonstration and sensitisation of backyard gardeners in Selected Agricultural Techniques			0	0	0%				

Code	Component/Output/ Activities/Inputs	Impact/Result Indicators (*RIMS indicators)	Unit	CUMULATIVE			CURRENT YEAR			Comment
				Appraisal Targets	Actual	% of appraisal target	Annual target	Actual	% of annual target	
1.2.B.1	Input 1: Sensitisation of household gardeners through Audio & video spots	audio and video documentaries, TV spots aired, contract	No	96	0	0%				
1.2.B.2	Input 2: Demonstration and sensitisation of backyard gardeners in crop, livestock	backyard gardeners Sensitised (female/male/Youth)	No	0	0	0%				
1.2.B.3	Input 3: Development of demonstration and sensitisation materials	Demonstr & sensitisation materials/	Set	6	0	0%				
1.2.C	Activity C: Promotion of Peri-urban Farming	Household gardeners introduced to Peri-urban farming techniques	No		0	0%				
1.2.C.1	Input 1: Research and identification of suitable techniques	Research conducted	No	1	0	0%	1	0	0%	No change
1.2.C.2	Input 2: Develop suitable demonstration materials to sensitise backyarders (consultancy)	Demonstration materials	set	1	0	0%	1	0	0%	No change
1.2.C.3	Input 3: Training of Trainers and SAA extension officers in Peri-Urban techniques	Training materials/ subjects	No of person trained	54	0	0%	20	0	0%	No change
1.2.C.4	Input 4: Conduct demonstration and sensitisation of Household gardeners on Peri-Urban techniques	No of backyarders sensitised	No	2,945	0	0%	589	0	0%	No change
	Sub-total Subcomponent 1.2:									
	Total Component 1									

Code	Component/Output/ Activities/Inputs	Impact/Result Indicators (*RIMS indicators)	Unit	CUMULATIVE			CURRENT YEAR			Comment
				Appraisal Targets	Actual	% of appraisal target	Annual target	Actual	% of annual target	
2	Component 2: Improving Access to Agricultural and Rural Finance (Action in Q4 as per SM Recommendation)									
2.1	Subcomponent 2.1: Improved access to equitable financial services									
-	Output 2.1: Competitive refinancing lines for beneficiaries established on commercial and non- subsidized terms at all levels	Active borrowers (individuals) (Female/male)		0	0	0%	-	-	-	
2.1.A	Activity A: Selection of Financial Services Providers for Agric Investment Finance (DBS)	Financial Institution participating (RIMS 1st level)	n.of Banks		0	0%				
2.1.A.1	Input 1: Establishment of Agric Investment Finance Facility for Small Scale Farmers.	Banks	no	2	0	0%	2	0	0%	No change
2.1.B	Activity B: Selection of FSP for Rural Micro Finance Facility (Proposed SCU)									
2.1.B.1	Input 1: Establishment of Rural Micro Finance Facility	Value of gross loan portfolio USD	Lumpsum	0	0	0%	600	0	0%	No change
	Sub-total Subcomponent 2.1:									

Code	Component/Output/ Activities/Inputs	Impact/Result Indicators	Unit	CUMULATIVE			CURRENT YEAR			Comment
2.2	Subcomponent 2.2: Complementary support to participating banks									
-	Output 2.2: Complementary support to participating banks	-	-	-	-	-	-	-	-	
2.2.A	Activity A: Loan Officer Training	Loan Officer(s) Trained	No	4	0	0%		0	0%	No change
2.2.A.1	Input 1: International trainer (10 days training including travel and DSA for international trainer)	training days	days	20	0	0%	20	0	0%	No change
2.2.B	Activity B: Technical assistance for Bank transformation	Banks assisted (RIMS 1st level)	No	2	0	0%				
2.2.B.1	Input 1: Technical assistance for Bank transformation	training days	days	10	0	0%	10	0	0%	No change
	Sub-total Subcomponent 2.2:									
	Total Component 2									

Code	Component/Output/ Activities/Inputs	Impact/Result Indicators (*RIMS indicators)	Unit	CUMULATIVE			CURRENT YEAR			Change
				Apprais al Targets	Actual	% of appraisal target	Annual target	Actual	% of annual target	
3	Component 3: Strategic capacity strengthening and infrastructure									
3.1	Subcomponent 3.1: Strategic capacity strengthening	Effectiveness: improved performance of service providers (operational self-								

Code	Component/Output/ Activities/Inputs	Impact/Result Indicators (*RIMS indicators)	Unit	CUMULATIVE			CURRENT YEAR			Change
				Apprais al Targets	Actual	% of appraisal target	Annual target	Actual	% of annual target	
		sufficiency)								
-	Output 3.1: Investment in institutional support and training.	Staff of service providers trained	No	-	-	-	-	-	-	
3.1.A	Activity A: Strengthen the communication unit									
3.1.A.1	Input 1: Acquisition of Communication equipment, (hardware, software and other facilities server + peripheral, PCs, Monitors, Voice recorder, Camera,)	Hardware and facilities	lumpsum	1	1	100%	1	100%	100%	COM equipment procured and given to COM unit
3.1.A.2	Input 2: Training in Communication (audio & video editing,	staff trained	No	3	0	0%	3	0	0%	Not done due to lack of participants
3.1.A.3	Input 3: Training in Print media technics and production	staff trained	No	3	0	0%	3	0	0%	Not done due to lack of participants
3.1.B	Activity B: Institutional Capacity Building									
3.1. B.1	Input 1: Training for PMU staff in Accounting and Reporting software	Staff trained	No	4	0	0%	4	0	0%	In process
3.1.B.2	Input 2: Finance trainings (Pr.Coord., Pr. Accountant) (travel,DSA, ect)	Training	training/pers	2	2	100%	2	2	100%	No change
3.1.B.3	Input 3: M&E training (M&E Officer) (travel,DSA, ect) .	Training	training/pers	1	0	0%	1	1	100%	No change

Code	Component/Output/ Activities/Inputs	Impact/Result Indicators (*RIMS indicators)	Unit	CUMULATIVE			CURRENT YEAR			Change
				Apprais al Targets	Actual	% of appraisal target	Annual target	Actual	% of annual target	
3.1.B.4	Input 4: Exchange familiarisation visits to a name country in the region	Visits	No	4	0	0%	4	2	50%	PC and accountant went to Zambia and Cape Verde
3.1.B.5	Input 5: Training in Project Appraisal (SAA Planning Unit)	Staff trained	No	2	0	0%				
3.1.B.6	Input 6: Training Business and Project Management (SAA Extension Unit ToT)	Staff trained	No	6	0	0%				
3.1.B.7	Input 7: Training and pilot study in Peri-Urban Farming (SAA Extension Unit ToT)	Staff trained	No	6	0	0%	6	0	0%	No change
3.1.C	Activity C : Strengthen the capacity of the research stations									
3.1.C.1	Input 1. Identification and Acquisition of Equipment for Research Station	Equipment Acquired	Set	1			1	0	25%	Equipment identified - acquisition in process
3.1.C.2	Input 2: Training of Research and Extension Officers	staff trained	No	7						
3.1.D	Activity D: Support post-harvest facilities for SAA			1	0	0%				
3.1.D.1	Input 1: Post - harvest local expert visit (Entrepreneurs site, and on farm visits)	visit/report	No	1	0	0%	2	1	50%	No change
3.1.D.2	Input 2: Acquisition of knowledge and exchange of experiences in grading, storing and other post - harvest techniques and best practices to farmers	Farmers Trained	No	617	0	0%	123	0	0%	
3.1.D.3	Input 3: Acquisition of Equipment for Post-harvest Training of farmers at Research Centre	Equipment Acquired	Set	1	0	0%	1	0	0%	No change

