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Investing in rural people

## **President's report**

### **Proposed loan and Debt Sustainability Framework grant**

#### **Republic of Mozambique**

### **Inclusive Agrifood Value Chain Development Programme**

Project ID: 2000001981

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**For: Approval**

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### Programme delivery team

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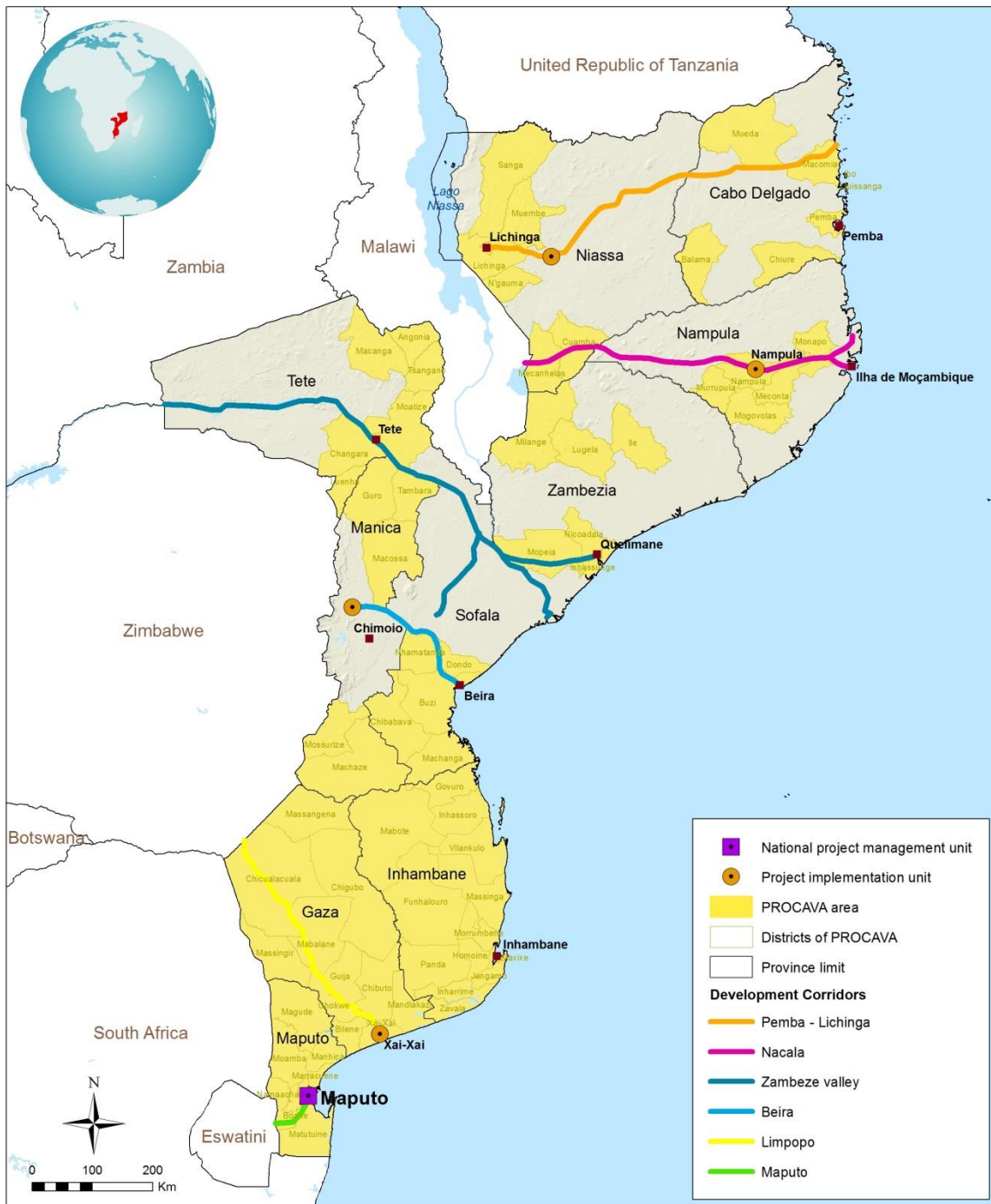
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## **Abbreviations and acronyms**

e-SISTAFE	Financial Administration System ( <i>Sistema de Administração Financeira do Estado</i> )
GCF	Green Climate Fund
LIA	lead implementing agency
MASA	Ministry of Agriculture and Food Security
M&E	monitoring and evaluation
MITADER	Ministry of Land, Environment and Rural Development
PROCAVA	Inclusive Agrifood Value Chain Development Programme
PROSUL	Pro-Poor Value Chain Development Project in the Maputo and Limpopo Corridors

# Map of the programme area



The designations employed and the presentation of the material in this map do not imply the expression of any opinion whatsoever on the part of IFAD concerning the delimitation of the frontiers or boundaries, or the authorities thereof.  
 Map compiled by IFAD | 02-08-2019

## Financing summary

<b>Initiating institution:</b>	IFAD
<b>Borrower/Recipient:</b>	Republic of Mozambique
<b>Executing agency:</b>	Ministry of Agriculture and Food Security
<b>Total programme cost:</b>	US\$72.5 million
<b>Amount of IFAD loan:</b>	US\$8.4 million
<b>Terms of IFAD loan:</b>	Highly concessional (maturity period of 40 years, grace period of 10 years and fixed service charge as determined at the date of approval of the financing)
<b>Amount of IFAD Debt Sustainability Framework grant:</b>	US\$33.6 million
<b>Cofinancier:</b>	Green Climate Fund (GCF)
<b>Amount of cofinancing:</b>	GCF: US\$20.0 million
<b>Terms of cofinancing:</b>	Grant
<b>Contribution of borrower/recipient:</b>	US\$4.9 million
<b>Contribution of beneficiaries:</b>	US\$5.6 million
<b>Amount of IFAD climate finance:</b>	US\$19.6 million
<b>Cooperating institution:</b>	IFAD

## Recommendation for approval

The Executive Board is invited to approve the recommendation contained in paragraph 60.

### I. Context

#### A. National context and rationale for IFAD involvement

##### National context

1. The Republic of Mozambique's landscape bears scars from the 16-year civil war (1977-1992), which left the country and its economy in ruins. Owing to the impressive economic performance from 1993 to 2014, Mozambique's poverty level fell from 69.7 per cent in 1996 to 46.1 per cent in 2015. Poverty remains higher in rural areas, however, and significant inequalities persist.
2. Mozambique's total population is estimated at 28.9 million, with 70 per cent living in rural areas. The country has a rapidly growing young population (45 per cent of children were under 14 in 2017). Malnutrition is a concern, with a 43 per cent prevalence of child stunting.
3. Mozambique experienced annual economic growth of over 7 per cent until 2014, sustained largely by public investment in infrastructure. The country's economic growth has, however, been negatively impacted, mainly by the debt crisis. By 2016, debt represented over 90 per cent of Mozambique's GDP and the country continues to struggle with the debt burden.
4. Mozambique is highly vulnerable to the impact of climate change – it is ranked the third most vulnerable country in Africa, with climate change impacting 58 per cent of the population. This was evidenced in March-May 2019 when the country was hit by tropical cyclones Idai and Kenneth, which destroyed hundreds of thousands of hectares of cropland in central and northern Mozambique.
5. Only 10 per cent of Mozambique's 36 million hectares of arable land and 2 per cent of its irrigation potential is currently being utilized. There are several national plans/strategies/policies in place that aim to facilitate gains or improvement in smallholder agriculture performance, rural poverty reduction and enhanced food security. The most important one is the National Agricultural Investment Plan.

