



## USAID AGRIFUTURO PROJECT

### ANNUAL PERFORMANCE MONITORING REPORT 1 OCTOBER 2013 – 30 SEPTEMBER 2014

Contract/Program NO.: EDH-I-00-05-00005-00

Task Order No.: 10



October 2014

This publication was produced by Abt Associates for review by the United States Agency for International Development.

## **USAID/Mozambique**

Submitted by:  
**Abt Associates Inc.**

*In collaboration with:*

**TechnoServe, Wingerts Consulting, and Polaris Group Ltd.**

Cover photos, all taken by AgriFUTURO staff: Clockwise, from top left: Elizabeth Waziweyi, co-owner of Sementes Nzara Yapera, inspects common beans at their farm in Manica province; Producers bring their pigeon peas for sale at Culima Cuacanaca Association in Barue, Manica province; Sesame being loaded for export by Corredor Agro; Sesame processing operations at IKURU processing plant in Nacololo Center; Soil laboratory technician shows off equipment at the project-supported Institute Superior Politecnico de Manica.

### **DISCLAIMER**

The author's views expressed in this publication do not necessarily reflect the views of the United States Agency for International Development (USAID) or the United States Government

# TABLE OF CONTENTS

<b>Acronyms</b> .....	<b>v</b>
<b>Preface</b> .....	<b>vi</b>
<b>Executive summary</b> .....	<b>1</b>
<b>1. Quarterly Highlights</b> .....	<b>7</b>
1.1 Activities under the ASC Approach.....	7
1.2 Activities under the FOSC Approach.....	9
1.3 Mobilization of Finance and investment .....	12
1.4 Progress on Industry Association and Cooperative Development .....	13
1.5 Inoculant Surge .....	14
1.6 Status of Fruit Fly Program.....	14
1.7 Progress on Aflatoxin .....	15
1.8 Progress on MD2 Pineapple Introduction .....	15
1.9 Grants Management.....	15
<b>2. Value Chain Highlights</b> .....	<b>16</b>
2.1 Soybeans .....	17
2.2 Groundnuts .....	17
2.3 Sesame	18
2.4 Pulses value chain .....	18
2.5 Fruits	19
<b>3. Gender Impact Activities</b> .....	<b>20</b>
<b>4. Events Organized with Project Support</b> .....	<b>21</b>
<b>5. Major Implementation Issues and Lessons Learned</b> .....	<b>21</b>
<b>6. Key Activities Planned for Next Quarter</b> .....	<b>23</b>
<b>7. Evaluation/Assessment update</b> .....	<b>23</b>
<b>8. Administrative Update</b> .....	<b>23</b>
<b>ANNEX A: AGRIFUTURO RESULTS INDICATORS FOR FY 2014</b> .....	<b>25</b>
<b>ANNEX B: GRANTS</b> .....	<b>34</b>
<b>ANNEX C: SUCCESS STORIES</b> .....	<b>35</b>

# LIST OF TABLES

<b>Table 1: Summary of AgriFUTURO Performance Indicators, Actual vs. Targets, FY 2014</b>	<b>3</b>
<b>Table 2: ASC's, Volumes and Values of Sales, July-September, FY 2014</b>	<b>9</b>
<b>Table 3: FOSCs, Volumes and Values of Sales and Number of Producers, July-September, FY 2014</b>	<b>12</b>
<b>Table 4: Investments, July-September, FY 2014</b>	<b>13</b>
<b>Table 5: Soybean Sales</b>	<b>17</b>
<b>Table 6: Groundnut Sales</b>	<b>17</b>
<b>Table 7: Sesame Sales</b>	<b>18</b>
<b>Table 8: Common Beans Sales</b>	<b>19</b>
<b>Table 9: Cowpea Sales</b>	<b>19</b>
<b>Table 10: Pigeon Pea Sales</b>	<b>19</b>
<b>Table 11: FY 2014 Results Divided by Targets for Gender-Disaggregated Indicators</b>	<b>20</b>

## ACRONYMS

<b>ACOF</b>	<i>Agricultura e Comercio de Olinda Fondo</i>
<b>ADRA</b>	Adventist Development and Relief Agency
<b>AFAP</b>	African Fertilizer and Agribusiness Partnership
<b>AGdPM</b>	<i>AgroPecuaria de Manica</i>
<b>ASC</b>	Agribusiness Service Cluster
<b>ATB</b>	Agriculture Trade and Business
<b>ATM</b>	<i>Autoridade Tributaria de Moçambique</i>
<b>BDS</b>	Business Development Services
<b>BOM</b>	<i>Banco de Oportunidade de Moçambique</i>
<b>CAL</b>	Corredor Agro Lda.
<b>CEPAGRI</b>	<i>Centro de Promoção de Agricultura</i>
<b>COP</b>	Chief of Party
<b>COR</b>	Contracting Officer's Representative
<b>CTA</b>	<i>Confederação das Associações Económicas de Moçambique</i>
<b>DCA</b>	Development Credit Authority
<b>DSV</b>	<i>Departamento de Sanidade Vegetal</i>
<b>EAM</b>	<i>Empreendimentos Agrários de Moçambique</i>
<b>EED</b>	Enabling Environment Director
<b>EF</b>	Emerging Farmers
<b>ETG</b>	Export Trading Group
<b>FEDAMOZ</b>	<i>Federação de Alto Molocué</i>
<b>FEPROG</b>	<i>Federação de Produtores de Gurué</i>
<b>FOSC</b>	Farmer Owned Service Center
<b>FRUTICENTRO</b>	<i>Associação dos Fruticultores do Centro de Moçambique</i>
<b>FRUTINORTE</b>	<i>Associação dos Fruticultores do Norte de Moçambique</i>
<b>FTE</b>	Full Time Equivalent
<b>FtF</b>	Feed the Future
<b>GDA's</b>	Global Development Alliances
<b>IDE</b>	International Development Enterprises
<b>IITA</b>	International Institute of Tropical Agriculture
<b>IKURU</b>	Private Company
<b>INCAJU</b>	<i>Instituto do Cajú</i>
<b>ISPM</b>	<i>Instituto Superior Politécnico de Moçambique</i>
<b>KKC</b>	Kuguta Kuchanda Cooperative
<b>LOP</b>	Life of the Project
<b>LTTA</b>	Long Term Technical Assistance
<b>MADEP</b>	Mozambique Agro-dealer Development Program
<b>MBFI</b>	Mozambique Bio Fuel Industry
<b>M&amp;E</b>	Monitoring and Evaluation
<b>MINAG</b>	<i>Ministério da Agricultura</i>
<b>MYAP</b>	Multi Year Assistance Program
<b>NPPO</b>	National Plant Protection Organization
<b>OLAM</b>	Private Company
<b>PPP</b>	Public-Private Partnerships
<b>SNV</b>	Netherlands Development Organization
<b>SNY</b>	<i>Sementes Nzara Yaperá</i>
<b>STTA</b>	Short-term Technical Assistance
<b>TNS</b>	TechnoServe
<b>TPC</b>	Marketing and Production Technicians
<b>UEM</b>	<i>Universidade Eduardo Mondlane</i>
<b>USAID</b>	United State Agency for International Development
<b>VCL</b>	Value Chain Leader
<b>WFP</b>	World Food Program
<b>WV</b>	World Vision

## PREFACE

Abt Associates, in association with its subcontractors Technoserve (TNS), Wingerts Consulting, and Polaris Group, Ltd., is pleased to present this report for the fourth quarter of FY 2014, July 1, 2014 to September 30, 2014, for USAID/Mozambique's AgriFUTURO Project, including highlights of activities and achievements during the full Fiscal Year 2014.

This report summarizes project activities and details results achieved against targets set in the Monitoring and Evaluation Plan.

The AgriFUTURO Project was originally scheduled to terminate on January 31, 2014, and most field activities were completed by November 2013. In January 2014, USAID/Mozambique granted a one-month, no-cost extension of the program and on February 27, signed a 12-month extension for contract activities through February 28, 2015, adding \$3,999,395 in funding (life of project funding is now US\$28,290,686.66).

## EXECUTIVE SUMMARY

This performance monitoring report for USAID's AgriFUTURO project covers the fourth quarter (July-September) of Fiscal Year 2014, while spotlighting the full fiscal year's activities and achievements. Despite a hiatus in project activities (see Preface), the project exceeded—often by large margins—9 of its 11 performance targets. The 16 Agricultural Service Clusters (ASCs) and 13 Farmer Organization Service Centers (FOSCs) assisted by the project continued to actively provide services to their members during the hiatus period—underscoring the sustainability of AgriFUTURO's support.

**AgriFUTURO 2014 Results**  
 \$2.5 M in new private investment  
 2,078 new jobs generated  
 \$3.76 M in international & regional exports  
 \$11.5 M value in farm gate sales

During the extension period, AgriFUTURO focused on post-harvest handling and marketing of production, strengthening the assisted organizations, and preparing for the 2014-15 crop year. The project actively connected producer organizations to marketing agents, often AgriFUTURO-assisted ASCs. As part of these negotiations, the buyers frequently agreed to pay a premium to the producer organizations for their role in amassing their members' production. Buyers also agreed to make rapid payments that enabled producer organizations to convince their members to deliver produce. The mutually beneficial, complementary role of assisted entities in FY 2014—which closely linked producers (FOSCs) and marketers (ASCs)—lays **groundwork for continued development of the agricultural sector in northern Mozambique.**

Dividing the value of sales reported by AgriFUTURO in FY14 (\$11,507,613)<sup>1</sup> by the number of rural households benefiting (49,267), provides average sales per farmer of \$233.58. However, this number does not take into account the side selling that resulted because many associations were unable to obtain financing to purchase their members' crops. To remedy this, AgriFUTURO calculated a total value of production of \$21,158,000, based on area planted and average yields and prices reported by the leaders of the assisted farmer organizations. This **results in average production per rural household of \$429.46, over twice the poverty line** of approximately \$212 a year (or 18 Meticaís per day) set by the Government of Mozambique.

A significant new development in FY 2014 was ASC Corridor Agro's export of \$1,990,000 of sesame and \$460,000 of soybeans to Japan—representing the **opening of a new market for AgriFUTURO-assisted commodities and indicating production quality meets international standards.** Other AgriFUTURO-supported organizations exported to China and India, and regionally to Malawi.

To bolster the capacity of farmer organizations, AgriFUTURO held trainings in data gathering and

### USAID's AgriFUTURO in a Nutshell

This project aims to boost competitiveness of Mozambique's private agribusiness sector through the development of selected agricultural value chains in designated areas. During the extension period, the project emphasizes:

- Expansion and strengthening of agribusiness development services,
- Consolidation of existing public-private partnerships, and
- Establishment and strengthening of access to finance for agribusiness

AgriFUTURO's value chain interventions are in the U.S. Government's Feed the Future Zones of Influence, made up of 23 districts:

#### Nacala Corridor

*Nampula Province:* Angoche, Malema, Moma, Mogovolas, Murrupula, Monapo, Meconta, Mecuburi, Nampula

*Zambezia Province:* Alto Molocue, Gurué, Mocuba, Nicoadala, and Gile

#### Beira Corridor

*Manica Province:* Gondola, Chimoio, Manica, Barué, and Sussudenga

*Tete Province:* Angonia, and Tsangano

<sup>1</sup> This is understated as we do not yet have the sales by emerging farmers in Beira Corridor, although they are included in rural households.

registry as well as use of seed banks and soy inoculants for Production and Commercialization Technicians (TPCs) and Production and Commercialization Agents (APCs), the primary liaisons between FOSCs and their member forums (in the Nacala Corridor) and associations (in Beira Corridor). These individuals, chosen or elected by these organizations from among their better farmers, are responsible for identifying the input needs of farmers, arranging financing, monitoring production, and facilitating marketing. **Improving their outreach capacity was crucial to AgriFUTURO's success during the marketing phase of the 2013-14 agricultural cycles.** TPCs and APCs also received training in inoculant use in soybean production so they can play a pivotal role in scaling up use of this technology (see *Looking Ahead, below, and pp. 13-14*).

AgriFUTURO encountered extraordinary difficulties in FY 2014 in increasing access to finance. A previous major provider of finance, Banco Oportunidade de Moçambique (BOM), withdrew from Nampula province this year and is charging 5% interest per month in Zambezia province and the Beira Corridor. Another previous source of finance, Banco Terra, announced in September 2014 that it is not providing loans to small farmers (see p. 12).

