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Enabling poor rural people  
to overcome poverty

## Republic of Mozambique

### Country strategic opportunities programme

#### Note to Executive Board representatives

##### Focal points:

##### Technical questions:

**Alessandro Marini**  
Country Programme Manager  
Tel.: +39 06 5459 2115  
e-mail: a.marini@ifad.org

##### Dispatch of documentation:

**Deirdre McGrenra**  
Governing Bodies Officer  
Tel.: +39 06 5459 2374  
e-mail: gb\_office@ifad.org

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For: **Review**

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## Abbreviations and acronyms

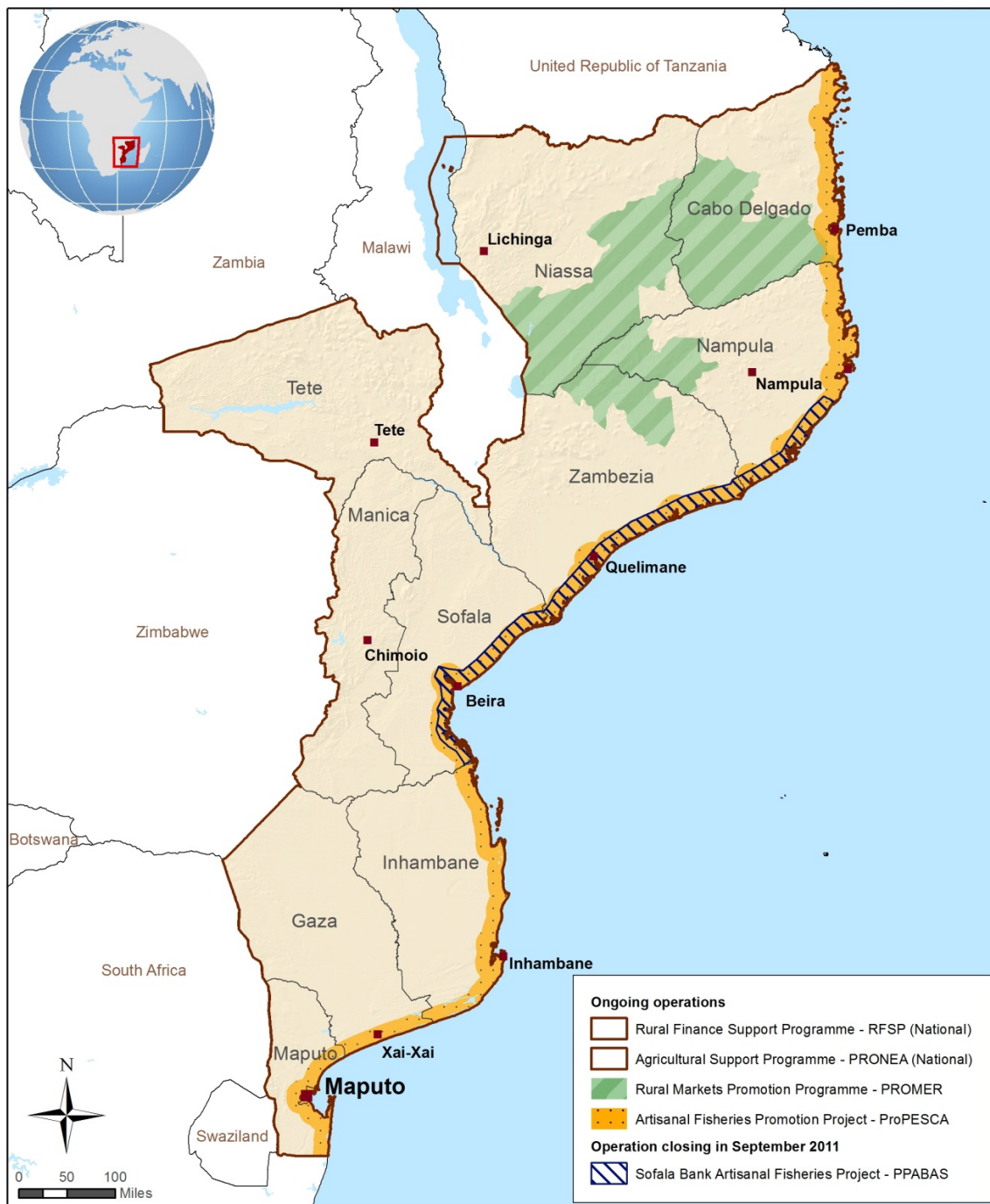
COSOP	country strategic opportunities programme
CPE	country programme evaluation
CPT	country programme team
M&E	monitoring and evaluation
PARP	Poverty Reduction Action Plan (Plano de Acção para Redução da Pobreza)
PBAS	performance-based allocation system
PRG	programme reference group
RFSP	Rural Finance Support Programme
SMEs	small and medium-sized enterprises
UNAC	National Farmers' Union