##### Special aspects relating to IFAD's corporate mainstreaming priorities

6. **Climate change.** Mozambique is highly vulnerable to extreme weather events. The country's vulnerability is exacerbated by its limited adaptive capacity, growing population and dependence on the natural resource base. Droughts and floods are common extreme events and pose the highest threat to smallholder farmers' natural resource base. The Inclusive Agrifood Value Chain Development Programme (PROCAVA) has been designed and will be implemented in compliance with IFAD's Climate Change Strategy; Environment and Natural Resources Management Policy; and Social, Environmental and Climate Assessment Procedures.
7. **Gender and Social Inclusion.** Mozambique's Gender Development Index of 0.904 is low. Women have lower literacy levels and female heads of household are more likely to have no formal education. PROCAVA is aligned with IFAD's Policy on Gender Equality and Women's Empowerment and its Gender Action Plan 2019-2025.
8. **Youth.** While the youth labour force is increasing by almost 40 per cent per annum, the rate at which new formal sector jobs are being created remains static. PROCAVA will address rural youth issues, in line with IFAD's Rural Youth Action Plan 2019-2021.

9. **Nutrition.** Mozambique continues to depend on food imports to satisfy a large portion of its domestic needs, particularly for edible oils and staple food crops. In 2017, food imports accounted for 29 per cent of the country's import bill. From a nutrition perspective, PROCAVA is aligned with the Mainstreaming Nutrition in IFAD Action Plan 2019-2025.
10. In line with Eleventh Replenishment of IFAD's Resources (IFAD11) mainstreaming commitments, the programme has been classified as:
  - Climate-focused;
  - Youth-sensitive.

#### **Rationale for IFAD involvement**

11. Mozambique's demand for agricultural products is expanding, but current production is inadequate to meet prevailing demand levels. Measures are thus required to replace widespread unsustainable land management and agricultural practices with climate-resilient land management and agricultural production systems. The IFAD-funded Pro-Poor Value Chain Development Project in the Maputo and Limpopo Corridors (PROSUL) already initiated this process in selected districts in the southern region, wherein there have been achievements in developing select value chains and promoting good agricultural and livestock practices. These successful interventions will be scaled up in the PROCAVA target areas. With new agricultural technologies, there is also need to prepare rural areas for more off-farm entrepreneurship. Hence, PROCAVA will build locally based value-adding into the target value chains, using appropriate climate-smart and environmentally sustainable technologies and practices.

## **B. Lessons learned**

12. A number of relevant lessons have been learned either from IFAD's country portfolio of ongoing and completed projects or from the Government's and other development partners' interventions. PROCAVA's design is also informed by lessons and recommendations from the Independent Office of Evaluation of IFAD.<sup>1</sup> A summary of selected lessons is provided below.
13. **Participatory approach.** A participatory design process is considered to be important for ensuring ownership of the programme by the beneficiary stakeholders from the very beginning. For PROCAVA, the Ministry of Agriculture and Food Security (MASA) ensured a comprehensive consultative process that involved various stakeholders at local, district and provincial levels.
14. **Economic infrastructure.** Economic infrastructure developed within a value chain programme should address bottlenecks that have been identified as limiting along the value chain. For PROCAVA, the target economic infrastructure should be established in a timely manner.
15. **Nutrition education.** Experience from the nutrition promotion component of the IFAD/European Union-funded Millennium Development Goal 1.C (MDG1c) programme demonstrated that nutrition education as a stand-alone activity has limited impact, since improving nutrition requires multisectoral action. Under PROCAVA, nutrition-related interventions will address issues related to awareness, access, availability and affordability of nutrient-rich foods.
16. **Capacity-building for target group.** Implementation experience has demonstrated that it is beneficial for capacity-building and training activities for household groups to be conducted within communities in order to encourage participation.
17. **Capacity-building for project staff and lead implementing agency (LIA).** PROSUL faced challenges in recruitment of adequate staff, interpretation of important documents, preparation of a bottom-up annual work plan and budget,

<sup>1</sup>See the Mozambique Country Strategy and Programme Evaluation (CSPE), February 2017.

and appropriate procurement processes. A well-structured introductory training programme will be developed and given to the PROCAVA management and LIA staff.

18. **Use of private sector service providers.** PROSUL's experience with the use of private sector service providers yielded both positive and negative results. Some of the positives included: (i) provision of expertise that is lacking or not readily available in the public sector and (ii) more time available to project management and the LIA to focus on overseeing project implementation and guidance.
19. **Monitoring and evaluation (M&E) system.** An effective M&E function requires a simple but practical M&E system and the provision of training to all concerned stakeholders. This experience has been taken into account in planning for PROCAVA monitoring and evaluation.
20. **Enabling environment for agricultural commercialization.** Implementation of the Smallholder Agribusiness Promotion Programme in Zambia demonstrated that promotion of agriculture commercialization without an enabling environment leads to limited achievement of desired outcomes.

## II. Programme description

### A. Objectives, geographical area of intervention and target groups

21. **Programme goal and objective.** PROCAVA, with a financing approach of five years, will be implemented within a 10-year programmatic framework to provide the necessary instruments to attract other development partners to work with IFAD as and when they are ready. This approach will also provide potential cofinanciers with an opportunity to pick geographical areas for their focus or investment. The programme's goal is to contribute to poverty reduction, improved food and nutrition security and resilient livelihoods for inclusive rural transformation. The development objective is to increase net incomes from climate-resilient agrifood value chains for rural women, men and youth. The programme will target the following value chains: (i) selected horticulture commodities under irrigation; (ii) red meat (cattle and goats); (iii) poultry; (iv) cassava; and (v) legumes.
22. **Geographical area of intervention.** PROCAVA will be implemented in 75 districts, selected from all 10 provinces of Mozambique, in two phases over the 10-year framework. To enhance effectiveness, value chains will be prioritized in those provinces where they have a clear comparative advantage. Activity implementation will follow a phased approach.
23. **Target groups.** PROCAVA will target a total of 180,500 households (902,500 beneficiaries); 50 per cent of that target number will be women and 30 per cent youth. The quotas for women and youth are based on national demographics and poverty lines for those two categories of population and on lessons learned from PROSUL.
24. In order to reach the intended beneficiaries and guard against elite capture, PROCAVA will use selected targeting mechanisms, including direct targeting and self-targeting, supported by empowering and enabling measures.

### B. Components, outcomes and activities

25. The programme will have the following components:
  - **Component 1: Production improvement and market linkages.** This component is intended to improve the production and productivity of target crop and livestock commodities. It will improve backward and forward linkages of farmers to different stakeholders in the target value chains. Strengthening climate resilience and enhancing natural resource management and environmental sustainability, through promotion of appropriate



technologies and best practices, will also be an integral part of this component.

