



USAID
FROM THE AMERICAN PEOPLE

AGRIFUTURO
Agribusiness Competitiveness

USAID AgriFUTURO Project

Mozambique Agribusiness Competitiveness

First Annual Work Plan

May 1, 2009 through April 30, 2010



June 2009

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

USAID AGRIFUTURO PROJECT

MOZAMBIQUE AGRIBUSINESS COMPETITIVENESS

FIRST ANNUAL WORK PLAN

MAY 1, 2009 THROUGH APRIL 30, 2010

CONTRACT NO. EDH-I-00-05-00005-02

TASK ORDER NO. EDH-I-10-05-00005-00



DISCLAIMER

This report is made possible by the support of the American People through the United States Agency for International Development (USAID). The contents of this study are the sole responsibility of Abt Associates and do not necessarily reflect the views of USAID or the United States Government.

CONTENTS

Accronyms	ii
Introduction	1
I. Project Background	1
Project Objective and Statement of Work	1
Project Context	2
<i>Mozambique's Agricultural Sector</i>	2
<i>Target Value Chains</i>	3
<i>Coordinating with the USAID/Mozambique Program</i>	8
II. Description and Schedule of Project Activities by Component	9
Component 0: Project Start-up & Administration.....	9
Component 1: Improve the Enabling Environment for Agribusiness.....	11
<i>Activity 1.1: Developing a stakeholder base for change</i>	11
<i>Activity 1.2: Developing a national competitiveness strategy</i>	15
<i>Activity 1.3: Developing a national competitiveness reform agenda</i>	17
Component 2: Expand and Strengthen Agribusiness Development Services	21
<i>Activity 2.1: Developing value chain-focused, private sector-run agribusiness service clusters</i>	22
<i>Activity 2.2: Rolling out and expanding farmer-owned service centers</i>	22
<i>Activity 2.3: Building the capacity of service providers in the target value chains</i>	23
Component 3: Build Linkages to Financing Services for Agribusiness Development.....	31
<i>Activity 3.1: Helping agribusiness firms access financing</i>	31
<i>Activity 3.2: Developing institutional innovations</i>	32
<i>Activity 3.3: Promoting project linkages to new Agribusiness Investment Fund</i>	33
Component 4: Increase and Strengthen Public/Private Partnerships	38
<i>Activity 4.1: Developing and implementing Global Development Alliances and other partnerships</i>	38
<i>Activity 4.2: Supporting the formation of the USAID/GRM Agribusiness Investment Fund</i>	39
III. Cross-Cutting Themes.....	42
Environmental Impact management Plan	42
Gender	43
Grants.....	44
Annex 1: Description and Estimate of Short-Term Technical Expertise, Training and Other Support Resources	46
Annex 2: Estimated Funding Requirements per Month.....	48

Cover Photos: Banana plants starting to mature in a nursery in Nampula Province; an agribusiness support center in Nacololo, Northern

ACCRONYMS

ACIANA	Commercial, Industry and Agricultural Association of Nampula (Associação Comercial Industrial e Agrícola de Nampula)
ACIS	Commercial and Industrial Association of Sofala (Associação Comercial e Industrial de Sofala)
ASC	Agribusiness Service Cluster
ATC	Agribusiness Trade & Competitiveness
BDS	Business Development Services (Component) Director
COP	Chief of Party
COTR	Contracting Officer's Technical Representative
CTA	Confederation of Business Associations
DCA	Development Credit Authority
EED	Enabling Environment (Component) Director
FOSC	Farmer-Owned Service Center
FSD	Financial Services (Component) Director
GDP	Gross Domestic Product
GRM	Government of the Republic of Mozambique
HACCP	Hazard Analysis and Critical Control Points
IEE	Initial Environment Examination
IFC	International Finance Corporation
IKURU	A farmer-owned company in Nampula
IMF	International Monetary Fund
IPEX	Institute for Export Promotion (Instituto de Promoção de Exportação)
IQC	Indefinite Quantity Contract
MIC	Ministry of Industry and Commerce
MT	Metric Ton
MYAP	Multi-Year Assistance Program
PAC	Program Advisory Committee
PEDSA	Strategic Plan for Development of the Agricultural Sector (Plano Estratégico de Desenvolvimento do Sector Agrário)
PURSUAP	Pesticide Evaluation Report and Safe Use Action Plan
RAISE PLUS	Rural and Agricultural Incomes with a Sustainable Environment
SADC	Southern African Development Community
TIP	Trade and Investment (Project)
USAID	United States Agency for International Development
USDA	United States Department of Agriculture

INTRODUCTION

This Annual Work Plan is the first project document prepared by USAID AgriFUTURO to guide project activities over the initial twelve month period. The Work Plan should be viewed as a guide to help coordinate and integrate project activities across various components but not as an authoritative implementation manual. Implementation of the Work Plan should be flexible to allow shifts in emphasis and prioritization as opportunities arise and as challenges dissipate.

Project Contract Years begin on May 1 and end on April 30; however, USAID/Mozambique operates on U.S. government fiscal years. The project's monitoring and evaluation process is also designed to sync with USAID's fiscal year-based reporting requirements. In order to link reporting and work planning timeframes more closely, this Work Plan will be revised in late September/Early October to extend an additional five months and end on September 30, 2010 (end of FY10). The Second Annual Work Plan will begin on October 1, 2010 (FY11).

I. PROJECT BACKGROUND

On May 1, 2009, the United States Agency for International Development/Mission in Mozambique (USAID/Mozambique) awarded Abt Associates a Task Order to implement the Agribusiness Trade and Competitiveness (ATC) Program. The Task Order was procured under the Rural and Agricultural Incomes with a Sustainable Environment (RAISE) PLUS Indefinite Quantity Contract (IQC) and is a Cost-Plus-Fixed-Fee Completion Form contract. The Task Order is expected to terminate on February 27, 2013.

Shortly after project start-up, USAID and Abt Associates agreed to change the name of the project to "USAID AgriFUTURO Project" – while keeping the tagline "Agribusiness Competitiveness."

PROJECT OBJECTIVE AND STATEMENT OF WORK

The purpose of USAID AgriFUTURO is to increase Mozambique's private-sector competitiveness by strengthening targeted agricultural value chains. The project focuses on value chain development as a means of creating incentives to improve the enabling environment, expand and strengthen business development services, build linkages between agribusinesses and financial services providers, and increase and strengthen public/private partnerships. USAID AgriFUTURO will leverage innovations and improvements in specific value chains to improve the competitiveness of Mozambican agribusiness in general and to bring about change in the overall business environment.

USAID AgriFUTURO supports the Mission's five year (2004-2010) strategic objective of "Broad-based rapid economic growth sustained through expanded capacities and opportunities" and is part of the Mission's Rural Income Program.

Abt Associates focuses project assistance on a target group of high-potential agricultural value chains. The selected nine initial value chains are bananas, pineapples, mangos maize,

soybeans, sesame; groundnuts; cashews, and forestry. The project is comprised of four components:

1. Improve the Enabling Environment for Agribusinesses
2. Expand and Strengthen Agribusiness Development Services
3. Build Linkages to Financing Services for Agribusiness Development
4. Increase and Strengthen Public-Private Partnerships

Each component is comprised of activities, as described further in this work plan.

The geographic focus area for USAID AgriFUTURO is along the Beira and Nacala development corridors in central and northern Mozambique, a region that has favorable agricultural production potential, climate, proximity to ports and population density. The region has benefited from previous USAID investments and offers synergies with other Mission portfolio activities.

