
President's memorandum
Proposed additional financing to
Republic of Mozambique
Inclusive Agrifood Value Chain Development
Programme

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Action: The Executive Board is invited to approve the recommendation for the proposed additional financing contained in paragraph 60.

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- I. Updated logical framework incorporating the additional financing
- II. Updated summary of the economic and financial analysis
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Programme delivery team

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Financing summary

Initiating institution:	IFAD
Borrower/recipient:	Republic of Mozambique
Executing agency:	Ministry of Agriculture, Environment and Fisheries
Total programme cost:	US\$200.27 million
Amount of original IFAD loan under the performance-based allocation system (PBAS)	US\$8.4 million
Terms of original IFAD loan:	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)
Amount of original IFAD Debt Sustainability Framework (DSF) grant:	US\$33.6 million
Amount of Rural Poor Stimulus Facility financing (grants I and II):	US\$1.7 million
Amount of Crisis Response Initiative financing (grants I and II):	US\$5.77 million
Amount of additional IFAD financing 1 (DSF grant):	US\$20.00 million
Amount of additional IFAD financing 2 (DSF grant):	US\$44.4 million
Cofinanciers:	African Development Bank (AfDB), Global Environment Facility (GEF), European Union Investing in Livelihood Resilience and Soil Health in African, Caribbean and Pacific Countries programme (EU-ILSA)
Amount of cofinancing:	AfDB: US\$33million (parallel financing) GEF Financing Gap 2: US\$10 million EU-ILSA: US\$5.091 million
Terms of cofinancing:	Grants
Original contribution of borrower/recipient:	US\$4.85 million
Additional contribution 1 of borrower/recipient:	US\$0.61 million
Additional contribution 2 of borrower/recipient:	US\$9.48 million
Original contribution of beneficiaries:	US\$5.6 million
Additional contribution 1 of beneficiaries:	US\$0.33 million
Additional contribution 2 of beneficiaries:	US\$6.46 million
Financing gap 1:	US\$11 million
Amount of original IFAD climate finance 1:	US\$19.6 million
Amount of additional IFAD climate finance 1:	US\$11.257 million
Amount of additional IFAD climate finance 2:	US\$21.507 million (of which US\$1.539 million is a climate finance top-up)
Cooperating institution:	IFAD

I. Background and programme description

A. Background

1. The Inclusive Agrifood Value Chain Development Programme (PROCAVA) was approved in December 2019 and became effective in May 2020, covering two phases (phase I: 2020–2025 and phase II: 2025–2030).¹ PROCAVA is scheduled for completion in June 2030 and closing in December 2030.
2. Phase I financing for PROCAVA was US\$72.5 million, comprising: (i) an IFAD Debt Sustainability Framework (DSF) grant of US\$33.6 million; (ii) an IFAD loan of US\$8.4 million; (iii) a government contribution of US\$4.8 million; (iv) a Green Climate Fund (GCF) grant of US\$20.0 million; and (v) contributions of beneficiaries and the private sector of US\$5.6 million. Between 2020 and 2022, two additional grants were added from the Rural Poor Stimulus Facility (RPSF) for US\$764,783 and US\$934,162 in response to COVID-19. In 2023, two further grants were added from the Crisis Response Initiative (CRI) for US\$3,008,036 and US\$2,766,118. As the expected GCF resources (US\$20.0 million) did not materialize, part of the allocation from the Twelfth Replenishment of IFAD's Resources (IFAD12) was deployed in 2024 as additional financing to cover this gap, in addition to contributions from the Government and beneficiaries (US\$939,000). As a result, the total allocation for phase I was US\$80.8 million.
3. Phase II is proposed to consist of the following financing: (i) US\$44.4 million from the IFAD13 allocation; (ii) US\$11.0 million in funds cancelled from the Rural Enterprise Finance Project (REFP); (iii) US\$5.0 million from the European Union Investing in Livelihood Resilience and Soil Health in African, Caribbean and Pacific Countries programme (EU-ILSA); (iv) US\$33.0 million in parallel financing from the African Development Bank (AfDB); (v) US\$10.0 million to be mobilized through the Global Environment Facility (ninth replenishment cycle [GEF-9]) to cover the financing gap until approval is received; and (vi) contributions from the Government and beneficiaries (US\$9.5 million and US\$6.5 million respectively). The total envelope for phase II will be US\$156.0 million, including the remaining balance from phase I (US\$36.8 million).
4. Considering that the programme was developed and approved before the multiphase adaptive programme guidelines came into effect, an agreement has been reached within IFAD to approve the second phase as additional financing for scaling.

B. Original programme description

5. **Programme goal and objective.** PROCAVA's development objective is to increase net incomes from climate-resilient agrifood value chains for rural women, men and youth, targeting five value chains: horticulture, red meat, poultry, cassava and legumes.
6. There are three expected outcomes: (i) improved productivity, production and quality of targeted value chains; (ii) improved market access and performance of targeted value chains; and (iii) enhanced institutional capacity to deliver services.
7. The objectives and expected outcomes set at design covered both phases; however, the budget allocation related to phase I only.

II. Rationale for additional financing

A. Rationale

8. PROCAVA has made important contributions to improving livelihoods, food and nutrition security, and access to water and markets. It has been successful in delivering its outcomes and has demonstrated an effective methodology for

¹ See EB 2019/128/R.26/Rev.1.

replication and scaling. Under the proposed additional financing, the programme's goal, objectives and components, and its implementation and financial arrangements, will remain unchanged.

9. The midterm review (MTR) core outcome indicator (COI) assessment confirmed the achievement of key programme targets, as follows: 167,224 households reached, representing 137 per cent of the midterm target, and 79 per cent of the initial endline target. With the additional resources from the AfDB and the EU-ILSA for phase II, total outreach is expected to be 255,000 households.
10. PROCAVA's likelihood of achieving development objectives is rated 4.58 and its overall implementation performance is rated 4.5. The disbursement rate is highly satisfactory (6), and several other indicators are rated satisfactory (5), including quality of project management. This confirms that the programme implementation arrangements, the quality of the programme management, and the ability to manage multiple funds are effective.
11. Prior to the MTR, the financial management rating had been 5 for the previous three years. During the MTR mission some shortcomings in financial management were identified and the rating dropped to 3. Urgent remedial measures to correct the shortcomings are being implemented.
12. PROCAVA remains relevant to the development priorities of both the Government and IFAD, contributing significantly to the country's National Development Strategy (2025–2044), the Strategic Plan for the Development of the Agricultural Sector 2030, and the National Agricultural Sector Investment Plan (2022–2026).

Special aspects relating to IFAD's corporate mainstreaming priorities

13. In line with IFAD's mainstreaming commitments, the programme has been validated as:
 - ☒ Including climate finance
 - ☒ Gender-transformative
 - ☒ Youth-sensitive
 - ☒ Prioritizing persons with disabilities
14. **Climate change.** Mozambique is increasingly vulnerable to droughts, floods, cyclones, rainfall variability and land degradation. This vulnerability is exacerbated by the country's limited adaptive capacity, growing population and dependence on natural resources.
15. **Gender and social inclusion.** Mozambique's Gender Inequality Index is low, standing at 0.479 in 2023. Women have lower literacy levels and female heads of household are more likely to have no formal education.
16. **Youth.** While the youth labour force is increasing by almost 40 per cent per annum, the rate at which new formal jobs are created remains static.
17. **Nutrition.** Mozambique continues to depend on food imports to satisfy a large portion of its domestic needs, particularly for edible oils and staple food. In 2023, food imports accounted for 40 per cent of the country's import bill.

B. Description of geographical area and target groups

18. **Geographical area.** PROCAVA will be implemented in 87 districts (75 districts from design and an additional 12 for AfDB financing), from all provinces of the country. Implementation follows a gradual approach as a strategy to enhance effectiveness and implementation capacity. During phase I, all four southern provinces and the province of Niassa in the north were prioritized. For phase II, interventions will be expanded to the remaining six central and northern provinces.

19. **Target groups.** To reach the intended beneficiaries and avoid elite capture, PROCAVA uses direct targeting and self-targeting strategies, supported by empowering and enabling measures. Phase II will continue to ensure women, youth and persons with disabilities have access to all programme activities.