**AgriFUTURO's buyer linkages helped some producers fill this gap in finance** through supplier credit for agricultural inputs, buyer financing to purchase member production, and rapid payments for produce. (See ["Loans Open Markets for Mozambican Farmers" on the USAID website.](#))

Market concerns about aflatoxin contamination in Mozambique killed export of groundnuts in FY 2014, and the value of total sales was only half the target amount. AgriFUTURO's efforts to mitigate this threat to the health and incomes of poor farmers included a groundnut aflatoxin mitigation training program in Nampula in coordination with USAID's Southern Africa Trade Hub, which demonstrated post-harvest techniques to reduce detectable aflatoxin below maximum permitted international market standards. AgriFUTURO also continues to support the UniLurio laboratory, which used an AgriFUTURO grant to add capability to detect aflatoxin. (see p. 15).

## LOOKING AHEAD

During the first quarter of FY 2015—the final full quarter of AgriFUTURO activities—the project will implement a plan to scale up use of inoculants to increase soybean production. AgriFUTURO has purchased 2.6 metric tons of inoculants, which will be sold to smallholder farmers who are members of assisted FOSCs (mainly for cash but where needed financed by a loan arrangement via the GAPI<sup>2</sup> credit program). This soy surge should boost the number of smallholder farmers using inoculants from 3,500 in 2013-14 to 12,500 in 2014-15 and increase hectares using inoculants from 4,160 to 15,000.

### Personal Impact



In Manica Province, Simão Januário, a farmer and president of the Agro-Pecuária Samora Machel Association, leads 1,505 members (including 292 women)—in part by example. Thanks to AgriFUTURO's market linkages for soybeans, Januário supports his family, including paying for improvements to their house, like an electric generator. "Today my children who are at school age are all studying: My first-born Marta is in eighth grade, my second child, son Simão Amosse, is in fourth grade and my third, a daughter, is in second grade," Januário said. "The gains of soybeans are huge, and with the money I earned, I was able to invest in some assets."

<sup>2</sup> GAPI is a joint stock company owned by a private investment company, the Government of Mozambique, and two Mozambican NGOs.

During the coming quarter, AgriFUTURO will also assist in land preparation and/or seed planting for other value chains. As AgriFUTURO will end prior to the harvest of most value chains, the final report will record the number of hectares being planted by members of each of the assisted FOSCs and the emerging farmers linked to ASCs so that USAID can assess the impact of this support later in the crop cycle. Although AgriFUTURO will maintain field activities until mid-January 2015, some program activities and offices will begin to close by the end of the first quarter of FY 2015.

### SUMMARY OF PERFORMANCE INDICATORS

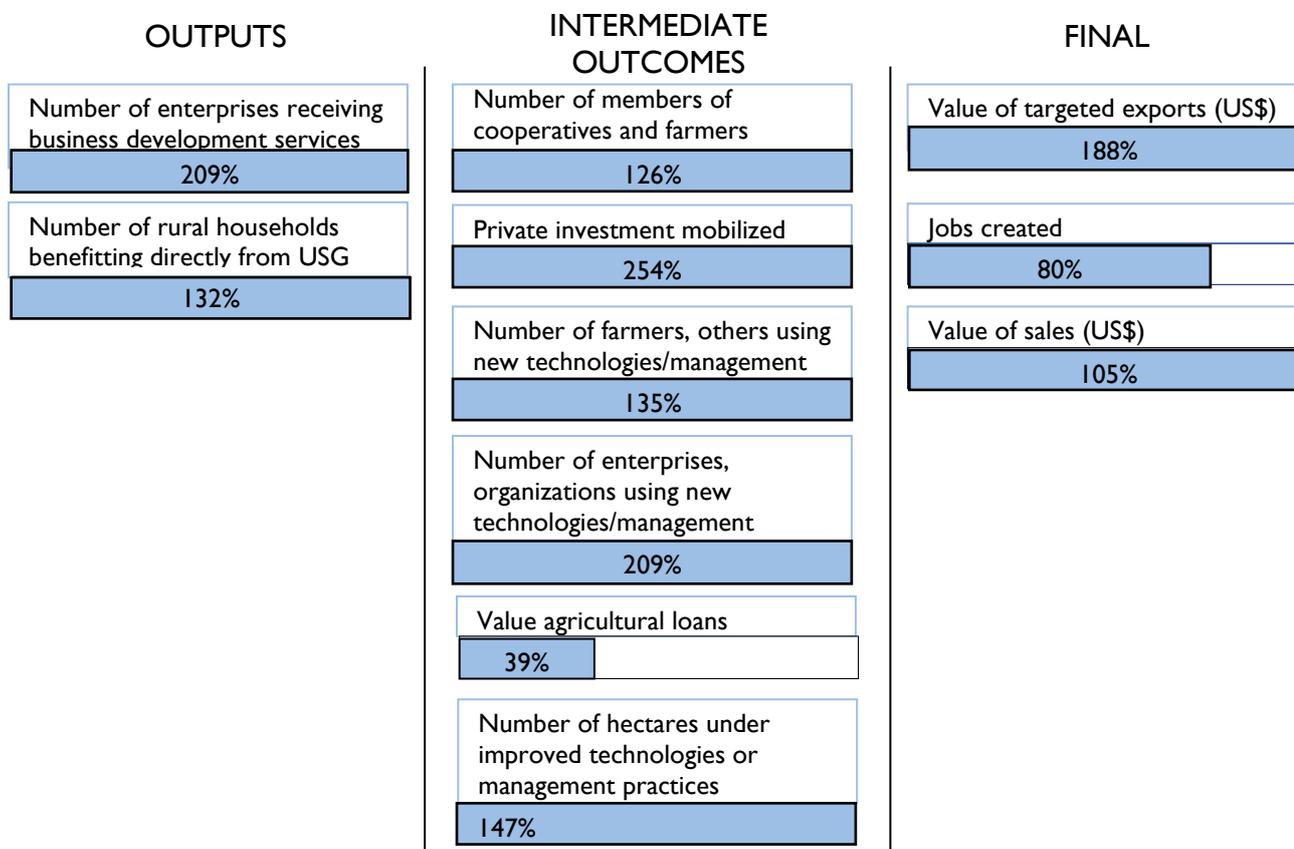
After the table that summarizes actual reports versus targets, we will present our performance against indicators in a graphic that tracks AgriFUTURO activity (output) indicators, intermediate outcomes resulting from activities, and the final outcome indicators. In addition, the new [AgriFUTURO M&E Dashboard](#) gives indicators and locations of AgriFUTURO-supported ASCs and FOSCs, and presents a menu of indicators by corridors, crops and quarters.

Table 1: Summary of AgriFUTURO Performance Indicators, Actual vs. Targets, FY 2014

PERFORMANCE INDICATOR	TARGET FY14	OCT - DEC	JAN - MAR	APR - JUNE	JUL - SEP	ACTUAL FY 14	% OF TARGET
Private investment mobilized (\$ millions)	1.0	1.1	0.35	0.09	0.99	2,541	254%
Jobs created	2,600	699	210	622	547	2,078	80%
Value of targeted exports (\$ millions)	International	1.202	0.460	0	0	2.520	248%
	Regional	0.798	0.144	0	0	0.641	98%
	Total	2.000	0.604	0	0	3.161	188%
Rural households benefitted	37,400	32,801	22,436	36,400	49,267	49,267	132%
Value of incremental sales (\$ millions)	11.000	0.525	.002	2.055	8.937	11.520	105%
Firms and producer organizations assisted	739	1,136	1,136	1,430	1,542	1,542	209%
Value of agricultural and rural loans (\$ millions)	2.0	0.337	0.073	0.063	0.302	0.776	39%
# of hectares under improved technologies or management practices	15,700	13,251	4,672	5,235	0	23,157	147%
# of private enterprises or producer organizations applying new technologies	675	1,114	969	1,410	901	1,410	209%
# of farmers and others who applied new technologies/management practices	26,180	25,644	28,551	29,162	35,414	35,414	135%
Members of cooperatives and farmer associations receiving assistance	32,600	12,029	12,029	39,406	41,055	41,055	126%

Source: AgriFUTURO, October 2014

The following sequenced indicator model shows how AgriFUTURO output indicators capture our progress toward programmatic objectives. The project exceeded all targets for outputs and intermediate outcomes except for value of agricultural loans. We have also exceeded two of the three final results, and would have exceeded the target for jobs if we had been able to capture all jobs data during the hiatus.



### EXPLANATION OF VARIANCES

- **Private investment mobilized (254%):**

Nearly \$1.1 million in new investments were made in the first quarter of FY14 due to AgriFUTURO efforts during FY2013, and another million during the fourth quarter for marketing infrastructure and capital, with smaller investments during the second and third quarters. The target was lower this year because investment-intensive value chains (cashews and bananas for export) were dropped or deemphasized during the extension period, and because we anticipated investor caution during the 2014 election year.

- **Jobs created (total 80% of target; males 96%; females 60%):**

AgriFUTURO registered 547 jobs during Q4, mainly associated with post-harvest and marketing activities within associations (de-shelling of groundnuts and sesame, bagging and handling, etc.).

We believe the total jobs shown for FY 2014 seriously under-reports the actual full-time equivalent jobs created because AgriFUTURO's extensive monitoring and evaluation network was in hiatus precisely during the land preparation and planting period when most on-farm employment occurs. Starting in Q4, producer organizations began again to maintain records of workdays during which individual producers contract labor, and AgriFUTURO re-established a system to train and support leaders of associations (in Nacala corridor) and clubs (in Beira corridor) to gather information from member farmers and fill in the forms to document results for this indicator. This enabled us to have accurate results in Q4, but we were still unable to capture missing data from the first three quarters.

We explored with USAID the use of a proxy methodology to estimate jobs for the four quarters of FY 2014 based on assumed average use of labor for different stages of the production cycle for different sized farms for each value chain, a technique used in at least one other Feed the Future program. However, the Mission determined that since the targets were set based on the previous methodology for collecting results, we should not change the methodology for this fiscal year.

- **Exports (248% international, 98% regional, 188% total):**

International exports this quarter were higher than expected primarily due to export of 1,000 tons of sesame by Corridor Agro (CAL) to Japan for \$1,990,000, a higher than usual price for Mozambican sesame. CAL also exported \$460,000 of soybeans to Japan. In addition, IKURU exported \$57,000 of sesame to China and \$12,000 of soybeans to India. Regional exports in Q4 were \$641,333 of soybeans by the Angónia Chiguirizano Association to Malawi. In the past almost all soybean production in Mozambique has been absorbed by the domestic market, so the opening of these export markets is pivotal, as is CAL's new connection to the Japanese market.

The anticipated \$946,000 of international and regional groundnut exports did not materialize due to market concerns about aflatoxin.

- **Rural households (132% of total target; 117% of target for male-headed households; 152% of target for female-headed households):**

During the previous quarter, AgriFUTURO made significant progress in serving rural households in Tete province, a new geographic focus. During Q4, the project provided considerable assistance on marketing linkages in all corridors, including to 2,114 members from AKA-Union FOSC in Mocuba. In addition, AgriFUTURO helped establish a marketing agreement between AgroMoz and Federacao de Produtores de Gurue (FEPROG) (5,482 members) which benefited members and also motivated more households to seek services provided through the federation.

- **Value of sales (105%):**

Sales of soybeans, sesame, and common beans exceeded targets, while pigeon peas met the target. Sesame sales were greater than expected due to higher prices, primarily for exports to Japan. Sales of common beans were 19 times the target as one of our assisted ASCs (CISTER) became a major marketer of this product. Last quarter, we were concerned that lack of financing for purchase of production would lead to significant sales to third parties (side sales) rather than through producer associations—particularly in Angonia, where associations have previously not purchased members' crops. We proposed to USAID a mechanism to document these sales via signed statements by leaders of base-level farmer organizations. In Angonia, this proved unnecessary as all soybeans were purchased by two intermediaries and sold to program collaborator Abilio Antunes, which helped document sales. In Nacala, 89% of recorded sales were through the associations, and 11% were side sales documented by local leaders. There were additional side sales in both corridors that we were not able to document, so actual sales exceeded the target by an even greater margin than reflected by the data reported.

Reported groundnut sales were under target due to concerns about aflatoxin, leading to fewer formal sales through producer associations and more side sales—which as noted above were not fully recorded. In addition, the traditional Maputo market for groundnuts was interrupted by unrest in central Mozambique. Recorded pineapple sales were below target as the primary production season is in February and March, and these sales were not recorded due to the hiatus in project implementation. Banana producers for local/regional markets did not provide information on sales as they did not receive services during this fiscal year. Cowpea sales were significantly underreported as production in Angonia occurred during AgriFUTURO's hiatus, and the World Food Programme ceased purchase of this commodity.

- **Firms and producer organizations assisted (209%):**

The number of farmer organizations was twice the number projected due to provision of support to AKA and FEPROG that benefited former MYAP organizations (in agreement with USAID, the M&E plan assumed no MYAP organizations would receive assistance), and because FOSCs in Angonia provided support to more producer organizations than expected. There were more emerging farmers (EFs) than anticipated as the EF model now includes small producers who receive inputs and services on credit from ASCs, even though they do not provide support to neighboring outgrowers. The number of processors was lower than target because of withdrawal of groundnut shelling operations due to low prices, and the project did not capture data on input suppliers during planting season (*See Annex A for details*).