# Map of IFAD operations in the country

## Mozambique

IFAD-funded ongoing operations

COSOP



5-7-2011



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

Map compiled by IFAD

## Summary of country strategy

1. The country strategic opportunities programme (COSOP) supports the Government of Mozambique's Poverty Reduction Action Plan (2011-2014) (Plano de Acção para Redução da Pobreza) (PARP) and the sectoral strategic documents for agriculture, artisanal fisheries and rural finance. It is fully consistent with relevant IFAD strategies and policies. The COSOP also takes into account the country's macroeconomic context, trends in rural poverty and the challenges and opportunities in the agricultural and artisanal fisheries sectors. It builds on IFAD's experience in Mozambique and the lessons learned from past operations and pursues harmonization with other development partners. It is the result of an extensive consultative process at the national level that gave particular prominence to smallholders and artisanal fishers.
2. IFAD's comparative advantage lies in its ability to commit to providing support over the long term to ensure scale and sustainability, which allows thematic consistency over time and the building of partnerships with local institutions. In line with the main recommendation of the agreement at completion point that followed the country programme evaluation, the new COSOP maintains the strategic focus of the previous one, with the overriding goal of facilitating the integration of small-scale producers into profitable and accessible markets.
3. To this effect, the COSOP will support three strategic objectives: **(i) to increase the access of smallholders and artisanal fishers to production factors, technologies and resources**, through expansion of production support services; promotion of techniques and technologies to mitigate the impact of climate risks; fostering of secure rights to the use of key natural resources; and improved natural resources management; **(ii) to increase the access and participation of smallholders and artisanal fishers to markets that can bring them equitable shares of profit**, through development of economic infrastructure (for post-harvest conservation, marketing and processing); improvement of the efficiency of market intermediaries; and building of equitable business partnerships between small-scale producers and agribusinesses; and **(iii) to increase the availability of and access to appropriate and sustainable financial services in rural areas**, through enhancement of the institutional and policy environment; promotion of community-based financial services; support to the expansion of formal financial institutions; and extension of the range of financial products and services targeting rural areas.
4. An inclusive value-chain approach will be adopted, ensuring that small-scale producers take part in the development of the whole chain to maximize their benefits. This will entail placing small-scale producers and their organizations at the centre of IFAD interventions and offering them adequate support to become key partners in all the steps of programme development, from design to implementation and monitoring.
5. IFAD will target the economically active poor, i.e. small-scale producers who have the potential to expand and commercialize their activities. IFAD's targeting strategy will be: (i) inclusive, by facilitating integration of disadvantaged groups, in particular women and young people; and (ii) dynamic, by progressively adjusting support to the evolving capacities of participants.
6. Engagement in policy dialogue will be evidence-based and driven primarily by policy-relevant issues emerging from IFAD's project operations, with emphasis on building up the capacity of local stakeholders to engage in policy dialogue processes. The IFAD-supported projects will also provide ideas for potential innovation and constitute the main frameworks for testing innovation and scaling up. A programme knowledge management system, building on solid monitoring and evaluation systems already operational in other projects, will be set up to support policy dialogue and innovation.

# Republic of Mozambique

## Country strategic opportunities programme

### I. Introduction

1. Over the past three decades, IFAD has supported 11 projects in Mozambique for a total cost of US\$310 million, with about US\$195 million of loans on highly concessional terms. This country strategic opportunities programme (COSOP) sets out a result-based strategic framework for the partnership between IFAD and Mozambique over the next five years (2011-2015), based on the results and recommendations of the IFAD country programme evaluation (CPE). It is the outcome of a three-phase design process<sup>1</sup> that started in May 2010 and gave particular prominence to dialogue with representatives of smallholders and artisanal fishers. The COSOP was finalized after approval of the Poverty Reduction Action Plan (2010-2014) (Plano de Acção para Redução da Pobreza) (PARP) by the Council of Ministers in May 2011.

### II. Country context

#### A. Economic, agricultural and rural poverty context

##### Country economic background

2. **Fast economic growth but low human development index rating.** Sixteen years of civil war left Mozambique with a ruined economy and widespread poverty. The country's recovery after the 1992 peace settlement has been remarkable. Strong economic growth (with an average annual rate above 7 per cent) has been sustained by macroeconomic liberalization, market-based reforms, massive public investment in infrastructure and large flows of foreign direct investment. However, Mozambique remains one of the world's poorest countries, ranking 165 out of 169 countries on the human development index (2010). According to the most recent household survey (2008/09), 54.7 per cent of the population still live in absolute poverty with no improvement since 2002/03 (54.1 per cent) and 46 per cent of children under 5 years of age suffer from chronic malnutrition. Important progress has been made in access to social services but further development is required, particularly in rural areas, to attain the related Millennium Development Goals. Urgent responses are also needed to contain the spread of HIV/AIDS, which has reached infection rates as high as 12 per cent.
  3. **Towards broad-based growth.** Global positive growth figures hide significant geographical disparities. Growth has also been uneven across sectors, deriving mainly from capital-intensive mega-projects in the energy, mining and manufacturing sectors with limited impact on job creation, whereas key sectors for employment and poverty reduction such as agriculture remain weak. Limited access to finance, inefficient bureaucracy, insufficient human capacities and inadequate infrastructure contribute to a poor business environment that affects the development of the domestic private sector. Yet Mozambique possesses a wide range of natural assets that offer extensive economic and employment potential. The main development challenge lies in building on these to promote pro-poor, labour-intensive growth. Agriculture and fisheries are expected to play a key role in this respect.
- Agriculture, fisheries and rural poverty**
4. **Rural poverty.** Poverty in Mozambique remains primarily a rural phenomenon. About 75 per cent of the total poor live in rural areas. A positive trend, even more

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<sup>1</sup> See appendix I.

pronounced than at the national level, is noticed in rural areas with respect to malnutrition indicators and access to basic social services. Instead, while rural poverty, measured by the poverty headcount ratio, had decreased from 71.3 per cent in 1997 to 55.3 per cent in 2003, it increased slightly to 56.9 per cent in 2008. The gap between urban and rural areas is still considerable in terms of most economic and social indicators. The headcount poverty ratio in rural areas is more than seven percentage points higher than in urban areas, a difference that has almost doubled since 2003. Chronic malnutrition for children under 5 years of age is as high as 50 per cent in rural areas against 36 per cent in urban areas. The same striking differences also hold for most social indicators.

