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REPUBLIC OF MOZAMBIQUE

ARTISANAL FISHERIES PROMOTION PROJECT
PROJECTO DE PROMOÇÃO DA PESCA ARTESANAL
(PROPESCA)

DRAFT

PROJECT DESIGN DOCUMENT

VOLUME I – MAIN REPORT

East and Southern Africa Division
Programme Management Department, IFAD

REPORT No.....
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REPUBLIC OF MOZAMBIQUE
ARTISANAL FISHERIES PROMOTION PROJECT
(PROPESCA)

PROJECT DESIGN DOCUMENT

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CURRENCY EQUIVALENTS

Currency Unit	=	Meticais (MT)
USD 1.00	=	30.00
0.0333	=	USD 1.00

WEIGHTS AND MEASURES

International metric system, unless specifically described in text

FISCAL YEAR

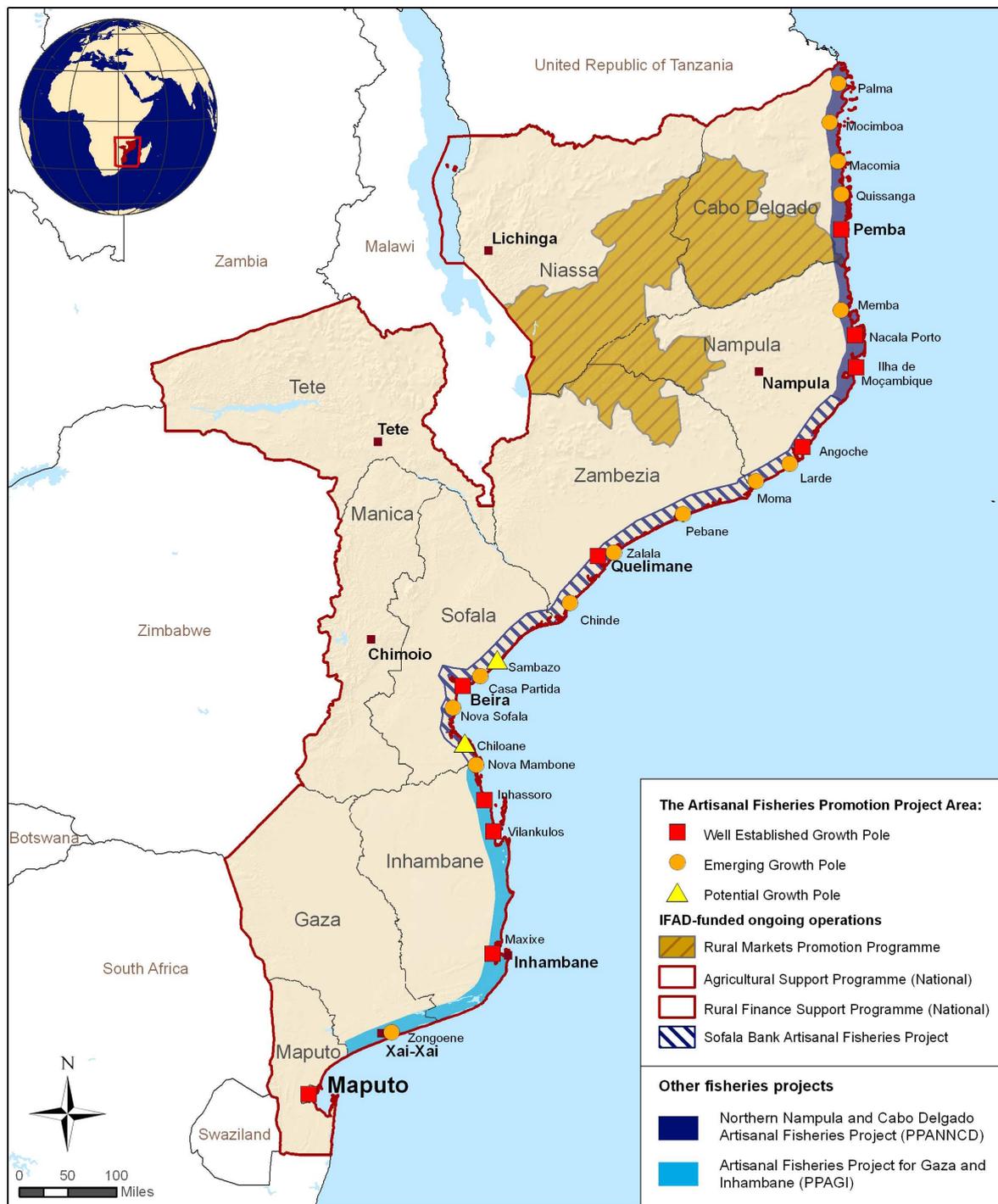
1 January to 31 December

ABBREVIATIONS AND ACRONYMS

AMODER	<i>Associação Moçambicana Para o Desenvolvimento Rural</i>
ANE	National Roads Authority
BSF	Belgian Survival Fund
CCP	Community Fishing Council (<i>Conselho Comunidade das Pescas</i>) or co-management committee
COSOP	Country Strategic Opportunities Paper
ADNAP	National Fisheries Administration
DPOPH	Provincial Directorates of Public Works and Housing
EDM	<i>Electricidade de Moçambique</i>
FFP	Fisheries Development Fund (<i>Fundo de Fomento Pesqueiro</i>)
FFPI	Small Industry Development Fund (<i>Fundo de Fomento de Pequena Industria</i>)
GAPI	<i>Sociedade de Gestão e Financiamento para a Promoção de Pequenas Projectos de Investimentos sarl</i>
HQ	Headquarters
IDPPE	Institute for Development of Small-Scale (Artisanal) Fisheries (<i>Instituto de Desenvolvimento da Pesca de Pequena Escala</i>)
INIP	National Institute for Fisheries Inspection
IIP	Institute of Fisheries Research (<i>Instituto de Investigação Pesqueira</i>)
IOF	Innovation and Outreach Facility (of RFSP)
M&E	Monitoring and Evaluation
MFI	Microfinance institution
MoU	Memorandum of Understanding
NGO	Non-governmental organization
PAG	Public Audit Group
PAMA	<i>Programa de Apoio aos Mercados Agrícolas</i>
PARPA	National Action Plan for Reduction of Absolute Poverty
PCCG	<i>Project Consultative and Coordination Group</i>
PCR	Rotating savings and credit groups (<i>Poupança e Crédito Rotativo</i>)
PCU	Project Coordination Unit
PESPA	Strategic Plan for the Artisanal Fisheries Sub-Sector
PPABAS	Sofala Bank Artisanal Fisheries Project
PPAGI	Fisheries Project for Gaza and Inhambane
PROAGRI	National Programme for Agricultural Development
PPANNCD	Northern Nampula and Cabo Delgado Artisanal Fisheries Project
PRONEA	National Programme for Agricultural Extension
PY	Project year
RFA	Revolving saving and credit association (<i>Poupança e Crédito Rotativo</i>)
RFSP	Rural Finance Support Programme
RIMS	Results and impact management system
RMF	Risk Mitigation Fund
TA	Technical Assistance

Mozambique

The Artisanal Fisheries Promotion Project and other IFAD-funded ongoing operations



13-10-2010



The designations employed and the presentation of the material in this map do not imply the expression of any opinion whatsoever on the part of IFAD concerning the delimitation of the frontiers or boundaries, or the authorities thereof.

Map compiled by IFAD

EXECUTIVE SUMMARY

1. The design of the project has evolved from a participatory stocktaking process involving participants from each of the coastal provinces which captured experience and lessons learned from the three ongoing artisanal fisheries projects – Sofala Bank Artisanal Fisheries Project (PPABAS), Northern Nampula and Cabo Delgado Artisanal Fisheries Project (PPANNCD) and the Artisanal Fisheries Project for Gaza and Inhambane (PPAGI). The resulting project reflects and responds to government's strategy for the sector and is consistent with the IFAD Country Strategic Opportunities Programme (COSOP).

PROJECT STRATEGY, TARGETING AND AREA OF INTERVENTION

2. **Objectives and Outcomes.** The project's goal is *to improve incomes and livelihoods of poor households involved in artisanal fisheries in the selected growth poles* and the development objective is *to increase the returns from fish sales for artisanal fishers and small-scale operators on a sustainable basis*. There would be two main outcomes: (i) increased catch of higher quality fish in coastal areas of selected growth poles; and (ii) increased value of fish traded from the artisanal sector in coastal areas of selected growth poles.

3. **Project Approach.** The project's support for fishing and marketing of higher value fish comprises: (i) investments directly in support of improvements in the value chain, involving: investments in fishing operations, transport of fish, handling/processing and marketing and ultimately sale of fish, most including ice and insulated transport/storage; and (ii) complementary investments, to make the value chain function efficiently and profitably: investments in roads, electrification and provision of financing. The key principles or pillars of the project approach: (i) diversification in artisanal fisheries, (ii) development of the value chain for higher value fish, (iii) focus on growth poles, (iv) promoting social and spatial inclusion, and (v) facilitating the development of sustainable financial services.

4. **Project Area.** The project area comprises 26 growth poles that stretch along the coastline from the Tanzanian border to South Africa. Each growth pole comprises a major fishing centre and a number of fishing centres linked to the major centre with an average population of 112 000 including 2 300 fishers. Most are already important centres for fishing and fish marketing operations or have a strong potential to become important centres. The following criteria were used to select the growth poles: access to good fishing grounds/fish resources; concentration of fishing activity and fishing communities; good all-weather road access and linkage to main road network; sizeable market for fish within economic distance; access to electricity; availability of ice and fishing equipment/input supplies; local market facilitates/cold storage; telecommunications coverage; and financial services outlets.

5. **Target Group.** The main project stakeholders can be considered as primary or secondary target groups, the former consists of poor men and women involved in fishing and related activities who have fishing and fish products as the principal source of livelihood and often the only source of cash income, the latter, comprises poor households that will directly benefit from project interventions (e.g as members of savings and credit groups and as contract workers for road construction) although they are not necessarily involved in fisheries. A third group, which is critical to the success of the project, comprises people and institutions that directly benefit from project interventions, but are not poor, but who will be critical to making the value chain function.

PROJECT DESCRIPTION

Component 1 – Supporting Development of Higher Value Fish (USD 9.3 million)

6. This component aims to *facilitate the sustainable increase in production and marketing of higher value fish in 26 growth poles*. It would facilitate the development of the value chain for higher value fish, from catch to the final market, based on an interactive assessment of the constraints, potentials and opportunities for each growth pole. The range of activities that make up the component are captured, in cost terms, in a 'Value Chain Facility' – a flexible financing facility that will allow project management

to respond and allocate funding to the differing and evolving needs of the growth poles.

7. The investments to be financed by the Facility are grouped under four cost categories: (i) *Training, Demonstrations and Support Activities* – including training programmes for value chain client groups: fishermen, naval carpenters, mechanics and boat drivers, traders and processors, and community members. (ii) *Market Infrastructure* – including developing: utilization of proper fish containers, ice and cold storage facilities; point-of-first-sale markets; and establishment of wholesale/retail municipal fish marketing facilities; (iii) *Staff Training and Increased Institutional Capacity* – including: training of trainers to improve capacities of IDPPE staff to deliver extension services; training of fisheries extensionists & technologists; and production of training materials; (iv) *Feasibility Studies, Planning and Community Mobilization* – including studies to develop information on markets, market demand, and the functioning of the value chain for higher value fish, detailed feasibility studies for point-of-first-sale and municipal markets; (v) *Long-Term Technical Assistance* – locally-sourced, longer-term experts to provide support in PCU and IDPPE in value chain/business/marketing and fisheries technology.

Component 2 – Improving Economic Infrastructure (USD 12.5 million)

8. This component aims to *improve the access to fishing centres and increase availability of electricity from the national grid for the benefit of artisanal fisheries*. The project would partner with the responsible national and provincial roads/electricity authorities to (i) facilitate improved market access for the growth poles, and (ii) provide electricity from the national grid for ice making, cold storage and point of first sale markets.

9. **Sub-Component 1 – Access Road Improvement.** By connecting fishing centres to the main centre of the growth pole and to the main road network: (i) *Rehabilitation of Unclassified Roads* – spot improvements for all-season access; (ii) *Rehabilitation of Classified Roads* – solving ‘rupture points’ for all-season access; (iii) *Road Transitability Maintenance* – for district governments to secure ongoing maintenance and develop the capacity to manage such maintenance; (iv) *Planning, Design, Capacity Building and Supervision*.

10. **Sub-Component 2 – Electrification.** Support to establishment of electrification for: (i) growth poles not already connected to the national grid; (ii) within growth poles, to facilities important to fresh/frozen fish marketing; and (iii) from growth poles to important fishing centres.

11. **Sub-Component 3 – Alternative Power Supplies.** For more remote but important outlying fishing centres, the project would pilot alternative power supply options in conjunction with the National Energy Fund (FUNAE): one pilot for each province.

Component 3 – Developing Financial Services (USD 8.7 million)

12. In order to *enhance the quality of livelihoods of the target group by improving the delivery, outreach, appropriateness and sustainability of financial services in artisanal fishing communities*, the component would work with both the informal and formal sectors, combining the expansion and strengthening of savings and credit groups (PCRs) with new measures to facilitate delivery of financial services by formal financial sector institutions. The strategy would be to: (i) significantly increase the number of women and men participating in community-based financial service arrangements; (ii) improve the methods used in strengthening existing PCRs and assist them in developing into SACCOs and linking with semi-formal and formal sector financial institutions; (iii) introduce new measures to attract private sector semi-formal and formal financial institutions to serve the artisanal fish value chain; (iv) introduce risk mitigating arrangements to create incentives for the private sector to invest in the artisanal fish value chain; and (v) when feasible and practical, work with RFSP and other relevant programmes to develop financial services in fishing communities.

13. **Sub-Component 1 – Community-Based Financial Services.** The sub-component would expand the number of PCRs and also further develop the PCR model, by: (i) *Establishment of new PCRs*; (ii) *Capacity building of service providers/NGOs and development of the PCR method*; (iii) *Support to formal community-based financial service providers*; (iv) *Provision of business development services and literacy programmes to PCR groups*.

14. **Sub-Component 2 – Financial Support to Value Chain Investments.** The Sub-Component provides for five development initiatives: (i) Support to attract financial institutions to fishing areas, by linking with the RFSP Innovation and Outreach Facility and providing USD 800 000 of matching grants; (ii) Risk Mitigation Fund, USD 1.6 million to be managed by a competitively selected financial institution, to provide incentives to banks, microbanks and other financial institutions to lend to participants in the fisheries value chain; (iii) Matching Grants for Innovation and Infant Industry, of up to USD 50 000 each, to provide incentives to attract entrepreneurs to establish ice plants in the growth poles; (iv) Innovation Fund for Women’s Enterprises, a flexible fund to provide matching grant funding for women’s micro enterprises, targeted particularly at poor women and women’s groups; and (v) Specialised Business Development Services, to complement the Risk Mitigation Fund.

15. **Sub-Component 3 – Technical Assistance for Financial Services.** Including: (i) Rural financial expertise, to be responsible for both informal and formal financial services; (ii) ASCA Development Specialist to bring specialized experience from other countries.

Component 4 – Institutional Strengthening, Policy Initiatives and Project Management (USD 11.5 million)

16. In support of strengthening the institutions responsible for artisanal fisheries so that they can fulfil their roles in project implementation and increase their capacity to continue implementing project activities, six main activities would be financed under the component: (i) *Co-Management*, to strengthen the Fisheries Administration Department to better fulfil its mandate for co-management by: training district fisheries administrators/inspectors, training/strengthening co-management committees, and supporting district fisheries administrations to fulfil their oversight role; (ii) *Research and Fishing Potential*, including: preliminary assessment of information available for estimating fishing resource potentials; detailed assessment of resource potential and sustainability; TA for the Institute of Fisheries Research; and training of local researchers on stock assessment of artisanal fishing resources; (iii) *Gender and Poverty Targeting*, by providing: a Gender and Poverty Targeting Specialist for two years; start-up targeting/gender workshop; ILO ‘Get Ahead’ training; gender sensitive value chain training; and targeting and gender training; (iv) *Policy/Legislative Initiatives*, including a range of subjects arising during implementation. (v) *Monitoring, Evaluation and Knowledge Management*, including: TA and training; studies, surveys and impact assessments; and the growth pole planning process; (vi) *IDPPE Institutional Strengthening*, with support for: PCU and IDPPE head office; and provincial delegations for salaries, motorcycles, equipment, housing; volunteers.

Project Cost and Financing

17. The project would be implemented over seven years with a total cost of USD 43.5 million including contingencies. Financing would come from: Government (USD 1.1 million); IFAD (USD 21.1 million); the Belgian Fund for Food Security (USD 7.2 million); other unidentified financiers (USD 10.9 million) and local private sector.

Project Implementation

18. The project’s institutional strategy is to work with the full range of players that would allow for the successful development of the value chain for higher value fish: key government agencies at district, province and national levels with IDPPE taking the lead; the financial service institutions that would provide credit for boats and motors to ice plants/cold storage; the traders, entrepreneurs and other private sector players involved in marketing and processing fish and fisheries inputs; the operators that would provide specialist services; and private contractors for the rehabilitation of roads and installation of power lines.

19. **Project Management.** The Director of IDPPE would have overall responsibility institutionally for ProPESCA, but line responsibility for day-to-day project implementation would be delegated to the Project Coordinator. The provincial delegations of IDPPE would carry the main load for day-to-day implementation of project activities with the PCU providing oversight and technical and financial support. The PCU, embedded in IDPPE, would be composed of a team of individuals contracted by IDPPE supported by a small TA team based in IDPPE departments which would have the dual role of

capacity building of the departments and facilitating project implementation.

REPUBLIC OF MOZAMBIQUE

ARTISANAL FISHERIES PROMOTION PROJECT (PROPESCA)

PROJECT DESIGN DOCUMENT

MAIN REPORT

I. INTRODUCTION

1. The design of the project has evolved from an initial participatory stocktaking process involving participants from each of the coastal provinces which captured experience and lessons learned from the three ongoing artisanal fisheries projects – Sofala Bank Artisanal Fisheries Project (PPABAS), Northern Nampula and Cabo Delgado Artisanal Fisheries Project (PPANNCD) and the Artisanal Fisheries Project for Gaza and Inhambane (PPAGI)¹ – the first of which is financed by IFAD, NORAD and the Belgian Survival Fund². Building on this process, an IFAD inception mission was organized in October 2009, followed by a first design mission in November-December 2009 and a second one in March 2010. Three core principles that came out of this process have guided project design: (i) diversification of fisheries activities with a concentration on higher value fishing operations within a value chain approach, (ii) focus on a series of growth poles up and down the coast, and (iii) focus on poverty and gender targeting through social and spatial inclusion processes.

2. The project reflects and responds to government's strategy for the sector, as presented in the Strategic Plan for the Artisanal Fisheries Sub-Sector (PESPA) and the Action Plan for the Reduction of Absolute Poverty (PARPA II), and is consistent with the IFAD Country Strategic Opportunities Programme (COSOP). It builds on the experience of PPABAS and the other two artisanal fisheries projects and employs a number of the implementation modalities and techniques successfully employed by these projects, but within a more simplified design focused on the fisheries value chain, from catch to final market.

II. STRATEGIC CONTEXT AND RATIONALE FOR IFAD INVOLVEMENT, COMMITMENT AND PARTNERSHIP

A. Fisheries Development and Market Context

3. **Population and Geography of Fishing Communities.** Within a national population of 21.7 million (2009), it is estimated that some 334 000³ are the number of professionals and other people who depend directly or indirectly on artisanal fishing. They are distributed across 1 217 fishing centres that are linked to fishing communities, with the predominance being found along the coast. Most fishing communities are small, isolated, poor and semi-subsistence in nature and generally combine fishing and fish marketing with subsistence agriculture. Some are seasonal, but the majority are permanent communities that depend primarily on fishing for their livelihoods. Of the marine artisanal fisheries population, some 70 percent are fishermen, with the rest being collectors of crustaceans (about 20 percent, most of whom are women) and divers (less than 10 percent). To this number should be added processors, traders and naval carpenters. It is worth noting that the number of artisanal fishermen involved in sea fisheries doubled from 2002 to 2007.

4. The country's marine catch is currently around 130 000 mt, of which about 91 percent comes from artisanal fishing. However, in terms of value, the industrial catch, consisting almost exclusively of shrimp and other crustaceans and high value demersal fish species intended for export, represents

¹ Along the maritime coast, only the province of Maputo is not included within an artisanal fisheries development project.

² Now known as the Belgian Fund for Food Security (BFFS).

³ 2007 Census.

slightly more than half the total value.

5. Geographically, small scale marine fisheries can be divided into three main zones: (i) northern coast (about 770 km), with a rocky and coral-bearing sea bed and a narrow continental shelf, with sheltered islands and bays, stretching from the boarder with Tanzania in Cabo Delgado Province to northern Nampula Province⁴; (ii) central coast (about 980 km), facing the Sofala Bank, influenced by the numerous rivers and channels and mangrove forests that provide sheltered estuarine areas, and some coastal islands, extending from the more southerly districts of Nampula Province to Inhambane Province⁵; and (iii) southern coast (about 950 km), characterized by coral and rocks in some areas and sandy zones in others, from southern Inhambane to the boarder with South Africa in Maputo Province⁶.

6. **Fishing Resources and Potential.** The total fishing resource potential currently known is estimated to be 218 000 mt to 338 000 mt with the current catch estimated between 115,000-124,000 mt 163 000 mt⁷. The government has been carrying out resource surveys since the 1970s and surveys made by the vessel R/V Fridtjof Nansen in 1977-78 and 2007 contributed greatly for the assembling of knowledge about the resources present in the off-shore coastal area. The results, although broad, have provided Mozambique with knowledge that it had never had before and allowed the country to put in place resource management measures. In terms of resources linked to artisanal fisheries, the Institute of Fisheries Research (IIP) has been guided by the principle of ensuring the sustainable exploitation of the resources. In 1995 IIP started collecting catch and effort data and other biological parameters in and around Angoche and Moma; this has progressively been expanded so that now it covers the whole coastline. Although the system has gathered considered data, for some areas, the resources accessible to artisanal fishery have not yet been assessed due to the complexity, especially the diversity of the stocks and the multi-specific and multi-gear nature of the fishing operations. Presently, good knowledge exists about the commercially exportable resources, crustacean and high valuable demersal fish which are exploited by the industrial and semi-industrial fishing fleets. Also there good information is being gathered on catch and effort and some biological information for the inshore resource, close to the coast that is being exploited by artisanal fishermen. What is evident from this data base is that both the industrial and semi-industrial commercially exportable resources and the artisanal inshore ones, particularly those exploited by beach seines, are under pressure – in some areas more than others. However, there is a gap between these two fisheries that is still to be systematically assessed and is little exploited. Indications from fishing operations in this area that lies between the inshore and off-shore waters and from resource information shows that this area offers a great opportunity for the expansion of artisanal fisheries through the development of appropriate technology. There is still a need to carry out systematic resource assessments in this area and to actively monitor catches once fishing activities develop. However, a preliminary resource assessment carried out in August 2010 of the resource potential for artisanal fisheries confirmed that there is overfishing and declining catches in many in-shore fisheries areas, especially where use of beach seines is extensive; but, for the ‘in-between open sea area’, the potential for expansion is positive, with the northern and central regions assessed as either ‘extremely favourable’ or ‘favourable’, and the southern region assessed as either ‘favourable’ or ‘moderately favourable’. Working Paper 14, Preliminary Resource Assessment, presents the details. From this assessment it is apparent that open seas areas of the northern coast have never been regularly fished by local fishermen; similar areas of the central coast, where the continental platform is wider, there is an important shrimp trawling industry, but fishery stocks made up of small and big pelagics and demersal species would already allow an immediate expansion of the artisanal fishing effort; and along the southern coast, where the resources are also reasonably known, the open sea areas are exploited largely by semi-industrial line fishing and trawling fleets but there is potential for a cautious expansion of the artisanal fishing operations⁸.

⁴ Covered by the AfDB-financed PPANNCD.

⁵ Covered by the IFAD-financed PPABAS.

⁶ Covered partially by the Italian-financed and FAO-implemented PPAGI.

⁷ The Fisheries Research Institute (IIP)

⁸ Only 6 of the project’s 26 growth poles are located in the three southern coastal provinces.

7. **Gear, Boats and Fishers Organizations.** A wide range of gear is used by artisanal fishers from beach seines, often employing 10-15 men, to marine gear such as hand lines, surface and bottom gill nets, purse seines and long lines. Beach seining is responsible for the largest proportion of the artisanal catch, accounting for 38%; most of the remaining catch is taken by gill net and line. In total, the recent census estimated that artisanal fishermen were using about 42 300 items of fishing gear. About 39 400 boats are currently used in artisanal fishing activities, of which about 77 percent are canoes made from tree trunks, 9 percent Moma type canoes, 6 percent rafts and 6 percent skiffs. It is estimated that the number of motorised boats has not increased significantly since the previous census in 2002 when they represented 3 percent of the total. In terms of organizations based in artisanal fishing communities, it is estimated that there are about 1 100 community-based organisations, covering 315 fishing associations, 350 savings and credit groups (*Grupos de Poupança e Crédito Rotativo* - PCRs – as they are generally referred to in Mozambique) and 415 other forms of community organisation dedicated mainly to participatory management of fisheries (CCPs) and the building of schools, health posts and sources of clean drinking water.

8. **Fish Markets and Marketing.** Fish is marketed in three forms in Mozambique – dried/salted, smoked and fresh/frozen – with fresh/frozen representing a small portion of the total, estimated at about 20 percent to 30 percent in value, although less in quantity. There are no statistically reliable data on the volumes of fish marketed but it is estimated that some 30 000 mt to 40 000 mt of traditionally dried/salted and smoked fish reaches the market. It is quite noticeable that whenever transport conditions and availability of ice improve through the expansion of the electric grid – which has been a general trend over the past ten years – more fish tends to be marketed fresh and subsequently, the proportion of traditionally processed fish decreases. While the dried/salted and smoked is marketed throughout the country, to even the smallest villages, the fresh/frozen goes mainly to the major centres with the higher value shrimp, crab and lobster being exported to South Africa and other countries in the region and internationally. There has been no comprehensive estimate made of the demand for fisheries products, but information sourced from traders, including importers, indicates that currently demand far exceeds supply and with the country's economy growing rapidly and wealth increasing, the gap between supply and demand is expected to grow, with the shortfall in supply of fresh/frozen fish being substantial.

