

## **Republic of Mozambique**

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### **Pro-Poor Value Chain Development Project in the Maputo and Limpopo corridors (PROSUL)**

#### **Supervision report**

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

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East and Southern Africa Division  
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## Abbreviations and acronyms

AGRA	Alliance for a Green Revolution in Africa
AMPIA	Association of Agricultural Input Providers of Mozambique
AMPCM	<i>Associa��o Mozambicana para Promo��o de Cooperativas Modernas</i> Mozambican Association for the Promotion of Modern Cooperatives
AfDB	African Development Bank
ANE	<i>Autoridade Nacional das Estradas</i> (National Road Authority)
ASAP	Adaptation for Smallholder Agriculture Programme
AWPB	Annual Work Plan and Budget
BAGC	Beira Agricultural Growth Corridor
CAADP	Comprehensive Africa Agricultural Development Programme
CEPAGRI	<i>Centro de Promo��o da Agricultura</i> (Centre for the Promotion of Agriculture)
COSOP	Country Strategic Opportunities Programme
CPE	Country Programme Evaluation
CTA	<i>Confedera��o das Associa��es Econ�micas de Mo�ambique</i> Confederation of Business Associations of Mozambique
CUT	<i>Conta Unica do Tesouro</i> (Single Treasury Account)
DFID	Department for International Development (of the UK) <i>Direc��o Nacional de Extens�o Agr�ria</i>
DNEA	National Directorate for Agriculture Extension <i>Direc��o Nacional de Servi�os Agr�rios</i>
DNSA	National Directorate for Agriculture Services <i>Direc��o Nacional de Terras e Florestas</i>
DNTF	National Directorate for Land and Forests <i>Direc��o Nacional de Servi�os de Pecu�ria</i>
DNSV	National Directorate for Livestock Services <i>Direc��o provincial da Agricultura</i>
DPA	Provincial Directorate for Agriculture
DUAT	<i>Direito de Uso e Aproveitamento da Terra</i> Right of Use and Enjoyment of Land
DADTCO	Dutch Agricultural Development & Trading Company Ltd.
FAO	Food and Agriculture Organisation of the United Nations
FARE	Fund for the Support of Economic Rehabilitation
FDA	<i>Fundo de Desenvolvimento da Agricultura</i> (Agriculture Development Fund)
FFS	Farmer Field School
FO	Farmer Organisations
INIR	National Irrigation Institute (Instituto Nacional de Irriga��o)
IIAM	Mozambique Agrarian Research Institute (Instituto de Investiga��o Agr�ria de Mo�ambique)
IT	Information and Telecommunication
ITC	<i>Iniciativa para Terras Comunit�rias</i>
IsDB	Islamic Development Bank
KM	Knowledge Management
LLC	Limited Liability Company
LPO	Livestock Producers' Organisations
LSP	Lead Service Provider
LSTP	Land Tenure Service Provider
LTA	Land Tenure Advisor
M&E	Monitoring and Evaluation
MFI	Micro Finance Institution
MICOA	<i>Minist�rio da Coordena��o da Ac��o Ambiental</i> Ministry for the Coordination of Environmental Affairs
MASA	Ministry of Agriculture and Food Security
MIS	Management Information System
MTO	Meat Traders' Organisation

MOU	Memorandum of Understanding
MZM	Metical
NAPA	National Adaptation Programme of Action
NDAS	National Directorate for Agriculture Services
NRM	Natural Resource Management
O&M	Operation and Maintenance
PAMA	<i>Programa de Apoio aos Mercados Agr��colas</i> Programme in Support of Agriculture Markets
PARP	Poverty Reduction Action Plan
PEDSA	<i>Plano Estrat��gico para o Desenvolvimento do Sector Agr��rio</i> Strategic Plan for Agricultural Development
PMT	Project Management Team
PNDA	<i>Programa Nacional para o Desenvolvimento do Agroneg��cio</i> National Programme for Agribusiness Development
PO	Producers' Organisations
PPCR	Pilot Programme for Climate Resilience
PROMER	<i>Programa de Promo��o de Mercados Rurais</i> Rural Markets Promotion Programme
R&D	Research and Development
RIMS	Results and Impact Management System
SDAE	<i>Servi��o Distrital para Actividades Econ��micas</i> District Service for Economic Activities
SIDA	Swedish International Development Agency
SISTAFE	<i>Sistema de Administra��o Financeira do Estado</i>
SH	Service Hub
SHMT	Service Hub Management Team
SME	Small and Medium Enterprise
SNV	Netherlands Development Organisation
SPA	<i>Servi��o Provincial da Agricultura</i> Provincial Service for Agriculture
SPGC	<i>Servi��o Provincial de Geografia e Cadastro</i> Provincial Service for Geography and Cadastre
SPPP	<i>Servi��o Provincial de Promo��o da Pecu��ria</i> Provincial Service for Livestock Promotion
UNAC	<i>Uni��o Nacional dos Camponeses</i> National Farmers' Union
UNCDF	United Nations Capital Development Fund
USAID	United States Agency for International Development
USD	United States Dollar
VC	Value Chain
VC DAP	Value Chain Development Action Plan
VCP	Value Chain Platform
VINESA	Vegetable-based Farming and Food Systems in Peri-urban Corridors project
WA	Withdrawal Application
WUA	Water Users' Association



## Aide memoire

Republic of Mozambique

Pro-Poor Value Chain Development Project in the Maputo and Limpopo corridors (PROSUL)

Supervision Mission: 04 - 15 May 2015

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

1. The Pro-Poor Value Chain Development Project in the Maputo and Limpopo Corridors (PROSUL) involves pro-poor improvements in three value chains: irrigated horticulture, cassava and red meat. It will work in the trade corridors of the southern Provinces of Gaza, Inhambane and Maputo. It aims to reach 20,350 beneficiaries, mostly economically active poor who are already involved in value chain production. The Project goal is to establish improved and climate-smart livelihoods of small farmers in selected districts of the Maputo and Limpopo corridors. Its development objective is to achieve sustainable increased returns to smallholder farmers from increased production volumes and quality in the targeted value chains, improved market linkages, efficient farmer organizations and higher farmers' share over the final added value. The Centre for the Promotion of Agriculture (CEPAGRI) is responsible for the implementation of the Project with the support of a Project Management Team (PMT) based at the Gaza CEPAGRI Delegation in Xai-Xai.

2. A joint supervision Mission took place in Mozambique during 04 to 15 May 2015 to review the implementation status of PROSUL, provide support for an effective implementation of Project activities, identify constraints and to agree on solutions. In that respect, the Mission has held the first briefing meeting in Maputo chaired by CEPAGRI Director, with participation of the DNSA, INIR and DNEA. The mission undertook field visits to the Lumane Irrigation scheme, Regadio de Baixo Limpopo (RBL), Chókwè Agricultural Research Station, Meteorological Stations both in Chókwè and Nhacoongo, Magude/Motaze cattle Fair, Inharrime, Zavala and Manjacaze districts. The mission also held two joint meetings: (i) with CEPAGRI, DNSA, INIR, DE – on Financial Service Development and; (ii) a tripartite meeting with IFAD, MASA institutions and the Lead Service Providers. both in Chókwè and Nhacoongo. The Mission visited Magude/Motaze cattle Fair, Inharrime, Zavala and Manjacaze, - DADTCO Mandioca Mozambique, Chairman of the RBL, Inharrime District Permanent Secretariat, Head of Motaze Administrative Post and the Director of SDAE in Magude.

3. The Mission would like to thank CEPAGRI and the PROSUL PMT staff for its assistance and participation in the Mission.

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<sup>1</sup> Mission composition: Custodio Mucavele - (Team Leader and CPO, IFAD); Jelle Tas - (Value Chain Expert, Consultant); Elisa Distefano - (Climate and M&E Expert, IFAD); Martina Wiedmaier - (Financial Services Development Expert, (Consultant); Alaudio Chingotuane - (Financial Management Expert, Consultant); Annapaola Desclaux - (Procurement Expert, IFAD) .

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

4. There have been positive progress since the last mission. PROSUL has entered the third year of implementation and IFAD has so far disbursed 6.17% (SDR 663,922, equivalent to USD 1,017,079) of the total appraisal value of SDR 10.85 million. However, during the supervision mission IFAD finalized the revision of WA 3 (IFAD loan) for a total value of USD 2,211,455, which will be disbursed within the second half of May 2015. Considering WA 3, the disbursement rate of PROSUL will reach 19.42% (USD 3,228,534, equivalent to approximately SDR 2,100,000). IFAD has also finalized the revision of WA 2 for ASAP funds for a total of USD 393,119. Several ongoing activities include the contract signing with Horticulture LSP in December 2014 and the Mission was pleased to note that in anticipation of the Tribunal Administrativo clearance, the LSP already started the PRA. The installation of equipment for the renovation of two **meteorological stations** in Gaza and Inhambane Provinces is completed. Project implementation has started in the field for the Cassava and Red Meat component, with farmer groups formed and being trained. Under Component 4, Government and IFAD have agreed on a proposal for the redesign of the component. With this, preconditions for official approval by IFAD are in place. The tendering process for the vacant positions of the Financial Service Expert and the Agribusiness specialist was concluded and the RNO was submitted and an IFAD NO was granted during the course of the mission. It is expected that these achievements will accelerate implementation of activities in 2015 onward.

