

Document: EB 2011/103/R.13  
Agenda: 7(e)  
Date: 24 August 2011  
Distribution: Public  
Original: English

A



تمكين السكان الريفيين الفقراء  
من التغلب على الفقر

: _____	: _____
: _____	: _____
<b>Deirdre McGrenra</b>	<b>Alessandro Marini</b>
+39 06 5459 2374 : <a href="mailto:gb_office@ifad.org">gb_office@ifad.org</a> :	+39 06 5459 2115 : <a href="mailto:a.marini@ifad.org">a.marini@ifad.org</a> :

**iii**

**iv**

**1**

-

**1**

-

1

-

5

-

**7**

-

7

-

8

-

**9**

-

9

-

10

-

11

-

12

-

12

-

**13**

-

13

-

13

-

14

-

15

-

16

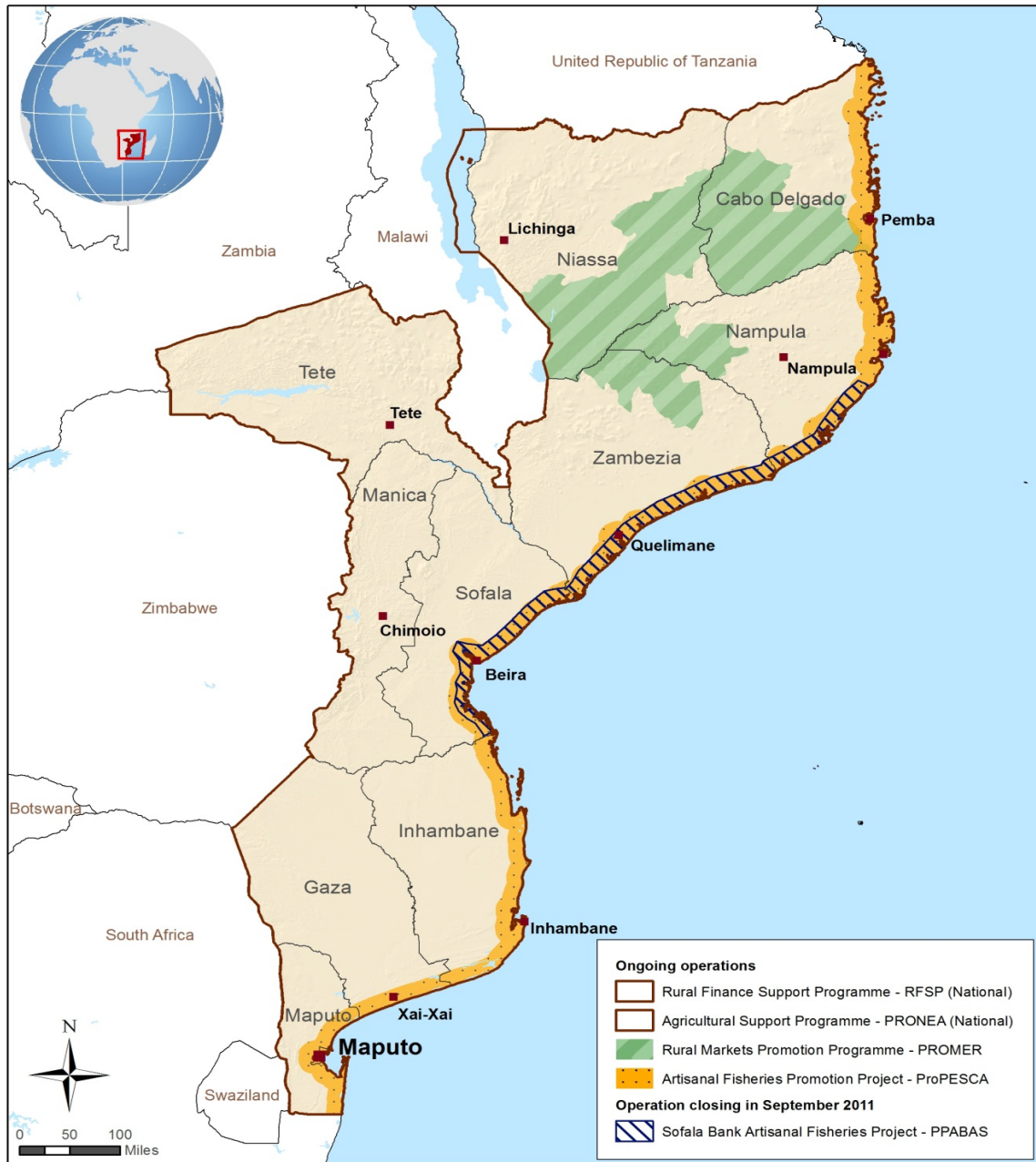
-

17

-

1	-
2	-
3	-
4	-
9	-

13	/	:1
17	(	:2
20	/	:3
25	)	:4



(2014-2011)

-1

.

.

.

.

.

-2

.

-3

(1) :

(2)

)

(

(3)

-4

(1) :

-5

(2)



-3

75

-4

71.3

56.9

2003

55.3

1997

.2008

.2003

36

50

5

23

-5

70

20

80

80

7.9

2008 2003

60

30

98

-6

95

90

1.1

11 )

(

10 )

(



2008 .( 5 )  
13 ) 8  
( ) .(2007-2003

20

:

62

-7

2009 2005

-8

2.4

)  
75

90  
(

72

128

39

-9

25

( )

4

)

(2008

( )

50 000 )  
(

3.3

/

)

3

91

110 000

42

:

/

-10

(

-11

/

/

-12

.(

)

			-
			-13
.2010		1999	
		.2010	
:			
		.( )	
			-14
			-15
			-16
7			-16
7		83 000	
			.10
			-17



(2) ( )

2007 " " -23

(2015-2011)

" "

" "

"

-

-

-24

:

/ )

100

(

( 23+)

90

•

•

•

50 )

30 000

1 800

(

•

50

•

:

-25

:

(1) :

(2)

-

:

-26

•

•

•

•

•

(1) :

-27

(3)

(2)

(4)

(5)

-

-

-28

(1) :

(3)

(2)

-29

-30

-  
-31

:1 -32

(1) :

(2)

(3)

:2 -33

(1) :

( )  
( ) ( " "

(2)  
(3)



:3

-34

(1) :

(2)

(4)

(3)

-35

-

-36

(1) :

(2)

(3)

( )

:

-  
-37

: (1) :  
: (2)

(1) : -38

(3) (2)  
(4)  
(5)

-  
-39

)  
.(  
-40

-  
-  
-41

(1) :  
(2)

(3)

2013

2015

-  
-42

(1) :

(2)

(4)

(3)

" "

(1) :

:  
/

(2)

:

2012

2011

-43

)

-44

(  
)

(

-

-45

-46

/

-47

-48

-

-49

(2)

(3)

(1) :

		-
1	.	-50
2	.	
		1

---

<b>2010</b>			
4.50			(1)
4.00			(2)
4.00			(1)
3.75			(2)
4.00			(3)
4.00			(1)
4.00			(2)
3.67			(3)
4.50			(1)
3.67			(2)
4.00			(1)
4.00			(2)
48.09			
<b>4.01</b>			
3.0		2010	
3.7		(2009)	
12.4		( )	2011

---

**2**

---

	<i>(0.3 -/+)</i>	<i>(1 -/+)</i>
24-	3.71	2
0	4.01	3
28+	4.31	4

---

-51

2015-2013      2012-2010

55

17      ) 2012-2010

2015-2013      (

38      ) 2012-2010

(1)      :(      )

(2)      40

-

-52

-53

-54

-55

2010 2.7

.3.0

-56



## COSOP consultation process

1. In accordance with the formulation plan established in May 2010, the COSOP Consultation Process was carried out between June and October 2010 with a view to gather stakeholders' views and recommendations on the content of the future country strategy. The methodology designed to orient the process sought to give particular prominence to small producers, so as to have their concerns and priorities duly reflected in the COSOP. This required to give them the resources and time needed to prepare so that they could have a well-grounded and active participation in the process. Their participation not only resulted in key contributions to the design of IFAD's strategy for Mozambique, but it was also regarded by small producers participating in the exercise as a major opportunity to learn about IFAD programme and to jointly reflect with IFAD Country Programme Manager and Country Officer, about ways to further participate in programme implementation. Small producers' participation in the COSOP process is therefore regarded as a first step of an enhanced relationship with IFAD, which is meant to underpin the whole COSOP implementation.
2. The first phase (May 2010) of the Consultation Process was built around the Country Programme Evaluation (CPE). First, provincial meetings of artisanal fisher people and of their associations were organised to discuss the CPE report and to make proposals for the new country strategy. Then their delegates convened with representatives of farmers associations in a one-day workshop to prepare for the CPE national roundtable workshop. Finally, the workshop was held with a wide range of IFAD stakeholders from the public, private and associative sectors, which discussed and validated CPE recommendations for the new strategy. The roundtable culminated with the signature of an Agreement at Completion Point by IFAD and the government, which provided a broad consensual framework on which to build the rest of the design process.
3. In the second phase (June-July 2010), a design mission was fielded to Mozambique to carry out extensive consultations took place with IFAD's partners, including government departments, organisations of small producers from the agriculture and fisheries sectors, IFAD-financed project teams, donors and NGOs. A first COSOP draft was produced in July 2010. It was translated into Portuguese and distributed to national stakeholders for review.
4. In the third and last phase (September-October 2010), consultations were organised with a view to receive stakeholders' comments on the COSOP first draft. The process started with a round of consultations carried out by the National Farmers' Union (UNAC) and their provincial affiliates as well as by the National Institute for the Development of Small-scale Fisheries (IDPPE) for fisheries' associations, to discuss the draft and make proposals on strategic orientations. At headquarters, the in-house CPT met to review the COSOP draft and provide guidance on improvement. A final design workshop with the enlarged Country Programme Management Team, including a significant delegation of representatives of producers' organisations was organised in October 2010 to gather stakeholders' views and comments to orient the preparation of the final draft.