The project's headquarters offices are located in Maputo with a Northern Mozambique satellite offices located in Nampula and Chimoio.

PROJECT CONTEXT

Mozambique has the potential to produce a virtual supermarket of high-value and niche-market crops that are in high demand in the income-rich markets of Europe, the Middle East, Asia, and Southern Africa. Nonetheless, Mozambique remains one of the poorest countries in the world, with an average income *per capita* estimated at \$330 in 2007 and 54% of the population impoverished. Although poverty has decreased over the last decade, the IMF estimates that the decline has slowed and that inequality is increasing.

Mozambique has experienced some of the highest sustainable economic growth rates in sub-Saharan Africa. During the years 1992 to 2006, economic growth averaged close to 8% per year. Between 2007 and 2008, growth began to slow slightly, with GDP growth averaging 7%. The global economic crisis has begun to affect Mozambique's growth; the International Monetary Fund (IMF) estimates that growth could fall to 4.8% in 2009 but begin to recover in 2010.

Mozambique's Agricultural Sector

Agriculture contributed to 28% of GDP in 2007 and supports close to 80% of the country's population and over 90% of the rural population. Mozambique has tremendous potential to produce highly productive and globally competitive agricultural products, from both smallholder farms and large-scale commercial farms for food and cash crops, livestock, and forest products. Nearly every rural household relies on agriculture as the primary source of livelihood. Indeed, the 2004/05 Labor Force Survey found that agriculture accounts for 78.5 percent of total employment in Mozambique, and 87.3 percent of economically active women.

The sector, however, is comprised largely of subsistence farming characterized by low-yielding production techniques and limited use of modern technologies. It is estimated that 99.5% of agricultural enterprises are small family farms, producing traditional crops with traditional cultivation techniques (annual Agricultural Surveys). There are few modern production techniques and technologies developed and disseminated by the public and private sectors. Input markets are small and segmented; most smallholders have little or no access to a diversity of inputs. Very few use modern seeds, inorganic fertilizer, pesticides, herbicides, animal or mechanical traction, or irrigation. Rural populations are also highly dispersed, decreasing opportunities for collaboration and increasing the costs of market access.

In 2007, agriculture accounted for only 11% of total export earnings. The sector's contribution to the country's economy has declined over the past decade; this would indicate that the importance of the sector is decreasing. This is contradicted, however, by the fact that such a large proportion of the population relies on agriculture as its primary means of livelihood. The decrease in the relative share of agriculture is most likely explained by the dramatic increase in value of mega-projects, particularly in the extractive industries and growing diversification of the economy.

The sector should be a strong magnet for investment. Indeed, investors, domestic and international, have recognized the potential of the sector and have expressed interest in investing. However, the country has a weak record of attracting major investments in agriculture and agro-industry. Commercial farming has a limited role, especially relative to amount of smallholder production. Investment in has been limited due to the perceived high costs of doing business, lack of infrastructure (including access to water and power supplies, roads and transportation), complicated land use rights, low labor productivity and lack of available credit and financing.

The USAID AgriFUTURO project is designed to reduce these constraints to increased investments in the agricultural sector and increased productivity. The project seeks to improve the enabling environment and availability of credit and financing in order to facilitate investment flows. The project will also work to improve the availability of agribusiness development services, expand the use of modern production and processing technologies to improve production quantities and quality and improve market linkages.

Target Value Chains

Prior to project start-up, Abt Associates conducted an analysis of seventeen value chains. Based on this analysis, nine value chains were selected for support: bananas, pineapples, mangos, maize, soybeans, sesame, groundnuts, cashews, and forestry. The table below briefly describes these value chains:

Table 1.1: USAID AgriFUTURO Target Value Chain Characteristics

Value Chain	Competitiveness and Markets	Challenges
<p>Bananas</p> <p><i>New Market Potential:</i></p> <p>Exports - \$105-130m (annual)</p> <p><i>Job Creation Potential:</i></p> <p>36,000</p> <p><i>Potential Investors/ Partners:</i></p> <p>Chiquita, Dole</p>	<ul style="list-style-type: none"> • Global market prices/demand increasing • Competitive in EU markets (import 8m tons/yr) and Middle Eastern markets (import 1m tons/yr); Middle East markets increasing (Iran, Turkey, Iraq) • Production in Latin America waning • Increasing demand in Japan and China • Chiquita established in Mozambique (contracts signed) and looking to increase exports • Dole is actively interested in producing and exporting Mozambique bananas 	<ul style="list-style-type: none"> • No tradition of large-scale modern plantation production for bananas. • To meet demand, will need to rapidly build human resource base – management and staff. • Site identification and acquisition for large-scale plantations with good water, soils, etc. • Access to capital for new investors • Availability of quality business service delivery providers at reasonable cost.
<p>Pineapples</p> <p><i>New Market Potential:</i></p> <p>Exports - \$100m (annual)</p> <p><i>Job Creation Potential:</i></p> <p>8,000</p> <p><i>Potential Investors/ Partners:</i></p> <p>Chiquita, Dole</p>	<ul style="list-style-type: none"> • Immediate export opportunity in RSA - demand growing at 9% per year – RSA cannot meet demand • Mozambique has a distance advantage to growing markets in the Middle East • EU demand for value-added fruit products growing • Mozambique’s climatic/land/soil conditions are well suited to universally popular MD2 variety • Initial trials of MD2 demonstrate local production capacity; additional trials underway • Chiquita and Dole are exploring local production to supply Mid-East and former Soviet Union states 	<ul style="list-style-type: none"> • Available, critical mass of export-quality production to drive export trade to international markets, and the regional RSA market • Availability of large volumes of appropriate planting material • Current industry technologies used for pineapple production in Mozambique require upgrading • Financing – investment capital • Improved human resource base for industry

Value Chain	Competitiveness and Markets	Challenges
<p>Mangoes</p> <p><i>New Market Potential:</i></p> <p>Exports - \$200m+ (annual)</p> <p><i>Job Creation Potential:</i></p> <p>80,000</p> <p><i>Potential Investors/Partners:</i></p> <p>Chiquita, Dole</p>	<ul style="list-style-type: none"> • Currently producing for active and growing regional market • Proximity to growing Asian and Middle Eastern markets with world's largest number of fresh mango consumers • Very large counter-seasonal supply opportunities in Indian and Middle East markets with superior comparative advantages over other possible regional competitors. 	<ul style="list-style-type: none"> • Available, critical mass of export-quality production to drive export trade to international markets • Availability of large volumes of appropriate planting material • Current industry technologies require upgrading • Financing – investment capital • Improved human resource base for industry
<p>Sesame</p> <p><i>New Market Potential:</i></p> <p>Exports - \$85m (annual)</p> <p><i>Potential # of families with income increases:</i></p> <p>20,000</p> <p><i>Potential Investors/Partners:</i></p> <p>IKURU, OLAM</p>	<ul style="list-style-type: none"> • Export opportunities for confectionary, organic, and hulled seeds • World consumption growing at 6% annually • Largest consumers: China and India; large recent increases • EU imports of sesame oil doubled between 2002-2005 • Projected shortfall in supply over the medium term, • Current local production (25,000 MT) could quadruple given market demand 	<ul style="list-style-type: none"> • Availability of cleaning facilities • Low yields • Availability of improved seed for confectionary use • Sesame flea beetle endemic to Mozambique • Insufficient processing facilities (dehulling, cleaning) • Financing – investment and working capital

