

# AUDITED PROJECT FINANCIAL STATEMENTS

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PROJECT ID Nº: 1517

IFAD Loan Nº: 822-MZ  
Grant C-ECM Nº: 822-MZ  
OFID Loan Nº: 1408P

Period Covered: 01/01/2019 – 30/09/2019

## **Artisanal Fisheries Promotion Project (ProPesca)**

Prepared by: Deloitte & Touche Mozambique Lda

Received on: 02/03/2020

The Audited project financial statements are documents owned by the Borrower/ Recipient. The views expressed herein do not necessarily represent those IFAD's Executive Board, Management or Staff. This document is made publicly available in accordance with the "Conceptual Framework on Financial Reporting and Auditing of IFAD-Financed Projects (2018)"

## INDEPENDENT AUDITOR'S REPORT

### To Management of

### IDEPA – INSTITUTO NACIONAL DE DESENVOLVIMENTO DA PESCA E AQUACULTURA Artisanal Fisheries Promotion Project (PROPESCA)

#### Opinion

We have audited the financial statements of PROPESCA – ARTISANAL FISHERIES PROMOTION PROJECT (European Union – Millennium Development Goals Grant Agreement C-ECM-822-MZ) set out on pages 6 to 16, which comprise the Statement of Receipts and Payments Accumulated, Statement of Receipts and Payments, Statement of Receipts and Payments with Budget Execution, Statement of Designated Account Activities and Statement of Expenditures Withdrawal Application by Category for the period ended 30 September 2019, and the notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statement of ProPESCA – ARTISANAL FISHERIES PROMOTION PROJECT (European Union – Millennium Development Goals Grant Agreement C-ECM-822-MZ), give a true and fair view in all relevant aspects and were prepared, in accordance with the basis of accounting described in the Note 2 to the financial statements and Donor's requirements.

We further report as follows:

- With respect to yearly and Cumulative Statements of Sources and Application of Funds, in particular for expenditure (SOEs), adequate supporting documentation has been maintained to support claims to the MDG/EU for reimbursements of expenditures incurred and such expenditure are eligible for financing under the MDG/EU Millennium Development Goals Grant Agreement;
- The Designated Account has been used in accordance with the provisions of Financing and Grant Agreement, and withdrawals from the designated Account have been used for the purpose authorized in the Loan Financing Agreement; and
- The Trial Balance and list of transactions accurately describes the financial position of the program at the year ended 30 September 2019.

#### Basis for Opinion

We conducted our audit in accordance with International Audit Standards issued by IAASB. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the project in accordance with the ethical requirements that are relevant to our audit of the financial statements in accordance in terms of the code of ethics issued by the Order of Accountants and Auditors of Mozambique ("OCAM"), which comply with the Code of Ethics issued by the Ethics Standards Board for Accountants (IESBA), and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our Opinion.

## STATEMENT OF RESPONSIBILITY BY MANAGEMENT

The responsibility for the preparation of financial statements that present fairly the statement of receipts and payments and statement of financial position in accordance with the basis of accounting described in the notes of the financial statements, applied consistently, as well for the adoption of adequate accounting policies, is of the management of IDEPA.

The financial statements have been audited by the independent accounting firm, Deloitte & Touche (Moçambique), Lda., who were given unrestricted access to all financial records and related data of the "Artisanal Fisheries Promotion Project (ProPESCA)". Management believe that all representations made to the independent auditors during their audit were valid and appropriate. The report of the independent auditors is presented on pages 3 to 5.

The financial statements for 30 September 2019 presented on pages 6 to 16 have been prepared in accordance with the basis of accounting described in the note 2 of the financial statements. They are based on appropriate accounting policies which have been consistently applied, and which are supported by reasonable and prudent judgement.

Management is responsible for the preparation of these financial statements in accordance with the cash receipts and disbursements basis of accounting described in Note 2 to the financial statements, for the purpose of reporting to European Commission – Millennium Development Goals, for determining that the basics of preparation is acceptable in the circumstances, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due the fraud or error.

The financial statements were approved by management and are signed on its behalf:



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Project Coordinator  
2 March 2020



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Project Finance Manager  
2 March 2020

**INSTITUTO NACIONAL DE DESENVOLVIMENTO DA PESCA E  
AQUACULTURA (IDEPA)**

**Artisanal Fishers Promotion Project (ProPESCA)**

**IFAD Loan Agreement L-I-822-MZ**

**Financial Statements**

**Period from 1 January to 30 September 2019**

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## STATEMENT OF RESPONSIBILITY BY MANAGEMENT



The responsibility for the preparation of financial statements that present fairly the statement of receipts and payments and statement of financial position in accordance with the basis of accounting described in the notes of the financial statements, applied consistently, as well for the adoption of adequate accounting policies, is of the management of IDEPA.

The financial statements have been audited by the independent accounting firm, Deloitte & Touche (Moçambique), Lda, who were given unrestricted access to all financial records and related data of the "Artisanal Fisheries Promotion Project (ProPESCA)" Management believe that all representations made to the independent auditors during their audit were valid and appropriate. The report of the independent auditors is presented on pages 3 to 5.

The financial statements for 30 September 2019 presented on pages 6 to 15 have been prepared in accordance with the basis of accounting described in the note 2 of the financial statements. They are based on appropriate accounting policies which have been consistently applied, and which are supported by reasonable and prudent judgement.

Management is responsible for the preparation of these financial statements in accordance with the cash receipts and disbursements basis of accounting described in Note 2 to the financial statements, for the purpose of reporting to IFAD Loan Agreement L-I-822 - MZ, for determining that the basics of preparation is acceptable in the circumstances, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due the fraud or error.

The financial statements were approved by management and are signed on its behalf:

  
\_\_\_\_\_  
Project Coordinator  
2 March 2020  
\_\_\_\_\_  
Project Finance Manager  
2 March 2020

## INDEPENDENT AUDITOR'S REPORT

To Management of  
**IDEPA – INSTITUTO NACIONAL DE DESENVOLVIMENTO DA PESCA E AQUACULTURA**  
**Artisanal Fisheries Promotion Project (PROPESCA)**

### Opinion

We have audited the financial statements of PROPESCA – ARTISANAL FISHERIES PROMOTION PROJECT (IFAD Loan Agreement L-I-822 - MZ), set out on pages 6 to 15, which comprise the Statement of Receipts and Payments Accumulated, Statement of Receipts and Payments, Statement of Receipts and Payments with Budget Execution, Statement of Designated Account Activities and Statement of Expenditures Withdrawal Application by Category for the period ended 30 September 2019, and the notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statement of PROPESCA – ARTISANAL FISHERIES PROMOTION PROJECT (IFAD Loan Agreement L-I-822 - MZ), give a true and fair view in all relevant aspects and were prepared, in accordance with the basis of accounting described in the Note 2 to the financial statements and Donor's requirements.

We further report as follows:

- With respect to yearly and Cumulative Statements of Sources and Application of Funds, in particular for expenditure (SOEs), adequate supporting documentation has been maintained to support claims to the IFAD for reimbursements of expenditures incurred and such expenditure are eligible for financing under the IFAD Loan Agreement;
- The Designated Account has been used in accordance with the provisions of Financing and Grant Agreement, and withdrawals from the designated Account have been used for the purpose authorized in the Loan Financing Agreement; and
- The Trial Balance and list of transactions accurately describes the financial position of the program at the year ended 30 September 2019.

### Basis for Opinion

We conducted our audit in accordance with International Audit Standards issued by IAASB. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of PROPESCA in accordance with the ethical requirements that are relevant to our audit of the financial statements in accordance with the code of ethics issued by the Order of Accountants and Auditors of Mozambique ("OCAM"), which comply with the Code of Ethics issued by the Ethics Standards Board for Accountants (IESBA), and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our Opinion.

## **Emphasis of Matter – Basis of Accounting**

We draw attention to Note 2 to the financial statements, which describe the basis of accounting. The financial statements are prepared to assist the project in providing financial statements to the donors, potential investors, banking and funding institutions. As a result, the financial statements may only be suitable for these purposes and not for statutory purposes. Our opinion is not modified in respect of this matter.

## **Responsibilities of the directors for the Financial Statements**

The directors are responsible for the preparation and fair presentation of the financial statements in accordance with Note 2 of the financial statements, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Project's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Entity or to cease operations, or have no realistic alternative but to do so.

## **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.



We communicate with the Management regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Maputo, 2 March 2019





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**Deloitte & Touche (Moçambique), Lda**  
Certified Auditors n.º 09/SCA/OCAM/2014  
Per Aneliya Nikolova  
Partner  
Certified Auditor n.º 56/CA/OCAM/2014

IDEPA – INSTITUTO NACIONAL DE DESENVOLVIMENTO DA PESCA E AQUACULTURA  
 Artisanal Fisheries Promotion Project (PROPECA)  
 IFAD LOAN AGREEMENT L-I-822 - MZ  
**STATEMENT OF RECEIPTS AND PAYMENTS ACUMULATED**  
 Period from 1 January to 30 September 2019  
 (Expressed in United States Dollars and Metical)


	Notes	Cumulative		Year end 2019		Cumulative	
		December 2018 USD	December 2018 MZN	September 2019 USD	September 2019 MZN	September 2019 USD	September 2019 MZN
Opening balance on 1 January 2019	3	-	-	233 042	14 466 116	-	-
Opening Balance Adjustment		-	(6 706 310)	-	-	-	(6 706 310)
<b>Total Opening Balance</b>		-	(6 706 310)	<b>233 042</b>	<b>14 466 116</b>	-	(6 706 310)
<b>Receipts</b>							
Authorized allocation - Designated Account from IFAD		6 502 761	355 476 479	-	-	6 502 761	355 476 479
Replenishments to Designated Account IFAD		13 621 028	565 599 465	-	-	13 621 028	565 599 465
Exchange rate gains		-	60 906 074	-	-	-	60 906 074
<b>Total receipts</b>		<b>20 123 789</b>	<b>988 688 328</b>	<b>233 042</b>	<b>14 466 116</b>	<b>20 123 789</b>	<b>988 688 328</b>
<b>Payments</b>							
Civil works	6	3 257 750	181 514 056	550 077	32 258 276	3 807 827	213 772 331
Vehicles, equipment and materials	7	1 676 829	65 222 274	123 352	7 348 819	1 800 181	72 571 093
Technical assistance, contracting, studies, training and workshops	8	4 265 740	196 462 980	404 898	23 785 678	4 670 638	220 248 637
Value chain facility	9	3 782 021	182 127 879	221 758	13 091 835	4 003 779	195 219 714
IOF matching grants	10	320 612	18 473 337	4 493	-	325 105	18 473 337
Incremental operating costs	11	4 490 575	196 435 272	246 792	15 073 082	4 737 367	211 508 354
Credit Lines		197 425	13 100 000	-	-	197 425	13 100 000
Expenses Accounted in EU Fund		148 887	-	-	-	148 887	-
<b>Total payments</b>		<b>18 139 840</b>	<b>853 336 778</b>	<b>1 561 370</b>	<b>91 557 690</b>	<b>19 691 209</b>	<b>944 893 467</b>
Expenses accounted in UE Fund		1 938 936	116 554 092	-	-	1 938 936	116 554 092
Partial regularization of expenses accounted in UE Fund	5	(188 029)	(9 074 286)	(1 317 714)	(78 535 763)	(1 505 743)	(87 610 049)
Regularization of amount advanced to EU Grant	5	-	-	(159 375)	(9 736 196)	(159 375)	(9 736 196)
Exchange Rate Loss	4	-	-	-	46 849	-	46 849
<b>Total advances</b>		<b>1 750 907</b>	<b>107 479 806</b>	<b>(1 477 089)</b>	<b>(88 225 110)</b>	<b>273 818</b>	<b>19 254 696</b>
<b>Difference</b>		<b>(1)</b>	<b>5 993</b>	<b>20</b>	<b>(1 063 695)</b>	<b>20</b>	<b>(1 057 702)</b>
<b>Closing balance as on 30 September 2019</b>	12	<b>233 042</b>	<b>14 466 116</b>	<b>158 780</b>	<b>10 069 842</b>	<b>158 780</b>	<b>10 069 842</b>

