



**AFRICAN DEVELOPMENT  
BANK GROUP**

## **PROJECT: BAIXO LIMPOPO IRRIGATION AND CLIMATE RESILIENCE PROJECT (BLICRP)**

**COUNTRY: Mozambique**

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### **PROJECT APPRAISAL REPORT**

*Date: July, 2012*

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## TABLE OF CONTENTS

I – STRATEGIC THRUST & RATIONALE.....	1
1.1. Project linkages with country strategy and objectives .....	1
1.2. Rationale for Bank’s involvement .....	1
1.3. Donors coordination.....	2
II – PROJECT DESCRIPTION .....	3
2.1. Project components .....	3
2.2. Technical solution retained and other alternatives explored.....	3
2.3. Project type .....	4
2.4. Project cost and financing arrangements .....	4
2.5. Project target area and population.....	5
2.6. Participatory process for project identification, design and implementation .....	6
2.7. Bank Group experience, lessons reflected in project design .....	6
2.8. Key performance indicators .....	6
III – PROJECT FEASIBILITY .....	6
3.1. Economic and financial performance .....	6
3.2. Environmental and social impacts .....	7
IV – IMPLEMENTATION.....	8
4.1. Implementation arrangements.....	8
4.2. Monitoring .....	9
4.3. Governance .....	9
4.4. Sustainability.....	9
4.5 Risk management.....	10
4.6. Knowledge building.....	10
V – LEGAL INSTRUMENTS AND AUTHORITY.....	11
5.1. Legal instrument .....	11
5.2. Conditions associated with Bank’s intervention.....	11
5.3. Compliance with Bank policies .....	12
VI – RECOMMENDATION .....	12

Appendix I. Country’s comparative socio-economic indicators

Appendix II. Table of ADB’s portfolio in the country

Appendix III: Key related projects financed by the Bank and other development partners in the country

Appendix IV: Map of Project area

Appendix V: Procurement arrangements

## Currency Equivalents

March 2012

1 UA	=	42.40 New Mozambican Metical (MZN)
1 USD	=	27.25 MZN
1 EURO	=	36.63 MZN
1 UA	=	1.56 USD
1 UA	=	1.16 EURO

## Fiscal Year

[January - December]

## Weights and Measures

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

## List of Acronyms and Abbreviations

ADB	African Development Bank
ADF	African Development Fund
Bank	ADF and ADB
BLIS	Baixo Limpopo Irrigation Scheme
CAADP	Comprehensive Africa Agriculture Development Programme
CIF	Climate Investment Funds
CPIA	Country Policy and Institutional Assessment
DNSA	National Directorate of Agrarian Services
ESMP	Environmental and Social Management Plan
GoM	Government of Mozambique
M&E	Monitoring and Evaluation
MINAG	Ministry of Agriculture
MPD	Ministry of Planning and Development
OSAN	Agriculture and Agro-Industry Department
ORSB	Operations Southern Africa Region B
PEDSA	Mozambique National Agricultural Strategy
PPCR	Pilot Program for Climate Resilience
PBL	Policy Based Lending
RBLEP	<i>Regadio do Baixo Limpopo EP</i> (Baixo Limpopo Irrigation Scheme Public Enterprise)
SCF	Strategic Climate Fund
UA	Unit of Account

## Loan Information

### Client's information

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<b>BORROWER:</b>	<b>Republic of Mozambique</b>
<b>EXECUTING AGENCY:</b>	<b>National Directorate for Agrarian Services - Ministry of Agriculture</b>

### Financing plan

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Source	Amount (UA m)	Instrument
ADF	16.53	Loan
SCF-PPCR	8.44	Loan
	1.81	Grant
GOM	1.48	Counterpart
<b>TOTAL COST</b>	<b>28.26</b>	

### ADF's key financing information

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	ADF	SCF-PPCR
Loan currency	UA	USD
Interest type*	NA	NA
Interest rate spread*	NA	NA
Commitment fee*	0.50% on non-disbursed amount beginning 120 days after signature	NA
Other fees*	NA	NA
Tenor	(50 Years)	(40 Years)
Service Charge	0.75% per annum on the amount disbursed and outstanding	0.10% per annum on the amount disbursed and outstanding
Grace period	Ten Years	Ten Years
FIRR, NPV (base case)	14.2%, US\$ 14.6 million	
EIRR (base case)	20.07%	

*\*if applicable*

### Timeframe - Main Milestones (expected)

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Concept Note approval	January 2012
Project approval	September 2012
Effectiveness	December 2012
Last Disbursement	June, 2019
Completion	December, 2017
Last repayment	NA

## **Project Summary**

### **1. Project Overview:**

1.1 The proposed Baixo Limpopo Irrigation and Climate Resilience Project (BLICRP) will be implemented in Xai Xai District of Gaza Province south of Mozambique. Its objective is to contribute towards poverty reduction through increased value addition and provision of climate resilient (CR) infrastructure for increased agricultural productivity through support for the development of 3,050 ha for cash crops and provision of marketing and agro-processing facilities. The project will also enhance the resilience of communities to cope with climate change related events. The project timeframe is five years from 2013 to 2017 and total cost net of taxes and duties, is UA 28.26 million.

1.2 About 8200 farm families comprising of smallholders and emerging farmers in the Baixo Limpopo Irrigation Scheme (BLIS) will directly and indirectly benefit from the project. About 52% of the project beneficiaries are women.

1.3 Intensified agricultural production, improved rural roads and access to markets would enhance food security and poverty alleviation, and help farmers to better cope with climate change related events. The project design followed an intensive consultation process through discussions with farmers groups and several relevant stakeholders. This participatory approach will continue during project implementation. During implementation beneficiaries will contribute to O&M and land leveling costs, in addition to agro-processing.

### **2. Needs Assessment:**

2.1 In 2005, the Bank financed the rehabilitation of part of BLIS, successively developing an area of 2,000 ha. However due to frequent flooding in the area, the infrastructure has been damaged. Moreover, past Bank support concentrated mainly on agricultural production with little investment in market, input access and storage, which led to setback of development. Consequently, this project seeks to strengthen previous Bank investments and establish new ones that are climate resilient with strong focus on the entire value chain.

### **3. Bank's Added Value:**

3.1 The Bank's comparative advantage and added value in this project are derived from its accumulated experience in financing a number of previous operations in the agricultural sector in Mozambique and elsewhere which includes irrigation and drainage infrastructure, and capacity building related interventions. This will be solidified by the newly introduced climate resilience measures, improved procurement and disbursement, and local presence through the field office.

### **4. Knowledge Management:**

4.1. Three relatively new approaches are introduced that should be monitored and evaluated carefully, namely: i) integrating climate adaptation measures and introduction of tested and proofed CR seeds suited for Gaza Province, ii) contracting service providers to link farmers with markets, and iii) agro-processing at farm level by farmer and women's groups. Depending on their level of success, the measures could be applied in other areas of the continent and provide the Bank the knowledge to meet its employment creation and poverty alleviation goals. As CR is a learning-by-doing process, best practices of this project will help the Bank design more robust CR operations in all sectors including agriculture.

## Results Based Logical Framework

**Country and Project Name:** Mozambique - Baixo Limpopo Irrigation and Climate Resilient Project (BLICRP)  
**Purpose of the project:** To contribute to poverty reduction through increased value addition and provision of climate resilient infrastructure for increased agricultural productivity

