

Republic of Mozambique

Rural Markets Promotion Programme (PROMER) and Community Investor Partnership Project (ProParcerias)

Supervision report

Main report and appendices

Mission Dates: 8-12 April 2013
Document Date: 3-May 2013
Project No. 1423
Report No: 3049-MZ

East and Southern Africa Division
Programme Management Department

Contents

Abbreviations and acronyms	ii
Map	iii
Aide Memoire of the Mission	1

Appendices

Appendix 1: Summary of PROMER status and ratings	13
Appendix 2: Summary of agreed action	17
Appendix 3: PROMER Physical Progress	21
Appendix 4: PROMER Financial Performance	25
Appendix 5: PROMER No-objection Tracking Sheet	27
Appendix 6: ProParcerias Physical Progress	29
Appendix 7: ProParcerias Financial Performance	31
Appendix 8: ProParcerias No-objection Tracking Sheet	33

Attachments

Attachment 1: PROMER – Rural Trader and Farmer Organisation Development	35
Annex 1: Matching Grant Process Flow chart	
Attachment 2: PROMER – Value Chain Development	41
Attachment 3: PROMER – Improving Economic Infrastructure	45
Attachment 4: PROMER – Management	49
Attachment 5: ProParcerias	51
Annex 1: Proposed template for case studies	
Annex 2: Potential communities identified by ProParcerias	
Attachment 6: M&E, Knowledge Management and Communication	59
Annex 1: Draft TOR, Communications Consultant for PROMER	
Annex 2: How to capture case studies and stories from the field -some basic aspects	
Annex 3: PROMER Communications Outline	
Attachment 7: Financial Management and Procurement	68

Abbreviations and acronyms

AfDB	African Development Bank
AGRA	Alliance for a Green Revolution in Africa
CAL	<i>Corredor Agro Limitada</i>
DNC	National Directorate for Commerce
DNPDR	National Directorate for the Promotion of Rural Development
EC	European Commission
FARE	Support Fund for Economic Rehabilitation
FONPA	National Forum of Cotton Producers
KM	Knowledge Management
MAE	Ministry of State Administration
MIC	<i>Ministerio da Industria e Comércio</i> (Ministry of Industry and Commerce)
PAFIR	Rural Finance Support Programme
PIP	Project Implementation Plan
PMT	Programme Management Team
PRONEA	National Agricultural Extension Programme
PROMER	Rural Markets Promotion Programme
PROPAPA	Pro-Poor Production Action Plan
ProParcerias	Community Investor Partnership Project
PROSUL	Pro-Poor Value Chain Development in the Maputo and Limpopo Corridors
SIP	Strategic Investment Plan
SOE	Statement of Expenditures
UNAC	<i>União Nacional de Camponeses</i> (National Union of Small-scale Farmers)
VCAC	Value Chain Advisory Committee
WA	Withdrawal Application

REPUBLIC OF MOZAMBIQUE

Supervision Mission for PROMER and ProParcerias 8-12 April 2013

Aide Memoire signed on 12 April 2013

A. Introduction

1. The Rural Markets Promotion Programme (PROMER) has been effective since April 2009. The overall aim of the 7-year programme is to enable small-scale farmers increase their incomes from agriculture by helping them market their surpluses more profitably. It is financed by IFAD (USD 31.1 million); the government (USD 2.9 million) and beneficiaries (USD 3.0 million). The European Union (EU) financed an additional EUR 0.76 million through PRO-PAPA in support of government's Pro-Food Production Action Plan (PAPA), and is set to add another grant of USD 9.9 million through the MDG Programme "Accelerating progress towards MDG1c in Mozambique", plus an additional USD 1.4 million from government to support further outreach of programme activities.
2. In addition, and related to PROMER, since March 2011 DNPDR is implementing the Community Investor Partnership Project (ProParcerias), promoting the establishment of sustainable community – investor partnerships in rural Mozambique. It is funded by Finland (USD 100,000) and Switzerland (USD 150,000) through IFAD, and directly by the Netherlands (EUR 820,000), FAO (EUR 95,000) and government (EUR 40,000).
3. The follow-up mission¹ of April 2013 built on the September 2012 supervision mission to assist DNPDR and the two management teams in the enhanced implementation of PROMER and ProParcerias. It held working sessions in Maputo with staff of the PROMER and ProParcerias management teams, the National Road Administration (ANE), WFP, GAPI, the Support Fund for Economic Rehabilitation (FARE), the Inclusive Markets and Finance Project and all service providers. The team members appreciate fully the sincere support to the mission, especially the sacrifice of a full public holiday by the PROMER staff.

B. PROMER

I. Overall assessment of programme implementation

4. The programme continues growing, and shows concrete results in its community-based and infrastructure work, including the creation of business linkages between smallholders and agribusinesses and greater road use after rehabilitation. With trader outreach, the last of the originally planned activities is starting up, and simultaneously the up-scaling and deepening process sets in motion, fuelled by the incoming MDG Programme funds.
5. The October 2012 mission had identified key challenges that need to be addressed in order to make the programme fully responsive to market opportunities, to give it wide outreach and to build a solid foundation of sustainability. The PMT has started addressing some of these, with promising results in the areas of internal communications and motivation, data management and orientation on results, both in outreach and impact. Similarly, management improvements in ProParcerias are bringing the project objectives within closer reach now. Nonetheless, as a market-based initiatives, both PROMER

¹ Mission composition: Claus Reiner (IFAD Country Programme Manager), team leader; Jelle Tas, Trader and Farmer Organisation Development Expert; Garron Hansen, Value Chain Development Expert; Beate Stalsett, Communications Expert; Ann Turinayo, M&E, Knowledge Management and Communication Expert; Espen Berg (IFAD Associate Country Programme Manager), Programme Management Expert; Oscar Chimwaza, Financial Management and Procurement Expert; and Steven Jonckheere, Land Tenure Expert.

and ProParcerias require dynamism and speed in order to work side-by-side with the private sector, plus constant learning from the experiences as they unfold. It is these challenges that the projects need to prepare for in order to achieve growth in the partnerships they are fostering.

II. Outputs and outcomes

6. The delivery of outputs and outcomes is still limited to PROMER as ProParcerias has not yet created any partnerships. The strongest area is farmer organisation(FO) development, with 330 groups formed, with more than 11,000 members (50% women), including some 500 selling crops under contract arrangements. In addition, one Strategic Investment Plan (SIP) is active, aiming to support some 3,000 contract farmers, and 112 km of roads were spot rehabilitated. These achievements are sound, are likely to lead to the expected impact as per the programme's logical framework. Moreover, they provide a concrete basis for growth and up-scaling of the operations.

III. Programme implementation progress

Component 1 – Developing More Dynamic Market Intermediaries

7. **Sub-component 1.1 - Support for Input and Output Traders.** The tender for the service provider for the implementation of the sub-component was launched in anticipation of the EU grant funds under the MDG Programme, which is commendable. *It was agreed that these bids be evaluated without delay by an evaluation commission, consisting of one PMT member and two to three external persons.* The commission will assemble before end-April 2013.

8. **Sub-component 1.2 - Support for Farmer Organisations.** After almost a full year of implementation, this sub-component has advanced considerably and is mature for expansion. Building on the implementation experience to date, there is also scope to harmonise the activities, executed by three service providers, which will help to streamline the coordination for the PMT, enable more direct M&E linkages, and improve efficient and effective implementation. *To initiate this harmonisation, it was agreed that: (i) the PMT coach the service providers in using uniform terminology and templates linked directly to the M&E system; (ii) the PMT contract by the end of June 2013 technical assistance for harmonizing the training content to ensure quality and uniformity in the content; and (iii) the PMT facilitate and coordinate sharing of knowledge and good practices among the service providers twice a year at the regular coordination meetings.*

9. The mission reviewed the guidelines for the FO graduation system, and found them sufficiently detailed and evidence based to support the right categorisation of FOs. The service providers applied the new FO graduation system adequately in reclassifying the FOs.

10. The contracts for farmer organisation support are planned to be increased by 25%, financed for Blocks A and C from the EU grant supporting the MDG Programme and for Block B from regular IFAD loan funds. For this increase, already incorporated in the 2013 AWPB, operational areas and overall targets need to be identified and captured in the addenda.

11. Market-linkages. While the farmers' marketing opportunities and levels vary strongly between blocks, the programme proactively introduces big buyers into the weaker blocks. It is anticipated that the start-up of sub-component 1.1 will enlarge the number of traders active in the programme area, thus creating an opportunity to increase the number and diversity of market linkages and to build a competitive environment among multiple traders. *To this end, it was agreed that information on the traders participating will be provided to the service providers supporting market linkages.*

12. FO union support. PROMER will establish direct partnerships with district unions in all three blocks. In line with the October 2012 agreement, service providers in Blocks A and B will recruit Union Advisors. This recruitment is delayed as the MDG Programme funds are not yet committed. The service providers have submitted the TOR, and *it was agreed that these be approved by the PMT as soon as possible so that the recruitment process can start.*

13. Functional adult literacy. The one-year intensive literacy training is progressing well and in line with the agreement of the October 2012 mission. The PMT has guided the service providers to sign agreements with the Provincial Directorates for Education and Culture (DPECs) to formalise the intensification of training cycles into one year. Except for Gabo Delgado, all agreements are signed already. The mission notes the strong efforts to have the last agreement signed, which is expected by end-April 2013. The mission reviewed the plans to intensify the literacy training and found them adequate in reaching the programme target of 10,000 persons. By the end of 2013, it is expected that 4,750 persons will reach level "5". Provided the Cabo Delgado agreement is signed shortly, this number will increase by another 1,940 persons. With an expected total of 6,690 persons trained to level 5 by 2013, the mission is confident the PROMER target will be achieved, probably even exceeded. Moreover, the literacy training targets and activities are well reflected in the service providers' AWPBs for 2013.

14. Market-linkage extensionists. The 16 market linkage extension officers, hired to provide agronomic support to improve the market linkages for participating FOs, are meant to collaborate with the service providers. In future, their tasks will be expanded to include activities of sub-component 1.1. However, their recruitment is experiencing serious delays, mainly due to the need for MOUs with the Provincial Directorates of Agriculture (DPAs). *It was agreed that the 16 officers will be in place by end-June 2013, and the first 9 by end-May 2013.*

15. Value-addition matching grants. The mission reviewed the guidance notes for the facility and found them sufficiently detailed to support the right allocation of the FO matching grants. However, the communication of information on the facility is not sufficiently structured and uniform, thus requiring improvements in the message and in the communication method, both to service providers and to FOs. *It was agreed that the PMT develop simple materials, that the cells be more involved to provide a uniform message, and that the service providers communicate through the reference groups to ensuring the information is received by all the participating FOs.* The mission will provide a draft outline by 15 April 2013.

Component 2 – Enterprise-led Value Chain Initiative

16. VC facility. Implementation of this component has picked up in the last six months, albeit slowly. First activities of the SIP for sesame with Corredor Agro Limitada (CAL) have begun in the field, with the annual work plan, selected indicators for monitoring and the first quarterly progress report due to the PMT on 15 April 2013. Additionally, three concept notes are in the PMT's review process, though two have been languishing there since the previous supervision mission. Slow progress in pushing the activities forward is largely due to the resignation of the Agribusiness Officer after a tenure of only two months.

17. In order to ensure sufficient progress, it was agreed that the top priority for the next six months is the transformation of the existing concept notes into fundable SIPs that conform to the value chain guidelines. The three current documents do not yet fully meet the criteria in the guidelines, particularly in setting out: (i) the benefits of participating smallholder farmers from the proposed projects; (ii) the additionality of the private investments; (iii) the capacity of some partner firms to absorb an investment from PROMER and their ability to deliver on commitments; and (iv) the investments that would be funded by PROMER.

18. In order to speed up the process of turning project ideas into viable concept notes and SIPs, with minimal back and forth communication with partners over proposals not conforming to the VC guidelines, more support should be offered to partners in SIP development. This should be the primary task of the Agribusiness Expert, possibly supplemented by short-term consultants. The support should aim at designing fundable projects that meet the requirements of the VC guidelines, jointly with PROMER staff and consultant inputs, by obtaining the minimum information from the partners and applying the lessons learned from the implementation of CAL's SIP. Lessons learned should be extracted from the partners' reports and explicitly included in the SIP development process by project staff and consultants, including for the three existing concept notes. *The target date of 30 June 2013 was agreed for finalising of the three SIPs.*

19. The VC guidelines outline a well-structured process for timelines and taking decisions on SIPs. In the interest of maintaining relationships with partners and establishing a reputation as a professional matching grants facility, these should be followed in developing the three SIPs. *It was agreed that funding decisions will be taken on the OLAM, CISTER and Matharia SIPs by 30 September 2013 according to the evaluation process set out in the VC guidelines.*

20. As a second priority, the PMT will launch parallel efforts to generate new leads that should bear fruit in the second half of 2013. Service providers should be included throughout the lead generation process to leverage their on-the-ground presence and experience that gives them a good position to identify emerging partners. At the seminar on 24 April 2013, they will receive updated briefings on the VC guidelines and how to communicate them to potential partners. Leads generated in the coming months should be followed up by the PMT with face-to-face meetings.

21. Communicating the VC facility. The mission acknowledges that the latest revision of the VC guidelines reflect well the agreements with the October 2012 mission. Moreover, PMT staff and partners confirm that the procedures and eligibility criteria in the matching grants section are now clear. However, while the guidelines provide the framework to support the implementation of the facility, they should not be taken as the final communication product.

22. So far, the PMT, service providers and cells have found it useful to accompany the dissemination of the guidelines with face-to-face interactions with potential partners. This should be continued with the support of good communication products. These products should be adapted to the needs of the specific audience in terms of messages, style and channel of dissemination, and accompanied by a simple communication plan. *It was agreed that the PMT produce targeted communication products that clearly present the objective of the VC facility, the eligibility criteria for matching grants, and how to apply with a powerful SIP with concrete examples of eligible and non-eligible activities.*

23. The three-day coordination seminar with partners in end-April 2013 will be a good opportunity for a training session on the VC facility. *As a first step in creating targeted outreach material, it was agreed that the PMT prepare a training kit for use during the seminar. This kit should be distributed and used later by the service providers and cells in their training activities.* The mission will provide a draft outline by 15 April 2013.

24. By adapting a clear approach to communicating the value chain facility, PROMER staff can expect an increased internal and external understanding of the guiding principles, a broader outreach, and potential new partnerships that can make the programme more successful.

Component 3 – Improving the Market Environment

25. **Sub-component 3.1 - Market Infrastructure.** Road rehabilitation works continue, yet none of the 12 contracts signed in 2012 were completed on time. Completion is foreseen by end-July 2013. By contrast, procurement of the works for 2013 is more timely, with announcements to contractors expected before mid-May 2013. Also, the mission notes that each district is in the process of receiving a road maintenance kit including a tractor and a grader, from funds outside of PROMER. However, ANE has not yet started honouring its commitment to provide quarterly progress reports on road maintenance. The data exists, and *it was agreed that the first PROMER specific report would be submitted before end-April 2013. In addition, it was agreed that the arrangements for determining the district eligibility for further road works (on the basis of the maintenance of PAMA and PROMER supported roads over a defined period) be elaborated by the PMT in a proposal to be shared with IFAD by 15 May 2013. In addition, it was agreed that a simple quarterly report on payment progress of contractor invoices be developed by ANE, for first submission by end-April 2013.*

26. The cells have organised road traffic counts on the roads before and after the rehabilitation works, which is commendable. The first roads show about a doubling of road use after the rehabilitation, which is encouraging. The mission encourages the systematic continuation of the work, including the production of simple reports, which will also be shared with ANE.

27. Selection of roads and markets. The mission regrets that no clear reporting on the selected roads and proposed markets to be rehabilitated in 2013 is available. While the final road selection is done by the district authorities, it is important to assure that the roads selected will improve the accessibility of the participating FOs. For operational planning purposes, the agreed inclusion of the location of the participating FOs in ANE's maps is an important planning tool and should not be delayed any further. The PMT needs to be provided with copies of these maps, and include proposed markets for rehabilitation.

28. **Sub-component 3.2 - Facilitating Access to Finance.** Rural financial service support is picking up for FOs, with the FO Support Service Providers preparing for the provision of access-to-finance training, which is expected to create linkages to nearby financial institutions. However, this rural finance training package is not yet sufficiently covered in GAPI's and SNV's 2013 AWPBs, and *it was agreed that service providers train their staff on this technical aspect before end-June 2013 and start training FOs during the third quarter of 2013.* This will be added into the plans of the GAPI and SNV.

29. Moreover, the first stage of the tender for Accumulating Savings and Credit Association (PCR) promotion has been launched, which is expected to lead to the creation of 275 PCR groups by end-2013. The mission is pleased that linkages have been established to the Inclusive Markets and Finance Project implemented by DNPDR, which is ready to assist the PMT in the supervision of the PCR Promoters.

30. However, the direct strengthening of GAPI and AMODER outreach in programme districts progresses painfully slowly. AMODER has neither submitted the agreed reports, nor responded to any of the four letters by the PMT over the past 6 months. As such, this partner is clearly unresponsive, and there is no basis for the extension of its agreement. However, at the wrap-up meeting AMODER reassured the PMT that the financial justification would be submitted by end-April 2013. By contrast, GAPI submitted a comprehensive Annual Report for 2012, with updates on the delays in the establishment of the branches in Gurué and Ribaué. On its basis, the agreement was extended for 18 months, albeit without IFAD no-objection. *For Gurué, it was agreed with GAPI that if no site can be agreed soon, an alternative district be identified rapidly, to be approved by the PMT.* Moreover, the supposed justification of 99% of the advance of USD 150,000 needs to be adjusted by USD 100,000 for the advance to the contractor and the yet undisbursed amount. Furthermore, the required reporting by GAPI on the use of the PAMA Support Project credit line to serve the PROMER target group is poor, requiring follow-up by the PMT. *The agreement that the PMT start monitoring the application and quality of the PAMA credit lines based on GAPI and AMODER reporting was reconfirmed.* Similarly, the collaboration with FARE still requires amendment of the MOU to adjust it to the current level of collaboration.

