

# AFRICAN DEVELOPMENT BANK GROUP



**PROJECT: POST CYCLONE IDAI AND KENNETH EMERGENCY RECOVERY AND RESILIENCE PROGRAMME FOR MOZAMBIQUE, MALAWI AND ZIMBABWE – (PCIREP) – ADDITIONAL FINANCING UNDER THE AFRICAN EMERGENCY FOOD PRODUCTION FACILITY (AEFPF).**

**COUNTRY: REPUBLIC OF MOZAMBIQUE**

## PROJECT APPRAISAL- ADDITIONAL FINANCEREPORT

*Date: June 28, 2022*

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## MOZAMBIQUE

### **POST CYCLONE IDAI AND KENNETH EMERGENCY RECOVERY AND RESILIENCE PROGRAMME FOR MOZAMBIQUE, MALAWI, AND ZIMBABWE – (PCIREP) – ADDITIONAL FINANCING UNDER THE AFRICAN EMERGENCY FOOD PRODUCTION FACILITY (AEFPF).**

**RDGE/AHAI/AHFR/PGCLDEPARTMENTS**

**July 2022**

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## LIST of ABBREVIATIONS and ACRONYMS

AC	Aggregation Centre
AEFPF	Agriculture Emergency Food Production Facility
ADF	African Development Fund
ADIN	Integrated Development Agency of the North
ANE	National Roads Administration
ARA-Sul	Southern Region Water Administration
APROSE	Association of Seed Producers
BIA	Beneficiary Impact Assessment
BPM	Procurement Policy and Methodology for Bank Group Funded Operations
BPS	Borrower Procurement System
CSP	Country Strategy Paper
EA	Executing Agency
EDM	Mozambique Electricity State Company
EIRR	Economic Internal Rate of Return
ESAP	Environmental and Social Assessment Procedures
ESMP	Environmental and Social Management Plan
EU	European Union
FIRR	Financial Internal Rate of Return
GoM	Government of Mozambique
Ha	Hectare
IA	Implementing Agency
INIR	National Institute for Irrigation
ISS	Integrated Safeguards System
kV	Kilovolt
MADER	Ministry of Agriculture and Rural Development
MDB	Multilateral Development Banks
MOPHRH	Ministry of Public Works, Housing and Water Resources
MRC	Ministerial Reconstruction Cabinet
MTR	Mid-Term Review
MZN	Mozambique Meticaís
NAPA	National Adaptation Programme of Action
NGO	Non-governmental Organization
NPV	Net Present Value
OFID	OPEC Fund for International Development
OPEC	Organization of the Petroleum Exporting Countries
PAR	Project Appraisal Report
PCR	Project Completion Report
PDNA	Post Disaster Needs Assessment
PIU	Project Implementation Unit
PMP	Procurement Methods and Procedures
PPRR	Project Procurement Risk Rating
PSC	Programme Steering Committee
RO	Regional Operation
SBD	Standard Bidding Document
SCPCIR	Special Cabinet for Post Cyclone Idai Recovery
SSD	Standard Solicitation Documents
SMEs	Small and Medium Enterprises
TSF	Transition Support Facility
UN	United Nations
TAAT	Technology for Africa Agriculture Transfer
WB	World Bank

## CURRENCY AND EQUIVALENTS

(June 2022)

1 UA = USD 1.41

1 UA = 95.57 MZN

1USD= 63.44 MZN

## FISCAL YEAR

01 January – 31 December

## WEIGHTS AND MEASURES

1metric tonne	=	2204 Pounds (lbs)
1 kilogramme (kg)	=	2.200 lbs
1 metre (m)	=	3.28 feet (ft)
1 millimetre (mm)	=	0.03937 inch (")
1 kilometre (km)	=	0.62 mile
1 hectare (ha)	=	2.471 acres

## GRANT INFORMATION

### *Client information*

*GRANT RECIPIENT :*  
**Republic of Mozambique**

EXECUTING AGENCIES:  
**Mozambique (Ministry of Public Works, Housing and Water Resources)**

IMPLEMENTING AGENCIES:  
**Mozambique (Post Cyclone Idai Reconstruction Cabinet)**

<b>Source</b>	<b>Amount (UA Million)</b>	<b>Instrument</b>
TSF Pillar I:	10.0	Grant
TSF Pillar III	5.0	Grant
<b>Additional Financing TSF Pillar I</b>	<b>4.0</b>	<b>Grant</b>
RO	17.0	
Government of Mozambique	1.60	In Kind
<b>TOTAL COST</b>	<b>37.60</b>	

### *ADB's key financing information*

<i>Grant currency</i>	<i>Unit of Account (UA)</i>
Interest type*	Not Applicable (N/A)
Interest rate spread*	N/A
Commitment fee and other fees	N/A
Tenor	N/A
Grace period	N/A
FIRR, NPV	(18%, \$44.9 million)
EIRR	(22%)

### *Timeframe - Main Milestones (expected)*

Concept Note approval	N/A <sub>2</sub>
Programme approval	June 2019
Effectiveness	June 2019
<b>Approval of Additional Financing</b>	<b>July 2022</b>
Physical Completion	June 2023
Closing Date	31 of December 2023

# **RECOMMENDATION OF THE MANAGEMENT TO THE BOARDS OF DIRECTORS CONCERNING A PROPOSED ADF ADDITIONAL FINANCING FOR THE MOZAMBIQUE POST CYCLONE IDAI AND KENNETH EMERGENCY RECOVERY AND RESILIENCE PROGRAMME FOR MOZAMBIQUE, MALAWI, AND ZIMBABWE – (PCIREP)**

Management hereby submits this memorandum and recommendation concerning the request for additional funding from the Transition State Facility Pillar I at the African Development Bank not exceeding a grant of UA 4.00 million, to finance the activities of Post Cyclone Idai and Kenneth Emergency Recovery and Resilience Programme (PCIREP) in Mozambique under Agriculture Emergence Food Production Facility (AEFPF) to build the resilience of Mozambique's food systems to respond to the food crisis due to the war in Ukraine and mitigate risks.

## **I. INTRODUCTION**

### **1.1 Rationale for Bank's Involvement**

1.1.1 Although this project was designed as multilateral project for Mozambique, Zimbabwe and Malawi, the PICERP is being implemented at a national level with a perspective to rapidly restore the livelihoods and reconstruction of socioeconomic infrastructure to withstand the impacts of future disasters. Therefore, each country has its own Project Coordination Unity with the ability to procure and manage the Bank and other donor funded resources. The PICEREP has supported the Government to procure inputs (seeds, fertilizers, and other kits) for the response to the emergency situations during the Cyclones IDAI and Kenneth, in 2019, Eloise in 2021, Ana in 2022 and most recently Gombe in March 2022. The PICEREP procured inputs during the COVID-19 pandemic. As a sustainable strategy for reconstruction the Government has introduced the principle of climate-resilient planning and designs to build institutional strength to respond to future occurrences and bring back the affected areas and communities to normalcy.

1.1.2 The additional financial resources will be used to provide certified seeds of climate-adapted varieties, fertilizers, and quality extension services under **Component 1 (Enhanced Agricultural Productivity and Resilience)** of the project by facilitating modern inputs to farmers and farmer groups and **Component 3 (Institutional Strengthening and Program Management)** support policy reforms including strengthening national institutions with laboratory equipment overseeing input markets and agro-dealers associations and support policy and regulations design. These additional activities will be perfectly feasible in the current planning of Mozambique PCIREP implementation, which will help increase the outcomes of this project, especially by improving access to agricultural inputs that will ramp up production and guarantee national food security given the impact of the Russia-Ukraine war that has contribute to the increase on 30% and 20% of oil and food price, respectively. The additional financing will generate economic and financial benefits for the country since it will help to reduce the food prices for maize, soyabeans and sesame. The Bank is also expecting complementary financing from USAID in the amount of of US\$ 5 million and 2 million from NORAD.

## **II. SUMMARY OF THE INITIAL PROJECT (MOZAMBIQUE PCIREP) APPROVED ON 01/06/2019<sup>1</sup>**

On 1<sup>st</sup> of June 2019, the Board of Directors of the Bank Group approved the Programme Post Cyclone Idai and Kenneth Emergency Recovery and Resilience Programme for Mozambique, – (PCIREP) (P-Z1-AZ0-014) – for a total amount of UA 33.60 million, broken down as follows: (i)

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<sup>1</sup> See Board Resolution No. ADF/BD/WP/2019/Approved

RO Grant: UA 17.0 million (50.6%); (ii) TSF-I grant: UA 10.0 million (29.7%); (iii) TSF-I grant: UA 5 million (14.9%) UA1.6 in kind Government contribution (4.7%).

## **2.1 Strategic Framework**

2.1.1 The Post Cyclone Idai and Kenneth Emergency Recovery and Resilience Programme (PCIREP) was designed as a response to the impact of the two Cyclones that had significant impact on the livelihoods of a large population in Malawi, Mozambique, and Zimbabwe in 2019. The Program proposes solutions to tackle recovery and resilience processes in a medium to long-term perspective through a multi-sectoral approach to build-back-better to infrastructure reconstruction/rehabilitation, restoration of agricultural livelihoods and promotion of resilience to climate shocks, disasters, and extreme weather events. The programme will be implemented over a period of 4 years. The total cost is UA 70.86 million of which UA 66.01million is funded by the Bank with the balance remaining being the counterpart contributions by the respective Government. This, project is well aligning with the National Agriculture Development Program (SUSTENTA) that seeks to contribute to food security, income and profitability of agricultural producers and to a competitive and sustainable increase in market-oriented agricultural production. The project is part of the Banks' Feed Africa Initiative (2016-2025) the Bank's Country Strategy Paper (CSP) 2018-2022 under the Pillar 2 related to the agriculture and the Jobs for Youth in Africa Strategy (2016-2025).

## **2.2 Objectives**

2.2.1 The main goal of the project is to contribute to Government of Mozambique's central objective of recovery of the damaged infrastructure, improve living standards and increased agriculture production of the IDAI and Keneth cyclone affected areas. This will facilitate the productive capacity of both small and medium scale farmers to produce major crops, ensure the resilience of the power and road network for economic recovery.

## **2.3 Expected Outcomes**

2.3.1 The main expected outcomes are: (i) Enhanced agricultural productivity and resilience and (ii) Strengthened institutional capacity. The project is being implemented in Inhambane, Sofala, Manica, Tete, Zambezia, Nampula, Cabo Delgado and Niassa provinces.

## **2.4 Brief Description of Project Components**

2.4.1 This project was prepared based on reports of Post-Disaster Needs Assessment (PDNA) and presented to the Government and Stakeholders in Mozambique under the guidance of the Bank. The project is structured around three interrelated components; including: I) Rebuilding the agriculture sector and II) Rehabilitation of infrastructures and roads and electricity III) Institutional Strengthen.

## **2.5 Cross-Cutting Issues**

**2.5.1 Environmental and Social Safeguards:** The main Programme "PCIREP" is an emergency multisector investment recovery programme and was classified as a category 2 in accordance with the Integrated Safeguards System (ISS) Policy. The anticipated impacts from rehabilitation of the roads and electricity infrastructure and the restoration of agriculture productivity and adaptability capacity are site-specific with minimal impacts to be mitigated during implementation and operation. Therefore, the necessary assessments were done, and the full scale of the environmental and social impacts and mitigation measure were articulated. Specific Environmental and Social Management Plan's (ESMPs) was prepared to ensure that social and



environmental impacts, risks, and liabilities associated with the interventions were effectively managed during the implementation of the project. This process guided by the Bank's ISS and applicable country systems as established under the Decree No.54/2015 of 31st December – Regulation on Environmental Impact Assessment Process (*Regulamento Sobre Processo de Avaliação do Impacto Ambiental*).