9. **Value Chains in Artisanal Fisheries.** While in artisanal fisheries, production activities and fish handling and marketing are often dealt with separately and managed as separate operations, they comprise parts of an integrated value chain which could benefit from taking a holistic approach to managing it. The importance of such an approach becomes increasingly evident when moving from traditional processing of fish (drying/salting and smoking) to marketing of fish in fresh and frozen form: the final product and particularly its value is much more sensitive to the entire value chain functioning effectively. One positive aspect of the current system, in supporting a value chain approach, is that the fisheries extensionists (from IDPPE) are polyvalent and are mandated to cover all aspects from catch to market. The current constraints in the marine fisheries value chain are highlighted in the matrix below:

<i>Stages in the value chain</i>	<i>Small pelagics salted/dried smoked</i>	<i>By-catch</i>	<i>Second grade fish</i>	<i>First grade fish</i>
Fishing operation	Difficulty in conserving the fish limits the time boats can go out Limited access to distant fishing zones	Limited access to industrial trawlers (distance and propulsion) Inadequate conditions for fish handling on board	Limited availability of ice and insulated containers, poor practices Improved vessels could increase the catch	Limited availability of ice and insulated containers, poor practices Shortage of appropriate vessels (with motors) to reach good fishing grounds Gear not always optimum for catching first grade fish
Transport to shore	High risk of post-harvest losses	High risk of post-harvest losses	High risk of post-harvest losses	High risk of post-harvest losses
Post harvest handling, processing and storage	Inadequate processing conditions (equipment, use of good practices), hence high level of losses, particularly in the rainy season	No serious constraints Insufficient freezing and cold storage facilities	Limited availability and use of ice and insulated containers, poor practices Few point-of-first-sale markets	Limited availability and use of ice and insulated containers, poor practices Poor handling practices Few point-of-first-sale markets
Transport to market	Poor conditions of access roads, limited transport facilities	Poor conditions of access roads, few refrigerated trucks	Poor conditions of access roads, few refrigerated trucks	Poor conditions of access roads, few refrigerated trucks Lengthy delays in transporting fish
Final sale	Inadequate market infrastructures	Inadequate market infrastructures, no ice production/cold storage facilities	Inadequate market infrastructures, no ice production/cold storage facilities	Inadequate market infrastructures, no ice production/cold storage facilities

10. **Access to Finance.** The financial services sector in Mozambique is still relatively underdeveloped, particularly in rural areas including most coastal fishing centres, but recently banks, microbanks and some microfinance institutions (MFIs) have started to expand from their bases in the major cities into rural areas, encouraged by tax relief and support from development programmes such as the IFAD-supported Rural Finance Support Programme (RFSP). At the end of September 2009, the outstanding bank loans to the fisheries sector totalled USD 27 million. While most of this money was lent to industrial or semi-industrial fishing activities, it is important to note that the artisanal fisheries value chain is also increasingly linked to the operations of the traditional commercial banks. Operations of microbanks and MFIs in rural areas are still very limited.

11. In artisanal fishing, the main sources of funding in the past have been various types of development financiers – the main ones being: (i) the Fundo de Fomento Pesqueiro⁹ (FFP) a government fund with poor lending record, weak institutional capacity base and lack of own investment funds complicate its use as a partner in private sector-oriented lending operations;¹⁰ (ii) GAPI, with an asset base of around USD 28 million of which around USD 3.3 million in the fisheries sector, covering mainly semi-industrial operations but also artisanal activities; (iii) Fundo de Fomento de Pequena Industria¹¹ (FFPI) that in spite of disappointing performance and numerous difficulties in its partnership with PPABAS and PPANNCD, which makes it a difficult partner for future financing arrangements, has successfully developed through its Sofala-based operations interesting fishery-oriented loan products; and (iv) AMODER that focuses mostly on trader financing and is one of the financial service institutions used in PPANNCD, although its serious limitations with its own funds and relies primarily on funding from donors and other international financiers.

12. One other source of financial services has emerged in the past few years and is growing rapidly: community based financial institutions which do not provide large loans but make credit available in small but important amounts to a broad range of rural communities, including fishing communities. As important as the credit function of these institutions, probably more important is the savings function. The PCRs/ASCAs are the most wide spread and are particularly well represented in fishing

⁹ Fisheries Development Fund

¹⁰ While FFP's mandate includes credit, the PESPA noted that FFP has a 'weak rate of credit recovery' and 'poor technical capacity on the ground' and a threat exists of 'non-administrative interference'.

¹¹ Small Industry Development Fund

communities, but rural finance associations (RFAs) and savings and credit cooperatives (SACCOs) are becoming increasingly popular and growing in numbers, although so far there are few in the coastal areas.

B. Policy Issues, Institutional Context and Analysis

Policy Framework

13. There are a number of documents that provide the policy/legislative context and guidance for the design of a project focusing on artisanal fisheries. The main ones are: (i) Agenda 2025; (ii) Poverty Reduction Strategy (PARPA II); (iii) Strategic Plan for the Artisanal Fishing Sub-Sector (PESPA); (iii) Fisheries Master Plan; and (iv) Law of Fisheries and General Regulation for Marine Fisheries.

14. **Agenda 2025.** This ‘vision document’ highlights medium to long term priorities for the future development of Mozambique. It establishes three main pillars for development of the country: governance, human capital and economic development. The provisions were later adopted as key elements of PARPA II (below). The vision brings out the importance of markets to rural development and the need to focus on productivity increases in agriculture and fisheries, and foresees the importance of undertaking of medium- and long-term productive investments in the sectors of agriculture, fisheries, ... It also proposes granting incentives for production, preservation and export of agricultural and fisheries products and promotion of public-private partnerships. The project is fully in tune with the vision captured in this document.

15. **Poverty Reduction Strategy.** The Government’s poverty reduction strategy, which is outlined in the second Action Plan for Reduction of Absolute Poverty, 2006-09 (PARPA II¹²), was prepared with the overall goals of reducing the levels of absolute poverty and promoting a rapid, yet sustainable and comprehensive, economic growth. The strategy is organized around three pillars: governance, human capital and economic development.

16. **Rural Development Strategy.** This strategy, approved by the Cabinet in September 2007, is linked to Agenda 2025 and PARPA II. The main objectives are: (i) competition, productivity and wealth accumulation; (ii) sustainable use and management of natural resources and environment; (iii) diversified and efficient social capital, infrastructures and institutions; (iv) expansion in human capital, innovation and technology; and (v) good governance, and markets. ProPESCA is consistent with the objectives of the Strategy, particularly through its promotion of competition linked to productivity increases in the fisheries value chain, through sustainable management of resources, and through its support for markets and marketing operations.

17. **PESPA.** PESPA, which was drafted in 2006, provides a ten-year vision for the artisanal fishing sub-sector through to 2015. This vision integrates the proposals for fishing, social and environmental aspects. In particular, it proposes that a number of aspects need to be addressed if artisanal fisheries is to develop from a subsistence level to a level at which incomes of fishers are being sustainably increased: technology, infrastructure, market linkages, unit cost of effort, unit price of catch, and financial services. It emphasizes that the pivotal element is market linkage, without which it would not be possible to make the improvements in the other aspects. The current project reflects this focus.

18. **Fisheries Master Plan (1995-2005).** The Plan is currently being assessed and revised for the 2010-19 period. It is understood that it will lay down for the fisheries sector the following general objectives: (i) the domestic supply of fisheries produce increased to cover part of the country’s food deficit, (ii) the living conditions of fishing communities improved, (iii) the contribution of industrial fisheries and aquaculture for the economic and social development objectives increased, and (iv) the net foreign exchange revenue generated by the sector increased. ProPESCA supports these objectives.

19. Among the above policies, a number of key policy orientations emerge:

¹² PARPA is the Portuguese acronym of the strategy, whose time frame has been recently extended to end of 2010. A new growth and poverty strategy is currently under preparation and is expected to be finalised by end of 2010 to cover the period 2011-15.

- Poverty reduction is a key national priority linked to: (i) increased supply of fishing produce, contributing to a higher food security and improved nutritional conditions for the population; and (ii) increased net contribution to foreign exchange from the sector.
- Private sector is recognized to be the driving force beyond the social and economic development efforts.
- Priority is given to the types of fishing that impact positively on the living conditions of the population.

C. Institutions linked to Artisanal Fisheries

20. The roles and responsibilities of key institutions involved in fisheries development, and those that would be involved in project implementation, are summarized below:

- **IDPPE** – the key institution for development of artisanal fisheries has a mandate that combines support for fishing communities with technical support for fishing operations and marketing. It is a lightly staffed institution both at headquarters and in the field where the ratio of extension staff to fishers is low – about 800 fishermen (or, altogether, 1 200 persons related to small-scale fisheries) per extensionist. Current IDPPE staffing includes: 110 extensionists¹³, 70 technical support staff in the provincial delegations of the coast¹⁴ (half of them linked to fisheries technology, the other half to community development), and 10 HQ technical staff (again, half for fisheries technology and half for community development). The project coordination units for the three artisanal fisheries projects are embedded within the IDPPE HQ.
- **National Fisheries Administration (ADNAP)** – is responsible for actions seeking to extend/strengthen aspects linked to the monitoring, control, and surveillance of the artisanal fisheries, as well as technical support in terms of fishing infrastructures. The revised statute of ADNAP¹⁵ gives to the institution a clear and stronger mandate in coordinating all activities related to management of fishery resources and its management is fully committed to ensure that the institution take a leadership role in this respect. The key area in which it would work closely with IDPPE in the project would be co-management. While IDPPE has facilitated the formation and strengthening of co-management committees in project areas (CCPs¹⁶), responsibility for newly formed CCPs, plus the district level co-management committees and fisheries administration, lies with ADNAP. Amongst its responsibilities are the registration of fishermen and gear, fighting against illegal fishing practices and helping in solving local conflicts among fishermen, a role that ADNAP has only partially been fulfilling since IDPPE has been taking the lead in supporting CCPs within the context of the development projects.
- **Institute for Fisheries Research (IIP¹⁷)** – is in general responsible for extending the statistical component of fishing, processing, improvement and analysis of the results (in coordination with IDPPE), as well as for all activities seeking to improve knowledge of the fishery resources accessible to artisanal fishing. It has a motivated staff and close working relations with IDPPE, but insufficient scientific/technical capacity at central and provincial levels.
- **National Institute for Fisheries Inspection (INIP)** – has a mandate to oversee quality, sanitary and traceability aspects; it is responsible for certifying fish quality and the sanitary conditions of fishing facilities and vessels. There is an opportunity for it to provide technical support to project initiatives involving the improvement of the quality of fisheries produce for

¹³ About 66 percent of these extensionists are based in the 26 growth poles, whereas the remaining 34 percent are based in districts with no growth poles.

¹⁴ IDPPE delegations are located in all coastal provinces (and the three inland provinces)

¹⁵ At the beginning of 2010 the former National Directorate for Fisheries Administration has been reconstituted as a quasi-independent institution with larger autonomy, like IDPPE, and renamed ADNAP

¹⁶ *Conselhos Comunidade das Pescas* – Community Fishing Councils

¹⁷ Instituto de Investigação Pesqueira

the national and export markets.

- **Fisheries Development Fund (FFP¹⁸)** – FFP is responsible for activities that seek to define policies, strategies, norms of conduct, and raising and making available funds for credit to bodies that undertake financial services for artisanal fishing.
- **Fisheries School (EP)** – has responsibility for organising and holding training courses for both staff of the fisheries administration and artisanal fishermen. While the courses are professionally run, there can be a mismatch between the length of courses and the work commitments of field officers, such as technicians and extensionists.

D. Donor/Programme Experience

21. Three ongoing projects provide the context for the design of the artisanal fisheries activities under the new project – PPABAS, PPANNCD and PPAGI – each is discussed below.

22. **PPABAS.** The experience from this IFAD/BSF/NORAD-supported project is the most pertinent for the design of ProPESCA. It has been under implementation for longer than the other two and has formed much of the basis for the proposals contained in PESPA. The experience relevant for the design of the new project is highlighted below:

- **Design complexity.** The design of PPABAS is complex, encompassing social infrastructure, fishing technology and market support, and has been demanding for IDPPE to implement and, in spite of successful implementation of the project, it has not been possible to allocate as much time as would ideally be required to all project activities.
- **Integrated approach.** While an integrated approach to artisanal fisheries development, based on participatory processes and improved social infrastructure, has been an important element in the implementation of PPABAS, has succeeded in getting the communities actively involved in the project, and has helped to address poverty in fishing communities, it has imposed a considerable burden on management and resulted in resources being diverted from mainstream support for fisheries production and marketing.
- **Importance of value chain.** The project has had success in promoting improved fishing and fish marketing in the project area, but it is recognized if substantive improvements are to be made in artisanal fishing, and thus in the incomes of artisanal fishers, there has to be greater emphasis on increasing diversification of fishing operations towards higher value higher quality fish, on improving the catch per unit of effort, and on adding value to fresh, dried and smoked fish.
- **Financial services.** Combining support for community savings and credit associations with support for formal credit has proved to be necessary if the range of financial services needed by fishing boat and gear operators and fish traders and processors is to be made available. The PCR programme has been successful and popular with a wide range of the population of the fishing communities and has succeeded in including many of the poorest members of those communities – both women and men. The support for formal credit has had more mixed results with two of the constraints being the reluctance of financial sector institutions to lend for what is perceived as risky investment and the high cost of lending to the sector.
- **Project coordination.** The approach to embedding project coordination within the responsible government organization and incorporating staff of the participating institutions (IDPPE and other fisheries institutions) as part of the project's implementation team has been successful and resulted in an overall increase in knowledge and greater sustainability of the activities. The use of well managed incentives to promote performance by these staff has been an essential element of this success.

23. **PPANNCD.** This project, which commenced implementation in 2003, has a similar design to

¹⁸ Fundo de Fomento Pesqueiro

that of PPABAS and is in line with the objectives of PESPA; however, there are some important differences that contribute to the lessons learned emerging from PPABAS:

- The community development component only included clean water, with no activities related to health and education; hence the implementation ‘burden’ for the involved IDPPE Delegations and the PCU was less than that of PPABAS.
- The formal credit sub-component was channelled through the FFP which contracted retail institutions/agencies (FFPI, AMODER and GAPI); the initial amount foreseen for credit was extremely high and thus subsequently reduced because of implementation difficulties.
- PCR groups are being promoted directly by IDPPE staff, but at a considerably slower pace than under the PPABAS model using contracted service providers.
- Emphasis on elements of the value chain, particularly establishment of markets of first sale, municipal markets and ice plants, has provided important models for replication.
- Even though it was provided for in the design of the project, technical assistance was not recruited, which has seriously hindered the performance of the project.

24. **PPAGI.** There is still only limited experience from this project as it has only been under implementation for a short time. However, the key findings emerging to-date are as follows: training of carpenters, boat drivers and mechanics is crucial to promote open sea fishing; formal credit represents a major challenge – particularly in terms of sustainability; all aspects of the value chain need to be addressed.

E. IFAD Country Programme

25. The current COSOP, which was approved by the IFAD Board in September 2004, identifies the following strategic foci:

- *Strategic Focus 1, Increase the Income of the Rural Poor*, by: (i) focusing interventions on development and marketing of high-value cash crops and fish; (ii) promoting public-private partnerships; and (iii) using IFAD funding as leverage to help private operators gain access to investment financing in exchange for more equitable distribution of profits.
- *Strategic Focus 2, Empower the Rural Poor*, by: (i) promoting small-scale producers’ organizations; and (ii) supporting decentralization and partnerships at the district level.
- *Strategic Focus 3: Cross-cutting Issues*, including: (i) gender equality and (ii) HIV/AIDS prevention and mitigation.

26. Since 1982, IFAD has financed ten development projects in Mozambique, with a total investment of USD 175 million¹⁹. IFAD’s first three projects after the end of the civil war focused on rural poverty alleviation, rehabilitation and food security in a regional context. More strategic and thematic programmes followed after a more conducive institutional, policy and economic environment had emerged. The current country programme is composed of four projects and programmes for a total cost of about USD 160 million with IFAD financing of about USD 80 million:

- *Sofala Bank Artisanal Fisheries Project (PPABAS)*, effective since September 2002 and closing in March 2011, co-financed by the Belgian Survival Fund and NORAD, aims to improve the social and economic conditions for poor fishing communities in the coastal area from Sofala to Nampula Province by assisting fishing communities in diversifying fishing techniques to increase catch and incomes, while at the same time improving their linkages with the markets, access to financial services and management of resources.
- *Rural Markets Promotion Programme (PROMER)*, effective since April 2009 and closing in June 2016 builds on the experience of PAMA and covers 15 districts within four provinces in

¹⁹ Of IFAD financing

the north. The project, co-financed with AGRA, incorporates value chain techniques to implement: support for inputs marketing, produce traders, farmers' organizations and small-scale value addition, plus promotion of agri-business partnerships and an improved market environment.

- *Rural Finance Support Programme (RFSP)*, effective since August 2005 and closing in September 2013, aims to improve sustainable access to financial services by individuals, groups and enterprises in rural areas. In its key intervention, credit and grant funds are made available through a demand-driven mechanism called the Innovation and Outreach Facility (IOF) to support financial institutions to penetrate rural areas and expand their outreach and range of products offered.
- *Agricultural Support Programme*, an eight-year programme, 2007 and to December 2015, supports the *National Programme for Agricultural Extension (PRONEA)* under the National Programme for Agricultural Development (PROAGRI). It promotes a new extension approach based on demand-driven service provision and accountability and aims at capacity building and service delivery through multiple service providers, both public and private.

III. POVERTY, SOCIAL CAPITAL AND TARGETING

A. Rural Poverty

27. Although poverty levels have declined, from 70 percent to 54 percent from 1996/97 to 2002/03, half the population of about 21 million still live below the poverty line. Rural poverty levels are particularly high and often difficult to tackle due to: poor penetration of the market economy; low agricultural productivity; difficulty in marketing fisheries and agricultural production and limited access to services; and few opportunities for income-generating activities. It is compounded by low education and literacy levels, especially in artisanal fishing communities and among women.

28. Rural women, including women in fishing households, especially women-headed households, are particularly vulnerable and one of the poorest segments of the population. The vast majority of rural women work in agriculture (90 percent), including those in fishing communities, where many are primarily engaged in food production rather than fishing. Along the coast the women do not directly participate in the main fishing operations but are often involved in marginal collection of crustaceans, and dragging on beaches for small shrimp. In some communities, they are also involved in drying/salting/smoking and marketing fish. Women have limited access to factors critical to increasing their incomes such as technology/extension services and credit²⁰. This further handicaps women in taking up income earning opportunities or even marketing production surpluses, which in some areas remain primarily a male domain.

29. While agricultural households in Mozambique are particularly vulnerable to the impact of climate change, both in terms of increasing temperature levels resulting in higher incidence of droughts and increased exposure to flooding due to the large number of sizeable rivers culminating at the coast of Mozambique, coastal fishing communities are only marginally affected, though in the exceptional floods of 2000 many fishing communities were affected and people lost boats and gear.

B. Geographical Scope of the Project²¹

30. The area for the project's activities stretches along the whole coastline from the Tanzanian border in the north to South Africa in the south. This responds to government's goal to combine the three ongoing artisanal fisheries projects and thereby unify their project areas – adding Maputo Province which was previously excluded. However, only key growth poles would be supported.

31. **Growth Poles for Artisanal Fisheries.** Based on an assessment of the fishing centres up and

²⁰ Gender bias of supporting institutions, compounded by illiteracy, represents a particular constraint.

²¹ Working Paper 1, Growth Pole Strategy, provides details.

down the coast by IDPPE, 26 key growth poles were identified – most are already important centres for fishing and fish marketing operations or have a strong potential to become important centres if certain constraints are removed, often linked to road access and availability of electricity. The 26 growth poles selected fall within 24 districts, which represent about half of the 51 coastal districts. The following criteria were used to select the growth poles: access to good fishing grounds/fish resources; concentration of fishing activity and fishing communities; good all-weather road access and linkage to main road network; sizeable market for fish within economic distance; access to electricity; availability of ice; availability of fishing equipment/input supplies/storage; local market facilities/cold storage; telecommunications/mobile phone network coverage; processing potential; operation of financial services outlets (banks, MFIs, microbanks, ...).

32. Each growth pole comprises a major fishing centre – which is often the capital of one of the coastal districts and in some cases the provincial capital (Pemba, Beira, Maputo) – and a number of fishing centres linked to the major centre located up and down the coast or on adjacent islands. On average there are 14 fishing centres per growth pole. These fishing centres tend to use the main centre as the point of sale and the place where the fishermen purchase ice, nets, gear and other equipment and access services such as banks. The accumulation of marketing activities and service functions provide economies of scale and create a dynamic that results in benefits for the fishermen, the traders and other people and institutions involved in the sector – promoting this is one of the underlying tenets for the project. The size of the growth poles varies considerably, but on average the communities making up a growth pole have: a population of 112 000 including 2 300 fishers; a catch of about 1 500 mt/year; 500 boats of different types including dugout canoes and improved boats; and in the majority of growth poles at least one financial service institution.

C. Targeting Strategy, Gender Mainstreaming and HIV/AIDS

33. **Target Group.** As with many value chain projects, there is a wide range of people involved directly and indirectly with the project – some definitely would be the project target group, some would be less directly involved and others would not be considered as part of the target group but are critical to the implementation and success of the project. The analysis of the people involved in the value chain is complex and comprises some 18 groupings²², which can be divided into three categories of stakeholders – (i) fishers (4), (ii) processors/traders (9), and (iii) providers of support services (5).

<i>Value Chain Stakeholders</i>	<i>Poverty Level</i>	<i>Value Chain Stakeholders (cont.)</i>	<i>Poverty Level</i>
Owners of improved new/existing boats	Poor/less poor	Municipal market traders	Very poor/poor
Boat drivers	Poor	Urban fish retailers	Better off
Skippers	Poor	Unspecified processors / traders	Very poor/poor
Crew members	Very poor/poor	Naval carpenters	Poor
Pt of first sale market traders	Very poor/poor	Mechanics	Poor
New formal processors	Better off	Ice plant / cold storage operators	Better off
Traders selling chilled fish	Less poor/better off	Home freezers owners	Poor/less poor
Traders selling frozen fish	Less poor/better off	Transporters (vehicle owners)	Better off
Market agents	Poor/less poor	Transporters (motorcycle owners)	Poor/less poor

34. If one takes the main stakeholders and summarizes them in terms of primary target group and secondary target group, the following classification could be considered.

- The primary target group consists of poor people involved in fishing and related activities²³ in the project area, who have fishing and fish products as the principal source of livelihood and often the only source of cash income and have a potential to expand or commercialize their activities with support from the project: 8 800 poor men and women directly involved in artisanal fishing; 3 500 poor men and women involved in processing and trade of fresh and traditionally processed fish in coastal areas of Mozambique; 500 poor men and women providing inputs and services to fishers and traders.
- The secondary target group comprises households that will directly benefit from selected

²² As presented in Working Paper 2, Poverty, Targeting and Cross-Cutting Issues

²³ Inputs supply, handling, processing, storage, trade

project interventions and are part of this target group, because they are poor and live in the project area, but they are not necessarily involved in fisheries: 8 200 poor men and women who will be hired as contract workers for the labour-based portion of roads improvement; 35 000 poor men and women who are members of community-based savings and credit groups and rural finance associations supported under the project.

35. A third category, which is critical to the success of the project, comprises people and institutions that directly benefit from project interventions and resources, but are not poor or small-scale operators and therefore are not part of the target group as far as the project's goal is concerned: 750 boat owners who are less poor but employ others and will further upgrade their fishing units and activities; 1 700 medium-sized and larger ice producers, processors, traders, market agents and transporters who are less poor or better off, but who will have an important role in making the value chain function.

36. **Targeting.** Based on this assessment of the target groups and how they would participate in the project, the targeting strategy of the project comprises the following elements:

- *Geographic inclusion.* The selection of the communities that make up the growth poles has incorporated a range of fishing communities from those that are well connected to the main fishing centre to the poorer more remote ones. The growth pole strategy will facilitate geographical inclusion and progressively strengthening of fishing and marketing within the poorer more remote communities.
- *Providing a menu of differentiated activities.* A differentiated approach will be adopted to target different segments of the fisheries population: training in fish handling/conservation and fishing operations will be adjusted to the level of technology employed, the service/infrastructure available, and the remoteness of the fishing centre from the centre of the growth pole. Hence, while the project will focus on promoting access to ice in communities with good access, it would work to improve traditional means of conservation with those fishers living in more remote communities with difficult access to markets. The increase in income through the improvement of traditional means of conservation, coupled with the development of new infrastructure and services, will progressively enable the poorer fishers and traders to get into the fresh-fish value chain.
- *Promoting inclusive community organizations.* Building on the success of PCRs in involving even the poorest members of the target group, the current PCRs and the formation of new PCRs will be a key means to facilitate inclusion of the poor in not only savings/credit activities but also in a range of initiatives for which PCRs will be the venue. Support for inclusion of the poor and of women in the range of other associations in fishing communities (CCPs, fisheries management committees, traders associations, etc.) will also be actively promoted during the project.
- *Training PMU and field-staff on targeting, gender and HIV/AIDS issues.* Training of all project staff on poverty and gender targeting, with a particular focus on extensionists and the IDPPE technical specialists, is a key part of project design and will be critical in achieving the targeting goals of the project. As part of their work programme, frontline staff will be trained on how to collect poverty/gender disaggregated data and monitor the participation of different target group categories in the project's activities.

37. **Gender Mainstreaming.** Efforts to mainstream gender aspects under ProPESCA would be based on the gender strategy developed recently by IDPPE under PPABAS²⁴ and aligned with IFAD policy²⁵ and would comprise the following four main elements²⁶.

- ensuring that the project has a gender-sensitive value chain approach, to allow women to make profitable use of fisheries resources, by encouraging their participation in technical training

²⁴ 'Gender Mainstreaming Strategy for the Artisanal Fisheries Sub-Sector (2009-2013)'

²⁵ IFAD's Targeting Policy and IFAD's Framework for Gender Mainstreaming in PMD Operations

²⁶ Described in detail under each component in Working Paper 2, Poverty, Targeting and Crosscutting Issues

activities related to fish processing and trading and creating an enabling environment for women entrepreneurs by providing business development services, access to credit and matching grants support for investments in innovative activities;

- strengthening the leadership skills of women and their role in community-based organizations and decision making, by providing training in leadership and literacy to better enable women to participate on an equal basis.
- encouraging women to access infrastructure, credit and project benefits by taking their specific constraints and needs into account
- institutional capacity building to ensure that development of the fish value chain effectively incorporates gender aspects.

38. The project would ensure that: female community members are involved in the growth pole planning process; sensitization activities target both women and men; and gender equality in local organizations would be promoted. Lessons learned from PPABAS and other fisheries development interventions would be reviewed and an action plan for operationalizing the IDPPE gender strategy prepared.