## **C. Outputs and outcomes**

5. The main outputs achieved since the last mission (Nov 2014) include contract signing with Horticulture LSP in December 2014 and the Participatory Rapid Appraisal (PRA) in Gaza and Maputo provinces, expected to finalize at the end of May, under Component 1; The roll out of FFS is progressing with 50 groups formed, 7 trained with demo plots assigned and ready, completed planting of 28 ha of for cassava stem multiplication and the signing of the MOU between PROSUL, DADTCO Mandioca Mozambique (DMM) and the LSP marking the first step in establishing the first Service Hub(SH) of the project in Component 2 and start of establishment of the management. Under Component 3, 20 of the 60 animal health agents are trained and livestock treatment kits distributed and 34 of 80 Livestock Production Groups(LPO) formed, the bid documents for water point construction are ready for launch and the technical proposal for the renovation for the Motaze Cattle Fair, in Magde is completed with the proposed phased planning, to start with a modern, low maintenance market and a foundation lay-out which allows for rapid expansion in the near future. Many activities are ongoing and a rapid increase in outputs from the project is expected to continue during 2015.

## **D. PROSUL implementation progress**

### **Component 1: Horticulture**

6. The Mission rates the performance of this component as moderately unsatisfactory. The Horticulture LSP contract was signed in December 2014 and the Mission was pleased to note that in anticipation of the Tribunal Administrativo clearance, the LSP already started the PRA. The preliminary findings of the PRA were shared during the Mission and the final results should be ready by the end of May. Furthermore, six value chain officers are hired, another three will be hired in 2016. It was agreed that the LSP will sign a MOU with IIAM for cooperation and information exchange on seed varieties, as soon as the formal Tribunal Administrativo is received. Consultation with IIAM on the composition of the input packages should start immediately so that, procurement can start before the end of May. The Mission reiterates the importance of FFS training content to be aligned with the FAO methodology under DNEA, as currently done by the LSPs.

7. **Irrigation works.** The irrigation rehabilitation work in the Lumane block in the Baixo Limpopo is carried out by Magna LDA, a contractor. The works are expected to finalize by the end of May, almost 4 months after the agreed date. This long delay is mainly attributed to underperformance of the



contractor. To avoid this in the future, the Mission discussed and agreed with Regadio do Baixo Limpopo -responsible for supervising the works-, to give immediate notice in writing, with PMT in copy when delay or contract breach occurs. Furthermore, it was agreed to evaluate current works after at least one or two rain seasons, before considering any additional construction in the Lumane block.

8. **Irrigation study.** The irrigation study is carried out by the Faculty of Agronomy and Forestry Engineering (FAEF) at the Eduardo Mondlane University (UEM). The topographic surveys are finalized and the technical surveys have started on May 11, approximately 2 months later than originally foreseen. This delay is attributable to: (i) the students conducting the surveys not being available because of other study commitments; and (ii) time required for obtaining the necessary clearance at Tribunal Administrativo. The Irrigation study will cover 9 schemes with a total lead-time of 5 months. The first three months for surveying all 9 sites on soil, social and hydrology aspects followed by two months of technical design for all sites. The complete irrigation study is expected to finalize at the end of September. In this situation, only in October PROSUL could start the bid process for the irrigation works, which is very close to the start of the rain season. Meaning that even if the tender process would be quick and smooth, construction work would not start on any of the 9 schemes in 2015. In order to reduce the study lead-time, the Mission proposed to cluster the schemes into five lots and complete the study per lot instead of all schemes together. Unfortunately, due to the availability constraints of the students involved it is not possible for UEM to change their current study approach.

9. **To start field activities** in the irrigation schemes without delay, the Mission discussed and agreed to start in the Lumane Block and with semi-operational schemes, like: Majancaze, Ch  kw   and Guija. Furthermore, it was agreed that the value chain officers will partner with the FAEF team in the social part of the surveys to start working with the farmer groups in establishing Water User Associations. From the PRA results the LSP will present a list of small investments per irrigation scheme which need immediate attention. Besides these activities, it is expected that in 2015, 11 FFS will be established and 4 shade cloth houses build for demonstration, 2 in Limpopo corridor and 2 in Maputo province.

10. **Hub-feasibility and scoping study.** The hub-feasibility tender was successfully launched in February as agreed. The financial proposals have been evaluated and IFAD NO was granted during the Mission. The study is expected to be finalized not later than November. For the horticulture scoping study also a IFAD NO was granted during the Mission and PMT can proceed with evaluating the financial proposals.

Agreed action	Responsibility	Agreed date
Finalize recruitment Agribusiness Officer	PMT	June, 2015
Finalize the Horticulture PRA	LSP	May, 2015
Continue roll-out of FFS	LSP	ongoing
Start procurement of input packages	LSP	May, 2015
Sign MOU with IIAM	LSP	June, 2015
Finalize small investment inventory for schemes	LSP	June, 2015
Complete irrigation works for the Lumane block	Magna	May, 2015
Complete the irrigation study	UEM	Sept, 2015
Partner with UEM on social study in field	LSP	May, 2015
Develop content for WUA training	LSP	Jul, 2015
Finalize hub-feasibility study for horti. & cassava	PMT	Nov, 2015
Finalize the Horticulture Scoping study	PMT	Nov, 2015
Compiling AWPB 2016	LSP	Aug, 2015

## **Component 2: Cassava**

11. The Mission rates the performance of this component as moderately satisfactory. The roll out of FFS is progressing with 50 groups formed, 7 trained with demo plots assigned and ready. The remaining groups will be trained before the end of the year. The contents of the lead farmer starter kits

need to be compiled and the kits procured before June. Within the geographical focus it is important that at least 50% of the administrative posts per district will be covered by PROSUL interventions. It was discussed and agreed to provide a strategy detailing the inclusion of other administrative posts. For cassava in particular, the administrative posts need to be in a 50km range from any viable market.

12. **Zavala Service Hub (ZSH).** The MOU between PROSUL, DMM and the LSP was signed in February 2015. Marking the first in establishing the first Service Hub of the project. The initial phase of the ZSH construction is almost completed and DMM started their processing activities in April. For the management of the hub, approximately 20 farmer organisation representatives are identified and the selection process should start in June. The LSP will ensure, that the representatives selected are from different districts to guarantee maximum exposure and involvement in PROSUL area. In anticipation of the constitution of the ZSH management it was discussed and agreed that for phase 1 only, PROSUL will reimburse DMM directly, instead of through the ZSH. The LSP will present a certificate of performance checking and detailing the works completed. In anticipation of the SH feasibility study results, potential partners for the ZSH can already be identified and approached by LSP in conjunction with DMM. Furthermore, the mission discussed the ZSH - joint investment concept and provided comments which are included in the technical annex for LSP perusal.

13. The **ASAP activities** under this component are progressing with the multiplication of drought tolerant, pest resistant, high yielding varieties. The multiplication at the IIAM sites is progressing according plan. A setback in multiplication resulted in a shortfall of approximately 0.6 million stems. To achieve the target of 5 million mini stems, the LSP has stepped up the multiplication by engaging lead farmers. So far 28 farmers have been identified and 7 farmers selected. The coming months are crucial, in having all lead farmer sites in operation, supervise the ones that are and start stem distribution. Because of the multiplication set back the distribution of the first batch of 20 centimetre stems is now foreseen in July instead of in May. Progress was made with the LSP to continue to explore with IIAM other varieties and how the Innovation Platform (IP) for Cassava can be used as a dissemination pathway for new varieties. The mission reiterates, that ensuring farm diversity and the use of multiple varieties will make the VC more resilient to environmental fluctuation. The IP approach used by SNV/ILRI is of good guidance for getting the Cassava IP started in a structured manner.

14. For 2015, the key activities are: (i) establish the SH management and legal registration; (ii) start demonstration of improved production techniques at FFS sites; (iii) multiplication at lead farmer sites and distribution of cassava stems; and (iii) organizing farmers and establish ZSH with market linkages.

Agreed action	Responsibility	Agreed date
Develop a geographical intervention strategy	LSP	Aug, 2015
Compile lead farmer starter kit and procure	LSP	Jun, 2015
Roll-out FFS training to achieve target	LSP	Oct, 2015
Finalize phase 1 of SH	LSP	May, 2015
Establish ZSH management & legal registration incl opening bank account	LSP	Jul, 2015
Engage lead farmers to cover for short-fall	LSP	Jul, 2015
Adopt SNV/ILRI IP approach	LSP	Sep, 2015
Compiling AWPB 2016	LSP	Aug, 2015
Liaise with IIAM to include more in multiplication	LSP	Jun, 2015

### **Component 3: Red Meat**

15. The Mission rates the performance of this component as moderately satisfactory. The implementation is on its way with 20 of the 60 animal health agents trained and provided starter kits and 34 of 80 Livestock Producer Organisations (LPO) formed. Two Meat Trader Organizations have been established. The negotiations for the slaughterhouse feasibility study were terminated, because the bidder replaced the majority of the original proposed key staff, by 67%. To avoid further delay and because the LSP has the technical expertise, it was agreed for them to conduct the study instead of

retender, expected to start in June. Also for Red Meat it is important that PROSUL interventions are spread over at least 50% of the administrative posts. It was discussed and agreed to provide a strategy to this extend. In the months ahead it is important to step up the implementation activities in order to meet the 2015 targets.

16. **Motaze cattle fair.** The Mission discussed and reviewed the technical proposal for the renovation for the Motaze Cattle Fair, in Magude. The Mission agrees with the proposed phased planning, to start with a modern, low maintenance market and a foundation lay-out which allows for rapid expansion in the near future. Furthermore, the Mission agrees with the proposed cattle fair design for the 3 other district markets in Manhica, Mabalane and in Chicualacuala. The final version of the technical proposal for Motaze fair including an updated bid document should be presented to IFAD for no-objection, so that the tender process can start without further delay. The 3 district markets are below the works threshold, a no-objection from IFAD is therefore not required. From the Motaze proposal the need for upgrading the main market access roads was identified and validated by the Mission site visit. To this end, CEPAGRI needs to sign an MOU with the National Roads Administration (ANE) to rehabilitate identified roads. The Mission advises the PMT to liaise with PROMER, which has substantial experience with road rehabilitation planning and coordination under their Project.