**2.5.2 Climate Change:** On average 3 to 4 cyclones/tropical storms hits Mozambique annually causing damage to livelihoods including the food system (CRCC,2021). For instance, between January and March 2022 about 220,425 hectares of crops have been lost (OCHA, 2022). While Mozambique still recovering from recurrent and successive climate and disaster risks, the Russia-Ukraine conflict worsened the disruption of food production and supply system in the selected provinces. These regions are likely to experience a food crisis to food stress between June2022and January 2024. The intervention will provide seeds, fertilizer inputs, enhance research and development capacity(R&D) for climate-smart good agriculture practices and access to finance using the revolving funds to enhance the food systems value chain resilience.

**2.5.3 Gender Analysis and Gender Action Plan** The project is promoting gender equality in all its components. Women play a key role in the economic development of rural areas and in the agriculture sector in Mozambique where they not only provide labour to support the production of food and cash crops but play the role of custodians within households with attention to food security and health for children. The project will support the participation women and youth through the provision of starter kits, seeds and fertilizers for different value chains and business linkages, animal health, and training of community-based extension workers and creating linkages to formal extension service.

**2.5.4 Fragility and Resilience:** In 2017, Mozambique was included on the MDB's harmonized list of fragile situations with a CPIA of 3.16 (below the 3.2 threshold). The inclusion was an indication of decline of the country's overall average CPIA, particularly the economic governance sub-cluster, as well as the emergence of additional vulnerabilities. This reflects the weak performance that occurred in three of the four dimensions of the CPIA, namely, (i) economic management, (ii) policies for social inclusion and (iii) governance. The qualitative assessment also highlighted significant vulnerabilities underscored by simmering armed conflict, geographical inequalities and climatic pressures. The violence in the Northern region is the focus of growing national and international attention and threatens to erase economic and development gains in the country. Addressing the root causes of instability in the region remains critical to achieving lasting peace and prosperity. Despite expectations surrounding natural gas discoveries in the north, yet to come to fruition, the Human Development Index (HDI) in this region remains low. However, vulnerabilities in Mozambique are not limited to ongoing conflict, with significant environmental and climatic pressures combining with geographic and economic inequalities creating significant pressures as it happens in the provinces of Maputo, Gaza and Inhambane. Details of fragility and resilience are provided in Annex VI of the PAR.

## **2.6 Implementation Arrangements**

**2.6.1 Project Implementation Unit:** The Government has created a Ministerial Reconstruction Cabinet (MRC) subordinated to the Prime-Minister's Office that will be the implementing agency. This is the coordination mechanism was created by the Presidential Decree n. ° 26/2019 to coordinate all Government and donor efforts towards the reconstruction.. The Post-Cyclone Idai Recovery Cabinet is a temporary entity created with a time frame of 5 years to ensure coordination of damage and loss assessment, preparation of the recovery program, and monitoring. The Post-Cyclone Idai Recovery Cabinet is autonomous with authority and technical decision-making powers for the effective and efficient performance of its function.

At the sectoral level, the Ministry of Agriculture and Food Security's (MADER) has a mandate to work on irrigation together with the other directorates at MADER including the National Directorates of Biosafety. Capacity building will also benefit all the implemented institutions involved in the reconstruction. The project is supporting the line Ministries involved in the recovery activities, strengthening the capacity at provincial and district levels to streamline efforts from all the supporting partners.

**2.6.2 Procurement:** The procurement of goods (including non-consultancy services) works and the acquisition of consulting services, financed by the Bank for the project, will be carried out in accordance with the *“Procurement Policy and Methodology for Bank Group Funded Operations” (BPM)*, dated October 2015, and following the provisions stated in the Financing Agreement. Specifically, procurement will be carried out as follow:

**2.6.2.1 Borrower Procurement System (BPS):** Specific Procurement Methods and Procedures (PMPs) under BPS comprising its Laws and Regulations, namely, Decreto 5/2016 de 8 de Março -Regulamento de Contratação de Empreitadas de Obras Públicas, Fornecimento de Bens, e Prestação de Serviços ao Estado (Regulations for Contracting of Public Works, Supply of Goods and Consultancy & Non-Consultancy Services to the State), using the national Standard Solicitation Documents (SSDs) as amended to be consistent with the new law, using the national Standard Bidding Documents (SBDs) or other Solicitation Documents agreed during project negotiations” for various group of transactions to be entailed under the project.

**2.6.2.2 Bank Procurement Methods and Procedures (PMPs):** Bank standard PMPs, using the relevant Bank Standard Solicitation Documents SDDs, for contracts that are indicated in Annex B5, Para. B5.5, or (ii) in case BPS is not relied upon for a specific transaction or group of transactions; and (iii) in case BPM have been found to be the best fit for purpose for a specific transaction or group of transactions. Open Competitive Bidding using NCB will be used for procurement of goods and works for rehabilitation of agricultural infrastructure. For Consulting services for the design and supervision of works for rehabilitation of inspection laboratories as well as for the design and supervision of technical assistance, will be through shortlist.

**2.6.2.3 Procurement Risks and Capacity Development:** the assessment of procurement risks at the Country, Sector, and Project levels and of procurement capacity at the Executing Agency (EA), were undertaken for the project and the output has informed the decisions on the procurement regimes (BPS, Bank or Third party) being used for specific transactions or groups of similar transactions under the project. The PICIREP is operating under the Ministry of Public Works and Housing and Water Resources, the Executing Agency responsible for the implementation of the Project's procurement activities. Most of the issues/ risks associated with the procurement activities for implementation of the project have been identified and mitigated. The overall Project Procurement Risk Rating (PPRR) is at time of Appraisal is: Moderate The appropriate risks mitigation measures have been included in the procurement PRCA action plan proposed in Annex B5, Para. 5.2.

**2.6.3 Financial Management (Mozambique):** The overall conclusion of the FM assessment was that the Ministry of Public Works, Housing, and Water Resources (MoPWHWR), the Executing Agency's capacity to handle the FM aspects of the program satisfies the Bank's minimum requirements as per Bank FM guidelines. The EA's previous management of donor funded projects has been found satisfactory. The implementing agency shall be the Post-Cyclone Idai Recovery Cabinet (PCIREP) under Presidential Decree. The Finance Manager within PCIREP has the overall responsibility for FM (including accounting, financial reporting, and disbursement and auditing) for the program. The Finance Manager shall coordinate the sectors to ensure smooth flow of funds, consolidate financial reporting, and timely auditing of the program. The day to day implementation

of program activities will be managed by the PCIREP. A computerized accounting system will be utilized to process and maintain all financial transactions and also for reporting. The EA's budgeting process (from formulation, preparation, approval, execution, monitoring, and reporting) has been found to be adequate and shall be adopted for the proposed program. The PCIREP is required to prepare interim financial reports (IFRs) to form part of the interim progress report and submit to the Bank not later than 45 days after end of each calendar quarter and annual financial statements to be subjected to annual audit. The EA in consultation with the *Tribunal Administrativo*, appointed an independent external auditor under Bank approved terms of reference to audit the program annually. The detailed analysis and financial management arrangements are contained in Mozambique PAR (Volume II).

## **2.7 Status of the Initial Project Approved in June 2022**

2.7.1 The Bank and the Government of Mozambique signed the Grant agreement for the Post Cyclone Idai Emergency Recovery and Resilience Program on 7<sup>th</sup> of August 2019. The grant has three funding sources ADF (2100155040216); TSF (590015501580 and 5900155015802). In terms of performance the Commitment ratio (58%, 54% and 66%), the disbursement ratio (31.8% 28.9% and 41.8%) after 3.1 years of execution. The performance is considered satisfactory.

## **III. RATIONALE AND PURPOSE OF THE ADDITIONAL FINANCING THROUGH ADF RESOURCES**

### **3.1 Rationale for ADF Additional Financing**

This additional ADF financing is fully justified, since it will help to guarantee access to agro-inputs and aggregation of agricultural produce by farmer groups/out growers and small and medium-sized enterprises (SMEs), particularly those involved in the processing of agricultural products and related service delivery and meets the scope of financing as provided in the Policy for Additional Financing. Mozambique like many other African countries depend on Ukraine and Russia for major input supplies as well as cereals and grains. With the war in Ukraine and the lingering Covid-19 pandemic, the prices of major agri-commodities have increased dramatically.

### **3.2 Purpose of the ADF Funding**

3.2.1 This additional finance from the Transition Facility Fund (TSF – I) will be used to undertake additional activities under Component 2 of the project namely:

- a) Supporting production and productivity of high value commodities by providing improved seeds and, fertilizers, and other equipment and transfer of climate smart technologies. The delivery mechanism for certified seeds and fertilizer to farmers will be through a seed revolving fund (UA 3.0 million) with support of SUSTENTA and Farmer Associations. The funds will help farmers pay for certified seeds of maize, soyabeans and sesame and fertilizers. The Technologies for African Agriculture Transfer (TAAT) will collaborate with the SUSTENTA to help identify high yield enhancing technologies that will be selected to be demonstrated to beneficiary farmers focusing on women to improve productivity and production. The technologies will include seeds of improved and adapted varieties as well as soil analysis services to fine tune fertilizer recommendations in target production areas.
- b) Enable capacity and skills of the National Directorate of Sanitary and Biosafety, National Research Institute and Agro-Dealers Associations for Agro Industrial development. The TSF funding will help to the development of quality and relevant skills at the National Research Institute (IIAM) by installing a National Soil Information System and a Global Soil Doctor Programme for building the capacity of researchers, technicians, and farmers to carry out

sustainable soil management practices, promoting local solution for soil conservation and fertility and refine recommendation for fertilizers blending and use. In close collaboration with national seed platforms (APROSE and MOSTA), and aiming at the promotion of seed production, the additional funding will facilitate the production and/or acquisition of pre-basic and basic seeds for the local seed production programme, elaboration of a georeferenced database system of seed producers and distributors.

#### **IV. MAIN ACTIVITIES TO BE FINANCED FROM THE ADF ADDITIONAL FINANCING**

##### **4.1 Description of Activities to be Financed from the TSF-I Additional Financing**

The proposed activities to be financed by the additional ADF Additional Financing dovetail smoothly with the component 1 initially defined in the Post Cyclone Idai and Kenneth Emergency Recovery and Resilience Programme (PCIREP) specifically for Mozambique and Component 3 Institutional Strengthening and Program Management (see the table below, and the highlighted description of the components and logical framework in annex – shown in bold).

**Table 1: Additional Project Activities with the additional Financing**

Component/Sub-Component (same as original project)	Cost (UA M)	Summary Description
<b>Component 1: Enhanced Agricultural Productivity and Resilience</b>	3.2	<u>Sub-components: Households supported with Farm inputs</u> (i) Supporting production and productivity of high value commodities under SUSTENTA under technical assistance from TAAT using a ICT platform by providing improved seeds (maize, soyabeans and sesame) and, fertilizers, and other equipment and transfer of climate smart technologies targeting 100.000 farmers (50% women).
<b>Component 3 Institutional Strengthening and Program Management</b>	0.80	<u>iii) Capacity of institutions to implement operations in risk prevention, risk management and recovery situations strengthened</u> a) Strengthen the National Directorate of Sanity and Biosafety at MADER to design the new seed law and its regulation and improve its seeds and fertilizer inspection capacity. b) Support Development of quality and relevant skills at the National Research Institute to provide capacity building for promoting natural fertilizations and improve seeds and c) Strengthening the agro-dealers association (APROSE and MOISTA)
<b>TOTAL TSF-I Additional Financing</b>	<b>4.0</b>	

## 4.2 Theory of Change

The activities proposed above will improve food security, self-sufficiency, lower food imports and improve revenues in rural areas, leading to increased resilience of farming systems, through (i) improved availability and affordability of improved seed, fertilizer and yield enhancing technology, (ii) improved institutional capacity for technology dissemination and (iii) improved policy and enabling environment. This will support increased maize and soyabean production, processing and marketing. The investment operation and guarantees will directly link with increased purchase and availability of farm inputs (see Annex IX).