Value Chain	Competitiveness and Markets	Challenges
<p>Cashews</p> <p><i>New Market Potential:</i></p> <p>Domestic/Exports - \$40m+ (annual)</p> <p><i>Job Creation Potential:</i> 10,000</p> <p><i>Potential # of families with income increases:</i> 940,000</p> <p><i>Potential Investors/Partners:</i> Costco, Planters, AICAJU, Chissano Foundation</p>	<ul style="list-style-type: none"> World market growth of 8% per year for next ten years is projected Most market growth potential is in Europe, Mozambique's largest and most "natural" market The rebound of the cashew industry after the devastation of the 1980s-1990s gives hope that country can recoup previous production levels of 240,000 MT per year. Current production is 70,000 MT per year, of which about 30,000 MT are processed domestically 	<ul style="list-style-type: none"> Low quality of raw nuts reduces productivity and profitability Export tax on raw nuts reduces processing incentives and reduces income to small producers Nation's trees are old, of poor quality, and reduce quality and profitability of product Financing for replanting not identified
<p>Maize</p> <p><i>New Market Potential:</i></p> <p>Domestic - \$10m+ (annual)</p> <p><i>Potential # of families with income increases:</i> 200,000</p> <p><i>Potential Investors/Partners:</i> Cargill, IAAM, Novos Horizontes</p>	<ul style="list-style-type: none"> Regional market for maize from northern Mozambique , esp. in Malawi and Zambia where demand is high and production varies Increased local demand for high protein maize for feed industry – substitutes for imports and can be exported when surplus is reached International demand for white maize will continue to increase, especially in areas where Mozambique's surplus can compete 	<ul style="list-style-type: none"> Insufficient cleaning and processing capability Low yields and poor quality of existing varieties High post harvest losses due to storage and handling practices High transportation costs Financing – investment and working capital
<p>Ground Nuts</p> <p><i>New Market Potential:</i></p> <p>Domestic- \$78m/Exports - \$40m+ (annual)</p> <p><i>Potential # of families with income increases:</i> 45,000 (Nampula, only)</p> <p><i>Potential Investors/ Partners:</i> IKURU, BLANCOM</p>	<ul style="list-style-type: none"> Local and regional markets for consumption; international export markets for premium quality Export potential totaling 10,000 MT in 5 years Production potential for regional and local markets totaling 100,000 MT in 5 years Blancom, a South African company, is now constructing a processing plant in Nacala capable of exporting 5,000 MT per year by 2009 	<ul style="list-style-type: none"> Availability of cleaning facilities High aflatoxin levels in nuts limits exports Low yields and poor quality of seed varieties High transportation costs Insufficient processing facilities Financing – investment and working capital

Value Chain	Competitiveness and Markets	Challenges
<p>Soy Beans</p> <p><i>New Market Potential:</i></p> <p>Domestic (Import Substitution) - \$15m (annual)</p> <p><i>Potential # of families with income increases:</i></p> <p>50,000</p> <p><i>Potential Investors/Partners:</i></p> <p>Cargill, IAAM, Novos Horizontes</p>	<ul style="list-style-type: none"> • Growing local demand for animal feed • Local demand for soybean food products is growing • Growing international demand for soybeans in the international organic market 	<ul style="list-style-type: none"> • Availability of extruder facilities • Low yields, poor quality of seed varieties • Insufficient storage and treatment -> post harvest loses • High transportation costs • Few processing facilities, including for animal feed • Financing
<p>Forestry</p> <p><i>New Market Potential:</i></p> <p>Exports - \$10,000m+ (annual)</p> <p><i>Job Creation Potential:</i></p> <p>300,000</p> <p><i>Potential Investors/Partners:</i></p> <p>Floresta de Niassa, Chikweti, Portucel</p>	<ul style="list-style-type: none"> • North-Central regions have 7 million hectares of land suitable to plantation forestry • World demand for wood products is increasing rapidly, by 10% over a 5 year period for, wood products, and 12%, for paper and pulp products. • World demand increases in Asia and Middle East countries favor Mozambican exports 	<ul style="list-style-type: none"> • Access to concession land for plantation forestry is hindered by cumbersome, over-centralized and non-transparent allocation/application systems • Generating sufficient quality product to attract industry services

All nine commodities face growing demand in markets that are accessible to Mozambican producers. For most of the selected value chains, the growing economies of the Middle East and Asia present lucrative markets with rapidly growing demand that could be satisfied by Mozambican products. These conditions offer new opportunities for Mozambique to expand its production and export of these products. In Mozambique's domestic market, there are increasing opportunities for soybeans and maize to be marketed and sold as substitutes for imported products (especially feed grains).

There are a number of consistent weaknesses across value chains. For example, access to finance is uniformly lacking across the selected value chains, along with a dearth of appropriate financing instruments. Other challenges include: a need for improved seed and varieties; human resources capacity; advanced age of trees/plants; lack of appropriate disease control; packaging; and the lack of processing services. Some demonstrate transaction-based vertical

linkages such as contract farming, but most experience few systematic, well-developed linkages between input sellers, traders, processors, or retailers.

Coordinating with the USAID/Mozambique Program

USAID/Mozambique's current programs build on a legacy of investments dating back to the 1980s when relief and development efforts helped maintain a minimum quality of life for thousands of displaced persons who fled the country's war-ravaged countryside to live outside major cities. The current portfolio of Mission activities compliment USAID AgriFUTURO well and the project will leverage past and current USAID investments in the sector, such as:

Food for Peace Title II Multi-Year Assistance Programs (MYAPs). These projects will focus on food security, crop production (particularly staples, including grains), and market linkages. USAID AgriFUTURO coordination and integration with the MYAPs will focus on integrating MYAP-assisted farmers and enterprises into the project's target value chains, by facilitating linkages between MYAP-assisted clients and USAID AgriFUTURO-assisted clients. This includes building linkages between MYAP counterparts and USAID AgriFUTURO-assisted BDS providers (especially input suppliers), FOSCs, and Agribusiness Service Clusters (ASCs).

Trade and Investment Project (TIP). The objective of TIP is to support the creation of supportive enabling environment for private sector and trade development. USAID AgriFUTURO will leverage TIP's existing relationships to quickly engage stakeholders, particularly in the area of enabling environment reform. The Trade and Investment Project also supports the Ministry of Industry and Commerce (MIC) and the Institute for Export Promotion (IPEX) in areas that potentially overlap with USAID AGRIFUTURO. For example, TIP is currently supporting IPEX's capacity to promote exports, many of which are agribusiness products. The USAID AgriFUTURO project will serve as a link between national-level competitiveness reforms supported by USAID/TIP and USAID AgriFUTURO-supported agribusinesses and local economies in Northern Mozambique.

Strengthening Communities through Integrated Programming (SCIP). The objective of this cooperative agreement is to strengthen rural communities in Nampula and Zambézia provinces. The SCIP program focuses on improved health services, practices, and structures but also on food security, improved agricultural production technologies, and market linkages. As with the MYAP program, the USAID AgriFUTURO will work with SCIP implementers to integrate the program's counterparts and clients into USAID AgriFUTURO-assisted value chains, share information on market opportunities, facilitate technology transfer, and build linkages with agribusiness development services providers.

II. DESCRIPTION AND SCHEDULE OF PROJECT ACTIVITIES BY COMPONENT

This section describes the activities that will be implemented by USAID AgriFUTURO in the first twelve months of the project (Project Year 1) by project component, as identified in the Task Order. Since this is the first annual work plan, an additional component related to project start-up activities (Component 0: Project Start-Up & Administration) is included only for this year's work plan. A detailed calendar of activities, also organized by component, is included.