- **Component 2: Market-related climate-resilient infrastructure.** This component aims to ensure that the appropriate infrastructure is in place to support the effectiveness of market-led production interventions and to more efficiently deliver the surplus production to different markets. Planned interventions will focus on addressing constraints faced by relevant actors operating within target value chains. This will include supporting rural infrastructure investments that can add value at the location, upgrade the performance of enterprises and enable associated agricultural producers to become competitive and environmentally and profitably sustainable. Infrastructure will be prioritized according to business plans and linkages along the value chain.
  - **Component 3: Institutional and policy strengthening and implementation support.** This is a cross-cutting component supporting the technical components and facilitating pathways for the effective functioning of the target value chains.
  - **Component 4: Disaster risk reduction and management.** This component has been included as mechanism for enabling IFAD to respond urgently in the event of weather-related calamities (droughts, floods or cyclones) in the country. The work under this component is expected to facilitate and expedite the implementation of level-2 project restructuring in the event of an emergency or disaster.
26. There are three expected outcomes: (i) productivity, production and quality of targeted value chains improved – PROCAVA is expected to increase the productivity and production of the five targeted value chains; (ii) market access and performance of targeted value chains improved – the implementation of PROCAVA interventions is expected to link the target beneficiaries' increased production to different marketing channels and result in improved returns to the beneficiaries; and (iii) institutional capacity to deliver services enhanced.

### C. Theory of change

27. PROCAVA's theory of change envisages a three-pillar approach contributing to the target beneficiaries' food, nutrition and income security by improving the economic surplus generated by the value chains. The first pillar presents market opportunities for target beneficiaries to engage in more efficient production and processing activities. However, the beneficiaries are faced with a number of constraints at different points along the value chains. These constraints limit the effectiveness of the targeted value chains. The second pillar (de-risking/risk-sharing) will seek to address the most constraining factors to enable the target beneficiaries to participate more effectively at different points on the value chain and in a manner that rewards them (returns to investment). While PROCAVA may have the means to directly contribute to addressing some of the limiting factors, other factors will require collaboration with other stakeholders. The third pillar will therefore aim to promote such collaboration.

### D. Alignment, ownership, and partnerships

28. PROCAVA will contribute to several of the Sustainable Development Goals linked to IFAD results: SDG1, on poverty; SDG2, on hunger and food; SDG5, on gender inequality; and SDG14, on conservation and sustainable use of aquatic resources.
29. PROCAVA's design is aligned with national priorities for strengthening the agricultural sector to move towards a commercial orientation, underpinned by the strong involvement of smallholder farmers.
30. PROCAVA's design and implementation arrangements will contribute to the achievement of the three core objectives of IFAD's Strategic Framework 2016-2025. The programme will also contribute to the fulfilment of key IFAD11

commitments: 2.2, increase focus on the poorest and most vulnerable people within each country; 3.3, mainstream the key cross-cutting themes of nutrition, gender, youth and climate; and 3.5, make strategic partnerships for financing, knowledge, advocacy and global influence a cornerstone of IFAD operations. The programme is in compliance with the Social, Environmental and Climate Assessment Procedures approved in 2017. IFAD's policy to preventing and responding to sexual harassment, sexual exploitation and abuse will be taken into account during implementation.

31. The programme will coordinate, harmonize and establish partnerships with projects financed by IFAD, the Government and various development partners that support PROCAVA-related thematic areas.

## E. Costs, benefits and financing

32. Programme component 2 (market-related climate-resilient infrastructure) is partially counted as climate finance. The total amount of IFAD climate finance for this programme is preliminarily calculated as US\$19.6 million, representing 47 per cent of IFAD's total investment.

### Programme costs

33. Total programme costs, including price and physical contingencies, duties and taxes, are estimated at US\$72.5 million. Of this amount, US\$30.8 million is foreign exchange content and around US\$7.2 million relates to duties and taxes. Programme costs by component are as follows: (i) component 1: production improvement and market linkages – US\$26.4 million); (ii) component 2: market-related climate-resilient infrastructure – US\$29.2 million; and (iii) component 3: institutional and policy strengthening and implementation support – US\$16.9 million.

Table 1

### Programme costs by component and subcomponent and financier

(Thousands of United States dollars)

Component/subcomponent	IFAD grant		IFAD loan		GCF		Beneficiaries		Government		Total Amount
	Amount	%	Amount	%	Amount	%	In-kind	%	Amount	%	
<b>A. Production improvement and market linkages</b>											
1. Production and productivity improvement of selected commodities	8 863	42	2 235	11	5 260	25	3 544	17	1 359	6	21 260
2. Market linkage investments	2 540	50	633	12	1 513	30	417	8	-	-	5 102
Subtotal	11 402	43	2 868	11	6 773	26	3 961	15	1 359	5	26 363
<b>B. Market-related climate-resilient infrastructure</b>											
1. Water-related infrastructure	9 353	53	2 330	13	5 574	31	-	-	539	3	17 795
2. Market-led infrastructure	5 198	46	1 295	11	3 098	27	1 638	14	181	2	11 410
Subtotal	14 552	50	3 624	12	8 672	30	1 638	6	720	3	29 205
<b>C. Institutional and policy strengthening and implementation support</b>											
1. Institutional strengthening and policy support	1 296	50	323	12	773	30	-	-	210	8	2 602
2. Programme coordination and implementation support services	6 354	45	1 583	11	3 786	27	-	-	2 560	18	14 282
Subtotal	7 650	45	1 905	11	4 559	27	-	-	2 770	16	16 884
<b>D. Disaster risk reduction and management</b>											
	-	-	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>33 604</b>	<b>46</b>	<b>8 398</b>	<b>12</b>	<b>20 004</b>	<b>28</b>	<b>5 599</b>	<b>7</b>	<b>4 848</b>	<b>7</b>	<b>72 452</b>

Table 2  
**Programme costs by expenditure category and financier**  
 (Thousands of United States dollars)

Expenditure category	IFAD grant		IFAD loan		GCF		Beneficiaries		Government		Total
	Amount	%	Amount	%	Amount	%	In-kind	%	Amount	%	
Equipment and materials	6 976	51	1 765	13	4 135	30	875	6	44	-	13 795
Works	12 990	51	3 236	13	7 741	30	1 716	7	-	-	25 683
Consultancies	5 859	47	1 459	12	3 492	28	-	-	1 770	14	12 580
Credit, guarantee funds	226	27	56	7	135	16	417	50	-	-	833
Training	1 701	54	424	14	1 013	32	-	-	-	-	3 137
Workshop	197	54	49	14	117	32	-	-	-	-	364
Salaries and allowances	5 324	46	1 326	11	3 173	27	-	-	1 867	16	11 691
Operating costs	331	8	82	2	197	5	2 591	59	1 167	27	4 369
<b>Total</b>	<b>33 604</b>	<b>46</b>	<b>8 398</b>	<b>12</b>	<b>20 004</b>	<b>28</b>	<b>5 599</b>	<b>7</b>	<b>4 848</b>	<b>7</b>	<b>72 452</b>

Table 3  
**Programme costs by component and subcomponent and programme year (PY)**  
 (Thousands of United States dollars)

