



Investing in rural people

Republic of Angola

Artisanal Fisheries and Aquaculture Project (AFAP)

Supervision report

Main report and appendices

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Abbreviations and acronyms

AFAP	Artisanal Fisheries and Aquaculture Project
AFDEP	African Development Bank Fisheries Development Project
AWPB	Annual Work Plan and Budget
CACS	Consultation and Social Dialogue Councils
COSOP	Country Strategic Opportunities Paper
CSP	Country Strategy Paper
GEPE	Cabinet of Studies, Planning and Statistics
IDA	International Development Association
INAIP	National Institute of Assistance to Fishing Industry and Technological
INIP	Research
IPA	National Institute of Fisheries Research
GDP	Institute for the Development of Artisanal Fisheries and Aquaculture
HDI	Gross Domestic Product
MoF	Human Development Index
MOSAP	Ministry of Fisheries
NAPA	Market Oriented Smallholder Agriculture Project
NDP	National Adaptation Programme of Action
NGO	National Development Plan
PBAS	Non-governmental Organization
PESNORT	Performance-Based Allocation System
E	Northern Fishing Communities Development Programme
CPM	Country Programme Manager
PCU	Project Coordination Unit
PIM	Project Implementation Manual
POC	Project Oversight Committee
RIMS	Results and Impact Monitoring System
SNFPA	National Service of Fisheries Surveillance
UPCP	Provincial Unit Project Coordination

A. Introduction¹

1. The International Fund for Agricultural Development (IFAD) and the Republic of Angola fielded a Supervision Mission for Artisanal Fisheries and Aquaculture Project (AFAP) during the period 29th April- 15th May 2017. The objectives of the mission are to evaluate the overall progress of AFAP implementation in reference to achievements of 2017 AWPB and procurement Plan and provide necessary assistance to improve implementation. The specific objectives are: a) undertake a detailed review of implementation of the AFAP 2017 AWPB and related Procurement Plan and provide any implementation support to the PCU as may be needed; b) review the preparedness for and progress in implementing the 2017 AWPB; c) undertake field visits to interact with the beneficiaries and implementing partners, to receive their views, on project implementation; d) review fiduciary aspects, focusing on financial management, disbursement and procurement issues and assess provision of counterpart funds in terms of amount and timeliness, and compliance with loan covenants; and e) to check actions taken on the last implementation's support recommendations and h) propose time-bound remedy actions to redress any implementation shortfall.
2. The project's goal is to reduce poverty in artisanal inland fishing and small-scale fish-farming households in target communities. Its development objective is improved food security and nutrition among artisanal inland fishing and fish-farming households. The project includes two technical components: Component 1: Inland artisanal fisheries development, with the objective to promote inclusive and sustainable inland fisheries sector development. Component 2: Small-scale aquaculture development, with the objective to promote inclusive and sustainable small-scale aquaculture sector development. The two components are complemented by a Project management component. The project is planned to cover four provinces in Angola's central-north region: Bengo, North Kwanza, Luanda and Malanje. It is targeting an estimated 15 800 people, including small scale fish farmers, processors and small traders.

¹Mission composition: The Mission was led by Ms Abla Benhammouche, IFAD Country Director, with the participation of the following team members: Mohamed Tounessi (Agronomist/Deputy Mission Leader); Alaudio Chingotuane (Financial Management Specialist) and Mr Waseem Khan (Procurement Specialist).

3. To achieve the outcomes of both components, the project is planning to support activities that (i) strengthen institutional capacity (national, provincial, local/extension services); (ii) improve community participation in economic and wider local development processes; (iii) increase the quantity and quality of fish produced and sold on a sustainable basis; and (iv) improve market-related infrastructure.

4. The Ministry of Fisheries is responsible for policy and legislative initiatives relevant to the project, and will provide broad project oversight. A national project oversight committee is established to guide project planning and implementation and to provide high-level guidance. Project coordination and management is delegated to the Institute for the Development of Artisanal Fisheries and Aquaculture (IPA), which has established a project coordination unit (PCU) responsible for programming, budgeting, resource allocation, and M&E. The project is financed by IFAD and the Government of Angola. The IFAD loan amounts to USD 11.1 million (92 per cent of total project costs). The Government's contribution is USD 1.0 million (8 per cent of total project cost).

5. Discussions with Government officials, PCU staff, the Institute for the Development of Artisanal Fisheries and Aquaculture (IPA), Provincial officers and beneficiaries, were held in order to review progress, share ideas for launching of operations and chart ways to fast track the project implementation. The mission travelled to the provinces of Malange and Bengo. In Malange the mission met with the Deputy Governor, Provincial Directorates of Agriculture and Fisheries, beneficiaries and visited several aquaculture sites in Malange as well as, the hatchery and aquaculture demonstration unit in Malange. In Bengo, the mission met Provincial Directorates of Agriculture and Fisheries, and visited the demonstration unit for training on fish smoking "Chorkor" initiated by AFAP.

6. In Luanda, the mission was received by the Her Excellency, the Secretary of State for Fisheries Mrs Maria Antonia Nelumba. She expressed her satisfaction for the support provided by IFAD, however, she underlined the weak human resource market in Angola and in particular for fisheries and aquaculture sector. Therefore, she stressed the need for a close consultation with IFAD, in finding cost effective

pragmatic solutions in filling the gap in expertise relevant to aquaculture, in view of ensuring the launching of field activities by AFAP, without further delays.

B. Overall assessment of project implementation.

7. Current implementation performance of AFAP is ranked as moderately satisfactory. The project effective start-up is still slow and therefore, lagging behind schedule, mainly due to a long recruitment process of the PCU staff and procurement delays. The mission appreciates efforts made by the project in the establishment of the basic elements for implementation, such as: (i) the organisation of 4 province-level workshops; the validation of the Project Implementing Manual (PIM); (ii) the training of 36 people on feed formulation, aquaculture techniques and business plan; (iii) the set up of a demonstration unit for training for saving energy device called "Chorkor" in Kicabo locality, the procurement work in progress for the Baseline Survey, study on Women Headed Household (WHH), study to zone/map potential areas for aquaculture and Inland Fisheries Census which are expected to be launched in June 2017. However, the mission noted the quite slow progress in relation to the following activities: The Project Coordination Unit staff recruitment has not been completed and currently staffing is including only the Project Coordinator, the Procurement Officer, the Finance and Administration Manager and the Fisheries Technology Officer. The M&E Officer the Community Development Officer and aquaculture officer are still to be recruited. This delay in the PCU staffing is exerting heavy pressure on the under staffed PCU and delaying implementation of the 2017 AWPB as well as, the initiation of key project activities and management functions such as, planning, knowledge management and M&E system. The mission was informed that the requirements of the vacancy announcements for the remaining positions, did not match with the qualifications of the applicants who have lower qualifications, skills and competencies.
8. The total costs of the project are USD 12.1 million of which IFAD is financing USD 11.1 million (92 per cent of total project costs). The Government's contribution is USD 1.0 million (8 per cent of total project cost). The disbursement of the project at the end of 2016 reached SDR 716,468 (USD 1,000,000), which corresponds to 9,1% of the total loan allocation of SDR 7,910,000 (USD 11.1 million). As at 30

April 2017 total disbursement reached SDR 1,001,318 (USD 1,382,071), which represents 12.65% of the total loan allocation. Considering that AFAP is in its second year of implementation, the disbursement rate is classified as moderately unsatisfactory compared to the performance of similar IFAD projects in the fisheries sector. AFAP is implementing its first, 18-month AWPB budgeted at USD 2,130,000, which has been running from 1 July 2016 up until 31 December 2017. As at 31 March 2017, financial execution of AFAP stands at USD 459,435, which corresponds to 21.6% of the 18-month budget.

9. The project has a basis for moving into the investment phase with substantial disbursements. There is a need to maintain the fledgling momentum and catch up with the planned 2017 implementation schedule, in view of the forthcoming MTR by the end of 2018. It is now critical that the project management closely follows the following key actions that need to be undertaken (as detailed further throughout the Aide-memoire): (i) finalization of the PCU staffing, (ii) submission of the baseline survey report and set up of the project M&E system, (iii) launch effectively the aquaculture component, by targeting small farmers specifically in Malanje and Fishing communities in Kwanza North Provinces where there is a conducive environment for aquaculture production and marketing (iv) prioritize selected villages to ensure that areas with the highest potential for aquaculture development are engaged as early as possible and (v) provide effective and demand driven capacity building and training support to small farmers and implementing partners, to ensure that they are based on economic opportunities, market and sustainability principles.
10. The Mission is of the view that in order to meet the targets set in the 2017 AWPB, proactive planning and stepping up of the implementation pace for the remainder of the Project Year will be essential. To this effect, to accelerate the project implementation and ensure fulfilment of project objectives the following strategic orientations were also discussed and were recommended: (i) fast track AFAP implementation, during the transition period before reaching the full staffing of the PCU. Options need to be considered, such as, the recruitment of consultants to fill the gap, until the effective recruitment of the full project management team (PMT), to provide hands on technical backstopping in the following areas: validation of base line survey, various thematic studies commissioned by AFAP, set up of M&E system, capacity

building, training, community development, targeting and empowerment.

Agreed actions	Responsibility	Agreed date
High priority should be given to the effective PCU set-up with adequate staffing and management system in place including M&E system.	PCU	August 2017
Recruit consultants to fill the staffing gap, to provide hands on technical backstopping in the following areas: validation of base line survey, various thematic studies commissioned by AFAP, set up of M&E system, capacity building, training, community development, targeting and empowerment.	PCU	June 2017
Launch the baseline survey and validate the findings with all stakeholders including beneficiaries and implementing partners at national level as well as, provincial levels.	PCU	Continuous, starting June 2017, until end of September 2017.
Set up the M&E system	PCU	Starting June 2017
Launch effectively the aquaculture component, by targeting small farmers specifically in Malanje and fisheries in Kwanza North Provinces where there is a conducive environment for aquaculture production and marketing.	PCU	Continuous, starting June 2017
Prioritize selected villages to ensure that areas with the highest potential for aquaculture development are engaged as early as possible.	PCU	Continuous, starting June 2017
Provide effective and demand driven capacity building and training support to small farmers and implementing partners, to ensure that they are based on market opportunities, and sustainability principles.	PCU	Continuous, starting June 2017

C. Outputs and Outcomes.

11. Project performance in terms of achieving outputs and outcomes is rated moderately unsatisfactory (3). Concerning the outcomes of AFAP, the implementation period, is rather short to analyse the outcomes of the project. Therefore, implementation of the Project was analysed through outputs from the approved 2016-2017 AWPB, 2016 progress report and January-March 2017 progress report, feedback from PCU staff, the IPA Institute, Malange Deputy Governor, provincial staff and beneficiaries as well as, provincial staff and beneficiaries in Bengo region.
12. Component 1: Inland artisanal fisheries development. The outcome of the Inland Fisheries component is an inclusive and sustainable inland fisheries sub-sector development and management contributing to strengthened livelihood strategies at household level. To achieve this outcome, the Component is supporting the following outputs and their respective activities: Output 1: Institutional Capacity Strengthened. Output 2: Improved Community Participation in Economic and Wider Local Development Processes. Output 3: Increased Quantity and Quality of Fish Produced and Sold on a Sustainable Basis. Output 4: Improved Market-Related Infrastructure.
13. Under this component two field activities have been undertaken, one is a demonstration unit for training on energy saving called "Chorkor" at Kicabo locality in Bengo province, and the second is a training activity on fisheries management, processing and conservation. The training was held at Kiombe locality in the Dondo municipality. It was attended by 215 community's members in 4 days' trainings.
14. Component 2: Small-Scale Aquaculture Development. The objective of Component 2 is to support the Government priorities for the aquaculture sub-sector in the provinces of Malanje, Kwanza Norte and Bengo. The outcome is inclusive, sustainable small-scale aquaculture sector management and development contributing to strengthened livelihood strategies at household level. To achieve this outcome, the Component will support the following outputs and their respective activities: Output 1: Institutional Capacity Strengthened. Output 2: Improved Community Participation in Economic and Wider Local Development Processes. Output 3: Increased Quantity and Quality of Fish Produced in Fish Ponds and sold on a Sustainable Basis. Output 4: Hatchery Infrastructure.