COMPONENT 0: PROJECT START-UP & ADMINISTRATION

A team of Abt Associates project management specialists arrived in Mozambique shortly after contract award to initiate operations. Project start-up activities will continue through the first three-months of the project's first year but will not inhibit technical and programmatic programming and implementation. The start-up activities to be undertaken include:

- Project and company registration/accreditation with relevant ministries and government agencies
- Hiring of non-key technical and administrative staff
- Identifying and procuring office space, equipment and automobiles in Maputo and Nampula
- Establishing financial and banking operations
- Developing the First Year Work Plan
- Developing a Project Branding Plan
- Preparing the Project Monitoring and Evaluation Plan
- Preparing the project's Environment Impact Management Plan

Additionally, the project's reporting requirements will be tracked against this component:

- Monthly Reports
- Quarterly Reports
- Quarterly Financial Reports
- Biannual Indicator Reports

Table 2.0.1: Component 0 Schedule

Activities & Tasks	May-09	Jun-09	Jul-09	Aug-09	Sep-09	Oct-09	Nov-09	Dec-09	Jan-10	Feb-10	Mar-10	Apr-10	Activity/Task Lead
Activity 0.1: Project Start-Up Administration													
Field Project Start-Up Team													Home Office Project Director (with Chief of Party and Contract Administrator)
Identify office space													
Maputo													
Nampula													
Sign office lease													
Maputo													
Nampula													
Offices open													
Maputo													
Nampula													
Finalize contracts/employment agreements with key staff													
COP start date													
Hire administrative staff													
Procure vehicles													
Procure non-expendables and expendables													
Open bank accounts and initiate financial operations													
Secure registration/accreditation													
Develop office procedures manual													
Develop security plan													
Activity 0.2: Work Plan Development													
Prepare final Year 1 Work Plan													Chief of Party (with Home Office Support)
Prepare final Monitoring & Evaluation Plan													
Prepare Schedule of Planned Events													
Prepare Dissemination Strategy													
Quality Assurance review of Draft Year 1 Work Plan													
Finalize and submit Draft Year 1 Work Plan													
Prepare Environmental Impact Management Plan													
Submit Branding Plan													

COMPONENT 1: IMPROVE THE ENABLING ENVIRONMENT FOR AGRIBUSINESS

Mozambique's private sector enabling environment has been undergoing reform for many years, with support from other USAID-funded activities such as the Trade and Investment Promotion Project. While much has been achieved, the enabling environment for the agribusiness sector remains restrictive and has inhibited private investment flows. The GRM has recognized the need to speed up enabling environment reforms at all levels. Donor-funded assistance and indices, such as the World Bank's "Doing Business" survey, has raised awareness and built momentum for reform. However, the GRM and agribusiness sector lack a broad, long-term vision for competitiveness and an agenda to guide enabling environment reforms. Private sector capacity to articulate and advocate for enabling environment reforms is increasing but is limited in the rural sectors. The agribusiness sector will benefit greatly from an increased and improved stakeholder base to articulate and lead the agribusiness enabling environment reform agenda.

Presidential and parliamentary elections will be held in Mozambique on October 28, 2009. During general election years, enabling environment reforms can be difficult to obtain until lawmakers are less distracted from campaigning and positioning for re-election. The project will use the period between May and October wisely to focus on developing stakeholder advocacy capacity, completing policy analytical work and facilitating reform agendas among the project's target value chains.

Component 1 is comprised of three core activities:

- Activity 1.1: Developing a stakeholder base for change
- Activity 1.2: Developing a national competitiveness strategy
- Activity 1.3: Developing a national competitiveness reform agenda

Activity 1.1: Developing a stakeholder base for change

International best practices show that the enabling environment reform process is most successful when it is based on open and flexible dialogue between the public and private sectors. A long-term goal of USAID AgriFUTURO is to broaden the base of stakeholders that can successfully represent the broad interests of the agribusiness sector and promote and advocate for enabling environment reforms. The project will work to strengthen the capacity of existing private sector organizations and associations to represent the agribusiness sector and will facilitate the development of new, integrated value chain associations to enable a value chain-led enabling environment reform process. Value chain-led reform agendas will be developed and implemented with project support.

Developing integrated value chain associations. During the first six months of the project, Abt Associates will focus on developing integrated value chain associations that include stakeholders from all value chains levels (e.g. production, processing, inputs and marketing) in cases where no such association exists. This approach will help agribusinesses along the

entire value chain understand both the challenges faced by the industry as a whole and the specific challenges faced by different groups (e.g., producers, transporters, packagers, financial service providers, wholesalers, processors, exporters). By interacting and analyzing issues related to the competitiveness of the overall value chain, association members will exchange important information at many levels, including information about policy and regulatory constraints impeding value chain growth. The value chain associations will form a natural coalition to represent not just one set of interests, but many. The associations will establish industry-wide incentives to push for changes that will promote value chain growth.

Value chain associations will serve important functions beyond advocating for enabling environment reforms. For example, they can be important catalysts for increasing trust along the value chain, improve cooperation among value chain actors and ultimately increase value chain competitiveness.

Developing Value Chain Competitiveness Strategies and Action Plans. As part of the project's work in Year 1, USAID AgriFUTURO will develop Value Chain Competitiveness Strategies and Action Plans that will be implemented in coordination with Value Chain Associations. Value Chain Competitiveness Strategies and Action Plans will provide a roadmap for moving the target value chains toward higher and sustained rates of growth and will not be only for helping individual firms become more profitable. Nor will the Strategies restrict the project from working with individual enterprises, however. In order to create a demonstration effect, USAID AgriFUTURO may work with a limited number of firms that are willing to invest in the value chains.

These Strategies and Action Plans will be working documents that include:

- A competitiveness assessment of the value chain, including identification of end-markets and value chain stakeholders, input suppliers and investors
- A long-term competitiveness vision for the value chain
- A prioritization of constraints to taking advantage of identified market opportunities, including needed enabling environment reforms, production and processing technologies, marketing services, financing and credit and others
- Principal activities and steps for upgrading the value chains, including required enabling environment reforms and stakeholder outreach
- Primary USAID AgriFUTURO technical assistance activities
- A National Dissemination Workshop to guarantee ownership of the Value Chain Strategies and Action Plans

The project's Value Chain Leaders will develop the Action Plans with oversight from the Chief of Party and Enabling Environment and Agribusiness Development Services Team Directors. The Action Plans will serve as the project's road maps for technical assistance to each value chain and will include activities from each of the project's four components.

Strengthening and expanding existing organizations. In addition to developing new integrated value chain associations, the project will strengthen existing local organizations that represent stakeholders in the target value chains and geographic areas. Examples of these organizations include:

- well-established sector-specific associations, such as AICAJU in the cashew sector
- geographically focused organizations in the Beira corridor, such as the Commercial and Industrial Association of Sofala (ACIS)
- producer organizations and associations of smaller entrepreneurs in the Nacala corridor, including member-owned companies such as IKURU.

In Year 1, the project team will identify existing organizations to identify additional enabling environment constraints, develop practical solutions, test the solutions, and promote the solutions that work. USAID AgriFUTURO will help to build the capacity of these organizations to better represent their current constituents and, in some cases, to broaden their membership base. The project will particularly focus on the geographically-focused associations ACIS (Associação Comercial e Industrial de Sofala) in the Beira corridor and ACIANA (Associação Comercial Industrial e Agrícola de Nampula) in the Nampula corridor. The objective of the project's work with these organizations will be to enhance their capacity to advocate for enabling environment reforms at the provincial and local levels. When appropriate, the project will facilitate the integration of value chain associations into the associations' constituent bases.