  
 Project Coordinator  
 2 March 2020

  
 Project Finance Manager  
 2 March 2020

IDEPA – INSTITUTO NACIONAL DE DESENVOLVIMENTO DA PESCA E AQUACULTURA  
 Artisanal Fisheries Promotion Project (PROPECA)  
 IFAD LOAN AGREEMENT L-I-822-MZ  
**STATEMENT OF RECEIPTS AND PAYMENTS**  
 Period from 1 January to 30 September 2019  
 (Expressed in United States Dollars and Metical)

	<u>Notes</u>	<u>USD</u>	<u>MZN</u>
Opening Balance on 1 January 2019	3	233 061	14 466 116
<b>Receipts:</b>			
Replenishments to Designated Account IFAD		-	-
<b>Total receipts</b>		<u>233 061</u>	<u>14 466 116</u>
<b>Payments:</b>			
Civil works	6	550 077	32 258 276
Vehicles, equipment and materials	7	123 352	7 348 819
Technical assistance, contracting, studies, training and workshops	8	404 898	23 785 678
Value chain facility	9	221 758	13 091 835
IOF matching grants	10	4 493	-
Incremental operating costs	11	246 792	15 073 082
<b>Total payments</b>		<u>1 551 370</u>	<u>91 557 690</u>
Partial regularization of expenses accounted in UE Fund		(1 317 714)	(78 535 763)
Regularization of amount advanced to EU Grant		(159 375)	(9 736 196)
Exchange Rate Losses	4	-	46 849
<b>Total advances</b>		<u>(1 477 089)</u>	<u>(88 225 110)</u>
<b>Closing balance as at 30 September 2019</b>		<u>158 780</u>	<u>11 133 537</u>
<b>Difference</b>		-	(1 063 695)
<b>Bank amount at 30 September 2019</b>	12	<u>158 780</u>	<u>10 069 842</u>

  
 Project Coordinator  
 2 March 2020

  
 Project Finance Manager  
 2 March 2020

IDEPA – INSTITUTO NACIONAL DE DESENVOLVIMENTO DA PESCA E AQUACULTURA  
 Artisanal Fisheries Promotion Project (PROPECA)  
 IFAD LOAN AGREEMENT L-I-822-MZ  
**STATEMENT OF RECEIPTS AND PAYMENTS WITH BUDGET EXECUTION**  
 Period from 1 January to 30 September 2019  
 (Expressed in United States Dollars)


	<i>Notes</i>	<b>Amount in USD</b>		<b>Variance / Execution</b>	
		<b>Actual</b>	<b>Budget</b>	<b>Amount</b>	<b>%</b>
Opening balance on 1 January 2019	3	233 061	-	(233 061)	-
<b>RECEIPTS:</b>					
Replenishments to Designated Account		-	1 995 445	1 995 445	-
Regularizations from EU Grant		1 317 714	-	-	-
Regularization of amount advanced to EU Grant		159 375	-	159 375	-
<b>TOTAL RECEIPTS</b>		<b>1 477 089</b>	<b>1 995 445</b>	<b>1 995 445</b>	<b>0%</b>
<b>TOTAL</b>		<b>1 710 150</b>	<b>1 995 445</b>	<b>1 762 384</b>	<b>12%</b>
<b>PAYMENTS:</b>					
Civil works	6	550 077	706 220	156 143	78%
Vehicles, equipment and materials	7	123 352	-	(123 352)	-
Technical assistance, contracting, studies, training and workshops	8	404 898	361 558	(43 340)	112%
Value chain facility	9	221 758	208 289	(13 469)	106%
IOF matching grants (5)		4 493	90 164	(85 671)	0%
Investment capital		-	250 000	250 000	0%
Incremental operating costs	10	246 792	51 346	(195 445)	481%
Credit Lines		-	327 868	327 869	0%
<b>TOTAL PAYMENTS</b>		<b>1 551 370</b>	<b>1 995 445</b>	<b>444 074</b>	<b>78%</b>
<b>Closing balance as at 30 September 2019</b>	12	<b>158 780</b>	<b>-</b>	<b>1 318 309</b>	<b>-</b>

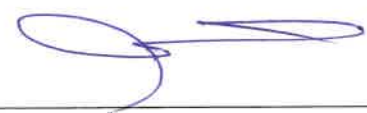
  
 Project Coordinator  
 2 March 2020

  
 Project Finance Manager  
 2 March 2020

IDEPA – INSTITUTO NACIONAL DE DESENVOLVIMENTO DA PESCA E AQUACULTURA  
 Artisanal Fisheries Promotion Project (PROPESCA)  
 IFAD LOAN AGREEMENT L-I-822-MZ  
**STATEMENT OF DESIGNATED ACCOUNT ACTIVITIES**  
 Period from 1 January to 30 September 2019  
 (Expressed in United States Dollars and Metical)

	<u>Notes</u>	<u>USD</u>	<u>MZN</u>
Opening Balance on 1 January 2019	3	61 654	3 826 835
<b>IFAD Replenishments:</b>		-	-
<b>Total</b>		<b>61 654</b>	<b>3 826 835</b>
<b>Transfers to FOREX:</b>			
- 08-01-19	4	61 650	3 779 762
<b>Total of transfers</b>		<b>61 650</b>	<b>3 779 762</b>
Exchange Rate Difference	4	-	46 849
<b>Closing Balance as at 30 September 2019</b>		<b>4</b>	<b>224</b>

  
 Project Coordinator  
 2 March 2020

  
 Project Finance Manager  
 2 March 2020



IDEPA- INSTITUTO NACIONAL DE DESENVOLVIMENTO DA PESCA E AQUACULTURA  
Artisanal Fisheries Promotion Project (PROPECA)  
IFAD LOAN AGREEMENT L-I-822-MZ


**STATEMENT OF EXPENDITURE – WITHDRAWAL APPLICATION**

Period from 1 January to 30 September 2019

(Expressed in United States Dollars and Metical)

Description	Civil works		Vehicles, equipment and Material		Technical assistance, contracts, studies, training and workshops		Value chain		IOF matching grants		Recurrent costs		Total	
	USD	MZN	USD	MZN	USD	MZN	USD	MZN	USD	MZN	USD	MZN	USD	MZN
Withdrawal application 31	8 831	-	50	-	7 666	-	2 387	-	4 493	-	15 714	-	39 142	-
Withdrawal application 32	-	-	-	-	14 978	1 003 343	2 340	156 747	-	-	109 836	7 357 895	127 153	8 517 985
Withdrawal application 35	-	-	-	-	-	-	-	-	-	-	67 361	4 503 941	67 361	4 503 941
<b>IFAD Expenses</b>	<b>8 831</b>	<b>-</b>	<b>50</b>	<b>-</b>	<b>22 644</b>	<b>1 003 343</b>	<b>4 727</b>	<b>156 747</b>	<b>4 493</b>	<b>-</b>	<b>192 911</b>	<b>11 861 836</b>	<b>233 655</b>	<b>13 021 926</b>
Withdrawal application 33	418 680	24 953 332	123 302	7 348 819	118 604	7 068 805	217 032	12 935 088	-	-	26 349	1 570 404	903 957	53 876 448
Withdrawal application 34	122 566	7 304 944	-	-	263 650	15 713 530	-	-	-	-	27 531	1 640 842	413 747	24 659 316
<b>Expenses paid by UE</b>	<b>541 246</b>	<b>32 258 276</b>	<b>123 302</b>	<b>7 348 819</b>	<b>382 254</b>	<b>22 782 335</b>	<b>217 032</b>	<b>12 935 088</b>	<b>-</b>	<b>-</b>	<b>53 880</b>	<b>3 211 245</b>	<b>1 317 714</b>	<b>78 535 764</b>
<b>Total despesas</b>	<b>550 077</b>	<b>32 258 276</b>	<b>123 352</b>	<b>7 348 819</b>	<b>404 898</b>	<b>23 785 678</b>	<b>221 759</b>	<b>13 091 835</b>	<b>4 493</b>	<b>-</b>	<b>246 791</b>	<b>15 073 082</b>	<b>1 551 370</b>	<b>91 557 690</b>

  
Project Coordinator  
2 March 2020

  
Project Finance Manager  
2 March 2020

## 1. Background

Artisanal Fisheries Project (ProPesca) is implemented and coordinated by the Ministry of sea, Island Water, Fisheries and Aquaculture – IDEPA – Instituto Nacional de Desenvolvimento da Pesca e Aquacultura nad various agencies. The project is to be implemented over a period of 84 months with a total budget of USD (co-financed by IFAD USD 13 850 000, OFID USD 13 530 000, EU EUR 12 390 000 and additional amount of EUR 1 400 000 and 500 000, and GoM USD 4 411 100).

This project is financed by:

- International Fund for Agriculture Development (IFAD) under the Loan agreement L-I-822-MZ, signed between the Government of Mozambique and IFAD on 24 March 2011 as amended on 16 August 2013.
- European Union, under Grant Agreement with reference number C-ECM-822-MZ; and
- OPEC Fund for International Development (OFID), under the Loan agreement 1408P, signed between Government of Mozambique and OFID on 25 September 2011;

The project's objective is to increase the returns from fish sales for artisanal fishers and to develop small-scale operators on a sustainable basis which will be achieved through the implementation of the following components:

- Supporting the development of higher value fish;
- Improving economic infrastructure;
- Developing financial services;
- Institutional strengthening, policy initiatives and project management, and
- Nutrition promotion

## 2. Accounting Policies

The following paragraphs describe the main accounting policies applied consistently by the project:

### a) General

Daily management of the Project is made based on an autonomous system, where separate accounts and reports are prepared in accordance with donors requirements and regulations set out in the agreements signed. The statement was prepared in accordance with the cash basis principle of accounting. Under the cash basis of accounting Receipts are recorded when received and Expenses are recorded when incurred.

### b) Transactions in foreign currency

The financial statements are expressed in United States Dollars. The functionally currency is Metical, the receipts and the payments denominated in other currencies are translated to USD by using the actual historic exchange rate. The closing balances in other currencies are translated to USD by using the exchange rate of the Central Bank of Mozambique on the day for which the closing balances are considered. Gains/Losses on foreign currency transactions/balances are dealt with in the Statement of Designated Accounts and the Statements of receipts and payments.

The exchange rate as at 30 September 2019 was: 1 USD equivalent to MZM 63,42.

**c) Equipment**

Purchases of equipment and materials are recorded as current expenditure of the expenditure of the period on the date of payment. However, the management maintains a detailed inventory of all non-consumable equipment.