	2020		2021		2022		2023		2024		Total
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	
<b>A. Production improvement and market linkages</b>											
1. Production and productivity improvement of selected commodities	2 707	13	5 161	24	5 076	24	4 747	22	3 570	17	21 260
2. Market linkage investments	970	19	1 081	21	994	19	1 006	20	1 051	21	5 102
Subtotal	3 677	14	6 242	24	6 070	23	5 753	22	4 620	18	26 363
<b>B. Market-related climate-resilient infrastructure</b>											
1. Water-related infrastructure	1 169	7	3 953	22	5 127	29	4 642	26	2 904	16	17 795
2. Market-led infrastructure	399	3	4 004	35	3 950	35	2 534	22	523	5	11 410
Subtotal	1 568	5	7 957	27	9 077	31	7 176	25	3 427	12	29 205
<b>C. Institutional and policy strengthening and implementation support</b>											
1. Institutional strengthening and policy support	479	18	792	30	597	23	403	15	332	13	2 602
2. Programme coordination and implementation support services	3 343	23	2 658	19	2 762	19	2 655	19	2 864	20	14 282
Subtotal	3 822	23	3 450	20	3 359	20	3 058	18	3 196	19	16 884
<b>D. Disaster risk reduction and management</b>											
	-		-		-		-		-		-
<b>Total</b>	<b>9 067</b>	<b>13</b>	<b>17 649</b>	<b>24</b>	<b>18 505</b>	<b>26</b>	<b>15 987</b>	<b>22</b>	<b>11 243</b>	<b>16</b>	<b>72 452</b>

### Financing and cofinancing strategy and plan

34. PROCAVA will be financed by an IFAD loan (US\$8.4 million) on highly concessional terms and an IFAD grant (US\$33.6 million) under IFAD11. The project will also be financed by the Government of Mozambique (US\$4.9 million) and project beneficiaries (US\$5.6 million). The GCF has also expressed an interest in financing PROCAVA (US\$20 million grant). The IFAD financing is provided in United States dollars. The IFAD loan and grant will finance expenses inclusive of taxes.

35. The Government will cover the salaries of its own staff, who will support project implementation on a prorated basis.

#### **Disbursement**

36. The IFAD financing is envisaged to cover 58 per cent of the total programme costs, of which civil works will account for 39 per cent and equipment and materials for 21 per cent. Operating expenses have been calculated at 10 per cent, while salaries will absorb 15.8 per cent of the total funds. Although the use of government systems that meet the minimum standards will be encouraged, PROCAVA will be required to use an accounting package to facilitate reporting in the formats required, an area not yet supported by the government Financial Administration System [Sistema de Administração Financeira do Estado] (e-SISTAFE). A designated account will be opened with the Bank of Mozambique to receive funds, which will flow through e-SISTAFE to the government line ministry and then be allocated to the PMU. At provincial level, funds will be disbursed to the MASA single treasury account for the programme. Start-up funds will flow out of e-SISTAFE to get the programme off the ground quickly. All major programme payments will be centralized at the PMU level. The funds will be disbursed to the programme under the imprest account replenishment procedure.

#### **Summary of benefits and economic analysis**

37. PROCAVA's overall economic internal rate of return (EIRR) is estimated at 16.7 per cent. The economic net present value (ENPV) is 7,372.9 million Mozambican meticals, or US\$122.9 million, at a 10 per cent social discount rate. As the ENPV is positive and the EIRR is higher than the social discount rate, PROCAVA is deemed economically viable and acceptable for investment.
38. Financial benefits will be seen in terms of increased farm productivity and increased financial returns to the households targeted by PROCAVA. Social benefits will include a reduction in poverty rates in the targeted PROCAVA areas, with special measures taken to ensure the inclusion of disadvantaged groups. This will be an effect of the increased financial returns to households as a result of participation in the various programme interventions.
39. The sensitivity analysis shows that a reduction of programme benefits of up to 20 per cent would not jeopardize PROCAVA's economic viability. An increase of programme costs of up to 30 per cent would not seriously affect the programme's economic viability, since the ENPV would remain positive and the EIRR well above the social discount rate.

#### **Exit strategy and sustainability**

40. PROCAVA implementation is to be completely immersed within the Government's institutional, strategy and policy framework; this integration will continue to exist after programme completion, and institutional capacity will have been considerably strengthened. In addition, the participatory design process will ensure that PROCAVA responds directly to target beneficiaries' concerns. This will provide the foundation and necessary commitment for post-PROCAVA continuity. In addition, qualifying stakeholders will be linked to available financing options, including the IFAD-funded Rural Enterprise and Financing Project, to enable them to access different financial products on offer.

### **III. Risks**

#### **A. Programme risks and mitigation measures**

41. The following institutional, economic, social and environmental risks and relevant mitigation measures were identified in the PROCAVA design process.

Table 4  
Risks and mitigation measures

<i>Risks</i>	<i>Risk rating</i>	<i>Mitigation measures</i>
Political/governance	Medium	Peace deal signed between the Government and the Mozambican National Resistance (RENAMO) in August 2019. Presidential, parliamentary and provincial elections should take place in October 2019.
Macroeconomic	Medium	Economy is still under stress notably due to high level of public debt. Government is implementing robust measures to ensure economic stabilization, which is already showing positive results.
Sector strategies and policies	Low	Several existing national strategies and policies aim to facilitate improvement in smallholder agriculture performance, rural poverty reduction and enhanced food security. The most important one is the National Agricultural Investment Plan.
Institutional capacity	High	A significant portion of the PROCAVA budget is targeted at institutional strengthening.
Portfolio	Medium	PROCAVA will focus on ensuring effective implementation progress to minimize this risk.
Fiduciary Financial management	Medium	<ul style="list-style-type: none"> <li>Constant monitoring of the macroeconomic environment to ascertain whether foreign currency rates and devaluation of local currency (inflation) will affect purchasing power and in turn implementation.</li> <li>A stand-alone accounting package to be procured to ensure timely accounting and financial reporting.</li> <li>Payments to be centralized through the PMU account for large purchases.</li> </ul>
Procurement	Medium	<ul style="list-style-type: none"> <li>PROCAVA's design incorporates careful planning, through its procurement plan.</li> </ul>
Environment and climate	High	PROCAVA's climate risk mitigation strategy is guided by its Environmental and Social Management Framework.
Social	Low	Extensive stakeholder consultations took place throughout the design of PROCAVA in the targeted ten provinces.
Other risks		
Risk of extreme weather conditions	High	<ul style="list-style-type: none"> <li>Awareness-raising on weather-indexed insurance policy.</li> <li>Implementation of disaster risk reduction measures.</li> <li>Capacity-building in climate risk management and climate vulnerability analysis.</li> </ul>
Underestimation of some investment costs	Medium	<ul style="list-style-type: none"> <li>Built-in flexibility to reallocate resources.</li> </ul>
Programme Implementation delays	Medium	<ul style="list-style-type: none"> <li>Seamless transition between PROSUL and PROCAVA.</li> <li>Prequalification and registration system for service providers.</li> </ul>

## B. Environment and social category

42. PROCAVA's environmental and social categorization is A. PROCAVA will develop and/or rehabilitate irrigation schemes, some of which will be larger than 100 ha per scheme. These schemes are likely to pose a risk of significant and/or adverse environmental and social impacts. Environmental and social impact assessments will therefore be carried out and environmental and social management plans and monitoring plans will be developed to mitigate risks associated with these category A schemes. The rest of the proposed programme interventions are expected to pose medium-level risks to the environment and social system. These risks will be localized, manageable and/or reversible through recommended mitigation measures.

## C. Climate risk classification

43. PROCAVA's climate risk classification is "high", and a detailed climate risk analysis was therefore carried out, as required. Programme investments will focus on crops

and livestock systems that are sensitive to climate change and project measures will be required to reduce vulnerability.