17. The ASAP activities under this component have started with the livestock water point technical assessment carried out and IFAD provided no objection in April for the construction of 4, out of 10 boreholes. The tender for borehole construction needs to be re-advertised. Construction works are expected to finalize in October. The Mission reiterates the importance of uniform and complete tender announcements according to the PROSUL format. Identification of locations for the **establishment of boreholes** was initially performed by SDAE on the basis of local authorities' priorities, cost estimation performed by DPA and DPOPH engineers from Gaza and Maputo provinces. It is expected that water availability, regular fluctuation of underground water level will be explored by the geophysics study to be performed by the contractor as indicated in the bid document. The assessment of the rehabilitation / construction of the dams is not yet finalized.

18. Furthermore, progress was made with the promotion of **dry season feeding techniques** among the livestock farmers in four districts of Maputo and Gaza Provinces. A total of 16 out of 34 LPOs were trained on hay making practices as one of the livestock supplementary feeding techniques. The selling point for this labour-intensive practice can only be appreciated at the end of the dry season when comparing the animal mortality rate and weight loss before this project intervention. Therefore, it was agreed that LPOs in Magude need support with mechanical production of hay bales during the first year. This investment will be complemented by fodder banks, planned to be established in 2016. The plants identified for this should be planted at IIAM research station already this year.

19. For 2015 the key activities are: (i) rehabilitation / construction of water points/dams; (ii) continue forming and training LPOs; (iii) rehabilitation / construction of Motaze market and livestock district markets.

Agreed action	Responsibility	Agreed date
Develop a geographical intervention strategy	LSP	Aug, 2015
Finalize the Slaughterhouse feasibility study	LSP	Sep, 2015
Finalize water point construction	Contractor	Oct, 2015
Ensure climate-proofing of irrigation investments and water point selection	LSP RM, LSP HC	continuous

Start Dam rehabilitation tender	LSP	Aug, 2015
Start tender Motaze cattle fair works	LSP	May, 2015
Finalize the Motaze Cattle fair renovation	Contractor	Nov, 2015
Sign MOU with ANE for access road rehabilitation	PMT	Jun, 2015
Start tender for the 3 district market construction	LSP	May, 2015
Finalize the 3 district construction works	Contractor	Nov, 2015
Provide support to LPOs in Magude with mechanized hay bale production	LSP	Jun, 2015
Compiling AWPB 2016	LSP	Aug, 2015

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

20. **Component 4: Financial Services** Component 4: Financial services. The mission rates the performance of the component as moderately unsatisfactory. A proposal for the redesign of the component was developed, discussed with the Directors of MASA and with the IFAD. Agreement has been reached on the following five sub-components, including approach, beneficiaries, activities, implementing partners, and procurement process.

21. **Sub-component 1 “Village Banking and financial education”** will improve basic financial knowledge of farm households and small farmers. The approach is to establish basic financial structures that are self-organized at village level. These newly set-up PROSUL Accumulating Savings and Credit Associations (ASCAs) will be formed and supported in selected villages of all 19 districts. The ASCAs will also receive support to establishing linkages with formal Financial Service Providers (FSPs). Furthermore, ASCA promoters will also train the PROSUL farmer groups with special attention to female producer groups, e.g. about “relevance of savings”; “how to access a loan”. Based on a national tender, several qualified service providers will be selected to implement ASCA formation and support and financial education in the PROSUL districts that will be clustered for that purpose.

22. **Sub-component 2, the “PROSUL Innovation and Outreach Technical Assistance Facility (PIOTAF)”**, will mainly strengthen the capacities of FSPs and also, to some extent, those of other value chain stakeholders. The Facility will operate through four windows, the first three are directed at the eligible FSPs: (i) Tailored advisory services; (ii) matching grants, e.g. for physical infrastructure, market studies and product development; and (iii) standard training courses on agricultural and value-chain lending. Window (iv) offers value chain finance advisory services and is directed at other VC stakeholders for intra-value chain financing or VC financing, among those commercial farmers, agro-processors, associations, farmer groups, service-hubs and the PROSUL LSP, who will receive support in the form of training and advice on VC financing. PIOTAF implementation will be tendered nationally.

23. **Sub-component 3 is a Line of Credit (LOC)** providing whole-sale loans at a concessional rate. The LOC is directed at the non-deposit-taking institutions and other MFIs active in or expanding to the PROSUL districts for the purpose of agricultural and VC lending. The LOC will be tendered nationally.

24. **Sub-component 4 is a Loan Guarantee Fund (LGF)** for small and medium size lending operations, which FSPs (including banks) can access to partly secure their loan operations with VC stakeholders. The LGF will be tendered nationally.

25. **Sub-component 5 is the PROSUL-Financial Services Unit (FS Unit)**. The target group will be PROSUL staff, government staff and LSPs. The FS Unit will strengthen their capacities in advising, regulating and overseeing the operations of the finance component by way of trainings, conference organization and participation and research. It will ensure collaboration with stakeholders in related activities of other IFAD projects and from the international community, thereby improving know-how, creating synergies and advancing good practices. The FS Unit will be managed as part of the PROSUL PMT.

<b>Agreed action</b>	<b>Responsibility</b>	<b>Agreed date</b>
Amend the financing agreement	Government/IFAD	Jun, 2015

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Tender the ASCA promotion	PMT	Aug, 2015
Tender the PIOTAF	PMT	Aug, 2015
Start to hire ASCA Officer	PMT	Jul, 2015
Start to hire Fund and FSP Officer	PMT	Jul, 2015
Set-up Financial Services Committee	CEPAGRI	Sep, 2015
Tender the Loan Guarantee Fund	CEPAGRI	Sep, 2015
Tender Line of Credit	CEPAGRI	Sep, 2015
Develop sub-component 4.5 workplan	PMT	Jun, 2015

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### **Component 5: Institutional Support and Project Management**

26. The Mission rates the performance of this component as moderately satisfactory. The tendering process for the vacant positions of the Financial Service Expert and the Agribusiness Specialist was concluded and the RNO was submitted and an IFAD NO was granted during the course of the mission. Finally the DPA-Gaza has released the Land tenure advisor. It was agreed that he should now take the office with immediate effects. Following the decline by the PM&E from his position last February, a tendering process has been initiated to fill this position and the evaluation process is expected to start sooner. It was agreed that PMT will give priority to this activity, completing the remaining steps to allow the new officer to start by July. As the PMT is now almost complete, the Project Coordinator should be better positioned to leverage on the individual team members and dedicate more time to coordination and management.

27. Solid government and stakeholder ownership and involvement is a strong aspect of PROSUL. However, the complexity of the Project, with many different implementing agents, can make it challenging for PROSUL to effectively communicate project progress and adequately include stakeholders in the decision-making process. This may result in high demand for service providers' time. The various platforms, planning meetings, and a strong communication strategy should help effectively communicate project plans, results, and limitations. The mission commends the PMT initiative to hold a joint meeting IFAD, government and LSP. This helps to clarify the roles and complementarities of all parties and clear the bottlenecks. *It was also agreed that similar meetings involving LSP and the Government should take place with agreed regularity and agreed agenda.*

28. **Human Resources.** The government performance assessment system, Sistema de Gestão de Desempenho na Administração Pública (SIGEDAP) has been utilised but needs to be adopted to the PROSUL context. A structured way of assessing performance is important to enable staff to clearly understand what is expected of them. It should also facilitate for professional development to enhance performance and increase motivation. Following contacts with other IFAD-financed Projects such as ProPESCA and PROMER, also implementing a performance assessment system based on SIGEDAP. *It was agreed to recruit a Project Management Consultant to assist the Project Coordinator in establishing effective project management.*

29. **Monitoring and Evaluation.** The M&E Officer resigned as of 22 of April 2015. Some progress was made from the previous supervision mission in November 2014, e.g. a logo was produced from FAEF students. The mission reiterated the key role to be played by the LSPs in communicating the data needed to populate the M&E system.

30. The mission recognized that it is also important to assess how the M&E system can be further improved by importing information from TOMPRO. If the project will rely on the current M&E system, training should be provided to the new M&E Officer by Oscar Damen/Anacardia. For an alternative option, PMT will explore with TOMPRO service provider. In addition, the logframe should be revisited to ensure consistency with finalised ASAP-RIMS indicators and sub-components of component 4 – financial services. The indicator on “Tonnes of GHG emissions (CO<sub>2</sub>e) sequestered” should be on outcome or impact indicator.

Agreed action	Responsibility	Agreed date
Provide PMT with progress reports and cooperate for the effectiveness of the M&E system	LSPs	Continuous
Provide training on the use of the M&E system to the incoming M&E Officer	PMT through Oscar Damen/Anacardia and TOMPRO service provider	June, 2015
Change indicator on “Tonnes of GHG emissions (CO <sub>2</sub> e) sequestered” from output to outcome or impact indicator	M&E Officer	June, 2015

31. **Knowledge Management.** There has not been much progress in terms of Knowledge Management (KM) and communication. The Red Meat component has produced a manual on Innovation Platforms in Portuguese as well as two research briefs (in Portuguese and English) or now available on the ILRI website. The mission reiterated the key messages of the last mission of operationalizing a knowledge management and communication action plan. This is important as there are a lot of expectations of PROSUL, and the implementation modalities are complex with many different actors. It was agreed that there will be no further delay in operationalizing the KM and Communication strategy into practice. *Furthermore, it was agreed that PMT will develop a PROSUL website and the logo is ready to be approved.*

**2015 Annual Work Plan and Budget.** The 2015 Annual Work Plan and Budget (AWPB) and procurement plan was presented to the mission. It has been produced in an effective manner through the M&E database with strong participation of LSPs and Government stakeholders. The AWPB should only contain activities that are relevant for that year, and reflect the actual steps of implementation by proper breakdown of activities. The mission also emphasised the key role of the LSPs in submitting their AWPB in accordance to the standard format developed by the project.