15. At this stage of implementation, only 2 training programmes have been implemented. 36 people were trained on feed formulation, aquaculture techniques and business plan. The practical training on fish feed consisted in demonstrating the elaboration and formulation of the feed for tilapia using some locally available raw materials (corn, soy, wheat flour, peanuts, cassava leaves, insects, sesame, pumpkin seeds etc.).
- The second training in aquaculture took place in April 2017 with a major thrust on how to build ponds, stock, and harvest fishes.
16. The mission visited Malange province where major aquaculture production is taking place under the Development Plan for Aquaculture ("Plano de Desenvolvimento da Aquicultura"), amounting to USD 32 million and financed from national resources. In terms of fish farming infrastructures there are 189 earthen ponds, 42 cages and 6 dams. The total number of fingerlings used is 57.750 supplied from Kamibafu Hatchery Center. Aquaculture activity has experienced a great increase in terms of number of people starting fish farming activities. In 2016, there was an increase by 759% from initial 10 farms to 69. In terms of social organization of the existing farming facilities, there are 41 registered individuals and 25 cooperatives.
17. Based on the interactions with the Deputy Governor, Provincial Director of agriculture and fisheries, the aquaculture specialists, the cooperation programme on aquaculture with Cuba, the aquaculture farmers, the visit of the aquaculture demonstration unit, the hatchery unit for Malanje and the field visit to different aquaculture schemes, the mission noted that Angola does have local knowledge in aquaculture and experienced technicians who are critical to meet the challenge for aquaculture development (e.g., organizing local communities, training of extension workers, provision of quality inputs, etc.). Subsequently, the current institutional capacity can provide assistance to selected local communities to develop aquaculture activities and support them in planning, construction and management of aquaculture ponds.
18. The mission underlines the need to expedite the mapping study that would be instrumental in identifying areas with high potential for aquaculture development in particular in Malange province. Various criteria should be assessed to determine suitability for aquaculture leading to site selection. These include, land and water availability, soil quality, distance to markets, altitude (and its effects on ambient temperature and fish growth), institutional and availability of natural

and artificial water bodies. The mission underlines also the priority to be given to the hatchery rehabilitation, as well as, the need to enhance the quality level of aquaculture demonstration unit. The Project should restructure the tilapia fish hatchery in Malanje into a unit for improved tilapia fingerling production. AFAP should also plan for the provision of start-up package, consisting of fish pond construction equipment and fingerlings for first stocking, to support new and existing farmers at the beginning of their farming operation.

19. In addition, since the objectives of the Aquaculture National Plan are quite similar to those of AFAP, close interactions will need to be secured, to draw lessons and develop synergies and complementarities. In summary, the project should plan on priority basis for operational awareness workshops with small farmers and thereafter prepare a comprehensive aquaculture development plan in Malange, which should take into consideration the findings of the mapping study, the feed and fingerling studies and the lessons from the aquaculture national programme. The plan should cover the period 2017-2018.
20. At the end of this time horizon, the Mid Term Review (MTR) is planned to be carried out, to assess the relevance, efficiency and effectiveness of the project and whether to introduce changes in the design and financing of AFAP. To carry out the programme, AFAP should consider the establishment of Provincial Governance Committee (PGC) in Malange, to ensure good governance and accountability during implementation. The PGC should be comprised of local authorities, provincial directorate for agriculture and fisheries, traditional leaders and beneficiaries. The role and functions of the PGC would be to oversee implementation from a good governance and accountability point of view. The participation of this entity should be facilitated by the PCU with the assistance of IPA. Moreover, the project should adopt a phased approach, focusing initially on fishfarmers training and subsequently on investment support based on learning by doing, and relying on service providers for the implementation of activities outside the core competencies of IPA.

Agreed action	Responsibility	Agreed date
Expedite the undertaking of the mapping study that would be instrumental in identifying areas with high potential for aquaculture development in particular in Malange province	PCU	End of July 2017.
Priority should be given to the hatchery rehabilitation, as well as, the need to enhance the quality level of aquaculture demonstration unit.	PCU	June 2017
The tilapia fish hatchery in Malanje should be restructured into a unit for improved tilapia fingerling production.	PCU	June 2017
AFAP should also plan for the provision of start-up package, consisting of fish pond construction equipment and fingerlings for first stocking, to support new and existing farmers at the beginning of their farming operations.	PCU	June 2017
Since the objectives of the Aquaculture National Plan are quite similar to those of AFAP, close interactions will need to be secured, to draw lessons and develop synergies and complementarities.	PCU	June 2017
AFAP should plan on priority basis for operational awareness workshops with small farmers and thereafter prepare a comprehensive aquaculture development plan in Malange, which should take into consideration the findings of the mapping study, the feed and fingerling studies and the lessons from the Aquaculture National Programme.	PCU	June 2017
To carry out the programme, AFAP should consider the establishment of Provincial Governance Committee (PGC) initially (with replication later in the remaining two prpvinces) in Malange, to ensure good governance and accountability during implementation.	PCU	June 2017
The project should adopt a phased approach, focusing initially on fishfarmers training and subsequently on investment support based on learning by doing, and relying on service providers for the implementation of activities outside the core competencies of IPA	PCU	June 2017

D. Project implementation progress.

21. Project Coordination Unit. This is a cross cutting management structure, servicing the two technical components. The PCU under IPA is in charge for the overall Project planning; monitoring and evaluating implementation progress, reporting, financial management, including disbursement of funds to the different implementing agencies and ensuring resources are used for the intended purpose. The Project's institutional strategy is to involve all the players on which the achievement of the project objective and outcomes depend. This includes: (i) the Ministry of Fisheries and subordinated institutions (IPA, INIP, INAIP and SNFP) at the national level; (ii) the fishery directorates in the four participating provinces at the regional level, (iii) municipal and communal administrations and leaders at the local level, (iv) fishers, processors and small traders; (v) small entrepreneurs, (vi) service providers, and (vii) private contractors.
22. Project Management Performance: The project management team faced different challenges since the last mission including the resignation of financial and administrative manager as well as the remaining staff to be selected and recruited for the PCU. During the period under review, the main activities carried out to date include: the recruitment of only 2 key staff namely the Finance and Administration Manager and the Fisheries' Technology Officer. Three technical positions, M&E Officer, Aquaculture Officer and Community Development Officer are yet to be filled, since the tender was launched but did not receive qualified candidates. A new tender will be launched at regional and international level.
23. The procurement process for the Finance Manager and the Fisheries' Technology Officer was concluded in March 2017 and both were recruited in April 2017. Currently, the PCU is staffed with the Project Coordinator, the Finance and Administration Manager, the Procurement Manager, the Fisheries' Technology Officer and the Project Accountant. Several other procurement processes were undertaken for selection of service providers, to carry out the Baseline Survey (BLS), Special Study on Women Headed Household (WHH), Inland Fisheries Census (IFC), Mapping Study (MpS) and Market Study (MkS). (For more information on procurement see para. 52-56 of the AM.)

24. Progress in addressing previous mission recommendations. The last supervision mission conducted in November 2016 identified several actions to be implemented to accelerate project implementation progress at all levels. The implementation progress is mixed. Nevertheless, most of the agreed actions are work in progress. The delays in the staffing of the PCU and the setup of project management system remain a challenge that contributes to implementation delays in the project's zone.
25. Coherence between AWPB 2016-2017 and Implementation. The implementation performance of the AWPB as of April 2017 is moderately unsatisfactory. In terms of physical progress, the majority of planned outputs were not achieved in the 2 components. (see details outputs/outcomes, Para 13-21) The financial performance as of April 2017 is behind the schedule; only 21.6% of the planned budget was executed.
26. Reporting. There is no M&E system in place yet. M&E system is yet to be set up properly. It is expected that the quality of AFAP reports would improve once the system is set up. Nonetheless, more accurate quantitative data and the insertion of qualitative data should be reported on time in the upcoming semester report, including the results of the different studies and assessment which are being under development by the Project.
27. Going Forward. Now that the project has only 18 months of implementation before the undertaking of the MTR by the end of 2018, the project needs to catch up with the implementation delays. For the effective fast track implementation of the project, the following key actions need to be undertaken.
- Complete urgently, the staffing of the PCU for the remaining positions.
 - To fast track AFAP implementation, during the transition period before reaching the full staffing of the PCU, the project should identify and recruit consultants to fill the gap until the effective recruitment of the full project management team (PMT).
 - Completion and validation of Baseline survey report with all stakeholders.
 - Completion and validation of Special Study on Women Headed Household (WHH), Inland Fisheries Census (IFC), Mapping Study (MpS) and Market Study (MKS) with all stakeholders.

- Set up the project M&E system. In addition, the PCU needs to establish a robust knowledge management and learning (KML) system that will allow effective monitoring, periodic reviews, communication and learning of the Project.
- The project has gained substantial experience over the second year of implementation, which requires some modifications to be introduced into the PIM. IFAD should make comments on the initial draft and PCO should submit a revised PIM to IFAD and the Government.
- Create a consolidated database to record all training sessions, including purpose, location, number of participants, links to other components and to monitor outcome of the training, to allow monitoring against AWPB and planned activities during project period.
- The need to re-focus the 2017 AWPB from staff and farmer sensitisation to investments on fish and aquaculture farm level, to start achieving programme outputs and outcomes in time for mid-term review.
- The project should prioritize selected communities, to ensure that areas with the highest potential for inland fisheries and aquaculture are engaged as early as possible.
- The project should initiate on priority basis, the aquaculture related activities, specifically in Malange Province that has conducive environment for aquaculture production.

28. In addition, AFAP needs now strategic partnership, alliances at provincial level, innovations and efforts to streamline the PCU performance and to enhance strategic planning, M&E and coordination processes that will boost the implementation of the project. By doing so, the PCU should reactivate the following recommendation made by the last supervision mission undertaken in November 2016. It includes: (i) The Staff performance Evaluation that would instill performance-based management culture. The PCU should introduce the process of formal annual performance assessments of the staff. (ii) The PCO induction training, that is critical to enhance strategic planning and coordination. Once the key positions are filled, the mission recommends that key professional staff should strengthen teamwork culture through training that will cover aspects of team building, leadership skills, matrix organization and communication; (iii) The Linkages and synergies development which is

essential for maximizing the benefits of both projects IFAD and AfDB under the lead of IPA. FSS and AFAP share similar objectives and activities, therefore, AFAP should establish a range of mechanisms to practically coordinate with FSS.

