

The State of Eritrea

Fisheries Resources Management Programme (FReMP)

Supervision report

Main report and appendices

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Abbreviations and acronyms

AWPB	Annual Work Plan and Budget
CCU	Cooperative Credit Unit
COMSAT	College of Marine Science and Technology
COSOP	Country Strategy Opportunities Paper
CPM	Country Programme Manager
ERN	Eritrean Nakfa
EU	European Union
FAO	Food and Agriculture Organization of the United Nations
FDP	Fisheries Development Project
FReMP	Fisheries Resources Management Programme
GEF	Global Environment Facility
GHG	Green House Gas
GoE	Government of Eritrea
HFTC	Hirgigo Fisheries Training Centre
ICB	International Competitive Bidding
ICT	Information and Communication Technology
M&E	Monitoring and Evaluation
MMR	Ministry of Marine Resources
MOA	Ministry of Agriculture
MRDD	Marine Resources Development Department
MRSD	Marine Resources Regulatory Services Department
MSY	Maximum Sustainable Yield
NAP	National Agricultural Project
NFC	National Fisheries Cooperation
NPCO	National Programme Coordination Office
NSC	National Steering Committee
NUEW	National Union of Eritrean Women
PCRRDP	Post-Crisis Rural Recovery and Development Programme
PIM	Programme Implementation Manual
PY	Programme Year
SoE	Statement of Expenditure
TA	Technical Assistance
USD	United States Dollars
WHHs	Woman Headed Households
ZNRS	Zoba Northern Red Sea
ZPCO	Zoba Programme Coordination Office
ZSRS	Zoba Southern Red Sea

A. Introduction

1. The International Fund for Agricultural Development (IFAD) and the Government of Eritrea (GoE) fielded a joint¹ Mission² to the country, with the participation of the Government of Eritrea (GoE) during the period 21st October – 4th November 2017 to review implementation progress and, where required, provide implementation support to the Fisheries Resources Management Programme (FReMP). The specific Mission objectives were to: a) assess the level of implementation of FReMP activities since the Programme start up in March 2017; b) identify and discuss potential and emerging constraints and agree on solutions and improvements as well as responsibility for implementation; c) review the disbursement levels, procurements, financial and accounting systems, audit arrangements and other fiduciary aspects; and d) receive and review the draft 2018 FReMP Annual Work Plan and Budget (AWPB) and provide support and guidance, where necessary.
2. The Programme's goal is to contribute to household food and nutrition security and alleviate rural poverty. Its development objective is to increase incomes and improve nutrition among targeted beneficiaries, and promote the sustainable management of natural resources. The Ministry of Marine Resources (MMR) is the institutional host and is responsible for overall FReMP implementation. There are two key target outcomes: a) production and market linkage for fisheries (marine and freshwater fisheries) developed and increased volumes of fish delivered to consumers; and b) viable fisheries enterprises are developed and requisite inputs are accessed on a sustainable basis.
3. Total Programme cost is estimated at US\$ 32.12 million (ERN 481.8 million). As at the time of FReMP design, it had been foreseen that it would be financed by an IFAD grant equivalent of USD 15 million (46.7% of the total Programme costs); the Federal Republic of Germany grant of USD 5.96 million (18.6% of total Programme costs); Global Environment Facility (GEF) contribution of USD 7.89 million (24.6% of total Programme costs); Food and Agriculture Organisation (FAO) contribution of USD 0.3 million (1.6% of total Programme costs); the beneficiaries in kind contribution estimated at USD 1.35 million (4.2%) and Government taxes and duties estimated at USD 1.42 million (4.4% of Programme total costs). However, the anticipated co-financing from GEF (USD 7.89 million) and FAO (USD 0.3 million) did not materialise thereby creating a financing gap of about USD 8.2 million. FReMP was approved by the Executive Board on 26th November 2016. The Financing Agreement was signed and became effective on 6th December 2016. FReMP is a 7-year Programme and, therefore, its completion is slated for 31st December 2023 and, accordingly, its closure date is 30th June 2024. The Programme is being implemented in all the six Zobas of the State of Eritrea.
4. The Mission met and held discussions with His Excellency Tewelde Kelati, Minister of the Ministry of Marine Resources; Mr Kibrom Andemichael, Acting Zoba Administrator, Zoba Northern Red Sea (ZNRS); and Mr Kesete Tsegai, Director General, Agriculture and Land Department, ZNRS. Detailed discussions were held with staff of the FReMP National Programme Coordination Office (NPCO) on issues related to the Programme's implementation progress, including any constraints encountered. During the period 25th – 26th and 31st October 2017, the Mission visited selected Programme sites in Massawa in Zoba Northern Red Sea (ZNRS) and Zoba Maekel to meet with the staff of the Zoba Programme Coordination Offices (ZPCOs) and interact with the other Programme stakeholders. The list of people met is attached as Annex.
5. The Mission was launched in Asmara on 21st October 2017 and had working sessions with key Ministry of Marine Resources (MMR) officers and FReMP implementers both at the headquarters and Zoba level (for those Zobas visited by the Mission).

¹ Hereafter, the term 'Mission' refers to Government of Eritrea and IFAD. The GoE was represented by Mr Seid Mohammed Abrar, Director in the Office of the Minister, MMR and FReMP National Programme Coordinator.

² Mission Composition: The Mission was led by Mr Naoufel Telahigue, CPM, NEN (21st to 27th October 2017) with the participation of the following team members: Mr Eric Rwabidadi, ACPM, NEN; Mr Shakib Mbabaali, Technical Team Leader; Ms Nathalie Gebrayel, Procurement Specialist; Mr Richard Abila, Lead Technical Specialist – Fisheries, PTA IFAD; and Mr Kagaba Frederick, Financial Management Specialist.

6. The findings and recommendations of the Mission were discussed with His Excellency the Minister of Marine Resources and members of the NPCO during a wrap-up meeting held in Asmara on 3rd November 2017.

7. The Mission wishes to express its appreciation to GoE, MMR and NPCO staff for the cordial exchanges and for the courtesies, hospitality and support provided.

B. Overall assessment of FReMP implementation

8. This is the first Supervision Mission of the Programme whose implementation started in March 2017 following the satisfaction of conditions precedent to first withdraw of funds and subsequent to the start-up workshop held in Asmara on 30th March 2017. In the six months of effective implementation, little has taken place in terms of physical investments. Thus far, the focus of implementation has been, primarily, on putting processes and procedures in place to facilitate a smoother implementation of the Programme during the preceding Programme Years. FReMP implementation is fully embedded into the Government's decentralised structure where, at the Zoba level, the Programme is managed and coordinated through the respective Zoba Administration systems. The day-to-day implementation and coordination is delegated to the ZPCOs. This approach has, necessarily, required more preparatory work and establishment of decentralised systems for procurement, financial management and technical implementation. In addition to establishing of the coordination and management structures at all levels, implementation has also included provision of some capacity building (equipment and skills) to the staff (to the ZPCO staff so far) and sensitisation and awareness creation for some of the target beneficiaries in the target areas.

9. To this end, FReMP has established the National Programme Coordination Office (NPCO) and six ZPCOs all six Zobas; the offices are duly staffed with Programme Coordinators, Planners, Monitoring and Evaluation (M&E) Officers, Financial Management Officers, and Procurement Officers.

10. In addition, in terms of on-the-ground activity implementation, sites have been identified and provided by Zoba Administration for some of the infrastructure that will be constructed during the course of FReMP implementation. Awareness creation and sensitization of beneficiaries has also been undertaken in some of the FReMP target areas. In addition, some of the Technical Assistance (TA) (for mariculture and aquaculture) has been recruited and services were being provided by the time of the Mission.

C. Outputs and outcomes

11. Implementation of the technical components (1 and 2) has had a good start. However, the first AWPB of FReMP was clearly ambitious in the number and type of activities planned for implementation, considering that the Programme was only launched towards the end of March 2017 and that critical institutions, including the ZPCOs, needed to be put in place. Furthermore some of the activities planned for the small pelagics value chain as well as all activities related to development and sustainable utilization of inland fisheries, post-harvest operations, market development, market development and promotion of fish consumption are generally new to MMR and require considerable time to take off.