## 4.3 Expected Outputs/Outcomes

The additional TSF financing will specifically help to achieve the following Output indicators: Output 1.3: Affected households supported with farm inputs (1.3 Number of affected households that receive farm inputs (seeds and fertilizer), Output 4.1 Capacity and skills of farmers strengthened (4.1) Number of Farmers trained and supported in climate resilient agriculture) Output 4.3: Capacity of institutions to implement operations in risk prevention, risk management and recovery situations strengthened (4.3 (i) Number of implementing agency staff trained (50% women), and (ii) number of policies and implementation manuals elaborated and in practice.

## 4.4 Compliance of Additional Activities with Environmental and Social Provisions

In accordance with the requirements of the Integrated Safeguard System (ISS), the project (including TSF-funded activities) has been classified as Category 2.

These activities will be incorporated into an existing and running project that was previously classified under category 2, as an emergency multisector investment recovery programme. The potential E&S risks that are expected during operations or seed distribution phase are:

- (i) Environmental risks, especially due to use of inputs. Wheat and rice production relies on irrigation that can have adverse environmental effects, especially increased salinity due to poor drainage and accumulation on the surface of water-soluble calcium carbonate and magnesium carbonate; these risks and impacts are managed via extension of the Good Agricultural Practices (GAP) working through the TAAT Commodity Compacts.
- (ii) Occupational health and safety risks for workers and community health and safety risks around the project sites.

To specifically address these environmental and social risks of the additional activities, the Borrower will prepare a Pest Management Plan (PMP), and any other appropriate E&S mitigation measures. The plan will proffer measures to manage waste derived from the extensive use of chemicals (pesticides, fertilizers, etc.). The PMP shall be prepared by the Borrower, cleared by the Bank, approved, and publicly disclosed by the Borrower and then by Bank, prior the distribution of the fertilizers and chemicals. Any additional E&S measures deem necessary will be subject to the same processing. The Project implementation entity will include an appropriate E&S expert. Quarterly E&S implementation reports will be shared with the Bank and stakeholders, as well as annual E&S performance audit reports.

The project will also continue complying with applicable social, gender laws including prevention and response measures for risks of Gender-Based Violence (GBV) and Sexual Exploitation Abuse and Harassment (SEAH). These should be included as part of bidding

document requirements for Contractors, sub-contractors and fertilizer and seed suppliers and other service providers. The ESCON confirms the project's compliance to Bank's environmental and social requirements prior approval, which will be reflected in the financing agreement.

#### **4.5 Procedure for Implementing the Additional Funding**

4.5.1 The Executing Agency for the anchor project will also implement the additional TSF-I funding. Implementation arrangements need to balance the need for fast disbursement to reflect the emergency nature of the programme with the need to for stead fiduciary controls.

**4.5.2 Procurement for Additional Activities Financed from the TSF Additional Financing:** The procurement of goods (including non-consultancy services), and consultancy services, financed by the TSF as part of the project, will be carried out in accordance with the **Procurement Framework for Bank Group-Funded Operations, October 2021 edition**, and the provisions set out in the Financing Agreement. More specifically, procurements will be carried out as follows: The mission has defined the procurement to be carried out according to the Bank's procurement methods and procedures. Moreover, the Procurement Plan for activities covered by the additional financing was prepared by the Bank (see Annex V).

**4.5.3 Financial Management:** The management system provided for in the initial project for the financial management is the same as the one that will be used to implement the Additional Financing, as outlined in the project appraisal report (p.21 and Appendix IV) of the initial project and as indicated in section 1.6.3 above and (see also Annex VII).

**4.5.4 Disbursements.** The resources of the TSF-I Additional Financing will be disbursed in accordance with the rules and procedures of the Bank's Disbursement Handbook through the three disbursement methods: (i) direct payment (for the procurement of works, goods and services and other relatively high-cost expenditure); (ii) The Special Account method to be managed by the PIU and (iii) reimbursement, where appropriate. The Disbursement of the TSF-I Additional funds remains the same as the original project appraisal report (PAR p. 22) of the initial project and as indicated in section 1.6.4 above (see also Annex VII). See also the Financial Management Assessment Report (P.X - Appendix IV in the original project document) on the issues related to Special account method.

#### **4.6 Sustainability**

Technical sustainability of this Post-Idai Recovery Project Additional Financing depends on the ongoing technical support and backstopping provided to the beneficiaries on a going concern by the various national, provincial and district administration staff, and on the beneficiaries adopting improved climate technologies and climate proof infrastructures on a permanent basis and making profit on their investments. This would require institutional linkages, particularly with the agricultural research institutes having mandates to promote technology dissemination through province and district extension, disaster management, and other Government services.

#### **4.7 Potential Risks and Mitigation Measures.**

The potential risks are the same as those identified in the initial project (see paragraph 4.5 of the PAR; p. 26). The mitigation measures proposed in the initial PAR remain valid for this additional TSF financing (see revised logical framework in Annex II).

### **V. COST OF THE ADDITIONAL FINANCING AND REVISED FINANCING PLAN**

## 5.1 Breakdown of the Cost of the TSF Additional Financing

The estimated cost, exclusive of taxes and customs duties, of the additional financing provided by the Transition States Fund (TSF – III) stands at UA 4.0 million in total, of which UA 2.41 million will be in foreign exchange (60.3% of the cost) and UA 1.59 million in local currency (39.7% of the cost). These costs were established based on the unit prices of similar contracts recently executed, and further guided by the Feasibility Study.

Breakdown by category of expenditure of the additional TSF financing. The breakdown of the TSF Additional Financing of UA 4.0 million, exclusive of taxes and customs, by expenditure category is presented in the table below:

**Table 2: Expenditure by category with additional financing**

Expenditure Category	USD Million			UA Million		
	Local	Foreign	Total	Local	Foreign	Total
<b>A. SERVICES</b>						
Technical Assistance	0.46	0.69	1.15	0.32	0.48	0.80
Seed and Fertilizers Distribution	1.72	2.59	4.31	1.20	1.80	3.00
<b>B. GOODS</b>						
Equipment	0.10	0.18	0.28	0.07	0.13	0.20
<b>Total Costs</b>	<b>2.28</b>	<b>3.46</b>	<b>5.74</b>	<b>1.59</b>	<b>2.41</b>	<b>4.00</b>

## 5.2 Revised Cumulative Financing Plan of the Mozambique PCIREP (including TSF funding)

**5.2.1 Financing Mechanism:** The project financing comprises: (i) the initial financing for the PICEREP Project namely, an UA 33.60 million, broken down as follows: (i) RO Grant: UA 17.0 million (50.6%); (ii) TSF-I grant: UA 10.0 million (29.7%); (iii) TSF-III grant: UA 5 million (14.9%) UA1.6 in kind Government contribution (4.7%). The breakdown of the revised cumulative costs by source of funding, is as follows (see table 3).

**Table 3: Summary of project cost by source of financing (including the TSF funding)**

Financing Sources	(USD Million)			(UA Million)			Percent
	Local	Foreign	Total	Local	Foreign	Total	
TSF Pillar I	4.23	9.87	14.1	3.0	7.0	10.00	52.7
TSF Pillar III	2.82	4.23	7.05	2.0	3.0	5.0	26.3
TSF (Additional Financing)	1.41	4.23	5.64	1.0	3.0	4.00	21.0
<b>Total Costs</b>	<b>8.46</b>	<b>18.33</b>	<b>26.79</b>	<b>6.0</b>	<b>13.0</b>	<b>19.00</b>	<b>100.0</b>

## VI. LEGAL FRAMEWORK OF THE TSF ADDITIONAL FINANCING

### 6.1 Legal Instrument

6.1.1 The additional financing of Four Million Units of Account (UA 4,000,000) from the resources of Transition Support Facility (TSF) Pillar III (Targeted Support Window), which will be governed by a supplementary Letter of Agreement to be executed between Republic of Mozambique (the “Recipient”) on the one hand, and the African Development Bank (the “Bank”), and the African Development Fund (the “Fund”) (the Bank and the Fund collectively referred to as the “Bank”) as Administrators of the Transition Support Facility (the “TSF”) on the other hand.

## **6.2. Conditions associated with Bank's intervention**

6.2.1 The Bank's intervention shall be subject to fulfilment of the following:

### *A. Conditions precedent to entry into force of the Letter of Agreement*

The Letter of Agreement shall enter into force upon signature by the Recipient and the Bank.

### *B. Conditions precedent to first disbursement*

In addition to Entry into Force of the Letter of Agreement, the obligation of the Bank to make the first disbursement of the Grant shall be subject to signature between the Government of Mozambique and the Bank.

### *Other Conditions:*

The Recipient and the Executing Agency undertakes to:

- (a) develop and implement a project implementation manual (PIM) to guide project operation and implementation within six months after the date of the Letter of Agreement; and
- (b) adopt the existing Sun Accounting Software, Financial Management Procedures Manual (FMPM) and chart of accounts for recording & processing of project accounting transactions and financial reporting within six months of the date of the Letter of Agreement.

The Recipient and the Executing Agency undertakes to:

- (a) develop and implement a project implementation manual (PIM) to guide project operation and implementation within six months after the date of the Letter of Agreement; and
- (b) adopt the existing Sun Accounting Software, Financial Management Procedures Manual (FMPM) and chart of accounts for recording & processing of project accounting transactions and financial reporting within six months of the date of the Letter of Agreement.
- (c) The Project shall carry out the project in accordance the Bank's Integrated Safeguards Policies and the applicable national legislations and obtain the required permits, certificates and licenses in a manner and in substance satisfactory to the Bank;
- (d) The Project shall prepare and submit to the Bank, quarterly reports and 3rd party E&S Compliance Audits on annual basis on the implementation of Environmental and Social Safeguards Mitigation measures and the Integrated Pest Management Plan including any implementation failures and related remedies thereof; and

## **6.3 Compliance with Bank Policies**

The proposed additional financing for the project complies with all applicable Bank policies.

## **VII. RECOMMENDATION**

Management recommends that the Board of Directors of the Bank approve: (i) the Grant of additional funding from the Transition Support Facility (TSF) Pillar I (Targeted Support Window) amounting to Four Million Units of Account (UA 4,000,000) to the Republic of Mozambique for the Programme Post Cyclone Idai and Kenneth Emergency Recovery and Resilience Programme for Mozambique– (PCIREP).