#### **D. Debt sustainability**

44. Mozambique's public debt continues to be at high distress levels, as noted in the International Monetary Fund's country report of May 2019. The authorities are pursuing a strategy to bring this level down to moderate. The public and publicly guaranteed debt, including domestic debt, amounted to about 110.5 per cent of GDP as of the end of 2018. The exchange rate for imported items could pose potential risks for the programme, but this risk is mitigated by the fact that PROCAVA will be able to maintain and transact for imports in the currency in which it will receive the loan and grant – either United States dollars or Euros. The situation will, however, need to be monitored closely for any local currency inflationary effects on local prices that could affect the level of programme implementation.

### **IV. Implementation**

#### **A. Organizational framework**

##### **Programme management and coordination**

45. MASA will be the lead executing agency and will be responsible for overseeing PROCAVA implementation.
46. A national project management unit (NPMU), based in Maputo, will be established under the direct supervision of FDA's Director-General. The NPMU will be responsible for PROCAVA's day-to-day management and supervision under the leadership of a national programme coordinator. Given PROCAVA's geographical spread, programme management will be organized into sub-units, with responsibilities delegated to regional programme management units and provincial programme management units in order to adequately cover PROCAVA's target geographical regions.

##### **Financial management, procurement and governance**

47. **Financial Management (FM).** Although, given the country context, the project is assessed with a high inherent risk, the anticipated FM risk is deemed to be medium thanks to the mitigation measures to be implemented. FM will be mainstreamed within government systems, as with other, ongoing projects. The assessment undertaken established that these systems have the potential to provide adequate controls and ensure proper management of programme funds; this will be continuously reviewed during implementation. The programme will, however, adopt the use of an off-the-shelf accounting package to mitigate the reporting challenges envisaged with the government system, while at the same time continuous discussions will take place on possible improvements to e-SISTAFE. Project planning and budgeting will be aligned with the government calendar.
48. **Audit.** PROCAVA will be audited by the Office of the Auditor General of Mozambique. The audit will be conducted in accordance with the International Standards of Supreme Audit Institutions and will be in compliance with the IFAD requirements for project audits.
49. **Procurement.** The existing legal framework for public procurement in Mozambique is currently governed by decree 5/2016, which establishes the principles and procedures to be applied in any procurement by public authorities and institutions governed by public law, under public control or using public funds.
50. **Governance.** Programme governance will be led by the national programme steering committee as the programme's governing body. While primary responsibility for the enforcement of good governance rests with the Government of Mozambique, all project stakeholders will be made aware that IFAD applies a zero-tolerance policy towards fraudulent, corrupt, collusive or coercive actions in IFAD-financed programmes.

## **B. Planning, monitoring and evaluation, learning, knowledge management and communications**

51. PROCAVA's results-based logical framework will be the foundation for the programme's M&E system. The NPMU will be responsible for M&E, which will be undertaken at various levels to support effective implementation, maintain the programme's focus and direction, provide information for addressing constraints and ensuring delivery of outputs and outcomes. PROCAVA's M&E system will be supported by an online Open Data Kit-based monitoring system, to be developed and installed at the regional and national levels.

### **Innovation and scaling up**

52. PROCAVA will demonstrate basic processing and value addition for selected horticulture commodities through the construction of small-scale vegetable packaging houses at selected irrigation schemes. Similarly, PROCAVA will facilitate the setting-up of pen fattening centres for cattle and goats close to abattoirs, and various pen fattening management models will be piloted and scaled up. The programme will also focus on scaling up successful results and technologies developed, tested and proven under PROSUL.

## **C. Implementation plans**

### **Implementation readiness and start-up plans**

53. To ensure implementation readiness at start-up, a draft annual work plan and budget, procurement plan and project implementation manual have been prepared as part of the design for PROCAVA. In addition, part of the PROSUL staff will be integrated into PROCAVA's PMUs, based on satisfactory performance evaluation.

### **Supervision, midterm review and completion plans**

54. **Supervision.** IFAD and the Government will jointly supervise PROCAVA.
55. **Midterm review.** A joint IFAD-Government midterm review will be undertaken in year three.
56. **Programme completion review.** A review will be carried out to evaluate relevance, effectiveness, efficiency, impact, sustainability and potential for scaling up PROCAVA. The findings will inform the design of the next phase of programme interventions.

## **V. Legal instruments and authority**

57. A programme financing agreement between the Republic of Mozambique and IFAD will constitute the legal instrument for extending the proposed financing to the borrower/recipient. A copy of the negotiated financing agreement is attached as appendix I.
58. The Republic of Mozambique is empowered under its laws to receive financing from IFAD.
59. I am satisfied that the proposed financing will comply with the Agreement Establishing IFAD and the Policies and Criteria for IFAD Financing.

## **VI. Recommendation**

60. I recommend that the Executive Board approve the proposed financing in terms of the following resolution:

RESOLVED: that the Fund shall provide a loan on highly concessional terms to the Republic of Mozambique in an amount of eight million four hundred thousand United States dollars (US\$8,400,000) and upon such terms and conditions as shall be substantially in accordance with the terms and conditions presented herein.

RESOLVED FURTHER: that the Fund shall provide a Debt Sustainability Framework grant to the Republic of Mozambique in an amount equivalent to thirty three million six hundred thousand United States dollars (US\$ 33,600,000) and upon such terms and conditions as shall be substantially in accordance with the terms and conditions presented herein.

Gilbert F. Hougbo  
President



## **Negotiated financing agreement: "Inclusive Agri-food Value-Chain Development Programme (PROCAVA)"**

(Negotiations concluded on 13 November 2019)

Loan No: \_\_\_\_\_

Grant No: \_\_\_\_\_

Programme name: Inclusive Agri-food Value-Chain Development Programme (PROCAVA)  
(the "Programme")

The Republic of Mozambique (The "Borrower/Recipient")

and

The International Fund for Agricultural Development (the "Fund" or "IFAD")

(each a "Party" and both of them collectively the "Parties")

**WHEREAS** the Borrower/Recipient has requested a loan and a grant from the Fund for the purpose of financing the Programme described in Schedule 1 to this Agreement;

**WHEREAS**, the Green Climate Fund (GCF) has expressed interest in co-financing the Programme;

**WHEREAS**, the Fund has agreed to provide financing for the Programme;

**NOW THEREFORE**, the Parties hereby agree as follows:

### **Section A**

1. The following documents collectively form this Agreement: this document, the Programme Description and Implementation Arrangements (Schedule 1), the Allocation Table (Schedule 2) and the Special Covenants (Schedule 3).

2. The Fund's General Conditions for Agricultural Development Financing dated 29 April 2009, amended as of December 2018, and as may be amended hereafter from time to time (the "General Conditions") are annexed to this Agreement, and all provisions thereof shall apply to this Agreement. For the purposes of this Agreement the terms defined in the General Conditions shall have the meanings set forth therein, unless the Parties shall otherwise agree in this Agreement.

3. The Fund shall provide a Loan and Grant (the "Financing") to the Borrower/Recipient, which the Borrower/Recipient shall use to implement the Programme in accordance with the terms and conditions of this Agreement.