RESULTS CHAIN	PERFORMANCE INDICATORS			Means of Verification	RISKS / MITIGATION MEASURES
	Indicator (including CSI)	Baseline	Target		
<b>LEVEL 1</b> Improving national food security and reduced poverty	National Poverty Rate	54.7% (2009)	42% (2017)	MPD Reports	
<b>OUTCOMES</b> 1. Rice and vegetables production increased 2. Incomes of smallholder farmers and rural entrepreneurs raised	1. Annual output of rice and vegetables 2. Annual incomes increase of small-holder farmers and rural entrepreneurs	1. Rice and vegetables national production estimated at 265,100 t and 48,000 t, respectively. 2. Average farmer income estimated at USD 300 in 2011.	1. Rice and vegetable national production estimated at 1,123,080 t and 150,000 t, respectively by 2016. 2. Average income increase of 150% by 2017 in project areas	-MoF statis. -B.line surveys -Impact Surveys -M&E Reports	
<b>OUTPUTS</b> <b>A: Infrastructure Development</b> - Marketing infrastructure and agro processing  - Climate resilient irrigation and drainage infrastructure development  - Climate proofed rural roads  <b>B: Capacity Building and Farm Diversification</b> - Enhanced capacity of farmers and PIU staff  <b>C: Project Management</b>	<ul style="list-style-type: none"> <li>No of upgraded Agrarian centers</li> <li>Med-size Cold Storage Room</li> <li>Area of new small-and medium scale irrigation CR schemes developed</li> <li>Area I&amp;D infrastructure rehabilitated and more adapted to flooding conditions</li> <li>Kilometers of rural roads rehab.</li> </ul>	<ul style="list-style-type: none"> <li>Zero in 2011</li> <li>Zero in 2011</li> <li>Zero in 2011</li> <li>Zero in 2011</li> <li>Zero in 2011</li> <li>Zero in 2011</li> <li>Zero in 2011</li> <li>Zero in 2011</li> <li>Zero in 2011</li> <li>Zero in 2011</li> <li>NA</li> </ul>	<ul style="list-style-type: none"> <li>7 by 2017</li> <li>One by 2014</li> <li>1050 ha for Rice prod. at Magula E. Block producing 6000 tons by 2017</li> <li>2000 ha producing 2400 tons vegetables in 2017 (up 300%) plus food crops</li> <li>15 km of Main Road and 30.3 km of farm roads rehabilitation by 2017</li> <li>1200 women/800 men trained by 2015</li> <li>20 PIU staff trained by 2013</li> <li>CR Seeds tested and proofed in four pilot farms in Gaza Province</li> <li>CC adaptation guide produced by 2016</li> <li>One school and One clinic Rehabilitated by 2015</li> <li>QPRs and annual audit reports; regular M&amp;E reports; timely disbursements</li> <li>M&amp;E Expert recruited and functioning by 2013</li> </ul>	<p>QPRs, M&amp;E Reports &amp; assessment t surveys</p> <p>Supervision Mission Reports Procurement &amp; Audit Reports</p> <p>Seed Testing Research Finding Reports</p>	
<b>KEY ACTIVITIES</b> <u>Components</u> <b>A: Infrastructure for Food Security</b> <b>Sub-comp 1: Market Infrastructure and Agro Processing:</b> C. storage room – Agro-processing Center – Ag. Centers <b>Sub-comp 2: Climate Resilient Infrastructure:</b> Construction of Irrigation and Drainage network in Magula East Block –Rehabilitation of existing and construction of new water control structures - Land leveling – Annual I&D Infra maintenance. <b>Sub-comp 3: Rural Roads:</b> Upgrade of main road to an all season conditions - Upgrade all farm roads to gravel <b>B: Capacity Building and Farm Diversification</b> Farmer mobilization and training – Building RBLEP capacity - Contract farming with rice processors – Contracting service providers/marketing agents – Necessary machinery for land leveling and farm management – CR seeds tested and proofed in Gaza Province – CC adaptation guide. <b>C: Project Management</b>	<b>INPUTS</b>			<b>Sources of financing (million UA)</b>	
	A. UA 23.17 million			ADF: UA 16.53 million (USD 25 mill)	
	B. UA. 2.85 million			SCF-PPCR: UA 10.25 million (USD 15.75 mill)	
	C. UA 2.24 million			GOM: UA 1.48 million (USD 2.14 mill)	
				<b>Total: UA 28.26 million (USD 40.36 mill)</b>	

### Project Implementation Schedule

Activity Description	2012				2013				2014				2015				2016				2017				2018				
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	
1. Appraisal Mission	■																												
2. Loan Negotiation			■																										
3. Board Approval				■																									
4. Advance Procurement of Urgent Contract			■																										
5. Signature			■																										
6. Fulfillment of Conditions for Effectiveness				■																									
7. Project Launch /Start Off					■																								
8. Recruitment of Service Providers/Marketing Agents					■			■																					
9. Design and Implementation of Marketing Schemes								■																					
10. Rehabilitation of existing Irrigation and Drainage Infrastructure						■																							
11. Baseline Survey and Sub Sector Analysis						■																	■						
12. Marketing and Agro-processing Center																	■												
13. Construction of Irrigation and Drainage Infrastructure at Magula East Block												■																	
14. Agro-processing and value addition					■																								
15. Training Needs Assessment and Training					■																								
16. Supervision and Monitoring					■																								
17. Bank PCR																										■			
18. Audit										■				■				■				■				■			

# **REPORT AND RECOMMENDATION OF MANAGEMENT TO THE BOARDS OF DIRECTORS ON A PROPOSED LOAN TO MOZAMBIQUE FOR BAIXO LIMPOPO IRRIGATION AND CLIMATE RESILIENT PROJECT (BLICRP)**

Management hereby submits the following Report and Recommendation for a proposed ADF Loan of UA 16.53 Million, and the implementation of a SCF-PPCR Loan and Grant of USD 13 Million and USD 2.75 Million respectively, to finance the **Baixo Limpopo Irrigation and Climate Resilient Project**.

## **I – STRATEGIC THRUST & RATIONALE**

### ***1.1. Project linkages with country strategy and objectives***

1.1.1 The project is consistent with Mozambique’s Action Plan for Poverty Reduction (PARP 2011–2014) that has 3 strategic objectives; (i) increase agricultural and fisheries production, (ii) employment promotion, and (iii) social and human development. The project responds to all objectives except fisheries production. In line with the Bank’s Agriculture Strategy (2010-2014), National Irrigation Strategy, National Agricultural Strategy (PEDSA) and the CAADP<sup>1</sup>, BLICRP will invest in irrigation, transport and marketing infrastructure to increase irrigated arable land and crop yields, and ensure market access.

1.1.2 The project is aligned to the first thematic area of the Bank’s CSP for Mozambique (2011-2015), which aims to “enhance private sector competitiveness through infrastructure development”. The strategic thrust of the Bank’s CSP on Mozambique is the promotion of SMEs and social inclusion, which the project is fully adopting in the component of farm diversification. The project is also aligned with other Bank policy and strategic frameworks, including Medium Term Strategy (MTS) 2008 – 2012 and Agricultural Sector Strategy (AgSS) – 2010 – 2014, which focus on infrastructure improvements and protection of natural resources.

1.1.3 The project is also consistent with the National Adaptation Program for Action (NAPA), which includes among its four priority adaptation actions the need for “strengthening capacity of agricultural producers to cope with climate change” (NAPA, 2007). The project is jointly financed with the Strategic Climate Fund - Pilot Program for Climate Resilience (SCF-PPCR), and therefore it will contribute to implementing the NAPA in the agriculture sector.

### ***1.2. Rationale for Bank’s involvement***

1.2.1 In 2005, the Bank rehabilitated the Irrigation Scheme at Xai Xai in Gaza Province, as part of Massingir Dam and Smallholder Agricultural Development Project, successively establishing a good irrigation and drainage network for an area of 2,000 ha, with the appropriate agrarian services. However, this support concentrated on agricultural production with limited investment in rural infrastructure for market and input access as well as storage. Lessons learnt in recent Bank’s PCRs in Mozambique stressed the need for far reaching and sustainable impacts. Therefore, there is need for this project to complement previous Bank investments in the target area with strong and climate resilient irrigation infrastructure, all weather rural roads with hard-wearing materials, market infrastructure and storage facilities. Moreover, due to resource constraints, some areas that had been identified for development were left undeveloped despite good irrigable soils, and will be developed under the current intervention. The project also fully complements the Enhancing Climate Resilience through Sustainable Land & Water Resources Management Project that is under

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<sup>1</sup> PEDSA and CAADP aim at gradually integrating agricultural producers into competitive value chains along inclusive and equitable approaches, giving priority to crops and meat production for the domestic market.



preparation to be financed through the SCF-PPCR and to be implemented by the Bank, as well as an IFAD Value Chain Project, also under preparation.

### 1.3. Donors coordination

Sector	Size		
	GDP	Export	Labor
[Agriculture]	23%	20%	80%
<b>Players - Public Annual Expenditure (average 2007 - 2010)**</b>			
Organization	% contribution out of a total of 60 million UA/ Year		
Canada	17.20%		
EU	16.50%		
ADB	16.10%		
Sweden	12.70%		
Denmark	10.00%		
Others	27.50%		
Existence of Thematic Working Groups		[Y]	
Existence of SWAPs or Integrated Sector Approaches		[N]	
ADB's Involvement in donors coordination***		[M]	

\* as most appropriate \*\* Years [2007 to 2010] \*\*\* for this sector or sub-sector

\*\*\*\* L: leader, M: member but not leader, none: no involvement

**1.3.1 Comments on Donor Coordination:** Implementation of the Paris Declaration (PD) in Mozambique is positive as donors reassured the country on the existence of satisfactory conditions for continued General Budget Support (GBS) in the Annual Review ended in May, 2011. Since 2007 the Bank has been chairing the donor Roads Working Group and is a signatory to the letter of commitment in support of the national rural water program. ESWs in the areas of EITI, PEFA, community perspectives and comparative analysis of decentralization in rural water sector were carried out jointly with GoM and other development partners (Switzerland, Norway, World Bank, DfID) and the Bank's Procurement and Financial Management Department (ORPF). In 2010, the WB was the largest donor, in terms of disbursed aid, followed by the European Commission and the United States of America (USA), the United Kingdom, and the AfDB.

1.3.2 The Bank's areas of intervention have ensured complementarity with other donors, through parallel financing with selected partners in areas like transport infrastructure, power and rural finance. The Bank intends to increase its local presence to improve aid coordination and country dialogue by providing demand-driven and knowledge advisory services to GoM, in close collaboration with other partners, including assuming leadership in donor working groups on public sector reform, transport (roads) and water and sanitation. Other priorities include raising the number of co-financing opportunities through the African Water Facility (AWF), the Rural Water Supply and Sanitation Initiative (RWSSI), Global Environment Facility, Climate Investment Funds (CIF), multinational operations envelope, and bilateral sources, as much as possible, to reduce transaction costs.