- **Value of agricultural and rural loans (39%):**

Although results for FY 2014 were only 39% of the target, they were equal to 75% of FY 2013 results. Recent results were affected by the withdrawal of BOM, one of the primary banks supporting program participants, from all loan activity in Nampula. BOM is also now charging 5% per month for agricultural loans in Zambezia and the Beira corridor, even for relatively safe short-term loans to farmer organizations to purchase member production. Consequently, participants are using their own accumulated cash reserves as well as input and processor financing. During 2014, actual loans received by men were 33% of the target, while loans received by women were a whopping 247% of target—mainly due to the granting of a \$100,000 loan by Banco Terra to a female entrepreneur, Olinda Fondo, owner of the ASC ACOF.

- **New technologies (hectares: 147%, organizations: 209%, and farmers: 135%):**

The target for hectares with new technologies was understated as the FY13 baseline excluded results for the first two quarters (at USAID's request), which we did not take this into consideration when setting the FY 2014 target. Note that the Excel sheet with detailed results by indicator shows an actual result for fiscal year 2014 of 697 hectares using inoculants, while the Implementation Plan for Scaling up Inoculants for Soybeans indicates that AgriFUTURO clients used inoculants on 4,180 hectares during FY2014. The difference between these two figures is explained by the fact that the M&E system did not take credit for all of the inoculant usage by clients due to limited program input (i.e. where other programs promoted the inoculant usage, rather than AgriFUTURO). But the larger number is correct as a baseline for the implementation plan.

The number of farmer organizations was greater than projected because AgriFUTURO provided assistance to AKA and FEPROG, which now support some former MYAP organizations that had been excluded from the targets per our agreement with USAID, and because FOSCs in Angonia supported more producer organizations than expected. Fourth-quarter reporting of technology use by farmers and others was higher than anticipated due to increased use of post-harvest technologies. Results for farmers using technology were 135% of the target: 122% of target for male farmers and 168% of target for female farmers. This difference is probably due to the fact that the FOSCs in Angonia that are new to the project have a much higher percentage of female farmers than those in other regions.

- **Members of cooperatives and producer organizations (126%):**

AgriFUTURO was able to expand its assistance to some formerly ADRA-assisted organizations through the new AKA FOSC, as well as the incorporation of FEPROG. The number of producer groups in Angonia assisted by AgriFUTURO also exceeded expectations. The target for male members of cooperatives and producer organizations was exceeded by 118%, while the target for women members was exceeded by 141%. Disaggregated targets were set based on the proportion of members by sex reported in 2013, and the FOSCs new to the project in Angonia, as noted above, have a higher percentage of female farmers.

## I. QUARTERLY HIGHLIGHTS

### I.1 ACTIVITIES UNDER THE ASC APPROACH

Agricultural Service Clusters (ASCs) are private agribusiness firms that USAID's AgriFUTURO project assists to become sustainable input suppliers, produce buyers, and providers of other support services to expand smallholder production and improve product quality. *(For data on value and volume of sales for the ASCs see Table 2 on page 8.)*

Following are summaries and highlights from each corridor.

#### **Beira Corridor**

AgriFUTURO is supporting six ASCs in this corridor that provide services to 25 emerging farmers (23 men and 2 women). These ASCs are primary suppliers of agricultural inputs and markets for the Farmer Owned Service Centers (FOSCs) supported by AgriFUTURO, though the model for working with emerging farmers is much more active in Nacala Corridor than in Beira.



*Elizabeth Waziweyi, co-owner of Sementes Nzara Yaperera, inspects common beans at their farm in Manica province.*

*Photo: Anabela Mabota, Abt Associates*

**Sementes Nzara Yaperera (SNY):** Through an AgriFUTURO grant, SNY purchased and installed a seed processing plant that began operating this quarter with equipment for seed cleaning, treatment, and bagging. The machines have a capacity of five tons/hour. This year SNY processed and sold more than 300 tons of maize seed (110 tons from Pannar and 30 tons from Klein Karoo, and the rest from its own production, which they sold to local farmers). This equipment will increase availability of quality seeds, sorely needed in Mozambique.

In Cantandica district, SNY trained 16 farmers in basic elements of seed production, which helped prepare out-growers' soybean, common beans and maize for the coming agricultural crop cycle.

**Centro Educacional Njerenje:** This commercial farm had been engaged in a mentorship program in partnership with *Instituto Superior Politécnico de Manica* (ISPM) to improve students' agricultural skills. In FY 2014, Njerenje

trained and mentored a student from ISPM in the production of various crops.

**Phoenix Seed Company:** This firm continues to engage with emerging farmer groups committed to produce seeds, working this year with two emerging farmers. For the upcoming agricultural year, AgriFUTURO linked 30 farmers from Agro-pecuaria Samora Machel and Culima Cuacanaca with Phoenix to produce 100 ha of soybean seeds.

**Dengo Comercial:** This firm is involved in a seed multiplication program involving 144 farmers (of which the majority are women) growing certified seed for maize, beans, groundnuts and sesame. Dengo is finalizing a warehouse partially funded by AgriFUTURO, which will help reduce storage costs, allow them to price seeds competitively and raise production volumes. AgriFUTURO grants helped Dengo leverage a \$400,000 loan from AGRA-ASIF (African Seed Investment Fund) to purchase a seed processing machine at 7% annual interests. Dengo is also in the process of applying for a loan from *Fundo de Desenvolvimento Agrário* (FDA) at 10% annual interest.

### **Nacala Corridor**

AgriFUTURO worked with 10 ASCs providing services to 6,202 farmers: 4,376 men and 1,826 women.

**Olinotu:** AgriFUTURO supported the design of a business plan for Olinotu to apply for a \$50,000 loan from GAPI to assist in land preparation and purchase of inputs for the 2014-15 agricultural crop cycle. Olinotu provides services to associations with 1,843 small farm families who produce and sell to the firm, and the firm also produces on 68 ha of its own land. In addition, it is contracting for land preparation and input provision with Forum FACANA, which has five associations with 255 members and 215 ha.

**Corredor Agro (CAL):** An AgriFUTURO client since 2011, CAL is promoting a smallholder program engaging 200 producers who farm an average of 2 ha each, while also working with farmers with more than 10 ha (from the emerging farmer program) in Monapo, Nampula Province, assisted by equipment bought with an AgriFUTURO grant. CAL offers the following services to smallholders:

- mechanical land preparation,
- sowing, provision of seeds (credit)
- chemical pesticide to prevent flea beetle
- establishment of buying outlets close to farms to support commercialization
- transport to move produce from the farm to CAL warehouse, particularly for larger producers
- training farmers on good post-harvest practices

Thanks to a partnership with CAL, IKURU's sesame processing unit at the Nacololo Center started to operate this quarter after being non-functional for many years. CAL pays 500 Mts for every ton of quality processed sesame and covers other expenses (such as electricity and equipment maintenance). The processing unit, which has a capacity of nearly 300 50-kg bags per day, cleans sesame to be exported to Japan; by the end of FY 2014, over 500 tons of sesame had been cleaned.

**Agro-Comercial de Olinda Fondo (ACOF):** ACOF worked with 1,236 (509 women) direct producers of sesame leading to commercialization of 171 tons, valued at \$269,519. AgriFUTURO partnered with ACOF to train farmers in harvesting and post-harvest techniques to maintain sesame quality, including handling, storing in a dry environment to prevent moisture, and avoiding threshing of green sesame pods that are not completely dry.

**Cister:** With operations in Rapale and Alto Molocué, the company worked in Q4 with nearly 1,200 farmers (including 354 women) engaged in common beans production. Cister purchased 130 tons of common beans valued at nearly \$70,000 from these farmers.

**Lozane Farm:** This agricultural year, this ASC worked with 350 producers and commercialized 118 tons of soybeans valued at nearly \$61,000.

**AgroMoz:** This new company in Nacala corridor signed a purchasing contract in FY 2014 with Federação de Produtores de Gurue (FEPROG) and as a result, 288 tons of soybeans valued at \$120,051 were sold to AgroMoz. Farmers in Gurué district were happy because the new company paid better prices (13-14 Mts/kg against 7-8 Mts/kg offered by local buyers), which forced local buyers to increase their offers. Farmers also enjoyed the benefits of a purchasing contract, including advancing sacks and providing transport to collect the product. Sales were made from 11 forums and 127 associations with 5,237 members (of which 2,409 are women).

The following table shows the volume and value of sales by ASCs in the two corridors:

Table 2: ASC's, Volumes and Values of Sales, July-September, FY 2014

VALUE CHAIN		NACALA CORRIDOR	BEIRA CORRIDOR	TOTAL
Soybeans	Volumes (in tons)	787	307.7	1,095
	Value of sales (in US\$)	359,283	145,853	505,136
	Number of producers			
Sesame	Volumes (in tons)	371,32	0	371,32
	Value of sales (in US\$)	547,464	0	547,464
	Number of producers			
Groundnuts	Volumes (in tons)	32	0	32
	Value of sales (in US\$)	18,933	0	18,933
	Number of producers			
Cowpea beans	Volumes (in tons)	29,61	8.2	111,61
	Value of sales (in US\$)	9,910	4,630	14,540
	Number of producers			
Common beans	Volumes (in tons)	225	137	362
	Value of sales (in US\$)	180,166	122,666	302,832
	Number of producers			
Pigeon peas	Volumes (in tons)	116,02	1.2	117,22
	Value of sales (in US\$)	49,697	1,130	50,827
	Number of producers			

Source: AgriFUTURO, October 2014

## 1.2 ACTIVITIES UNDER THE FOSC APPROACH

Farmer Owned Service Centers (FOCs) are member-owned and service-driven and help elevate smallholder associations to business enterprise through technology transfer, better business practices and market access. AgriFUTURO is assisting 13 FOCs representing 36,645 smallholders. Through this approach, more than \$5 million in sales of soybeans went to nearly 25,000 smallholder farmers engaged in this value chain. More producers are growing soybeans than other crops and 83% of the total volume comes from Beira Corridor (of which \$4 million comes from Tete-Angónia District). Sesame is a vital cash crop in the Nacala Corridor, home to 86% of total volume of sesame produced with AgriFUTURO assistance. (See Table 3 on page 12 for summarized volumes and values of sales plus numbers of farmers engaged by value chain.)

Following are summaries of AgriFUTURO support for FOCs, their member services, and highlights.

### Beira Corridor

The project is assisting five FOCs (two in Tete province and three in Manica province) representing 17,423 farmers in this corridor, with support including market linkages to final buyers. In Q4, these farmers generated nearly \$4 million in soybean sales, mostly from Tete. Farmers in this corridor did not trade cowpeas. Main value chain actors include:

- **Producers**—In Tete province: Nsuzumire, Tilimbique, and Chiguirizano associations (Angonia district) and Fonte Boa (in Tsangano district), Tete province. In Manica province: Culima Cuacanaca, Samora Machel, Batane Phaza and Kugarique Tangué Ndamo associations.
- **Buyers and processors**—Export Trading Group (ETG), Abilio Antunes, Dengo Comercial, Sementes Nzara Yaperá, Phoenix, Cargill, Mwana-Mwana, Gasparre, and a few Malawian buyers.
- **Exporters**—Export Trading Group (ETG)

FOSC services to their members in Beira Corridor include:

- Training in business skills
- Business plan design for credit applications
- Post-harvesting handling
- Contact with buyers, price negotiation and payment of premium for meeting agreed volumes and deadlines
- Reduced distance from the farm to association headquarters by establishing buying points close to the farm, lowering farmers' transport costs and gaining economies of scale
- Ensuring quality standards, organizing produce, and quickly meeting agreed volumes
- Access to needed inputs
- Access to finance through social collateral through shared group responsibility for loans, which is not possible individually. This type of finance especially benefits women who are often illiterate and do not qualify for a formal loan.



*In Manica Province, a woman and her children bring pigeon peas to sell to Culima Cuacanaca Association*

*Photo: Anabela Mabota, Abt Associates*

**Culima Cuacanaca:** This association has 1,712 members (1,395 men and 312 women) in 40 clubs. In 2014, it expects soybean production to be more than 500 tons, compared to 200 last year, thanks to AgriFUTURO-supported demonstration plots last year that improved production practices and encouraged more farmers to plant this cash crop. Inoculants are used on 129 of the 729 hectares of soybeans, with yield increases from 700 kg/ha to 1,200 kg/ha. The association needs more training in inoculants as well as a source for purchase of this input. The upward production trend is also constrained by the quality of seeds and limited availability of improved seed—farmers are holding over seed from the prior year due to lack of supply. The association received a five-month loan at 5% interest per month for its marketing activity, but funds arrived too late to prevent members selling about 50 tons to independent buyers.

