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Coastal City Adaptation Project (CCAP) Agreement No. AID-656-C-14-00001

FY2015 **2nd Year of the Project**

**3rd Quarter Administrative and Financial Update:
April - June 2015**

July 2015

This document was produced for review by the United States Agency for International Development. It was prepared by Chemonics International Inc. for the USAID Coastal City Adaptation Project, contract number AID-656-C-14-00001.

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1. Major Implementation Issues

Technical

In this reporting period we encountered two main issues, both of them with the city of Quelimane. One of them involves effective communication, the other the distribution of the emergency kits.

Effective communication with project partners is always a challenge. CCAP is not an exception. To address this issue we have sought from the beginning to be open and transparent with both municipalities, sharing as much information as possible and including them in the definition of priorities for the project. For instance, the first work plan was discussed extensively with them through workshops held between March and July of 2014. The inclusion of demonstration activities as a core element of the project, and the type of activity that would be implemented (housing, sanitation, water and green infrastructure) was done with technical staff and the leadership of each municipality. The same goes for the definition of where we were going to work in each city. Paquitequete in Pemba and Icídua in Quelimane were selected by their respective mayors. As the project has evolved, CCAP has maintained open lines of communication regarding activity planning, execution, and reporting with all our partners, particularly the municipalities of Pemba and Quelimane. Every activity that we carry out is done in close coordination with the designated municipal focal point. At mayors' request we produce monthly activity and travel plans and send them detailed activity reports twice a year. These documents are in Portuguese, and only on rare occasions do we send them documents produced by the project in any other language. And still, their perception is that CCAP is not communicating effectively with our counterparts. We are concerned that documents are not read or are not distributed by the focal points to appropriate personnel within the municipal government. We have tried to overcome this problem (1) by adding more people to the distribution list; (2) by reviewing with them the activities we are implementing and discussing how they fit with the overall project goals, every time we travel to their cities; (3) starting this quarter, we will translate and send them the technical quarterly reports after USAID has approved them; and (4) we will sustain our efforts, and look for new and better ways to ensure that the information gets to them in a form that they can use. We are aware that not having a municipal advisor in Quelimane for several months has not helped, but things will improve once we have the municipal and community advisors on board in September.

The conflict between the Municipality of Quelimane and INGC is another source of concern. As reported previously, we have signed an agreement with INGC to provide the municipalities with 15 standard emergency kits for the local disaster management committees, which are established by the neighborhoods, and trained, equipped and supported by INGC. Five of them are for Pemba and ten for Quelimane. Mayor Araújo, in particular, wanted assurances that the kits for Quelimane's local committees would remain in his city and not be reassigned by INGC to other communities outside his jurisdiction. For several months we have tried to schedule a meeting between both mayors and the director general of INGC to discuss this matter. On two occasions we had the dates set but last-minute scheduling conflicts on the part of the mayors forced us to cancel the meeting and their travel arrangements. INGC has assured us that once the kits are delivered to a particular local committee, they will remain there permanently. We trust that INGC's commitment is serious, but also we find it extraordinarily difficult for INGC, or any other agency for that matter, to remove an emergency kit after the local committee has received it on behalf of and with the knowledge of the community they serve. We will be working with

Mayor Araújo's team to clarify this matter and ensure that the kits are delivered to the intended local committees as soon as possible the next quarter.

Operational

Chemonics is continuing its efforts to regularize its status with the Social Security Institute (INSS), with assistance from local legal counsel, which is required as part of the legalization process for expatriate employees. After review of the extract that INSS provided in late March, Chemonics discovered a number of discrepancies and worked to resolve them during the reporting period. On June 18, Chemonics submitted official requests to make the necessary corrections to the extract. Chemonics expects to receive the INSS's response with the corrected extract in early July, which will determine the amount required for Chemonics to contribute to regularize the project's INSS status.

As an alternative in the event INSS regularization is further delayed, the chief of party and the deputy chief of party for operations met with separate local legal counsel to determine other options for legalization of expatriates, including establishing a completely new foreign branch office registration that would encompass all CCAP activities.

2. Administrative Update

Staffing

At the end of the reporting period, CCAP was in the process of conducting the final reference checks and verifying the biographical data sheet for the leading candidate for the communications specialist position, which was vacated on March 31. CCAP will prepare and submit the necessary USAID approvals in early in the next reporting period, after reviewing professional references and verifying relevant qualifications and employment history.

The Municipal Advisor for Quelimane Lencastre Airone formally separated from CCAP on April 14. CCAP is currently conducting a full and open recruit to identify qualified candidates for a replacement. In response to Mayor Araújo's suggestion that we target locally based experts, CCAP posted local advertisements in Quelimane.

