



Investing in rural people

## **Republic of Mozambique**

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

#### **Mid-Term Review report**

Main report and appendices

Mission Dates: 28-Nov-2016 to 09-Dec-2016  
Document Date: 16-Dec 2016  
Project No. 1100001618  
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Programme Management Department

## Contents

Abbreviations and acronyms	iii
A. Introduction	1
B. Overall assessment of project implementation	1
C. Outputs and outcomes	4
D. Project implementation progress	12
E. Fiduciary aspects	20
F. Sustainability	22
G. Other	25
H. Conclusion	25

## Appendices

Appendix 1:	Summary of project status and ratings	27
Appendix 2:	Updated logical framework: Progress against objectives, outcomes and outputs	30
Appendix 3:	Summary of key actions to be taken within agreed timeframes	34
Appendix 4:	Physical progress measured against AWP&B, including RIMS indicators	37
Appendix 5:	Financial: Actual financial performance by financier; by component and disbursements by category	48
Appendix 6:	Compliance with legal covenants: Status of implementation	51
Appendix 7:	Knowledge management: Learning and Innovation	52

## Abbreviations and acronyms

AfDB	African Development Bank
AGRA	Alliance for a Green Revolution in Africa
AHA	Animal Health Agent
APP	Actual Problem Project
ASAP	Adaptation for Smallholder Agriculture Programme
ASCA	Accumulating Savings and Credit Association
AWPB	Annual Work Plan and Budget
CA	Conservation Agriculture
CBFO	Community-based Financial Organizations
CBNRM	Community-based Natural Resources Management Plan
CEPAGRI	<i>Centro de Promoção da Agricultura</i>
CHAPANI	Centre for the Promotion of Agriculture
CMF	Coastal HIV/Aids Prevention and Nutrition Improvement Project
COFAMOSA	Contract Monitoring Forms
CPF	Committee for the Facilitation of Agriculture between Mozambique and South Africa
DADTCO	Country Programming Framework
DINAS	Dutch Agricultural Development & Trading Company
DINAT	<i>Direcção Nacional de Silvicultura</i>
DINAV	National Directorate of Forestry
DNEA	<i>Direcção Nacional de Terra</i>
DPASA	National Directorate of Land
DPCI	<i>Direcção Nacional de Veterinaria</i>
DUAT	National Directorate of Veterinary Services
e-SISTAFE	<i>Direcção Nacional de Extensão Agrária</i>
EUR	National Directorate of Extension Service
FAEF	<i>Direcção de Planificação e Cooperação Internacional</i>
FAO	Directorate of Planning and International Cooperation
FDA	<i>Direito de Uso e Aproveitamento da Terra</i>
FFS	<i>Sistema de Administração Financiera do Estado</i>
FI	Euro
GALS	<i>Faculdade de Agronomia e Engenharia Florestal</i>
	Faculty of Agronomy and Forestry Engineering
	Food and Agriculture Organization
	<i>Fundo Desenvolvimento Agrario</i> (Agricultural Development Fund)
	Farmers Field School
	Financial Institution
	Gender Action Learning System

GLTN	Global Land Tool Network
GoM	Government of Mozambique
HH	House hold
HHM	Household Methodology
IFAD	International Fund for Agricultural Development
IIAM	<i>Instituto de Investigação Agrária de Moçambique</i>
ILRI	International Livestock Research Institute
INAM	<i>Instituto Nacional de Meteorologia</i>
	National Institute of Meteorology
INIR	<i>Instituto Nacional de Irrigação</i>
	National Irrigation Institute
IP	Innovation Platform
IT	Information Technology
KM	Knowledge Management
KPMG	KPMG Consulting company
LGF	Loan Guarantee Fund
LPO	Livestock Producers' Organisations
LR	Learning Route
LSP	Lead Service Provider
LTSP	Land Tenure Service Provider
LUSIP	Lower Usuthu Smallholder Irrigation Project
M&E	Monitoring and Evaluation
MASA	<i>Ministério da Agricultura e Segurança Alimentar</i>
	Ministry of Agriculture and Food Security
MFI	Microfinance Institutions
MoU	Memorandum of Understanding
MSc	Master of Science
MTR	Mid-Term Review
MZN	Metical/Meticais
PASP	Climate Resilient Post-Harvest and Agribusiness Support Project
PCU	Project Coordination Unit
PDR	Project Design Report
PIM	Project Implementation Manual
PIOTAF	PROSUL Innovation and Technical Assistance Facility
PMT	Project Management Team
PROCASUR	Corporation for Regional Rural Development Training
PRODIRPA	Securing Artisanal Fishers' Resource Rights Project
PROMER	Rural Markets Promotion Programme
PROSUL	Pro-Poor Value Chain Development Project in the Maputo and Limpopo Corridors
PSC	Project Steering Committee
RFEDP	Rural Finance and Enterprise Development Programme
RMSP	Red Meat Service Provider
RSA	Republic of South Africa
SDR	Special Drawing Rates
SNV	<i>Stichting Nederlandse Vrijwilligers</i>
SOE	Statement of Expenditure
SP	Service Provider
SPGC	<i>Servicios Provincias de Geografia e Cadastre</i>
	Provincial Service of Geography and Cadastre
SSTP	Scaling Seeds and Technologies Partnership
STA	Single Treasury Account
STF	Spanish Trust Fund
SWOT	Strengths Weaknesses Opportunities Threats
TOR	Terms of Reference
TVM	<i>Televisão de Moçambique</i>
	National Television of Mozambique
UCT	University of Cape Town
UEM	University Eduardo Mondlane
UK	United Kingdom
UNCDF	United Nations Capital Development Fund
USA	United States of America
USD	United States Dollar

VAT	Value Added Tax
VC	Value Chain
WA	Withdrawal Application
WFP	World Food Programme
WMO	World Meteorological Organization
WUA	Water Users' Association

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

1. The Pro-Poor Value Chain Development Project in the Maputo and Limpopo Corridors (PROSUL) involves improvements in three value chains: irrigated horticulture, cassava and red meat. It is implemented in the trade corridors of the Southern Provinces of Gaza, Inhambane and Maputo. It aims to reach 20,350 beneficiaries, mostly economically active poor who are already involved in value chain production. The Project goal is to establish improved and climate-smart livelihoods of small farmers in selected districts of the Maputo and Limpopo corridors. Its development objective is to achieve sustainable increased returns to smallholder farmers from increased production volumes and quality in the targeted value chains, improved market linkages, efficient farmer organizations and higher farmers' share over the final added value. The Ministry of Agriculture and Food Security (MASA) is responsible for the implementation of the Project with the support of the Project Management Team (PMT) based at the former CEPAGRI Delegation in Xai-Xai, Gaza.
2. PROSUL became effective in October 2012, and its total cost is USD 45 million. Project financiers are: the Government of Mozambique (USD 2.49 million), IFAD, through a loan (USD 16.3 million) and a grant (USD 1.52 million), Spanish Trust Fund loan (USD 16.3 million), ASAP grant (USD 4.91 million), UNCDF (USD 140,000), the private sector (USD 1.9 million) and project beneficiaries (USD 1.4 million). Project completion date is 31 December 2019.
3. A Mid-Term Review (MTR) Mission took place in Mozambique from 28 November to 9 December 2016 to assess overall project progress and performance based on the Project objectives and the relevance of indicators, components, subcomponents and activities, adequacy and sustainability of strategies and intervention approaches, including overall financial management with the aim of assisting the Government improving Project implementation until completion. In this respect, the Mission has held the first briefing meeting in Maputo chaired by the CEPAGRI Director, with participation of DINAS, DINAT, DPCI, DINAV, IIAM, INIR and DNEA. The Mission undertook field visits covering the districts of Boane, Namaacha, Magude and Marracuene (Maputo Province); Chibuto, Mapai, Chókwè, , Mabalane, Massingir, Mandlakazi (Gaza Province); and Zavala, Massinga, Inharrime, Morrumbene (Inhambane). The Mission met with District authorities of Zavala Massingir, Mandlakazi, Marracuene, and Massinga as well as the Provincial Governor of Gaza Province, and the Honourable Minister of Agriculture and Food Security.
4. The Mission would like to thank participating communities who welcomed the Mission to their villages and farms for their courtesies and time, MASA and the staff of PROSUL PMT and the LSPs staff for their assistance and also for participation in the Mission.

## B. Overall assessment of project implementation

5. **Overall Project implementation is rated moderately satisfactory.** Implementation currently covers all 19 (100%) targeted districts defined at design stage. A total of 11,348 (55.8%) out of an end of project target of 20,350 beneficiary households is currently being reached by project services. The rate of implementation has greatly improved under all components except Component 4 that has been re-designed but the project is fairly on course to meet most of its end of project targets. However, based on the IFAD May 2016 Project Status Report, PROSUL is rated as an Actual Problem Project (APP), mainly due to delays and limited progress in Component 4 (financial services) and the associated risks to achieving

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<sup>1</sup> Mission composition: Robson Mutandi (Country Director and Mission leader); Chitima Mawira (Lead Technical Advisor /Water and Rural Infrastructure); Stephen Twomlow (Lead Technical Advisor /Climate Change/Adaptation); Henrik Franklin (Lead Portfolio Advisor ESA - Project Management), Harold Liversage - PTA Lead Technical Advisor (Land Tenure), Antonio Rota (PTA Lead Technical Advisor /Livestock), Charles Chakoma (Value Chains Consultant), Francesco Rubino (NRM and Land Tenure Consultant), Ilario Rea (Climate Change and KM Consultant), Alaudio Chingotuane (Financial Management and Procurement Consultant), Ana Zandamela (CPA/ESA - Financial Management) , Beatrice Sabana (Rural Finance Consultant) , Grace Nakanjakko (Monitoring and Evaluation and KM Consultant, Elizabeth Ssendiwala (Gender Youth and Targeting). In quality of observers: David Radcliffe (DFID) and Ernesto Sechene (Dutch Embassy).

the project development objectives. Nevertheless, satisfactory progress is noted in Components 1, 2 and 3 (three value chains). At mid-term the overall IFAD disbursement is below target (34%), which is moderately unsatisfactory. The MTR discussed options for reactivating Component 4, as well as reallocating funds to priority activities in Components 1-3. The project is now picking up speed and the overall performance status is expected to improve soon (with pending WA applications the disbursement rate is expected to increase to approximately 45%).

6. **Notable innovations have been promoted, with opportunity for scaling-up.** These include, among others: multi-functional boreholes to provide water for humans and livestock in drought-prone areas (pumping with power from solar-panels), forage production and cattle fairs, shade cloths and drip irrigation for horticulture production and interventions to enhance cassava productivity through improved varieties, stem multiplication and farmer field schools (yields have increased from 6 tonnes/ha at baseline to 19-20 tonnes/ha). Market linkages were noted (e.g. Shoprite, Food Lovers and the Dutch Agricultural Development & Trading Company/DADTCO), but further work is needed to formalize and consolidate these links. The project has supported the strengthening of farmer organizations and water user associations, in view, among others, of ensuring operation and maintenance (eg. irrigation schemes, multi-functional boreholes, shade-cloths), but this is an area requiring further close attention to ensure sustainability. Further work is needed to institutionalize the value chain platforms and innovation platforms. ASAP interventions are fully integrated in the project, as well as gender mainstreaming, land management and nutrition. The multi-functional boreholes are expected to yield significant improvements in the lives of the rural population, especially women who often spend 3-4 hours per day fetching water (in addition to boreholes, water harvesting techniques will be introduced). The reactivated rural finance component is expected to provide financial services to emerging farmers to enable them to develop their agribusinesses.
7. **Lead Service Providers (LSPs)** have been contracted to manage the three value chain components: Cassava (SNV/Mahlahle), Red Meat (SNV/ILRI) and Horticulture (Gapi-SI/Novedades Agrícolas). The quality of the LSPs is variable and there is a general need to further enhance their attention to business development/market linkages, sustainability of interventions, targeting to avoid eventual elite capture, strategies to ensure input supply (e.g. fertilizer, seeds) after the start-up kits have been used. A more systematic approach in the Farmer Field Schools (FFSs) is required to allow farmers to better compare the results of different agricultural treatments (cost/benefit analysis), including the use of fertilizer and pesticides, as well as developing business skills. The focus should be in agricultural intensification (e.g. using shade cloths) rather than expansion of area, especially in sensitive areas around wetlands (e.g. in Maputo Province).
8. **The Project Management Team (PMT)**, based at the Centre for the Promotion of Agriculture (CEPAGRI) Delegation in Xai-Xai, is dynamic and manages the project in a proactive manner. The fact that the PMT is based in Xai-Xai facilitates project supervision and field work, but frequent travel to Maputo is required for meetings with Government institutions at the central level. A fully dedicated PMT is in place, including the Project Coordinator, Monitoring and Evaluation (M&E) and Knowledge Management (KM) Officer, Administration and Financial Manager, Agribusiness Officer, Financial Services Advisor, Climate Adaptation Advisor, Gender Officer and a Land Tenure Advisor. The team has recently been reinforced with an irrigation specialist. Moving forward it is recommended that the PMT be strengthened further in the areas of agronomy and livestock business development to adequately guide and oversee the work of the LSPs. The Project Steering Committee has effectively provided project implementation oversight, as well as strategic and policy guidance. The quality of the AWPBs is of good quality, including an assessment of the previous year's performance, implementation strategy for the current year and clear articulation of both financial and physical targets. Further coordination and follow-up meetings are required with the LSPs, as



well as contract management and enforcement in general. The PMT has been requested to draft an exit strategy, working closely with the LSPs.

9. **Lead Project Agency.** The Mission was informed that the Lead Project Agency CEPAGRI has recently been abolished and its functions and staff have been merged with those of the Agricultural Development Fund (FDA). The Mission was informed that this was in line with the Government's intention to streamline Government services in the Ministry of Agriculture and Food Security. In the past these two institutions functions and responsibilities often overlapped. It is expected that the PMT, now to be hosted within FDA and reporting to the Director General of FDA, will remain in Xai-Xai. The Government will formally communicate this institutional change to IFAD, after which IFAD may have to conduct a fiduciary assessment of the new implementation agency as part of the due diligence process for amending the Financing Agreement. This is important to avoid any delays in project implementation and a possible suspension of disbursements.
10. **Regarding Component 4 – the Financial Services Component,** the Mission reviewed the proposed restructuring and noted that the design documents were well written. However, the Mission observed that the various areas of interventions all together are an overload and actually constitute a self-standing rural finance programme, which could be taken into consideration as part of the future IFAD country portfolio investment. Technically, the most complex issue is to set up a loan guarantee fund (LGF). As the document on the LGF indicates that it would require a minimum of 36 months to set up the fund, it is recommended to avoid pursuing the setting up of an LGF and focus project resources (not only financial) on the other sub-components.
11. The PIOTAF is very well developed and should be launched as soon as possible. CBFO development and linking them with banks, including financial education as a kind of de-risking strategy and client protection measure is commendable. A small line of credit (US\$2.5 million) for non-deposit taking project participating MFIs following the IFAD operational guidelines and going for performance-based agreements is a justifiable and feasible option for PROSUL. For the matching grant further development of the sub-component to ensure that is implementable within the three years that are left. It is worth noting that this component should not be implemented as a stand-alone component but service all three value chains in PROSUL.
12. **Going forward,** the key generic issues/risks that would need to be closely monitored to prevent them from hampering implementation progress include the application of the Project Value Chain Approach. Overall, it is important to emphasise the fact that PROSUL is a value chain project. However the Project needs to strengthen the value chain approach in the components. The project has focused on intensifying activities that promote production and productivity of horticultural crops, with limited interventions to enhancing market access and linkage activities and applying the value chain approach to the greater farming system. The same applies to the red meat value chain. It is missing the value addition to meat products and thus denying farmers the much needed benefits of adding value and income from sales of their livestock. In this regard it is important to ensure that the LSP give value (technical) to the project by among other things providing high level expertise to the project especially to develop the three value chains. Secondly, the Mission recommends that the PMT capacity be boosted by hiring two additional value chain advisors to re-enforce this aspect of the project with each one of the three advisors focussing on one value chain. The current value chain advisor could continue to focus only on horticulture VC while the two additional advisors focus on red meat and cassava respectively.
13. While PROSUL has managed to greatly accelerate disbursement in the past several months, financial execution is still low for the current stage of project implementation, having reached 27% of the allocated amount for all financiers. It was agreed that PROSUL would greatly accelerate activities under category I (civil works) and V (Financial Services) in order to

rapidly increase the level of spending and reallocate some of the funds from category V to other high impact interventions.