29. Due to many activities being very similar to AFAP, the following should be considered under a partnership framework including: Joint periodic coordination and planning meetings, automatic sharing of key documents including progress and technical reports, development of a common approach to M&E and financial management system, development of common training materials and manuals; (iv) The South-South Cooperation, where the two on-going IFAD supported projects, PROPESCA and PROAQUA in Mozambique, represents a potential for initiating South South Cooperation with AFAP. In this context, the mission recommends the use of IFAD's South- South Cooperation Facility, in order to exchange experiences, organise exchange visits (for both project staff/Government Officials and beneficiaries) as well as technical support on identified fields of interest.
30. In this context, the project should elaborate technical study visits for extension workers and project staff to Mozambique to expose them to new and advanced fish farming experiences and technologies and (v) the Policy dialogue which is central to AFAP. In particular, there is a need to establish an enabling framework for aquaculture development that should include: the update of the country's aquaculture development strategy, the formulation of new aquaculture regulations with special attention to the characterization and regulation of small-scale aquaculture, the development of incentives for aquaculture.
31. The mission recommends the project to prepare a concept note to be discussed with the stakeholders and the Ministry of Fisheries, in view of developing a policy oriented action plan that would be implemented in close collaboration with the Ministry of Fisheries. The progress of the action plan will be reviewed by regular supervision missions but will be assessed thoroughly by the MTR for any revision and amendments

Agreed action	Responsibility	Agreed date
High priority should be given to the effective PCU set-up with adequate staffing.	PCU	ASAP, no later than August 2017.
To fast track AFAP implementation, during the transition period before reaching the full staffing of the PCU, the project should identify and recruit consultants to fill the gap until the effective recruitment of the full project management team (PMT).	PCU	ASAP, no later than July 2017.
Completion and validation of Baseline survey report with all stakeholders.	PCU	No later than August 2017.
Set up the project M&E system. In addition, the PCU needs to establish a robust knowledge management and learning (KML) system that will allow effective monitoring, periodic reviews, communication and learning of the Project.	PCU	August 2017
Complete and validate Studies on Women Headed Household (WHH), Inland Fisheries Census (IFC), Mapping Study (MpS) and Market Study (MkS) with all stakeholders.	PCU	August 2017
<p>The project should initiate on priority basis, the aquaculture related activities, specifically in Malange Province that has conducive environment for aquaculture production.</p> <p>The project should prioritize selected communities, to ensure that areas with the highest potential for inland fisheries and aquaculture are engaged as early as possible.</p> <p>Re-focus the 2017 AWPB from capacity building to investments on fish and aquaculture farm level, to start achieving programme outputs and outcomes in time for mid-term review.</p>	PCU	Immediately, no later June 2017
The project has gained substantial experience over the second year of implementation, which requires some modifications to be introduced into the PIM. IFAD should make comments on the initial draft and PCO should submit a revised PIM to IFAD and the Government.	PCU	July 2017
<p>To instil performance based management culture, The PCU should introduce the process of formal annual performance assessments of the PCU staff.</p> <p>Key professional staff should strengthen teamwork culture; through training that will cover aspects of team building, leadership skills, matrix organization and communication.</p>	PCU	October 2017
AFAP should establish a range of mechanisms to		

Agreed action	Responsibility	Agreed date
<p>practically coordinate with FSS. Due to many activities being very similar to AFAP, the following should be considered under a partnership framework including: (i) Joint periodic coordination and planning meetings; (ii) automatic sharing of key documents including progress and technical reports; (iii) development of a common approach to M&E and financial management system; (iv) development of common training materials and manuals with contents that do not give conflicting advices.</p>	<p>PCU and IPA</p>	<p>July 2017</p>
<p>AFAP should use the IFAD's South- South Cooperation Facility, in order to exchange experiences, organise exchange visits (for both project staff/Government Officials and beneficiaries) as well as technical support on identified fields of interest. In this context, the project should elaborate technical study visits for extension workers and project staff to Mozambique to expose them to new and advanced fish farming experiences and technologies.</p>	<p>PCU and IPA</p>	<p>August 2017</p>
<p>The project should prepare a concept note to be discussed with the stakeholders and the Ministry of Fisheries, in view of developing a policy oriented action plan that would be implemented in close collaboration with the Ministry of Fisheries. The progress of the action plan will be reviewed by regular supervision missions but will be assessed thoroughly by the MTR for any revision and amendments.</p>	<p>PCU and IPA</p>	<p>August 2017</p>

E. Fiduciary aspects.

32. Financial Management. The Financial Management (FM)-unit of the PCU is responsible for budgeting, accounting, maintaining internal controls, preparation of withdrawal applications, and execution of payments, financial reporting and ensuring compliance with external audit requirements. A financial management assessment of AFAP has been undertaken as part of financial management review during the mission.

33. During its review, the mission identified some areas where FM-practices could be further improved and the risk mitigated. The Mission rates the quality of financial management as moderately satisfactory based on the review of key financial management arrangements as follows: 1) staffing – IPA has replaced the former Finance Manager who resigned in October 2016. The new Finance Manager is being brought up-to-speed with IFAD guidelines on financial management; 2) budgeting and financial reporting – the project is implementing the initial 18-month AWPB, however, the lack of year-end and quarterly financial reports shows a deficiency in budget monitoring.

34. It was agreed that the project will prepare and submit the annual financial report for the year 2016, and prepare semi-annual reports more consistently; 3) internal controls – review of payment supporting documentation showed some deficiencies in internal control, especially in the authorization of some payments. More details are presented in the paragraph on review of SOE items; 4) accounting – the implementation of PRIMAVERA is well under way, and the Mission commends the fact that the system is up-to-date. However, as the system is currently running in the Finance Manager’s personal computer, it was agreed that AFAP will purchase a mini-server with automatic back-up capabilities to house the accounting software to mitigate the risk of loss of data; 5) bank reconciliations – reconciliation of accounts is also being performed regularly, and the review of the available documentation showed only minor outstanding reconciliation items.
35. The issue of ineligible expenditures of USD 200,333 for the purchase of project vehicles has been resolved. IPA has reimbursed the ineligible expenditures in the Designated Account as confirmed by the latest bank statements.
36. Disbursement. The disbursement of the project at the end of 2016 reached SDR 716,468 (USD 1,000,000), which corresponds to 9,1% of the total loan allocation of SDR 7,910,000 (USD 11.1 million). As at 30 April 2017 total disbursement reached SDR 1,001,318 (USD 1,382,071), which represents 12.65% of the total loan allocation. Considering that AFAP is in its second year of implementation, the disbursement rate is classified as moderately unsatisfactory compared to the performance of similar IFAD projects in the fisheries sector.
37. AWPB. AFAP is implementing its first, 18-month AWPB budgeted at USD 2,130,000, which has been running from 1 July 2016 up until 31 December 2017. As at 31 March 2017, financial execution of AFAP stands at USD 459,435, which corresponds to 21.6% of the 18-month budget. At this pace of financial execution, the project risks reaching year-end with less than 75% of the AWPB executed. Most of the funds have been spent in programme management (96%), with very few interventions in investment activities due to delays in the procurement of the required services, delay in the start of baseline studies due to procurement issues, inadequate staffing of the PCU and lack of specialized expertise needed for the implementation of the project.

38. Overall, and compared to the total cost of the project (USD 12,139,000), financial execution is 4% of the allocation, with 33% of the project implementation period elapsed. With 4 years remaining to reach completion, the project risks not being able to fully absorb the financing proceeds by completion date.
39. Designated Account and Liquidity management. AFAP is currently operating a total of three bank accounts: the Designated Account denominated in USD, and two operational accounts, one denominated in USD and one in AOA. The Mission noted that the project has made frequent transfers of small amounts (around USD 25,000 – 30,000) to the operational account in AOA. In order to facilitate the application of First-In First-Out method of determination of the exchange rate, and considering the tighter monetary policy implemented by Bank of Angola, it was agreed that AFAP would increase the amount used to replenish the operational account to USD 100,000. In addition, most of the project payments in USD will be performed from the operational account in USD, in order to guarantee that the Designated Account is used solely for receiving the financing proceeds, and for the replenishment of the operational accounts. Only the payment of large expenditures (to be defined in the PIM) should be conducted from the Designated Account. The project bank reconciliations have been prepared on a monthly basis and no reconciliation issues have been found as at 30 April 2017.
40. As at 31 March 2017, bank reconciliations show that AFAP had a total of USD 715,878 in all its accounts. AFAP should not face any liquidity issues in the near future. As noted above, the total financial execution was USD 459,435 at the same date and the total disbursement of IFAD resources was USD 1,382,071. With the exclusion of the USD 200,333 of ineligible expenditures that were later reimbursed by Government, the Mission confirms that the initial advance is fully accounted for. The Mission noted that the Project Coordinator is not on the list of signatories of the Operational Accounts. As these are the accounts that are used for the day-to-day project operation. It was agreed that IPA will accelerate the revision of the list of signatories to include the Coordinator.
41. Additionally, and for better management of the designated account, it was agreed that the account would be used solely to receive the proceeds of the financing from IFAD, and to regularly replenish the project's operational accounts. Only the payment of large expenditures

(to be defined in the PIM) should be conducted from the Designated Account. This would allow a much better track of the exchange rate USD/AOA for the application of First-in First-Out method of determination of exchange rates for financial reporting and WA submission.

42. AFAP operates a petty cash for the payment of small purchases, per diem, fuel and vehicle maintenance. The Mission noted that there's no ceiling to the amount of funds managed through the petty cash. It was agreed therefore that AFAP will review the Financial Procedures Manual (FPM) to specify the total amount of funds to be transferred to the petty cash. Once the ceiling of the petty cash has been reached, further disbursements can only be made once any amounts withdrawn are reconciled. Additionally, it was agreed that, to reduce the amount of cash handled by project staff, whenever possible, AFAP would pay the per diem directly to the beneficiaries' bank accounts (in AOA). For fuel expenses, AFAP will contract out the services of a fuel company (ideally, one that is well established in the project areas) that will submit regular invoices to be paid through bank transfer.
43. Financial reports. The mission noted that due to the resignation of the previous Finance Manager, AFAP has not submitted financial reports regularly. Of particular concern is the lack of Financial Statements for the year 2016. It was agreed therefore that AFAP will submit the unaudited Financial Statements for 2016 for IFAD review within the first semester of 2017, as well as regular financial reports (quarterly). The Mission shared with the project a template of financial reports and Financial Statements. It was agreed that the templates would be adapted to the needs of the project and included in the FPM.
44. Review of SOEs. The review of SOEs used to justify expenditures under WA 3 and WA 4 covering a sample of around 30% of each WAs. Review of WA3, showed that one item (contract 012/C3/G/AFAP/16), related to the purchase of office equipment for USD 42,790), was above the SOE threshold of the project (USD 25,000). However, the claim was made under a form 102 (which should be used only for single one-time payments, and payments under contracts below the SOE threshold), while it should have been claimed in a form 101. Additionally, several project expenditures made in different dates have been lumped together in one single mini-category (example: salaries to a staff member from January to May, paid in different dates, or fuel expenditures of different dates). The Mission further explained that the

purpose of the SOE forms is to show, whenever possible, a detailed picture of the day-to-day financial execution of the project. As such, each expenditure registered in the accounting software in a specific date and linked to a specific bank transaction should correspond to one single SOE item. The Mission provided thorough guidance to the Financial Management Unit on the preparation of withdrawal applications.