**d) Direct payments**

Direct payments, if any, are accounted for in the statement of receipts and payments based on the period in which payment is made to the supplier by IFAD.

**e) Replenishment to designated account**

Replenishment to the designated account is accounted for on receipt of funds.

The funds are disbursed by IFAD through direct transfers into the designated bank account of Central Bank of Mozambique. These funds, are requested by the project management as the need arises and are then transferred into the National Directorate of Treasury CUT account. The payments of project expenses are made through e-SISTAFE.

**f) Advances**

Advances represent funds transfers to the implementing partners, which have been made through e-SISTAFE and are yet to be justified by supporting documents.

**3. Opening Balances**

The amounts recorded as opening balance, totaling USD 233 062, corresponds to the availability of the project bank balance as of 1 January 2019, and is composed as follows:

	<b>USD</b>	<b>MZN</b>
Designated account	61 654	3 826 835
Treasury CUT MZN Account	171 407	10 639 281
<b>Total</b>	<b>233 061</b>	<b>14 466 116</b>

**4. Exchange Rate**

Loss in foreign exchange differences resulted from the Project current operations, based on the funds disbursed in US dollars by IFAD, which were kept in an open account with Central Bank of Mozambique, and can be analyzed as follow:

IDEPA – INSTITUTO NACIONAL DE DESENVOLVIMENTO DA PESCA E AQUACULTURA  
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LOAN AGREEMENT L-I-822-MZ  
**NOTES TO THE FINANCIAL STATEMENTS**  
Period from 1 January to 30 September 2019  
*(Expressed in United States Dollars and Metical)*

Details	Date	Amount USD	Exchange Rate	Amount MZN
Opening balance	01/01/2019	61 654	62.07	3 826 835
Withdrawal	08/01/2019	(61 650)	61.31	(3 779 762)
Balance at transfer rate				47 074
Balance at year end		4	63.42	225
			<b>Exchange loss</b>	<b>46 849</b>

#### 5. EU Grant/Fund

The value of MZN 78 535 763 refers to the partial settlement of expenses recorded in the European Union Fund for the Project. The value of MZN 9 736 196 is related to Regularization of the amount advanced for EU subsidy.

#### 6. Civil Works

	USD	MZN
Exchange Rates (WA 31)	8 831	-
<b>Total (WA 31)</b>	<b>8 831</b>	<b>-</b>
Construction of MPV Pangane, C. Delgado	20 092	1 197 480
<b>DPMAIP Cabo Delgado</b>	<b>20 092</b>	<b>1 197 480</b>
Construction de Fish Market Larde	6 710	399 934
Construction Larde Fish Market	7 896	470 587
Construction MPV Larde-Nampula	59 881	3 568 910
Construction Fish Market Larde	5 277	314 486
<b>DPMAIP Nampula</b>	<b>79 764</b>	<b>4 753 917</b>
Construction Fish Market Chinde	5 456	25 200
Fiscalização adequação melhoramento do Mercado de Pebane	5 822	347 013
Inspection adequacy improvement of the Pebane Market	46 633	2 779 323
Improvement of Pebane market adequacy	27 324	1 628 528
Construction of the Chinde Retail Market	41 515	2 474 231
<b>DPMAIP Zambézia</b>	<b>126 750</b>	<b>7 554 295</b>
Supervision of construction work Ex.IDPPE office	3 900	232 467
Completion of the 1st Sale of Sambazo market	19 540	1 164 548
<b>DPMAIP Sofala</b>	<b>23 440</b>	<b>1 397 015</b>
Construction of extension house in Inhassoro and Vilankulo	25 215	1 502 835
Construction Fish Market of Inhassoro	6 754	402 540
Inspection of Mambone Market	1 376	82 062
Construction of Vilankulos Fish Market and Nova Mambone in Inhambane	63 297	3 772 404
<b>DPMAIP Inhambane</b>	<b>96 642</b>	<b>5 759 841</b>
Bilene Fish Market Construction in Gaza	25 168	1 500 000
<b>DPMAIP Gaza</b>	<b>25 168</b>	<b>1 500 000</b>
Restructuring of the waiting room, meeting room and offices	6 838	407 547
Construction of Marracuene Fish Market	83 431	4 972 493
Kanyaka Extension House Construction	10 663	635 530

IDEPA – INSTITUTO NACIONAL DE DESENVOLVIMENTO DA PESCA E AQUACULTURA  
Artisanal Fisheries Promotion Project (PROPESCA)  
**ANEXURE IV STATEMENT OF RECEIPTS AND PAYMENTS WITH BUDGET EXECUTION SDR**  
Period from 1 January to 30 September 2019  
*(Expressed in United States Dollars and Metical)*

<b>Expenditure category</b>	<b>Total credit per Grant Agreement SDR</b>	<b>Disbursement up to 31/12/2018 SDR</b>	<b>Disbursement during the year 2019 SDR</b>	<b>Total disbursement as at 30/09/2019 SDR</b>	<b>Available balance as at 30/09/2019 SDR</b>
Civil works	3 532 800	2 013 597	245 298	2 258 895	1 273 905
Vehicles, equipment and materials	1 263 850	1 111 972	617	1 112 589	151 261
Technical assistance, contracting, studies, training and workshops	2 153 850	2 670 786	285 885	2 956 671	(802 821)
Value chain facility	1 846 350	2 340 187	326 045	2 666 232	(819 882)
IOF matching grants (5)	470 000	113 970	177 807	291 777	178 223
Investment capital	200 000	-	-	-	200 000
Incremental operating costs	3 400 000	2 656 430	484 938	3 141 368	258 632
Credit and Guarantee Funds	983 150	-	29 253	29 253	953 897
Start-up Cost	-	-	-	-	-
Authorized allocation	-	2 942 438	(1 549 843)	1 392 595	(1 392 595)
<b>Total</b>	<b>13 850 000</b>	<b>13 849 380</b>	<b>-</b>	<b>13 849 380</b>	<b>620</b>



IDEPA – INSTITUTO NACIONAL DE DESENVOLVIMENTO DA PESCA E AQUACULTURA  
Artisanal Fisheries Promotion Project (PROPESCA)  
**ANEXURE V DESIGNATED ACCOUNT**  
Period from 1 January to 30 September 2019  
(Expressed in United States Dollars and Metical)

	<u>USD</u>
Opening balance on 1 January 2019	61 654
<b>Receipt:</b>	
IFAD replenishments	-
Replenishments to Designated Account	-
<b>Transfer to Operating Accounts:</b>	
Transferred to the [REDACTED]	61 650
<b>Closing balance as at September 2019</b>	<u><u>4</u></u>

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Artisanal Fisheries Promotion Project (PROPESCA)  
**ANEXURE VI FOREX ACCOUNT**  
Period from 1 January to 30 September 2019  
(Expressed in United States Dollars and Metical)

---

	<u>USD</u>
Opening balance on 1 January 2019	-
<b>Receipt:</b>	
Transferred from Designated Account [REDACTED]	61 650
<b>Transfer to Operating Accounts:</b>	
Transferred to CUT [REDACTED]	
Transferred to CUT USD	61 650
<b>Closing balance as at September 2019</b>	<u><u>-</u></u>

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Artisanal Fisheries Promotion Project (PROPESCA)

**ANEXURE VII CUT USD**

Period from 1 January to 30 September 2019

*(Expressed in United States Dollars and Metical)*

	<u>USD</u>
Opening balance on 1 January 2019	-
<b>Receipt:</b>	
IFAD replenishments	
Transferred from Designated Account [REDACTED]	61 650
<b>Transfer to Operating Accounts:</b>	
Transfer to CUT Account - [REDACTED]	61 650
<b>Closing balance as at September 2019</b>	<u><u>-</u></u>

IDEPA – INSTITUTO NACIONAL DE DESENVOLVIMENTO DA PESCA E AQUACULTURA  
Artisanal Fisheries Promotion Project (PROPESCA)

**ANEXURE VIII CUT MZN**

Period from 1 January to 30 September 2019

*(Expressed in United States Dollars and Metical)*

	<u>MZN</u>
Opening balance on 1 January 2019	10 639 281
<b>Receipt:</b>	
Replenishments from [REDACTED]	3 779 761
Replenishments from [REDACTED]	9 736 196
	<u><b>13 515 957</b></u>
<b>Execution:</b>	<b>13 021 896</b>
<b>Closing balance</b>	<u><b>11 133 342</b></u>
Diference	<u>1 063 725</u>
<b>Closing balance as at September 2019</b>	<u><b>10 069 617</b></u>

**INSTITUTO NACIONAL DE DESENVOLVIMENTO DA PESCA  
E AQUACULTURA (IDEPA)**

**Artisanal Fisheries Promotion Project (ProPESCA)**

**European Union - Millennium Development Goals  
Grant Agreement C-ECM-822-MZ**


**Financial Statements**

**Period from 1 January to 30 September 2019**



IDEPA – INSTITUTO NACIONAL DE DESENVOLVIMENTO DA PESCA E AQUACULTURA  
 Artisanal Fisheries Promotion Project (PROPECA)  
 European Commission – Grant Agreement C-ECM-822-MZ  
**STATEMENT OF DESIGNATED ACCOUNT ACTIVITIES**  
 Period from 1 January to 30 September 2019  
*(Expressed in Euros and Metical)*


	<u>Note</u>	<u>EUR</u>	<u>MZN</u>
<b>Opening Balance on 1 January 2019</b>	3	36	2 552
<b>UE Replenishments:</b>			
- 22-05-19 WA N° 1 AFA	5	1 233 224	85 881 719
<b>Total</b>		<u>1 233 224</u>	<u>85 881 719</u>
<b>Transfers to Operating Accounts:</b>			
- 30-05-19		1 233 255	85 982 546
<b>Total of transfers</b>		<u>1 233 255</u>	<u>85 982 546</u>
<b>Bank Charges</b>			
<b>Exchange Rate Difference</b>	4	-	(98 629)
<b>Closing Balance as at 30 September 2019</b>		<u>5</u>	<u>354</u>

  
 Project Coordinator  
 2 March 2020

  
 Project Finance Manager  
 2 March 2020

IDEPA – INSTITUTO NACIONAL DE DESENVOLVIMENTO DA PESCA E AQUACULTURA  
 Artesanal Fisheries Promotion Project (PROPESCA)  
 European Commission – Grant Agreement C-ECM-822-MZ  
**STATEMENT OF WITHDRAW APPLICATION BY CATEGORY**  
 Year ended at 30 September 2019  
*(Expressed in Euros and Metical)*

Category	Civil works		Vehicles, equipment and material		Technical assistance, contracts, studies, training and workshops		Value Chain Facility		Incremental Costs		Total	
	EUR	MZN	EUR	MZN	EUR	MZN	EUR	MZN	EUR	MZN	EUR	MZN
Withdrawal application 27												
Withdrawal application 28												
Sum expenditures under the financing agreement (EU-ECM-822-MZ)	7 420	517 334	-	-	4 548	317 094	12 928	901 334	39 957	2 785 770	64 853	4 521 531
Withdrawal application 3												
Sum expenditures under the additional financing agreement (2000002750)	216 387	15 086 492	-	-	4 548	-	1 245	88 769	25 780	1 797 050	27 025	1 883 819
Withdrawal application 33 FAD (Partial reimbursement of the amount advanced by FA)	355 704	24 953 331	-	-	-	-	14 172	988 102	65 737	4 582 820	91 877	6 405 350
Withdrawal application 34 FAD (Partial reimbursement of the amount advanced by FA)	104 087	7 301 944	-	-	-	-	-	-	-	-	216 387	15 086 492
Sum expenditures reimbursed to IFAD	459 791	32 255 276	104 756	7 348 819	100 764	7 068 804	184 387	12 935 088	22 385	1 570 403	216 387	15 086 492
Total despesas	683 598	47 859 102	104 756	7 348 819	324 783	22 782 755	184 387	12 935 088	45 775	3 211 244	351 476	24 656 736
			104 756	7 348 819	329 311	23 099 849	198 589	13 923 191	111 512	7 794 064	1 119 471	78 533 182
											1 427 735	100 025 024

  
 Project Coordinator  
 2 March 2020

  
 Project Finance Manager  
 2 March 2020

## 1. Background

**Artisanal Fisheries Project (ProPesca)** is implemented and coordinated by the Ministry of Sea, Inland Water, Fisheries and Aquaculture – IDEPA – Instituto Nacional de Desenvolvimento da Pesca e Aquacultura and various agencies. The project is to be implemented over a period of 84 months with a total budget of USD (co-financed by IFAD SDR 13 850 000, OFID USD 13 530 000, EU EUR 12 390 000 and additional amount of EUR 1 400 000 and 500 000, and GoM USD 4 411 100).