39. **HIV/AIDS.** Sensitization work is difficult and data on HIV prevalence among the hard-to-reach fishing communities is scarce, due to their mobility and a low frequency of health clinic visits. The project's HIV/AIDS strategy²⁷ would include the following five main elements, which are described in detail by project component in Working Paper 2:

- a workplace campaign, to increase HIV awareness within IDPPE, IDPPE delegations in each province and the extensionists, service providers and other implementing partners; the campaign would build on the IDPPE and Ministry HIV/AIDS workplace programme, developed with the support of PPABAS;
- an HIV/AIDS vulnerability assessment in selected growth poles which would provide baseline data on vulnerability factors and prevalence rates as a starting point for sensitization/mobilisation campaigns
- a community outreach campaign in growth poles and outlying fishing communities to increase HIV/AIDS awareness
- activities focused on improved nutrition, to be carried out in conjunction with the HIV/AIDS campaigns, which would aim to improve the knowledge in fishing communities regarding the nutritional value of locally available food stuffs including food preparation and balanced diets.
- mobilization and HIV testing as well as the provision of VCT²⁸ services in the field and the workplace.

IV. PROJECT DESCRIPTION

A. The Knowledge Base: Lessons from Previous/Ongoing Projects

40. There are a number of lessons, both from IFAD's experience in Mozambique and that of other donors, which have been applied in developing the design for ProPESCA.

- *Flexibility.* Promoting flexibility in programme design, and in particular in the structuring of project investments, allows management to develop/adjust interventions in response to evolving circumstances and demands. Combining the use of flexible funding facilities with detailed costing of certain key project activities has been successfully adopted in IFAD-financed projects in Mozambique and elsewhere.
- *Management Load.* It has been found in Mozambique and elsewhere that complex multi-

²⁷ To be financed by BFFS through a separate grant still to be negotiated with a local NGO

²⁸ Voluntary Counselling and Testing

faceted projects are difficult to manage efficiently, often result in compromises, and can experience problems in achieving the wide range of project targets. Simpler and focused design, combined with investment components limited to those that are essential to achieve the key project goals, reduces the management load.

- *Sustainability.* Integrating project operations within the responsible government organization and if possible to embed a project coordinating unit within the organization. It allows staff to be trained on-the-job and become familiar with implementation of project activities.
- *Financial Services.* Using public financial institutions to distribute formal credit in fishing communities was a necessary first-stage development approach in fisheries credit, but due to various weaknesses in these organisations it does not offer a long-term solution for financing critical investments in the fisheries value chain. Thus, it is essential to attract private sector financial institutions to the sector for sustainable financial services.
- *Decentralization.* When the current artisanal fisheries projects were designed, the districts' role in development was minimal. However, as project implementation has progressed, the role and importance of the districts have expanded and more importantly the capacity of the districts to assume greater responsibility has increased. There is now a strong commitment from the central level both in terms of the increased responsibility of the districts and the allocation of budget to the districts. While there are still sizeable constraints in fully realizing the government's aspirations for the districts, they now represent a key element in the design of new projects.

B. Opportunities for Rural Development and Poverty Alleviation²⁹

41. In response to the priority it places on developing the productivity of artisanal fisheries, and more broadly speaking on supporting the development of this sub-sector, government has identified an opportunity for IFAD to build on the successes of the current artisanal fisheries projects, in particular PPABAS. With considerable progress made by the latter in support of fisheries communities and their fishing operations, there is now a real opportunity to build on this and improve the return to fishing effort by developing the fisheries value chain – from catch to final market. A more dynamic market environment in the country, increased demand for fisheries products, especially for higher value fish, together with expansion of banks and other financial intermediaries into rural areas, makes it a particularly favourable time to launch a project focused on the artisanal fishery value chain. Furthermore, the implementation of complementary programmes (see below Section V.C) present opportunities for synergies that could benefit ProPESCA. Finally, the existence of a well functioning and proven institutional structure for artisanal fisheries (IDPPE), which has been integrally involved in the design of the project, bodes well for the project's success.

42. The project responds to an issue and constraint that is increasingly facing the artisanal fisheries and at the same times takes advantage of an opportunity. The waters within relatively easy reach of artisanal fishers, especially those fished with beach seines, are becoming heavily over-fished along many areas of the coast. Catch size is reducing and return per unit of effort is starting to decline. But, many of the open seas areas along the coastline, which are out of the reach of the boats currently used by most artisanal fishers, remain largely under exploited. Thus, the project would have a dual advantage: facilitating a reduction in the fishing effort in the close-in waters and enabling the fishers to increase their catch and raise their returns per unit of effort by diversifying their operations into waters which are often little exploited. Through this process of diversifying fishing effort, the incomes of the fishing communities would increase instead of declining, which would be the probable result from the current expansion of beach seining and continued growth of fishing activities in the waters close to the shore.

43. There is also a strong rationale for the project from the perspective of poverty alleviation. Many of the fishing communities along the coast, particularly the more remote ones, are among the poorest

²⁹ i.e. rationale for the project.

communities in the country. Within all fishing communities there are segments of the population that are clearly poorer than the rest, in particular: subsistence fishers with limited assets; the crews of boats and beach seines; and women-headed households who are generally not involved in mainstream fishing operations. There is an important opportunity for the project to incorporate these groups either directly or indirectly in activities that will raise their incomes.

C. Project Goal, Objectives and Approach

44. The project's goal is to improve incomes and livelihoods of poor households involved in artisanal fisheries in the selected growth poles. Central to achieving this goal, and as its development objective, is to increase the returns from fish sales for artisanal fishers and small market operators on a sustainable basis. This would be realized by diversifying fishing effort from overexploited inshore fishing to more distant open seas fishing and in so doing improving the return per unit of effort and increasing the efficiency of the value chain with members of the fishing communities being the primary beneficiaries. To achieve this would require a combination of linked interventions, each of which would contribute directly to meeting the project's development objective. The interventions and how they link to the value chain are presented in the diagram overleaf.

45. **Anticipated Project Outcomes.** The following are expected to be the main outcomes from ProPESCA³⁰:

- Increased catch of higher quality fish in coastal areas of selected growth poles
- Increased value of fish traded from the artisanal sector in coastal areas of selected growth poles.

46. **Project Approach.** The project's support for the fishing and marketing of higher value fish can be divided into two categories: (i) investments directly in support for improvements in the value chain; and (ii) essential complementary investments. The first involves: investments in the fishing operations, the transport of the fish, and the handling/processing and marketing and ultimately the sale of the fish, most including ice and insulated transport/storage. The second involves investments that will make the value chain function efficiently and profitably: investments in roads, electrification and facilitating the provision of financing.

47. There are a number of elements that are central to project design and thus are the pillars of the approach adopted for the project. Most of these elements were debated extensively in the initial stocktaking exercise up and down the coast and in the stakeholder workshop and represent a common understanding of what constitutes the basis for the new project:

- *Diversification in artisanal fisheries* – key to sustainability of artisanal fisheries; it would involve a diversification from overfished close-in fisheries into under exploited areas farther out involving open seas fisheries
- *Value chain for higher value fish* – this is the core of the project and would involve optimization of the value chain for higher value fish, from catch to the final market, through a range of technical, financial and institutional interventions.
- *Focus on growth poles* – the project's focus would be exclusively on 26 growth poles up and down the coast, centres that hold the key to development of artisanal fisheries.
- *Social and spatial inclusion* – the project approach would incorporate social inclusion to enable poorer more vulnerable segments of fishing communities to become involved in different facets of the value chain and spatial inclusion to progressively enable outlying and poorer communities become involved in higher value fishing/marketing.
- *Incrementality* – as the project would cover the whole coastline and involve many activities that are core functions for which IDPPE is responsible, it is necessary to distinguish what the project would finance and what it would not finance. Those activities that are essential to

³⁰ See the Logical Framework – Annex 2.

development of higher value fishing and marketing within the growth poles would be funded under the project; the rest would continue to be supported by the regular government services and budget.

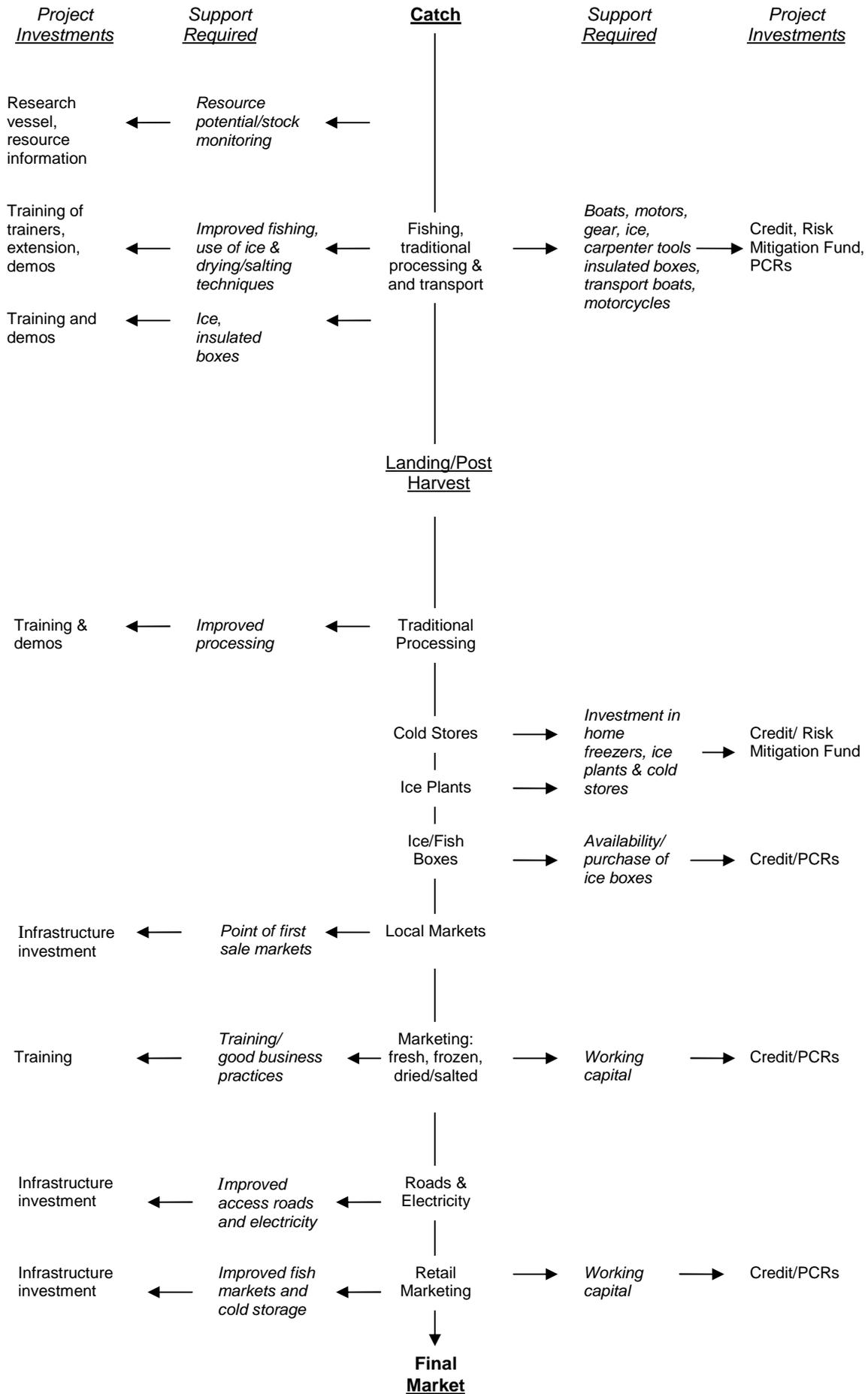
- *Sustainable financial services* – the key concept in supporting financial services is to ensure that they would become financially sound and attractive operations for private finance institutions to run – be they banks/microbanks, or MFIs or PCRs/SACCOs/RFAs – so that they would continue providing these services to fishermen and fish traders once the project closes.

D. Alignment with Country Rural Development Policies and IFAD Strategies

48. **Mozambique Rural Development Policies and Strategies.** The project is fully consistent with the main country strategic orientations as stated in PARPA II and PESPA: each of these documents while promoting poverty alleviation stress the critical need for economic development to facilitate the changes to achieve reductions in poverty in a sustainable way. PESPA, for example, stresses in particular the pivotal role that the promotion of effective market linkages must play.

49. **IFAD Strategies and Policies.** ProPESCA is consistent with and has actions directly in support of IFAD's Strategic Framework 2007-10, which highlights the importance of ensuring that poor rural people have access to transparent and competitive markets in order to empower them to achieve higher incomes and improved food security. It is also consistent with the IFAD policies as stated in the COSOP, in particular with the goal to 'integrate smallholder agriculture and artisanal fisheries into the market economy and turn them into profitable economic activities'. In support of this objective, ProPESCA focuses 'interventions on the development and marketing of high-value fish', promotes 'public-private partnerships', helps 'private operators gain access to investment financing' and 'increases marketable production of ... artisanal fishers'³¹.

³¹ Phrases in quotation marks are quoted statements from the COSOP.



E. Project Components

50. The project, which would involve an investment of USD 43.5 million³² spread over seven years, comprises four investment components: (i) Supporting Development of Higher Value Fish; (ii) Improving Economic Infrastructure; (iii) Developing Financial Services; and (iv) Institutional Strengthening, Policy Initiatives and Project Management.

Component 1 – Supporting Development of Higher Value Fish (USD 9.3 million³³)

51. **Objective and Strategy.** This component aims to facilitate the sustainable increase in production and marketing of higher value fish in 26 growth poles. To accomplish this, it would facilitate the development of the value chain for higher value fish, from catch to the final market, in each of the growth poles based on an interactive participatory assessment of the constraints, potentials and opportunities for each growth pole. The project would promote ‘fishing as a business’, from catching higher value fish to maintaining the quality by using ice, handling the fish efficiently on landing and providing effective storage, transport and sales to the intermediate and end user. As such, Component 1 is the pivotal component for the project. The training and technical support provided under the component are critical to the successful introduction and operation of improved boats and gear needed for fishing higher value species, to the strengthening of fishers organizations and to the more efficient marketing required to maintain their quality – a quality that can be achieved only by ensuring use of ice and cold storage along the full value chain.

52. The range of activities that make up the component are captured, in cost terms, in a ‘Value Chain Facility’ – a flexible financing facility that would allow project management to respond and allocate funding to the differing and evolving needs of the 26 growth poles.. The investments to be financed by the Facility can be grouped under five cost categories: (i) Training, demonstrations and support activities; (ii) Market infrastructure; (iii) Staff training and increased institutional capacity; (iv) Feasibility studies, planning and community mobilization; and (v) Long-term technical assistance.

53. **Component Description.** The component’s investment activities, the expected outputs, risks, exit strategies and implementation arrangements are discussed below and detailed in Working Paper 3.

54. **Training demonstrations and support activities.** A range of training programmes would be implemented for the different client groups that form part of the value chain for higher value fish, including: fishermen, naval carpenters, mechanics, traders and processors, and community members. These training programmes have been developed in some detail for each client group and costed and are presented in Working Paper 3. The main training programmes to be financed by the Facility are presented by output in the working paper and summarized below:

Output 1 - Diversified, commercially viable, fishing units with appropriate boats, gear and skills for operating in the open seas

- *Training of naval carpenters* (140), involving: (i) training in boat construction techniques; and (ii) support for the formation/strengthening of naval carpenter groups.
- *Training of motor mechanics and boat drivers* (210 plus 210), involving: training to operate, maintain and repair engines of motorized boats at three locations along the coast.
- *Training of fishermen on improved fishing gear* (4 300 crew members and 30 boat owners), including: (i) training on improved fishing gear; (ii) practical demonstrations for fishermen in local fishing communities; and (iii) dissemination sessions for fishermen to share with communities the results of the demonstration boats and fishing activities.
- *Support for fishermen as a business* (4 700), involving: (i) training sessions on good practices for fish handling with a particular focus on ice; (ii) facilitating the creation of fishermen’s

³² Including physical and price contingencies.

³³ Component investments are quoted as base cost – i.e. excluding physical and price contingencies.

associations; (iii) training in business development services for fishermen in ‘fishing as a business’; (v) facilitation of access to finance and other support; and (vi) exchange visits.

Output 2 – Post-harvest utilization and marketing of fish is improved, providing better marketing opportunities to fish processors and traders, and better quality products to the consumers³⁴

- *Training and support for traders and market participants* (2 000 for fresh/frozen and 2 000 for traditional) including: (i) training in fish handling/conservation/marketing with a focus on ice and use of improved fish boxes, plus improvement in traditional preservation methods; (ii) sessions on good practices for fish handling, processing and marketing; (iii) creation of trader’s associations; and (iv) organization of fish fairs.
- *Support to facilitate increased capacity of industrial processors that buy supplies from artisanal fishermen* (14 new small-scale processing units), with the main focus on facilitating access to credit and provision of BDS.
- *Support to increase availability of fish in retail shops* (26), with the main focus on facilitating access to credit and provision of BDS.
- *Support for fish processors and traders to develop viable businesses*, including: (i) developing business plans; (ii) BDS training; and (iii) facilitating access to finance.

55. **Market infrastructure.** The focus would be on initiatives piloted under the three on-going projects³⁵, namely: (i) availability and use of proper fish containers, ice and cold storage facilities; (ii) development of point-of-first-sale markets; and (iii) establishment of wholesale/retail municipal fish marketing facilities, together with the development of the administration/management systems. The main investments to be financed under the Facility are the following:

Output 3 – Market-related infrastructure and investment to ensure good quality fish handling and marketing under hygienic conditions

- *Support to facilitate increased availability and use of good quality ice and increased freezing capacity for fish* (550 traders), including: (i) support for public/private partnerships with entrepreneurs³⁶ that want to set up ice plants/cold storage in the growth poles through technical support, business development assistance and access to finance.
- *Construction of point of first sale markets and support for their effective management³⁷*, including: (i) establishment of markets in 11 strategic locations within the growth poles; (ii) insulated fish containers, about 260, as part of the capital investment in establishing the markets; (iii) development of market management systems, including training in hygiene and quality; (iv) exchange visits; and (v) sanitation inspections by INIP.
- *Construction/upgrading of fish handling facilities in municipal markets and support for their effective management*, including: (i) construction of municipal market facilities in six markets; (ii) development of administration/management systems for sustainable and hygienic operation of the markets; (iii) training of market agents on market management, hygiene and quality of products, involving IDPPE and INIP specialists, in cooperation with, municipal authorities and INAE; (iv) exchange visits; and (vi) sanitation inspections carried out by INIP.

56. **Staff Training and Increased Institutional Capacity.** An important part of the work to be done under the project in developing the value chain would be by IDPPE extension staff based in the growth

³⁴ The activities listed below are projected to result in: 240 home freezers, 130 motorcycles, 52 vehicles, 14 small processing units and 26 fish retail shops financed through credit, and properly managed; and 2 750 fish processors and traders trained and able to develop viable businesses.

³⁵ PPABAS, PPANNCD and PPAGI

³⁶ Linked to the project’s Risk Mitigation Facility (Component 3)

³⁷ Handling about 1 100 mt of fish worth MT 44 million (USD 1.5 million)

pole fishing centres and by the technical staff that support them based in the seven coastal provinces. The Facility would finance the following activities in support of the output below:

Output 4 – Increased institutional capacity to support resource management production/marketing of higher value fish³⁸

- *Training of trainers to improve capacities of IDPPE staff to deliver extension services* (102 extensionists; 28 technical staff), including training sessions covering: fishing techniques; use of boats and motors; new appropriate gear; organization of boat construction; post-harvest handling and use of ice; storage; and wholesale/retail markets.
- *Training of fisheries extensionists and fisheries technologists on fish capture* provided by IDPPE specialists, technical assistance and experts from the Fisheries School.
- *Training of fisheries extensionists and fish technologists on fish processing and marketing*, building on existing collaboration with INFOSA.
- *Training of extensionists and technologists on communication/extension work skills* carried out on a contracted basis specialist NGOs.
- *Production of training materials*
- *Scholarships and English courses.*

57. **Feasibility Studies, Planning and Community Mobilization.** Studies would be undertaken under the Facility to develop information on markets, market demand, and the functioning of the value chain for higher value fish in each growth pole, followed by detailed feasibility studies for point-of-first-sale markets and municipal markets and plans for their management and operation. Also financed under this category would be community mobilization activities within fishing centres with a particular focus on the poorer members of the communities and women and involving them in project activities.

58. **Long-Term Technical Assistance.** The approach to be adopted focuses on utilizing inexpensive, locally-sourced, longer-term experts to work with the responsible departments within IDPPE as well as with the PCU. This is an approach that has worked well in the implementation of PPABAS, and the other two projects, and has proved to be a cost effective³⁹. Two fields of expertise are planned: a value chain/business/marketing expert and fisheries technologist⁴⁰. The first, recruited for seven years, covers the core activities of the project. The second expert would be recruited for the first five years of the project as the new fishing technologies for open seas are being developing and skills learned by the fishermen. A key responsibility of each expert would be to build up capacity in the department and train staff to be able to support the new activities introduced by the project.

59. **Outputs.** The expected outputs and sub-outputs are noted in the section above.

60. **Risks.** There are three main risks: (i) *Insufficient ice utilization due to poor availability or for financial reasons.* Mitigating measures – Support is provided for the establishment of ice plants in the growth poles including distribution of ice from those ice plants to key fishing centres; facilitation of financial services includes a Risk Mitigation Facility and support for PCRs. (ii) *Unsustainable catch levels due to excessive expansion of fishing activities of growth poles and lack of data on resource potential.* Mitigating measures – Growth poles would be developed progressively, the build up in fish catch would be very gradual allowing the impact of the fishing operations at the growth poles to be actively monitored to ensure that fishing operations are in line with resources and overdevelopment does not occur. (iii) *Restrictions that disrupt access to fish grounds and artisanal fishing operations.*

³⁸ Also an output for Component 4, Institutional Strengthening, Policy Initiatives and Project Management

³⁹ A lesson learned from PPABAS is that local TA provided over a longer term can be more effective – both in technical and cost-efficiency terms – than the high cost TA originally provided for in PPABAS project design.

⁴⁰ It has been found that it is impossible to hire the necessary level and quality of such experts as staff members on government salaries.

Mitigating measures – There is a potential constraint in accessing an area of the fishing grounds off two to three of the growth poles (Angoche, Moma and Larde⁴¹); however, while affecting the operations in these growth poles, the fisheries exclusion would not invalidate the development of the growth poles as there are other open seas areas that the fishers could reach.

61. **Exit Strategy.** The exit strategy is built into the design of the component which focuses on developing capacity for fishermen, traders and other private sector participants in the value chain to effectively catch and market fish. As long as there are accessible resources of higher value fish and a strong market for fresh fish, the activities supported under the component would be sustainable. Market facilities supported by the component would be run on a cost covering basis by local councils and while it cannot be guaranteed that all would remain viable operations, detailed feasibility studies and training of the market operators should help to ensure their viability and their continued operations.

62. **Component Investment.** The component investment is split into two:

- *Value Chain Facility (USD 8.2 million).* The Facility has been phased, with disbursements spread over the seven year project period. As most of the demand for financing would occur in the first three years of the project, the following annual allocation has been assumed⁴²: PY1 – 28 percent, PY2 – 23 percent, PY3 – 24 percent, PY4 – 9 percent, PY5 – 7 percent, PY6 – 4 percent, and PY7 – 4 percent. However, project management would adjust the annual disbursements from the Facility in line with the initial growth pole planning process and the subsequent annual assessment of the funding required by each growth pole and reflect this in the project's AWPBs⁴³.
- *Technical assistance (USD 1.0 million).* Value Chain Specialist; Fisheries Technologist.

63. **Implementation Arrangements.** The component would be implemented by the ProPESCA Project Coordination Unit (PCU) based in Maputo with the IDPPE Delegations at the provincial level having a major part of the responsibility for organizing the training, demonstrations and other activities. That training which is within the purview and competence of IDPPE would be undertaken by its provincial and HQ technical staff and extensionists. Other training (BDS, group enterprise, associations development, infrastructure management) would be by specialized service providers.

64. The identification of the activities to be financed each year from the Facility would be determined by a growth pole stocktaking, assessment and planning process involving a series of sessions in the communities and districts. This would be led by the IDPPE provincial delegations and involve establishing, and annually updating, a technical inventory of economic, technical and social features of the growth poles and carrying out focus group sessions to determine the constraints, potentials and opportunities. Based on the assessment and an agreement of priorities, a plan would be developed for the implementation of the project's activities in that growth pole, which would be harmonized with the plans for the other growth poles in terms of activities and levels of investment. The growth pole investment plans would be broken down into annual work programmes and budgets, within which the activities to be financed by the Facility and a designation of implementation responsibilities would be agreed.

Component 2 – Improving Economic Infrastructure (USD 12.5 million)

65. **Objective and Strategy.** The component aims *to improve the access to fishing centres and increase availability of electricity from the national grid for the benefit of artisanal fisheries.* The project would partner with the national and provincial authorities responsible for investment in the road and electricity networks. Providing electricity from the national grid for ice making, cold storage and point of first sale markets would be a key target. In addition, innovative solutions to electricity provision for outlining fishing centres would be piloted. The implementation of the access road

⁴¹ “Integrated Plan of Development of the Primeiras and Segundas Islands”

⁴² Supporting cost calculations are presented in Working Paper 3.

⁴³ Annual Work Programmes and Budgets

improvement programme builds on the experience from implementing similar roads programmes by PPABAS, PPANNCD and PAMA. The component investment is based on an initial assessment by the IDPPE Provincial Delegates of the kilometres of roads and power lines required. The assessment would be deepened and detailed plans would be developed as part of the growth pole planning process. Working Paper 4, Economic Infrastructure, provides details.

66. **Component Description.** The component's three sub-components, defined in investment terms, are described in the following paragraphs: (i) Access Road Improvement, (ii) Rural Electrification, and (iii) Alternative Power Supply.

67. **Sub-Component 1 – Access Road Improvement.** The target is to improve roads that connect fishermen, traders, processors, coastal markets to the main markets for fish. In most cases, this means connecting fishing centres to the main centre of the growth pole, but in some cases it means connecting important outlying fishing centres or in a few cases the main growth pole centre itself to the main road network. The road improvements (500 km⁴⁴) will focus on access and reducing vehicle operating costs. Improvements on classified roads will be conditioned by the guarantee of future funding availability for maintenance through the provincial road maintenance plan. All district (unclassified) roads benefitting from improvements under the project will be brought under maintenance on a cost sharing basis between ProPESCA and the District Governments⁴⁵.