**Section B**

1. A. The amount of the loan is eight million four hundred thousand United States dollars (USD 8 400 000).  
B. The amount of the Debt Sustainability Framework (DSF) grant is thirty three million six hundred thousand United States dollars (USD 33 600 000).
2. The Loan is granted on highly concessional terms and shall be free of interest but shall bear a fixed service charge as determined by the Fund at the date of approval of the Financing by the Fund's Executive Board. The rate is fixed for the life of the loan based on the related service charge in force at the time of approval of the Loan. The Loan is repayable semi-annually in the Loan Service Payment Currency. The Financing shall have a maturity period of forty (40) years, including a grace period of ten (10) years starting from the date of approval of the Financing by the Fund's Executive Board.
3. The Loan Service Payment Currency is provided in USD.
4. The first day of the applicable Fiscal Year shall be 1<sup>st</sup> January.
5. Payments of principal and service charge shall be payable on each 15 February and 15 August.
6. There shall be a Designated Account in United States dollars, for the exclusive use of the Programme opened in the Bank of Mozambique. The Borrower/Recipient shall inform the Fund of the officials authorized to operate the Designated Account.
7. The detailed arrangements for the operational accounts to be opened by the Programme to receive funds from the Designated Account for day to day operations will be detailed in the Letter to the Borrower/Recipient.
8. The Borrower/Recipient shall provide counterpart financing for the Programme in the amount of four million eight hundred forty seven thousand and nine hundred United States dollars (USD 4 847 900) in the form of salaries of its own staff who will support the implementation of the Programme, on a pro-rata basis, costs of the PMU offices.

**Section C**

1. The Lead Programme Agency shall be the Ministry of Agriculture and Food Security (MASA) or the Ministry that will be in charge of Agriculture during the implementation of the Programme.
2. A Mid-Term Review will be conducted as specified in Section 8.03 (b) and (c) of the General Conditions; however, PROCAVA will have three reviews with a 2.5 years interval between them. The first review will be undertaken after about 2.5 years of Programme implementation. The second review will be undertaken after 5 years of implementation. The last review will be after 7.5 years of implementation.
3. The Programme Completion Date shall be the tenth anniversary of the date of entry into force of this Agreement and the Financing Closing Date shall be 6 months later, or such other date as the Fund may designate by notice to the Borrower/Recipient.
4. Procurement of goods, works and services financed by the Financing shall be carried out in accordance with the provisions of the Borrower/Recipient's procurement regulations, to the extent that they are consistent with the IFAD Procurement Guidelines.

**Section D**

1. The Fund will administer the Loan and Grant and supervise the Programme.

## **Section E**

1. The following are designated as additional grounds for suspension of this Agreement:
  - a) The PIM or any provision thereof, has been waived, suspended, terminated, amended or modified without the prior agreement of the Fund and the Fund, after consultation with the Borrower/Recipient, has determined that it has had, or is likely to have, a material adverse effect on the Programme.
2. The following are designated as additional conditions precedent to withdrawal:
  - a) The IFAD no objection to the Programme Implementation Manual (PIM) shall have been obtained.
3. The following provisions of the General Conditions shall not apply to this Agreement:
  - a) As an exception to section 11.01 (a) of the General Conditions, the proceeds of the Financing shall cover taxes and duties under the Programme to the extent that compliance with the Fund's policy of requiring economy and efficiency in the use of its financing is ensured. Should the amount of any such taxes being excessive, discriminatory or unreasonable, the Fund may notify the Recipient to reduce the percentage of eligible expenditures to be financed under this Financing Agreement.
4. This Agreement is subject to ratification by the Borrower/Recipient.
5. The following are the designated representatives and addresses to be used for any communication related to this Agreement:

For the Borrower/Recipient:

Minister of Finance  
Ministry of Finance  
of the Republic of Mozambique  
Parce da Marinha Popular 272  
Maputo

For the Fund:

The President  
International Fund for  
Agricultural Development  
Via Paolo di Dono 44  
00142 Rome, Italy

This Agreement, [dated \_\_\_\_\_], has been prepared in the English language in two (2) original copies, one (1) for the Fund and one (1) for the Borrower/Recipient.

REPUBLIC OF MOZAMBIQUE

\_\_\_\_\_  
Authorised Representative name  
Authorised Representative title

Date: \_\_\_\_\_

INTERNATIONAL FUND FOR  
AGRICULTURAL DEVELOPMENT

\_\_\_\_\_  
Gilbert F. Hougbo  
President

Date: \_\_\_\_\_

## Schedule 1

### *Programme Description and Implementation Arrangements*

#### I. Programme Description

1. *Target Population.* PROCAVA will target a total of around 180,500 households: 50% of that target will be women, and 30% youth. PROCAVA's primary target group will be smallholder farmers comprising the poor, vulnerable and disadvantaged rural households involved in the selected value chains. PROCAVA will pay particular attention to women heading households while ensuring that women in men headed households are not left out.
2. *Programme area.* PROCAVA will be implemented in 75 districts selected from all ten provinces of the country over the entire ten-year period and in two phases.
3. *Goal.* PROCAVA's Goal is to contribute to poverty reduction, improved food and nutrition security and resilient livelihoods for inclusive rural transformation.
4. *Objectives.* The Objective is to increase the net incomes from Climate-Resilient Agri-Food value chains by rural women, men and youth.
5. *Components.*

Component 1. Production Improvement and Market Linkages: This component aims at contributing to improve production and productivity of target crop and livestock commodities. It will also improve backward and forward linkages of farmers to different stakeholders of the target value chains. Proposed interventions will seek to address some of the identified constraints to increased productivity and production of the target value chains and the associated market linkages. Strengthening climate resilience and enhancing natural resource management and environmental sustainability through promotion of appropriate technologies and best practices will be an integral part of this component.

Component 2. Market-Related Climate Resilient Infrastructure: The objective of this component is to avail the appropriate infrastructure to support the effectiveness of the market-led production interventions and to more efficiently deliver the surplus production to different markets. Planned interventions will focus on addressing constraints faced by relevant actors operating within target value chains. This will include supporting rural infrastructure investments that can add value at the location, upgrade performance of enterprises and support associated agricultural producers to become competitive, environmentally and profitably sustainable. Infrastructure will be prioritized according to business plans and linkages along the value chain.

Component 3. Institutional and Policy Strengthening and Implementation Support: This will be a cross-cutting component servicing the technical components and facilitating pathways for the effective functioning of the target value chains. Accordingly, it will aim at: (a) augmenting the capacity of the institutions that will be responsible for overseeing and/or implementing the different PROCAVA activities; (b) facilitating the development and/or review and update of policies and strategies of selected subsectors for their effective and structured development; and (c) managing PROCAVA in an efficient and effective manner by providing overall coordination, including planning and implementation, financial management and control, procurement support, monitoring and evaluation, knowledge management, and progress reporting. It will also ensure liaison and linkage with all other relevant programmes being implemented in the country that seek to address similar or related constraints.