This project is financed by:

- International Fund for Agriculture Development (IFAD) under the Loan agreement L-I-822-MZ, signed between the Government of Mozambique and IFAD on 24 March 2011 as amended on 16 August 2013.
- Commission of the European Communities, under Grant Agreement with reference number C-ECM-822-MZ; and
- OPEC Fund for International Development (OFID), under the Loan agreement 1408P, signed between Government of Mozambique and OFID on 25 September 2011;

The project's objective is to increase the returns from fish sales for artisanal fishers and to develop small-scale operators on a sustainable basis, which will be achieved through the implementation of the following components:

- Supporting the development of higher value fish;
- Improving economic infrastructure;
- Developing financial services;
- Institutional strengthening, policy initiatives and project management, and
- Nutrition promotion

## 2. Accounting Policies

The following paragraphs describe the main accounting policies applied consistently by the project:

### a) General

Daily management of the Project is made based on an autonomous system, where separate accounts and reports are prepared in accordance with donors requirements and regulations set out in the agreements signed.

The statement was prepared in accordance with the cash basis principle of accounting. Under the cash basis of accounting Receipts are recorded when received and Expenses are recorded when incurred.

### b) Transactions in foreign currency

The financial statements are expressed in Euro. The functionally currency is Metical, the receipts and the payments denominated in other currencies are translated to EUR by using the actual historic exchange rate. The closing balances in other currencies are translated to EUR by using the exchange rate of the Central Bank of Mozambique on the day for which the closing balances are considered. Gains/Losses on foreign currency transactions/balances are dealt with in the Statement of Designated Accounts and the Statements of receipts and payments.

The exchange rate as at 30 September 2019 was 1 EUR equivalent to MZM 70.79.

**c) Equipment**

Purchases of equipment and materials are recorded as current expenditure of the expenditure of the period on the date of payment. However, the management maintains a detailed inventory of all non-consumable equipment.

**d) Direct payments**

Direct payments, if any, are accounted for in the statement of receipts and payments based on the period in which payment is made to the supplier by EU.

**e) Replenishment to designated account**

Replenishment to the designated account is accounted for on receipt of funds. The funds are disbursed by EU through direct transfers into the designated bank account of Central Bank of Mozambique. These funds are requested by the project management as the need arises and are then transferred into the National Directorate of Treasury CUT account. The payments of project expenses are made through E-Sistafe.

**f) Advances**

Advances represent funds transfers to the implementing partners, which have been made through E-Sistafe and are yet to be justified by supporting documents.

**3. Opening Balance on 1 January 2019**

The amount recorded as opening balance, corresponds to the availability of the project bank balance as of 1 January 2019 and is composed as follows:

	EUR	MZN
Designated account - BM	36	2 552
FOREX Account / EUR	3 100	219 046
Treasury CUT Account / EUR	23 993	1 695 329
Treasury CUT Account / USD	5 342	377 500
Treasury CUT Account / MZN	327 711	23 156 069
	<b>360 182</b>	<b>25 450 496</b>

**4. Replenishments To Designated Account**

The balance of this caption corresponds to the replenishment made to the designated account by IFAD during the financial year of 2019.

Financed by	Replenishment date	Currency	EUR	MZN
EU-MDG	22/05/2019	EUR	1 233 224	85 881 719
			<b>1 233 224</b>	<b>85 881 719</b>

## 5. Exchange Rate Losses

Details	Date	Amount EUR	Exchange Rate	Amount MZN
Opening balance	01/01/2019	36	70.66	2 552
Deposit	22/05/2019	1 233 224	69.64	85 881 719
Withdrawal	30/05/2019	(1 233 255)	69.72	(85 982 546)
Balance at transfer rate				(98 275)
Balance at year end		5	70.79	354
			<b>Exchange loss</b>	<b>(98 629)</b>

## 6. Civil Works

Part of the funds allocated to the project was used to pay various rehabilitation works of public infrastructure, which are detailed below:

	EUR	MZN
Construction of Inhassoro Fish Market in Inhambane	7 103	495 234
<b>DPMAIP Inhambane</b>	<b>7 103</b>	<b>495 234</b>
Bilene Fish Market energy facility	166	11 570
<b>DPMAIP Gaza</b>	<b>166</b>	<b>11 570</b>
Energy installation Marracuene Fish Market	151	10 530
<b>DPMAIP Maputo</b>	<b>151</b>	<b>10 530</b>
<b>Total (WA 27 e 28)</b>	<b>7 420</b>	<b>517 334</b>
<b>Loans</b>		
Construction of MPV Pangane, C. Delgado	17 027	1 194 480
<b>DPMAIP Cabo Delgado</b>	<b>17 027</b>	<b>1 194 480</b>
Construction supervision of Larde Market Kiosk	5 701	399 934
Construction inspection Larde Market	6 708	470 587
Construction of Larde MPV in Nampula	50 874	3 568 910
Construction inspection Kiosk in Larde Market	4 483	314 486
<b>DPMAIP Nampula</b>	<b>67 766</b>	<b>4 753 917</b>
Construction Inspection Chinde Retail Market	4 636	325 200
Inspection adequacy improvement of the Pebane Market	4 947	347 013
Construction of Zalala Kiosk in Zambézia	39 619	2 779 323
Improvement of Pebane market adequacy	23 214	1 628 528
Construction of the Chinde Retail Market	35 270	2 474 231
<b>DPMAIP Zambézia</b>	<b>107 686</b>	<b>7 554 295</b>
Supervision of construction work Ex.IDPPE office	3 314	232 467
Completion of the 1st Sale of Sambazo market	16 600	1 164 548
<b>DPMAIP Sofala</b>	<b>19 914</b>	<b>1 397 015</b>
Construction of extension house in Inhassoro and Vilankulo	21 423	1 502 835
Construction Fish Market of Inhassoro	5 738	402 540
Inspection of Mambone Market	1 170	82 062
Construction of Vilankulos Fish Market and Nova Mambone in Inhambane	53 775	3 772 405
<b>DPMAIP Inhambane</b>	<b>82 106</b>	<b>5 759 842</b>
Bilene Fish Market Construction in Gaza	21 382	1 500 000
<b>DPMAIP Gaza</b>	<b>21 382</b>	<b>1 500 000</b>



Restructuring of the waiting room, meeting room and offices	5 809	407 547
Construction of Marracuene Fish Market	70 882	4 972 493
Kanyaka Extension House Construction	9 059	635 530
Construction inspection Marracuene fish market	1 896	133 000
Kanyaka Fish Market Kiosk Construction	21 536	1 510 807
Construction of Kiosk at Marracuene Market	27 426	1 923 961
Construction inspection Kiosk in Marracuene	7 304	512 391
<b>DPMAIP Maputo</b>	<b>143 912</b>	<b>10 095 729</b>
<b>Total (WA 33 e 34 Reimbursement to IFAD))</b>	<b>459 793</b>	<b>32 255 278</b>
Construction of the kiosk in the MPV of Zalala,	32 667	2 277 529
Improvement and adequacy of the Peixe Pebane Market	17 828	1 242 968
<b>DPMAIP Zambézia</b>	<b>50 495</b>	<b>3 520 497</b>
Consultancy and inspection services for the completion of the office and residences of Ex. IDPPE	3 000	209 146
Completion of Sambazo MPV construction	24 295	1 693 840
Completion of construction of Ex. IDPPE office	28 686	2 000 000
<b>DPMAIP Sofala</b>	<b>55 981</b>	<b>3 902 986</b>
Construction inspection of the Peixe Inhassoro Market in Inhambane	2 180	152 000
Construction Inhassoro Fish Market	14 081	981 734
<b>DPMAIP Inhambane</b>	<b>16 261</b>	<b>1 133 734</b>
Zongoene Fish Market energy facility	72	5 000
Bilene Fish Market energy facility	3	200
Bilene Fish Market Construction in Gaza	16 469	1 148 250
Construction supervision of the Bilene Market	3 393	236 550
Construction of Zonguene Fish Market	16 440	1 146 212
<b>DPMAIP Gaza</b>	<b>36 377</b>	<b>2 536 212</b>
Construction of Marracuene Fish Market	43 648	3 043 154
Construction kiosk Fish Market of Marracuene	13 625	949 909
<b>DPMAIP Maputo</b>	<b>57 273</b>	<b>3 993 063</b>
<b>Total</b>	<b>216 387</b>	<b>15 086 492</b>

## 7. Technical Assistance, Contracts, Studies, Training and Workshops

This nature of costs consists of the following operating expenses:

	EUR	MZN
Technical assistance (WA 27 e 28)	4 548	317 094
<b>Total</b>	<b>4 548</b>	<b>317 094</b>

## 8. Value-Chain Facility

This expenditure heading can be summarized as follows:

	EUR	MZN
Perdiem	2 464	171 820
Accommodation	202	14 080
Tickets	257	17 937
Fuel	2 464	171 815
Teaching materials	3 978	277 350
Other	4 807	335 100
<b>Total (WA 27 e 28)</b>	<b>14 172</b>	<b>988 102</b>

## 12. Balance as at 30 September 2019

The financial position of the income over expenditure as at 30 September 2019, corresponds to the existing final balance in banks, as follows:

	<u>EUR</u>	<u>MZN</u>
Designated Account	5	354
FOREX Account / EUR	-	-
Treasury CUT Account / EUR	-	-
Treasury CUT Account / USD	-	-
Treasury CUT Account / MZN	31 408	2 223 381
<b>Total</b>	<b><u>31 413</u></b>	<b><u>2 223 735</u></b>

## 13. Amount transferred to IFAD

The amount of MZN 9 736 196 refers to the partial settlement of the amount advanced.

## 14. Subsequent Events

After the reporting period, until the date on which the financial statements were authorized for issuance, there have been no favorable or unfavorable events for Artisanal Fisheries Promotion (ProPESCA), that affect these financial statements or require disclosure therein.