45. For both WAs, the Mission noted that the certificates of delivery of goods and receipts have not been included in the payment support documentation. The Mission sampled SOEs items for the operating costs category, specifically on expenditures for fuel, travel and vehicle maintenance. There are significant deficiencies in internal control, with several requisitions for payment showing no clear segregation of duties for the approval workflow of the expenditures. Some requisitions for project related goods were also missing the signature of the Coordinator. The risk is increased due to the fact that the payments are made from the project's petty cash. The Mission provided hands-on training on how to implement strong internal control measures, which should be immediately implemented and it was agreed that FPM included in the PIM will be amended to reflect these measures. As IPA has overall coordination responsibility for AFAP, it would be important that the Director approves the proposal for certain activities before they're initiated, based on their costs and are in line with AWPB and Procurement Plan.
46. Travel authorizations should be reconciled after the end of the trips, with full justification of actual travel, including Back To Office report (BTO). AFAP is applying one single per diem rate for domestic and international travel. The domestic rate is also the same for the whole country. It was agreed that the project will review the per diem rate for domestic travel, based on an analysis of the actual accommodation costs in the various project areas. Finally, and to increase internal control, AFAP will introduce the use of vehicle logbooks in order to track mileage in relation to fuel consumption.
47. Archiving of financial documentation. During the review of SOE items, the Mission reviewed the quality of filing of financial documentation. The Mission noted that all the supporting documentation is kept in good order.
48. Counterpart funds. The Mission rates the contribution in counterpart funds as unsatisfactory. IPA has opened a bank account to

receive the counterpart contribution to the project (USD 989,000) for the payment of taxes and duties, as well for the as salary of IPA staff. As at 30 April 2017, Government has not replenished this account. It must be noted that the 18-month AWPB submitted by AFAP does not show all the sources of financing of the project, and as such, it does not allow AFAP to effectively ask Government to provide its financial contribution to the ongoing activities. It was thus agreed that AFAP would evaluate the amount that Government must be contribute for the 18-month AWPB, and in the preparation of the 2018 AWPB show all sources of financing. Finally, Government contribution shall include the mandatory income tax, as well as the social security contribution for all project staff members.

49. Compliance with loan covenants. The mission rates the compliance with loan covenants as moderately satisfactory. Section 7.08 (a) of the GCs, which requires that the Borrower shall insure all goods of the project, has not been complied with. While for some of the project equipment an insurance package is unfeasible (especially IT equipment), it was agreed that all project vehicles should be insured and the cost covered from the loan proceeds. Finally, as noted in the previous Supervision Mission, the proceeds of the financing have been used for the payment of taxes. All amounts paid in taxes for project activities should be refunded by Government from the account opened to receive counterpart financing.

Agreed action	Responsibility	Agreed date
Purchase mini-server for accounting software	PCU	Aug 2017
Submit unaudited Financial Statements for year 2016	PCU	Jun 2016
Contract vehicle refuelling services	PCU	Aug 2017
Follow up on provision of counterpart funds	PCU/IPA	Nov 2017
Amend FPM to reflect measures for stronger internal control, travel, use of vehicle logbook, templates for financial reports and financial statements	PCU	Aug 2017
Insure project staff against health and accident risk	IPA	Aug 2017
Insure project vehicles	PCU	Aug 2017

50. Procurement: The mission rated procurement as Moderately Satisfactory. Review of the procurement processes carried out revealed that there was compliance with IFAD procurement guidelines. The Mission noted that there has been proper documentation of processes and the documents have been properly filed. The Mission noted that the procurement plan for the year 2016-17 is in line with the Annual Work Plan and Budget. The plan includes goods, work and services for a total cost of USD 4,393,520.00 (see attached procurement plan for

2016-17). The agreed actions of the last supervision mission have been updated in the procurement plan with actual dates and a contract register has also been updated. However, the AFAP needs to fast track the completion of the hiring process of staffing positions of Monitoring and Evaluation Specialist, Community Development Officer/Specialist and Aquaculture Specialist. The Mission reminded the Project Coordination Unit (PCU) that they can always seek hands-on procurement support from the IFAD Country Office whenever there is a need.

51. Progress made with the implementation of the procurement plan. Category Goods: Based on the procurement plan under goods category the project has planned an estimated amount of US\$500,000.00 out of which the project has procured the furniture and equipment as part of the implementation. However, the procurement continues to be delayed due to extremely limited availability of relevant expertise in the local market. No major procurement has been carried out during the reporting period. The Mission took note of the reimbursement of USD 200,333.00 and advised the project to start the procurement process of two (02) double cabin pickups and one (01) station wagon, immediately, through UNOPS by using the procurement method of International Competitive Bidding (ICB).
52. The mission has reviewed the documents of procurement of two (02) boats to be used for monitoring and surveillance of fishing areas within the rivers and other inland water bodies. The boat model provided is of high standard professional boats. During the review, it was noted that recommended bidder's price quoted is AoA 60,416,979.76 equivalent to USD 366,163.5 which is 10 times higher than the budgeted cost of USD 34,000.00. However, considering the project requirements, the Mission advised AFAP to re advertised to procure the boat through ICB.
53. The mission has also noted that the procurement of five (05) motorcycles for the project implementation activities was aborted due to lack of response from the potential bidders. To this effect, the Mission advised AFAP to procure the motorcycles through UNOPS by using the procurement method of ICB.
54. Agreed actions for the Category Goods. The Mission noted that the project has not maintained a log to monitor points of delays in the procurement processes that would enable IFAD/IPA to focus attention in dealing with these delays. The Mission recommends that PCU should take all the necessary steps to complete the remaining bidding

documents in expediting the procurement of planned activities before the next mission.

55. Category Works: The project has planned four (04) activities with an estimated cost of USD 307,000. These include: Construction of seven (07) dams in the project target areas, modest upgrade of hatchery drainages and access roads in Malange Province, rehabilitation of Malange fish hatchery including Lab. equipment and construction of two (02) earth ponds in the project target areas. The project has already initiated the development of technical specifications and designs in close collaboration of IPA. Agreed actions: PCU with the support of ICO (Procurement Management Specialist/Civil Engineer) should take all the necessary steps to finalize the Bill of Quantities (BoQs)/bidding documents and provide support to PCU in expediting the procurement of works before closing the year end.
56. Category Services: The AFAP has planned twenty-five (25) activities with an estimated cost of USD 2,262,520 under consultancy services of firms and individual consultants out of which: Baseline Survey and Census Study in the Project target Provinces of Bengo, Kwanza North, Luanda and Malange, Women Headed Household Census in the Provinces of Bengo, Kwanza North, Luanda and Malange, Consultants Services for Inland Artisanal Fishery Census, hiring of consultant for Market Study, consultant for inland artisanal fishery census, consultant to establish a fisheries monitoring system and hiring a consultant to promote an integrated community development already under the final contract negotiation stage. Special Studies on Food Security and Nutrition in the Provinces of Bengo, Kwanza North, Luanda and Malange are at the preparation of TORs stage and procurement has been initiated. IFAD has provided all the necessary clearances and No Objections for the combined technical and financial evaluation reports. However, the procurement for hiring the individual services were not finalised yet due to non-availability of qualified expertise in the local market. In addition, taking into consideration the lack of proper individual expertise with community development, AFAP has made a thorough assessment about service provider in community development through specialized NGOs and made a request to the mission to go through direct contracting of ADPP, which has a strong background and experience with different donors including WB and AfDB in implementation project in project's zone. Taking into consideration the justifications provided by AFAP and to fast track the

implementation, the mission was in agreement to approve the request and advise the project to submit immediately, the required documents to IFAD for review and no objection.

57. Contract Management: A contracts register with all contracts, including closed contracts should be generated. Contract monitoring forms for all on-going and subsequent contracts should be generated, maintained and updated to improve contract management system. The Mission advised the Procurement Specialist to formalize its contract management role so that timely submission of high quality outputs and deliverables can be ensured from each consulting assignments.

58. Record Keeping/Filing System: The Mission has reviewed the record-keeping system and observed that there is a consolidated filing system in place. All the procurement related documents are available and are organized for each procurement item. Agreed action: In line with good procurement practices, the PCU should extend the filing system to include purchase order, invoice, good receiving note (GRN) and acknowledgement of payments.

59. Fixed Assets Register: Maintaining an up to date fixed asset register is an important internal control element, reducing risk of misuse and loss of assets. The Mission reviewed the AFAP fixed asset register and noted that items procured are registered in the asset register and marked with inventory identification code stickers.

Agreed action	Responsibility	Agreed date
1. Fast track the completion of the PCU staffing positions	PS/PC	Immediately
2. Log all of the procurement at each stage to monitor how the time taken for each step may be decreased.	PS/PC	Immediately & continuously
3. Take all the necessary steps to prepare the remaining procurement of goods, works and services	PS/PC/ICO	Immediately
4. Fast track the hiring of service providers	PS/PC	Immediately
5. PCO should extend the filing system to include purchase order, invoice, good receiving note (GRN) and acknowledgement of payments	PS/FAM	continuously
6. Formalize the contract management role so that timely submission of high quality outputs and deliverables can be ensured from each consulting assignments.	PS/PC	Immediately & continuously

60. Audit. As agreed in the joint IFAD-Government of Angola Supervision Mission of November 2017, the audit of the 2016 Financial Statements will be combine with the audit of the 2017 Financial Statements to be carried out in early 2018. It was agreed that AFAP will finalize the 2016 Financial Statements and share with IFAD, and launch the tender for the audit exercise before end of the year 2017.

F. Sustainability.

61. Any substantive commentary on issues related to sustainability is limited due to the early stages of project implementation.

G. Conclusion

62. While the mission appreciates the efforts made in establishing some of the basic elements for project's start up, project implementation is still slow. Limited physical progress has been made for the two components. To date overall disbursement under the IFAD loan is about 12.65 percent some 20 months after project effectiveness, which is unsatisfactory. Therefore, AFAP needs to enhance its delivery system and improve outreach for aquaculture activities at provincial level in particular Malanje province, given the expected acceleration of activities in the coming months and the forthcoming MTR in 2018. It is now critical that the PCU closely follows the plan of action agreed during this supervision mission.