## Country Economy Background

## Mozambique - Country Data

<b>Land area (km2 thousand) 2008 1/</b>	786	<b>GNI per capita (USD) 2008 1/</b>	380
<b>Total population (million) 2008 1/</b>	22.38	<b>GDP per capita growth (annual %) 2008 1/</b>	4
<b>Population density (people per km2) 2008 1/</b>	29	<b>Inflation, consumer prices (annual %) 2008 1/</b>	10
<b>Local currency</b> Mozambique metical (MZN)		<b>Exchange rate: USD 1 = MZN 29.35</b>	
<b>Social Indicators</b>		<b>Economic Indicators</b>	
Population growth (annual %) 2008 1/	2.3	GDP (USD million) 2008 1/	9 846
Crude birth rate (per thousand people) 2008 1/	39	GDP growth (annual %) 1/	
Crude death rate (per thousand people) 2008 1/	16	2000	1.1
Infant mortality rate (per thousand live births) 2008 1/	90	2008	6.8
Life expectancy at birth (years) 2008 1/	48		
		Sectoral distribution of GDP 2008 1/	
Total labour force (million) 2008 1/	10.76	% agriculture	29
Female labour force as % of total 2008 1/	52	% industry	24
		% manufacturing	14
		% services	47
<b>Education</b>		Consumption 2008 1/	
School enrolment, primary (% gross) 2007 1/	112	General government final consumption expenditure (as % of GDP)	
Adult illiteracy rate (% age 15 and above) 2008 1/	46	Household final consumption expenditure, etc. (as % of GDP)	
		Gross domestic savings (as % of GDP)	
<b>Nutrition</b>		6	
Daily calorie supply per capita	n/a	<b>Balance of Payments (USD million)</b>	
Malnutrition prevalence, height for age (% of children under 5) 2008 1/	n/a	Merchandise exports 2008 1/	2 600
Malnutrition prevalence, weight for age (% of children under 5) 2008 1/	n/a	Merchandise imports 2008 1/	4 100
		Balance of merchandise trade	-1 500
<b>Health</b>		Current account balances (USD million)	
Health expenditure, total (as % of GDP) 2007 1/	4.9	before official transfers 2008 1/	-1 953
Physicians (per thousand people) 1/	n/a	after official transfers 2008 1/	-975
Population using improved water sources (%) 2006 1/	42	Foreign direct investment, net 2008 1/	587
Population using adequate sanitation facilities (%) 2006 1/	31		
<b>Agriculture and Food</b>		<b>Government Finance</b>	
Food imports (% of merchandise imports) 2008 1/	14	Cash surplus/deficit (as % of GDP) 2008 1/	n/a
Fertilizer consumption (hundreds of grams per ha of arable land) 2007 1/	31	Total expense (% of GDP) <sup>a/</sup> 2008 1/	n/a
Food production index (1999-01=100) 2007 1/	99	Present value of external debt (as % of GNI) 2008 1/	15
Cereal yield (kg per ha) 2008 1/	822	Total debt service (% of GNI) 2008 1/	1
<b>Land Use</b>		Lending interest rate (%) 2008 1/	18
Arable land as % of land area 2007 1/	6	Deposit interest rate (%) 2008 1/	11
Forest area as % of total land area 2007 1/	24		
Agricultural irrigated land as % of total agric. land 2007 1/	n/a		

a/ Indicator replaces "Total expenditure" used previously.

1/ World Bank, *World Development Indicators* database CD ROM 2010-2011

## COSOP results management framework

Country strategy alignment	Key Results for IFAD – Mozambique COSOP			Institutional/ Policy objectives
<p><b>Poverty Reduction Action Plan (<i>Plano de Acção para Redução da Pobreza - PARP</i>) – 2011-14.</b></p> <p>Primary goal: to reduce the incidence of poverty from 54.7%t in 2009 to 42%rcent in 2014, with emphasis on promotion of "pro-poor" growth by boosting the productivity of the family sector and diversifying the economy.</p> <p>Three general objectives: (i) increase agricultural and fisheries production and productivity; (ii) promote decent employment; and (iii) promote decent human and social development.</p>	<b>Goal: to facilitate the integration of small producers (smallholders and artisanal fishers) into profitable and accessible markets</b>			
	<b>Strategic Objectives</b>	<b>Outcome Indicators<sup>2</sup></b>	<b>Milestone Indicators</b>	<b>Policy dialogue agenda</b>
	<p>SO1: The access of smallholders and artisanal fishers to production factors, technologies and resources is increased.</p>	<ul style="list-style-type: none"> <li>• Production of selected crops increased: <i>Maize</i>: from 2.1 to 3.0 million tons; <i>Rice</i>: from 260 to 450 thousand tons</li> <li>• Av. yields of selected crops increased: <i>Maize</i>: from 1.1 to 1.8 tons/ha; <i>Rice</i>: from 1.2 to 1.8 tons/ha</li> <li>• Production of selected livestock products increased</li> <li>• Quantity of higher value fish caught increased</li> </ul>	<ul style="list-style-type: none"> <li>• No. of smallholder farmers (from 430,000 to 580,000) and artisanal fishers with access to inputs/production/extension services</li> <li>• Percentage of smallholder farmers (from 9% to 20%) and artisanal fishers having adopted an improved technology</li> <li>• No. of fishing units targeting higher value fish</li> </ul>	<p>Reorientation of the national extension system towards a demand-driven, pluralistic approach for the delivery of agricultural services (PRONEA)</p> <p>Access to agricultural inputs and development of sustainable networks of agri-dealers (PROMER)</p> <p>Community-based management of marine resources and conflicts between artisanal fishers and investors in coastal areas (ProPESCA)</p>
	<p>SO2: The access and participation of smallholders and artisanal fishers to markets that can bring them equitable shares of profit are increased.</p>	<ul style="list-style-type: none"> <li>• Value of sales of selected products (crops and livestock) by smallholder farmers increased</li> <li>• Value of sales of higher value fish by artisanal fishers increased</li> </ul>	<ul style="list-style-type: none"> <li>• Km of roads construct./rehabilit.</li> <li>• No. of post-harvest infrastructure construct./rehabilit.</li> <li>• No. of POs delivering marketing services to their members</li> <li>• Volume of purchases by licensed traders, processors and agribusiness operators from small farmers/fishers increased</li> <li>• No. of contracts between small producers' organizations and private investors.</li> </ul>	<p>Enabling environment for inclusive business partnerships between private sector investors and small producers (PROMER)</p> <p>Strengthening of producers' associations to provide services to and lobby for the interests of their members (PROMER and ProPESCA).</p> <p>Promotion of value-chain multi-stakeholder platforms (PROMER and ProPESCA)</p> <p>Trade measures and policies for agricultural commodities with competition from regional and international markets.</p>
<p>SO3: The availability of and access to appropriate and sustainable financial services in rural areas are increased.</p>	<ul style="list-style-type: none"> <li>• 124,000 new rural clients (M/F) receiving a loan or using saving services</li> <li>• 26,000 members (M/F) of savings &amp; credit groups.</li> </ul>	<ul style="list-style-type: none"> <li>• 130 FIs operating in rural areas, with a loan portfolio of 12 million USD and PAR.</li> <li>• At least 3 new financial products developed for small producers</li> <li>• At least 1,300 savings and credit groups supported and active</li> </ul>	<p>Integration of savings and credit groups into formal financial sector through: (i) promotion of linkages with formal FIs; (ii) support for creation of second-tier and third-tier institutions (RFSP).</p>	

<sup>2</sup>Baseline & targets for indicators will be added as they become available from projects. Currently there is no information for three out of four projects ongoing: PRONEA (M&E indicators for agricultural sector being reviewed as part of the review of the PARP); PROMER (baseline being finalized, expected to be completed by end-August); and ProPESCA (just started, baseline expected to be undertaken between November 2011 and March 2012)

## CPE agreement at completion point

Republic of Mozambique  
Country Programme Evaluation  
Agreement at Completion Point

### A Background

1. In 2008/2009, IFAD's Office of Evaluation (OE) conducted a Country Programme Evaluation (CPE) in the Republic of Mozambique. The main objectives of the CPE were to: (i) assess the performance and impact of IFAD's strategy and operations in Mozambique; and (ii) develop a series of findings and recommendations that would serve as building blocks for the preparation of the new IFAD results-based country strategy and opportunities programme (COSOP) for the country. The COSOP would be formulated by the Eastern and Southern Africa Division (PF) of IFAD in close collaboration with the Government of Mozambique.

2. This Agreement at Completion Point (ACP) includes the key findings contained in the CPE. It captures the understanding between the IFAD management (represented by the Programme Management Department) and the Government of Mozambique (represented by the Ministry of Planning and Development) on the core CPE findings, and their commitment on how to adopt and implement the main evaluation recommendations within specified timeframes. This document benefits from the discussion with a wide range of stakeholders during the CPE national roundtable workshop, held in Maputo on 24-25 May 2010

### B. Main CPE Findings

3. Mozambique has sustained high rates of growth since 1993, with annual economic growth averaging 8 per cent in real terms, thanks to prudent economic management and a gradual transition towards a market-based economy. Though agriculture, including fisheries and forestry, is contributing least to GDP and exports, it contributes most to rural employment and livelihoods.