# ANNEXES

**Annexe I** Letter from the Hon. Minister of Finance of Mozambique, dated 8 June 2022, requesting Additional financing of UA 4 Million for the PCIREP



**REPÚBLICA DE MOÇAMBIQUE  
MINISTÉRIO DA ECONOMIA E FINANÇAS  
GABINETE DO MINISTRO**

Ref. n.º <sup>122</sup>GM/MEF/DNTCEP/2022

**Subject: Request for financing from the African Emergency Food Production Facility (AEFPF)**

1. The Government of Mozambique has undertaken major strides in meeting food and nutritional security over the past few years especially production of grains and support to agro-commodity value chains. However, despite these efforts, our country is still dependent on imports for the supply of certain key food products and staples. This dependence, particularly on basic inputs and services such as fertilisers, and other foodstuffs, has deepened the country's vulnerability to external shocks and justifies the state's strategy aimed at food sovereignty. This is compounded by animal disease, pest, and climate change impacts (both flooding and drought) on food production and accessibility.

**Mrs. Lalla Mokaddem**  
**Director General, Southern Africa Business Development and Delivery Region**  
**African Development Bank Group**  
**Pretoria, South Africa**

2. The impact of COVID 19 on food production and input supply chains, exacerbated by the consequences of the war in Ukraine, constitutes an additional threat to the country's food security and recalls the urgency of accelerating this food security objective. It is in this context, that the Government of Mozambique is implementing a

response and resilience plan to secure, in the short term, the country's supply of basic products, and to promote policy mechanisms to facilitate input supply and effective extension services for increased yield in the long term.

3. Thus, I have come to request from your institution, the supplementary financing, to the Pemba-Lichinga Integrated Development Corridor Special Agro-Industrial Processing Zone (SAPZ) - Phase 1, of four million (4,000,000) Unit of Account from TSP allocation, within the framework of AEPPF. The details of the implementation will be discussed further with the Country Manager and Bank's team.

4. While renewing my sincere thanks for the support that the African Development Bank continues to provide to the economic and social development of our country, especially in a context of multifaceted crises, please extend our regards to the President, the assurance of my distinguished consideration.

Your Sincerely,

Maputo, June 14, 2022

  
Ernesto Max Elias Tencas  
Ministry of Economy and Finance

C.c:

Calao Correia  
Minister of Agriculture and Rural Development

Cesar Augusto Mba Abego  
Country Manager Mozambique, AfDB

**Annex II/ Detailed Description of the Revised Project (including the ADF- Additional funded components)**

**Table 2.1 Project Components**

Nr.	Component Name	Est. cost (UA)	Component description
1	Enhanced Agricultural Productivity & Resilience	UA 6.00 million	<p><u>SC 1.1: Rain-fed Agriculture Development</u></p> <ul style="list-style-type: none"> <li>• Promote Good agriculture practices (including training and provision of 40000 startup kits:</li> <li>• Capacity building to 70 local communities on Climate smart agriculture, climate change adaptation strategies, conservation and environment and social management</li> <li>• Promote post-harvest handling</li> <li>• Promote production of nutrition dense crops</li> <li>• Restore the 4 Machinery Parks</li> <li>• Supporting production and productivity of high value commodities by providing improved seeds (maize, soyabeans and sesame) and, fertilizers, and other equipment .</li> <li>• Strengthen the National Directorate of Sanity and Biosafety at MADER to design the new seed law and its regulation and improve its seeds and fertilizer inspection capacity.</li> <li>• Support Development of quality and relevant skills at the National Research Institute to provide capacity building</li> <li>• Strengthening the agro-dealers association (APROSE &amp; MOISTA)</li> </ul> <p><u>SC 1.2: Development of Irrigation Schemes</u></p> <ul style="list-style-type: none"> <li>• Recruitment of consulting firm (inventory, design &amp; supervision)</li> <li>• Reconstruction/Rehabilitation of Irrigation Infrastructure and Equipment: <ul style="list-style-type: none"> <li>○ Repair of irrigation infrastructure (920 meters of irrigation infrastructure and drainage channels);</li> <li>○ Installation of &lt;10ha small irrigation systems</li> <li>○ Promote irrigated crop production in irrigation schemes and wetlands (including training and start up inputs)</li> <li>○ Construct 20 multifunctional boreholes</li> </ul> </li> </ul> <p><u>SC 1.3: Sustainable Livestock Development</u></p> <ul style="list-style-type: none"> <li>○ Preparation activities by providing 40000 livestock Kits;</li> <li>○ Livestock pass-on scheme (small ruminants &amp; basic structures)</li> <li>○ Livestock pass-on scheme (poultry, including vaccination &amp; basic structures)</li> <li>○ Recruitment of NGO (livestock pass-on scheme)</li> </ul>
2	Sustainable Socio-economic infrastructure  <u>Sub-component 1:</u> Rehabilitation of the road Infrastructure	UA. 12.00 million	<p><u>SC 2.1: Rural Roads</u></p> <ul style="list-style-type: none"> <li>○ Recruitment of consulting firm (road inventory, design &amp; supervision)</li> <li>○ Design review, tendering and construction</li> <li>○ Upgrade 500 Km of roads within the Province of Sofala and Manica along the Beira C0orridor to all-weather-conditions with flood protection measures and drainage.</li> <li>○ Rehabilitation of 20 bridges in the district of Dondo, Busi, Nhamatanda, Gorongosa and Maringue in Sofala Province 20 Bridges in Manica and Vanduzi districts in Manica Province to allow transibility;</li> </ul>

Nr.	Component Name	Est. cost (UA)	Component description
			<ul style="list-style-type: none"> <li>○ Rehabilitation of culverts</li> <li>○ Spot Rehabilitation of 560 km in Sofala</li> </ul>
	<u>Sub-component 2:</u> Rehabilitation of Electricity	UA 7.00 million	<u>SC 2.2: Energy</u> <ul style="list-style-type: none"> <li>○ Replacement/repair and installation of equipment at the Munhava substation</li> <li>○ Reconstruction of the second Dondo- Munha 22km 110kV transmission line to ensure reliability and fulfill N-1 rule to avoid Beira being plunged in darkness should the first line fail which is currently overloaded.</li> <li>○ Reconstruction of the Lamego Guara- Guara line 62km of 66kV line which was completely taken out of the system, and replacement the fallen wooden poles with concrete poles which are more climate resilient</li> </ul>
3	Institutional Strengthening	UA 6.5.00million	<u>SC 3.1: Support to Planning and Coordination</u> <ul style="list-style-type: none"> <li>○ PIU-Programme physical implementation.</li> <li>○ Annual Financial Audit.</li> <li>○ Annual Procurement Audit.</li> <li>○ Bank Supervision Missions</li> <li>○ Procurement of works, goods and services.</li> </ul> <u>SC 3.2: Monitoring and Evaluation (M&amp;E) for the whole Reconstruction Program</u> <ul style="list-style-type: none"> <li>○ Development and operation of M&amp;E system.</li> <li>○ Preparation of Annual Work Plans and Budgets.</li> <li>○ Programme Steering Committee (PSC) meetings.</li> <li>○ Mid-Term Review (MTR).</li> <li>○ Beneficiary Impact Assessment (BIA).</li> <li>○ Programme Completion Report (PCR).</li> </ul> <u>SC 3.3: Capacity Building</u> <ul style="list-style-type: none"> <li>○ Community sensitization and mobilization (general).</li> <li>○ Staff and community/farmer training.</li> <li>○ Support community nutrition education/outreach including utilization of nutrition dense food-stuff, proper feeding pattern, school feeding programme, and creation of child feeding centers/under-5.</li> <li>○ Environmental and social management activities.</li> <li>○ Support to Government institutions.</li> </ul> <u>SC 3.4: Disaster risk governance and preparedness</u> <ul style="list-style-type: none"> <li>○ Strengthening disaster risk reduction and preparedness capacities</li> <li>○ Strengthening risk governance systems at national and sub-national levels,</li> <li>○ Establishing early warning systems,</li> <li>○ Supporting community level preparedness and resilience building</li> </ul> <u>SC 3.5: Support to Post Cyclone Idai Reconstruction Unit (Cabinet) - Mozambique</u> <u>SC 3.6: Meteorological Services (Mozambique)</u> <ul style="list-style-type: none"> <li>○ Construction of Office block to house meteorological equipment</li> <li>○ Procurement of meteorological equipment and early warning systems</li> <li>○ Installation of early warning systems and meteorological systems</li> <li>○ Capacity building of meteorological staff</li> </ul>

**ANNEX III Revised Results-based Logical Framework of Mozambique PICREP (including the ADF Additional funding components in )**

**Results Based Logical Framework**

<b>RESULTS FRAMEWORK</b>					
<b>A PROJECT INFORMATION</b>					
<b>Country and Project Name:</b> Mozambique – Post Idai-Keneth Cyclone Recovery Program			<b>COUNTRY/REGION:</b> Mozambique		
<b>Purpose of the project:</b> To contribute towards socio-economic recovery and resilience to climate shocks through reconstruction of productive and social infrastructure and strengthening of disaster preparedness systems in Mozambique ( <b>P-Z1-AZ0-014</b> )					
<b>PROJECT DEVELOPMENT OBJECTIVE:</b> Ensure improved household income and rural livelihoods					
<b>ALIGNMENT INDICATOR (S):</b> Average household income (USD per year) Percentage (%) of people with improved livelihoods, Post Cyclone Idai.					
<b>B RESULTS MATRIX</b>					
<b>RESULTS CHAIN AND INDICATOR DESCRIPTION</b>	<b>RMF/ADOA INDICATOR</b>	<b>UNIT OF MEASUREMENT</b>	<b>BASELINE (2021)</b>	<b>TARGET AT COMPLETION (2027)</b>	<b>MEANS OF VERIFICATION</b>
<b>OUTCOME STATEMENT 1: Livelihood is restored</b>					
1.1. Livelihood is restored	√	Number of households	0	500.000	Project progress implementation documents
1.2 Total number of smallholder farmers that are benefitting from inputs package	√	Number of households	0	100.000 (50% women and youth)	Purchased by additional funds provided under the AAFP
1.3 Increase in production (maize, soyabean & sesame)	√	MT	52/38/18	62/42/24	
<b>OUTCOME STATEMENT 2 Incomes of smallholder farmers and rural entrepreneurs raised</b>					
2.1 Annual trade is increased	√	US\$	400	600	Project progress implementation documents Research Reports National Statistics
2.2. Number of new businesses created	√	Number	0	20000	
2.3 Increase Cereal Yields of maize, soyabeans & sesame		Tons/ha	1.2/2.2/1.0	4.0/6.0/3.0	
<b>OUTPUT INDICATOR 1.1: Enhanced Agriculture productivity and Resilience</b>					
• 1.1.1 N° of farmers adopting climate smart agriculture techniques	□	Number	0	50000	Project progress implementation documents Research Reports National Statistics
• 1.1.2 Reduced by ½ the % of crops lost in the post-harvest	□	%	60	30	
• 1.1.3. % reduction on malnutrition in the affected area events hosted	□	%	54	40	
1.1.4 Area covered with rainfed crops	□	Number	0	2000	

<b>OUTPUT INDICATOR 1.2: Development of irrigation schemes</b>					
1.2.1. Area developed with small and medium scale irrigation schemes	<input type="checkbox"/>	Ha	0	200	Project progress implementation documents
<b>OUTPUT INDICATOR 2.1 Improved job creation skills</b>					
2.2.1 Building <b>Sustainable Socio-economic Infrastructure</b>	<input type="checkbox"/>	Number	0	200	Project progress implementation documents & targeted surveys to employers
2.2.2 Number of MSME's supported/strengthened (disaggregated – 50% women, 60% youth)	<input type="checkbox"/>	Number	0	500	
<b>OUTPUT INDICATOR 3.1 Institutional Strengthening and Programme Coordination</b>					
3.1.1 Disbursement rate on Bank's managed resources (%)	<input type="checkbox"/>	Percentage	0	100	Project progress implementation documents Agro-dealers association reports
3.1.2 Seed law and regulation elaborate	<input type="checkbox"/>	Number	0	2	
3.13 Number of Agro-Dealers capacitated	<input type="checkbox"/>	Number	0	20	