12. Nonetheless, FReMP implementation has made encouraging steps as the Programme gets off the ground. FReMP implementation is strongly building on the just closed Fisheries Development Project (FDP), especially the results of aquaculture studies and piloting some of the potential aquaculture/mariculture technologies that were identified by this earlier IFAD financed Project. The Programme has completed the recruitment of the mariculture and aquaculture TA team, who have already started work. FReMP has also initiated some of the assessments needed to lay a strong information base to make the right choices for aquaculture development, while priority has also been given to improving the human capacity through targeted training of MMR staff and different categories of Programme beneficiaries.

13. **Component 1: Develop Sustainable Fisheries Systems** – This component seeks to support the establishment of necessary infrastructure and technologies for production and post-harvest operations, marketing and consumption of both marine and inland fisheries.

14. *Subcomponent 1.1: Develop Marine Fisheries Production and Post-Harvest Systems* – Activities planned under this subcomponent relate to the development of landing site infrastructure (solar fish drying facilities and multi-purpose centres) and ecosystem management. The sites for construction of solar fish drying facilities have been identified in both Zoba Northern Red Sea (ZNRS) and Zoba Southern Red Sea (ZSRS); site selection was undertaken with the participation of the beneficiary stakeholders. In ZNRS, the facility will be located in Abdur, an important landing site for small pelagics and which is relatively accessible by road. In ZSRS, three sites have been identified for the construction of solar fish drying facilities at Ras Tarma, Kedarasi and Deres. However, the Kedarasi site needs to undergo further assessment by engineers to verify its suitability. Sites for the construction of multi-purpose centres have also been identified for both coastal Zobas. In ZNRS it will be established in Gelalo, while in ZSRS the multi-purpose centres will be constructed in Edi and Tio. The respective local administrations have agreed to allocate land for these facilities. Initial steps have been made towards the construction of the facilities, including preparation of the draft design drawings of the solar fish drying facility and multi-purpose centres. As a next step, the engineers from the Zoba Department of Construction Development will prepare detailed structural designs and Bill of Quantities (BoQ) and present them for approval before actual construction can start in early 2018.

15. On coastal ecosystem management, the AWPB focus was on protection and expansion of mangrove forests in targeted areas. In this regard the Programme has initiated community sensitisation, mobilisation and organisation to manage/protect 260 ha of existing mangrove forests. Preparations have also been made for planting 40 ha of new mangrove forests (20 ha in ZNRS and 20 ha in ZSRS), including identification of the sites where mangroves will be planted and raising the mangrove seedlings. Planting will take place at the onset of the next rainy period.

16. Piloting mariculture technologies is one of the interventions under this subcomponent to increase marine fisheries production. To this effect, the Programme has recruited an international team to provide TA for mariculture and inland aquaculture and they have started working. The team comprises two aquaculture experts (Aquaculture Production System and Training Expert and Hatchery Operation and Floating Fish Cage Expert) who have been engaged on a 3-months renewable contract. They have identified eight aquaculture production technologies and the corresponding species having high mariculture potential, including: milkfish, mullet, oyster, grouper, mud-crab, rabbitfish and *Eucheuma* seaweed.

17. The consultants have started conducting training workshops for MMR staff and, alongside this, they will set up demonstrations of the mentioned aquaculture technologies. An observed weakness with the training plan is that it is internally oriented on building capacity of the MMR staff and there is no clear plan of action leading to the adoption of the technologies by community enterprise groups or private investors. The Mission advised to use a Training of Trainers (ToT) approach to ensure that MMR staff is trained with a clear purpose and plan of action to train the enterprise groups afterwards. In this case, trained MMR staff would have an obligation and the resources they need to work with community enterprise groups and transfer to them the knowledge and skills they got from their training. The Terms of Reference of the two consultants have been adjusted accordingly.

18. A potential area of collaboration relates to the FAO Technical Cooperation Programme (TCP) on capacity building for management of the small pelagic fishery in Eritrea. The TCP was launched at the time of the Mission, but as a separate event not linked with the Mission. The TCP will support the GoE in the management of small pelagic fisheries through an ecosystem approach, development of management plans for small pelagic fishery and capacity building of MMR. The TCP will therefore complement FReMP efforts particularly in aspects of ecosystem management.

19. *Subcomponent 1.2: Development and Sustainable Utilization of Inland Fisheries* – As per design, the Programme will target a total of 15 water reservoirs, which will be selected through transparent criteria, with the objective of developing a financially and environmentally sustainable

model that can be replicated by the Government, other development partners or local communities in other water reservoirs. FReMP would start with 6 water reservoirs and gradually extend to the other reservoirs as the Programme develops lessons and experience. Against this background, planned activities in 2017 AWPB focused on the initial six water reservoirs for inland fisheries' interventions. Activities included: a) identification of the reservoirs; b) recruiting TA for stock assessment and socio-economic studies; c) identification of stakeholders; d) preparing reservoir and catchment management plans; e) identifying and forming fishing and fish processing/marketing groups and capacity building of the groups.

20. The Programme set up a reservoir identification team and defined a transparent criteria for selecting the reservoirs. The selection process included field visits of the potential dams to assess: water status (water quantity and carrying capacity, quality, colour, turbidity etc.), the status of fish stocked inside the dams and production potential, dam accessibility, population living around the dam, and initiate consultations with local communities. The identification process was carried out only in Zoba Maekel, where two water reservoirs have been selected (Mainefhi and Adi-sheka). Therefore, four out of the six targeted reservoirs are yet to be identified and this needs to be given priority. The selection team will need to visit the remaining three Zobas (Anseba, Debub, and Gash Barka) to identify the four dams.

21. The fish stock assessment and socio-economic studies of the watersheds/catchments of the two selected water reservoirs have not been done. The studies are important to generate information on the selected dams identified for this intervention; this will assist in developing management plans and deciding on the user groups. These need to be given priority as soon as dam selection is completed. Consultations and awareness raising among local communities need to be strengthened and cover all the six dams that will be identified.

22. *Subcomponent 1.3: Market development and Promotion of Fish Consumption* – The planned activities in the 2017 AWPB under 1.3 focused on building capacity of MMR on nutrition, with one listed training workshop for MMR extension staff and conducting nutrition awareness campaigns. Additionally, nutrition is to be mainstreamed in the training curriculum at the Hirgigo Fisheries Training College and the Mai-Sirwa Inland Fisheries Research Centre activities. However, none of the planned activities had been conducted by the time of the Mission. The Mission recommended a quick initiation of planned activities. In addition, as part of the 2018 AWPB, FReMP should adopt the existing GoE multi-sectoral approach for community-based interventions by exploring potential collaboration with other line ministries in an effort to promote increased consumption of fish-based products in hospitals and schools.

23. **Component 2: Fisheries Enterprises Support Services** – This component seeks to achieve two objectives: a) promote the development and capacity building of cooperatives and other enterprise groups; and b) strengthen the input provision services to ensure that the legally constituted cooperatives and enterprise groups have access to the requisite inputs to undertake economically viable and sustainable fish-related businesses.

24. *Subcomponent 2.1: Entrepreneurial Capacity Development* – Planned activities under this subcomponent concentrated on mobilisation of beneficiary groups, awareness creation, formation of cooperatives and enterprise groups and developing the business and technical skills for their respective enterprises. The number of listed activities and the targeted outputs under this subcomponent were clearly over-ambitious and could not be achieved in the work plan period. By the time of the Mission, sensitisation and awareness creation campaigns had been undertaken in selected fishing communities; these campaigns enabled the potential stakeholders to share ideas on how they can actively engage and benefit from the Programme.

25. *Subcomponent 2.2: Strengthen Input Supply Services* – Activities planned under this subcomponent focused on the delivery of specific inputs needed by fishing cooperatives and enterprise groups. The inputs include canoes, fishing gear, working capital and toolkits for engine/boat maintenance. The procurement process of these inputs has been initiated through a competitive bidding process.

26. **Component 3: Institutional Strengthening and Implementation Support** – This is a cross-cutting component servicing the two technical components. The objective of the component is two-fold. It seeks to ensure that the institutions mandated with the responsibilities of implementing and overseeing the different implementation processes of FReMP have the requisite capacity to effectively execute their respective duties. Secondly, it will facilitate and manage the Programme in an efficient and effective manner by providing overall coordination, including planning and implementation, financial management and control, procurement support, monitoring and evaluation, knowledge management and sharing, progress reporting, and liaison with all relevant institutions; progress on this aspect is covered under Section D of this report.