4. It is within this context that the Fund has made an important contribution to agriculture and rural development in Mozambique. The country programme comprises a set of relatively successful development interventions that have covered remote and marginalized areas of the country, where infrastructure and services are limited, access to inputs and markets is uncertain, and institutional capacities are weak.

5. The CPE notes that the goals and strategies outlined in the 2001 and 2004 COSOPs are fully aligned with IFAD's corporate policies as well as the government's relevant general and sectoral strategies, including the Action Plan for Absolute Poverty Reduction (Plano de Accao para Reducao da Pobreza Absoluta – PARPA). The country programme's overriding strategic goal since the mid 1990s has been to improve access of smallholder farmers and artisanal fishers to markets. The strategy has included support for raising productivity, quality and sustainability of agricultural production and fisheries, linking smallholder farmers and fishers to markets, and improving their share of end-prices along the value chain from production to the final market destination. The CPE finds that this emphasis on enhancing the opportunities for rural smallholders to become more integrated in the market is relevant. This strategic focus, operationalized through a private sector development agenda, and combined with the successful use of

policy dialogue in IFAD-support projects and programmes, makes the country strategy for Mozambique a commendable model.

6. In the rapidly evolving context that characterizes Mozambique, however, there is increasing evidence of augmenting rural inequality and livelihood threats for the poorer segments in society, as well as for the economically active poor. At geographical level, while the Northern provinces were historically among the most disadvantaged in the country, a number of the Southern provinces have now a higher poverty incidence. All this calls for a sharpened focus in the new COSOP in terms of targeting, especially given the emphasis of the country programme on market integration, which implies a risk of excluding the poorer members of the rural communities.

7. Another important issue which requires greater attention is the mainstreaming of gender and HIV/AIDS. Although introduced as a general strategic thrust in the 2001 Addendum (HIV/AIDS) and 2004 COSOP (gender), limited action has been taken in the context of the ongoing portfolio to raise gender mainstreaming and HIV/AIDS prevention activities/issues, although these complementary cross-cutting issues are of great relevance to the more vulnerable amongst the rural poor.

8. Generally, the assumptions regarding the capacity of public and private sector partners have been too optimistic. The CPE also notes that private and civil society organisations rather than government agencies might be best positioned to develop the capacity of private sector entities. While outsourcing has been applied in the ongoing portfolio, the possibility of delegating the execution and overall financial management of loan-financed components or sub-components to a private sector/civil society organisation may warrant further consideration.

9. In some recent loans, IFAD has integrated implementation responsibilities in government organisations and avoided the establishment of dedicated Programme/Project Units (PU). This has, however, reduced efficiency and the speed of implementation. In the artisanal fisheries project, an interesting model has been developed whereby a Unit fully integrated in the lead implementing agency, composed of seconded staff from this very agency, ensures both implementation efficiency and national ownership and capacity development of the government partner. The model applied in artisanal fisheries provides a positive lesson and inspiration for how to organise implementation in the future.

10. Though the portfolio provides examples of innovations, the rating with regards to the promotion of innovation is assessed as moderately satisfactory, because of the absence of a specific strategy for replication and up-scaling. A key finding is that several innovations planned in the design were not implemented, although in the views of the Government and the IFAD Operational Division this seems to apply mostly to older projects and much less to the more recent ones. Important innovations emerged during implementation and were upscaled while searching for solutions to practical problems which arose in the field.

11. The CPE notes that IFAD's engagement in policy dialogue, partnership development and knowledge management primarily has taken place within the context of the lending programme while less attention and resources have been given to purely non-lending activities. While there have been several successful results with regard to policy dialogue, IFAD's direct engagement in policy processes at the national level has been inadequate. Furthermore, grants are poorly linked to loan-funded projects. Regional and global technical assistance grants have made a limited contribution to the effectiveness of the country programme, though some small country grants have been useful. The moderately satisfactory performance of non-lending activities may be partly explained by the limited (human and financial) resources provided by IFAD for this purpose.

12. Engagement with other development partners is essential in a country like Mozambique where donor coordination is strongly promoted by Government. In addition to engaging development partners in the early stages of identification and design of operations, there is a need to raise the IFAD-supported country programme's profile within the larger donor community, where much of the policy dialogue originates and is increasingly coordinated. Though the country programme has strived to mobilise support of other development partners for its recent interventions, achievements remain relatively modest. This conclusion is not shared by the Government and the IFAD Programme Management Department as all recent projects and programmes have mobilized important co-financing partnerships from various partners including multilaterals, bilaterals and less traditional partners such as AGRA.

13. The CPE also notes that none of the operations (until 2008) were directly supervised by IFAD. The recent move to direct supervision, following the establishment of a proxy country presence in 2003, both contribute to enhancing IFAD's profile in Mozambique. Though presently limited in terms of resources and authority, this country presence is a good foundation on which to build better dialogue with the government. It also permits IFAD to further its commitments in relation to the Paris Declaration on Aid Effectiveness.

### C. Recommendations

**Recommendation 1:** Maintain the current goal and strategic thrusts with enhanced coordination and scale up resources

The overriding goal of improving the market participation of smallholders and artisanal fishers will be maintained by supporting their involvement into accessible and profitable value chains. Diversification into high value production will play an important role in this respect as well as increased competitiveness of Mozambican products, including on national markets. Selection of new intervention areas and new value chains for support will be determined by agro-ecological potential and market opportunities.

Both the country strategy and programme design will strive to ensure the integration of the three strategic thrusts: (i) increasing surplus production and its value; (ii) facilitating market linkages and developing smallholders' organisations and agribusiness SMEs; and (iii) enhancing the access to finance of poor rural people and SMEs. Appropriate mechanisms to ensure programme coherence will be strengthened. In this respect IFAD and the Government will continue to work in strengthening those measures, mechanisms and systems that are already being put in place to enhance coordination, namely: (i) the already established Country Programme Team (CPT) , with one of the main tasks to ensure coordination among different programmes; (ii) the elaboration of specific mechanisms for coordination among various programmes and projects; and (iii) IFAD direct supervision and cross-use of project resources and expertise in supervision and implementation support, including joint planning and budgeting when appropriate.

**Recommendation 2:** Increase attention to targeting aspects

Considering the evolving socio-economic context in Mozambique and IFAD's mandate and relatively limited resources, it is important that IFAD and GoM pay more attention to targeting aspects in future interventions and thus develop a more articulated targeting approach in the context of the next COSOP to ensure that disadvantaged groups can also participate in economic development along approaches that are not targeting them exclusively but support their inclusion into development processes. Generally, there is a need to better reflect aspects related to gender equality and HIV/AIDS. From a geographical point of view, IFAD and GoM will examine the future geographic focus in light of the emerging data on poverty and the changes in trends of poverty incidence and severity and the economic opportunities and potential

An increased emphasis on inclusion will not, however, reduce the relevance for IFAD to join other development partners in supporting the development of national frameworks. It is important to note that in the context of some of the sub-sectors where IFAD is intervening, the mainstream systems are not yet fully established. It is therefore essential that IFAD, like all other partners, continue supporting the emerging mainstream frameworks and institutions as it can not afford to only focus on disadvantaged areas and socio-economic groups without building the mainstream systems to hook them to, thus ensuring a pro-poor conducive environment.

**Recommendation 3:** Develop and implement an innovation agenda adapted to realities in the field.

A key CPE finding is that important innovations have emerged and been upscaled during implementation in a process of searching for solutions to problems encountered in the field. Although this indicates a positive and dynamic attitude towards innovation, overall the innovation promotion process remains unsystematic.

A more structured approach for innovation will be explored in the next COSOP, to identify opportunities for a more systematic identification of priority areas for innovation as well as mechanisms and processes for replication and upscaling. Dedicated resources and efforts will be devoted to those aspects that are essential for replication and scaling up innovations, such as in particular knowledge management.

Without a PU or dedicated equivalent task force these "search and find processes" are unlikely to occur. Efforts will therefore be made to promote PUs as "temporary change process tools", owned by the implementing government partners, with the ultimate goal of integrating changes and innovations into government structures and programmes.

**Recommendation 4:** Engage private and civil society organizations as component implementers.

The country strategy and portfolio in Mozambique has a strong focus on facilitating the market integration of the rural poor. Within key sub-sectors such as marketing and financial services, private and civil society organisations might be better positioned than government organisations to deliver the required services. While private and civil society organisations have been engaged with positive results as contracted service providers for specific tasks, IFAD and GoM should in the future explore options for gradually assigning to this type of institutions increased implementation responsibility for programme components.

Although IFAD and GoM fully recognize in principle the merit and potential role of private and civil society organizations as implementers, the right balance will have to be found between the need to further engage these partners in programme implementation with higher responsibility and the reality about the actual capacity of existing potential partners in terms of the skills and expertise required for this purpose.

IFAD will play a role in promoting producers' organizations in agriculture and fishery to ensure that they can better respond to the needs of their members and that they can be further involved in project implementation.

#### **Proposed Timeframe to Implement the Recommendations 1-4**

The recommendations will be taken into account in formulating the new results-based COSOP, which is due to be submitted to the IFAD Executive Board in April 2011..