Code	Component/Output/ Activities/Inputs	Impact/Result Indicators (*RIMS indicators)	Unit	CUMULATIVE			CURRENT YEAR			Change
				Apprais al Targets	Actual	% of appraisal target	Annual target	Actual	% of annual target	
3.1.D.4	Input 4: Acquisition of knowledge and exchange of experiences in grading, storing and other post - harvest techniques and best practices to artisanal fishermen	fishermen trained	No	0	0	0%	0	0	0	
3.1.E	Activity E: Support for quality control mechanisms									
3.1.E.1	Input 1: Training of Technical staff HACCP/Food Safety	staff trained	No	30	0	0%				
3.1.E.2	Input 2: TOT 5days consultancy for Quality Control Sensitisation Workshop for key practitioners(Technicians, Component Heads,Selected Farmers)	Technicians/stakeholders/selected farmers trained	No	17	0	0%	17	0	0%	No change
3.1.E.3	Input 3: Training of Technicians, farmers and other Stakeholders	Technicians , farmers and stakeholders trained	No	30	0	0%				No change
3.1.E.4	Input 4: Sampling and Testing Kits for quality control	Kits	No	1	0	0%	1	0	0%	No change
3.1.F	Activity F: Assistance to Agric. and Horticulture Training Centre									
3.1.F.1	Input 1: Technical support to revise/update the present curriculum to align it with industry needs	curriculum revised	consultancy	1	0	0%				No change
3.1.F.2	Input 2: TOT to support the implementation of the revised curriculum	trainees	No	30	0	0%				No change

Code	Component/Output/ Activities/Inputs	Impact/Result Indicators (*RIMS indicators)	Unit	CUMULATIVE			CURRENT YEAR			Change
				Apprais al Targets	Actual	% of appraisal target	Annual target	Actual	% of annual target	
3.1.F.3	Input 3: State-of-the-art demonstration equipment for horticulture, fruit production and livestock	equipment	Set	1	0	0%	1	0	0%	No change
	Sub-total Subcomponent 3.1:									
3.2	Subcomponent 3.2: Public and collective infrastructure									
-	<u>Output 3.2:</u> Investment in equipment and infrastructures. (road spot, water harvesting infrastructure, storage facilities, sheds and other small infrastructure).	-	-	-	-	-	-	-	-	
3.2.A	Activity A: Investment in equipment and infrastructure									
3.2.A.1a	Input 1. Consultancy to produce drawings for the barrages, reservoirs and distribution pipeline and irrigation network at P.Glaud, L.Gogue.	consultant	consultancy	1	0		1	1	75%	Contracted awarded Dec '15 to design and build
3.2.A.1b	Input 1: Water harvesting by restoring barrages, upgrading of reservoirs, installation of distribution pipes and rehabilitation of irrigation network (Port Glaud and La Gogue)	barrage rehabilitated	No.	14	0	0%	1	1	0%	No change
3.2.A.1c	Upgrading of reservoirs, installation of distribution pipes at Barbarons.	reservoirs rehabilitated	No.	2	0	0%				
3.2.A.2	Input 2: Consultancy for drawing of road construction (Helvetia)	consultant	consultancy	1	0	0%	1	1	100%	Awarded Dec 2014

Code	Component/Output/ Activities/Inputs	Impact/Result Indicators (*RIMS indicators)	Unit	CUMULATIVE			CURRENT YEAR			Change
				Apprais al Targets	Actual	% of appraisal target	Annual target	Actual	% of annual target	
3.2.A.3	Input 3: Construction of road spot (Helvetia)	road constructed	Im	600	0	0%				
3.2.A.4	Input 4: Rehabilitation of Requisite Stores at Anse Boileau and Val D'andor	Stores rehabilitated	No.	2	0	0%				
3.2.A.5	Input 5: Renovation of tools shed, nursery shed and rough Lab at Research Station at Anse Boileau	sheds and small infrastructure rehabilitated	No.	3	0	0%	3	3	60%	No change
	Sub-total Subcomponent 3.2:									
	Total Component 3									
4	Component 4: Project Management									
-	Output 4.1 Effective and Efficient Implementation of CLISSA Project	Achievement of Appraisal Targets	-	-	-	-				
4.1.A	Activity A: PMU equipment and facilities									
4.1.A.1	Input 1: Office rent	Office	Rent/Month	60	0	0%	12	12	100%	
4.1.A.2	Input 2: 4 Wheel Drive Vehicle	4X4 Vehicle	No	1	0	0%	1	0	0%	Budget too low but lead agency has provided a vehicle
4.1.A.3	Input 3: computers: Desk Top/Laptop	Computers	No	6	1	17%	1	1	100%	All equipment purchased as planned
4.1.A.4	Input 4: Server	Server	No	1	0	0%	1	1	100%	
4.1.A.5	Input 5: printers	Printer	No	2	0	0%	1	1	100%	

Code	Component/Output/ Activities/Inputs	Impact/Result Indicators (*RIMS indicators)	Unit	CUMULATIVE			CURRENT YEAR			Change
				Apprais al Targets	Actual	% of appraisal target	Annual target	Actual	% of annual target	
4.1.A.6	Input 6: office equipment (A3 Scanner, Heavy duty photocopier machine)	office equipment	unit	3	0	0%	1	1	100%	
4.1.A.7	Input 7: stationary	Inventory	unit	5	2	40%	1	1	100%	
4.1.A.8	Input 8: Vehicle: Fuel (including field fisits)	km	Fuel/vehicle	5	0	0%	1	0	0%	Not needed
4.1.A.9	Input 9: Vehicle: Maintenance	vehicle insurance & licence	vehicle insurance & licence	5	0	0%	1	0	0%	
4.1.A.1 0	Input 10: Accounting Software package	software acquired	No	1	0	0%	1	0	0%	Not purchased because GoS proposed use of VAM software
4.1.B	Activity B: PMU salaries & allowances									
4.1.B.1	Input 1: Project Coordinator	Project Coordinator	person/month	63	15	24%	15	15	100%	
4.1.B.2	Input 2: Project Accountant	Project Accountant	person/month	63	15	24%	15	15	100%	
4.1.B.3	Input 3: M&E Specialist	M&E Officer	person/month	63	12	19%	15	12	80%	
4.1.B.4	Input 4: Procurement Specialist	Procurement Officer	person/month	60	13	22%	13	13	100%	
4.1.B.5	Input 5: Secretarial Support	Office Assistant	person/month	63	15	24%	15	15	100%	
4.1.B.6	Input 6: Meetings	Meeting	meeting	20	12	60%	4	12	300%	

Code	Component/Output/ Activities/Inputs	Impact/Result Indicators (*RIMS indicators)	Unit	CUMULATIVE			CURRENT YEAR			Change
				Apprais al Targets	Actual	% of appraisal target	Annual target	Actual	% of annual target	
4.1.C	Activity C: KM and M&E									
4.1.C.1	Input 1: Start-up workshop	Stakeholders attending the workshop	workshop	1	1	100%	1	1	100%	2 day start up w/s held December 2014
4.1.C.2	Input 2: Desk studies	Study	pers/month	2	3	50%	2	3	150%	Desk studies carried out
4.1.D	Activity D: Operation Costs:									
4.1.D.1	Input 1: Communication costs (tel. Courier. Internet, etc)	Monthly/Bills	lumpsum	63	0	0%	15	15	100%	
4.1.D.2	Input 2: Domestic Travel Costs (between islands)	Months/Trips	No	160	0	0%	40	4	10%	
4.1.D.3	Input 3: Insurance cover CLISSA project	Assets/Activity insured	Lumpsum	1	1	0%	1	1	100%	
	Total Component 4									



## 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	3 000	189.75	1%
Beneficiaries	91	0.15	0%
Government	282	67.00	11%
Other Partners	368	0.73	0%
<b>Total</b>	<b>3741</b>	<b>257.63</b>	<b>7%</b>

**Table 5B: Financial performance by financier by component (USD '000 as at 15<sup>th</sup> April 2015)**

Component	IFAD loan			Government			Beneficiaries			Other Partners			Total		
	Appraisal	Actual	%	Appraisal	Actual	%	Appraisal	Actual	%	Appraisal	Actual	%	Appraisal	Actual	%
Component 1: Enhancing business arrangements through capacity development of small farmers, rural micro entrepreneurs and fishers	1080	41.23	4%	90	15.49	17%	91	0.15	0%	368	0	0%	1629	56.87	3%
Component 2: Improving Access to Agricultural and Rural Finance	1138	8.93	1%	0	0	0%	0	0	0%	0	0	0%	1138	8.93	1%
Component 3: Strategic capacity strengthening and infrastructure	596	71.82	12%	26	7.86	30%	0	0	0%	0	0.73	0%	622	80.41	13 %
Component 4: Project Management	185	67.77	37%	166	43.65	26%	0	0	0%	0	0	0%	351	111.41	32 %
<b>Total</b>	<b>3000</b>	<b>189.75</b>	<b>6%</b>	<b>282</b>	<b>67</b>	<b>24%</b>	<b>91</b>	<b>0,15</b>	<b>0%</b>	<b>368</b>	<b>0</b>	<b>0%</b>	<b>3741</b>	<b>257,63</b>	<b>7%</b>