**Samora Machel:** This association in the Barue District of Manica Province has 1,381 smallholder farmer members (1,112 men and 269 women) in 31 clubs, producing various grain and oilseed crops on 1,342 collective hectares. It is one of the more successful FOSCs in the program, having capitalized on a range of AgriFUTURO technical support, from management training to the provision of market linkages to access to finance. During FY 2014, Samora Machel received two loans: 303,000 Mts for production credit from January to August and 400,000 Mts for marketing from May to October. Both loans were from BOM at 5% per month interest. By the end of June, the association had sold 483 tons of soybeans to Abilio Antunes and generated over Mts 800,000 in profit, less approximately Mts. 250,000 in interest to BOM. Production was constrained by lack of supply of improved soybean seed and farmers held over production from last year as seed for this year. To address this, AgriFUTURO is promoting supply of improved seeds from the ASC Sementes Nzara Yapera for the next crop cycle and assisting with preparation of a business plan as part of the association's application for a grant from FinAgro. *(See Annex C for a success story)*

### **Nacala Corridor**

The project is assisting eight FOSCs (four in Nampula and four in Zambezia) representing 19,222 farmers in this corridor, with support including market linkages to final buyers. In Q4, these farmers cultivated 5,476 tons of soybeans, sesame, groundnuts, cowpea beans, common beans and pigeon peas in Nampula and Zambezia provinces. Volumes included 2,279 tons of soybeans, 1,461 tons of

sesame, 435 tons of groundnuts, 243 tons of cowpeas, 487 tons of pigeon peas, and 571 of common beans. Nacala associations also produced 591 tons of soy and 1,030 tons of sesame exported to India and Japan. (See Table 3 on page 12) Main value chain actors include:

- **FOSCs of Producers**—*In Nampula*: SUL (Meconta, Corane, Mogovolas, Angoche and Moma) has 2,550 members in 12 forums. Norte (Monapo, Meconta), IKURU (Murrupula, Mogovolas, Monapo, Moma, Angoche) and Malema. *In Zambezia*: Gurue (FEPROG), Alto Molocue (FEDAMOZA), AKA, and pineapple producers (APRONAZ and APROFRUTAS).
- **Buyers**—Corredor Agro Lda (CAL), AgroMoz, IKURU, PANTEL Comercial, Olinotu, ACOF, Cister, African Century, Cargill, and Novos Horizontes.
- **Processors**—CAL, IKURU, Olinotu, Pannar, ACOF, Cister, African Century, Hoyo-Hoyo, Rei do Agro, and Novos Horizontes.
- **Exporters**—CAL, IKURU, Cister, and ETG.

FOSC services to their members in Nacala Corridor include:

- Harvesting and post-harvesting: drying, threshing, storage, processing and trade.
- Market linkages between buyers and farmers/associations and price negotiation.
- Mechanization (land preparation).
- Provide inputs on a credit basis (seeds and pesticides).
- Execution of a purchasing contract with the association.
- Distribution of sacks provided by the buyer.
- Access to finance via the organization.
- Training on seed bank system and use of inoculants.

**FOSC SUL:** (Meconta, Corane, Mogovolas, Angoche and Moma) has 2,550 members (1,549 men and 1,001 women) in 12 forums. AgriFUTURO is establishing market linkages for sale of groundnuts from forums of Nametil-Mogovolas, and helping prepare purchasing contracts between ETG and the forums in Meconta. The project also trained forums in registering farmer activities for project reporting and internal management. Eleven marketing and production technicians within the forums/associations participated in USAID's Southern African Trade Hub aflatoxin training, supported by AgriFUTURO, at UniLurio. (See p. 15 for more information on this training.)

**IKURU:** (Murrupula, Mogovolas, Monapo, Moma, Angoche): This is a very large, agribusiness FOSC based in Nampula, with over 4,326 members (2,786 men and 1,540 women) organized in four forums. Its members produce a variety of grain and oilseed products including maize, sesame, soybeans and groundnuts on 585 hectares. IKURU is the recipient of extensive, NGO and donor support, with particularly strong backing from Scandinavian sources, and its board of directors is dominated by representatives of GAPI. IKURU has diversified its business and is not only trading the production of its members but is now also heavily engaged as an agro dealer, selling not only seeds, fertilizers and other agro chemicals, but also has branched into the selling of agro equipment such as multi-cultivators and post-harvest storage units. AgriFUTURO has provided IKURU with extensive technical advisory support across a range of activities and has also provided it a grant of \$68,000 for part of the cost of the construction of a new warehouse and processing plant, and an adjacent office complex, which will be completed in November 2014.

The following table shows the volume and value of sales by ASCs in the two corridors.

Table 3: FOSCs, Volumes and Values of Sales and Number of Producers, July-September, FY 2014

Name of the value chain		NACALA CORRIDOR	BEIRA CORRIDOR	TOTAL
Soybeans	Volumes (in tons)	2,279	10,846	13,125
	Value of sales (in US\$)	974,767	4,074,065	5,048,832
	Number of producers			25,964
Sesame	Volumes (in tons)	1,461	230	1,691
	Value of sales (in US\$)	1,883,364	290,832	2,174,196
	Number of producers			13,501
Groundnuts	Volumes (in tons)	435	125	560
	Value of sales (in US\$)	358,909	104,166	463,075
	Number of producers			11,848
Cowpea beans	Volumes (in tons)	243		243
	Value of sales (in US\$)	62,860		62,860
	Number of producers			16,778
Common beans	Volumes (in tons)	571	533	1,104
	Value of sales (in US\$)	561,643	444,166	1,005,809
	Number of producers			16,508
Pigeon peas	Volumes (in tons)	487	57	544
	Value of sales (in US\$)	286,394	22,444	308,838
	Number of producers			10,599

Source: AgriFUTURO, October 2014

### 1.3 MOBILIZATION OF FINANCE AND INVESTMENT

AgriFUTURO helped program participants' access \$411,000 during the first half of this fiscal year, and they accessed another \$365,000 during the last six months. However, this represents only 39% of the FY 2014 target (75% of actual FY 2013 results). *Banco Oportunidade de Moçambique (BOM)*—a USAID Development Credit Authority (DCA) partner and previously a major source of financing—stopped giving agricultural loans in Nampula earlier this year, and it charges 5% per month interest in Zambezia and the Beira corridor even on relatively secure short-term loans to farmer organizations to purchase member production. In addition, *Banco Terra*, which provided financing in the past, announced in September it will no longer provide loans to small farmers.

To overcome these setbacks, AgriFUTURO helped producer organizations negotiate sales contracts with rapid payment provisions, which encouraged members to deliver their production and wait for payment. Some producer organizations have accumulated sufficient cash reserves to allow them to purchase member production without accessing bank financing. And in some cases, input providers and agricultural processors provided credit to the producer organizations. (See [“Loans Open Markets for Mozambican Farmers”](#) on the USAID website.)

#### **Beira Corridor**

FOSCs are the main users of bank loans, but because of the high interest rates charged by banks, in particular BOM, associations are only requesting small amounts for short-term marketing activities. Some organizations have been able to capitalize funds that they use rather than going to banks (and thus avoiding paying 5% interest per month). Loans reported included Export Trade Group (ETG)'s advance of \$67,766 to producer organizations in Barue and Sussudenga. An expected loan to Optima of \$50,000 is still in process due to complex application requirements.

#### **Nacala Corridor**

An expected \$50,000 loan from GAPI, a Mozambican financing institution, to Olinotu is still in

progress as the ASC is still gathering documentation to meet GAPI's requested guarantees. Also, loan requests by an ASC and by two FOSCs for \$127,586 from BOM were rejected after the bank stopped its operations in Nacala Corridor (particularly in Nampula province). AKA requested a loan of \$44,000 from PRES P II (a Government of Mozambique credit program supported by Italy) and is preparing the required documentation, including its business plan design. As in Beira Corridor, a few buyers advanced cash so that producer organizations could purchase member production.

AgriFUTURO is partnering with GAPI to disseminate two new financing products, *Agro-Invest* and *Agro-Garante*. A recent event to discuss this program drew nearly 70 (8 women) members of Agro-Pecuaria Samora Machel, Culima Cuacanaca and Batane Phaza (Barue District) and Kugarique Tangué Ndamo (Manica District) and Cooperative Kuguta Kuchanda (Sussendenga District). Procedures and requirements to access the funds were shared with participants. Some requested application forms; AgriFUTURO is providing assistance to apply.

*Agro-Invest*, launched in 2013, aims to increase economic growth by offering interest rates of 12-13% per year to small and medium agro-enterprises. This \$35.6 million fund, largely backed by Denmark with some funds from the GAPI-Investment Company, promotes national entrepreneurship in agribusiness, establishment of a Loan Guarantee Fund (EGF), and capacity-strengthening of the Ministry of Agriculture (Directorate of Economics and CEPAGRI).

*Agro-Garante* is a credit guarantee plan that aims to increase agricultural SMEs' access to bank loans. Eight financial institutions have subscribed to the risk-sharing mechanism whereby GAPI guarantees between 20 to 65% of the value of the bank loan.

AgriFUTURO's Chief of Party secured an arrangement with GAPI that could increase access to reasonably priced financing as part of the expansion of inoculants for soybeans in FY 2014-15. In addition to mobilizing access to loan resources, AgriFUTURO also encourages investment activities by helping create conditions and connections needed by investors. *See Table 4 for Q4 investments.*

Table 4: Investments, July-September, FY 2014

INVESTOR	ACTIVITY	AMOUNT
<b>Beira Corridor</b>		
Abilio Antunes	10 silos	100,000
Agro-Pecuaria Samora Machel Association	Working capital	6,500
Fonte Boa from Angónia Association	Small warehouse	10,000
Sementes Nzara Yapera ASC	Operational equipment	8,553
<b>Nacala Corridor</b>		
Cooperatives Ossucana, Uniao Faz a Forca, Forum de Namitoria, Namuraua, and Netia moreno	Working capital for marketing and build small warehouses	825,000
IKURU	Equipment	14,000
Olinotu	Warehouse	800
<b>Total</b>		<b>\$964,853</b>

#### **I.4 PROGRESS ON INDUSTRY ASSOCIATION AND COOPERATIVE DEVELOPMENT**

The Agribusiness Working Group, made up of interested donors, Government of Mozambique agencies, and private sector entities, continues to provide a forum for lively discussion, information sharing and brainstorming on matters related to agribusiness development in Mozambique. In the

meeting of September 10, 2014, Banco Terra led a discussion of smallholder access to agricultural finance and said the risks of this lending make these producers ineligible for financing.

The main goal of the Cooperative Regulation is to help create a legal and regulatory environment that enables cooperative businesses to flourish. The “*Associação Moçambicana para a Promoção das Cooperativas Modernas*” (AMPCM) supported the drafting of the new regulation of the cooperative law. The regulation was completed in 2010 and submitted to the Minister of Justice, and is awaiting Council of Ministers approval. In June, the AMPCM representative was called by the cabinet to make some adjustments as a result of changes of context in Mozambique. The preparation and consultation process for the approval of the regulation was funded by AgriFUTURO with the institutional collaboration of AMPCM, CLUSA, Fundação Frederich Ebert and the government.

## **I.5 INOCULANT SURGE**

A major focus for AgriFUTURO during Q4 has been defining and beginning to implement the soy inoculant scaling-up plan in response to USAID/Mozambique’s prioritized transfer of agricultural technologies. During a visit to Mozambique in July 2014, Erin Shetty from USAID’s Bureau of Food Security, and Richard Kohl, scaling consultant, identified the application of inoculants to soybean—which significantly boosts yields—as a cost-effective technology that can be greatly expanded, or scaled up.

This soy inoculant scaling plan, or soy surge, aims to increase the number of smallholder farmers using inoculants from 3,500 in 2013-14 to 12,500 in 2014-15 and expand total hectares using inoculants from 4,200 to 15,000. To facilitate this, AgriFUTURO is procuring 2.6 metric tons of soy inoculants from Agrifocus Company of Mozambique, which is bringing the product from Brazil. Inoculants will be sold, rather than given to, interested smallholder member farmers of FOSCs in the districts of Barue, Manica province; Angonia, Tete province; and Gurue and Alto Molocue, Zambezia province.

Available quality soy seed is pivotal for the soy inoculant to have the desired impact. Ideally, farmers would buy new, imported, certified seed every year—but this option costs 85 Meticaís/kg and is unaffordable for most producers. Locally certified seed costs about 30 Meticaís/kg, but this is still beyond the budgets of most producers, who instead end up retaining grain as seed from year to year. To give smallholders an alternative mechanism to periodically renew seed, the project has introduced the use of *seed banks*, self-supporting programs located at associations or forums that enable small farmers to access improved seeds at least every two to three years.