C. Components, outcomes and activities

20. The programme components and subcomponents remain unchanged. The only adjustment will be for component 4 to align its approach with IFAD's response to emergency and disaster (RED) component.
21. **Component 1: Production improvement and market linkages** is intended to improve the production and productivity of target value chains by promoting appropriate technologies and practices, ultimately leading to improved market linkages, strengthened climate resilience, and enhanced natural resource management and environmental sustainability.
22. During phase II, the programme will: (i) reinforce the Government's agricultural research capacity with infrastructure and equipment, and by engaging CGIAR centres such as the International Potato Center and the Technologies for African Agricultural Transformation programme of the International Institute of Tropical Agriculture; (ii) strengthen the capacity of the National Directorate of Agrarian Health and Biosafety to support seed systems development; (iii) invest in agroecological intensification through EU-ILSA; (iv) promote savings and credit groups with resources cancelled from REFP (US\$4.0 million); and (v) establish a matching grant and/or line of credit with AfDB resources, ensuring value chain actors have access to financing.
23. **Component 2: Market-related climate-resilient infrastructure** aims to ensure appropriate infrastructure availability to support market-led production and efficient distribution of surplus to markets.
24. During phase II, the programme will complete delayed infrastructure, including 2,000 ha of irrigation schemes, 25 multifunctional boreholes and 3 markets. The programme will also: (i) focus on small-scale irrigation; (ii) promote irrigation schemes for certified seed production; (iii) engage the private sector for irrigation operation and maintenance; and (iv) promote small-scale structures for rainwater harvest and storage.
25. **Component 3: Institutional and policy strengthening and implementation support.** This is a cross-cutting component supporting the technical components and facilitating pathways for effective functioning of the value chains.
26. **Component 4: Disaster risk reduction and management** is included as a mechanism to enable rapid response to climate shocks. During phase II, it will become a RED component with an allocation of up to 60 per cent of the unallocated category.

D. Costs, benefits and financing

Programme costs

27. Phase I budget was originally estimated at US\$72.45 million, later increased to US\$80.8 million upon receipt of RPSF I and II and CRI I and II grants. Phase II total additional financing amounts to US\$119.4 million (from IFAD13, AfDB, EU-ILSA, the Government and beneficiaries, with a financing gap of US\$21 million). Adding existing balances from phase I, the total phase II budget is estimated at US\$156 million, bringing the overall envelope for both phases to about US\$200 million.
28. The total amount of additional IFAD climate finance is estimated at US\$21.507 million (48.4 per cent of IFAD total costs), including US\$1.539 million in the form of a climate finance top-up.

29. Table 1 presents the cost structure for both phases by financier, while table 2 presents the distribution of the IFAD additional financing by component.

Table 1
Original and additional financing summary
(Thousands of United States dollars)

	<i>Original financing</i>	<i>Additional financing 1</i>	<i>Additional financing 2 (current request)</i>	<i>Total</i>
IFAD loan	8 400	-	-	8 400
IFAD DSF grant	33 600	20 000*	44 400	98000
GCF	20 000	(20 000)	-	-
Financing gap 1	-	-	11 000	11 000
AfDB	-	-	33 000	33 000
Financing gap 2 (GEF)	-	-	10 000	10 000
EU-ILSA	-	-	5 091	5 091
RPSF grants I and II	-	1 678	-	1 678
CRI grants I and II	-	5 774	-	5 774
Beneficiaries	5 600	333	6 464	12 397
Borrower/recipient	4 852	606	9 476	14 934
Total	72 452	8 391	119 431	200 274

* To cover the GCF gap.

Table 2
Additional financing: programme costs by component and subcomponent (IFAD financing only)
(Thousands of United States dollars)

<i>Component/subcomponent</i>	<i>Additional financing</i>			
	<i>IFAD DSF grant</i>		<i>Total</i>	
	<i>Amount</i>	<i>%</i>	<i>Amount</i>	<i>%</i>
1. Production improvement and market linkages				
Production and productivity improvement of selected commodities	10 495	100	10 497	24
Market linkage investments	966	100	966	2
2. Market-related climate-resilient infrastructure				
Water-related Infrastructure	7 204	100	7 204	16
Market-led infrastructure	11 332	100	11 332	26
3. Institutional and policy strengthening and implementation support				
Institutional strengthening and policy support	2 815	100	2 815	6
Programme coordination and implementation support services	11 455	100	11 455	26
4. Disaster risk reduction and management				
Delivery of agriculture-related information through digital services	133	100	133	0.3
Total	44 400	80	44 400	100

30. Table 2.1 presents the cost structure for both phases by component and financier, while table 2.2 focuses on available resources for phase II by component.

Table 2.1

Programme costs by component and subcomponent and financier

(Thousands of United States dollars)

Component/subcomponent	IFAD loan		IFAD DSF grant		Financing gap 1		AfDB		Financing gap 2 (GEF)		EU-ILSA		Borrower/recipient		Beneficiaries		RPSF I and II		CRI I and II		Total	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	In kind	%	In kind	%	Amount	%	Amount	%	Amount	%
1. Production improvement and market linkages																						
Production and productivity improvement of selected commodities	2 058	4	23 157	42	2 824	5	10 345	19	2 956	5	2 570	5	5 440	10	5 307	10	-	-	-	-	54 657	27
Market linkage investments	294	3	2 900	27	4 000	37	1 729	16	-	-	348	3	742	7	709	7	-	-	-	-	10 722	5
2. Market-related climate-resilient infrastructure																						
Water-related infrastructure	1 082	4	16 389	57	965	3	764	3	3 840	13	584	2	2 801	10	2 191	8	-	-	-	-	28 616	14
Market-led infrastructure	1 455	4	21 005	53	668	2	12 970	33	-	-	729	2	1 000	3	1 929	5	-	-	-	-	39 756	20
3. Institutional and policy strengthening and implementation support																						
Institutional strengthening and policy support	344	3	5 490	50	513	5	2 043	19	1 606	15	527	5	356	3	-	-	-	-	-	-	10 879	5
Programme coordination and implementation support services	3 166	7	28 424	65	1 680	4	4 667	11	645	1	333	1	4 594	11	-	-	-	-	-	-	43 509	22
4. Disaster risk reduction and management																						
Provision of nutrition-dense inputs and basic assets for production	-	-	8	-	-	-	-	-	-	-	-	-	0	0	2 261	29	738	9	4 831	62	7 838	4
Facilitated access to markets and post-harvest technologies	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	190	17	943	83	1 133	1
Delivery of agriculture-related information through digital services	1	0	628	20	350	11	482	15	952	30	-	-	-	-	-	-	750	24	-	-	3 164	1
Total	8 400	4	98 000	49	11 000	5	33 000	16	10 000	5	5 091	3	14 934	7	12 397	6	1 678	1	5 774	3	200 274	100

Table 2.2

Additional financing, phase II: programme costs by component and subcomponent and financier
(Thousands of United States dollars)

	<i>Costs for phase II only (all sources of finance, including balances from phase I)</i>															
	<i>IFAD DSF grant</i>		<i>Financing gap 1</i>		<i>AfDB</i>		<i>Financing gap 2 (GEF)</i>		<i>EU-ILSA</i>		<i>Borrower/recipient</i>		<i>Beneficiaries</i>		<i>Total</i>	
	<i>Amount</i>	<i>%</i>	<i>Amount</i>	<i>%</i>	<i>Amount</i>	<i>%</i>	<i>Amount</i>	<i>%</i>	<i>Amount</i>	<i>%</i>	<i>In kina</i>	<i>%</i>	<i>In kina</i>	<i>%</i>	<i>Amount</i>	<i>%</i>
1. Production improvement and market linkages																
Production and productivity improvement of selected commodities	17 079	37	2 824	6	10 345	23	2 956	6	2 570	6	5 440	12	4 632	10	45 846	29
Market linkage investments	1 746	19	4 000	43	1 729	19	-	-	348	4	742	8	709	8	9 275	6
2. Market-related climate-resilient infrastructure																
Water-related infrastructure	13 530	55	965	4	764	3	3 840	16	584	2	2 801	11	2 190	9	24 674	16
Market-led infrastructure	19 651	53	668	2	12 970	35	-	-	729	2	1 000	3	1 929	5	36 948	24
3. Institutional and policy strengthening and implementation support																
Institutional strengthening and policy support	4 633	48	513	5	2 043	21	1 606	17	527	5	356	4	-	-	9 677	6
Programme coordination and implementation support services	16 733	61	1 680	6	4 667	17	645	2	333	1	3 306	12	-	-	27 363	18
4. Disaster risk reduction and management																
Delivery of agriculture-related information through digital services	628	26	350	15	483	20	954	40	-	-	-	-	-	-	2 414	2
Total	74 000	48	11 000	7	33 000	21	10 000	6	5 091	3	13 644	9	9 461	6	156 197	100

31. Table 3 presents the distribution of IFAD additional financing by category. Table 3.1 presents the cost structure for both phases by category and financier, while table 3.2 presents the resources for phase II by category.