**Table 5C: IFAD loan disbursements (SDR, as at 15<sup>th</sup> April 2015)**

Category	Category description	Original Allocation	Revised Allocation	Disbursement	W/A pending	Balance	Per cent disbursed
I	Civil Works and Infrastructure (Equipment and Goods)	548,000.00		11,357.92	8,959.70	527,982.38	4%
II	Vehicles	17,000.00		156.89	0.00	16,843.11	1%
III	Technical Assistance and Training	498,000.00		2,634.02	38,987.29	456,378.69	8%
IV	Credit	594,000.00		0.00	0.00	594,000.00	0%
Va	Recurrent Cost – salaries ...	118,000.00		16,342.23	12,446.54	89,211.23	24%
Vb	Recurrent Cost – operations and ....	7,000.00		245.38	425.06	6,329.56	10%
	Unallocated	198,000.00		0.00	0.00	198,000.00	0%
	Initial deposit			264,426.90	0.00	-264,426.90	0%
	Total	1,980,000.00		295,163.34	60,518.59	1,624,318.07	17.96%

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

Section	Covenant	Target/Action Due Date	Compliance Status/Date	Remarks
<b>Section B.6</b>	PMU to open a designated account for the benefit of MFTBE at the Central Bank of Seychelles		Done	
<b>Section B.7</b>	Gov to provider counterpart funding in the amount of US\$282,000		Done	USD50,000 provided in 2014
<b>Section E.2.a</b>	Project Implementation Manual to be adopted		Done	Update done for 2015 but PMU have to send to IFAD for clearance.
<b>Section E.2.b</b>	Project team appointed		Done	
<b>Schedule 2</b>	Compliance with expenditure category		Done	Expenditures are claimed under the relevant categories
<b>Schedule 3.1</b>	Monitoring		In process	
<b>Schedule 3.2</b>	Resource protection		Done	
<b>Schedule 3.3</b>	Operation and maintenance		Done	
<b>Schedule 3.4</b>	Authorization		Done	
<b>Schedule 3.5</b>	Use of vehicles and other equipment		Done	
<b>Schedule 3.6</b>	Policy framework		In process	
<b>Schedule 3.7</b>	Financial statements		Done	Financial statement 2014 sent to IFAD in 31 March 2015.
<b>Schedule 3.8</b>	Audit reports		In process	Audit 2014 in progress, report to be available in June 2015.
<b>GC 4.04</b>	Applications for withdrawal, or special commitment		Done	
<b>GC 4.08</b>	Eligible expenditures		Done	
<b>GC 7.01</b>	Project implementation		Done	See Aide-Memoire
<b>GC 7.05</b>	Procurement		Done	See Aide-Memoire
<b>GC 7.08</b>	Insurance		Done	
<b>GC 7.14</b>	Environmental factors		No issue	Mission found no evidence of cases.
<b>GC 8.03</b>	Progress report		In process	IFAD to receive progress reports on 6-month basis
<b>GC 11.02</b>	Tax refunds		In process	See Aide-Memoire. Tax will be refunded.

Annex 1: Status of the execution of April 2014 supervision mission

Agreed action	Responsibility	Agreed date	Status of Agreed Action
<b>Implementation</b>			
1. Recruit a specialized service provider to elaborate an operational strategy associated with capacity development requirements for small farmers and fishers to engage them in business contracts with identified buyers.	PMU/Coordinator	Immediately	<b>On-going :</b> PMU decided to wait for the results of the baseline survey to have data in hand that will be useful for this work. PMU is now finalising the said strategy.
2. Outsource the execution of certain activities to national or international consultants when necessary, given the limited number of personnel of the implementing agencies to carry out activities as planned.	PMU/Coordinator	Immediately	<b>On going</b> Consultants are outsourced as and when needed.
<b>Component 1 : Enhancing business arrangements through capacity development of small farmers, rural micro entrepreneurs and fishers</b>			
3. Follow a participatory process with the implementing agencies for the preparation of the 2015 AWPB and enact the result by the signing of performance agreement for the execution of the planned activities. This performance agreement will be an annex to the already signed MOU with these institutions.	PMU/Implementing Agencies	30 November 2014	<b>Partially done</b> 2015 AWPB was done through a participatory approach and Performance agreements for the same year were drafted and will be enacted.
4. Value the on-going initiative of the Praslin fishermen association who putting in place a marketing body for the negotiation of prices with buyers and mobilizing their members towards the regulation of the overall fishing activities	PMU/SFA	Immediate	<b>On going</b> PMU is in contact with Praslin Fisherman association and discussions are going on in order to see how the project can assist them. Meeting was held in November 2014 to discuss the creation of a marketing body for price negotiations and to regulate suppliers authorised to supply fish to the hospitality industry.
5. Include farm workers as participants in training on farming techniques	PMU/SAA	Immediate	<b>Not Done</b> From henceforth farm workers will be included in the trainings. The next training will be in the second quarter of 2015
6. Explore possibilities to include backyard farmers in the ODL and revise backyard gardeners definition	PMU	31 December 2014	<b>Not Done</b> Backyard farmers were defined by end of 2014. Back yard farmers were not yet included in the ODL because SAA has to complete the registration commercial.
7. Organize participatory planning meetings involving all the implementing institution to define priorities for 2015 AWPB and intensify the level of activities to be carried in order to fill the gap caused by the delays	PMU	30 November 2014	<b>Done</b> Meetings held and priorities for 2015 discussed and AWPB prepared.

Agreed action	Responsibility	Agreed date	Status of Agreed Action
<b>Component 2: Improving Access To Agricultural And Rural Finance</b>			
8. Ensure the complete report of the study on the reshaping of component 2 is prepared and shared with the stakeholders involved, then submitted to IFAD for discussion and clearance by 15 November.	PMU	15 November 2014	<b>Done</b> Study was completed in October 2014, final report received in November. Discussions with FI took time and report finally submitted to IFAD in April 2015.
<b>Component 3: Strategic capacity strengthening and infrastructure</b>			
9. Identify all rehabilitation works early enough in order to plan for the preparation of the technical bidding documents and the mobilisation of beneficiaries' contributions. Works for year n should therefore be prepared at year n-1.	PMU/Implementing Agencies	30 November 2014	<b>Done</b> All works were identified and technical bidding documents prepared by December 2014
10. Develop a precise monitoring board to ensure a realistic planning and follow up of activities.	M&E and Procurement specialist	Continuous	<b>On going</b> PMU has developed quarterly work plans and weekly meetings are organized to go over the status of the activities.
11. Once the technical and financial evaluation of a collective infrastructure is ready, discuss the collective project with the beneficiaries in a working session meeting and identify their level of contribution in cash or in kind.	PMU/implementing agencies	Continuous	<b>On going</b> Two meeting were held with beneficiaries in La Gogue Port Glauud and their agreed contribution is to maintain the infrastructure when it's complete and ensure the proper utilisation.
12. Organise beneficiaries to follow up the work progress of collective infrastructures and to ensure their proper utilisation and maintenance.	PMU/implementing agencies	Continuous	<b>On going</b> Two meeting were held with beneficiaries in La Gogue Port Glauud and their agreed contribution is to maintain the infrastructure when it's complete and ensure the proper utilisation
<b>Component 4: Project Management</b>			
13. Inform IFAD of the vacancy of the post of Project coordinator and engage without delay the recruitment of a new project coordinator in line with the provision of CLISSA financial agreement.	MNR	Immediate	<b>Done</b> IFAD was informed and the Project coordinator was recruited.
14. Conduct the first staff performance evaluation, based on the established and agreed assessment tool.	MNR and Project Coordinator	31 December 2014	<b>Done</b> Staff evaluation was done at the end of the year and the assessment tool was approved by the lead
15. Start dialogue with NBS to establish possibility of using HBS data pertaining to project beneficiaries for baseline purposes, or generating approximate baseline values from the HBS dataset using statistical techniques.	PMU/M&E	30 <sup>th</sup> November 2014	<b>Done</b> Meeting was held in October 2014 with Principal statistician and she agreed that we use the HBS data pertaining to project beneficiaries