Appendix 1: Summary of project status and ratings

Project 1679 [1100001679] Artisanal Fisheries and Aquaculture Project – Draft

Basic Facts

Country	Angola			Project ID	1679 [1100001679]	Loan/DSF/Grant/ASAP FI No.	2000000815
Project	Artisanal Fisheries and Aquaculture Project					Top-up Loan/DSF/Grant/ASAP FI No.	
Date of Update	20-May 2017						
Supervising Inst.	IFAD						
No. of Supervisions	1	No. of Implementation Support/Follow-up missions	2				
Last Supervision	25-Nov-2016	Last Implementation Support/Follow-up mission	25 November 2016				

					USD million	Disb. rate %
Approval	10-Apr-2015			Total financing	12.14	
Agreement	26-Aug-2015	Effectiveness lag	4.6	IFAD Total	11.15	
Entry into force	26-Aug-2015	PAR value	APP	IFAD loan	11.15	12.65
First disbursement	14-Jul-2016			DSF grant		
MTR		Last amendment		IFAD grant		
Original completion	30-Sep-2021	Last audit		ASAP grant	0.00	0
Current completion	30-Sep-2021			Domestic Total	0.99	
Current closing	31-Mar-2022			National Govern	0.99	0
No. of extensions	0			External Cofinancing Total		

Project Performance Ratings

B.1 Fiduciary Aspects	Last	Current	B.2 Project implementation progress	Last	Current
1. Quality of financial management	3	3	1. Quality of project management	3	3
2. Acceptable disbursement rate	5	3	2. Performance of M&E	2	2
3. Counterpart funds	2	2	3. Coherence between AWPB & implementation	4	3
4. Compliance with financing covenants	3	3	4. Gender focus	4	4
5. Compliance with procurement	3	3	5. Poverty focus	4	4
6. Quality and timeliness of audits	4	4	6. Effectiveness of targeting approach	4	4
			7. Innovation and learning	4	4
			8. Climate and environment focus	4	3

B.3 Outputs and outcomes	Last	Current	B.4 Sustainability	Last	Current
Outputs/component 1: inland artisanal fisheries	4	3	1. Institution building (organizations, etc.)	4	4
Outputs/component 2: small scale aquaculture	4	3	2. Empowerment	4	4
			3. Quality of beneficiary participation	4	4
			4. Responsiveness of service providers	4	4
			5. Exit strategy (readiness and quality)	4	4
			6. Potential for scaling up and replication	4	4

B.5 Justification of ratings

A standard average rating of 4 has been applied to all because the project has just started.

Overall Assessment and Risk Profile

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

Rationale for implementation progress rating

Likelihood of achieving the development objectives (section B3 and B4) As at 30 April 2017 total disbursement reached SDR 1,001,318 (USD 1,382,071), which represents 12.65% of the total loan allocation (USD 11.1 million). Considering that AFAP is in its second year of implementation, the disbursement rate is classified as moderately unsatisfactory compared to the performance of similar IFAD projects in the fisheries sector.

Rationale for development objectives rating

A standard average rating of 4 has been applied to all because the project has just started.

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

Fiduciary aspects	The overall assessment has been rated moderately satisfactory with a major shortcoming being lack of segregation of duties and poor implementation of internal controls. Financial execution is low, at only 4% of total project costs. At this pace of implementation, AFAP risks reaching completion with less than 75% of total financial execution..
Project implementation progress	The project management team is facing different challenges. Currently, the PCU is partially staffed with the Project Coordinator, the Finance and Administration Manager, the Procurement Manager and the Fisheries' Technology Officer. Two major positions M&E Officer and Aquaculture specialist are yet to be filled. Efforts have been made by the project in the establishment of the basic elements for implementation, such as: (i) the organisation of 4 province-level workshops; the validation of the Project Implementing Manual (PIM); (iii) the training of 36 people on feed formulation, aquaculture techniques and business plan; (ii) the set up of a demonstration unit for training for saving energy device called "Chorkor" in Kicabo locality, the procurement work in progress for the Baseline Survey, study on Women Headed Household (WHH), study to zone/map potential areas for aquaculture and Inland Fisheries, study for fish feeding and fingerlings production. However, the implementation progress is mixed and the project effective start-up is still slow and therefore, lagging behind schedule. This delay in the PCU staffing is exerting heavy pressure on the under staffed PCU and delaying implementation of the 2017 AWPB as well as, the initiation of key project activities and management functions such as, planning, knowledge management and M&E system.
Outputs and outcomes	Project performance in terms of achieving outputs and outcomes is rated moderately unsatisfactory (3). Concerning the outcomes of AFAP, the implementation period, is rather short to analyse the outcomes of the project. Under component 1: Inland artisanal fisheries development, two field activities have been undertaken, one is a demonstration unit for training on energy saving called "Chorkor" at Kicabo locality in Bengo province, and the second is a training activity on fisheries management, processing and conservation. Under component 2: Small-scale aquaculture development, 2 training programmes have been implemented. 36 people were trained on feed formulation, aquaculture techniques and business plan. The second training was in aquaculture on ponds building techniques and fish production.

Sustainability

Any substantive commentary on issues related to sustainability is limited due to the early stages of project implementation.

Proposed Follow-up

Issue / Problem	Recommended Action	Timing	Status
Full staffing and management system are not yet in place.	High priority should be given to the effective PCO set-up with adequate staffing and management system in place including M&E. Responsibility: PCU, IPA and MF.	ASAP, no later than August 2017	Work in progress
Full staffing of the PCU is critical for project implementation. Before reaching this stage, options need to be considered.	To fast track AFAP implementation, the project should identify and recruit consultants to fill the gap until the effective recruitment of the full project management team (PMT). Responsibility: PCU, IPA and MF.	ASAP, June 2017.	
Base line survey not yet launched	Launch the baseline survey and validate the findings with all stakeholders including beneficiaries and implementing partners at national level as well as, provincial levels.	Continuous, starting June 2017, until end of September 2017.	
The M&E system not yet set up.	Set up the M&E system	ASAP, June 2017 and operational in September 2017.	
Not yet field activities	Launch effectively the aquaculture component, by targeting small farmers specifically in Malanje and fisheries in Kwanza North Provinces where there is a conducive environment for aquaculture production and marketing.	ASAP, June 2017.	
PROPESCA and PROAQUA in Mozambique, represents a potential for initiating South-South Cooperation with AFAP	AFAP should use the IFAD's South- South Cooperation Facility, in order to exchange experiences, organise exchange visits (for both project staff/ Government Officials and beneficiaries) as well as technical support on identified fields of interest. In this context, the project should elaborate technical study visits for extension workers and project staff to Mozambique to expose them to new and advanced fish farming experiences and technologies. Responsibility: PCU and IPA	August 2017.	
FSSP and AFAP share similar objectives and activities.	AFAP should establish a range of mechanisms to practically coordinate with FSSP. Due to many activities being very similar to AFAP, the following should be considered under a partnership framework including: (i) Joint periodic coordination and planning meetings; (ii) automatic sharing of key documents including progress and technical reports; (iii) development of a common approach to M&E and financial management system; (iv) development of common training materials and manuals with contents that do not give conflicting advices. Responsibility: PCU and IPA	June 2017 and operational August 2017.	

Additional observations

Appendix 2: Logical framework: Progress against objectives, outcomes and outputs (Not updated, not yet field activities).

Logical Framework Narrative Summary	Key Performance Indicators*	Means of Verification	Assumptions (A) / Risks (R)
Goal: Poverty reduced in artisanal inland fishing and small-scale fish-farming households in target communities	15,800 households receiving services from the project of which 9,980 associated with productive activities (fishing, fish processing and trading) and 5,820 associated with community development 4,300 HH out of poverty by project end	Baseline End of project assessment Health sector rapid assessments Impact assessment surveys Beneficiary database	(A) Long term political engagement, economic stability (A) Natural disasters do not impact local livelihoods and local food security strategies (A) Government assumes investment for social services
Project Development Objective: Improved food security and nutrition among artisanal inland fishing and fish-farming households	15,800 HH experience a reduction in the prevalence of chronic malnutrition from 29.2% to 25% 4,700 HH (30% of HH receiving project services) experiencing an improvement in dietary diversity index	Baseline survey End of project assessment Special project studies Impact assessment surveys Beneficiary database	(A) Prices remain within foreseeable inflation (R) Absence of service providers in project areas (R) Weak FM capacity in implementing agency.
Component 1: Inland Fisheries			
Outcome 1: Inclusive, sustainable inland fisheries sector development and management contributing to strengthened livelihood strategies at household level	3,300 fishermen, processors and traders reporting production/yield or sales increase 10,000 households with 30% increase in income levels 1 market and 5 processing facilities functioning	Baseline survey End of project assessment IFAD supervision reports Project statistics	(A) Continued access to land by small-scale fish-farmers/traders/farmers (A) Industrial fishing has limited effect on artisanal fisheries (R) Local authorities fail to manage project
Output 1.1: Institutional capacity strengthened (national, provincial, local / extension service)	Fisheries monitoring system in use in inland fishing areas between project year three and the end of the project 30 IPA staff trained in 3-4 of the following subjects: fish technology and fisheries management, outreach, climate change, gender, social issues and HIV/AIDS*	Baseline survey End of project survey Field staff reports Progress and annual reports Service provider reports Final report on the vulnerability and risk assessment and climate change adaptation proposal	(A) Effective coordination between the Ministry of Fisheries and other ministries (A) Good receptivity and effective involvement on the part of community members (A) Sound collaboration at community level between stakeholders and local authorities (A) Receptivity to good practices on the part of fishermen and other stakeholders (R) Delays in the recruitment and positioning of extension workers and other staff in the field (R) Delays in decision taking concerning proposed management measures (R) Delays in construction and supply of
Output 1.2: Improved community participation in economic and wider local development processes	60 climate change vulnerability assessments carried out 60 community development plans included in municipal government plans 60 communities targeted with awareness raising and educational interventions on climate change, gender, food security nutrition, mine detection and HIV/AIDS 20 communities in contiguous areas covered with 20 Savings	Three monthly reports of service providers	

* All targets to be revised after the completion of the baseline survey when Project-specific data becomes available. All indicators will be disaggregated by gender (men/women or men headed household/women headed household). Other activity related indicators will be collected by project implementers to track targeting effectiveness, and results obtained by men and women targeted), age and target group where relevant.