Building the capacity of the Confederation of Business Associations. As mentioned earlier, CTA has benefited from long-term and on-going USAID assistance and capacity building. The USAID AgriFUTURO project views CTA as an important ally for enabling environment reform of the agribusiness sector. The objective of USAID AgriFUTURO's assistance in this area is broaden CTA to better represent segments of Mozambique's rural economy and agribusiness sector, so that urban-based, large commercial interests do not dominate and distract the reform agenda and dialogue. In Year 1 of the project, USAID AgriFUTURO will support the development and professionalization of the CTA working group on agriculture and sub-national committees focused on Northern Mozambique. Project activities to benchmark Mozambique's agribusiness enabling environment will be closely coordinated with CTA and will leverage CTA's existing resources, such as the agricultural working group (described further in Activity 1.2).

Establishing a Program Advisory Committee. Senior project staff will work with the USAID/Mozambique team to form an advisory committee to guide USAID AgriFUTURO on project direction and work planning. Another important objective of the Program Advisory Committee (PAC) is to provide a forum in which to engage the GRM on enabling environment reform initiatives. USAID AgriFUTURO will use the PAC as one mechanism to involve government in the policy dialogue process. The PAC will serve as a mechanism for channeling reform agenda proposals to various stakeholders within the GRM, the private sector, and the donor community. In order to keep the PAC agile and productive, membership will be restricted but will be backed by geographical forums; one in the Nacala Corridor in the Northern

Mozambique and another in Beira Corridor in Central Mozambique. These will be open and participatory forums composed of value chain stakeholders, government entities, business associations, development agencies, financial institutions and other interested parties. Quarterly or semi-annual reporting information will be shared with both the PAC and regional forums.

Within the first two months of project start-up, USAID AgriFUTURO will develop a scope of work for the PAC and suggestions for the exact makeup of the PAC membership.

Facilitating an agenda for value-chain-led reforms. Using Value Chain Competitiveness Strategies and Action Plans USAID AgriFUTURO will facilitate the development of enabling environment reform agendas for each of the target value chains. These agendas will be fully owned and managed by the Value Chain Associations with support from other organizations, such as CTA. The reform agendas will be included in the Value Chain Action Plans and updated annually. The project will provide support for the development of the agendas that may include:

- Facilitating intra-stakeholder dialogue
- Identifying policy and regulatory constraints through stakeholder workshops, drawing on analysis already conducted
- Providing policy research once a policy change idea is identified. The project team will help organize research to provide evidence-based information, both pro and con.

Support for advancing select policy issues. The project will support the advancement of select policy issues identified by the Value Chain Associations and Action Plans by:

- Working with private agribusinesses, entrepreneurs, private sector associations and organizations in USAID AGRIFUTURO targeted geographic provinces and districts to identify policy reform needs
- Building the capacity of the private sector to articulate policy reform priorities and advocate for reform support from local government leaders
- Facilitating the development of a national competitiveness reform agenda
- Providing technical assistance for policy reform, such as by preparing information policy reform proposals, developing skills in such areas as stakeholder analysis, group facilitation and public private dialogue and identifying international best practices and models.

Our overall approach to promoting reform will be to build the skills at the grassroots for more bottom-up public-private dialogue. The project will work with private sector representatives and local governments in the Beira and Nampula corridors to identify the policy barriers that most constrain local agribusinesses and private enterprises and build the capacity of local representatives to promote reform, either through national level advocacy organizations such as CTA, ASCs and FOSCs and other similar organizational structures, regional associations such as ACIS, and through local and provincial government leaders. As needed, we will provide technical assistance to private sector advocacy groups to develop policy reform proposals and identify best practices.

Activities include organizing seminars, in partnership with local business associations, in selected districts in Northern Mozambique to discuss local level policy measures to promote investment and trade. These proposals would target district administrators and local leaders. These seminars may also be organized based on an evaluation of a specific district's business environment and the seminar would present findings and discussions to local government leaders and the private sector. Topics discussed at the seminars would include policy barriers at both the local and national level. These discussions would inform local government leaders who could then articulate a similar message for reform at the national level.

To further support selected policy initiatives, the project will utilize budget resources for purchased services, or short-term specialized contracts with local legal and regulatory experts. Under purchased services funding, the project will procure specialized expertise to undertake analysis of a policy or policies identified by the project, the drafting of certain proposed regulations or policy justifications, identification of international regulatory best practices or policy models, and development of policy proposals that comply with Mozambican legal standards.

Examples of other project activities include:

- Facilitating specific dialogue-oriented meetings by (a) helping set goals; (b) developing participant lists; (c) drawing out participation; and (d) keeping on track to goal.
- Arranging technical training when needed (e.g., to support development of technical regulations).
- Helping advocacy groups, such as Value Chain Associations and regional associations, develop strategies for lobbying policymakers for reform.

Activity 1.2: Developing a national competitiveness strategy

Under this activity, USAID AgriFUTURO will seek to facilitate the GRM's development of an integrated strategic vision for reforming Mozambique's business enabling environment to improve competitiveness. This will be a long-term, carefully planned activity designed to build consensus and secure buy-in from various governmental institutions and various levels of government. In Year 1, the project will aim to:

- review current sectoral strategies to identify synergies and conflicts
- prepare a draft concept paper on a national competitiveness strategy to spur discussion among GRM stakeholders
- independently assess the broader policy environment for private sector competitiveness, to identify specific reform items and institutional constraints to implementing reforms
- discuss assessment findings with private-sector stakeholders
- prepare a final concept paper on "A National Competitiveness Strategy," based on the assessment findings and the results of discussions with private- and public-sector stakeholders.

The tasks to achieving this activity are described below.

Reviewing existing sector and other GRM strategies. Over the past year, the Mozambican government prepared various sectoral strategies such as a “Strategy for the Business Enabling Environment in Mozambique”, *Estratégia da Revolução Verde* (Green Revolution); *Política e Estratégia Industrial* (Industrial Policy and Reform) for the industrial sector, including agro-industry, that was issued by the Ministry of Industry and Commerce; and a strategy for Southern African Development Community (SADC) regional integration. In addition, the Ministry of Agriculture recently finalized a Strategic Plan for Development of the Agricultural Sector (known by its Portuguese acronym, PEDSA). The project team will review these plans, identifying synergies, potential conflicts and gaps.

Develop draft concept paper for USAID “Thoughts on a National Competitiveness Strategy”. The project team, lead by the Chief of Party, will develop a draft paper outlining the project’s recommendations and suggestions for a National Competitiveness Strategy focusing on the agricultural sector. These recommendations will be based on findings from the review of existing strategies, the Value Chain Competitiveness Strategies (and particularly the competitiveness assessments of the value chains), and feed back from local stakeholders such as those identified in Activity 1.1, including the PAC. The concept paper will be shared with the PAC, GRM counterparts and the international donor community, as directed by USAID. The purpose will be to spur discussion among the various stakeholders and begin to develop consensus.

Preparing an agribusiness enabling environment benchmarking assessment based on USAID’s “Doing Agribusiness” model. USAID AgriFUTURO will collaborate with government policy and technical experts to conduct an agribusiness competitiveness assessment. The assessment, which will be based on USAID/EGAT’s “Doing Agribusiness” methodology, will benchmark Mozambique’s enabling environment. It will also serve as a diagnostic tool to identify competitiveness constraints. Project experts will compare survey results for specific indicators in Mozambique with those in selected SADC countries. This comparison will provide further information about Mozambique’s regional competitiveness and help identify areas where improvements could have the greatest impact on Mozambique’s competitiveness. The results will serve as a tool for promoting dialogue and constituency-building and for developing a national competitiveness strategy. The results will also be used to validate suggestions and recommendations made in the draft concept paper mentioned above.