#### **Recommendation 5: Continue in the operationalisation of IFAD's new operating model**

Since 2007 IFAD has placed increased emphasis in Mozambique on its new operating model, with the aim to improve the development effectiveness of the IFAD-GoM co-operation. Particular emphasis will be given to the strengthening of its country presence,

including considering possible outposting of professional positions from IFAD Headquarters in Rome. A strengthened country presence will, among other things, assist in improving the non-lending components of the IFAD Country Programme, namely policy dialogue, knowledge management and partnership building, which will however remain strictly linked to the lending portfolio.

### **Proposed Timeframe to Implement the Recommendations 5**

2011 onward

Key Partners to Be Involved

Government of Mozambique and IFAD

Signed by:

Mr. Salim Valá  
Permanent Secretary for Planning and Development  
Republic of Mozambique

Mr. Ides de Willebois,  
Director Eastern and Southern Africa Division,  
Programme Management Department  
IFAD



## Project Pipeline during the COSOP period

1. The current COSOP will cover two PBAS cycles, the last two years of 2010-12 and the whole of 2013-15. The resources available for new projects during the COSOP period can thus be estimated as follows: (i) the balance of the allocation for the 2010-12 cycle (almost USD 17 million); plus (ii) the allocation for the 2013-15 cycle, which is still unknown at the time of the COSOP preparation, but could conservatively be estimated at the same amount as for 2010-12 (about USD 38 million). During COSOP preparation, opportunities for investment were discussed along three main directions: (i) supplementary lending for ongoing IFAD-financed projects; (ii) design of second-phase projects; and (iii) design of new projects.

2. With respect to supplementary lending, the candidate would be the National Programme for Agricultural Extension (PRONEA), currently financed and implemented under the framework of the national agricultural SWAp (PROAGRI) and due to close in 2016. This project, although very important for Strategic Objective 1 of the COSOP, has been so far characterized by very poor performance, which resulted in the loss of almost three years of implementation. Furthermore, the Ministry of Agriculture is currently reconsidering the overall coordination and harmonization framework for the sector, which is of course expected to impact on the implementation framework for PRONEA. In particular, the changes to PROAGRI and the withdrawing of some development partners from this framework, might affect the availability of the envisaged co-financing for PRONEA (almost USD 30 million). Nonetheless, given the uncertainty about the coordination framework as well as the deceiving performance of the programme, supplementary lending to PRONEA is still considered premature. A Tri-Term Review of the programme is planned for late 2011, which will constitute an excellent opportunity to adjust the design and agree on the necessary measures to improve performance, as well as to clearly identify and justify the needs for additional financing. Based on the results of the TTR and the performance of the programme over the next two years, supplementary lending could thus be considered from the PBAS 2013-15, possibly together with an extension of the programme, if no co-financing sources could be meanwhile be identified.

3. A strong candidate for a second-phase project would be the Rural Finance Support Programme (RFSP), closing in 2013. This is the key project for SO 3. After a few years of relatively poor performance, mainly due to institutional weaknesses in the implementing agency (the Fund for Support to Economic Rehabilitation - FARE), the Government has now showed strong commitment to implement the necessary institutional reform, which is expected not only to improve project performance, but more important to position FARE as a reference institution for the rural finance sector. Provided the improvement of the project performance will continue as in the recent past, a second phase would be fully justified in order to provide continuity of support to an important sector for the development of the rural economy, where IFAD is already positioned as a key development partner. This would also be consistent with one of the key comparative advantages identified by the COSOP for the country programme, namely IFAD's ability to commit support over the long term with local partner institutions to ensure scale and sustainability. Alternatively, a new project in the area of rural finance would be designed. It is thus premature to include a concept note in the COSOP.

4. With respect to new projects, the Government has requested IFAD to consider supporting the design and financing of a value-chain project for pro-poor value-chains in the South of the country. This option is considered attractive given its consistency with poverty data (South identified as severely poor area by the latest poverty data) and its focus in a geographic area relatively neglected by other developing partners supporting

value-chain projects and interventions. Here below it is presented the Concept Note for a Pro-poor Value-chain Project in the Southern Region.

5. Further options for new projects were also discussed with the Government, i.e. support to aquaculture and inland fisheries. Although interesting, these options will however be further investigated and a decision on whether to invest will be taken later, on the basis of further developments in these two sectors as well as in the IFAD country programme (i.e. opportunities for supplementary financing and/or second phase projects as discussed above).

### **Concept Note**

#### **Pro-poor Value-chain Project in the Southern Region**

6. Geographic area and target group. The project would focus in the Southern Region, i.e. the three provinces of Maputo (excluding the metropolitan area), Gaza and Inhambane. Within this region, the exact intervention area would depend on the value-chains that would be selected during the pre-design phase. Thus, the project areas would coincide with those areas where the selected commodities are produced, stored, processed and marketed, rather than with a strict territorial delimitation. The primary target population would consist of small farmers who have the potential to expand and commercialise their production in the selected value chains. This would include the economically active poor (i.e. who have minimal assets to support their integration in the markets) among the small-scale agricultural producers and livestock keepers. A secondary target group would consist of players along the value-chain, such as commercial farmers, traders, processors, etc., who, although not poor from emerging farmers, could be important drivers of change and of value chain development. The targeting strategy would be built on: (i) geographic targeting, as the three provinces selected are among the five with the highest poverty incidence; (ii) selection of value-chains that would be easily accessible by the target group and would provide the strongest impact on their livelihoods; and (iii) design of an inclusive approach that, on the basis of the analysis of the value-chain, will identify mechanisms to integrate the most disadvantaged groups, such as women and youth.

7. Justification and rationale. The demand for agricultural products is expanding, as a result of growing urban markets, increasing income and growing private investment in the agri-food and tourism sectors. A number of donors (including IFAD with the Rural Markets Development Programme - PROMER) are already involved in promoting market-oriented agriculture and the development of agri-business. Most of these interventions, however, concentrate on the northern and central provinces, leaving the south largely uncovered. Although southern provinces are characterized by less favorable agro-ecological conditions and higher climatic risks, they have significant potential for the production of several agricultural products that are in great demand on domestic, regional and/or export markets, including livestock products, horticulture in irrigated areas, fruits, cassava, cashew and forest resources. The southern region also benefits from its proximity to major domestic (i. e. Maputo, the capital city) and regional markets (i.e. South Africa) as well as from easy access to export markets through the port of Maputo. Yet according to the most recent household survey, the three southern provinces are among the poorest in the country.

8. Key project objectives. The development goal of the project would be to improve the incomes and livelihoods of small farmers in the Southern region in a competitive, sustainable and socially equitable way. The project objective would be to sustainably increase the competitiveness of small farmers and their integration into selected value chains of the Southern region. The project would thus directly contribute to the achievement of COSOP objectives 1 and 2.

9. Ownership, harmonization and alignment. The project idea originated from Centre for the Promotion of Commercial Agriculture (CEPAGRI), which is the lead agency for the promotion of commercial agriculture under the authority of the Ministry of Agriculture. The project development goal is fully aligned with the general strategic objective of the Strategic Plan for the Development of the Agricultural Sector (PEDSA). Project design would be further developed in accordance with PEDSA and with the forthcoming strategy for the promotion of commercial agriculture to be developed by CEPAGRI, which is meant to provide a framework to coordinate and harmonize donor-financed interventions in the sector under the leadership of CEPAGRI.

10. Components and activities. Specific investment plans would be designed for each selected value-chain based on the analysis done during the pre-design phase and the participatory consultations with the different players and stakeholders. Typically, these investment plans might include, depending on the nature of the value-chain: (i) provision of technical production services; (ii) facilitation of access to key production inputs; (iii) provision of business development services at all levels of the chain; (iv) support to key economic infrastructure (e.g. post-harvest storage, roads, etc.); (v) facilitation of access to financial services for investment along the chain; and (vi) facilitation of business partnerships and contractual arrangements between small farmers and other key players of the chain. Besides this, a cross-cutting component on Policy Support, Institutional Development and Project Coordination would support the development of a policy agenda related to the selected value-chains, the strengthening of the institutional capacity of CEPAGRI, including for the coordination of the project, the strengthening of key institutions along the chain (e.g. producers' organisations) and the setting-up of the necessary coordination mechanisms at the level of each value-chain, such as multi-stakeholder platforms and fora.

11. Costs and financing. About USD 40 million, of which a USD 19 million IFAD Loan from the 2010-12 PBA and the balance from co-financing still to be identified and/or from the IFAD PBA 2013-15.

12. Organisation and management. The project lead agency will be CEPAGRI, which will provide overall leadership and coordination and ensure knowledge management for the initiative. The project will provide institutional support to develop these functions as part of CEPAGRI's regular mandate, as well as to develop the capacities of CEPAGRI's delegation for the South, which will be soon installed in Inhambane. Each value-chain will have a specific mechanism for permanent consultation and coordination with the different stakeholders. Service providers, including private sector, NGOs and farmers' organisations, will be subcontracted to carry out project activities and will receive support as needed to develop a responsive and quality supply of services for each selected value chain.

13. Monitoring and evaluation indicators. The project M&E system will be developed as part of CEPAGRI's own M&E system. The system design will associate sector stakeholders in the definition of indicators and of processes for data collection, analysis and dissemination of results. Main indicators will be gender-disaggregated and will include: (i) increase in smallholders' income; (ii) marketed volume of agricultural products; (iii) added value of marketed production and share accruing to smallholders; (iv) number of smallholders that have access to markets through various types of business partnerships.