### C. Outputs and outcomes

14. Through the implementation of the various interventions the project has been able to deliver the following outputs: rehabilitation of 216ha (10.3%) of 2,101ha of irrigable land to support increased horticultural production, construction of 15 multifunctional boreholes to enable increased access to water by herders and their cattle, construction of 8 cattle fairs to improve marketing of cattle and other livestock, built capacity of 56,740 beneficiaries through training on improved agronomic and livestock production practices, improved water management, use of improved varieties that are drought tolerant, disease resistant and high yielding, and use of climate resilient technologies. In addition, the project co-invested USD30,000 in the construction of the Zavala platform/ service hub to enable improved marketing of cassava under the Cassava Value chain, supported the mobilization of savings worth MZN 669.990,00 through the establishment and training of 88 ASCAS to increase access to affordable financial services for the beneficiary communities. Other notable and outstanding outputs include securing access to land through issuance of 2,912 DUATS and delimitation of 7 livestock communities with certificates. This has resulted in increased production of the targeted crop and livestock enterprises particularly for cassava value chain whose productivity increased from 6 tonnes/ha to 20 tonnes/ha. The Mission discussed with the PMT and Lead Service Providers on the need to regularly and continuously improve monitoring of project outputs and outcomes. In doing so, they should make use of the revised project log frame as a reference point in guiding the improved monitoring of outputs and outcomes.

#### Component 1: Horticulture

15. The Mission rates the performance of this component as **moderately satisfactory**. The project has been focussed on irrigation infrastructure development and is making good progress, with a pipeline that can achieve the target area for rehabilitation. To fully realise the benefits of the irrigation investments, the project now needs to focus on activities along the other parts of the value chain. Whilst some farmers have been selling to supermarkets, there has been limited activities towards preparing a value chain investment plan, that seeks to unblock the challenges preventing smallholders integration into the value chain stakeholders to be effective. Activities under this component should be identified through a value chain development study and investment plan, yet the preliminary horticulture scoping study has only been completed in November 2016.
16. In addition, the project has focused on intensifying activities that promote production and productivity of horticultural crops, with limited interventions to enhancing market access and linkage activities. Progress on irrigation rehabilitation determined progress for the component. This approach does not seem to be in line with the objective of the component in terms of developing a value chain approach to horticultural development in the target area.
17. **Improved input supply and production:** Activities in the development and strengthening the targeted 20 water user associations and 75 (47% of target) groups have been undertaken. The groups have a membership of 1313 of which 65% are women. The activities included trainings in water management, planning and organisation and operation and maintenance of schemes. The project needs to develop a clear strategy on the development of farmer organisations for the horticulture value chain at all levels; scheme, district province and possibly national level. This strategy will also include a capacity building strategy at all levels. Currently, the farmer organisations are sometimes confused with FFS groups, with no linkage at various levels. There has been slow progress in the establishment of horticulture value chain platforms with five value chain platforms (two regional and three district) in the Chókwè, Moamba and Mandlakazi districts and in Maputo and Gaza Provinces.

18. Several issues contributed to slowing down progress in the rehabilitation of irrigation and drainage schemes; a) failure to recruit a consulting company for the detailed designs due to high costs (USD1,000/ha), resulting in the direct contracting of FAEF-UEM to carry out design and supervision of civil works on irrigation systems. FAEF-UEM has taken long to finalise the designs; b) high cost of development on Nhatine and Gandlaze, necessitating redesign with a look at alternative options; c) Limited human resources of INIR for the design of irrigation schemes, supervision of detailed design consultancy and supervision of construction works; and d) PROSUL PMT did not have an irrigation engineer to assist in the review of the designs.
19. Despite several issues delaying progress, the PMT and INIR have made great efforts to make some progress on irrigation and drainage schemes rehabilitation. Rehabilitation has been completed on about 10% of the target area of 2101 ha. The two irrigation schemes rehabilitated are Lumane Block (196 ha) and Manguiza (20 ha). Tenders have been awarded and some construction activities have begun for 719 ha (38%) at Vunguine (211 ha), Banguene (76 ha), Moamba II (240 ha) and Mafuiane (164 ha) irrigation schemes and one drainage scheme, Banze (100 ha). Detailed designs are on-going for Moamba I, Nhatine, Gandlaze, 7 de Abril and 25 de Setembro irrigation schemes (36%). Procurement of detailed designs consultancy for the remaining 17% is yet to begin. This pipeline of projects is good as it can realistically be completed in the next 3 years.
20. Due to the complex nature of drainage systems, it is recommended that the rehabilitation of Bobole 1B, Eduardo Mondlane, Pateque, 7 de Setembro and Bolaze drainage schemes be considered as the least priority for the project including Lumane that is already completed. The Mission recommends that the rehabilitation of these schemes be considered after undertaking wetland utilisation and sustainability strategies for each scheme and the possible impact of salt water intrusion into the fields for some of the schemes. Additional irrigation schemes, not identified at project design, can be selected to replace some of the drainage schemes.
21. FFS have been established in Gaza (21) and Maputo (9) Provinces, participated by 473 farmers. Production under shade cloths is an innovative technology that has been demonstrated and the results on crop productivity, quality and market acceptability have been appreciated by all stakeholders. Farmers have indicated a willingness to invest in this technology.
22. Start-up kits have been distributed to 175 farmers for 44 ha in Gaza province and 133 farmers for 33ha in Maputo province. The start-up kits were for production of tomatoes, cabbage, carrots, green beans and potatoes. The crops supported at each scheme were identified during rapid appraisals conducted at each scheme. Supported farmers achieved high yields potatoes (30 t/ha), green beans (15 t/ha), tomatoes (70 t/ha), giving potentially high profits. The Mission recommends that start up kits be used in a strategic way to demonstrate new ways of coordinated production by smallholder farmers, e.g. at scheme or district, to meet market demand. Production systems not aiming at clear markets should not be supported with starter kits.
23. To achieve climate resilient irrigation development, the improvement of irrigation schemes should consider feasible options beyond just rehabilitation. The options may include, converting surface irrigation to sprinkler or drip, and by including on-farm water storage. The feasibility for the new technologies should be assessed and used in selecting the most appropriate technology. The Horticulture LSP signed a MoU with IIAM to provide technical support. In addition, a draft of working plan has been submitted to the PMT.
24. The Mission recognises and appreciates the recruitment of an irrigation engineer into the PMT. This recruitment will enable the agribusiness officer to be dedicated for the development of the horticulture value chain. This realignment will improve performance of the component.

25. **Improved market access, value addition and processing:** Promotion of market linkage activities have started slowly with limited selling of some crops to Shoprite and Food-Lovers retail markets. The programme is still to initiate significant activities along the value chain by facilitating input supply, introducing post-harvest handling and storage, value addition and processing technologies or linking the smallholder producers to processors. The Mission cautions against over reliance on the fresh produce market due to its high demand and price volatility. The lead service provider is still to recruit a horticulture value chain expert into their team. As farmers are to be encouraged to grow crops per market demand, the Mission notes that this delay in recruiting a specialist may negatively impact the component's ability to achieve its objective. The Mission recommends that the LSP recruits a horticulture value chain expert without further delay. The LSP, together with value chain players, should prepare a horticulture investment plan as an urgent activity.
26. Farm business training needs to be intensified. While training in gross margin analysis for crop production is on-going, a farm business training curriculum is still to be developed and integrated in the FFS trainings.
27. Production under shade cloth has been established in Mafuiane (3), Manguiza (1) and Bobole (1) irrigation schemes. Crops grown under shade cloths included English cucumber, peppers and tomato. In addition, nurseries under shade cloths were established Bolaze irrigation schemes, Lumane Block and Tchaimite scheme. Whilst the initial results from these pilot projects are good, upscaling may be a challenge as there is no strategy on how farmers can access finance to develop their own sheds. As observed during previous supervision missions, the set-up cost (\$22 per m<sup>2</sup>) may be a major bottleneck for the target groups due to inadequate access to finance. Alternative cost effective shade cloths designs need to be identified and piloted to give farmers a broader range of choice.
28. The rehabilitation of irrigation schemes should consider inclusion of drip irrigation and shaded crop production in options to be considered. The feasibility for the new technologies should be assessed, including the potential for accessing funding from financial institutions.
29. **Hub-feasibility and scoping study.** An assessment for the minimum criteria for the feasibility of service hubs for horticulture and cassava, was completed in May 2016. The assessment concluded that horticulture service hubs should be established at sites meeting the following criteria: (i) 500 ha irrigated area, (ii) availability of organised farmers in horticulture and cassava and (iii) availability of physical infrastructures which can be easily upgraded to Service Hubs. The approach on service hubs is to upgrade existing Agricultural Mechanization Enterprises (Parques de Máquinas) to service hubs for horticulture and cassava value chain stakeholders. The following Parques de Máquinas will potentially be upgraded: Mandlakazi, Namaacha, Moamba, Chokwè, Chibuto and Xai-Xai. A new service hub will be established in Marracuene District. The Mission recommends that the project finances the establishment of all required physical infrastructure, instead the envisaged matching grant approach at project design.
30. The selection of private service providers will be through an open bidding process. Following a call for proposals, potential private sector partners will submit business plans for each site of interest to them to a selection committee. The construction of the infrastructure will only commence after signing agreements between the project and the private parties. The private investors will provide the necessary inputs, equipment and services. The project is advised to develop clear procedures for the selection of the private partner.

Agreed action	Responsibility	Agreed date
Prepare bidding documents for the selection of private sector service providers for the service hubs.	PMT	January 2017
Prepare a Strategy for Farmer Organizations Development	LSP/PMT	January 2017
Develop a value chain investment plans to ensure market oriented Horticulture production	LSP/PMT	March 2017
Finalize the workplan for IIAM to provide technical support	LSP/PMT/IIAM	January 2017

Registration of all WUAs according to new legislation	LSP	September 2017
Recruitment of VC expert in the horticulture LSP	LSP	March 2017

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## Component 2: Cassava

31. The Mission rates the performance of this component as **moderately satisfactory**. PROSUL's support to cassava development is structured as two subcomponents: i) strengthening linkages between value chain stakeholders and ii) value chain environment. Cassava producers are supported through i) 'starter kits' that include good quality cassava planting materials (stems) of varieties tolerant to drought together with fertilizer and other agrochemicals as appropriate for weed and pest/disease control; ii) farmer field schools; iii) stem multiplication plots; iv) formal training in planning and organisation; and v) support to group formation and market access.
32. In the Cassava Value Chain, major achievements, associated risks and lessons include:
- i) The engagement of 5,047 smallholder farmers through 174 Farmer Field Schools mobilized in all the six (6) districts covered by the project and 44 demonstration plots established in the target area. These farmers have received training sessions on improved cassava production technology (appropriate spacing's, planting, weed management, fertilization and intercropping) and received starter packs to try the practices learned on their own fields. Unfortunately the development of the input supply side of the value chain platform is lagging and means that it is difficult for FFS graduates to access fertilizers and improved seed of maize, groundnuts and cowpeas that they have tried in one season in the following season;
  - ii) Yield assessments made on 40 farmers across the 6 districts in 2016 suggest average yields in excess of 20 t.ha<sup>1</sup> were achieved through the improved practices – nearly double the target yield of 11 t.ha<sup>1</sup> identified in the Project Design Report;
  - iii) However, the FFS and Demonstration protocols for the 2016-2017 do not appear to make use of the lessons captured in the yield assessment report. It is essential that the PMT organise feedback sessions with the LSP and members of the value chain platform to understand the impacts of different interventions, especially as they plan the way forward in to 2017-2018 season;
  - iv) Essential, that the emerging lessons from the Cassava Market Development Study are shared with the LSP and the Value Chain Platform through a workshop to help plan levels of production from each district to meet current market needs (93,000 tonnes) and stimulate further market opportunities. The key challenge is to unlock the market potential of the smallholder cassava producer in the supply-demand relationships between farmers, primary processors, and end-users. Explore opportunities with the Red Meat VC to utilize cassava and its by-products for livestock feed;
  - v) Establishment of 27 multiplication sites of cassava improved varieties with total area of 83.55 ha in both IIAM stations and target districts. Unfortunately, to date only one improved variety has been made available for multiplication, and the irrigated facilities at the IIAM station in Chókwe for primary multiplication is at risk because of the drought;
  - vi) Ensuring the availability of cassava stems of improved varieties to feed the on-station and on farm multiplication plots to achieve the project target related to the promotion of improved varieties remains a key challenge for PROSUL and its partners. A cassava stem multiplication strategy is being drafted and needs to be revised to include potential partnerships with Alliance for a Green Revolution in Africa's Scaling Seeds and Technologies Partnership in Africa (AGRA-SSTP), and what investments and procedures are required to improve the tissue culture facilities within IIAM. The Mission introduced the PROSUL Climate Adaptation Specialists to the AGRA-SSTP team working in Mozambique via e-mail and plans are being developed for joint visits to the multiplication sites in southern Mozambique. An outline schematic for the development of a sustainable cassava multiplication strategy was discussed

by the Mission and can be found in the technical annex. PROSUL needs to complete this during its revision of the draft strategy following discussions with AGRA-SSTP;

- vii) An important achievement in the cassava value chain is the establishment of one (1) service hub, which provides market opportunities for around 2400 smallholder farmers in Morrumbene, Zavala, Inharrime, Jangamo, Homoine and Massinga districts. In addition 6 district innovation platforms have been established and will begin to impact on the cassava value chain in next year or so as it gains confidence and capacity.
33. In the remaining period, the project is recommended to: (a) concentrate on cassava stem multiplication with a view of diversifying the pool of varieties promoted by the project; (b) implement the service hubs effectively and (c) ensure capacity building of farmer organizations; (d) diversifying market opportunities for cassava farmers, including: (i) supporting the development of small processing units; (ii) linking cassava farmers with the identified offtake markets; and (e) improve the capacity of the Cassava LSP recruiting additional field staff. To complement this, FFS facilitators will be trained so that they have more active role in the mobilization, extension and technical assistance.
34. Key challenges observed by the Mission and identified in the MTR, in the implementation of the cassava VC is related to number of technician staff involved in field activities. As per the contract signed, the Cassava LSP is working with one extension officer per district to implement all actions of the project. This means a technician is working with 33 farmer groups, rather than the recommended 12 to 15. As result, technicians are fully occupied; facilitating cassava good agronomic practices; running FFS; establishing demo plots; and supporting multiplication of cassava cuttings (identification and negotiation of land, training of producers and weekly visits).

Agreed action	Responsibility	Agreed date
Synthesise key messages from the yield assessment and the market development reports to help develop financial products	PMT/LSP	Immediate
Fast track the operationalization of the service hubs for development of the input and output markets	PMT/LSP	ongoing
Develop a pilot feed lot using cassava and its by-products	LSP	March 2017
PROSUL and LSP need to revisit the contractual arrangements to ensure adequate field staff to the end of the project	PMT/LSP	Immediate
Start production of planting material via tissue culture	PMT/IIAM/LSP	Immediate

### Component 3: Red Meat

35. The Mission rate the performance as **moderately satisfactory**. Implementation of the component has been adversely affected by a prolonged drought making it difficult to achieve most objectives. During field visits, Government authorities and famers reported loss of animals, mainly cattle, with the livestock surviving the drought in poor condition due to water and forage scarcity. This has resulted in a significant reduction of productivity and income, not only for smallholder livestock producers, but also for various value chain stakeholders. In this context, the Mission is satisfied with the establishment of multi-functional boreholes and other actions in the project area to secure water availability and access for human and livestock consumption but also with the possibility to enhance household food nutrition and security through community gardens (hortas). Therefore, securing access to water should be one of the key activities to be supported under PROSUL project.
36. Overall, the Mission observed that the implementation of the component seems to have somewhat lost the commercial/market-led focus which characterizes a “value chain development approach”. Most of the on-going activities seem to concentrate LSP’s efforts in promoting “peripheral” activities with farmers’ groups rather than addressing the core activities through a comprehensive strategy addressing the “bottlenecks” of the red meat value chain. In addition, there is no evidence that activities in support of small ruminants (mostly kept by

women) have been undertaken. Therefore, the Mission recommends the LSP and PMT to refocus on the key activities of the component: i) Develop Community-based Natural Resource Management Plans as the guiding planning tool; ii) Strengthen Farmers organizations' capacity to play a pro-active role as red meat VC stakeholders (registered/with a bank account); iii) Promote Innovative Platforms as the "policy and strategy tool" to upgrade the red meat value chain in Gaza Province, especially the Regional IP; iv) Ensure a more commercial and market approach within the context of a VC development approach in implementing component activities, including financing strategic elements of the chain; v) Resolve the "slaughterhouse" issue; and vi) enhance beef fattening and value addition.