Building momentum for a National Competitiveness Strategy. Using the assessment as a base, the project will consult—through the PAC and individually—with government counterpart officials to build momentum for the development of a national strategy, to set up a working committee, and to facilitate the process. Our final recommendations will be submitted to the PAC and the GRM in the form of a concept paper, which can serve as a basis for the government’s final strategy.

An additional task, which may be initiated at the end of Year 1, will be to **Develop a public-sector capacity-building program to strengthen analytical, policy design and program management capacity within the Ministry of Agriculture.** The implementation of this task will

depend on the availability project resources and the interest and commitment expressed by the Ministry of Agriculture. If this task is initiated, the project, will develop a technical assistance and training program to increase the Ministry’s capacity to develop agricultural sector policy based on international best practices. This will also include capacity building to increase the Ministry’s capacity to coordinate with other GRM institutions, such as MIC, and embrace a larger policy agenda supported by a long-term vision.

Activity 1.3: Developing a national competitiveness reform agenda

Working with the CTA and PAC, project staff will develop a national competitiveness reform agenda and action plan to address the constraints identified in the “Doing Agribusiness” assessment. Under Activity 1, USAID AgriFUTURO will focus on value-chain-led enabling environment reforms. However, there are numerous reforms needed that are not specific to any one value chain. The competitiveness strategy formulation process, and particularly the “Doing Agribusiness” assessment discussed in Activity 2, will generate an agenda of broad reform items, such as land access policy and procedures, modernization of the export taxes, labor policies and VAT reimbursement procedures. This activity will be closely coordinated with other USAID programs, such as TIP, to leverage resources and avoid duplication.

The focus of this activity in Year 1 will be to develop an initial, working agenda and build consensus, particularly through the PAC and CTA’s Agriculture Working Group and Northern Mozambique branches.

Table 2.1.1: Component 1 Outputs and Counterparts, Year 1

Outputs	Counterparts
Activity 1.1: Developing a stakeholder base for change	
At least 4 Value Chain Associations within horticulture, cashew, feed grains, oil seeds sectors and/or forestry	Value Chain Associations, ACIS, ACIANA, Program Advisory Committee
Value Chain Competitiveness Strategies and Action Plans for nine value chains	
Assessment of ACIS and ACIANA capacity building needs	
At least two policy reform analysis reports	
Initial Agenda of Value Chain Enabling Environment Reforms	
Project Advisory Committee (PAC) quarterly meetings	
CTA Agriculture Working Group work plan	
Activity 1.2: Developing a national competitiveness strategy	
Agribusiness enabling environment benchmarking assessment	Ministry of Agriculture, Ministry of Industry and Commerce, Ministry of Planning and Development, Confederation of Business Associations, and others as determined
Draft concept paper "Thoughts on a National Competitiveness Strategy"	
Activity 1.3: Developing a national competitiveness reform agenda	

Outputs	Counterparts
Summary report of stakeholder recommendations for enabling environment reforms based on benchmarking assessment	Ministry of Agriculture, Ministry of Industry and Commerce, Ministry of Planning and Development, Confederation of Business Associations, and others as determined
First draft of agribusiness enabling environment reform agenda	

Table 2.1.2: Component 1 Schedule

Activities & Tasks	May-09	Jun-09	Jul-09	Aug-09	Sep-09	Oct-09	Nov-09	Dec-09	Jan-10	Feb-10	Mar-10	Apr-10	Activity/Task Lead
Activity 1.1: Develop a Stakeholder Base for Change													
Identify opportunities to facilitate formation of new value chain associations/networks												C	Value Chain Leaders
Prepare Value Chain Competitiveness Strategies and Action Plans													Value Chain Leaders
National Dissemination Workshop to guarantee ownership of the Value Chain Strategies and Action Plans													EE Director
Discuss institution of AgriFUTURO PAC with GRM. Members include government officials and reps of stakeholder groups													Chief of Party
Establish program advisory committee (PAC) and meet quarterly												C	Chief of Party
Engage existing local organizations such as ACIS in Sofala, ACIANA in Nampula that represent actors in targeted value chains and targeted geographic areas													EE Director
Implement capacity building plans of the local organizations												C	EE Director
Work with organizations to identify additional enabling environment concerns and implement practical solutions.												C	EE Director
Build the capacity of CTA to better represent broader segments of Mozambique's rural economy												C	COP with EE Director
Provide technical assistance to CTA agribusiness working groups on policy advocacy												C	COP with EE Director
Provide technical assistance to CTA to strengthen regional representation and membership												C	COP with EE Director
Work with financial institution partners to develop policy advocacy skills												C	COP with EE Director
Expand Existing Consultative Groups and Mechanisms												C	EE Director

Tasks	May-09	Jun-09	Jul-09	Aug-09	Sep-09	Oct-09	Nov-09	Dec-09	Jan-10	Feb-10	Mar-10	Apr-10	Activity/Task Lead
Activity 1.2: Develop a National Competitiveness Strategy													
Review existing sectoral, and other GRM strategies													EE Director
Develop draft concept paper for USAID "Thoughts on a National Competitiveness Strategy"													COP with EE Director
Develop Scope of Work for Regional Competitiveness Assessment													EE Director
Secure Approvals of the Scope of Work													Chief of Party
Contract for conducting the Assessment													EE Director with HO support
Conduct Assessment and Receive Reports													EE Director
Review Reports with GRM and Private Sector, collect vision statements and strategy concepts													COP with EE Director
Prepare final concept paper for USAID and GRM on "A National Competitiveness Strategy"													COP
Activity 1.3: Identify and Implement a National Competitiveness Enabling Environment Reform Agenda													
Recommend an agenda of key enabling environment reforms based on value chain work plans and strategies													COP with EE Director
Work with CTA Regional Branches and sector representatives to promote national reform agenda													C COP with EE Director
Working with consultative groups, identify specific studies and issues with respect to labor and land issues and other high level reforms													EE Director
Implement studies and develop action plans based on the findings													EE Director
Implement action plans related to labor and land issues													C EE Director
Implement Value Chain Enabling Environment Reform Work Plans, including tasks such as:													C EE Director with Value Chain Leaders
Educate GRM officials on exportation requirements for organic produce													C EE Director with Value Chain Leaders
Work with GRM to enable policy reform management through the PAC													EE Director
Propose plan for increased investment in railroad efficiency													C EE Director

COMPONENT 2: EXPAND AND STRENGTHEN AGRIBUSINESS DEVELOPMENT SERVICES

Most business development services (BDS) currently available to Mozambique's private sector are provided by public-sector institutions or donor-funded programs. Private provision of BDS, particularly for agribusiness and especially in the target corridors, is relatively limited. Under Component II, USAID AgriFUTURO, in Year 1, will seek to improve the quantity, quality and appropriateness of business development services available to the target value chains and the agribusiness sector in Northern Mozambique. This component is comprised of three activities:

- Activity 2.1: Developing value-chain- focused, private sector-run agribusiness service clusters
- Activity 2.2: Rolling out and expanding farmer-owned service centers
- Activity 2.3: Building the capacity of service providers in the target value chains

Defining Business Development Services (BDS)

Business Development Services, according to the Small Enterprise Education and Promotion (SEEP) Network, consist of the following enterprise-focused services:

Market Access: These services establish new markets for small enterprise (SE) products.

Input supply: These services help SEs improve access to raw materials and inputs.