Agreed action	Responsibility	Agreed date	Status of Agreed Action
16. Ensure questionnaire used for fishers is relevant to project indicators and approved by IFAD prior to use if HBS data is not sufficient and, conduct baseline survey for fishers.	PMU/M&E	30 <sup>th</sup> November 2014	<b>Done</b> Questionnaire was developed and sent to IFAD by November 2014 but according to IFAD it was not relevant to the project indicators. It was revised and resubmitted and approved by February 2015
<b>Fiduciary aspects</b>			
17. Capture tax pre-financed by IFAD and transfer refunds from the counterpart funds on a quarterly basis	Accountant/PMU	Continuously	<b>On going</b>
18. Reimburse the pre-financed VAT of USD 1190.55 by the counterpart fund	Accountant/PMU	November 15, 2014	<b>Done</b> Refund was not received in November 2014 due to the delays by the Ministry of Finance. The refund was received in February 2015
19. Finalize the IFAD e-Learning Financial Management Course	Accountant	November 15, 2014	<b>Done</b> e-Learning was not done by November 2014 but was done February 2015
20. Provide necessary support to PMU to remove the bottlenecks hindering the procurement process	MoF	Continuously	<b>Done</b> Ministry of Finance has increased the number of staff therefore improving the procurement process
21. Use the IFAD Procurement guidelines and IFAD Procurement manual with the local procurement Act as references	Procurement Officer/PMU	Continuously	<b>On going</b> IFAD Procurement manual with the local procurement Act as references to all the procurement that is being done.
22. Capture all non- financial and non - material contributions from the Government, partners and beneficiaries in the project data base for reference and follow up	PMU	Continuous	<b>On going</b> Contributions captured and updated as and when necessary, Contribution for the year 2014 are up to date
23. Withdrawal applications should be prepared and presented to IFAD as soon as the project justified expenditures amount to approximately 30 % of the authorized allocation.	PMU -Accountant	Continuous	<b>In progress</b> The withdrawal applications No.4 is ready for submission.

## **Annex 2: Terms of reference for the assessment of farmers/fishers livestock/crop/fish production capacity and preparation of production plan to meet the targeted market demand**

### **Background**

The Government of Seychelles has obtained a 3 million dollar loan from the International Fund for Agricultural Development (IFAD) for the implementation of the Competitive Local Innovations for Small Scale Agriculture project (CLISSA).

CLISSA's main goal is to contribute to the sustainable pro-poor economic growth, employment and resilience to external shocks and trends. It's development objective is to promote sustainable and environmentally-friendly agricultural and fishery practices, and to increase and diversify market access for smallholder farmers and fishers.

The support to small farmers and fishers under CLISSA project follows four principles:

- targeted to solving only some of the main weaknesses that characterise their economic activity and hinder the capacity to effectively respond to the market and will not attempt to improve the whole value chain;
- delivered quickly and efficiently;
- aiming at linking sellers with buyers in a systematic way; and
- closely monitored through a beneficiary database that enables to gauge results, outcomes and poverty impacts during implementation and allows to improve the implementation performance.

The Ministry of Fisheries and Agriculture is the lead agency and has the overall responsibility for the implementation of CLISSA

### **Justification**

The nature of the Seychelles' primary sector (a middle-income Small Island State) is characterised by limited domestic demand and development opportunities and a strong competition from imports. Generally, the demand for agricultural products is atomised, of small scale and, there is no stable market linkages between most farms on the one side and buyers on the other. In general, the capacity of small scaled farmers and fishers to supply the required quantities at a competitive price in a timely manner and with a quality that meets market standards is lacking.

Under its *Component 1: Enhancing business arrangements through capacity development of small farmers, rural micro entrepreneurs and fishers*, CLISSA project aimed at enabling small farmers, rural micro entrepreneurs and fishers, to effectively respond to market signals through targeted business development, marketing and technical support services as well as establishing links with the market, and to promote innovative technologies and green value chains.

To achieve this objective CLISSA project has set up a strategy based on 3 main steps:

- **Step 1:** Assessment of farmer's/fishers livestock/crop/fish production capacity and preparation of production plan to meet the targeted market demand.
- **Step 2:** Technical, logistical and financial support to farmers /fishers to improve their production and productivity on targeted food crops, livestock and fishing product including quality standard.
- **Step 3:** Support to farmers/fishers organization, mobilization of production, negotiation with buyers and execution of sales contracts

### **Objective of the intervention**

The present *Terms of reference* concerns the execution of **Step 1: assessment of farmer's/fishers crop/livestock/fish production capacity and preparation of crop production plan to meet the market needs.**

The objective of the intervention is to identify potential farmers/fishers who could be able to engage in stable business linkage with buyers and plan with them their potential supply to meet the targeted market demand (quantity and quality)

### **Tasks and activities of the consultant**

The consultant will carry out the following task:

- **Identification of interested farmers.**
  - ✓ propose and discuss with CLISSA PMU the criteria for the selection of potential farmers /fishers to engage in the first batch of business linkage with buyers.
  - ✓ based on the existing list of farmers and the results of the baselines studies on farmers and fishers, prepare a list of potential farmers.
  - ✓ Visit the potential farmers/fishers and discuss with them the objective of this initiative.
  - ✓ based on the expression of interest of these farmers, establish a final list of selected farmers for validation by CLISSA
- **Identification of priority crops.**
  - ✓ prepare a list crops/livestock/fishing products using the existing market study results and the request from buyers (Hotels and others).
  - ✓ Discuss the above list with the selected farmers /fishers and establish a priority list of products to be considered.
- **Evaluation of production capacity.**
  - ✓ For each of the selected farmer /fisher and based on the farm visit, provide a rough estimate of the cultivable land available, and evaluate the expected production capacity over a period of 12 months for each of the crop, livestock or fishing product suggested;
  - ✓ Evaluate the farming equipment, handling and storage/processing facilities available and the needs including the inputs required to ensure full production capacity
  - ✓ On the basis of the technical information collected (surface area, production techniques, production system, and investment available etc.), prepare a detailed plan reflecting the actual and expected production for each of the farmer and fisher for each month and over a period of 12 months (monthly actual and expected production table).
  - ✓ prepare a consolidated table for all the farmers engage per Island (Mahe, Praslin, La Digue) and an overall consolidated table for the whole project. This plan will be validated in a participatory meeting of farmers.
- **Assessment selected farmers capacity building and production need.**
  - ✓ Conduct a need assessment for each selected farmer / fisher in terms of technical capacity building (identify the topics, e.g. farming techniques, post-harvest techniques, farm management, quality improvement, processing and packaging etc.), logistical/equipment needs (define the type and quantity of equipment), farming inputs (type and quantity) etc.
  - ✓ Prepare a consolidated quantitative, qualitative and rough financial evaluation table of these needs per Island (Mahe, Praslin, La Digue);

- ✓ Suggested an indicative capacity building plan to match with the production plan prepared above.

#### **Outcome/Expected results**

1. Priority farmers interested to engage in business link with buyers available;
2. Priority crops to these business link established and production plan to meet the demand elaborated;
3. Farmers need assessment prepared and indicative capacity building plan elaborated.

#### **Qualifying Criteria for Consultants**

The consultant will mobilise 2 expertise for this assignment:

- (i) An agro-economist (Msc), mission leader, with a least 5 years' experience in crop and livestock production systems. Experience /knowledge of Commodity Market, Agro Processing, marketing of food crops and livestock produce and capacity building of farmers will be a great asset.
- (ii) A qualified expert in the fishery sector (Bsc) with a least 3 years' experience in quality assurance process. Experience in marketing of fishery products and capacity building of fishers will be an asset.

Both consultants should have sound analytical and technical competence in the subject matter  
The mission leader will be responsible for the delivery of the mission outcomes and the consolidation of the inputs from the other expert

#### **Duration**

The whole assignment should be completed within a period of 2 months after the signature of the Contract by both parties.

#### **Report format**

The Consultant will submit in English by the final day of the assignment, a first draft report. CLISSA will and organize a restitution meeting of the report and provide in writing it's comment to this report no longer than 15 days upon receipt of the report. The consultant shall then have 10 days to include comments from CLISSA and submit a final version of this report. The said report will include:

- Executive Summary
- The objectives, details methodology and the plan of work;
- Description of activities carried out and analysis
- Main results per task and outcomes
- Conclusions and Recommendations
- Lessons learned

The report should not exceed 50 pages excluding annexes.

#### **Supervision and reporting line**

Throughout the entire project, the Consultant shall work in close collaboration with the PMU of CLISSA. The Project Coordinator of CLISSA shall be overall in charge to oversee the project and the Monitoring and Evaluation officer of CLISSA shall do the technical supervision. The Ministry of Fisheries and Agriculture, shall as Lead Agency for the CLISSA project endorse the Report. The Seychelles Agricultural Agency and the Seychelles Fishery Authority shall be called upon to provide technical inputs and support when necessary.