## II. Implementation Arrangements

6. *Lead Programme Agency.* The Ministry of Agriculture and Food Security (MASA) or the Ministry that will be in charge of Agriculture during the implementation of the Programme, will be the lead executing agency.
7. *Programme Oversight Committee.* MASA will establish a National Programme Steering Committee (NPSC) to serve as the governing body of the Programme. The PSC shall be chaired by the Minister of MASA and composed of members from institutions with direct relevance to the achievement of PROCAVA's goal and development objective.
8. *Regional Programme Consultative Groups.* Regional Programme Consultative Groups (RPCGs) would be progressively set up in each of the three regions of the country (Southern, Central and Northern) following PROCAVA's phasing approach.
9. *Provincial Programme Consultative Group.* In addition to the three RPCGs, a Provincial Programme Consultative Group (PPCG) will be set up in Niassa Province since it will be having a separate Programme Management Unit.
10. *Programme Management Unit (PMU).* A National Programme Management Unit (NPMU) will be established under the direct supervision of Fundo de Desenvolvimento Agrário (FDA) Director General; it will be based in Maputo. NPMU will be charged with responsibility of the day to day management and supervision of the Programme, under the leadership of a National Programme Coordinator (NPC); the NPC will report to the Director General of FDA. Given the geographical spread of the Programme, Programme management will be organised into sub-units (Regional Programme Management Units (RPMUs)) and Provincial Programme Management Unit (PPMU) to adequately cover PROCAVA's target geographical regions. Three RPMUs and one PPMU will be, progressively, established following the Programme's implementation phasing approach.
11. *Implementing partners.* MASA will also liaise and work with other Ministries and partners whose mandates have a direct bearing on the achievement of the PROCAVA goal and development objective.
12. *Monitoring and Evaluation (M&E).* The NPMU will be responsible for the overall Programme monitoring and evaluation. M&E will be undertaken at different levels to support effective implementation, maintain the Programme's focus and direction, provide information for addressing constraints as well as ensure delivery of outputs and outcomes. IFAD will undertake periodic monitoring, evaluation and supervision Missions to assess the status of Programme implementation and evaluate the Programme's direction with respect to its objectives, outputs and Outcomes. A baseline study will be undertaken during the first year of Programme implementation to provide a benchmark for assessment of future outcomes and impact of the Programme. The PROCAVA M&E strategy will be to establish an iterative process for identifying issues and problems to ensure that the Programme focus is maintained and expected outcomes are achieved.
13. *Knowledge Management (KM).* Knowledge Management will be an integral part of PROCAVA to ensure that Programme implementation is a continuous learning process in which quantitative and qualitative data will be compiled, analysed and disseminated as lessons learned. PROCAVA's M&E system will form the foundation of KM and learning system and will, thus, be a primary instrument of information capture and storage, based on the indicators detailed in the results framework. The Knowledge Management and Learning Officer at the NPMU will lead and coordinate all KM activities in close liaison with the M&E Officer, Regional M&E Officer, Provincial M&E Assistant and the value chain leads. Collaboration with relevant universities, research and learning institutions to design and undertake studies and analyses as well as communicate lessons learnt will be encouraged.
14. *Programme Implementation Manual (PIM).* The PMU shall prepare a PIM to be approved by the Fund. The Implementation Manual shall include, among other things: (i) eligibility criteria for communities, economic organizations and beneficiaries;

(ii) mechanisms for selecting communities and economic organizations; (iii) guidelines for the design of development plans and working and business plans; (iv) detailed procedures regarding formulation, assessment and approval of development plans and working and businesses plans; (v) rules for accessing to financial support for productive investment; (vi) monitoring and accounting of funds transferred to organizations for productive investments; (vii) management and procurement procedures; (viii) guidance for implementation of each component, and (ix) composition of TMU and PMU. The PMU shall adopt the PIM substantially in the form agreed with the Fund and may make amendments thereto from time to time, in agreement with the Fund. The Borrower shall cause the Programme to be carried out in accordance with the PIM. In case of any discrepancies between the provisions of the PIM and those of this Agreement, the provisions of this Agreement shall prevail.

**Schedule II***Allocation Table*

1. *Allocation of Loan/Grant Proceeds.* (a) The Table below sets forth the Categories of Eligible Expenditures to be financed by the Loan/Grant and the allocation of the amounts to each category of the Financing and the percentages of expenditures for items to be financed in each Category:

Category	Grant Amount Allocated (expressed in USD)	Loan Amount Allocated (expressed in USD)	Percentage
Equipment, Materials	6 300 000	1 600 000	100%
Works	11 700 000	2 900 000	100%
Consultancies, Training & workshops	7 000 000	1 740 000	100%
Credit, Guarantee Funds	200 000	50 000	100%
Salaries & Allowances	4 800 000	1 200 000	100%
Operating Costs	300 000	70 000	100%
Unallocated	3 300 000	840 000	100%
<b>Total</b>	<b>33 600 000</b>	<b>8 400 000</b>	<b>100%</b>

(b) The terms used in the Table above are defined as follows:

- (i) Credit, Guarantee funds are meant to cover linkage activities between the PROCAVA Programme and the Rural Enterprise Finance Project
- (ii) Start up funds will amounting to an equivalent of five hundred thousand United States dollars (USD 500 000) shall be provided to cover the following categories; Equipment and material, works, workshops, salaries and operating costs



### **Schedule 3**

#### *Special Covenants*

In accordance with Section 12.01(a)(xxiii) of the General Conditions, the Fund may suspend, in whole or in part, the right of the Borrower/Recipient to request withdrawals from the Loan or Grant Account if the Borrower/Recipient has defaulted in the performance of any covenant set forth below, and the Fund has determined that such default has had, or is likely to have, a material adverse effect on the Programme:

1. *Planning, Monitoring and Evaluation.* The Borrower/Recipient shall ensure that (i) a Planning, Monitoring and Evaluation (PM&E) system shall be established within twelve (12) months from the date of entry into force of this Agreement.
2. *Compliance with the Social Environmental and Climate Assessment Procedures (SECAP).* The Borrower/Recipient shall ensure that the Programme will be implemented in compliance with IFAD's SECAP.
3. *Anticorruption Measures.* The Borrower/Recipient shall comply with IFAD Policy on Preventing Fraud and Corruption in its Activities and Operations.
4. *Sexual Harassment, Sexual Exploitation and Abuse.* The Borrower/Recipient and the Programme Parties shall ensure that the Programme is carried out in accordance with the provisions of the IFAD Policy on Preventing and Responding to Sexual Harassment, Sexual Exploitation and Abuse, as may be amended from time to time.
5. *Environment and Social Safeguards.* The Borrower/Recipient shall ensure that: (a) all Programme activities are implemented in strict conformity with the Borrower/Recipient's relevant laws/regulations; (b) proposals for civil works include confirmation that no involuntary land acquisition or resettlement is required under the Programme. In the event of unforeseen land acquisition or involuntary resettlement under the Programme, the Borrower/Recipient shall immediately inform the Fund and prepare the necessary planning documents; (c) women and men shall be paid equal remuneration for work of equal value under the Programme; and (d) recourse to child labour is not made under the Programme.