27. *Subcomponent 3.1: Capacity Building of MMR and other Implementing Agencies for the Development of the Fisheries Sector* – FReMP is being implemented under a decentralised arrangement where ZPCOs are in charge of overseeing and coordinating activity implementation in the six Zobas. At the Zoba level, this is the first time that Zoba Administrations are being involved in implementing IFAD-supported fisheries development interventions. Accordingly, the NPCO has a plan to provide ZPCO staff with the necessary competencies through a comprehensive training package that covers project management, financial management, procurement, monitoring and evaluation and report writing. As of the time of the Mission, the NPCO had provided training in financial management, planning, monitoring and evaluation and progress report writing to all ZPCO staff. The training in financial management focused on accounting, principles of disbursement, Project financial management, internal control, auditing and reporting, introduction to computerization of accounting systems and accounting software. On the other hand, the M&E training focused on planning, basic principles of monitoring and evaluation and implementation progress report writing for a group of 20 ZPCO staff. The training took into consideration the fact that most of the participants in the M&E training did not have a strong background M&E; most of them have Marine Science background. To that effect, the training programme was designed in a way that introduced the basic principles of management and concepts and terminologies of M&E.

28. The other aspect of capacity building that the Programme has initiated is the procurement of the different equipment to the ZPCOs. These include: a) 12 motorcycles for the six Zobas (for extension agents); b) 3 aluminium fishing boats for use in stocking of inland water reservoirs and monitoring inland fisheries; c) office equipment for all six ZPCOs; and d) SCUBA diving equipment for MMR's Research Department.

Agreed action	Responsibility	Agreed date
1. Complete the structural designs and BOQ for all the solar drying facilities and multi-purpose centres and present them for approval;	NPCO	November 2017
2. Initiate the social fencing of approximately 260 ha of existing mangrove forests;	NRS & SRS ZPCOs	December 2017
3. Liaise with NAP for the conduct training of communities in apiculture and provision of beehives and on livestock fodder harvesting (through cut and carry) as income generating activities to serve as incentives for protecting mangrove forests;	NRS & SRS ZPCOs	December 2017
4. Review the training plan in relation to mariculture piloting with a view to adopting a ToT approach;	NPCO	November 2017
5. Complete the identification of the four remaining dams in three Zobas (Anseba, Debub, Gash Barka) where activities for utilization of dam fisheries will be initiated;	NPCO	December 2017
6. Initiate the process of procuring TA to conduct fish stock assessment and socio-economic studies of the catchments of the six selected reservoirs;	NPCO	December 2017
7. Conduct training workshop for MMR extension staff on nutrition;	NPCO	December 2017
8. Conduct mobilization, awareness creation, formation and registration of 20 fishing co-operatives for small pelagic fish.	NPCO	December 2017

D. FReMP implementation progress

29. **Quality of Programme Management** – This being FReMP's first year of implementation, activities under Programme management concentrated on putting structures, processes and procedures in place. As such, the NPCO and the six ZPCOs have been established and duly staffed with relevant specialists. The ZPCOs have also been provided with most of the office equipment needed in undertaking their responsibilities.

30. In order to ensure that FReMP is effectively and efficiently managed, the NPCO recognises the need to provide training to the NPCO and ZPCO staff in certain fields. Thus far, training has been provided to ZPCOs in financial management and planning, monitoring and evaluation.

31. As per the plan, the NPCO organised and facilitated the undertaking of the FReMP technical start-up workshop on 30th March 2017 in Asmara, in collaboration with the IFAD team. The workshop was attended by H.E Tewelde Kelati, Minister of Marine Resources, NPCO staff, representatives from MMR departments and divisions and Zobas. The IFAD team delivered a package of presentations that introduced the Programme and detailed the procurement, financial management principles, as well as M&E requirements, including the migration from the Results and Impact Management System (RIMS) to the new Operational Results Management System (ORMS). After the Programme launch workshop, a series of stakeholder workshops at the Zoba level were undertaken.

32. **Monitoring and Evaluation** – The Programme has a national M&E Specialist who is responsible for overseeing the effective implementation of FReMP's M&E function; he works with M&E Officers and Planners at the Zoba level. In an effort to put in place a structured M&E system for the Programme, the M&E Specialist is preparing an M&E Manual to serve as a guide during the course of FReMP implementation. The manual would also include templates to be used for data collection and reporting by the different implementing agencies; a draft of the template was prepared by the M&E Specialist. However, the Mission noted that the template is not complete; it does not allow for segregation of data by sex and age. It is, therefore, not likely to provide the right data to adequately capture implementation progress during the course Programme activity implementation. Going forward, and this being the first year of Programme implementation, it was agreed that capacity building/training in the area of M&E be provided urgently to all staff associated with the provision of the M&E function at the national and Zoba levels. This will equip the M&E staff with adequate skills to put in place an M&E system that will permit the progressive monitoring of implementation and establish whether the Programme is on course to achieve the target objective.

33. **Baseline Survey** – As per the plan, a baseline survey is supposed to be undertaken to benchmark the existing situation in FReMP's target areas prior to the effective start of activities; this is supposed to also include a food survey for nutrition-specific indicators. However, the Mission established that the Programme was planning to use the FDP Beneficiary Impact Assessment (BIA) to serve as a baseline for the coastal areas while taking specific baseline surveys for the inland Zobas, as part of the socio-economic studies of the watersheds/catchments of the water reservoirs. The Mission recommended against this approach; it is bound to generate a set of data that may not be harmonised across the different FReMP target areas. This is based on the fact that the different sets of data would be generated using different methodologies and over different time period. It is, therefore, recommended that a Programme-wide baseline survey be commissioned and undertaken across all FReMP target areas using the same methodology; the FDP BIA would be used as an input into the FReMP baseline survey for the coastal areas where FDP was implemented. It is important that the survey undertaken as soon as possible and should be finalised no later than mid-2018.

34. **Learning and Knowledge Management** – According to the FReMP design, Learning and Knowledge Management (L&KM) is expected play an important role in the Programme's planning, supervision, monitoring and evaluation system, helping to inform activities, replication and scaling up. It is supposed to serve as a foundation for replication of successes, provide the analytical basis to resolve challenges, and help to adapt activities to changing social and economic circumstances in the target areas. The L&KM is supposed to be spearheaded by the FReMP's M&E team at the national

level, in liaison with their Zoba counterparts. An M&E Assistant is supposed to be recruited with the specific responsibility for knowledge management, under the overall guidance of the M&E Specialist. The team is supposed to develop a L&KM system that would establish mechanisms and structured approaches for capturing lessons learnt, new knowledge and opportunities for enhancing interventions and activities throughout the Programme life cycle. However, the M&E Assistant is yet to be recruited and the Programme has not yet initiated any work regarding L&KM.

35. The 2017 AWPB includes the following L&KM activities: a) undertake the learning and dissemination event; b) production of knowledge materials; c) explore south-south cooperation opportunities for knowledge sharing; and d) undertake exchange visits. By the time of the Mission, none of the activities had been implemented. The NPCO indicated that they needed IFAD's support to better conceptualise the concept of L&KM. This would be aimed at putting in place a system which will ensure that knowledge generated within the Programme is put to good use and that relevant knowledge available from elsewhere is accessible. Hence, it is recommended that a specific training on L&KM should be provided to the NPCO and ZPCOs. Consideration could be given to the provision of a package of training that combines both M&E and L&KM aspects. IFAD will liaise with the NPCO in the process of organising and delivering this urgently needed capacity building activity.

36. **Coherence between AWPB and Implementation** – As of 30th October 2017, actual expenditure in respect of the 2017 AWPB was only or USD 135,732, representing 3.8% of planned expenditure of about USD 3.57 million. This being the first year of FReMP's implementation and considering that the Programme is using a decentralised implementation approach that required establishment of structures, processes and procedures for effective implementation, it would appear that the AWPB was ambitious. There was also a limited harmonization of the AWPB with the procurement planning and activity implementation schedules.

37. **Gender and Youth Focus** – FReMP is expected to support women and youth to increase their incomes through value-addition in the fisheries sector with a specific focus on processing and through micro-businesses. According to the FReMP design, FReMP is encouraged to plan as part of AWPB 2018, for the development of a gender strategy that will be in alignment with the main gender strategy at the national level. Moreover, the Programme is expected to develop a Gender and Youth Action Plan as a road map to operationalize gender and youth focus under different components. To that effect, FReMP should develop the action plan with associated costs and activities and incorporate in the 2018 AWPB. The action plan should aim at ensuring that gender and youth targeting objectives are translated into activities, inputs, outputs and outcomes. If need be, the Programme can liaise with IFAD for guidance.