5. **Agriculture.** Although agriculture contributes only 23 per cent to GDP and represents just 20 per cent of total exports, it is the main source of income for more than 70 per cent of the population, provides employment for 80 per cent of the total workforce and generates 80 per cent of the income of rural households. The sector grew by an average annual 7.9 per cent between 2003 and 2008, with much of the growth due to the expansion of the cultivated area and to favourable rainfall, while yields stagnated at levels between 30 per cent and 60 per cent of their potential.
6. Smallholders represent the greater part of the country's farming sector, constituting more than 98 per cent of the total number of farmers and accounting for 95 per cent of the national agricultural production from about 90 per cent of the total land under use. Their main asset is land, with an average of 1.1 hectares per household. They mostly use traditional farming methods, with low-yield seed varieties (10 per cent at the most use improved seeds), manual cultivation techniques (only 11 per cent use animal traction and a very small number mechanized tools) and little use of agrochemicals (modern pesticides and fertilizers are used by 5 per cent at the most). In 2008, only 8 per cent of farmers had access to extension services (down from 13 per cent over the period 2003-2007). Low availability of modern inputs (seeds in particular), lack of appropriate technologies and limited access to finance and other support services are the main determinants of low yields and low returns. Most smallholders still operate close to subsistence level and their integration into the market is limited. Less than 20 per cent of them regularly sell their products. The lack of storage infrastructure, high post-harvest losses, poor transport facilities, high transaction costs and difficult access to financial services are among the main constraints in this respect.
7. Women, who constitute 62 per cent of the workforce in agriculture and head a quarter of rural households, are often confined to low-productivity, household-based production and processing and tend to lose control of their income as soon as their activity becomes more profitable. Households headed by women are further disadvantaged in accessing land and support services, face labour constraints and are less likely to own productive assets.
8. **New trends.** Between 2005 and 2009, the quantity of marketed agricultural products was multiplied by 2.4, with important increases for both food products and export crops. The number and diversity of market agents are increasing, from agribusinesses to farmers' associations through to small/medium-sized traders and larger trading companies. Public extension services are now present in all of the country's districts and efforts are under way to strengthen their capacities. Some agribusinesses provide extension services, access to inputs and, in some cases, credit. Furthermore, farmers' organizations are increasingly supplying advisory and marketing services to their members. The coverage of essential economic infrastructure is improving, with 90 per cent of main roads considered passable (but substantial investment is still needed for feeder roads), a mobile communication network covering 75 per cent of the country and 72 per cent of district capitals that now have electricity. Bank agencies are present in only 39 per cent of the 128 rural districts, but their number is expanding, albeit slowly.

9. **Challenges and opportunities.** Despite these encouraging trends, Mozambique continues to experience food insecurity at the national and household levels. Except for maize and cassava, the country is a net importer of food staples (rice, wheat and potatoes) and less than 25 per cent of smallholder families are able to cover their food needs throughout the year. With an annual 4 per cent growth, the urban population is expected to generate increasing pressure on agricultural production. Meeting the growing domestic demand for food products and reducing the country's dependence on imports (an even more stringent objective in the wake of the 2008 food price crisis) will require the competitiveness of domestic products to be developed, with an emphasis on reducing transaction costs (transport in particular) and improving smallholders' access to production and business development services. Climate change represents another important challenge. Rainfall variability and the risk of flooding are expected to grow, especially in the south and central regions of the country. Adaptation measures are needed to build smallholder resilience to climate variability. Major investments are required to develop irrigation (only 50,000 ha out of a potential of 3.3 million ha are irrigated), water conservation techniques and drought-resistant seeds. Finally, while expanding large-scale investments may open up new opportunities for partnerships with smallholders and for job creation, this will also generate increased pressure on fertile and accessible land, raising the risk of competition with food production and of land conflicts.
10. **Artisanal fisheries.** The fisheries sector is characterized by a strong dichotomy between industrial/semi-industrial fishing, which is highly capital-intensive and targets high-value species (shrimps in particular) for exports, and artisanal fishing, which concentrates on catching mainly lower-value species for domestic markets using traditional technology. Overall, the sector contributes around 3 per cent to GDP, with artisanal fishing providing 91 per cent of the annual marine catches, but generating only 42 per cent of its total value. Some 110,000 people directly depend on artisanal fishing and harvesting, which is characterized by low-input/low-output technology: low returns, aggravated by decreasing catch rates for some species; rudimentary equipment; weak market linkages and inadequate market infrastructure; poor access to financial and technical support services. Women are involved in the collection of small fish and crustaceans mainly as a secondary income-generating activity, with some limited participation in marketing.
11. **New trends.** As in the agricultural sector, domestic demand for fish products already far exceeds supply, in particular for fresh/frozen fish. With the country's economy growing, tourism developing and wealth increasing, demand is expected to rise further. New forms of community-based organizations are emerging in the area of resource management alongside economic interest groups focused on fishing or trading/processing of fish products. This constitutes a favourable environment for the development of associations or cooperatives offering services to their members and defending their interests in policymaking bodies.
12. **Challenges and opportunities.** The number of people and boats engaged in the artisanal sector, and the total catches, are increasing, while productivity is declining for the most common traditional techniques (such as beach seining). There is a need to upgrade traditional techniques and equipment and provide access to the necessary services in order to create incentives for artisanal fishers to go further offshore and target relatively less exploited higher-value species. The lack of freezing and cold storage facilities constitutes a major bottleneck in this respect. Sound management and conservation of marine ecosystems is required and a fisheries planning and management system needs to be set up. Finally, the last decade has witnessed the development of both marine conservation areas and large investment projects in coastal areas that compete with artisanal fishing along the coast. While these may offer opportunities for local populations, they also generate conflict over the use of coastal resources.