Table 3

Additional financing: programme costs by expenditure category (IFAD financing only)
(Thousands of United States dollars)

<i>Expenditure category</i>	<i>Additional</i>			
	<i>IFAD DSF grant</i>		<i>Total</i>	
	<i>Amount</i>	<i>%</i>	<i>Amount</i>	<i>%</i>
<i>Investment costs</i>				
1. Funds	433	100	433	100
2. Works	14 790	100	14 790	100
3. Consulting services	1 473	100	1 473	100
4. Studies	190	100	190	100
5. Training	2 089	100	2 089	100
6. Equipment and materials	8 587	100	8 587	100
7. Technical assistance	4 463	100	4 463	100
Total investment costs	32 024	100	32 024	100
<i>Recurrent costs</i>				
1. Travel costs	837	100	837	100
2. Operation and maintenance	516	100	516	100
3. Salaries	10 222	100	10 222	100
4. Allowances and benefits	802	100	802	100
Total recurrent costs	12 375	100	12 376	100
Total	44 400	100	44 400	100

Table 3.1

Programme costs by expenditure category and financier

(Thousands of United States dollars)

Expenditure category	IFAD loan		IFAD DSF grant		Financing gap 1		AfDB		Financing gap-2 (GEF)		EU-ILSA		Borrower/recipient		Beneficiaries		RPSF I and II		CRI I and II		Total	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	In kind	%	In kind	%	Amount	%	Amount	%	Amount	%
Investment costs																						
1. Funds	5	0	583	25	850	36	-	-	200	9	-	-	-	-	709	30	-	-	-	-	2 347	2
2. Works	2 238	4	31 261	57	2 005	4	8 912	16	3 708	7	1 313	2	2 564	5	2 474	5	-	-	68	-	54 545	37
3. Consulting services	-	-	1 663	53	30	1	670	22	238	8	115	4	364	12	-	-	6	0	32	1	3 118	2
4. Studies	-	-	330	26	72	6	296	23	71	6	31	2	68	5	407	32	-	-	5	0	1 279	1
5. Training	670	5	5 144	38	3 467	26	1 602	12	450	3	1 234	9	78	1	65		211	2	546	4	13 467	9
6. Equipment and materials	2 342	4	20 226	37	2 340	4	11 715	21	3 240	6	1 574	3	157	0	7 082	13	1 400	3	4 904	9	54 981	37
7. Workshop	-	-	28	20	-	-	105	76	-	-	-	-	-	-	-	-	6	4	-	-	138	0
8. Meetings	-	-	56	39	54	38	-	-	-	-	-	-	-	-	-	-	-	-	32	22	142	0
9. Technical assistance	93	0	8 186	42	850	4	6 575	34	1 413	7	752	4	426	2	974	5	18		27	-	19 313	13
Total investment costs	5 347	4	67 476	45	9 668	6	29 875	20	9 320	6	5 019	3	3 657	2	11 711	8	1 642	1	5 615	4	149 329	75
Recurrent costs																						
1. Travel costs	-	-	1 220	66	311	17	239	13	-	-	-	-	-	-	-	-	-	-	86	5	1 855	1
2. Operation and maintenance	4	0	760	20	116	3	386	10	36	1	-	-	2 447	65	-	-	-	-	0	-	3 749	3
3. Salaries	1 527	4	22 771	61	905	2	2 500	7	644	2	72	0	7 545	21	686	2	3	0	16	-	36 669	18
4. Allowances and benefits	-	-	1 178	95	-	-	-	-	-	-	-	-	-	-	-	-	33	3	30	2	1 241	1
5. Office and general expenses	1 522	20	4 596	62	-	-	-	-	-	-	-	-	1 284	17	-	-	-	-	27	-	7 430	3
Total recurrent costs	3 050	6	30 524	60	1 332	3	3 125	6	680	1	72	0	11 277	22	686	1	36	0	159	-	50 945	25
Total	8 400	8	98 000	49	11 000	5	33 000	16	10 000	5	5 091	3	14 934	7	12 397	1	1 678	1	5 774	3	200 274	100

Table 3.2

Additional financing, phase II: programme costs by expenditure category and financier

(Thousands of United States dollars)

Expenditure category	Costs for phase II only (all sources of finance, including balances from phase I)															
	IFAD DSF grant		Financing gap 1		AfDB		Financing gap 2 GEF		EU-ILSA		Borrower/recipient		Beneficiaries		Total	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	In kind	%	In kind	%	Amount	%
Investment costs																
1. Funds	583	25	850	36	-	-	200	9	-	-	-	-	709	30	2 342	1
2. Works	27 394	57	2 005	4	8 912	18	3 708	8	1 313	3	2 564	5	2 474	5	48 370	31
3. Consulting services	1 637	54	30	1	670	22	238	8	115	4	364	12	-	-	3 054	2
4. Studies	330	26	72	6	296	23	71	6	31	2	68	5	407	32	1 275	1
5. Training	3 192	32	3 467	34	1 602	16	450	5	1 234	12	78	1	65	1	10 088	6
6. Equipment and materials	13 862	37	2 340	6	11 715	32	3 240	9	1 574	4	157	0.4	4 146	11	37 034	24
7. Workshop	-	-	-	-	105	100	-	-	-	-	-	-	-	-	105	0
8. Meetings	-	-	54	100	-	-	-	-	-	-	-	-	-	-	54	0
9. Technical assistance	7 937	42	850	5	6 575	35	1 413	8	752	4	426	2	974	5	18 927	12
Total investment costs	54 935	45	9 668	8	29 876	25	9 319	8	5 019	4	3 657	3	8 775	7	121 248	78
Recurrent costs																
1. Travel costs	1 219	69	311	18	239	14	-	-	-	-	-	-	-	-	1 769	1
2. Operation and maintenance	752	17	116	3	386	9	36	1	-	-	2 447	55	686	16	4 423	3
3. Salaries	15 948	58	905	3	2 500	9	644	2	72	0.3	7 540	27	-	-	27 609	18
4. Allowances and benefits	1 146	100	-	-	-	-	-	-	-	-	-	-	-	-	1 146	1
Total recurrent costs	19 065	55	1 332	4	3 125	9	680	2	72	0.2	9 987	29	686	2	34 947	22
Total	74 000	47	11 000	7	33 000	21	10 000	6	5 091	3	13 644	9	9 461	6	156 196	100

Table 4

Programme costs by component and programme year

(Thousands of United States dollars)

Component/subcomponent	Additional (phase II)						Total
	2025	2026	2027	2028	2029	2030	
	Amount	Amount	Amount	Amount	Amount	Amount	
1. Production improvement and market linkages							
Production and productivity improvement of selected commodities	4 713	15 410	12 751	7 638	4 166	1 168	45 846
Market linkage investments	233	3 031	2 614	1 454	1 698	255	9 285
2. Market-related climate-resilient infrastructure							
Water-related infrastructure	1 925	6 270	7 384	6 307	1 737	1 052	24 675
Market-led infrastructure	417	18 695	11 767	5 227	267	575	36 948
3. Institutional and policy strengthening and implementation support							
Institutions strengthening and policy support	1 550	3 795	2 322	1 556	389	66	9 678
Programme coordination and implementation support services	3 065	6 775	5 793	4 990	4 117	2 609	27 349
4. Disaster risk reduction and management							
Delivery of agriculture-related information through digital services	483	483	483	966	-	-	2 415
Total	12 386	54 459	43 114	28 138	12 374	5 725	156 197

Financing and cofinancing strategy and plan

32. Financing for phase II from IFAD, EU-ILSA and AfDB has already been secured. There is still a financing gap of US\$21 million, expected to be covered by REFP cancelled funds and GEF financing. REFP cancelled funds are expected to be recommitted during the fourth quarter 2025, while GEF-9 will be processed and approved by the end of 2026. Domestic contributions from the Government and beneficiaries are estimated at US\$23.1 million (15 per cent of the total budget), comprising US\$13.6 million (9 per cent) from the Government and US\$9.5 million (6 per cent) from beneficiaries.