37. **Sub-component 3.1 Value Chain Environment.** Seven (7) value chain innovation platforms have been established and are operational covering all the targeted districts. While these important value chain stakeholder platforms must continue, LSP should continue facilitation of IPs "empowerment" to become "policy and strategy institutions" for the enhancement of the red meat VC, especially the Regional IP. Actions required include (i) ensuring a wider participation of key VC actors (traditional leaders, government authorities, traders and butchers); (ii) identifying VC bottlenecks and developing strategies to address them; (iii) advising on regulations and standards to enhance cattle fairs activities and the overall VC, and (vi) identifying business opportunities for market actors.
38. **Sub-component 3.2 Production Improvement.** PROSUL supported the establishment of 162 farmer organizations, out of which only 3 have been formalized (<2%). The LSP has mainly focused on disseminating innovative practices through livestock FFS rather than empowering them to be pro-active stakeholders in the red meat VC. Priority should be given to formalizing farmer organizations through (i) reinforcing capacity building on group management, livestock marketing, financial management etc.; (ii) legalization and registration of LPO's into formal farmer organizations, in order "to increase their voice and enable them to negotiate with other VC stakeholders". The procedure of conducting FFS should be standardized and manuals developed.
39. **Community-based Natural Resources Management Plans (CBNRM)** are fundamental for livestock production and management since the major source of feed for livestock comes from rangelands. Comprehensive CBNRM plans have not been developed so far and it is essential to involve communities in a participatory manner for their formulation. The Mission recommends that LSP takes the leadership of this activity in close collaboration with LTSP (see recommendations in the Land Tenure subcomponent).
40. **Water Points.** Fifteen multifunctional boreholes have been constructed out of the 28 foreseen. Water management committees were formed and there is transfer of skills on borehole operation and maintenance to ensure sustainability. This is an excellent activity that needs expansion.
41. **Fodder Banks.** This activity was particularly affected by drought. The Mission suggests a reassessment of the proposed approach of establishing fodder banks by promoting alley cropping rather than establishing single plots for forage production. The LSP should concentrate efforts in producing quality forage for fattening cattle under drip irrigation or Conservation Agriculture (CA) practices. In this context, the Mission suggests strengthening the collaboration with IIAM to enhance their capacity to produce more forage cuttings (e.g. Napier grass) and seedlings (fodder trees) for distribution to farmers. There is also need for LSP to identify and demonstrate drought/salt resistant varieties of forage. The Mission believes hay making is an interesting concept both for supplementary feeding and income generation purpose which should be continued. Some technical advises need to be reassessed: for instance, (i) the recommended 2 kg of hay to be fed to an animal per day in the dry season as a complementary feed is clearly not enough; (ii) molasses being used to enhance appetite and provide energy should be mixed with urea to enhance protein content of the feed. Multi-nutrient blocks though are a valid technology, have been promoted over



many countries without much success. The Mission questions their sustainability and the economic viability, especially after the project.

42. **AHA/Livestock vet stores established or supported.** 81 Animal Health Agents (AHAs) out of the planned 112 were trained and equipped. Issues such as (i) competition among AHAs and (ii) lack of vet stores/supplying system and (iii) drought; are hindering AHA effectiveness in service delivery. Participation of women as AHA remains a challenge. The Mission recommends LSP/PMT to pursue the identification of a veterinary inputs supplier which would engage with PROSUL to develop a network of village pharmacies supplying AHAs in rural areas.
43. **Sub-component 3.3 Market Linkages.** PROSUL has constructed eight (8) out of the seven (7) cattle fairs foreseen. The design of the cattle fair is generally sound, however design could be improved and there are concerns about the weak welding of pens (e.g. the cattle fair in Mapai is already in need of significant repairing). The Mission observed that few animals are traded through cattle fairs and both farmers and traders operate outside them. This is mainly the result of the lack of cattle fairs' bylaws and the reluctance of using cattle scales to determine prices by middlemen. The Mission reiterates the importance of "empowered" and "institutionalized" IPs to regulate and advice Government authorities on needed by laws, standards and regulation for cattle fairs.
44. Finally, in order to establish a vibrant Red Meat VC in Gaza province, the Mission recommends (i) piloting mini-feedlots (IFAD/ILRI model developed in Swaziland) in Motaze and Mapai to enhance quality of cattle for the market; (ii) initiate an engagement process which would lead to a public-private-producer partnership agreement with Matama Abattoir located in Manhica to enhance off-take of cattle from the smallholder sector. The Mission however recommends a prudent approach which would build son the findings of a due diligence investigation on Matama company and the analysis of the report of the on-going auditing with KPMG; (iii) engage the private operator of the abattoir located in Mapai and Government authorities to address needed infrastructure improved and public health issues.

Agreed action	Responsibility	Agreed date
Strengthen PMT capacity by recruiting a specialist in red meat agri-business	PMT	March 2017
Continue strengthening the capacity and the facilitation of District and Regional IPs to become viable institutions	LSP	continuous
Formalize at least three farmers' groups per district through registration and opening of a bank account	LSP	June 2017
Piloting of two mini-feedlots in Motaze and Mapai according to IFAD/ILRI model	LSP	June 2017
Initiate engagement with Matama Abattoir according to a public-private-producer partnership (4P) approach	LSP/PMT/IFAD/GoM	January 2017
Engage the private operator and district government to facilitate improvement of conditions at Mapai slaughterhouse	LSP/PMT	January 2017
PROSUL and LSP need to revisit the contractual arrangements to ensure adequate field staff to the end of the project	LSP/PMT	Immediate
Re-launch the tender for vaccine equipment	LSP/PMT	Immediate
Submit the feasibility study report for the slaughterhouse	LSP	March 2017

#### Component 4: Financial Services

45. The financial services component is implemented through five subcomponents: i) Community-based Financial Organizations (CBFOs) through the establishment of Accumulating Savings and Credit Associations (ASCAs); (ii) PROSUL Innovation and Technical Assistance Facility (PIOTAF); (iii) A Line of Credit as whole-sale financing facility for non-deposit taking Microfinance Institutions (MFIs) and other FIs; (iv) A Loan Guarantee Fund (LGF); (v) Financial Services Unit in charge of staff training, knowledge management, research and



supervision of and coordination with the other sub-components, and other stakeholders engaged in promoting rural finance, to be implemented by PMT.

46. The overall project implementation of this component is rated as **moderately unsatisfactory** due to the delay in implementation of all the activities across all the subcomponents. The delay was attributed to the redesign of the component which required amendment to the financing agreement as the redesign had substantially altered the component. Only two subcomponents namely the establishment of community based financial organizations and the PROSUL Innovation and Technical Assistance Facility (PIOTAF) were allowed to proceed as they are in line with the original capacity building subcomponent. However, activities under PIOTAF have not yet commenced as the service provider was only recruited in November 2016.
47. As regards the performance of subcomponent 1, the Mission noted that whereas some progress has been achieved in establishing ASCAs, the implementation pace is slow. According to the PDR, end of project target for establishment of ASCAs is 1,200 with a membership of 20,356 members. This target should remain even after restructuring the component. By midterm, a total of 88 ASCAs with a membership of 1,578 members had been established. This translates to 7.3 % and 7.8% of achievement respectively. As regards savings mobilization, the end of project target is MZN 47,000,000 while the midterm achievement is MZN 693.000 representing 1.48% of achievement. Loan disbursement stood at MZN 106,000 against an end of project target of MZN 71,000,000 representing 0.15 % of achievement of end of project target.
48. The Mission also noted the following weaknesses: (i) The AWPB did not specify the specific activities for implementing each subcomponent (ii) the Financial services unit has not developed a Project implementation Manual to guide the implementation of the activities. (iii) Service providers have not developed and/or submitted workplans (iv) the financial Services Unit is not fully operational as it has not developed the institutional capacity for supervision and coordination as well as the tools and systems for knowledge management and research.
49. The Mission noted that the component has very heavy subcomponents comprising of various activities to be implemented by different service providers. The institutional arrangements for implementing these activities have not yet been fully developed and in view of the remaining project period and the limited capacity of the financial services unit, the Mission recommends scaling down and/or restructuring the component.

Agreed action	Responsibility	Agreed date
50.		
Project Implementation Manual (PIM) for the subcomponents to be developed	PMT/FSU/SPs	February 2017
Loan guarantee fund to be dropped and funds reallocated to credit line and other interventions	PMT/IFAD/GoM	December 2016
Tools and systems for supervision and coordination of component activities. to be developed	PMT/FSU	January 2017
M&E, research and knowledge management framework to be developed	PMT/FSU	January 2017
Develop appropriate financial products and matching grants	LSP/PMT	Immediate
Assess the suitability of taking advantage of the FDA capacity to speed up activities for Component 4	PMT	March 2017

## Component 5: Institutional support

51. **Sub-component 5.1 – Institutional Support.** The Mission rates the performance of this cross cutting component as **satisfactory**. To meet an institutional deficit in climate skills in MASA and CEPAGRI, PROSUL has made available resources for: i)The project coordinator

to participate in a three-weeks training course at the Oxford University, in the UK, in August 2014. The objective of the training was to ensure that the Project Coordinator was equipped with adequate skills in the area of climate change responses and adaptation; ii) Short courses in 2014 to introduce concepts and theories on climate change (mitigation, adaptation and resilience, planning and mainstreaming climate issues in the three value chains of the Project) to 35 technical staff, including districts extension officers, focal points from the 3 DPASA's of Maputo, Gaza and Inhambane provinces, PMT, MASA and from the National Meteorological Services (Prof. Luís Artur, Eduardo Mondlane University); iii) Two staff from MASA to get their MScs from the University of Cape Town (UCT) on Climate change, thus creating the first core capacity to mainstream climate change concerns in the work of the Ministry and the Project; To date 2 district adaptation plans have been prepared in the project area. The challenge is to now enable the operationalization of the plans; iv) Further training of key project stakeholders, including the PMT, is being planned for Q1 in 2017 using the Red Cross Climate Gaming Team as facilitators, with one day being focused on each value chain and what interventions are required to make them climate resilient and sustainable. The vulnerability mapping undertaken by the UCT Climate Adaptation Team and the Market Development Studies for Each VC will be a key resource for this training. Key Adaptation interventions identified for the three VCs are summarised in the technical annex. The output of this training will be a SWOT analyses of each Value Chain (Climate, Biophysical, Economic, Social, Input supply, Production, Harvest, Post-harvest and processing, Marketing and Infrastructure) that will help focus where further project activities are required to deliver a climate resilient and sustainable value chain.

- 52.** PROSUL has signed an MoU with INAM and supported the rehabilitation of two meteorological stations at Chókwè and Inhacoongo, thus upgrading them into Semi-automated meteorological stations. In addition 25 INAM staff were trained as meteorological observers. The training of INAM staff has contributed for INAM to manage ensuring the registration of Chókwè meteorological station to the global meteorological database. The station now collects quality data that is shared with the WMOs global data base and will assist in decision making with regard to climate adaptation in the three value chains supported by the project. ToRs have been drafted for the development of a market and weather information system – the Mission recommends that the ToRs are revised to take account of the current relationship with INAM and the results of the Vulnerability Mapping exercise undertaken by UCT. Rather than developing a working climate information system, that will require active cooperation of INAM and stand a very high risk of not being achieved in the remaining three years of the project, the Mission recommends that PROSUL prepare a framework to guide future investments required to develop such a climate information system, and focus on preparing briefs/messages from the UCT study that describe the emerging climatic risks and opportunities for each value chain appropriate to information needs of project stakeholders and beneficiaries.
- 53.** The Project has also worked in collaboration with the Manhiça and Chicualacuala districts in finalizing the design of two Local Plans of Adaptation as part of the Government strategy to prioritise the adaptation interventions at district level. These plans will benefit from the CBNRM exercises that will be undertaken in the Red Meat Value chain and map the water points including boreholes, cattle pathways and other planned interventions at district level. In addition, opportunities to invest in additional meteorological stations to increase national coverage should not be ignored.
- 54.** As noted in the three value chain components significant achievements have been made in; i) the promotion of shade cloths with drip irrigation to reduce the impacts high temperatures and increase water use efficiencies. Yields of quality salad crops accessing high end markets; ii) distribution of drought tolerant varieties and introduction of improved agronomic practices – even in a drought year of 2015-2016 on farm yields in excess of 20 t ha<sup>-1</sup> were achieved. However further work is required to develop a sustainable system of cassava stem

multiplication; and iii) promotion of multifunctional boreholes for households and livestock in the dry areas – the economic impacts and opportunities still to be determined.

55. Unfortunately, progress in the development of the Community Based Natural Resource Management Plans (CBNRMPs) has been disappointing and PROSUL and the Red Meat LSP must fast track this work in close collaboration with Land Tenure LSP to ensure communities can develop sustainable management plans. Suggested steps for the development of the CBNRMPs have been agreed and are detailed under the Red Meat Value Chain.

Agreed action	Responsibility	Agreed date
Exchange visits to Swaziland and RSA	PMT	Q1 and Q2 2017
SWOT analyses of the three VCs	PMT/LSPs	Q1 2017
Revision of the ToRs for the Market and Weather Information systems	PMT/IFAD	January 2017
Finalize and approve the 4 CBNRMPs	PMT	April 2017

56. **Sub-component 5.2 – Land Tenure Security.** The performance of the Land tenure component is rated as satisfactory. A total 3,241 DUATs have already been printed and handed to the beneficiaries of Morrumbene (35% women) and Massinga (30% women), and the process is likely to be completed in Jangamo by January 2017. This represents a 334% on the planned 1,000 DUATs for the 2016 AWPB, and already higher than the final project expectation of 3,000 DUATs. An additional 1,236 DUATs in the district of Jangamo (for an updated total of 4,664 DUATs) have to date been registered in the cassava component, with 4,608 already being inserted in the SiGIT system. Of these 1,335 are being issued in Morrumbene, 2,093 in Massinga and 1,236 in the Jangamo district, with approximately 30-35% of the beneficiaries receiving land titles being women.
57. Seven community delimitations have been completed as planned in the red meat component with delimitation certificates issued in: Manhiça (2) and Chicualacuala (2) districts. The remaining 3 certificates are expected to be issued in the first quarter of 2017 in the Mabalane district. The current total area of the delimited communities is 139,883.99 ha, of which 95,572.44 ha is grazing land.
58. In the horticulture component, parcel surveying has commenced in the district of Manjacaze, specifically in the schemes of Malene and Banze. The scheme that is scheduled to be targeted in early 2017 in Manjacaze, specifically the Banguene scheme. A number of new legislative changes within INIR, DINAT and the relevant SPGCs, in order to guarantee the fluid issuing of DUATs in the 19 targeted irrigation schemes.
59. The sub-component shows great margins for improvement, not only in number, but also in regard to the reduction of costs associated to the land certification process. The semi-massive approach has in fact managed to target a vast number of producers outside the project target, contributing also to a possible increase in cassava producers. This especially in virtue of the upcoming work in the remaining 3 districts.
60. CBNRMPs have been elaborated under the Red Meat component, but are to date still rather of descriptive nature, rather than presenting clear management directives. In this regard the LTSP and the RMSPP will have to better collaborate to ensure that the future community delimitations are matched with a consistent plan, that fully takes into account the communities' perspective.
61. Last, given the possibility to rapidly scale-up the activities under this sub-component, it is suggested that clarity on the costs incurred thus far by the LTSP be shared with the PMT, and the elaboration of a proposal from the same for a possible increase in project targets be considered as relevant in the upcoming future.