## B. Policy, strategy and institutional context

### National institutional context

13. **Public sector.** The National Programme for Agricultural Development (ProAgri), which introduced a sector-wide approach (SWAp) in the agriculture sector, started in 1999 and completed its second phase in 2010. The programme contributed to increasing the budget of the Ministry of Agriculture, but had little impact on the performance of the agriculture sector, which remained low. The performance of ProAgri II was assessed jointly by the Government and the supporting partners during 2010. A relatively wide consensus emerged about the need to discontinue ProAgri and think about a new framework for coordinated intervention, with building blocks such as: a stronger focus on the strategic objectives and a more flexible approach to financing modalities, with less emphasis on the basket-funding arrangement (the Common Flow of Funds Mechanism – CFFM).
14. In the artisanal fisheries sector, the National Institute for Development of Small-Scale Fisheries provides sound leadership and possesses motivated human resources. Insufficient staff and technical capacities at the provincial and district levels constitute a significant shortcoming in implementing the sector's national strategy.
15. In the rural finance sector, the Bank of Mozambique has issued a set of economic and tax incentives and a new regulatory framework for financial institutions that are expand their outreach to underserved rural areas. The Economic Rehabilitation Support Fund is undergoing wide institutional reform to position itself as a reference institution at the national level for the promotion of financial services in rural areas.
16. **Producers' organizations.** Only 7 per cent of farmers are currently members of an association, but their number is steadily growing and they are increasingly engaged in providing services to their members. The National Farmers' Union (UNAC) has 83,000 members, with district and province unions in 7 out of 10 provinces. The recent formulation of a new strategy should provide fresh momentum to restructure the organization and define priorities. In the fisheries sector, incipient associations of fishers, including economic interest groups and those involved in the management of marine resources, are developing and there is a growing interest in fostering member-based organizations that are able to provide services to members and to lobby on the part of artisanal fishers.
17. **Private sector.** Marketing and processing companies have a central role in the development and marketing of smallholder production through contract farming and the system of concessions. The latter, however, often engendered dependence and an unbalanced profit distribution. New opportunities are being developed with a growing pool of national small and medium-sized enterprises (SMEs), but their development remains constrained by the lack of financing, excessive bureaucracy and limited entrepreneurial skills. Rural finance is still an infant industry and although the number of rural finance institutions is increasing, their operations are small in scale and their outreach is still limited.

### National rural poverty reduction strategy

18. **Poverty reduction strategy.** The main goal of the new Poverty Reduction Action Plan (2011-2014) (Plano de Acção para Redução da Pobreza) (PARP) is to reduce the incidence of poverty from 54.7 per cent in 2009 to 42 per cent in 2014 through pro-poor economic growth. This is to be achieved by pursuing three general objectives: (i) increasing agricultural and fisheries production and productivity; (ii) promoting employment; and (iii) improving availability and quality in access to social services. The main challenge related to objective one is identified by the strategy as the weak integration of the family sector (smallholder agriculture and artisanal fisheries) into the national economy.

19. **Sectoral strategies.** Under the PARP framework, sectoral strategic documents set the priorities for investment in the key sectors of IFAD intervention, i.e. agriculture, artisanal fisheries and rural finance. The Strategic Plan for Agricultural Development (PEDSA, 2010-2019) emphasizes the need to increase food and market-oriented production, promote market linkages and use natural resources in a sustainable way. The Strategic Plan for the Artisanal Fisheries Sector (PESPA, 2006-2015) provides a vision for progressively upgrading from subsistence to commercial artisanal fishing through improved access to services and infrastructure, with an emphasis on participatory, community-based management of fishing resources. The Rural Finance Strategy (EFR, 2011) aims to promote an inclusive financial system in rural areas to serve the different segments of the rural population.

#### **Harmonization and alignment**

20. The harmonization and alignment agenda is well developed and articulated in Mozambique. The PARP and the other sectoral documents discussed above provide the overall strategic framework for the partnership between the Government and the development partners. Although IFAD is not a member of Mozambique's Programme Aid Partners (PAPs) as it does not contribute to general budget support, it regularly participates in the PARP joint annual review process through the working groups in those sectors in which it is an active partner.
21. **Sectoral frameworks.** IFAD has supported ProAgri since it was launched through the basket-funding arrangement and is currently investing in the National Programme for Agricultural Extension (PRONEA). IFAD is an active member of the various ProAgri coordinating groups and co-chairs the extension subgroup. Donor working groups also exist in several sectors as forums for coordination, knowledge exchange, harmonization and dialogue with Government. IFAD is a member of the working groups on rural finance and fisheries, but its active participation has been constrained so far by the limited human resources in the country office.
22. **Public financial management systems.** In the spirit of the Paris Declaration on Aid Effectiveness, IFAD has endeavoured to ensure harmonization with the national financial management systems. As part of the design of the latest projects the relevant country systems have been assessed, namely: (i) the Single Treasury Account (CUT) and the Government's electronic public finance budgetary and reporting system (the State Financial Administration System – SISTAFE); and (ii) the Government's national procurement rules and procedures. Overall, such systems have been found to be reliable and consistent with IFAD relevant guidelines and procedures and are therefore increasingly being adopted. These systems are routinely monitored, as part of the regular supervision process and during the design of new projects.
23. **United Nations "Delivering as One" initiative.** Since 2007 the United Nations system in Mozambique has been engaged in the implementation of the "Delivering as One" initiative. The present COSOP is fully aligned with the new United Nations Development Assistance Framework (2011-2015) that is currently being developed. IFAD participates in the "One UN" Programme through a joint programme conducted with the Food and Agriculture Organization of the United Nations (FAO) and World Food Programme (WFP) on "Building Commodity Value Chains and Market Linkages for Farmers' Associations".

### **III. Lessons from IFAD's experience in the country**

#### **A. Past results, impact and performance**

24. The country programme evaluation points out some of the strengths and weaknesses in the performance of the IFAD country programme. Positive results and impact have been noted in several areas, in particular:
- Market linkage interventions, through an increased number and greater efficiency of market intermediaries (small/medium-scale traders and farmers'

organizations), have resulted in an increase of about 100 per cent in the volume of marketed crops, a positive differential price (+23 per cent) for members of farmers' organizations and, eventually, an increase in income of almost 90 per cent for the beneficiaries.