	Groups, properly trained in financial management skills and supervised by specialized service providers and operating actively at project end		equipment (R) Delays in the appointment of staff to operate the new facilities
Output 1.3: Increased quantity and quality of fish produced and sold on a sustainable basis	<ul style="list-style-type: none"> ☐ 3,000 people trained in fish production practices/technologies practices along the fish production chain* ☐ 10,000 people trained in functional literacy* ☐ 5,600 people trained in post-production, processing and marketing* 		
Output 1.4: Improved market related infrastructure	<ul style="list-style-type: none"> ☐ 40 Km of roads constructed / rehabilitated ☐ 5 market, processing facilities constructed/rehabilitated ☐ 30 villages with improved transport routes 		
Component 2: Aquaculture			
Outcome 2: Inclusive, sustainable small-scale aquaculture sector management & development contributing to strengthened livelihood strategies at household level	<ul style="list-style-type: none"> ☐ 960 fish-farming households reporting production / yield increase ☐ 960 households with 30% increase in income levels* 	Baseline survey End of project assessment IFAD supervision reports Project statistics	(A) Continued access to land by small-scale fish-farmers/traders/farmers (A) IPA assumes extension agents as part of operational costs after two years (A) Good governance practices in place
Output 2.1: Institutional capacity strengthened (national, provincial, local / extension service)	<ul style="list-style-type: none"> ☐ Aquaculture monitoring system in use in target areas between project year three and the end of the project ☐ 20 government officials/staff trained in aquaculture management, outreach, climate change, gender, mines, social issues and HIV/AIDS* 	Baseline survey End of project survey Field staff reports Hatchery reports Progress and annual reports Service provider reports	(A) State institutions execute maintenance of infrastructure (R) Existing policy constraints impede achievement of component outcome (R) Government does not have resources to sustain hatchery and milling station infrastructure improvements after close of project.
Output 2.2: Improved community participation in economic and wider local development processes ~	<ul style="list-style-type: none"> ☐ 10 climate change vulnerability assessments carried out ☐ 10 community development plans included in municipal government plans ☐ 5 communities in contiguous areas covered with 5 Savings Groups, properly trained in financial management skills and operating actively at project end ☐ 10 communities targeted with awareness raising and educational interventions on climate change, gender, food security nutrition, mines and HIV/AIDS 	Three monthly reports of service providers	(R) Difficulties to define effects of CC. (R) Limited institutional capacity in CC in project institutions could impede achievement of objectives.
Output 2.3: Increased quantity and quality of fish produced in fish ponds and sold on a sustainable basis	<ul style="list-style-type: none"> ☐ 960 fishponds supported by the project* ☐ 1,300 people trained in aquaculture production, processing, marketing and functional literacy* 		
Output 2.4: Hatchery infrastructure provides project clients with required inputs	☐ 1 million fingerlings produced and distributed to farm-fishing households		

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

Action Area	Action Agreed	Whom	Dates
Project Implementation	High priority should be given to the effective PCO set-up with adequate staffing and management system in place including M&E.	PCU,	ASAP, no later than August 2017.
	To fast track AFAP implementation, during the transition period before reaching the full staffing of the PCU, the project should identify and recruit consultants to fill the gap until the effective recruitment of the full project management team (PMT).	PCU	ASAP, no later than July 2017.
	Completion and validation of Baseline survey report with all stakeholders.	PCU	No later than August 2017.
	Set up the project M&E system. In addition, the PCU needs to establish a robust knowledge management and learning (KML) system that will allow effective monitoring, periodic reviews, communication and learning of the Project.	PCU	No later than August 2017.
	Complete and validate Studies on Women Headed Household (WHH), Inland Fisheries Census (IFC), Mapping Study (MpS) and Market Study (MkS) with all stakeholders.	PCU	No later than August 2017.
	The project should initiate on priority basis, the aquaculture related activities, specifically in Malange Province that has conducive environment for aquaculture production.	PCU	Immediately, no later June 2017
	The project has gained substantial experience over the second year of implementation, which requires some modifications to be introduced into the PIM. IFAD should make comments on the initial draft and PCO should submit a revised PIM to IFAD and the Government.	PCU	July 2017
	AFAP should establish a range of mechanisms to practically coordinate with FSS. Due to many activities being very similar to AFAP, the following should be considered under a partnership framework including: (i) Joint periodic coordination and planning meetings; (ii) automatic sharing of key documents including progress and technical reports; (iii) development of a common approach to M&E and financial management system; (iv) development of common training materials and manuals with contents that do not give conflicting advices.	PCU and IPA	July 2017
	AFAP should use the IFAD's South- South Cooperation Facility, in order to exchange experiences, organise exchange visits (for both project staff/Government Officials and beneficiaries) as well as technical support on identified fields of interest. In this context, the project should elaborate technical study visits for extension workers and project staff to Mozambique to expose them to new and advanced fish farming experiences and	PCU	August 2017.

	technologies.		
Outputs	The project should prepare a concept note to be discussed with the stakeholders and the Ministry of Fisheries, in view of developing a policy oriented action plan that would be implemented in close collaboration with the Ministry of Fisheries. The progress of the action plan will be reviewed by regular supervision missions but will be assessed thoroughly by the MTR for any revision and amendments.	PCU and IPA	August 2017.
	Expedite the undertaking of the mapping study that would be instrumental in identifying areas with high potential for aquaculture development in particular in Malange province	PCU	End of July 2017.
	Priority should be given to the hatchery rehabilitation, as well as, the need to enhance the quality level of aquaculture demonstration unit.	PCU	June 2017.
	The tilapia fish hatchery in Malanje should be restructured into a unit for improved tilapia fingerling production.	PCU	June 2017.
	AFAP should also plan for the provision of start-up package, consisting of fish pond construction equipment and fingerlings for first stocking, to support new and existing farmers at the beginning of their farming operations.	PCU	June 2017.
	Since the objectives of the Aquaculture National Plan are quite similar to those of AFAP, close interactions will need to be secured, to draw lessons and develop synergies and complementarities.	PCU, IPA	June 2017.
	AFAP should plan on priority basis for operational awareness workshops with small farmers and thereafter prepare a comprehensive aquaculture development plan in Malange, which should take into consideration the findings of the mapping study, the feed and fingerling studies and the lessons from the Aquaculture National Programme.	PCU	June 2017.
	To carry out the programme, AFAP should consider the establishment of Provincial Governance Committee (PGC) initially (with replication later in the remaining two prpvinces) in Malange, to ensure good governance and accountability during implementation.	PCU	June 2017.
	The project should adopt a phased approach, focusing initially on fish farmers training and subsequently on investment support based on learning by doing, and relying on service providers for the implementation of activities outside the core competencies of IPA Any substantive commentary on issues related to sustainability is limited due to the early stages of project implementation.	PCU	June 2017.
	Any substantive commentary on issues related to sustainability is limited due to the early stages of project implementation.		
Sustainability			

Fiduciary Aspects	Purchase mini-server for accounting software	PCU	Aug 2017
	Submit unaudited Financial Statements for year 2016	PCU	Jun 2016
	Contract vehicle refuelling services	PCU	Aug 2017
	Follow up on provision of counterpart funds	PCU/IPA	Nov 2017
Procurement	Fast track the completion of the PCU staffing positions	PS/PC	Immediately
	Log all of the procurement at each stage to monitor how the time taken for each step may be decreased.	PS/PC	Immediately & continuously
	Take all the necessary steps to prepare the remaining procurement of goods, works and services	PS/PC/ICO	Immediately
	Fast track the hiring of service providers	PS/PC	Immediately
	PCO should extend the filing system to include purchase order, invoice, good receiving note (GRN) and acknowledgement of payments	PS/FAM	continuously
	Formalize the contract management role so that timely submission of high quality outputs and deliverables can be ensured from each consulting assignments.	PS/PC	Immediately & continuously

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

NA. the project just started
with no activities under
components.

Appendix 5: Financial: Actual financial performance by financier; by component and disbursements by category.

Table 5A: Financial performance by financier

Financier	Approved (US\$ '000)	Current (US\$ '000)	Disbursement (USD '000)	Per cent disbursed
IFAD loan	11,149.0	11,149.0	1,382.1	12.4%
Government	989.0	989.0	-	0.0%
Total	12,138.0	12,138.0	1,382.1	11.4%

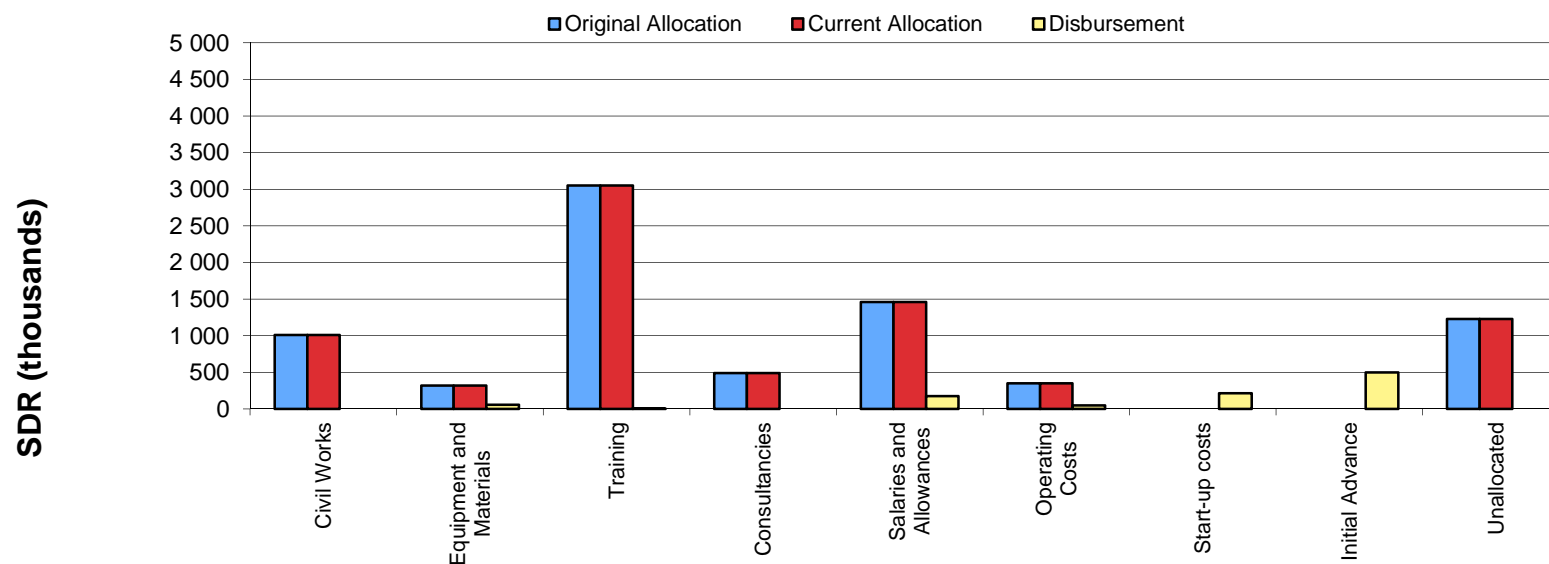
Table 5B: Financial performance by financier by component (USD)

Component	IFAD loan			GoA			Total		
	Current Allocation	Actual Expenditure	%	Current Allocation	Actual Expenditure	%	Current Allocation	Actual Expenditure	%
1. Inland Fishery	5,208,000.0	3,808.0	0.1%	627,000.00	-	0%	5,835,000.0	3,808.0	0.1%
2. Aquaculture	2,335,000.0	13,081.0	0.6%	279,000.00	-	0%	2,614,000.0	13,081.0	0.5%
3. Project Management	1,875,000.0	442,546.0	23.6%	83,000.00	-	0%	1,958,000.0	442,546.0	22.6%
Unallocated	1,732,000.0	-	0.0%	-	-	0%	1,732,000.0	-	0.0%
Total	11,150,000.0	459,435.0	4.1%	989,000.00	-	0%	12,139,000.0	459,435.0	3.8%

Table 5C: IFAD loan disbursements (SDR, as at 12 May 2017)

	Category Description	Original Allocation	Current Allocation	Disbursement	Balance	Per cent disbursed	W/A Pending
I	Civil Works	1,010,000	1,010,000	0	1,010,000	0%	
II	Equipment and Materials	320,000	320,000	56,253	263,747	18%	
III	Training	3,050,000	3,050,000	3,381	3,046,619	0%	
IV	Consultancies	490,000	490,000	0	490,000	0%	
V	Salaries and Allowances	1,460,000	1,460,000	177,646	1,282,354	12%	
VI	Operating Costs	350,000	350,000	47,570	302,430	14%	
	Start-up costs	0	0	215,638	-215,638	0%	
	Initial Advance	0	0	500,830	-500,830	0%	
	Unallocated	1,230,000	1,230,000	0	1,230,000	0%	
	Total	7,910,000	7,910,000	1,001,318	6,908,682	13%	