Technology and Product Development: These services research and identify new technologies for SEs and look at the capacity of local resource people to produce, market, and service those technologies on a sustainable basis.

Training and Technical Assistance: These services develop the capacity of enterprises to better plan and manage their operations and improve their technical expertise.

Finance: These services help SEs identify and access funds through formal and alternative channels that include supplier or buyer credits, factoring companies, equity financing, venture capital, credit unions, banks, and the like (see Component 3).

Infrastructure: These services establish sustainable infrastructure that enables SEs to increase sales and income, such as refrigeration, storage, processing facilities, transport systems, loading equipment, communication centers, and improved roads and market places.

Policy/Advocacy: These services carry out subsector analyses and research to identify policy constraints and opportunities for SEs. They also facilitate the organization of coalitions, trade organizations, or associations of business people, donors, government officials, academics, etc. to effect policies that promote the interests of SEs (see Activity 1.1).

Activity 2.1: Developing value chain-focused, private sector-run agribusiness service clusters

USAID AgriFUTURO will develop a new, private-sector owned and operated model for agribusiness development services delivery. Agribusiness service clusters (ASCs) will provide a range of business development services to any participant in one or more value chains and will focus on a specific geographic region. The purpose is to increase the availability and accessibility of vital business services for rural agribusinesses and to shift to a model of private sector-delivered business services.

Early in Year 1, the project will develop a concept paper outlining the characteristics of and approach to ASCs. The project will coordinate with USAID to determine if local-currency resources managed by MIC for the purpose of technical assistance for recipients of the Agribusiness Investment Fund (see Components III and IV) can be used to support the development of ASCs. In Year 1, AgriFUTURO will

- Develop a competitive grants program to provide seed capital for selected ASC managers/service providers. This funding could be used for basic infrastructure, such as a warehouse or storage facility, as seed capital for the purchase of processing equipment or for initial operational expenses.
- Select at least two ASCs by January 2010
- Provide technical assistance in business plan formation, including identification of offered services, identifying additional sources of investment and capital and developing a sustainability plan
- Assist ASCs in developing a marketing and outreach program
- Provide technical assistance to develop services
- Develop an ASC monitoring plan

Activity 2.2: Rolling out and expanding farmer-owned service centers

Farmer-owned service centers (FOSCs) provide services to members or associations that belong to, or own, the service center. USAID, under the EMPREDA project, successfully developed and worked with FOSCs, such as IKURU. In Year 1 of the project, USAID AgriFUTURO will provide assistance to existing FOSCs and will seek to develop new FOSCs in other districts and provinces. Specifically, the project will:

- Develop a work plan with IKURU that builds off of previous assistance to expand the offering of services provided to its members, focusing on long-term financial sustainability. Examples of new services could include selling and financing of input supplies. Other activities will include:
 - Designing a certified warehouse receipts program for FOSCs.
 - Designing an inventory financing program for FOSCs and FOSC members.

- Facilitate linkages with financial services providers to offer FOSC members access to savings and credit services.
- Improve the basic seed production system, including establishing climate controlled seed storage
- Strengthening primary processing, cleaning and grading for products such as sesame and groundnuts
- Identify at least one location for new FOSC in Nacala corridor
- Identify at least one location for new FOSC in Beira corridor, perhaps including a FOSC that serves the sesame growers in Manica
- Start the process to develop FOSCs in Moma, Angoche, Netia, Monapo, and Murrupula
- Identify best practices and lessons learned from previous efforts to develop FOSCs.
- For new FOSCs:
 - Develop business and financing plans, including purchasing networks
 - Provide technical assistance and potentially grant financing to initiate services, including registering the cooperatives
 - Facilitate access to private financing and investment
- Provide assistance for development of a member development and outreach plan
- Continue work with JICA to develop 6 FOSCs along the new paved road from Nampula to Cuamba.

In coordination with Component 1 activities, USAID AgriFUTURO will provide training to FOSCs on the new cooperative law and assist with the development of implementing regulations law.

Activity 2.3: Building the capacity of service providers in the target value chains

USAID AgriFUTURO will provide assistance to selected agribusiness development services providers that currently provide or could provide services to the project's target value chains. These service providers include all service providers except for the FOSCs and ASCs. Service providers may range from small- and medium-sized agro-processors and service providers to small farmers participating in the Emerging Farmer program. Financial services providers are addressed under Component III.

The assistance provided under this activity will vary depending on the needs of the value chain. Project value chain specialists will provide extensive coaching, as well as more focused technical assistance when needed. In some cases, our value chain specialists may need to initially provide business development services directly to clients as a means of building momentum. In Year 1, the project will:

- Prepare agribusiness development services needs assessments by value chain, which constitute part of the Value Chain Competitiveness Strategy and Action Plan development process (see Activity 1.1.).
- Undertake an assessment of current agribusiness development services capacity, including the identification of potential service providers.
- Develop an agribusiness development services providers coaching, mentoring and capacity building plan focused on increasing long-term sustainability to guide all BDS-related activities

The Value Chain Action Plans will outline technical assistance and capacity building activities by value chain and will include a timeframe for delivery of the assistance. Examples of the value chain-specific activities that will be carried out in Year 1 include:

- Banana and Pineapple Value Chains: Facilitate potential investors, such as Chiquita and Dole, navigate the enabling environment and provide market and production information to facilitate investment decision-making.
- Banana and Pineapple Value Chains: Develop a staff training program for plantation staff; assist new plantation investors recruit and train staff under a Global Development Alliance.
- Pineapple Value Chain: Identify sites for initial commercial production trials and establish trial production plots.
- Mango Value Chain: Develop training manuals and workshops for mango producers; undertake site surveys for potential, new mango production.
- Cashew Value Chain: Develop a proposal for tree replanting program and assess options for a Global Development Alliance with cashew investors.
- Forestry Value Chain: Develop a forestry industry strategic plan with participation from potential investors.
- Maize, Soybeans, Sesame and Groundnuts Value Chains: Promote the adoption and use of international quality standards and adoption of appropriate harvesting and processing technologies in order to meet these standards.
- Soybeans Value Chain: Develop farmer training program to increase production to consistent levels (approx. 1500 kg per ha.) that incorporates new technologies and techniques such as of land preparation systems soil amendements, inoculants granular fertilizer and foliar fertilizer and late season disease control.
- Marketing of Value Chain Products: Work with IPEX to promote Mozambican products at overseas trade shows.

Additional activities may be initiated in Year 1 of the project, as determined by available project resources, including:

Developing a Food Industry Quality Management and Safety Technical Assistance and Training Program to Increase Value-Added Processing. Along with financial management, as discussed in Component 3, the most needed cross-cutting skills in the target value chains are in the areas of quality management and food safety. Food production and processing is Mozambique’s fastest growing industry outside of Maputo. Building off of successful experiences in the cashew value chain, USAID AgriFUTURO will:

- Help agro-businesses develop quality management and food safety assurance systems and management practices based on international standards, particularly for those value chains that are export-orientated.
- Develop a food safety and quality management training program for BDS providers to develop a cadre of BDS providers that are qualified in international food safety and quality management standards.

Supporting and enhancing market information systems. USAID AgriFUTURO will evaluate opportunities to provide support to enhancing market information systems needs related specifically to the target value chains, and the project’s targeted clientele. Project experts will assess the possibilities to introduce an SMS-based market information system on a trial basis through a public-private partnership or Global Development Alliance.

USAID AgriFUTURO may also provide support for regional trade fairs, business development service programs that bring together organizations such as the World Food Logistics Organization for cold chain organization and market analysis, programs supporting certification provider training such as HACCP certification and others.