32. Agreed action	Responsibility	Agreed date
The Land tenure advisor. It was agreed that he should now take the office with immediate effects	PMT	June, 2015
Recruit a Project Management Consultant for the setting-up of a performance assessment system	PMT	Mar, 2015
Finalize recruitment of the Project M&E and KM Officer	PMT	July, 2015

## E. Fiduciary aspects

33. **Financial management.** The mission rates the overall assessment of Financial Management of PROSUL (including disbursement, budget execution, financial reporting, payment support documentation, counterpart funds and audit) as moderately unsatisfactory. PROSUL has taken all steps in establishing a well-functioning and fully staffed Financial Management Unit. Currently, all financial unit staff positions are filled, and internal control, bookkeeping and recordkeeping follow IFAD and GoM guidelines. TOMPRO is kept up-to-date and the financial reports and financial statements that were presented to the mission correctly capture the financial position of PROSUL both at the end of 2014 and at the end of the first quarter of 2015. The Mission noted that the Annual Financial Report and Financial Statements for the years 2013 and 2014 were only sent to IFAD during the Supervision Mission, beyond the deadline established in the Code of Practices. In addition, the disbursement rate and budget execution are well behind for the current stage of project implementation as noted in the following paragraphs.

34. **Disbursement.** The mission rates the current disbursement rate as highly unsatisfactory. PROSUL has entered the third year of implementation and IFAD has thus far disbursed 6.17% (SDR 663,922, equivalent to USD 1,017,079) of the total appraisal value of SDR 10.85 million. However, during the supervision mission IFAD finalized the revision of WA 3 (IFAD loan) for a total

value of USD 2,211,455, which will be disbursed within the second half of May 2015. Considering WA 3, the disbursement rate of PROSUL will reach 19.42% (USD 3,228,534, equivalent to approximately SDR 2,100,000). From this point the disbursement rate will be classified as moderately unsatisfactory. IFAD has also finalized the revision of WA 2 for ASAP funds for a total of USD 393,119. As such, considering all financiers (including the WAs approved by IFAD, but pending wire transfer to the project Designated Account) total disbursement up to the end of the Supervision Mission is USD 5,457,933.5 (12.1% of the total appraisal value of PROSUL for all financiers, which is USD 44,960,000). The delays in disbursement of WA 3 (which was sent in 11 April 2015) were due to an ongoing process of revision of the Letter to the Borrower (LtB) for PROSUL that IFAD is currently carrying. This process should be finalized in the third quarter of 2015.

35. **Budget Execution:** Execution of the 2014 AWPB reached 22.7% (USD 1,284,202) of the approved budget of USD 5,666,185. The execution of the 2015 AWPB (budgeted at USD 11,644,514) is also behind schedule, having reached only 2.68% (USD 312,329) at 30 April 2015, with 59% of the expenditures (USD 185,227) charged against category VI (recurrent costs). From the Financial Statements and reports submitted by PROSUL the Mission notes that the available balance in all PROSUL accounts was USD 361,788. Budget execution should accelerate once funds from WA 3 reach PROSUL's accounts.

36. Considering the three years of project implementation (43% of total project life), total execution up to 30 April 2015 reached USD 2,432,296, which is only 5.4% of the appraisal amount. This level of execution (and disbursement, as seen above) is mainly due to extensive delays suffered by the project in contracting the LSPs for all components due to the overly lengthy procurement processes. The ongoing redesign of component 4 (Financial Services) which will be concluded in the first half of 2015 is also having an impact on disbursement, given that PROSUL will only contract the implementing partners after the conclusion of the redesign. Specific assessments and recommendations for procurement in PROSUL are discussed in the following paragraphs. **Review of payment support documentation.** The Mission carried out a random check of the supporting documentation for the expenditures incurred by the project during the period November 2014 – April 2015 for a total amount of USD 427,533. This amount includes USD 71,178 of GoM contribution. Inspection of the contract register and inventory of fixed assets showed that both documents are kept up-to-date. All assets are correctly tagged in the PMU.

37. The review of payment support documentation showed issues with financial reporting and justification of expenditures by the LSP for components 2 (Cassava) and 3 (Read Meat). PROSUL performed a payment in December 2014 however the supporting documentation was not available at the PMU, because the LSP had not finalized the financial report according to PROSUL standards. The mission visited the offices of the LSP and verified that the documentation was indeed available for inspection, but PROSUL and LSP must finalize the guidelines on financial reporting to allow for a smooth flow of funds. Given the difficulties in obtaining a bank guarantee, it was agreed that the LSP will pre-finance expenditures up to the amount needed to cover 2 months of the LSP AWPB, and PROSUL will reimburse the expenditures upon submission of the supporting documentation.

38. **The provision of counterpart funds** is rated as satisfactory. As at 30 April 2015 total GoM contribution to the project amounts to USD 282,497, which is 11.6% of total project financial execution up to date, whereas GoM contribution in appraisal is 5.6% of total project costs. However, it must be noted that the availability of GoM funds in e-SISTAFE for the year 2015 is delayed pending the allocation exercise to be carried by the Ministry of Economy and Finance. This was due to the late approval of GoM national budget for 2015, which only took place in early May 2015, as a result of the change in Government following the October 2014 elections in Mozambique.

39. **Compliance with loan covenants.** Schedule 3, paragraph 1, which requires that the Borrower insures the PMT staff against health and accident risks, has now been partially complied with. The PMT is now covered against accident risks, but the procurement process for health insurance coverage has not been finalized yet. The tender process for a health insurance company should be finalized by end of May 2015.

40. **Audit:** As agreed in the Supervision Mission of April 2014 PROSUL will conduct the audit of the 2013 financial statements jointly with that of 2014, in May and June 2015. The mission inspected the unaudited financial statements for the years 2013 and 2014 and found them adequate for the auditing exercise.

41. **Procurement.** The Mission rates the procurement procedures as moderately satisfactory. Decree 15/2010, which regulates Procurement in Mozambique, is strictly applied but deviation from IFAD's Procurement Guidelines have been registered. Improvement in procurement processes, procurement methods, use of IFAD's thresholds and record keeping have been provided. Registry of contracts has to be updated on a quarterly basis.

Agreed action	Responsibility	Agreed date
Finalize guidelines for LSP financial reporting	PMT/LSPs	May 2015
Finalize tender for health insurance company	PMT	May 2015
Amend section of LtB on justification of funds	IFAD	Sep 2015

## F. Sustainability

42. As PROSUL is only in its third year of implementation and activities have just started in the field, it is too early to review the sustainability of interventions at this stage. However, with all the LSP in place, the foundation have been laid down for the three main elements are expected to determine the sustainability of PROSUL interventions are: (i) application of production enhancing technologies and practices; (ii) adoption of climate-smart technologies; and (iii) life expectancy of the commercial arrangements promoted.

## G. Cross-cutting issues

43. **Climate Change Adaptation.** The mission appreciated good progress of some key ASAP funded activities implemented by PMT, INAM and the contracted LSPs. However, it also noted some delays in the development of the climate resilient packages. It is expected that the thematic study on climate change adaptation and responses will contribute to shape the above. The tender for the study was launched in February 2015. The mission reviewed the single expression of interest received and suggested to retender considering applications from international consultants. The key highlights of the ASAP component are discussed below.

44. The installation of equipment for the renovation of two meteorological stations in Gaza and Inhambane Provinces is completed, each station is provided with dedicated staff for the daily data collections of climate parameters. The mission met with National Institute of Meteorology (INAM) staff and discussed about the establishment of a climate information service to delivery climate and weather information to remote rural communities. INAM staff has expressed the interest in liaising with international institutions and ongoing initiatives on the subject (e.g. CGIAR Research Program on Climate Change, Agriculture and Food Security - CCAFS), to learn from pioneering experiences. Formalize new partnerships with recognized institutions can help PROSUL appraise and implement adaptive capacity measures. Climate information service should be delivered as part of a PROSUL agricultural support. Enabling farmers to act on the weather and climate information they receive could potentially be the focus of the adaptation module to be delivered through the FFS for the three respective value chains.

45. The mission recognized the need for consistent advise and support on the appraisal of adaptation actions in each value chain, and suggests to establish linkages with ongoing adaptation projects. For instance, SNV/ILRI have started exploring linkages with the GIZ-funded "Flood Early Warning System in Limpopo Basin". The mission recommends to establish a formal agreement with GIZ for the introduction of flood disaster risk management system in selected river catchment areas in the target area. This initiative will contribute to shape the climate resilient package to be developed under the ASAP component.



46. The CEPAGRI Staff attending the MSc on Climate Change and Sustainable Development at the University of Cape Town have identified the research topics for their Thesis. It is crucial that PMT/CEPAGRI ensure an effective integration of both staff immediately after finalizing the academic training.