31. **Sub-component 3.3 - Improving Market Transparency.** Regional Market Information System (MIS). There has been limited progress in establishing a regional MIS, primarily due to competition between the two government initiatives, SIMA and INFOCOM. This represents a missed opportunity, as a functional and timely MIS would not only benefit the PROMER target group, but also farmers nationwide. Nonetheless, recent talks between the PMT and MIC showed some promise. Building on this, *it was agreed that the PMT engage in high-level discussion with MINAG and MIC about adequate harmonisation of the two systems, and offer technical assistance for the process, if required.* The process could be supported by a jointly hosted high-level conference on the functioning of an MIS.

32. Community Radio. In order to start the dissemination of market information to farmers, a pilot on the use of community radio as a market information channel was started in Alto Molocué. The innovative initiative appears more successful for spreading market information than for agricultural extension messages, but the evaluation is not yet finalised. The PMT has plans to scale-up the initiative, which the mission supports. It is important that new radio initiatives are developed with sustainability in mind, aiming at increasing the number of listeners, and as such revenue from publicity. Therefore, radio initiatives should distinguish: (i) market information, i.e. price, supply, demand and quality aspects; (ii) agricultural extension services; and (iii) information sessions on

PROMER. In order to support this process, it was agreed that the PMT develop an economic case based on the evaluation, separating different services, to present the economic opportunities to radio stations. For links with extension programmes, the mission suggests that the PMT liaise with PSP, which will explore the use of interactive radio.

Component 4 – Nutrition Promotion

33. Activities of this new component, to be supported by the MDG Programme, will encourage the families of the members of the participating FOs to eat a healthy and balanced diet, to follow good hygiene practices, and to practise food conservation. Activities will be contracted out to a service provider. *It was agreed that the tender documents be prepared by end-May 2013, with inputs from IFAD's MDG Facilitator.*

Component 5 – Policy/Institutional Support and Management

34. **Sub-Component 5.1 – Knowledge Management and Coordination.** Knowledge Management Support to DNPDR. The leadership of DNPDR shows great interest to integrate knowledge management (KM) in the way it works, as well as in the projects, as demonstrated by the establishment of a KM unit and the preparation of a concept note and log frame indicating the plans to move on with the KM agenda. The documents show, however, a focus on hardware for establishing the KM unit, which is costly, time consuming and ineffective. As KM is about changes in the way we work together, soft investments like the DNPDR website and training can be useful vehicles for sharing knowledge. *It is agreed that the website will be used to host an e-library where key documents from all DNPDR projects, including PROMER, can be uploaded and shared widely and timely. This aspect will be added to the developer's contract in an addendum, in conjunction with a consultant documentalist.* The documents for internal use will be password protected to restrict access to authorised staff. This will address the prevailing challenge of limited sharing of information within DNPDR and among projects. Including KM in the TOR of the five KM unit staff is another way of encouraging them to work on this innovatively.

35. DNPDR has the opportunity to have some staff trained in aspects that will enhance knowledge sharing. To give this a practical application, *it was agreed that with immediate effect staff who undertake any training shall demonstrate how it will contribute to the institutionalisation of knowledge management in DNPDR.* Those who are trained should also take the initiative to share insights from the training within DNPDR and the projects, how they can be up scaled, and present a plan of implementing the new ideas obtained, as well as key deliverables.

36. Support for PROMER in Knowledge Management. While the 2013 AWPB contains many DNPDR activities for KM, the PROMER specific activities are not very well highlighted. *It was agreed that specific actions such as capturing of lessons learned, experiences and success stories be included in the activity plan by 25 April 2013.* In addition, short captured cases such as 'the advantages of some contract modalities used by service providers' will be included in future progress reports, starting with the mid-year report for 2013.

37. To strengthen the communication function within PROMER, *it was also agreed that the PMT hire a communication consultant on retainer basis by 30 June 2013 to help in the capturing lessons learned and coaching on documentation and sharing.*

38. **Sub-Component 5.2 – Policy/Institutional Support.** Activities by the Ministry of Industry and Trade (MIT) have continued, focussing on the promotion and monitoring of agricultural marketing in programme districts by staff of DPIC and the District Services for Economic Activities (SDAEs). In addition, the training of 52 district technicians in market analysis can be a sound basis for future MIS implementation. However, the planning of activities needs closer adjustment to the overall AWPB of the programme so that the strengthened capacities can be utilised well by the local administrations in supporting marketing activities.

39. **Sub-Component 5.3 – Programme Management.** General. The programme continues with sound management. The mission is pleased to note that responsibilities are increasingly delegated to

the cells, and the beginning of a culture of rewarding performance by sharing good examples openly, both internally (staff) and externally (service providers). This is showing positive results. However, management of the cells still relies largely on written update-reports and *ad hoc* conversations, and needs to become more pro-active for the timely identification of issues and responses to emerging challenges. In addition, staff turnover remains a problem.

40. The pressure on staff is high, and is expected to grow further with the addition of the MDG programme activities. This will require continued identification of possibilities to rationalise work processes and human resources. *Moreover, it was agreed to merge the consultant allocations for nutrition and ASCA support into a generalist programme officer position.* In addition, for management strengthening, the PMT will identify specific areas that require further support, and the ways in which these will be strengthened.

41. The programme has suffered considerably from the absence of the Agribusiness Officer, which has effectively been vacant since 2011. The mission agrees with DNPDR's proposal of promoting the Cell Coordinator for Block C, who excelled with consistently high performance, to Agribusiness Officer in the PMT, and the M&E officer for Block B to Cell Coordinator. The M&E Officer post will be re-advertised. Moreover, the PMT will assess the performance of the promoted officers at the end of the 6-month probation period using pre-established milestones.

42. Gender. The follow-up to the October 2012 mission's gender input has been weak so far. The evaluation of the FO training has been delayed to start end-April 2013. Consequently, limited progress has been made in terms of evaluating the level of gender equality and women's empowerment. The service providers have planned for staff training in this regard and are awaiting the findings from the evaluation prior to progressing. The mission reiterates the importance of this activity.

43. Planning, M&E and Knowledge Management. The M&E training of February 2013 has allowed the M&E officer a quick familiarisation with the systems, and a commendable effort has been made in capturing data from 2012 into the new database. However, the rationalisation of the old and new forms used is needed to avoid an information overload. Since the service providers were not involved in the training and some of them have difficulties in filling the annual database sheet, *it was agreed that: (i) the data sheets be rationalised by end-May 2013, (ii) the coordination meeting in April 2013 include an M&E session where all service providers will be shown why and how the quarterly data capture is done, (iii) the M&E officer analyse the data and share key findings with the cells and service providers as of June 2013, and (iv) the PMT input the RIMS baseline data in the IFAD software by end-August 2013.*

44. The PMT receives monthly and quarterly reports and weekly updates from service providers. However, the content, structure, quality and timeliness of these varies greatly. It was thus agreed that the M&E officer provide guidance to harmonise the formats to allow a seamless feed into the PMT systems. Moreover, the need for timely submission of reports and for capturing lessons learned and case studies will be emphasised. Sharing of work plans with all service providers is a good practice that the PMT has initiated, and *it was agreed that this will be made part and parcel of the coordination meetings, to build a knowledge sharing culture.*

45. Sharing of Information. The idea of a knowledge repository, accessible at cell level is good to facilitate easy and rapid access to information such as baseline data, reports, workplans and communication materials by the cells and service providers. Accordingly, *it was agreed that the PMT will upload all operational documents onto its section on the DNPDR website, with the non-public documents password protected.* The PMT also needs a policy of sharing information. For example, it can promote the good practice of regularly sharing workplans, quarterly reports and case studies with the cells and service providers.

46. Communication. PROMER staff are currently communicating in a variety of ways, including its contributions to a quarterly bulletin, a website that is in progress, and the radio initiative that announces market information to farmers. In addition to external communication, they also communicate within the team and with service providers through seminars, meetings and written

material. An effective internal communication is a vital pillar in ensuring a successful project by virtue of its potential to get new staff quickly up to speed, and its coherence of key messages to the team and partner organisations.

47. To tap the potential for improved communication, programme staff should ensure that PROMER communication is structured and strategic. As a start, the staff should build on the communication that they are already practising, by: (i) mapping out the key audiences they want to reach (internal and external), (ii) determining the key messages, and (iii) assessing which channels are most effective to use for dissemination of key messages with high impact. This should be the base of a communication plan that can guide the project's future outreach. *It was agreed that the communication mapping exercise and the communication plan be finalized by the PMT by 30 June 2013.* The communication consultant (paragraph 37) will assist in this.

48. Mid-term Review Preparations. In preparation for the MTR in 2014, the M&E officer will continue to work closely with the field based officers to ensure the availability of data in the database and of clear and coherent reports, including some success stories. The MTR should be seen as an opportunity for streamlining the programme, and for redirection where necessary. The best preparation for the exercise is the establishment of a knowledge culture, with internal reviews and documentation of what works well and what should be done differently.

IV. Fiduciary aspects

49. **Financial management.** Programme financial management is strong with sound systems and capacities. After the mid-2012 replacement of the accountant and the recent recruitment of an additional accountant the accounting function also performed an important training role. The books and accounts are up to date and all reconciliations are carried out timely and adequately. The mission also reviewed the financial records for Withdrawal Applications (WA) 12, 13 and 14 and special account reconciliations, and found all documentation in order. The initial deposit of USD 3.5 million is adequately accounted for at 28 February 2013 as presented in the Special Account Reconciliation.

50. WAs are now submitted frequently and processed rapidly by IFAD, with an average of 15 days for the last three WAs. As a result, the PMT's liquidity is high. Similarly, programme liquidity at the Road Fund has improved with the recent increase of the advance to USD 350,000.

51. **Disbursement.** The total IFAD loan disbursement as of 10 April 2013 is 40%, up from 28% in September 2012, showing a clear project acceleration. The execution of the 2012 AWPB was 71%. For the first two months of 2013, AWPB execution stands at 8.5%.

52. Categories II and VIII are 73% and 102% disbursed, respectively. The recently requested reallocation for category VIII and also the addition of the MDG Programme funds will ease the pressure on category VIII.

53. **Counterpart funds.** In 2012, the total counterpart funds receipts amounted to about USD 53,000, against USD 77,000 requested by the PMT (67%). For 2013, the PMT requested and received about USD 32,000, which brought the tax arrears, that stood at some USD 32 000 on 31 January 2013 to almost zero. The mission appreciates this positive development, and notes that sufficient counterpart funds have been budgeted for 2013 by government. However, this is only made available in reimbursements, and *it was agreed that the reimbursement requests be made on a monthly basis.*

54. **Compliance with loan covenants.** Except for the overdue financial statements and the outstanding resolution of the insurance of goods, the Borrower is compliant with the loan covenants.

55. **Procurement.** Procurement is adequate, yet contract monitoring requires improvement. In particular, the use of the Contract Monitoring Form (CMF) is not accurate, especially in the progress certificate section. It was further noted that for CAL's SIP, due to delays in obtaining the registration documents, payments were made directly to suppliers before receipt of goods and services, with delays in delivery of up to three months after some payments. The reconciliation of the advance to GAPI for financial services also requires closer management.

56. **Audit.** The extension of the audit contract has not yet been signed. Rapid conclusion will be important for the timely completion of the financial audit of 2012. However, the 2012 financial statements, which were due on 31 March, have not yet been submitted to IFAD.

C. ProParcerias

I. Overall assessment of project implementation

57. ProParcerias has not yet been able to set up any inclusive business partnerships between local communities and external investors, although it seems very likely that this will be done over the next few months. The Mission appreciates DNPDR's reaffirmed commitment to the Project, with the Director personally participating in a DNPDR supervision in December 2012. This assessment confirmed the conclusions from IFAD's October 2012 supervision mission that almost no activities had taken place at field level. Drastic corrective measures have since been taken by DNPDR: a new project coordinator has come on board, the contract with PROSPECTUS (service provider responsible for research in the Project) was ended and the operational modalities were changed. Given the importance and urgency of this service provider's work, *it was agreed that staff will give the highest priority to facilitating the contracting of the replacement research service provider and issuing of the contract by 31 May 2013.* The Project duration has been extended until December 2013.

II. Project implementation progress

58. **Research and lesson learning.** By December 2013, ProParcerias needs to compile at least 15 different case studies from existing partnership initiatives in the agricultural sector in Mozambique and complete at least four thematic studies. Given that a replacement for PROSPECTUS still needs to be found, it was agreed that the Project would recruit university students to start compiling the case studies by 30 April 2013. The Mission has provided the ProParcerias team with a proposed template for this exercise. To the extent possible, all service providers should be involved in the various learning exchange events. *It was agreed that the field officers of the service providers will carry out visits to compare the methodologies being used in setting up partnerships.*

59. **Pilot community-investor partnerships in the agriculture sector.** The two service providers, LUPA and ORAM/MERCAL, have actively looked for interested investors. This was done by directly contacting potential investors, although also announcements were placed in newspapers, but without success. As such, LUPA is trying to set up various partnerships between communities and smaller 'subsets' of a community, namely associations (in this case wider benefit-sharing from the partnership amongst members of the broader community that are not directly involved are being worked out), of which four seem very promising (three in sugar and one in beef). ORAM/MERCAL, on the other hand, has signed two Memorandums of Understanding (MOUs), one with AgDevCo and another with DADTCO. In this context, at least five partnerships will be established, one for rice and four for cassava. Although new investors are still being sought, *it was agreed that the service providers would give the highest priority to setting up these nine partnerships by 31 August 2013.*

60. LUPA and ORAM/MERCAL have furthermore compiled 22 community profiles, which are being used to attract the interest of potential investors. However, these profiles contain little information on the economic potential of the communities, which is what investors are most interested in. *It was agreed that the profiles will be completed and shared with potential investors by 30 April 2013. These profiles will be published on a website which is currently being set up by DNPDR. It was agreed that this will be done by 31 July 2013.*

61. IFAD's October 2012 and DNPDR's December 2012 missions found that there had been no involvement of the local authorities whatsoever. Since then, the Provincial Reference Groups have been revived and given concrete responsibilities. As such, the reports from the service providers first need to be cleared by the Provincial Reference Groups before they are sent to DNPDR. Similarly, the involvement of local authorities in setting up the partnerships has been strengthened. Given the Project's focus on building capacity and ensuring sustainability, *it was agreed that the involvement of the Provincial Reference Groups and the local authorities will continue to be strengthened.*

62. **Toolkit development.** By December 2013, ProParcerias needs to publish two thematic research papers with policy recommendations, one guideline for community-investor partnerships and two policy proposals. This was the responsibility of PROSPECTUS. Given that DNPDR has requested ProParcerias to develop these guidelines by September 2013, this activity needs to be given high priority. *It was agreed that draft guidelines be produced by 31 July 2013.*

63. **Project management.** The first meeting of the National Reference Group on 11 April 2013 discussed the project progress and the scope for coordination with other initiatives, and provided advice. It was agreed that similar meetings be held at least every three months.

64. In order to ensure that the agreed deadlines are met with high quality, close follow-up of the work of the service providers will be highly important. *It was thus agreed that the service providers provide monthly progress reports to DNPDR, which will share it with the Reference Groups.*

65. During the Mission, DNPDR asked IFAD for a second project extension. The Mission explained that as the Project has not yet shown any concrete result but utilised the IFAD resources, a request for extension cannot be considered by IFAD.

66. **M&E.** An M&E framework has been developed as agreed, with revised monitoring templates that will be used to collect data and generate reports in 2013. The Mission advised on some minor improvements. *It was agreed that the final M&E framework be shared with the Reference Groups and the service providers by 30 April 2013.*

67. **Sharing of lessons learned and studies.** In addition to the technical learning discussed above, the project team has learned some management lessons during implementation, for instance that focusing on particular value chains rather than being generic in scope, can allow better utilisation of time for implementation. It was agreed that this and other lessons be captured and shared within DNPDR and its projects to inform current implementation and future designs.

III. Fiduciary aspects

68. **Financial management.** The situation has improved but remains precarious. EXCEL is still used for accounting records, and the contract for accounting software has not yet been signed, with only 8 months of implementation remaining. Financial transactions are posted late, which is a serious fiduciary issue. All reconciliations for the local account from January- March 2013 are outstanding, the last reconciliation on record is for December 2012.

69. **Disbursement.** Thanks to heavy disbursements in the last months of the year, the execution of the 2012 AWPB reached 66%. For the IFAD funds, 79% of the 2012 AWPB allocations were utilised during the year. Overall, some 55% of the IFAD grant have been disbursed by 31 March 2013.

70. **Procurement.** Procurement is sound, but delayed. The asset register has been established as agreed. It identifies all assets with an asset code.

71. **Audit.** The issues from prior year audit were reportedly attended to, except for the installation of accounting software. A response has been sent to the auditors.

D. PROMER and ProParcerias linkages

72. After meetings between the staff and service providers of PROMER and ProParcerias at national and provincial levels, several areas for collaboration were agreed on. As a result, ProParcerias has included two communities in which PROMER already supported FOs, and will facilitate contacts with potential investors, such as DADTCO. PROMER, from its side, continued providing its regular services to these communities involved in ProParcerias, and will try to stimulate infrastructure development to attract investors and facilitate access to finance in the two ProParcerias communities. The Mission appreciates the efforts by both projects in this respect. *It was agreed that similar meetings will be held regularly.*

E. Sustainability

73. Three main elements determine the sustainability of both PROMER and ProParcerias interventions: (i) group dynamics; (ii) infrastructure upkeep; and (iii) the life expectancy of the commercial arrangements they promote. On the first count, PROMER's sound community-based investments with literacy, group dynamics and marketing skills are clearly building a case for sustainability. On the second, the risks of non-maintenance of the rehabilitated roads are clear and need to be mitigated. For the third, sustainability depends on the success of the project in mobilising partners genuinely interested in establishing business relations that can be repeated. With programme staff keeping a keen eye on aspects (ii) and (iii), sustainability of the achievements is highly probable. For ProParcerias, it is still early days, but it is clear that aspect (iii) will be the key determinant.

F. Conclusion

74. The mission is well satisfied with the overall progress in PROMER implementation and the improvements in ProParcerias management. Moreover, it is pleased with the keen interest manifested by DNPDR management in the advancement and mutual reinforcement of the two initiatives, and the tangible support it is providing.

