

**APPROVAL BY MAIL: MOZAMBIQUE: SMALLHOLDER IRRIGATION FEASIBILITY PROJECT
(IFC)**

Response to Japan and UK from IFC

IFC's Response to the comments from the UK and Japan to the IFC-PPCR Mozambique Smallholder Irrigation Feasibility Project
April 23, 2015

| <u>Comments from the United Kingdom</u> | <u>IFC's Response</u> |
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| <p>1. The results table for this proposal does not provide evidence as to how this project fits into the PPCR results framework/core indicators. Could you provide more detail as to how this project will contribute to the overall PPCR indicators?</p> | <p>The objective of the <i>Smallholder Irrigation Feasibility Project</i> is to conduct feasibility and pre-engineering studies for the development of multi-purpose irrigation schemes. It will support three assessments to determine the technical, environmental, and financial viability for implementing such multi-purpose facilities. The results of these three assessments are expected to generate investments in line with Mozambique's SPCR, and the impacts of these investments could contribute to the PPCR core indicators 3, 4 and 5. It should be noted that this modest feasibility project will not directly contribute to the PPCR core indicators.</p> |
| <p>2. The project management fees are 8.7% of the investment, which seems higher than other projects we have seen - it would be helpful to understand why this might be.</p> | <p>Project management cost for this project is consistent with other IFC operations. Given the small size of this project (USD 575,000), however, they constitute a larger percentage of total project cost. The project management fees of USD 55,000 includes project management and supervision activities and will also cover the cost of two IFC technical staff who will provide direct input into the design of the proposed interventions.</p> |
| <p>3. This project intends to demonstrate the viability of multi-purpose irrigation schemes, and we are pleased to see that it also plans to learn from existing lessons across Mozambique and more broadly. However, there is currently no indication of how the lessons generated here might be shared - would there be any further details available on this subject?</p> | <p>The results of the feasibility assessments are expected to feed into the design and development of multi-purpose irrigation facility projects that will contribute to the learning and knowledge on these types of irrigation schemes. Furthermore, the project team will work with the client to make the knowledge generated from this project (such technical reports) publicly available on the Mozambique CIF-PPCR webpage. In the past, IFC has shared similar market assessments and feasibility studies financed by PPCR project preparation grants in Niger, Zambia, and Mozambique. These are all available on countries' respective CIF-PPCR webpages. It should be noted that given the confidentiality policies involved in private sector operations, some client and project specific information may not be publicly available. Other avenues to share lessons learned will be explored by IFC, including inviting the client and project team to disseminate the results of the project through the IFC's global industry stakeholder events, such as the Agribusiness Roundtable series and the Sustainability Exchange.</p> |

| Comments from Japan | IFC's response |
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| <p>1. In Mozambique flood control measures have not been developed well. Some of JICA projects regarding irrigated rice farming in Mozambique received flood damage. As a result, directions of the projects could not help being modified. In determining optimal locations for water reservoirs and catchments, it is highly recommended to comprehend past flood records and flood control measures around the sites.</p> | <p>Thank you. We appreciate your comments and will take them into consideration during project design and implementation.</p> |