Disbursement

33. Although the use of government systems will be encouraged, PROCAVA will be required to use an accounting software to facilitate reporting in the formats required, an area not yet supported by the government electronic state financial administration system (e-SISTAFE). A designated account has been opened in the Bank of Mozambique to receive PROCAVA funds, which flow through e-SISTAFE to the government line ministry and then are allocated to the programme management unit (PMU). At the provincial and regional levels, funds are disbursed to the Ministry of Agriculture, Environment and Fisheries (MAAP) single treasury account for the programme. All major programme payments are centralized at the PMU level. The funds will be disbursed to the programme under the designated account replenishment procedure.
34. As of the MTR, the programme had disbursed approximately US\$53.1 million (85.7 per cent of IFAD financing). This strong disbursement performance significantly exceeds the prorated sector benchmark of 50.08 per cent, for a project at 49.27 per cent implementation duration.

Summary of benefits and economic analysis

35. The unified economic and financial analysis (EFA) has been adjusted to consider the phase II implementation period, and the related incremental costs and benefits, contemplating: (i) current market prices for inputs and outputs; (ii) changes in farm yields; (iii) actual costs already incurred by the programme; and (iv) key logical framework indicators.
36. **Programme benefits.** The anticipated EFA benefits remain unchanged as per the original programme goal and development objectives. Financial benefits include increased productivity of farms and increased financial returns for the targeted

households. Social benefits include a reduction in poverty rates in the targeted areas, especially for disadvantaged groups, as a result of their participation in the different programme interventions.

37. **Results of the economic analysis.** The updated EFA indicates that the programme is still economically and financially viable, as it yields a higher baseline economic rate of return (ERR) of 23 per cent, with a positive net present value of US\$308.8 million (MZN 19.7 billion). The programme is still highly profitable from an economic standpoint. A sensitivity analysis indicates the presence of a high degree of resilience to increases in costs and reductions in benefits, as the programme would still yield an ERR of 22.3 per cent if benefits were reduced or costs increased by 10 per cent.

Exit strategy and sustainability

38. PROCAVA implementation is completely immersed within the Government's institutional, strategy and policy framework. This integration will allow continuity of activities 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.

III. Risk management

A. Risks and mitigation measures

39. The following institutional, economic, social and environmental risks were identified.

Table 5

Overall risk summary

<i>Risk areas</i>	<i>Inherent risk rating</i>	<i>Residual risk rating</i>
Country context	High	Substantial
Sector strategies and policies	Moderate	Moderate
Environment and climate context	Substantial	Substantial
Programme scope	Moderate	Moderate
Institutional capacity for implementation and sustainability	Substantial	Moderate
Project financial management	Substantial	Substantial
Project procurement	High	High
Environment, social and climate impact	Substantial	Substantial
Stakeholders	Substantial	Moderate
Overall	Substantial	Moderate

B. Environment and social category

40. The initial Social, Environmental and Climate Assessment Procedures (SECAP) review note, which placed PROCAVA in category A, was developed based on the 2017 edition of the SECAP. Therefore, an update was necessary to take into account the additional financing, which includes new activities, new geographical areas and new cofinanciers.
41. The programme was re-screened using the SECAP 2021 screening tool. As a result, the project risk is classified as **substantial**. Potential adverse impacts on human populations and the environment are likely to be localized, manageable or reversible and not likely to be significant.
42. Given that the exact sites of the new districts are yet to be identified, it is recommended that the existing environmental and social management framework be updated before December 2025, to establish the principles, guidelines and procedures to assess risks and impacts associated with PROCAVA.

C. Climate risk classification

43. The initial PROCAVA climate risk classification was high due to frequent climate shocks, exacerbated by climate change. These events pose threats to infrastructure, agriculture and overall socioeconomic stability, exacerbating food and water insecurity.
44. The new screening classifies climate risk as **substantial**. Regarding the current risks, a targeted adaptation assessment is recommended. AfDB is undertaking a climate analysis that will include the districts covered by IFAD.

IV. Implementation

A. Compliance with IFAD policies

45. PROCAVA is fully aligned with the goals and objectives of the IFAD Strategic Framework 2016–2025 and other relevant policies and strategies.

B. Organizational framework

Management and coordination

46. MAAP is the lead executing agency and will be responsible for overseeing PROCAVA's implementation. MAAP delegated the lead implementing agency role to the Fund for Agricultural Promotion and Rural Extension.
47. A national project management unit (NPMU) is established under the direct supervision of the Director-General of the Fund for Agricultural Promotion and Rural Extension. The NPMU is 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 delegated to a regional PMU (covering Gaza, Manica and Nampula provinces) and a provincial PMU (covering Niassa). For phase II, additional PMUs in the central and northern regions will be established, as well as additional staff for AfDB and EU-ILSA subprojects.

Financial management, procurement and governance

48. **Financial management.** PROCAVA was assessed as having substantial inherent financial management risk due to the country context. The residual risk is assessed as substantial; however, the programme has acceptable historical financial management performance. Financial management risk assessments are updated as part of annual supervisions, and these have established that the systems in place provide adequate controls and ensure proper management of programme funds. Financial management risks will continue to be assessed throughout implementation.
49. Financial management is mainstreamed within government systems, as with other ongoing projects in Mozambique. Although government payment and financial reporting systems are used, the programme will be using an off-the-shelf accounting package to mitigate reporting challenges faced with the government system (e-SISTAFE). Programme planning and budgeting are aligned with the government calendar.
50. **Audit.** To date, PROCAVA has been audited by private audit firms. However, it was agreed that starting from fiscal year 2023 the programme would be audited by the Mozambique Administrative Court, following international auditing standards. The audits by the Administrative Court have not yet begun due to internal limitations.
51. **Procurement.** The existing legal framework for public procurement in Mozambique is currently governed by decree 79/2022, which establishes the procurement principles and procedures for public authorities, and institutions governed by public law, under public control or using public funds.
52. **Governance.** Programme governance is 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 stakeholders were made aware that IFAD applies a zero-tolerance policy towards fraudulent, corrupt, collusive or coercive actions in IFAD-financed programmes.

C. Monitoring and evaluation, learning, knowledge management and strategic communication

53. The NPMU is responsible for monitoring and evaluation (M&E), which is undertaken at various levels. PROCAVA's M&E system is based on an online monitoring system, also installed at the regional levels. For phase II, the programme will adopt the same integrated M&E system for all financiers.
54. **Knowledge management.** The programme design includes features to foster learning and knowledge-sharing in target communities, and in the Government and other stakeholders.

D. Proposed amendments to the financing agreement

55. An amendment to the financing agreement will be necessary to formalize the allocation of the additional US\$44.4 million from the IFAD13 grant. Other changes will be:
 - Increase the total outreach target from 211,900 to 255,000 households as a result of the additional AfDB, EU-ILSA, REFP, GEF, government and beneficiary resources;
 - Increase the number of people reached from 1,059,500 to 1,275,000;
 - Increase the number of districts from 75 to 87, as a result of the 12 new districts under AfDB activities;
 - Strengthen the capacity of the Mozambique Institute of Agricultural Research to produce and release pre-basic and basic seed, by reinforcing its laboratories and seed production infrastructure with US\$7.0 million, out of the US\$11.0 million cancelled from REFP;
 - Introduce new agroecology and agroforestry activities under the EU-ILSA grant (US\$5.0 million);
 - Reinforce natural resource management and climate resilience interventions with GEF-9 resources, still to be mobilized; and
 - Adjust component 4 to align it to the RED component features, with an allocation of resources and triggers.
56. In the logical framework, the following is proposed:
 - Add an indicator to **Outcome 1: Households reporting improved access to land, forests, water or water bodies for production purposes.** Although the initial design did not consider this indicator, it is one of the project-specific indicators being monitored and one of the COIs to be reported;
 - Add a new **Output 1.1.4: Improve access to land ownership**, and a new indicator, **Beneficiaries gaining increased secure access to land.** Although the initial design did not consider this indicator, it is one of the project-specific indicators being monitored and one of the COIs to be reported;
 - Reinforce the financial inclusion interventions in the programme, by allocating US\$4.0 million out of the US\$11.0 million cancelled from REFP, to promote and strengthen savings and credit groups. This will lead to the inclusion of two new indicators under **Outcome 2: 1.2.5. Use of rural financial services**, and **1.1.5: Persons in rural areas accessing financial services (savings, credit, insurance, remittances, etc.);** and

- Adjust some targets to align with the expected targets of the programme.