68. The road improvement programme would support the following investment activities.

- *Road Rehabilitation of Unclassified Roads (250 km).* The focus of the work would be on spot improvements in order to provide all-season access for a standard design vehicle. The selection of roads would be made against a set of criteria to be agreed with the districts and the provincial offices of ANE, as part of the PCU's planning process in the 26 growth poles. The rehabilitation cost of a road to Class C (3.5m) carriageway standard, using labour-based or mechanized methods, has been estimated at USD 10 000 per km.
- *Road Rehabilitation of Classified Roads (250 km).* Classified roads (USD 12 000/km budgeted) would not be fully rehabilitated; rather improvements would focus on solving the 'rupture points' (embankments, river crossings, soil improvements on difficult sections, etc.) thereby providing all-season access. The actual selection of roads would be made against a set of criteria to be agreed with the districts and the provincial offices of ANE – as part of the same process for selecting the unclassified roads. Classified roads would only be selected after approval of the multi-year maintenance plan of ANE.
- *Road Transitability Maintenance (500 km).* The 500 km of unclassified (district) road maintenance has been provided in recognition of the fact that road maintenance funding through the district governments may not be sufficient to maintain roads improved under ProPESCA, as has at times been the case under PPABAS (and other IDPPE programmes). Funding maintenance would have the added benefit of enabling the project to more effectively interact and dialogue with the district governments for adoption of good practices in the conservation of district roads – thus building capacity and helping to ensure the use of the roads being rehabilitated by the project.
- *Planning, Design, Capacity Building and Supervision.* The sub-component investment also provides the following: (i) a Technical Resource Team (TRT) of consultant engineers to work within the ANE provincial offices to be responsible for planning, design and preparation of costs estimates; (ii) training, mentoring and capacity building with a particular focus on the participating districts and the contractors working for them; (iii) supervision by independent consultants and inspectors for which a separate budget has been provided; and (iv) a consultant civil engineer to be based in IDPPE⁴⁶, to assume responsibility for oversight and

⁴⁴ The estimate of the number of kilometres is based on a preliminary identification of priority roads in each growth pole and draws on the knowledge of the IDPPE Provincial delegates of the roads that would be most important to securing the value chains for higher value fish

⁴⁵ In recognition of the fact that maintenance funding available to the district governments is insufficient

⁴⁶ Short term inputs of a locally-based consultant (person months) as follows: PY1 – 8, PY2 – 6, PY3 – 4, PY4 –

liaison with ProPESCA's fisheries/value chain activities.

69. **Sub-Component 2 – Electrification.** The sub-component would finance electrification, provided through a parastatal company, *Electricidade de Moçambique* (EDM), to: (i) those growth poles not already connected to the national grid, namely Chiloane, Casa Partida and Sambanzo; (ii) within growth poles to facilities important to fresh/frozen fish marketing; and (iii) from growth poles to important fishing centres. The total length planned is 160 km at an average cost of USD 23 000 per km for a medium voltage line (plus transformers⁴⁷). Fishing centres with major catches and a high potential for fresh fish marketing would be given a priority. A list of potential power lines has been prepared by IDPPE in consultation with EDM, which would form the starting point of the planning process. Design and supervision of the programme would be carried out by a consultant engineer to be recruited by EDM in consultation with IDPPE.

70. **Sub-Component 3 – Alternative Power Supplies.** Where provision of electrification by extending the grid is not viable – for more remote but important outlying fishing centres – the project would pilot the feasibility of alternative power supply options. This would be done in conjunction with the National Energy Fund (FUNAE) which has a programme to support innovative sources of power generation. The communities to be selected would need to demonstrate availability/potential availability of adequate volumes of high grade fish, access to a strong market, the financial viability of installing such power sources – photo-voltaic or generator based – and the financial sustainability of such an installation. The main focus is on ice conservation techniques and cooling facilities to enable more fish to be maintained in good condition, thus enabling the fishing centres to increase the volumes of catch and the quality of the fish sold. One such pilot project would be planned for each province (7 in total).

71. **Outputs.** The outputs for the two above sub-components would be:

- Market-related infrastructure and investment to ensure good quality fish handling and marketing under hygienic conditions
- Improved access between fishing centres, markets and the national roads network.

72. **Risks.** There are two risks associated with the component, both linked to the roads programme: (i) *the difficulty to ensure effective maintenance of the roads completed, due to inadequate provision of funding.* Mitigating measures – this is a risk for all road programmes and in the past there have been shortages of funds for maintenance in the districts, but the government now assigns a high priority to decentralization and consequently is now allocating considerably more funds for district road maintenance, including recently the allocation of 10% of the Road Fund budget to district road maintenance. The project is supporting this by sharing the cost of road maintenance on roads rehabilitated by the project; (ii) *linked to the first risk is the risk that the districts would not have the capacity to manage the road rehabilitation and maintenance.* Mitigating measures – while it is a relatively new responsibility for the districts, it is government policy that the districts are able to fulfil this new role and government is strengthening districts to take on the new role and have qualified staff to manage it. The project is supporting this by providing training of district staff and local contractors.

73. **Exit Strategy.** Once the roads have been rehabilitated, the government assumes responsibility for maintaining them: the districts maintain the tertiary/unclassified roads and the provinces the secondary/classified roads. Similarly for the power lines, EDM assumes responsibility for supplying electricity to the enterprises and fishing centres connected and for maintaining the installed power lines. Sustainability of the alternative power supplies would depend on the financial viability of the installation, as it would be leased/sold to a private entrepreneur or association.

74. **Component Investment.** The main programme cost would be:

- *Access Road Improvement (USD 7.4 million).* Split between: road rehabilitation over three years of USD 5.5 million; road transitability maintenance over six years of USD 0.6 million;

2, PY5 – 1, and PY6 – 1.

⁴⁷ 32 transformers – on average, 1 transformer for every 5 km of power line at an average cost of USD 25 000

and planning, design, capacity building and supervision of USD 1.3 million.

- *Electrification (USD 4.7 million)*. Comprising contracts with local contractors for the civil works and studies/surveys.
- *Alternative Power Supplies (USD 0.4 million)*. Seven pilot projects combining the investment (USD 25 000 from IFAD and the same from FUNAE) plus design, supervision and technical support.

75. **Implementation Arrangements.** The implementation arrangements for the road improvement programme would be similar to those established under PROMER and would capitalize on the experience gained in that project. The Road Fund would have overall responsibility and would work with ANE, the districts and the PCU/provincial IDPPE Delegations in the selection of the roads and the overall planning for the roads to be rehabilitated. For the selection of the roads, the starting point would be the growth pole planning process, an output of which would be the identification of the priority roads to be financed. This process would include a cost-benefit analysis. Once the roads to be rehabilitated have been agreed, ANE, working with the districts, would develop the detailed requirements to launch a tender for the construction works. The works would be contracted directly to local road construction companies experienced with labour-based road rehabilitation, which would in turn sub-contract local road construction companies. ANE, working with district staff, would assume responsibility for supervision of the construction work and for certifying the completion of the road works. The districts would assume the responsibility for maintenance of the tertiary roads rehabilitated by the project and the provinces for the classified roads.

76. Regarding implementation of the electrification programme, works would be contracted out by EDM to the private sector and packaged by region – in three lots to maximise the interest and competition amongst local qualified contractors. If the size and location of works do not justify mobilization of contractors, EDM would carry out the works using ‘force account’.

77. The implementation arrangements for alternative power supply pilot projects would be similar to those for the electrification sub-component – based on installation by local qualified contractors – but with FUNAE working together with IDPPE assuming the responsibility.

Component 3 – Developing Financial Services (USD 8.7 million)

78. **Objective and Strategy.** This component aims to *improve the delivery, outreach, appropriateness and sustainability of financial services in artisanal fishing communities*. The component would combine support for both the informal and formal sectors with expansion and strengthening of PCRs as one approach and introducing new measures to facilitate delivery of financial services by formal financial sector institutions (banks, microbanks and MFIs) as the other. The strategy for the component would see the project: (i) significantly increase the number of women and men participating in community-based financial service arrangements (PCRs) and further develop the inclusive nature of these financial arrangements; (ii) improve the methods used in strengthening existing PCRs and assist them in developing into SACCOS and linking with RFAs, MFIs and formal sector financial institutions; (iii) introduce new measures to attract private sector MFIs, RFAs and formal financial institutions to increasingly serve investment finance needs in the artisanal fish value chain; (iv) introduce risk mitigating arrangements to create incentives for private sector institutions to invest in the artisanal fish value chain; and (v) when feasible and practical, work with RFSP and other relevant programmes to develop financial services in fishing communities.

79. **Component Description.** The investment activities for three sub-components – Community-Based Financial Services; Financial Support to Value Chain Investments; and technical assistance – are described briefly below and detailed in Working Paper 5.

80. **Sub-Component 1 – Community-Based Financial Services.** The sub-component would expand the number of PCRs and also further develop the simple and successful PCR model employed in PPABAS, by the: (i) Establishment of New PCRs, (ii) Capacity Building of Service Providers and Development of PCR Method, (iii) Support to Formal CBFS Providers (RFAs and SACCOS), and (iv) Provision of BDS Services and Literacy Programmes to PCR Groups.

81. Establishment of New PCRs. In response to the continuing strong demand for new PCRs, the component would promote the establishment of new PCRs in the fishing communities in the areas covered by ProPESCA, particularly in the northern and southern parts of the coastline, but also in the old PPABAS areas of Sofala, Zambezia and southern Nampula. The aim is to establish 1 000 new PCRs in the project area, covering approximately 20 000 members. The programme would be implemented by hiring professional PCR promoters on provincial contracts.

82. Capacity Building of PCR Promoters and Development of PCR Methodologies. To provide for the establishment of new PCRs in the fishing communities, the project would support the capacity building of PCR promoters (Tier 2 promoters) through training and skills development by service providers with proved experience in PCR promotion (Tier 1 promoters)⁴⁸. Tier 1 promoters would be used to train the Tier 2 promoters to provide training in: community mobilisation; development of the PCR method in fishing communities; and an MIS based on the developed software.

83. For well established PCRs, the project would support: (i) Elaboration of more developed PCR approaches adapted to artisanal fishing communities; (ii) Introduction of more flexibility, added services and innovations for 600 existing PCRs; (iii) Leadership training for women representatives/officers in PCRs; (iv) BDS and literacy training provided by staff hired by PCR promoters; (v) Revisiting loan interest rates and lending periods to facilitate utilization of money saved; and (vi) Conversion of dynamic PCRs into true accumulative savings/credit groups⁴⁹ and the clustering of the stronger PCRs into SACCOs.

84. Support to Formal Community-Based Financial Service (CBFS) Providers. The project would support the growing development of formal CBFS providers – RFAs and SACCOs – and facilitate their establishment in the growth poles. In addition, those RFAs and SACCOs that are registered with the Bank of Mozambique would qualify for the project’s matching grant funds to establish their operations in the growth poles provided for under Sub-Component 2 (below) – ‘Support to Attract Financial Institutions to Fishing Areas’⁵⁰.

85. Provision of BDS and Literacy Programmes to PCR Groups. As a complementary activity and one that aims to help ensure the active participation of women and poorer members of the fishing communities, the project would provide support for both functional literacy training and training in business techniques, incorporated as part of the support for PCRs.

86. ***Sub-Component 2 – Financial Support to Value Chain Investments.*** Sub-Component 2 aims to respond to the need for investment financing in two ways: firstly, by contributing resources to attract registered financial institutions to establish their operations in locations from which they can effectively serve the fishing communities in the 26 growth poles; and secondly, by setting up a risk mitigation mechanism to address the issue of collateral and make financing fishery value chain investments more attractive.

87. To achieve these goals, the sub-component contains five development initiatives: (i) support to attract financial institutions to fishing areas; (ii) a Risk Mitigation Fund; (iii) matching grants for innovation and infant industry; (iv) Innovation Fund for Women’s Enterprises; and (v) specialised business development services.

88. Support to Attract Financial Institutions to Fishing Areas. To address the lack of financial service outlets in the growth poles – out of the 26 growth poles, 11 have no registered banks, microbanks or MFIs – ProPESCA would support the expansion of financial institutions into growth poles by linking with the Innovation and Outreach Facility (IOF) of RFSP and facilitating the provision of matching grants, and when required initial lending capital. Financial institutions would be

⁴⁸ It is estimated that about 20 NGOs are currently involved in PCR work.

⁴⁹ Moving from a system in which the whole savings balance and the interest earned are distributed to members at the end of each cycle to one in which part of the funds are retained as start-up capital for the next round, thus making possible to expand the PCR impact in the community by making larger and longer loans possible for working capital purposes as well as for more substantial investments in fishing.

⁵⁰ Eligible expenditures would include training new staff, motorcycles and half the salaries of selected new staff for a period of four years, consistent with the support provided under PROMER.

able to apply for grants, ranging between USD 75 000 and USD 100 000⁵¹, and IOF credit line funds for initial lending operations. While the IOF has adequate credit funds to meet operations in the coming years, it is estimated that its matching grant funds would be exhausted before ProPESCA becomes fully operational. Therefore, USD 800 000 of additional matching grant funds would be allocated to the IOF to support establishment of new private financial institutions in the growth poles.

89. **Risk Mitigation Fund.** Based on the experience of a similar pilot facility launched in 2010 under PPABAS, a Risk Mitigation Fund (RMF) would be established under ProPESCA. It would be managed by a financial institution which would be selected on a competitive basis. In line with the approach adopted in the PPABAS-GAPI pilot⁵², the project would provide USD 1 million in capital investment for the Fund, with the selected financial institution contributing USD 600 000 – resulting in a Fund of USD 1.6 million. The aim of the Fund is to provide an incentive to banks, microbanks and other financial institutions⁵³ to lend to participants in the fisheries value chain. The Fund would function by responding to lending proposals from other financial intermediaries intending to lend to entrepreneurs and fishermen involved in the fisheries value chain by providing them with matching financing. The financial institution selected to manage the RMF would make funds available on a *subordinated* basis to the lending bank or other financial institution for on-lending to these project support value chain clients. Thus, the end borrower would receive one loan that combines funds from the lending bank/financial institution with funds from the RMF (in general on a 50:50 basis). The attractiveness to the lending bank/financial institution is that it would increase its collateral cover – difficulties in securing collateral has been a major constraint up to now for many institutions wishing to lend to the fisheries sector.

90. **Matching Grants for Innovation and Infant Industry.** It is recognized that some critical activities within the artisanal fishing chain would need more than credit (and BDS) to enable them to be effective and profitable. This is particularly pertinent for ice plants – without which the project would not function – for which in the first one to two years, as the volume of high value fishing requiring ice is building up, the demand for ice would be low and thus the revenue stream for the ice plants maybe financially unattractive. For the purpose of creating appropriate incentives to attract entrepreneurs to establish ice plants in the growth poles, matching grants⁵⁴ of up to USD 30 000 would be made available – the investment in ice plants is projected to range from USD 45 000 to USD 1000 000. The total amount budgeted for matching grants is USD 300 000 spread over the first two years.

91. **Innovation Fund for Women’s Enterprises.** In order to facilitate women’s involvement in the fisheries value chain, the project would establish a flexible financing facility which would provide matching grant funding for women’s micro enterprises. The Fund totalling USD 300 000 would respond to opportunities available to poor women, and women’s groups, for starting up economically viable enterprises along the fisheries value chain within the project’s growth poles⁵⁵. To complement the financing available from the Fund, the project would provide technical support to help identify and prepare micro-projects.

92. **Specialised Business Development Services.** The BDS would complement the credit provided under the RMF and would be provided in conjunction with loans from that Fund.

93. ***Sub-Component 3 – Technical Assistance for Financial Services.*** The following technical assistance would oversee implementation of activities under the financial services component:

- *A rural financial expert* for 2.5 years (PY1 – PY3) to be responsible for both informal and formal financial services; followed by short-term inputs in PY4 and PY5.

⁵¹ Following the IOF rules, the maximum matching grant to start a new commercial bank branch is USD 75 000, covering a maximum 20 percent of the total investment. For microbanks, the maximum grant is USD 95 000, or a maximum 30 percent of the total investment. For microfinance operators, including RFAs registered with the Bank of Mozambique, the maximum grant is USD 100 000 and can cover 50 percent of the establishment costs.

⁵² See Working Paper 3, Financial Services for details on the PPABAS/GAPI pilot

⁵³ Registered with the Bank of Mozambique.

⁵⁴ Funds equivalent to the amount of equity provided by the loan recipient/entrepreneur would be provided from this facility on a matching basis – i.e. on a 50:50 basis, grant:equity.

⁵⁵ For example: crab catching and marketing, seaweed cultivation, small-scale fish processing, fresh fish trading.

- An *ASCA Development Specialist* to support the development of the ASCA/CBFS programme for the project and bring experience from the region⁵⁶.

94. **Outputs.** The two component outputs, as stated in the Logframe, are presented below:

- Community-based financial institutions with increased capacity for savings mobilization and lending
- Private financial institutions actively involved in financing fisheries-related investments

95. **Risks.** There are a number of potential risks associated with the component, but the key risk is: *private sector financial institutions would not be interested to invest in projects in the artisanal fisheries value chain.* Mitigating measures – This has been the situation in the country before, both because of the limited presence of financial institutions in key fishing centres and the perception of artisanal fishing as a complex and risky investment area. Because of this, ProPESCA would introduce three instruments to mitigate this issue: matching grants for the establishment of branches in growth poles, the RMF to reduce risks in investments to the sector, and matching grant facility to facilitate crucial investments.

96. **Exit Strategy.** Both the informal and formal financial service activities would be sustainable by the end of the project. The PCR programme would develop community-based institutions that have demonstrated their attractiveness to the members of the communities and the members have shown that they are able to maintain them after support terminates. The support to the formal financial sector should result in the MFIs, microbanks and banks gaining a better understanding of the sector and experience in providing loans to fisheries value chain clients. Clearly, if that experience is negative, the provision of credit to entrepreneurs and fishermen would not be sustainable, but the models contained in Working Paper 12 indicate that the interventions should be profitable and allow loan recipients to meet their obligations to the financial institutions. Similarly, the design of the RMF inherently promotes sustainability: the basis for financial institutions to take on the management of the fund, and the attractiveness of doing so, is directly linked to the ongoing operation of the Fund and the ongoing availability of the capital provided to set up the Fund in the first place.

97. **Component Investment.** The main investment costs would include:

- *Community-Based Financial Services (USD 2.8 million).* Training courses for establishment of new PCRs, for PCR promotion for potential ProPESCA service providers and for functional literacy; capacity building to new PCR promoters working with ProPESCA; provision of BDS; technical support to the PCR model development process; regional field visits; service contracts; and other implementation support.
- *Support to Value Chain Investments (USD 5.5 million).* Comprising: IOF grants for new bank/MFI/RFA branches; financing of investments in the value chain from (i) capital injection by ProPESCA for the RMF, (ii) capital injection by the managing financial institution to RMF and (iii) entrepreneur equity contributions to RMF loans; contracted BDS provision; matching grants for pioneering/infant industry enterprises; and financing for the Innovation Fund for Women's Enterprises.
- *Technical Assistance for Financial Services (USD 0.4 million).* Covering fees and associated expenses for the one longer term expert and the two short term experts.

98. **Implementation Arrangements.** The implementation arrangements for the main activities financed under this component are summarized below and detailed in Working Paper 5.

99. Capacity Building of Service Providers and Development of PCR Method. This activity, implemented by professional PCR promoters, referred to as Tier 1 providers, would be conducted in two stages. Before the bidding for the actual provincial PCR promotion contracts under ProPESCA, a

⁵⁶ From countries such as in Kenya or Tanzania where there is especially good experience on advanced ASCA systems

formal training course would be organised for two-to-three such NGOs per province. This training course would be followed by a bidding process for the PCR promotion contracts in PY1 to: (i) establish new PCRs; (ii) build capacity of service providers and develop the PCR method, (iii) support formal CBFS providers (RFAs and SACCOs), and (iv) provide BDS services and literacy programmes to PCR groups.

100. Support to Attract Financial Institutions to Fishing Areas. Implementation responsibility of this activity would be with the Innovation and Outreach Facility of RFSP/FARE. At programme start-up, a Memorandum of Understanding (MoU) would be signed between ProPESCA and FARE covering the operations of this activity, following the arrangement already established under PROMER. The MoU would define that: (i) USD 0.8 million would be allocated to be used as matching grants in the IOF operations to increase the outreach of registered financial institutions in ProPESCA growth poles, (ii) investment rules, criteria and procedures agreed for the IOF operations and documented in the IOF Operations Manual would be used when allocating matching grants from the ProPESCA funds, and (iii) credit funds from the credit line of the IOF could be approved to supplement the matching grants earmarked for the ProPESCA areas.

101. Risk Mitigation Fund. Prior to operation of the RMF, two processes would be initiated, at the very beginning of the project: (i) the tendering process to identify and select the financial institution to manage the RMF and in the process to secure that institution's contribution to the RMF; and (ii) a Subsidiary Loan Agreement between the selected financial institution and the Ministry of Finance finalised and a final version of the Operations Manual based on the one used in the RMF pilot approved. The selected financial institution would be responsible to an RMF Steering Committee. This would facilitate appropriate and effective control of the allocation of loans from the RMF. The criteria for operation of the RMF are the following:

- The financial institution managing the RMF shall process, approve and disburse the RMF funds through its own organisation
- End-borrower receiving a loan from the retail financial institution that receives funding from the RMF shall contribute a minimum of 25 percent to the total cost of the financed project/enterprise from his/her own funds.
- The maximum share the RMF would represent of the total loan (RMF loan + financial institution's loan) for any project shall be 50 percent.
- In the case of default by the end-borrower, the retail financial institution participating in the RMF would have first call on the full collateral and only bear the liability for its own portion of the retail loan – i.e. not that portion financed by the RMF.
- 50 percent of the interest earned on the RMF loans shall remain with the RMF manager to cover its RMF-related operational costs, 50 percent shall be paid to the RMF to increase its investment capital; all repayment of principal would go back to the RMF account to be relent.
- As the principal incentive for attracting the RMF manager, the monies contained in the RMF would continue with the institution on the closure of the project on the condition that the institution continues to lend the funds to banks, microbanks and other financial institutions registered with the Bank of Mozambique and that these funds be used for development of the artisanal fisheries value chain in the 26 growth poles.

102. Matching Grants for Innovation and Infant Industry. These grants, which would be used to complement the loans facilitated by the RMF, would be managed by the PCU directly. The numbers of such grants would be relatively small (probably about 10-15) and thus easily managed by the PCU. The Steering Committee set up for the RMF would also have responsibility to review and approve the allocation of the grants from this facility.

Component 4 – Institutional Strengthening, Policy Initiatives and Project Management (USD 11.5 million)

103. **Objective and Strategy.** The component aims to strengthen the institutions responsible for artisanal fisheries so that they can fulfil their roles in project implementation and increase their

capacity to continue implementing project activities. The strategy for implementation of the project would involve working within government departments and agencies that support artisanal fisheries, using their staff and operation modalities, and as needed, providing additional support to facilitate specific project interventions. In those areas in which either the private sector or NGOs have a comparative advantage, they would be contracted to provide the requisite services. This approach builds directly on the successful experience in implementing PPABAS and PPANNCD and incorporates the lessons learned from those projects. In line with this approach, the project would establish an embedded project coordination unit (PCU) within IDPPE, the lead agency for implementing the project. The component thus combines support for IDPPE, as the lead agency for the project, and support for two other key fisheries institutions, ADNAP and IIP.

104. **Component Description.** The description below is based on the breakdown of investments that constitute the component: (i) Co-Management, (ii) Research and Fishing Potential, (iii) Gender and Poverty Targeting, (iv) Policy/Legislative Initiatives and Governance, (v) Monitoring, Evaluation and Knowledge Management, and (vi) IDPPE Institutional Strengthening.

105. Co-Management. This activity, which is described in detail in Working Paper 6, Fisheries Research and Co-Management, would aim to strengthen ADNAP to be able to fulfil its mandate for co-management, a key activity in developing fishing operations for higher value fish. The project would finance: (i) training of fisheries administrators and inspectors⁵⁷ for those districts having responsibility for growth poles; (ii) training/strengthening of co-management committees in the growth poles as well as the transfer of the responsibility for the committees to the local fisheries administrations; and (iii) support to district fisheries administrations to increase their capacity to fulfil their oversight role as part of government's decentralization policy.

106. Research and Fishing Potential. The project would provide the following support: (i) preliminary assessment of the information available for estimating fishing resource potentials and an indication of the appropriate methods to be adopted⁵⁸; (ii) detailed assessment of resource potential and sustainability in PY1 done on a growth pole by growth pole basis, supported as required by specially equipped fishing vessels to survey areas of open seas for which information is lacking⁵⁹; (iii) regular technical assistance during the first three years of the project to reinforce IIP's capacity to work with IDPPE and monitor fish catch levels and provide timely estimates of fishing resource potentials and sustainability as an input to annual planning of fishing operating in the growth poles; and (iv) training of local researchers on stock assessment of artisanal fishing resources. This step-wise assessment of potential and development of monitoring capacity of resources and resource potential is spelled out in Working Paper 6, Appendix 3 along with an analysis of existing information on fishery marine resources accessible to artisanal fishing in Appendix 2, and further elaborated in Working Paper 14.

107. Gender and Poverty Targeting. The project would provide for increased focus on gender mainstreaming in IDPPE activities and in particular in the project. This would be done in conjunction with a strong emphasis on developing and operationalizing strategies for inclusion of the poorer segments of the fisheries communities in project activities. Project investment includes: (i) a Gender and Poverty Targeting Specialist for two years to work with IDPPE's Department of Social Development (dSD) and with the PCU; (ii) start-up targeting and gender workshop; (iii) ILO 'Get Ahead' Training, with a possibility of cost-sharing with ILO; (iv) gender sensitive value chain development training; and (v) targeting and gender training.

108. Policy/Legislative Initiatives. The policy/legislative support would be oriented towards improving the environment for the development of artisanal fisheries, including subjects such as: difficulty for fishing communities to have a voice in the decision making, legal framework for co-management, access to fishing grounds by artisanal fishers, shrimp by-catch collection, taxes and

⁵⁷ 1-2 technical officers and 2-4 fishing inspectors per district

⁵⁸ This preliminary assessment of resource potential was funded with PPABAS funds and carried out in August/September 2010.

⁵⁹ The requirement for carrying out resource assessment by fishing vessels will be specified in the detailed resource assessment

tariffs for artisanal fishing, and fisheries exclusion areas and tourist developments. Support would also be provided to strengthen governance by improving transparency, accountability and participation.

109. **Monitoring, Evaluation and Knowledge Management.** M&E and knowledge management are discussed later in the report; in terms of investment, the project would provide: technical assistance, training and workshops; studies, surveys and impact assessments; the growth pole planning process; and knowledge management.