## ANNEX IV: PROJECT IMPLEMENTATION

Activity Description	2019				2020				2021				2022				2023					
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4		
1. Board Approval		■																				
2. Advance Procurement of Urgent Contract		■																				
3. Signature		■																				
4. Fulfillment of Conditions for Effectiveness		■																				
5. Project Launch /Start Off		■																				
6. Recruitment of technical Assistance			■																			
7. Design of dthe infraestrutures		■																				
8. Rehabilitation of existing Irrigation and Drainage Infrastructure			■																			
9. Rehabilitation of Roads			■																			
10. Rehabilitation of Transmission substation			■																			
11. Capacity building of farmers on climate resilience issues			■																			
12. Capacity building, provision of farm inputs (including irrigation kits) and strengthening of farmer groups in keycommodities			■																			
13. Supporting production and productivity of high value commodities under SUSTENTA under technical assistance from TAAT using a ICT platform by providing improved seeds (maize, soyabeans and sesame) and, fertilizers, and other equipment			■																			
14. Enable Capacity and Skills for agro industrial development			■																			
15. Supervision and Monitoring																						
16. Bank PCR																				■		
17. Audit					■					■					■							

## ANNEX V PROCEDURES FOR PROCUREMENT FROM ADF FINANCING RESOURCES

### ANNEX V/ Procedures for Procurement from ADF Financing Resources

The activities of the Mozambique PICEREP to be financed by the Additional ADF resources will be implemented in the same environment as the initial project and by the same entities in charge of activities financed from the ADF loan and the ADF grant. Thus, the evaluations, risks identified, and action plans proposed under the project for activities financed from the resources of the ADF loan and ADF grant shall be applicable to the additional ADF resources of the project.

#### ***Bank Procurement Methods and Procedures (BPM) Eligibility***

The eligibility rules applicable to ADF-financed procurements will be those described in paragraph 5 of the Bank's Procurement Policy Document.

#### ***Methods and Procedures***

The following contracts will be awarded using the Bank's procurement methods procedures, in accordance with the *"Procurement Policy and Methodology for Bank Group-Financed Operations"*, dated October 2015, and the provisions set forth in the Financing Agreement, using the appropriate standard solicitation documents (SSDs) of the Bank.

#### **Works**

- ✓ These are contracts related to the rehabilitation of the seed fertilizer laboratory (USD 200,000.00). The works will be procured through open competitive bidding (OCB) as described in paragraphs 8.5 (a) and (c) of the Bank's Procurement Policy Document.

#### **Consulting Services**

- ✓ They comprise the following services offered by consulting firms: (i) TA for the Directorate of Sanity and Biosafety to design a seed and fertilizer law and regulation (UA 450,000) (ii) Ta for supporting of research on natural soil and fertilizer management (UA 450,000) and iii) TA for strengthening of agro-dealers associations (UA 300,000) All these services will be procured following a selection of consulting firms using the Quality- and Cost-Based Selection (QCBS) methodology, as defined by paragraph 8.6 of the Bank's Procurement Policy Document. Procurement of Audits will be carried out using CQS.

#### **Goods**

- ✓ These are contracts related to the i) acquisition of seeds and fertilizers of maize and soyabean for 100,000 farmers (UA 400,000.00), and ii) Acquisition of Equipment for the seed and fertilizer inspection laboratory (UA 600,000.). The goods will be procured through open competitive bidding (OCB) as described in paragraphs 8.5 (a) and (c) of the Bank's Procurement Policy Document.

The summary table of procurement procedures for ADF-funded components of the project is as follows:

**Table 8: Summary of procurement procedures**

Expenditure Category	UA Million
	Bank's Procurement Methods and procedures

	OCB		Shortlisting		Others		Total (USD)	
<b>1. GOODS</b>								
Acquisition of seeds and fertilizers of maize, soyabean for 100,000 farmers	0.400						0.400	
Acquisition of Equipment for the Seed and Fertilizer Inspection Laboratory	0.600						0.600	
<b>Total Goods</b>								
<b>2. CONSULTANCY SERVICES</b>								
TA for the Directorate of Sanity and Biosafety to design a seed and fertilizer law and regulation			0.450				0.450	
Ta for supporting the research on natural soil and fertilizer management			0.450				0.450	
TA for strengthen the Agro-dealers associations			0.300				0.300	
Recruitment of Procurement and Financial Auditor			0.03				0.03	
<b>Total Consulting Services</b>								
<b>TOTAL</b>								

**B/ Review of contracts awarded by the Borrower / Recipient**

**(a) *Control relating to the Bank's procurement system***

Procurements made in accordance with the Bank's methods and procedures will be subject to prior or ex-post review by the Bank as follows:

No.	Procurement method	Prior review thresholds (in UA))	Ex-post review thresholds (in UA)	Frequency of reviews
1.	Open competitive bidding	Equal to or greater than UA 1,200,000		All contracts
			Less than UA 1 200 000	All contracts
2.	Direct agreement			All contracts

Prior review thresholds (consulting services): Decisions on procurements subject to the Bank's prior review:

	Selection method	Review thresholds (in UA))	Ex-post review thresholds (in UA)	Frequency of reviews
1.	Competitive selection (Firm)	Equal to or greater than UA 200,000		All contracts
2.	Competitive selection (Individual)	Equal to or greater than UA 100,000		All Contracts
3.	Competitive selection (Firm/Individual)	-	-	All Contracts
4.	Competitive selection (Firm)		Equal to or greater than AU 100,000	All Contracts

	<b>Selection method</b>	<b>Review thresholds (in UA)</b>	<b>Ex-post review thresholds (in UA)</b>	<b>Frequency of reviews</b>
5.	Competitive selection (Individual)		Less than UA 100,000	All Contracts

The following documents shall be subject to review and approval by the Bank prior to publication:

○ General procurement notice; ○ Specific bidding notice; ○ Expressions of Interest notice and shortlists; ○ Competitive bidding document or Requests for proposals to consultants; ○ Evaluation report of bids from contractors/suppliers with recommendations relating to contract award or evaluation report of technical proposals from consultants; ○ Draft works contracts if they have been modified and are different from the draft contracts included in the competitive bidding documents; ○ Evaluation reports of financial proposals by consultants, including recommendations for the award of contracts accompanied by the minutes of negotiations and the initialled draft contract.

In addition to the Bank's prior review of certain activities, it was recommended, following the evaluation of the capacity of the Executing Agency (EA), that at least one supervisory mission per year be fielded to carry out an ex-post review of the contracting activities of the Borrower.

## ANNEX VI: Risk Management:

The potential risks identified as threat to smooth implementation of the ZEFPPF and mitigation measures are indicated in Table below:

**Table Potential Risks and Mitigation Measures**

No	Potential Risks	Rating (High, Medium or Low)	Mitigation Measures
1.	Delayed procurement of inputs	Medium	Advance procurement and emergency procurement waivers will be applied
2.	Poor connectivity to ICT and e-platforms	Medium	Design of biometric system has simplified access to the system
3.	High fuel cost	Medium	Facilitate the procurement of renewable power technologies
5.	Poor performance of fertilizer due to climate risks and farmers' low willingness to adopt	Medium	Setting an Area Yield Index Insurance (AYII) to enhance fertilizer value chain sustainability and mitigate farmers' risks of adoption and resilience to climate change.

## ANNEX VII: FINANCIAL MANAGEMENT ASSESSMENT

### **Financial Management, Disbursement and Auditing Arrangements Financial Management :**

The overall conclusion of the FM assessment is that the executing agency MOPHRH has the capacity to handle the FM aspects of the program satisfies the Bank's minimum requirements as per Bank FM guidelines. The EA previous management of donor funded projects has been found to be satisfactory. Implementing agency shall be the PCIRC under Presidential Decree. The Finance Manager within PCIRC shall take overall responsibilities of FM(including accounting, financial reporting, and disbursement and auditing) for the AF.

The overall responsibility of the FM (including accounting, financial reporting and disbursement) will rest with the Finance Manager within PCIRC. A computerized accounting system will be utilized to process and maintain the financial transaction and also for reporting purposes. The EA's budgeting process (from formulation, preparation, and approval, execution, monitoring and reporting) has been found to be adequate and shall be adopted for the proposed AF. The implementing agency will be required to prepare interim financial reports (IFRs) to form part of the interim progress report and submit to the Bank not later than 45 days after end of each calendar quarter. In addition, the PCIRC will be required to prepare annual financial statements to be subjected to annual audit. The EA in consultation with the *Tribunal Administrativo*, shall appoint an independent external auditor under Bank approved terms of reference to audit the additional financing annually. The cost of the audit shall be borne by the AF. The audited financial statements together with the associated management letter shall be submitted to the Bank not later than 6 months after end of each financial period.

MOPHRH has prior experience in managing funds flow for bank and donor funded projects. Due to the nature of the operations, the disbursements shall be fast tracked. Disbursement methods available for the program include direct payment, special account, re-imburement, and reimbursement by guarantee. The MOPHRH shall be required to open a special account denominated in USD to receive the grant funds from the Bank. An associated project operating account denominated in MZN may also be opened in a reputable bank acceptable to the Bank for paying local currency denominated expenditures. The special account shall be operated as per the disbursement guidelines (2012). The Bank shall issue a disbursement letter.

**Internal Control-** The finance and administrative procedures to be employed by the implementing agency will be documented in the FM Manual which will be adopted to this AF. This manual will cover at least the following aspects: institutional arrangements, budget and budgetary control, disbursement procedures and banking arrangements, receipt of goods and payment of invoices, internal control procedures, accounting system and transaction records, reporting requirement, and audit arrangement. The manual will also include guidance for funds flow and payments related to AF. In addition, guidelines will be prepared to document procedures for utilization of AF funds including the financial reporting.

**Financial Report-** The implementing agency, PCIRC will prepare quarterly IFRs for the project, in form and content satisfactory to the Bank, which will be submitted to the Bank within 45 days after the end of the calendar quarter to which they relate. These reports should provide financial information required to effectively monitor and manage the additional financing. The contents of these reports should consist of financial reports, including all sources and uses of funds reports by project components and categories, and uses of funds by the AF components and activities (including comparison of budget and actual expenditures).

**Audit.** The financial statements of the AF will be audited annually in accordance with International Standards on Auditing as issued by the International Auditing and Assurance Standards Board

(IAASB), and the audit report together with management letter will be submitted to the Bank within six months after the financial year-end, that is, June 30 of each following fiscal year. The costs incurred for the audit will be financed under the AF. The auditors will be required to express a single opinion on the AF's financial statements. In addition, a detailed management letter containing the auditor's assessment of the internal controls, accounting system and compliance with financial covenants in the Loan Agreement, suggestions for improvement, and management's response to the auditor's management letter will be prepared and submitted to management for follow-up actions. The current project has been audited, auditors raised minor issues, and the unit has implemented the auditor's recommendations.

**Budgeting.** The PCIRC will prepare annual budgets based on the annual work plans and the approved procurement plan. Activities for the various components have been discussed and agreed during the appraisal mission. It is expected that PCIRC will prepare annual budgets that cover activities proposed to be carried out in each fiscal year. The implementing agency will also be responsible for producing variance analysis reports comparing planned with actual expenditures on a quarterly basis. The periodic variance analysis will enable the timely identification of deviations from the budget. These quarterly variance analysis reports will be part of the IFRs that will be submitted to the Bank on a quarterly basis. The budget preparation and monitoring of budget execution will be described in the Financial Management Manual, and formats for annual budget and monitoring reports will be included as annexes.