V. Legal instruments and authority

57. A financing agreement between the Republic of Mozambique and IFAD will constitute the legal instrument for extending the proposed financing to the borrower/recipient. The previously signed financing agreement will be amended following approval of the additional financing.
58. The Republic of Mozambique is empowered under its laws to receive financing from IFAD.
59. I am satisfied that the proposed additional 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 additional financing in terms of the following resolution:

RESOLVED: that the Fund shall provide a Debt Sustainability Framework grant to the Republic of Mozambique in an amount of forty-four million four hundred thousand United States dollars (US\$44,400,000) and upon such terms and conditions as shall be substantially in accordance with the terms and conditions presented herein.

Alvaro Lario
President

Updated logical framework incorporating the additional financing

Results Hierarchy	Indicators								Means of Verification			Assumptions
	Name	Base line	Mid-Term	End Target	End Target (New)	IFAD	AfDB	EU-ILSA	Source	Frequency	Responsibility	
Outreach	1.b Estimated corresponding total number of households members								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	0	608,250	1,059,500	1,275,000 ²	1,059,500	184,250	31,250				
	1.a Corresponding number of households reached								Project records, national statistics	Bi-annually	PMU	
	Households	0	121,650	211,900	255,000	211,900	36,850	6,250				
	1 Persons receiving services promoted or supported by the project								Project records, national statistics	Bi-annually	PMU	
	Females	0	76,180	108,800	135,000	108,800	23,075	3,125				
	Males	0	76,180	108,800	135,000	108,800	23,075	3,125				
	Young	0	45,700	65,280	81,000	65,280	13,845	1,875				
	Total number of persons receiving services	0	152,360	217,600	270,000	217,600	46,150	6,250				
Project Goal	Percentage (Number) of rural people experiencing changes in economic status (10% or more) including income, food diversity or nutrition								National Poverty Evaluation Report; Household surveys; Demographic Surveys; Vulnerability Assessment reports/Survey	Completion	MAAP ³ /DPP ⁴ , INE ⁵ , MF ⁶ , UNICEF, WFP, PMU	Stable political, social and macro- economic environment prevails
To contribute to poverty reduction, improved food and nutrition security and resilient livelihoods for inclusive rural transformation	People	7	10	15	70	70	70	70				
	Females				89,250	74,250	13,000	2,250				
	Males				89,250	74,250	13,000	2,250				
	Young				53,600	44,600	7,800	1,400				
	Number of people with strengthened resilience (20% or more)								National Poverty Evaluation Report; Household surveys; Demographic Surveys;	Completion	MAAP/DPP, INE, MF, UNICEF, WFP, PMU	
	People		79,200	113,150	130,000	110,000	7,500	12,500				
	Females		39,600	56,575	65,000	55,000	3,750	6,250				
	Males		39,600	56,575	65,000	55,000	3,750	6,250				
	Young		23,760	33,945	40,000	33,000	2,300	4,700				

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³Ministry of Agriculture, Environment and Fisheries (MAAP)⁴Directorate on Planning and Policies (DPP)⁵National Institute for Statistics (INE)⁶Ministry of Finance (MF)

Results Hierarchy	Indicators								Means of Verification			Assumptions
	Name	Base line	Mid-Term	End Target	End Target (New)	IFAD	AfDB	EU-ILSA	Source	Frequency	Responsibility	
									Vulnerability Assessment reports/Survey			
Development Objective	<i>Percentage of increased household farm incomes</i>								Core Outcome Indicator (COI) Survey	Baseline, MTR, completion	MAAP/DPP, INE, MF	The ongoing political and economic commitment in investing in the agricultural sector by government maintained
To increase net income from climate resilient Agri-food value chains by rural women, men and youth	Young			203,063	60,000	40,000	10,000	10,000				
	Women-headed households			9,025	90,000	60,000	20,000	10,000				
	Increase in income		50	150	150	150	150	150				
Outcome	<i>Percentage of persons/households reporting an increase in productivity</i>								Annual Production Surveys, MAAP Annual Reports, thematic studies	Baseline, MTR, Completion	PMU	Communities participate actively in interventions made; Farmers have adequate resources to acquire productive inputs; Stable weather conditions.
1.1 Smallholders productivity, production and quality of targeted value chains improved	Households	0	40	75	75	75	75	75				
	<i>3.2.2 Households reporting adoption of environmentally sustainable and climate-resilient technologies and practices</i>								COI Survey	Baseline, MTR, Completion	PMU	
	Households		40	75	75	75	75	75				
	Total number of household members		243,300	794,625	900,000	700,000	150,000	50,000				
	Males		24,300	79,425	90,000	70,000	15,000	5,000				
	Females		24,360	79,500	90,000	70,000	15,000	5,000				
	Young		7,300	23,900	54,000	42,000	9,000	3,000				
	Women-headed households		9,732	31,785	60,000	48,000	9,000	3,000				
	Households		48,660	158,925	180,000	140,000	30,000	10,000				
	<i>1.2.8 Women reporting minimum dietary diversity (MDDW)</i>								COI Survey	Baseline, MTR, Completion	PMU	Communities participate actively in nutrition mainstreaming activities; Stable political, social and macro- economic environment prevails
	Women (number)		23,400	76,300	100,000	80,000	10,000	10,000				
	<i>1.2.1: Households reporting improved access to land, forests, water or water bodies for production purposes</i>								COI Survey		PMU	

Results Hierarchy	Indicators								Means of Verification			Assumptions
	Name	Base line	Mid-Term	End Target	End Target (New)	IFAD	AfDB	EU-ILSA	Source	Frequency	Responsibility	
	Households - Percentage (%)				20	20				Baseline, MTR, Completion		Communities participate actively in land tenure activities;
	Households - Households				51,000	51,000						
	Females - Females				15,300	15,300						
	Males - Males				15,300	15,300						
	Young - Young people				15,300	15,300						
	Persons with disabilities - Number				1,300	1,300						
	Household members - Number of people				255,000	255,000						
Output	1.1.3 Rural producers accessing production inputs and/or technological packages								Project progress reports	Annual	PMU	Improved Land tenure agreement in place.
1.1.1 Production and productivity-enhancing inputs and climate smart technological packages are made available to smallholder producers of selected crops and livestock commodities	Females	0	76,160	108,800	135,000	108,800	23,075	3,125				
	Males	0	76,160	108,800	135,000	108,800	23,075	3,125				
	Young	0	45,696	65,280	81,000	65,280	13,845	1,875				
	Total rural producers	0	152,320	217,600	270,000	217,600	46,150	6,250				
Output	Number of livestock production infrastructures constructed or rehabilitated								Project progress reports	Semi-Annual	PMU	
1.1.2 Livestock production related infrastructure established	Livestock production infrastructure	0	72	144	150	150	0	0				
Output	3.1.1 Groups supported to sustainably manage natural resources and climate-related risks								Project progress reports	Semi-Annual	PMU	
1.1.3 Community-based natural resources management plans (CBNRM) prepared and established in Meat VC	Groups supported		17	43	43	43	0	0				
Output	1.1.1. Beneficiaries gaining increased secure access to land								Project progress reports	Semi-Annual	PMU	
	Households - Households	0	0	0	45,000	45,000	0	0				