38. **Poverty Focus and Targeting Approach** – On-the-ground activity implementation is yet to start in earnest and, therefore, it is not possible to evaluate the effectiveness of this aspect. However, FReMP is a pro-poor intervention that seeks to reduce poverty and food and nutrition insecurity among its rural target groups (small-scale fishers, rural smallholders (non-fishers mainly involved in subsistence agriculture and keeping small livestock) living around the target water reservoirs in inland Zobas, youth entrepreneurs, women and women headed households, demobilised soldiers and Internally Displace People). Programme implementation should ensure that the targeting mechanism is applied in a manner that encourages equitable participation in, and benefits from, Programme activities.

39. **Innovation and Learning** – The small pelagic fisheries value chain is generally under-exploited in Eritrea. This, therefore, presents FReMP with opportunities of introducing new techniques and preparation of innovative products and recipes. By design, the Programme will pilot a number of technologies and processes and these could result into innovations that would help improve the performance of the small pelagic value chain. What is important, at this stage of FReMP implementation, is to ensure that processes and procedures are put in place to systematically capture and document lessons of experience as they get generated and disseminate them accordingly.

40. **Climate and Environmental Focus** – FReMP is a climate and environmental-sensitive Programme by design. A number of activities are targeted at ensuring conservation and control

measures. For example, along the coast, several activities will ensure mangrove forest protection through afforestation and/or conservation of existing forests so as to improve the marine ecosystem. For inland fisheries, an ecosystem approach will be adopted for the inland water reservoirs and their catchment areas to ensure sustainability of the interventions. With regard to the potential for overexploitation of the target fisheries, it should be noted that the end-of-Programme target annual harvest for small pelagic fish (19,000 tonnes) is below the lower bound of historical Maximum Sustainable Yield estimates for this category (24,000 – 50,000 tonnes).

Agreed action	Responsibility	Agreed date
1. Develop and provide targeted capacity building/training to the FReMP staff responsible for planning, M&E and knowledge management;	IFAD and Programme Coordinator	January 2018
2. Undertake a Programme-wide baseline survey covering all FReMP target areas using the same methodology;	NPCO	June 2018
3. Develop a gender strategy that will be in alignment with the main gender strategy at the national level;	NPCO (in consultation with IFAD)	November 2017
4. Develop a gender and youth action plan as a road map to operationalize gender and youth focus under the different FReMP components; the plan should specify the associated costs and should be incorporated in the 2018 AWPB.	NPCO (in consultation with IFAD)	November 2017

E. Fiduciary aspects

41. **Financial Management** – FReMP is in its first year of implementation and, hence, activity implementation has not fully taken off. Thus, the Mission focused on the ability of the constituted financial management (FM) structures and the financial management system (Laccie) to effectively and efficiently manage Programme resources. The FM structure has been assessed as, generally, adequate in terms of number of staff to meet the functional needs of FReMP; all FM staff at all cost centres (MMR, Cooperative Credit Unit (CCU) and ZPCOs) have been identified and trained in IFAD FM guidelines. However, in order to achieve efficiency and effectiveness in the overall internal control environment, the skills of some FM staff at the MMR need to be enhanced. It was observed, for example, that because of lack of appropriate skills for assistant accountants at NPCO, the FC completes the whole payment cycle of a transaction by himself. It is imperative that transaction preparation, authorisation, execution, custody, recording and the operation of FM systems are segregated under the Programme to avoid errors that may pass unnoticed. In this regard, it is recommended that a qualified and experienced Assistant Accountant be employed at the NPCO to ensure segregation of duties.

42. FReMP's diverse structure calls for a financial management system that can facilitate traceability and identification of use of funds at different cost centres on a regular basis. Although the Laccie accounting software adheres to acceptable accounting standards, it may not reliably generate complete, accurate and timely financial reports for all financing sources from time to time to facilitate monitoring of financial progress. It is noted that Laccie was successfully used under FDP. However, given FReMP's diverse and decentralised financial management structure, regular traceability of fund utilisation at different cost centres may not be assured. The challenge is that Laccie does not allow for automatic consolidation of records from multiple Laccie users. Thus, the NPCO will be receiving Statements of Expenditure (SoEs) from cost centres and proceed to enter transactions manually into the common data base at the headquarters. Given the number of cost centres and co-financiers, capturing and manually entering such data at the NPCO when the Programme has fully taken off could present a big challenge to the NPCO Financial Management unit.

43. Other deficiencies of the Laccie system include: a) inability to prepare SoEs (in this case the project will be operating two Special Accounts and will require to prepare Withdrawal Applications for replenishment from those accounts); b) inability to export data to spreadsheets (such as Excel) to facilitate analysis of data; c) inability to prepare bank reconciliation statements and generate monthly cashbooks (extracts of monthly cashbooks do not carry forward opening balances, hence resulting

into negative closing balances); d) cannot facilitate commitment controls on expenditure (i.e. track a payment against the corresponding contract; and (e) printed transaction listings do not show expenditure descriptions.

44. Taking into account the above observations, there is a need for the Laccie software developer to upgrade the system to accommodate the noted concerns. If this is not achievable, the Programme may consider the option of acquiring another Financial Management/Accounting System, with a set of features that can provide the required information to enable the different stakeholders to exert financial monitoring and control. An example of such system could be Tompro – which is now a web-based system or Sage Pastel that have features like branch accounting or an excel export option that will allow development of a reporting template that has a data capture layout similar to the one installed in the system. The developed template would have a comma-separated values (CSV) file format that stores tabular data and allows direct upload from excel to the system. This template would be used as the Zoba financial reporting tool.

45. **IFAD Grant Disbursement** – According to the IFAD status of funds records, as of 25th October 2017, IFAD Grant had been disbursed at 16.67%; this represents the authorised allocation of USD 2.5 million. No further withdrawals have been made from the grant account and no funds have been received from the other co-financiers envisaged at design. When a pending withdraw application of USD 135,700 is considered, the disbursement rate slightly raises to 17.57%.

46. **Flow of Funds** – To facilitate downstream flow of funds, bank accounts have been opened at Zoba level and advances of approximately USD 400,000 transferred - some dating back to May 2017. Apart from Zoba Northern Red Sea, which has utilised USD 6,000, the other Zobas have not been able to disburse. This is partly due to delays in approval of payments at the Zoba Administration level (especially for the soft activities) and partly due to government directives concerning management of public entity bank accounts. The NCPO should liaise with MMR and Zoba Administrations to have these issues resolved.

ADVANCES TO ZOBAs				
Date	ZOBA	Disbursed	Actual	Balance
28/07/2017	MAEKEL	1,000,000		1,000,000
8/8/2017	SRS	1,500,000		1,500,000
1/6/2017	NRS	1,500,000	91,240	1,408,760
28/07/2017	GASH BARKA	1,000,000		1,000,000
26/05/2017	DEBUB	1,000,000		1,000,000
	Total	6,000,000	91,240	5,908,760
	USD equiv	400,000	6,083	393,917

47. **Annual Work Plan and Budget (AWPB) Execution** – The 2017 AWPB was approved by IFAD in March and actual implementation is seen to have started in May 2017. As of 30th October 2017, 3.9% of the AWPB (or USD 135,732 of USD 3,455,500) had been spent. An assessment of the activities involved in the detailed AWPB tables indicates that many of the activities required procurement processes to be undertaken. A delay in starting procurement processes therefore has contributed to the low performance of the AWPB.

AWPB EXECUTION AS AT 30TH OCTOBER 2017					
	Description	AWPB	ACTUAL	%GE	VARIANCE
A	Develop Sustainable Fisheries System	1,230,000	27,986	2.28%	1,202,014
B	Fisheries Enterprises Support Services	813,500	14,133	1.74%	799,367
C	Institutional Strengthening and Implimentation Support	1,527,000	93,613	6.13%	1,433,387
	Total	3,570,500	135,732	3.80%	3,434,768
	Projected expenditure		948,307	30.4%	2,486,461

48. Taking into account firm commitments and assuming that all the procurements that the Programme has initiated get committed by December 2017, the AWPB execution could raise to about 31%.