## Annex 2: Action plan for support to small farmers, rural micro entrepreneurs and fishers, to develop structured market links with buyers

### (i) Scope of work,

- **Step 1:** Assessment of farmer's/fishers livestock/crop/fish production capacity and preparation of production plan to meet the targeted market demand.
  - TOR has been developed (see annex 1) - Proposals should be received by 15 June and full start of work by 30 June. The duration of the study will be two and half months.
- **Step 2:** Technical, logistical and financial support to farmers /fishers to improve their production and productivity on targeted food crops, livestock and fishing product including quality standard.
  - Preparation of TOR will be done once the results of the step 1 are available.
- **Step 3:** Support to farmers/fishers organization, mobilization of production, negotiation with buyers and execution of sales contracts
  - Preparation of TOR will be done in October 2015.

### (ii) Deliverables and proposed time line

#	ACTIONS	RESULTS / INDICATORS	RESPONSIB LE	PARTN ERS	CALENDAR															
					JUNE	JULY	AUG	SEPT	OCT	NOV	DEC	JAN	FEB							
Step 1: Assessment of farmer’s/fishers livestock/crop/fish production capacity and preparation of production plan to meet the targeted market demand																				
1	Sensitization of farmers on the initiative	number of farmers who expressed interest	Consultant	PMU/ SAA																
2	Identification of interested farmers	List and classification of priority farmers	Consultant	SAA																
3	Identification of priority crops in line with buyers needs	List of crops to be considered in the market arrangement	Consultant	Hotels, SAA, other buyers																

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**Step 3: Support to farmers/fishers organization, mobilization of production, negotiation with buyers and execution of sales contracts**

## **Annex 3: Terms of Reference Study to Explore the Demand for Credit Products by Small-scale Framers and Fishermen in Seychelles**

### **Background and Justification**

The Government of Seychelles obtained a USD3 million loan from the International Fund for Agricultural Development (IFAD) for the implementation of the Competitive Local Innovations for Small Scale Agriculture project (CLISSA).

CLISSA's main goal is to contribute to the sustainable pro-poor economic growth, employment and resilience to external shocks and trends. Its development objective is to promote sustainable and environmentally-friendly agricultural and fishery practices, and to increase and diversify market access for smallholder farmers and fishers. One of the components for the CLISSA project is *Improving Access to Agricultural and Rural Finance*.

The objective of this component is to provide the financial services required for transforming the agricultural sector and removing access constraints for small holder farmers, producers, fishers and rural micro entrepreneurs to finance.

To achieve this objective, the project intends to finance a credit facility that will be managed by two financial institutions – The Development bank of Seychelles (DBS) and the Seychelles Credit Union (SCU). It is planned that these institutions develop financial products that are appropriate to the credit needs of the projects intended beneficiaries – i.e small scale farmers and artisanal fishermen. However, before these products can be rolled out, an assessment of potential beneficiaries' needs is required, hence the commissioning of a credit demand survey study.

### **Overall objective of the study**

Credit demand survey will quantify the credit demand and supply in specific agricultural and fisheries actors in order to enable CLISSA and relevant stakeholders to fully understand the opportunities and risks that exist in the sectors. Such a study would help to enable CLISSA and the credit providers to develop market driven products for small holder farmers, producers, fishers and rural micro entrepreneurs to improve their access to finance thereby creating growth in agricultural and fisheries productivity and employment.

### **Objective of the study**

The main aim of the study is to gather and make available useful credit demand data and supply on smallholder farmers in Seychelles that can be used by CLISSA and stakeholders to formulate implementation modalities of the Agricultural and Rural Finance component of the project.

The survey will:

- Quantify the current supply of credit to small holder farmers, producers, artisanal fishers and rural micro entrepreneurs.
- Quantify the current nature of existing credit demand and supply for credit from small holder farmers including farmer associations, producers, artisanal fishers and rural micro entrepreneurs
- Outline the gaps in supply and demand that exist (needs that are not being met) and
- Provide recommendations as to how best these gaps can be lessened.

## Results

The study report will provide detailed quantitative and qualitative data on current credit demand and supply for smallholder farmers, farmer associations, small processors, producers, artisanal fishers and rural micro entrepreneurs, including:

- A list of the Financial Institutions and organisations that are currently providing credit, credit guarantees and other financial services to the list above target group;
- Define the profile of credit recipients/borrowers (characteristics of supported clientele) and identify/characterize the types of farmers whose credit access is difficult, and determine the reasons;
- To determine the true cost and detailed conditions/procedures/requirements of existing credit;
- An evaluation of the volume of credit extended by each supplier, the nature and form of credit by supplier and by sector of activity;;
- Present the credit terms (term of the loan, payment mechanisms, allowable grace periods, interest rates, processing fees and collateral requirements if any) that are applicable for the various credit facilities
- Establish the type of finance needed by type of activity or business : where, why, affordable cost, preferred loan term, collateral, optimal repayment patterns fitting the cash-flow of the activity/business
- Analyses of the trends observed in the market such as repayment rates, default rates, ease of credit collection and realisation of collateral and outright losses.
- Evaluate the real interest rates of selected loans to small farmers as given by the main lenders in the market on an annual basis (as compared to nominal);
- List the factors that constrain the supply of credit to CLISSA target group and their sector of activities;
- Estimate the loan/credit needs for smallholder farmers in Seychelles (seasonal, short, medium and long term) and by type of activity;
- Estimate the credit demand-supply gaps for CLISSA target group; and
- Propose recommendations to expand credit to CLISSA Target group.

## Scope of work

The following activities will be implemented to achieve the above-mentioned results:

- Prepare questionnaire(s) to be used for collecting the data from suppliers of credit in the given sectors and questionnaire(s) to be used for collecting the data from small holder farmers, producers, fishers and rural micro entrepreneurs to identify credit demand
- Analyse secondary (baseline) data to establish the sampling strategy and select the households to be sampled;
- Prepare a detailed work plan to be approved by CLISSA
- Administer the questionnaires to the identified institutions and stakeholders
- Conduct initial analysis of the data for the determination of the credit demand.
- Outline/recommend steps that need to be followed to expand credit to the sectors
- Draft a report that will give detailed information on credit supply and demand in the given sectors.
- Facilitate a workshop to discuss the findings with stakeholders.
- Prepare a Final report.

## **Methodology**

The consultant will propose an appropriate methodology that will be used to carry out this study. However, it is envisaged that a two stage sampling process will be used to select households for interview. The first stage will involve assembling a number of typologies from the baseline datasets for farmers and fishers to ensure that the full variation in sex, youth, and wealth category and dependency ratio are represented. The second stage will involve identifying households from each typology for farmers and fishers who have or do not have a loan

## **Qualifying Criteria for Consultants**

The consultant should ensure that the following expertise are included in its team: leading expertise rural finance and statistical analysis.

The consultant will be selected on the basis of:

- Technical proposal and plan of work
- Experience : proven experience in conducting similar assignments and in-depth knowledge of the sector / issue
- Qualifications : a least a master degree in economic or related studies
- Financial proposal

## **Duration**

The whole assignment should be completed within a period of 2 months after the signature of the Contract by both parties.

## **Report format**

The Consultant should submit in English by the final day of the assignment, a first draft report. CLISSA will provide in writing the comments to this report no longer than 15 days upon receipt of the report. The consultant shall then have 10 days to include comments from CLISSA and submit a final version of this report. The said report will include:

- Executive Summary
- The objectives, details methodology and the plan of work;
- Description of activities carried out and analysis
- Main results per task and outcomes
- Conclusions and Recommendations

The report should not exceed 50 pages excluding annexes.

## **Supervision and reporting line**

Throughout the entire project, the Consultant shall work in close collaboration with the PMU of CLISSA. The Project Coordinator of CLISSA shall be overall in charge to oversee the project and the Monitoring and Evaluation officer of CLISSA shall do the technical supervision. The Ministry of Fisheries and Agriculture, shall as Lead Agency for the CLISSA project endorse the Report.