110. **IDPPE Institutional Strengthening.** Strengthening of IDPPE includes support for: (i) *head office operations*, including technical support for the operating departments⁶⁰ and staffing and equipping the PCU; (ii) *provincial operations*, critical as the provincial delegations would carry the main implementation load, comprising: salaries of incremental extension staff hired to increase the extensionist-fisherman ratio in the growth poles; motorcycles, equipment and housing; plus senior volunteers – with three experienced in value chain/BDS and three in fish production allocated to each of the three regions of the country, six in total – who would support project activities.

111. **Outputs.** The expected outputs from implementation of the component (as presented in the logframe) are:

- Increased institutional capacity to support resource management, production and marketing of higher value fish
- Improved policy/legislative framework supportive of artisanal fisheries
- Effective project management systems.

112. **Risks.** The main risks associated with the component are the following: (i) with the proposed doubling of extensionists, government would not be able to allocate the budget required for the additional field agents. **Mitigating measures** – the project would take over part of the financial burden by building the 26 additional houses⁶¹ required and supplying 52 motorcycles; furthermore, salary levels of government staff have recently been increased and larger operating budgets allocated; and (ii) there are two interrelated risks associated with diversification of fishing effort into higher value fish – **first**, pressure on fish resources which initially would be low could increase with continued growth in this fishery thus resulting in the risk that the expansion of fishing effort goes beyond the sustainable levels and the investment in the growth poles could be jeopardized; and **second**, a delay could occur in setting up the fisheries administration at the level of the district; this is needed to licence and enforce fishing activities in cooperation with CCPs – key to managing the fishing effort. **Mitigating measures** – first, the project will provide the financing to IIP to undertake the surveys and expand data collection that would enable it to estimate the potentials associated with the growth poles, and recommend action to be taken accordingly to reduce the pressure; and second, the project will provide to ADNAP the funding required to set up the artisanal fisheries administration in the project areas, support the decentralisation of the fisheries administration, and in so doing build up the capacity of the districts to fully take up the regulatory and enforcement roles.

113. **Exit Strategy.** A major focus of the component is to build capacity in IDPPE and the other agencies responsible for supporting artisanal fisheries so that they would be able to continue to support the fishing and marketing of higher value fish. The fact that the PCU is embedded in IDPPE and that a major part of project implementation would be handled by the provincial delegations would facilitate sustainability of project activities. Similarly, the embedding of project-financed TA in IDPPE's operating departments and the inclusion of training and capacity building as key elements in their TOR would further facilitate sustainability.

114. **Component Investment.** The major component investments would be:

⁶⁰ By four experts, costed under other components, that would combine support for implementation of project activities with training/capacity building for the following IDPPE departments: (i) value chain/marketing specialist – IDPPE/dDS; (ii) fisheries technologist – IDPPE/dTP; and (iii) civil engineer – IDPPE/dIE; and (iv) rural finance specialist – IDPPE/dDS.

⁶¹ They will provide housing for each of the incremental 52 extensionists – two extensionists per house.

- *Co-Management (USD 0.2 million)*. Training, training material, technical assistance and office equipment.
- *Research and Fishing Potential (USD 1.0 million)*. Technical assistance, data collection and hiring of a specialized survey vessels.
- *Gender and Poverty Targeting (USD 0.2 million)*. Technical assistance and training.
- *Policy/Legislative Initiatives and Governance (USD 0.3 million)*. Technical assistance, studies and surveys, and Anti-Corruption Action Plan.
- *Monitoring, Evaluation and Knowledge Management (USD 0.9 million)*. Technical assistance, training and studies.
- *IDPPE Maputo Office/PCU (USD 3.5 million)*. Technical assistance, salaries and incentives; travel allowances; and operations and maintenance.
- *IDPPE Provincial Operations (USD 5.5 million)*. Vehicles, equipment and housing; technical assistance, training, seminars and meetings; staff salaries, incentives and allowances; and operations and maintenance.

115. **Implementation Arrangements.** The discussion below is limited to: Co-management, Research and Fishing Potential, and Policy/Legislative Initiatives, as M&E/knowledge management and IDPPE Institutional Strengthening are dealt with under Section V, ‘Implementation and Institutional Arrangements’ and implementation of Gender and Poverty Targeting were covered previously in the report under ‘Targeting Strategy, Gender Mainstreaming and HIV/AIDS’.

116. *Co-Management.* The implementation of the co-management activities would facilitate the transfer of responsibility for co-management from IDPPE, which has assumed the responsibility as part of its development efforts, to ADNAP, with the districts playing the lead role. This would require support to strengthen ADNAP, with ADNAP then developing the capacity in districts to take charge of the operations. The overall goal is to strengthen the CCPs and the district co-management committees in the 26 growth poles and to build up their capacity to be able to regulate/manage fisheries exploitation to ensure sustainable fishing operations and to respond if there are issues of non-sustainable activities.

117. *Research and Fishing Potential.* Although IDPPE has the ultimate responsibility of the implementation of project activities, the assessment of fishing potential and resources is a specialized and complex field that is the responsibility of IIP, and IIP would be assigned this responsibility under the project. Nevertheless, to fulfil this mandate, it would be necessary for IIP to work closely with IDPPE and with ADNAP⁶². Coordination in the definition of priorities, the collection of data and participation in surveys will be essential. Furthermore, with the restructuring and expansion of ADNAP and the decentralization of powers allocated to the district administration (particularly, responsibilities for licensing and enforcing fishing artisanal activities), it has been decided that the ADNAP will assume the responsibility for the establishment/consolidation of the districts fisheries management capacity.

118. *Policy/Legislative Initiatives and Governance.* The policy/legislative initiative would enable the project to play an active role in promoting policy dialogue and formation. A system would be established to enable the IDPPE to be able to respond to policy/legislative issues arising during programme implementation by setting up dialogue and response mechanisms to feed into national policy debate/formation. It would focus particularly on a few key policy/legislative issues in the artisanal fisheries arena that would receive a high level of support during the project. Implementation arrangements for good governance are discussed in the following section.

119. **Linkage among Components.** There is considerable complementarity among the project components – each of them are directly tied to developing the value chain for higher value fishing/fish marketing operations in the selected growth poles. The matrix below indicates the linkages among the components.

⁶² Working Paper 8, PIM, contains draft partnership agreements for IIP and ADNAP

<u>Linkages among Project Components/Sub-Components</u>	
<i>Component 1: Supporting Development of Higher Value Fish</i>	This component is the focus for the rest of the project – Component 1 creates the value added to achieve the project's goals – thus each of the other components is essentially in support of this component.
<i>Component 2: Improving Economic Infrastructure</i>	Rehabilitation of roads, financed under this component, are directly in support of the value chain activities financed under Component 1 by facilitating linkages from the growth pole centre to outlying communities and to the main road network. Provision of electricity from the grid would facilitate investments in ice and fish cold storage and processing, and thus be directly supportive of credit resulting from initiatives under Component 3. The ice produced is the key to success of moving into higher value fish operations supported under Component 1.
<i>Component 3: Developing Financial Services</i>	The financing made available through Component 3 interventions are necessary for the success of the value chain initiatives supported under Component 1 – most critical are ice and boats, motors and gear.
<i>Component 4: Institutional Strengthening, Policy Initiatives and Project Management</i>	In addition to project management, which would support all project components, there are direct linkages with the other sub-components of Component 4: Institutional Strengthening – to make the IDDPE extensionists in the growth poles effective in supporting project activities; Co-management – key to resource management of high value fish stocks; Research and Fishing Potential – also linked to resource management; and Policy/Legislative Initiatives and Governance – an initiative that supports each of the other components, and, in particular would be responsive to issues linked activities under Component 1.

V. IMPLEMENTATION AND INSTITUTIONAL ARRANGEMENTS

120. This section complements the descriptions of the implementation arrangements presented on a component-by-component basis in the previous section. It does so by focusing on: how the project would be organized and managed, what would be the financial management arrangements, which would be the roles of IDPPE and the other participating agencies, what would be the interaction with other programmes/projects, and how project activities would be implemented and integrated with the IFAD country programme.

A. Institutional Development and Outcomes

121. The project's institutional strategy is to work with the range of players that would allow for the successful development of the value chain for higher value fish. This includes: the key government agencies at district, province and national levels with IDPPE taking the lead; the financial service institutions that would provide credit to the fishermen, traders and entrepreneurs who would invest in the value chain from boats and motors to ice plants/cold storage; the traders, entrepreneurs and other private sector players involved in marketing and processing fish and fisheries inputs; the operators that would provide specialist services including promoting/training PCRs; and private contractors for the rehabilitation of roads and installation of power lines.

122. The institutional outcomes of the project would be:

- IDPPE has developed the capacity to effectively support the ongoing development of higher value fish production and marketing so that most fishing communities participate and that the poorer members of those communities benefit and increase their incomes
- Other agencies that support artisanal fisheries have improved their capacity to support higher value fisheries development
- Financial service institutions are providing loans to fishermen, traders and entrepreneurs in the fisheries fish value chain.
- NGOs providing support to fishing communities (e.g. for formation of PCRs) have strengthened their capacity.
- Organizations of fishers are better able to provide services to their members and represent/defend their interests in the appropriate fora.

B. Project Management Arrangements

123. The Director of IDPPE would have overall responsibility institutionally for ProPESCA, but line responsibility for day-to-day project implementation would be delegated to the Project Coordinator of the Project Coordination Unit (PCU). The organizational structure and relationships between the different agencies participating in project implementation are shown in Annex 3, Organization Chart.

124. **Project Coordination Unit.** The PCU would be composed of a team of individuals contracted by IDPPE and managed by a Project Coordinator who would be responsible to the Director of IDPPE. The PCU would have its main office in IDPPE in Maputo where the project team would be based. Each of IDPPE's provincial delegations would be charged with coordinating project activities in the growth poles that fall within its area.

125. The responsibilities and staffing of the PCU are as follows. The PCU would have overall responsibility for project implementation and for the senior technical and financial officers needed to plan, implement and monitor project progress and impact. It would be charged with financial management for the project, including procurement, disbursement, and accounting. The staffing of the PCU, which would be gender balanced, would comprise: Project Coordinator, Financial/ Contracts Manager, Financial/Contracts Management Assistants (3), Value Chain/Marketing Specialist, M&E/Knowledge Management Specialist (also Gender Focal Point), M&E/Knowledge Management Assistant, Logistics/Administration officer and support staff, supported by inputs from a TA team based in IDPPE departments, including: value chain/marketing specialist, fisheries technologist, civil engineer, rural finance specialist, and gender and poverty targeting specialist. Each TA expert would have a counterpart assigned in his/her IDPPE department.

126. **Financial Management.** Working Paper 9 contains a detailed presentation of the financial management aspects of the project and attached to it a draft financial management manual that will become part of the project's Project Implementation Manual. The Working Paper includes an assessment of the country systems related to financial management, in particular: (i) the Single Treasury Account (CUT) and the government's electronic public finance budgetary and reporting system (e-SISTAFE); and (ii) the government's National Procurement Rules and Procedures.

127. Accounts, Accounting, Flow of Funds and Audit. The project would open two main *designated accounts* in USD: 'Designated Account A', which would be used for the general project operations⁶³; and 'Designated Account B', which would be for expenditures for economic infrastructure. Local currency project accounts would be opened in Maputo (Central Project Operations Account) and in each of the participating provinces (Provincial Project Operations Accounts). In order to contribute to the harmonisation of systems within Mozambique, to increase the ownership of the Government, and for IFAD to gain experience with the new national system, the project would, on a pilot basis, introduce CUT and e-SISTAFE systems for the funds related to the operational costs for the PCU in Maputo.

128. The project *accounting* system would be similar to that used under PPABAS but it would be required to adopt the last version of this TOMPRO system with the multi-sites option. The Financial Management Manual will include the main operational methods, procedures and arrangements to be followed by the Accounting Unit of the Project. The *flow of funds* arrangements are presented in Annex 4. Regarding *auditing*, the financing agreement will stipulate that: (i) each fiscal year the accounts of the project shall be audited in accordance with auditing standards acceptable to the Fund and the Fund's Guidelines on Project Audits by independent auditors acceptable to the Fund; (ii) within six months of the end of each fiscal year, the Fund shall be furnished a certified copy of the audit report.

129. *Procurement* for the proposed project will be carried out in accordance with the Government of Mozambique's procurement rules and regulations⁶⁴ to the extent that they are consistent with the IFAD

⁶³ For investments and operational costs for the major components, except for the expenditures for the component, Economic Infrastructure and for the operational costs of the Maputo offices of the PCU.

⁶⁴ Decree 54/2005 of 13 December 2005, complemented by a series of rules issued in the Gazette about standard

Procurement Guidelines. The project would adopt the following procedures for prior review:

- For all contracts, except those cited below, standard IFAD procedures would apply, as specified in the Code of Practice⁶⁵ for the IFAD Country Programme in Mozambique: prior review for all contracts whose value is equal or above USD 50 000 for goods and works and USD 30 000 for services
- For roads improvement contracts implemented by ANE, no prior review would be required, given the strong capacity of the institution to manage such processes, but all details would be stipulated in the MoU between ANE and the PCU
- For electrification contracts with a value equal to or over USD 500 000, prior review by IFAD would be required; other contracts from USD 50 000 to USD 500 000 would be subject to the prior review by the IDPPE UGEA⁶⁶.

130. For the recruitment of services providers and consultants, four main kinds of contracts would be used: lump-sum based contract, time-based contract, complex time-based contract, and AWPB time-based contract.

131. A draft procurement plan has been prepared for the initial period of 18 months⁶⁷. It will be finalised by the ProPESCA management team during the start-up phase and updated annually or as required to reflect the actual implementation needs and improvements in institutional capacity.

132. *Disbursement* would be based on approved annual work programmes and budgets. Funds would be disbursed under the following categories: (i) Civil Works, (ii) Vehicles, Equipments and Materials, (iii) TA, Contracted Services, Studies, and Training, (iv) Value Chain Facility, (vi) IOF Matching Grants, (vii) Investment Capital, and (viii) Incremental Operating Costs.

C. The Collaborative Framework

Main Implementing Agencies and their Roles

133. Institutionally, the project would come under the auspices of the Ministry of Fisheries, with the IDPPE having the direct responsibility for project operations. In addition to IDPPE, the following institutions would partner with IDPPE and be directly involved in project implementation:

- *National Directorate of Fisheries Administration (ADNAP)*, together with its provincial departments, would assume responsibility for the co-management committees, which have been set up by IDPPE with the assistance of the artisanal fisheries development projects, so that they will progressively become fully integrated into the national fisheries management system. As part of its co-management responsibilities, it would work closely with IIP and IDPPE in enforcing sound practices that promote sustainable use of resources.
- *National Institute for Fisheries Research (IIP)*, which is responsible for all the fishing resource assessment, would carry out in close coordination with IDPPE the studies required under the project in order to assess the ongoing impact of the diversification of artisanal fishing operations as well as of proposing management measures to be applied either by the

bidding documents for different types of procurement and a manual of procedures of 135 pages by UFSA (*Unidade Funcional de Supervisão das Aquisições*) the unit of the Ministry of Finance that is in charge of monitoring the correct application of the national procurement rules and regulations.

⁶⁵ A Code of Practice for the IFAD Mozambique Country Programme – including all the main procedures, actions, schedules of activities for project management especially in the field of AWPB, reporting, FM, audits, loan administration, procurement and asset management and disposal – has been drafted and discussed with projects' management in 2009. The aim is to harmonize and standardize these systems and procedures among the different IFAD financed programmes and projects, by incorporating best practices and lessons learnt from ongoing IFAD supported projects. The Code of Practice constitutes a key reference document for financial management of the Mozambique country programme

⁶⁶ *Unidade Gestora Executora das Aquisições* (Implementing procurement agency in IDPPE and all ministries)

⁶⁷ WP 9, Appendix 5.

fisheries administration or co-management bodies under the ongoing decentralisation process.

- *The Road Fund* would have direct responsibility for management of funds for the project's road rehabilitation programme – for both unclassified (district responsibility) and classified roads (provincial responsibility) – as well as for the funding of the 500 km of roads which would be maintained using project funds
- *The National Roads Administration (ANE)* would have responsibility for technical implementation of the road works, both rehabilitation and maintenance, including providing standard designs, contributing to establishing priorities and ensuring technical supervision. Depending on the nature of the roads, this responsibility will be delegated by ANE to the provincial (for classified roads) or district (for unclassified roads) levels, under its supervision.
- *EDM (Electricidade de Moçambique)*, the national agency responsible for provision of electricity from the national grid, in conjunction with *FUNAE (Fundo Nacional de Energia)*, as described under Component 3, would be responsible for supporting the implementation of the project's programme for provision of electricity to fishing centres, ice plants, markets and other installations in the fisheries value chain in the 26 growth poles, with FUNAE facilitating the piloting of electricity provision in more remote fishing centres.
- *District administrations* would take on increased responsibilities in the implementation of the project activities. Under the structure of the district administration, it would be the districts' Services for Economic Affairs that would assume responsibility for fisheries development and administration, in particular for: issuing and charging for fishing licences, supervision of fishing activities, collecting fines and increasingly for co-management.
- *Municipalities* would be involved in upgrading of fish markets within their jurisdiction.

Project Coordination

134. *Project Reference Group.* A Project Reference Group⁶⁸ has been formed and has guided project design. It is chaired by the Director of IDPPE and includes representatives from the key project partner organizations. In addition to guiding project design, it will facilitate participation by ProPESCA's development partners in the planning, monitoring and implementation of the project. In addition to representatives from government agencies it includes participation from civil society and private sector. The current Reference Group, following support for project design, would continue into implementation with adjustments as required to reflect the implementation responsibilities and become the Project Steering Committee.

135. *Project Consultative and Coordination Groups (PCCGs).* PCCGs would be set up in each of the 26 growth poles. They would be essentially resource bodies for the project to allow the PMU and IDPPE Provincial Delegations to confront issues, debate constraints affecting the project, reviewing project approaches, strategies and AWPBs, and act as a forum for coordination with fishers groups, traders and entrepreneurs involved in the fisheries value chain, financial service institutions, government bodies, and other parties and organizations operating in the project area. Each PCCG would be chaired by the District Administrator within which the growth pole(s) falls.

Links with Complementary Projects

136. There are a number of institutions and programmes that are supporting and/or complementary to market linkage/value chain initiatives. Discussions were held with the management teams of each during project design, and adjustments to project design were made to ensure harmony:

- *Rural Finance Support Programme (RFSP).* RFSP will be important to the implementation of ProPESCA as a means of channelling financing to financial intermediaries that wish to establish operations in the growth poles. An MoU between the two projects would be signed at

⁶⁸ The Reference Group will include membership from IDPPE (Chair), Ministry of Finance, ADNAP, IIP, INIP, FFP, Road Fund, EDM, FUNAE, representative of financial institutions, RFSP/FARE and CTA.

project start-up (see details in the section on implementation arrangements for component 3).

- *Rural Markets Promotion Programme (PROMER)*. While PROMER, unlike RFSP, would have no direct implementation responsibilities, the similarities between the two projects in their approaches to market support, roads rehabilitation, and institutional arrangements (particularly for financial services) would necessitate close working relations.
- *NORAD-supported Fisheries Sector Assistance Programme (FSAP)*. The proposed programme, which is starting operations in 2010, has a total budget of USD 25 million and covers the whole fisheries sector. It comprises four components, namely: institutional support to Ministry of Fisheries, which aims to develop greater capacity to formulate policies and strategies, make proposals for fisheries legislation, and formulate plans and monitor them; strengthening capacity for fisheries management, which aims to build up capacity to assess the state of exploitation of resources and of fisheries and impose compliance with fisheries laws and regulations; development of the production of fisheries produce intended for the consumption of the population, which aims to improve the capacity of fisheries administration to promote the development of food production intended for domestic consumption; and cross-cutting issues, to develop the capacity in the fisheries sector to deal better with HIV/AIDS, good governance practices, gender equity and environmental sustainability. There is significant scope of potential complementarities with ProPESCA, in particular in the areas of policy dialogue and improved fisheries management. A MOU will be entered into between ProPESCA and FSAP spelling out the areas for cooperation. Such complementarities will be ensured by IDPPE as part of the Ministry of Fisheries.
- *Community-based Coastal Resource Management and Sustainable Livelihoods Project*. This World Bank project, financed by a USD 1.8 million JSDF⁶⁹ grant and implemented by IDPPE, mirrors the ProPESCA design but is limited geographically to Gaza and Maputo Provinces. It has been effective since July 2009 and the launch is planned for the third quarter of 2010. Synergies and complementarities will be explored as part of the IDPPE annual activity planning process.
- *Southwest Indian Ocean Fisheries Project (SWIOFP)*. The project, which aims to study exploitable offshore fish stocks within the project area from 2007 to 2011, will provide useful information for ProPESCA that will feed into the project's resource assessment.

Integration within the IFAD Country Programme

137. As noted in Section IV.D, 'Alignment with Country Rural Development Policies and IFAD Strategies', ProPESCA would be consistent and supportive of the goals and strategies contained in the latest COSOP. Furthermore, ProPESCA would work directly with the IFAD-financed programme, RFSP, and liaise regularly with the other IFAD-supported projects/programmes in the country, including PROMER which has a number of similar interventions.

D. Planning, M&E and Knowledge Management

Approach and Principles

138. The design of PM&E for ProPESCA is based on the principle that the project requires a clear results management framework that provides guidance on what needs to be planned for and what needs to be measured. Considerable effort has been made to clarify the intervention logic of the project and include appropriate indicators with targets in the logical framework (Annex 2, Project Logframe). This would be the starting point for developing PM&E systems for the project, especially regarding quantitative measurement.

139. PM&E systems would be developed during the first year of the project with active participation of members of the PCU and partner organizations – using the systems used under PPABAS as a starting point and incorporating the lessons learned. Monitoring tools and procedures would be

⁶⁹ Japan Social Development Fund

developed at *activity level* to prepare AWPBs that are output-oriented and to check progress made with implementing planned activities and at *output level* to assess quantitative progress made with the delivery of outputs using indicators, as well as qualitative assessment to verify that the outputs are of good quality. A decentralized system with a clear division of responsibilities would be agreed on – from IDPPE headquarters, to Provincial Delegations, to extensionists, and including the decentralized operations of ProPESCA partner organizations and contracted institutions. Four principles would underlie the implementation of M&E activities: (i) monitoring is a responsibility that is inseparable from project implementation; (ii) PM&E/KM responsibilities of staff involved in implementation, and in service provider contracts, would be clearly specified and spelled out in memoranda of understanding; (iii) it is necessary to create demand and provide feedback to demonstrate the importance of data collection and the usefulness of the data; and (iv) development of PM&E systems would be accompanied by provision initial training, refresher training and on-the-job coaching, provided for by the M&E/KM team in the PCU.

140. The following aspects are included and costed under Planning, Monitoring and Evaluation and Knowledge management and discussed briefly below: (i) planning under the project, (ii) physical progress monitoring, (iii) evaluation of outcomes and impact; and (iv) knowledge management,

Planning under the Project

141. There are two main planning elements that are critical to the project and the implementation of most of its activities: the growth pole planning process, (discussed below) and the annual work programme and budgeting (AWPB) process.

142. **Growth Pole planning process.** The growth pole planning process will be the pivotal planning activity for the project. It will determine how the project will be implemented in each growth pole, how the funds for the value chain development will be spent, and how the roads to be rehabilitated and electrification to be installed will be allocated. Growth pole planning will also be used by the project management team to translate the gender and poverty targeting strategy into concrete actions in each growth pole. The process to be followed in carrying out growth pole planning will be a very participatory one, based on the social mobilization with which IDPPE extensionists have developed so much experience under PPABAS. It will involve all segments of the fishing communities and place priority on the participation of poor households and women in developing and deciding on priorities. The planning will be carried out by PCU staff combined with staff from the provincial delegations, with an expert hired for nine months to coordinate the planning and to be responsible for putting together the information and drafting the plans. The output of the planning process will be detailed Growth Pole investment plan, which would constitute the basis for the use of the funds from the different investment components.

143. An important element of the planning process will be the detailed assessment of resource potential for each growth pole. The initial broad-based resource assessment, carried out prior to the start of the project (para 106), will be revisited in each growth pole and a more detailed assessment of the resources undertaken at the time of the growth pole planning process. The results of that assessment will contribute to the decision on the phasing of the growth poles, with any growth poles which would need additional resources assessments, possibly including utilization of a the specially equipped fishing vessels, being phased in thereafter.

144. Key factors in determining the phasing of activities in the growth poles are the following: (i) accessibility – the time required to provide good road access to the growth pole; (ii) availability of ice – determined by current availability of ice and/or installation of a new ice plant; (iii) availability of market facilities – primarily operation of a point-of-first-sale market, though this would be an important but not a determining factor.

145. Planning would start in all growth poles in PY1. While this might appear to place a heavy load on project management, in fact this will not be the case since the main load in managing the project will be assign to the seven provincial IDPPE delegations. Each delegation has between four and six growth poles within its jurisdiction, except for Xai-Xai and Maputo which have one each (for operational purposes they will be managed together). This is seen as manageable and similar to the

work load that the provincial delegations have been carrying in the implementation of the PPABAS planning areas (which also includes responsibility for the time consuming social infrastructure planning and implementation).

146. **Annual work planning** would be carried out largely as has been the case under PPABAS, using participatory processes involving beneficiaries in the definition of the priorities and activities. After the initial planning in each Growth Pole in year 1, from the second year onwards, each implementing agency⁷⁰ would prepare an initial set of planned activities, with justification and budget information, and in line with the project document, growth pole development plans and their own terms of reference. Annual planning at growth pole level would allow for the review of implementation of the previous year's plan and adjust the plan for next year accordingly.

Physical Progress Monitoring

147. AWPB-based *progress monitoring* would be used as a starting point to monitor progress at activity level. Each implementing agency would have an overview of their specific planned activities in the AWPB and make quarterly submissions. Linked to the progress monitoring is the *delivery of outputs*. While project implementation would be geared towards delivering outputs, the extent to which outputs are delivered would be closely monitored; this would involve setting annual targets, quantitative assessment using indicators, and qualitative analysis. The ProPESCA intervention logic includes twelve project outputs and the logical framework contains quantitative indicators, with targets, for these outputs (Annex 2). This results in on average 15 indicators for each project component. The indicators are defined in such a way that the data can be collected easily and does not require separate activities or special effort⁷¹ and when appropriate/possible the targets have been disaggregated by gender. Working Paper 10 provides the full set of indicators by component and by units, target details, and the linkage to RIMS⁷² indicators.

Evaluation of Outcomes and Impact

148. The project team would assess the extent to which project outcomes and impact have been achieved using both quantitative and qualitative methods.