Agreed action	Responsibility	Agreed date
Participation in Land Forum	LTA	December 2016
Finalize paper for World Bank Land Conference in Washington	PMT/IFAD	February 2017
Provide breakdown of costs and proposal for additional semi-massive DUATs delivery in the remaining 3 district	LTSP	Jan/Feb 2017
Compile comprehensive and explanatory list of beneficiaries targeted under the Cassava VC	LTSP/ PMT/ Cassava LSP	January 2017
Experience sharing session with PRODIRPA and PROMER	LTA/ IFAD	Feb/Mar 2017

## D. Project implementation progress

### Quality of project management.

62. The quality of project management is rated **moderately satisfactory (4)**. The Project Management Team (PMT), based at the CEPAGRI Delegation in Xai-Xai, is dynamic and manages the project in a proactive manner. The fact that the PMT is based in Xai-Xai facilitates project supervision and field work, but frequent travel to Maputo is required for meetings with Government institutions at the central level. A fully dedicated PMT is in place, including the Project Coordinator, Monitoring and Evaluation (M&E) and Knowledge Management (KM) Officer, Administration and Financial Manager, Agribusiness Officer, Financial Services Advisor, Climate Adaptation Advisor, Gender Officer and a Land Tenure Advisor.
63. The Agribusiness Officer has been over-seeing the three value chain components, including the supervision of the respective Lead Service Providers (LSPs). However, a significant amount of officer's time and effort has been focused on the development of infrastructure (in particular irrigation, boreholes, cattle fairs), with limited time available for other dimensions of the value chains (eg. agronomy, business development) and contract management/enforcement. In response to this constraint, the PMT has recently been reinforced with an Irrigation Specialist. It is recommended that PMT also be strengthened with further expertise in agronomy and livestock business development.
64. The Project Steering Committee has effectively provided project implementation oversight, as well as strategic and policy guidance. It is chaired by the Permanent Secretary of the Ministry of Agriculture and Food Security (MASA) and composed by Government institutions at Central and Provincial level, representatives of Farmer Organizations, private sector and LSPs. The PSC has met at least once per year since the start of implementation to review and approve the Project's Annual Workplans and Budgets (AWPBs). In 2016, an expanded PSC meeting was also held to provide guidance to the Mid-Term Review exercise. Moving ahead it is recommended that the PSC meets at least twice per year (one to approve the AWPB and one to follow-up on its implementation), as stipulated in the Financing Agreement.
65. The AWPBs are of good quality, including an assessment of the previous year's performance, implementation strategy for the current year and clear articulation of both financial and physical targets. Further efforts need to be made, however, to ensure that targets and implementation plans are realistic and coherent, given the historically low implementation rate of AWPBs so far.
66. A coordination meeting with all the LSPs is held once per year, mainly as a way to promote learning and exchange experiences across the three value chains. It is recommended, that such coordination meetings between the LSPs be held more frequently, as well frequent meetings (e.g. quarterly) between the PMT and each LSP. The purpose of such meetings would be to assess the progress on the LSPs performance based contracts.
67. The Mission received a copy of the Decree 50/2016 approved on 07 November 2016, which eliminates CEPAGRI. CEPAGRI will be merged with the Agricultural Development Fund (FDA), as part of a reform to streamline Government functions and avoid institutional

duplications. The Mission met with the Minister of MASA who confirmed that this change will not have a negative impact on project implementation and agreed to send a formal communication from the Government to IFAD explaining this change. The IFAD Mission reiterated the importance of ensuring a smooth transition, including any necessary transfers on e-SISTAFE accounts. It is expected that the PMT remains in Xai-Xai. Once the formal communication from the Government has been received, IFAD shall undertake a fiduciary assessment of the new implementation arrangement as part of the due diligence for amending the Financing Agreement.

Agreed action	Responsibility	Agreed date
Recruit an agronomist	PMT	31 March 2017
PSC to meet twice per year	PMT	Twice in 2017
Coordination meetings between LSPs	PMT	Twice in 2017
Performance review meetings with each LSP	PMT	Quarterly in 2017

### Performance of M&E

68. The Mission rates the performance as **moderately satisfactory**. The foundation for the M&E system of the project is the Logical Framework. The project Log frame has undergone a series of revisions to enable the PMT and Implementing partners improve the monitoring of results. Despite the revisions, the Mission noted that there has been limited focus on the measurement of results of the project interventions. This is partly attributed to limited capacities within the PMT and at LSP level to ensure effective monitoring of results. The Mission noted that there is only one M&E officer at PMT level to oversee the implementation of the M&E function within the project while ensuring that overall operations maintain a focus on results. The capacity of the M&E function within the project thus needs to be increased with the recruitment of an additional staff member at PMT level to ensure that the M&E needs of the project are adequately catered for.
69. The Mission is also concerned about the limited use of M&E information particularly during the planning and budgeting processes. The Mission was informed of the persistent challenges since the follow-up Mission in May 2016, associated with the use of the physical monitoring database (Tom2Monitoring) that was developed with the intention of linking physical progress to financial progress. This has resulted into gaps in the monitoring system and limited the use of information from thereof to facilitate timely and effective decision making to improve implementation progress. The Mission recommends that the project management reverts to the manual system in order to ensure regular tracking of implementation progress and to enable use of such information to improve planning and budgeting.
70. The Mission also reviewed the project log frame and made improvements to ensure an increased focus on outputs and outcomes. A revised log frame has thus been prepared jointly with the input from the PMT and the LSPs to be used as reference point in guiding the operations of the project. IFAD will provide further support to the Project Management and LSPs during February 2017 to develop necessary capacities for effective operationalization and utilization of the revised Log frame including the elaboration of a project Theory of Change, development of a monitoring and evaluation framework and necessary tools for tracking the results at all levels.

Agreed action	Responsibility	Agreed date
Increase focus on measurement of outputs and outcomes	PMT	Immediate and continuous
Provide support to the Project Management and LSPs in developing necessary capacities for effective operationalization of the M&E system and the revised Log frame	IFAD	February 2017
Use manual system to capture implementation progress	PMT	Immediate and continuous
Recruit M&E Assistant	PMT	March 2017

## Knowledge Management and Communication

71. The Mission rates the performance as **moderately satisfactory**. The Mission appreciates progress made in implementing the recently adopted Knowledge Management and Communication Strategy. The official Project website was launched and needs to be linked with that of CEPAGRI and MASA to ensure that all relevant documents and information such as photos, case studies and reports are uploaded for easy access.
72. The partnership with the National Television Station (TVM) is positively progressing capturing a number of outcomes and success stories and populating the KM and COM package offered by the Project. However, further efforts need to be posed in order to build on the various activities implemented and studies produced so far. In this regard, it may be recommendable to involve young journalist from the UEM to boost the elaboration of relevant material, also using the IFAD template shared with PMT earlier this year. In addition, community radios are being promoted by PROSUL in the targeted district and there has been positive feedback from farmers. The challenge is how to make it sustainable post PROSUL.
73. Furthermore, the participation of PMT staff to a knowledge sharing event on climate information services from 25 to 28 October as well as in a Learning Route organized in collaboration with PROCASUR from 6 to 19 November 2016 in Mozambique and Rwanda on practical solutions to adapt to climate change in production and post-harvesting sectors, open opportunities for a more continuous proactive collaboration with other IFAD projects benefitting from ASAP financing in the region. The LR led to the elaboration of an Innovation Plan for PROSUL which aims at establishing an effective climate information system for enabling farmers and agricultural stakeholders to make informed decisions with regards to season planning and monitoring. A short video for the Recipes for Change series was produced and is currently running in many locations globally.
74. **Coherence between AWPB & implementation** This is rated as **moderately satisfactory**. There has been positive progress in three VCs components, however the project will miss its physical and financial targets by the end of the financial year. Significant efforts must be put in place by the PMT to guarantee that realistic budgets are drawn by the project in the remaining three years of project implementation.

## Gender, youth focus

75. The Mission rates the performance as **moderately satisfactory**. Women are increasingly represented in leadership positions. Within WUAs, women constitute 21.7% of committee members; 25% in FFS; and 45% Multifunctional Borehole Management Commissions. The multifunction boreholes have helped in alleviating women's burden of fetching water by providing a laundry section and a domestic water point. It was however noted that there is room to channel the water closer to homesteads given that some women still have to walk long distances to get to these boreholes. The Mission notes that women's participation under the red meat component is limited due to cultural norms associated with ownership of cattle. It was agreed that intensified focus on small stock (goats, sheep etc.) will enhance women's participation as there are less cultural restriction on their ownership of these animals.



76. The Gender Action Learning System (GALS), one of the leading HHMs, had been included in PROSUL's design as a strategy for pro-poor value chain development and gender equality promotion. GALS aims to ensure that both women and men have equal opportunity to access and control the resources generated by PROSUL-supported value chains and engage with service providers and the different institutions related to the Ministry of Agriculture and Food Security. A training of trainers workshop was conducted by IFAD with PROSUL staff and the LSPs under cassava and meat value chain. Another training on using GALS in rural finance was conducted in 2015. The Mission has however learnt that this methodology has not yet been rolled out to the farmers as expected. While women are represented under the three value chains, their quality of participation is at risk given the cultural norms on gender relations and gender roles which limits opportunities for their access to resources and benefits through value chain development. The Gender Action Learning System (GALS) had been identified at design as an approach for addressing these issues. Gender training on this transformative approach have been provided but the methodology is yet to be rolled out to the farmers. A plan to implement this methodology and to disseminate the gender strategy will be finalized and executed. The project further needs to make deliberate efforts to engage young women and men in different activities along the value chains. It was agreed that a detailed plan on implementing GALS will be finalized and executed.

77. **Youth Focus:** the project has had minimal focus on young people. It was agreed that the project will proactively target young women and men through specific activities along the value chain, such as cassava peels processing for animal feed and marketing related activities (among others). It was also agreed that the M&E system will begin capturing and reporting on age-disaggregated data.

Agreed action	Responsibility	Agreed date
Roll out training on GALS	PMT & SPs	Immediate & continuous
Engage youth in project activities & track through age-disaggregated data	PMT & SPs	Immediate & continuous
Develop & execute a dissemination plan for the Gender strategy	PMT	Immediate (upon approval at MASA Level)
Develop and execute a roll-out plan for the gender training manual	PMT	Immediate

### Poverty focus

78. Poverty focus is rated **moderately satisfactory**. Being a 'pro-poor' project, PROSUL is making efforts to reach its main target group which are the active poor farmers. The focus on horticulture and cassava value chains has ensured participation of the active poor farmers. In particular, cassava is exclusively produced by smallholders. The project however needs to improve mechanism for tracking outreach according to the different categories of target groups described in the PDR. It should also track beneficiaries achievements which in turn will demonstrate changes in the lives of the poor farmers. In particular, focus on young women and men will provide them with opportunities to improve their livelihoods in the light of the high unemployment rates. Under the red meat value chain, increased focus on small stock will ensure higher participation of the poorer farmers who do not have capacity to manage cattle.

### Effectiveness of targeting approach

79. The Mission rates this element **moderately satisfactory**. As per the design, PROSUL's main target groups consist of the economically active poor involved in value chain production of cassava, horticulture and livestock producers. So far, PROSUL has reached a total of 11,348 households which is 55.8% of the design targets. Of these households, PROSUL has reached 56.2% female headed. Households reached under the three value chains are: 2,102 households (61.4% women) under horticulture; 5,047 households (71.4% women) under cassava; and 4,199 households (35.5% women) under red meat value chain. Small holder

farmers are directly supported through trainings, group and association strengthening, technical expertise and start-up kit under horticulture and cassava value chains. The major challenge towards the promotion of sustainable and inclusive livestock producer organizations is the limited representation of women in the groups (35.34%) and especially in leadership positions. Emergent and commercial farmers are PROSUL's secondary target group and are engaged in promoting technologies; farmer-to-farmer extension approach and as lead farmers whose plots are used for demonstration where other farmers learn through exchange visits. Under the cassava value chain, production inputs (fertilizers and pesticides) are given only to the emerging farmers to use in stems multiplication fields while both, emerging farmers and smallholders producers received cassava stems.

80. Women constitute a direct target group in each value chain. They make up 77% of farmers trained and 56.4% of those who have received start-up kits under horticulture value chain; 72% of those trained and 64% receiving start-up kits under cassava value chain. 70% of farmers in FFS under cassava are women. Under Financial Services 81% of the ASCA group members are women. In the cassava component, DUAT's were secured for a total number 2,912 households with 1,016 of them (35%) being in the names of women. In order to address gender related constraints, mainly faced by women, gender has been mainstreamed into the project through the three value chains. The Lead Service Providers (LSP) has developed action plans as a roadmap for gender mainstreaming. The Mission was able to review the action plans and provided some feedback. The Mission was further pleased to note that PROSUL has supported the development of a *Gender Strategy* and *Gender Training Manual* for the ministry of agriculture. It was agreed that a dissemination plan of the strategy will be finalized and the Gender Training Manual will be rolled out through the regular schedule of farmers groups' trainings.

### **Innovation and learning**

81. The Mission rates the performance as **moderately satisfactory**. From the perspective of knowledge sharing and learning, the most remarkable event organized by the Project is the Learning Route. The event was organized in collaboration with PROCASUR from 6 to 19 November 2016 in Mozambique and Rwanda. The thematic of the learning route was "Practical solutions to adapt to climate change in production and post-harvesting sectors". The learning route focussed on lessons drawn from experiences of the PROSUL in Mozambique and the Climate Resilient Post-Harvest and Agribusiness Support Project (PASP) in Rwanda. The objective of the learning route was to scale up through peer to peer learning the Mozambican and Rwandan best multi stakeholder strategies, tools, practices, and mechanisms of increasing farmers' awareness and ownership in adapting to the negative impacts of climate change in order to reduce production and post-harvesting losses. The Project hosted around 30 participants from different countries including Botswana, Malawi, Uganda, Tanzania, Rwanda, Ethiopia, Kenya, Italy and Chile. During this event the Project had the opportunity to share experiences and lessons on the implementation of the shade cloth technology for vegetables production, drip irrigation system operation and management, multifunctional boreholes, hay making, lip sticks and the system set up for the multiplication of improved varieties of cassava.
82. To institutionalise many of these emerging lessons and experiences PROSUL has established innovation platforms relevant to the value chains in each of their target district. The intention of these platforms is to ensure further learning opportunities (both production and business) and market opportunities identified and developed with the platform members. However, the Farmer Field Schools in each of the three value chains need to do a better job at promoting systematic learning on different techniques interventions, and ensuring that the inputs provided in the starter packs are made available through the platforms and their respective hubs.



83. PROSUL is encouraged to undertake exchange visits to other countries to expand the experience base of project stakeholders and beneficiaries, and the opportunities that are available. For example, in Swaziland visit Livestock Fattening initiatives, Biogas Installations and simple Ferro-Concrete Rain Water Harvesting Structures; and RSA visit commercial shade cloth and drip irrigation manufacturers to see range of products available.

## Nutrition

84. The performance is rated as **moderately satisfactory**. Although PROSUL design did not include any nutrition intervention, the increased focus of the Government on nutrition aspects and IFAD's commitment in mainstreaming nutrition in its funded projects poses an opportunity for PROSUL to pilot awareness on this topic along the three value chains. The promotion of diversified agricultural practices, particularly intercropping, could have an impact on improved food security and nutrition. Part of the income from the sale of the agricultural products and cattle is already being used for diversifying the household diet. In addition, the vegetable gardens coupled with the possibility to plant fruit trees alongside the multifunctional boreholes could contribute to better standards nutrition within the households. In this regard, PROSUL could take advantage of the positive lessons learned from CHAPANI to build on this initial results.

## Partnerships

85. This component is rated as **moderately satisfactory**. PROSUL has the possibility to further strengthen or create linkages with a number of ongoing initiatives. Looking at the climate change horticulture and irrigation activities, a more structure link with AFDB projects be undertaken (i.e. the COFAMOSA irrigation project in Moamba and Magude, the feasibility studies for climate resilience in the Limpopo basin, BAIXO Limpopo Irrigation & Climate Resilience Project, etc.). Same suggestion applies for connections to project supported by the World Bank, such as PROIRRI, that though being implemented in different provinces, may still represent a positive opportunity for further learning and exchanges.
86. Further linkages should be explored also with the other Rome-based agencies. FAO is very active on natural resource management and climate resilience, and their ongoing research and work on VC development, land and water (all part of the FAO CPF), can all prove useful to the ongoing project implementation. Also, the PROSUL work on VC development positively contributes to improving food security in provinces in which the WFP has worked extensively (i.e. Gaza: Chigubo, Mabalane, Guijá, Massingir, Massangena and Chicualacuala). Hence the WFP programmes could add value by informing and updating the project on progress done on strengthening the food security and nutrition of people in the southern provinces, moreover in consideration of the social protection and community resilience objective of the WFP interventions.
87. The MTR Mission also reiterates the necessity to continue having a close and regular interaction with INAM in order to continue in the provision of climate risk data gathering, and also with the other ongoing activities with IIAM, alongside the other activities that foresee a close collaboration and partnership with INIR and DINAT.
88. In view of the institutional suggestion to increase the business focus, further opportunities to link with the private sector (and/or with other relevant informal actors that largely and actively participate in the three VCs) should be more strategically explored. The Project also expects to explore the possibility of establishing a partnership with the *Electricidade de Moçambique* (EDM) to ensure the installation of electricity grid networks in some targeted irrigated schemes.
89. It is furthermore suggested that the initial links with IFAD-Swaziland project be forwarded, fostering exchange with projects such as LUSIP, RFEDP and the recently launch SMLP that all work on components closely related to those of PROSUL.