CCAP is concurrently recruiting for potential community advisor positions in both Quelimane and Pemba that will serve to facilitate community-level communication and adaptive interventions. The project is also recruiting an experienced operations staff member to manage critical administrative activities, including procurements, subcontracts, and grants. CCAP staff expects to conduct first round interviews in early July.

Grants and Local Subcontracts

CCAP completed a comprehensive revision to the project's Grants Under Contract Manual to update it for consistency with the recent changes in ADS 302 and 303 and to incorporate the new 2 CFR 200. Since the revisions were strictly for the purpose of bringing the manual into compliance due to changes in the governing regulations, CCAP submitted the revised manual to the Contracting Officer for notification purposes only.

In order to finalize the proposed grant to UN-Habitat to carry out resilient housing design and construction activities, CCAP resolved issues related to environmental compliance in accordance to ADS 308.3.11.c that allows International Public Organizations, such as UN-

Habitat, to follow their own environmental policies when carrying out activities with USAID funds. After revising the necessary documents to reflect this approach to environmental compliance, CCAP submitted the formal approval request to issue a fixed amount award to UN-Habitat on June 2. At the end of the reporting period, the proposed grant was under consideration within USAID.

Also in June, CCAP submitted an approval request to execute a fixed amount award grant agreement with the Eduardo Mondlane University (UEM) Faculty of Sciences to design and deliver training on climate change adaptation and disaster risk management to municipal officials and other key stakeholders in Pemba and Quelimane. USAID approved the grant on July 15. At the end of the reporting period, the grant and subcontract manager was finalizing the Portuguese translation of the complete grant agreement and annexes for signature by both parties. Grant activities are expected to commence in early August and CCAP is considering augmenting UEM with additional international expertise to ensure the grant outputs are appropriate and scalable to larger audiences within Mozambique.

At the end of the reporting period, CCAP was in the process of preparing the approval package for a proposed grant to the Red Cross of Mozambique (Cruz Vermelha de Moçambique – CVM) for first aid training preparedness, which includes in-kind procurement of first aid kits requiring restricted goods approval. CCAP expects to submit the respective approval requests in late August.

Lastly, CCAP developed and executed a fixed-price, deliverables-based subcontract with the UEM Faculty of Agronomy and Forestry Engineering, a member of the ACCRA consortium with significant experience in preparing district-level adaptation plans, to develop the methodology and then create participatory municipal adaptation plans for both Pemba and Quelimane. CCAP expects UEM, with input from a wide range of stakeholders, to complete the municipal adaptation plans by the end of December.

Operations

CCAP formally established a satellite office in Quelimane by executing a commercial lease agreement for office space about one kilometer from the Municipality from June 1. By the end of the reporting period, the office was fully functional with remaining make-ready activities planned to coincide with the hiring of the Municipal Advisor and the potential Community Advisor for Quelimane.

CCAP clarified its policy for providing small incentive payments to volunteers that assist in project implementation, such as mangrove restoration, in line with internal policies and relevant regulations.

3. Financial Information

| Line Item | Total Life of the Project Budget (LOP) | Actual Expenditures Thru this Quarter | | |
|--------------------------------|--|---------------------------------------|---|-----------------------------|
| | | Prior (through March 31, 2015) | April 1, 2015 - June 30, 2015 (FY15 Q3) | Total through June 30, 2015 |
| Salaries | 3,172,747 | 827,079 | 159,734 | 986,813 |
| Fringe | 1,195,763 | 352,573 | 68,890 | 421,463 |
| Overhead | 2,463,048 | 684,218 | 129,029 | 813,247 |
| Travel & Transportation | 368,513 | 132,208 | 55,432 | 187,640 |
| Allowances | 734,239 | 356,649 | 83,953 | 440,602 |
| Other Direct Costs | 1,136,172 | 510,487 | 93,049 | 603,536 |
| Equipment, Vehicles, & Freight | 146,082 | 116,733 | 11,495 | 128,228 |
| Training | 467,616 | 5,684 | 7,362 | 13,046 |
| Subcontractors | 1,464,492 | 677,774 | 117,813 | 795,587 |
| Grants | 2,100,000 | 74,634 | - | 74,634 |
| General and Administrative | 671,708 | 214,866 | 44,571 | 259,437 |
| Fees | 983,829 | 293,856 | 57,786 | 351,642 |
| NICRA Adjustments | - | 30,588 | (1,819) | 28,769 |
| Grand Total | 14,904,209 | 4,277,351 | 827,295 | 5,104,645 |