75. A joint supervision mission for both projects is planned for 28 October to 8 November 2013, including visits to the field

Claus Reiner
Country Programme Manager, IFAD

Date

José Eliza Guambe
National Director, DNPDR

Date

Appendix 1: Summary of PROMER status and ratings

Basic Facts

Country	Mozambique			Project ID	1423	Loan/DSF Grant No.	754-MZ
Project	Rural Markets Promotion Programme (PROMER)					Supp. Loan/DSF Grant	
Date of Update	12-Apr-2013					Financing terms	HC
Supervising Inst.	IFAD/IFAD						
No. of Supervisions	5	No. of Implementation Support/Follow-up missions	1				
Last Supervision	8-12 April 2013	Last Implementation Support/Follow-up mission	8 March 2010				

					USD million	Exp. Rate %
Approval	11-Sep-2008			Total costs	40.56	
Agreement	17-Sep-2008	Effectiveness lag	7.6 mths	IFAD Total	31.14	
Effectiveness	26-Apr-2009	PAR value	-----	IFAD loan	31.14	23.5%
MTR	Planned 2014			DSF grant		
Current completion	30-Jun-2016	Last Amendment	26-Mar-2010	IFAD grant		
Current closing	31-Dec-2016	Last Audit	June 2012	Domestic Total	5.91	
No. of extensions	0			Beneficiaries	3.05	0
				Government (National)	2.86	0
				Cofinancing Total	3.52	
				AGRA(1)	3.52	0

Project Performance Ratings

(6) highly satisfactory; (5) satisfactory; (4) moderately satisfactory; (3) moderately unsatisfactory; (2) unsatisfactory; (1) highly unsatisfactory

B.1 Fiduciary Aspects	Last	Current	B.2 Project implementation progress	Last	Current
1. Quality of financial management	6	5	1. Quality of project management	4	4
2. Acceptable disbursement rate	4	4	2. Performance of M&E	3	4
3. Counterpart funds	4	3	3. Coherence between AWPB & implementation	4	5
4. Compliance with loan covenants	5	5	4. Gender focus	4	4
5. Compliance with procurement	4	5	5. Poverty focus	4	4

6. Quality and timeliness of audits	6	5	6. Effectiveness of targeting approach	4	4
			7. Innovation and learning	4	3
			8. Climate and environment focus in implementation	-	3

B.3 Outputs and outcomes	Last	Current	B.4 Sustainability	Last	Current
1. 1.1 Support for Input & Output Traders	3	3	1. Institution building (organizations, etc.)	5	5
2. 1.2 Support for Farmer Organizations	5	5	2. Empowerment	5	5
3. 2. Enterprise-led Value Chain Initiative	4	3	3. Quality of beneficiary participation	5	5
4. 3.1 Market Infrastructure	4	4	4. Responsiveness of service providers	4	4
5. 3.2 Facilitating Access to Finance	4	3	5. Exit strategy (readiness and quality)	NR	2
6. 3.3 Improving Market Transparency	4	4	6. Potential for scaling up and replication	5	5
7. 4.1 Knowledge Management & Coordination	4	4			
8. 4.2 Policy/Institutional Support	4	3			
9. 4.3 Programme Management	4	4			

B.5 Justification of ratings

Overall quality of financial management and fiduciary aspects is satisfactory. Audit submitted on time and unqualified. The programme is well managed, with improved communications with the decentralised units, and responsive service providers. However, it needs to become more pro-active in driving the pro-poor partnerships. Overall implementation has accelerated.

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

Rationale for implementation progress rating: The programme has advanced significantly in the community-based work, and now need to catch up in the support to and partnership with traders. The positive effect is already visible at the smallholder level.

C.4	Likelihood of achieving the development objectives (section B3 and B4)		4	4
-----	--	--	---	---

Optimism for future implementation as project management is sound and the work in the field has now started.

C.5 **Risks** Short description of major risks for each section and their impact on achievement of development objectives and sustainability

Fiduciary aspects:	
Project implementation progress:	
<ul style="list-style-type: none"> Partnerships with the value chain leaders need more guidance in order to use the resources efficiently, and to develop the Strategic Investment Plans (SIPs) to implementation readiness. 	
Outputs and outcomes:	
Sustainability: The maintenance that needs to follow feeder road rehabilitation receives attention, and requires further follow-up.	

Proposed Follow-up

Issue / Problem	Recommended Action	Timing	Status
Integration of the MDG Programme needs to become effective	IFAD to sign the Cooperation Agreement with the EU, and to advance the amendment of the Loan Agreement.	End-May 2013	On track.

Additional observations

Appendix 2: Summary of agreed action

AGREED ACTIONS 4th Mission, Oct. 2012 (with responsibility & deadlines)	STATUS OF ACTIONS end-Mar. 2013 (with mission comments)	AGREED ACTIONS 5th Mission, Apr. 2013 (with responsibility & deadlines)
Support for Input & Output Traders		
45. Launch tender for the service provider for input/output trader support. (PMT, 30 Nov 2012)	Completed. Tender was launched on the 22 January and proposals are being evaluated.	OK
Support for Farmer Organizations		
46. Include district union support in the service providers' AWPB for 2013. (Service providers, 31 December 2012)	Completed. All Service Providers included support to district Unions in their AWPB for 2013	OK
47. Expand support to new FOs. (Service providers, 30 April 2013)	On going. Service Providers included expansion of support to a total of 135 FOs.	OK
48. Expand support for functional literacy training to more beneficiaries. (Service providers, 31 March 2013)	On going. Provincial education authorities of Niassa, Nampula and Zambézia approved the new training package.	48. Expand support for functional literacy training to more beneficiaries in Cabo Delgado. (OIKOS, 31 May 2013)
49. Recruit the first market linkage extensionists. (DPAs, 30 Nov. 2012)	On going. 9 extensionistas already contracted for Niassa and Nampula. Zambézia and Cabo Delgado in the process of recruiting (tenders launched). MoU's were only signed in January by the DPA's	49. Recruit all 16 market linkage extensionists. (DPAs, 30 June 2013)
50. Start monitoring the impact of FO training activities on women's ability to participate in decision-making and marketing. (PMT, June 2013)		50. Start monitoring the impact of FO training activities on women's ability to participate in decision-making and marketing. (PMT, 30 June 2013)
51. Train service provider field staff in gender-sensitive approaches to value-chain development. (Service providers, 31 March 2013)	Planificado	51. Train service provider field staff in gender-sensitive approaches to value-chain development. (Service providers, 31 May 2013)
52. Address women-specific capacity development needs in the 2013 exchange programme between FOs. (Service providers, 30 Sep 2013)	Planificado	52. Address women-specific capacity development needs in the 2013 exchange programme between FOs. (Service providers, 30 Sep. 2013)
		61. Include the small and medium buyers in the market linkage activities in 2013. (Service providers, 30 June 2013)
		62. Distribute easy-to-understand information on the Value Addition Matching Grants to all participating. (Service providers, 30 June 2013).
Enterprise-led Value Chain Initiative		
12. Conclude face-to-face meetings with at least 5 additional potential VC drivers to solicit SIPs. (PMT, 30-Nov-12)	Completed. Face to face meetings held with OLAM (Block B), MATHARIA, CISTER, CIM PAM (Block C).	OK
53. Clarify the key areas of the Sesame SIP with CAL (Agribusiness Expert, 30-Nov-12)	AWP for 2013 prepared by CAL (Report not seen by the mission; being turned in to PMT in mid-April)	53. Clarify the key areas of the Sesame SIP with CAL (Agribusiness Expert, 31 May 2013)
54. Strengthen the VC guidelines and the model grant contract in the suggested areas. (PMT, 30-Nov-12)	Completed VC guidelines revised and disseminated to PROMER Cells, Service Providers and Potential leaders. (Training on these guidelines to be further continued in the late April seminar)	OK
		63. Provide intensive support to partners who have submitted concept notes in order to turn them into SIPs. (Agribusiness Expert or consultant, 30-June 13)
		64. Convene Value Chain Advisory Committee to make funding decision on submitted SIPs. (PMT, 30-Sept 13)
		65. Generate new concept notes through VC facility outreach in conjunction with service providers. (PMT, 30 Nov. 13)

AGREED ACTIONS 4th Mission, Oct. 2012 (with responsibility & deadlines)	STATUS OF ACTIONS end-Mar. 2013 (with mission comments)	AGREED ACTIONS 5th Mission, Apr. 2013 (with responsibility & deadlines)
Market Infrastructure		
		66. Submit the first PROMER specific report to the PMT. (ANE, 30 April 2013)
		67. Submit the arrangements for determining district eligibility for further road works to IFAD. (PMT, 15 May 2013)
		68. Share the road maps showing also the participating FOs. (ANE, 31 May 2013)
Facilitating Access to Finance		
		69. Include access-to-finance training for FOs in the AWPBs of each service provider. (Service providers, 31 May 2013)
		70. Communicate Plan B with alternative district for the new branch and decision deadline to the PMT. (GAPI, 15 May 2013)
		71. Obtain reports on the PAMA credit lines from GAPI and AMODER. (PMT, 31 July 2013)
Market Transparency		
55. Develop detailed plans to support market information initiatives (PMT, 30 November 2012)	On going	55. Finalise plans to support Market Information Initiatives. (PMT, 31 May 2013)
		72. Facilitate the dialogue with MIC and MINAG on harmonisation between INFOCOM and SIMA. (PMT, 30 June 2013)
		73. Start more community radio initiatives. (PMT, 31 July 2013)
		74. Develop economic case to present the economic opportunity to radio stations arising from market information programmes. (PMT, 31 August 2013)
		75. Liaise with PSP on the use of interactive radio for extension services through community radio. (PMT, 31 August 2013)
Policy/Institutional Support		
43. Elaborate the concept note for the DNPDR knowledge management unit (with quantities, costs, and linked to the KM logical framework). (DNPDR/PMT, 30 November 2012)	Concept Note elaborated and received by PROMER on the 11th of March (to be analysed by the mission) <i>(the concept note places too much emphasis on physical investments, and not enough on behavioural change towards KM, including lessons learned)</i>	43. Modify the concept note for the DNPDR knowledge management unit (with quantities, costs, and linked to the KM logical framework). (DNPDR with PMT assistance, 30 June 2013)
44. Modify the draft TOR to combine the proposed technical assistance for KM in DNPDR with the planned position of inter-project KM Officer. (CMT/DNPDR, 31 December 2012)	Completed. Tender to KM position launched	OK
56. Select specific KM themes for 2013, and plan for analyses, documenting and sharing. (PMT, 30 Nov 2012)	To be done in the 2nd quarter in the coordination meeting with Service providers	56. Select specific KM themes for 2013, and plan for analyses, documenting and sharing. (PMT, 30 June 2012)
		76. Recruit retained consultant to support the PMT in communications and documentation of case studies. (PMT, 30 June 2013)
Programme Management		
		77. Recruit generalist programme officer to manage nutrition and ASCA support. (PMT, 31 July 2013)

AGREED ACTIONS 4th Mission, Oct. 2012 (with responsibility & deadlines)	STATUS OF ACTIONS end-Mar. 2013 (with mission comments)	AGREED ACTIONS 5th Mission, Apr. 2013 (with responsibility & deadlines)
		78. Fill positions for Agribusiness Specialist and Block C Coordinator. (PMT, 15 May 2013)
		79. Recruit M&E Officer for Block B (PMT, 30 June 2013)
M&E		
34. Test the system for monitoring business graduation of marketing groups in one project block. (PMT, 30 November 2012)	Completed.	OK
57. Address the big backlog in collecting and entering monitoring data. (PM&E Officer, 31 December 2012)	On going	57. Address the big backlog in collecting and entering monitoring data. (PM&E Officer, 31 May 2013)
58. Include further training in the 2013 AWPB to address the lack of staff skills in PM&E. (PMT, 30 Nov 2012)	Completed in February	OK
		80. Analyse collected data and provide feedback to the service providers and cells. (PM&E Officer, 30 July 2013)
		81. Input baseline data in RIMS software and share with IFAD. (PMT, 31 August 2013)
Fiduciary aspects		
59. Fully utilize the IFAD contract management form. (Financial Manager, 1 November 2012)	On going (This is not good enough. If there are specific questions, please communicate these to IFAD)	59. Fully utilize the IFAD contract management form, retroactively as of 1 January 2013. (Financial Manager, 31 May 2013)
Update of the implementation status of last Audit Exercise		
60. Assess the financial viability of insuring low cost assets and submit proposal to IFAD. (PMT, 31 Dec 2012)	On going (It was resolved during the mission, with 3 months' delay)	OK

Appendix 3: PROMER Physical Progress

Indicator	Unit	RIMS	Annual target	Annual result	Appraisal target	Revised target	Cumulative result	Comment (general)
Component 1. Developing More Dynamic Market Intermediaries								
Output 1.1 Increased capacity of traders to effectively market surplus production and deliver improved inputs								
Study, survey and strategy reports produced	Number	no	0	0	2	2	2	Studies on traders
Enterprises accessing non-financial services facilitated by the project	Number	yes	0	0	375	375	0	Traders being supported
Inputs demonstrations held	Number	no	0	0	1,500	1,500	0	Inputs promotions on demonstration plots
Value of input supply guarantees	USD	no	0	0	300,000	300,000	0	
Value of investments and matching grant support	USD	no	0	0	870,000	870,000	0	Investment support for traders
Output 1.2 Increased capacity of farmers' organizations and their members to effectively market surplus production and conduct profitable transactions								
Study, survey and strategy reports produced	Number	no	3	3	3	3	3	Baseline and inception reports
Marketing groups formed/strengthened	Number	yes	330	330	670	670	330	Farmer associations supported
People in marketing groups formed/strengthened	Female	yes	3,973	5,623	4,700	4,700	5,623	Members of farmer associations
People in marketing groups formed/strengthened	Male	yes	9,274	5,647	15,400	15,400	5,647	Members of farmer associations
People trained in Functional Adult Literacy	Female	no	0	1,633	2,650	2,650	1,633	Members of farmer associations
People trained in Functional Adult Literacy	Male	no	0	1,303	8,600	8,600	1,303	Members of farmer associations
Value of investments and matching grant support	USD	no	0	0	870,000	870,000	0	Investment support for associations

Indicator	Unit	RIMS	Annual target	Annual result	Appraisal target	Revised target	Cumulative result	Comment (general)
Output 1.3 Institutions that can more effectively represent farmers' interests and deliver relevant support services								
Study, survey and strategy reports produced	Number	no	0	1	15	15	1	UNAC/district unions and commodity associations. There are a total of 10 but currently only 1 strategy for FONPA
Apex organisations formed/strengthened	Number	yes	0	10	12	12	10	District Unions, farmers federations, commodity associations supported
Workshops/seminars conducted	Number	no	0	0	54	54	0	Consultative fora, policy workshops
Value of investments and matching grant support	USD	no	0	0	400,000	400,000	0	Institutional support to higher level institutions
Component 2. Enterprise-led Value Chain Initiative								
Output 2.1 Improved value chain operations and partnerships between smallholders and agri-business enterprises								
Study, survey and strategy reports produced	Number	no	0	1	9	9	1	Market opportunities, VCAs
Enterprises accessing financial services facilitated by the project	Number	yes	0	0	5	5	0	Enterprises getting matching grants
Enterprises accessing non-financial services facilitated by the project	Number	yes	0	1	5	5	1	Enterprises accessing technical assistance
Enterprise-producer partnerships established	Number	no	0	0	5	5	0	Enterprise-association partnerships
Workshops/seminars conducted	Number	no	0	1	30	30	1	Value chain workshops, exposure visits
Value of investments and matching grant support	USD	no	25,000	0	3,750,000	3,750,000	25,000	PROMER/enterprises joint finance
Component 3. Improving the Market Environment								
Output 3.1 Improvements in the quantity and quality of market related infrastructure and services								
Study, survey and strategy reports produced	Number	no	0	0	3	3	1	Roads, markets, financial services
Financial institutions participating in the project	Number	yes	0	6	17	17	6	Existing and new institutions/outlets
Workshops/seminars conducted	Number	no	0	0	72	72	0	Marketing, networking
Market-related radio broadcasts	Number	no	0	32	468	468	32	Radio Mozambique, local stations
People trained in business and entrepreneurship skills	Female	yes	0	0	260	260	0	Accessing finance
People trained in business and entrepreneurship skills	Male	yes	0	0	740	740	0	Accessing finance

Indicator	Unit	RIMS	Annual target	Annual result	Appraisal target	Revised target	Cumulative result	Comment (general)
Value of investments and matching grant support	USD	no	0	184,000	1,304,000	1,304,000	234,000	Institutional support to financial institutions
Marketing facilities constructed/rehabilitated	Number	yes	0	0	19	19	0	Public markets (district, provincial)
Roads constructed	KM	yes	0	224	415	415	344	Market access road improvement

Appendix 4: PROMER Financial Performance

Table 1: 2013 AWPB Expenditure by component, as of 28 February 2013 (USD)												
Comp	Financiers	IFAD		European Union		Beneficiaries		GoM		Total		
		Budget 2013	Actual 2013	Budget 2013	Actual 2013	Budget 2013	Actual 2013	Budget 2013	Actual 2013	Budget 2013	Actual 2013	%
Comp. 1	Development of More Dynamic Market Intermediaries	2 465 250	145 333	545 450	-	30 000	-	-	-	3 040 700	145 333	4.8
Comp. 2	Enterprise Led Value Chain Initiative	585 000	-	-	-	500 000	-	-	-	1 085 000	-	-
Comp.3	Improving the Market Environment	4 909 500	645 669	1 558 500	-	-	-	-	-	6 468 000	645 669	10.0
Comp. 4	Policy/Institutional Support and Management	1 236 120	203 362	394 860	-	-	-	-	-	1 630 980	203 362	12.5
	Total	9 195 870	994 364	2 498 810	-	530 000	-	445 328	42 855	12 224 680	1 037 219	8.5

Table 2: 2012 AWPB Expenditure by category, as of 28 February 2013 (USD)												
Categ.	Financiers	IFAD		European Union		Beneficiaries		GoM		Total		
		Budget 2013	Actual 2013	Budget 2013	Actual 2013	Budget 2013	Actual 2013	Budget 2013	Actual 2013	Budget 2013	Actual 2013	%
Cat I	Civil Works	4 646 000	557 922	1 260 000	-	-	-	-	-	5 906 000	557 922	9.4
Cat II	Vehicles Equipment & Material	61 000	3 956	92 920	-	-	-	-	-	153 920	3 956	2.6
Cat III	Technical Assistance, Studies, Training & Workshops	817 400	56 371	44 000	-	-	-	-	-	861 400	56 371	6.5
Cat IV	Service Provider Contracts	2 292 750	142 205	759 950	-	-	-	-	-	3 052 700	142 205	4.7
Cat V	Matching Grants	560 000	-	-	-	530 000	-	-	-	1 090 000	-	-
Cat VI	Outreach Grants for Financial Institutions	-	63 834	-	-	-	-	-	-	-	63 834	#DIV/0!
Cat VII	Salaries & Allowances	605 920	126 531	291 360	-	-	-	-	-	897 280	126 531	14.1
Cat VIII	Other Operating Costs	212 800	43 544	50 580	-	-	-	-	-	263 380	43 544	16.5
Cat IX	Credit lines & credit guarantee funds	-	-	-	-	-	-	-	-	-	-	#DIV/0!
	Total	9 195 870	994 364	2 498 810	-	530 000	-	-	-	12 224 680	994 364	8.1
N.B- Up to end-2012, the expenses and the contribution of the Government on VAT is posted in the accounts jointly and not per component or category.												