Results Hierarchy	Indicators								Means of Verification			Assumptions
	Name	Base line	Mid-Term	End Target	End Target (New)	IFAD	AfDB	EU-ILSA	Source	Frequency	Responsibility	
1.1.4 Improve access to land ownership	Males - Males	0	0	0	22,500	22,500	0	0				
	Females - Females	0	0	0	22,500	22,500	0	0				
	Persons with disabilities - Number	0	0	0	1,125	1,125	0	0				
	Young - Young people	0	0	0	13,500	13,500	0	0				
Outcome	<i>2.2.3 Rural producers' organizations engaged in formal partnerships/agreements or contracts with public or private entities</i>								Project reports, Outcome/household surveys, Market surveys	Baseline, Mid-term and Completion reports	PMU	Communities participate actively in interventions made
1.2 Value chain linkages have improved between smallholder farmers and other value chain actors	Percentage of POs		20	50	50	50	50	50				
	<i>1.2.5. Use of rural financial services</i>								COI Survey	Baseline, mid-term, completion	PMU	Conducive regulatory framework for rural finance; Trust between financial service providers and value chain actors
	Households - Percentage (%)	32	36	36	50	50	50	50				
	Households - Households	86,400	97,200	97,200	135,000	108,800	23,075	3,125				
	Males - Males	43,200	48,600	48,600	67,500	54,400	11,538	1,563				
	Females - Females	43,200	48,600	48,600	67,500	54,400	11,538	1,563				
	Young - Young people	25,920	29,160	29,160	40,500	32,640	6,923	938				
	Persons with disabilities - Number	2,160	2,430	2,430	3,375	2,720	577	78				
Output	<i>2.1.3 Rural producers' organizations supported</i>								Project progress reports	Semi-Annual	PMU	
1.2.1 Smallholder farmers organisational, technical and business management skills are strengthened	Rural POs supported		500	700	2,500	2,000	400	100				
	<i>1.1.8 Households provided with targeted support to improve their nutrition</i>											
	Households		38,928	67,808	100,000	80,000	10,000	10,000				
Output	<i>3.1.2 Persons provided with climate information services</i>								Project progress reports	Semi-Annual	PMU	
1.2.2 Climate, weather and market information system is	Females		14,960	37,400	40,000	35,000	5,000	0				
	Males		14,960	37,400	40,000	35,000	5,000	0				
	Persons provided with climate information services		29,920	74,800	80,000	70,000	10,000	0				

Results Hierarchy	Indicators								Means of Verification			Assumptions
	Name	Base line	Mid-Term	End Target	End Target (New)	IFAD	AfDB	EU-ILSA	Source	Frequency	Responsibility	
developed and operational												
Output	<i>Policy 2 Functioning multi-stakeholder platforms supported</i>								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.
1.2.3 Value chain platforms are established and strengthened	Number		38	75	87	75	12	0				
Output	<i>CI 1.1.5: Persons in rural areas accessing financial services (savings, credit, insurance, remittances, etc.)</i>								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.
1.2.4 Value chain actors have improved access to inclusive financial services	Households - Households	0	0	0	40,000	32,000	8,000	-				
	Males - Males	0	0	0	20,000	16,000	4,000	-				
	Females - Females	0	0	0	20,000	16,000	4,000	-				
	Persons with disabilities - Number	0	0	0	1,000	800	200	-				
	Young - Young people	0	0	0	12,000	9,600	2,400	-				
Outcome	<i>2.2.6 Households reporting improved physical access to markets, processing and storage facilities</i>								Project progress reports	Baseline, Mid-term and Completion reports	MAAP/DPP, PMU	Conducive regulatory framework for contract enforcement; Adequate capacity of private sector and service providers on infrastructure development; Communities participate actively in infrastructure development, operation and maintenance
2. Market-related climate resilient infrastructure has improved	Households reporting improved physical access to markets		20	50	50	50	50	50				
	Males		18,050	45,125	65,000	55,000	10,000	0				
	Females		18,050	45,125	65,000	55,000	10,000	0				
	Young		79,420	194,940	40,000	30,000	10,000	0				
	Women-headed households		7,220	18,050	36,000	27,000	9,000	0				
	<i>Households reporting improved physical access to processing facilities</i>		20	50	20	20	20	20				
	Males		18,050	45,125	25,500	21,500	3,500	500				
	Females		18,050	45,125	25,500	21,500	3,500	500				
	Young		10,830	27,075	15,300	12,900	2,100	300				
	Women-headed households		7,220	18,050	13,800	11,600	1,900	300				
	<i>Households reporting improved physical access to storage facilities</i>		4	8	20	20	20	20				

Results Hierarchy	Indicators								Means of Verification			Assumptions
	Name	Base line	Mid-Term	End Target	End Target (New)	IFAD	AfDB	EU-ILSA	Source	Frequency	Responsibility	
	Males		18,050	36,100	25,500	21,500	3,500	500				
	Females		18,050	36,100	25,500	21500	3500	500				
	Young		10,830	21,660	15,300	12900	2100	300				
	Women-headed households		1,444	2,888	13,800	11,600	1,900	300				
	Households reporting improved physical access to markets		36,100	90,250	130,000	110,000	18,000	2,000				
	Households reporting improved physical access to processing facilities		36,100	90,250	51,000	43,000	7,000	1,000				
	Households reporting improved physical access to storage facilities		7,220	14,440	51,000	43,000	7,000	1,000				
Output	<i>1.1.2 Farmland under water-related infrastructure constructed/rehabilitated</i>								Project progress reports	Semi-annual	PMU	
2.1 Water-related infrastructure rehabilitated or Constructed	Hectares of land	0	1,500	3,000	3,000	2,230	645	125				
Output	<i>2.1.6 Market, processing or storage facilities constructed or rehabilitated</i>								Project progress reports	Semi-annual	PMU	
2.2 Market-led value chain infrastructure rehabilitated or constructed	Market facilities constructed/rehabilitated	0	14	20	73	46	23	4				
	Processing facilities constructed/rehabilitated	0	22	50	74	55	19	0				
	Storage facilities constructed/rehabilitated	0	2	4	32	18	8	6				
Outcome	<i>Policy 3 Existing/new laws, regulations, policies or strategies proposed to policy makers for approval, ratification or amendment</i>								Project reports, outcome surveys	Baseline, Mid-term and Completion reports	PMU	Favorable regulatory framework and enabling environment
3. Institutional and policy framework for inclusive and climate-resilient value chain development has improved	Number	0	5	7	7	4	2	1				

Results Hierarchy	Indicators								Means of Verification			Assumptions
	Name	Base line	Mid-Term	End Target	End Target (New)	IFAD	AfDB	EU-ILSA	Source	Frequency	Responsibility	
Output	<i>Number of staff of public and private entities trained on project implementation, gender and land tenure security</i>								Project progress reports	Annual	PMU	
3.1 Institutional capacities (public, private and PO) strengthened for effective functioning of the targeted value chains	Staff of public and private entities	0	1,000	1,500	2,000	1,000	800	200				
Output	<i>Policy 1 Policy-relevant knowledge products completed</i>								Project progress reports	Semi-annual	PMU	
3.2 Policies and strategies developed for the effective and structure development of targeted VC	Number	0	5	7	7	4	2	1				