To implement the soy surge, the project had to reconfigure some of its staff. The Mocuba office in Zambezia was closed at the end of September rather than at the end of December 2014. Losing three months of activities in Mocuba will have a marginally negative impact on results that should be more than offset by the impact of the soy surge. As of October 1, 2014, Sergio Queiroz was redeployed to Angonia in Tete province while Simão Tembe was redeployed to Alto Molocue in Zambezia province. The field staff spent much of August and September providing training in soy inoculant use, the operation of the seed banks, and other production-related topics in advance of the next planting season.

## **I.6 STATUS OF FRUIT FLY PROGRAM**

During FY 2014, AgriFUTURO continued its support for the GOM Ministry of Agriculture’s Fruit Fly Surveillance and Research Project via a local currency grant. This program is investigating the efficacy of integrated pest management (IPM) techniques to suppress the presence of fruit flies and to remove restrictions on movement of fruits within Mozambique and exports to neighboring countries. Techniques have been identified that decrease fruit fly populations by 95.5%, reducing fruit damage, increasing sales and exports, and improving family food security.

In June 2014, the Ministry established colonies of egg and larvae parasitoids in Chimoio to mass-produce parasitoids for release. Research in Cabo Delgado has demonstrated that these biological enemies of the invasive Asian fruit fly (*Bactrocera invadens*) adapt to conditions in Mozambique and

represent an effective control over time. The Ministry has also trained farmers in IPM techniques. The Ministry has also continued negotiations with National Plant Protection Organization (NPPO) authorities in South Africa and Swaziland. The technical assistance provided to banana and mango producers has facilitated their access to national and South African export markets.

The following activities are planned during the final phase of this project:

- Continue with implementation of IPM strategies in selected farms, including releases of parasitoids for *B. invadens* biological control;
- Continue fruit fly population density monitoring;
- Continue the assessment of the impact of the application of IPM strategies;
- Continue mass rearing of parasitoids in the fruit fly laboratory in Chimoio, Manica province and their field releases;
- Conduct study on post-harvest treatment (hot water mango treatment) for *Bactrocera invadens* infestation;
- Conduct study on papayas host status for the infestation of *Bactrocera invadens* in collaboration with Companhia de Vanduzi in Manica;
- Continue with training of inspectors and technicians at central level of Ministry of Agriculture and farmers in Manica and Maputo provinces on IPM;
- Bilateral meeting between the NPPO's of Mozambique and South Africa and/or Zimbabwe to discuss fruit fly issues in the respective countries;
- Participate in the regional fruit fly meeting to define the regional Fruit fly management strategies.

## **1.7 PROGRESS ON AFLATOXIN**

Market concern about aflatoxin in Mozambique resulted in zero exports of groundnuts in fiscal year 2014, and dampened the value of total sales to only half the target amount. AgriFUTURO continues to support efforts to mitigate the disease, which endangers human health and the incomes of poor farmers. In the third quarter, the project teamed with USAID's Southern Africa Trade Hub to host trainings (June 23-24 and June 26-27) for 36 participants that covered theory—including health and economic effects—and practical training in detecting and separating defective kernels. Prior AgriFUTURO support to the UniLurio laboratory has enabled it to help in the control of aflatoxin.

## **1.8 PROGRESS ON MD2 PINEAPPLE INTRODUCTION**

There were no further developments concerning MD2 pineapple introduction during Q4. Earlier in the project, AgriFUTURO supported ASC MultiFrutas to become the industry supplier of the MD2 variety in northern Mozambique. However, the project had started slowly with the delivery of only 15,000 plants in 2011 rather than the expected 40,000, which meant Multifrutas was unable to meet its original goal of propagating 100,000 MD2 plants within a two-year timeframe. Consequently they have also delayed disseminating the variety to other private sector producers. Multifrutas continues to expand the number of propagated plants.

## **1.9 GRANTS MANAGEMENT**

**Dengo Comercial:** Contract with the selected constructor, MACO Construções, to build the roof for the warehouse was signed. Down payment of 50% of the work will be processed during the week of October 13. MACO expects to have the work completed in 25 days.

**IKURU:** A contract modification with Mol Construções to build the warehouse roof is ready to be signed. Work is expected to conclude by the end of November.

## 2. VALUE CHAIN HIGHLIGHTS

The figures below provide a snapshot of performance by value chain over the fiscal year.

Figure 3: VALUE OF TOTAL SALES BY VALUE CHAIN BY CORRIDOR, FY14

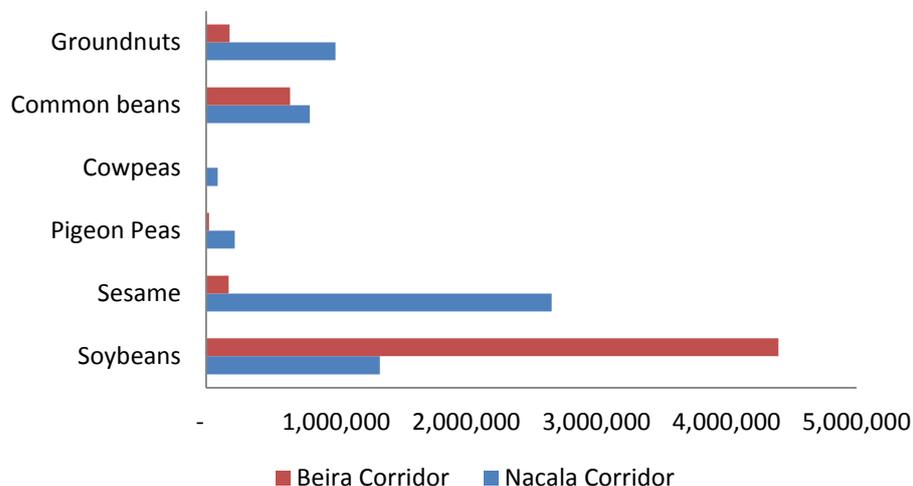


Figure 2: PERCENTAGE OF VOLUME OF SALES FY14

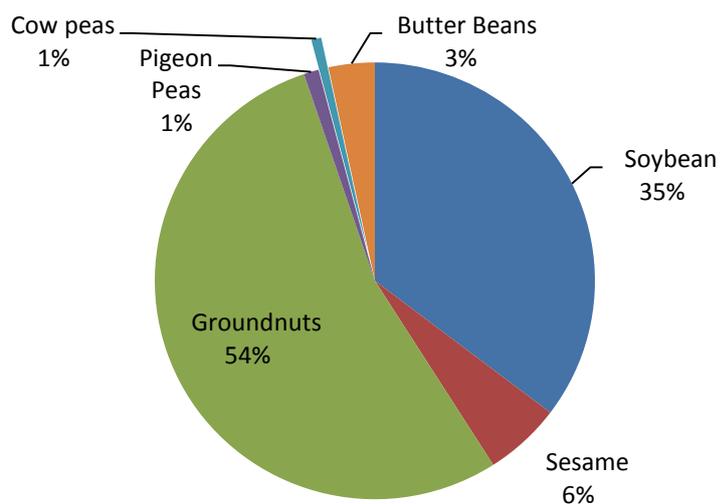
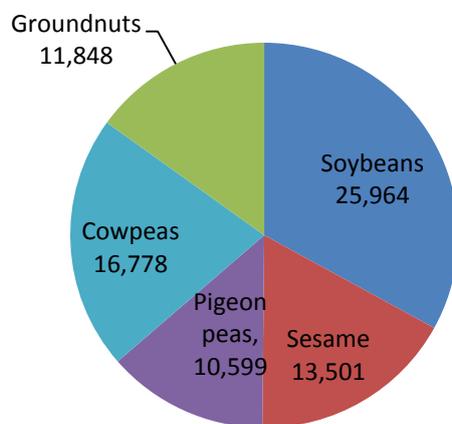


FIGURE 1: NUMBER OF PRODUCERS BY VALUE CHAIN



## 2.1 SOYBEANS

AgriFUTURO has been working with its clients to increase yields per unit of area and production of soybeans to take advantage of growing domestic demand, especially from the rising poultry industry, and for exports (which were significant in 2014). The project also engaged more smallholders producing soybeans and promoted the use of inoculants and improved seeds to boost production. A total of 25,964 AgriFUTURO-assisted smallholders produce soybeans

*Table 5: Soybean Sales*

Yield (in kg/ha)	0.8 – 2.000
Average price (Mts/kg)	10-17
Volumes (in tons)	13,125
Value of sales (in US\$)	5,048,832

*Source: AgriFUTURO, October 2014*

In the Beira Corridor during FY14, the market for soybeans in Tete province was dominated by private companies buying from associations in Angonia and selling to large buyers such as Abilio Antunes. In Manica province, farmer's organizations representing smallholders purchased member production and sold it directly to Abilio Antunes. In Nacala Corridor, larger private companies such as AgroMoz and Corredor Agro purchased from farmer organizations that played a crucial role as aggregators at community and district level by establishing buying points. Thanks to AgriFUTURO's active involvement in making market linkages, farmer organizations were able to sell 13,125 tons, nearly 10,000 tons of which come from Tete-Angonia district. In total, farmers received more than \$5 million. In addition, we know that there were significant additional sales that we were not able to document in compliance with the FtF M&E requirements.

Mozambique's soybean production is still dominated by smallholder farmers and is growing rapidly with the considerable growth in the domestic demand. Current production is 30,000 tons annually (TNS 2014) while the national consumption needs around 40,000 tons (an amount that continues to grow rapidly). About 15,000 tons are sold/processed abroad annually (mainly in Malawi) so the country still relies on imports. Yields have been increasing slowly, and the average yield is around 1.45 tons/ha with a maximum of 2 tons/ha in the lands of upper Angonia in Tete province. This is a considerable increase considering that in 2010 average yields were around 1.2 ton/ha for commercial producers and for smallholder producers around 0.75 tons/ha. A total of 25,964 AgriFUTURO assisted smallholders produce soybeans.<sup>3</sup>

All soybean production is sold for cash as it is not currently consumed in rural Mozambican households but is used as meal for feeding poultry. Most farmers do not yet know the value of soybeans for human nutrition, so an opportunity exists to educate Mozambicans on its benefits for household consumption. Soybean is also expected to play a strategic role in crop rotation and should help combat soil fertility depletion as farmers expand cultivated areas.

## 2.2 GROUNDNUTS

During FY 2014, AgriFUTURO worked with farmers to adopt post-harvest techniques and find reliable markets. In Mozambique, the supply of groundnuts is still dominated by the smallholder sector and by women. In this female-dominated value chain, women do most of the shelling and grading by hand (adding value to the product), and play a major role in land preparation, planting, regular weeding, harvesting and post-harvest handling of the crop. Although men tend to control formal trade in groundnuts, women lead in informal

*Table 6: Groundnut Sales*

Yield (in kg/ha)	400 – 1.100
Average price (Mts/kg)	17-30
Volumes (in tons)	560
Value of sales (in US\$)	463,075

*Source: AgriFUTURO, October 2014*

<sup>3</sup> Producers often farm more than one crop, so we should not sum the number of producers shown in this and the other value chain pie charts as there would be double or triple counting of some producers.

marketing, traveling from the south of Mozambique to other provinces, districts, and villages to buy, assemble, put in sacks and send groundnuts to Maputo, Gaza and Inhambane markets. The difficult security situation in central Mozambique in 2014 restricted this trade, which pushed prices lower due to limited local market opportunities at least at the beginning of the market season.

The other market for groundnuts, exports to Europe, did not occur this year, dogged by an international reputation for poor quality and high aflatoxin levels in Mozambican groundnuts—despite the tremendous effort by USAID and partners to mitigate this issue. Aflatoxin is a major concern for processors and the export market, and farmers need to learn how to properly dry and store groundnuts to minimize the problem. Women play a pivotal role in health and well-being of the household, so they should be considered a key target for health awareness activities and farm practices linked to reducing aflatoxin.

Groundnut yields have been low (between 400—1,100 kg/ha), compared to industry leading countries such as China, Argentina and the U.S., where yields were between 2.8 and 3.7 tons/ha in 2010, and South Africa with an average of 1.5 tons/ha. One constraint is the fact that farmers have been recycling seeds from one year to the next, leading to poor quality seed.

Moreover, Mozambique lacks the necessary investments in the processing of peanuts to fully exploit market opportunities. All peanuts are consumed locally or exported in a raw form, depriving the country the opportunity to harness the potential for income generation and job creation. Although there are some initiatives that have taken advantage at a limited level of regional and international opportunities, these are few and limited. The development of a strong agro-processing industry will improve the prospects of groundnut sector, and consequently boost the economy of Mozambique.