Agreed action	Responsibility	Agreed date
Define a strategy to package the weather information for dissemination among small-scale farmers	INAM in collaboration with Limpopo Basin Committee	June, 2015
Establish a formal agreement with GIZ to provide PROSUL target groups with a flood early warning system	LSP Red Meat Component	June, 2015
Retender for the thematic study on climate change adaptation and responses	PMT	May, 2015
Ensure effective integration of CEPAGRI staff at the University of Cape Town immediately after finalizing the academic training	PMT/CEPAGRI	Feb, 2016

47. **Gender, Youth, and HIV/AIDS.** PROSUL has a strong gender focus with a dedicated staff member addressing gender issues. Progress include contract signing with consultant for reviewing MASA gender strategy. The IFAD no-objection was also granted during the Mission for hiring a consultant for designing manual of gender and social youth inclusion. A draft gender action plan was also completed for components 2 and 3.

48. The two PRAs – Cassava and Red Met - included gender-specific issues. The preliminary results of PRA for Component 1 (Horticultural) was especially strong in disaggregating data by gender. Specific measures and opportunities are already identified for addressing challenges related to women, youth, and HIV positive groups.

49. **Land Tenure.** The recruitment of a land tenure advisor (LTA) was completed and he is expected to be effective by June. The LTA will assist the PMT and the VC LSPs with technical support on land tenure issues and the establishment of a GIS for PROSUL. This person will (i) obtain and regularly update information on existing and planned community delimitations, land concessions and investment hotspots; (ii) supervise the land tenure and GIS service providers; (iii) support the land tenure interventions that may be required in the different value chains; and (iv) support the establishment and maintenance of PROSUL's GIS. The LTA will be recruited on a full-time basis, subject to an annual review.

## H. Conclusion.

50. Progress has been made in the field, and further actions have been taken to mitigate the delay caused by the lengthy process to operationalize the project. The low disbursement rate and the implementation delay is of concern. However, with approval of the WA 3 and the recruitment of key PMT staff, it is expected that implementation will speed during 2015. The PMT shows dynamism and ability to adopt according to lessons learnt from project implementation. Consequently, the mission is cautiously optimistic about the Project. Key focus areas for the PMT going forward are (i) intensive support to service providers during implementation and (ii) effectively addressing bottlenecks as they emerge.

51. IFAD and the Government of Mozambique endorse the findings of this supervision mission. The next mission is planned for 9 to 13 November 2015.

52.

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Custodio Mucavele  
Team Leader

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Abdul Cesar Mussuale  
Director CEPAGRI

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Date

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Date

## Appendix 1: Summary of project status and ratings

### Basic Facts

Country	Mozambique	Project ID	1618 [1100001618]	Loan/DSF/Grant FI No.	1000004314, 1000004315, 1000004316, 1000004332
Project	Pro-Poor Value Chain Development in the Maputo and Limpopo Corridors			Top-up Loan/DSF/Grant FI No.	
Date of Update	12-Jun--2015				
Supervising Inst.	IFAD				
No. of Supervisions	1	No. of Implementation Support/Follow-up missions	3		
Last Supervision	28-Nov-2014	Last Implementation Support/Follow-up mission	15-May-2015		

USD million Disb. rate %

Approval	21-Sep-2012			Total financing	44.95	
Agreement	03-Oct-2012	Effectiveness lag	0.4	IFAD Total	22.72	
Entry into force	03-Oct-2012	PAR value	-----	IFAD loan	16.30	19.42
First disbursement	11-Jun-2013			DSF grant		
MTR		Last amendment	05-Feb-2015	IFAD grant	6.43	
Original completion	31-Dec-2019	Last audit		Domestic Total	5.78	
Current completion	31-Dec-2019			Beneficiaries	1.40	0
Current closing	30-Jun-2020			National Govern	2.49	5.6
No. of extensions	30-Jun-2020			Local private	1.90	0
	0			External Cofinancing Total	16.44	
				Spanish Fund	16.30	4.59
				UNCDF	0.14	11.35

### 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	1	3	2. Performance of M&E	4	4
3. Counterpart funds	5	5	3. Coherence between AWPB & implementation	3	2
4. Compliance with financing covenants	4	4	4. Gender focus	4	5
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	5
B.3 Outputs and outcomes	Last	Current	B.4 Sustainability	Last	Current
1. comp.1: Red Meat Value Chain	4	5	1. Institution building (organizations, etc.)	4	4
2. Comp 2: Cassava Value Chain	4	4	2. Empowerment	4	4
3. Comp 3: Horticulture Value Chain	3	4	3. Quality of beneficiary participation	4	4

4. Comp 4: Financial Services	3	4	4. Responsiveness of service providers	4	5
			5. Exit strategy (readiness and quality)	4	4
			6. Potential for scaling up and replication	4	4

#### B.5 Justification of ratings

Overall, while there has been some positive progress, both the Implementation and Project Management remains moderately satisfactory. Several ongoing activities include the contract signing with Horticulture Lead Service Provider in December 2014 and the starting of field operations under this component. Project implementation has also started in the field for the Cassava (rated moderately satisfactory) and Red Meat component (satisfactory), with farmer groups formed and being trained. The Financial Services component, remains moderately unsatisfactory mainly due to institutional delays caused by wrong assumptions during the Project design, which called for the component redesign, now completed. The recruitment process for the vacant positions of the Financial Service Expert, M&E and KM and the Agribusiness specialist was concluded and IFAD NO granted. The installation of equipment for the renovation of two meteorological stations in Gaza and Inhambane Provinces is also completed. The Financial Unit team is complete and funds have started flowing in e-SISTAFE from June, 2014. Disbursement of IFAD funds is moderately unsatisfactory (having reached 19.42%) and execution of AWPB 2014 was significantly low (22.7%). As at May 2015 execution of the 2015 AWPB was only 2.7% due to the significant delays (and inaccuracies) in submission of WAs and the late approval of Mozambique's national budget, which only took place in May 2015.

### Overall Assessment and Risk Profile

	Last	Current
C.1 Physical/financial assets	3	3
C.2 Food security	4	4
C.3 Quality of natural asset improvement and climate resilience	4	5
C.4 Overall <b>implementation progress</b> (Sections B1 and B2)	4	3

#### Rationale for implementation progress rating

There have been some positive progress since the last mission. Achievement since the last mission include contract signing with Horticulture Lead Service Provider and the Development of Participatory Rapid Appraisal (PRA) in Gaza and Maputo provinces, already finalized – by May - under Horticultural Value Chain. Under the Cassava Value Chain, the roll out of FFS is progressing with 50 groups formed, 7 trained with demo plots assigned and ready. The remaining groups will be trained before the end of the year. The establishment of the first Service Hub under project has also started, the initial phase of construction is almost completed and started their processing activities in April. For the management of the hub, approximately 20 farmer organisation representatives are identified. Still under cassava and linked to ASAP planting of 28 ha of for cassava stem was completed and this activity is progressing. The LSP has stepped up the multiplication by engaging lead farmers. So far 28 lead farmers have been identified and 7 farmers selected. The coming months are crucial, in having all lead farmer sites in operation with adequate supervision. Under the Red Meat Component 3, 20 of the 60 animal health agents are trained and livestock treatment kits distributed and 34 of 80 Livestock Production Groups (LPO) formed, the bid documents for water point construction are ready for launch and the technical proposal for the renovation for the Motaze Cattle Fair, in Magude is completed with the proposed phased planning, to start with a modern, low maintenance market and a foundation lay-out which allows for rapid expansion in the near future. Under the Financial services component, a proposal for the redesign of the component was developed, discussed with the Directors of MASA and with the IFAD. Agreement has been reached on the following five sub-components, including approach, beneficiaries, activities, implementing partners, and procurement process. Many activities are ongoing and a rapid increase in outputs from the project is expected to continue during 2015. As the PMT is now almost complete, the Project Coordinator should be better positioned to leverage on the individual team members and dedicate more time to coordination and management.

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

It is slightly premature to assess the likelihood of achieving the development objectives at this stage of implementation. When that is said, the commitment of Government and designated focal points in government institutions (DNSE, DNSV, INIR, IIAM, DNEA) is strong. There's already evidence of improved institutional capacity emerging, especially in regards to influencing the climate change agenda at the level of the Ministry of Agriculture, partnership building with key institutions, and improved dialogue on gender sensitive approaches in the agricultural sector. Solid government and stakeholder ownership and involvement is a strong aspect of PROSUL. However, the complexity of the Project, with many different implementing agents, can make it challenging. Activities are now starting up in the field, and if managed well, the project should be well on track to achieve the development objectives.

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

Fiduciary aspects	Current disbursement rate is moderately unsatisfactory having reached 19.42% of the IFAD loan. At this rate of disbursement the project will reach MTR having disbursed less than 50% of the allocation for all financiers.
Project implementation progress	Poor CEPAGRI institutional capacity and experience on the Value Chain initiatives and to deal with Service Providers. Lack of experience with implementing a project with decentralised PMT may lead to implementation delays. Delayed start of the Financial Services component, mainly due to institutional arrangements caused by wrong assumptions during the Project design, which called for the component redesign, now completed.
Outputs and outcomes	A major risk to achieving the outputs and outcomes will be the ability of the PMT and implementing partners to effectively start activities in the field and proactively address implementation issues as they

	emerge.
Sustainability	The three main elements are expected to determine the sustainability of PROSUL interventions are: (i) application of production enhancing technologies and practices; (ii) adoption of climate-smart technologies; and (iii) life expectancy of the commercial arrangements promoted.