## II – PROJECT DESCRIPTION

### 2.1. *Project components* (detailed description of components is provided in Annex C1)

Nr.	Component name	Est. cost (UA)	Component description
1	<b>Infrastructures Development</b>	UA 23.17 million	
	<u>Sub-component 1: Marketing Infrastructure and Agro Processing</u>	UA 5.38 million	<ul style="list-style-type: none"> <li>• Seven (7) existing agrarian centers upgraded.</li> <li>• One medium size cold storage room constructed.</li> <li>• A main agro-processing center constructed in Xai-Xai.</li> </ul>
	<u>Sub-component 2: Climate Resilient Irrigation Infrastructure</u>	UA 9.60 million	<ul style="list-style-type: none"> <li>• 1050 ha developed in the Magula East Block.</li> <li>• Sluice gates installed at tail end of the two main drains.</li> <li>• Rehabilitation of existing irrigation and drainage infrastructure of 2000 ha.</li> <li>• Maintenance of irrigation and drainage network, and feeder roads outsourced.</li> </ul>
	<u>Sub-component 3: Clim. Proofed Rural Roads</u>	UA 8.19 million	<ul style="list-style-type: none"> <li>• Upgrade 45.3 Km of roads within the scheme to all-weather-conditions with flood protection measures and drainage.</li> </ul>
2	<b>Capacity Building and Farm Diversification</b>	UA. 2.85 million	<ul style="list-style-type: none"> <li>• Engage existing rice processors and input suppliers in an input supply system to farmers using a revolving voucher system.</li> <li>• Engage service providers/marketing agents under a design – and – implement contracts, to facilitate access to markets.</li> <li>• A total of 8,210 farm families (about 40,000 beneficiaries) organized in groups and trained on irrigated agriculture.</li> <li>• PIU staff trained on: i) agronomic and extension services, and equipped with necessary machinery to maintain the irrigation scheme; ii) Climate Change adaptation and Environment and social management; and iii) financial management, procurement and disbursement, and software and hardware on M&amp;E.</li> <li>• A research institution contracted to: i) test climate proof and resilient seeds for future use in Gaza Province and Southern Mozambique; and ii) produce an easy-to-implement guide for farmers on adaptation to CC in Lower Limpopo Region.</li> </ul>
3	<b>Project Management</b>	UA 2.24 million	<ul style="list-style-type: none"> <li>• Support project’s implementation and management.</li> <li>• A well-experienced agricultural marketing technical advisor with agro-processing experience recruited to help RBLEP in agro-processing and marketing issues.</li> <li>• Annual project audit exercises and reporting.</li> </ul>

### 2.2. *Technical solution retained and other alternatives explored*

2.2.1 Technical solutions proposed are: i) climate resilient irrigation system using a lined conveyance channel and a buried PVC secondary conveyance pipeline system; and ii) uninterrupted operation of the drainage system by installing a standby generator at Umbape Pump Station for continuous pumping of drainage water during electricity blackouts due to cyclones or floods, and sluice gates on the tail ends of the two main drains to improve their management; iii) value addition through marketing and agro-processing; and (iv) commercializing post-harvest crop handling (agro-processing and marketing) by engaging managers and service providers. Two service providers will be selected by the project to enter into contracts with the farmers to run the input supply system using the voucher system (see description of this system in annex C1), advice on the production of

the horticulture crops, and train them on value addition and post-harvest operations including, cleaning, sorting, drying, cutting, packing, and also actively seek markets within and outside the country on behalf of the farmers. The service providers will have performance based contracts based on two major criteria: number of contracted farmers; and the amount and price of marketed produce. To allow competition, farmers will be at liberty to choose which service provider to contract.

Table 2.2: project alternative considered and reason for rejection

Alternative name	Brief Description	Reasons for Rejection
Traditional Water Conveyance System	Main and secondary distribution systems is made of earth canals	Although less costly, this option is very fragile and can easily be damaged by the frequent floods.
Overnight Storage Capacity Drainage	Larger capacity of drainage system to accommodate excess water for longer periods	High cost and vast areas would be needed to enlarge and dredge all drains to accommodate drainage water during the non-operation of the pump station.
Public Agro-Processing Center	Government or community management of the Agro-Processing Center	<ul style="list-style-type: none"> <li>- Lack of flexible and market oriented management.</li> <li>- Lack of private sector linkage</li> </ul>

## 2.3. Project type

2.3.1 This is a standalone operation as systems are not yet in place to enable a sector-wide investment plan. The project is also leveraging its resources with those provided by the PPCR under the Strategic Climate Fund (SCF) to implement, a joint program among MDBs. The Bank is part of this initiative.

## 2.4. Project cost and financing arrangements

2.4.1 The total cost of the project is estimated at UA 28.26 million (net of taxes and duties) of which UA 24.74 million (88%) is in foreign currency and UA 3.51 million (12%) in local costs. The cost by component is summarized in Table 2.3 below. The cost estimates are derived from a bill of quantities prepared by GoM based on designs prepared in 2004 and updated in 2011. The estimates include an annual physical contingency of 10% except for the activities under the Project Management where no physical contingency was provided, price contingency of 10% for local costs and 5% for foreign costs.

Table 2.3: Project cost estimates by component

Components		UA Million				
S/N		Foreign	Local	Total Costs	% Foreign	% Base
1	Infrastructure Development	19.18	0.97	20.15	93.0	81.0
2	Capacity Building and Farm Diversification	2.42	0.22	2.64	91.0	11.0
3	Project Management	0.46	1.65	2.11	25.0	8.0
	<b>Total base cost</b>	<b>22.06</b>	<b>2.84</b>	<b>24.90</b>	<b>89.0</b>	100
	Physical contingency (%)	1.72	0.43	2.15	70.0	9.12
	Price Contingency (%)	0.97	0.24	1.21	70.0	5.1
	<b>Total project cost</b>	<b>24.75</b>	<b>3.51</b>	<b>28.26</b>	<b>88.0</b>	<b>100</b>

Note: Exchange rates are provided in the introduction of this report (page (i))

2.4.2 The project will be financed jointly by the Bank, the Strategic Climate Fund - Pilot Program for Climate Resilience (SCF-PPCR) and GoM. The Bank will provide an ADF loan of UA 16.53 million representing 58.5% of the total project cost. The SCF-PPCR will provide a loan of UA 8.44 million and a grant of UA 1.81 million, administered by ADB as a supervising agency, representing 36.3% of the total project cost. GoM will provide the remaining UA 1.48 million or 5.2% of the total cost. The GoM contribution will mainly be in terms of staff salaries, office space and administrative costs. The GoM contribution is less than the minimum counterpart funding of 10% of the project cost, which is justified under the guiding principles outlined in the revised Bank

Policy on Expenditure Eligible for Bank Group Financing (ADF/BD/WP/2007/72/Rev.1) and the recent ORPC Information Note on Counterpart Funding of 30th September 2010 (full justification is provided in Annex C3 of the Technical Annexes). The ADF and SCF-PPCR resources will cover the entire foreign exchange costs and part of the local costs. Indicative breakdown of the funds by category and schedule of expenditure are summarized in Tables 2.5 and 2.6.

2.4.3 The SCF-PPCR Loan will finance the entire rural roads sub-component, extra drains to dispose excess floods and the standby generator. The SCF-PPCR Grant will finance the crop research activities. The GoM contribution will finance the recurrent costs including RBLEP salaries.

Table 2.4: Sources of Financing

		UA Million			%Total
	Source of Financing	Foreign	Local	Total	
1.	ADF	15.20	1.33	16.53	58.5
2.	SCF-PPCR	9.55	0.70	10.25	36.3
3.	GoM	0.00	1.48	1.48	5.2
	<b>Total</b>	<b>24.75</b>	<b>3.51</b>	<b>28.26</b>	<b>100</b>

Table 2.5: Project cost by category of expenditure

Categories of expenditure		UA Million			% foreign
		Foreign	Local	Total Costs	
A.	Works	15.24	0.99	16.23	93.6
B.	Goods	5.56	0.05	5.61	99.1
C.	Services	1.11	0.22	1.33	83.5
D.	Miscellaneous	0.15	1.58	1.73	8.0
	<b>Total base cost</b>	<b>22.06</b>	<b>2.84</b>	<b>24.90</b>	<b>88.3</b>
	Physical contingency	1.72	0.43	2.15	88.7
	Price Contingency	0.97	0.24	1.21	81.0
	<b>Total project cost</b>	<b>24.75</b>	<b>3.51</b>	<b>28.26</b>	<b>88.0</b>

Table 2.6: Expenditure schedule by component

		UA Million					
Components		2013	2014	2015	2016	2017	Total
1	Infrastructure Development	1.48	8.82	7.08	1.56	1.81	20.14
2	Capacity Building and Farm Diversification	0.74	1.12	0.56	0.21	0.03	2.63
3	Project Management	0.54	0.38	0.45	0.34	0.38	2.10
	<b>Total base cost</b>	<b>2.76</b>	<b>9.71</b>	<b>8.09</b>	<b>2.11</b>	<b>2.23</b>	<b>24.89</b>
	Physical contingency (%)	0.17	0.79	0.87	0.16	0.18	2.17
	Price Contingency (%)	0.10	0.42	0.47	0.14	0.11	1.21
	<b>Total Project Cost</b>	<b>3.03</b>	<b>9.54</b>	<b>10.79</b>	<b>2.37</b>	<b>2.52</b>	<b>28.26</b>

## 2.5. Project target area and population

2.5.1 Direct project beneficiaries are 8000 smallholder farm families and 210 emerging farmers at the Magula East Block (about 40,000 individual beneficiaries in total). The smallholder farm families each own a plot of 0.25 to 0.5 hectare and because of the poor drainage due to a dis-functional system and frequent floods, have remained subsistence farmers. The project will provide employment, improved marketing and support value adding activities. Additionally, the overall population of 115,752 in Xai Xai district will benefit from jobs created during the construction and operation phases as well as the planned marketing and agro-processing center.