Table 3: Cumulative Expenditure by component, as of 28 February 2013 (USD)

		IFAD		European Union		Beneficiaries		GoM		Total		
Comp		Appraisal Estimate	Actual	Appraisal Estimate	Actual	Appraisal Estimate	Actual	Appraisal Estimate	Actual	Appraisal Estimate	Actual	%
Comp. 1	Development of More Dynamic Market Intermediaries	7 711 458	1 915 752	1 942 200	-	800 000	-	1 423 800	-	11 877 458	1 915 752	16.1
Comp. 2	Enterprise Led Value Chain Initiative	4 723 349	273 513	-	-	2 250 000	-	278 500	-	7 251 849	273 513	3.8
Comp. 3	Improving the Market Environment	9 817 263	2 777 979	6 448 537	-	-	-	1 628 708	-	17 894 508	2 777 979	15.5
Comp. 4	Nutrition Promotion	-	-	232 400	-	-	-	47 600	-	280 000	-	-
Comp. 5	Policy/Institutional Support and Management	8 882 539	3 851 511	1 267 445	-	-	-	906 355	-	11 056 339	3 851 511	34.8
Comp. 6	Support to the IFAD-SPCU	-	-	634 150	-	-	-	222 707	-	856 857	-	-
	Total	31 134 610	8 818 755	10 524 732	-	3 050 000	-	4 507 670	-	49 217 012	8 818 755	17.9

Table 4: Cumulative Expenditure by category, as of 28 February 2013 (USD)

		IFAD		European Union		Beneficiaries		GoM		Total		
Categ.		Appraisal Estimate	Actual	Appraisal Estimate	Actual	Appraisal Estimate	Actual	Appraisal Estimate	Actual	Appraisal Estimate	Actual	%
Cat I	Civil Works	6 521 027	1 930 286	4 792 262	-	-	-	1 466 708	-	12 779 997	1 930 286	15.1
Cat II	Vehicles Equipment & Material	722 609	459 629	79 945	-	-	-	288 412	-	1 090 966	459 629	42.1
Cat III	Technical Assistance, Studies, Training & Workshops	5 906 888	920 497	-	-	-	-	-	-	5 906 888	920 497	15.6
Cat IV	Service Provider Contracts	8 311 797	2 102 874	2 548 100	-	-	-	1 931 900	-	12 791 797	2 102 874	16.4
Cat V	Matching Grants	2 440 000	216 193	-	-	3 050 000	-	-	-	5 490 000	216 193	3.9
Cat VI	Outreach Grants for Financial Institutions	1 304 033	465 827	-	-	-	-	-	-	1 304 033	465 827	35.7
Cat VII	Salaries & Allowances	5 341 679	2 208 370	1 303 610	-	-	-	559 690	-	7 204 979	2 208 370	30.7
Cat VIII	Other Operating Costs	586 577	515 179	518 040	-	-	-	260 960	-	1 365 577	515 179	37.7
Cat IX	Credit lines & credit guarantee funds	-	-	1 282 775	-	-	-	-	-	1 282 775	-	-
	Total	31 134 610	8 818 855	10 524 732	-	3 050 000	-	4 507 670	-	49 217 012	8 818 855	17.9

N.B- Up to end-2012, the expenses and the contribution of the Government on VAT is posted in the accounts jointly and not per component or category.

Appendix 5: PROMER No-objection Tracking Sheet

Overall 1.4 working days average turn-around time						1.0				
STAGEONE (Review of Bidding Documents)						STAGETWO (Review of Evaluation Reports)				
Description of Goods/ Works or Services	DATE OF FIRST RECEPTION	DATE OF COMPLETE RECEPTION	Date No-Objection Provided By CPM	REMARKS	WORKING DAYS in ESA	DATE OF FIRST RECEPTION	DATE OF COMPLETE RECEPTION	Date No-Objection Provided by CPM	REMARKS	WORKING DAYS in ESA
000 VC guidelines	23-Dec-12			denied 22 Feb 12	n/a	15-Mar-12	21-Mar-12	23-Mar-12		2
001 Agribusiness Off & Civil Eng Posts	12-Jan-12		13-Jan-12		1	13-Mar-12		13-Mar-12	Agribusiness off. only	0
001c Contract, Civil Engineer at Pemba	20-Jul-12		20-Jul-12		0					n/a
002 AWPB 2012	27-Dec-12			denied 19 Jan 12	n/a					n/a
002b revised AWPB 2012	27-Jan-12		03-Feb-12		5					n/a
003 AWPB service prov. Comp 1	16-Mar-12		21-Mar-12		3					n/a
004 Addendum contract OIKOS	18-Apr-12		19-Apr-12		1					n/a
005 Revised TOR for three PMU posts	24-Apr-12		27-Apr-12		3					n/a
005b Recruitment Market Intern. Officer	16-May-12		21-May-12		3					n/a
005c PROMER Contract VC Officer PMU	16-Jul-12	23-Jul-12	24-Jul-12		1					n/a
005d Evaluation & Contract M&E for PMU	26-Sep-12		27-Sep-12		1					n/a
006 Recruitment of Accountant	17-May-12		21-May-12		2					n/a
007 KPMG Engagement for 2011 Audit	18-May-12		21-May-12		1					n/a
008 CAL SIP for Cassava and Sesame	25-May-12			denied 31-May-12	n/a					n/a
008b CAL SIP for Cassava and Sesame	22-Jun-12			denied 27-Jun-12	n/a					n/a
008c CAL SIP for Cassava and Sesame	04-Jul-12		04-Jul-12		0					n/a
008d CAL SIP draft contract of Sesame SIP	19-Jul-12		20-Jul-12		1					n/a
009 Participation to TOMPRO Training	05-Jun-12		06-Jun-12		1					n/a
010 Recruitment M&E officer, Pemba cell	15-Jun-12	02-Jul-12		denied 19-Jun-12	n/a					n/a
011 - numbering error					n/a					n/a
012 Addenda to PROMER staff contracts	25-Jul-12		26-Jul-12		1					n/a
013 Revised AWPB 2012	27-Jul-12		28-Jul-12		0					n/a
014 Revised MOU with PRONEA	27-Jul-12			denied 1-Aug-12	n/a					n/a
014b Revised MOU with PRONEA (PSP)	10-Aug-12			denied 15-Aug-12	n/a					n/a
015 Revising the housing benefits	17-Sep-12	17-Sep-12	17-Sep-12		0					n/a
016 updated Contract CAL and SEsame SIP	26-Sep-12	02-Oct-12	03-Oct-12		1					n/a
017 MOU with DPA's and Extensionists TOR	09-Nov-12	14-Nov-12	14-Nov-12		0					n/a
018 AWPB 2013	03-Dec-12	06-Dec-12	11-Dec-12		3					n/a
019 Tender SP recr. input/output traders	09-Jan-13		10-Jan-13		1					n/a
020 agribusiness consultant (single source)	24-Jan-13			denied 25 Jan 13	n/a					n/a
021 Recruitment M&E Officer Alto Molocue	15-Mar-13		15-Mar-13		0					n/a
022 Tender recruit SP Community Based	15-Mar-13			denied 18-Mar-13	n/a					n/a
022b Tender recruit SP Community Based	15-Mar-13	18-Mar-13	18-Mar-13		0					n/a
023 Addendum for OIKOS	25-Mar-13			denied 29-Mar-13	n/a					n/a
024 Insurance exemption for equipment	10-Apr-13		12-Apr-13		2					n/a
026 Service providers AWPB 2013	16-Apr-13	16-Apr-13	22-Apr-13		4					n/a

Appendix 6: ProParcerias Physical Progress

This information was not provided by project management to the mission.

Appendix 7: ProParcerias Financial Performance

Table 1: ProParcerias Expenditure according to AWPB 2012, as of 31 December 2012 (EUR)

	IFAD		Netherlands		FAO		DNPDR		Total		
	Budget 2012	Actual expenditure	Budget 2012	Actual expenditure	Budget 2012	Actual expenditure	Budget 2012	Actual expenditure	Budget 2012	Actual expenditure	%
Project Personnel	0	0	117 278	38 755	0	0	0	0	117 278	38 755	33%
Out-sourced service providers	164 186	130 131	250 098	200 106	0	0	0	0	414 284	330 237	80%
Equity share capital	0	0	0	0	0	0	0	0	0	0	0%
Workshops & Meetings	0	0	359 337	198 227	28 704	21 001	0	0	388 041	219 228	56%
Equipment	0	0	38 840	27 444	0	0	0	0	38 840	27 444	71%
Expendable materials	0	0	51 209	47 585	0	0	0	0	51 209	47 585	93%
Total	164 186	130 131	816 762	512 117	28 704	21 001	0	0	1 009 652	663 249	66%

Table 2: ProParcerias Expenditure according to total cumulative, as of 31 March 2013 (EUR)

	IFAD		Netherlands		FAO		DNPDR		Total		
	Estimates as per grant agreement	Actual expenditure	Estimates as per design report	Actual expenditure	Estimates as per design report	Actual expenditure	Estimates as per design report	Actual expenditure	Estimates as per design report	Actual expenditure	%
Project Personnel	0	0	211 950	58 626	0	0	0	0	211 950	58 626	28%
Out-sourced service providers	164 186	130 131	1 019 036	631 153	0	0	0	0	1 183 222	761 284	64%
Equity share capital	0	0	162 162	0	0	0	0	0	162 162	0	0%
Workshops & Meetings	0	0	571 252	214 353	28 704	21 001	0	0	599 956	235 354	39%
Equipment	0	0	38 840	27 444	0	0	0	0	38 840	27 444	71%
Expendable materials	0	0	95 342	57 289	0	0	0	0	95 342	57 289	60%
Total	164 186	130 131	2 098 582	988 865	28 704	21 001	0	0	2 291 472	1 139 997	55%

Appendix 8: ProParcerias No-objection Tracking Sheet

Overall 1.0 working days average turn-around time					1.0	#DIV/0!				
STAGE ONE (Review of Bidding Documents)						STAGE TWO (Review of Evaluation Reports)				
Description of Goods/ Works or Services	DATE OF FIRST RECEPTION	DATE OF COMPLETE RECEPTION	Date No-Objection Provided By CPM	REMARKS	WORKING DAYS in ESA	DATE OF FIRST RECEPTION	DATE OF COMPLETE RECEPTION	Date No-Objection Provided by CPM	REMARKS	WORKING DAYS in ESA
001 TA Contracts	01-Feb-12	02-Mar-12	02-Mar-12		0					n/a
002 TOR for External Audit	27-Mar-12			denied 31-Mar-2012	n/a					n/a
002b Revised Ext. Audit TOR	20-Apr-12		22-Apr-12		0					n/a
003 - Termos de Referencia ProPARCERIAS	07-Mar-13	25-Mar-13	28-Mar-13		3					n/a

Attachment 1: PROMER – Rural Trader and Farmer Organisation Development

A. Introduction

1. The purpose of this Attachment is to assist the Project Management Team (PMT) in implementing PROMER's component 1 – Developing More Dynamic Market Intermediaries, providing details to the findings and agreed actions of the Aide Memoire, as well as some additional considerations and recommendations by the Mission.

B. Implementation progress

2. With an cumulative financial progress of 20% by the end of February 2013, component 1 has mixed progress, with a large variation among the sub-components. The Support for Input and Output Traders sub-component has not yet started and is in the evaluation phase of the service provider bids. The strongest progress is reported in the area of farmer organisation (FO) development. Some 330 FOs have been formed or strengthened, with more than 11,000 members, of which 50% are women. Concrete results have already been achieved in facilitating market linkages.

C. Performance

3. **Sub-component 1.1 - Support for Input and Output Traders.** Implementation of the activities under this sub-component is yet to start. Funding will come mainly from the EU grant of the MDG Programme. The tender to contract a Service Provider was launched in anticipation of the EU funds, which is commendable. *It was agreed that the bids be evaluated without delay by an evaluation commission, consisting of one PMT member and two to three external persons, preferably from the agribusiness and agri-finance sector.* The commission will assemble before end-April 2013.

4. **Sub-component 1.2 - Support for Farmer Organisations.** After almost a full year of implementation, this sub-component has advanced considerably and there is already scope for expansion. The service providers' AWPBs for 2013 include additional support and resources to new FOs. This represents a commendable increase of 40% in the outreach of the Programme. The target for 2013 is 470 FOs formed and strengthened. With the total Programme objective of 670 FO supported and strengthened, the mission is confident this target will be easily met, if not surpassed.

5. **FO support implementation plans.** The mission reviewed the implementation plans of the three service providers: GAPI (Block A); OIKOS (Block B); and SNV/OLIPA/UATAF (referred to as SNV consortium) for Block C. The implementation plans generally provide sufficient detail on their proposed activities, the template provided by the PMT was used and planning was done according to AWPB requirements. Potential for improvements of the implementation plans were found in the following areas:

6. Using uniform terminology and making better use of the templates by the service providers. Confusion arises when service providers use different descriptions for the same activities or even sub-components. This applies to the main text as well as the planning template. This confusion requires adjustment by the Market Intermediary Officer when aggregating the service provider plans into the overall AWPB. For the M&E officer it is time consuming and prone to error when linking the plans with the M&E system. To initiate this improvement, *it was agreed that the PMT coach the service providers in using uniform terminology and templates linked directly to the M&E system.*

7. Differentiating and describing the capacity building activities designed for addressing the various FO categories. The capacity building needs, activities, and resource allocations vary strongly between the FO categories (A, B and C). FOs in category C need broad and basic capacity building support, whereas FOs in categories A and B require more focused support, including coaching on implementing the acquired knowledge into daily planning practices. Coaching the service providers on better differentiating their activities between the FO categories will lead to more transparent capacity building efforts and better resource allocation.

8. The rural finance training package for FOs is not or not sufficiently covered in the GAPI and SNV 2013 AWPBs. It was agreed that the service provider staff will be trained on this technical aspect

before end June 2013, and start training FOs from the third quarter of 2013. This will be added into the plans of GAPI and SNV.

9. **FO support implementation and knowledge sharing.** Building on the implementation experience to date, there is scope to harmonise the activities executed by three service providers further. This will help to streamline the coordination for the PMT and improve efficient and effective implementation. It is not intended to harmonize the content of the capacity building activities by the three service providers to the last detail. However, because the service providers have different backgrounds and core strengths, it is important to come to a minimum capacity building standard which is uniform in the programme area. The uniform capacity building curriculum can be for example in the field of: group organisation and dynamic; in business planning (including planning of production and marketing); in bookkeeping and in cost calculation for production and marketing. Furthermore, weak elements in the capacity building content from one service provider can be compensated by the respective strengths of the other two, reaching an equal quality level. As the service providers have different expertise, backgrounds and strengths, it will be good for the good practices and experiences related to capacity building of the FOs to be shared among them. *To initiate this harmonisation and knowledge exchange, it was agreed that the PMT will: (i) contract by the end of June 2013 technical assistance for harmonizing the training content to ensure quality and uniformity in the content; and (ii) facilitate and coordinate sharing of knowledge and good practices among the service providers twice a year at the regular coordination meetings.*

10. **Cooperation with other initiatives.** The SNV consortium and OIKOS have identified initiatives and programmes for cooperation in their respective implementation blocks (C and B). GAPI has not yet started identifying potential partners, but plans to start so in the second quarter of this year. In table 1 below, the different partners and the areas of cooperation are listed per implementation Block.

Table 1: Service provider collaboration with other initiatives

Block	SP	Collaborating with:	On:	Status:
A	GAPI	No partners identified yet	-	-
B	OIKOS	The Aga Khan Agency for Microfinance (AKAM)	Access to Finance	To start in 2013
C	SNV	CLUSA	Technical assistance for FOs	started
		Inovagro	Support for pigeon peas farmers, introducing seed	started
		ITA	Technical assistance for FOs and demo plots	started
		DADTCO Ltd. /International Fertilizer Development Co. / ProParcerias	cassava market linkages	To start in 2013

11. The mission reviewed the guidelines for the FO graduation system, and found them sufficiently detailed and evidence-based to support the right categorisation of FOs. The service providers applied the new FO graduation system adequately in reclassifying the FOs, as outlined in table 2 below. The reclassification resulted in more FOs classified as C and B, with only 3 FOs classified as A, all three in Block C. This is not surprising, because the FOs were scored with more advanced criteria than under the previous system.

Table 2: FOs categorized using the new graduation system

Implementing Area	Number of FOs per category			Total
	Cat. A	Cat. B	Cat. C	
Block A	0	43	46	89
Block B	0	28	132	160
Block C	3	54	84	141
Total	3	125	262	390

12. **Increased FO support.** The service provider contracts for providing FO support are planned to be increased by 25%. For Blocks A and C, this will be financed from the EU grant supporting the MDG Programme. For Block B, the IFAD loan funds will be used. This increase is already incorporated in the 2013 AWPB. However, the operational areas and overall targets until end of the programme need to be identified and captured in the contract appendices. In table 3 below, the increase in the number

of supported FOs are differentiated between increase as per the current budget allocation and the increase resulting from the 25% budget increase.