14. Risks. Risks identified in the COSOP also apply to this project. With regard to institutional issues, there is a risk that CEPAGRI be overburden with the increasingly large range of donor-financed projects under its responsibility, which is likely to impinge on its institutional capacity. There is also a risk of limited availability of local service providers, although this risk is significantly lower in the southern provinces due to the proximity with Maputo. Finally, there are significant risks of climate hazards in the south, particularly droughts.

15. Timing. A pre-design phase from mid-July to end-September will involve value-chain analyses and studies to allow selecting the specific value-chains. The detailed design of the project is scheduled to start in October 2011. The Quality Enhancement Review would be carried out in February 2012. The final design mission would be between March and April 2012. The programme would be presented to the IFAD Board in September 2012 in order to be effective by the first quarter of 2013.

16. CPMT Composition. As per previous experience with the latest approved projects for Mozambique, the design will be steered by a Design Reference Group chaired by CEPAGRI and composed by selected members of the in-country IFAD Country Programme Team (including representatives from the Ministry of Finance, the Ministry of Planning and Development, the Ministry of Agriculture, the Bank of Mozambique and the National Farmers' Union) plus key stakeholders in the selected value-chains that will be identified during the pre-design phase.

## Key file 1: Rural poverty and agricultural/rural sector issues

Priority Areas	Affected Groups	Major Issues	Actions Needed
<b>Small producers' productivity and profitability</b>	Smallholders Small-scale artisanal fishers	<ul style="list-style-type: none"> <li>• Food insecurity and malnutrition</li> <li>• Rudimentary tools/fishing equipments and limited use of inputs in agriculture</li> <li>• Poor access to knowledge, extension and other support services</li> <li>• Difficulty in accessing markets</li> <li>• Limited access to credit and other financial services</li> <li>• High post-harvest losses due to poor harvesting, and handling</li> <li>• Powerlessness and social economic and political marginalisation</li> </ul>	<ul style="list-style-type: none"> <li>• Improved access to know how through reform of extension services and support to pluralistic provision of support services</li> <li>• Access to financial products that enable producers to invest in modern equipment, inputs and technologies</li> <li>• Improved access to markets, through construction/ improvement of roads and market-related infrastructures.</li> <li>• Public-private partnership for improving availability of ice-making plants.</li> <li>• Support institutional development of producers' organisations.</li> </ul>
<b>Advisory/business development services</b>	Smallholders Small-scale artisanal fishers	<ul style="list-style-type: none"> <li>• Persistence with ineffective and unsustainable extension methods, centred on agricultural production</li> <li>• Top down, scientific/technocratic approach, not aligned to farmers' needs or the realities of household finances and markets</li> <li>• Inadequate demonstration, dissemination focus on rainfed subsistence agriculture and smallholder livestock systems</li> <li>• No real farmer voice in services provision Limited relevance of most research/technology development</li> <li>• Absence of effective research-extension-farmer relationships</li> </ul>	<ul style="list-style-type: none"> <li>• Enforce reform policy: province, district extension ethos and capability</li> <li>• Re-orient extension to community focus with locally resident farmer and women promoters/resource persons</li> <li>• Upgrade local public sector service provision capacity/communication</li> <li>• Facilitate, support and optimize the provision of support services by private, farmers' organisations and NGOs through outsourcing/contract services</li> <li>• Empower farmer groups/associations to link to service decision makers</li> <li>• Intensify dialogue on research and means of dissemination</li> <li>• Focus on farmer defined subjects, including socio-economic/market aspects</li> <li>• Emphasize information, communications and marketing advisory services</li> </ul>

Priority Areas	Affected Groups	Major Issues	Actions Needed
<b>Marketing, Trading, Input Supply and Credit</b>	Smallholders Small-scale artisanal fishers Traders Agribusiness	<ul style="list-style-type: none"> <li>Poor access to inputs due to distance, limited competition and low crop/fish catch value</li> <li>Market information limited, not easily accessible to small producers</li> <li>Local transport for produce not available or excessively expensive</li> <li>Product quality is often below that demanded, especially internationally</li> <li>Policies/legislation not conducive to free, dynamic market and not supportive of producers' associations</li> <li>Lack of harmonised policy and fragmentation of donor action in rural finance sector</li> <li>Limited availability, accessibility and risk of production credit</li> <li>Rural financial services problematical, high cost</li> <li>Limited tradition/development of savings/credit culture</li> </ul>	<ul style="list-style-type: none"> <li>Improve roads network, local marketing facilities (via group/private sector)</li> <li>Promote competition between traders and linkages between farmer groups/associations and buyers</li> <li>Boost province and district market information centres, radio broadcasts</li> <li>Encourage competition/transport improvement</li> <li>Provide training/exposure on quality/packing as part of group activity</li> <li>Lobbying/dialogue with Government</li> <li>Develop a strategic policy/legal framework and support innovative approaches in rural finance (through RFSP and other projects)</li> <li>Facilitate greater outreach of banks/financial intermediaries and capacity build/support institutions</li> <li>In conjunction with improved farming practices/technology, promote improved farmers access to credit</li> <li>Incorporate financial awareness/control principles in farmer group training</li> </ul>
<b>Producers' organisations</b>	Smallholders Small-scale artisanal fishers	<ul style="list-style-type: none"> <li>Limited number of performing farmers'/fishers organisations able to provide sustainable services to members</li> <li>Low level of structuring (lack of second-tier and upper levels organisations)</li> <li>Limited farmer organisation and voice in local/district governance</li> <li>Lack of linkages between central and local levels, an imprecise policy agenda and low capacities to develop policy options within UNAC</li> </ul>	<ul style="list-style-type: none"> <li>Promote institutional building and develop capacities to provide services to members</li> <li>Promote participation of producers' organisations in consultation platforms at local/national level, and assist them in developing their own (policy) positions</li> <li>Assist UNAC in restructuring, developing its own policy agenda and related policy positions</li> </ul>

Priority Areas	Affected Groups	Major Issues	Actions Needed
<b>Gender</b>	Rural women and women headed households	<ul style="list-style-type: none"> <li>• Inadequate representation of women and their interests in producers' groups and management committees</li> <li>• High illiteracy rates</li> <li>• Limited opportunities for livelihood diversification and profitable activities</li> <li>• Limited access to agricultural support services and to land</li> <li>• Traditional gender ideologies constrain women's mobility and access/ownership of means of production</li> <li>• Lower access to education and health</li> </ul>	<ul style="list-style-type: none"> <li>• Implement gender sensitive poverty reduction initiatives.</li> <li>• Provide female vocational/literacy training including marketing/business</li> <li>• Promote women in leadership positions and representation of their interests in rural organisations</li> <li>• Promote livelihoods diversification by improving women's participation in trading/processing</li> <li>• Assist women to gain and maintain access to productive resources</li> <li>• Develop inclusive approaches to develop access to services</li> <li>• Ensure strong women participation in community-based mechanisms for implementation of Land Law</li> </ul>
<b>Poverty and HIV/AIDS</b>	Rural communities	<ul style="list-style-type: none"> <li>• High rates of HIV/AIDS transmission</li> <li>• Inaccessibility to health facilities and ineffective STI treatment and prevention services.</li> <li>• Poor access to basic services and social infrastructures.</li> <li>• HIV/AIDS orphans.</li> </ul>	<ul style="list-style-type: none"> <li>• Information Education and Communication aimed at HIV prevention.</li> <li>• Improving access to health services and social infrastructures.</li> </ul>

Priority Areas	Affected Groups	Major Issues	Actions Needed
<b>Environmental issues and natural resource management</b>	Fishing and farming communities.	<ul style="list-style-type: none"> <li>• Reduced fish stock levels as a result of overfishing;</li> <li>• Lack of environmental awareness and poverty pushing people to use environmentally destructive gears.</li> <li>• Poor institutional development of co-management committees</li> <li>• High exposure to climatic hazards (e.g. floods, hurricanes);</li> <li>• Increasingly high exposure to conflicts with private investors due to increased competition for land resources.</li> </ul>	<ul style="list-style-type: none"> <li>• Develop artisanal fisheries resource planning and management system</li> <li>• Strengthen co-management committees to effectively regulate the use of common resources.</li> <li>• Promote capacity building in using better soil and crop management practices and develop adapted technologies and inputs</li> <li>• Promote sustainable systems for irrigation/improved water use and management</li> <li>• Promote participatory management of natural resources and implementation of Land Law</li> </ul>