## ***2.6. Participatory process for project identification, design and implementation***

2.6.1 The project design was prepared following intensive consultations with beneficiaries, government authorities, NGOs and development partners. Office and field consultations were undertaken where about 300 beneficiaries participated. As a result of these consultations, the design was largely modified and fine-tuned in the areas of land leveling, agro-processing and provision of agricultural inputs to match farmers' needs and financial limitations and to ensure sustainability of activities and outcomes.

## ***2.7. Bank Group experience, lessons reflected in project design***

2.7.1 Learning from recent PCRs and other sector reviews in Mozambique, BLICRP sought to: (i) improve design process following a participatory approach and using an operational national institution as the project implementation unit (PIU); (ii) better project preparation by undertaking full detailed designs before appraisal; (iii) increase project size to reduce management cost; iv) minimize conditions for loan effectiveness to reduce implementation delays; v) build capacity of PIU in project management, procurement, financial management and disbursement including following up more closely on the implementation of audit recommendations and timely submission of justifications for advances made to the Special Account; vi) enhance projects supervision in particular M&E; and vii) ensure sustainability using climate resilient infrastructures.

## ***2.8. Key performance indicators***

2.8.1 The Project's key performance indicators to be measured throughout the project life are presented in the Results Based Logical Framework. Regular implementation progress will be measured through bi-annual Bank supervision missions (by Headquarters and Mozambique Field Office), Quarterly Progress Reports, and annual technical and financial audits. The PIU will collect and analyze project data to monitor performance.

2.8.2 The main indicators defined for monitoring the project's impact, including the Bank's Core Sector Indicators, were developed with the GoM and validated during project preparation and appraisal. Gender segregated indicators will be regularly presented to decision and policy makers to guide project mid-term review and to facilitate project management after completion. Project's indicators include, among others: areas of new irrigation schemes that are made climate-resilient, more adapted irrigation and drainage systems, and climate-proofed rural roads.

# **III – PROJECT FEASIBILITY**

## ***3.1. Economic and financial performance***

*Table C.1: key economic and financial figures*

FIRR, NPV (base case)	14.2%, US\$ 14.6 million
EIRR (base case)	20.07%

NB: detailed calculations are available in Annex B7

3.1.1 Project costs and benefits were estimated over a 20 year period. With the improved infrastructure leading to better water control, and increased participation in the agricultural value chains, smallholder farmers are expected to more than double their incomes as a result of an estimated 100% increase in yields and annual output, while protecting their farms from floods and test new climate change adapted seeds. The emerging farmers at the Magula expansion area will also increase their average incomes by up to 150% for rice and vegetables. Sensitivity analysis carried out indicates that the project will remains viable with changes of cost and revenue of up to

10%. The analysis has been conducted on the basis of assumptions regarding technology adoption, cropping patterns, and crop yields. The underlying assumptions and detailed calculations in the model are presented in Annex B7 of the Technical Annexes.

### **3.2. Environmental and Social impacts**

3.2.1 Environment: Under the Bank's safeguards system, the project was classified as Category II. In general the project will have a number of positive environmental and social impacts, which include among others: increased income of rural communities, improved water conveyance, improved access roads, improved access to markets, increased resilience of infrastructure against climate variability and increased control of women over irrigation water management.

3.2.2 The project will not have major negative and/or irreversible environmental and social impacts. Physical interventions are mostly rehabilitation of existing roads, agrarian centers and irrigation and drainage networks. Special attention will be given to the pollution of water and soil due to the use of fertilizers and pesticides, which will be mitigated through training on best management practices in agriculture. More details are provided in Technical Annex B8 and the Environmental and Social Management Plan (ESMP).

3.2.3 Climate Change: The project area is extremely vulnerable to cyclones and severe floods that have been frequent cause of disasters in addition to sea water intrusion. The project will therefore strive to address this issue by promoting climate resiliency by: a) introducing higher standards of irrigation systems and rural roads and agrarian infrastructures that are more adapted to flooding conditions; b) adding extra drainage works for purpose of flood control; c) insulating the conveyance canal cross section to control salt water intrusion to the new development areas due to rising sea water levels; and d) contributing to the livelihood diversification through a market oriented agricultural production. These measures will be coupled with promotion of research and the introduction of new crops specifically adapted to the area's climatic variability. As such, the project aims to build and sustain social resilience for the farmers and their communities to cope with the effects of climate change.

3.2.4 Gender: Women comprise over 50% of Mozambique's population (12.3 million out of 23.9 million). Women represent 52% of the total population that is economically active in agriculture and have a higher adult literacy rate (58.5% versus 29.9% for men). The Project anticipates contributing to women's success and wellbeing by improving the productivity and climate resilience of their farming plots and value addition through agro-processing and access to markets. In addition, women will be given priority in training and employment in primary processing activities at the Agrarian centers. This would add to their skill sets and could create employment opportunities for women allowing them to be productive income earners in a manner that is not too labor intensive.

3.2.5 Social: Positive social impacts are anticipated based on the rehabilitative nature of the project that will enhance agricultural production and livelihood diversification. As such, the project aims to build social resilience to cope with climate change effects. Complementary to the climate change adaptation measures, BLICRP will implement best practices that address social concerns related to gender, equity, employment (in particular for women, who form 52% of the farmers), health and education. In this respect, the project will provide funding to rehabilitate a school and a clinic within the scheme that were damaged during recent floods.

3.2.6 Involuntary resettlement is not expected as a result of project.

## IV – IMPLEMENTATION

### 4.1. Implementation arrangements

4.1.1 Institutional arrangements: The project will be implemented by the *Regadio do Baixo Limpopo EP<sup>2</sup>* (RBLEP), a public company created by the GoM to manage irrigation development in the Lower Limpopo Basin area on behalf of the National Directorate of Agrarian Services (DNSA) who is the project's Executing Agency. RBLEP is engaged in the day-to-day management of the irrigation schemes in the basin. DNSA will have the mandate to ensure proper coordination of the various units involved in the project implementation, and review and approve the work plan and the project budget.

4.1.2 The project will be implemented as part of the RBLEP portfolio (see details in the Technical Annexes, Annex C1). Farmers will be directly involved in the project implementation as they will be responsible for ensuring their fields are ready for development. With the help of RBLEP, they will also contract: (i) the rice millers for the procurement of the paddy rice and supply of input and farm machinery (outgrower arrangements); (ii) service providers to be responsible for agricultural input supply, technical advice on horticulture crops and best agronomic practices, training on value addition and post-harvest handling and marketing aspects including cleaning, sorting, drying, cutting, packing the agricultural produce; and (iii) managers to manage and maintain the Agrarian Houses. The Ministry of Agriculture will provide support in advising the farmers on the agronomic practices.

4.1.3 Financial Management (FM): An FM assessment<sup>3</sup> concluded that the FM risk is moderate both at country and company (and therefore the project) level. Provision has been made for training and system improvements recommended by the assessment. Since RBLEP will implement the project on behalf of DNSA, it will also be responsible for FM. The company will maintain adequate systems for budgeting, accounting and financial reporting which incorporate adequate internal controls. RBLEP accounting personnel have adequate FM experience, some of which was acquired in Bank financed projects<sup>4</sup>. The company systems are linked to GoM through DNSA.

4.1.4 Before Mid Term Review (MTR), RBLEP will prepare audited special purpose project financial statements (annual) and submit these to the Bank, within six months of the closure of each fiscal year. The company shall also submit its annual audited entity<sup>5</sup> financial statements to the Bank for purposes of assessing whether they can be relied upon to meet the minimum reporting requirements<sup>6</sup> in the following fiscal years. By MTR, the quality and content of audited RBLEP company accounts will have been assessed and the special purpose project financial statements will be phased out<sup>7</sup>, if the results of the assessment are positive. If the audited entity (company) accounts submitted in the initial years of project life are of satisfactory quality and content, the phasing out of special purpose project audits may take place earlier than the MTR. The Bank will also rely on the RBLEP auditors provided that they meet the minimum quality requirements for Bank funded projects. In addition, the RBLEP will submit to the Bank unaudited quarterly financial statements, normally reviewed by their audit committee as part of the IFRs<sup>8</sup>. Bank supervision missions will comprise a financial management expert at least once a year to ensure enhanced financial management of project activities.

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<sup>2</sup> Baixo Limpopo Irrigation Scheme Public Enterprise

<sup>3</sup> Annex B3, B4 and B6

<sup>4</sup> See Annex B3 and B4

<sup>5</sup> Entity accounts are the regular company accounts

<sup>6</sup> Such reliance was not yet possible at Appraisal as RBLEP had not yet produced its first set of accounts being a new company which started in April 2011.