**Accounting.** The implementing agency will account for all project funds, expenditures, and resources using a computerized accounting software and the basis of accounting will be financial reporting under cash basis. Throughout project implementation the implementing agency should maintain a sound computerized accounting software that enables key controls, records project transactions correctly, and can produce timely and reliable financial information.

**Funds Flow.** The MOPHRH will establish and maintain a segregated Special Account (SA) in U.S. dollars. Funds in the SA will be used to finance eligible project expenditures in accordance with the Loan Agreement and Disbursement Letter. From the SA, the implementing entity will transfer funds to the SA's sub-account in local currency to facilitate payments of local eligible project expenditures.

## ANNEX VIII: COUNTRY RESILIENCE AND FRAGILITY ASSESSMENT

### INTRODUCTION

In 2017, Mozambique was included on the MDB's harmonized list of fragile situations with a CPIA of 3.16 (below the 3.2 threshold). The inclusion of Mozambique on the harmonized list of countries in fragile situations was an indication of deterioration of its overall average CPIA, particularly the economic governance sub-cluster, as well as the emergence of additional vulnerabilities. This trend largely reflects the weak performance that occurred in three of the four dimensions of the CPIA, namely, (i) economic management, (ii) policies for social inclusion and (iii) governance. The qualitative assessment also highlighted significant vulnerabilities underscored by simmering armed conflicts, geographical inequalities and climatic pressures.

While economic conditions have improved, Mozambique remains on a subdued growth trajectory. The devastating impact of tropical cyclones Idai and Kenneth on agricultural production and falling commodity prices, motivates muted growth prospects. Macroeconomic conditions are improving, but the economic performance is yet to revert to the pre-crisis levels. Small and medium enterprises have fallen back and their capacity to generate jobs has been restricted even further as credit supply and demand for goods and services remains constrained. The country's policy architecture to handle economic shocks may be further tested by the speed and efficacy with which Mozambique addresses the challenges of the *COVID-19 pandemic*. In most indicators however, Mozambique's capacity and resilience to overcome fragility pressures and challenges are assessed to be relatively low.

## **OVERVIEW OF THE AGRICULTURE SECTOR**

**Agriculture is the country's largest economic sector, representing 23 per cent of Mozambique's GDP and employing nearly 80 per cent of the labour force.** The sector saw robust GDP growth of an average of 8 per cent in the 2000s, although this fell to just under 4 per cent from 2010-2018, and just 1.2 per cent in 2019. Overall, productivity and growth in agriculture are low, by both regional and global standards. Maize and cassava are the country's main staple crops, with cassava grown mainly for household consumption. Other important staple crops include beans, peanuts, sorghum, sweet potato and millet. Major cash crops include tobacco, cotton, sugar, cashew, and oil seeds. The production of fruit has also experienced considerable growth in recent years.

**The agricultural sector is dominated by small-scale subsistence farming on rainfed land holdings of less than 1 hectare on average.** Medium-scale farms (ranging from 10 to 50 hectares) and large-scale farms (typically larger than 50 hectares) represent only 2.1 and 0.02 percent of total land holdings respectively (INE, 2011; MADER, 2021). Recent data (MADER, 2021) reveals that the number of medium-scale farming units has grown considerably over the past 10 years and these now constitute about 2.1 percent of total units, whereas large-scale units reduced slightly but remain 0.02 percent of total land holdings.

**Despite the challenges in the agriculture sector, the high-level policy vision for agriculture has remained relatively stable.** The dominant vision is one of modernising smallholder agriculture by improving access to inputs for high value crops in high potential areas. Growth corridors, linking infrastructure development, mining and agriculture for export, provide the backdrop in which strategic value chains can flourish within the region.

## **DRIVERS OF FRAGILITY/CONFLICT**

**The rapid escalation and intensification of an armed insurgency in Northern Mozambique since 2017 has made the northernmost of provinces the focus of growing national and international attention.** What began as attacks on police and administration units in Mocimboa da Praia (MdP) district by a unit of poorly armed rebels has since become more targeted and gained in range and sophistication. The group, locally known as al-Shabab, has attacked rural villages and settlements but has concentrated attacks on selected state targets, such as police stations and administrative buildings



in MdP, Nangade, and Macomia districts, or LNG-related construction sites in Palma, and on education and healthcare facilities too. Although little is known about the perpetrators or their intentions, there are indications of rising radicalization among local youth and with foreign fighters joining the insurgents too.

**Uneven delivery of basic services and inequalities in per capita spending:** These imbalances are reinforced by limited decision-making powers at the subnational levels in the allocation and distribution of expenditures, as well as in regional gaps in basic infrastructure provision. Inclusion and fairness in service delivery is undermined by perceptions of preferential treatment, while rapid population growth and rural-urban migration have strained service delivery and housing provision in poorly serviced peri-urban areas and informal settlements.

**Disparities in access to basic infrastructure:** The current state of infrastructure in Mozambique is a function of the legacy of the colonial period, effects of the civil war and economic governance shortcomings in recent years. After independence and during the civil war, the same infrastructure served as a source of fiscal revenues for Mozambique and today this infrastructure (expanded or improved in some cases) mostly serves regional integration purposes and interests of mega-projects. Conversely, on 14 March 2019, Central Mozambique was struck by Cyclone Idai one of the worst tropical cyclones to affect the Southern Hemisphere. IDAI destroyed 90% of Beira, Mozambique's fourth largest city and home to over half a million people. A month later in the northern province of Cabo Delgado Cyclone Kenneth destroyed another 30,000 and left 160,000 people displaced. The two cyclones caused an estimated US\$ 3 billion in infrastructure damage.

**Perceptions of unfairness in the distribution of the benefits of resources and extractives, and challenges related to governance and management of these resources,** generate grievances along a number of vectors, including: in relation to limited benefits to the population, and particularly to the youth, from investments in resource extraction, while land dispossession, insufficient resettlement schemes, lack of transparency in the award of concessions and land use titles have particularly impacted the rural population, together with inadequate compensation. Frequent consequences of FDI for Northern Mozambique rural population are the expulsion from their land, which results in reduced or lost livelihood opportunities, and diminishing self-reliance in food production, increased poverty, socio-economic exclusion, and rural urban migration. Competition over land and resources and elite capture at the local and community level acts as a further source of grievance, as does lack of legal enforcement.

**Youth unemployment:** Youth unemployment stands at 42% and there is a mismatch between the supply and demand of skills. The FDI in resource extraction has brought few benefits to the population and has not met the expectations of Northern Mozambique increasingly youthful population, regarding access to jobs, income and better education and services. Among the specific challenges they face are a general low level of education and practical skills, which excludes them from the formal job markets and survival in the informal sector and petty trade which does not yield enough income to invest in better education, make small investments into a dwelling or small business or found and sustain a family. Meanwhile, women face challenges related to exclusion from political and economic opportunities, amidst high rates of GBV. For both groups, limited opportunities for formal sector employment with the private sector skewed towards elite interests and stacked against new entrants, contributing to a high degree of informality.

**Climate drivers:** Mozambique is one of the most risk-prone countries to weather-related hazards and the impact of climate change including floods, droughts, cyclones, coastal erosion, rising water levels, and soil salinization, which are becoming increasingly stronger and more frequent. The Global Climate Risk Index 2017 ranked Mozambique as the country most affected by climate change in 2015 due to heavy rainfalls, flooding and an intensified monsoon season devastating infrastructure, agriculture and food security, affecting around one third of a million people.

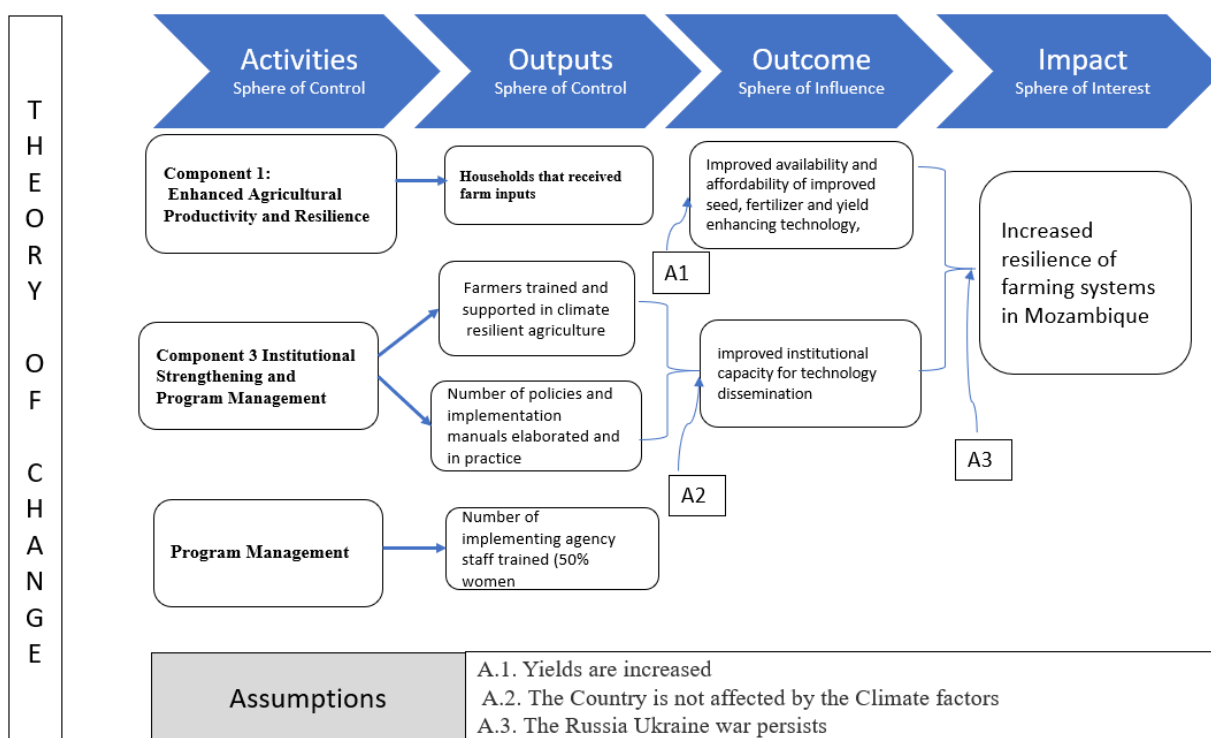
## RECOMMENDATIONS

**Constructing community resilience in the agro-industry from the bottom can help relieve long-term pressures in Northern Mozambique fragile contexts.** Resilient communities also help reduce the risks of youth alienation, forced displacement, and local conflict. The climate related shocks in the region often manifest as droughts, floods, and cyclones. The intensity and frequency of these is increasing because of the climate crisis. Global trends, including the impacts of the Russia-Ukraine war have highlighted the sensitivity and vulnerability of the Mozambican economy. Resultant disruptions in the global food systems and other key value chains such as fuel and fertilizers have translated into unprecedented inflation levels. Food security is therefore weaker in the northern region of Mozambique. The assessment has also noted that it is linked to underinvestment in agriculture and rural infrastructure, inefficient food markets, population displacement, or extreme weather.