## Annex 4: Assessment/Checklist of CLISSA Financial Management

### SOE Review Checklist

	SOE Review	Performed by Date	Comments
3.1	Obtain the SOE-based withdrawal applications from Project or CPM, or Loan Officer, identify and select a sample of SOE withdrawal applications and transactions for field review. A random sample of SOEs shall be selected from the list of SOE disbursement applications available within the IFAD. The LG system is another way to obtain information about withdrawal applications.	April 2015	43 expenses for a total amount of USD 68 000 which represent all (100%). The expenses on the 2015 cashbook were verified. These amounts include SOE of the next 4 <sup>th</sup> WA. OK
3.2	Review the control procedures related to SOE disbursement. The reviewer should consider the effectiveness of the following controls and document any exceptions:	April 2015	Ok
3.2.1	Appropriate levels of review and approval are in place and are followed for each stage of the expenditure process	April 2015	OK. All payments are approved by the Principal Secretary and checked against the AWPB.
3.2.2	Procedures and responsibilities are clearly defined and are adequately documented	April 2015	OK.
3.2.3	Adequate segregation of duties exists between the initiation, authorization, disbursement, and recording functions	April 2015	OK.
3.2.4	Authorization and approval is obtained prior to incurring of the expenditure	April 2015	OK.
3.2.5	Documentation is maintained for an adequate period of time for purposes of fulfilling audit requirements as well as review by IFAD staff	April 2015	OK.
3.2.6	Commitments are made after applicable procedures have been followed	April 2015	OK.
3.2.7	The expenditures are properly accounted for into the books and financial reports of the project, and in cross-references in the SOE to relevant documentation (e.g. vouchers), presentation of information in the SOEs allows for ready access to the files for review and audit purposes	April 2015	OK
3.3	<p>Review supporting documentation. For each loan, the documentation of a sample of withdrawal applications is reviewed. The documents that normally support payments are (a) evidence of receipt, invoice or performance, (b) evidence of payment, and (c) proper procurement documents. Such documents might include:</p> <ul style="list-style-type: none"> <li>• procurement documents (bid documents, invitation, evaluation, award)</li> <li>• purchase contract</li> <li>• purchase order</li> <li>• letter of credit</li> <li>• supplier's invoice and certificate of origin</li> <li>• shipping or import documents and inspection certificates</li> <li>• contractor's or consultant's invoices or certificates</li> <li>• force account records</li> <li>• recurrent cost records</li> <li>• authorization for payment</li> <li>• evidence of payment/bank statements</li> </ul> <p><b>Accounting records of approvals, disbursements, and balances available</b>  Question to address in review are:</p>	April 2015	OK.
3.3.1	Is the documentation readily available?	April 2015	OK.
3.3.2	Does it indicate that the expenditure was approved by an authorized official?	April 2015	OK.
3.3.3	Is it in original form?	April 2015	OK.
3.3.4	Does it relate to the project concerned?	April 2015	OK.
3.3.5	Are the computations correct and are there any errors or alterations?	April 2015	OK

	SOE Review	Performed by Date	Comments
3.3.6	Are the category and disbursement percentage used correctly?	April 2015	OK.
3.4	<p>Verify eligibility of expenditures. The review determines whether the expenditures are properly supported and are eligible for IFAD disbursement in accordance with legal agreements. Ineligible expenditures would include:</p> <ul style="list-style-type: none"> <li>• duplicate invoices</li> <li>• payments made in advance of receipt of good or delivery of services, unless these payments are consistent with contract provisions and are established commercial practice;</li> <li>• payments that should have been made under normal disbursement procedures with full documentation (e.g. payments against contracts subject to the IFAD's prior review, or payments against contracts with values exceeding defined SOE limits); and</li> <li>• payments for items that are not procured in accordance with the legal agreements, such as: <ul style="list-style-type: none"> <li>◊ payments for items from countries that are not eligible under the IFAD's Procurement Guidelines;</li> <li>◊ payments for items not specified in the procurement and withdrawal schedules set forth in the Loan Agreement;</li> <li>◊ payments made prior to credit signing or before the eligible date specified for retroactive financing;</li> <li>◊ payments made for the expenditures incurred after closing date;</li> <li>◊ payments for items on the negative list or not on the positive list (for adjustment operation lending).</li> </ul> </li> </ul>	April 2015	OK.

### Financial Management Assessment at Supervision – Guidance Questionnaire<sup>2/3</sup>

Country: Republic of Seychelles	Loan /Grant ID: IFAD Loan 894
Project Name: CLISSA	
Executing Agency: Ministry of Fisheries and Agriculture	CPM/PO: Valentine Achancha, ESA
Reviewing FMS: John Harivero RAMAMONJISOA, Consultant FMS	Date of this review: 30 April 2015

Topic	Risk Rating (H/M/L)	Issues / Comments / Recommendations
<b>A. Inherent Risks</b>		
The last IFAD-supported project in the Seychelles was completed almost 20 years ago. Since then, the country has become a middle income country and the institutional capacity for financial management is perceived to be adequate. However, there could be an inherent risk at the initial stage of the implementation for understanding IFAD guidelines for project's financial management.		
<b>B. Control Risks</b>		
<b>1. Organization and Staffing</b>		
a. Adequacy of organizational structure to meet functional needs of the project.	L	PMU is adequately staffed> The PMU size relatively small and implementation arrangement is simple.
b. Availability of clear job description for key project positions, including fiduciary positions.	L	PIM includes TOR of PMU staff: Project Coordinator, M&E Officer Procurement Officer, and Accountant. The PMU was advised to insert the missing TOR for the secretary in PIM.
c. Adequacy of project financial management staff (numbers and skill) matching functional needs of project.	M	Accountant is handling financial accounting and payments. While the staff capacity is sufficient, there needs to be a close support to the accountant at the initial stage to ensure full compliance with IFAD guidelines on SOEs, accounting and reporting.
d. Availability and adequacy of operating manuals and guidelines for staff.	L	PIM available and Update done. This Update PIM should be sent to IFAD for clearance.

<sup>2</sup> This questionnaire should be used as guidance for and in support of the Summary Project Fiduciary Risk Assessment at Supervision. It is to be completed during the Mission.

<sup>3</sup> Include relevant findings of project supervision and progress reports, field visits, and audit report findings.

Topic		Risk Rating (H/M/L)	Issues / Comments / Recommendations
e.	Existence of a performance based evaluation system in place and timely completion of performance evaluation for all staff.	M	The last supervision mission recommended that the PMU should review staff performance evaluation criteria, so as to ensure a comprehensive assessment of the performance and regularly check on staff's motivation. The present mission noted that a performance evaluation template has been prepared and used for staff performance evaluation in December 2014.
f.	Adequacy of health insurance coverage for all staff (where applicable).	L	All staff benefit from national health insurance system.
g.	Timely payment of social security fees (where applicable).	L	Ministry staff is managed by the ministry. Non-ministry staff are responsible for the payment of their social security fees.
h.	Staff adequately informed about IFAD's national and anti-corruption policy and relevant contact details.	L	Done through start-up workshop and review of loan covenants.
<b>2. Budgeting</b>			
a.	Timely preparation and approval of AWPB.	L	2015 AWPB was approved by the TWG. IFAD's final non-objection was given in April 2015 after several reviews. The supervision mission recommended an updated of the AWPB regarding based on the agreed recommendations.
b.	AWPB in line with expenditure categories in Financing Agreement Schedule 2.	L	Yes.
c.	Financing sources and implementing agencies for each category in the AWPB are identified.	L	Done.
d.	Linkage between AWPB and Procurement plan are identified (for cost estimate and activities). Check assumptions to support cost estimates. Test check high value items.	L	Done.
<b>3. Fund flows and Disbursements / Withdrawals</b>			
a.	Timeliness of funds disbursed by different sources (and co-financiers funding if applicable).	L	Counterpart funds and IFAD funds are transferred on time.
b.	Timeliness of counterpart funds disbursed.	L	Idem.
c.	Efficiency of the funding channels. Timeliness and traceability of funds flows.	L	Fine. Only the designated account in dual currency denomination is used to receive IFAD's loan proceeds and pay expenses in both currencies.
d.	Efficiency of the funding channels for credit lines. Timeliness and traceability of funds flows, if applicable.	N/A	Credit line not yet operational.
e.	Special Account(s)/Dedicated Account(s) Management, Disbursements.		
i)	Adequacy of the authorized allocation to ensure a smooth flow of funds	L	The level of USD400,000 is now adequate
ii)	Appropriateness of disbursement methods used	L	Fine. So far through designated account.
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	SOEs have been submitted. The review of SOE found no issues.
iv)	Timely preparation and accuracy of Withdrawal Applications	L	Project is advised to prepare the WA as soon as 30% of the initial deposit is reached.
v)	Authorization of WA preparation.	L	Fine.
vi)	Status on expenditures withdrawn from Special Account but not yet claimed for replenishment (old cases to be noted)	L	So far, about US\$100,000 or 25% of the authorized allocation. The next WA is on preparation
vii)	Regularity of Special Account(s) monitoring and monthly reconciliations signed by the project manager. Review and assess the reconciliations	L	The reconciliation is done monthly.
viii)	Disbursement rate compared to the AWPB and whether satisfactory given the remaining implementation time. Provide comments as appropriate	M	Low Disbursement rate : The financial execution of the AWPB for 2014 stands at 17%. This is mainly due to the fact that activities planned under the credit facility could not be launched as IFAD and the GoS agreed to redesign this component to adjust the implementation modalities to prevailing market conditions. Exclusive of the amount scheduled for disbursement under the credit facility, the