## E. Fiduciary aspects

90. **Financial management.** The Mission rates the quality of the project's financial management as **moderately satisfactory**. PROSUL is currently in its fourth year of implementation and most of its financial management arrangements are in place, and could be more robust in order to better respond to the demands of the project. Budgeting of yearly activity plans is a concern, with significant variances projected by the end of the year. PROSUL operates in e-SISTAFE (Mozambique's Integrated Financial Management Information System) with system settings such that of the system that does not categorize expenditures by categories and components, while operating on TOMPRO as parallel accounting software. The Mission noted that TOMPRO is adequately updated, with only a difference of 2% with e-SISTAFE. This is due to the fact that e-SISTAFE follows cash basis, while the version of TOMPRO operated by PROSUL is accrual basis (to allow for the printing of smart SOEs from the system). PROSUL should also upgrade TOMPRO in order to correctly capture the amount of VAT/taxes for each expenditure, and should include GoM as a financier in the system, in order to post those payments made with Government funds for eligible projects activities. Financial reports of the project are generally accurate. However, the late submission of the reports during the Missions renders it difficult to check for accuracy compared to the reports generated by the accounting software, as well as the expenditure list generated by e-SISTAFE. While unqualified, the latest audit of the Financial Statements showed some shortcomings on regular reconciliation of accounts, and monitoring of project accounts that must be implemented by PROSUL. Analysis of reconciliations items shows that total balance in project accounts amounts to USD 3.18 million, and as such, PROSUL should not face any liquidity shortage in the short term.
91. **Disbursement.** Considering the sole IFAD loan the Mission rates the level of disbursement of PROSUL as **moderately unsatisfactory**. As at 8 December 2016, PROSUL is in its 4<sup>th</sup> year of implementation and IFAD has disbursed a total of SDR 3,907,964 (USD 5,589,801) of the total loan appraised at SDR 10,850,000 (USD 16,300,000, as per appraisal). This corresponds to a disbursement rate of 34%, against a reference disbursement rate of 60% for agricultural projects in the fourth year as established in the IFAD guidelines for portfolio review (2014 version). However, it must be noted that at the time of conclusion of the current Mission a Withdrawal Application (WA) for the IFAD loan was in the Fund's approval pipeline, and should be disbursed by mid-December. This WA (number 8) amounts to USD 1,487,666 and will bring total disbursement rate of PROSUL to 43% by end of 2016 (rating will thus be upgraded to moderately satisfactory).
92. The disbursement for the remaining financiers stands as follows: 25% for the ASAP grant (disbursed SDR 817,828 out of SDR 3,260,000), 44% for the IFAD grant (disbursed SDR 445,759 out of SDR 1,010,000) and 26% for the STF loan (disbursed EUR 3,509,716 out of EUR 13,300,000). As at 8 December 2016 there have been no disbursements of the UNCDF contribution (appraisal amount of USD 140,000) to PROSUL. Contributions of the private sector (appraisal amount of USD 1,900,000) and project beneficiaries (appraisal amount of USD 1,400,000) have not yet been accounted for by PROSUL.
93. Overall, the rate of disbursement for all financiers, including GoM, stands at 27%, with total disbursements amounting to USD 12 million against a project appraisal cost of USD 45 million. Taking into account the current level of financial execution, as well the fact that PROSUL now manages its designated account using imprest account arrangements, PROSUL must increase financial execution to guarantee high liquidity, as well as submit WAs at a higher pace, taking into account that WAs can be sent upon reaching 90 days since the previous WA has been sent, or claimable expenditures reach USD 20,000, whichever comes first.
94. **Amendment of the Loan and Grant agreement.** As part of the MTR exercise, PROSUL will submit a proposal of loan and grant re-allocation. The proposal should show total

expenditures of the project up to 30 November 2016, total commitments up to end of the project (including staff salaries), and a proposed reallocation of the budget. The IFAD Country Office will support PROSUL in the re-elaboration of the project cost tables prior to submission of the request for reallocation.

95. Additionally, and in line with the procedure in place for PSP, PROSUL may request an amendment of the Letter to the Borrower in order to request that for each disbursement, 25% of the disbursed amount may be transferred to an account in USD outside of e-SISTAFE, defined as off-Single Treasury Account regime (off-STA). This measure would give more flexibility to the project, for those periods when e-SISTAFE closes and no financial operations can be performed. As PROSUL already uses TOMPRO as accounting software, all off-STA operations would be regularly posted on TOMPRO for reporting.
96. **Execution of AWPB.** As at 31 October 2016, the execution of the PROSUL AWPB, budgeted at USD 9,594,043 has reached 46.6%, with total expenditures amounting to USD 4,666,224. The cumulative financial execution of PROSUL has reached 21%, with USD 9,490,250 spent out of the total project allocation of USD 44,960,000. With a very strong drive for spending in category I (civil works: irrigation pipelines, additional boreholes, construction of cattle fattening infrastructure, cattle fairs, and the works related to the proposed slaughterhouse), and the acceleration of activities under category V (financial services: line of credit), PROSUL has the potential to absorb around 90% of the all the project financing by closure date.
97. **Review of payment supporting documentation.** The Mission conducted a review of payment supporting documentation for recently submitted WAs (nr. 5 and 8 for IFAD loan, 2, 3 for IFAD grant, 4 and 7 for ASAP grant and 5 for STF loan). An extensive review of SOE items did not show deficiencies that could severely affect project implementation. The Mission noted though that in several instances, the engineer's reports for expenditures paid under the civil works category had not been included as part of the supporting documentation. In some other cases, the Mission reports, as well as reports for consulting services duly approved by the Project Coordinator were not included as supporting documentation. Most issues encountered during the review were resolved by the end of the Mission.
98. Regarding the payment of long term Service Provider contracts, the Mission noted that the LSPs are now submitting regular financial reports and supporting documentation for all invoices submitted to PROSUL. However, the Land Tenure Service Provider (LTSP) must still fully adhere to its contractual obligations and submit financial reports and supporting documentation. While discussions with the PMT show that the contract between CEPAGRI and the LTSP should request that payments are made under presentation of deliverables, the current contract still applies, which requires that payments may only be made upon presentation of full financial reports. It was agreed that PROSUL would seek to amend the contract to specify the new billing modalities for the contract, however, regular financial reporting should still be part of the contract as it is key to ensuring delivery of best value of the outsourced interventions.
99. **Counterpart funds.** The Mission rates the timeliness and amount of counterpart funds as **satisfactory**. As at 31 October 2016, GoM has contributed a total of USD 430,319 (17%) out of the appraisal amount of USD 2.49 million. Overall, this level of contribution is in line with the other project financiers. However, as PROSUL is paying VAT with IFAD funds, and financing other eligible project activities with GoM funds in order to offset the amount paid in taxes, PROSUL will submit WAs to IFAD for these amounts.
100. **Compliance with loan covenants.** The Mission rates the compliance with loan covenants as **moderately satisfactory**. Government is not compliant with schedule 2 of the Financing Agreement which specifies that the proceeds of the financing instruments may not be used to pay taxes. However, as at 31 October 2016 GoM has reimbursed in full all amounts of VAT paid with IFAD funds.

101. **Procurement.** The Mission rates compliance with Procurement as **satisfactory**. Review of procurement was a two-part process, as a previous financial management and procurement review had visited PROSUL in August 2016. The current review showed that all issues raised during the previous Mission had been resolved. The issues previously raised were all related to archiving of documentation, and similar cases were not found in this second review.
102. **Contract management.** The Mission inspected the contract and fixed assets registers and found them to be adequately reconciled. The use of Contract Monitoring Forms (CMF) is also well established and no issues that could adversely affect project implementation were found during the review.
103. **Audit.** The Mission rates the quality and timeliness of audit as **satisfactory**. The report of the audit of the 2015 Financial Statements was submitted by PROSUL ahead of the deadline of 30 June 2016. The audit was unqualified, with only a few internal control issues reported by the auditor on reconciliation of project accounts.
104. **Archiving of financial and procurement documentation.** As part of the electronic archiving initiative started by the IFAD Country Office, whereby all IFAD-funded projects in Mozambique will use an e-archiving software developed in-house, PROSUL has purchased the needed hardware, and the IT consultant engaged by IFAD has finalized the installation of the software. However, due to the MTR workload deliver of the system and training of the staff will only be possible in early 2017.
105. Additionally, and considering the rapidly expanding amount of financial and procurement records, it was agreed that PROSUL will expand the office space in the PCU, in order to both accommodate the additional technical staff envisioned under this MTR, and the required storage space for the financial and procurement documentation.

Agreed action	Responsibility	Agreed date
Submit proposal of schedule 2	PMT/IFAD	Immediate
Submit financial reports for LTSP	PMT	March 2017
Submit WA for expenditures paid with GoM funds	PMT	March 2017
Initiate use of e-archiving system	PMT/LSP	March 2017
Speed up the negotiation process between IFAD and GoM on the moratorium	IFAD	December 2016

## F. Sustainability

### Institution building sustainability.

106. This component is related to as **moderately satisfactory**. PROSUL has provided institutional support directly to districts and farmer's associations in the project target area by providing assistance through a number of activities. Amongst others through the development of District Adaptation Plans, through legalizing farmers' associations, establishing value chain platforms for Cassava and Livestock and 20 water user associations in the Horticulture, and through the institutional support given to the GoM's goal of issuing land certificates.
107. Activities have sought to meet institutional deficits in a number of realms in MASA, as detailed in the section of climate and environment. In addition the LTA and Project Coordinator participated in land tenure training with GLTN in Kenya.
108. Further training is being planned for Q1 in 2017 using the Red Cross Climate Gaming Team as facilitators. The vulnerability mapping undertaken by the University of Cape Town will be a key resource for this training. The project is also expected to share experiences from the land tenure certification process with the other IFAD-supported projects PROMER and PRODIRPA, also working on securing land tenure rights, and promoting CBRNM. It is therefore suggested that the LTA participate in the Land Forum expected to be held in Maputo in December 2016, as an opportunity to participate in a forum involving all relevant institutions working on tenure security.

109. PROSUL's submission of a paper for the World Bank Land Conference in 2017 has been accepted, and the PMT should pursue participating in this global event, showcasing the lessons and results obtained. Also, in regard to the red meat value chain, the PMT is scheduled to participate in the Livestock Conference organized by early for February 2017 in Swaziland.
110. As per design, SPs' work is important in guaranteeing not only the forwarding of project activities, but should also work in guaranteeing an increase in capacity of Government officials and all relevant institutions, so as to guarantee that knowledge is passed on sustainably during and after project closure. In this regard attention to the training of INIR and MASA staff on irrigation design, rehabilitation, procurement and supervision, is one of many capacity strengthening activities that should be foreseen in the remaining period of the project. The latter attention is topical also for the innovation platforms under the red meat component, which need to be effectively institutionalized, guaranteeing a more inclusive participation of all stakeholders.

Agreed action	Responsibility	Agreed date
Participation in ILRI Livestock Conference in Swaziland	PMT	February 2017
Participate in World Bank Land Conference in Washington USA	PMT	March 2017

### Empowerment

111. This is rated **moderately satisfactory**. Efforts to organize and strengthen farmer groups and association have been done through various trainings by SPs. It was however noted that there is need for coherency in these training through development of modules and training manuals to ensure quality and systematic capacity strengthening of the farmers. While the start-up kit provided to farmers will ensure good harvest in the first season, the project needs to develop mechanism to empower the farmers to access quality inputs in the subsequent seasons. From the Mission's field visits as well as the data provided, it is evident that women are participating in project activities. However, the quality of their participation is not ensured given that there has been no effort to address the root causes of gender inequalities. The GALS approach is highly recommended for transformed gender relations and empowerment of women, men and youth. Furthermore, while it is important to encourage women's participation in leadership positions, this should be backed by strengthening their leadership skills.

### Quality of beneficiary participation

112. This is rated as **moderately satisfactory**. Strengthening of farmer organizations especially on governance issues will improve the capacity of farmers to negotiate as well as influence project interventions. As mechanism ensuring value chain analysis and environment, the project is supporting value chain platforms at provincial level and innovation platforms and district level. Under the red meat component, seven innovation and regional value chain platforms have been established; 2 under horticulture and 6 district innovation platforms under cassava value chain. Financial Services component, the ASCA model under is member owned and managed. The trainings offered is providing financial literacy which in turn supports their income capacities.

### Responsiveness of Service providers

113. This component is rated as **moderately satisfactory**. Whilst recognizing the complexity of the project that requires the interaction of various SPs, the Mission recommends that more actions be taken to improve communication within and across all LSPs. This is particularly important for projects like PROSUL, given the numerous cross-cutting issues and the nature of the project design that highly relies and requires for SPs to find efficient and effective ways of delivering on their co-management of project activities (i.e. CBRNMPs, land tenure, climate change adaptation, etc.).

114. Positive on-field examples of the work of SPs is visible in the successful construction of the multifunctional boreholes, and also in the inauguration of various cattle fairs. Nonetheless, it is important to continue assuring a high quality of delivery, giving more attention also to the small details and guaranteeing a timely delivery of project objectives. Financial reporting is also of utmost importance as it guarantees that financial resources are being efficiently challenged to approved project activities.
115. There is scope for a rapid improvement and the Mission suggests that more regular meetings be held among the SPs during the year, thereby allowing for an environment that rapidly identifies difficulties, finds solutions, but also shares the positive progress made by the project and the SPs themselves.

### Exit Strategy

116. This is rated **moderately satisfactory**. A draft strategy was being developed during the visit of this Mission and should be ready and submitted to IFAD by end of December 2016. This covers post project institutional arrangements as well as post-Project funding arrangements for the period after closure of external funding. A detailed exist strategy will be attached as an annex to the Mid Term Review Report.

### Potential for Scaling up and Replication

117. The Mission rates the performance as **moderately satisfactory**. The recent El Niño and La Niña events have negatively impacted on agricultural productivity in Mozambique through creating climate shocks that have seriously affected the country's 2015-2016 and 2016-2017 cropping seasons. The El Niño induced droughts throughout much of southern Mozambique, with rainfall reduced to less than 60% of long term averages, resulted in large agricultural and livestock losses through water stress, causing for example a distortion in the price of maize (25 to 50 MZN per kilo) and cassava (10 to 25 MZN per kilo). The impacts of the La Niña are as yet to be felt, as the start of the 2016/2017 season has been erratic with localized heavy rainstorm events and other areas receiving little if any rain. In fact the Gaza region is still reeling from the El Niño, with severe reductions in water flows along the Oliphant and Limpopo Rivers resulting in the Chókwè irrigation scheme being dry – the first time in the memory of many.
118. These events are having both positive and negative impacts on PROSUL. The drought as emphasized the need to scale out and replicate investments in; i) water infrastructure, such as the multipurpose boreholes in the red meat value chain (demand from other districts in the project target areas for multi-functional bore holes has materialized); ii) water saving interventions such as the shade cloth housing with drip irrigation for horticultural production; and iii) promotion of drought tolerant varieties of cassava and improved agronomic practices.
119. An unforeseen impact of the El Niño on the cassava stem multiplication is the loss of irrigation facilities in Chókwè and the impact this will have on the multiplication of new varieties for the 2017-2018 season and beyond. As part of PROSULs exit strategy the following issues need to be addressed over the next 6 months to ensure interventions are scaled out; i) what investments and partnerships need to be formalized to deliver a sustainable mechanism for the production of improved cassava stems as new varieties are released by IIAM – development of partnerships with the Alliance for a Green Revolution in Africa (AGRA), Scaling Seeds and Technologies Partnership in Africa (SSTP); ii) policies required to facilitate the entry of different shade cloth housing and drip irrigation manufacturers into the Mozambique market to increase competition and reduce the cost of investments; iii) increase the speed of group formation and market access – essential the key lessons identified in the various business studies are shared with value chain platforms to help develop appropriate delivery mechanisms to meet market demands; and iv) development of appropriate financial products and matching grants to speed up beneficiary access to multifunctional boreholes,

shade cloth housing and drip irrigation, and input packages for improved horticulture and cassava production, post-harvest processing and marketing.