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



Appendix 6: Compliance with legal covenants: Status of implementation

Section	Covenant	Target/Action Due Date	Compliance Status/Date	Remarks
GC Section 4.08. Eligible Expenditures	(a) The Financing shall be used exclusively to finance expenditures meeting each of the following eligibility requirements: (i) expenditure for reasonable cost of goods, works and services required for the Project and covered by the relevant AWPB and procured in conformity with the Fund's Procurement Guidelines. (ii) expenditure incurred during the Project Implementation Period, except that expenditures to meet the costs of winding up the Project which may be incurred after the Completion Date but before the Financing Closing Date.	Continuous	Will be monitored during implementation	Resolved. One case of ineligible expenditure has been identified as of 31 October, 2016. On 2 May 2017 GoA has reimbursed all amounts due in ineligible expenditures.
GC Section 7.02. Availability of Financing Proceeds	(b)The Borrower may open and maintain one or more Project Accounts for Project operations in a bank acceptable to the Fund, and shall identify the Project Party responsible for operating such account or accounts.		A project account in AOA was opened. Due to the volatile exchange rate and the need to limit payments directly from the designated account. An additional project account in USD has been opened	Resolved.
GC Section 7.03. Availability of Additional Resources	(a) In addition to the proceeds of the Financing, the Borrower shall make available to the Project Parties: (i) such funds, facilities, services and other resources as may be required to carry out the Project in accordance with Section 7.01. (ii) counterpart funds from its own resources in accordance with its customary national procedures for development assistance.	Continuous	Not yet done	Not resolved. As at 12 May 2017 Government has not transferred its counterpart contribution to the project. To be monitored.
GC Section 7.05. Procurement	(a)Procurement of goods, works and services financed by the Financing shall be carried out in accordance with the provisions of the Borrower/Recipient's procurement regulations, to the extent such are consistent with the IFAD Procurement Guidelines. Each Procurement Plan shall identify procedures which must be implemented by the Borrower/Recipient in order to ensure consistency with the IFAD Procurement Guidelines.	Continuous	Will be monitored during implementation	Procurement of vehicles done in AOA and payment made in USD was declared a mis-procurement
	(b)The Fund may require that all bidding documents and contracts for procurement of goods, works and services financed by the Financing include provisions requiring bidders, suppliers, contractors, sub-contractors and consultants to: (i) allow full inspection by the Fund of all bid documentation and related	Continuous	Will be monitored during implementation	

Section	Covenant	Target/Action Due Date	Compliance Status/Date	Remarks
	records; (ii) maintain all documents and records related to the bid or contract for three years after completion of the bid or contract; and (iii) cooperate with agents or representatives of the Fund carrying out an audit or investigation.			
GC Section 7.08. Insurance	(a)The Borrower/ the Lead Project Agency shall insure all goods and buildings used in the Project against such risks and in such amounts as shall be consistent with sound commercial practice. (b)The Borrower or the Lead Project Agency shall insure the goods imported for the Project against hazards incident to the acquisition, transportation and delivery thereof to the place of use or installation in accordance with sound commercial practice.	Continuous	Will be monitored during implementation	Not yet done for procured vehicles
GC Section 7.11. Key Project Personnel	The Borrower or the Lead Project Agency shall appoint the Project Coordinator and all other key Project personnel in the manner approved by the Fund. All key Project personnel shall have qualifications and experience specified approved by the Fund. The Borrower shall exercise best efforts to ensure continuity in key Project personnel throughout the Project Implementation Period. The Borrower or the Lead Project Agency shall insure key Project personnel against health and accident risks to the extent consistent with sound commercial practice or its customary practice in respect of its national civil service, whichever is appropriate.	Continuous	Will be monitored during implementation	Partially resolved. Finance Manager has been contracted. However, M&E Officer position still vacant. Key project personnel not insured against health and accident risks.
GC Section 7.12. Project Parties	Each Project Party shall, as required to carry out the Project in accordance with Section 7.01: (a) promptly take all necessary or appropriate action to maintain its corporate existence and to acquire, maintain and renew its rights, properties, powers, privileges and franchises; (b) employ competent and experienced management and personnel; (c) operate, maintain and replace its equipment and other properties; (d) not sell, lease or otherwise dispose of any of the Project's assets, except in the normal course of business or as agreed by the Fund.	Continuous	Will be monitored during implementation	
GC Section 7.13. Allocation of Project Resources	The Borrower and the Project Parties shall ensure that the resources and benefits of the Project, to the fullest extent practicable, are allocated among the Target Population using gender disaggregated methods.	Continuous	Will be monitored as implementation continues	
GC Section 7.14. Environmental Factors	The Borrower and the Project Parties shall take all reasonable measures to ensure that the Project is carried out with due diligence in regard to environmental factors and in conformity with national environmental laws and any international treaties to which the Project Member State may be party. In particular, the Project Parties shall maintain appropriate pest management practices under the Project and, to that end, shall comply with the principles of	Continuous	Will be monitored as implementation continues	

Section	Covenant	Target/Action Due Date	Compliance Status/Date	Remarks
	the International Code of Conduct on the Distribution and Use of Pesticides of FAO, as amended, and ensure that pesticides procured under the Project do not include any pesticide formulation which would be classified as Extremely Hazardous (Class Ia) or Highly Hazardous (Class Ib) according to the WHO Recommended Classification of Pesticides by Hazard, as amended.			
GC Section 9.02. Financial Statements	The Borrower shall deliver to the Fund detailed financial statements of the operations, resources and expenditures related to the Project for each Fiscal Year prepared in accordance with standards and procedures acceptable to the Fund and deliver such financial statements to the Fund within 4 months of the end of each Fiscal Year.	30 April each year		Unresolved. Unaudited Financial Statements for the year ended 2016 have not been prepared yet. Project to submit them for IFAD review no later than June 2017.
GC Section 9.03. Audit of Accounts	The Borrower shall: (a)each Fiscal Year, have the accounts relating to the Project audited in accordance with auditing standards acceptable to the Fund and the Fund's Guidelines on Project Audits (for Borrowers' Use); (b)within 6 months of the end of each Fiscal Year, furnish to the Fund a certified copy of the audit report. The Borrower shall submit to the Fund the reply to the management letter of the auditors within one month of receipt thereof; (c) if the Borrower does not timely furnish any required audit report in satisfactory form and the Fund determines that the Borrower is unlikely to do so within a reasonable period, the Fund may engage independent auditors of its choice to audit the accounts relating to the Project. The Fund may finance the cost of such audit by withdrawal from the Loan and Account.	30 June, every year	Not yet due	First audit will be done as at 31/12/2017
GC Section 9.04. Other Financial Reports and Information	In addition to the reports and information required by the foregoing provisions: (a)The Borrower and the Project Parties shall promptly furnish to the Fund such other reports and information as the Fund shall reasonably request on any financial matter relating to the Financing or the Project or any Project Party. (b)The Borrower shall promptly inform the Fund of any condition that interferes with, or threatens to interfere with, the maintenance of Loan Service Payments. (c) The Project Member State shall promptly furnish to the Fund all information that the Fund may reasonably request with respect to financial and economic conditions in its territory, including its balance of payments and its external debt.	Continuous	To be monitored as implementation continues	Unresolved. No financial reports have been prepared and submitted to IFAD so far.
GC Section 11.01. Taxation	(c)The use of any proceeds of the Financing to pay for Taxes is subject to the Fund's policy of requiring economy and efficiency in the use of its Financing. Therefore, if the Fund at any time determines that the amount of any such Tax	Continuous	Identified cases have been brought to the attention of the LPA	

Section	Covenant	Target/Action Due Date	Compliance Status/Date	Remarks
GC Section 11.02. Tax Refunds	is excessive, discriminatory or otherwise unreasonable, the Fund may reduce the percentages of Eligible Expenditures to be financed by the Financing. If the Fund determines at any time that any amount of Financing proceeds have been used to pay Taxes that it has determined to be excessive, discriminatory or otherwise unreasonable, it may require the Borrower/Recipient to refund such amount promptly to the Fund.	Continuous	As above	

Appendix 7: Financial Management.

Financial Management

Introduction. Based on the terms of reference for the AFAP Supervision Mission, an assessment of the project's Financial Management (FM) was carried out between in May 2017. The Mission carried out an SOE review of WAs 3 and 4, provided hands-on training on IFAD's FM guidelines and procedures, especially considering that a new Finance Manager has recently joined the team, replacing the previous Finance Manager that resigned in October 2016. The Mission also reviewed the level of compliance of the internal controls with the Financial Management Procedures Manual (FMPM) and advised the project team accordingly. Finally, the Mission prepared the Financial Management Questionnaire at Supervision (FMAQS) and discussed the ratings with the project team.

As the aide memoire section on Fiduciary Aspects was very detailed, this technical note will concentrate on concrete actions that should be employed by the AFAP team to increase quality of FM arrangements and to decrease the overall fiduciary risk evaluated in the FMAQS.

The following financial management arrangements were analysed during the mission

- 1) staffing – IPA has replaced the former Finance Manager who resigned in October 2016. The new Finance Manager is being brought up-to-speed with IFAD guidelines on financial management;
- 2) budgeting and financial reporting – the project is implementing the initial 18-month AWPB, however, the lack of year-end and quarterly financial reports shows a deficiency in budget monitoring. It was agreed that the project will prepare and submit the annual financial report for the year 2016, and prepare semi-annual reports more consistently;
- 3) internal controls – review of payment supporting documentation showed some deficiencies in internal control, especially in the authorization of some payments. More details are presented in the paragraph on review of SOE items;
- 4) accounting – the implementation of PRIMAVERA is well under way, and the Mission commends the fact that the system is up-to-date. However, as the system is currently running in the Finance Manager's personal computer, it was agreed that AFAP will purchase a mini-server with automatic back-up capabilities to house the accounting software to mitigate the risk of data loss;
- 5) bank reconciliations – reconciliation of accounts is also being performed regularly, and the review of the available documentation showed only minor outstanding reconciliation items. The issue of ineligible expenditures of USD 200,333 for the purchase of project vehicles, has been resolved.

Budgeting. AFAP is currently implementing its first, 18-month AWPB. A major flaw of the AWPB has been the lack of clear segregation of project financiers, i.e. the AWPB did not show the total amount being contributed by both IFAD and GoM. Due to this, the project was unable to clearly budget the Government contribution.

Recommendation. AFAP should review the 18-month AWPB in order to show the budget by financier. Additionally, care must be taken while preparing the 2018 AWPB to show all financiers.