PROJECTED PROCUREMENTS & EXPENDITURES UNTIL 31st DECEMBER 2017		
Description	Total Cost	Remarks
Procurement of the building materials for solar fish-drying facilities	500,000	Preparation of bid doc
Procurement of the building materials for the 3 multi-purpose centres	100,000	Preparation of bid doc
Provision of canoes, 40 for inshore fishing and 3 for MMR Zoba branches for monitoring inland fisheries (\$3,000 per canoe).	129,000	Bid opening nov 13
Fishing gears for inshore fishing (1 beach seine per canoe for 20 canoes).	14,000	Bid opening nov 13
Provision of 14 tool kits (\$ 3,00per kit).	21,000	Bid opening nov 13
Provision of 12 motorcycles for 6 Zobas for Extension work (\$ 4,000 per motorcycle)	52,804	Contract signed
5 sets of SCUBA equipment (\$ 2,000 per set).	10,000	Bid opening nov 13
Provision of sets of furniture, 3 for Mai Serwa, 6 for NPCO & 6 for ZPCO's (\$ 2,000 per set).	43,249	Contract signed
TA aquaculture	42,142	Contract signed
TA aquaculture	36,112	Contract signed
Total	948,307	

49. The other factor partly contributing to the low AWPB execution is the funds access constraints at the Zoba level.

50. **Spot checks of Statements of Expenditure (SOEs)** – As of the time of the Mission, no Withdraw Applications (WA) had been prepared. However, vouchers related to the pending WA 02 were reviewed and found to be fully supported. The Authorised Allocation is considered adequate for now since of the USD 2.5 million, only USD 135,700 had been utilised, representing 5% of the Authorised Allocation. Disbursement guidelines require that replenishment WAs are prepared at the achievement of either 30% utilization or when 90 days expire, and that special account reconciliations are prepared on a monthly basis. FReMP Financial Management unit should ensure that this is adhered to.

Consolidated status of Project Bank account balances and SA activities as at 30th October 2017			
Bank Accounts	Bank Balance		Remarks
	NKF	USD	
Special Account		1,726,474	
Project accounts			
MAEKEL	1,000,000	66,667	
SRS	1,500,000	100,000	
NRS	1,408,760	93,917	
GASH BARKA	1,000,000	66,667	
DEBUB	1,000,000	66,667	
Head office & Masawa office	3,646,840	243,123	
Sub Total	9,555,600	2,363,514	94.5% of AA
Add: Pending WA 32 (up to 30/09/2017)		135,732.28	Pending WA
Add: Advances		753.00	
Sub Total		136,485.28	
Authorised allocation		2,500,000	

51. **Counterpart Contribution** – Counterpart financing for 2017 AWPB was estimated at USD 248,905, comprising of salaries for employees, and tax exemptions on activities. Although some of the planned activities have not fully taken off, the Government has been paying salaries to employees from the date of approval of the AWPB. The Programme should compute salaries paid by government to all staff attached to FReMP (both at NPCO and ZPCO levels) and enter the total into the accounting system. In addition, the office space occupied by the NPCO and the ZPCOs should be valued and monthly rental equivalent reported as part of government contribution. Going forward, a journal voucher will be raised on a monthly basis, with a list of staff whose salaries have been paid and rental equivalent for office space; this would be approved by a government representative before being sent to the NPCO Financial Controller.

52. **Grant Covenants** – The additional designated conditions precedent to funds withdrawal have all been complied with (that is establishment of the NPCO, Programme Steering Committee, and a PIM). Since implementation has just started, other grant covenants will continue to be monitored as implementation progresses.

53. **Audit** – Since FReMP is in its first year of implementation, no external audit has been undertaken. External audits for government agencies are the responsibility of the Auditor General. In the event that the Auditor General does not have time, s/he would provide to the concerned government agency a list of licenced external auditors and the agency would proceed to recruit the external auditor competitively. When the date for external audit is due, the Programme should follow IFAD guidelines for the recruitment of an auditor.

54. **Internal Audit** – The function of internal audit is yet to be effected at the Programme. MMR internal audit department has, in its mandate, the obligation to undertake internal audits for FReMP. Internal audits are essential for detecting and preventing fraud, test internal control processes, monitor compliance with policies and procedures etc. This is intended to provide an independent assurance that funds are used for intended purposes. The NPCO should approach and request the MMR internal audit department to include FReMP in its scope of work; if this would not be possible, the Programme should consider outsourcing this service to qualified audit firms.

55. **Procurement Management** – A review of FReMP's procurement management procedures and procurement progress, thus far, was undertaken. The review covered the following: a) Procurement Plan; b) Contract Register; c) Standard Bidding Documents; d) the existing bidding files; and e) procurement section of the Programme Implementation Manual (PIM). Following below is a summary of the review findings; a detailed account of the review findings will be presented in the Supervision Report.

56. *Procurement Management and Staffing* – By design, the FReMP Procurement Unit is based at the NPCO and is resourced with a full time Procurement Specialist. The MMR decided to assign two additional Procurement officers to assist in the management of the procurement tasks. Each ZPCO is staffed with a Procurement Officer. The NPCO is responsible for producing a FReMP consolidated AWPB and a consolidated Procurement Plan. MMR has set procurement thresholds and procurement at the Zoba level is restricted to the Shopping method, Direct Contracting with value less than USD 1,000. Zoba level procurement should be cleared by the Programme Coordinator as part of the clearance of the respective Zoba's Procurement Plan.

57. Following the assessment done as part of the Mission, it was revealed that: a) the Procurement Specialist and the two Procurement Officers assigned at the level of the NPCO need capacity augmentation in Procurement management; this is critical in light of the volume of Procurement tasks they are handling and, thus, capacity building needs to be provided urgently; and b) according to the Procurement Specialist, the Procurement Officers recruited at the ZPCOs are not very experienced in Procurement and need training.

58. FReMP being in its first year of implementation, it was agreed that capacity building/training in the area of Procurement and Contracts Management be provided urgently to all Programme

procurement staff (NPCO and ZPCOs) so as to ensure the provision of an effective procurement function; one that would be consistent with the IFAD Procurement principles and Guidelines.

59. *Procurement Plan* – A review of the current Procurement Plan revealed that the following: a) the plan presented to the Mission was not updated and was not submitted together with the 2017 AWPB for No Objection; b) some Contracts that are under implementation and listed on the contract Register did not appear on the Procurement Plan; c) the Procurement Plan does not reconcile with the AWPB of 2017. A lot of expenditures listed under AWPB resulting in Contracts did not appear on the Procurement Plan; d) the plan missed some important fields like the date of receipt of IFAD's No Objections, Original Contract Value against the revised one and the Original Contract Signature Date against the revised one. In addition, for the Consulting assignments, the plan missed major steps like, different stages of shortlisting, technical evaluation, combined technical and financial evaluation and dates of IFAD's No Objections; e) the recruitment of Individual Consultants is over used while no selection of firms is envisaged in the Procurement Plan; and f) no Procurement Plans are developed at the level of the Zobas.

60. The Mission supported the Programme in improving the format of the Procurement Plan to include important fields, such as the date of receipt of IFAD's No Objections, Original Contract Value against the revised one, etc. The Mission recommended that, Zoba Procurement Plans should be prepared. In addition, all Contracts that are under implementation and listed on the contract Register should appear on the Procurement Plan. It was also agreed that the Procurement Plan should be revised to reconcile with the AWPB of 2017 in line with guidance provided by the Mission and urgently (by 15 November 2017) submitted to IFAD for review and No Objection. The Mission worked with the NPCO Procurement Specialist to revise the Standard Procurement Plan by presenting the procurement steps to be undertaken for each procurement method.

61. The Mission reviewed the procurement section of the PIM to incorporate the different steps to be followed for the different procurement categories (i.e. Goods, Works, Consulting services and Non-Consulting services). Accordingly, a revised PIM by the mission will be submitted to the NPCO in November 2017. In parallel, FReMP Management was encouraged to use services of firms instead of individual consultants, whenever applicable.

62. *Letter to the Recipient (LTR)* – A review of the LTR revealed the following: a) except for the International Competitive Bidding (ICB) for Goods Works categories, the LTR referred to the national legal and regulatory framework for public procurement in order to determine the choice of procurement method. On the other hand, the PIM set the thresholds for the remaining methods (i.e. NCB and Shopping); b) a discrepancy in the Prior Review Threshold was noted between the LTR on the one hand and the Programme Design Report (PDR) and the PIM on the other hand; c) for the Consulting Services Category, the LTR mentioned the Quality and Cost Based Selection to be “the standard method applied unless otherwise approved”; and d) it was also noted that the Programme was not respecting the Prior review requirements clearly set in the current LTR or the Procurement Method selection which was clearly set in the PIM and the PDR.