Agreed action	Responsibility	Agreed date
Reallocate funding and identify additional funding sources to expand coverage of multi-functional bore holes through in the project development area	PMT and Missions	Ongoing
Develop a sustainable mechanism for the multiplication of improved cassava varieties in partnership with IIAM and AGRA-SSTP	PMT/IIAM/SSTP	March 2017
Develop an approach to increase market competition for Shade Cloth Housing and drip irrigation	PMT/MASA	On going

## G. Other

### Risks

120. **Fiduciary aspects:** Review of project financial tables, reconciliation items and status of funds shows that at project year 4, PROSUL still has a balance of total funds for all financiers of around USD 35 million. With only three years of implementation left there's a real risk that PROSUL might not be able to fully absorb all project funds by project completion. With category I (civil works) and category V (Financial Services) some of the categories that could drive financial execution, PROSUL should accelerate all designs and procurement processes in order to quickly implement the proposed activities under these categories.
121. **Project implementation progress.** The first risk is implementation capacity for rehabilitation of irrigation schemes by contractors. The second is market capacity to absorb horticultural products from rehabilitated irrigation schemes. For livestock the major risk is drought, increased incidence of extreme weather events, and livestock disease. For Cassava incidence of diseases may affect the overall productivity. . Macroeconomic environment might negatively affect the implementation of the project.
122. **Outputs and outcomes.** Uptake of new technologies could be affected especially due to limited access to finance. Risk of non-delivery by service providers due to capacity limitation is another limiting factor.
123. **Sustainability.** The current slowdown in economic performance for the Mozambican economy is a major source of concern affecting project costs and sustainability of project investment.

## H. Conclusion

124. Overall, the project progress is rated **moderately satisfactory** despite the setbacks in Component 4. Even then, the work on ASCAs in Component 4 has progressed well. However, given the redesign of the component, it is expected that implementation of this component will be accelerated in the next three years of the project. There is also need to further strengthen the market and business orientation of the project and especially the horticulture and the Red Meat VC. In this regard, the Cassava VC has made more progress in this area and has embarked on value addition on farm and off-farm. It is expected that Government will expedite the request to amend the Financing Agreement in the shortest possible time in order not to disrupt project activities on the ground and also reallocate funds to "fast moving and high demand" components and sub-components over the remaining three years of the project. The PMT will need to re-inforce its capacity to provide technical guidance and supervision of the LSPs in each VC by hiring VC experts for each Value Chain. The Mission also noted that office space is becoming a critical limiting factor for efficient project execution and thus supports the request for additional working space for the project teams in Xai-Xai.

125. The new Districts that have been created from the existing Project areas should be considered as part of PROSUL target areas. Some pilot work may take place in neighbouring districts in Maputo and Limpopo corridors with similar agro-ecological challenges.
  126. IFAD and the Government of Mozambique endorse the findings of this Mid-Term Review Mission.
  127. The next Supervision Mission will take place in September 2017.
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## Appendix 1: Summary of project status and ratings

### A. Project 1618 [1100001618] Pro-Poor Value Chain Development in the Maputo and Limpopo Corridors - 2016-12

#### Basic Facts

Country	Mozambique	Project ID	1618 [1100001618]	Loan/DSF/Grant/ASAP FI No.	1000004314, 1000004315, 1000004316, 1000004332
Project	Pro-Poor Value Chain Development in the Maputo and Limpopo Corridors			Top-up Loan/DSF/Grant/ASAP FI No.	
Date of Update	16-Dec - 2016				
Supervising Inst.	IFAD				
No. of Supervisions	2	No. of Implementation Support/Follow-up missions	6		
Last Supervision	15-May-2015	Last Implementation Support/Follow-up mission	16-Sep-2016		

				USD million Disb. rate %		
Approval	21-Sep-2012			Total financing	44.95	27
Agreement	03-Oct-2012	Effectiveness lag	0.4	IFAD Total	22.72	
Entry into force	03-Oct-2012	PAR value	Actual problem	IFAD loan	16.30	34
First disbursement	11-Jun-2013			DSF grant		
MTR	29 Nov – 9 Dec 2016	Last amendment	05-Feb-2015	IFAD grant	1.52	43
Original completion	31-Dec-2019	Last audit	20-Jun-2016	ASAP grant	4.91	24
Current completion	31-Dec-2019			Domestic Total	5.78	
Current closing	30-Jun-2020			Beneficiaries	1.40	0
No. of extensions	0			National Govern	2.49	24
				Local private	1.90	0
				External Co-Financing Total	16.44	
				Spanish Fund	16.30	25
				UNCDF	0.14	0

#### Project Performance Ratings

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

B.3 Outputs and outcomes	Last	Current	B.4 Sustainability	Last	Current
1. comp.1: Red Meat Value Chain	4	4	1. Institution building (organizations, etc.)	4	4
2. Comp 2: Cassava Value Chain	4	4	2. Empowerment	4	4
3. Comp 3: Horticulture Value Chain	3	4	3. Quality of beneficiary participation	4	4
4. Comp 4: Financial Services	3	3	4. Responsiveness of service providers	4	4
			5. Exit strategy (readiness and quality)	3	4
			6. Potential for scaling up and replication	4	4

#### B.5 Justification of ratings

PROSUL is well managed by a dedicated and proactive PMT. However Project Management remains rated at moderately satisfactory. Implementation of the majority of the field activities has picked up this financial years in all three value chain components namely Horticulture, Cassava and Red Meat. These are rated moderately satisfactory and there is a huge potential for scaling up these initiatives into other programmes and geographical areas. However, while implementation of activities under the Financial Services Component were initiated the bulk of the component is yet to start implementation pending amendment to the FA to accommodate the changes to the Component.. PROSUL has a strong gender, land tenure climate change and environmental focus and is doing well in those areas/themes. The Financial Management Unit of PROSUL is fully committed to the project. The review of accounting arrangements and budget monitoring shows that the Financial Management Unit of PROSUL is fully committed with regular reporting, However, it must be noted that disbursement rate has remained relatively unchanged from the Implementation Support Mission that took place in September 2016 and stands at 27%.

### Overall Assessment and Risk Profile

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

#### Rationale for implementation progress rating

Project implementation progress is rated moderately satisfactory. Implementation currently covers all 19 (100%) targeted districts defined at design stage. A total of 11,348 (55.8%) out of an end of project target of 20,350 beneficiary households is currently being reached by project services. The rate of implementation has greatly improved under all components except Component 4 that has been re-designed but the project is fairly on course to meet most of its end of project targets.. However, based on the IFAD May 2016 Project Status Report, PROSUL is rated as an Actual Problem Project (APP), mainly due to delays and limited progress in Component 4 (financial services) and the associated risks to achieving the project development objectives. Nevertheless, satisfactory progress is noted in Components 1, 2 and 3 (three value chains). At mid-term the overall IFAD disbursement is below target (34%), which is moderately unsatisfactory. The MTR discussed options for reactivating Component 4, as well as reallocating funds to priority activities in Components 1-3. The project is now picking up speed and the overall performance status is expected to improve soon (with pending WA applications the disbursement rate is expected to increase to approximately 45%). Overall the project is on course to reach its objectives provided that the recommended amendments are carried out timely by IFAD

C.5 Likelihood of achieving the development objectives (section B3 and B4)	3	4
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#### Rationale for development objectives rating

The commitment of Government and designated focal points in government institutions (DNSE, DNSV, INIR, IIAM, DNEA) is strong. The Steering Committee is committed to the success of the project. There's already evidence of improved institutional capacity emerging, especially with regards to influencing the climate change agenda at the level of the Ministry of Agriculture, partnership building with key institutions, and improved dialogue on gender sensitive approaches in the agricultural sector. Solid government and stakeholder ownership and involvement is a strong aspect of PROSUL. As such the project should be well on track to achieve the development objectives. The mission was satisfied with the preparatory work for the MTR carried out by the PMT and presented to the Mission

Notable innovations have been promoted, with opportunity for scaling-up. These include, among others: multi-functional boreholes to provide water for humans and livestock in drought-prone areas (pumping with power from solar-panels), forage production and cattle fairs, shade cloths and drip irrigation for horticulture production and interventions to enhance cassava productivity through improved varieties, stem multiplication and farmer field schools(yields have increased from 6 tonnes/ha at baseline to 19-20 tonnes/ha). Market linkages were noted (eg. Shoprite, Food Lovers and the Dutch Agricultural Development & Trading Company/DADTCO), but further work is needed to formalize and consolidate these links. The project has supported the strengthening of farmer organizations and water user associations, in view, among others, of ensuring operation and maintenance (eg. irrigation schemes, multi-functional boreholes, shade-cloths), but this is an area requiring further close attention to ensure sustainability. Further work is needed to institutionalize the value chain platforms and innovation platforms. ASAP interventions are fully integrated in the project, as well as gender mainstreaming, land management and nutrition. The multi-functional boreholes are expected to yield significant improvements in the lives of the rural population, especially women who often spend 3-4 hours per day fetching water (in addition to bore-holes, water harvesting techniques will be introduced). The reactivated rural finance component is expected to provide financial services to emerging farmers to enable them to develop their agribusinesses

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

Fiduciary aspects	Review of project financial tables, reconciliation items and status of funds shows that at project year 4, PROSUL still has a balance of total funds for all financiers of around USD 35 million. With only three years of implementation left there's a real risk that PROSUL might not be able to fully absorb all project funds by project completion. With category I (civil works) and category V (Financial Services) some of the categories that could drive financial execution, PROSUL should accelerate all designs and procurement processes in order to quickly implement the proposed activities under these categories
Project implementation progress	The first risk is implementation capacity for rehabilitation of irrigation schemes by contractors. The second is market capacity to absorb horticultural products from rehabilitated irrigation schemes. For livestock the major risk is drought, increased incidence of extreme weather events, and livestock disease. For Cassava incidence of diseases may affect the overall productivity. . Macroeconomic environment might negatively affect the implementation of the project.
Outputs and outcomes	Uptake of new technologies could be affected especially due to limited access to finance. Risk of non-delivery by service providers due to capacity limitation is another limiting factor.
Sustainability	The current slowdown in economic performance for the Mozambican economy is a major source of concern affecting project costs and sustainability of project investment.

### Proposed Follow-up

Issue / Problem	Recommended Action	Timing	Status
Amendment to the FA by IFAD	Amend Financing Agreement in order to restructure component 4 - Financial Services of the Project. Government to submit new request	Feb 2017	Ongoing

### Additional observations

Overall, the project progress is rated moderately satisfactory despite the setbacks in Component 4. Even then, the work on ASCAs in Component 4 has progressed well. However, given the redesign of the component, it is expected that implementation of this component will be accelerated in the next three years of the project. There is also need to further strengthen the market and business orientation of the project and especially the horticulture and the Red Meat VC. In this regard, the Cassava VC has made more progress in this area and has embarked on value addition on farm and off-farm. It is expected that Government will expedite the request to amend the Financing Agreement in the shortest possible time in order not to disrupt project activities on the ground and also reallocate funds to "fast moving and high demand" components and sub-components over the remaining three years of the project. The PMT will need to re-inforce its capacity to provide technical guidance and supervision of the LSPs in each VC by hiring VC experts for each Value Chain. 124. The new Districts that have been created from the existing Project areas should be considered as part of PROSUL target areas.

## Appendix 2: Updated logical framework: Progress against objectives, outcomes and outputs

Narrative Summary	Indicators			Means of Verification			Assumptions
	Name	Baseline	End target	Source	Frequency	Responsibility	
<b><u>Goal:</u></b>							
Contribute to the improvement of livelihoods and climate resilience of smallholder farmers in selected districts of the Maputo and Limpopo corridors	Poor smallholder household members whose climate resilience has increased due to ASAP (ASAP)	4,000	60,000	household and impact surveys incl. poverty & gender studies and RIMS Surveys reality checked against National statistics	Baseline and completion	MASA, National Bureau of Statistics	Participating farmers adopt and use climate resilient production technologies
	Proportion of households that have acquired/secured at least one or more physical assets during the project lifespan	0%	50%				Income from produce sales will be used on household improvements
<b><u>Development Objective:</u></b>							
To Increase returns to small holder farmers from improved marketing of increased volume and quality of produce in the targeted value chains of Cassava,	Households receiving project services (RIMS)	0	20,350	National Statistics , Project impact surveys,	Baseline, midterm, completion	MASA, National Bureau of Statistics	Small holders participate actively in the activities of the targeted value chains
	Income of participating households increased	12,000.00 MZN	30,000.00MZN				Incomes increase through a combined effect of increased production and improved market access for targeted value chains

Narrative Summary	Indicators			Means of Verification			Assumptions
	Name	Baseline	End target	Source	Frequency	Responsibility	
Horticulture and Redmeat <b>Outcomes</b> Small holder farmers' productivity, volumes and quality of targeted crop enterprises reaching both traditional and modern market segments increased through improved access to agricultural technologies and production practices	Average gross margins from sale of supported crops	Tomatoes- 2,034.78 MZN Cabbage -7,560.00 MZN Potato - 6,318.00 MZN Green beans - 1,518.00 MZN Pepper - 7,920.00MZN Beans -144.00 MZN Cassava -1,800.00 MZN	Tomato - 24,417.39 MZN Cabbage - 90,720.00 MZN Potato - 75,816.00 MZN Green beans -18,216.00 MZN Pepper - 95,040.00 MZN Beans - 1,728.00 MZN Cassava - 105,000.00MZN N				Increased production will lead to increased demand, sales and higher gross margins from targeted value chains
	Average agricultural yields of supported crop enterprises	Tomato - 15.6tons/ha; cabbage - 12.6 tons/ha; Potato - 11,7tons/ha; Green beans - 2.3tons/ha; Pepper -12tons/ha; Beans - 0,4tons/ha; Cassava - 6 tons/ha	Tomato- 31.2tons/ha; Cabbage - 25.2tons/ha; Potato- 23,4tons/ha; 4.6tons/ha; Pepper - 24.00tons/ha Beans - 0,8tons/ ha Cassava - 18tons/ha	Project reports ,Yield assessment reports , outcome surveys	Baseline, midterm, completion	PMT and LSPs	Increased production will lead to increased demand, sales and higher gross margins from targeted value chains

Narrative Summary	Indicators			Means of Verification			Assumptions
	Name	Baseline	End target	Source	Frequency	Responsibility	
Small holder Livestock Producers' Productivity, quality and sale of cattle and small ruminants increased through improved access to agricultural technologies and production practices	Average live weight for cattle at sale increased in project areas (kgs)	200kg	350 kgs%	Project reports Cattle sales records from sale pens	Baseline , Midterm and Completion ;	PMT and LSPs	Improved production practices and technologies will improve livestock productivity and would in turn result in increased off take value and rates
Value chain actors access to a diversified range of timely, adequate and affordable financial products, improved	Percentage of beneficiary households using rural financial services (ASCAs; MFIs; Banks) for productive purposes or income-generating activities in project areas (RIMS)	10	80%	Outcome surveys	completion		Farmers use financial resources more for productive purposes and less for consumption purposes
Enhanced climate-smart value chains and strengthened community resilience	Percentage of households reporting adoption of environmentally sustainable and climate resilient technologies and practices (RIMS)	0	80%	Project reports and adoption surveys	completion	PMT and LSPs	Farmers are trained and adopt recommended practices and technologies
<b>Outputs:</b>							
Developing farmer capacity in good production practices and technologies	Number of persons trained in improved production practices and/or technologies (RIMS)	n/a	18,400	Project reports	Quarterly	PMT and LSPs	Training farmers in improved practices will lead to improved production of horticultural crops

Narrative Summary	Indicators			Means of Verification			Assumptions
	Name	Baseline	End target	Source	Frequency	Responsibility	
Supporting farmers access to agricultural technologies and production practices	Number of hectares of farmland under new/improved irrigation systems (RIMS)	0	2,100ha	Regular Project Reports	Quarterly	PMT	Resources made available for scheme rehabilitation
Strengthening of the targeted value chains	Number of FOs supported by project in improved processing and marketing of produce and livestock	0	500	Regular Project Reports and Lead Service provider reports	Quarterly	PMT and Lead Service Providers	New Value chain actors will be interested in investing in processing and buying produce. Existing actors are willing to engage with project.
Strengthening climate resilience and environmental sustainability	Number of hectares of land brought under climate-resilient management (RIMS)	0	2,880ha	Service provider reports and regular project reports	Quarterly	PMT and Lead Service Providers	Climate resilient technologies demonstrated are taken up by the farmers
Improving financial literacy and access to financial services	Number of persons trained in financial literacy and/or use of financial products and services(RIMS)	0	100,000 persons	Service provider reports and regular project reports	Quarterly	PMT and Lead Service Providers	Financial institutions are ready to invest in targeted value chains and package appropriate products for the small holders
Securing Land rights of beneficiary farmers	Number of persons whose ownership or users' rights over natural resources have been registered in national cadasters and/or geographic information management systems(RIMS)	0	100,000 persons	Service provider reports and regular project reports	Quarterly	PMT and Lead Service Providers	Farmers are sensitised and are aware of the need to have their land rights secured in order to increase production.