149. **Quantitative Methods.** The quantitative indicators are specified in Working Paper 10, Table 5, together with selected RIMS Level 2 results to which they are related. The new measurement approach introduced by IFAD for reporting Level 2 results, using subjective assessments and scoring, would be introduced. It considers the extent to which activities and outputs have resulted in reaching outcomes – assessment of effectiveness – and the extent to which the benefits are likely to be sustainable after the end of the project – assessment of sustainability⁷³. The *outcome indicators* to be assessed against the two project outcomes, and the impact indicators linked to the project objective are presented in the Project Logframe. In the first year of the project, quantitative data would be collected during a sample baseline survey, which would be linked to the growth pole planning process. Two other questionnaire-based sample surveys would be conducted, one towards the mid of the project and another during the final year. The aim of these surveys is the measurement of the improvements in the lives of project beneficiaries

150. **Qualitative Analysis.** Households to be used for qualitative analysis would be selected at random and often involve small, ad hoc sample surveys. They are intended to complement the quantitative indicator-based data, would be demand driven, and in a sense present the “human face” of the project results, employing when possible case studies and other techniques aimed at capturing the

⁷⁰ Implementing agencies include IDPPE departments at central level, IDPPE Delegations and Stations in the provinces, contracted service providers, and other institutions with which an agreement or Memorandum of Understanding would be signed, such as: ADNAP, IIP, the Road Fund, EDM and FUNAE.

⁷¹ Sometimes referred to as SMART indicators: Specific, Measurable, Achievable, Realistic and Time-limited.

⁷² RIMS – Results and Impact Management System.

⁷³ The achievement of Level 2 results is measured using rating scales – from 1 (highly unsatisfactory effectiveness or very weak sustainability) to 6 (highly satisfactory effectiveness or very strong sustainability).

impact on households and in particular on the poor and on women. They would also aim at investigating aspects that require clarification. Limited qualitative analysis (thematic studies, case studies) would be carried out from the second year onwards, with more extensive qualitative analysis made during the third year.

Knowledge Management

151. Knowledge Management would ensure: (i) enhanced capacity within the project to analyse and process both quantitative and qualitative data; (ii) an enhanced learning dimension, by establishing linkages between key stakeholders involved in the project, and by creating opportunities to share experience and lessons learned; (iii) an enhanced dissemination system, to ensure that information relevant for different audiences is distributed. While the focus would be on ProPESCA as a project, the people who would be involved are responsible for Knowledge Management in IDPPE as a whole, and it is therefore expected that the project would have an impact at the broader institutional level. There would also be synergies and coordination with the KM operation in PROMER. The KM strategy would outline priorities for KM products to be developed and the audiences to be reached. Involving the Information and Communication Department of IDPPE would transform available information into appropriate publications and facilitate their involvement in the KM processes, thus helping to build capacity for future knowledge management initiatives.

E. Resource Assessment and Planning Process

152. A key process that will involve a combination of assessment, planning and monitoring, and is linked closely to the growth pole planning process but also to activities financed under the sub-components on Research and Co-management, is the assessment of the fishing resources and consequent planning of project activities.

153. There is an ongoing assessment of resources based on monitoring of catch per unit of effort, surveys carried out by research vessels all along the coast and further information collected from the fishermen and IDPPE/IIP technical staff. As an input to the project's planning process, an analysis of the existing information has been carried out by a fisheries resources specialist as part of the design process, in order to provide an initial assessment of the potential of fishery resources in areas common to several growth poles (see WP 14, Preliminary Resource Assessment).

154. The above assessment is one of the important factors that have been used in selecting the project's growth poles. Though incomplete, the existing information does show evidence of good resource potential in the open seas areas that lie between the heavily exploited and often overfished in-shore areas close to the coast and the off-shore areas exploited by the commercial and semi-commercial fishing fleets. This provides a solid justification for the project to promote the spreading of techniques that will allow artisanal fishers accessing this intermediate areas. Moreover, it provides the project management with a starting point in structuring the scaling/phasing investment in the different growth poles as well as in planning the detailed assessment of resources in the growth poles.

155. Although extensive, the information remains incomplete and provides only partial knowledge of the state of the resources. A more comprehensive assessment of the resource potential will be carried out in the initial years of the project, on a growth pole basis, in coordination with the growth pole planning process. This will enable project management to: (i) check and as needed adjust the priorities of intervention by the project in the different growth poles; (ii) make an assessment of the feasibility of the envisaged investment for the different growth poles on the basis of the abundance and value of the stocks to be targeted; (iii) propose a plan of activities to assess the situation in the areas for which information is not available and determine in which locations it would be necessary to carry out assessments using specially equipped vessels; and (iv) establish the basis for monitoring the different fisheries adjacent to the growth points and get indications on the status of exploitation of the main targeted species.

156. Based on the results of the detailed resource assessment, vessels could be commissioned to carry out a complementary assessment of resources where there is insufficient data. Provision for hiring

vessels has been budgeted over a five year period since the build up in exploitation of the resources would be very gradual for most growth poles as carpenters build boats and fishermen purchase boats and gear and are trained in new fishing techniques, and ice making and distribution expand⁷⁴. Thus, any change in fishing effort on the resources is likely to be gradual, but more importantly, it will be expected to reduce the localized fishing effort and over exploitation of in-shore waters that exists at present.

157. Finally, as part of project monitoring, and IDDPE/IIP operations, there will be monitoring of fish catches in each of the growth poles by species and zones which will allow management to assess if/when pressure on fish stocks starts to build up in any of the growth poles. The consultancy for detailed resource assessment will include a detailed plan for actions to be taken.

VI. PROJECT BENEFITS, COSTS AND FINANCING

A. Benefit Analysis and Impact

158. **Beneficiaries.** The beneficiaries of the project can be divided into four target groups, each of which is summarized briefly below and detailed in Working Paper 2, Poverty, Targeting and Crosscutting Issues: (i) primary target group, (ii) secondary target group, (iii) other direct beneficiaries and (iv) indirect beneficiaries.

159. The primary target group consists of 13 600 poor households involved in fishing and related activities (inputs supply, handling, processing, storage, trade) in the project area, who have a potential to expand or commercialize their activities with support from the project's main interventions. The distinguishing characteristic of this group is that their households have fishing and fish products as the principal source of livelihood and often the only source of cash income.

160. The secondary target group are poor and live in the project area, but they are not necessarily involved in fisheries. It is composed of people who would benefit, for example, from participation in savings and credit groups and labour generated by road works. It is estimated to total about 43 000 people. The secondary target group is not an entirely incremental group of people because, for example, a substantial number of processors and traders who belong to the primary target group are also members of savings and credit groups. However, as a conservative estimate, the secondary target group does include at least 25 000 additional people.

161. The third category, other direct beneficiaries, that is of critical importance to the success of the project, comprises people and institutions that directly benefit from project interventions and resources, but are not poor or are small-scale operators and therefore not part of the target group as far as the project's goal is concerned.

162. Finally, there would be a large number of indirect beneficiaries who would stand to gain from project outputs, such as market-related infrastructure, introduction of improved fishing equipment and fishing techniques, increased demand and improved market dynamics, and availability of improved financial services. These beneficiaries, not an entirely incremental group, are members of the broader population in the project area.

163. It could thus be estimated that at least 40 000 to 50 000 people, and a similar number of households⁷⁵, would benefit directly from the project. The indirect beneficiaries are difficult to quantify but it could be estimated that possibly about 10 to 20 percent of the population of the growth poles⁷⁶ would benefit indirectly, or say 100 000 households.

Primary Target Group	
Poor men and women, directly involved in artisanal fishing	8 700
Poor men and women, processing/trade of fresh and traditionally processed fish	4 400

⁷⁴ For growth poles located at major centres such as Beira, Pemba and Maputo, where there is ice and more services available and capacity of operators is higher, the growth in fishing of higher value fish could be faster.

⁷⁵ Thus about 200 000 people, who constitute the 40 000 households.

⁷⁶ 2.9 million people in 2007.

Poor men and women, providing inputs and services to fishers and traders	500
Secondary Target Group	
Poor men and women, hired as contract workers for the labour-based portion of roads improvement	8 000
Poor men and women, members of community-based savings and credit groups and rural finance associations	35 000
Other Direct Beneficiaries	
Boat owners who are less poor, who employ others and would further upgrade their fishing units and activities	700
Less poor or better off medium-sized/larger ice producers, processors, traders, market agents and transporters, who have an important role in making the value chain function and would access financial services and technical advice	1 000
Indirect Beneficiaries	
Households, living along roads improved with project support	
Households and enterprises, connected to electricity lines installed by the project	
Households and enterprises, accessing improved financial services and institutions	

164. **Benefits by Component.** The benefits anticipated for the four investment components are as follows:

- *Supporting Development of Higher Value Fish.* The direct benefits from this intervention would be increased incomes for each of the beneficiaries cited above who are involved in the value chain for high value fish.
- *Improving Economic Infrastructure.* The road programme would bring direct benefits to those communities linked to the rehabilitated roads through improved access, and to the people and communities involved in the road works. It has been shown in PPABAS and PAMA that the access road programme was one of the most visible and most appreciated development initiatives. Improving the coverage of electricity from the grid not only brings benefits to enterprises and communities that will become connected, but it is critical to the viability of the project itself.
- *Developing Financial Services.* Facilitating access to finance would provide a means of financing programme activities both on a small scale though the savings generated in the PCRs to larger scale investments through loans that are facilitated through the Risk Mitigation Fund. Similarly to the provision of electricity from the grid, the provision of credit is a pre-requisite to the investment in most of the activities supported by the project that constitute high value fishing and marketing.
- *Institutional Strengthening, Policy Initiatives and Project Management.* The component would not only result in benefits in terms of project implementation, but the emphasis on developing capacity in the participating government institutions should result in sustainable increases in capacity to implement project activities.

165. **Financial and Economic Analysis.** The financial and economic analysis of the project, found in Working Paper 12, covers: (i) project benefits, (ii) financial analysis, (iii) sensitivity analysis, (iv) economic analysis; and (v) government cash flow.

166. **Project Benefits.** The project is expected to lead to increased income of fishermen and traders/entrepreneurs with the calculation of benefits based on: (i) increased production generated by technology improvements in fishing (adoption of ice, improved boats and fishing gear and motors); (ii) improved access to a flexible financial instrument with reduced collateral constraints as a result of establishing funding mechanisms such as risk mitigation tools and equity participation; (iii) improved rural infrastructure for the benefit of those communities and fishing centres within growth poles; (iv) reduced transportation costs and lower post-harvest losses, hence increased volume of fish marketed due to road rehabilitation; (v) improved fishermen and traders/entrepreneurs knowledge and skills on new fishing technologies and business management techniques; and (vi) for government, incremental tax revenues as a result of increased volume of taxable production. There would also be un-quantified benefits coming from: provision of infrastructure investments (roads, electricity and markets) in growth centres, which would have a positive impact on raising income and on the general standard of living. The project would also contribute to improving the trade balance from export trade and by substitution of imported fish.

167. **Financial Analysis.** In total, 12 illustrative models – four fisheries models⁷⁷, five enterprise models⁷⁸ and three value chain models⁷⁹ were prepared to demonstrate the financial viability of potential investments from both a poverty alleviation point of view as well as business potential. The main result of the financial analysis is: (i) a significant increase in gross and net returns from each model comparing the ‘with’ and ‘without-project’ situation; and (ii) improved benefit/cost ratios illustrating the value of the investments. Net Present Values, after financing, range from MT 6 742 (USD 225) to MT 2 260 785 (USD 75 360), while the IRRs after financing range from 13 percent to 60 percent. While all the models gave positive returns, the level of the return on the ice plants, combined with a large investment, could make such investment unattractive to some entrepreneurs, particularly if there are questions about the initial level of demand of ice. Thus, if demand is relatively low and there are attractive investment alternatives, the project’s Matching Grants for Innovation and Infant Industry would be necessary for critical investments such as ice plants.

168. **Sensitivity Analysis.** The following sensitivity analysis were undertaken to assess the impact on the financial returns of changes in: (i) output prices, (ii) expected yields, (iii) operating costs and (iv) investment costs. The models indicated a high sensitivity of the models to output prices, which highlights the importance of supporting efficient marketing linkages for high value fish.

169. **Cost-Benefit Analysis.** The cost-benefit analysis for the whole project shows an internal rate of return (IRR) estimated at 24.8%. The base case net present value of the project’s net benefit stream, discounted at 10%, is USD 45.4 million. The analysis of the investment in a typical growth pole assumes the generation of benefits from incremental fish production coming from the introduction of new fishing technologies and improved boats. The investment comprises: costs linked to fish production; improved roads and electrification; establishment of an ice plant and a point-of-first-sale market. The analysis gives an internal rate of return of 17.5 percent and a net present value of the net benefit stream, discounted at 10 percent, of about USD 680 000.

170. **Government Cash Flow.** The assessment of the impact of the project on government cash flow shows that it would be positive with the cumulative net revenues generated by higher levels of taxes and duties accruing to the country due to the project more than offsetting the repayment obligations (of the IFAD loan).

171. **Gender Impact.** In spite of the fact that fishing and particularly fishing for higher value fish which requires larger boats and longer trips is predominantly a male domain, the project is expected to have a positive impact on women through their participation in the fisheries value chain in terms of⁸⁰:

- *Women’s empowerment.* Through specific targeting of women’s participation in PCRs (50 percent minimum) and training programmes geared specifically to women and focusing on women’s interests. Women would participate more in household decisions, particularly regarding marketing of the family’s fish production thus raising their knowledge and status in the community.
- *Improved women’s literacy.* Marked improvements would be achieved in the level of women’s literacy through the integration of functional literacy programmes provided in conjunction with the PCR programme. As the PCRs would become the most ubiquitous institution in the fishing communities – some 40 000 incremental members plus some 8 000 existing members – the impact could be substantial.
- *Improvements in women’s income.* In addition to an increase in women’s earning power through greater participation in processing and marketing and increased involvement in PCRs, women would be able to earn money through jobs in labour-based road construction; local road contractors would be required to hire at least 25 percent women from adjacent communities.

⁷⁷ Moma canoe (2) and 9m boat (2)

⁷⁸ Naval carpenter for moma and machua; fish trading for both fresh and dry fish; and domestic ice production/home freezer.

⁷⁹ Ice plant/cold storage (3) and road rehabilitation (1).

⁸⁰ Working Paper 2, Target Group, Targeting Strategy and Gender, provides details.

172. **Environmental Impact.** The analysis contained in Working Paper 13, Environmental and Social Review Note, indicates that the impact of the project is likely to be neutral to positive and it has thus been classified as Category B.

B. Summary Project Costs

173. **Estimated Project Costs.** The Project would be implemented over a seven-year period. The total project costs are estimated at USD 43.5 million with a base cost of USD 42.0 million. Physical and price contingencies are 3 percent and 1 percent of the base costs respectively. Foreign exchange content is 22 percent. The estimated level of duties and taxes included in project costs is about 6 percent.

Table 1. Summary Project Costs by Component

	MT million	USD 000	% Base Costs
1. Supporting Development of Higher Value Fish	277,980	9,266	22
2. Improving Economic Infrastructure	375,024	12,501	30
3. Financial Services	260,340	8,678	21
4. Institutional Strength., Policy Initiatives and Project Management	346,129	11,538	27
TOTAL BASE COSTS	1,259,473	41,982	100
Physical Contingencies	35,205	1,174	3
Price Contingencies	127,641	385	1
TOTAL PROJECT COSTS	1,422,319	43,540	104

Table 2. Summary Project Costs by Expenditure Accounts

	MT million	USD 000	% Base Costs
I. Investment Costs			
A. Civil Works	352,050	11,735	28
B. Vehicles, Equipment and Materials	51,897	1,730	4
C. TA, Contracts, Studies, Training and W/shops	263,910	8,797	21
D. Value Chain Facility	247,020	8,234	20
E. IOF Matching Grants	24,000	800	2
F. Investment capital	136,800	4,560	11
Total Investment Costs	1,075,677	35,856	85
II. Recurrent Costs			
A. Salaries and allowances	164,701	5,490	13
B. Incremental Operating Costs	19,095	637	2
Total Recurrent Costs	183,796	6,127	15
TOTAL BASE COSTS	1,259,473	41,982	100
Physical Contingencies	35,205	1,174	3
Price Contingencies	127,641	384	1
TOTAL PROJECT COSTS	1,422,319	43,540	104

C. Project Financing

174. The project financing would include the following: (i) Government – USD 1.1 million, covering salaries and allowances including those of incremental extensionists (52) but not taxes and duties, which will be eligible expenditures for the different financiers; (ii) IFAD – USD 21.1 million; (iii) Belgian Fund for Food Security (BFFS) – USD 7.2 million which would finance community financial services, part of the Value Chain Facility under Component 1, with specific focus on capacity building of beneficiaries, and some technical assistance, studies and gender initiatives; (iv) Other

Financiers – USD 10.9 million;⁸¹ (iv) the Financial Institutions managing the Risk Mitigation Fund – USD 0.6 million, as its contribution to the Risk Mitigation Fund; (v) Financial Institutions, including banks, microbanks and MFIs – USD 1.6 million, in loans to entrepreneurs, traders and fishermen; and (vi) Entrepreneurs – USD 1.1 million, in equity portions of loan-financed investments.

175. Taxes and duties will be eligible expenditures under the IFAD loan and the BFFS grant.

Table 3. Project Financing Plan

	GOM	IFAD	BFFS	Other				Total
				Financing	MgrRMF	FIs	Investor	
1. Supporting Dev't of Higher Value Fish	-	3,658	2,331	3,294	-	-	-	9,282
2. Improving Economic Infrastructure	212	5,950	-	7,585	-	-	-	13,747
3. Developing Financial Services	-	2,201	3,258	-	600	1,600	1,060	8,719
4. Instl Strengthening, Policy Initiatives and Project Management	906	9,322	1,564	-	-	-	-	11,792
TOTALS	1,118	21,132	7,152	10,878	600	1,600	1,060	43,540
Percent of financing	3	49	16	25	1	4	2	100

VII. PROJECT RISKS AND SUSTAINABILITY

A. Project Risks

176. A number of risks have been raised in Section IV – Project Description. There are only two major risks that could jeopardize the implementation of the project.

- First, due to the past reluctance of a number of financial institutions to lend to the artisanal fisheries sector, borrowers could experience difficulties in securing loan financing. Inability to secure financing for critical investments such as ice plants and boats, motors and gear would make it very difficult for the project to effectively implement a strategy to develop higher value fisheries. Mitigating measures – this has been an issue during the implementation of PPABAS and PPANNCD, due to difficulty in securing sufficient collateral and, related to that, a certain reluctance by the financing institutions to make loans available, exacerbated by limited availability of financing institutions in zones of artisanal fisheries. However, the Risk Mitigation Fund, combined support to help financial institutions establish branches in growth poles, both to be introduced under the project, would address this issue directly, by spreading the risk, dealing with the issue of collateral and reducing transaction costs.
- Second, the incomplete nature of the information of fisheries resources, especially on fish stocks and potential in the in-between open seas areas, where most of the project's high value fishing would be carried out, could entail a risk of over exploitation of the resources. Mitigating measures – the following factors need to be taken into account in assessing this risk: first, the project by diversifying artisanal fishing operations away from waters close to the shore, the areas that fishermen can currently reach with their boats and gear, would in fact relieve pressure on these easily accessible areas that are often over exploited both by inshore fishing and by beach seines, and instead promote fishing in areas where there is currently very little fishing effort and where the stocks are under exploited and in some areas especially in the north hardly exploited at all; second, the nature of the project actions mean that there will be a gradual build up in fishing activity as new boats are constructed, fishers purchase these new boats and gear, the necessary ice plants and market facilities are established, and fishers are trained in techniques appropriate for fishing in open seas – thus providing an adequate time window to assess the resources and determine the impact of fishing operations prior to a build up in exploitation. Furthermore, to ensure that over exploitation does not occur, the

⁸¹ The project is proposed to be co-financed through the Spanish Trust Fund currently being negotiated by IFAD with the Spanish Government. Other partners also showed interest to cover this gap. In case no co-financier could be identified, IFAD will cover the financing gap from the next PBAS cycle (2013-15) allocation for Mozambique. The financing plan has been constructed so that all activities are fully financed for PY1 and PY 2 from already secured resources, thus leaving some time to negotiate with possible interested co-financiers.

project will follow a three-step process: (i) prior to the beginning of the project, an initial resource assessment would be made to study the current resource situation for the 26 growth poles and determine if development activities in any of the growth poles should be delayed until a more detailed assessment can be made (now completed – WP 14)); (ii) a detailed assessment would be made in PY1, which would be supported as necessary by resource assessments using specially equipped vessels, to provide a comprehensive picture of the resources along the coast and provide guidelines for resource exploitation for each of the 26 growth poles; and (iii) detail monitoring would be instituted as an integral part of the programme for all its fishing operations, centred on each growth pole, so that project management would have an up-to-date picture of the nature of the resources for each, and an assessment as to whether the resources linked to any of the growth poles are under threat. This assessment would enable the project to take action well before pressure on the resources could result in overfishing.

B. Exit Strategy and Post-Project Sustainability

177. Like PPABAS, on which the institutional arrangements are built, ProPESCA would be integrated within the fisheries institutions which are responsible for the activities being implemented under the project. This approach was found to be successful in helping to ensure sustainability of the project activities under PPABAS and with an increased focus on the involvement and strengthening of both IDPPE and its departments and the other institutions linked to production and marketing of higher value fish, sustainability of project activities should be possible. The fact that the PCU is embedded in IDPPE will help further promoting sustainability of the project's activities.

VIII. INNOVATIVE FEATURES, LEARNING AND KNOWLEDGE MANAGEMENT

A. Innovative Features

178. While the Project is based on sound and proven initiatives implemented over the past few years from the three artisanal fisheries projects, the nature of the project and scale are very different. This project is much more tightly focused and is simpler in conception. However, the concentration on higher value fish and the value chain to get the fish from catch to market, maintaining the value poses a number of challenges that necessitate innovative approaches. The biggest challenge is the necessity of ensuring ice for both the fishermen to preserve the fish and the traders so that they can maintain the quality of the fish once landed. While this in itself is a major innovation for the sector, the most difficult issue to tackle, as mentioned above, will be the need to ensure that the entrepreneurs wanting to invest in an ice plant, or the fishermen wanting to invest in boats, or the carpenters wanting to invest in modern tools, are able to get financing. The proposed Risk Mitigation Fund, together with matching grants for innovation and infant industry, represent an innovative approach to the problem, and an approach that has not to-date been introduced in Mozambique⁸². There are a number of other innovative elements in the project, including: the introduction of point-of-first-sale markets in partnership with fishing communities (tested under PPABAS and PPANNCD); the development of savings and credit groups into more structured institutions and their linkage with formal financial institutions; the grouping of carpenters in business partnerships to help facilitate access to business development support and financing and to enable them to share expensive tools; the piloting of innovative solutions to electricity provision for outlying fishing centres; and the resolution of the issue regarding demonstrating the value of hygienic fish boxes by pre-financing the manufacture and distribution of an initial consignment of the boxes to get over the problem of too low initial demand for the manufacturer to get enough boxes to the fishermen and traders to demonstrate their value⁸³.

⁸² The Risk Mitigation Fund will be piloted prior to the start-up of ProPESCA using PPABAS and GAPI financing.

⁸³ The typical 'chicken and egg issue'!

B. Project Knowledge Products and Learning Processes

179. Knowledge management under the project would put in place processes to systematically document, capture, analyze and disseminate learning emerging from regional and international artisanal and aquaculture projects and programmes. It would do so by strengthening knowledge management capacity of IDPPE and the other participating fisheries agencies and equip the PCU to implement a knowledge management strategy for the project. IDPPE and ProPESCA would share their knowledge and experience by organizing learning events at national and provincial level so as to involve the different players in the growth poles, the practitioners of fish pond development and those involved in the marketing and conservation of fish and fisheries products. They would also disseminate the knowledge and learning emerging from the project using a wide variety of knowledge and public advocacy products, such as a suite of market linkage courses, annual publications, newsletters, impact and thematic studies, human stories, policy briefs, communities of practice, database on rural market linkages, intranet and websites.

C. Regional Knowledge Networking

180. As part of institutionalizing learning and sharing processes, the project would create a ‘community of practice’ on fisheries operations dealing with higher value fish having a value chain and ‘fishing as a business’ orientation. This would involve bringing together regional, national and international experts. Furthermore, the project would aim to create linkages with existing regional ‘knowledge networks’.