<sup>7</sup> Thus only company accounts will be submitted if assessment shows positive results

<sup>8</sup> IFR – Interim Financial Reports

4.1.5 Procurement: The outcomes of the 2008 Country Procurement Assessment Report (CPAR) showed some improvements in certain areas (Pillar I & III)<sup>9</sup>, while there was little or no significant progress with regard to the rest (Pillar II & IV)<sup>10</sup>. The country procurement risk assessment has been assessed as substantial at national level and high at subnational (provincial and district) levels. This has been corroborated by the outcome of the just concluded National Competitive Bidding Assessment conducted in the country by the Bank in 2011. Accordingly, the current implementation framework, under the proposed project with the use of country systems does not provide adequate fiduciary assurances consistent with the Bank Group mandate. Subsequently, the Bank seeks to minimize these risks by the use of its rules and procedures while also maintaining the need for transparency and level playing field by using international competitive bidding (ICB), where appropriate.

4.1.6 All procurement of goods and works and acquisition of consulting services financed by the Bank will be in accordance with the Bank's Rules and Procedure for Procurement of Goods and Works or, as appropriate, Rules and Procedure for the Use of Consultants, using the relevant Bank Standard Bidding Documents, otherwise as provided in the Detailed Annex. Appendix V provides summary of procurement arrangements. Bank supervision missions will comprise a procurement expert at least once a year to ensure proper and timely adherence to Banks rules and procedures for procurement.

4.1.7 Disbursement: The bulk of loan proceeds will flow through direct payment. To facilitate small value payments, RBLEP will open a USD Special Account and an MZN account at a bank and under terms and conditions acceptable to the Bank (into which funds will be advanced). The key disbursement requirements will be enunciated in the Bank's Disbursement Letter. Annex B4 provides details of the disbursement arrangements.

## 4.2. Monitoring

Timeframe	Milestone	Monitoring Process/feedback Loop
05/2012	SCF-PPCR Loan Approval	SCF-PPCR Approval
07/2012	Loan Negotiations	Bank/GoM
09/2012	Loan Approval	ADF Approval/ Bank letter to GoM
10/2012	Loan Signature	GoM
12/2012	Loan Effectiveness	Bank/GoM – Bank letter to GoM
01/2013	Project Launch Mission	Bank/GoM
04/2013	First Disbursement	Bank/GoM: Fulfillment of conditions by GoM
09/2015	Mid-Term Review	Bank/GoM
2013-2017	Supervision Missions	Bank
12/2017	Project Completion Report	GoM/Bank

## 4.3. Governance

4.3.1 GoM has been implementing a number of reforms to enhance governance, transparency and accountability. In MINAG, there have been major structural and functional reforms with emphasis on policy and institutional actions including public financial management system, decentralization and capacity building. Within PEDSA framework, RBLEP has been mandated to rehabilitate, maintain, conserve and manage BLIS including the resulting value chains. RBLEP uses qualified staff and capacity building to ensure efficiency of procurement, asset use and financial management. The statutes creating RBLEP provides clear roles, financial and non-financial responsibilities, as well as safeguards. The PSC that will comprise farmers, private sector as well as DNSA and Provincial representatives, will provide additional fiduciary oversight. The

<sup>9</sup> Pillar I - Legislative and Regulatory Framework, & Pillar III - Procurement Operations and Market Practices

<sup>10</sup> Pillar II – Institutional Framework and Management Capacity, & Pillar IV – Integrity and Transparency of the Public Procurement System



Bank will follow up on governance through supervision missions, audit reports, AWPBs, progress reports and procurement plans.

#### **4.4. Sustainability**

4.4.1 There is ample evidence of ownership and commitment by GoM to the project. The promulgation of the statutes creating RBLEP came as a result of modified legislation to incorporate best practice and lessons learnt from the operation of other public companies. GoM is currently meeting the wage bill for RBLEP staff and operational budgets. Financial projections by independent consultants estimates that collected service charges and fees will enable RBLEP to achieve financial autonomy to operate, rehabilitate and manage its schemes by 2016. In addition, the steering committee will meet regularly to review progress and resolve issues which may arise.

4.4.2 The infrastructure will be climate resilient with canals being constructed to withstand extreme floods and coastal storms. Extension services will provide farmers with efficient modern farming and conservation methods. The project will also facilitate and encourage farmers to enter into contracts with input suppliers, services providers, agro-processors and marketing agents to ensure accessibility to inputs and markets, and value addition to their produce. Such contracts will also ensure proper and efficient operation and maintenance of infrastructure and facilities to be developed by the project.

#### **4.5. Risk management**

4.5.1 The following are the major risk and their mitigation measures:

4.5.2 *Poor up-take of irrigation activities due to lack of agro-inputs and markets:* The project will link farmers to input suppliers and to markets by assisting them to enter into contracts with input suppliers, service providers and agro-processors. In addition, farmers will be trained on the proper management of the on-farm irrigation infrastructure and post-harvest handling of their crops.

4.5.2 *Continuing global economic downturn:* Government is committed to maintain macro-economic stability and the Bank will continue to partner with other donors to support GoM achieve this objective.

4.5.3 *Failure in the involvement of the Private Sector in the scheme to supply inputs and market the crop:* There is already involvement of two rice millers with adequate capacities in the region who will be expected to continue providing inputs and milling services for the expanded rice production. As regards handling and marketing of horticultural crops, major constraints to marketing in the past have been accessibility. The project is opening up the area with all-weather roads which will encourage private traders to fully participate in the supply of inputs and crop marketing. Moreover, RBLEP will recruit service providers to assist farmers in linking to markets.

#### **4.6. Knowledge building**

4.6.1. The project has three relatively new approaches and depending on their level of success, these could provide the Bank with a wealth of knowledge for use in its climate adaptation, employment creation, poverty alleviation and market access goals. This knowledge could also be duplicated in other areas of the continent. The first innovative approach is integrating climate adaptation measures through constructing irrigation infrastructure with resilience against floods and cyclones, including the use of climate resilient seeds.

4.6.2. The second approach is the relatively new concept of market access through contracted service provider(s). The contracted service provider(s) will help farmers identify potential markets for rice and vegetable produced and act as links between farmers' groups and markets. By doing so the project supports private sector SMEs as well as the farmer groups.

4.6.3. Finally, the third approach is to bring agro processing to the farm level by farmer and women groups. Contracted service providers will train beneficiaries, especially women, on value addition and post-harvest operations including cleaning, sorting, drying, cutting and packing produced vegetable. This will allow farmers to increase shelf life and get better prices for their produce, create jobs in the processing centers and enhance the communities' skill set.

## **V – LEGAL INSTRUMENTS AND AUTHORITY**

### ***5.1. Legal instrument***

5.1.1 The project will be financed pursuant to: (i) an ADF loan agreement between the Borrower and the ADF; (ii) a SCF-PPCR Loan agreement between the Borrower and the ADB as Implementing Entity of the SCF Trust Fund; and (iii) a SCF-PPCR Grant agreement between the Recipient and the ADB as Implementing Entity of the SCF Trust Fund.

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

#### **5.2.1 Conditions for effectiveness**

The ADF and SCF-PPCR Loan Agreements will enter into force upon fulfillment by the Borrower of the provisions of Section 12.01 of the General Conditions. The SCF-PPCR Grant Agreement will enter into force upon signature by the Recipient and the Bank.

5.2.2. Conditions Precedent to First Disbursement of the ADF Loan: The obligations of the Fund to make the first disbursement of the ADF Loan shall be conditional upon the entry into force of the Loan Agreement and the fulfillment by the Borrower, in form and substance satisfactory to the Fund, of the following condition:

- (i) Provide evidence of the opening of a foreign currency denominated Special Account for the Project in a bank acceptable to the Fund for the deposit of the proceeds of the Loan.

5.2.3. Conditions Precedent to First Disbursement of the SCF-PPCR Loan and Grant Agreements: The obligations of the Bank to make the first disbursement of the SCF-PPCR Loan and Grant shall be conditional upon the entry into force of the Loan and Grant Agreements.

5.2.4. Undertakings: Under the Loan and Grant Agreements, the recipient will covenant and agree to:

- (a) carry out, and require its contractors to carry out, the Project in accordance with the recommendations, standards and procedures set forth in the ESMP; and
- (b) deliver to the Bank project quarterly reports (QPRs), in form and substance acceptable to the Bank, describing the Borrower's implementation of the ESMP (including any implementation failures and related remedies, if any).