An estimated 29% (11,848) of AgriFUTURO-assisted producers grow groundnuts, with Nacala Corridor being the major contributor, home to the two largest producing provinces, Nampula and Zambezia.

### 2.3 SESAME

Among AgriFUTURO-supported value chains, sesame is unique in that 100% of production goes to export markets. But problems persist: Small-scale growers show low yields of 250-600 kg/ha, and they produce on small plots (on average 0.50 ha per grower) with inferior quality, limiting potential for growth of this value chain. Production is also constrained by inadequate disease and pest control, which can cause crop failure due to flea beetle (“besouro”) that attacks the roots of germinating plants. AgriFUTURO is linking producers to agro-dealers selling pesticides to help mitigate this problem.

Table 7: Sesame Sales

Yield (in kg/ha)	250 –600
Average price (Mts/kg)	30-45
Volumes (in tons)	1,692
Value of sales (in US\$)	2,174,196

Source: AgriFUTURO, October 2014

Despite these constraints, sesame has good market demand and excellent prices, especially for growers close to the Nacala Port who have easier access to the market and better profit margins. The market is dominated by local industry leaders such as Export Trading Group (ETG), OLAM, IKURU, Corridor Agro, and Gani Comercial—all in Nacala Corridor. ETG is also buying in Beira Corridor, particularly in Sussudenga district, as a result of marketing linkages facilitated by AgriFUTURO.

Mozambique’s reputation for poor quality leads to discounts, and so Mozambican producers have difficulty accessing premium prices while growers have little or no incentive to deliver a quality product. Yet volumes have been rising as a result of engagement of more producers. Currently AgriFUTURO assists nearly 13,501 growers of sesame, who received nearly \$3 million in FY 2014.

### 2.4 PULSES VALUE CHAIN

In Mozambique, the most important production areas for pulses are concentrated in specific regions: Tete and Zambezia and Niassa for common bean; Nampula, Zambezia and Cabo Delgado for

cowpeas; Manica, Nampula and Zambezia for pigeon peas—all Feed the Future Zones of Influence apart from Niassa and Cabo Delgado. Beans play an important role in food security of many smallholder families. Domestically, there are some flows between provinces; for instance, beans from Gurué tend to go to Maputo, while those from Alto Molocue go to Nampula and some to Maputo. Maputo (and Beira) may also draw beans from Gorongosa, Angonia (Tete) and Niassa. Additionally there are imports and exports of some beans: the largest flows are exports from Angonia districts – Tete province to Malawi. The following provides information on the characteristics of each bean:

**Cowpeas:** Low market prices do not encourage production as a cash crop. The estimated volume of sales from AgriFUTURO clients was not more than 1% of the project's total sales volume. However, in areas with uncertain and low rainfall, cowpeas are grown in larger quantities and are important for food security, nutrition, and gender equity. Use of cowpeas starts with the leaves, then the fresh beans, and finally the dried bean, which makes it difficult to calculate total returns as part of the harvest is done for home consumption early in the production cycle.

Average yields are less than 500 kg per hectare for cowpea beans, but in the uplands of Angonia (Tete province) and Manica, yields can reach 850 kg/ha.

**Common beans:** The second most important cash crop after groundnuts in the intermediate and high altitude areas of Mozambique. Common beans play an important role in household food security (via income), nutrition, and gender equity. Yields have been stable at around 500-600 kg/ha.

**Pigeon peas:** Better income potential than cowpeas because they have an international market, and with good market prices the area in production has expanded rapidly. Pigeon peas only represent 1% of the volume of AgriFUTURO FY 2014 sales, but most the crop is still being harvested in various areas; results will be reflected in the first quarter of FY15.

## 2.5 FRUITS

### Bananas:

In FY14, AgriFUTURO funded the participation of eight individuals (four specialists from the Ministry of Agriculture and four private banana producers) to the Fusarium Wilt (TR4) conference in April at Stellenbosch University in Cape Town. TR4 (also known as Panama disease) is caused by a fungal strain that can survive for decades in the soil, and once introduced to a country has never been eradicated. Mozambique's commercial plantations have already shown TR4 damage, so awareness and training are vital. Participants learned about mitigation measures and management practices to reduce the risk of contamination. The Ministry has since held meetings with the private sector to disseminate findings of the workshop, and the private sector is developing disease mitigation and management plans.

Assistance through a grant to the Ministry of Agriculture's Fruit Fly Surveillance and Research Project continue as reported in section 1.6 above.

A specialized fruit technician who joined the team in October will help plantations adopt disease management plans.

**Table 9: Cowpea Sales**

Yield (in kg/ha)	300 – 850
Average price (Mts/kg)	7-10
Volumes (in tons)	243,1
Value of sales (in US\$)	62,860

Source: AgriFUTURO, October 2014

**Table 8: Common Beans Sales**

Yield (in kg/ha)	500 –600
Average price (Mts/kg)	25-40
Volumes (in tons)	1,104.06
Value of sales (in US\$)	1,005,809

Source: AgriFUTURO, October 2014

**Table 10: Pigeon Pea Sales**

Yield (in kg/ha)	250 –900
Average price (Mts/kg)	8 -17
Volumes (in tons)	544
Value of sales (in US\$)	308,838.2

Source: AgriFUTURO, October 2014

### Pineapple

- The 35 producers in APRONAZ & APROFRUTA substantially completed their sales during the first two quarters of FY 2014, with prices as high as 50 Mts per pineapple. AgriFUTURO helped two producers experiment with new techniques, which successfully produced off-season pineapple, enabling them to receive higher prices.
- MD2 variety: Multifrutas continues to expand the quantity of MD2 pineapple plants but has yet to reach the critical mass needed to begin selling plants to other producers. It will probably take two more years to reach this point.

## 3. GENDER IMPACT ACTIVITIES

The following chart compares results against targets for sex-disaggregated results indicators. Disaggregated targets for 2014 were based on proportional results for men and women actually reported in 2013.

Table 11: FY 2014 Results Divided by Targets for Gender-Disaggregated Indicators

Indicator	Type of Indicator	Total	Male	Female
Jobs created	Final	76%	94%	55%
Number of rural households benefitting	Output	132%	117%	152%
Value of agricultural loans	Intermediate	39%	33%	247%
Hectares with one or more technologies/management practices	Intermediate	147%	160%	115%
Farmers and others who have applied new technologies or management practices	Intermediate	135%	122%	169%
Members of cooperatives and farmers associations	Intermediate	126%	118%	141%

In 2014, women did better than men when compared with targets for number of rural households benefitting, value of agricultural loans, number of farmers and others applying technologies or management practices, and number of members of cooperatives and farmers associations. Men did better than women compared to targets for jobs created and hectares with one or more technologies or management practices.

USAID's AgriFUTURO hired gender specialist Maimuna Ibraimo on May 29, 2014 to provide gender training to all staff and to leaders of assisted farmer organizations, and to prepare AgriFUTURO's gender strategy. In June and July she provided training to AgriFUTURO staff in Nampula, followed by training of leaders of selected farmer organizations. One lesson learned was that AgriFUTURO field technicians usually intervene at the forum level and women are most active at the association level, so most women have little knowledge of the project. Training sessions raised awareness of the importance of women's participation in all phases of producer organization activities.

Because men often prohibit attendance by their wives at meetings of the farmer organizations, AgriFUTURO has worked to develop understanding of how their participation can help their households. While women play an important role in agriculture in Mozambique and often farm their own plots of land, they tend to produce food crops for their families rather than cash crops supported by AgriFUTURO value chain investments. A number of women's sub-organizations exist within the associations assisted by AgriFUTURO, and project staff is working to assist them to the extent the program's value chain focus permits.

## 4. EVENTS ORGANIZED WITH PROJECT SUPPORT

- Training of TPCs and APCs (lead farmers) in Mogovolas
- On-going support to and monitoring of sales in pulses and groundnuts, especially in Nampula province.
- Procurement of 2,600 kg of soybean inoculants in 100-gram sachets appropriate for smallholder farmer usage.
- Training of TPCs/APCs related to data gathering and registry maintenance as well as seed banks and soy inoculant use.
- MOU developed with GAPI: As part of the soy surge, GAPI will be on hand to lend to farmers wishing to purchase inoculants. (Indications from recent training sessions are that most farmers will pay cash for the inoculants, so we do not expect many producers to avail themselves of this facility).
- MOU signed with the International Institute for Tropical Agriculture (IITA): The Bill and Melinda Gates Foundation-funded IITA's N2Africa program focuses on putting nitrogen fixation to work for smallholder farmers growing legume crops in Africa. Under the terms of the MOU, N2Africa collaborated in preparing training material for the soy surge training.
- MOU signed with the International Food Policy Research Institute (IFPRI), which is working with AgriFUTURO client IKURU to pilot the sale of inputs using mobile money through the Vodacom network. AgriFUTURO is assisting by setting up an official business account with Vodacom, which will be used to pay rebates and other small incentives to farmers who are participating in the project.
- Initial Environmental Examination (IEE) amendment and Environmental Mitigation and Monitoring Plan (EMMP) developed for inoculant use by an environmental consultant in collaboration with USAID's Bureau Environmental Officer, who will use this IEE amendment and EMMP as a model for other USAID missions scaling up use of inoculants in soybean.
- Chief of Party participated in USAID's Environmental Compliance training on September 18.

## 5. MAJOR IMPLEMENTATION ISSUES AND LESSONS LEARNED

### *Implementation issues*

- Last quarter, the M&E team proposed to provide incentives to some APCs/TPCs for the collection of M&E data at the FOSC level. However, the technical team felt that providing incentives to some APCs/TPCs and not to others would be perceived as unfair and generate animosity. Instead, the project undertook training of all APCs/TPCs, which included distribution of t-shirts, pens and notepads and snacks.

The decision to embark on the soy surge has made it necessary to forgo some other project activities, including early closure of the Mocuba office, which deprives Nicoadala pineapple producers of continued support, and postponement of ISO 90001 certification of UniLurio—a \$15,000 process with no guarantee that certification would be awarded.

The presence of a new buyer such as AgroMoz in Gurue improved market dynamics. AgroMoz took two to three days to pay after collecting the product, as opposed to the World Food Programme (WFP) where farmers sometimes waited for nearly eight months.

*Lessons Learned*

- The underlying development hypothesis of AgriFUTURO was that a program that simultaneously strengthened small farmer organizations and agribusiness firms could stimulate mutually beneficial partnerships. Despite inherent difficulties—working with organizations made up of thousands of poorly educated farmers and finding entrepreneurs interested in agricultural versus urban opportunities—AgriFUTURO has shown this hypothesis to be valid. During the five-month hiatus in activities, the 17 Agricultural Service Clusters and 15 Farmer Owned Service Centers supported by the project continued to operate and collaborate on input supply, technology transfer, and marketing—a clear indicator of the sustainability and inherent value of project assistance. Further support is needed to consolidate and expand this network of organizations.
- Farmers have shown strong interest in adoption of inoculants to boost soybean production, demonstrating willingness to adopt innovative technologies that make economic sense.
- Improving small farmer access to finance from the formal banking system is extremely difficult. The urban-based banking system is wary of the risks of agricultural lending even when offered guarantees from the USAID Development Credit Authority. Almost no financing is available for production credit, and even short-term loans to producer organizations to allow them to purchase member production carry exorbitant interest rates. However, provision of short-term credit to producer organizations by agribusiness firms (input suppliers, processors, exporters) appears a possible solution to this dilemma.
- Equipment suppliers selected via competition for purchase of farm equipment have not proven reliable (Track Auto, iDE), as they do not have staff to provide technical assistance and lack management capacity to deliver assistance to grantees. Local suppliers have failed to comply with warranties. Some grantees do not hold title to their tractors, and the suppliers want grantees to incur costs to obtain these. In the future it may be better to undertake an international tender and tighten the terms of contract compliance.
- Advances paid by buyers helped alleviate the constraint imposed by lack of bank financing. Purchasing contracts signed with buyers facilitated delivery of the product and fulfillment of the contract on time because the buyers made cash advances. This allowed the organizations to involve more smallholder producers selling small quantities for immediate cash. This arrangement helped build trust between associations like FEPROG and its members as more producers felt confident in selling their production through their associations.