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

Action area	Agreed action	Responsibility	Agreed date	Progress
Outputs	Prepare bidding documents for the selection of private sector service providers for the service hubs.	PMT	January 2017	
	Prepare a Strategy for Farmer Organizations Development	LSP/PMT	January 2017	
	Develop a value chain investment plans to ensure market oriented Horticulture production	LSP/PMT	March 2017	
	Finalize the workplan for IIAM to provide technical support	LSP/PMT/IIAM	January 2017	
	Registration of all WUAs according to new legislation	LSP	September 2017	
	Recruitment of VC expert in the horticulture LSP	LSP	March 2017	
	Synthesise key messages from the yield assessment and the market development reports to help develop financial products	PMT/LSP	Immediate	
	Fast track the operationalization of the service hubs for development of the input and output markets	PMT/LSP	ongoing	
	Develop a pilot feed lot using cassava and its by-products	LSP	March 2017	
	PROSUL and LSP need to revisit the contractual arrangements to ensure adequate field staff to the end of the project	PMT/LSP	Immediate	
	Start production of planting material via tissue culture	PMT/IIAM/LSP	Immediate	
	Strengthen PMT capacity by recruiting a specialist in red meat agri-business	PMT	March 2017	
	Continue strengthening the capacity and the facilitation of District and Regional IPs to become viable institutions	LSP	continuous	
	Formalize at least three farmers' groups per district through registration and opening of a bank account	LSP	June 2017	
	Piloting of two mini-feedlots in Motaze and Mapai according to IFAD/ILRI model	LSP	June 2017	
	Initiate engagement with Matama Abattoir according to a public-private-producer partnership (4P) approach	LSP/PMT/IFAD/GoM	January 2017	
Engage the private operator and district government to facilitate improvement of conditions at Mapai slaughterhouse	LSP/PMT	January 2017		
PROSUL and LSP need to revisit the contractual arrangements to ensure adequate field staff to the end of the project	LSP/PMT	Immediate		



	Re-launch the tender for vaccine equipment	LSP/PMT	Immediate
	Submit the feasibility study report for the slaughterhouse	LSP	March 2017
	Project Implementation Manual (PIM) for the subcomponents to be developed	PMT/FSU/SPs	February 2017
	Loan guarantee fund to be dropped and funds reallocated to credit line and other interventions	PMT/IFAD/GoM	December 2016
	Tools and systems for supervision and coordination of component activities. to be developed	PMT/FSU	January 2017
	M&E, research and knowledge management framework to be developed	PMT/FSU	January 2017
	Develop appropriate financial products and matching grants	LSP/PMT	Immediate
	Assess the suitability of taking advantage of the FDA capacity to speed up activities for Component 4	PMT	March 2017
	Exchange visits to Swaziland and RSA	PMT	Q1 and Q2 2017
	SWOT analyses of the three VCs	PMT/LSPs	Q1 2017
	Revision of the ToRs for the Market and Weather Information systems	PMT/IFAD	January 2017
	Finalize and approve the 4 CBNRMPs	PMT	apr-17
	Participation in Land Forum	LTA	December 2016
	Finalize paper for World Bank Land Conference in Washington	PMT/IFAD	February 2017
	Provide breakdown of costs and proposal for additional semi-massive DUATs delivery in the remaining 3 district	LTSP	Jan/Feb 2017
	Compile comprehensive and explanatory list of beneficiaries targeted under the Cassava VC	LTSP/PMT/ Cassava LSP	January 2017
	Experience sharing session with PRODIRPA and PROMER	LTA/ IFAD	Feb/Mar 2017
Project Implementation progress	Recruit an agronomist	PMT	31 March 2017
	PSC to meet twice per year	PMT	Twice in 2017
	Coordination meetings between LSPs	PMT	Twice in 2017
	Performance review meetings with each LSP	PMT	Quarterly in 2017
	Increase focus on measurement of outputs and outcomes	PMT	Immediate and continuous
	Provide support to the Project Management and LSPs in developing necessary capacities for effective operationalization of the M&E system and the revised Log frame	IFAD	February 2017

	Use manual system to capture implementation progress	PMT	Immediate continuous	and
	Recruit M&E Assistant	PMT	March 2017	
	Roll out training on GALS	PMT & SPs	Immediate continuous	&
	Engage youth in project activities & track through age-disaggregated data	PMT & SPs	Immediate continuous	&
	Develop & execute a dissemination plan for the Gender strategy	PMT	Immediate (upon approval at MASA Level)	
	Develop and execute a roll-out plan for the gender training manual	PMT	Immediate	
Fiduciary aspects	Submit proposal of schedule 2	PMT/IFAD	Immediate	
	Submit financial reports for LTSP	PMT	March 2017	
	Submit WA for expenditures paid with GoM funds	PMT	March 2017	
	Initiate use of e-archiving system	PMT/LSP	March 2017	
	Speed up the negotiation process between IFAD and GoM on the moratorium	IFAD	December 2016	
Sustainability	Participation in ILRI Livestock Conference in Swaziland	PMT	February 2017	
	Participate in World Bank Land Conference in Washington USA	PMT	March 2017	
	Reallocate funding and identify additional funding sources to expand coverage of multi-functional bore holes through in the project development area	PMT and Missions	Ongoing	
	Develop a sustainable mechanism for the multiplication of improved cassava varieties in partnership with IIAM and AGRA-SSTP	PMT/IIAM/SSTP	March 2017	
	Develop an approach to increase market competition for Shade Cloth Housing and drip irrigation	PMT/MASA	On going	

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

**Physical progress measured against AWPB updated as at 30<sup>th</sup> October 2016.** The physical progress measured against the Annual Work Plan and Budget is updated only up to 30<sup>th</sup> October 2016. The mission noted a low performance of some of the key indicators defined in the AWPB while in some cases results are being reported against no planned targets. As noted, reporting on outputs and outcomes is minimally being done leaving most of the indicators with no results. The implementation of the irrigation subcomponent remains low and is likely going to continue constraining subsequent activities under the horticulture value chain component. The mission was informed that designs for the remaining area under irrigation are nearing completion and the contracting process is expected to begin as soon as possible giving a push to the overall performance of the subcomponent. In addition, with all service providers for the rural financial component on board, the progress is expected to improve significantly.

The mission also noted that some results reported on were not consistent with the annual and appraisal targets. The overall indicator description will need to be reviewed and the targets revised accordingly once the processes for the revision of the log frame are concluded. Efforts to ensure continuous and consistent update of the indicators should also be instituted accordingly.

Component/			Period: 01/01/2016 to 30/10/2016				Cumulative	Appraisal		
Sub-component or Output	Indicator	Unit	AWP&B	Actual	%	Ongoing	Actual	Target	%	Remarks
<b>Goal</b>										
<i>Improved and climate-resilient livelihoods of smallholder farmers in selected districts of the Maputo and Limpopo corridors.</i>	Rural households with improvement in asset ownership	Number	0	0	#DIV/0!		0	20,000	0.00	
	Households for which food security has improved	Number	0	0	#DIV/0!		0	20,000	0.00	
	Poor smallholder household members whose climate resilience has increased due to ASAP	Number	0	0	#DIV/0!		0	60,000	0.00	
	Individuals reached by meteorology weather forecasts (IIAM's Meteorological facilities)	Number	0	0	#DIV/0!		0	0	#DIV/0!	
<b>Development Objective</b>										
<i>Sustainable increased returns to smallholder</i>	Households (50% women) receiving	Number	0	0	#DIV/0!		0	20,350	0.00	

Component/			Period: 01/01/2016 to 30/10/2016			-	Cumulative	Appraisal		
Sub-component or Output	Indicator	Unit	AWP&B	Actual	%	Ongoing	Actual	Target	%	Remarks
<i>farmers from increased production volumes and quality in target value chains, improved market linkages, efficient farmer organisation and higher farmers' share over the final added value</i>	project services									
	Farmers who participate in a formalized marketing arrangement	Number	0	0	#DIV/0!		0	0	#DIV/0!	
	Average quantities of crops sold by small-scale producers	0	0	974	#DIV/0!		0	14,755	0.00	
	Average quantities of animals sold by small-scale producers	Number	0	3	#DIV/0!		2	0	#DIV/0!	
<b>Component 1: Horticulture Value Chain</b>										
<i>Outcome 1: Increased sustainable income for smallholder farmers producing irrigated vegetables in project areas through increased productivity, volumes and quality of vegetables reaching both traditional and modern market segments.</i>	Small-scale farmers who have adopted one or more improved production technologies (farming management practices) introduced under the project	Number	0.00	0.00	#DIV/0!		0.00	0.00	#DIV/0!	
	Farmers adopting climate-resilient technologies (ASAP)	Number	100.00	564.00	564.00		140.00	1,200.00	11.67	
	Land managed under climate-resilient practices (ASAP)	ha	4.00	258.15	6,453.75		257.90	500.00	51.58	

Component/ Sub-component or Output	Indicator	Unit	Period: 01/01/2016 to 30/10/2016			Ongoing	Cumulative Actual	Appraisal Target	%	Remarks
			AWP&B	Actual	%					
	Households, producing and processing facilities with increased water availability and water use efficiency	Number	0.00	0.00	#DIV/0!		0.00	0.00	#DIV/0!	
<i>Sub-component 1.1 - Rehabilitation and expansion of existing irrigated perimeters</i>										
<i>Output 1.1.1: Improvement or rehabilitation of irrigation schemes</i>	Land under improved or rehabilitated irrigation schemes	ha	1,360.00	407.00	29.93	Ongoing. Civil works started for rehabilitation of 407,44ha in Malene, Banze, Banguene and Manguiza irrigation schemes	496.00	2,101.00	23.61	
<i>Output 1.1.2: Farmer organizations established or strengthened</i>	WUAs established or strengthened	Number	20.00	19.00	95.00		20.00	20.00	100.00	
<i>Output 1.1.3 Capacity of farmers to manage irrigation schemes improved</i>	People trained in O&M	Number	400.00	500.00	125.00		669.00	1,200.00	55.75	
<i>Sub-component 1.2 - Strengthening linkages between value chain stakeholders</i>										
<i>Output 1.2.1: Farmer organizations established or strengthened</i>	FOs established or strengthened	Number	60.00	75.00	125.00		75.00	179.00	41.90	

Component/ Sub-component or Output	Indicator	Unit	Period: 01/01/2016 to 30/10/2016			Ongoing	Cumulative Actual	Appraisal Target	%	Remarks
			AWP&B	Actual	%					
Output 1.2.2 Capacity of farmers improved	Members/leaders of FOs trained in crop production, value adding, agribusiness and marketing aspects	Number	38.00	38.00	100.00		38.00	960.00	3.96	
	Members/leaders of FOs trained in crop production and technical aspects	Number	1,140.00	2,102.00	184.39		2,102.00	4,800.00	43.79	
<i>Sub-component 1.3 – Value Chain Environment</i>										
Output 1.3.1: Marketing arrangements between producers and value chain actors facilitated	Value chain review/support groups established and operational	Number	11.00	5.00	45.45	Ongoing	5.00	11.00	45.45	
Output 1.3.2 Meteorological facilities improved	Meteorological reports produced by the IIAM Research Station at Gaza	Number	0.00	0.00	#DIV/0!		1.00	1.00	100.00	
Output 1.3.3 Facilities established to support horticultural production marketing	Protective shade cloth	Number	3.00	8.00	266.67		8.00	40.00	20.00	
<b>Component 2: Cassava Value Chain</b>										
Outcome 2: Increased sustainable income for smallholder farmers in project areas from improved cassava production, models for the profitable production and	Small-scale farmers who have adopted one or more improved production technologies (farming practices) introduced under the project	Number	0.00	3,247.00	#DIV/0!		5,047.00	5,280.00	95.59	

Component/ Sub-component or Output	Indicator	Unit	Period: 01/01/2016 to 30/10/2016			Ongoing	Cumulative	Appraisal	%	Remarks
			AWP&B	Actual	%		Actual	Target		
<i>marketing of cassava-based products.</i>	Farmers adopting climate-resilient technologies (ASAP)	Number	0.00	1,602.00	#DIV/0!		3,006.00	5,280.00	56.93	
	Land managed under climate-resilient practices (ASAP)	ha	1,013.00	400.50	39.54		751.25	2,880.00	26.09	
	Households, producing and processing facilities with increased water availability and water use efficiency	Number	0.00	0.00	#DIV/0!		0.00	0.00	#DIV/0!	
<u>Sub-component 2.1 - Strengthening linkages between value chain stakeholders</u>										
<i>Output 2.1.1: Farmer organizations established or strengthened</i>	FOs established or strengthened	Number	176.00	126.00	71.59		187.00	320.00	58.44	
<i>Output 2.1.2 Capacity of farmers improved</i>	Members/leaders of FOs trained in crop production, value adding, agribusiness and marketing aspects	Number	5,280.00	3,247.00	61.50		5,047.00	8,000.00	63.09	The targeted farmers will be reached during the next planting season
<u>Sub-component 2.2 - Value chain environment</u>										
<i>Output 2.1.3 Facilities established to support cassava production and marketing</i>	Service Hubs established	Number	2.00	0.00	0.00	LoC activation delay; The establishment of partnerships for the creation of Cooperatives	1.00	6.00	16.67	Goal should be reviewed at the MTR

Component/			Period: 01/01/2016 to 30/10/2016			-	Cumulative	Appraisal		
Sub-component or Output	Indicator	Unit	AWP&B	Actual	%	Ongoing	Actual	Target	%	Remarks
	Area of cassava multiplication sites established	ha	59.00	49.70	84.24		111.25	2,000.00	5.56	
<i>Output 2.2.1: Marketing arrangements between producers and value chain actors facilitated</i>	Value chain review/support groups established and operational	Number	6.00	6.00	100.00		7.00	7.00	100.00	
<i>Output 2.3.1 Meteorological facilities improved</i>	Meteorological reports produced by the IIAM Research Station at Inhambane	Number	0.00	0.00	#DIV/0!		1.00	1.00	100.00	
<b>Component 3: Red Meat Value Chain</b>										
<i>Outcome 3: Increased sustainable income for small-scale cattle, goat and sheep breeders in project areas through improved production and better organised markets</i>	Herders who have adopted one or more improved production technologies (animal husbandry practices) introduced under the project	Number	2,160.00	1,904.00	88.15		2,836.00	4,480.00	63.30	
	Herders adopting climate-resilient technologies (ASAP)	Number	3,750.00	693.00	18.48		932.00	5,600.00	16.64	
	Land managed under climate-resilient practices (ASAP)	ha	0.00	43,010.00	#DIV/0!		0.00	0.00	#DIV/0!	
	Households, producing and processing facilities with increased water availability and water use efficiency	Number	0.00	0.00	#DIV/0!		0.00	0.00	#DIV/0!	
<i>Sub-component 3.1 -</i>										



Component/ Sub-component or Output	Indicator	Unit	Period: 01/01/2016 to 30/10/2016			Ongoing	Cumulative Actual	Appraisal Target	%	Remarks
			AWP&B	Actual	%					
<i>Value chain environment</i>										
<i>Output 3.1.1: Marketing arrangements between producers and value chain actors facilitated</i>	Value chain review/support groups established and operational	Number	7.00	12.00	171.43		12.00	15.00	80.00	
<i>Sub-component 3.2 - Production improvement</i>										
<i>Output 3.2.1: Improved pasture management through ENRM plans</i>	Individuals, community groups and institutions formulating and enforcing ENRM plans	Number	7.00	0.00	0.00	Planned for Q3 and Q4	0.00	0.00	#DIV/0!	
<i>Output 3.2.3 Farmer organizations established or strengthened</i>	LPOs established or strengthened	Number	188.00	119.00	63.30		199.00	224.00	88.84	
<i>Output 3.2.4 Capacity of farmers improved</i>	Members/ <b>leaders</b> of LPOs trained in livestock production, value adding, agribusiness and marketing aspects (MTOs and AHAs)	Number	251.00	17.00	6.77		168.00	896.00	18.75	With the completion of the Kits acquisition, the number of members will grow
	<b>Member</b> /leaders of FOs/LPOs trained in livestock production and technical aspects	Number	2,700.00	3,232.00	119.70		5,299.00	5,600.00	94.63	
	Water facilities established	Number	22.00	8.00	36.36	Built 2 bore holes in Namaacha and in the final phase the construction of 8 multipurpose holes	14.00	7.00	200.00	Ongoing the construction of two (2) multifunctional borehole in Namaacha district