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ANNEX 1 : CONTENTS OF THE PROJECT LIFE FILE

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Artisanal Fisheries Support Programme – Concept Note on Rural Finance

Concept Note

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TOR First Design Mission

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IIP Technical Report on Artisanal Fisheries in Nampula

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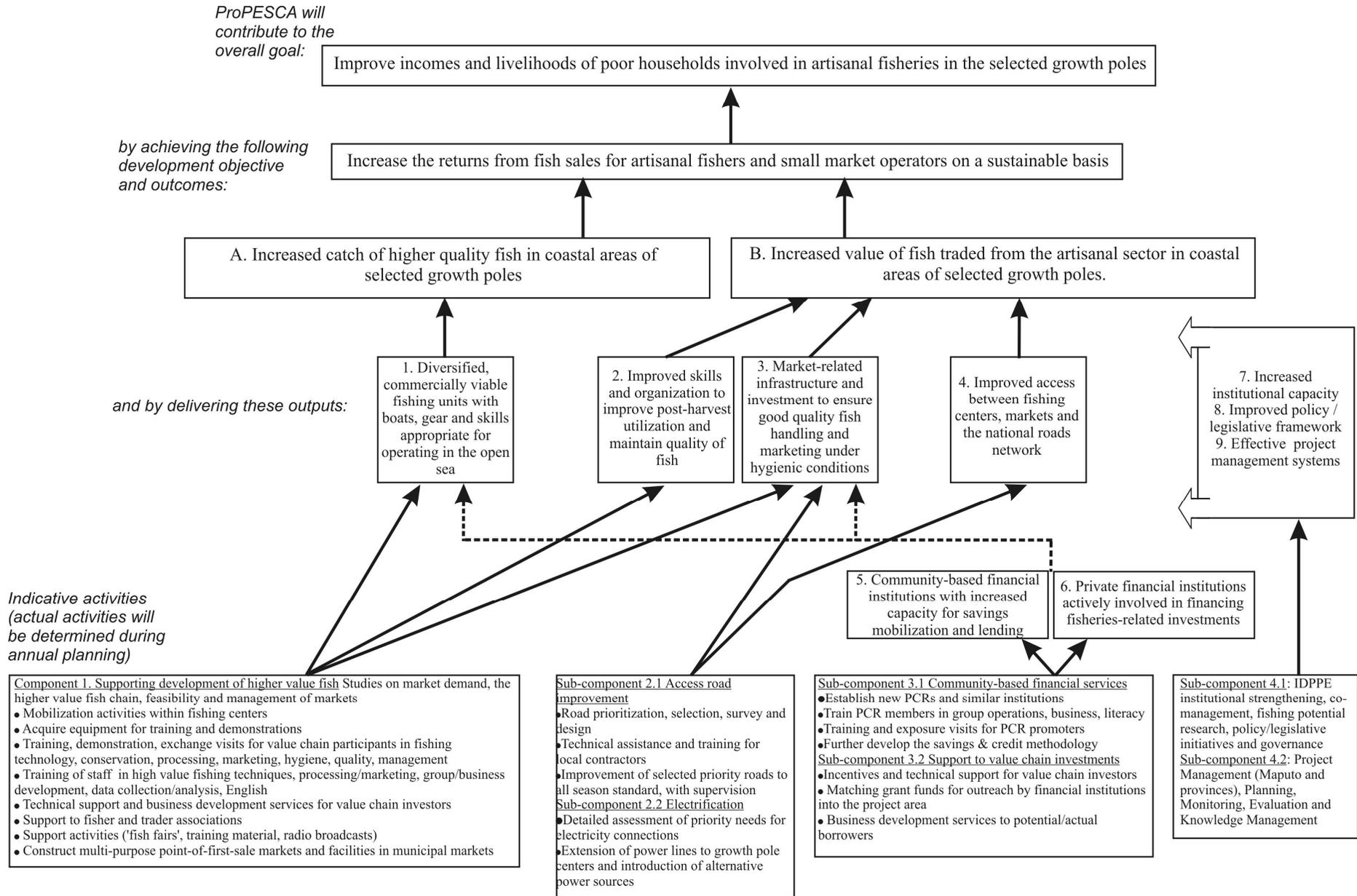
**ARTISANAL FISHERIES PROMOTION PROJECT
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ANNEX 2

PROJECT LOGFRAME

ProPESCA Intervention Logic



ProPESCA Logical Framework

Narrative Summary	Objectively Verifiable Indicators	Means of Verification	Assumptions and Risks
Goal			
Improve incomes and livelihoods of poor households involved in artisanal fisheries in the selected growth poles.	<ol style="list-style-type: none"> 1. Households with improvement in household assets ownership index [R3] 2. Reduction in the prevalence of child malnutrition (%) [R3] 3. Households for which food security has improved (no) [R3] 	<ul style="list-style-type: none"> • Quantitative baseline, mid-term, completion survey including household level. • Health statistics. • Qualitative studies to complement indicator-based data. 	
Development Objective			
Increase the returns from fish sales for artisanal fishers and small market operators on a sustainable basis	<ol style="list-style-type: none"> 1. Incremental value of sales obtained by fishers selling higher value fish (USD 49 million/year by PY7, from USD 55 million to USD 104 million) 2. Incremental value of sales obtained by traders selling dried fish (USD 10.5 million/year by PY7, from USD 31.5 million to USD 42 million) 3. Incremental value of sales obtained by traders selling fresh fish (USD 17.5 million/year by PY7, from USD 14 million to USD 31.5 million) 	<ul style="list-style-type: none"> • Quantitative baseline, mid-term, completion survey. • Qualitative studies to complement indicators. • ongoing monitoring of fish catches and sales. 	<ul style="list-style-type: none"> • A: Effective targeting includes poorer and vulnerable households.
Outcomes			
A. Increased catch of higher quality fish in coastal areas of selected growth poles	<ol style="list-style-type: none"> 1. Fishing units that predominantly target higher quality fish (no of new improved boats: 3,300 by PY7) 2. Incremental quantity of fish caught by fishing units predominantly targeting higher quality fish (66,000 mt/year by PY7, from 18,000 mt/year to 84,000 mt/year) 	<ul style="list-style-type: none"> • IIP catch and effort survey data. • Point-of-first-sale market records. • Ice plant production records. • IDPPE/IIP fish prices survey data 	<ul style="list-style-type: none"> • A: Absence of negative local and national economic / social effects that overshadow project results.
B. Increased value of fish traded from the artisanal sector in coastal areas of selected growth poles.	<ol style="list-style-type: none"> 3. Incremental production of non domestic ice (67,000 mt/year by PY7, all incremental) 4. Quantity of higher value fish traded in point-of-first-sale markets (3,500 mt/year, all incremental) 5. Average price of fish at point-of-first-sale markets in selected growth poles (up by 25% by PY7) 		

Narrative Summary	Objectively Verifiable Indicators	Means of Verification	Assumptions and Risks
Project Outputs			
Component 1. Supporting Development of Higher Value Fish			
Output 1. Diversified, commercially viable fishing units with boats, gear and skills appropriate for operating in the open sea	Households receiving project services (no: 13,600) [R1] 1.1 People trained in boat building (M+F: 95) 1.2 Boat drivers trained (M+F: 210) 1.3 Engine mechanics trained (M+F: 210) 1.4 Fishers trained in good fish handling practices (M: 2,160 F: 140) 1.5 Fishers trained in improved gear and fishing (M: 295 F: 20) 1.6 Fishers accessing business development services (M: 2,210 F: 90) 1.7 New/existing associations supported (no: 100)	<ul style="list-style-type: none"> • Progress reports from contractors on market infrastructure works. • Progress reports from services providers providing training, technical advice, business development services, and associations' support. • Project monitoring registers on institutions (including contractors, associations, CCPs); training; infrastructure; financial support. • Qualitative studies to complement indicator-based data. 	<ul style="list-style-type: none"> • A: Demand for higher quality fresh and frozen fish is sufficient and growing. • A: Key suppliers and services providers in the value chain are able to operate profitably. • A: Regulation/monitoring by fisheries institutions prevent over-exploitation of fish. • R: Insufficient ice utilization due to poor availability or for financial reasons. • R: Unsustainable catch levels due to over-dimensioning of growth poles and lack of data on resource potential. • R: Restrictions that disrupt access to fish grounds and artisanal fishing operations.
Output 2. Improved skills and organization for post-harvest utilization and maintenance of quality of fish	2.1 Traders/processors trained in handling, conservation, marketing (M: 2,600 F: 1,400) 2.2 Fish fairs held (no: 130) 2.3 Traders/processors accessing business development services (M: 1,800 F: 950) 2.4 New/existing inputs/trader associations supported (no: 50)		
Output 3. Market-related infrastructure and investment to ensure good quality fish handling and marketing under hygienic conditions	3.1 Ice plants and freezing/cold storage facilities established (no: 10) 3.2 Entrepreneurs with home freezers for ice production (M: 160 F: 80) 3.3 Point of sale markets established (no: 11) 3.4 Market agents trained by type (M: 670 F: 330) 3.5 Small-scale processing units established (no: 14) 3.6 Motorized transporters for fish/inputs established by type (M: 122 F: 60) 3.7 Urban retail shops established (M: 13 F: 13) 3.8 Urban fish market facilities upgraded (no: 6)		
Component 2. Improving Economic Infrastructure			
Output 3. Market-related infrastructure and investment to ensure good quality fish handling	Households receiving benefiting from roads and electrification (no: 40,000) [R1] 3.9 Electricity lines extended within growth poles (km: 160) 3.10 Electricity connections made (no) 3.11 Alternative power sources established by type (no: 7)	<ul style="list-style-type: none"> • Progress reports from contractors on road works and social clauses. • EDM records on electricity connections. • ANE monitoring reports on 	<ul style="list-style-type: none"> • A: improved roads lead to the required increase in transport availability and reduction in transport costs. • A: No undue shocks in electricity prices. • R: Districts do not give priority to maintaining unclassified roads during

Narrative Summary	Objectively Verifiable Indicators	Means of Verification	Assumptions and Risks
and marketing under hygienic conditions		contractor and road maintenance performance.	ProPESCA and after it ends.
Output 4. Improved access between fishing centres, markets and the national roads network	4.1 Local contractors trained (no: 50) 4.2 Roads improved to all season standard by type of road (km: 500) 4.3 People benefitting from labour-based road works employment (M: 6,000 F: 2,000) 4.4 District staff trained in road maintenance aspects (M+F: 34) 4.5 Roads maintained to all season access (km: 500)	• Project monitoring registers on institutions (including contractors); training; infrastructure. • Qualitative studies.	
Component 3. Financial Services			
Output 5. Community-based financial institutions with increased capacity for savings mobilization and lending	Households receiving project services (no: 35,200) [R1] 5.1 Staff of PCR promoters trained (M: 50 F: 50) 5.2 Member-based financial institutions supported by type (no: 1,600) 5.3 Number of active savers (M: 16,000 F: 16,000) 5.4 Number of borrowers (M: 8,000 F: 8,000) 5.5 Value of savings (USD 1.3 million) 5.6 Value of loans (USD 2.6 million) 5.7 Members of new solidarity groups joining RFAs supported under the project (M: 2,000 F: 1,000) 5.8 People trained in functional adult literacy (M: 1,700 F: 2,700) 5.9 People trained in business planning and development (M: 8,000 F: 8,000) 5.10 Women entrepreneurs accessing pilot investment support fund (F: 1,000) 5.11 Value of pilot investment support grants (USD: 0.25 million) 5.12 Formal CBFS providers supported (11) 5.13 Value of matching grants to formal CBFS providers (USD 0.75 million)	• Progress reports from CBFi promoters. • Progress reports from financial institutions supported. • Project monitoring registers on institutions (including promoters, member-based financial institutions, formal financial institutions, promoters); training; financial support. • Qualitative studies.	• A: Conducive regulatory framework for financial sector operations. • A: Improved availability of financial resources and services stimulates the target group to respond to opportunities in the emerging value chain.
Output 6. Private financial institutions actively involved in financing fisheries-related investments	6.1 Enterprises accessing matching grants / RMF loans (no: 220) 6.2 Value of matching grants / RMF loans disbursed (USD: 3.5 million) 6.3 New outlets of formal financial institutions by type (no: 15) 6.4 Value of matching grants to formal financial institutions		

Narrative Summary	Objectively Verifiable Indicators	Means of Verification	Assumptions and Risks
	(USD: 0.8 million) 6.5 Staff of formal financial institutions trained (M: 36 F: 24) 6.6 PCR members joining RFAs and SACCOs (M: 2,000 F: 1,000) 6.7 (ex)PCR members accessing enterprise development loans from formal financial institutions (M: 1,050 F: 450)		
Component 4. Institutional Strengthening, Policy Initiatives and Project Management			
Output 7. Increased institutional capacity to support resource management, production and marketing of higher value fish	7.1 New growth pole extensionists recruited, trained and equipped (M+F: 52) 7.2 District with fisheries administration established (no: 23) 7.3 Growth poles with resource potential assessment reports (no: 26) 7.4 Provincial and districts staff trained by gender and type (M/F)	<ul style="list-style-type: none"> • Progress reports from IDPPE delegates • Progress reports from contracted technical assistance • Project monitoring registers on institutions (government); training; financial support • Quantitative survey reports • Qualitative study reports 	<ul style="list-style-type: none"> • R: Lack of local regulation and resource management due to delays in setting up the district fisheries administration. • R: Policy/regulatory development emphasises conservation interests without adequately considering artisanal fisheries.
Output 8. Improved policy/legislative framework supportive of artisanal fisheries	8.1 Conducive and sustainable management policies, regulations and legislation introduced (no.)		
Output 9. Effective project management systems	9.1 Study, survey and strategy reports produced (no.) 9.2 AWPBs, progress and audit reports submitted on time (no: 21) 9.3 Disbursement rates as proportion of AR targets (100%) 9.4 Planning and review workshops/seminars conducted (no: 140) 9.5 Knowledge management and advocacy products created (no.)		

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Notes

1. The emphasis is on indicator-based quantitative data that can easily be collected, which will be complemented by qualitative analysis.
2. Indicators include, between brackets, a unit of measurement and a target, disaggregated by gender where appropriate.
3. [R1]-[R2]-[R3] = IFAD level 1-2-3 RIMS indicator (project outputs, outcomes, impact); these are included in this logical framework only to a limited extent, but full details on the relationship between project indicators and RIMS indicators are provided in WP11.
4. A: assumption R: risk
5. For details on the rationale for indicator targets see WP11.
6. All indicators and targets on changes in prices and values are in real terms (constant prices).

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ANNEX 3

KEY FILE

Key File Table 1: Rural Poverty and Fisheries Sector Issues

Priority Areas	Affected Groups	Major Issues	Actions Needed
Fishery Production	Small-scale artisanal fishers	<ul style="list-style-type: none"> • Uncertain availability of fish resource, which fluctuates on a daily, monthly and annual basis. • Rudimentary fishing equipment and lack of ice that constrain access to higher-quality fish resources in the open sea. • High post-harvest losses due to poor facilities and handling. • Poor access to knowledge and support services. • Limited access to financial services. 	<ul style="list-style-type: none"> • Appropriate technical support for improving fishing equipment, fishing techniques and post-harvest fish handlings. • Investment in increased capacity for ice production. • Improved access to markets, through construction/improvement of roads and market-related infrastructures. • Access to financial products that facilitate investment in fishing equipment and technologies that enable fishing in the open sea. • Institutional development of fishers' organisations.
Processing/Marketing	Small-scale traders and processors	<ul style="list-style-type: none"> • Poorly functioning markets especially for fresh fish. • Limited opportunities for post-harvest value adding, due to limited availability of good quality ice. • Limited access to financial services and enterprise development support services. • High illiteracy rates and poor marketing/business skills. 	<ul style="list-style-type: none"> • Improved access to markets, through construction/improvement of roads and market-related infrastructures • Investment by private value chain drivers (larger processors, traders, transporters). • Training in improved processing methods. • Investment in increased capacity for ice production. • Access to improved financial services, including loans from member-based as well as formal financial institutions. • Functional literacy and business development skills training. • Institutional development of traders organisations.
Gender	Women and women headed households involved in fishing and fish processing / marketing activities.	<ul style="list-style-type: none"> • Inadequate representation of women and their interests in local groups and management committees. • High illiteracy rates. • Limited opportunities for livelihood diversification and income generation. • Limited access to credit and enterprise development opportunities. • Traditional gender ideologies constrain women's mobility, and access to and ownership of means of production. 	<ul style="list-style-type: none"> • Implement gender sensitive poverty reduction initiatives. • Increased number of women in leadership positions and representation of their interests in local groups and CCPs. • Livelihoods diversification through improved opportunities for women's participation in trading/processing. • Ways for women to gain and maintain access to productive resources. • Access for women to appropriate financial products, including PCRs, formal credit and matching grants for the most vulnerable.

Priority Areas	Affected Groups	Major Issues	Actions Needed
Poverty and HIV/AIDS	Fisheries communities.	<ul style="list-style-type: none"> • High rates of HIV/AIDS transmission in the fisheries sector. • Inaccessibility to health facilities, and ineffective treatment of sexually transmitted infections and prevention services. • HIV/AIDS Orphans. 	<ul style="list-style-type: none"> • Information, education and communication aimed at HIV awareness and prevention. • Improved access to financial resources to deal with emergencies. • Better information on HIV/AIDS in coastal areas to enable improvement in the outreach of health services.
Environmental issues and natural resource management	Fisheries communities.	<ul style="list-style-type: none"> • Reduced fish stock levels as a result of overfishing in some areas. • Lack of environmental awareness and poverty pushing people to use environmentally destructive gears. • Poor institutional development of Community Fishing Councils, CCPs. • Increasingly high risk of conflicts with other users, including industrial fishing fleets but also other coastal zone land and sea users, due to increased competition for resources. 	<ul style="list-style-type: none"> • Strengthening environmental education and co-management by improving the capacity of CCPs to effectively regulate the use of common resources. • Diversification into higher value fishing away from areas with a high concentration of inshore fishing activities.

Key File Table 2: Organizations' Matrix

Institution	Strengths	Weaknesses	Opportunities/Threats	Remarks
Ministry of Fisheries (MDP)	<ul style="list-style-type: none"> • Strong donor support. • Ongoing reforms in fisheries administration. 	<ul style="list-style-type: none"> • Insufficient administration capacity in provincial and, particularly, district offices. • Weak progress in decentralization. 	<ul style="list-style-type: none"> • Support to policy and advocacy. • Support to capacity building. 	<ul style="list-style-type: none"> • Fisheries master plan under final formulation. •
National Institute for the Development of Small Scale Fisheries (IDPPE)	<ul style="list-style-type: none"> • Strong leadership. • Clear strategy for the development of artisanal fisheries. • Motivated staff. 	<ul style="list-style-type: none"> • Dependence on international assistance. • Insufficient technical / extension capacity in the field. 	<ul style="list-style-type: none"> • Large experience in implementing development projects. 	<ul style="list-style-type: none"> • Strategic plan for the artisanal fisheries being implemented. • Study on value chain for fishery produce in process. • Complementary support from other donors.
National Institute for Fisheries Research (IIP)	<ul style="list-style-type: none"> • Clear strategy for the development of research. • Central department and provincial offices dedicated to monitoring artisanal fishing resources. 	<ul style="list-style-type: none"> • Dependence on international assistance. • Insufficient scientific / technical capacity at central and provincial levels. 	<ul style="list-style-type: none"> • Experience in cooperating with international scientific assistance. • Staff are motivated. 	<ul style="list-style-type: none"> • Strategy for the development of fisheries research formulated.
Fisheries Community Councils (CCP)	<ul style="list-style-type: none"> • Presence along all coast line. • Strong connection to communities and fishers. • Have gained considerable work experience. 	<ul style="list-style-type: none"> • High dependence on IDPPE. • Weak connection to the fisheries administration. 	<ul style="list-style-type: none"> • Growing attention to fisheries administration and co-management bodies at district level. • Willingness to have an increased role in artisanal fisheries management. 	<ul style="list-style-type: none"> • Lack of information, scientifically processed and delivered in simple terms to the local fisheries management bodies. • Assistance mainly concentrated in commercial fisheries.
National Institute of Fish Inspection (INIP)	<ul style="list-style-type: none"> • Clear strategy for the development of fish inspection services. • Central and provincial offices increasingly dedicated to artisanal fisheries. • High level of international assistance to fish inspection. 	<ul style="list-style-type: none"> • High dependence on international assistance. • Insufficient technical capacity at central and provincial levels. • Absence of a district based function covering fish produce quality aspects. 	<ul style="list-style-type: none"> • Willingness to have an increased role in the artisanal fisheries subsector. 	

Institution	Strengths	Weaknesses	Opportunities/Threats	Remarks
Fisheries Development Fund (FFP)	<ul style="list-style-type: none"> • Experience in apex lending arrangements to financial service providers. • Undergoing restructuring and new strategic focus. • Credit experience with target group. • Personnel located in growth poles having direct contact with fishers. 	<ul style="list-style-type: none"> • Poor record of retail credit to fishing sector target groups. • Has suffered from serious fraud. • Apex lending operations not dynamic. 	<ul style="list-style-type: none"> • Potential partner for providing client profiles to financial institutions linked to Risk Mitigation Fund (RMF). • Potential manager for trust fund created from RMF. 	<ul style="list-style-type: none"> • No significant role expected from FFP because no credit lines and no sufficient capacity to operate the RMF.
Fund for Economic Rehabilitation (FARE) / Rural Finance Support Programme (RFSP)	<ul style="list-style-type: none"> • Considerable experience in rural finance support. • Knowledge of community-based financial service providers. • Experience with both apex and retail credit provision. 	<ul style="list-style-type: none"> • Poor performance record in retail credit provision. • Bureaucratic and inefficient grant and apex management. • Poor public image. 	<ul style="list-style-type: none"> • Government wish to improve FARE's performance and image. • Danger that FARE will not attract sufficiently competent staff. • Danger that donors and financial institutions will turn to alternative options. 	<ul style="list-style-type: none"> • New Statutes recently approved. • Retail credit provision to be terminated.
PCR Promoters	<ul style="list-style-type: none"> • Ten years of experience and some 70,000 members nationwide. • Tier 1 promoters focus mainly on PCR promotion and are regularly contracted by donors. • Have organized umbrella body of PCR promoters (some 16 members currently). 	<ul style="list-style-type: none"> • Some tier 1 promoters are reluctant to innovate. • Have limited capacity in relation to the demand for their services. 	<ul style="list-style-type: none"> • Integration opportunities with formal community-based financial service providers and commercial banks. • Create savings and credit cooperatives (SACCOs) with strong PCRs. • Adapt methodology to improve PCR performance. • Reluctance to innovate and to allow members to graduate. • Donor support to cover operational costs reduced. 	<ul style="list-style-type: none"> • More progressive tier 1 PCR promoters actively promoting SACCOs and negotiating for more appropriate financial regulations.

Institution	Strengths	Weaknesses	Opportunities/Threats	Remarks
Formal Community-Based Financial Service Providers	<ul style="list-style-type: none"> • Currently about 25,000 rural finance association members able to access externally sourced credit. • Methodology improving and portfolio performance of five main operators strengthened. • Outreach to remote rural areas, targeting poor without guarantees through solidarity groups. • RFA operators have good prospects of becoming sustainable. 	<ul style="list-style-type: none"> • Will remain donor dependent for several more years. • SACCO development currently inhibited by inappropriate financial regulations. 	<ul style="list-style-type: none"> • Donors may turn more to RFAs and SACCOs as effective forms of pro-poor financial services. • Bank of Mozambique may review restrictive SACCO regulations. • The two main RFA operators will have main branches in Maputo, Xai Xai and Nacala with potential for establishing satellite caixas in remoter communities. • Good prospects for linkages with PCRs. • Main RFA promoter seeking equity partners in wake of donor withdrawal. 	<ul style="list-style-type: none"> • RFA promoters currently taking decisions on future institutional structures. • There are currently seven SACCOs created but not fully functional due to restrictive regulations.
Commercial Banks	<ul style="list-style-type: none"> • Expanding rapidly into rural areas through incentives provided by Bank of Mozambique. • Savings products available to the poor. • Have already developed successful linkages with PCR members. 	<ul style="list-style-type: none"> • Reluctant to provide risky loans without strong guarantees. • Inexperience in fishing sector unable to assess fishing-related loan requests. • Lack of experienced staff in rural areas capable of assessing risk. • Will generally not provide loans beyond 40km from towns in which branches are located. 	<ul style="list-style-type: none"> • Open to providing fishing sector loans with support from government institutions providing technical advice and client interfacing. • Banks have expressed an interest in participating in risk mitigation fund. 	<ul style="list-style-type: none"> • In addition to expressing an interest in providing retail loans through the RMF, several banks have expressed an interest in managing the RMF.
BDS Providers	<ul style="list-style-type: none"> • Long history of basic business course provision (based on ILO start-your-business / improve-your-business courses). • Network of BDS trainers throughout country. • Various types of providers (consultancy companies, NGOs, individuals). 	<ul style="list-style-type: none"> • Appropriate BDS for illiterate clients not sufficiently developed. • BDS providers outside of Maputo often have limited quality of services. • Relevance of courses offered to the specific needs of the trainees is often a problem. 	<ul style="list-style-type: none"> • Benefits of BDS not sufficiently recognized by potential trainees, difficult to charge economic costs of BDS to trainees. • Importance of BDS in reducing portfolio risk of financial service providers increasingly recognized. • BDS provision can be decentralized by piggy-backing with CBFS providers. 	<ul style="list-style-type: none"> •

Institution	Strengths	Weaknesses	Opportunities/Threats	Remarks
Roads Fund (RF)	<ul style="list-style-type: none"> • Leadership in sector coordination. • Motivated staff. • Sector Strategy and Performance Monitoring Framework in place. 	<ul style="list-style-type: none"> • Limited capacity internal auditing. • Limited sample base external auditing. 	<ul style="list-style-type: none"> • Increased funding for district road maintenance. • Provincial representatives within DPOPH to facilitate decentralised payments. • Road reclassification exercise planned. 	<ul style="list-style-type: none"> • Revision of PRISE currently ongoing. • Introduction of new Financial Management System linked to work plans.
National Roads Agency (ANE)	<ul style="list-style-type: none"> • Workable systems for planning, budgeting and reporting. 	<ul style="list-style-type: none"> • Limited engineering skills for complicated works. • Weak contract supervision. 	<ul style="list-style-type: none"> • Creation of department for support to municipal and district authorities. • Recruitment of four regional technical advisors. • Stronger role for provincial governments. 	<ul style="list-style-type: none"> • Recruitment of additional provincial staff ongoing.
District Governments (Infrastructure Departments)	<ul style="list-style-type: none"> • Ambitions to provide and improve district infrastructure. • Local level planning modalities involving beneficiaries. 	<ul style="list-style-type: none"> • Weak technical and managerial skills. • Limited capacity for tendering. 	<ul style="list-style-type: none"> • Increased levels of funding for investment and maintenance. • Options to engage local artisans for small civil works. • Insufficient resources to manage contracts. 	<ul style="list-style-type: none"> • Linked up to e-SISTAFE. • Increased number of projects and programs linked to decentralisation.
National Energy Fund (FUNAE)	<ul style="list-style-type: none"> • Ambition to experiment and widen exposure to renewable energy. 	<ul style="list-style-type: none"> • Limited resources at regional level. • Implementation delays and problems with procurement. • Overly dependent on donor funding. 	<ul style="list-style-type: none"> • Projects seen as unsustainable. • Smaller than anticipated private sector interest in energy projects. • FUNAE's portfolio includes grant projects, opportunities for cost sharing. 	<ul style="list-style-type: none"> • Register of service providers available.
Mozambique Electricity Company (EDM)	<ul style="list-style-type: none"> • Operated as a business. • Professional and competent partner. 	<ul style="list-style-type: none"> • Maintenance organization. 	<ul style="list-style-type: none"> • Poverty focus through cross subsidy. • Time delays for network expansion due to compensation issue. • Taken responsible for procurement management for donor support (Danida). 	<ul style="list-style-type: none"> • Further reorganization ongoing in separate business units.

Institution	Strengths	Weaknesses	Opportunities/Threats	Remarks
National NGOs	<ul style="list-style-type: none"> • Strong financial support from international donors. 	<ul style="list-style-type: none"> • High operating costs. • Poor coordination. • Loose contract terms, poor monitoring and exit targets. 	<ul style="list-style-type: none"> • Link to NGO resource base. • Sound know-how of participatory approaches. • Capable of some training. 	<ul style="list-style-type: none"> • Need tight contracts with performance targets and monitoring. • Need capacity building in some cases.
Local NGOs	<ul style="list-style-type: none"> • Strong connection to communities. 	<ul style="list-style-type: none"> • Lack of funds and experience. • Difficulty in hiring competent staff. 	<ul style="list-style-type: none"> • Stronger donor support. • Capacity building programmes. • Services provision. 	<ul style="list-style-type: none"> • Possible project partners. • Need capacity building.
Private Sector	<ul style="list-style-type: none"> • Presence in the economy is growing. • Network of private associations. 	<ul style="list-style-type: none"> • Many companies still weak and inexperienced. • Associations need to be strengthened. 	<ul style="list-style-type: none"> • Strengthen the presence of associations. • Business training for small and medium sized enterprises. • 	<ul style="list-style-type: none"> • Possible project partners. • Fishermen and women potential for project activities.