- IFAD support to integrated community-development projects in fishing communities has facilitated the introduction of new technologies and services for artisanal fisheries, the improvement of marine resources management and the empowerment of communities. The impact on household income has been significant in terms of both household assets and perceptions of basic needs being met.
  - The support to savings and credit groups played a key role in scaling up, with the creation of more than 1,800 such groups with almost 30,000 members (about 50 per cent women), the vast majority of whom would have no alternative access to financial services, with considerable impact on household income, social capital and empowerment.
  - The rehabilitation of rural roads has always exceeded initial targets and made a significant contribution to improving access to markets and services by reducing transport costs by up to 50 per cent.
  - Important policy and legislative changes have been promoted on the basis of the evidence emerging from IFAD-supported projects, such as the introduction by law of the three-mile exclusive area for artisanal fishing; the legal framework for co-management of coastal fishing areas; and the revision of the Associations Act.
25. Two areas have shown modest performance and limited results: support to production services for smallholder agriculture and access to formal financial services. IFAD has invested in these two areas since the mid-1990s, initially as part of area-based projects and, more recently, through national programmes: the National Programme for Agricultural Extension (PRONEA) and the Rural Finance Support Programme (RFSP), both with relatively poor performance in the last few years. Two main factors can be highlighted to explain this: (i) the limited institutional and human capacity at various levels, from the lead agency to the contracted service providers and the beneficiaries themselves; and (ii) the management and implementation arrangements, undermined by the lack of dedicated project coordination and management capacity to ensure efficiency and effectiveness in implementation.

## B. Lessons learned

26. A few important lessons can be extracted from the experience accumulated through IFAD interventions in Mozambique:
- **Assessment.** A thorough assessment of institutions and capacities at various levels is a key pre-requisite for a successful project. Options for project institutional settings need to be carefully assessed against actual institutional capacity. The availability and capacity of service providers should be a critical factor in orienting investment decisions at the design stage. Support to grass-roots beneficiaries' institutions should factor in the time needed to build the conditions for long-term sustainability. Overall, investment should be commensurate with institutional capacity to avoid overambitious design and the necessary support for capacity-building and institutional strengthening should be envisaged.
  - **Flexibility.** Flexibility in programme design is critical as it allows management to develop and adjust interventions in response to the actual situation and to evolving demands.
  - **Consultation and participation.** Building on wide consultative and participatory processes to orient project design and implementation develops stakeholder

ownership and allows project frameworks to be more realistic and more responsive to actual constraints in project environment. Emphasis needs to be given to mechanisms that ensure participation of main stakeholders in annual review and planning processes.

- **Results-oriented management and institutional ownership.** The right balance needs to be found between, on one side, efficiency and effectiveness, which are optimal when implementation is managed by a fully dedicated project facilitation unit, and, on the other side, the need to create an institutional setting that favours institutional strengthening, capacity-building and long-term sustainability.
  - **Endogenous policy dialogue processes.** The most effective policy dialogue is the result of an endogenous process of dialogue among national institutions. In IFAD-supported projects the combination of support for policy and institutional development and field activities has been very effective in providing inputs and evidence from the grass-roots level to identify actual issues and constraints and possible practical solutions.
27. The CPE agreement at completion point also makes the following recommendations: (i) maintain the focus of the current strategic thrust on improving the market participation of smallholders and artisanal fishers; (ii) increase attention given to targeting aspects to ensure inclusion of disadvantaged groups; (iii) develop a more structured approach for innovation and scaling up; (iv) consider options to gradually assign increased implementation responsibilities to private and civil society organizations; and (v) strengthen IFAD country presence.

## IV. IFAD country strategic framework

### A. IFAD's comparative advantage at the country level

28. IFAD's strategy in Mozambique has so far been characterized by thematic consistency over time and long-term commitments with local partner institutions. IFAD's overriding strategic goal since the mid-1990s has been to facilitate the transition from subsistence to modern, market-oriented smallholder agriculture and artisanal fisheries, covering three areas: (i) production support services; (ii) rural market linkages; and (iii) rural financial services. The CPE confirmed the strategy's relevance and noted that such strategic focus makes the country strategy of Mozambique a commendable model to be continued in the future.
29. In this respect, IFAD's comparative advantage lies in its ability to commit support over the long term to ensure scale and sustainability. Therefore, rather than diverting upcoming financing to new areas of intervention, IFAD makes a long-term commitment to focus resources on the three strategic areas where it is already engaged, with a view to deepening the processes that have been initiated, promoting a higher impact, supporting institution building and sharing lesson learning and innovation. A strong feature of IFAD's approach is its reliance on existing national institutions, which contributes to sustainability and alignment. This approach will be continued, based on institutional assessments to be carried out at the time of project design so as to devise appropriate institutional strengthening activities.
30. Furthermore, IFAD's comparative advantage lies in its familiarity with the grass-roots level, the specific constraints of more vulnerable groups and the ability to devise inclusive strategies. A key element of these strategies is related to building rural organizations. IFAD has contributed to supporting the emergence of producers' organizations in the fisheries sector where they were virtually unknown, to promoting the new legislation on registering producers' associations, and to scaling up savings and credit groups. IFAD has also widely involved producers' organizations in the preparation of its country programme through a thorough process of consultation. The COSOP builds on this experience with a view to promoting

professional producers' organizations and facilitating their dialogue with public authorities.