# Logical framework

Results Hierarchy	Indicators				Means of Verification			Assumptions
	Name	Base line	Midterm	End Target	Source	Frequency	Responsibility	
Outreach	<b>1.b Estimated corresponding total number of households members</b>				Project records, national statistics	Bi-annually	PMU	PMU and Implementing partners have Reliable M&E with a coding system to track beneficiaries at individual and household levels
	Household members - Number of people	0	451250	902500 <sup>2</sup>				
	<b>1.a Corresponding number of households reached</b>				Project records, national statistics	Bi-annually	PMU	
	Households - Number	0	902500	180500 <sup>3</sup>				
	<b>1 Persons receiving services promoted or supported by the project</b>				Project records, national statistics	Bi-annually	PMU	
	Females - Number	0	225625	451250				
	Males - Number	0	225625	451250				
	Young - Number	0	135375	270750				
Total number of persons receiving services - Number	0	451250	902500					
<b>Project Goal</b> To contribute to poverty reduction, improved food and nutrition security and resilient livelihoods for inclusive rural transformation	<b>Percentage (Number) of rural people experiencing changes in economic status (10% or more) including income, food diversity or nutrition</b>				National Poverty Evaluation Report; Household surveys; Demographic Surveys; Vulnerability Assessment reports/Survey	Completion	MASA/DCPI, INE, MEF, UNICEF, WFP, PMU	Stable political, social and macro-economic environment prevails
	People - Percentage (%)	7 <sup>4</sup>		15				
	<b>Number of people with strengthened resilience (20% or more)</b>							
<b>Development Objective</b> To increase net income from climate resilient Agrifood value chains by rural women, men and youth	<b>Percentage of increased household farm incomes</b>				Outcome surveys; household surveys	Baseline, MTR, completion	MASA/DCPI, INE, MEF	The ongoing political and economic commitment in investing in the agricultural sector by government maintained
	Young - Number			203063				
	Women-headed households - Number			TBD				
	Increase in income - Percentage (%)		50	150				
<b>Outcome 1.1</b> Smallholders productivity, production and quality of targeted value chains improved	<b>Percentage of persons/households reporting an increase in productivity</b>				Annual Production Surveys, MASA Annual Reports, thematic studies			Communities participate actively in interventions made; Farmers have adequate resources to acquire productive inputs; Stable weather conditions
	Households - Percentage (%)	0	40 <sup>5</sup>	75				
	<b>3.2.2 Households reporting adoption of environmentally sustainable and climate-resilient technologies and practices</b>				Production surveys	Baseline, MTR, Completion		
	Households - Percentage (%)	TBD	40	75 <sup>6</sup>				
	Total number of household members - Number		361000	676875				
	Males - Number		180500	338438				

<sup>2</sup> Average household size in Mozambique is 5 persons per household; 50 per cent women; 30 per cent youth

<sup>3</sup> 9200 HH in Horticulture VC; 38,500HH in Cassava VC; 47,000 HH in Legumes VC; 85,800 HH in Livestock VC (79,000 Red Meat and 6,800 poultry)

<sup>4</sup> Poverty levels in the rural areas reduced by 7 per cent between 2008 and 2014, ref National Poverty Evaluation report IOF2014/2015

<sup>5</sup> Assuming an adoption rate of 40 per cent and 100 per cent by end of project

<sup>6</sup> 50 per cent women, 30 per cent youth and 20 per cent women-headed households

Results Hierarchy	Indicators				Means of Verification			Assumptions
	Name	Base line	Midterm	End Target	Source	Frequency	Responsibility	
	Females - Number		18050	338438				
	Young - Number		10830	203063				
	Women-headed households - Number		14440	27075				
	Households - Number		72200	135375				
<b>Output 1.1.1</b> Production and productivity-enhancing inputs and climate-smart technological packages are made available to smallholder producers of selected crops and livestock commodities	<b>1.1.3 Rural producers accessing production inputs and/or technological packages</b>				Project progress reports	Annual	PMU	Improved Land tenure agreement in place
	Females - Number	0	76160	108800				
	Males - Number	0	76160	108800				
	Young - Number	0	45696	65280				
	Total rural producers - Number	0	15232	217600 <sup>7</sup>				
<b>Output 1.1.2</b> Livestock production related infrastructure established	<b>Number of livestock production infrastructures constructed or rehabilitated</b>				Project progress reports	Semi-Annual	PMU	
	Livestock production infrastructure - Number	0	36	72				
<b>Output 1.1.3</b> Community-based natural resources management plans (CBNRM) prepared and established in Meat VC	<b>3.1.1 Groups supported to sustainably manage natural resources and climate-related risks</b>				Project progress reports	Semi-Annual	PMU	
	Groups supported - Number		17	43				
<b>Outcome 1.2</b> Value chain linkages have improved between smallholder farmers and other value chain actors	<b>2.2.3 Rural producers' organizations engaged in formal partnerships/agreements or contracts with public or private entities</b>				Project reports, Outcome/household surveys, Market surveys	Baseline, MTR, Completion	PMU	Communities participate actively in interventions made
	Percentage of POs - Percentage (%)		20	50				
<b>Output 1.2.1</b> Smallholder farmers organizational, technical and business management skills are strengthened	<b>2.1.3 Rural producers' organizations supported</b>				Project progress reports	Semi-Annual	PMU	
	Rural POs supported - Number							
<b>Output 1.2.2</b> Climate, weather and market information system is developed and operational	<b>3.1.2 Persons provided with climate information services</b>				Project progress reports	Semi-Annual	PMU	
	Females - Number			37400				
	Males - Number			37400				
	Persons provided with climate information services - Number		29920	74800				
<b>Output 1.2.3</b> Value chain platforms are established and strengthened	<b>Policy 2 Functioning multi-stakeholder platforms supported</b>				Project progress reports	Semi-Annual	PMU	Conducive regulatory framework for contract enforcement; Trust among smallholder farmers and different stakeholders in the targeted value chains; Balanced negotiation power for win-win partnerships
	Number - Number		38	75				
<b>Outcome 2.</b> Market-related climate-resilient infrastructure has improved	<b>2.2.6 Households reporting improved physical access to markets, processing and storage facilities<sup>8</sup></b>				Project progress reports	Baseline, MTR,	MASA/DPCI, PMU	

<sup>7</sup> 6800 producers (6000 open fields and 800 under drip kits/shade cloths) , 45,000 CVC producers + 80000 Legume Producers (54000 VC and 26,000NVC) + 85800 LVC(79,000redmeat and 6800 poultry producers)

<sup>8</sup> 50 per cent women, 30 per cent youth and 20 per cent women-headed households

Results Hierarchy	Indicators				Means of Verification			Assumptions
	Name	Base line	Midterm	End Target	Source	Frequency	Responsibility	
	Households reporting improved physical access to markets - Number		36100	90250		Completion		
	Households reporting improved physical access to processing facilities - Number		36100	90250				
	Households reporting improved physical access to storage facilities - Number		7220	14440				
<b>Output 2.1</b> Water-related infrastructure rehabilitated or Constructed	<b>1.1.2 Farmland under water-related infrastructure constructed/rehabilitated</b>				Project progress reports	Simi-annual	PMU	
	Hectares of land - Area (ha)	0	1500	3000				
<b>Output 2.2</b> Market-led value chain infrastructure rehabilitated or constructed	<b>2.1.6 Market, processing or storage facilities constructed or rehabilitated</b>				Project progress reports	Semi-annual		
	Market facilities constructed/rehabilitated - Number		2	5				
	Processing facilities constructed/rehabilitated - Number		8	16				
	Storage facilities constructed/rehabilitated - Number		2	4				
<b>Outcome 3.</b> Institutional and policy framework for inclusive and climate-resilient value chain development has improved	<b>Policy 3 Existing/new laws, regulations, policies or strategies proposed to policy makers for approval, ratification or amendment</b>				Project reports, outcome surveys	Baseline, MTR, Completion	PMU	Favourable regulatory framework and enabling environment
	Number - Number	0	2	5				
<b>Output 3.1</b> Institutional capacities (public, private and PO) strengthened for effective functioning of the targeted value chains	<b>Number of staff of public and private entities trained on project implementation, gender and land tenure security</b>				Project progress reports	Annual	PMU	
	Staff of public and private entities - Number	0	350	700				
<b>Output 3.2</b> Policies and strategies developed for the effective and structure development of targeted VC	<b>Policy 1 Policy-relevant knowledge products completed</b>				Project progress reports	Semi-annual	PMU	
	Number - Number	0	2	5				