**The supplementary financing project will provide additional certified seeds of climate-adapted varieties, fertilizers, and quality extension services along the value chains** of and support policy reforms facilitating modern inputs for farmers. Lack of capacity and skills for agro-industrial contributes to fragility. Creating a broader base for economic growth is key to restoring resilience. It is important to boost rural incomes by raising the productivity of agriculture and promoting agro-industrial. The project will also strengthen the National Directorate Biosafety (MADER) to design the new seed law and its regulation and improve its seeds and fertilizer inspection capacity.

### Annex IX: Theory of Change

**Theory of Change:** The activities proposed above will improve food security, self-sufficiency, lower food imports and improve revenues in rural areas, leading to increased resilience of farming systems, through (i) improved availability and affordability of improved seed, fertilizer and yield enhancing technology, (ii) improved institutional capacity for technology dissemination and (iii) improved policy and enabling environment. This will support increased maize and soyabean production, productivity, processing and marketing. Investment operation and guarantees will directly link with increased purchase and availability of farm inputs.



## **Annex X: Planning, monitoring, and assessing the results of the Facility**

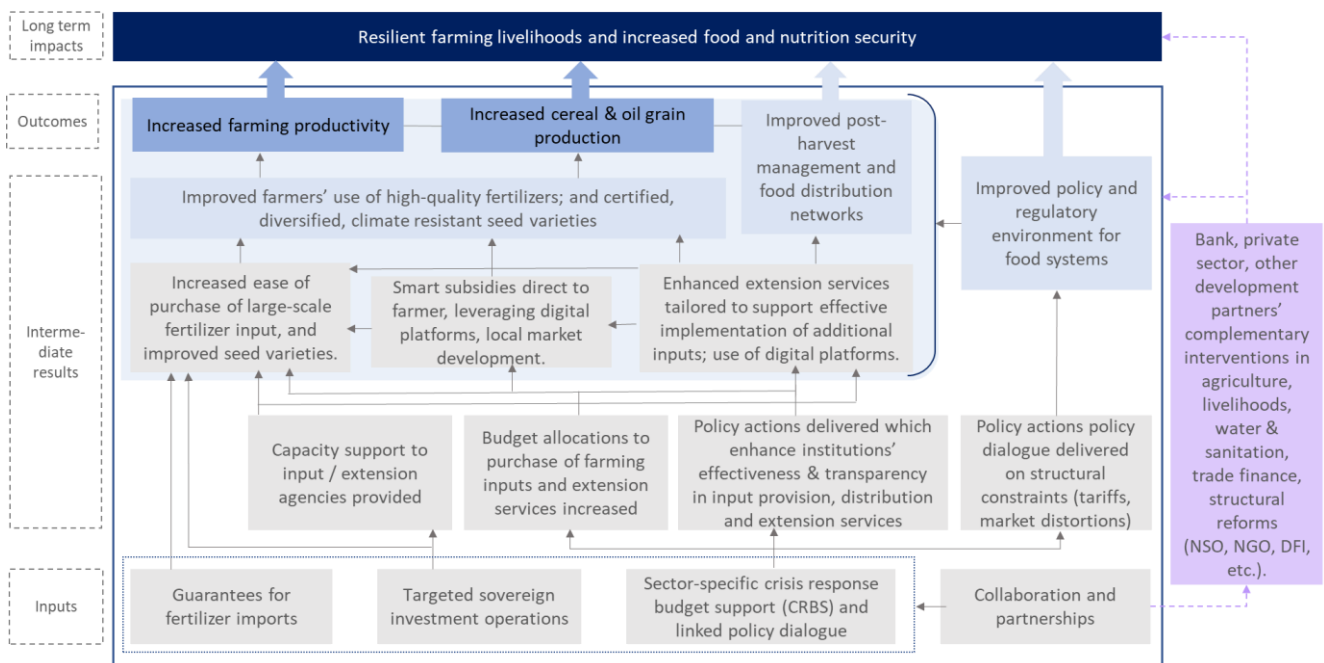
1. The ambitious objective of the Facility is to raise cereal production by up to 30%, in order to fill the shortfall in imports from Russia and Ukraine (up to 37.5 million metric tons) working with up to 20 million farmers over just four growing seasons. This means that planning and tracking results around this core objective and being able to do so consistently and in a timely fashion, is vital.
2. This annex sets out the four main features for results planning, monitoring and assessment and related tools that will be applied. In short these are:
  - At the whole-Facility level, the conceptual framework unpacks the objectives and the theory that links the planned inputs with expected outputs and outcomes.
  - A focused set of standards indicators will be applied, across operations, allowing aggregation both of target values and actual achievements.
  - Full application of the four project level results planning tools (theory of change, results framework, monitoring plan and risk assessment matrix). Full application of the Implementation Progress and Results report (or annual supervision report for NSOs) and the Project Completion Report (or Extended Supervision Report for NSOs), without exception. Despite the urgent nature of the facility, AEFPPF projects will also go through Enhanced Readiness Review.
  - Periodic reporting to the Board to show progress not only on approvals and disbursements, but targeted and later achieved results.
3. This approach has three purposes in mind. The first is to ensure the objectives of the Facility, and therefore the individual operations, are clear. This is vital to ensure the theory is sound, that projects can align accordingly and also to ensure evaluability of the Facility. Secondly, application of these tools enables the Bank to track and demonstrate the results of the initiative, by ensuring consistency and regular reporting against the central objective. The third is to ensure accountability – for success and failure - and lesson learning for the future. To ensure the tools meet these objectives they have been developed based on international good practices, consultations with operations teams, testing, lessons from the Covid Rapid Response Facility, as well as lessons identified by the Independent Development Evaluation Unit.

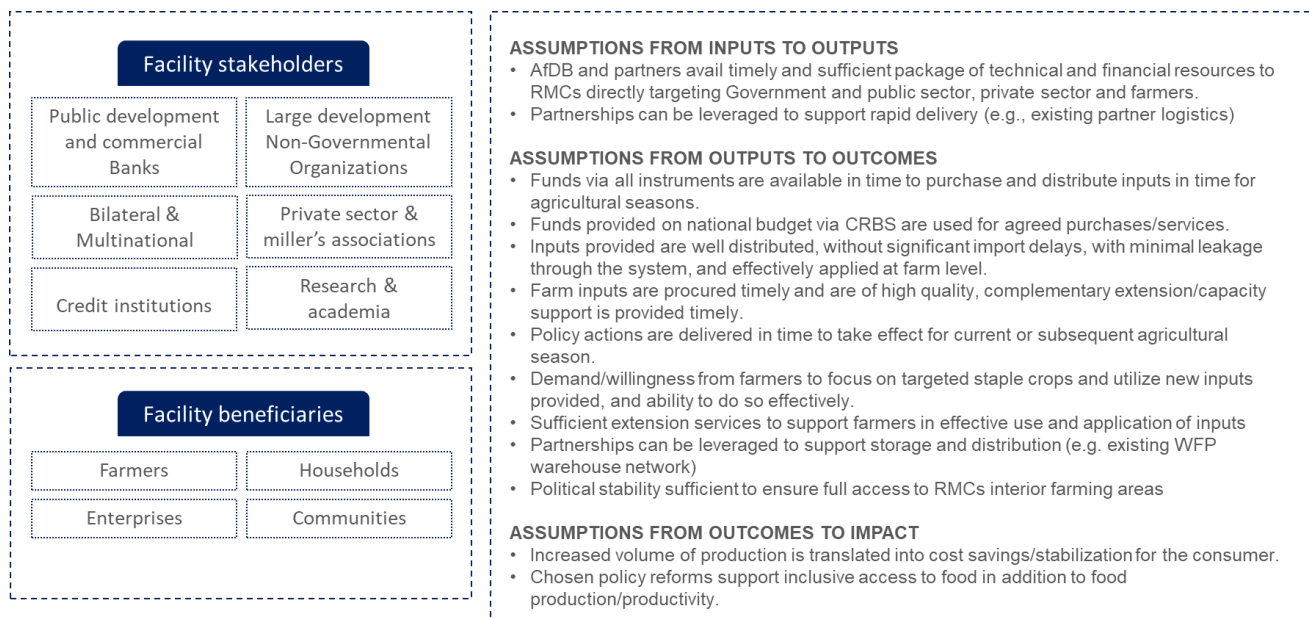
### ***The Overarching Conceptual Framework***

4. The overarching conceptual framework (Figure 1X) sets out the basic theory of change behind the Facility. This theory of change will serve as a key reference for AEFPPF projects throughout their life cycle – from development through implementation, closure and later evaluation. It necessarily simplifies reality to maximize applicability of the range of actions planned under the facility, but it can also be reviewed and revised to reflect ongoing and emergent challenges, considerations, and priorities, as the Bank responds to the rapidly changing situation. The AEFPPF's theory of change is a road map: it establishes a results chain of how and why an intervention is expected to reach its intended outcomes. It also helps to identify which key results should be the focus on measurement – specifically the outputs and outcomes, and how they align and therefore contribute to higher level impacts which can also be tracked.
5. Figure X highlights the different instruments that will be used within the facility. These are guarantees, investment operations, and CRBS. The combination of instruments is designed to support increased production and productivity through provision not only of finance but also policy dialogue, thus increasing countries' ability to purchase and distribute necessary inputs, while also addressing institutional capacity and effectiveness issues relating to those inputs, and

broader structural constraints. Which instruments support which interim results or outputs is explained. For example, it is important to track budget allocations as well as policy actions as interim results for PBOs, given the nature of the instrument. For investment operations and guarantees there should be a direct linkage with increased purchase of farm inputs. In turn, how these interim results contribute to main programme outcomes of augmenting domestic food production and productivity is unpacked. This includes the expectation that policy reforms will lead to an improved regulatory environment for food systems also supporting both short and longer-term objectives. While this is the objective of the Facility, the diagram also underlines that this in turn contributes to the longer-term challenge of food security, and sustainable livelihoods in the farming sector – all of which are well aligned with the Bank’s existing goals. In addition, it acknowledges the important role played by other operations and partners which are outside of the Facility.

**Figure 1X: Overarching Conceptual Framework**





6. The main assumptions underlying the facility are also unpacked, these relate to various factors along the results pathways which are largely beyond the Bank’s control, but which are necessary for successful achievement of the objectives. These include the adequate and timely availability of resources; assumptions associated with the instrument choices such as leakage through national systems for budget support, or slow procurement in investment operations; partnerships with experienced executing partners; issues around effective distribution and application in good time to effect immediate and subsequent growing seasons; the willingness of targeted farmers to take up available new inputs and to apply them effectively; that sufficient political will exists in RMCs to enact reforms and prioritise the sector. Other assumptions, higher on the results chain also include that the benefits of increased production are passed on to the consumer in the form of stabilized prices of key staples, and that this phase of increased production can be translated into improved livelihoods for farming communities over the medium and longer term. In addition, given the complexity of the Facility the main stakeholders and beneficiaries are identified for ease of reference.

### **Mandatory Core Indicators**

7. Secondly, the core indicators to be applied for projects under the Facility umbrella are detailed below. These are either drawn from the Bank’s Results Measurement Framework, the Feed Africa Strategy, or have been developed to support measurement of the specific AEFPP objectives. Individual operations will of course include other indicators specific to their objectives, but each will be required to include one or *wherever possible all* of the three indicators below.