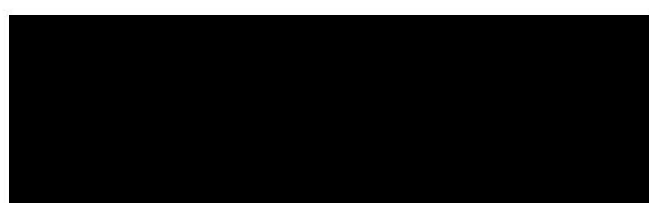
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## 9. Incremental Operating Costs

This component can be summarized as follows:

	EUR	MZN
Salaries ( <b>Note 9.1</b> )	23 812	1 660 164
Perdiem	27 759	1 935 327
Accommodation	4 902	341 759
Tickets	414	28 854
Fuel	5 471	381 434
Teaching materials	219	15 269
Other	3 160	220 013
<b>Total (WA 27 e 28)</b>	<b>65 737</b>	<b>4 582 820</b>
Perdiem	9 371	657 428
Accommodation	6 255	438 820
Tickets	10 813	758 550
Fuel	7 590	532 424
Snacks and meals	425	29 835
Teaching materials	1 736	121 750
Other	9 585	672 437
<b>Total (WA 33 e 34 Reimbursement to IFAD)</b>	<b>45 775</b>	<b>3 211 244</b>
<b>Grand Total</b>	<b>111 512</b>	<b>7 794 064</b>

### 9.1 Salaries detail:



**Total**

EUR	MZN
9 338	651 078
9 038	630 162
3 018	210 397
1 516	105 722
902	62 805
<b>23 812</b>	<b>1 660 164</b>

## 10. Expenses Accounted In IFAD

	EUR	MZN
Expenses accounted in IFAD (Partial payment)	1 119 472	78 535 763
	<b>1 119 472</b>	<b>78 535 763</b>

## 11. VAT Advanced by GoM

During the period under analysis, the Project funded by the EU incurred expenses including VAT, however, as the agreement foresees that all taxes must be paid by the Government of Mozambique:

	EUR	MZN
VAT paid by GOM GR 10446	8 314	567 731
	<b>8 314</b>	<b>567 731</b>

IDEPA – INSTITUTO NACIONAL DE DESENVOLVIMENTO DA PESCA E AQUACULTURA  
 Artisanal Fisheries Promotion Project (PROPESCA)  
 European Commission – Grant Agreement C-ECM-822-MZ  
**STATEMENT OF RECEIPTS AND PAYMENTS WITH BUDGET EXECUTION**  
 Period from 1 January to 30 September 2019  
 (Expressed in Euros and Metical)

	<i>Notes</i>	<b>Amount in EUR</b>		<b>Variance / Execution</b>	
		<b>Actual</b>	<b>Budget</b>	<b>Amount</b>	<b>%</b>
Opening balance	3	360 182	-	(360 182)	-
<b>RECEIPTS</b>					
Replenishments to					
Designated Account	4	1 233 224	1 578 196	344 972	78%
VAT reimbursed by GoM	13	8 314	-	(8 314)	-
<b>TOTAL RECEIPTS</b>		<b>1 241 538</b>	<b>1 578 196</b>	<b>336 659</b>	<b>78%</b>
<b>TOTAL</b>		<b>1 601 720</b>	<b>1 578 196</b>	<b>(23 524)</b>	<b>101%</b>
<b>PAYMENTS</b>					
Civil works	Pg.10	683 598	908 303	224 705	75%
Vehicles, equipment and materials	Pg.10	104 756	67 285	(37 471)	156%
Technical assistance, contracting, studies, training and workshops	Pg.10	329 311	122 057	(207 254)	270%
Value chain facility	Pg.10	198 559	472 912	274 353	42%
Incremental operating costs	Pg.10	111 512	7 639	(103 873)	1460%
Amount transferred to IFAD (for partial regularization of the amount advanced)	13	142 571	-	(142 571)	-
<b>TOTAL PAYMENTS</b>		<b>1 570 307</b>	<b>1 578 196</b>	<b>7 899</b>	<b>99%</b>
Difference		-	-	-	-
<b>Closing balance as at 30 September 2019</b>	12	<b>31 413</b>	<b>-</b>	<b>(31 413)</b>	<b>-</b>



Project Coordinator  
2 March 2020



Project Finance Manager  
2 March 2020

IDEPA – INSTITUTO NACIONAL DE DESENVOLVIMENTO DA PESCA E AQUACULTURA  
Artisanal Fisheries Promotion Project (PROPECA)  
European Commission – Grant Agreement C-ECM-822-MZ  
**STATEMENT OF RECEIPTS AND PAYMENTS**  
Period from 1 January to 30 September 2019  
*(Expressed in Euros and Metical)*

	<u>Notes</u>	<u>EUR</u>	<u>MZN</u>
Opening Balance on 1 January 2019	3	360 182	25 450 496
<b>Receipts:</b>			
Replenishments to Designated Account EU	4	1 233 224	85 881 719
VAT reimbursed by GoM	11	8 314	567 731
<b>Total receipts</b>		<b>1 601 720</b>	<b>111 899 946</b>
<b>Payments:</b>			
Civil works:	6	7 420	517 334
Technical assistance, contracting, studies, training and workshops	7	4 548	317 094
Value chain facility	8	14 172	988 102
Incremental operating costs	9	65 737	4 582 820
<b>Total</b>		<b>91 877</b>	<b>6 405 350</b>
<b>Loans</b>			
Expenses accounted in EU Additional Agreement (Civil Works)	6	216 387	15 086 492
		<b>216 387</b>	<b>15 086 492</b>
<b>Total expenses</b>		<b>308 264</b>	<b>21 491 842</b>
Amount transferred to IFAD (for partial regularization of the amount advanced)	13	142 571	9 736 197
Partial regularization of expenses accounted in UE Fund	10	1 119 472	78 535 763
Exchange rate losses	5	-	(98 629)
<b>Total</b>		<b>1 262 043</b>	<b>88 173 331</b>
<b>Total payments</b>		<b>1 570 302</b>	<b>109 665 173</b>
<b>Closing balance as at 30 September 2019</b>		<b>31 413</b>	<b>2 234 773</b>
Difference		-	(11 038)
<b>Bank amount at 30 September 2019</b>	12	<b>31 413</b>	<b>2 223 735</b>



Project Coordinator  
2 March 2020



Project Finance Manager  
2 March 2020

## **Emphasis of Matter – Basis of Accounting**

We draw attention to Note 2 to the financial statements, which describe the basis of accounting. The financial statements are prepared to assist the project in providing financial statements to the donors, potential investors, banking and funding institutions. As a result, the financial statements may only be suitable for these purposes and not for statutory purposes. Our opinion is not modified in respect of this matter.

## **Responsibilities of the directors for the Financial Statements**

The directors are responsible for the preparation and fair presentation of the financial statements in accordance with Note 2 of the financial statements, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Project's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Entity or to cease operations, or have no realistic alternative but to do so.

## **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Management regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Maputo, 2 March 2020





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**Deloitte & Touche (Moçambique), Lda**  
Certified Auditors n.º 09/SCA/OCAM/2014  
Per Aneliya Nikolova  
Partner  
Certified Auditor n.º 56/CA/OCAM/2014

IDEPA – INSTITUTO NACIONAL DE DESENVOLVIMENTO DA PESCA E AQUACULTURA  
Artisanal Fisheries Promotion Project (PROPESCA)  
European Commission – Grant Agreement C-ECM-822-MZ  
**STATEMENT OF RECEIPTS AND PAYMENTS ACUMULATED**  
Period from 1 January to 30 September 2019  
*(Expressed in Euros and Metical)*

	Notes	Cumulative		Year end 2019		Cumulative	
		December 2018	December 2018	September 2019	September 2019	September 2019	September 2019
		EUR	MZN	EUR	MZN	EUR	MZN
Opening Balance on 1 January 2019	3			360 182	25 450 496		
<b>Receipts</b>							
Authorized allocation - Designated Account from EU		2 063 628	84 650 021			2 063 628	84 650 021
Replenishments to Designated Account EU		10 326 372	674 189 468			10 326 372	674 189 468
Replenishments to Designated Account EU for Additional Financing Agreement	4			1 233 224	85 881 719	1 233 224	85 881 719
Exchange rate gains/loss			7 663 802				7 663 802
Opening balance adjustment		10 143	762 028			10 143	762 028
<b>Total</b>		<b>12 400 143</b>	<b>767 265 319</b>	<b>1 693 406</b>	<b>111 332 215</b>	<b>13 633 367</b>	<b>853 147 038</b>
Expenditure advanced by IFAD and reimbursement from EU		1 673 787	116 554 092			1 673 787	116 554 092
VAT reimbursed by GoM	11	2 752	193 098	8 314	587 731	11 066	760 829
<b>Total</b>		<b>1 676 539</b>	<b>116 747 190</b>	<b>8 314</b>	<b>587 731</b>	<b>1 684 853</b>	<b>117 314 921</b>
<b>Total Receipts</b>		<b>14 076 682</b>	<b>884 012 508</b>	<b>1 601 720</b>	<b>111 899 946</b>	<b>15 318 220</b>	<b>970 461 959</b>
<b>Payments</b>							
Civil works	6	4 455 059	245 541 849	7 420	517 334	4 462 479	246 059 183
Vehicles, equipment and materials		1 133 958	76 850 041			1 133 958	76 850 041
Technical assistance, contracting, studies, training and workshops	7	3 107 289	200 935 821	4 548	317 094	3 111 817	201 252 915
Value chain facility	8	2 206 621	131 475 281	14 172	988 102	2 220 793	132 463 383
Incremental operating costs	9	203 500	13 782 899	65 737	4 582 820	269 237	18 365 719
Credit lines		1 239 625	78 446 360			1 239 625	78 446 360
<b>Total</b>		<b>12 346 032</b>	<b>745 032 251</b>	<b>91 877</b>	<b>6 405 360</b>	<b>12 437 909</b>	<b>751 437 601</b>
<b>Loans</b>							
Expenses accounted in EU Additional Agreement (Civil Works)	6	1 183 613	79 315 810	216 387	15 086 492	1 400 000	94 402 302
<b>Sub-Total</b>		<b>1 183 613</b>	<b>79 315 810</b>	<b>216 387</b>	<b>15 086 492</b>	<b>1 400 000</b>	<b>94 402 302</b>
<b>Total expenses</b>		<b>13 529 645</b>	<b>824 348 061</b>	<b>308 264</b>	<b>21 491 842</b>	<b>13 837 909</b>	<b>845 839 903</b>
Expenses accounted in IFAD		131 741	9 074 286			131 741	9 074 286
Amount transferred to IFAD (for partial regularization of the amount advanced)	13			142 571	9 736 197	142 571	9 736 197
Partial regularization of expenses accounted in UE Fund	10			1 119 472	78 535 763	1 119 472	78 535 763
VAT advanced to GoM		55 113	1 779 992			55 113	1 779 992
Exchange rate losses	5		24 632 042		(98 629)		24 533 413
<b>Total</b>		<b>186 854</b>	<b>35 486 320</b>	<b>1 262 043</b>	<b>88 173 331</b>	<b>1 448 897</b>	<b>123 659 652</b>
<b>Total payments</b>		<b>13 716 499</b>	<b>859 834 381</b>	<b>1 670 307</b>	<b>109 665 173</b>	<b>15 286 806</b>	<b>869 499 555</b>
<b>Difference</b>			<b>1 272 369</b>		<b>(11 038)</b>		<b>1 261 331</b>
<b>Closing balance as on 30 September 2019</b>	12	<b>360 182</b>	<b>25 450 496</b>	<b>31 413</b>	<b>2 223 735</b>	<b>31 413</b>	<b>2 223 735</b>

  
Project Coordinator  
2 March 2020

  
Project Finance Manager  
2 March 2020



## INDEPENDENT AUDITOR'S REPORT

### To Management of

### IDEPA – INSTITUTO NACIONAL DE DESENVOLVIMENTO DA PESCA E AQUACULTURA Artisanal Fisheries Promotion Project (PROPESCA)

#### Opinion

We have audited the financial statements of PROPESCA – ARTISANAL FISHERIES PROMOTION PROJECT (European Union – Millennium Development Goals Grant Agreement C-ECM-822-MZ) set out on pages 6 to 16, which comprise the Statement of Receipts and Payments Accumulated, Statement of Receipts and Payments, Statement of Receipts and Payments with Budget Execution, Statement of Designated Account Activities and Statement of Expenditures Withdrawal Application by Category for the period ended 30 September 2019, and the notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statement of ProPESCA – ARTISANAL FISHERIES PROMOTION PROJECT (European Union – Millennium Development Goals Grant Agreement C-ECM-822-MZ), give a true and fair view in all relevant aspects and were prepared, in accordance with the basis of accounting described in the Note 2 to the financial statements and Donor's requirements.