### Proposed Follow-up

Issue / Problem	Recommended Action	Timing	Status
Low disbursement rate	The Project should initiate the planned civil works for 2015 as well as accelerate implementation arrangements agreed with Service Providers.	End2015	Ongoing
Lengthy Procurement processes	Prioritize IFAD Procurement guidelines over decree 15/2010 in the choice of Procurement processes, especially on the thresholds for National Shopping	Mid 2015	Ongoing
Implementation delay	Close follow-up of Service Providers and proactively resolve implementation issues as they arise	Dec, 2015	Ongoing

### Additional observations



## Appendix 2: Summary of key actions to be taken within agreed timeframes

	Action Agreed	Date	Resp.	Status as at 30 April 2015
1	Finalize the Horticulture PRA	Mar, 2015	LSP	Ongoing PRA is underway. The LSP has finalized data collection on 15 April 2015, and now working on data analysis and report. Preliminary findings will be presented during this mission.
2	Tender for the Horticulture Scoping study	Dec, 2014	PMT	Ongoing. After receiving No Objection on 09/02/2015, the tender was launched on 23/02/2015. A request for NO has been sent to IFAD on 17/04/2015 for technical evaluation report.
3	Tender for the thematic study on climate change adaptation and responses	Jan, 2015	PMT	Ongoing. The tender was launched on 06/02/2015 requesting for expression of interest. We only obtained one application from a group of 3 consultants.
4	Finalize the horticulture contract	Dec, 2014	PMT	Ongoing <ul style="list-style-type: none"> <li>Contract signed on 5 December 2014 and submitted to Tribunal Administrativo for Visto on 24/04/2015</li> </ul>
5	Follow-up on IIAM VINESA project	March, 2015	LSP	Ongoing <ul style="list-style-type: none"> <li>The LSP will sign a MOU with IIAM.</li> </ul>

6	Complete irrigation works for the Lumane block	Feb, 2015	Magna	Ongoing <ul style="list-style-type: none"> <li>Out of 13 hydro-regulators foreseen, 8 have been constructed. It is expected to finalize the works in June 2015.</li> </ul>
7	Complete the irrigation study	June, 2015	UEM	Ongoing <ul style="list-style-type: none"> <li>Topographic surveys were finalized on 21/01/2015.</li> <li>The contract with FAEF for irrigation study design signed and Visto from TA obtained on 24/03/2015.</li> </ul>
8	Launch the hub-feasibility study	Feb, 2015	PMT	Ongoing <ul style="list-style-type: none"> <li>The tender was launched on 23/02/2015.</li> <li>Evaluation of technical proposals done, including IFAD NO</li> <li>Evaluation of financial proposals has been done, and request for NO just submitted</li> </ul>
11	Finalize the Slaughterhouse feasibility study negotiations	Dec, 2014	PMT	Not succeeded. After a draining process of negotiations, PMT decide to terminate the negotiations on 17/03/2015 and NO received from IFAD on 08/04/2015 validation our position to terminate the negotiations. The reason for terminating the negotiations is that the bidder replaced 67% of the staff originally proposed in the technical proposal. The recommendation is to launch a new tender.
12	Finalize the Slaughterhouse feasibility study	Apr, 2015	Consultant	Not done. It depends on the new tender that has to be launched
13	Finalize the veterinary start-up kit procurement	Jan, 2015	PMT	Done. A total of 30 Animal Health Agents trained and received the start-up kits. Detailed information will be provided by the RM LSP



14	Finalize livestock Water point technical assessment	Feb, 2015	PMT/DPA	Done. <ul style="list-style-type: none"> <li>Technical Assessment carried by a multidisciplinary technician staff from DPA, DPOPH, RM LSP and SDAE's with hydraulic, agronomy, civil and veterinary background was finalized in March 2015.</li> <li>Bid document for the construction of 4 multifunctional boreholes designed including IFAD NO provided on 21/04/2015</li> </ul>
15	Finalize the Magude Cattle fair renovation	Feb, 2015	LSP	Ongoing <ul style="list-style-type: none"> <li>Technical design and tentative budget estimation finalized on 7 March 2015.</li> <li>Projections showing the current situation and future scenarios carried out by RM LSP. Then, an IFAD NO was requested on 20/04/2015. It was not granted yet. On 27 April 2015, IFAD asked for additional information has to be provided by PMT/ RM LSP</li> </ul>
16	Complete tender for international rural finance consultant	Dec, 2014	PMT	Done. <ul style="list-style-type: none"> <li>The contract was recognised by Tribunal Administrativo on 2/03/2015</li> </ul>
17	Send invitation letter to national consultants	Dec, 2014	PMT	Done but not successful. The selected national consultant with Canadian nationality withdrawn due to time needed to gather all personal information to fulfil with Tribunal Administrativo requirements. Then we decided to work on with the international consultant
18	Complete tender for national rural finance consultant	Dec, 2014	PMT	

19	Send invitation letter to national consultants	Dec, 2014	PMT	
20	Complete tender for national rural finance consultant	Dec, 2014	PMT	
21	Finalize the restructure of the Financial Services component	May, 2015	PMT	Ongoing The intern consultant conducted a field work and consultation meetings with project key stakeholders from 2 to 12 March 2015. Draft report will be discussed during this mission.
22	Discuss with ProPESCA and PROMER how to harmonize the use of SIGEDAP	Jan, 2015	PMT	Done
23	Complete the set-up of a performance assessment system	Mar, 2015	PMT	Ongoing TOR of PMT staff shared with MASA Human Resources Department, then a draft has been submitted to PMT but still not fully in line with our TOR. It will be finalized by end of July 2015
24	Finalize recruitment of the Financial Service Expert	Mar, 2015	PMT	Ongoing The tender was launched on 17/02/2015. The evaluation was finalized on and a NO request was just submitted at IFAD.
25	Complete capacity building for LSPs and implementing partners on the M&E system	Feb, 2015	M&E	Not done

26	Develop PROSUL logo and branding	Mar, 2015	PMT	Ongoing Three logos proposed by 18 students (3 groups of 6 each) from FAEF in January, 2015. After consultations, one of the three Logo was selected, now waiting for MASA Board approval
27	Develop a PROSUL Website	May, 2015	PMT	Ongoing The proposal is to use CEPAGRI website.
28	Operationalize the KM and Communication Action Plan	Jan, 2015	M&E	Not done
29	Revise the Project Implementation Manual (PIM)	Jun, 2015	PMT	Ongoing. Under facilitation of a Consultant, PMT is working on the design of the guideline. The guideline has been discussed with LSPs. The The draft of the guideline will be shared with Mission.
30	Recruit the consultant for the revision of the PIM	Feb, 2015	PMT	
31	Submit the final baseline report	Dec, 2014	E&Y	Done. The final version was submitted on 19 February 2015
32	Submit the 2015 AWPB for IFAD NO	Dec, 2014	PMT	Done. AWPB and PP submitted on 29/12/2014 and No Objection received on 03/02/2014.
33	Send WA 3 to IFAD	Mid-Dec 2014	PMT	Done. WA 3 IFAD Loan and WA 2 ASAP Grant submitted on 11 March 2015. As response IFAD asked for justification forms of both financiers separately. This is not in line with LTB. Therefore, IFAD has committed to send an amendment to the LTB.
34	Send 2013 financial report to IFAD	Dec 2014	PMT	Done. The report was sent to IFAD on 30 December 2014.

35	Reimburse pre-financed VAT (MZN 1.33 million)	Dec 2014	PMT	Done. The Government disbursed in 2014
36	Finalize selection of auditor	Jan-15	PMT	Done. The recruitment process in terms evaluation of technical and financial proposals finalized on 27/02/2015. Contract signed on 24 April 2015. The auditing is expected to finalized in June 2015
37	Update MINAG gender strategy	Mar, 2015	PMT/DE/Consultant	Ongoing. The contract was signed on 13 April 2015. Additional documentation from the consultant are still missing in order to obtain the Visto of the TA
38	Design of Manual on Gender, Youth Promotion and Social inclusion	Apr, 2015	PMT/Consultant	Ongoing The evaluation of technical proposals was conducted. PMT has submitted the Request for NO at IFAD.
39	Develop PROSUL Gender Action Plan	Apr, 2015	PMT/LSP	Ongoing Action plans for both cassava and red meat value chains developed. The horticulture VC will be developed after finalizing PRA.
40	Complete the rehabilitation of the Meteorological stations	Feb, 2015	PMT/ INAM	Done. Equipment supplied by Triónica Company on 11/02/2015. The installation of equipments was finalized on 26/04/2015.
41	Develop content of the climate resilient packages	Apr, 2015	PMT/LSPs	Ongoing. Demo protocols for the multiplication of improved varieties developed by LSP. 29 farmers(9 men and 20 women) plus 4 project field staff and 1 government extension staff trained on Dry Season Feeding Strategies.
42	Finalize the climate aspects for the FFS schools	Feb, 2015	PMT/LSPs	

43	Finalize the recruitment of the LTA and LTSP	December, 2014	PMT	Ongoing. The LTA is already working for the Project. However, he still has to finalize the process of official appointment (destacamento)
44	Finalize the GIS needs assessments	March, 2015	PMT/GLTN Secretariat	Ongoing. The LTA has elaborated the list of equipment to purchased.