Table 3: FO support and literacy – Targets as per budget increase

Actuals (2012) and targets (2013)	Block A		Block B		Block C		Total
	No.	Increase	No.	Increase	No.	Increase	
FOs							
2012	90		160		80		330
2013, existing contract	+30	+28%	+15	+9%	25	+31%	+70
2013, with 25% budget increase	+30	+28%	+15	+9%	35	+44%	+80
Total cumulative	150		190		140		480
AWPB 2013 cumulative *	155		175		140		470
Literacy centres							
2012	60		85		40		185
2013, existing contract	+0		+0		+0		+0
2013, with 25% budget increase	+30	+50%	+10	+12%	+60	+67%	+100
Total cumulative	90		95		100		285

* For comparison only

13. Based on the information presented in table 3, the mission made the following observations:
- There are considerable differences between the Blocks, in the planned additional FOs to support in 2013. Block B is expected to increase the least, with around 10% for both FO support and literacy centres. Given that Block B has included a substantial number of FOs and literacy centres in 2012, the low growth for 2013 is acceptable.
 - The service providers' AWPBs for Blocks A and B do not fully tally with the Programme AWPB 2013. The PMT will have the opportunity to synchronize these later this year.
 - The Programme target is 10,000 people trained in functional literacy. Therefore, it is advised that the service providers plan and report in line with the indicator; i.e. on the number of people trained, instead of reporting on the number of literacy centres established. These service providers AWPB improvements can be addressed by the current service provider coaching activities of the Market Intermediary Officer.

14. **Market-linkages.** Facilitation of market linkages between FOs and traders is a key activity of sub-component 1.2. Substantial results have been achieved in facilitating market linkages. In 2012, contracts and agreements between 146 FOs and traders/buyers have been established, trading 1,373 t with a value of USD 384,000. Most of these arrangements are made between approximately 8 to 10 large buyers, with multiple FOs supplying each of them. Another major achievement is that all three service providers have included detailed market linkage activities in their plans. Describing the production planning for marketing, the buyer, the crop and the number of tons marketed. While the service providers play a crucial role in negotiating a farm gate price above the spot price, reporting on these results can be improved with coaching from the Market Intermediary Officer. In table 4 below, the market arrangements between FOs and traders, facilitated by the service providers, are listed.

Table 4: Supported FO market arrangements, 2012

Programme area	FOs involved	Quantity marketed (t)	Value (USD)
Block A	24	215	79,000
Block B	20	158	43,000
Block C	102	1,000	262,000
Total	146	1,373	384,000

15. **Developing Market Linkages.** While the farmers' marketing opportunities and production levels vary strongly between blocks, the programme proactively introduces big buyers into the weaker blocks, forging new market linkages. It is anticipated that the start-up of sub-component 1.1 will enlarge the number of traders active in the programme area, thus creating an opportunity to increase the number and diversity of market linkages and to build a competitive environment among multiple

traders. *To this end, it was agreed that information on the traders participating will be provided to the service providers supporting market linkages.*

16. In anticipation of the start of implementation of sub-component 1.1, the service providers would be able to test various market linkage approaches, targeting small and medium size buyers. These can include activities such as:

- i. Organizing annual Spot Markets where the FOs can bulk their produce, plan and communicate well the moments in the harvest season to attract and accommodate the buyers with less cash-in-hand. The SNV consortium has experimented with a spot market in 2012, and found that the bulk was bought by a single large buyer. For 2013, SNV will put more emphasis on timely and wide communication on such events, with the aim of attracting more buyers, including smaller ones.
- ii. Providing access to loans to meet seasonal finance requirements. GAPI has experience in providing short-term loans, tailored to meet important financing needs in the agricultural cycle including the provision of advances - against crop intakes, production requirements, production credit and other related services that include the handling, manufacturing, packing, processing, storage, transport and marketing of agricultural products. Short-term loans are usually not longer than 18 months and linked to the agricultural season. For 2013, GAPI has indentified 12 small and medium-scale buyers who can access these short-term loans with the provision that it be used to buy products from the Programme FOs. The mission finds these extra efforts and activities to include more small buyers commendable, and encourages the service providers to continue and increase these efforts.

17. **Functional adult literacy.** The one-year intensive literacy training is progressing well and in line with the agreement of the October 2012 mission. The PMT has guided the service providers to sign agreements with the Provincial Directorates for Education and Culture (DPECs) to formalise the intensification of training cycles into one year. Except for Gabo Delgado, all agreements are signed. The mission notes the strong efforts to have the last agreement signed, which is expected by end-April 2013. The mission reviewed the plans to intensify the literacy training and found them adequate in reaching the programme target of 10,000 persons. By the end of 2013, it is expected that 4,750 persons will reach level “5”, which is the equivalent of 5th grade of the compulsory Mozambique education curriculum. Provided the Cabo Delgado agreement is signed soon, this number will increase by another 1,940 persons. With an expected total of 6,690 persons trained to level 5 by 2013, the mission is confident the programme target will be achieved, probably even exceeded. Moreover, the literacy training targets and activities are well reflected in the service providers’ AWPBs for 2013.

18. **The market linkage extension.** The 16 market linkage extension officers, hired to provide agronomic support to improve the market linkages for participating FOs, are meant to collaborate with the service providers implementing component 1.2. In future, their tasks will be expanded to include activities of sub-component 1.1. However, their recruitment is experiencing serious delays, mainly due to the need for MOUs with the Provincial Directorates of Agriculture (DPAs). *It was agreed that the 16 officers will be in place by end-June 2013, and the first 9 by end-May 2013.*

19. **Sub-component 1.3 Higher Farmer Organisation support.** Under this sub-component, the programme will establish direct partnerships with district unions in all three blocks. In line with the October 2012 agreement, service providers in Blocks A and B will recruit Union Advisors. This recruitment is delayed as the MDG Programme funds are not yet committed. The service providers have submitted the Terms of Reference, and *it was agreed that these be approved by the PMT as soon as possible so that the recruitment process can start.*

20. **Sub-component 1.4 - Matching grant facility for FOs.** Three selection rounds have been held to identify FOs eligible for the matching grant facility. After a third selection round, the number of FOs meeting the initial eligibility criteria for a matching grant funding stands at 16. The service providers will work intensively with these 16 FOs to guide and coach them in preparing the business plans and documentation required for the approval of the grant funds (and for the management of the business activities, of course) . The mission reviewed the guidance notes for the FO value addition

matching grant facility, which are sufficiently detailed on the grant eligibility criteria. When strictly followed, they will provide evidence to support the rightful allocation of the FO matching grant.

21. However, the mission found that the communication on the facility does not reach all FOs in an equal way, although this would be desirable as the less-performing FOs may be inspired by the prospects of accessing a grant. As such, it is advisable to package the information and communication method for the FOs as the target group, in a uniform way across the programme area. It was agreed that the cells should be more involved to ensure that service providers communicate the uniform messages through the reference groups such that the message is received by all FOs supported by the programme.

Attachment 2: PROMER – Value Chain Development

A. Introduction and Background

1. The purpose of this Attachment is to assist the Project Management Team (PMT) in implementing PROMER's component 2 – Enterprise-led Value Chain Initiatives. It contains detail further to the findings and agreed actions of the Aide Memoire, as well as some additional considerations and recommendations by the Mission.

B. Implementation progress

2. Implementation of this component has picked up in the last six months, albeit slowly. First activities of the SIP for sesame with Corredor Agro Limitada (CAL) have begun in the field, with the annual work plan, selected indicators for monitoring and the first quarterly progress report due to the PMT on 15 April 2013. Additionally, three concept notes are in the PMT's review process, though two have been languishing there since the previous supervision mission. Slow progress in pushing the activities forward is largely due to the resignation of the Agribusiness Officer after a tenure of only two months.

C. Performance

3. **Strategic Investment Plans.** While one SIP has begun with activities in the field, the mission has not been able to see the annual work plan, monitoring indicators or first progress report. However, it should be noted that this SIP will need very close monitoring by the Agribusiness Expert for two main purposes: a) lessons learned from the implementation of this SIP will need to be applied to existing and future Concept Notes and b) certain areas identified by the last mission will need to be specifically followed up.

4. The CAL SIP implementation should be monitored for certain lessons learned, and indicators developed in conjunction with the private sector partner in order to continually assess the progress of the project. Specifically, follow up with CAL should focus on determining that CAL is making investments of its own and that they are additional – e.g., to avoid a situation in which IFAD funds are contributing 50% of the project and CAL's other partners such as Grassroots Business Fund or others are contributing the other 50%. The matching grant requires that the private sector partner must have skin in the game.

5. The Agribusiness Expert should also ensure that physical assets purchased with the IFAD portion of the matching grant (trailers and pick-up) are used in the spreading of new seeds and farmer training to the new, beneficiary farmers and not for CAL's regular business– while this is a limited definition of additionality under the VC guidelines, it is what was agreed to in the SIP contract.

6. **Concept Notes.** In order to ensure sufficient progress, it was agreed that the top priority for the next six months is the transformation of the existing concept notes into fundable SIPs that conform to the value chain guidelines. The three current documents do not yet fully meet the criteria in the guidelines, particularly in setting out: (i) the benefits of participating smallholder farmers from the proposed projects; (ii) the additionality of the private investments; (iii) the capacity of some partner firms to absorb an investment from PROMER and their ability to deliver on commitments; and (iv) the investments that would be funded by PROMER.

7. The mission reviewed a version of the OLAM concept note which appears to have been revised since the last supervision mission to address some of the PMT's concerns. It does address the overall objectives of PROMER and key constraints within the sesame value chain. The main area for improvement continues to be around the budget. Several points can be made regarding this concept note which are also instructive for the development of future projects. The budget has improved in its overall clarity and the purposes of funds requested, however it still remains to be demonstrated how this investment will catalyse OLAM going into areas it wouldn't have otherwise (additionally) covered, and how ownership of these assets, if any, may be transferred to smallholders at the conclusion of the project. These issues can be worked out in the SIP preparation phase, and the concept note can probably be fully developed into a SIP with the guidance of the Agribusiness expert

8. The mission also reviewed a seemingly updated concept note from CISTER. Irrespective of the content of the concept note, previous conversations with CISTER seem to indicate that its track record in Mozambique is very limited, and its connection to the mother company is more tenuous than the concept note implies. In general, before a concept note proceeds to the SIP development stage, the ability of the private sector partner to absorb an investment should be evaluated by the PMT; on this basis it is not recommended that this be made a SIP until CISTER's local operations are evaluated more thoroughly and witnessed first-hand.

9. In order to speed up the process of turning project ideas into viable concept notes and SIPs, with minimal back and forth communication with partners over proposals not conforming to the VC guidelines, more support should be offered to partners in SIP development. This should be the primary task of the Agribusiness Expert, possibly supplemented by short-term consultants. The support should aim at designing fundable projects that meet the requirements of the VC guidelines, jointly with PROMER staff and consultant inputs, by obtaining the minimum information from the partners and applying the lessons learned from the implementation of CAL's SIP. Lessons learned should be extracted from the partners' reports and explicitly included in the SIP development process by project staff and consultants, including for the three existing concept notes. *The target date of 30 June 2013 was agreed for finalising of the three SIPs.*

10. **Matching Grant Process.** As the agreed priority for the next few months is turning existing concept notes into SIPs as appropriate, the mission has developed a set of key questions and activities to guide the Agribusiness Expert in each stage of partner outreach from concept note development to SIP development, funding and monitoring. See Annex 1 for a process flow chart.

11. In the partner outreach and pre-concept note stage, the Agribusiness Expert needs to consider: (a) How do we do partner outreach? And (b) How do we determine the right partner? In this stage, the PMT, Agribusiness Expert, cell teams and service providers all have a role to play in partner identification and messaging. Seminars and forums are a first step, but VC leaders and other identified partners should be communicated with on a regular basis to monitor changes in business needs. Partners need to have a track record of, or at least a strong willingness to work directly with smallholders. They should also have the staff capacity to implement projects, and its business capacity should allow absorbing the proposed matching grant investment (for example, a firm with USD 50,000 annual revenue is not a good candidate for a USD 250,000 grant). It should also have a solid business reputation, clear financial accounts, and a verifiable history of operations.

12. Once a private partner has been identified, there should be a joint effort between the Agribusiness Expert and the partner to develop a concept note. To answer the question: What types of projects are suitable for the partner and meet the VC guidelines, the Agribusiness Expert should consider the basic value chain guidelines e.g. investments up to USD 250,000, 50/50 or 70/30 match, etc; investments should be an "additional" investment – e.g. the partner uses this grant to take a business risk that they wouldn't have in the course of normal operations; should remember that ideas can come from the private sector partner or from the PROMER team or service providers and that value chain knowledge and experience should be used – e.g. if the main value chain constraint in a certain block is for example, production yields in sesame, work with partner to brainstorm solutions for that constraint. If a project has worked well with another partner facing a similar constraint or from another SIP, it can be suggested to partner and modified for their needs.

13. At this point, the Value Chain Advisory Committee will decide whether SIP development is appropriate, at which point the Agribusiness Expert should be considering: (a) How to elaborate the details of the project to ensure all guidelines are met and benefits to smallholders are clear; and (b) the most efficient way to develop SIPs in conjunction with private sector partners.

14. It should be noted that a reason for the delays in SIP development are not just the private sector's lack of time or dedicated resources for working on donor projects, but also a hesitation based on prior negative experiences. It is for this reason that the burden on the private sector be minimized in terms of information that needs to be furnished, with the caveat that enough involvement is necessary from a private partner to ensure there is sufficient buy-in from its side to put skin in the game. This is the difficult line the Agribusiness Expert must learn to straddle. The main information that the private sector needs to contribute for the SIP is: 1) what constraint in the value chain is being solved, and why, 2) what are the benefits that accrue to the smallholder because of this project, 3) how does it fit in with the partner's business plan and needs, 4) what is the workplan for this project and who on the partner's side is responsible for delivery and 5) what is the specific budget. The PMT

and consultants may develop the rest of the proposal, and ensure that the items above adhere to the VC guidelines (e.g. salaries in the budget are not “fundable”) and the private partner agrees with its contents. The private partner would then submit the SIP formally for approval.

15. At this stage, a funding decision on SIPs should be taken according to the process set out in the VC guidelines; however, the Agribusiness expert should continue to be responsible for grant follow up and monitoring. Once a SIP has been agreed and the contract signed, the PMT should have a plan to follow up in the field that the actions are being taken as agreed in the contract. While most of the implementation (procurement etc.) will be done by the partner, the PMT needs to ensure that equipment purchased is being used for intended purposes. PMT should be proactive about grant monitoring and developing lessons learned for future concept note and SIP development.

16. The PMT should track the process for each concept note, including the key dates, especially those of CN submission, CN acceptance, SIP submission and SIP acceptance.

17. The mission notes that the lack of an Agribusiness expert has not allowed training on these VC guidelines to happen to date; however, as soon as the position is filled, the above process should be mastered and spread in the PMT and at the cell level.

18. As a second priority, the PMT will launch parallel efforts to generate new leads that should bear fruit in the second half of 2013. Service providers should be included throughout the lead generation process to leverage their on-the-ground presence and experience that gives them a good position to identify emerging partners. At the seminar on 24 April 2013, they will receive updated briefings on the VC guidelines and how to communicate them to potential partners. Leads generated in the coming months should be followed up by the PMT with face-to-face meetings.

19. The mission met with WFP as a potential partner and while some potential exists to leverage its P4P program, the processes are bureaucratic and not always advantageous to partners, so may be less attractive than private sector partners. However there is particular interest by WFP to increase the purchase of beans, and this lead should be followed up by the Agribusiness Expert.

Annex 1 – Matching Grant Process Flow Chart

Matching Grant Process Flow Chart (1/2)

Stage	Main Questions to be Answered	Activities and Details
Pre Concept Note	<ul style="list-style-type: none"> How do we do partner outreach? Who makes the right partner? 	<ul style="list-style-type: none"> PMT, Agribusiness Expert, Cell teams and service providers all have a role to play in partner identification and messaging Seminars and forums are a first step, but VC leaders and other IDed partners should be communicated with on a regular basis to monitor changes in business needs Partners need to have a track record of or a willingness to work directly with smallholders and the staff capacity to implement projects Partners should have the capacity to absorb a matching grant investment (e.g. a firm with 50,000 USD annual revenue is not a good candidate for a 250,000 USD grant. Should also have a solid business reputation, clear financial accounts, and a verifiable history of operations)
Concept Note Development	<ul style="list-style-type: none"> What types of projects are suitable for the partner and meet the VC guidelines 	<ul style="list-style-type: none"> Must meet basic VC guidelines of up to 250,000 USD, 50/50 or 70/30 match, etc Should be an “additional” investment – e.g. the partner uses this grant to take a business risk that they wouldn’t have in the course of normal operations Ideas can come from the private sector partner or from the PROMER team or service providers. Use knowledge of value chains in the blocks – e.g. if the main value chain constraint in a certain block is for example, production yields in sesame, work with partner to brainstorm solutions for that constraint. If a project has worked well with another partner facing a similar constraint or from another SIP, it can be suggested to partner and modified for their needs

After these two stages, the concept note is delivered to the Value Chain Advisory Committee for a decision on whether to proceed with SIP development

Matching Grant Process Flow Chart (2/2)

Stage	Main Questions to be Answered	Activities and Details
Joint SIP development	<ul style="list-style-type: none"> How do we elaborate the details of the project to ensure all guidelines are met and benefits to smallholders are clear? What is the most efficient way to develop SIPs in conjunction with private sector partners? 	<ul style="list-style-type: none"> Private sector partners are often wary of working with donors, and don’t usually have lots of time or excess spare capacity to work on proposals. The PMT needs to require the minimum burden possible on the private sector partner in terms of SIP development while at the same time ensuring that there is sufficient buy-in for the project inside the partner organization The main information that the private sector needs to contribute for the SIP is: 1) what constraint in the value chain is being solved, and why, 2) what are the benefits that accrue to the smallholder because of this project, 3) how does it fit in with the partner’s business plan and needs, 4) what is the workplan for this project and who on the partner’s side is responsible for delivery and 5) what is the specific budget The PMT may develop the rest of the proposal, and ensure that the items above adhere to the VC guidelines (e.g. salaries in the budget are not “fundable”) Private sector then agrees to the SIP contents.
Post Grant Follow up	<ul style="list-style-type: none"> What type of monitoring and evaluation can be done to improve current and future grants? 	<ul style="list-style-type: none"> Once a SIP has been agreed, the PMT should have a plan to follow up in the field that the actions are being taken as agreed in the contract. While most of the implementation (procurement etc) will be done by the partner, the PMT needs to ensure that equipment purchased is being used for intended purposes PMT should be proactive about grant monitoring and developing lessons learned for future concept note and SIP development

After the private sector partner agrees to the SIP, the partner formally submits it for approval then the Value Chain Advisory Committee determines whether or not to award the grant

Attachment 3: PROMER – Improving Economic Infrastructure

1. This Attachment covers component 3 – Improving the Market Environment). It presents some additional information and recommendations to the respective sections in the Aide Mémoire.