## Key file 2: Organizations matrix (strengths, weaknesses, opportunities and threats [SWOT] analysis)

Institution	Strengths	Weaknesses	Opportunities/Threats	Remarks
<b>Ministry of Planning and Development (MPD)</b>	<ul style="list-style-type: none"> <li>• Strong leadership</li> <li>• Power and mandate for inter-ministerial coordination</li> <li>• Leads the planning process and resource allocation</li> </ul>	<ul style="list-style-type: none"> <li>• Reduced role in local economic development after transfer of DNPDR from MPD to MAE.</li> </ul>	<ul style="list-style-type: none"> <li>• Clear vision to reform the Fund for Support to Economic Rehabilitation (FARE) into a sustainable wholesale facility for rural finance sector</li> </ul>	<ul style="list-style-type: none"> <li>• Minister of MPD is the Governor of IFAD for the second consecutive term</li> <li>• Director of Investment and Cooperation is the chair of IFAD in-country CPT.</li> <li>• Lead agency for RFSP</li> </ul>
<b>Ministry of Finance</b>	<ul style="list-style-type: none"> <li>• Strong leadership</li> <li>• Strengthened institutional capacity at decentralized level</li> <li>• Long experience with IFAD financing</li> </ul>	<ul style="list-style-type: none"> <li>• Limited institutional capacity.</li> </ul>	<ul style="list-style-type: none"> <li>• Limited capacity to ensure adequate and timely financing of counterpart funds for projects.</li> <li>• Heavy dependency on external resources</li> </ul>	
<b>Ministry of Agriculture (MINAG)</b>	<ul style="list-style-type: none"> <li>• Strong donor support</li> <li>• New Senior management with strong political support</li> <li>• Good network of provincial offices</li> <li>• Clear strategic document for the sector (PEDSA).</li> </ul>	<ul style="list-style-type: none"> <li>• Limited capacity to work proactively and efficiently at decentralized level</li> <li>• Frequent changes in top management</li> <li>• Limited coverage by field extension workers</li> <li>• Limited implementation rate of a large range of policy and strategic documents,</li> <li>• Low salaries leading to important staff turn-over</li> </ul>	<ul style="list-style-type: none"> <li>• Clear vision of Extension Master Plan for a demand-driven, pluralistic extension system, but confused environment and political interference for its implementation.</li> <li>• New aid modalities envisaged for post PROAGRI II (larger range of options than just common flow of funds)</li> <li>• Diversion of extension agents (now under District Authorities) from core functions and mandate</li> </ul>	<ul style="list-style-type: none"> <li>• Lead Agency for PRONEA</li> </ul>
<b>Ministry of</b>	<ul style="list-style-type: none"> <li>• Strong leadership</li> </ul>	<ul style="list-style-type: none"> <li>• Insufficient administration</li> </ul>	<ul style="list-style-type: none"> <li>• Loss of human resources by IDPPE</li> </ul>	<ul style="list-style-type: none"> <li>• Lead Agency</li> </ul>

Institution	Strengths	Weaknesses	Opportunities/Threats	Remarks
<b>Fisheries</b>	<ul style="list-style-type: none"> <li>• Strong donor support.</li> <li>• Long-term partnership with IFAD.</li> <li>• Motivated human resources</li> <li>• Clear strategic document for the artisanal fisheries sector (PESPA).</li> </ul>	<ul style="list-style-type: none"> <li>and technical capacity at local level.</li> <li>• Insufficient capacity to use available fisheries statistics in support of a more sustainable management of resources</li> </ul>	<ul style="list-style-type: none"> <li>to other departments.</li> <li>• Strengthened vision and role of Fisheries' Administration in support to community-based management of coastal resources.</li> </ul>	for ProPESCA.
<b>Ministry of State Administration</b>	<ul style="list-style-type: none"> <li>• Clear mandate in support of decentralization process</li> </ul>	<ul style="list-style-type: none"> <li>• Limited experience in local economic development</li> <li>• Rural Development Strategy formulated, but clear implementation mechanisms not yet in place</li> </ul>	<ul style="list-style-type: none"> <li>• Limited institutional support to PROMER</li> <li>• Lead agency for implementation of the District Development Fund</li> </ul>	• Lead Agency for PROMER
<b>National Roads Administration and Road Fund</b>	<ul style="list-style-type: none"> <li>• Strong donor support</li> <li>• Leadership in sector coordination.</li> <li>• Motivated staff.</li> <li>• Efficient systems for planning, budgeting and reporting.</li> </ul>	<ul style="list-style-type: none"> <li>• Limited capacity for internal auditing.</li> <li>• Limited sample base external auditing.</li> <li>• Limited engineering skills for complicated works.</li> <li>• Weak contract supervision</li> </ul>	<ul style="list-style-type: none"> <li>• Increased funding for district road maintenance.</li> <li>• Provincial representatives within DPOPH to facilitate decentralised payments.</li> <li>• Road reclassification exercise planned.</li> <li>• Creation of department for support to municipal and district authorities.</li> </ul>	<ul style="list-style-type: none"> <li>• Key partner institution for rural roads rehabilitation</li> <li>• Recruitment of additional provincial staff ongoing.</li> </ul>
<b>District Governments</b>	<ul style="list-style-type: none"> <li>• Government attributing increased role to district governments seen as development pole</li> <li>• Government policy for district staff salary incentives.</li> </ul>	<ul style="list-style-type: none"> <li>• Insufficient staff</li> <li>• Weak technical and managerial skills.</li> <li>• Limited capacity for tendering.</li> </ul>	<ul style="list-style-type: none"> <li>• Districts responsible for formulating local development strategies complementing national sector policies.</li> </ul>	
<b>International NGOs</b>	<ul style="list-style-type: none"> <li>• Good access to human and financial resources</li> </ul>	<ul style="list-style-type: none"> <li>• High operating costs</li> <li>• Poor coordination with government institutions</li> </ul>	<ul style="list-style-type: none"> <li>• Possible complementarity to public services but risk of non-sustainability</li> <li>• Possible suitable service providers</li> </ul>	• Need tight, performance contracts
<b>National NGOs</b>	<ul style="list-style-type: none"> <li>• Financial support from international donors</li> <li>• Sound participatory know-how</li> </ul>	<ul style="list-style-type: none"> <li>• Limited specialization</li> <li>• Poor coordination</li> <li>• Medium/high operating</li> </ul>	<ul style="list-style-type: none"> <li>• Possible complementarity to public services but risk of non-sustainability</li> </ul>	• Need tight, performance

Institution	Strengths	Weaknesses	Opportunities/Threats	Remarks
	and capacity to work with local communities	costs <ul style="list-style-type: none"> <li>Limited capacities particularly with regard to business development/marketing</li> </ul>	<ul style="list-style-type: none"> <li>Possible suitable service providers</li> <li>Limited availability of skilled staff</li> <li>Limited financial support</li> </ul>	contracts <ul style="list-style-type: none"> <li>Need capacity building</li> </ul>
<b>Producers' organizations</b>	<ul style="list-style-type: none"> <li>Ownership vested in IFAD target group</li> <li>UNAC National: clear Strategic Plan widely shared by membership</li> </ul>	<ul style="list-style-type: none"> <li>Low membership</li> <li>Lack of funds and very limited sustainability</li> <li>Limited human capital</li> <li>Lack of clarity in functions for their members</li> <li>UNAC national: underdeveloped linkages between central and local levels, unclear definition of respective competences, imprecise policy agenda and low capacities to develop policy options</li> </ul>	<ul style="list-style-type: none"> <li>Growing number of cooperatives and different forms of apex organisations that have started providing services to their members.</li> <li>New UNAC strategic framework recently approved</li> <li>Growing interest in developing fisher organisations, which are still very incipient.</li> </ul>	<ul style="list-style-type: none"> <li>Priority programme partners</li> <li>Need capacity building</li> </ul>
<b>Private Sector</b>	<ul style="list-style-type: none"> <li>Growing pool of national SMEs</li> <li>Growing number of formal financial institutions in rural areas (commercial banks' branches, microbanks and microfinance institutions)</li> </ul>	<ul style="list-style-type: none"> <li>Many companies (especially national) still weak, inexperienced</li> <li>Limited access to financial services.</li> <li>Limited entrepreneurial skills.</li> <li>Outreach of financial institutions still limited in rural areas and range of financial products limited.</li> </ul>	<ul style="list-style-type: none"> <li>Various leading commercial banks move are now targeting the rural market and many MFIs are considering to expand into rural areas.</li> <li>Major FIs are still perceiving agriculture and fishery as high risk sectors.</li> <li>Access roads and communication systems still weak in many areas</li> </ul>	

### Key file 3: Complementary donor initiative/partnership potential

Agency	Priority Sectors and Areas of Focus	Period of Country Strategy	Complementarities/Synergy Potential
Italian Cooperation	<ul style="list-style-type: none"> <li>• <b>Inhambane and Gaza Coastal Fishing Development Project (PPAGI) – 2008-2011.</b> (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.</li> </ul>	Country Programme 2008-2012	The ProPESCA project in the South of the country will build on and scale up the experience of this project.
United States Agency for international Development (USAID)	<ul style="list-style-type: none"> <li>• <b>Emprenda.</b> Consortium of Technoserve, CLUSA and ACIDI/VOCA: strengthening of farmers associations; market linkages for associations; support to agri-business enterprises.</li> <li>• <b>Agricultural Inputs Marketing Systems (AIMS)</b> programme, mainly focusing on regulatory, policy and organizational aspects of marketing systems for seeds, inputs and fertilizers.</li> <li>• <b>AGRIFUTURO.</b> Promotes the development of 9 agriculture based value chains by (i) supporting the development of a conducive business environment; (ii) strengthening cooperatives; (iii) offering financial support through grant and loan based instruments.</li> <li>• <b>PARTI (Platform for Agricultural Research and Technology Transfer)</b> The platform is a program aiming to support agricultural policy and planning, applied agricultural research, technology transfer and related capacity building plus strengthening the seed and fertilizer input systems. Through a coordinated multi-donor supported consortium approach the program is engaging international CGIAR research centres (ILRI, IRRI, CIMMYT, ICRISAT, CIP, IITA and IFPRI) and the IFDC and EMBRAPA. Geographic localisation includes provinces of Zambezia, Nampula, Manica, Gaza, Sofala and Tete</li> </ul>	Starting 2010 for 5 years	Good. No geographical overlapping for farmers associations development. Potential synergies for co-investment with specific agri-business enterprises. Good potential for synergies on research/extension linkages (PRONEA) and agri-dealer inputs (PROOMER)