63. In order to avoid any confusion, and given that the LTR is the key guiding document regulating the procurement packaging and the Post and Prior Review under the Programme, it was agreed that a revision of the LTR would be undertaken by 15th December 2017 to make it more clear in terms of Procurement Methods used and more effective in terms of prior review thresholds.

64. *Procurement Progress* – Given that FReMP implementation started only in March 2017, the progress made in terms of launching of Procurement Packages and Awarding Contracts is considered acceptable.

65. *Procurement Processes, Documentation and Record-Keeping* – A sample review of procurement files revealed the following:

a) for individual consultants:

- the selection of the Individual Consultants for the two Aquaculture specialists using single source was done without seeking the different No Objections needed from IFAD;
- the comments received from IFAD on the Terms of Reference were not taken into consideration;
- the Payment Terms of the Contract need to be revised because of payment excessive front-loading. According to the signed contracts, seventy percent (70%) of the Contract would be paid following the submission of the inception report only;
- The signed Contract does not include the title of the Consultant, the Terms of Reference nor the breakdown of the Contract Price; and
- The form of Contract signed is for a Firm and not for Individual Consultant.

b) for goods:

- The Standard Bidding Documents used need to be revised in order to avoid discrepancies and erroneous information;
- The requested validity period of bids is small. Contracts were awarded after the expiry date of the bids validity;
- award criteria should be explicitly stated whenever different Lots are being considered;
- The Evaluation Report needs to be more elaborated;
- The form of draft contract used in the bidding document is not the one used at time of award;
- The Contract should state that the final payment will be done following acceptance of Goods and not following the delivery of such Goods;
- The Performance security presented under the Furniture contract does not cover the whole warranty period;
- The Procurement file is complete;
- In some cases, the Evaluation Report is not signed by all evaluation committee members;
- The review of the Procurement file relevant to the acquisition of Motorcycles and related spare parts revealed an oversight that occurred during evaluation. The awarded Supplier, who happened to be the only bidder, offered a warranty period of 6 months or 6,000 km instead of 12 months as requested in the bidding document. In order to ensure transparency and fairness of the process, the project should request the Supplier to commit to a twelve-month warranty period in the Contract to be signed. This correction of the offer is acceptable in the case of this contract for the following reasons: (i) the Supplier who got the award is the only bidder who presented a bid in response to the invitation to bid; (ii) the technical bid is compliant; (iii) the relevant market is limited in Eritrea; (iv) the contract is small in value and will not attract international bidder in case an international bid is launched for this acquisition; and (v) the selected Bidder can provide maintenance in Eritrea.

66. *Contract Register and Contract Management* – The Mission established that the format in use for the contract register is in conformity with IFAD's requirements and that the contracts signed by the Programme are properly recorded. However, the register contains a contract that is not signed yet. The contractual terms and provisions are correctly applied so far.

Agreed action	Responsibility	Agreed date
1. Employ a qualified and experienced Assistant Accountant at NPCO to ensure segregation of duties;	NPCO	January 2018
2. Request the MMR Internal Audit Department to include FReMP in its scope of work; if this is not possible, the Programme should consider outsourcing internal audit services;	NPCO	January 2018
3. Upgrade the Laccie Accounting software to include features that can facilitate reporting requirements for a multi-funded, decentralised Programme like FReMP. If it is not possible, the Programme should consider the option of acquiring another Financial Management/Accounting System, with the desired set of features;	NPCO	January 2018
4. Take steps to resolve the funds flow constraints at the Zoba level;	NPCO/MMR	December 2017
5. Raise, on a monthly basis, journal vouchers for GoE contribution in form of salaries and taxes;	Financial Controller	Ongoing
6. Develop and provide a procurement training programme to all FReMP Procurement staff at the NPCO and ZPCOs. The training should cover areas of Procurement Principles, Procurement Planning, IFAD Prior and Post Review and an introduction to the different Procurement Methods acceptable to IFAD;	Programme Coordinator & IFAD	January 2018
7. The Procurement Plan should be comprehensive and should include all the packages resulting in Contracts. All Contracts should appear on the Procurement Plan which should reconcile with the AWPB. The Plan should be updated at least once a month by the NPCO to reflect revised and actual dates. Moreover, the plan should be revised whenever a change in the requirements occurs. In all cases, no procurement package can be launched if not cleared by IFAD as part of an updated procurement plan;	NPCO	November 2017
8. The new template of the Procurement Plan provided by IFAD Procurement Specialist shall be used covering all the major steps including IFAD's no Objections for the procurement of Goods and Works and the selection of Individual Consultants and Consulting Firms and introducing a sheet summarizing information about the Memorandum of Understanding to be signed with the Government under the Force account method;	Procurement Specialist	Continuous
9. Consider the use of firms' services instead of individual consultants for some assignments;	NPCO	Continuous
10. Revise the procurement section of the PIM to: a) reflect accurate steps to be undertaken during the procurement processes; b) add a section for the selection of consultants; and c) reflect the new procurement methods and threshold as indicated in the revised LTR;	IFAD Mission Procurement Specialist	October 2017
11. Procurement Plans should be prepared and updated regularly at the level of the Zobas subject to the clearance of the Project Manager. A consolidated Procurement Plan should be prepared at the level of the NPCO;	NPCO & ZPCO	Continuous
12. Revise the LTR to clarify the procurement methods to be used with the corresponding thresholds and the prior review thresholds;	IFAD	November 2017
13. IFAD's Prior Review is to be sought in accordance with the requirements set in the LTR and the Procurement Plan. The resulting recommendations received from IFAD should be respected and implemented by the Programme;	NPCO	Continuous
14. Review and customize the standard documents used for the bidding process and contract to suit FReMP the implementation;	IFAD Mission Procurement Specialist & NPCO Procurement Specialist	November 2017
15. Issue amendments to the two contracts signed with the two Aquaculture specialists to rectify the gaps in the original contracts;	NPCO	November 2017
16. Request the supplier of Motorcycles and related spare parts to commit to a twelve-month warranty period in the Contract to be signed, consistent with bidding documents; and	NPCO	November 2017
17. Only signed Contracts should appear on the Contract Register.	Procurement Specialist	Continuous

F. Sustainability

67. It is too early to assess prospects for sustaining the FReMP interventions being made. However, the Programme's implementation approach is meant to ensure sustainability. FReMP implementation is fully embedded within the Government's institutional framework at all levels and these will continue to exist after Programme implementation. The institutional building capacity approach encompassing government institutions at different levels and the cooperatives and enterprise groups will ensure that skills exist to continue supporting Programme-initiated activities after completion.

68. From the environmental and climatic sustainability point of view, FReMP's interventions will support planned adaptation to climate change through: a) investing in "climate buffers" (i.e. watershed management, increasing water and soil retention to reduce the impacts of droughts and extreme rainfall, and rehabilitation and planting of mangroves, safeguarding their important role in the coastal ecosystem); b) integration of expected climate change impacts into dam management plans (i.e. increased evapotranspiration and changes in streamflow); and c) integration of expected climate change impacts into feasibility studies for infrastructure, such as multi-purpose facilities (i.e. sea-level rise).

69. Supervision Missions will, progressively, monitor FReMP implementation to establish whether sustainability features, as designed, are being appropriately put in place to ensure that Programme interventions would be sustained after FReMP completion.

G. Conclusion

70. FReMP implementation is generally off to a good start. Six months into implementation and the Programme has successfully put in place all implementation structures at the national and Zoba levels, staffed and provided with the requisite equipment. Also, the essential processes and procedures (financial management, procurement, monitoring and evaluation) are in place. However, capacity gaps have been identified in the Programme's financial management, procurement and M&E functions. While the Mission provided implementation support to address some of the identified capacity gaps, others would need to be addressed through the development and provision of the appropriate capacity building activities. In this regard, several recommendations aimed at addressing the different capacity gaps have been made; it is critically important that the development and provision of these capacity building activities is treated with the utmost importance. This will set the stage for a more effective and efficient implementation of the Programme from 2018 onwards.