We further report as follows:

- With respect to yearly and Cumulative Statements of Sources and Application of Funds, in particular for expenditure (SOEs), adequate supporting documentation has been maintained to support claims to the MDG/EU for reimbursements of expenditures incurred and such expenditure are eligible for financing under the MDG/EU Millennium Development Goals Grant Agreement;
- The Designated Account has been used in accordance with the provisions of Financing and Grant Agreement, and withdrawals from the designated Account have been used for the purpose authorized in the Loan Financing Agreement; and
- The Trial Balance and list of transactions accurately describes the financial position of the program at the year ended 30 September 2019.

#### Basis for Opinion

We conducted our audit in accordance with International Audit Standards issued by IAASB. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the project in accordance with the ethical requirements that are relevant to our audit of the financial statements in accordance with the code of ethics issued by the Order of Accountants and Auditors of Mozambique ("OCAM"), which comply with the Code of Ethics issued by the Ethics Standards Board for Accountants (IESBA), and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our Opinion.

## STATEMENT OF RESPONSIBILITY BY MANAGEMENT

The responsibility for the preparation of financial statements that present fairly the statement of receipts and payments and statement of financial position in accordance with the basis of accounting described in the notes of the financial statements, applied consistently, as well for the adoption of adequate accounting policies, is of the management of IDEPA.

The financial statements have been audited by the independent accounting firm, Deloitte & Touche (Moçambique), Lda., who were given unrestricted access to all financial records and related data of the "Artisanal Fisheries Promotion Project (ProPESCA)". Management believe that all representations made to the independent auditors during their audit were valid and appropriate. The report of the independent auditors is presented on pages 3 to 5.

The financial statements for 30 September 2019 presented on pages 6 to 16 have been prepared in accordance with the basis of accounting described in the note 2 of the financial statements. They are based on appropriate accounting policies which have been consistently applied, and which are supported by reasonable and prudent judgement.

Management is responsible for the preparation of these financial statements in accordance with the cash receipts and disbursements basis of accounting described in Note 2 to the financial statements, for the purpose of reporting to European Commission – Millennium Development Goals, for determining that the basics of preparation is acceptable in the circumstances, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due the fraud or error.

The financial statements were approved by management and are signed on its behalf:



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Project Coordinator  
2 March 2020



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Project Finance Manager  
2 March 2020

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IDEPA – INSTITUTO NACIONAL DE DESENVOLVIMENTO DA PESCA E AQUACULTURA  
Artisanal Fisheries Promotion Project (PROPECA)

**ANNEXURE I – DETAILS OF PAYMENTS BY IMPLEMENTING AGENCIES**

Year ended at 30 September 2019

*(Expressed in Euros and Metical)*

	<b>EUR</b>	<b>MZN</b>
IDEPA - Project Co-ordination Unit	1 311 464	91 908 724
DPMAIP-Zambézia	32 667	2 277 529
DPMAIP-Sofala	83 600	5 838 771
<b>Total</b>	<b>1 427 731</b>	<b>100 025 024</b>

IDEPA – INSTITUTO NACIONAL DE DESENVOLVIMENTO DA PESCA E AQUACULTURA  
Artisanal Fisheries Promotion Project (PROPESCA)  
**ANNEXURE II – EU RECONCILIATION**  
Year ended at 30 September 2019  
*(Expressed in Euros and Metical)*

	EUR	MZN
Opening balance on 1 January 2019	360 182	25 450 496
Advance to designated account (reduced the amount accounted in the previous year)	1 233 224	85 881 719
VAT reimbursed by GoM	8 314	567 731
Exchange rate differences	-	(98 629)
<b>Actual advance</b>	<b>1 601 720</b>	<b>111 801 317</b>
<b>Represented by:</b>		
<i>Bank balance designated account</i>	5	354
<i>CUT balance (MZN)</i>	31 408	2 223 381
<i>Project expenses incurred</i>	91 877	6 405 350
<i>Project expenses accounted in additional agreement</i>	216 387	15 086 492
<i>Project expenses accounted in IFAD for regularization of the amount advanced</i>	1 119 472	78 535 763
<i>Amount transferred to IFAD (for partial regularization of the amount advanced)</i>	142 571	9 736 197
<b>Total</b>	<b>1 601 720</b>	<b>111 987 537</b>
<i>Regularization of the adjustment</i>	-	186 220
<b>Difference</b>	<b>-</b>	<b>-</b>

IDIPA – INSTITUTO NACIONAL DE DESENVOLVIMENTO DA PESCA E AQUACULTURA  
Artisanal Fisheries Promotion Project (PROPESCA)  
**ANNEXURE III – DISBURSMENT SUMMARY BY CATEGORIES**  
Year ended at 30 September 2019  
*(Expressed in Euros and Metical)*

<b>Expenditure category</b>	<b>Total credit per Grant Agreement EUR</b>	<b>Disbursement up to 31/12/2018 EUR</b>	<b>Disbursement during the year 2019 EUR</b>	<b>Total disbursement as at 30/09/2019 EUR</b>	<b>Available balance as at 30/09/2019 EUR</b>
Civil works	3 530 000	4 101 833	298 223	4 400 056	(870 056)
Vehicles, equipment and materials	1 850 000	720 848	414 127	1 134 975	715 025
Technical assistance, contracting, studies, training and workshops	600 000	2 234 103	869 967	3 104 070	(2 504 070)
Value chain facility	3 950 000	1 717 598	524 209	2 241 806	1 708 194
Incremental operating costs	240 000	96 787	172 681	269 468	(29 468)
Credit lines	980 000	960 390	279 235	1 239 625	(259 625)
Unallocated	1 240 000	-	-	-	1 240 000
Advance account	-	2 558 442	(2 558 442)	-	-
<b>Total</b>	<b>12 390 000</b>	<b>12 390 000</b>	<b>-</b>	<b>12 390 000</b>	<b>-</b>

<b>Expenditure category</b>	<b>Total credit per Grant Agreement EUR</b>	<b>Disbursement up to 31/12/2018 EUR</b>	<b>Disbursement during the year 2019 EUR</b>	<b>Total disbursement as at 30/09/2019 EUR</b>	<b>Available balance as at 30/09/2019 EUR</b>
Civil works	1 400 000	1 233 224	-	1 233 224	166 776
<b>Total</b>	<b>1 400 000</b>	<b>1 233 224</b>	<b>-</b>	<b>1 233 224</b>	<b>166 776</b>

IDEPA – INSTITUTO NACIONAL DE DESENVOLVIMENTO DA PESCA E AQUACULTURA  
 Artisanal Fisheries Promotion Project (PROPESCA)  
**ANNEXURE IV – REGISTER OF CONTRATS**  
 Year ended at 30 September 2019  
*(Expressed in Euros and Metical)*

Sequential Nº	By	Contract of Contr		Supplier Name	Province	Description of Works, Goods, Services or Training Programmes	Method of Procurement	Country of Origin	Period of Execution	Amount		Category and % of financing	Non-Objection Nº	Data	Comments
		Nº	Original							MZN	USD				
318	UE/FIDA	22	25/09/2019	[REDACTED]	UCP	Elaboração do Relatório final do Projecto	UCP	Mozambique	45 Days	2 262 227.00	36 224.61	UE/FIDA	N/A	23/09/2019	In progress
319	UE/FIDA	21	25/09/2019		UCP	Análise do impacto do projecto	UCP	Mozambique	45 Days	2 552 938.00	40 880.03	UE/FIDA	N/A	23/09/2019	In progress
320	UE/FIDA	23	25/09/2019		UCP	Auditoria 2019	UCP	Mozambique	45 Days	424 859.83	6 803.20	UE/FIDA	N/A	23/09/2019	In progress

IDEPA – INSTITUTO NACIONAL DE DESENVOLVIMENTO DA PESCA E AQUACULTURA  
 Artisanal Fisheries Promotion Project (PROPECA)  
**ANNEXURE V – DESIGNATED ACCOUNT**  
 Year ended at 30 September 2019  
*(Expressed in Euros and Metical)*

	<u>EUR</u>
Opening balance on 1 January 2019	36
<b>Receipt:</b>	
Replenishments to Designated Account [REDACTED]	1 233 224
	<u><b>1 233 224</b></u>
<b>Transfer to Operating Accounts:</b>	
Transferred to the FOREX Account [REDACTED]	1 233 255
	<u><b>1 233 255</b></u>
<b>Closing balance as at September 2019</b>	<u><b>5</b></u>



IDEPA – INSTITUTO NACIONAL DE DESENVOLVIMENTO DA PESCA E AQUACULTURA  
 Artisanal Fisheries Promotion Project (PROPESCA)  
**ANNEXURE VI – FOREX ACCOUNT**  
 Year ended at 30 September 2019  
 (Expressed in Euros and Metical)

	<b>EUR</b>
Opening balance on 1 January 2019	3 100
<b>Receipt:</b>	
Transferred from Designated Account [REDACTED]	1 233 255
<b>Total</b>	<b>1 233 255</b>
<b>Transfer to Operating Accounts:</b>	
Transferred to CUT [REDACTED]	3 100
Transferred to CUT [REDACTED]	1 233 255
<b>Total</b>	<b>1 236 355</b>
<b>Closing balance as at September 2019</b>	<b>-</b>

IDEPA – INSTITUTO NACIONAL DE DESENVOLVIMENTO DA PESCA E AQUACULTURA  
 Artisanal Fisheries Promotion Project (PROPESCA)  
**ANNEXURE VII – CUT EUR**  
 Year ended at 30 September 2019  
*(Expressed in Euros and Metical)*