Agency	Priority Sectors and Areas of Focus	Period of Country Strategy	Complementarities/Synergy Potential
<b>African Development Bank (AfDB)</b>	<ul style="list-style-type: none"> <li>• <b>Rural Finance Support Programme (RFSP, co-financed by IFAD).</b> Promote expansion of outreach of financial services to rural areas, country wide.</li> <li>• <b>Massingir Dam Emergency and Supplementary Loan Projects</b> These projects aim to complete on-going construction works at the Xai-Xai irrigation scheme and to provide additional support to ensure that the beneficiary farmers are installed, trained and productively using their land.</li> <li>• <b>Artisanal Fisheries Project</b> aims to increase fish production by supporting artisanal fishers in the project area (North of Mozambique) by enabling them to catch, process and market fish more efficiently.</li> <li>• <b>Xai-Xai Irrigation Scheme</b> aims to increase number of farmers involved in irrigated agriculture and Increased sale of crops to the market: improved value addition</li> <li>• <b>Pilot Program for Climate Resilience</b> aims to strengthen the capacity of communities to address the inter-linked challenges of adverse impacts of climate change, rural poverty, food insecurity and land degradation</li> </ul>	<p>2005- 12</p> <p>2007 – 13</p> <p>2002 – 11</p> <p>2012 – 17</p> <p>2012 onwards</p>	<p>Strong partnership in rural finance in expanding outreach of financial services to programme area. The ProPESCA project in the North of the country will build on and scale up the experience of this project.. Potential complementarities of new value-chain project in the South and PRONEA with irrigation investment</p>
<b>Swedish International Development Agency (SIDA)</b>	<ul style="list-style-type: none"> <li>• Support to <b>Cabinet for Strategic and Development Studies.</b> Malonda Foundation promoting private sector business opportunities in rural areas. Venture capital fund for agricultural trading managed by AMODER in Niassa</li> </ul>		<p>Limited. No geographic overlapping. Lessons learnt included in PROMER design.</p>
<b>Millennium Challenge Corporation</b>	<ul style="list-style-type: none"> <li>• Large investment programme mostly focusing on infrastructure works: primary roads, electrification, water and sanitation. Northern Region – Nampula, Niassa, Cabo Delgado and Zambezia</li> </ul>		<p>Reasonable, in particular primary roads investment, complementing PROMER's focus on smaller scale economic infrastructure (feeder roads, markets and agricultural storage)</p>

Agency	Priority Sectors and Areas of Focus	Period of Country Strategy	Complementarities/Synergy Potential
<b>Canadian International Development Agency, (CIDA)</b>	<ul style="list-style-type: none"> <li>• <b>Food Security Initiative (FSI)</b>- implemented by the Aga Khan Foundation, is a project aiming to improve food security and livelihoods opportunities for up to 35,000 households in seven districts of Cabo Delgado Province. It has three main components: food security, market development and sustained improvements in access to financial services.</li> <li>• <b>Sustainable and Effective Economic Development (SEED)</b> - implemented by CARE aiming to reduce poverty and promote sustained rural economic recovery for 6,000 vulnerable households (including at least 25% FHH and 20% households living with HIV/AIDS) plus 1,200 households for the cashew sector, in five districts of northern Inhambane Province. The project implements market linkages, strengthened input supply services, capacity building activities, financial services and organizational strengthening.</li> </ul>	2010-16  2006-13	Synergies would be promoted with PRONEA
<b>European Union</b>	<ul style="list-style-type: none"> <li>• <b>Local Economic Development Programme (ProDEL)</b> to promote the economic development in the rural areas of Gaza, Inhambane and Sofala Provinces, by strengthening the productive base and the competitiveness of local micro, small and medium enterprises..</li> </ul>	Country Strategic Paper (CSP/NIP)2008-2013 Will start in 2012 for 3 years.	Good, In the institutional context with MAE who will supervise the project. Project co-financed by Sweden
<b>KfW</b>	<ul style="list-style-type: none"> <li>• <b>Access Finance Challenge Fund (Euros 1.3 million)</b>, 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).</li> </ul>	2007-2011	Limited, as ProPESCA will develop a partnership with RFSP, which provides similar support for expansion of financial services into rural areas.

Agency	Priority Sectors and Areas of Focus	Period of Country Strategy	Complementarities/Synergy Potential
<b>DANIDA</b>	<ul style="list-style-type: none"> <li>• <b>Private Sector Development Programme, (2011 – 2015).</b> Advocacy Business Research Component DKK 65 million (USD 12 million) Modality through private sector organisations; Agri-Business Development Component (DKK 202 million (USD 38 million) Modality through FUNDAGRO a Foundation to be established – ADIPSA (Support to the Development of Private Initiatives in the Agricultural Sector) will be affiliated to this foundation. Support to District Roads Improvement and Maintenance under Sector Budget (DKK 146 Millions (USD 26 Million). Modality through PRISE with RF, ANE and the District Governments as implementing partners.</li> </ul>		<p>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. Unlike in the previous phase, the District Roads Component will have the national coverage</p> <p>In Cabo Delgado and Nampula: coordination in area coverage; cost-sharing for training of service providers; access of PROMER beneficiaries to ADIPSA line of credit</p>
<b>Royal Norwegian Embassy</b>	<ul style="list-style-type: none"> <li>• <b>Support to the Fisheries Sector of Mozambique.</b> This is a Common Fund - Iceland also a partner. Its objective is to increase contribution towards the strengthening of improved food and nutritional security in the fisheries produce for the population in a framework of a more effective fisheries administration and of sustainability of the fish resources and of environmental balance.</li> <li>• <b>Support to the Expansion of Soya bean production and marketing in Northern Mozambique.</b> Focused in one district of Northern Zambezia it aims at increasing the Soya farmers' income by 10% a year over a period of 5 years, through input provision, technology improvement and strengthening of farmer-based private extension services.</li> </ul>	<p>2009-2013</p> <p>2007-12</p>	<p>Complementarity established with ProPESCA, particularly in the field of technical training and capacity-building on sustainable fishing practices, processing and environmental protection. Potential complementarity with PROMER and PRONEA</p>
<b>Swiss Developmentt Cooperation</b>	<ul style="list-style-type: none"> <li>• <b>Private sector led development of agricultural sectors in Northern Mozambique.</b> Promotion of public-private partnerships with agribusiness creating employment and market opportunities for smallholders.</li> </ul>	2007-2011	Possible synergies.

Agency	Priority Sectors and Areas of Focus	Period of Country Strategy	Complementarities/Synergy Potential
World Bank	<ul style="list-style-type: none"> <li>• <b>Market-based smallholder agriculture in the Zambezi river basin</b>, The objectives of the project are to increase the agricultural income of smallholder farmers, and to limit land degradation and improve the ecosystem resilience towards increasing climate variability</li> <li>• <b>Sustainable Irrigation Development PROIRRI</b>. The project aims at increasing marketed production and enhancing farm productivity in new or rehabilitated irrigation schemes. It contributes to the sector's productivity targets and is part of the country's adaptation measures to climate variability. It directly supports the MZ strategy for horticulture and rice production increase in the provinces of Manica, Sofala and Zambezia</li> </ul>	<p>Closing 2013</p> <p>Board date 03/17/11</p>	<p>Good, mainly in the institutional context as the project is being implemented by MAE (Min. of State Admin.) through DNPDR. The project is co-financed by GEF.</p> <p>Good, both in the institutional context and in support to PARP objective I and II</p>

EB 2011/103/R.13

الملف الرئيسي 3



## Key file 4: Target group identification, priority issues and potential response

Typology	Characteristics and Poverty Level	Copying Actions	Priority Needs	Potential Responses	Programmes
<b>Semi-subsistence smallholder farmers</b>	<ul style="list-style-type: none"> <li>▪ Small land holdings, limited cropped area, no use of inputs, low yields and output.</li> <li>▪ Largely subsistence-farming with occasional surplus sales</li> <li>▪ Remote areas, far from markets and with poor infrastructure.</li> <li>▪ Illiteracy.</li> <li>▪ Lack of production skills.</li> <li>▪ Inefficient markets providing limited incentives and opportunities for market-oriented production.</li> <li>▪ Often food insecure during normal production years.</li> <li>▪ Extremely poor</li> </ul>	<ul style="list-style-type: none"> <li>▪ Engage in other income generating activities (labour competition with agriculture).</li> <li>▪ Engage in small-scale low-risk production and are highly diversified in the number of crops they produce.</li> <li>▪ Sell an occasional surplus by the farm-gate or at trader collection points (risk of oversales).</li> <li>▪ They use no purchased inputs and low quality seeds and planting materials.</li> <li>▪ Join farmers' associations</li> </ul>	<ul style="list-style-type: none"> <li>▪ Increased farm-level productivity.</li> <li>▪ Access to market information and output markets.</li> <li>▪ Economic incentives to use quality seed and planting material.</li> <li>▪ Training in preservation of produce to extent storage life.</li> <li>▪ Improved capacity and means to respond to evolving market demand and specific opportunities.</li> </ul>	<ul style="list-style-type: none"> <li>▪ Facilitate the adoption of cash crops and improved production practices.</li> <li>▪ Demonstrate the effect of inputs usage and improve distribution systems for good quality inputs.</li> <li>▪ Assist farmers to organize into strong farmers' associations to benefit from scale operations and market opportunities.</li> <li>▪ Facilitate production planning through market information dissemination.</li> <li>▪ Improve feeder roads and market infrastructure.</li> <li>▪ Functional literacy training.</li> </ul>	