## **B. Strategic objectives**

31. The IFAD country programme will contribute to the first objective of PARP, to increase the production and productivity of agriculture and fisheries, and support the implementation of sectoral strategies for agriculture, artisanal fisheries and rural finance with the main goal of facilitating the integration of small-scale producers into profitable and accessible markets. This will be done by raising the competitiveness of the smallholder agriculture and artisanal fishery production systems to take advantage of market opportunities. To this effect, the COSOP will support three strategic objectives.
32. **Strategic objective 1. The access of smallholders and artisanal fishers to production factors, technologies and resources is increased.** The aim is not only to generate an increase in productivity and quantities, but also to enhance quality and ensure reliability in response to market requirements. IFAD strategy in this respect will be organized around three main thrusts: (i) expanding the access of small-scale producers and their organizations to technologies and production support services, so that they can access modern inputs, improved technologies, on-farm equipment and relevant technical advice; this will be done by promoting a diversified range of capable service providers, including public sector, private sector, NGOs and the producers' organizations themselves; (ii) promoting techniques and technologies to mitigate the impact of climate risk on the productivity and profitability of the smallholder farming system; this will involve developing sustainable systems for improved water use and management, including irrigation, and for better soil and crop management practices; and (iii) promoting secure rights of use and management of key natural resources for both farming and fishing communities, so that they can effectively and safely invest in the use of these resources for economic activities and ensure their long-term sustainability.
33. **Strategic objective 2. The access and participation of smallholders and artisanal fishers to markets that can bring them equitable shares of profit are increased.** Interventions will focus on reducing transaction costs and enhancing efficiency along supply chains, with the aim of increasing the returns of smallholders and artisanal fishers. This objective will be supported through three main thrusts: (i) developing economic infrastructure, particularly for post-harvest storage and conservation (warehouses for agricultural production, electrification and the "cold chain" for fish), marketing (roads and market facilities) and processing; (ii) enhancing the efficiency of market intermediaries, such as small/medium traders and producers' organizations; and (iii) fostering the development of equitable business partnerships between small-scale producers and agribusinesses to give small producers access to reliable markets, modern technologies and know-how, and at the same time to mitigate the risks for private investors; in this endeavour, depending on the capacity of the small-scale producers, different approaches will be promoted from simpler forms of contractual relationships, ranging from contract farming and outgrower schemes to more complex arrangements implying increased smallholder ownership.
34. **Strategic objective 3. The availability of and access to appropriate and sustainable financial services in rural areas are increased.** This will be promoted by: (i) fostering an institutional and policy environment that is conducive to the development of sustainable rural financial services; (ii) promoting community-based financial services such as savings and credit groups and other similar arrangements, from grass roots to second- and third-tier institutions; (iii) supporting the expansion of formal financial institutions to rural areas; and (iv) expanding the range of financial products and services to meet increasingly diversified needs, by

promoting innovative instruments such as risk mitigation instruments, insurance products and leasing facilities.

35. **Approach.** An inclusive value-chain approach will be adopted, ensuring that small-scale producers take part in the development of the whole chain to maximize their benefits. Interventions will focus on those crops and products that are produced by large numbers of small-scale producers and that have the most potential to bring them larger shares of profits and better income. Small-scale producers and their organizations will be key partners throughout the whole project cycle, from design to implementation through to monitoring. Producers' organizations, from first-tier associations to more elaborate forms of cooperatives and unions, will be supported to increase their capacity to provide services to their members and enter into growingly complex forms of business partnerships.

### C. Opportunities for innovation

36. IFAD will build on past project successes in supporting innovation and will turn innovation into a more systematic process. As part of project design and during annual reviews, IFAD will engage the country programme team (CPT) and other interested partners in dialogue around the vision, drivers and pathways for innovation and scaling up. At the same time, the IFAD-supported projects will constitute the main source of ideas and provide the main frameworks for testing potential innovations and scaling up those that are promising. The promotion of innovation and scaling up will be mainstreamed into project development: (i) potential innovations will be scouted for through participatory project planning exercises, and resources for developing them will be included in annual workplans and budgets; (ii) empirical evidence will be gathered through project monitoring and evaluation (M&E) systems and reviewed in progress reports, supervision missions and COSOP annual reviews; and (iii) results will be discussed in multistakeholder settings (in particular the CPT and programme reference groups (PRGs)), which will also decide on how best to publicize results and promote their implementation on a larger scale. Promising areas of innovation identified at this stage include: innovative financial products; higher-level financial institutions grouping savings and credit associations; sustainable networks of agri-dealers; public/private partnerships for extension service delivery; and inclusive business partnerships.

### D. Targeting strategy

37. In order to generate impact on the largest possible scale and stimulate linkages to the wider economy, IFAD projects will target the economically active, poor small-scale producers who have the potential to expand and commercialize their activities and minimal assets to support interaction with the markets. IFAD's targeting strategy will be: (i) inclusive: facilitating participation of disadvantaged categories, in particular women and young people, by adapting project support to the specific opportunities and constraints identified through analysis; and (ii) dynamic: based on close monitoring, support will be progressively adjusted to the evolving capacities of participants thus reflecting progress made and preventing them from sliding back into deeper poverty. Furthermore, IFAD will continue to focus on geographic areas with a high incidence of poverty, but within these areas due attention will be given to issues such as demographic density, agroecological potential and reasonable access, which are likely to affect the potential for market integration and the efficiency of service provision.
38. Specific mechanisms to reach out to disadvantaged categories such as women and young people could include: (i) the selection of priority value chains that are more accessible to the target groups and in areas where these groups are more numerous or have comparative advantages; (ii) the provision of assistance to small and medium-sized companies that can provide employment in rural areas for poor men and women; (iii) the development of financial and non-financial support services that are accessible to poorer groups; (iv) the strengthening of farmers' organizations with

a balanced representation of the disadvantaged groups; (v) systematic inclusion of literacy in capacity-building programmes. Every project will be requested to prepare an inclusion and gender strategy. Training will be organized for project staff and key stakeholders involved in implementing and monitoring strategy.

## **E. Policy linkages**

39. Every ongoing project already includes a component directed at promoting a supportive policy and institutional environment for their respective areas of intervention and gathering information for evidence-based policy dialogue. Such an approach, which has proved to be very effective in the past, will be continued in future projects and will be strengthened by setting up solid systems of project knowledge management, developing clear linkages with the innovation and scaling-up approach outlined above, and promoting multistakeholder venues where policy changes will be advocated and discussed. IFAD's engagement in policy will be driven primarily by policy-relevant issues that emerge from IFAD's project operations. Priority areas for policy dialogue identified at this stage are spelled out in the results management framework (appendix III).
40. IFAD's approach will be geared primarily to building up the capacity of local stakeholders to engage in policy dialogue processes. Government institutions directly involved with IFAD-financed projects will be supported in gathering evidence from project operations and building a policy agenda around the main issues identified. Producers' organizations will also be strengthened so that they can formulate their own policy agenda and actively promote it in policy consultations at different levels. The CPT will promote policy changes by reporting on policy issues and proposing recommendations on the occasion of programme annual reviews. Furthermore, policy issues arising from IFAD-supported projects will also be fed into the relevant sector working groups that constitute a privileged forum of dialogue between Government and the main donors supporting a specific sector.