## 6. KEY ACTIVITIES PLANNED FOR NEXT QUARTER

- Support for access to finance and agricultural inputs for land preparation and planting using improved technologies
- Scaling up use of inoculants for soybeans:
  - Technical team to compile list of participating farmers, those who are willing and able to pay cash for inoculants by late November/early December.
  - Lists will include name of producer, association, and locality and area under inoculant use. USAID Mission has asked for these lists so that they can have the basis with which to monitor the impact once AgriFUTURO project has ended.
  - Finalize arrangements for provision of financing by GAPI for producers who are not able to pay cash.
  - Soybean inoculants expected to arrive in November
  - Sale of inoculants to registered association members in early December
  - Proceeds from inoculant sales to be maintained at the association level and used to establish seed banks in crops such as pulses (subject to approval of the seed bank strategy).
- Support for marketing of pigeon peas and remaining inventories of 2013/2014 harvest of other commodities.
- Compilation of information required for AgriFUTURO final report, including preparation of value chain impact assessment and lessons learned documents.
- Completion of fruit fly project, aflatoxin, and grant activities.
- Close out of Nampula and Chimoio offices.
- USAID approval for property disposition plan.

## 7. EVALUATION/ASSESSMENT UPDATE

USAID Mozambique has asked for an impact assessment of USAID funding for value chain evolution over the last six years. A scope of work has been drafted and circulated for comment. Assessment is to take place in the first quarter of FY2015 and will be an annex to the AgriFUTURO final report.

Another annex to the final report will be a section on Lessons Learned. This document will assess what we learned and how we might have done certain things differently. It will be prepared by an Abt Bethesda specialist during the first quarter of FY2015.

## 8. ADMINISTRATIVE UPDATE

- Long-Term Technical Assistance (LTTA)
  - Ms. Ana Rosa, field technician based in Nampula, began work.
  - Mr. Diogo Lucas was contracted as the FinAGRO Program Manager
- Short-Term Technical Assistance (STTA)

- Mr. Tom Catterson was approved as an IEE Consultant

Approval was given for purchase of soybean inoculants for soy surge activity

Project management decided to close its representation in Mocuba. Sergio Queiroz, the project field technician covering this area, was transferred to Angonia on October 1, 2014

- The project agreed with TNS-FinAgro to cost-share Chimoio office. The agreement is effective from March 12, 2014.
- AgriFUTURO signed a Memorandum of Understanding with IFPRI and Vodacom to provide mobile money solutions to small holder farmers.

*The following international travel was approved during this quarter:*

NAME	POSITION UNDER TASK ORDER	PURPOSE
Christine Ohresser & Alex Rivera	COP and F&A Director	Travel to Malenane, South Africa on or about July 18, 2014. Mrs. Ohresser-Joumard's and Mr. Rivera's visas currently require an exit/entry every 30 days.
Serafina Mangana & Domingues Cugala	FRUIT FLY Program	Serafina and Cugala: Participation in the bilateral meeting with NPPO (National Plant Protection Organization) of South African countries and discuss regional approach for the management of fruit fly
Alex Rivera	F&A Director	Alex Rivera travel to Malelane, South Africa during the week of August 11 <sup>th</sup> 2014 in order to stamp his passport at the Mozambican Border.
Stephen Wingert	M&E Subcontractor	Prepare the Annual report to USAID for FY 2014 and review the integrity of the M&E reporting systems ; Commence the Project Final Report
Stefano Gasparini	Technical Director	Request for Int'l Travel for Stefano Gasparini to attend Agribusiness Forum in DRC
Christine Ohresser & Alex Rivera	COP, F&A Director	Christine Ohresser and Alex Rivera back to their country of residence to obtain required residence visas needed to finalize DIRE process.
Gordon Straub	Home Office Project Director	Start work on project final report
Martin Wanyonyi	Fruit Fly Program	Travel from Nairobi to Mozambique to assist the fruit fly program in the creation and release of parasitoid rearing in the Manica province

There were no pending requests for USAID approval at the end of the quarter.

## ANNEX A: AGRIFUTURO RESULTS INDICATORS FOR FY 2014

USAID-AgriFUTURO Performance Indicators									
FY 2014									
INDICATORS AND DISAGGREGATION	Baseline	Target	Performance Indicator Results					% of Target	Comments
	FY 2013	FY 2014	Oct-Dec 13	Jan-Mar 14	Apr-Jun 14	Jul-Sep 14	Total FY 2014		
<b>Private Investment Mobilized (US\$).</b>									
New Private Investment	5,859,920	1,000,000	1,099,140	350,405	93,186	998,744	2,541,475	254%	We anticipated investor caution during election year, and did not foresee high level of cooperative investments
<b>New Jobs Created</b>									
Total Full time equivalents	5,256	2,600	699	210	622	547	2,078	80%	Producer organizations did not record data on labor hired during the first three quarters, when significant on farm labor is used. Only jobs created by ASCs were reported for these quarters. Therefore, the actual full time equivalent jobs are significantly underreported.
Male & Female New			699	210	622	290	1,821		
Male & Female Continuing						0	-		
Male	2,894	1,432	432	104	493	351	1,379	96%	
New			432	104	493	216	1,244		
Continuing						0	-		
Female	2,362	1,168	268	106	129	196	699	60%	
New			268	106	129	74	577		
Continuing						0	-		
<b>Value of targeted exports (US\$)</b>									
Total Exports	1,892,813	2,000,000	603,500	0	0	3,161,133	3,764,633	188%	Sesame prices were higher than anticipated and area in production also increased above expectations. In prior years all soybean production has been absorbed by the domestic market but this year significant exports
International Exports							-		
Soybean	0		0	0	0	472,800	472,800	#DIV/0!	
Sesame	812,200	858,194	460,000	0	0	2,047,000	2,507,000	292%	

USAID AgriFUTURO Fourth Quarter and Annual Report Fiscal Year 2014

USAID-AgriFUTURO Performance Indicators										
FY 2014										
	Baseline	Target	Performance Indicator Results							
Groundnut	325,000	343,404	0	0	0	0	0	0	0%	were made to Japan and India. Groundnuts were not exported due to concern with aflatoxin. Cowpea and butterbean exports were to Malawi, but this may just be due to cheaper storage there and some of this product may be reimported.
Banana	0		0	0	0	0	0	0		
Pigeon peas	0		0	0	0	0	0	0		
Cow peas	0		0	0	0	0	0	0		
Butter Beans	0		0	0	0	0	0	0		
<b>Total International</b>	<b>1,137,200</b>	<b>1,201,598</b>	<b>460,000</b>	<b>0</b>	<b>0</b>	<b>2,519,800</b>	<b>2,979,800</b>	<b>248%</b>		
<b>Regional Exports</b>							0			Note: We are continuing to work on this section. No targets were required, but we do need to include volumes in reporting for entry into FTFMS.
Soy Bean	0		22,500	0	0	641,333	663,833	#DIV/0!		
Sesame	185,000	195,476	70,000	0	0	0	70,000	36%		
Groundnut	570,613	602,926	0	0	0	0	0	0%		
Banana	0		0	0	0	0	0			
Pigeon peas	0		0	0	0	0	0			
Cow Peas	0		21,000	0	0	0	21,000	#DIV/0!		
Butter Beans	0		30,000	0	0	0	30,000	#DIV/0!		
<b>Total Regional</b>	<b>755,613</b>	<b>798,402</b>	<b>143,500</b>	<b>0</b>	<b>0</b>	<b>641,333</b>	<b>784,833</b>	<b>98%</b>		
<b>Volumes of targeted exports (MT)</b>										
<b>Total Exports</b>										
<b>International Exports</b>										
Soybean						591				
Sesame						1,030				

USAID-AgriFUTURO Performance Indicators									
FY 2014									
	Baseline	Target	Performance Indicator Results						
Groundnut									
Banana									
Pigeon peas									
Cow peas									
Butter Beans									
<b>Total International</b>									
<b>Regional Exports</b>									
Soy Bean									
Sesame									
Groundnut									
Banana									
Pigeon peas									
Cow Peas									
Butter Beans									
<b>Total Regional</b>									
<b># of rural HH benefitting directly from USG interventions</b>									
<b>Total RRHs benefitting</b>	<b>25,252</b>	<b>37,400</b>	<b>32,801</b>	<b>22,436</b>	<b>36,400</b>	<b>49,267</b>	<b>49,267</b>	<b>132%</b>	More rural households received support than expected, first because we had not projected participation by the AKA and FEPROG organizations (we had been instructed to assume that no former MYAP organizations would participate). Secondly, the organizations in Tete were larger than anticipated.

USAID AgriFUTURO Fourth Quarter and Annual Report Fiscal Year 2014

USAID-AgriFUTURO Performance Indicators									
FY 2014									
	Baseline	Target	Performance Indicator Results						
Male & Female New			32,801	22,436	36,400	49,267	49,267		
Male & Female Continuing									
Male Total	19,429	26,800	22,117	14,467	21,981	31,313	31,313	117%	
New			22,117	14,467	21,981	31,313	31,313		
Continuing									
Female Total	7,317	11,800	10,684	7,969	14,419	17,954	17,954	152%	
New			10,684	7,969	14,419	17,954	17,954		
Continuing									
<b>Value of sales (collected at farm level) (US\$)</b>									
Soybean	4,255,049	5,592,888	51,633	-	634,437	5,059,187	5,745,257	103%	Sesame sales to Japan were at higher prices than in the past, and production was greater than assumed. Groundnut prices were lower due to lack of export markets. We were not able to capture domestic pineapple sales during first two quarters, which is the main production period. No data was available on banana production in Manica and Barue. Cowpea sales are under reported as project was getting restarted during production cycle. Also World Food Program stopped buying this commodity. Target for butter bean sales was set with little information on Angonia potential production.
Sesame	1,772,466	2,329,751	5,666	1,333	1,126,898	1,693,003	2,826,900	121%	
Groundnut	1,774,487	2,332,407	286,166	-	81,416	806,471	1,174,053	50%	
Pineapple dom.	6,034	7,931	-	-	425	560	985	12%	
Banana	90,400	118,823	-	-	-	-	-	0%	
Pigeon Peas	185,472	243,787	66,666	1,000	-	175,943	243,609	100%	
Cow peas	226,446	297,643	16,500	-	9,044	62,864	88,408	30%	
Butter Beans	58,407	76,770	98,199	-	202,415	1,139,273	1,439,888	1876%	
<b>TOTAL</b>	<b>8,368,761</b>	<b>11,000,000</b>	<b>524,830</b>	<b>2,333</b>	<b>2,054,635</b>	<b>8,937,301</b>	<b>11,519,099</b>	<b>105%</b>	

USAID AgriFUTURO Fourth Quarter and Annual Report Fiscal Year 2014

USAID-AgriFUTURO Performance Indicators									
FY 2014									
	Baseline	Target	Performance Indicator Results						
<b>Volume of sales (collected at farm level) (in Ton)</b>									
Soybean					696	12,317			Note: Volume of sales shown for 3rd quarter includes volumes from 2nd quarter. We are continuing to work on this section. No targets were required, but we do need to include volumes in reporting for entry into FTFMS.
Sesame					754	1,328			
Groundnut					7	19,825			
Pineapple dom.					1	1			
Banana					-	0			
Pigeon Peas					-	406			
Cow peas					28	243			
Butter Beans					3	1,246			
<b>TOTAL</b>					<b>1,489</b>	<b>35,366</b>			
<b># of enterprises receiving business development services</b>									
<b>Total # of enterprises</b>	<b>521</b>	<b>779</b>	<b>1,136</b>	<b>1,136</b>	<b>1,430</b>	<b>1,542</b>	<b>1,542</b>	<b>198%</b>	More emerging farmers than anticipated as model was modified to include small producers that receive inputs and services on credit from ASCs, even though they do not provide support to neighboring out growers. Number of farmer organizations was greater than projected due to inclusion of MYAP organizations served by AKA and FEPROG, and because FOSCs in Angonia provided support to more producer organizations than expected. # of processors lower than target due
EF Total (new & cont.)	94	94	207	207	232	232	232	247%	
New			207	207	232	232	232		
Continuing							-		
FA (FA w/i FOSC) Total	389	607	910	910	1,177	1,289	1,289	212%	
New			910	910	1,177	1,289	1,289		
Continuing						0	-		
Processors Total	12	12	6	6	8	8	8	67%	