### Appendix 3: Physical progress measured against AWP&B, including RIMS indicators

Component/  Sub-component or Output			Period: to 01/01/2014 to 31/12/2014			Cumulative Actual	Appraisal	
			AWP&B	Actual	%		Target	%
<i>Goal: Improved and climate-resilient livelihoods of smallholder farmers in selected districts of the Maputo and Limpopo corridors.</i>	Rural households with improvement in asset ownership	number	0	0	0	0	20,000	0
	Households for which food security has improved	number	0	0	0	0	20,000	0
	Households for which sale of target crops/livestock makes an important contribution to household income	number	0	0	0	0		0
	Poor smallholder household members whose climate resilience has increased due to ASAP	number	0	0	0	0	60,000	0
	Households reached by meteorology weather forecasts (IIAM's Meteorological facilities)	number	0	0	0	0		0
	Groups receiving project services	number	0	0	0	0		0
	Households (50% women) receiving project services	number	0	0	0	0		0
	Increase in average gross margin (horticultural crops)	MZN/ha	0	0	0	0		0
	Increase in average gross margin (cassava)	MZN/ha	0	0	0	0		0
	Increase in average price (in real terms) obtained for sale of ruminants (by type)	MZN/unit	0	0	0	0		0
<i>Development Objective: Sustainable increased returns to smallholder farmers from increased production volumes and quality in target value chains, improved market linkages, efficient farmer organization and higher farmers' share over the final added value</i>	Proportion of farmer groups that have reached 'A' or 'B' status	number	0	0	0	0		0

**Component 1: Horticulture Value Chain Development**

<i>Outcome 1: Increased sustainable income for smallholder farmers producing irrigated vegetables in project areas through increased productivity, volumes and quality of vegetables reaching both traditional and modern market segments.</i>	Small-scale farmers who have adopted one or more improved production technologies (farming management practices) introduced under the project	number	0	0	0	0	0
	Farmers adopting climate-resilient technologies (ASAP)	number	0	0	0	0	3,840
	Land managed under climate-resilient practices (ASAP)	ha	0	0	0	0	0
	Increase in average crop yields (horticulture)	MT/ha	0	0	0	0	0
	Households with increased water availability for agricultural production and processing	number	0	0	0	0	0
	Production/processing facilities with increased water availability	number	0	0	0	0	0
	Increase in average quantities of crops sold by small-scale producers	MT	0	0	0	0	0
	Proportion of farmers (horticulture) who participate in a formalized marketing arrangement	%	0	0	0	0	0
<i>Sub-component 1.1 - Rehabilitation and expansion of existing irrigated perimeters</i>							
Output 1.1.1: Improvement or rehabilitation of irrigation schemes	Improved or rehabilitated irrigation schemes	number	9	0	0	0	20
	Land under improved or rehabilitated irrigation schemes	ha	1300	0	0	0	2,100
Output 1.1.2: Farmer organizations established or strengthened	WUAs established or strengthened	number	4	0	0	0	0



	Members of WUAs established or strengthened	male / female	100	0	0	0	0
	WUAs with women in leadership positions	number	0	0	0	0	0
Output 1.1.3 Capacity of farmers to manage irrigation schemes and develop their horticultural production/ marketing systems strengthened	Members/leaders of FOs (horticulture) trained in organization and management	male / female	0	0	0	0	0
	Members/leaders of WUAs trained in scheme O&M	male / female	100	0	0	0	0
	Members/leaders of FOs (horticulture) trained in crop production / technical aspects.	male / female	0	0	0	0	0
	Members/leaders of FOs (horticulture) trained in value adding, agribusiness and marketing aspects	male / female	0	0	0	0	0
	Value chain review/support groups established and operational	number	0	0	0	0	0
	FOs (horticulture) that have secured contracts or other formal marketing arrangements	number	0	0	0	0	0
<i>Sub-component 1.2 - Strengthening linkages between value chain stakeholders</i>							
Output 1.2.2 Meteorological stations rehabilitated and capacity to disseminate information strengthened	Meteorological facilities at IIAM research stations improved	number	1	1	100%	0	0
	Meteorological reports produced by the IIAM Research Station at Gaza (ASAP)	number	0	0	0	0	1
Output 1.2.3 Facilities established to support horticultural production and marketing	Protective shade houses established	number	0	0	0	0	0
	Service hubs (horticulture) established	number	0	0	0	0	0
	Access roads to service hubs rehabilitated	KM	0	0	0	0	0

## Component 2: Cassava Value Chain Development

<i>Outcome 2: Increased productivity and sales of cassava by smallholder farmers</i>	Small-scale farmers who have adopted one or more improved production technologies (farming practices) introduced under the project	number	0	0	0	0	4,800	0
	Farmers adopting climate-resilient technologies (ASAP)	number	0	0	0	0		0
	Land managed under climate-resilient practices (ASAP)	ha	0	0	0	0	2,880	0
	Average crop yields (cassava)	MT/ha	0	0	0	0		0
	Average quantities of crops sold by small-scale producers (cassava)	MT	0	0	0	0		0
	Proportion of farmers (cassava) who participate in a formalized marketing arrangement	%	0	0	0	0		0
	Households with increased water availability for agricultural production and processing	number	0	0	0	0		0
	Production/processing facilities with increased water availability	number	0	0	0	0		0
<i>Sub-component 2.1 - Strengthening linkages between value chain stakeholders</i>								
Output 2.1.1: Farmer organizations established or strengthened	FOs (cassava) established or strengthened	number	0	0	0	0		0
	Members of FOs (cassava) established or strengthened	male / female	60	0	0	0		0
	FOs (cassava) with women in leadership positions	number	30	0	0	0		0
Output 2.1.2 Capacity of farmers to develop their cassava production/ marketing systems strengthened	Members/leaders of FOs (cassava) trained in organization and management		0	0	0	0		0
	Members/leaders of FOs (cassava) trained in crop production / technical aspects		0	0	0	0		0
	Members/leaders of FOs (cassava) trained in value adding, agribusiness and marketing	number	0	0	0	0		0

	aspects							
Output 2.1.3 Facilities established to support cassava production and marketing	Service hubs (cassava) established	number	0	0	0	0		0
	Access roads (cassava) rehabilitated	km	0	0	0	0		0
	Cassava multiplication sites established	number	3	2	67%	0		0
	Area of cassava multiplication sites established	ha	4	10,5	250%	0		0
	Cassava processing facilities established	number	1	0	0	0		0
<i>Sub-component 2.2 - Value chain environment</i>								
Output 2.2.1: Marketing arrangements between producers and value chain actors facilitated	Value chain review/support groups established and operational	number	0	0	0	0		0
	FOs (cassava) that have secured contracts or other formal marketing arrangements	number	0	0	0	0		0
Output 2.2.2 Meteorological stations rehabilitated and capacity to disseminate information strengthened	Meteorological facilities at IIAM research stations improved	number	1	1	100%	0		0
	Meteorological reports produced by the IIAM Research Station at Inhambane (ASAP)	number	0	0	0	0		0
<b>Component 3: Red Meat Value Chain Development</b>								
<i>Outcome 3: Increased productivity, quality and sales of ruminants by small-scale livestock producers</i>	Herders who have adopted one or more improved production technologies (animal husbandry practices) introduced under the project	number	0	0	0	0	3,360	0
	Herders adopting climate-resilient technologies (ASAP)	number	0	0	0	0		0
Output 3.2.5 Facilities established to support livestock production	Water facilities established	number	3	0	0	0		0

*Sub-component 3.3 - Market linkages*

Output 3.3.1: Marketing arrangements between producers and value chain actors facilitated	Meat Trader Organizations established	number	0	0	0	0	0
	FOs (livestock) that have secured contracts or other formal marketing arrangements	number	0	0	0	0	0
Output 3.3.2 Facilities established to support livestock marketing	Cattle fairs established/equipped	number	0	0	0	0	0
	Slaughterhouse established	number	0	0	0	0	0
	Access roads (livestock) rehabilitated	km	0	0	0	0	0

**Component 4: Financial services**

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

*Sub-component 4.1 - Financial Services*

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

*Sub-component 4.2 - Capacity Building*

Output 4.2.1 Financial institutions strengthened	Financial institutions supported	number	3	0	0	0	0
	Staff of MFIs/SMEs trained in financial and management subjects	male / female	0	0	0	0	0

**Component 5: Institutional Support and Project management**

<i>Outcome 5: CEPAGRI, and specifically its delegation for the southern provinces, has and uses systems and tools for supporting inclusive value chain development and for promoting new business models</i>	Systems and tools for planning and budgeting public support to value chains and for monitoring value chain performance are operational and implemented	number	0	0	0	0	0
	Proportion of farmers satisfied with the types and quality of services available	%	0	0	0	0	0
	Knowledge products and publications produced/disseminated (general / climate-related)	number	0	0	0	0	0
			0		0	0	

*Sub-component 5.1 - Institutional support*

Output 5.1.1: Capacity of local actors on value chain development strengthened	Staff of the project, CEPAGRI and other government institutions trained in value chain development	male / female	0	0	0	0	0
	Training programmes, manuals and materials developed	number	0	0	0	0	0
Output 5.1.2: Country dialogue on climate-related issues supported	Climate change adaptation knowledge sharing mechanism established within CEPAGRI (ASAP)	number	0	0	0	0	0
Output 5.1.3: CEPAGRI is capable to climate proof commercial agriculture, and contribute to the broader national and regional climate change agenda	Staff of the project, CEPAGRI and other government institutions trained on issues related to the broader national and regional climate agenda (ASAP)	male / female	25	35	140%	0	0

*Sub-component 5.2 - Land Tenure Security*

Output 5.2.1: Land management and tenure security of farmers improved	Farmer associations that have been issued DUATs	number	0	0	0	0	0
	Cassava producing area with secure land tenure	ha	0	0	0	0	0
	Demarcated grazing and browsing areas	number	0	0	0	0	0
	Size of grazing/browsing area demarcated	ha	0	0	0	0	0
<i>Sub-component 5.3- Project Management</i>							
Output 5.3.1 Adequate goods and equipment available for PMT operations	Goods for adequate Project operation made available		1	1	100%	0	0
	Project equipment well maintained		1	1	100%	0	0
Output 5.3.2 Financial Management, Planning, Monitoring and Evaluation, and communication systems established, operational and consolidated	Financial system - TOMPRO operational and consolidated		1	1	100%	0	0
	M&E system - operational and consolidated		1	1	100%	0	0
	Communication system functional		1	1	100%	0	0
Output 5.3.3 Adequate Project Performance	Performance assessment system established and implemented		0	0	0	0	0