Appendix 1: Summary of project status and ratings

A. Basic Facts

Country	Eritrea	Project ID	***	Loan/DSF Grant No.	2000001700
Project	Fisheries Resources Management Programme			Top-up Loan/DSF Grant	
Date of Update	10 th November 2017				
Supervising Inst.	IFAD				
No. of Supervisions	1	No. of Implementation Support/Follow-up missions	1		
Last Supervision	N/A	Last Implementation Support/Follow-up mission	N/A		

					USD million	Disbursement rate %
Approval	26-Nov-2016			Total financing	32.12	
Agreement	6-Dec-2016	Effectiveness lag	***	IFAD Total	15.00	
Entry into force	6-Dec-2016	PAR value	-----	IFAD loan		
First disbursement	18-Apr-2017			DSF grant	15.00	17.57
MTR	-----	Last amendment		IFAD grant		
Original completion	31-Dec-2023	Last audit	N/A	Domestic Total	2.77	
Current completion	31-Dec-2023			Beneficiaries	1.35	
Original closing	30-Jun-2024			Government (National)	1.42	
Current closing	30-Jun-2024			External Co-financing Total	14.35	
No. of extensions	0					

A. Project Performance Ratings

B.1 Fiduciary Aspects	Last	Current	B.2 Project implementation progress	Last	Current
1. Quality of financial management	-	3	1. Quality of project management	-	4
2. Acceptable disbursement rate	-	6	2. Performance of M&E	-	4
3. Counterpart funds	-	4	3. Coherence between AWPB & implementation	-	3
4. Compliance with financing covenants	-	4	4. Gender focus	-	4
5. Compliance with procurement	-	4	5. Poverty focus	-	4
6. Quality and timeliness of audits	-	4	6. Effectiveness of targeting approach	-	4
			7. Innovation and learning	-	4
			8. Climate and environment focus	-	4
B.3 Outputs and Outcomes	Last	Current	B.4 Sustainability	Last	Current
1. Develop Sustainable Fisheries Systems	-	4	1. Institution building (organizations, etc.)	-	4
2. Fisheries Enterprises Support Services	-	4	2. Empowerment	-	4
3. Capacity Building of MMR and Other Implementing Agencies for the Sustainable Development of the Fisheries Sector	-	4	3. Quality of beneficiary participation	-	4
			4. Responsiveness of service providers	-	4

5. Exit strategy (readiness and quality)	-	4
6. Potential for scaling up and replication	-	4

B.5 Justification of ratings

B.1

The Programme was launched on 30th March 2017 and received its initial allocation in May 2017. The first rating for fiduciary aspects is rated as a 3. Regarding financial management, although the "Laccie" accounting software that is being used for the FReMP financial management adheres to acceptable accounting standards, it has a number of deficiencies that make it challenging for a multi-funded Programme with a decentralised financial management structure, similar to that of FReMP.

B.2

The Programme was launched on 30th March 2017 and received its initial allocation in May 2017. The first ratings for Programme implementation aspects are put at "4" as the FReMP is putting processes in place to support effective implementation. For "Acceptable disbursement rate" FReMP being in Y1 of implementation and in accordance to disbursement profile for a fisheries type of project, the target is which should be at 8% stands at 17% which is 200% of the target. Therefore this is rated as Highly Satisfactory.

B.3

The Programme was launched on 30th March 2017 and received its initial allocation in May 2017. The first ratings for Output and Outcome achievement are put at "4" as the Programme is putting processes in place to support effective implementation. With regards to coherence between AWPB and implementation, this is being the first for FReMP, the AWPB for 2017 was ambitious in the number and type of activities planned for implementation considering that the programme first year primarily was to focus on putting processes and procedures in place to facilitate a smoother implementation of the Programme during the preceding Programme years. Consequently, most of the physical investments will be carried forward to the 2018 AWPB.

B.4

The Programme was launched on 30th March 2017 and received its initial allocation in May 2017. The first ratings for Sustainability aspects are put at "4" as the Programme is putting processes in place to support effective implementation.

B. Overall Assessment and Risk Profile

	Last	Current
C.1 Physical/financial assets	-	4
C.2 Food security	-	4
C.3 Quality of natural asset improvement and climate resilience	-	4
C.4 Overall implementation progress (Sections B1 and B2)	-	4
Rationale for implementation progress rating		
The first ratings for implementation progress are put at "4" as the Programme is putting processes in place to support effective implementation.		
C.5 Likelihood of achieving the development objectives (section B3 and B4)	-	4
Rationale for development objectives rating		
The first rating for development objective achievement is preliminarily put at "4" as the Programme is putting processes in place to support effective implementation.		
C.6 Risks Short description of major risks for each section and their impact on achievement of development objectives and sustainability		
Fiduciary aspects	FReMP is in its first year of implementation and it is paramount that the effective achievement of the Programme's development objective will largely depend on the efficient provision of financial management and procurement functions. Joint Supervision Missions by IFAD and GoE will work to ensure that these functions are efficiently provided to support the effective implementation of the Programme. At this point in time, there is no risk anticipated from this aspect of FReMP Management.	
Project implementation progress	It is too early to assess any risk associated with this aspect. But, during the course of FReMP implementation, the onus will be on the IFAD and GoE joint Supervision Missions to spot the potential danger of any less than ideal implementation progress pace, identify the causes and devise corrective measures. At this point in time, there is no risk anticipated from this aspect of FReMP Management.	
Outputs and outcomes	It is too early to make any meaningful assessment of any risks associated with this aspect of FReMP implementation. The Mission has identified capacity gaps and corrective measures have been suggested to address them. This will contribute to effective FReMP implementation and increase the likelihood of attaining the target outputs and outcomes and, therefore, the Programme's Development objective.	
Sustainability	It is too early to assess the likelihood of sustaining the different interventions. However, many of the sustainability measures are, by design, inherent in the Programme's implementation arrangements. At this point in time, there is no risk anticipated from this aspect of FReMP implementation.	

C. Proposed Follow-up

Issue / Problem	Recommended Action	Timing	Status
The 2018 AWPB preparation is behind schedule.	NPCO should work with ZPCOs to minimise the lateness of the draft 2018 AWPB submission to IFAD.	30 Nov. 2017	
Laccie Financial Management software is inadequate for a multi-funded, decentralised Programme like FReMP.	Acquire another Financial Management/Accounting System with the desired set of features.	January 2018	
Capacity gaps in financial management, M&E and procurement.	Develop and provide financial management, M&E and procurement training programme to all relevant FReMP staff at the NPCO and ZPCOs.	January 2018	

Additional observations

Appendix 2: Summary of Key Actions to be taken within Agreed Timeframes

Action Area	Action Agreed	Date	Whom	Progress
Outputs	1. Complete the structural designs and BOQ for all the solar drying facilities and multi-purpose centres and present them for approval;	November 2017	NPCO	
	2. Initiate the social fencing of approximately 260 ha of existing mangrove forests;	December 2017	NRS & SRS ZPCOs	
	3. Liaise with NAP for the conduct training of communities in apiculture and provision of beehives and on livestock fodder harvesting (through cut and carry) as income generating activities to serve as incentives for protecting mangrove forests;	December 2017	NRS & SRS ZPCOs	
	4. Review the training plan in relation to mariculture piloting with a view to adopting a ToT approach;	November 2017	NPCO	
	5. Complete the identification of the four remaining dams in three Zobas (Anseba, Debub, Gash Barka) where activities for utilization of dam fisheries will be initiated;	December 2017	NPCO	
	6. Initiate the process of procuring TA to conduct fish stock assessment and socio-economic studies of the catchments of the six selected reservoirs;	December 2017	NPCO	
	7. Conduct training workshop for MMR extension staff on nutrition;	December 2017	NPCO	
	8. Conduct mobilization, awareness creation, formation and registration of 20 fishing co-operatives for small pelagic fish.	December 2017	NPCO	
	9. Develop and provide targeted capacity building/training to the FReMP staff responsible for planning, M&E and knowledge management;	January 2018	IFAD and Programme Coordinator	
	10. Undertake a Programme-wide baseline survey covering all FReMP target areas using the same methodology;	June 2018	NPCO	
	11. Develop a gender strategy that will be in alignment with the main gender strategy at the national level;	November 2017	NPCO (in consultation with IFAD)	
	12. Develop a gender and youth action plan as a road map to operationalize gender and youth focus under the different FReMP components; the plan should specify the associated costs and should be incorporated in the 2018 AWPB.	November 2017	NPCO (in consultation with IFAD)	
Fiduciary Aspects	13. Employ a qualified and experienced Assistant Accountant at NPCO to ensure segregation of duties;	January 2018	NPCO	
	14. Request the MMR Internal Audit Department to include FReMP in its scope of work; if this is not possible, the Programme should consider outsourcing internal audit services;	January 2018	NPCO	