Financial reporting. Due to the resignation of the project's Financial Manager, AFAP was left with this position vacant from October 2016 up to March 2017. This has had

an impact on the quality of FM. The Finance Manager has started working in the project on 1 April 2017. The financial reports of the project were not available at the beginning of the mission. Additionally, the end of year financial progress report for the year 2016 (as well as the Financial Statements), showing all project expenditures by components and categories, was not available for review. The mission shared a few templates and provided training for the project on the preparation of the financial reports. **Recommendation:** for ease of reference this technical note presents the list of financial progress tables that must be presented for each report:

1. Financial Progress Report (to be presented semi-annually either in USD or AOA)

- a. Table on the financial performance for each financier, showing: total allocation, cumulative disbursement, and cumulative execution up to report date. Percentage in comparison to total allocation will also be shown.
- b. Table on AWPB expenditures by project **components** and **financier** (showing total AWPB allocation vs actual expenditures and percentage).
- c. Table on AWPB expenditures by project **categories** and **financier** (showing total AWPB allocation vs actual expenditures, and percentage).
- d. Table on cumulative (to report date) expenditures by **components** and **financier** (showing total project allocation vs cumulative expenditures and percentage).
- e. Table on cumulative (to report date) expenditures by **categories** and **financier** (showing total project allocation vs cumulative expenditures and percentage).
- f. Table of reconciliation of Designated Account as at the report date (form 104B). In addition, reconciliation of all project accounts at the same date.
- g. Updated registry of contracts.
- h. Updated registry of fixed assets.

2. Year End Financial Statements (to be presented either in AOA or USD)

- a. Statement of receipt and payments by category of expenditures and disaggregated by financier) as of 31 December of the year under consideration.
- b. Statement of receipt and payments by component of expenditures and disaggregated by financier as of 31 December of the year under consideration.
- c. Statement of comparison of budget and actual amounts for the year under consideration.
- d. Statement of Designated Account activities as well as Reconciliation of Designated Account (also based on the reconciliation of the various operational accounts)
- e. List of WAs submitted within the year under consideration with disbursed amount and value dates.

- f. Registry of contracts.
- g. Registry of fixed assets.

Withdrawal applications. The mission reviewed WA 3 and 4. Two major issues were noted in the preparation of the WA;

1. *SOE threshold.* The SOE threshold was not respected in one of the items presented in a form 102. The contract for item 2 of WA 3 (purchase of office furniture) amounted to USD 42,790.6, above the SOE threshold of USD 25,000. This expenditure should have been claimed in a form 101, and the full supporting documentation submitted with the WA. The Mission provided support on the preparation of WAs. **Recommendation:** AFAP team must review IFAD's Loan Disbursement Handbook (LDH) for instructions on how to prepare WAs. In case of necessity, the project may translate the handbook to Portuguese for ease of reference of FM staff.
2. SOEs for category 6 (operating costs) show several sub-categories. For example, all the travel expenditures of the project have been lumped together within a sub-category named *travel*. **Recommendation:** the project must present a list of SOE items that closely follows the list of expenditures as generated by the accounting software PRIMAVERA.
3. Of the SOEs that were visited, the mission noted the lack of several supporting documents, exemplified by the lack of receipts, certificates of delivery of goods, and procurement documentation for national shopping (all these details are presented in the SOE checklist). **Recommendation:** AFAP must follow the provisions set forth in the LDH under section 3.1.d *Supporting documentation*. As stated in the section, the supporting documentation for all SOEs submitted through WAs must include, as minimum documentation, the following:
 - a. For all cases described in b) through d) below:
 - i. The signed contract or confirmed purchase order – showing the specified amount that is due to be paid;
 - ii. The bank guarantee for advance payment, as specified in the contract documents;
 - iii. The bank guarantee for performance, as specified in the contract documents;
 - iv. Copies of communications sent by the IFAD country programme manager to the lead project agency providing the 'no objection' (whether post or prior) to the contract award; and
 - v. Evidence of payment.
 - b. For payment of goods, in addition to a):
 - i. Supplier's invoice, duly certified for payment by the project director – specifying the goods, their quantities, and prices;
 - ii. Bills of lading or similar documents; and
 - iii. As appropriate, the certificate of delivery (to include condition of goods on delivery).
 - c. For payment of consultants' services and other services, in addition to

- (i):
 - i. The supplier's or consultant's claim, duly certified for payment by the project director and showing sufficient detail. If such services relate to the importation of goods (for example, freight and insurance payments), adequate reference should be given to enable the Fund to relate each of these items to specific goods whose cost has been or is to be financed by the financing closing date; and
 - ii. As appropriate, a certificate of delivery of satisfactory services.
 - iii. Contract monitoring form.
- d. For progress and retention payments of civil works, in addition to (i):
 - i. The claim of the contractor, including a financial progress report, stating the work performed and the amount due;
 - ii. A certificate – signed by the project consultants or owner's representative, if any, or by the borrower's chief engineering officer or resident supervising engineer assigned to the project, to the effect that the work performed is satisfactory and the payment claimed is due in accordance with the terms of the contract; and
 - iii. A copy of the contract payment monitoring form signed in original by the certifying officer.

Internal controls. The review of AFAP's supporting documentation for the SOEs submitted in WAs 3 and 4 showed several deficiencies in internal controls, with particular focus on lack of effective measures for segregation of duties. In part these shortcomings are justified based on the lack of a fully-staffed PIU, especially due to the departure of the former Finance Manager, and in part due to the lack of FM training of the team. The Mission had extensive discussions with the Project FM team and verified that the Financial Management Procedures Manual (FPMPM) has not been followed in several instances. **Recommendation:** the following provisions must be implemented by the project:

1. Payment support documentation (vouchers):
 - a. AFAP uses vouchers (*pedido de fundos*) to authorize payments of expenditures. However, several vouchers were incomplete, missing signatures of project officers. The project finance team should only process payments once cleared by the Project Coordinator. The Project Coordinator may require a signature of the Finance Manager (that sufficient funds are available for the payment) and from the Procurement Officer (that the activity is in line with the approved Procurement Plan).
2. Management of petty cash:
 - a. The management of large amounts of cash should be discouraged. Whenever possible, funds should flow between bank accounts. Additionally, the project accountant is currently both the Treasurer and responsible for registration of expenditures in the accounting software. To increase quality of FM, it is advisable that the functions of Treasurer

be transferred to the Administrative Assistant, under the overall oversight of the Finance Manager.

- b. The project should, as much as possible, avoid payment in cash of services related to workshops, training and other related activities. Whenever possible, bank details of service providers for accommodation and meals should be requested in advance, and the amounts due transferred to the bank accounts of the service providers.

3. Travel expenditures:

- a. Use a Travel Authorization (TA) detailing the estimated costs of the trip, including per diem, fuel (if any), and other costs. TAs for project staff must be approved by the Project Coordinator. The TAs for the Project Coordinator should be approved by the Director of IPA, or an appointed delegate.
- b. To avoid the management of large amounts of cash for travel related expenditures in the project's petty cash, AFAP should transfer, whenever possible, the per diem to a bank account indicated by the traveller. This provision would be applicable to project staff and IPA staff. For workshop participants who do not have bank accounts, the amounts due in per diem should come from the petty cash and later reconciled once the traveller brings the list of participants who received the per diem (duly signed by each participant, and certified by the traveller herself).
- c. The per diem rate should be re-evaluated. Currently, AFAP uses a rate of USD 300 as per the project cost tables. However, the rate is currently used for all travel, both international and national. AFAP should assess the rate of per diem of other IFI projects (SADCP WB, financed by the World Bank and the AFDEP, financed by the AfDB), as well as evaluate accommodation costs in the provinces of intervention. Following this exercise, AFAP should submit a request for no-objection for an updated national per diem rate based on location. As the international rate is in line with Government's, it will remain invariable.
- d. Use Travel Expense Reports (ER) to reconcile TAs. ERs should be supplemented with documentation confirming actual travel (hotel bills, passport stamps, boarding passes, and for national travel *guias de marcha* – official document to be presented at the provincial/municipal delegations of Government institutions that should be stamped and dated to show actual travel of persons to specific locations). A Mission Report should also be annexed to the ER. Any amounts paid in advance for per diem in excess of the number of days of actual travel (as per the supporting documentation) should be reimbursed by the traveller to the project accounts before closure of the ER.

4. Fuel management:

- a. AFAP should introduce a logbook for vehicle management. The logbook should indicate beginning and end of each journey and total number of kilometres as per the vehicle's dashboard. The logbook

should also show a brief description of the reason for travel as well as the date, kilometres (as per dashboard) and number of litres of fuel for every refill operation. It is paramount that the logbook is kept up to date, as fuel management can be directly linked to number of kilometres travelled by the vehicle and it is important that the project is able to justify every movement of the vehicles. Ideally, the logbook should be uploaded as an Excel file every month for reconciliation.

- b. As some of the Project Staff have the right for fuel provision by the project, AFAP should provide the funds as a lumpsum at the beginning of each month, to avoid multiple refill bills. No further payments for fuel should be processed during a given month (however, in the context of a Travel Authorization, further fuel payments can be processed – however, use of personal vehicles for work related travel should be further justified).
- c. As agreed in the aide memoire, AFAP should enter into a contract for fuel provision. Ideally, the project should estimate the number of litres needed in a given year, and, undertake a procurement process (national shopping should suffice) to select a fuel provider. The fuel provider would then bill the project on a monthly basis. Once this contract is signed, the project staff members who are entitled to fuel provision would also avail themselves of the same service up to the amount that entitled as fuel provision.

Internal audit. No internal audit arrangements implemented so far. As per PDR (paragraph 9, page 103): “*Internal Audit. The internal audit will be carried out mainly by the Internal controls that will be complemented continuously through the efforts of the government’s internal auditor (Inspeção Nacional de Finanças – INF). However in a complementary way, the Project will have to select a qualified internal auditor with relevant experience in other projects funded by International Development Institutions.*” – Due to issues of actual capacity of *Inspeção Nacional de Finanças* to conduct this exercise, AFAP should procure the services of a qualified internal auditor with experience with other IFIs. AFAP to liaise with sister project AFDEP financed by AfDB and implemented by IPA, and with World Bank programme SADCP – WB.

Appendix 8: Knowledge management: Learning and Innovation

Learning

Not yet applicable, the PCU is not yet set up.

Innovation:

Not yet applicable, the PCU is not yet set up.

Appendix 8: List of people met.

MINISTRY OF FISHERIES

Minister of Fisheries – Hon. Victoria de Barros Neto
State Secretary for Fisheries - Maria Antonia Nelumba
Dr. Nkosi Luyeye IPA General Director

AFAP Team

Maria Dombaxe: AFAP Coordinator
Domingos Canda: Financial Manager
Moises Siliveli: Procurement Specialist
Felizberta Lino: Fisheries Technology Officer
Silvia Chipenda: Accountant
Beatriz de Moraes: Administrative Assistant
Driver: Alfredo Muheto
Driver: Álvaro Bondo

MALANJE PROVINCE

The vice Governor for Economic Sector Domingos Eduardo
Malange Vice Governor consultant - Luís Augusto Monteiro
Malange Vice Governor consultant – Leonel Francisco
Malange Provincial Directorate for Agriculture and Fisheries - Carlos Chipoiã
Head of Kamibafu Center - Pedro Canga
Malange Military Penitentiary Commander- António Pedro Alberto Joaquim
Fish farmers Cooperative "Povo Crescer"- João Moises Ninguissa
Fish Farmers Cooperative " Kateu" - João Cesar

BENGO PROVINCE

Bengo Fisheries provincial director -Pessoa Manuel José
Kicabo Comunal Administrator - Domingos Paulo Ventura Neto
Kicabo Comunal Vice Administrator - Isabel Francisco Lourenço Lisboa.