## **V. Programme management**

### **A. COSOP management**

41. A new programme M&E system will be set up, relying on project M&E systems, for regular programme monitoring by: (i) measuring programme performance against the COSOP results management framework; (ii) providing project stakeholders, the Government and IFAD with data and analyses to support decisions aimed at improving programme performance; and (iii) documenting good practices and providing evidence to contribute to the formulation of national pro-poor rural policies, innovation and scaling up. Annual review meetings will be organized with CPT members and other major IFAD stakeholders in Mozambique, with a view to analysing both strengths and weaknesses and coming up with coordinated decisions to improve performance, especially for projects at risk. A COSOP mid-term review will be carried out in 2013 to analyse implementation progress and recommend any necessary adjustments. A final COSOP completion review will be conducted in 2015 to assess overall achievement of COSOP strategic objectives, identify lessons learned from COSOP implementation and make recommendations to support the preparation of the next COSOP.

### **B. Country programme management**

42. **Programme management.** This results-based COSOP, which is the first one for Mozambique, will provide the framework for regular programme monitoring and management. The CPT, which has been created to steer the process of COSOP elaboration, will be responsible for its conduction. The main functions of the CPT will be to: (i) provide guidance during the design and implementation of the IFAD country programme and the different projects; (ii) share information related to activities supported by IFAD and their impact; (iii) strengthen coordination and develop synergies among the different projects; and (iv) support dialogue among

national institutions about issues related to the COSOP objectives and implementation of the country programme. The CPT will be composed of “core” permanent members, but its composition will be adapted depending on the task and function. Annual COSOP reviews will gather a larger audience than the core CPT. PRGs will be created to steer the design and monitor the implementation of each project; they will respond to the CPT and be chaired by the project lead agency, but will include both members and non-members. The project coordinators’ subgroup will meet regularly to address issues related to project management and coordination. Producers’ organizations will be well represented in both the CPT and PRGs. In addition, a programme support group (PSG) will be set up to provide joint services to projects in areas such as: (i) fiduciary aspects: financial management, procurement and contract management; and (ii) M&E and knowledge management: strengthening of project M&E systems, management of the programme level M&E and support to lesson/innovation learning, documentation and sharing. The PSG set-up and financial modalities will be defined by the CPT.

43. **Country presence.** As of 2011, an associate CPM has been recruited to strengthen the country presence. The country office will be further strengthened with the recruitment of a country programme assistant by the end of 2012 and the outposting of the CPM as soon as practicable. Direct supervision of the whole portfolio will be carried out by the IFAD country team, under the leadership of the country programme manager, based on an annual supervision plan.
44. **Programme coherence.** The overall programme configuration, combining national thematic projects (RFSP on rural finance, PRONEA on agricultural support services) with area-based projects provides a solid basis for developing complementarities. Recent projects (PROMER and ProPESCA) have been designed integrating explicit mechanisms to ensure coordination and synergies with existing projects and this approach will be continued with new projects. The CPT will foster country programme coherence, building on the programme M&E and knowledge management system and steering the design of new projects through the programme reference groups. The project coordinators’ subgroup within the CPT will be the key tool to ensure coordination of projects at operational level and provide a forum for discussion. Procedures and tools for administrative and financial management will continue to be standardized and harmonized as part of the code of practice for project management.

## C. Partnerships

45. **Government.** IFAD intends to continue positioning itself as one of the leading partners in the sectors of agriculture, artisanal fisheries and rural finance. It will continue its long-term commitment in partnerships with key public institutions in these sectors, including emphasis on capacity-building, institutional strengthening and support to institutional reforms when needed. In particular with respect to the agricultural sector, IFAD will continue its engagement in the harmonization and alignment of the new framework that will replace ProAgri and will be fully coordinated with PEDSA’s priorities and mechanisms of implementation. Harmonization with national country systems will continue to be pursued with increased effort to further adopt the CUT, SISTAFE and the national procurement rules and procedures.
46. **Producers’ organizations.** IFAD will further develop its partnerships with producers’ organizations. In the agricultural sector, IFAD will support UNAC in implementing its new strategy and in strengthening its governance structures and the relationships between local and central levels in order to assist the Union in evolving into an effective membership-based organization. In the fisheries sector, IFAD, possibly in partnership with relevant regional and/or international fisheries’ organizations, will assist incipient fishers’ associations in transforming themselves into efficient professional organizations and in organizing themselves from district up to provincial and national levels.



47. **Private sector.** IFAD will also strengthen its partnership with private enterprises in the primary sector, with a view to promoting equitable and profitable partnerships with small-scale producers and developing their access to sustainable business development services. This will be achieved through increased involvement in developing priority value chains and, where appropriate, through the provision of financial or technical support to private companies to facilitate their delivery of sustainable services to small-scale producers.
48. **Development partners.** IFAD will continue to be an active member of the sectoral working groups for coordination with other development partners and to identify complementarities and opportunities for joint action. Careful prioritization will concentrate forces where participation can bring direct added value to the country programme. In addition to agriculture, IFAD will therefore prioritize its participation in the working groups on rural finance and fisheries. Partnerships with United Nations agencies, in the framework of the United Nations Development Assistance Framework (UNDAF), will be pursued in the context of IFAD-funded projects. Participation in United Nations meetings and processes will be subject to the same prioritization process for sectoral working groups. In addition, efforts will continue to raise additional resources and strengthen partnerships through cofinancing arrangements.

#### **D. Knowledge management and communication**

49. IFAD will ensure that knowledge management is mainstreamed into project and programme management in order to develop lesson learning, to document innovations and best practices, and to share them with IFAD stakeholders. Three key instruments will be developed: (i) the programme M&E system, to provide information and analysis; (ii) knowledge management strategies at the programme and project levels; and (iii) the programme support group, to manage the programme M&E system and implement the knowledge management strategy across the programme. Priority areas for capturing best practices and monitoring innovation processes will focus on the COSOP strategic orientations for policy dialogue. Knowledge management strategies will also identify key stakeholders in the sharing and learning process, in addition to appropriate forums.