	<b>EUR</b>
Opening balance on 1 January 2019	23 993
<b>Receipt:</b>	
Replenishments from FOREX Account [REDACTED]	3 100
Replenishments from FOREX Account [REDACTED]	1 233 255
<b>Total</b>	<b>1 236 355</b>
<b>Transfer to Operating Accounts:</b>	
Transfer to CUT Account [REDACTED]	27 093
Transfer to CUT Account [REDACTED]	1 233 255
<b>Total</b>	<b>1 260 348</b>
<b>Closing balance as at September 2019</b>	<b>-</b>

IDEPA – INSTITUTO NACIONAL DE DESENVOLVIMENTO DA PESCA E AQUACULTURA  
Artisanal Fisheries Promotion Project (PROPESCA)

**ANNEXURE VII – CUT USD**

Year ended at 30 September 2019

*(Expressed in Euros and Metical)*

	<b>USD</b>
Opening balance on 1 January 2019	6 083
Receipt:	-
Transfer to Operating Accounts:	
Transfer to CUT Account - [REDACTED]	6 083
<b>Closing balance as at September 2019</b>	<b>-</b>

**ANNEXURE VII – CUT MZN**

Year ended at 30 September 2019

(Expressed in Euros and Metical)

	<b>MZN</b>
Opening balance on 1 January 2019	23 156 069
<b>Receipt:</b>	
Replenishments from FOREX Account	1 905 172
Replenishments from FOREX Account	85 982 546
Replenishments from FOREX Account	373 693
VAT reimbursed by GoM	567 731
<b>Total</b>	<b>88 829 142</b>
Amount transferred to IFAD	9 736 196
Partial regularization of expenses accounted in UE Fund	78 535 763
<b>Total</b>	<b>88 271 959</b>
<b>Execution:</b>	<b>21 491 842</b>
<b>Closing balance</b>	<b>2 223 991</b>
Difference	610
<b>Closing balance as at September 2019</b>	<b>2 223 381</b>

**INSTITUTO NACIONAL DE DESENVOLVIMENTO DA PESCA E  
AQUACULTURA (IDEPA)**

**Artisanal Fisheries Promotion Project (PROPESCA)**

**OFID Loan Agreement 1408P**

**Financial Statements**

**Period from 1 January to 30 September 2019**

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## STATEMENT OF RESPONSIBILITY BY MANAGEMENT

The responsibility for the preparation of financial statements that present fairly the statement of receipts and payments and statement of financial position in accordance with the basis of accounting described in the notes of the financial statements, applied consistently, as well for the adoption of adequate accounting policies, is of the management of IDEPA.

The financial statements have been audited by the independent accounting firm, Deloitte & Touche (Moçambique),Lda. who were given unrestricted access to all financial records and related data of the "Artisanal Fisheries Promotion Project (ProPESCA)" Management believe that all representations made to the independent auditors during their audit were valid and appropriate. The report of the independent auditors is presented on pages 3 to 5.

The financial statements for 30 September 2019 presented on pages 6 to 15 have been prepared in accordance with the basis of accounting described in the note 2 of the financial statements. They are based on appropriate accounting policies which have been consistently applied, and which are supported by reasonable and prudent judgement.

Management is responsible for the preparation of these financial statements in accordance with the cash receipts and disbursements basis of accounting described in Note 2 to the financial statements, for the purpose of reporting to OFID Loan Agreement 1408P, for determining that the basics of preparation is acceptable in the circumstances, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due the fraud or error.

The financial statements were approved by management and are signed on its behalf:



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Project Coordinator  
2 March 2020



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Project Finance Manager  
2 March 2020

## INDEPENDENT AUDITOR'S REPORT

**To Management of  
IDEPA – INSTITUTO NACIONAL DE DESENVOLVIMENTO DA PESCA E AQUACULTURA  
Artisanal Fisheries Promotion Project (PROPESCA)**

### Opinion

We have audited the financial statements of PROPESCA – ARTISANAL FISHERIES PROMOTION PROJECT (OFID Loan Agreement 1408P) set out on pages 6 to 15, which comprise the Statement of Receipts and Payments Accumulated, Statement of Receipts and Payments, Statement of Receipts and Payments with Budget Execution, Statement of Designated Account Activities and Statement of Expenditures Withdrawal Application by Category for the period ended 30 September 2019, and the notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statement of PROPESCA – ARTISANAL FISHERIES PROMOTION PROJECT (OFID Loan Agreement 1408P), give a true and fair view in all relevant aspects and were prepared, in accordance with the basis of accounting described in the Note 2 to the financial statements and Donor's requirements.

We further report as follows:

- With respect to yearly and Cumulative Statements of Sources and Application of Funds, in particular for expenditure (SOEs), adequate supporting documentation has been maintained to support claims to the OFID for reimbursements of expenditures incurred and such expenditure are eligible for financing under the OFID Loan Agreement;
- The Designated Account has been used in accordance with the provisions of Financing and Grant Agreement, and withdrawals from the designated Account have been used for the purpose authorized in the Loan Financing Agreement; and
- The Trial Balance and list of transactions accurately describes the financial position of the program at the year ended 30 September 2019

### Basis for our Opinion

We conducted our audit in accordance with International Audit Standards issued by IASB. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the project in accordance with the ethical requirements that are relevant to our audit of the financial statements in accordance with the code of ethics issued by the Order of Accountants and Auditors of Mozambique ("OCAM"), which comply with the Code of Ethics issued by the Ethics Standards Board for Accountants (IESBA), and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our Opinion.



## **Emphasis of Matter – Basis of Accounting**

We draw attention to Note 2 to the financial statements, which describe the basis of accounting. The financial statements are prepared to assist the project in providing financial statements to the donors, potential investors, banking and funding institutions. As a result, the financial statements may only be suitable for these purposes and not for statutory purposes. Our opinion is not modified in respect of this matter.

## **Responsibilities of the directors for the Financial Statements**

The directors are responsible for the preparation and fair presentation of the financial statements in accordance with Note 2 of the financial statements, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Project's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Entity or to cease operations, or have no realistic alternative but to do so.

## **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Management regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Maputo, 2 March 2020





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**Deloitte & Touche (Moçambique), Lda**  
Certified Auditors n.º 09/SCA/OCAM/2014  
Per Aneliya Nikolova Partner  
Certified Auditor n.º 56/CA/OCAM/2014

IDEPA – INSTITUTO NACIONAL DE DESENVOLVIMENTO DA PESCA E AQUACULTURA  
Artisanal Fisheries Promotion Project (PROPESCA)  
OFID LOAN AGREEMENT 1408P  
**STATEMENT OF RECEIPTS AND PAYMENTS ACUMULATED**  
Period from 1 January to 30 September 2019  
*(Expressed in United States Dollars and Metical)*


	Notes	Cumulative		Year end 2019		Cumulative	
		December 2018	December 2018	September 2019	September 2019	September 2019	September 2019
		USD	MZN	USD	MZN	USD	MZN
Opening balance on 1 January 2019	3	-	-	116 498	7 231 084	-	-
Opening balance adjustment		39 162	2 818 518	-	-	39 162	2 818 518
<b>Total Opening Balance</b>		<b>39 162</b>	<b>2 818 518</b>	<b>116 498</b>	<b>7 231 084</b>	<b>39 162</b>	<b>2 818 518</b>
<b>Receipts</b>							
Authorized allocation - Designated Account from OFID		500 000	14 915 000	-	-	500 000	14 915 000
Additional authorized allocation - Designated Account from OFID		1 500 000	48 275 000	-	-	1 500 000	48 275 000
Replenishments to Designated Account OFID	4	7 729 377	427 489 459	1 804 675	102 860 712	9 534 052	530 330 171
Exchange rate gains / Loss	5	-	4 107 181	-	7 185 056	-	11 292 237
<b>Total receipts</b>		<b>9 768 539</b>	<b>496 685 158</b>	<b>1 921 173</b>	<b>117 276 852</b>	<b>11 673 214</b>	<b>606 630 928</b>
<b>Payments</b>							
Civil works	6	9 047 525	453 980 041	1 771 281	108 484 624	10 818 806	562 464 665
Vehicles, equipment and materials		302 823	17 336 171	-	-	302 823	17 336 171
Technical assistance, contracting, studies, training and workshops	7	282 002	13 937 988	26 512	1 600 000	308 514	15 537 968
Incremental operating costs	8	51 305	2 957 186	23 983	1 433 547	75 288	4 390 733
<b>Total payments</b>		<b>9 683 655</b>	<b>488 211 386</b>	<b>1 821 776</b>	<b>111 518 171</b>	<b>11 605 431</b>	<b>699 729 567</b>
Regularization of the adjustment		39 162	2 329 380	-	-	39 162	2 329 380
Difference		(7 647)	(2 472 068)	-	567 961	(7 647)	(1 904 117)
<b>Closing balance as on 30 September 2019</b>	9	<b>116 498</b>	<b>7 231 084</b>	<b>99 397</b>	<b>6 326 632</b>	<b>99 397</b>	<b>6 326 632</b>

  
Project Coordinator  
2 March 2020

  
Project Finance Manager  
2 March 2020

IDEPA – INSTITUTO NACIONAL DE DESENVOLVIMENTO DA PESCA E AQUACULTURA  
 Artisanal Fisheries Promotion Project (PROPECA)  
 OFID LOAN AGREEMENT 1408P  
**STATEMENT OF RECEIPTS AND PAYMENTS**  
 Period from 1 January to 30 September 2019  
 (Expressed in United States Dollars and Metical)

	<u>Notes</u>	<u>USD</u>	<u>MZN</u>
Opening balance on 1 January 2019	3	116 498	7 231 084
<b>Receipts:</b>			
Replenishments to Designated Account OFID	4	1 804 675	102 860 712
Exchange rate gains	5	-	7 185 056
<b>Total receipts</b>		<b>1 921 173</b>	<b>117 276 852</b>
<b>Payments:</b>			
Civil works	6	1 771 281	108 484 624
Technical assistance, contracting, studies, training and workshops	7	26 512	1 600 000
Incremental operating costs	8	23 983	1 433 547
<b>Total payments</b>		<b>1 821 776</b>	<b>111 518 171</b>
<b>Closing balance as at 30 September 2019</b>		<b>99 397</b>	<b>5 758 681</b>
<b>Difference</b>		<b>-</b>	<b>567 951</b>
<b>Bank amount at 30 September 2019</b>	9	<b>99 397</b>	<b>6 326 632</b>

  
 Project Coordinator  
 2 March 2020

  
 Project Finance Manager  
 2 March 2020

IDEPA – INSTITUTO NACIONAL DE DESENVOLVIMENTO DA PESCA E AQUACULTURA  
 Artisanal Fisheries Promotion Project (PROPECA)  
 OFID LOAN AGREEMENT 1408P  
**STATEMENT OF RECEIPTS AND PAYMENTS WITH BUDGET EXECUTION**  
 Period from 1 January to 30 September 2019  
 (Expressed in United States Dollars)