<p><b>Other poor smallholder farmers</b></p>	<ul style="list-style-type: none"> <li>▪ Small land holdings, limited cropped area (somewhat larger than semi-subsistence smallholders), limited use of inputs on selected cash-crops, low yields and output.</li> <li>▪ Mixed farming enterprise mainly consisting of food crops with some market-oriented production (cash crops).</li> <li>▪ Poor availability and high cost of quality inputs - seeds and chemicals.</li> <li>▪ Remote areas, far from markets, poor infrastructure.</li> <li>▪ Illiteracy.</li> <li>▪ Lack of production skills.</li> <li>▪ Poor post-harvest handling leading to poor quality and post harvest losses.</li> <li>▪ Inefficient markets offering low returns for cash-crops produced.</li> <li>▪ Generally not food insecure, but highly vulnerable to risks and external shocks and exposed to food insecurity during years of poor rainfall</li> <li>▪ Poor, most of them below national poverty line</li> </ul>	<ul style="list-style-type: none"> <li>▪ Engage in other income generating activities.</li> <li>▪ They engage in small-scale production and are highly diversified in the number of crops they produce.</li> <li>▪ Limited use of purchased inputs (only on cash crops) and low quality seeds and planting materials.</li> <li>▪ Join farmers' associations to increase access to markets</li> </ul>	<ul style="list-style-type: none"> <li>▪ Increased farm-level productivity.</li> <li>▪ Access to market information and output markets.</li> <li>▪ Access to quality seed and planting material at affordable prices.</li> <li>▪ Access to credit</li> <li>▪ Training in preservation of produce to extend storage life.</li> <li>▪ Improved capacity and means to respond to evolving market demand and specific opportunities.</li> </ul>	<ul style="list-style-type: none"> <li>▪ Facilitate the cultivation of cash crops, improved production practices and integration in value chains.</li> <li>▪ Develop support services.</li> <li>▪ Demonstrate the effect of inputs usage and improve distribution systems for good quality inputs.</li> <li>▪ Assist farmers to organize into strong farmers' associations to benefit from scale operations and market opportunities.</li> <li>▪ Improve feeder roads and market infrastructure.</li> <li>▪ Functional literacy training.</li> <li>▪ Increase presence of financial service providers in the area</li> </ul>
--	--	--	---	--

Typology	Characteristics and Poverty Level	Copying Action	Priority Needs	Potential Programme Responses
<b>Boat and gear owners</b>	<ul style="list-style-type: none"> <li>• Own fishing equipment.</li> <li>• The type and quality of their boats does not allow them to fish in the open sea.</li> <li>• Highly exposed to the risk of contracting HIV/AIDS.</li> <li>• Inadequate financial services.</li> <li>• Poor marketing infrastructures.</li> <li>• Lack access to ice.</li> <li>• Deterioration of marine resources.</li> </ul>	<ul style="list-style-type: none"> <li>• Market their products through specialised traders or producers' organisations.</li> <li>• Participate in ASCA/RFAs groups and fishers' organisations.</li> <li>• Diversify their income sources through farming and processing/trading.</li> <li>• Participate in Community Fishing Councils for regulating the use of marine resources.</li> </ul>	<ul style="list-style-type: none"> <li>• Access to credit for investment in fishing boats, motors and equipment.</li> <li>• Improved access to ice and dynamic markets.</li> <li>• Improved market infrastructure and roads access.</li> <li>• HIV/AIDS sensitization and training.</li> </ul>	<ul style="list-style-type: none"> <li>• Training, demonstrations and exchange visits on fishing operations and post-harvest handling.</li> <li>• Promoting participation in PCRs and access to formal credit</li> <li>• Establishment of a Risk Mitigation Fund to facilitate lending by financial institutions to boat and gear owners who often have limited collateral</li> <li>• Provision of basic business training.</li> <li>• Formation / strengthening of fishers' associations and CCPs.</li> <li>• Marketing infrastructures development.</li> <li>• Support to investment in ice production.</li> <li>• Sensitization and training on HIV/AIDS.</li> </ul>

<b>Crew members</b>	<ul style="list-style-type: none"> <li>Do not own a boat or fishing equipment.</li> <li>Low incomes prevent their development / graduation.</li> <li>Highly exposed to the risk of contracting HIV/AIDS.</li> </ul>	<ul style="list-style-type: none"> <li>Diversify household income sources through farming and other income generating activities.</li> <li>Sell their products in local markets.</li> <li>Some of them participate in ASCA/RFAs groups.</li> </ul>	<ul style="list-style-type: none"> <li>Improved skills levels and access to improved employment opportunities.</li> <li>Access to basic financial services through PCRs for low level borrowing and savings accumulation.</li> <li>HIV/AIDS sensitization training.</li> </ul>	<ul style="list-style-type: none"> <li>Creating employment opportunities on new and improved fishing units.</li> <li>Promoting fishing of higher value species for increased remuneration.</li> <li>Training, demonstrations and exchange visits on fishing operations and post-harvest handling.</li> <li>Promoting savings accumulation through participation in PCRs and provision of basic business training.</li> <li>Sensitization activities on HIV/AIDS.</li> <li>Promoting asset creation and social mobility.</li> <li>Promoting participation in CCPs.</li> </ul>
<b>Typology</b>	<b>Characteristics and Poverty Level</b>	<b>Coping Actions</b>	<b>Priority Needs</b>	<b>Potential Programmes Responses</b>
<b>Collectors and other part-time fishers</b>	<ul style="list-style-type: none"> <li>Subsistence oriented with some marketable surplus.</li> <li>Experience food insecurity and malnutrition.</li> <li>Own rudimentary and environmentally-destructive fishing gears.</li> <li>High percentage of women headed households.</li> <li>High illiteracy rates, particularly among women and women headed households.</li> </ul>	<ul style="list-style-type: none"> <li>Some of them diversify through farming and petty trading.</li> <li>A minority of them participate in PCRs groups.</li> <li>Sell their products at a very low price to local traders.</li> </ul>	<ul style="list-style-type: none"> <li>Access to productive assets.</li> <li>Livelihoods diversification.</li> <li>Functional literacy.</li> <li>Basic services.</li> </ul>	<ul style="list-style-type: none"> <li>Promoting their participation in PCRs.</li> <li>Functional literacy training and business skills development opportunities.</li> <li>Group enterprise formation.</li> <li>Sensitization activities to adopt environmentally friendly gears / livelihoods diversification.</li> <li>Partnership with BFFS to improve access to basic services and infrastructures.</li> </ul>

Typology	Characteristics and Poverty Level	Coping Actions	Priority Needs	Potential Programme Responses
<b>Women farmers and female headed households</b>	<ul style="list-style-type: none"> <li>Limited rights within many families</li> <li>Widowhood often exposes women and their dependants to claims on assets by relatives, turning them destitute.</li> <li>Low access to services and to land</li> <li>Higher illiteracy rates</li> <li>Cultural practices hinders their engagement in economic activities and taking on group leadership roles.</li> </ul>	<ul style="list-style-type: none"> <li>Subsistence farming on small plots to meet household food requirements.</li> <li>Join with other women in groups to pursue income generating activities.</li> <li>Sell off remaining assets to meet household expenses.</li> <li>Resort to petty trade, or illicit activities such as destructive use of natural resources (charcoal).</li> </ul>	<ul style="list-style-type: none"> <li>Increased social safety net,</li> <li>Improved opportunities to deal with short-term financial crises and retain productive assets and activities.</li> </ul>	<ul style="list-style-type: none"> <li>Promote women's groups/sub-groups linked to producers' associations (targeted matching grants and leadership promotion).</li> <li>Promote women membership in producers' associations (30%)</li> <li>Facilitate support by producers' groups for women members in resolving short-term financial crises.</li> <li>Increase employment opportunities (income generating activities, casual labour for road construction).</li> </ul>
<b>Small/medium rural traders</b>	<ul style="list-style-type: none"> <li>Trade in small quantities and low value products</li> <li>Competition from larger traders and processors.</li> <li>Little negotiating power and limited market knowledge</li> <li>Small margins in relatively inflexible marketing chains (monopsonistic behaviour of large traders).</li> <li>Lack of access to finances.</li> <li>High transport costs.</li> <li>Limited business and management skills.</li> <li>Lack of processing skills and equipment.</li> <li>Limited storage (and limited access to ice in artisanal fisheries sector)</li> <li>Poor marketing infrastructure</li> </ul>	<ul style="list-style-type: none"> <li>Multipurpose retail trade activities to spread risk and maintain volumes.</li> <li>Traders resort to travelling long distances in difficult terrain in order to scout for and collect produce.</li> <li>Some engage in poor business practices to minimize costs and maximize profits, affecting producers and the quality of produce.</li> </ul>	<ul style="list-style-type: none"> <li>Access to sources of finance for trade credit/working capital.</li> <li>Strengthened trade relationships with groups of producers for reliable delivery of good quality produce.</li> <li>Improved business environment for growth of enterprises.</li> <li>Increased knowledge in managing their businesses and understanding market dynamics</li> </ul>	<ul style="list-style-type: none"> <li>Assist with linkage to sources of credit.</li> <li>Capacity development of farmers' associations and selected traders.</li> <li>Train traders in order to improve the handling and quality of their products.</li> <li>Promote longer-term and more formal trade relations.</li> </ul>