Sub-component 3.1 - Market Infrastructure

2. Road rehabilitation works continue, yet none of the 12 contracts signed in 2012 were completed on time. Completion is foreseen by end-July 2013. By contrast, procurement of the works for 2013 is more timely, with announcements to contractors expected before mid-May 2013. Close follow-up by the PMT with the National Road Administration (ANE) is recommended to ensure that there are no delays in the publishing and the evaluation of the tenders.

3. **Road Maintenance.** The mission notes that each district is in the process of receiving a road maintenance kit including a tractor and a grader, from funds outside of PROMER. Experience from other parts of Africa with the sound use of such equipment is, unfortunately, not very promising, as downtimes for both non-use and periods waiting for repairs are usually very high. While this equipment is not part of the programme, it is advisable that the PROMER engineers discuss with the district administrations how the management of this equipment can be strengthened to ensure that it is readily available for maintaining the roads rehabilitated by PROMER.

4. ANE has not yet started honouring its commitment to provide quarterly progress reports on road maintenance. The data exists from the companies contracted by ANE for supervision work for each Province, and it is thus a question of compiling the information. It was agreed that the first PROMER specific report would be submitted before end-April 2013. It is suggested that the PMT also share these reports with the districts, so as to create a transparent and competitive environment.

5. In addition, it was agreed that the arrangements for determining the district eligibility for further road works (on the basis of the maintenance of PAMA and PROMER supported roads over a defined period) be elaborated by the PMT in a proposal to be shared with IFAD by 15 May 2013. A suitable period would seem to be 7 or 8 years after the completion of rehabilitation works, as this would ensure the maintenance for some time after the project period, and also avoid creating a huge cumulative commitment that would be difficult to meet after a number of years. The arrangement should also clarify that the condition only concerns the section of the roads that were rehabilitated by PAMA and PROMER (and thus not the entire roads, as usually spot improvements are done), and define how the assessments would be carried out (preferably using the existing system of the companies contracted by ANE for supervision work for each Province). Before a tender is launched the fulfilment of the conditions should be verified. This will apply to the contracts to be launched in 2014. However, the agreed arrangements are to be shared with the district administrations soon so that the conditions will not come as a surprise to them.

6. **Payments to Contractors.** This was indicated as an issue in the last supervision mission. However, ANE reported that the situation had improved in the meantime. Nonetheless, it was agreed that a simple quarterly report on payment progress of contractor invoices be developed by ANE, for first submission to the PMT by end-April 2013.

7. **M&E.** The cells have organised road traffic counts on the roads before and after the rehabilitation works, which is commendable. The information is very valuable for &E work, especially for verifying whether the investment in road infrastructure really leads to an increase in the commercial activities. The first road counts show about a doubling of road use after the rehabilitation, which is encouraging. The mission encourages the systematic continuation of the work, including the production of simple reports, which will also be shared with ANE.

8. In addition, for M&E purposes, it is advisable to start a collection of photos of selected spot-improved sections of the roads, before and after the rehabilitation, and again after some time of use (such as 1 or 2-year intervals). These photos should be geo-referenced (with GPS markings) so that they can be easily identified and to group photos from the same spot. This will provide useful information on road conditions, and the effectiveness of the rehabilitation arrangements.

9. **Selection of roads and markets.** The mission regrets that no clear reporting on the selected roads and proposed markets to be rehabilitated in 2013 is available. While the final road selection is

done by the district authorities, it is important to assure that the roads selected will improve the accessibility of the participating FOs. To this end, a simple table showing how the roads to be considered feature against the key criteria (size of the communities serviced, number of programme FOs serviced, market potential, estimated volume of works required, length of road) should be prepared for discussion with the district authorities. This has much potential for making the selection process more transparent.

10. The mission also reiterates IFAD's position that an administrative approach to allocating infrastructure resources is not advisable, as the use of these resources should reflect the potential market improvements to be achieved with the investments. The resources should not be regarded by the district authorities as an entitlement, and the PMT is advised to communicate this accordingly. This should also act as an incentive to districts to perform well in the identification of high-potential roads for rehabilitation, and in the maintenance of rehabilitated roads, as this may lead to an over-proportional budget allocation to some districts.

11. For operational planning purposes, the agreed inclusion of the location of the participating FOs in ANE's maps is an important planning tool and should not be delayed any further. The maps should be readily available in the PMT and the cells. For this purpose, the PMT needs to be provided with copies of these maps, and include proposed markets for rehabilitation.

Sub-component 3.2 - Facilitating Access to Finance

12. Rural financial service support is picking up for FOs, with the FO Support Service Providers preparing for the provision of access-to-finance training, which is expected to create linkages to nearby financial institutions. However, this rural finance training package is not yet sufficiently covered in GAPI's and SNV's 2013 AWPBs, and it was agreed that service providers train their staff on this technical aspect before end-June 2013 and start training FOs during the third quarter of 2013. This will be added to the plans of the GAPI and SNV. Since this is a new activity, the PMT is advised to provide feedback on the reporting on progress on the access-to-finance training.

13. 1. Moreover, the first stage of the tender for Accumulating Savings and Credit Association (PCR) promotion has been launched, which is expected to lead to the creation of 275 PCR groups by end-2013. The mission is pleased that linkages have been established to the Inclusive Markets and Finance Project implemented by DNPDR, which is ready to assist the PMT in the supervision of the PCR Promoters. In addition, the PMT is advised to establish link to the experts in ProPESCA and PAFIR regarding PCR promotion. This could even lead to a knowledge management group that regularly compares notes on TOR, contracts, progress reports, M&E formats, unit costs, sustainability, etc.

14. The direct strengthening of GAPI and AMODER outreach in programme districts progresses painfully slowly. AMODER has neither submitted the agreed reports, nor responded to any of the four letters by the PMT over the past 6 months. As such, this partner is clearly unresponsive, and there is no basis for the extension of its agreement. At the wrap-up meeting, AMODER reassured the PMT that the financial justification would be submitted by end-April 2013. The PMT should try to work with AMODER to receive financial justification of the funds paid under the contract, so that a litigation can be avoided.

15. By contrast, GAPI submitted a comprehensive Annual Report for 2012, with updates on the delays in the establishment of the branches in Gurué and Ribaué. On its basis, the agreement was extended for 18 months, albeit without IFAD no-objection. An ex-post no-objection should be requested as soon as possible. For Gurué, it was agreed with GAPI that if no site can be agreed soon, an alternative district be identified rapidly, to be approved by the PMT. Moreover, the supposed justification of 99% of the advance of USD 150,000 needs to be adjusted by USD 100,000 for the advance to the contractor and the yet undisbursed amount. The PMT needs to provide detailed feedback to GAPI on this. Furthermore, the required reporting by GAPI on the use of the PAMA Support Project credit line to serve the PROMER target group is poor, requiring follow-up by the PMT. The agreement that the PMT start monitoring the application and quality of the PAMA credit lines based on GAPI and AMODER reporting was reconfirmed.

16. The collaboration with FARE still requires amendment of the MOU to adjust it to the current level of collaboration.

Sub-component 3.3 - Improving Market Transparency

17. 2. **Regional Market Information System (MIS).** There has been limited progress in establishing a regional MIS, primarily due to competition between the two government initiatives, SIMA and INFOCOM. This represents a missed opportunity, as a functional and timely MIS would not only benefit the PROMER target group, but also farmers nationwide. Nonetheless, recent talks between the PMT and MIC showed some promise. Building on this, it was agreed that the PMT engage in high-level discussion with MINAG and MIC about adequate harmonisation of the two systems, and offer technical assistance for the process, if required. The process could be supported by a jointly hosted high-level conference on the functioning of an MIS.

18. The main objective of a public MIS is to enhance competition in the market by increasing market transparency for all participants, and in particular, the smallholder farmers. Market transparency is a condition for a well-functioning market, and can be defined as the degree of access to information that all stakeholders have about aspects that might influence decision-making. As such, the objective of a MIS could be further refined as providing adequate knowledge about price; quantity; qualities; and conditions of sale in markets. From the farmer's point of view, market transparency would allow to adjust production, make adequate marketing decisions, and ultimately obtain a higher price for their products.

19. A Michigan State University study on the *“Impact of Agricultural Market Information Systems Activities on Market Performance in Mozambique”* suggests that access to market-information increases the probability of farmers' participation in market-activities by 34%, and increase the mean-price obtained for commodities sold by as much as 12%².

20. Following this finding, it could be well argued that a functioning MIS should be an important tool to *“enable smallholders to increase their agricultural income by marketing their surpluses more profitably”* and should not be given up lightly. As the major obstacle have been identified to be collaboration between the two systems, initial discussion should focus creating agreement of their scope and harmonisation.

21. As such, the technical assistance could include:

- (i) assistance to map out the different but complementary roles of SIMA and INFOCOM;
- (ii) develop a harmonised joint process in terms of collecting, analysing and disseminating information in a timely manner;
- (iii) developing a cross-ministry “Market Information System Strategy” concerning the operation of public MIS' in Mozambique; and
- (iv) assist in implementation of this strategy .

22. **Community Radio.** In order to start the dissemination of market information to farmers, a pilot on the use of community radio as a market information channel was started in Alto Molocué. The innovative initiative appears more successful for spreading market information than for agricultural extension messages, but the evaluation is not yet finalised. The PMT has plans to scale-up the initiative, which the mission supports. The mission stress the importance of building a sustainable approach when scaling up the radio pilots.

23. There are often limited local revenue generating capacity for smaller rural radio stations, primarily due to restricted local businesses with advertising budgets large enough for purchasing radio ads. Consequently, the primary challenge of small rural radios are budgeting and planning for continued operations, ensuring sufficient equipment base and technical expertise to keep the radio station going and producing quality shows after donor funding ends³. This creates an uncertainty, not only in regards to the ability of community-based radio stations to exist, but also in terms of which programmes that low-resourced stations spend time and money on. By promoting the economic-case, i.e the ability of a radio show to increase listeners and thus attract advertisement, radio stations would

² Kizito, Donovan, & Staa. (2012). Impact of Agricultural Market Information Systems Activities on Market Performance in Mozambique

³ Quarmyne, A. T. (2006). From Homa Bay to Ada - Lessons on Community Radio, Access and Participation. Media, Development and Poverty Eradication, Colombo, Sri Lanka, United Nations Educational, Scientific and Cultural Organization (UNESCO).

be more aware of their importance and less likely to prioritise the use of resources on shows with comparatively weaker economic-case. This would in turn reduce the dependency on subsidies for the continuation of the shows after PROMER closes, and could even assist more mature stations to fully finance the production of these shows through advertising.

24. Developing the economic case does not necessarily need to be a very complex process. Information collected from the pilot-assessment should be sufficient to make some estimates, possibly supported by some secondary resources available online. This could be made into a half-a-page and would assist the cells when talking to the radio station operators. In addition, it could be used by the radio stations as a negotiation tool when approaching potential advertisers. In order to distinguish the added value of the different services the case should clearly separate between (i) market information, i.e. price, supply, demand and quality aspects; (ii) agricultural extension services; and (iii) information sessions on PROMER.

25. The dissemination of extension messages were not very successful during the pilot, but nonetheless is regarded as important. Unfortunately, many extension approaches using radio are very top-down and not always responding to the needs of the farmers. The PRONEA Support Project (PSP) will be exploring the use of interactive radio and cost effective means of using local knowledge. In this regard, the PMT should liaise with PSP to explore any possible linkages. In the meantime, there is a wealth of resources available on how to improve radio messages, for example by Farm Radio International (<http://www.farmradio.org/publications/our-research/>), which can be used when scaling up the radio initiative.

26. In order to ensure that market information is disseminated throughout the target areas, the PMT should continue liaising with districts without radio transmitter stations, such as Malema District, and review requests to establish them supported by a full commitment by the district to fund operational costs.

Attachment 4: PROMER – Management

1. This Attachment covers PROMER sub-component 5.3 – Programme Management. It elaborates on the respective section in the Aide Mémoire in order to provide further guidance for the implementation process.

2. The programme continues with sound management and planning. The mission is pleased to note that responsibilities are increasingly delegated to the cells, and the beginning of a culture of rewarding performance by sharing good examples openly, both internally (staff) and externally (service providers). This is a positive initiative and already showing results. As a Knowledge Management (KM) tool, it is a great opportunity to share good practices and improve the quality of reports. This could be further expanded to sharing good practices and lessons learnt in terms of implementation, for example elements of the training-material that students respond well to. It could also be a great tool for improving work satisfaction (see section on non-monetary incentives) and incentivising good performance. As such, this practice should ideally be implemented with all staff at both PMT and cell level. This could include sharing of good practices; lessons learned; challenges; and innovations.

3. Management of the cells still relies largely on written update-reports and *ad hoc* conversations, and needs to become more pro-active for the timely identification of issues and subsequent responses. The challenge is understandable as programme management is especially difficult due to the cell-structure, with large parts of the operational team outside of Maputo. As such, there are more constraints on management to develop and maintain an effective and conducive work-environment. The PMT plans to spend more time with the cells, which the mission supports. It would also be important to use this opportunity to develop an environment where the cells feel empowered to approach the PMT with challenges and emerging problems, and that issues raised are getting prompt attention with efforts to resolve them. Even more regular phone conversations with different staff would assist in creating a forum where not only challenges but also good practices and experience can be shared, this could also be an opportunity for the PMT to coach and support cell staff. A way to create an environment where staff feel comfortable to openly discuss challenges could be for PMT also to share some of their challenges with the cells during these calls.

4. Staff turnover. The programme has suffered considerably from the absence of the Agribusiness Officer, which position has effectively been vacant since 2011. The high staff turnover is probably due to a variety of factors, including the high demand for qualified staff in the private sector and the difference in pay-scale. Although it is difficult to compete with a substantially higher financial offer, there are many studies⁴ suggesting that nonfinancial motivators can be equal to or even more effective than salary increases in building long-term employee engagement. A McKinsey study⁵ lists the following three non-financial incentives as the most important:

- a) Praise and commendation from immediate manager;
- b) Attention from leaders; and
- c) Opportunities to lead projects or task forces.

5. In other words, work satisfaction and the feeling of being able to progress professionally can be conducive to reducing staff turnover and creating a productive work environment, and as such encourage staff not to look for other opportunities.

6. Management consultancy. If needed, PROMER has the possibility of hiring a management consultant to assist senior management in this regard. If of interest to the PMT, provision for consultancy contracts in the AWPB is possible, for example on a retainer basis to be used in areas identified by senior management. Possible areas of work for such consultancies could include:

- Propose a non-financial incentive system, and support in its implementation;
- Propose further improvements to the PMT-cell structure and the effective management of the cells by the PMT;
- Develop and support the implementation of a performance review system based on the experience from ProPESCA; and

⁴ John Gibbons (2006), *Employee Engagement: A Review of Current Research and Its Implications*, Conference

⁵ http://www.mckinseyquarterly.com/Motivating_people_Getting_beyond_money_2460

- Review the work responsibilities of different staff and recommend some redistribution in order to increase work effectiveness and the work-life balance.

7. Performance assessment system. A way of providing praise and a feeling of achievement is through a systematic performance assessment, which the PMT has planned for, but which is not yet implemented. In this regard, ProPESCA has recently implemented an extensive performance assessment system based on a system using mainly elements of the regular government system, and will be carrying out a review of the system shortly. It is recommended that the PMT contact ProPESCA and build on lessons learnt from implementing the system to assess the possibility of adopting the same for PROMER.

8. If used well, such a system can be an important decision-making tool with regard to:

- justifying pay increase for high-performers;
- identifying areas where employees can improve and provide support accordingly;
- identifying employees with potential for advancement; and
- planning for future human resource needs.

9. It is important that any such system be regarded as a work-aid rather than a policing tool. It should allow employees to identify areas they need to develop their skills, identify and agree with PROMER management on training needs, and to allow PROMER management to identify coaching needs. Personal development in the form of training and future career goals should be linked to the system. It is recommended that each employee be reviewed by his or her line-manager, with the coordinator being reviewed by the DNPDR Director.

Attachment 5: ProParcerias

A. General

ProParcerias has not yet been able to set up any inclusive business partnerships between local communities and external investors, although it seems very likely that this will be done over the next few months. In November 2012 the Project duration has been extended with 15 months until December 2013. Time is very short and the Mission therefore urges the Project and all the different stakeholders to do the necessary to make sure that these positive prospects are realised.

The Mission appreciates DNPDR's reaffirmed commitment to the Project. The Government sees this Project as a very important and timely initiative, which will help to shape the future of agriculture and investment in the country. In December 2012, the Director and Deputy Director of DNPDR personally participated in a supervision of ProParcerias organised by DNPDR itself. This assessment confirmed the conclusions from IFAD's October 2012 Supervision Mission that almost no activities had taken place at field level. Since then drastic corrective measures have been taken by DNPDR: a new project coordinator has come on board, the contract with PROSPECTUS (service provider responsible for research in the Project) was ended and the operational modalities were changed, especially with regard to the supervisory role of the national and provincial reference groups.

It is foreseen that the research service provider would be operational by the end of May. The tender was announced in the newspaper on 5 April 2013. Given the importance and the urgency of the work that needs to be done by this service providers, it was agreed that the Project will give the highest priority to facilitating the contracting of the replacement research service provider and issuing of the contract by 31 May 2013.