Topic		Risk Rating (H/M/L)	Issues / Comments / Recommendations
			execution rate of the 2014 AWPB stands at about 37%.
	ix) Recovery of SA balances by loan closure	N/A	
<b>4. Internal Control</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	Adequately segregated. Payments are authorized by principal secretary, director of finance dept. or the Minister for Natural Resources. Payment order is processed by accountant. Payment execution is handled by the Ministry of Finance.
b.	Clarity and adequacy of decision processes and sequence of events for control functions in project implementation reflected in the Financial Manual (or equivalent there-of).	L	Fine.
c.	Adherence to Financial Manual.	L	PIM available and Update done. This Update PIM have to be sent to IFAD for clearance.
d.	Effectiveness and efficiency of internal controls over inflows of funding sources other than IFAD.	L	Fine. Enhancement needed for stocktaking non-financial and non-material contributions from the counterpart and beneficiaries would be an advantage.
e.	Adequacy of contract management (use of contracts register and monitoring form) and filing there-of.	L	Procurement has been so far done through quotations or tender offers. No large goods or services have been procured yet, which may require specific contracts.
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	Fine.
g.	Documentary evidence to confirm delivery and acceptance of contracted goods, works or services.	L	Yet to be occurred such seeds and garden tools which are under procurement. Project should to keep track of the effective delivery and receipt of goods by the relevant implementing partners/agencies.
h.	Physical controls over cash, documents and records. Adequacy of filing systems. Is the petty cash subject to monthly reconciliation as well as surprise checks; custody of cash box and control of keys.	L	Fine. No petty cash system yet.
i.	Adequacy of physical management of cash.	L	Idem. This might be introduced at later stage, but the project is advised to use counterpart fund for petty case as IFAD funds are not sufficient.
j.	Timely payment to suppliers and consultants.	L	Some payments were delayed at the Ministry of Finance, but it seems to be caused by IT technical issue. Project is advised to cooperate with the Ministry of Finance to ensure timely payments. Project also has to inform in advance suppliers of the process of payment and timeline to avoid misunderstanding.
k.	Eligibility of expenditures with respect to Financing Agreements.	L	Fine.
l.	Legality/eligibility of advances from project funds and timely justification for use there-of.	L	No advances to project staff or implementing agencies. Pre-financed VAT to be refunded in the loans account by the counterpart of USD 1,190.55 will be done by 15th November. It could be preferable to do the reimbursement of the VAT to the loan account by the counterpart fund on a quarterly basis or when the ceiling of USD 10,000 is reached. If this is accepted, the Ministry of Finance will formally notify the PMU.
m.	Compliance with financial management covenants in the Financing Agreements and LTB.	L	So far, no issues.

Topic		Risk Rating (H/M/L)	Issues / Comments / Recommendations
n.	Adequacy of up-to-date record keeping for fixed assets and inventories.	L	Fine.
o.	Adequacy of controls concerning project assets including: i) Vehicle and other assets management (are assets properly tagged, is a physical inventory count done on a regular basis?) ii) Fuel management (do drivers maintain a log book?) iii) Travel authorisations (incl. DSA paid to staff)	L	Assets is yet tagged. Travel authorization and DSA are in line with Ministry policy. However, project is recommended to update PIM with the TA procedure and DSA applicability.
p.	Adequacy of vehicles and assets insurance.	L	In the procedure of getting an insurance for the vehicle.
q.	Workshops: i) Availability of list of participants ii) DSA paid to participants iii) Receipts for workshop expenditure	L	Not yet applicable, but project is informed of the requirement.
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	Fine.
s.	Banking arrangement and controls (reconciliation of bank statements with financial accounts).	L	Done monthly when Project receive the bank statement
t.	Existence of a proper IT support unit in place.	L	Ministry's IT can provide support.
<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	Fine. IPSAS including accruals.
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?).	M	The mission noted that the PMU has not yet finalized the configuration of the accounting software to suit the project needs. Consequently, the project continues to use Excel spread sheets for keeping its accounts. The mission recommends the PMU to finalize the configuration of its accounting software with the support of the Ministry of Finance with no delay and ensure all project financial data are captured in this system.
b.	Recordkeeping (including documentation and filing/archiving)	L	Found adequate.
c.	Fixed assets register maintained and reconciled (sample and physical check).	L	Fine.
d.	Adequate documentation and controls for Information Systems, including documented accounting procedures, backup of financial records, integration of all sub-systems.	M	Back up is done daily. The historical financial data from the beginning 2013/2014 of the project must be captured into dedicated system as indicated above.
e.	Adequacy of chart of accounts for project accounting purposes	L	The new chart account are integrated into the PIM
f.	Timeliness of recording transactions, regularity of performance and approval of reconciliations, controls on erroneous recordings.	M	So far, the cashbook is well maintained in EXCEL. To be verified when Accounting software is set up.
g.	Appropriate/ adequate accounting and reporting of counterpart funds contributions (incl. tax and tax exemptions) as well as beneficiary contributions.	L	Adequate. Minor improvements required for capturing tax elements.
<b>6. Financial Reporting &amp; Monitoring</b>			
a.	Completeness, accuracy, usefulness, and timeliness of financial reports.	L	Report receive in time
b.	Interim FM reports and linkage to progress reports - timely preparation, submission to IFAD.	L	Idem.

Topic		Risk Rating (H/M/L)	Issues / Comments / Recommendations
c.	Preparation of reports showing actual vs budget income/expenditure and AWPB execution rate.	L	Yet to be verified later this year. Project is recommended to conduct monthly cash flow analysis.
d.	Follow up of previous aide-memoirs fiduciary recommendations.	L	Most of the recommendations of first mission have been implemented.
e.	Reasonable alignment between disbursement rate of recurrent versus investment cost categories.	L	The level of activity is low in 2014 and 2015. There is no major difference between disbursement rate of recurrent versus investment cost categories.
<b>7. Internal Audit</b>			
a.	Existence of Internal Audit arrangements.	L	Internal auditor of Ministry of Finance makes some sort of verifications at Ministry of Natural Resources. CLISSA is subject to this internal audit verification for 2015.
b.	Adequacy of internal audit arrangements (organization - staff capacity).	N/V	Not verified. To be verified at the end of 2015
c.	Adequacy of internal audit scope of work and quality of reports.	N/V	Not verified yet. However, the internal audit of Ministry of Finance produces reports. To be verified at the end of 2015
d.	Assessment of matters raised in audit reports.	N/A	Not applicable.
<b>8. External Audit<sup>4</sup></b>			
a.	Adequacy of scope and ToR.	L	ToRs cleared by IFAD
b.	Adherence to ToR.	N/A	Not yet applicable
c.	Timeliness of audit report.	N/A	Idem.
d.	Quality of audit.	N/A	Idem.
e.	Implementation of audit recommendations/agreed action plan in place to address these.	N/A	Idem.

<sup>4</sup> Refer to IFAD audit review.