Updated summary of the economic and financial analysis

Table A
Financial cash flow models

		Farm/off-farm models' net incremental benefits (in MZN)											
		Horticulture (Tomatoes, Green	Horti. With shadenets (Tomatoes,	Maize and Potato farm	Legume Farm (Dry beans,	Cassava Farm	Cassava Processing Unit	Livestock - Cattle Production	Free Range Chicken	Semi Commercial Chicken Small	Cattle Feedlot	Slaughter House	Retail Market Facility
							MZN '000				MZN '000	MZN '000	
	PY1	7,081	(65,035)	(4,974)	(11,798)	2,708	(1,904)	(16,084)	(13,405)	(24,875)	(21)	14,701	(251,131)
	PY2	51,800	110,616	1,519	(5,163)	3,738	1,516	(9,365)	12,253	5,109	812	17,231	35,732
	PY3	103,846	296,150	25,160	4,581	8,470	1,658	2,495	11,828	9,713	1,201	19,201	35,732
	PY4	103,846	291,301	37,363	14,326	9,379	1,924	19,426	10,903	28,060	1,396	22,152	35,732
	PY5	103,846	312,948	37,363	14,326	10,913	1,811	36,357	12,403	34,952	1,396	22,152	35,732
	PY6	103,846	312,948	37,363	14,326	10,913	1,811	53,954	13,403	29,952	1,396	23,344	35,732
	PY7	103,846	312,948	37,363	14,326	10,913	1,924	53,954	9,903	33,752	1,396	23,344	35,732
	PY8	103,846	312,948	37,363	14,326	10,913	1,811	53,954	13,403	34,952	1,396	23,344	35,732
	PY9	103,846	312,948	37,363	14,326	10,913	1,811	53,954	12,403	34,952	1,396	23,344	35,732
	PY10	103,846	312,948	37,363	14,326	10,913	1,924	53,954	10,903	33,752	1,396	23,344	35,732
	PY11	103,846	312,948	37,363	14,326	10,913	1,811	53,954	12,403	29,952	1,396	23,344	35,732
	PY12	103,846	312,948	37,363	14,326	10,913	1,811	53,954	13,403	34,952	1,396	23,344	35,732
	PY13	103,846	312,948	37,363	14,326	10,913	1,924	53,954	9,903	33,752	1,396	23,344	35,732
	PY14	103,846	312,948	37,363	14,326	10,913	1,811	53,954	13,403	34,952	1,396	23,344	35,732
	PY15	103,846	312,948	37,363	14,326	10,913	1,811	53,954	12,403	34,952	1,396	23,344	35,732
	PY16	103,846	312,948	37,363	14,326	10,913	1,924	53,954	10,903	28,752	1,396	23,344	35,732
	PY17	103,846	312,948	37,363	14,326	10,913	1,811	53,954	12,403	34,952	1,396	23,344	35,732
	PY18	103,846	312,948	37,363	14,326	10,913	1,811	53,954	13,403	34,952	1,396	23,344	35,732
	PY19	103,846	312,948	37,363	14,326	10,913	1,924	53,954	9,903	33,752	1,396	23,344	35,732
	PY20	103,846	312,948	37,363	14,326	10,913	1,811	53,954	13,403	34,952	1,396	23,344	35,732
IRR/**		#DIV/0!	251%	210%	49%	#DIV/0!	87%	64%	89%	64%	3980%	NA	13%
NPV (\$)		436,480	931,047	101,143	34,616	35,090	4,860	90,264	32,645	66,880	4,566	89,668	43,421

Table B: Project costs and log-frame targets

PROGRAMME COSTS AND INDICATORS FOR LOGFRAME				
TOTAL PROGRAMME COSTS (in million USD)			200.3	
Beneficiaries	1,275,000	people	255,000	Households
Cost per beneficiary	157	US\$/Person		785
				US\$/HH
Components and Cost (USD million)				
A. Production Improvement and Market Linkages	65.4			
B. Market-related Climate Resilient Infrastructure	68.4			
C. Institutional and Policy Strengthening and Implementation Support	54.4			
D. Disaster Risk Reduction and Management	12.1			
Total	200.3			

Table C: Main assumptions and shadow prices

C)	MAIN ASSUMPTIONS & SHADOW PRICES				
	Output	land Size	Yields (Annually) Kg		
			WOP	WP	Price (MZN)
FINANCIAL	Horticulture (Tomatoes,)	1 Ha	27,300	48,000	18
	Horti. With shadenets Green Pepper)	1 Ha	8,500	12,800	20
	Maize and Potato farm	1 Ha	2,500	4,500	25
	Legume Farm (Dry beans, Soyabean, Sesame)	1 Ha	1,300	1,800	60
	Cassava Farm	1 Ha	7,100	18,000	3
	Cassava Processing Unit	Unit	-	75,000	30
	Livestock - Cattle Production	Heads	-	10	20,000
	Free Range Chicken Small Production	Birds	50	100	230
	Semi Commercial Chicken Small Production	Birds	-	500	230
	Cattle Feedlot	Heads	-	32	15,400
	Slaughter House	Kg		243,750	190
Economic	Standard Conversion Factor	0.93	Discount rate on saving/deposit account		8%
	Labour Conversion Factor	0.88	Discount rate for Economic Analysis		10%

Table D: Beneficiary adoption rates and phasing

			Project Years											Total
			2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30		
# Activity	# Enterprises	Beneficiaries	Phasing of enterprises											
		HHs												
Outreach (Lf)			670	38,003	45,004	59,106	24,441	33,237	26,312	17,173	7,560	3,494	255,000	
1 Horticulture farm	9,000	10,432	27	1,555	1,841	2,418	1,000	1,360	1,076	703	309	143	10,432	
2 Horticulture farm under shadenet	500	580	2	86	102	134	56	76	60	39	17	8	580	
3 Maize and potatoes farm	12,100	14,025	37	2,090	2,475	3,251	1,344	1,828	1,447	945	416	192	14,025	
4 Legume farm	45,000	52,159	137	7,773	9,205	12,090	4,999	6,798	5,382	3,513	1,546	715	52,159	
5 Cassava farm	59,500	68,734	180	10,199	12,078	15,862	6,559	8,920	7,061	4,609	2,029	938	68,434	
6 Cassava Processing Unit	20	232	1	35	41	54	22	30	24	16	7	3	232	
7 Livestock production	82,000	94,688	249	14,112	16,711	21,948	9,076	12,342	9,770	6,377	2,807	1,298	94,688	
8 Free Range Chicken small production	10,000	11,591	30	1,727	2,046	2,687	1,111	1,511	1,196	781	344	159	11,591	
9 Semi-commercial Chicken production	1,900	2,202	6	324	384	505	209	284	225	147	65	30	2,177	
10 Cattle mini feedlot	17	315	1	47	56	73	30	41	33	21	9	4	315	
11 Slaughterhouse	3	42	0	10	12	16	6	9	7	5	2	1	67	
12 Retail Market Facility (Unit of 30 People)	10							90	90	-	-	120	300	
Total		255,000	669	37,958	44,951	59,036	24,412	33,288	26,371	17,153	7,551	3,610	255,000	

Table E: Economic cash flow

Project year	BENEFITS		COSTS	CASHFLOW
	Net Incremental Farm Benefits	Total Net Inc. Benefits (MZN'000)	Total Incremental Costs	
PY1	(3,761,082)	(3,761,082)	264,473	(4,025,554)
PY2	(2,369,130)	(2,369,130)	464,422	(2,833,552)
PY3	(1,703,798)	(1,703,798)	643,862	(2,347,661)
PY4	(672,725)	(672,725)	1,218,544	(1,891,269)
PY5	1,160,692	1,160,692	1,021,626	139,066
PY6	2,896,620	2,896,620	3,264,846	(368,226)
PY7	4,391,100	4,391,100	2,455,615	1,935,485
PY8	5,856,389	5,856,389	1,715,086	4,141,302
PY9	7,037,503	7,037,503	784,413	6,253,090
PY10	7,733,928	7,733,928	366,436	7,367,492
PY11	8,323,236	8,323,236	-	8,323,236
PY12	8,585,891	8,585,891	-	8,585,891
PY13	8,688,115	8,688,115	-	8,688,115
PY14	8,756,643	8,756,643	-	8,756,643
PY15	8,769,922	8,769,922	-	8,769,922
PY16	8,747,375	8,747,375	-	8,747,375
PY17	8,770,617	8,770,617	-	8,770,617
PY18	8,769,950	8,769,950	-	8,769,950
PY19	8,747,347	8,747,347	-	8,747,347
PY20	8,770,645	8,770,645	-	8,770,645
NPV@ 10% (ZM\$ 'Million)				19,764
NPV@ 10% (US\$'Million)				308.8
EIRR				23.0%
BCR	Benefits		Costs	BCR
	26,716		6,952	3.84