	<i>Notes</i>	<b>Amount in USD</b>		<b>Variance / Execution</b>	
		<b>Actual</b>	<b>Budget</b>	<b>Amount</b>	<b>%</b>
Opening balance on 1 January 2019	3	116 498	-	116 498	-
<b>Receipts:</b>					
Replenishments to Designated Account	4	1 804 675	2 309 746	(505 071)	78%
<b>Total receipts</b>		<b>1 804 675</b>	<b>2 309 746</b>	<b>(505 071)</b>	<b>78%</b>
<b>TOTAL</b>		<b>1 921 173</b>	<b>2 309 746</b>	<b>(388 573)</b>	<b>83%</b>
<b>Payments:</b>					
Civil works	6	1 771 281	2 039 025	267 744	87%
Vehicles, equipment and materials		-	216 393	216 393	0%
Technical assistance, contracting, studies, training and workshops	7	26 512	31 462	4 950	84%
Value chain facility		-	22 866	22 866	0%
Incremental operating costs	8	23 983	-	(23 983)	-
<b>Total payments</b>		<b>1 821 776</b>	<b>2 309 746</b>	<b>487 970</b>	<b>79%</b>
<b>Closing balance as at 30 September 2019</b>	9	<b>99 397</b>	<b>-</b>	<b>(99 397)</b>	<b>-</b>




Project Coordinator  
2 March 2020



Project Finance Manager  
2 March 2020

IDEPA – INSTITUTO NACIONAL DE DESENVOLVIMENTO DA PESCA E AQUACULTURA  
 Artisanal Fisheries Promotion Project (PROPESCA)  
 OFID LOAN AGREEMENT 1408P  
**STATEMENT OF DESIGNATED ACCOUNT ACTIVITIES**  
 Period from 1 January to 30 September 2019  
 (Expressed in United States Dollars and Meticals)


		<b>Notes</b>	<b>USD</b>	<b>MZN</b>
Opening Balance on 1 January 2019			20	1 241
<b>OFID Replenishments:</b>				
- 29-01-19	WA Nº 15	5	915 522	51 768 617
- 05-06-19	WA Nº 16	5	889 153	51 092 095
<b>Total</b>			<b>1 804 675</b>	<b>102 860 712</b>
<b>Transfers to Operating Accounts:</b>				
- 25-02-19			915 458	56 694 393
- 17-07-19			889 090	53 343 550
<b>Total of transfers</b>			<b>1 804 548</b>	<b>110 037 943</b>
<b>Bank Charges</b>			<b>126</b>	<b>7 745</b>
<b>Exchange Rate Difference</b>		5	-	7 185 056
<b>Closing Balance as at 30 September 2019</b>			<b>21</b>	<b>1 321</b>


  
 Project Coordinator  
 2 March 2020

  
 Project Finance Manager  
 2 March 2020

IDEPA – INSTITUTO NACIONAL DE DESENVOLVIMENTO DA PESCA E AQUACULTURA  
 Artisanal Fisheries Promotion Project (PROPECA)  
 OFID LOAN AGREEMENT 1408P  
**SOE'S WITHDRAW APPLICATION BY CATEGORY**  
 Period from 1 January to 30 September 2019  
*(Expressed in United States Dollars and Metical)*

Description	Civil works		Technical assistance, contracts, studies, training and workshops		Incremental operating costs		Total	
	USD	MZN	USD	MZN	USD	MZN	USD	MZN
Withdrawal application 18	852 368	51 210 272	13 549	814 033	1 395	83 786	867 312	52 108 091
Withdrawal application 19	826 379	49 475 339	9 293	556 377	22 110	1 323 710	857 782	51 355 426
Withdrawal application 20	92 533	7 799 014	3 670	229 590	479	26 050	96 682	8 054 654
<b>Total despesas</b>	<b>1 771 280</b>	<b>108 484 625</b>	<b>26 512</b>	<b>1 600 000</b>	<b>23 984</b>	<b>1 433 546</b>	<b>1 821 776</b>	<b>111 518 171</b>

  
 Project Coordinator  
 28 February 2020

  
 Project Finance Manager  
 28 February 2020

## **1. Background**

Artisanal Fisheries Project (ProPesca) is implemented and coordinated by the Ministry of sea, Island Water, Fisheries and Aquaculture – IDEPA – Instituto Nacional de Desenvolvimento da Pesca e Aquacultura and various agencies. The project is to be implemented over a period of 84 months with a total budget of USD (co-financed by IFAD SDR 13 850 000, OFID USD 13 530 000, EU EUR 12 390 000 and additional amount of EUR 1 400 000 and 500 000, and GoM USD 4 411 100).

This project is financed by:

- International Fund for Agriculture Development (IFAD) under the Loan agreement L-I-822-MZ, signed between the Government of Mozambique and IFAD on 24 March 2011 as amended on 16 August 2013.
- Commission of the European Communities, under Grant Agreement with reference number C-ECM-822-MZ; and
- OPEC Fund for International Development (OFID), under the Loan agreement 1408P, signed between Government of Mozambique and OFID on 25 September 2011;

The project's objective is to increase the returns from fish sales for artisanal fishers and to develop small-scale operators on a sustainable basis which will be achieved through the implementation of the following components:

- Supporting the development of higher value fish;
- Improving economic infrastructure;
- Developing financial services;
- Institutional strengthening, policy initiatives and project management, and
- Nutrition promotion

## **2. Accounting Policies**

The following paragraphs describe the main accounting policies applied consistently by the project:

### **a) General**

Daily management of the Project is made based on an autonomous system, where separate accounts and reports are prepared in accordance with donors requirements and regulations set out in the agreements signed.

The statement was prepared in accordance with the cash basis principle of accounting. Under the cash basis of accounting Receipts are recorded when received and Expenses are recorded when incurred.

### **b) Transactions in foreign currency**

The financial statements are expressed in United States Dollars. The functionally currency is Metical, the receipts and the payments denominated in other currencies are translated to USD by using the actual historic exchange rate. The closing balances in other currencies are translated to USD by using the exchange rate of the Central Bank of Mozambique on the day for which the closing balances are considered. Gains/Losses on foreign currency transactions/balances are dealt with in the Statement of Designated Accounts and the Statements of receipts and payments.

The exchange rate as at 30 September 2019 was: 1 USD equivalent to MZM 63,42.



**c) Equipment**

Purchases of equipment and materials are recorded as current expenditure of the expenditure of the period on the date of payment. However, the management maintains a detailed inventory of all non-consumable equipment.

**d) Direct payments**

Direct payments, if any, are accounted for in the statement of receipts and payments based on the period in which payment is made to the supplier by OFID.

**e) Replenishment to designated account**

Replenishment to the designated account is accounted for on receipt of funds. The funds are disbursed by OFID through direct transfers into the designated bank account of Central Bank of Mozambique. These funds are requested by the project management as the need arises and are then transferred into the National Directorate of Treasury CUT account. The payments of project expenses are made through e-SISTAFE.

**f) Advances**

Advances represent funds transfers to the implementing partners, which have been made through e-SISTAFE and are yet to be justified by supporting documents.

**3. Opening Balance**

The balances of this caption correspond to the availability in the OFID designated account as of 1 January 2019 and is composed as follows:

	USD	MZN
Designated account	20	1 241
Treasury CUT MZN Account	116 478	7 229 843
	<b>116 498</b>	<b>7 231 084</b>

**4. Replenishments to Designated Account OFID**

The replenishment made in the designated account during the period under review are summarized in the table below:

Financed by	Replenishment date	Currency	USD	MZN
OFID	29/01/2019	USD	915 522	51 768 617
OFID	05/06/2019	USD	889 153	51 092 095
			<b>1 804 675</b>	<b>102 860 712</b>

## 5. Exchange Rate

Gains in foreign exchange differences resulted from the Project current operations, based on the funds disbursed in US dollars by OFID, which were kept in an open account with Mozambique Central Bank, and can be analyzed as follows:

Details	Date	Amount USD	Rate	Amount MZN
Opening balance	01/01/2019	20	62.07	1 241
Deposit	29/01/2019	915 522	61.33	51 768 617
Bank charges	29/01/2019	(63)	61.33	(3 864)
Withdrawal	25/02/2019	(887 956)	61.94	(55 000 000)
Withdrawal	25/02/2019	(27 502)	61.61	(1 694 393)
Deposit	05/06/2019	889 153	61.61	51 092 095
Bank charges	05/06/2019	(63)	61.61	(3 881)
Withdrawal	17/07/2019	(718 223)	59.87	(43 000 000)
Withdrawal	17/07/2019	(91 789)	59.92	(5 500 000)
Withdrawal	17/07/2019	(79 078)	61.25	(4 843 550)
Balance at transfer rate				(7 183 734)
Balance at year end		21	63.42	1 322
			Exchange gain	(7 185 056)

IDEPA – INSTITUTO NACIONAL DE DESENVOLVIMENTO DA PESCA E AQUACULTURA  
 Artisanal Fisheries Promotion Project (PROPECA)  
**ANNEXURE VI – FOREX ACCOUNT**  
 Year ended at 30 September 2019  
*(Expressed in Euros and Metical)*

	<u>EUR</u>
Opening balance on 1 January 2019	3 100
<b><i>Receipt:</i></b>	
Transferred from Designated Account [REDACTED]	1 233 255
<b>Total</b>	<u><u>1 233 255</u></u>
<b><i>Transfer to Operating Accounts:</i></b>	
Transferred to CUT [REDACTED]	3 100
Transferred to CUT [REDACTED]	1 233 255
<b>Total</b>	<u><u>1 236 355</u></u>
<b>Closing balance as at September 2019</b>	<u><u>-</u></u>

IDEPA – INSTITUTO NACIONAL DE DESENVOLVIMENTO DA PESCA E AQUACULTURA  
Artisanal Fisheries Promotion Project (PROPESCA)

**ANNEXURE VII – CUT EUR**

Year ended at 30 September 2019

*(Expressed in Euros and Metical)*

	<b>EUR</b>
Opening balance on 1 January 2019	23 993
<b>Receipt:</b>	
Replenishments from FOREX Account [REDACTED]	3 100
Replenishments from FOREX Account [REDACTED]	1 233 255
<b>Total</b>	<b>1 236 355</b>
<b>Transfer to Operating Accounts:</b>	
Transfer to CUT Account - [REDACTED]	27 093
Transfer to CUT Account - [REDACTED]	1 233 255
<b>Total</b>	<b>1 260 348</b>
<b>Closing balance as at September 2019</b>	<b>-</b>

IDEPA – INSTITUTO NACIONAL DE DESENVOLVIMENTO DA PESCA E AQUACULTURA  
Artisanal Fisheries Promotion Project (PROPECA)

**ANNEXURE VII – CUT USD**

Year ended at 30 September 2019

*(Expressed in Euros and Metical)*

	<b>USD</b>
Opening balance on 1 January 2019	6 083
Receipt:	-
Transfer to Operating Accounts:	
Transfer to CUT Account - [REDACTED]	6 083
<b>Closing balance as at September 2019</b>	<b>-</b>

**ANNEXURE VII – CUT MZN**

Year ended at 30 September 2019

(Expressed in Euros and Metical)

	<b>MZN</b>
Opening balance on 1 January 2019	<u>23 156 069</u>
<b>Receipt:</b>	
Replenishments from FOREX Account	1 905 172
Replenishments from FOREX Account	85 982 546
Replenishments from FOREX Account	373 693
VAT reimbursed by GoM	567 731
<b>Total</b>	<u><b>88 829 142</b></u>
Amount transferred to IFAD	9 736 196
Partial regularization of expenses accounted in UE Fund	78 535 763
<b>Total</b>	<u><b>88 271 959</b></u>
<b>Execution:</b>	<b>21 491 842</b>
<b>Closing balance</b>	<u><b>2 223 991</b></u>
Difference	610
<b>Closing balance as at September 2019</b>	<u><b>2 223 381</b></u>