### **5.3. Compliance with Bank Policies**

- (i) This project complies with all applicable Bank policies.
- (ii) The following exceptions to Bank policies are recommended for approval. The project complies with all other applicable Bank policies

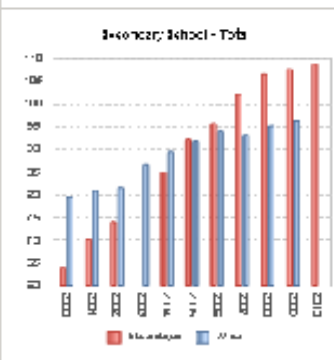
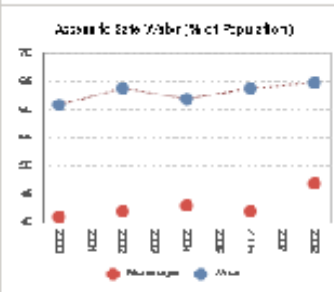
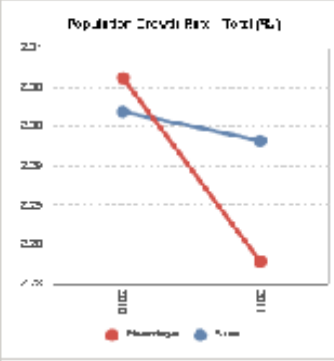
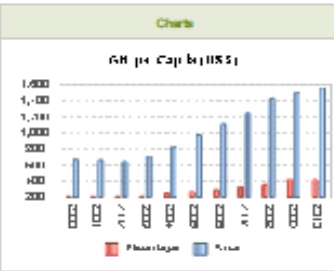
## **VI – RECOMMENDATION**

Management recommends that the Boards of Directors approve in favor of the Republic of Mozambique: (i) an ADF loan of UA 16.53 million; and (ii) the implementation by the Bank, as Implementation Entity, of (a) a SCF-PPCR loan of USD 13 million; and (b) a SCF-PPCR grant of USD 2.75 million to finance the Baixo Limpopo Irrigation and Climate Resilience Project (BLICRP) under the conditions and modalities stipulated in this report.

# Appendix I. Country's comparative socio-economic indicators

Mozambique  
Comparative Socio-Economic Indicators

Indicator	Year	Mozambique	Africa	Developing Countries	Developed Countries
<b>Basic Indicators</b>					
Area ('000 Km <sup>2</sup> )		801.6	30,322.6	80,976.0	54,656.4
Total Population (millions)	2011	23.9	1,044.3	5,626.5	1,066.7
Urban Population (% of Total)	2010	38.5	0.0	44.8	77.7
Population Density (per Km <sup>2</sup> )	2011	29.8	300,044,370.9	66.6	23.1
GNI per Capita (US \$)	2010	440.3	1,964.9	2,780.3	30,686.1
Labor Force Participation - Total (%)	2011	48.2	40.7	0.0	0.0
Labor Force Participation - Female (%)	2011	51.7	41.1	39.8	43.3
Gender -Related Development Index Value	2007	0.4	0.5	-	0.9
Human Develop. Index (Rank among 199 countries)	2011	184.0	441.0	-	-
Popul. Living Below \$ 1 a Day (% of Population)	2008	60.0	-	25.0	-
<b>Demographic Indicators</b>					
Population Growth Rate - Total (%)	2011	2.3	2.3	1.4	0.7
Population Growth Rate - Urban (%)	2010	4.3	3.4	2.4	1.0
Population < 15 years (%)	2011	43.9	40.4	29.2	17.7
Population >= 65 years (%)	2011	3.3	3.4	6.0	15.3
Dependency Ratio (%)	2011	60.0	78.1	52.8	-
Sex Ratio (per 100 female)	2011	95.0	96.5	934.9	948.3
Female Population 15-49 years (% of total population)	2011	23.8	24.4	53.3	47.2
Life Expectancy at Birth - Total (years)	2011	48.7	56.3	65.7	79.8
Life Expectancy at Birth - Female (years)	2011	49.3	54.6	68.9	82.7
Crude Birth Rate (per 1,000)	2011	36.7	34.6	21.5	12.0
Crude Death Rate (per 1,000)	2011	15.2	11.8	8.2	8.3
Infant Mortality Rate (per 1,000)	2011	80.7	77.0	53.1	5.8
Child Mortality Rate (per 1,000)	2011	135.1	125.4	51.4	6.3
Total Fertility Rate (per woman)	2011	4.8	4.4	2.7	1.8
Maternal Mortality Rate (per 100,000)	2008	550.0	530.8	440.0	10.0
Women Using Contraception (%)	2003	16.5	50.2	61.0	75.0
<b>Health &amp; Nutrition Indicators</b>					
Physicians (per 100,000 people)	2006	3.0	46.0	77.0	287.0
Nurses (per 100,000 people)*	2006	29.1	160.5	98.0	782.0
Births attended by Trained Health Personnel (%)	2003	47.7	64.5	36.0	99.3
Access to Safe Water (% of Population)	2008	47.0	64.6	84.0	99.6
Access to Health Services (% of Population)	2000	39.0	65.2	80.0	100.0
Access to Sanitation (% of Population)	2008	17.0	40.7	54.6	99.8
Percent. of Adults (aged 15-49) Living with HIV/AIDS	2007	12.5	4.6	161.9	14.1
Incidence of Tuberculosis (per 100,000)	2010	544.0	239.2	-	-
Child Immunization Against Tuberculosis (%)	2010	90.0	65.6	69.0	99.0
Child Immunization Against Measles (%)	2010	70.0	77.8	76.0	92.6
Underweight Children (% of children under 5 years)	2003	21.2	17.2	27.0	0.1
Daily Calorie Supply per Capita	2007	2,068.6	2,482.1	2,875.2	3,284.7
Public Expenditure on Health (as % of GDP)	2008	5.6	2.4	4.0	6.9
<b>Education Indicators</b>					
Gross Enrolment Ratio (%)		-	-	-	-
Primary School - Total	2010	115.1	100.5	106.0	101.5
Primary School - Female	2010	109.0	96.6	104.6	101.2
Secondary School - Total	2010	25.5	44.1	62.3	100.3
Secondary School - Female	2010	22.9	40.7	60.7	100.0
Primary School Female Teaching Staff (% of Total)	2010	39.2	44.3	-	-
Adult Literacy Rate - Total (%)	2009	55.1	58.9	19.0	-
Adult Literacy Rate - Male (%)	2009	41.5	17.9	-	-
Adult Literacy Rate - Female (%)	2009	70.1	71.4	-	-
Percentage of GDP Spent on Education	2006	5.0	4.6	-	5.4
<b>Environmental Indicators</b>					
Land Use (Arable Land as % of Total Land Area)	2008	5.7	7.6	9.9	11.6
Annual Rate of Deforestation (%)	2000	0.2	0.6	0.4	-0.2
Annual Rate of Reforestation (%)		-	-	-	-
Per Capita CO2 Emissions (metric tons)	2009	0.1	1.1	-	-



Sources : ADB Statistics Department Databases; World Bank: World Development Indicators  
UNAIDS; UNSD; WHO; UNICEF; WRI; UNDP; Country Reports.  
Note : n.a. : Not Applicable ; - : Data Not Available.