15. Upgrade the Laccie Accounting software to include features that can facilitate reporting requirements for a multi-funded, decentralised Programme like FReMP. If it is not possible, the Programme should consider the option of acquiring another Financial Management/Accounting System, with the desired set of features;	January 2018	NPCO
16. Take steps to resolve the funds flow constraints at the Zoba level;	December 2017	NPCO/MMR
17. Raise, on a monthly basis, journal vouchers for GoE contribution in form of salaries and taxes;	Ongoing	Financial Controller
18. Develop and provide a procurement training programme to all FReMP Procurement staff at the NPCO and ZPCOs. The training should cover areas of Procurement Principles, Procurement Planning, IFAD Prior and Post Review and an introduction to the different Procurement Methods acceptable to IFAD;	January 2018	Programme Coordinator & IFAD
19. Review and Update the Procurement Pan to be in line with the AWPB	November 2017	NPCO
20. Revise the procurement section of the PIM to: a) reflect accurate steps to be undertaken during the procurement processes; b) add a section for the selection of consultants; and c) reflect the new procurement methods and threshold as indicated in the revised LTR;	October 2017	IFAD Mission Procurement Specialist
21. Revise the LTR to clarify the procurement methods to be used with the corresponding thresholds and the prior review thresholds;	November 2017	IFAD
22. Review and customize the standard documents used for the bidding process and contract to suit FReMP the implementation;	November 2017	IFAD Mission Procurement Specialist & NPCO Procurement Specialist
23. Issue amendments to the two contracts signed with the two Aquaculture specialists to rectify the gaps in the original contracts;	November 2017	NPCO
24. request the supplier of Motorcycles and related spare parts to commit to a twelve-month warranty period in the Contract to be signed, consistent with bidding documents	November 2017	NPCO

Appendix 3: Financial – Actual financial Performance by Financier, by Component and Disbursements by Category

Table 3A. Financial Performance by Financier, as at 25th October 2017

Financier	Appraisal ('000' USD)	Disbursements ('000' USD)	Percent Disbursed
IFAD GRANT	15,000	2,636	17.57%
GERMANY	5,966		0%
FINANCING	8,390		
GAP			0%
GOE	1,417		0%
BENEFICIARIES	1,351		0%
Total	32,124	2,636	8.20%

Table 3B: Financial Performance by Financier by Component (USD '000) as at 25th October 2017

	Description	IFAD GRANT			GERMANY			FINANCING GAP			GOE			BENEFICIARIES			TOTAL		
		Appraisal	Actual	%	Appraisal	Actual	%	Appraisal	Actual	%	Appraisal	Actual	%	Appraisal	Actual	%	Appraisal	Actual	%
A	Develop Sustainable Fisheries System	4,958	28	0.6%	26		0%	6,508		0%	286		-	504		-	12,282	28	0.2%
B	Fisheries Enterprises Support Services	3,376	14	0.4%	5,940		0%	128		0%	445		-	847		-	10,736	14	0.1%
C	Institutional Strengthening and Implementation Support	6,666	94	1.4%	-	-	0%	1,754	-	0%	686		-	-		-	9,106	94	1.0%
	AUTHORISED ALLOCATION		2,500															2,500	
	TOTAL	15,000	2,636	17.57%	5,966	-	0%	8,390	-	0%	1,417	-	0%	1,351	-	0%	32,124	2,636	8.20%

Table 3C Status of withdrawal applications

Category Description	Actual - excluding pending WA			Including pending WA 11		
	Allocation	Actual	%-age	Pending WA 02	Total (B+C)	%-age
	A	B		C		
Authorized allocation	0.00	1,825,563.73	0.00%		1,825,563.73	
Works	2,170,000.00		0.00%		0.00	0%
Vehicles	1,100,000.00		0.00%		0.00	0%
Equipment and materials	1,420,000.00		0.00%		0.00	0%
Training and technical assistance	3,060,000.00		0.00%	42,136	42,136.07	1%
Salaries and allowances	890,000.00		0.00%	6,885	6,885.18	1%
Operating costs	1,040,000.00		0.00%	49,407	49,406.79	5%
Unallocated	1,070,000.00					
	10,750,000.00	1,825,563.73	16.98%	98,428.05	1,923,991.78	17.90%

Appendix 4: Compliance with Legal Covenants – Status of Implementation

[illegible]

	conducted and coordinated in accordance with sound administrative policies and procedures.			
GC Section 7.05. Procurement	(a) Procurement of goods, works and services financed by the Financing shall be carried out in accordance with the provisions of the Borrower/Recipient's procurement regulations, to the extent such are consistent with the IFAD Procurement Guidelines. Each Procurement Plan shall identify procedures which must be implemented by the Borrower/Recipient in order to ensure consistency with the IFAD Procurement Guidelines.	Continuous		Will be monitored as implementation proceeds
	(b) The Fund may require that all bidding documents and contracts for procurement of goods, works and services financed by the Financing include provisions requiring bidders, suppliers, contractors, sub-contractors and consultants to: (i) allow full inspection by the Fund of all bid documentation and related records; (ii) maintain all documents and records related to the bid or contract for three years after completion of the bid or contract; and (iii) Cooperate with agents or representatives of the Fund carrying out an audit or investigation.	Continuous		
GC Section 7.06. Use of Goods and Services	All goods, services and buildings financed by the Financing shall be used exclusively for the purposes of the Project.	Continuous		Will be monitored as implementation proceeds
GC Section 7.07. Maintenance	The Borrower/Recipient shall ensure that all facilities and civil works used in connection with the Project are properly operated and maintained and that all necessary repairs of such facilities are made promptly as needed.	Continuous	Will be monitored as implementation proceeds	Except for insurance of project assets.
GC Section 10.05. Evaluations of the Project	(a) The Borrower/Recipient and each Project Party shall facilitate all evaluations and reviews of the Project that the Fund may carry out during the Project Implementation Period and for 10 years thereafter. (b) "Facilitate", includes providing timely logistical support by making available Project personnel and equipment and promptly taking such other action as the Fund may request in connection with such evaluations and reviews, but does not include incurring out-of-pocket expenses.	Continuous	Will be monitored as implementation proceeds	
GC Section 11.01. Taxation	(c) The use of any proceeds of the Financing to pay for Taxes is subject to the Fund's policy of requiring economy and efficiency in the use of its Financing. Therefore, if the Fund at any time determines that the amount of any such Tax is excessive, discriminatory or otherwise unreasonable, the Fund may reduce the percentages of Eligible Expenditures to be financed by the Financing.	Continuous	Will be monitored as implementation proceeds	

Annex: List of People Met

S/N	Name	Job Title	Institution
1.	H.E. Tewelde KELATI	Minister	MMR
2.	Seid MOHAMMEDABRAR	Director, Office of the Minister/FReMP Coordinator	MMR/NPCO
3.	Simon GHEBRENGUS	FReMP M&E Officer	MMR/NPCO
4.	Abraham TECLEMARIAM	Financial Controller	MMR/NPCO
5.	Dawit Kebreab	Head of Inland Fisheries Unit	MMR, Mai Serwa
6.	Sammy Mahmud	Inland Zoba Coordinator	FReMP
7.	Tecle Alemsgshed	Coastal Zoba Coordinator	FReMP
8.	Zewoldi HAILE	MRDD Director	MMR
9.	Abdusalam Mohammed	Procurement Controller	FReMP
10.	Adiam Mehari	Procurement Officer	FReMP
11.	Asmait Kflom	M&E Specialist	FReMP
12.	Kibrom Andemichael	Acting Zoba Administrator	Zoba Northern Red Seas (ZNRS)
13.	Ibrahim Ahmed	Finance Officer	FReMP, ZPCO, ZNRS
14.	Kesete Tsegai	Director General, Agriculture & Land Department	ZNRS
15.	Hussein M/Seid	Procurement Officer	FReMP, ZPCO, ZNRS
16.	Mulugeta Mohderi	Planner	FReMP, ZPCO, ZNRS
17.	Samson Zakarias	Coordinator	FReMP, ZPCO, ZNRS
18.	Hale Kidane	M&E Officer	FReMP, ZPCO, ZNRS