Component/			Period: 01/01/2016 to 30/10/2016			-	Cumulative	Appraisal		
Sub-component or Output	Indicator	Unit	AWP&B	Actual	%	Ongoing	Actual	Target	%	Remarks
<i>Sub-component 3.3 - Market linkages</i>										
<i>Output 3.3.1: Institutions for livestock marketing established</i>	Meat Trader Organizations established	Number	3.00	0.00	0.00		4.00	42.00	9.52	
<i>Output 3.3.2 Facilities established to support livestock marketing</i>	Cattle fairs established /equipped	Number	4.00	0.00	0.00	Ongoing. Under construction 4 livestock marketing fairs	4.00	7.00	57.14	
<b>Component 4: Financial Service</b>										
<i>Outcome 4: Selected value chain stakeholders have a timely and adequate access to a diversified range of affordable financial products, through existing or to be created financial and on-financial service providers</i>	Participating farmers (50% women) access financial services (by type of client, service, financial/non-financial service provider), loan portfolio	Number	0.00	0.00	#DIV/0!		0.00		#DIV/0!	
<i>Sub-component 4.1 - Community based Financial Organizations(CBFO)and Financial Education</i>										
<i>Output 4.1.1 Accumulating savings and Credit</i>	ASCAs stabilshed and strenghtened	Number	600.00	88.00	14.67	Four ASCA's Promoters hired to implement the SC1 and now involved in inception activities	88.00	1,200.00	7.33	

Component/ Sub-component or Output	Indicator	Unit	Period: 01/01/2016 to 30/10/2016			Ongoing	Cumulative	Appraisal	%	Remarks
			AWP&B	Actual	%		Actual	Target		
Associations (ASCAs) established and/or strengthened	Amount of savings mobilized	MZN	13,000,00 0.00	0.00	0.00			40,000,000.0 0		
	Amount of credit extended to the members	MZN	20,000,00 0.00	0.00	0.00			60,000,000.0 0		
	Value chain stakeholders trained in financial education	Number	150.00	0.00	0.00		0.00	800.00	0.00	
<u>Sub-component 4.3 - PROSUL Line of Credit</u>						PMT is finalising the recruitment of PROSUL LOC Manager				
Output 4.3.1 Wholesale finance facility made available to the FSP, for funding the credit needs of the Value Chain Stakeholders	Whole sale loans extended to participating FSPs	Number	8.00	0.00	0.00		0.00	8.00		
	PROSUL Value Chain Stakeholders accessing to retail Loans from FSP	Number	750.00	0.00	0.00		0.00	750.00		
<u>Sub-component 4.5 - PROSUL Financial Services Unit</u>						PMT has finalised the FS Unit Work Plan				
Output 4.5.1 PMT, CEPAGRI and MASA capacities in advising, regulating and overseeing the implementation of Financial Services Sector strengthened	PROSUL and Government staff trained and participating in events and agenda related to financial services sector	Number	50.00	1.00	0.00		1.00	0.00		

Component/ Sub-component or Output	Indicator	Unit	Period: 01/01/2016 to 30/10/2016			Ongoing	Cumulative Actual	Appraisal Target	%	Remarks
			AWP&B	Actual	%					
	<i>Studies, Monitoring, Communication and knowledge management activities carried out</i>	Number	15.00	0.00	0.00		0.00	0.00		
<b>Component 5: Institutional Support and Project management</b>										
<i>Outcome 5: CEPAGRI, and specifically its delegation for the southern provinces, has and uses systems and tools for supporting inclusive value chain development and for promoting new business models</i>	Systems and tools for planning and budgeting public support to value chains and for monitoring value chain performance are operational and implemented	Number	1.00	0.00	0.00	TOM2MONITORING system established yet lacking reporting to the PROSUL model	0.00	1.00	0.00	
	Knowledge products and publication produced and/or disseminated (of which climate-related)	Number	0.00	14.00	#DIV/0!		14.00	0.00	#DIV/0!	
<i>Sub-component 5.1 - Institutional support</i>										
<i>Output 5.1.1: Capacity of local actors on value chain development strengthened</i>	Staff of the project, CEPAGRI and other government institutions trained in value chain development	Number	97.00	0.00	0.00		260.00	300.00	86.67	
<i>Output 5.1.2: Country dialogue on climate-related issues supported</i>	Climate change adaptation knowledge sharing mechanism established within CEPAGRI (ASAP)	Number	0.00	0.00	#DIV/0!		0.00	0.00	#DIV/0!	

Component/ Sub-component or Output	Indicator	Unit	Period: 01/01/2016 to 30/10/2016			Ongoing	Cumulative Actual	Appraisal Target	%	Remarks
			AWP&B	Actual	%					
<i>Output 5.1.3: CEPAGRI is capable to climate proof commercial agriculture, and contribute to the broader national and regional climate change agenda</i>	CEPAGRI and project staff trained on issues related to the broader national and regional climate agenda (ASAP)	Number	20.00	0.00	0.00	Planned for Q3 and Q4	27.00	150.00	18.00	
<u>Sub-component 5.2 - Land Tenure Security</u>										
<i>Output 5.2.1: Land tenure security of farmers secured</i>	Farmer associations that have been issued DUATs	Number	1,015.00	2,912.00	286.90		2,912.00	3,031.00	96.07	

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

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

Financier	Approved	Current	Disbursement	% disbursed
IFAD loan	16,300,000.0	16,300,000.0	5,589,801.4	34%
IFAD grant	1,520,000.0	1,520,000.0	657,521.9	43%
STF Loan	16,300,000.0	16,300,000.0	4,017,079.1	25%
ASAP	4,910,000.0	4,910,000.0	1,159,859.5	24%
UNCDF	140,000.0	140,000.0	-	0%
Government	2,490,000.0	2,490,000.0	600,368.3	24%
Private Investors	1,900,000.0	1,900,000.0	-	
Beneficiaries	1,400,000.0	1,400,000.0	-	0%
<b>Total</b>	<b>44,960,000.0</b>	<b>44,960,000.0</b>	<b>12,024,630.1</b>	<b>27%</b>

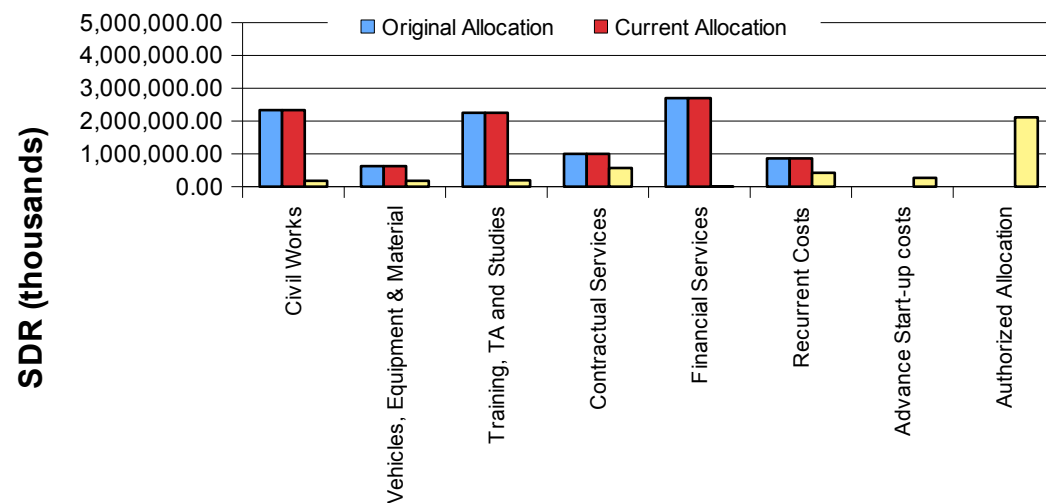
**Table 5B: Financial performance by financier by component (USD '000)**

Component	IFAD Loan I-878-MZ			IFAD Grant C-1391-MZ			STF Loan E-15-MZ			ASAP Grant C-ASP-I-MZ			GoM			UNCDF		Private investors		Beneficiaries		Total Global		
	Allocation	Expenditure Amount	%	Allocation	Expenditure Amount	%	Allocation	Expenditure Amount	%	Allocation	Expenditure Amount	%	Allocation	Expenditure Amount	%	Allocation	Expenditure Amount	Allocation	Expenditure Amount	Allocation	Expenditure Amount	Allocation	Expenditure Amount	%
1 Horticulture	5,680.00	879.96	15%	0.00	0.00	0%	5,680.00	465.02	8%	560.00	495.60	89%	1,200.00	120.90	10%	0.00	0.00	0.00	0.00	350.00	-	13,470.00	1,961.48	15%
2 Cassava	1,560.00	712.80	46%	0.00	0.00	0%	1,560.00	243.34	16%	630.00	148.64	24%	400.00	21.60	5%	0.00	0.00	0.00	0.00	0.00	0.00	4,150.00	1,126.38	27%
3 Red Meat	1,680.00	842.43	50%	0.00	0.00	0%	1,680.00	380.97	23%	1,770.00	599.28	34%	580.00	53.67	9%	0.00	0.00	0.00	0.00	0.00	0.00	5,710.00	1,876.35	33%
4 Financial Services	5,040.00	71.79	1%	0.00	0.00	0%	5,040.00	108.19	2%	1,290.00	107.68	8%	50.00	4.59	9%	140.00	-	0.00	0.00	0.00	0.00	11,560.00	292.24	3%
5 Institutional Support and Project Management	2,340.00	1,914.24	82%	1,520.00	628.48	41%	2,340.00	1,284.54	55%	660.00	176.99	27%	260.00	229.56	88%	0.00	0.00	1,900.00	-	1,050.00	-	10,070.00	4,233.81	42%
<b>Grand Total</b>	<b>16,300.00</b>	<b>4,421.21</b>	<b>27%</b>	<b>1,520.00</b>	<b>628.48</b>	<b>41%</b>	<b>16,300.00</b>	<b>2,482.05</b>	<b>15%</b>	<b>4,910.00</b>	<b>1,528.19</b>	<b>31%</b>	<b>2,490.00</b>	<b>430.32</b>	<b>17%</b>	<b>140.00</b>	<b>0.00</b>	<b>1,900.00</b>	<b>0.00</b>	<b>1,400.00</b>	<b>0.00</b>	<b>44,960.00</b>	<b>9,490.25</b>	<b>21%</b>

**Table 5C: IFAD loan disbursements (SDR, as at 31-Oct-2016)**

Category Description	Original Allocation	Current Allocation	Disbursement	Balance	% disbursed
1 Civil Works	2,330,000.00	2,330,000.00	176,702.25	2,153,298	8%
2 Vehicles, Equipment & Material	620,000.00	620,000.00	176,133.51	443,866	28%
3 Training, TA and Studies	2,250,000.00	2,250,000	191,169.97	2,058,830	8%
4 Contractual Services	1,000,000.00	1,000,000	562,709.61	437,290	56%
5 Financial Services	2,700,000.00	2,700,000	4777.95	2,695,222	0%
6 Recurrent Costs	860,000.00	860,000	420,742.45	439,258	49%
- Advance Start-up costs	0	0	263,424.78	-263,425	0%
- Authorized Allocation	0	0	2,112,303.48	-2,112,303	0%
- Unallocated	1,090,000.00	1,090,000	0	0	0%
Total	10,850,000	10,850,000	3,907,964	5,852,036	36%

**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
<b>Section 4.02</b>	PCU to open and maintain a Project Account (in USD);		Yes	Designated account open at Central Bank of Mozambique
<b>Section 4.03</b>	Procurement of goods, works and services carried out in accordance with the procedures laid down in Schedule 3		Partial	Not all covenants in schedule 3 are applicable at this stage of project implementation.
<b>Section 4.04</b>	Insurance of vehicles, equipment and civil works financed from the loan proceeds to be consistent with sound commercial practice.		Yes	Vehicles insured. Insurance of other assets pending cost-benefit analysis.
<b>Schedule 2</b>	Proceeds of the IFAD loans and grants are to be exempt of the payment of taxes	Mar 2017	Partial	GoM has promptly reimbursed VAT and taxes due.
<b>Schedule 3, para 1</b>	Insurance of Project personnel.		Yes	
<b>Schedule 4, para 16</b>	Project to be exempted from all import duties, excise taxes and value added tax (VAT) on investment expenditures		Yes	GOM either reimburses or pays directly (through CEPAGRI) taxes and VAT.

## Appendix 7: Knowledge management: Learning and Innovation

### Learning

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From the perspective of knowledge sharing and learning, the most remarkable event organized by the Project is the Learning Route. The event was organized in collaboration with PROCASUR from 6 to 19 November 2016 in Mozambique and Rwanda. The thematic of the learning route was “Practical solutions to adapt to climate change in production and post-harvesting sectors”. The learning route focussed on lessons drawn from experiences of the PROSUL in Mozambique and the Climate Resilient Post-Harvest and Agribusiness Support Project (PASP) in Rwanda. The objective of the learning route was to scale up through peer to peer learning the Mozambican and Rwandan best multi stakeholder strategies, tools, practices, and mechanisms of increasing farmers’ awareness and ownership in adapting to the negative impacts of climate change in order to reduce production and post-harvesting losses. The Project hosted around 30 participants from different countries including Botswana, Malawi, Uganda, Tanzania, Rwanda, Ethiopia, Kenya, Italy and Chile. During this event the Project had the opportunity to share experiences and lessons on the implementation of the shade cloth technology for vegetables production, drip irrigation system operation and management, multifunctional boreholes, hay making, lip sticks and the system set up for the multiplication of improved varieties of cassava.

In addition, in order to institutionalise many of the emerging lessons and experiences PROSUL has established innovation platforms relevant to the value chains in each of their target district. The intention of these platforms is to ensure further learning opportunities (both for production and business) and identify market windows to be explored with the platform members. However, the Farmer Field Schools in each of the three value chains need to do a better job at promoting systematic learning on different techniques interventions, and ensuring that the inputs provided in the starter packs are made available through the platforms and their respective hubs.

PROSUL is encouraged to undertake exchange visits to other countries to expand the experience base of project stakeholders and beneficiaries, and the opportunities that are available. For example, the project may consider the possibility to visit the Livestock Fattening initiatives, the Biogas Installations, and the simple Ferro-Concrete Rain Water Harvesting Structures in Swaziland. Also, a visit to RSA commercial shade cloth and drip irrigation manufacturers could be organised to explore the range of products available.

Finally, the participation of PMT staff to a knowledge sharing event on climate information services from 25 to 28 October open opportunities for a more continuous proactive collaboration with other IFAD projects benefitting from ASAP financing in the region. This activity coupled with the aforementioned Learning Route led to the elaboration of an Innovation Plan for PROSUL which aims at establishing an effective climate information system for enabling farmers and agricultural stakeholders to make informed decisions with regards to season planning and monitoring. On a final note, it is worth mentioning PROSUL's participation to the Recipes for Change series. A short video was produced and is currently running in many locations globally.

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### Innovation:

On the project management side positive progress has been registered in implementing the recently adopted Knowledge Management and Communication Strategy. The official Project website was launched and needs to be linked with that of CEPAGRI and MASA to ensure that all relevant documents and information such as photos, case studies and reports are uploaded for easy access.

The partnership with the National Television Station (TVM) is positively progressing capturing a number of outcomes and success stories and populating the KM and COM package offered by the Project. Further efforts need to be posed in order to build on the various activities implemented and studies produced so far. In this regard, the mission recommended to involve young journalist from the University Eduardo Mondlane to boost the elaboration of relevant material, also using the IFAD template shared with PMT earlier this year to serve as a guidance to capture the information in a systematic way. In addition, community radios are being promoted by PROSUL in the targeted district and there has been positive feedback from farmers. The challenge is how to make it sustainable post

## PROSUL.

Regarding the various activities implemented, a number of notable innovations have been promoted by the Project with interesting opportunity for scaling-up. These include, among others: multi-functional boreholes to provide water for humans and livestock in drought-prone areas (pumping with power from solar-panels), forage production and cattle fairs, shade cloths and drip irrigation for horticulture production and interventions to enhance cassava productivity through improved varieties, stem multiplication and farmer field schools (yields have increased from 6 tonnes/ha at baseline to 19-20 tonnes/ha). Market linkages were noted (eg. Shoprite, Food Lovers and the Dutch Agricultural Development & Trading Company/DADTCO), but further work is needed to formalize and consolidate these links. The project has supported the strengthening of farmer organizations and water user associations, in view, among others, of ensuring operation and maintenance (eg. irrigation schemes, multi-functional boreholes, shade-cloths), but this is an area requiring further close attention to ensure sustainability. Additional work is needed to institutionalize the value chain platforms and innovation platforms. ASAP interventions are fully integrated in the project, as well as gender mainstreaming, land management and nutrition. Particularly, the multi-functional boreholes are expected to yield significant improvements in the lives of the rural population, especially women who often spend 3-4 hours per day fetching water (in addition to boreholes, water harvesting techniques will be introduced). Finally, the reactivated rural finance component is expected to provide financial services to emerging farmers to enable them to develop their agribusinesses.