Last update: February 2012

## Appendix II. Table of ADB's portfolio in the country

### Mozambique APPROVED and ONGOING ADB GROUP Financed Projects as at 30.04.2012

Sector Name	Fin.project	Loan Number	Long Name	Approval Date	1st Disb conditions met	Last Disburs. Date	Approved Amount (UA)	Cancel Amount (UA)	Disbursed Amount (UA)	Disb. Rate (%)	Age (since approval)
Agriculture	P-MZ-AA0-026	2100150014043	Massingir Dam Suplement. Rehab. Project	3/2/2007	11/30/2007	12/31/2013	17,000,000.00	0.00	2,725,281.93	16.03%	(107.17)
Agriculture	P-MZ-AAC-002	2100150020395	Massingir Dam Emergency Rehab. Project	7/15/2009	3/15/2010	12/30/2012	13,300,000.00	0.00	280,270.88	2.11%	(109.54)
Agriculture	P-MZ-AA0-015	2100150007156	Rural Finance Interm Support Proj	11/12/2003	7/11/2005	5/31/2013	11,520,000.00	0.00	10,959,525.65	95.13%	(103.87)
Agriculture	P-MZ-AA0-015	2100155002003	Rural Finance Interm Support Proj	11/12/2003	7/11/2005	5/31/2013	3,840,000.00	0.00	2,320,423.95	60.43%	(103.87)
<b>Agriculture Total</b>							<b>45,660,000.00</b>	<b>0.00</b>	<b>16,285,502.41</b>	<b>35.67%</b>	<b>(106.11)</b>
Multi-Sector	P-MZ-K00-009	2100150025096	Growth and Public Sector Effic.	20-Sep-11	15-Dec-11	31-Dec-13	60,000,000.00	0.00	20,000,000.00	33.33%	0.61
<b>Multisec Total</b>							<b>60,000,000.00</b>	<b>0.00</b>	<b>20,000,000.00</b>	<b>33%</b>	<b>0.61</b>
Finance	P-MZ-HZ0-001	2100155005616	Financial Sector TA Project (FSTAP)	10/4/2005	2/8/2006	6/30/2013	6,800,000.00	0.00	3,608,151.83	53.06%	(105.76)
<b>Finance Total</b>							<b>6,800,000.00</b>	<b>0.00</b>	<b>3,608,151.83</b>	<b>53.06%</b>	<b>(105.76)</b>
Ind/Mini/Quar	P-MZ-BAA-001	2000120000169	MOMA MINERAL SANDS PROJECT	5/21/2003	6/9/2005	10/18/2007	25,797,297.73	0.00	25,797,297.73	100.00%	(103.39)
<b>Ind/Min Total</b>							<b>25,797,297.73</b>	<b>0.00</b>	<b>25,797,297.73</b>	<b>100.00%</b>	<b>(103.39)</b>
Power	P-MZ-FA0-006	2100150012843	Electricity IV	9/13/2006	1/24/2008	12/31/2012	26,300,000.00	0.00	2,219,253.84	8.44%	(106.70)
Power	P-MZ-FA0-004	2100150006670	Rural Electrification (ELECT III)	9/3/2001	10/1/2002	12/31/2012	11,120,000.00	0.00	4,562,064.02	41.03%	(101.68)
<b>Power Total</b>							<b>37,420,000.00</b>	<b>0.00</b>	<b>6,781,317.86</b>	<b>18.12%</b>	<b>(104.19)</b>
Social	P-MZ-AZ0-001	2100155006516	Women's Entrepreneurship And Skills Deve	1/25/2006	5/29/2008	12/31/2012	2,510,000.00	0.00	1,760,850.52	70.15%	(106.07)
<b>Social Total</b>							<b>2,510,000.00</b>	<b>0.00</b>	<b>1,760,850.52</b>	<b>70.15%</b>	<b>(106.07)</b>
Transport	P-MZ-DB0-007	2100150013143	Montepuez- Liching Multinational road Multi-Nacala Road Corridor	10/27/2006	7/29/2008	5/31/2014	30,100,000.00	0.00	12,018,994.06	39.93%	(106.83)
Transport	P-Z1-DB0-039	2100150020398	(MOZAMBIQUE)	6/24/2009	7/20/2011	6/30/2015	102,720,000.00	0.00	2,912,378.34	2.84%	(109.48)
Transport	P-MZ-DB0-010	2100150023096	Supplementary loan Montepuez-Lichinga	10/26/2010	12/5/2011	12/31/2015	32,650,000.00	0.00	4,874,281.20	14.93%	(110.82)
<b>Transp. Total</b>							<b>165,470,000.00</b>	<b>0.00</b>	<b>19,805,653.60</b>	<b>11.97%</b>	<b>(109.04)</b>
WS&S	P-MZ-E00-008	2100150023298	National Rural Water Supply Program	11/9/2010	2/2/2012	12/31/2015	5,270,000.00	0.00	0.00	0.00%	(110.86)
WS&S	P-MZ-E00-006	2100150019951	Niassa Prov Towns Water and Sanitation	4/29/2009	10/22/2010	12/31/2013	18,000,000.00	0.00	400,536.86	2.23%	(109.33)
<b>WS&amp;S Total</b>							<b>23,270,000.00</b>	<b>0.00</b>	<b>400,536.86</b>	<b>1.72%</b>	<b>(110.09)</b>
<b>Grand Total</b>							<b>366,927,297.73</b>	<b>0.00</b>	<b>94,439,310.81</b>	<b>25.74%</b>	<b>4.76</b>

### Mozambique APPROVED AND ONGOING NON-ADB GROUP FINANCED Projects as at 30.04.2012

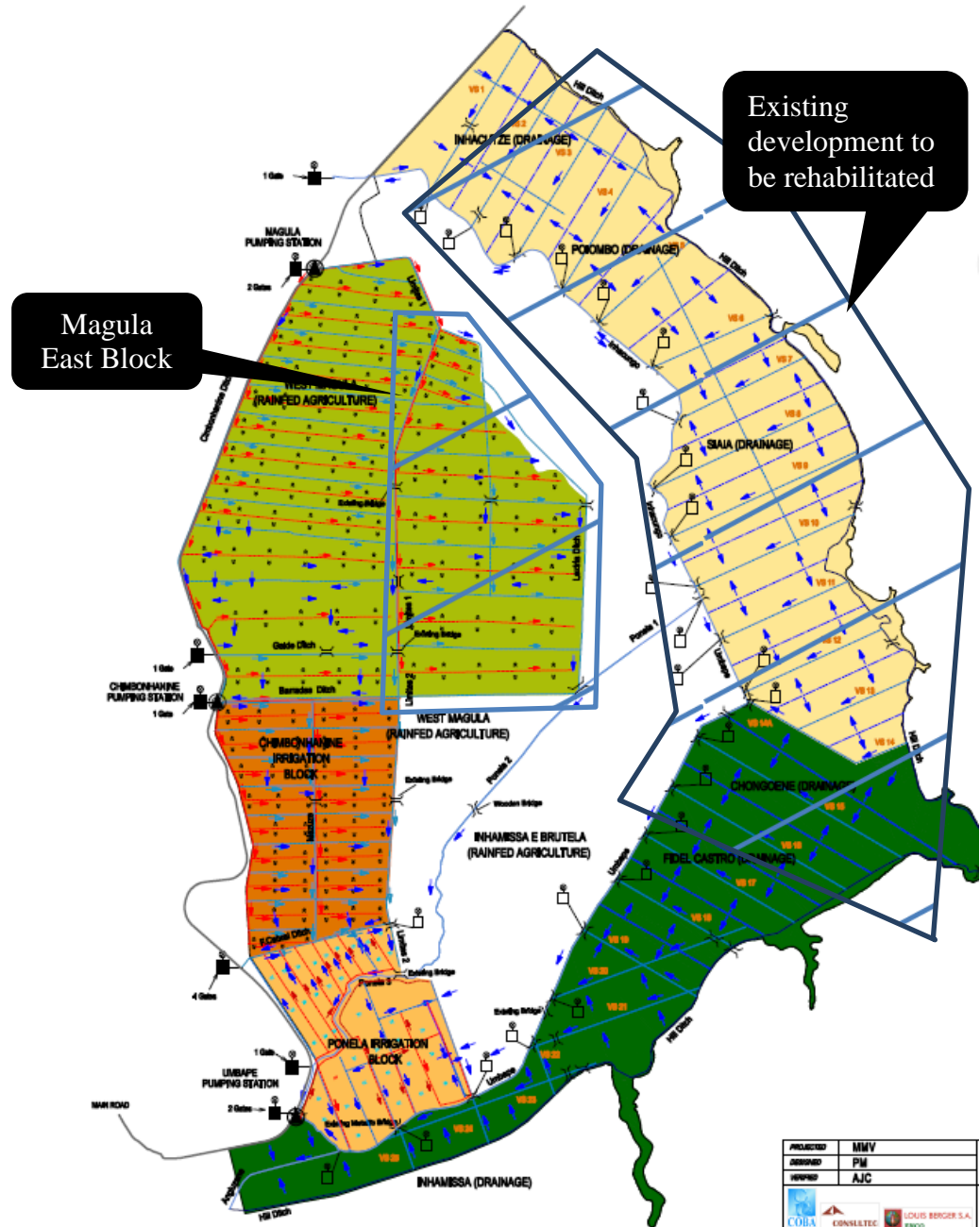
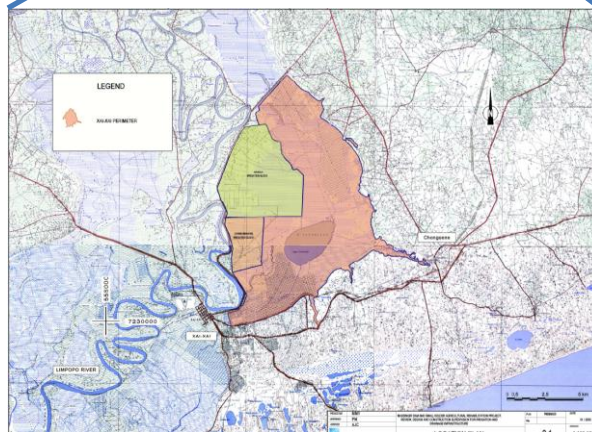
Sector Name	Fin.project	Loan Number	Long Name	Approval Date	Effect. Date	Closing Date	Approved Amount (UA)	Cancel Amount (UA)	Disbursed Amount (UA)	Disb. Rate (%)	Age (since approval)
AWF	P-MZ-AAC-001	5600155000951	Integrated Study for Cofamosa Project	22-Nov-07	11-Feb-08	30-Jun-12	1,000,991.34	0.00	751,193.62	75.04%	4.44
JICA	P-MZ-DB0-007	6550655000101	Montepuez-Lichinga road Project	19-Mar-07	29-Jul-08	31-Dec-13	27,709,999.07	0.00	6,620,016.59	23.89%	5.11
JICA	P-Z1-DB0-039	6550655000451	Multi-Nacala road Corridor (Mozambique)	10-Mar-10	20-Jul-11	10-Mar-16	43,704,261.49	0.00	7,196,460.81	16.47%	2.14
OPEC	P-MZ-FA0-004	6540654000282	Rural Electrification Project (ELECT III)	3-Sep-01	1-Oct-02	31-Dec-12	4,494,323.42	0.00	1,521,293.82	33.85%	10.66
RWSSI	P-MZ-E00-008	5800155000601	National rural Water Supply Program	9-Nov-10	2-Feb-12	31-Dec-15	5,083,281.09	0.00	0.00	0.00%	1.48
<b>Grand Total</b>							<b>81,992,856.41</b>	<b>0.00</b>	<b>16,088,964.84</b>	<b>19.62%</b>	<b>4.68</b>
<b>TOTAL (ADB and NON ADB GROUP)</b>							<b>448,920,154.14</b>	<b>0.00</b>	<b>110,528,275.65</b>	<b>24.62%</b>	<b>4.72</b>

The total average age excludes MOMA Mineral Sands Project (ADB Private Sector) which is fully disbursed but considered Ongoing until the loan is fully repaid.