#### **E. PBAS financing framework**

50. Mozambique is eligible for financing on the basis of highly concessional loans. Table 1 shows the most recent PBAS scores and annual allocation, and table 2 shows how the allocation could vary in response to changing project-at-risk (PAR) and rural sector scores.

Table 1  
**PBAS calculation for COSOP year 1**

<i>Indicators</i>		<i>2010</i>
A(i)	Policy and legal framework for rural organizations	4.50
A(ii)	Dialogue between government and rural organizations	4.00
B(i)	Access to land	4.00
B(ii)	Access to water for agriculture	3.75
B(iii)	Access to agricultural research and extension services	4.00
C(i)	Enabling conditions for rural financial services development	4.00
C(ii)	Investment climate for rural businesses	4.00
C(iii)	Access to agricultural input and produce markets	3.67
D(i)	Access to education in rural areas	4.50
D(ii)	Representation	3.67
E(i)	Allocation and management of public resources for rural development	4.00
E(ii)	Accountability, transparency and corruption in rural areas	4.00
Sum of combined scores		48.09
<b>Average of combined scores</b>		<b>4.01</b>
PAR rating 2010		3.0
IRAI rating 2009		3.7
<b>Annual allocation 2011 (US\$ million)</b>		<b>12.4</b>

Table 2  
**Relationship between performance indicators and country score**

<i>Financing scenario</i>	<i>PAR rating (+/- 1)</i>	<i>Rural sector performance score (+/- 0.3)</i>	<i>Percentage change in PBAS country score from base scenario</i>
Hypothetical low case	2	3.71	- 24
Base case	3	4.01	0
Hypothetical high case	4	4.31	+ 28

51. The current COSOP will cover two PBAS cycles, the last two years of 2010-2012 and the whole of 2013-2015. The resources available for new projects during the COSOP period can be roughly estimated at US\$55 million, including the balance of the allocation for the 2010-2012 cycle (almost US\$17 million) and the allocation for the 2013-2015 cycle, assumed to be the same amount as for the 2010-2012 cycle (about US\$38 million). During COSOP preparation, two possible investments were identified: (i) a pro-poor value chain project in the southern region, the cost of which is envisaged to be about US\$40 million; and (ii) a national rural finance programme, which, depending on the performance of the ongoing Rural Finance Support Programme, would either be a second phase or a new project.

## **F. Risks and risk management**

52. Major risks affecting programme implementation are of an institutional nature. The programme's close integration into national structures and systems also constitutes one of its main sources of difficulties because of the limited capacities of government institutions to carry out ambitious programmes of change. A mix of technical assistance, training and supportive common management tools is being set up to address major gaps. For new projects, careful institutional assessments will have to be built into project preparation to ensure that project design is commensurate with actual capacities of national institutions.
53. The limited availability of local service providers with the required level of expertise and experience constitutes a further constraint. Again, this issue will be addressed by assessing existing capacities at the time of project preparation and by ensuring that national service providers can access project resources for both technical and financial assistance. Projects supporting value chain development will make increased use of agribusiness companies as sources of services to producers.

54. As producers' organizations are taking on an increasingly important role in programme implementation, there is a risk that their actual capacities are overestimated. Future project design should not assign such organizations a load that is in excess of their actual capacities, as this would only jeopardize their viability. In addition, both ongoing and new operations will ensure that responsibilities devolved to producers' organizations match their own strategies and that gradual and tailor-made approaches to capacity-building are developed.
55. Climatic hazards, which are already affecting the activities of farmers and artisanal fishers are expected to become more frequent and intense although unpredictable, particularly in the central and southern regions. Mitigation measures will be included in project activities to help small-scale producers adapt their agricultural and fishing practices; possible insurance schemes will also be tried out as an innovation.
56. According to Transparency International, Mozambique had a corruption index of 2.7 for 2010, which is below the acceptable threshold of 3.0. Although no major governance issues have affected the IFAD country programme so far, this represents a potential risk for the achievement of the COSOP results, especially given the strong emphasis in this COSOP on increased reliance on country systems for financial management and procurement. This aspect will be given due attention in the design of the new projects and appropriate mitigation measures will be envisaged as and when necessary.

## 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. These 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)	12
Adult illiteracy rate (% age 15 and above) 2008 1/	46	Household final consumption expenditure, etc. (as % of GDP)	82
		Gross domestic savings (as % of GDP)	6
<b>Nutrition</b>		<b>Balance of Payments (USD million)</b>	
Daily calorie supply per capita	n/a	Merchandise exports 2008 1/	2 600
Malnutrition prevalence, height for age (% of children under 5) 2008 1/	n/a	Merchandise imports 2008 1/	4 100
Malnutrition prevalence, weight for age (% of children under 5) 2008 1/	n/a	Balance of merchandise trade	-1 500
		Current account balances (USD million)	
<b>Health</b>		before official transfers 2008 1/	-1 953
Health expenditure, total (as % of GDP) 2007 1/	4.9	after official transfers 2008 1/	-975
Physicians (per thousand people) 1/	n/a	Foreign direct investment, net 2008 1/	587
Population using improved water sources (%) 2006 1/	42	<b>Government Finance</b>	
Population using adequate sanitation facilities (%) 2006 1/	31	Cash surplus/deficit (as % of GDP) 2008 1/	n/a
<b>Agriculture and Food</b>		Total expense (% of GDP) <sup>a/</sup> 2008 1/	n/a
Food imports (% of merchandise imports) 2008 1/	14	Present value of external debt (as % of GNI) 2008 1/	15
Fertilizer consumption (hundreds of grams per ha of arable land) 2007 1/	31	Total debt service (% of GNI) 2008 1/	1
Food production index (1999-01=100) 2007 1/	99	Lending interest rate (%) 2008 1/	18
Cereal yield (kg per ha) 2008 1/	822	Deposit interest rate (%) 2008 1/	11
<b>Land Use</b>			
Arable land as % of land area 2007 1/	6		
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>

Key file 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>
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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>
Typology	Characteristics and Poverty Level	Coping Actions	Priority Needs	Potential Programmes Responses
<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>