The table below highlights that the Project has still not produced any concrete results of those foreseen at the onset of ProParcerias. The Project will have to step up its efforts over the next nine months.

Table 1: Quantitative project results

Main outputs	Cumulative target	Cumulative result	%
Proposals for rural investment projects which include a partnership component with local communities	15	0	0
Pilot experiences implemented in rural areas	5	0	0
Equity fund used in initial investment activities	100%	0	0
Households benefiting from partnership arrangement	1,000	0	0
Thematic studies from national, regional and international experiences	4	0	0
Workshops convened to discuss policy and implementation aspects of partnership formation	3	0	0
Case studies from existing partnership initiatives in Mozambique	15	0	0
Guidelines, research papers and policy recommendations published	3	0	0
Policy proposals regarding incentives for investment in rural areas through partnerships	2	0	0

B. Technical Aspects

Research and lesson learning. By December 2013, ProParcerias needs to compile at least 15 different case studies from existing partnership initiatives in the agricultural sector in Mozambique and complete at least four thematic studies. Given that a replacement for PROSPECTUS still needs to be found, it was agreed that the Project would recruit university students to start compiling the case studies by 30 April 2013. The Mission has provided the ProParcerias Project Management Team (PMT) with a proposed template for this exercise (see Annex 1).

To the extent possible, all stakeholders of ProParcerias (service providers and national and provincial reference teams) should be involved in the various learning exchange events. It was agreed that the field officers of LUPA and ORAM/MERCAL will carry out visits to compare the methodologies being used in setting up partnerships and learn from each other. The PMT should facilitate this.

In the context of the joint IFAD/GLTN Tenure Security Learning Initiative for East and Southern Africa (TSLI-ESA), a mission took place in Mozambique in October 2012. The IFAD/GLTN team had discussions with the ProParcerias team and highlighted a number of key strategic choices and unanswered questions which the project still has to clarify, including:

- if partnerships are to be established with a smaller 'subset' of a community (the challenges will be how to define if there is a need for, and the mechanisms to implement, any wider benefit-sharing from the partnership amongst members of the broader community that are not directly involved);
- legal restriction that applies to associations;
- delimitation process is a permanent ceding of the use right to the group and great care should be taken if this option is used;
- legal uncertainties in respect of the delimitation option;
- the status of the certificate issued on completion of the delimitation;
- need to investigate whether or not it will be possible for non-profit associations, which are exempt from the payment of such taxes, to continue to claim this exemption where they are benefitting from, for example, a rental payment for use of the land, paid by an investor;
- the question of how to value the potential equity contribution of a community, represented by the ceding of the use rights to land;
- issues that need to be addressed with respect to attracting and selecting appropriate investors;
- facilitation and, particularly, the on-going monitoring of partnership arrangements will be need to form part of the future architecture of an enabling environment;
- there are considerable challenges involved in addressing these issues with communities that have developed a 'culture of dependency'.

The Mission noted that although the report has been shared with the PMT, project staff have not given it the attention it requires. It was therefore agreed that key strategic choices and unanswered questions will be looked into, especially by the service provider replacing PROSPECTUS. Several of these issues could be covered under the four thematic studies the Project still has to complete. It was furthermore agreed that the paper will be shared with the national and provincial reference teams and the different service providers.

Currently, Harold Liversage, IFAD's Land Tenure Programme Manager for East and Southern Africa, is managing a small grant initiative to enhance lesson-learning and policy dialogue on the establishment of sustainable inclusive business models in rural areas that secure land and other natural resource rights of IFAD's target groups. It was agreed that the ProParcerias stakeholders would be involved in this initiative to share and learn from other experiences in sub-Saharan Africa and Asia.

In November 2012, the *Conselho de Negocios Inclusivos* (CNI) was officially established. It comprises of DNPDR, *Centro de Promoção de Investimentos* (CPI), *Centro de Promoção da Agricultura* (CEPAGRI), *Direcção Nacional de Terras e Florestas* (DNTF), *Centro de Formação Jurídica e Judiciária* (CFJJ), *Confederação das Associações Económicas* (CTA), Millennium Challenge Account (MCA), *União Nacional de Camponeses* (UNAC), *Iniciativa para Terras Comunitárias* (ITC) and *Organização Rural de Ajuda Mútua* (ORAM). The different partners are available for providing technical assistance and capacity building support in various areas, such as land delimitation, community awareness raising, development of land use plans and participatory investment feasibility studies. ProParcerias has been playing a very pro-active role in setting up the CNI.

Pilot community-investor partnerships in the agriculture sector. The two service providers, LUPA and ORAM/MERCAL, have actively looked for interested investors. This was done mainly by directly contacting potential investors. Announcements were also placed in newspapers, but without success. As such, LUPA is trying to set up various partnerships with communities/associations, of which four seem very promising (three in sugar and one in beef). ORAM/MERCAL, on the other hand, has signed two Memorandums of Understanding (MOUs), one with AGDEVCO and another with DADTCO. The communities for these partnerships still have to be defined. In this context, at least five partnerships will be established, one for rice and four for cassava. Although new investors are still being sought, it was agreed that the service providers would give the highest priority to setting up these nine partnerships by 31 August 2013. It is also worth noting that LUPA is working in two communities to support the revision of already established partnerships.

LUPA and ORAM/MERCAL have furthermore compiled profiles for the communities they aim to work with, which are being used to attract the interest of potential investors. As such, LUPA has prepared 9 community agendas and aims to develop three more. ORAM/MERCAL, on the other hand, has prepared seven profiles. However, the Project appears to be working in 38 communities and profiles should be developed for all of them. It was noted that these profiles contain little information on the economic potential of the communities, which is what investors are most interested in. It was agreed that the profiles will be completed by 30 April 2013, so that they can be shared with investors. These profiles will be published on a website which is currently being set up by DNPDR. It was agreed that this will be done by 30 July 2013. This database should be linked with one on interested investors, which is being developed by the *Confederação das Associações Económicas de Moçambique* (CTA). This will allow for communities which have been identified but are not supported by ProParcerias to be linked up with investors anyhow. The Mission however noticed that the PMT did not dispose of an updated table of the communities where LUPA and ORAM/MERCAL are working and what activities have been carried out or are actually on-going. The Mission therefore urges the PMT to monitor the work of the service providers more closely. The table with the overview of ProParcerias communities (see Annex 2) should be used as a reference tool for this.

The October 2012 IFAD and December 2012 DNPDR missions both found that there had been no involvement of the local authorities whatsoever. Since then, the Provincial Reference Groups have been revived and given concrete responsibilities. As such, the reports from the service providers first need to be cleared by the Provincial Reference Groups before they are sent to DNPDR. The Provincial Reference Groups have developed concrete work plans in line with the work plans of the service providers. Similarly, the involvement of local authorities in setting up the partnerships has been strengthened. Given the Project's focus on building capacity and ensuring sustainability, it was agreed that the involvement of the Provincial Reference Groups and the local authorities will continue to be strengthened.

Toolkit development. By December 2013, ProParcerias needs to publish two thematic research papers with policy recommendations, one guideline for community-investor partnerships and two policy proposals. This was the responsibility of PROSPECTUS. Given that the Government has requested ProParcerias to develop these guidelines by September 2013, this activity needs to be given high priority. It was agreed that draft guidelines be produced by 31 July 2013.

C. Management and Fiduciary Aspects

The first meeting of the National Reference Group on 11 April 2013 discussed the project progress and the scope for coordination with other initiatives, and provided advice. It was agreed that similar meetings be held at least every three months. The National Reference Group is made up of DNTF, CEPAGRI, CPI, MCA, CTA, UNAC, Fórum Terra, Centro Terra Viva (CTV), SNV – *Organização Holandesa de Desenvolvimento* and ITC. It was agreed that similar meetings be held at least every three months. The value of reference groups depends largely upon how well it is managed and how clear members see their roles. The next meeting should allocate some time to this point to ensure that the group starts off on the right track. This is mainly a task for the DNPDR director as Chairperson of the National Reference Group. However, it is also recommended that ProParcerias management exchange experiences with other projects with similar reference groups, such as PROMER, to learn from their experience on how they are managed.

In order to ensure that the agreed deadlines are met with high quality, close follow-up of the work of the service providers will be important. It was thus agreed that the service providers provide monthly progress reports to DNPDR, which will share it with the Reference Groups. For the progress reports to be useful, ProParcerias management should review the reports shortly after receipt and follow up with the service providers on issues identified. This could include providing support and guidance in terms of challenges experienced, but also building on good practice and lessons learnt.

There is a range of deliverables in the Grant Agreement, such as studies and reports. It is important that management is proactive in this regard and facture these into the planning process. The studies are important to disseminate experiences and lessons learnt to the wider development community and government to promote an improved approach to collaboration between communities and the private sector.

A Monitoring and Evaluation (M&E) framework has been developed by the Project. The Mission advised on some minor improvements. It was agreed that the final M&E framework be shared with the

Reference Groups and the service providers by 30 April 2013. Necessary measures to implement the M&E framework, such as the development of questionnaires and interview schedules, need to start as soon as possible.

During the Mission, DNPDR asked IFAD for another project extension. The Mission explained that as the Project has not shown any concrete result yet, a request for extension cannot be considered by IFAD at this time. It was agreed that the October 2013 Supervision Mission may consider the possibility of extending the Project. The Dutch Government has communicated that they will not grant another extension to the Project.

D. PROMER and ProParcerias linkages

After meetings between the staff and service providers of PROMER and ProParcerias at national and provincial levels, several areas for collaboration were agreed on. As a result, ProParcerias has included more communities in the PROMER intervention area and will facilitate contacts with potential investors, such as DADTCO. PROMER, from its side, will provide business development training to communities involved in ProParcerias, and try to stimulate infrastructure development to attract investors and facilitate access to finance in the ProParcerias area. OIKOS, one of the service providers of PROMER, has included the theme of land tenure security (sensitisation on the process of obtaining a DUAT and potential land conflicts with private companies) in their trainings of farmer organisations. The Mission appreciates the efforts done by both projects in this respect. It was agreed that similar meetings will be held regularly.

Annex 1: Proposed template for case studies

The following outline is proposed for the 15 case studies on community-investor partnerships in the agriculture sector in Mozambique:

1. Introduction
2. Context
3. Business model
 - a. Establishment of the partnership
 - b. Overview (including flowchart and stakeholder matrix)
 - c. Ownership
 - d. Voice
 - e. Risk
 - f. Reward
4. Early results
5. Lessons learned

The following examples have been shared with the ProParcerias team:

1. Masaba, C., Vermeulen, H., Marini, A., Serpagli, A., Liversage, H. & Jonckheere, S. (2013). Securing Livelihoods, Land and Natural Resource Rights Through Inclusive Business Models: Lessons From Uganda and Mali. International Fund for Agricultural Development, Rome, Italy.
2. Cotula, L. & Leonard, R. (2010). Alternatives to land acquisitions: Agricultural investment and collaborative business models. International Institute for Environment and Development, London.

Annex 2: Potential communities identified by ProParcerias

No	SP	Prov.	Community Association	DUAT	Soc. Prep.	Investor and crop	Status
1	LUPA	Gaza	Zulo	In pro	Yes	No	Low potential
2			Inkwai	Yes	Yes	No	Low potential
3			Ass.Ed. Modlane	Yes	Yes	No	Low potential
4			Ass.Manzir	Yes	Yes	RJ Enterprise (rice; sugar cane)	Existing partnership; review contract; high potential
5			Nguenha	No	No	JKEntreprise (sugar cane)	High potential
6			Magul	No	No	KLTD – Savana (beef)	High potential
7			Ndonga	Yes	No	No	Low potential
8			Mangol	No	No	Pakistani investor (rice)	Low potential
9		Manica	Pindanianga	Yes	No	OLAM/ German investor (sesame)	Low potential
10			Gunhe	Yes	Yes	OLAM/AgDevCo (cotton)	Low potential
11			Ass. Belas	In pro	No	Vanduzi (horticulture)	Existing partnership; review contract; high potential
12		Sofala	Chirassicue	Yes	Yes	Mafambisse Mill (sugar cane)	Low potential
13			Nhampoca	Yes	Yes	No	Low potential
14			Canda	Yes	Yes	No	Low potential
15			Chimbue	In pro	No	Grown energy Zambezi (sugar cane)	Low potential
16			Cooper.Chapo/Libanje	In pro	No	Ecofarm (sugar cane)	High potential
17			Muda Massequece	In pro	No	Mafambisse Mill (sugar cane)	High potential
18			Ass. Vale Mandruzi	In pro	No	Clean star (cassava)	Low potential
19	ORA M/ MER CAL	Zam-bezia	Trepano	Yes	Yes	Tbc (rice)	
20			Mecelo-Novo	Yes	Yes	Tbc (rice)	
21			Maleia	Yes	Yes	Tbc (rice)	
22			Missale	Yes	Yes	Winresources (horticulture)	
23			Mucobela	Yes	Yes	Winresources (horticulture)	
24		Nam- pula	Chacalua	Yes	Yes	Tbc (cashew nuts, sesame)	
25			Ntacasse	In pro	Yes	Tbc (tobacco, cotton); DADTCO (cassava)	
26			Muhiza	In pro	Yes	Tbc (tobacco, cotton); DADTCO (cassava)	
27			Mope	Yes	Yes	Tbc (tobacco, cotton)	
28			Nampaua	No data	Yes	DADTCO (cassava)	
29			Navarrula	No data	Yes	DADTCO (cassava)	
30			Munlela	No data	Yes	DADTCO (cassava)	
31			Mapapara	No data	Yes	DADTCO (cassava)	
32			Nathuco	No data	Yes	DADTCO (cassava)	

33			Luop sede	No data	Yes	DADTCO (cassava)	
34			Namhala	No data	Yes	DADTCO (cassava)	
35			Mulhaniua sede	No data	Yes	DADTCO (cassava)	
36			Nakapa	No data	Yes	DADTCO (cassava)	
37			Muloquela	No data	Yes	DADTCO (cassava)	
38			Nacoma	Yes	Yes	DADTCO (cassava)	

Attachment 6: M&E, Knowledge Management and Communication

A. Introduction

This Attachment covers the M&E, knowledge management (KM) and communication aspects of both PROMER and ProParcerias.

To build on progress made so far under M&E, KM and communications, the follow-up mission has highlighted some key action points for PROMER to follow up in the rest of 2013. As implementation increases on the ground, the main challenge will be capturing outputs, outcomes, and impacts from the ground, feeding them into the M&E system, analyzing them, and providing needed guidance for future implementation. Another opportunity that PROMER needs to capture is the documentation of success stories and experiences from the field, by profiling individuals or households who are participating in the project and how their lives are being significantly changed by being involved in the project. Building on the points arising from the previous Aide Memoir, this Attachment focuses on how best PROMER can make use of the available opportunities and address the prevailing challenges for improved project delivery

B. Monitoring and Evaluation

Mid Term Review (MTR). This review planned for 2014 presents an opportunity for the programme to be re-aligned towards its overall goal and objectives, given experiences and the changed environment. To benefit fully from this exercise and to get good feedback, the PMT will need to have appropriate terms of reference, hire consultants with the right blend of skills and provide accurate and relevant information for them to work with. A starting point is having good terms of reference. The PMT should get as much information and materials as possible from other projects that have so far undergone the MTR and learn from their experiences. An example of draft TOR for conducting an MTR that PROMER can learn from will be shared with the M&E officer.

Documentation of stories from the field. Additionally, the PMT should now step up the documentation of experiences and stories from the field especially showing the most significant change among target beneficiaries, to give an idea of what is working well, what is not and these will help indicate what needs to be done differently in the remaining time period of the project. Such stories and case studies will also contribute greatly to the re alignment of project objectives and goals if necessary because they will indicate those aspects that are most appreciated by the beneficiaries, those that contribute more to improving their livelihoods. Annex 2 to this Attachment provides some key aspects of capturing stories from the field.

Data Collection, capture in the data base, Analysis and Feedback. The fact that the PMT M&E database has been established and is ready for use is a very good opportunity to ensure, hence forth, that there are no data gaps, that all indicators are closely monitored and that the most significant change can easily be tracked. Accordingly therefore, inputting data into the database should be viewed as the first step only. However for M&E data to contribute to project implementation it will need to be analyzed and feedback provided to the different components with suggestions of how to improve.

RIMS. RIMS indicators have been adequately integrated into the logframe and are being measured as part of the overall M&E system. The RIMS questionnaire was integrated into the baseline study, the scope of which was far beyond merely collecting baseline data, but nonetheless seems to be RIMS compliant. However, the RIMS data have not yet been captured in the RIMS software, which is an important part of the process. The mission provided the PMT with access to the software and the how-to-guide, and agreed with the PMT that this step would be completed by end of August 2013.

C. Knowledge Management and Coordination

DNPDR's KM Unit. The Mission reviewed the DNPDR's proposal for establishing a KM unit, including a library expansion and training. However, the mission came to the conclusion that the proposed focus on hardware and establishing physical structure will not help much in terms of building a knowledge management culture, which is much more about behavior change for all staff of the DNPDR projects, including PROMER and ProParcerias. Therefore, the mission agreed with DNPDR

that DNPDR establish an e-library hosted on its website, by starting to build this up step by step to include all the documents needed finally.

It is important to note that the e-library cannot be built at once but will take some time and establishment of key processes such as creating catalogues, scanning key documents that only exist in hard copy, and then instituting a policy of having soft copies of all relevant documents stored in soft copy hence forth so that in future, it will not be necessary to scan these same documents. For the catalogues which are key in ease of access to documents stored in the e library, PROMER will have to hire a professional library scientist/documentalist. This will ensure that the library is not redundant, which can happen if people find it impossible to trace the documents they are interested in easily.

One of the most important steps is the identification of the key documents on the various projects and studies that should be included in the e-library. This will involve all staff of the projects, as they are the ones that know the projects best, and also the ones that have the documents, in either soft or hard copy. Making this everybody's job will be an important task for DNPDR senior management.

The e-library both at DNPDR and PROMER should be accessible for staff working in the field and some of the documents that are public should be online and easily accessible to the interested partners and beneficiaries.