Key File Table 3: Complementary Donor Initiative/Partnership Potential

Agency	Priority Sectors and Areas of Focus	Period of Country Strategy	Complementarities/Synergy Potential
African Development Bank	<ul style="list-style-type: none"> • North Nampula and Cabo Delgado Artisanal Fisheries Project (PPANNCD) – 2003-2010 (USD 27.5 million, 86% AfDB, 14% GoM and Beneficiaries). The project is similar in design to PPABAS and supports the development of the artisanal fishery sector in the north of the country through three components: (i) access to financial services (both formal credit and development of savings and credit groups); (ii) social infrastructure (only water); and (iii) institutional strengthening, which includes economic infrastructure and capacity building/training of various actors in the sector. 		The ProPESCA project in the North of the country will build on and up-scale the experience of this project.
Italian Cooperation	<ul style="list-style-type: none"> • Inhambane and Gaza Artisanal Fisheries Project (PPAGI) – 2008-2010. (USD 4.4 Million 89% grant, 11% GoM). The project provides support for the development of the fisheries sector. Technical assistance is provided on fishing techniques, fish processing and marketing. Special attention is paid to social development and gender; financial services; participative management of fishing resources; and institutional development. 	Country Programme 2008-2012	The ProPESCA project in the South of the country will build on and up-scale the experience of this project.
Norwegian and Icelandic Cooperation	<ul style="list-style-type: none"> • Fisheries Sector Assistance Programme (FSAP) – 2010-14 (USD 25 million). The programme covers the whole fisheries sector and comprises four components: (i) institutional support to Ministry of Fisheries (policies, strategies, legislation, etc.); (ii) capacity for fisheries management (assessment of resources and compliance with fisheries laws and regulations); (iii) development of production oriented to domestic consumption; and (iv) cross-cutting issues (HIV/AIDS, good governance practices, gender equity and environmental sustainability). 		Significant scope of potential complementarities with ProPESCA, in particular in the areas of policy dialogue and improved fisheries management.
Japan Social Development Fund/World Bank	<ul style="list-style-type: none"> • Community Based Coastal Resource Management and Sustainable Livelihoods Project – TF093663-MOZ. (USD 1.8 million). The project covers the provinces of Inhambane, Gaza and Maputo and includes the following components: Raising Awareness and Capacity Building for Coastal Communities; Collaborative Coastal Resources Management Plans; Promoting Sustainable Use of Natural Resources; Village Resource Use and Adaptation to Climate Change, Project Management, Monitoring and Evaluation. 	2010 - 2012	The approach to be taken in the project has been harmonized with the approach of ProPESCA and thus there will be considerable synergies and the investment activities will be complementary.

Agency	Priority Sectors and Areas of Focus	Period of Country Strategy	Complementarities/Synergy Potential
Various, including WB and GEF	<ul style="list-style-type: none"> • Southwest Indian Ocean Fisheries Project – 2004-11 (USD 35.7 million). Regional project covering eight countries, namely: Comoros, Kenya, Madagascar, Mauritius, Mozambique, South Africa, Seychelles, Tanzania. It includes six components: (i) Data gap analysis, data archiving and information technology; (ii) Assessment and sustainable utilization of crustaceans; (iii) Assessment and sustainable utilization of demersal fish; (iv) Assessment and sustainable utilization of pelagic fish; (v) Mainstreaming biodiversity in national and regional fisheries management; and (vi) Strengthening regional and national fisheries management 		Considerable potential complementarity in the assessment of resources for artisanal fisheries (pelagic and demersal, survey planned for 2011) as well as for support to national fisheries management.
Canadian International Development Agency, CIDA	<ul style="list-style-type: none"> • Poverty reduction through fisheries in Mocímboa da Praia, Cabo Delgado – 2005-2010. (589,400 Canada 94% and GoM 6%). The main focus of the intervention is on strengthening local capacity and institutional support to the fishery sector. Introduction of sustainable practices, processing, environmental protection and gender equity are also important aspects. • Human resources development and training in the field of marine sciences (Southern Oceans Education and Development Project, Mozambique/ Canada/Brazil) – 2007-2012. (114,000) Institutional and community capacity building; training and funding for MSc students. 	The Country Development Programming Framework (CDPF) 2004-2009.	Great potential for complementarity particular in the field of technical training and capacity-building on sustainable fishing practices, processing and environmental protection.
Irish Cooperation INFOSA	<ul style="list-style-type: none"> • Support to IDPPE's institutional capacity building – 2007-2010. (600,000). The project supports capacity-building and institutional development. • Improvement of efficiency in small scale fisheries produce marketing in Mozambique (Montanhana and Costa do Sol) and Angola – 2005-2010. (1.16 Million). Assistance to fish marketing; construction of a point of first sales market. • Common fund for commodities (2008-2011). Implemented in collaboration with the FAO and fisheries institutions in the host countries. The project entails building capacity of small scale fishers through training on information collection and dissemination, prices and trade opportunities, fish handling and preservation methods, packaging and distribution, new production technology and fish marketing. 	Country Strategy Paper (2007-2010)	
DFID	<ul style="list-style-type: none"> • Support to the fish inspection system in Mozambique – 2007-2010 (Phase I) and 2008-2012 (Phase II). (2 million grant). The project focuses on institutional support: improvement of laboratories, housing construction for provincial fish inspectors and training; identification, implementation and management of Mozambican quality standards. 	Country Assistance Strategy Plan for Mozambique (2008-2012)	

Agency	Priority Sectors and Areas of Focus	Period of Country Strategy	Complementarities/Synergy Potential
KfW	<ul style="list-style-type: none"> • Access Finance Challenge Fund (Euros 1.3 million), an initiative launched in 2007 managed by the Bank of Mozambique to co-finance efforts to expand financial services in the rural areas. The facility aims to provide support to some of the same institutions that the IFAD-financed Rural Finance Support Programme (RFSP). 	2007-2011	Limited, as ProPESCA will develop a partnership with RFSP, which provides similar support for expansion of financial services into rural areas.
DANIDA	<ul style="list-style-type: none"> • Support to Private Sector Development, District Roads Component (2011 – 2015). Support to District Roads Improvement and Maintenance under Sector Budget Support (USD 32.3 Million). Modality through PRISE with RF, ANE and the District Governments as implementing partners. 		Sharing resources for the provision of Technical Assistance, capacity building and supervision for District Governments and Provincial Delegations of ANE for the management of unclassified roads.
Swiss Development Cooperation, Oxfam-Novib, Danida-ADIPSA, SNV, COCAMO	<ul style="list-style-type: none"> • Involved in the promotion of community-based financial service provision (PCRs, RFAs and SACCOs.). 	At least for the next 2-3 years.	Financial support for the development of RFAs and SACCOs in some of the Growth Poles.

Key File Table 4: Target Group Identification, Priority Issues and Potential Response

Typology	Poverty Characteristics	Coping actions	Priority needs	Project response
Boat and gear owners	<ul style="list-style-type: none"> • Own fishing equipment. • The type and quality of their boats does not allow them to fish in the open sea. • Highly exposed to the risk of contracting HIV/AIDS. • Inadequate financial services. • Poor marketing infrastructures. • Lack access to ice. • Deterioration of marine resources. 	<ul style="list-style-type: none"> • Market their products through specialised traders or producers' organisations. • Participate in ASCA/RFAs groups and fishers' organisations. • Diversify their income sources through farming and processing/trading. • Participate in Community Fishing Councils for regulating the use of marine resources. 	<ul style="list-style-type: none"> • Access to credit for investment in fishing boats, motors and equipment. • Improved access to ice and dynamic markets. • Improved market infrastructure and roads access. • HIV/AIDS sensitization and training. 	<ul style="list-style-type: none"> • Training, demonstrations and exchange visits on fishing operations and post-harvest handling. • Promoting participation in PCRs and access to formal credit • Establishment of a Risk Mitigation Fund to facilitate lending by financial institutions to boat and gear owners who often have limited collateral • Provision of basic business training. • Formation / strengthening of fishers' associations and CCPs. • Marketing infrastructures development. • Support to investment in ice production. • Sensitization and training on HIV/AIDS.
Crew members	<ul style="list-style-type: none"> • Do not own a boat or fishing equipment. • Low incomes prevent their development / graduation. • Highly exposed to the risk of contracting HIV/AIDS. • 	<ul style="list-style-type: none"> • Diversify household income sources through farming and other income generating activities. • Sell their products in local markets. • Some of them participate in ASCA/RFAs groups. • 	<ul style="list-style-type: none"> • Improved skills levels and access to improved employment opportunities. • Access to basic financial services through PCRs for low level borrowing and savings accumulation. • HIV/AIDS sensitization training. • 	<ul style="list-style-type: none"> • Creating employment opportunities on new and improved fishing units. • Increased remuneration through higher value of catch. • Training, demonstrations and exchange visits on fishing operations and post-harvest handling. • Promoting savings accumulation through participation in PCRs and provision of basic business training. • Sensitization activities on HIV/AIDS. • Promoting asset creation and social mobility. • Promoting participation in CCPs.

Typology	Poverty Characteristics	Coping actions	Priority needs	Project response
Collectors and other part-time fishers	<ul style="list-style-type: none"> • Subsistence oriented with some marketable surplus. • Experience food insecurity and malnutrition. • Own rudimentary and environmentally-destructive fishing gears. • High percentage of women headed households. • High illiteracy rates, particularly among women and women headed households. 	<ul style="list-style-type: none"> • Some of them diversify through farming and petty trading. • A minority of them participate in PCRs groups. • Sell their products at a very low price to local traders. • 	<ul style="list-style-type: none"> • Access to productive assets. • Livelihoods diversification. • Functional literacy. • Basic services. 	<ul style="list-style-type: none"> • Promoting their participation in PCRs. • Functional literacy training and business skills development opportunities. • Group enterprise formation. • Sensitization activities to adopt environmentally friendly gears / livelihoods diversification. • Partnership with BFFS to improve access to basic services and infrastructures.
Traders and processors	<ul style="list-style-type: none"> • Trade in small quantities and low value products. • Limited access to ice. • Rudimentary processing methods • Poor marketing infrastructures. • Illiteracy rates particularly among women. • Poor business skills and organisation. 	<ul style="list-style-type: none"> • Most of them sell dried fish in local markets. • Some traders living close to urban centres buy home-made ice. • Diversify their source of income through farming. • The majority participate in PCRs in order to access financial services and the social fund. 	<ul style="list-style-type: none"> • Improved knowledge of processing methods. • Improved roads and market infrastructures. • Access to improved financial services for investment, for example, in coolboxes and ice, motorcycles and for working capital. • Training in improved business skills. • Assistance for enterprise development. 	<ul style="list-style-type: none"> • Promoting access to and services offered by PCRs for working capital and small investments. • Promoting access to formal credit for larger investments, in for example, cool boxes or means of transporting the fish • Training in improved processing methods, functional literacy and business skills; and exchange visits and study tours. • Formation / strengthening of enterprise groups. • Construction of market infrastructures and sales points. •

Key File Table 5: Stakeholder Matrix/Actors and Roles - Stakeholder Analysis

Stakeholders	Current Role in Development of Higher Value Fisheries	Prospective Role of Higher Value Fisheries	Barrier(s) to Effective Participation
Ministry of Fisheries (MDP)	<ul style="list-style-type: none"> Policy, legislative and incentives initiatives. 	<ul style="list-style-type: none"> Streamline initiatives favouring the strategy of artisanal fisheries development based on the value chain opportunities and depending on other ministries and the council of ministers. 	<ul style="list-style-type: none"> Limited technical capacity although the Programme of Assistance to the Fisheries Sector, sponsored by Norway, contains initiatives to strengthen the MDP capacity in the field of policies and strategies formulation and studies.
Ministry of Finance (MoF)	<ul style="list-style-type: none"> Determination of taxes and incentives policies, revenue and public debt. 	<ul style="list-style-type: none"> Streamline the incentives for the improvements of the terms of trade for the small-scale fishers, processors and traders. 	<ul style="list-style-type: none"> Limited institutional capacity.
IDPPE	<ul style="list-style-type: none"> Promotion of development initiatives in artisanal fisheries subsector. 	<ul style="list-style-type: none"> Execution of the project initiatives and contribution to the sustainability of project effects. 	<ul style="list-style-type: none"> Limited institutional and financial capacities to complement resources provided by the project.
Fisheries Administration (DNAP)	<ul style="list-style-type: none"> Low, irregular linking with district fisheries administration bodies. 	<ul style="list-style-type: none"> Establishment of district fisheries administration bodies, control and enforcement of management measures in a frame of co-management of the artisanal fisheries in order to guarantee the sustainability of fishing resources. 	<ul style="list-style-type: none"> Limited institutional and financial capacities to complement resources provided by the project.
Institute for Fisheries Research (IIP)	<ul style="list-style-type: none"> Analysis of artisanal fishing data and dissemination of results. 	<ul style="list-style-type: none"> Estimate of fishing resource potentials and analysis of artisanal fisheries data to issue recommendations at local levels for sustained exploitation of fishing resources. 	<ul style="list-style-type: none"> Limited institutional and technical capacities at central and provincial levels.
National Institute for Fisheries Inspection (INIP)	<ul style="list-style-type: none"> Mainly quality control of industrial fishing, resource management. 	<ul style="list-style-type: none"> Extend quality standards and traceability to artisanal fishing in order to fully exploit the opportunities provided by value chains. 	<ul style="list-style-type: none"> Limited institutional and technical capacities at central and provincial levels.
Fisheries School (EP)	<ul style="list-style-type: none"> Current courses are not adjusted to the present needs of the artisanal fisheries subsector. 	<ul style="list-style-type: none"> Respond to the training needs of agents both from the sector administration and private actors so they can reduce their capacity gaps. 	<ul style="list-style-type: none"> Limited institutional and technical capacities (assistance from Norway's sponsored programme planned).
Fishing Development Fund (FFP)	<ul style="list-style-type: none"> Provides retail and wholesale credit to the fishing sector. 	<ul style="list-style-type: none"> Potential intermediary role between credit clients and banks participating in the Risk Mitigation Fund. Possible option as guardian of RMF fund after project end. 	<ul style="list-style-type: none"> Lack of institutional capacity to be directly involved in lending activities or RMF management. Dispersed staff based in many of Growth Poles have a potentially important role for interfacing with fishermen, traders and processors.

Stakeholders	Current Role in Development of Higher Value Fisheries	Prospective Role of Higher Value Fisheries	Barrier(s) to Effective Participation
Fund for Economic Rehabilitation (FARE)	<ul style="list-style-type: none"> Broad knowledge of and experience with rural finance service providers, including CBFS providers. 	<ul style="list-style-type: none"> Provision of matching grants for start-up operations of formal financial service providers in Growth Poles (using similar approach as the Innovation and Outreach Facility of FARE's Rural Finance Support Programme). 	<ul style="list-style-type: none"> FARE has been plagued by poor institutional capacity and poor public image. The approval of FARE's new statutes and government commitment to improve its effectiveness will hopefully bring improvements.
Financial Intermediaries (including formal community –based financial service providers)	<ul style="list-style-type: none"> Lending from banks currently limited, though expanding. Though smaller commercial banks starting to appear – microfinance banks – with more rural orientation and more open to new approaches MFIs currently most active financial intermediaries in rural areas. Examples of successful support exist. 	<ul style="list-style-type: none"> Expanded outreach and provision of financial services in rural areas could support fisheries operations. MFIs and micro-banks expected to expand coverage and become increasingly active. Expanded outreach and provision of financial services in rural areas could support farm commercialization and private sector advisers. 	<ul style="list-style-type: none"> Banks often think that lending and provision of financial services in rural areas is risky, high cost and unprofitable. Starting from a relatively small base and limited operations. Lack of coordination among MFIs. Bank conviction that lending and provision of financial services in rural areas is risky, high cost and unprofitable.
Savings & Credit (PCR) Groups	<ul style="list-style-type: none"> Positive, but limited coverage. 	<ul style="list-style-type: none"> Groups could be active both in funding smaller investments and as a positive and inclusive force in fishing communities. 	<ul style="list-style-type: none"> Few barriers except the number of trained ASCA promoters – ASCAs have been very popular and readily formed when support is available.
Small-to-Medium Traders	<ul style="list-style-type: none"> Increasingly active in agri-business, input supply and produce marketing. 	<ul style="list-style-type: none"> Expansion of facilities and activities expected to emerge from Government policy. Could provide the essential link for farmers/groups to commercialise their operations. 	<ul style="list-style-type: none"> Limited skills and capacity as yet to undertake expansion of operations, limited collateral. Reluctance to borrow for business expansion.
Entrepreneurs	<ul style="list-style-type: none"> Active but developing slowly. 	<ul style="list-style-type: none"> Capacity of initiative to take advantage of the opportunities provided by the project on value chain initiatives. 	<ul style="list-style-type: none"> Technical skills are insufficient. Low experience in dealing with credit procedures established by banks.

Table 6: Expenditure Accounts by Components Totals Incl. Contingencies (USD ‘000)

	Supporting Development of Higher Value Fish	Improving Economic Infrastructure	Financial Services	Institutional Strengthening, Policy Initiatives and Project Management	Total
I. Investment Costs					
A. Civil Works	-	12 185.7	-	867.8	13 053.5
B. Vehicles, Equipment and Materials					
1. Vehicles and motorcycles	-	-	-	1 000.8	1 000.8
2. Equipment and materials	-	-	-	748.2	748.2
Subtotal Vehicles, Equipment and Materials	-	-	-	1 748.9	1 748.9
C. TA, Contracts, Studies, Training and W/shops					
International TA	-	222.0	378.5	494.4	1 094.9
National TA	1 048.4	614.1	604.5	1 117.6	3 384.6
Contracted Services	-	570.4	2 355.0	659.0	3 584.5
Training, workshops and meetings	-	155.0	-	467.1	622.1
Studies	-	-	21.1	203.3	224.4
Subtotal TA, Contracts, Studies, Training and W/shops	1 048.4	1 561.6	3 359.0	2 941.5	8 910.5
D. Value Chain Facility	8 234.0	-	-	-	8 234.0
E. IOF Matching Grants	-	-	800.0	-	800.0
F. Investment capital	-	-	4 560.0	-	4 560.0
Total Investment Costs	9 282.4	13 747.2	8 719.0	5 558.3	37 306.9
II. Recurrent Costs					
A. Salaries and allowances	-	-	-	5 585.9	5 585.9
B. Incremental Operating Costs	-	-	-	647.6	647.6
Total Recurrent Costs	-	-	-	6 233.5	6 233.5
Total PROJECT COSTS	9 282.4	13 747.2	8 719.0	11 791.8	43 540.4
Taxes	823.4	911.3	341.5	578.0	2 654.2
Foreign Exchange	2 470.2	4 011.7	839.0	2 335.0	9 655.9

**Table 7: Expenditure Accounts by Financiers
(USD thousand)**

	GoM (Actual Cost)		IFAD		BFFS		Other Financing		MgrRMF		FIs		Private Investor		Total		For. Exch.	Local (Excl. Taxes)	Duties & Taxes	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%				
I. Investment Costs																				
A. Civil Works	194.4	1.5	5 618.0	43.0	-	-	7 241.1	55.5	-	-	-	-	-	-	13 053.5	30.0	3 916.0	9 137.4	887.6	
B. Vehicles, Equipment and Materials																				
1. Vehicles and motorcycles	-	-	1 000.8	100.0	-	-	-	-	-	-	-	-	-	-	1 000.8	2.3	600.5	400.3	221.1	
2. Equipment and materials	-	-	419.7	56.1	328.5	43.9	-	-	-	-	-	-	-	-	748.2	1.7	374.1	374.1	108.5	
Subtotal Vehicles, Equipment and Materials	-	-	1 420.5	81.2	328.5	18.8	-	-	-	-	-	-	-	-	1 748.9	4.0	974.6	774.4	329.5	
C. TA, Contracts, Studies, Training and W/shops																				
International TA	-	-	716.5	65.4	378.5	34.6	-	-	-	-	-	-	-	-	1 094.9	2.5	1 040.2	54.7	-	
National TA	-	-	1 587.1	46.9	1 797.5	53.1	-	-	-	-	-	-	-	-	3 384.6	7.8	-	3 384.6	-	
Contracted Services	17.7	0.5	513.8	14.3	2 709.4	75.6	343.6	9.6	-	-	-	-	-	-	3 584.5	8.2	716.9	2 867.6	519.7	
Training, workshops and meetings	-	-	351.6	56.5	270.5	43.5	-	-	-	-	-	-	-	-	622.1	1.4	124.4	497.7	-	
Studies	-	-	203.3	90.6	21.1	9.4	-	-	-	-	-	-	-	-	224.4	0.5	89.8	134.6	-	
Subtotal TA, Contracts, Studies, Training and W/shops	17.7	0.2	3 372.3	37.8	5 177.0	58.1	343.6	3.9	-	-	-	-	-	-	8 910.5	20.5	1 971.3	6 939.3	519.7	
D. Value Chain Facility	-	-	3 293.6	40.0	1 646.8	20.0	3 293.6	40.0	-	-	-	-	-	-	8 234.0	18.9	2 470.2	5 763.8	823.4	
E. IOF Matching Grants	-	-	800.0	100.0	-	-	-	-	-	-	-	-	-	-	800.0	1.8	-	800.0	-	
F. Investment capital	-	-	1 300.0	28.5	-	-	-	-	600.0	13.2	1 600.0	35.1	1 060.0	23.2	4 560.0	10.5	-	4 560.0	-	
Total Investment Costs	212.0	0.6	15 804.4	42.4	7 152.2	19.2	10 878.3	29.2	600.0	1.6	1 600.0	4.3	1 060.0	2.8	37 306.9	85.7	9 332.1	27 974.9	2 560.3	
II. Recurrent Costs																				
A. Salaries and allowances	906.1	16.2	4 679.8	83.8	-	-	-	-	-	-	-	-	-	-	5 585.9	12.8	-	5 585.9	-	
B. Incremental Operating Costs	-	-	647.6	100.0	-	-	-	-	-	-	-	-	-	-	647.6	1.5	323.8	323.8	93.9	
Total Recurrent Costs	906.1	14.5	5 327.4	85.5	-	-	-	-	-	-	-	-	-	-	6 233.5	14.3	323.8	5 909.7	93.9	
Total PROJECT COSTS	1 118.2	2.6	21 131.7	48.5	7 152.2	16.4	10 878.3	25.0	600.0	1.4	1 600.0	3.7	1 060.0	2.4	43 540.4	100.0	9 655.9	33 884.6	2 654.2	

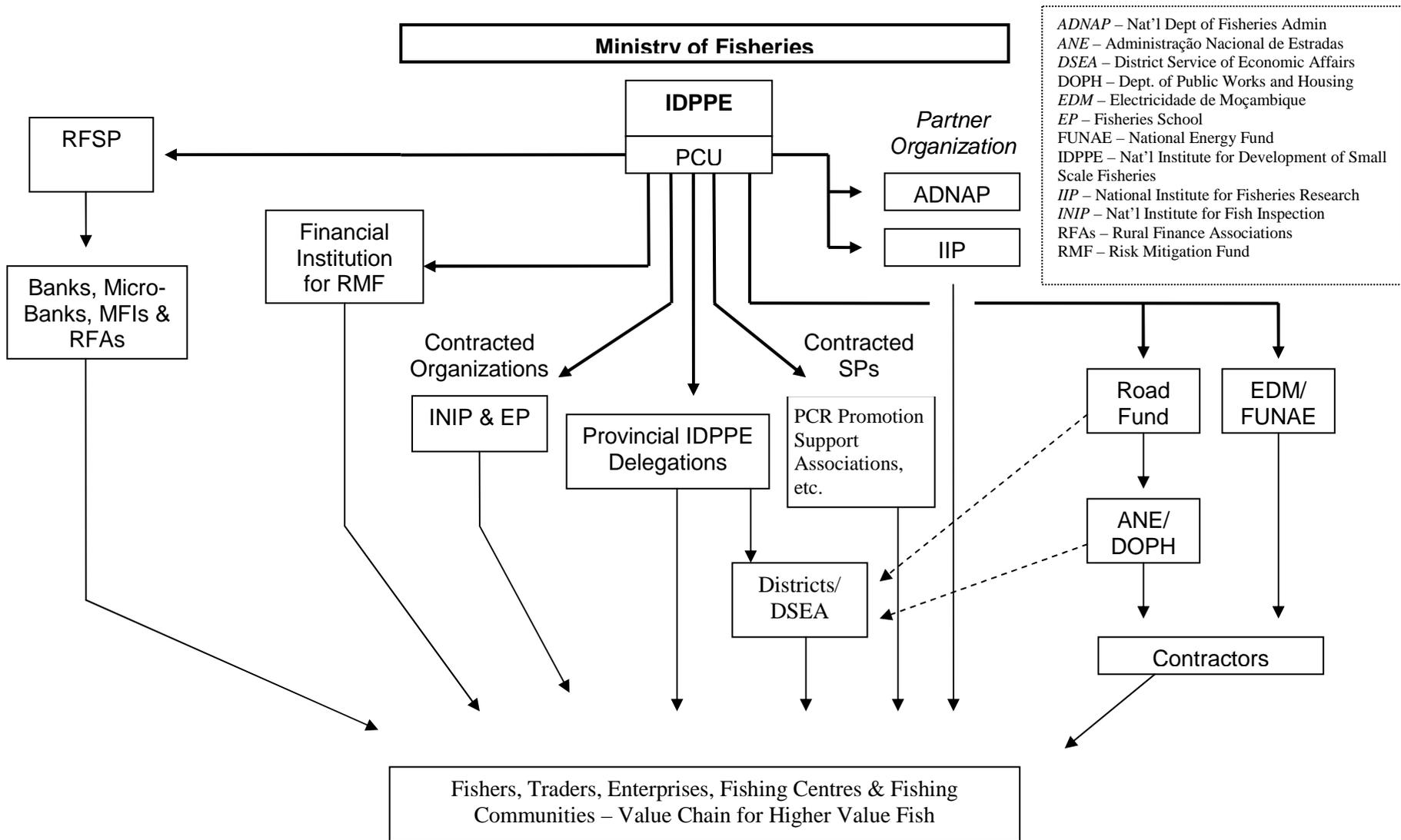
MOZAMBIQUE

**ARTISANAL FISHERIES PROMOTION PROJECT
(PROPESCA)**

PROJECT DESIGN DOCUMENT

ANNEX 4

ORGANIZATION CHART



MOZAMBIQUE

**ARTISANAL FISHERIES PROMOTION PROJECT
(PROPESCA)**

**PROJECT DESIGN DOCUMENT
July 2010**

ANNEX 5

FLOW OF FUNDS CHART

ProPESCA – Chart of Flow of funds