## Appendix 4: Financial: Actual financial performance by financier; by component and disbursements by category

**Table 5A: Financial performance by financier**

Financier	Appraisal (USD '000)	Current (USD '000)	Disbursement (USD '000)	Per cent disbursed
IFAD loan	16,300,000.00	16,300,000.00	1,017,079.07	6.24%
IFAD grant	1,520,000.00	1,520,000.00	374,463.24	8.57%
STF loan	16,300,000.00	16,300,000.00	1,017,079.07	6.24%
ASAP Grant	4,910,000.00	4,910,000.00	101,135.62	2.05%
UNCDF	140,000.00	140,000.00	0.00	0.00%
Government	2,490,000.00	2,490,000.00	154,264.43	6.20%
Private Investors	1,900,000.00	1,900,000.00	0.00	0.00%
Beneficiaries	1,400,000.00	1,400,000.00	0.00	0.00%
<b>Total</b>	<b>44,960,000.00</b>	<b>44,960,000.00</b>	<b>2,664,021.43</b>	<b>5.93%</b>

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

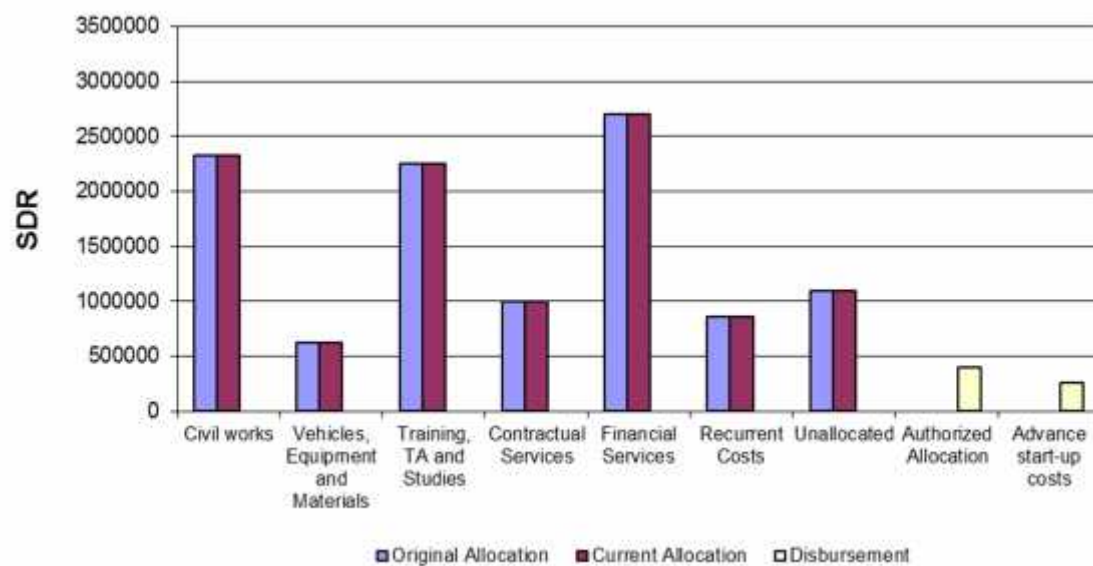
Component	IFAD loan			IFAD grant			Spanish Trust Fund			ASAP grant			UNCDF			Government			Private Investors			Beneficiaries			Total		
	Appraisal	Actual	%	Appraisal	Actual	%	Appraisal	Actual	%	Appraisal	Actual	%	Appraisal	Actual	%	Appraisal	Actual	%	Appraisal	Actual	%	Appraisal	Actual	%	Appraisal	Actual	%
Start-up costs and initial advance	16'300	1'017	6.2	1'520	374	24	16'300	1'017	2.28	4'910	0.101	2.00	140	0.00	0.00	2'490	0.154	6.2	1'900	0.00	0.0	1400	0.0	0.0	44'960	2'664	5.93



**Table 5C: IFAD loan disbursements (SDR, as at 30 April 2015)**

Category	Category description	Original Allocation	Revised Allocation	Disbursement	W/A pending	Balance	Per cent disbursed
I	Civil works	2 330 000.00	2 330 000.00	0.00	NA	2 330 000.00	0.00
II	Vehicles, Equipment and Materials	620 000.00	620 000.00	0.00	NA	620 000.00	0.00
III	Training, TA and Studies	2 250 000.00	2 250 000.00	0.00	NA	2 250 000.00	0.00
IV	Contractual Services	1 000 000.00	1 000 000.00	0.00	NA	1 000 000.00	0.00
V	Financial Services	2 700 000.00	2 700 000.00	0.00	NA	2 700 000.00	0.00
VI	Recurrent Costs	860 000.00	860 000.00	0.00	NA	860 000.00	0.00
	Unallocated	1 090 000.00	1 090 000.00	0.00	NA	1 090 000.00	0.00
	Authorized Allocation	NA	NA	400 497.85	NA	-400 497.85	100.00
	Advance start-up costs	NA	NA	263 424.78	NA	-263 424.78	100.00
	Total	10 850 000.00	10 850 000.00	663 922.63	NA	10 186 077.37	6.12

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



Review of Statements of Expenditure (Checklist)																				
Item	Item Number of SOE	Cat.	Cost Centre	Description	Amount	ALL PAYMENTS										GOODS	SERVICE	WORKS	Expenditure consistent with Financing Agreement	Sufficient supporting documentation on file
						Evidence of Payment/Accounting Records (e-SISTAFE)	Contract Monitoring Form	Procurement Documents	Recurrent Cost records	Bill of lading/Shipping Documents	Certificate of Delivery	Certified Supplier's/Consultant's Claim	Certificate of Delivery/Report	Contractor Claim Stating the Work Performed and Amount Due	Certification of Works Completed					
						Signed contract or Purchase order	Bank guarantee for advance payments	Performance guarantee	Copy of No Objection from IFAD											
1	req.252 (OP.353)	II	Maputo	Newspaper announcement for meteorologic equipment	50 544.00	na	✓	na	na	na	✓	✓	✗	na	na	na	✓	na	na	✓
2	req. 247 (OP.309)	III	Gaza	Fees for English course (Euro Centres)	396 994.66	✓	✓	na	na	na	✓	na	na	na	na	na	na	na	✓	✓
3	req. 8 (OP. 165)	I	Gaza	Office building rehabilitation (Valex Construções)	252 505.98	✓	✓	na	na	✗	✓	✓	na	na	na	na	na	na	✗	✗
4	req. 356 (OP. 727)	VI	Gaza	Renting of Office buildings (Nazir Vala)	68 400.00	✗	✗	✗	na	na	✓	✗	✗	na	na	✗	na	na	na	✗
5	req. 189																			
6	req. 306 (OP. 390)	III	Gaza	Bidding Announcement (LSP Read Meat value chain)	63 180.00	✓	✓	na	na	✗	✓	na	na	na	na	na	na	na	na	✗
7	req. 179 (OP. 169)	VII	Gaza	Vehicle Maintenance (plate ADQ-902-MP, ADQ-898-MZ)	81 892.23	✓	✓	na	na	ns	✓	na	na	na	na	na	na	na	na	✗
8	req. 356 (OP. 583 - 589)	VII	Gaza	Salaries PMT Sep 2014	776 998.57	✓	✓	na	na	na	✓	na	na	na	na	na	na	na	na	✓
9	req. 203 (OP.217)	III	Gaza	Accommodation (Clube Desportos Xai-Xai)	76 975.00	✓	✓	na	na	na	✓			na	na	na	na	na	na	
10	req. 258 (OP. 263)	III	Gaza	Consultancy fees (O.Damien)	604 085.34	✓	✓	na	na	na	na	✗	✗	na	na	na	✗	na	na	✓
11	req. 291 (OP. 400)	II	Gaza	Office Equipment (Triana)	155 563.20	na	✓	na	na	na	✓	✗	✗	na	na	na	na	na	na	✗
12	req. 145 (OP. 155,159-164,166)	VII	Gaza	Top-up for Gov staff	464 208.00	na	na	na	na	na	✓	✓	na	na	na	na	na	na	na	✓
13	Req. 320 (OP. 699)	VII	Gaza	Insurance against Accident risks	60 605.00	✓	✓	na	na	na	✓	✓	na	na	na	na	na	na	na	✓
				<b>TOTAL:</b>	<b>3 051 951.98</b>															

## Appendix 5: Compliance with legal covenants: Status of implementation

Section	Covenant	Target/Action Due Date	Compliance Status/Date	Remarks
Section 4.02	PCU to open and maintain a Project Account (in USD);	NA	Yes	Designated account open at Central Bank of Mozambique
Section 4.03	Procurement of goods, works and services carried out in accordance with the procedures laid down in Schedule 3	NA	Partial	Some Procurement processes have not been carried out following IFAD guidelines. Rehabilitation works carried out with start-up costs, but no allocation was envisioned.
Section 4.04	Insurance of vehicles, equipment and civil works financed from the loan proceeds to be consistent with sound commercial practice.	NA	Yes	Vehicles insured. Insurance of other assets pending cost-benefit analysis.
Schedule 3, para 1	Insurance of Project personnel.	31 Mar 2015	Not compliant	Project has not insured its staff against health risks.
Schedule 4, para 16	Project to be exempted from all import duties, excise taxes and value added tax (VAT) on investment expenditures	31 Mar 2015	Partial	PROSUL has used IFAD funds to cover VAT for some expenditures in 2014 due to unavailability of GoM allocation.