## **CONTRACT REGISTER 2015**

0	1	2	3	4	5	6	7	8		9	10
SeqNo.	Contract No.	Date of Contract	Supplier Name	Description of Goods, Services, Works	Method of Procurement	Country of Origin	Period of Execution	Amount	Amount USD	Category and % of financing	Non-objection No.
1	001	1/10/13	Jude Barra	Project Accountant	Recruitment through application of post advertised	Seychelles	1/10/13 – 31/12/14	SR 120,000.00	8,778.35	IFAD: 100%	NA
2	002	1/10/13	Jones Belmont	Project Coordinator	As above	Seychelles	1/10/13 – 09/14	SR 120,000.00	8,778.35	IFAD: 100%	NA
3	003	1/09/13	Georges Bibi	Monitoring & Evaluation Officer	As above	Seychelles	1/09/13 – 31/01/14	SR 60,000.00	4,389.17	IFAD: 100%	NA
				Project Coordinator	As Above	Seychelles	1/02/14-30/09/14 1/10/2014 – 31/03/15	SR.112,000.00 SR. 108,000.00	8,193.12 7,900.51	IFAD 100%	NA
4	004	1/10/13	Mary-Anne Denousse	Secretarial & Administration Secretary	As above	Seychelles	1/10/13 – 31/12/14	SR 30,000.00	2,194.59	IFAD: 100%	NA
5	005	1/12/13	Charles Elizabeth	Procurement Officer	As above	Seychelles	1/12/13 – 31/01/14	SR1 9,318.00	1,407.20	IFAD: 100%	
6	006	1/2/14	Charles Elizabeth	As above	As above	As above	1/2/14 – 31/12/14	SR 110,000.00	8,046.82	IFAD: 97.5% GOS: 2.5%	
7	007	18/03/14	Intelvision	Internet packages (installation & monthly charges)	NCB	Seychelles	Started in April & On-going	Installation: SR 1,150.00; monthly charges: SR 803.50	84.56 & 59.10	IFAD:85% GOS: 15%	NA
8	008	04/14	KNOWN-YOU SEED CO. LTD	Seeds (Cucumber, sweet corn, Lettuce, Chinese cabbage)	DC	Taiwan	04/14 – 05/14	SR 46321.60	3,406.00	IFAD:85% GOS: 15%	27/03/14
9	009	04/14	GRUBE KG, Forstgeratestelle	QUATTROFLEX Hose; GLORIA Sprayer	DC	Germany	04/14-07/14	EURO: 4,982.25	6,410.98	IFAD: 85% GOS:15%	27/03/14
10	010	04/14	Magnacorp 129CC	NEUTROG BOUNCE BACK and NEUTROG RAPID RAISER Organic Fertilizers	DC	South Africa	04/14 – 07/14	ZAR 67,356.00	4,952.64.	IFAD 85% GOS: 15%	27/03/14

0	1	2	3	4	5	6	7	8		9	10
11	011	07/14	H. Savy Insurance c Co. LTD.	Insurance cover for CLISSA project	LCS	Seychelles	07/14 – 07/15	SR 3,520.00	258.82	IFAD 85% GOS: 15%	NA
12	012	NA	National Information Services Agency	Advertisement for Sales of equipment and Agricultural Input	SS	Seychelles	05/14 – 07/14	SR 6,287.00	462.28	IFAD 85% GOS: 15%	NA
13	013	25/07/14	SGM & Partners	Consultancy for Gap analysis of crop, livestock, fisheries value chain	LCS	Seychelles	25/07/14 – 20/10/14	SR 210,448.00	15,394.88	IFAD 85% GOS: 15%	14/07/14
14	014	NA	Department of Information and Communication Technology & Itech Computer Services	Development of Database (software and hardware)	DC	Seychelles	08/14 – 11/14	SR 55,000.00	4,044.12	IFAD 85% GOS: 15%	NA
15	015	NA	National Bureau of Statistic	Consultancy for Benchmark assessment of farmers	DC	Seychelles	06/14 – 08/14	SR 140,000.00	10,294.12	Government of Seychelles	NA
16	016	09/08/14	H & M Production	Production of TV and Audio documentary	LCS	Seychelles	09/08/14 – 15/09/14	SR 26,000.00	1,911.76	IFAD 85% GOS: 15%	NA
17	017	09/10/14	VCS (Pty) Ltd	Communication equipment, hardware, software ,computer...	NCB	Seychelles	09/10/14 – 20/11/14	SR 132,514.07	9,743.68	IFAD 85% GOS: 15%	02/10/14
18	018	09/10/14	VCS (Pty) Ltd	IT equipment (desktop, servers, scanners )	NCB	Seychelles	09/10/14 – 20/11/14	SR 142,597.01	10,485.07	IFAD 85% GOS: 15%	02/10/14
19	019	09/10/14	SPACE 95	IT equipment (laptops, printers, software)	NCB	Seychelles	09/10/14 – 20/11/14	SR 88,617.85	6,516.02	IFAD 85% GOS: 15%	02/10/14
20	020	26/09/14	Tessa Victor	Input of Benchmark survey data	DC	Seychelles	26/09/14 – 10/10/14	SR 5,000.00	365.76	GOS: 100%	NA
21	021	26/09/14	Marianne	As above	DC	Seychelles	As above	SR 5,000.00	365.76	As above	NA

0	1	2	3	4	5	6	7	8		9	10
22	022		Brian Barbe	Design of template for input of Benchmark survey data	DC	Seychelles		SR 2,000.00	146.31	As above	NA
23	023	25/09/14	Rauno Zander	Consultancy for Micro-Finance	ICS	Italy	25/09/14 – 10/10/14	SR 142,800.00	10,500.00	IFAD 100%	
24	024	10/14	Seychelles Broadcasting Corporation (SBC)	Broadcasting of T.V. documentary	SS	Seychelles	10/14	SR 18,000.00	1,323.53	IFAD 85% GOS: 15%	NA
25	025	10/14	SBC	Broadcasting Audio documentary	SS	Seychelles	10/14 – 11/14	SR 15,000.00	1,102.94	IFAD 85% GOS: 15%	NA
26	026	10/11/14	Willy Nancy	Rehabilitation of Requisite and Tool store, Anse Boileau Research Centre	NCB	Seychelles	10/11/14 – 15/12/14	SR 94,500.00		IFAD 85% GOS 15%	NA

## **CONTRACT REGISTER 2015**

1	01	24/11/14	Ascension Construction	Rehabilitation of Requisite store, Val D'Andorre	NCB	Seychelles	24/11/14 – 28/2/15	SR 400,690.00	30,680.70	IFAD 95% GOS 5%	NA
2	02	06/01/15	VCS (Pty) Ltd	Procurement of Heavy-duty photo-copier	NS	USA	06/01/15- 03 /02/15	SR 48,393.59	3,540.13	IFAD 95% GOS 15%	NA
3	03	12/01/15	Willy Nancy	Rehabilitation of Nurseries, AnseBoileau	NCB	Seychelles	12/01/15- 19/02/15	SR 200,250.00	14,648.87	IFAD 95%GOS 15%	NA
4	04	13/01/15	G.H.V. Consultancy Services	Consultancy for production of drawings, Helvetia, La Misere	NCB	Seychelles	13/01/15- 15/02/15	SR 62,000.00	4,535.48	IFAD 100%	NA
5	05	3/02/15	CLASSIC DESIGN	Fabrication of Banner for workshop for Fishers	NS	Seychelles	3/02/15	2,600.00	190.20	IFAD 100%	NA
6	06		WilliamZarine	Lecture on Financial management	NS	Seychelles		5,600	409.66	IFAD 100%	NA
7	07	01/01/15	Charles Elizabeth	Procurement Officer CLISSA Project	Renewal of Contract	Seychelles	01/01/15- 31/12/15	168,000.00	12,289.69	IFAD 100%	NA
8	08		ThembekileManje ngwa	Monitoring & Evaluation Officer CLISSA Project	Recruitment thru application of post advertised	Zimbabwe		168,000.00	12,289.69	IFAD 100%	
9	09	01/01/15	Jude Barra	Accountant CLISSA Project	Renewal of Contract	Seychelles	01/01/15- 31/12/15	96,000.00	7,022.68	IFAD 100%	NA
10	010	01/01/15	Mary-Anne Denousse	Secretarial and Administration support, CLISSA Project	Renewal of Contract	Seychelles	01/01/15- 31/12/15	30,000.00	2,194.59	IFAD 100%	NA
11	011		SGM &PARTNERS	Benchmarking data analysis	NS	Seychelles		20,000.00	1,463.06	IFAD 100%	NA

12	012	20/3/2015	UNITED GROUP ENTERPRISE	Rehabilitation of Water Infrastructure La Gogue/Port Glaud	NCB	Seychelles	20/3/2015-17/7/2015	996,500.00	72,896.85	IFAD 100%	March 2015
13	013	20/4/2015		Baseline Survey for Artisanal Fishers	NCB	Seychelles	20/4/2015-15/7/2015	297,120.00	21,735.19	IFAD 100%	April 2015