**Table 1X: Mandatory Core Indicators**

<b>Indicator</b>	<b>Unit</b>	<b>Reference</b>	<b>Application</b>
<i>Cereal yield</i>	(Ton per hectare)	Indicator already tracked in RMF (level1, indicator 2.1.3).	The indicator is a proxy for increased productivity. It is considered a core indicator applied to all operations. It can be tailored to the specific crop(s) that the projects target and focus on the specific country supported.
<i>Increase in production</i>	(Metric tons)	AEFPF specific indicator.	The indicator measures increased overall production. It is considered a core indicator applied to all AEFPP operations. It can be tailored to the specific crop(s) that the projects targets and focus on the specific country supported.
<i>People benefitting from improvements in agriculture. (of which women)</i>	Number	Indicator already tracked in RMF (level 1, 2.4.1).	This indicator is used as a proxy for productivity and inclusivity. The Bank is seeking to ensure number of direct beneficiaries is measured in all projects as standard. To this end, the facility target to support

			delivery of agricultural inputs at scale to 20 million farmers.
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8. Other core indicators will also be relevant based on the focus of the individual projects. for example:

- Provision of inputs (thousands of tons). See RMF indicator 2.4.4
- Farmers in receipt of agricultural inputs (number) (of which smallholders) may also be applied, to ensure smallholders are targeted and reached.
- Fertiliser consumption (kilograms per hectare). See RMF 2.3.2
- Prices of targeted food staple(s) for consumer (not an existing RMF or Feed Africa indicator, use pending assessment of data availability).
- To demonstrate alignment with the higher-level impacts: number of people who are hungry. See RMF indicator 2.1.1

9. For PBO/CRBS two additional types of indicators will be vital (i) those identifying required policy actions (whether prior actions, triggers or other); (ii) those showing the change to budget allocations to the national budget line used for purchase of agricultural inputs, extension services and any smart subsidies. These budget allocations and reforms are nevertheless designed to support the production and productivity objectives and so the above set of core outcome indicators will still be applicable, however these production figures will only emerge after the relevant growing season, so final project completion reporting should be timed to take this into account.

***Application of quality and results assurance tools at entry and through project cycle***

10. Each project approved as part of the umbrella Facility will apply the Bank’s four project-level results tools, as per [the 2021 Operational Instruction](#). These tools are summarised in figure 2X. In addition, despite the fast-track approach, the AEFPPF projects will go through the enhanced readiness review which will flag shortcomings in application of these tools as well as a set of other criteria<sup>2</sup>. The AEFPPF projects will only use the Project Appraisal Report. The processing times for the enhanced readiness review are as follows: 5 full working days before country team meeting (PAR 1<sup>st</sup> review) and 3 full working days before Opscom meeting or Vice-President approval level (PAR 2<sup>nd</sup> review).

**Figure 2X: The project level tools for results planning and monitoring**



<sup>2</sup> The Enhanced Readiness Review covers sovereign operations, it includes 13 criteria grouped under four dimensions: Policy compliance and strategic alignment; results readiness; implementation readiness; and cross-cutting issues. The tools add some days to the processing schedule but helps to ensure readiness.

11. Each sovereign operation, approved under the umbrella will require regular IPRs. The IPR process supports the tracking of implementation progress, whether projects are also on track towards planned outputs and outcomes, as well as risk monitoring. The system also allows to categorisation for projects as Problematic, Potentially Problematic and Non-Problematic, but more importantly for issues to be identified and escalated. IPRs continue to be filed throughout the implementation period of each project. Performance of projects under the umbrella Facility can therefore be monitored individually, at aggregate and indeed in compared to the Bank's broader portfolio. Similarly, for NSOs, the annual supervision report has recently been revised to ensure that it also tracks progress towards results, and flags both financial and results related issues.

12. All AEFPPF projects will be subject to standard project completion reporting – PCRs for sovereign operations and XSRs for NSOs. These in turn can be included in the independent validation process of completion reports. In addition, the Board of Directors has the option to instruct the Independent Development Evaluation department to conduct an independent evaluation at a point in time when most projects have completed, and outcomes should be visible and verifiable.

### ***Twice yearly progress reporting to the Board of Directors***

13. In addition, overall progress will be reported to the Board of Directors every six months. Tracking progress at the level of the Facility as a whole, is fundamental to ensuring the Bank is on track to achieve expected results, doing so regularly reflects both the fact that the speed in provision of inputs is fundamental to its success and that it is a major change to planned operations for the Bank. A draft template for the six-monthly tracking reports is included in Figure 3X and will ensure tracking of key metrics and will be accompanied by a narrative, which will cover emerging issues, challenges, other results, and emerging lessons. It is a flexible template which can be adjusted to help convey other relevant information, as needed. While the first reports will necessarily focus more on the pipeline and approvals and then on disbursements, as operations are approved it will also be possible to aggregate the targets included in approved operations (section B). This is possible through the use of the above-mentioned core indicators. And it will enable tracking progress towards the programme objectives in real time. Only in later reports (estimated from end 2023), can information on actual results also be included, but this format allows comparability and accountability. Results information will come from the PCR/XSR of each operation. The approach allows easy comparison of targets and achievements. The tool will also be a useful input for any future independent evaluation.

## Annex XI: Additional Cost Table

**Table 4: Summary of Project Cost Estimates by Components (USD '000 and UA '000)**

Pillar/Component	Cost (USD '000,000)			Cost (UA '000,000)			Foreign Cost (%)
	Local	Foreign	Total	Local	Foreign	Total	
1. Enhanced Agricultural Productivity and Resilience	2.8	1.4	4.2	2.0	1.0	3.0	33
2. Institutional Strengthening	1.12	0	1.12	0.8	0	0.8	0
3. Program Management	0.28	0	0.28	0.2		0.2	0
<b>Total Baseline Costs</b>	<b>4.2</b>	<b>1.4</b>	<b>5.60</b>	<b>3.0</b>	<b>1.0</b>	<b>4.0</b>	

**Table 5: Sources of Financing, Amount (USD and UA '000) and %age Contribution**

Source of Financing	Total (USD '000,000)	Total (UA '000,000)	%	Other
Additional TSF Pillar III	5.60	4.00	100	
Government	0	0	0	Complementary financing from USAID in the magnitude of USD 5 million and 2 million from NORAD.
<b>Total</b>	<b>5.60</b>	<b>4.00</b>	<b>100</b>	

**Table 6: Summary of Project Cost Estimates by Category (USD '000 and UA '000)**

Category of Expenditure	Amount (million)		
	USD	UA	Percent
Goods	4.2	3.00	75
Services	1.12	0.80	20
Operating Costs	0.28	0.20	0.05
<b>Total Project Costs</b>	<b>5.6</b>	<b>4.00</b>	<b>100</b>



## ANNEX XII: ESCON

A. Basic Information <sup>3</sup>	
<b>Project Title:</b> Programme Post Cyclone Idai and Kenneth Emergency Recovery and Resilience Programme for Mozambique, Malawi and Zimbabwe (PCIREP) – Additional Financing from the Transition Facility (TSF – I)	<b>Project “SAP code”</b> P-MZ-AA0-043
<b>Country:</b> Mozambique	<b>Lending Instrument<sup>4</sup>:</b> DI <input checked="" type="checkbox"/> FI <input type="checkbox"/> CL <input type="checkbox"/> BS <input type="checkbox"/> GU <input type="checkbox"/> RPA <input type="checkbox"/> EF <input type="checkbox"/> RBF <input type="checkbox"/>
<b>Project Sector:</b> Agriculture	<b>Task Team Leader:</b> Cesar Tique
<b>Appraisal date:</b> 17/06/2022	<b>Estimated Approval Date:</b> 15 <sup>th</sup> July 2022
<b>Environmental Safeguards Officer:</b> Elidio DAVA /Chimwemwe Roberta MHANGO	
<b>Social Safeguards Officer:</b> xxxxx	
<b>Environmental and Social Category:</b> 2	<b>Date of categorization:</b> 02/07 2022
<b>Operation type:</b> SO <input checked="" type="checkbox"/> NSO <input type="checkbox"/> PBO <input type="checkbox"/>	
<b>Is this project processed under rapid responses to crises and emergencies?</b>	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>
<b>Is this project processed under a waiver to the Integrated Safeguards System?</b>	Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>

B. Disclosure and Compliance Monitoring
B.1 Mandatory disclosure

Environmental Assessment/Audit/System/Others (specify: Pest Management Plan (PMP))	
Was/Were the document (s) disclosed <i>prior to appraisal</i> ?	Yes <input type="checkbox"/> No <input type="checkbox"/> NA <input checked="" type="checkbox"/>
Date of "in-country" disclosure by the borrower/client	[Date]
Date of receipt, by the Bank, of the authorization to disclose	[Date]
Date of disclosure by the Bank	[Date]
Resettlement Action Plan/Framework/Others (specify: )	
Was/Were the document (s) disclosed <i>prior to appraisal</i> ?	Yes <input type="checkbox"/> No <input type="checkbox"/> NA <input checked="" type="checkbox"/>
Date of "in-country" disclosure by the borrower/client	[Date]
Date of receipt, by the Bank, of the authorization to disclose	[Date]
Date of disclosure by the Bank	[Date]
Vulnerable Peoples Plan/Framework	
Was the document disclosed <i>prior to appraisal</i> ?	Yes <input type="checkbox"/> No <input type="checkbox"/> NA <input checked="" type="checkbox"/>
Date of "in-country" disclosure by the borrower/client	[Date]
Date of receipt, by the Bank, of the authorization to disclose	[Date]
Date of disclosure by the Bank	[Date]
<b>If in-country disclosure of any of the above documents is not expected, as per the country’s legislation, please explain why: <i>As per the provision of the African Emergency Food Production Facility paper approved by the Board, the preparation and disclosure of the E&amp;S documents are deferred after Board Approval. They will be prepared and disclosed in-country and by the Bank prior the implementation of concerned activities</i></b>	

B.2. Compliance monitoring indicators	
Have satisfactory calendar, budget and clear institutional responsibilities been prepared for the implementation of measures related to safeguard policies?	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> NA <input type="checkbox"/>
Have costs related to environmental and social measures, including for the running of the grievance redress mechanism, been included in the project cost?	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> NA <input type="checkbox"/>
Is the total amount for the full implementation for the Resettlement of affected people, <b>as integrated in the project costs, effectively mobilized and secured?</b>	Yes <input type="checkbox"/> No <input type="checkbox"/> NA <input checked="" type="checkbox"/>
Does the Monitoring and Evaluation system of the project include the monitoring of safeguard impacts and measures related to safeguard policies?	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> NA <input type="checkbox"/>
Have satisfactory implementation arrangements been agreed with the borrower and the same been adequately reflected in the project legal documents?	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> NA <input type="checkbox"/>

C. Clearance
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Is the project compliant to the Bank’s environmental and social safeguards requirements, and to be submitted to the Board?

Yes  No

<i>Prepared by:</i>	<i>Name</i>	<i>Signature</i>	<i>Date</i>
Environmental Safeguards Officer:	Elidio DAVA / Chimwemwe Roberta MHANGO		02/07/2022
Social Safeguards Officer:	xxxx		
Task Team Leader:	Cesar TIQUE		02/07/2022
<b>Submitted by:</b>			
Sector Director:	Martin FREGENE		02/07/2022
<b>Cleared by:</b>			
Director SNSC:	Maman-Sani ISSA		02/07/2022

<sup>3</sup> Note: This ESCON shall be appended to project appraisal reports/documents before Senior Management and/or Board approvals.

<sup>4</sup> DI=Direct Investment; FI=Financial Intermediary; CL=Corporate Loan; BS=Budget Support; GU=Guarantee; RPA=Risk Participation Agreement; EF=Equity Financing; RBF=Results Based Financing.