### Appendix III: Key related projects financed by the Bank and other development partners in the country

Funding Source	Project Name	Amount (UA)	Description	Period
African Development Bank	Massingir Dam and Smallholder	UA17,000,000.00	Rehabilitation of Massingir Dam to improve dam safety through installation of an auxiliary spillway	2007-2013
	Massingir Dam Emergency Rehab. Project	UA13,300,000.00	Rehabilitation of Massingir Dam through repair the bottom outlet	2008-2012
	Rural Finance Intermediation Support Proj	UA 15,360000,00	Expansion of Financial Services to Rural Areas	2005-2013
Austria	Capacity Building of the Agriculture Provincial Directorate- DPA Sofala	EUR 3 Million	Capacity building of Sofala Agriculture Provincial Directorate - improved access to markets for local farmer's associations and introduction of innovative methods of crop cultivation	2007-2009
Canadian International Development Agency- CIDA	The <i>Sustainable Livelihoods and Agriculture Programme-</i>	CAD 6.5 Millions	(i) Strengthening Smallholder Farmers and Community Groups; (ii) Improving Productive Activities and Techniques; (iii) HIV/AIDS Consciousness Building and (iv) Promotion of Public Participation and Gender Equality.	2006-2013
Denmark	Private Sector Development Programme (PSDP)	DKK 288 million (≅ 54 Million USD)	(i) Advocacy and Business Research (ABR); (ii) Agri-Business Development (ABD); and (iii) District Roads	2011 – 2015
	Agribusiness Development Services	DKK 202 million (≅ 38 Million USD)	To increase the income of small-scale farmers and SMEs through improved access to input supply and services, to markets, and to financial services	2011 – 2015
European Commission - EC	Future Support to the Area of Rural Development	EUR 16 to 21 Million/yr	(i) Strengthening Smallholder Farmers and Community Groups; (ii) Improving Productive Activities and Techniques; (iii) HIV/AIDS Consciousness Building and (iv) Promotion of Public Participation and Gender Equality.	2010 - 2013
FAO	Food production: Including Post-harvest Management and Livestock production and health	USD 1 546 000	(1) support the consolidation of farmer field school (FFS) approach in Manica; (2) Include new models in the EMC manuals in regard to Livestock, post-harvest and natural resource management (3) Strengthen MINAG's capacity to control seeds certification and quality; (4) Promote urban agriculture in peri-urban zones of Maputo and Nampula city.	2012
	Land, forest and wildlife	USD 1 398 000	Improve the natural resource ownership, use and management for land, forestry and wildlife	2012
Finland	Agriculture sector	EUR 5 million	Continue support to the forestry sector and the rural development project in Zambezia province.	2012
	Forestry program	EUR 11,5 Million	Two separate financing mechanisms used: i) earmarked support through PROAGRI sector program and ii) traditional project financing for technical assistance and institutional cooperation	2009-2013
IFAD	Extension Master Plan 2007-2016	USD 18 Million	To increase the yield and improve food security of subsistence farmer households	2011-2015
Ireland	Food security programme	6,700,000 Euros	Aimed to increase livelihoods and food security for poor households	2007-2011
Japan International Cooperation Agency (JICA)	Two rice projects in Gaza province (Chokwé irrigation scheme) and in Zambezia province	USD 9.6 million	Technology Transfer	2011 for 2014
	Project for improving Research and Technology Transfer Capacity for Nacala Corridor Agriculture Development	USD 9 055 000	Supporting small farmers and associations producing soybeans and other crops.	2011-2016
Netherlands	Food and Nutrition Plan	6 million Euros	Biofuel sector through MINAG/CEPAGRI provides funding also to community land program	2012-2015
Sweden	Moz-SAKSS programme	22,5 MSEK	The objective to strengthen capacity in the areas of policy analysis and strategy development in the public sector and MINAG	2009-2011
USAID	Food Security Program covering the whole agriculture value chain, agriculture research and support to CAADP	USD 20-22 million/year	Agribusiness & market development: Association & cooperative development: Rural finance	2009-2014
World Bank	Country Assistance Strategy (CAS)	To be defined	next 3 years; Support to Agriculture will be focused around PEDSA priorities with program based approach; now focused on supporting the funding and elaboration of CAADP Investment Plans	2012-2015
	National Irrigation Program- PROIRRI	USD 70 million	Irrigation Development	2011-2015

## Appendix IV: Map of Project Area



PROJECTED	MMV
DESIGNED	PM
SUPERVISOR	AJC

## Appendix V: Summary of Procurement Arrangements

1. All procurement of goods and acquisition of consulting services financed by the Bank will be in accordance with the Bank's *Rules and Procedure for Procurement of Goods and Works* or, as appropriate, *Rules and Procedure for the Use of Consultants*, using the relevant Bank Standard Bidding Documents. The table below shows the summary of the projects procurement arrangements.

### Summary of Procurement Arrangements (UA 000')

	Project Components/Categories	ICB	NCB	Others	Short List	NBF	Total
<b>A</b>	<b>GOODS</b>						
	<b>Equipment</b>						
	1. Vegetable washing machine, dish packaging machine, 40' cold storage,	1,839.4 (1,839.4)					1,839.4 (1,839.4)
	2. Combine Harvester (Land preparation)		25.2 (25.2)				25.2 (25.2)
	3. Standby Generator ( Secondary Drainage Network)		187.9 (0.00)				187.9 (0.00)
	4. Office Equipment (Project Coordination)			112.9 (112.9)			112.9 (112.9)
	5. Micro processing plants, medium processing for vegetables, cold room & spare parts		1,862.4 (1,862.4)				1,862.4 (1,862.4)
	<b>Vehicles</b>						
	1. Land Preparation & Canal Maintenance		607.3 (607.3)				607.3 (607.3)
	2. Project Coordination		102.4 (102.4)				102.4 (102.4)
<b>B</b>	<b>CIVIL WORKS</b>						
	1. Vegetable processing facility (2400m2 processing facility)	1,271.8 (1,271.8)					1,271.8 (1,271.8)
	2. Drying platform for paddy rice		375.0 (375.0)				375.0 (375.0)
	3. Secondary Drainage Network	2,158.0 (1,103.5)					2,158.0 (1103.5)
	4. Magula Irrigation Block	7039.8 (7039.8)					7039.8 (7039.8)
	5. Road Construction & Rehabilitation	8,190.3 (0.00)					8,190.3 (0.00)
	6. Rehabilitation of Schools & Clinics			90.6 (90.6)			90.6 (90.6)
<b>C</b>	<b>CONSULTING SERVICES &amp; TRAINING</b>						
	1. Community Mobilization				102.4 (102.4)		102.4 (102.4)
	2. Farmer & Staff training				429.3 (429.3)		429.3 (429.3)
	3. Environmental training				15.8 (0.00)		15.8 (0.00)
	4. Health training				7.9 (0.00)		7.9 (0.00)
	5. TA for environmental Audit				11.8 (11.8)		11.8 (11.8)
	6. TA for Financial Audit				39.4 (39.4)		39.4 (39.4)
	7. TA for ESMP				15.8 (0.00)		15.8 (0.00)
	8. TA for environmental Mitigation				19.7 (19.7)		19.7 (19.7)



	Project Components/Categories	ICB	NCB	Others	Short List	NBF	Total
<b>D</b>	<b>MISCELLANEOUS</b>						
	1. Agricultural Inputs (starter-pack)				315.1 (315.1)		
	2. Research Grant				787.8 (0.00)		
<b>E</b>	<b>OPERATING COSTS</b>						
	<b>Management, Monitoring &amp; Supervision</b>						
	1. Project Staff Salaries					1,202.1 (0.00)	1,202.1 (0.00)
	2. Daily Subsistence Allowance (DSA) –Project Staff					20.0 (0.00)	20.0 (0.00)
	<b>Operation &amp; Maintenance</b>						
	1. Office Space & Utilities					129.1 (0.00)	129.1 (0.00)
	2. Vegetable Processing Facility					189.1 (70.30)	189.1 (70.30)
	3. Motor Vehicle & Equipment			75.6 (62.45)			75.6 (62.45)
	4. Irrigation Infrastructure			393.9 (359.65)			393.9 (359.65)
	<b>TOTAL</b>	<b>21286.8 (12,042.0)</b>	<b>3160.2 (2972.3)</b>	<b>988.1 (940.7)</b>	<b>1429.(602.6)</b>	<b>1540.3 (0.00)</b>	<b>28,260 (16,530)</b>

Note: Figures in “parenthesis” are ADF contributions (not including SCF-PPCR); “Others” denote; Limited International Bidding, Shopping, Direct Negotiations, etc;

NBF denotes – None Bank Financed Activities.

## Procurement Plan

16. The Bank shall review the procurement arrangements proposed by the Borrower in the Procurement Plan during Loan Negotiations for its conformity with the Loan Agreement and its Rules. The Procurement Plan shall cover an initial period of at least 18 months. The Borrower shall update the Procurement Plan on an annual basis or as needed always covering the next 18 months period of project implementation. Any revisions proposed to the Procurement Plan shall be furnished to the Bank for its prior approval.