USAID AgriFUTURO Fourth Quarter and Annual Report Fiscal Year 2014

USAID-AgriFUTURO Performance Indicators									
FY 2014									
	Baseline	Target	Performance Indicator Results						
New			6	6	8	8	8		to withdrawal of groundnut shelling operations due to low prices, and project did not capture data on input suppliers during planting season.
Continuing						0	-		
Input suppliers Total	26	26	13	13	13	13	13	50%	
New			13	13	13	13	13		
Continuing						0	-		
<b>Value Agricultural loans</b>									
<b>Total Value Ag loans</b>	<b>1,027,085</b>	<b>2,000,000</b>	<b>337,416</b>	<b>73,455</b>	<b>62,794</b>	<b>302,209</b>	<b>775,874</b>	<b>39%</b>	Withdrawal of BOM from Nacala and high interest rates constrained access to credit. Primary source of financing has been input supplier and processor credit. Female DCA loan greatly exceeded target due to \$100,000 loan to one woman owned business.
Backed by DCA	186,915	363,972	200,000	14,767	60,900	103,448	379,115	104%	
Male loan recipient	183,721	357,752	200,000	14,030	60,667	0	274,697	77%	
Female loan recipient	3,194	6,219	0	737	233	103,448	104,418	1679%	
Not backed by DCA	840,170	1,636,029	137,416	58,688	1,894	<b>198,761</b>	396,760	24%	
Male loan recipient	817,623	1,592,124	122,674	58,688	1,894	194,261	377,518	24%	
Female loan recipient	22,547	43,905	14,742	0	0	4,500	19,242	44%	
<b># of hectares under improved technologies or management practices as a result of USG assistance</b>									
<i>Total # of ha improve. Seeds</i>	14,272	15,700	13,251	4,672	5,235	0	23,157	147%	Baseline was low due to exclusion of first two quarters in FY2013 reporting at Mission's request. We did not allow for this fact in setting target.
<i>Male &amp; female new</i>	0		13,251	4,672	5,235	0	23,157		
<i>Male &amp; female Contin.</i>	14,272						-		
Male Total	10,182	11,201	9,879	3,448	4,641	0	17,968	160%	
New	0		9,879	3,448	4,641	0	17,968		
Continuing	10,182						-		

USAID AgriFUTURO Fourth Quarter and Annual Report Fiscal Year 2014

USAID-AgriFUTURO Performance Indicators									
FY 2014									
	Baseline	Target	Performance Indicator Results						
Female Total	4,090	4,499	3,372	1,224	594	0	5,189	115%	Results for first two quarters are probably under reported as project not active in field during this period.
New	0		3,372	1,224	594	0			
Continuing	4,090								
<b>Total # of ha mechanization</b>	<b>3,608</b>	<b>3,969</b>	<b>2,064</b>	<b>96</b>	<b>113</b>	<b>0</b>	<b>2,273</b>	<b>57%</b>	
Male and female new	0		2,064	96	113	0	2,273		
Male & female Contin.	3,608						-		
Male Total	3,364	3,701	1,652	78	102	0	1,832	49%	
New	0		1,652	78	102	0	1,832		
Continuing	3,364						-		
Female Total	244	268	413	18	11	0	442	164%	
New	0		413	18	11	0	442		
Continuing	244						-		
<b>Total # of ha using inoculants</b>	<b>1,410</b>	<b>1,551</b>	<b>595</b>	<b>0</b>	<b>102</b>	<b>0</b>	<b>697</b>	<b>45%</b>	Results for first two quarters are probably under reported as project not active in field during this period. These figures are inconsistent with those reported in the inoculant scaling up implementation plan and we are presently analyzing this discrepancy.
Male and female new	0		595	0	102	0	697		
Male & female Contin.	1,410						-		
Male Total	1,234	1,357	534	0	96	0	630	46%	
New	0		534	0	96	0	630		
Continuing	1,234						-		
Female Total	176	194	61	0	6	0	67	35%	
New	0		61	0	6	0	67		

USAID AgriFUTURO Fourth Quarter and Annual Report Fiscal Year 2014

USAID-AgriFUTURO Performance Indicators										
FY 2014										
	Baseline	Target	Performance Indicator Results							
Continuing	176							-		
<b>Total # of ha with one or more technology/mgmt practice</b>	<b>14,272</b>	<b>15,700</b>	<b>13,251</b>	<b>4,672</b>	<b>5,235</b>	<b>0</b>	<b>23,157</b>	<b>147%</b>		
<i>Male and female new</i>	0		13,251	4,672	5,235	0	23,157		See description above for total hectares with improved seeds, which is the technology reported here.	
<i>Male and female cont.</i>	14,272						-			
Male Total	10,182	11,201	9,879	3,448	4,641	0	17,968	160%		
New	0		9,879	3,448	4,641	0	17,968			
Continuing	10,182						-			
Female Total	4,090	4,499	3,372	1,224	594	0	5,189	115%		
New	0		3,372	1,224	594	0	5,189			
Continuing	4,090						-			
<b># of private enterprises and producers organizations that applied new technologies or management practices</b>										
<b>Total # organizations</b>	<b>469</b>	<b>675</b>	<b>1,114</b>	<b>969</b>	<b>1,410</b>	<b>901</b>	<b>1,410</b>	<b>209%</b>		More emerging farmers than anticipated as model was modified to include small producers that receive inputs and services on credit from ASCs, even though they do not provide support to neighboring out growers. Number of farmer organizations was greater than projected due to inclusion of MYAP organizations served by AKA and FEPROG, and because FOSCs in Angonia provided support to more producer
EF Total	94	94	207	207	232	232	232	247%		
New			207	207	232	232	232			
Continuing										
FA (FA w/i FOOSC) Total	351	547	888	743	1,158	658	1,158	212%		
New			888	743	1,158	658	1,158			
Continuing										
Processors Total	11	11	5	6	7	4	7	64%		
New			5	6	7	4	7			

USAID AgriFUTURO Fourth Quarter and Annual Report Fiscal Year 2014

USAID-AgriFUTURO Performance Indicators										
FY 2014										
	Baseline	Target	Performance Indicator Results							
Continuing										organizations than expected. # of processors lower than target due to withdrawal of groundnut shelling operations due to low prices, and project did not capture data on input suppliers during planting season.
Input suppliers Total	23	23	14	13	13	7	13	57%		
New			14	13	13	7	13			
Continuing										
<b># of farmers and others who have applied new technologies or management practices as a result of USG assistance</b>										
<b>Total applying tech.</b>	<b>25,252</b>	<b>26,180</b>	<b>25,644</b>	<b>28,551</b>	<b>29,162</b>	<b>35,414</b>	<b>35,414</b>	<b>135%</b>		Fourth quarter reporting of technology use higher than anticipated due to increased use of post-harvest technologies.
Male and female new	0	0	25,644	28,551	29,162	35,414	35,414			
Male and female cont.							-			
Male Total	19,429	18,585	18,256	20,505	18,522	22,584	22,584	122%		
New			18,256	20,505	18,522	22,584	22,584			
Continuing							-			
Female Total	7,317	7,595	7,388	8,046	10,640	12,829	12,829	169%		
New			7,388	8,046	10,640	12,829	12,829			
Continuing							-			
<b># of members of cooperatives and farmers associations</b>										
<b>Total Male &amp; Female</b>	<b>20,823</b>	<b>32,600</b>	<b>12,029</b>	<b>12,029</b>	<b>39,406</b>	<b>41,055</b>	<b>41,055</b>	<b>126%</b>		AgriFUTURO was able to expand its assistance to some formerly ADRA-assisted organizations through the new AKA FOSC, as well as the incorporation of FEPROG. Also, the number of producer groups in Angonia exceeded expectations
# Males	13,811	21,622	8,682	8,682	24,828	25,613	25,613	118%		
# Females	7,012	10,978	3,347	3,347	14,578	15,442	15,442	141%		

## ANNEX B: GRANTS

**TABLE 12. GRANTS PERFORMANCE TABLE, July-September, FY14**

GRANTEE	TYPE OF GRANT	ITEM	GRANT AMOUNT	STATUS	CORRIDOR
IKURU	Seed Capital	Office and warehouse construction	\$68,225 (remaining balance \$22,609)	Contract mod ready to be signed. Expect completion by end of November.	Nacala
DENGO	Seed Capital	Construction (roof and paint)	\$50,000 (remaining balance \$16,340)	Contractor with new constructor signed. Expect work completed by mid-November.	Beira

## ANNEX C: SUCCESS STORIES



**USAID | AGRIFUTURO**  
FROM THE AMERICAN PEOPLE | Agribusiness Competitiveness

### SUCCESS STORY Building strength beyond just numbers

**USAID assistance finds fertile ground in Agro-pecuaria Samora Machel association, which is investing in its own growth—and that of its smallholder members.**



Photo: Destino Chiar, ARI Associates

*At left, Lavumo Torres Notice, Samora Machel secretary, pays an association member who has just sold her soybeans. Thanks to the leadership of its President, Simão Januário, this association is able to clear profits even after paying back bank loans.*

***“USAID connects us with financial institutions, input suppliers and buyers, which forces us to improve the quality of the products we are producing and selling ... and we can see the results.”***

**António Raimundo,  
Vice President  
Samora Machel Association**

USAID AgriFUTURO Project

To grow agricultural marketing capacity, USAID's AgriFUTURO project is training farmers' groups to become fully fledged Farmer Owned Service Centers or FOSCs. These organizations do more for their members than just aggregate crops—they provide inputs, financial services, marketing and technical assistance. Through its work with 18 FOSCs in the Beira and Nacala market corridors, AgriFUTURO is helping 36,645 smallholders grow more and sell more.

The Agro-Pecuaria Samora Machel Association—which represents 1,505 members, including 292 women—is making the most of USAID AgriFUTURO's assistance in business plan design, bank and buyer introductions, and training in accounting and management.

In 2014, Samora Machel successfully applied for two loans from the Opportunity Bank of Mozambique (BOM): 303,000 Mts (\$10,000) for production activities and 400,000 Mts (\$13,333) for commercialization. It then sold more than 515 tons of soybeans grown by its smallholder members to buyer Abílio Antunes, clearing a profit of nearly \$30,000 after paying back the bank loan.

Samora Machel reinvested this money to buy other products like maize and pigeon peas, as the season for soybean was already closing. Today, the association pays salaries to 19 employees engaged in commercialization.

“Today our members see that the gains are sustainable, because year to year we are improving,” said association secretary Lavumo Torres. “We have developed a trust relationship with our partners to the extent that they give us money in advance to buy products.”

Increasingly however, Samora Machel does not have to rely on these advances. Instead, it uses its own funds to purchase from members and negotiates prices and premiums with buyers. In September 2014, for instance, Samora Machel sold pigeon peas to Export Trade Group, at a new, higher price that followed market trends—plus a premium for meeting buyer-required volumes and standards.

Samora Machel's members are using higher incomes to upgrade their homes, open new businesses, and go to school. A prime example is vice president António Raimundo, who is studying public administration at the Superior Institute of Njerenje, in hopes that he can one day lead the association.



**USAID | AGRIFUTURO**  
FROM THE AMERICAN PEOPLE | Agribusiness Competitiveness

## SUCCESS STORY

# Multiplying seed for Mozambican markets

**Dengo Comercial and its network of participating farmers give local agriculture a reliable source for certified seed.**



Photos: Octávio Machado, AHT Associates, Inc.

As an independent seed multiplier, Mauricio Dengo, above, has raised the fortunes of 144 seed farmers, such as Horácio Sixpence below, who now works with 23 farmers himself.



***“Thanks to Dengo today, we have a secure market for output. ... We also get technical assistance from production to harvest, and this makes us feel secure in what we do.”***

**Horácio Sixpence, seed multiplier**

USAID AgriFUTURO Project

Mauricio Dengo spent years working for Mozambique's former parastatal seed company, SEMOC, which provided so much seed for relief efforts in neighboring Congo and Angola that the local market was often underserved.

After SEMOC's business began to slide, Dengo took the opportunity to become an independent agent serving Mozambican farmers and farmer associations. He sold SEMOC seed as well as other brands such as Pannar, a South African franchise.

In 2004, Dengo began multiplying his own seeds of Matuba maize, an open pollinated variety, in partnership with 17 farmers. By 2006, he had doubled the surface planted and expanded to include beans, groundnuts and pigeon peas.

In 2013, USAID's AgriFUTURO project helped Dengo Comercial finance the necessary infrastructure to expand. A matching project grant help build an 800-ton warehouse, now under construction, to consolidate seeds from multiple partner farmers.

Today, Dengo Comercial works with 144 seed farmers growing certified seed for maize, beans, groundnuts and sesame. These producers receive basic seed from Dengo sourced from the Mozambique Institute for Agriculture Research (IIAM), International Maize and Wheat Improvement Center (CYMMIT), and the International Institute of Tropical Agriculture (IITA). Dengo also provides close supervision and technical support at every stage of production, from planting, weeding and harvesting to deshelling—and then sells the final seeds to local markets.

These seed multipliers have formed an association called ACAMUSA (*Associação de Camponeses Multiplicadores de Sementes*). One of them, Horácio Sixpence, currently farms 10 hectares and works with 23 producers in his own right. He has four oxen which he uses to till his land and for transporting produce to market. All of his eight children are currently in or have completed school.

Araujo Artur, another Dengo seed multiplier, works five hectares of land and has invested in home improvements.

“Today I have a house with zinc sheets on the roof. I bought a yoke of oxen, which I am using in my field and also rent out to neighboring farmers, and I am also assisting five more producers,” Artur said. “All this is possible thanks to Dengo, whose assistance is key to our success.”