Table F: Sensitivity analysis

Year	1	2	3	4	5	6	7	8	9	10	.11-20
Incremental Benefits	(3,761)	(2,369)	(1,704)	(673)	1,161	2,897	4,391	5,856	7,038	7,734	8,323
benefits +10%	(4,137)	(2,606)	(1,874)	(740)	1,277	3,186	4,830	6,442	7,741	8,507	9,156
benefits +20%	(4,513)	(2,843)	(2,045)	(807)	1,393	3,476	5,269	7,028	8,445	9,281	9,988
Mild scenario	(3,385)	(2,132)	(1,533)	(605)	1,045	2,607	3,952	5,271	6,334	6,961	7,491
Medium scenario	(3,009)	(1,895)	(1,363)	(538)	929	2,317	3,513	4,685	5,630	6,187	6,659
High scenario	(2,633)	(1,658)	(1,193)	(471)	812	2,028	3,074	4,099	4,926	5,414	5,826
Project Costs	264	464	644	1,219	1,022	3,265	2,456	1,715	784	366	0
costs +10%	291	511	708	1,340	1,124	3,591	2,701	1,887	863	403	-
costs +20%	317	557	773	1,462	1,226	3,918	2,947	2,058	941	440	-
costs +30%	397	697	966	1,828	1,532	4,244	3,192	2,230	1,020	476	-
Net cash flow											
base scenario	(4,026)	(2,834)	(2,348)	(1,891)	139	(368)	1,935	4,141	6,253	7,367	8,323
costs +10%	(4,052)	(2,880)	(2,412)	(2,013)	37	(695)	1,690	3,970	6,175	7,331	8,323
costs +20%	(4,078)	(2,926)	(2,476)	(2,135)	(65)	(1,021)	1,444	3,798	6,096	7,294	8,323
costs +30%	(4,158)	(3,066)	(2,670)	(2,501)	(372)	(1,348)	1,199	3,627	6,018	7,258	8,323
benefits +10%	(4,402)	(3,070)	(2,518)	(1,959)	255	(79)	2,375	4,727	6,957	8,141	9,156
benefits +20%	(4,778)	(3,307)	(2,688)	(2,026)	371	211	2,814	5,313	7,661	8,914	9,988
benefits -10%	(3,649)	(2,597)	(2,177)	(1,824)	23	(658)	1,496	3,556	5,549	6,594	7,491
benefits -20%	(3,273)	(2,360)	(2,007)	(1,757)	(93)	(948)	1,057	2,970	4,846	5,821	6,659
benefits -30%	(2,897)	(2,123)	(1,837)	(1,689)	(209)	(1,237)	618	2,384	4,142	5,047	5,826
benefits delayed 1 year	(264)	(4,226)	(3,013)	(2,922)	(1,694)	(2,104)	441	2,676	5,072	6,671	7,734
benefits delayed 2 years	(264)	(464)	(4,405)	(3,588)	(2,725)	(3,938)	(1,295)	1,182	3,607	5,490	7,038
Discount rate	10%										
Sensitivity Analysis	Base case	Costs Increase			Increase of Benefits		Decrease of Benefits			Delay of Benefits	
		+10%	+20%	+50%	+10%	+20%	-10%	-20%	- 30%	1 year	2 years
IRR	23.0%	22.3%	21.7%	20.6%	23.6%	24.1%	22.3%	21.4%	20.3%	21.3%	19.6%
NPV (MZN) million	19,764	19,069	18,374	17,164	22,436	25,107	17,093	14,421	11,749	16,150	12,868
NPV (USD) million	308.82	297.95	287.09	268.18	350.56	392.30	267.07	225.33	183.59	252.35	201.06

First phase assessment

Phase achievements by components and mainstreamed areas

1. The level of implementation of PROCAVA have been solid and consistent during the first phase despite the country challenges (extreme climate events, post-elections instability, Russia-Ukraine Crisis; Government internal reforms, etc.).
2. Under Component 1, results from the MTR confirmed an increased adoption of good agriculture practices of use of correct spacing (79%), use of improved seeds (70%), intercropping and crop rotation (57%). Additionally, objective yield measurement found significantly higher yields achieved from demonstration plots, with yield increases of 7.1 to 18 tons/ha for cassava, Irish potatoes from 16 to 28 tons/ha, and tomatoes from 27.3 to 48.0 tons/ha. In terms of crop production, the beneficiaries reported significant increases in production of common bean from 217 to 533kg/HH, cassava 211 to 794 kg/HH, Irish potato 689 to 4317/HH, soybean 222 to 687kg/HH and sesame from 144 to 225kg/HH.
3. For component 2, some critical challenges remain that have impeded progress. A significant issue has been the limited progress in delivering the planned irrigated area. The Programme targets to rehabilitate 1 500 ha of land for irrigation purposes. Also, the other infrastructure related activities are delayed and will need further attention during the phase II, this includes: i) multifunctional boreholes (36%), ii) one wholesale market constructed (50%); (iii) three retail markets under construction (physical execution vary from 20 to 50%); and (iv) one wholesale market under construction.
4. Under the Component 3, PROCAVA have holistically supported different sectors within the Ministry with focus on the contributing to strength the national seed system in partnership with the *Direcção Nacional de Sanidade e Biossegurança*, IIAM and the network of seed multipliers being established, which will be linked to the agro-dealers. The Programme has also supported the development of several sectorial strategies and policies, this include: i) Support the formulation of the Agricultural Sector Development Strategy (2020-2030), ii) National Investment Plan for the Agricultural Sector (2020-2025), iii) the formulation of the National Land Policy, which was approved by the Council of Ministers.
5. Overall, PROCAVA has cumulatively reached during its first phase 167,224 households. This represents 137% achievement of the Mid-term target and 79% of the end of project overall target. The Programme has disbursed a cumulative amount of USD 54.082 being 67,67% of the first phase.

Results vis-à-vis the phase assessment criteria

6. PROCAVA design was done before MAP guidelines, therefore, the original design did not include specific assessment criteria.

Lessons learnt

7. The following are the main lessons learnt of the Phase I to inform the design of the Phase II. The full set of recommendation is provided in the design documents:
 - a. **Local Seed Producers.** Promoting local seed production, combined with the organization and training of producers, proved to be an effective strategy to improve access to quality seeds in remote rural areas, strengthening the resilience of production systems and reducing external dependence for access to certified seed. Based on the challenges of the first phase (limited IAAM

capacity), the second phase will reinforce its capacity for seed production and research infrastructure)

- b. **Community Based Extension Agents as Facilitators.** The training of Community-based Extension Agents as facilitators, under the guidance of the Extension Officers, was essential to contribute to the outreach over-achievements, accelerate the transfer of technologies, strengthen local knowledge and ensure sustainability.
- c. **Implementation through Public Institutions.** The interventions under Technology Transfer and Agronomic practices were designed under responsibility of Services Providers. The Government has requested to change the approach, by hiring dedicated Technology Transfer Officers; Infrastructure and Safeguards Officers; Market Linkages Officers, etc., to reinforce the capacity of the government at all levels to implement the project. As a result of this decision, the programme become more effective, the knowledge and best practices remains within the Government structures and the sustainability of the interventions is better.
- d. **Infrastructure Development.** The Success in infrastructure development depends on all actors' active and coordinated participation, including beneficiaries, at all stages. Delays in community consultations, environmental licensing, failures in inspection and in the technical capacity of contractors, and slowness in payments have compromised the works' deadlines, quality, and sustainability. To overcome this, the project is in the process of recruiting water and infrastructure staff and should accelerate this process where possible to mitigate phase 2 delays. The project will also engage with independent consultants/firms for design and inspection of civil works, close supervision and re-checking of geophysical studies, borehole drilling and water quality testing and conducting more detailed upfront feasibility studies.

Recommendation

8. PROCAVA performance during the first phase was positive. This is confirmed by the MTR COI assessment results and the achievement of key targets. This confirms that the programme implementation arrangements, the quality of the programme management, as well as the ability to manage multiple sources of funds are effective.

9. The main proposed adjustments to the programme are: i) the reinforcement of the budget to IIAM to *strengthen* their capacity (mostly infrastructural); ii) strengthening the access to finance interventions with the forthcoming REFP closure by integrating the support to Community Based Financial Institutions or Savings and Credit Groups interventions within the programme; iii) the recruitment of BDS service providers to accelerate the marketing linkages interventions; iv) the reduction of the scope of the irrigation schemes from large interventions to smaller systems; and v) to invest on Agroecological intensification, through EU-ILSA (Investing in Livelihood Resilience and Soil Health).

10. It is recommended the endorsement and submission of the package for approval of the second phase of PROCAVA, which shall include the balances from phase I (IFAD11 and 12 – US\$36.8 million); resources from IFAD13 (USD44.4 million), the resources cancelled under REFP (USD11.0 million – as Financing Gap 1); and the resources to be mobilized under GEF-9 (USD10.0 million) as Financing Gap 2. These resources will add to the already mobilized and confirmed resources from AfDB (USD33.3 million) and EU (USD5.0 million), totalling US\$156 million for phase I and US\$200.0 million for the entire programme.