Building a culture of information sharing. To strengthen further the culture of sharing information, both in the projects and at DNPDR generally, there is need to put in place an information sharing policy which would include, for instance how to share reports, making it mandatory for staff to share lessons learned and experiences whenever they travel to the field, and ensuring that these are shared with all staff, copying all relevant people in emails, sharing information from emails received, among others. The aspects of internal communication such as using emails, the notice board, memos, the intranet, and such other channels, as well what messages are best suited for which channels needs to be clearly outlined in this policy. For external communication, best practice of who shares what information with what external audiences including service providers and other stakeholders, how to communicate with provincial offices and the most appropriate channels to use to ensure speedy delivery of messages are the aspects that have to be considered. The key point here is that the policy is meant to streamline the flow of information and enhance easy access to relevant information that informs improved implementation and gets rid of bureaucratic tendencies and other hindrances to in time communication.

Annex 1

Draft TOR, Communications Consultant for PROMER

Job Title: Communications Consultant

Reports to: The Programme Coordinator, PROMER

Location: PROMER Offices, DNPDR, Maputo

Expected duration of assignment: 3 months for the first assignment, and thereafter 2 weeks

Expected start date of assignment: XXX

Summary: The Rural Markets Promotion Programme (PROMER) is a Government of Mozambique programme supported by development partners such as International Fund for Agricultural Development (IFAD) and the European Union (EU). It aims at increasing small-scale farmers' incomes from agriculture by helping them market their surpluses more profitably. The 7-year programme has been effective since April 2009. It has four components: (i) developing more dynamic market intermediaries; (ii) enterprise-led value chain initiative; (iii) improving the market environment; and (iv) policy & institutional support and management.

The Programme Management Team (PMT) is recruiting a Communications Expert to assist the PMT in capturing, documenting, packaging and sharing its experiences, lessons learned and stories from the field, for improved and increased learning and impact.

Objectives of assignment

The communications consultant will work closely with the PMT to:

- Carry out a communications needs assessment for PROMER and come up with a concept of how to meet them, and a plan of implementation
- Conduct a knowledge and communications materials inventory, assess the gaps and ways to fill them
- Showcase the results of PROMER work in the field by working closely with the people in the provinces to document best practices, lessons learned and experiences/stories from the field.
- Support staff of the Project Management Team (PMT) to share M&E results in user friendly formats with stakeholders
- Develop relevant communication materials for the programme that can be shared with partners and stakeholders
- Facilitate and enhance internal communication and sharing of lessons learned within the programme
- Develop the capacity of PMT staff to write brief case studies to be shared internally and externally, as well as user-friendly templates for writing the different types of reports that the PMT does
- Accompany staff on field visits to coach them to take action photos, audio-visual clips, and write up stories from the field
- Other duties as reasonably assigned by the Programme Coordinator

Qualifications/Competencies

- A Bachelors Degree in Mass Communication, Arts (Languages and Literature or Communication skills), Marketing any other relevant area of study. A master's degree and other advanced training in communication is an great advantage.
- Computer literacy is a requirement. Desktop and online publishing will be additional assets.

- At least 3 years of experience in similar assignments, with evidence.
- A team player, with very good interpersonal skills
- Excellent analytical skills
- Good writing, speaking and presentation skills
- Ability to work independently with minimum supervision

Deliverables

- Information needs mapping done and guidelines of how to communicate with which stakeholders (based on their information needs) developed.
- Number of success stories captured, packaged and shared.
- An internal e newsletter for sharing project highlights and updates established and running at least quarterly
- Number of well-illustrated communication materials developed (fact sheets, frequently asked questions and answers, brochures, flyers, etc) for sharing project experiences developed

Annex 2

How to capture case studies and stories from the field –some basic aspects

Selecting the subject. The first step is the identification of the topic. Here a good guideline is imagining to be implementing a similar project somewhere else and asking yourself what you would like to learn about PROMER or ProParcerias.

When capturing stories from the field, it is important to decide whether one will focus on a group of beneficiaries (for example, a farmers' group), on a household, or on an individual. This is usually the first step, which we can call deciding the subject of your story. Once you have selected the subject, you can look for information by looking at the M&E results, reading programme documents, and the either going to the field and doing direct interviews, or getting the details from the field staff.

Collecting information to build the story. Once a subject is selected, you begin to have an idea of where to start from to get the information – either through existing project reports, M&E data, etc. These are the secondary sources. For primary sources, one needs to make use of every opportunity they are in the field to collect as much information as possible including taking pictures that can be used for such stories. If going to the possible is not possible, consider using phone interviews or getting the information through the field based staff.

Aspects to consider when collecting information include profile related information, the current situation, the situation before the project intervention, which activities have led to the changes (if the change is there), and details that answer the 6 'W' questions. These questions include who, what, when, where, why, and how.

Who. Find out the names of the people, their age, the number of people in the household or group, whether it is a female headed household or not, whether it is a child headed household or not, and if you can go around cultural inhibitions, what is their age. This helps the readers to further appreciate the role project activities have helped the subject to change if at all.

What. Consider what issues the subject was facing before interventions, what was the situation like, what were the prevailing circumstances, and portray what has changed.

When. This helps one find out timeframes of intervention, of the notable milestones, and therefore enable the reader to place the story –in terms of time context.

Where. This will enable one to place the story in a context and help the reader appreciate why the kinds of intervention shared was chosen and not any other, whether it was appropriate, and if so, whether it is indeed responsible for the noted change.

Why. This responds to the issue of why this beneficiary (targeting), why that particularly kind of intervention (baselines, objectives, justification of intervention), and where possible why the kinds of changes that have taken place or why not. It is important to always reiterate the project goals and objectives and how these are aligned to the national priorities as well as the priorities of the target population. The question why provides us with justification for the nature of interventions the project is engaged in and also, to an extent helps clear the question of attribution.

How. This provides an opportunity to share relevant details of interventions hence creating an appreciation of their execution. It is a basis for up scaling in instances where the interventions in question are indeed creating notable impact on the ground.

Ensuring coherence of the story. Once all the relevant information has been collected, one will then start to put the story together. The length of the story and which details to include, how to put it together and which pictures to use to illustrate the story, will depend on the kind of audience you have in mind. If the story is for the people on the ground who may not be literate, then one can consider just doing a 'pictorial' which tells a story.

For a written story, coherence is important. How do you ensure coherence? As you write, put yourself in the reader's shoes. Ensure that the readers of your story remain with no questions in their mind, or that they do not have to read through back and forth before figuring out the point.

Practice makes perfect. The skill of writing coherent stories comes through practice. Therefore, make use of every opportunity to write, and the more you write the more you will figure out what works and what does not. Also encourage colleagues to write, and provide feedback on their products.

Annex 3

PROMER Communications Outline

Background

PROMER staff are currently communicating in a variety of ways, including its contributions to a quarterly bulletin, a website that is in progress, and the radio initiative that announces market information to farmers. In addition to external communication, they also communicate within the team and with service providers through seminars, meetings and written material. An effective internal communication is a vital pillar in ensuring a successful project by virtue of its potential to get new staff quickly up to speed, and its coherence of key messages to the team and partner organisations.

To tap the potential for improved communication, programme staff should ensure that PROMER communication is structured and strategic. As a start, the staff should build on the communication that they are already practising, by: (i) mapping out the key audiences they want to reach (internal and external), (ii) determining the key messages, and (iii) assessing which channels are most effective to use for dissemination of key messages with high impact. This should be the base of a communication plan that can guide the project's future outreach. *It was agreed that the communication mapping exercise and the communication plan be finalized by the PMT by 30 June 2013.* The communication consultant will assist in this.

Determine key audiences

One of the key questions to ask is who is it that the project need to reach with the communication they do? Presumably the project has several groups of audiences and should map out who they are, and what it is that the project want from the audience – in other words what do you want the audience to do after having received the communication? The answer to these questions will help guide the messages and the channels to use for dissemination. Some suggested audience groups that might be of interest for the project are: private sector, farmers' organisations, staff, service providers, IFAD and other partners, local and national government representatives, and the general public. A part of the exercise should include a prioritisation of the different audience groups into primary, secondary and tertiary groups.

Determine key messages

Key messages are the core messages that you want your target audience to hear and remember. Effective key messages help articulate thoughts and opinions about PROMER in the media and in all communication materials.

Key messages should not be too long, and it should be possible to deliver your key message in the time it takes to ride an elevator. Keep it short, to the point and powerful.

There are many questions that can help you in determining the important messages for your project. What is the project about? Why should the audience want to support or engage with your project or the outcome of your project?

- Start with a statement that positions PROMER
- Make it a short and sharp sentence that tells people what you do and how you are different from other projects
- Be trustworthy and transparent, and support all key messages with evidence
- Clearly articulate the value PROMER provides to beneficiaries

Disseminating the messages to the right people at the right time

When the key messages have been carved out, it is important to disseminate them – to the right people at the right time, through the right channels where you are most likely to reach those you have targeted. The project has already established some channels for dissemination such as: forums, seminars, meetings, website, quarterly bulletin and radio. The diversity of channels is good, and gives

the project an opportunity to reach many different groups of people. It is important to adapt the delivery of the messages to languages spoken by the audience, and to whether they have a high level of literacy or not. Maybe it could be useful to investigate how to communicate the key messages in a graphic way through images, videos, drawings or infographs.

Whichever channel you choose for any dissemination, some basic indicators should be established so that you can easily judge whether you have had the right impact of your communication activities. For instance how many copies did you distribute of a certain publication, and to whom? How many visitors have you had to the website, and has there been any specific page that was more popular than others? Did the right media pick up your messages?

Communication plan

Based on the audiences, actions and communication options resulting from the above exercise, the project should plan the coming outreach. Map events, meetings and project milestones – they can be important opportunities to get attention for your messages. Identify project outcomes and objectives in the coming year and think about how communication can support them, when you need to communicate, to whom and how. For instance, think about the process for the value chain facility and what needs to be communicated when and to whom, and create support material to help your outreach. The communication plan will help you to ensure you use your time and resources effectively.

The communication plan should cover the following areas:

- **What** needs to be communicated?
- **Who** needs to take part of the messages?
- **Why** do you need to communicate it, what do you want the audience to do as a result of having taken part of the message?
- **How** should you communicate it, which language should you use, which channel will help you reach your targeted groups most efficiently? And what are the products you should produce?
- **When** should the communication be done, and when should it be disseminated?

Maintenance of the communication material is important, and there should be someone in the team who is continuously looking out for opportunities and is ready to support the team with communication expertise when needed. See attached suggestions for TOR of communications consultant.

Resources to consult:

- Please see the IFAD communication toolkit for more detailed resources that can be helpful in this process: http://www.ifad.org/commtoolkit/toolkit/Toolkit_IFAD_WEB.pdf
- The following chapters might be specifically interesting:
- Internal communication:
http://www.ifad.org/commtoolkit/toolkit/F_Toolkit_Workingtogether.pdf
- How to write for the web:
http://www.ifad.org/commtoolkit/toolkit/D_Toolkit_IFADontheInternet.pdf
- Writing and publishing:
http://www.ifad.org/commtoolkit/toolkit/B_Toolkit_Writingandpublishing.pdf
- Working with the media:
http://www.ifad.org/commtoolkit/toolkit/C_Toolkit_Workingwiththemedial.pdf

Attachment 7: Financial Management and Procurement

I. PROMER

Introduction

The financial management in PROMER is strong, with reliable and sound internal control systems. All original documents and receipts are being filed centrally, which facilitates the external audits. It was further noted that the Financial Manager is also performing a training role especially with the recruitment of two new accountants in mid-2012 and March 2013 respectively. In addition, there are internal control measures in place, for example payment documents must be signed by certain PMT staff.

The Project Management Team (PMT) is following the systems and procedures detailed in Project Implementation Plan (PIP). All books and accounts are up to date and all reconciliations are carried out timely and adequately.

The Initial deposit of USD 3.5million is adequately accounted for at 28 February 2013 as presented in the Special Account Reconciliation.

Funds Receipts

The Withdrawal Applications (WAs) are now submitted frequently (usually monthly) and processed rapidly by IFAD, with an average of 15 days for the last three WAs 12, 13 and 14 for the months of October, November and December 2012. This has improved the PMT's liquidity, which is now rated high.

It was further noted that WA 15 was received in March 2013 and that WA 16 was ready for submission during the mission. This further gives an assurance that the programme remains highly liquid with the current pattern of submitting the WAs for processing by IFAD.

Cash Book Reconciliations

The cash book reconciliation for February 2013 was closely scrutinized and the whole reconciliation performed and was found in order.

Disbursements

The total IFAD loan disbursement was 40% as at 10 April 2013, up from 28% compared with the September 2012. This shows a clear project acceleration. It is also important to note that the execution of the 2012 AWPB was 71%, which is relatively satisfactory. However, for the first two months of 2013 the AWPB execution stood at 8.5%, which is low.

The cumulative expenditure levels of categories II and VIII were 73% and 102%, respectively. It is important to note that the recent reallocation request for category VIII and also the addition of the MDG programme funds will ease the pressure on category VIII.

Procurement

Procurement Plan. The procurement plan for year ended 31 December 2012 was scrutinized (See Report Table 1 attached). There were 28 items in this plan of which 22 items were purchased in accordance with the plan. This shows that 80 % of the Procurement Plan was accomplished by the end of 2012. It was further noted that the plan is accurately concluded by filling in every column in the spreadsheet.

Procurement of goods. Item number 19 (Procurement Plan) was scrutinized closely checking all the bidding documents, and the valuation method used. It was noted that the standard bidding documents were used and the lowest evaluated bid was selected.

Procurement of services. Additionally two contractors under this section were examined as in the table below.

Name of Consultant	Contract Amount (USD)	Contract in place	Certificates/ invoices	Comment
Carlos M De Souza Costa	30,000	yes	yes	Ok (contract completion: 30.11.2012)
David Geilinger	23,600	yes	yes	Ok (contract completion: 30.4.2013)

Conclusion: No irregularities were found

Contract monitoring form (CMF). Procurement generally looks adequate, yet the contract monitoring requires improvement and in particular, the use of the Contract Monitoring Form (CMF) is not accurate at all, especially in the progress certificate section.

Disbursements under the Strategic Investment Plans (SIPs). Only one set of disbursements under the SIP by CAL was done to several suppliers on 18 December 2012 per the table below:

Voucher	Date	USD	Goods	Date	VAT	
No	paid	Amount	Rcd Note	Received	paid	Comment
329	18.12.2012	29,428.79	2	4.1.13	n/a	EP
330	18.12.2012	48,660.45	6	25.3.13	n/a	EP
331	18.12.2012	60,336.5	6	18.2.13	yes	EP
332	18.12.2012	29,208.11	8	1.3.13	yes	EP
333	18.12.2012	21,751.81	91730	18.12.12	yes	EP
347	18.12.2012	26,806.93	786	27.12.12	yes	EP

EP = Early payment.

All items here were paid for before they were delivered to the recipient. Additionally there were very serious delays in delivering these items after the forward payment, some delays stretching to over three months. The reason for this was that there were delays in obtaining the registration documents having made payments directly to suppliers before receipt of goods.

Creditors' reconciliation. The purchasing documents from requisitions, purchases orders to paid vouchers are properly signed by the relevant personnel and all paid vouchers are stamped to avoid duplication of payments. However, since there is a timing difference in payment and receipt of goods eg payment made last day of the month will not appear in the creditors's statement but already appears in the programme cash book-hence the necessity of the creditors reconciliation. It is thus recommended that all creditors' statements are reconciled before any payment is done. This is where several purchases are done from one supplier and a single payment made end of each month. This further avoids the risk of duplication of payments.

Programme Assets. It was observed that all assets were entered in the assets register that is updated continuously. However there are no indications that there are frequent asset inspections to establish their existence and condition. It is recommended that the PMT carry out an asset inspection quarterly.

Other Fiduciary Issues

Counterpart Contribution. The total counterpart funds received in 2012 was USD 53,000 against USD 77,000 requested by PMT (67%). The PMT subsequently requested USD 32,000 which brought the tax arrears to zero as this was the balance at 31 January 2013. Further to this positive development, sufficient counterpart funds have been requested and budgeted for 2013. However the

disbursement of these counterpart funds is only made in reimbursements, and it was agreed that the PMT submit reimbursement requests on a monthly basis.

Compliance With Loan Covenants. All covenants were complied with, except the overdue financial statements and the outstanding resolutions on insured office equipment, both of which were resolved during the mission. The financial statements for 2012 were prepared in a summary form, which is deemed acceptable for fulfilling the loan covenant.

It was noted that the net book value of certain office equipment was almost nil and did not warrant such items being insured at higher cost than the net book value. Indeed, based on a PMT request IFAD issued a no-objection on 12 April 2013, exempting office equipment from being insured.

Audit. Based on a PMT request, on 15 April 2013 IFAD issued a no-objection to re-engaging KPMG for the 2012 audit, commending on the high quality of the terms of reference (TOR). However, the 2012 financial statements, which will be required for the auditors to start their work, had not yet been prepared fully. Nonetheless, timely submission of the 2012 audit report is expected.

II. ProParcerias

Financial Management

EXCEL is still used for accounting records, which is not at all acceptable. The contract for a new accounting software has not yet been signed, with only 8 months of implementation remaining. The PMT has opted for the PRIMAVERA software, which costs a third of the previously agreed TOMPRO software. The specifications of the PRIMAVERA software show that it is adequate for the operations of this project.

It was further noted that the financial transactions are posted late, which is a serious fiduciary issue.

The major accounting challenge thus consists of installing PRIMAVERA as soon as possible, and posting all programme transactions retroactively. This should be fully completed by end-May 2013, by when immediate posting of all new transactions should be carried out, with regular controls by the Project Coordinator.

Procurement

The asset register is now in place and it identifies all assets with an asset code. The execution of the procurement plan is sound but delayed.

Similarly all creditors' statements need to be reconciled before payment to avoid duplication of payment. Over and above all, this requires stamping all paid invoices and vouchers as paid.

Disbursements

The execution of the 2012 AWPB reached 66% after a slow start for the better part of the year. For the IFAD funds, it was noted that 79% of the 2012 AWPB allocations were utilized during the year.

Audit

All issues raised in the management letter of the auditors were attended to, except for the installation of an accounting software, which is in the process of resolution.