Table 2.3.1: Component 2 Outputs and Counterparts, Year 1

Outputs	Counterparts
Activity 2.1: Developing value chain-focused, private sector-run agribusiness service clusters	
Agribusiness Service Cluster (ASC) concept paper/scope of work	Agribusiness Service Clusters, BDS Providers, Ministry of Industry and Commerce (for linkages with Agribusiness Investment Fund, Components 3 and 4)
USAID AgriFUTURO grant program procedures and policies	
ASC Request for Applications (RFA) and 2 ASC grantees selected	
At least 2 ASC Business Plans	
ASC Technical Assistance Program guidelines and methodology	
ASC Monitoring Plan	
Activity 2.2: Rolling out and expanding farmer-owned service centers	
IKURU Work Plan	IKURU, ALIMI and other FOSCs and others to be determined
At least 2 Business Plans for new FOSCs	

Outputs	Counterparts
Inventory financing program (with Component 3)	
Activity 2.3: Building the capacity of service providers in the target value chains	
Assessment of Value Chains' BDS Needs	Various value chain stakeholders, emerging farmers, BDS providers, PROMER, IPEX and others as determined
BDS Provider Capacity Building Plan	
Assessment of local BDS capacity	
(others to be identified in Value Chain Action Plans)	

Table 2.3.2: Component 2 Schedule (“C” indicates that the activity will continue into Year 2)

Activities & Tasks													Activity/Task Lead		
	May-09	Jun-09	Jul-09	Aug-09	Sep-09	Oct-09	Nov-09	Dec-09	Jan-10	Feb-10	Mar-10	Apr-10			
Activity 2.1: Develop Value-Chain Focused Agribusiness Service Clusters															
Develop ASC concept paper/scope of work and identify initial site options														COP with BDSD	
Secure USAID approval and explore options for GRM co-financing														Chief of Party	
Develop grants-financing program, including all administrative support requirements (manuals, financial reporting templates, etc.)														Grants Manager with COP	
Publish request for applications														Grants Manager with COP	
Receive and review proposals, identify top candidates and submit results to USAID														COP with BDSD and Grants Manager	
Select at least 2 recipients for ASC program and finalize agreements														COP with Grants Manager	
Provide start-up technical assistance to ASCs (business plans, etc.)														C	BDSD
TA to finalize business plans														C	BDSD
TA to finalize client outreach and client development														C	BDSD
TA to identify and leverage financing														C	BDSD with FSD
TA to develop BDS linkages plan and identify partner BDS providers (including financing providers)														C	BDSD with FSD
Develop and implement ASC performance monitoring plan														C	BDSD with M&E
Develop and provide follow-up assistance to top tier, unsuccessful applicants to develop base for second ASC phase														C	BDSD

Activities & Tasks	May-09	Jun-09	Jul-09	Aug-09	Sep-09	Oct-09	Nov-09	Dec-09	Jan-10	Feb-10	Mar-10	Apr-10	Activity/Task Lead
Activity 2.2: Roll-Out and Expand Farmer Owned Service Centers													
Identify and assess lessons learned and best practices from current and previous experiences													BDS
Identify existing farmer-owned service providers and assess capacity to scale up													BDS Lead with Northern Mozambique Coordinator
Provide TA to selected existing farmer-owned service centers to increase service capacity												C	BDS
Facilitate linkages with other service providers to form clusters of BDS providers												C	BDS
Develop certified warehousing program at service centers													BDS
Provide assistance to secure private financing												C	BDS
Facilitate linkage with at least 1 financial institution to offer members access to savings and credit services													BDS with FSD
Develop inventory finance program with partner financial institution												C	BDS with FSD
Develop input sales and financing programs												C	BDS with FSD
Identify location for 1 new Member-Owned Service Center (based on IKURU-model) in Nacala corridor													NMC with BDS
Identify location for 1 new Member-Owned Service Center (based on IKURU-model) in Beira corridor													NMC with BDS
Provide TA and capacity building to new Service Centers												C	BDS
TA for business, financing and investment plans												C	BDS with FSD
Facilitate access to financing												C	BDS with FSD
TA for membership development and outreach program												C	BDS

Activities & Tasks	May-09	Jun-09	Jul-09	Aug-09	Sep-09	Oct-09	Nov-09	Dec-09	Jan-10	Feb-10	Mar-10	Apr-10	Activity/Task Lead	
Activity 2.3: Build Capacity of Mozambican Service Providers in Specific Value Chains														
Develop Value Chain BDS Needs Assessments (as part of Value Chain Action Plans)													BDS	
Undertake an assessment of current agribusiness development services capacity, including the identification of potential service providers.													BDS	
Develop local BDS provider capacity building, coaching and mentoring plan													BDS	
Provide specific value chain BDS assistance, leveraging local capacity where possible and mentoring local service providers (see below)												C	Value Chain Leaders with BDS	
<i>Examples of potential value chain activities (to be refined in Value Chain Action Plans):</i>														
Bananas, Pineapples: Support new investors in negotiating Mozambique's business and legal environment													C	BDS with Value Chain Leaders
Bananas, Pineapples: Assist new plantation investors recruit and train staff (perhaps through GDA)													C	Value Chain Leaders
Bananas, Pineapples: BDS provision to new plantation investors													C	Value Chain Leaders
Bananas, Pineapples: BDS provision to new commercial service providers													C	Value Chain Leaders
Pineapples: Coordinate and support efforts to import appropriate MD2 planting material and establish the mother fields													C	Value Chain Leaders
Pineapples: Identify sites for initial commercial production trials and establish trial production plots													C	Value Chain Leaders
Mangos: Site Surveys													C	Value Chain Leaders
Mangos: Market Surveys													C	Value Chain Leaders
Mangos: Continue support to current projects													C	Value Chain Leaders
Mangos: Develop training manuals and workshops													C	Value Chain Leaders
Mangos: Production and processing trials													C	Value Chain Leaders
Mangos: Market links and quality assurance													C	Value Chain Leaders

Activities & Tasks	May-09	Jun-09	Jul-09	Aug-09	Sep-09	Oct-09	Nov-09	Dec-09	Jan-10	Feb-10	Mar-10	Apr-10	Activity/Task Lead
Cashews: Develop credible replanting program													Value Chain Leaders
Cashews: Monitor replanting program implementation and impact												C	Value Chain Leaders
Forestry: Develop a forest industry strategic plan													Value Chain Leaders
Forestry: Provide hands-on assistance to interested investors												C	Value Chain Leaders
Forestry: Develop viable out grower programs												C	Value Chain Leaders
Maize, Soybeans, Sesame, Groundnuts: Increase and improve household and regional storage												C	Value Chain Leaders
Maize, Soybeans, Sesame, Groundnuts: Promote the adoption and use of international quality standards												C	Value Chain Leaders
Maize, Soybeans: Introduce and promote improved seed varieties													Value Chain Leaders
Maize, Soybeans, Sesame, Groundnuts: Support local seed production												C	Value Chain Leaders
Maize, Soybeans, Sesame, Groundnuts: Farmer training												C	Value Chain Leaders
Maize, Soybeans, Sesame, Groundnuts: Business plan development for processing facilities												C	Value Chain Leaders
Soybeans, Sesame, Groundnuts: Develop the capacity for organic/fair trade certification													Value Chain Leaders
Sesame: Increase the use of seed treatment and other ways to control the flea beetle												C	Value Chain Leaders
Groundnuts: Increased aflatoxin testing and certification of local testing facilities												C	Value Chain Leaders
Maize, Soybeans: Promote relationships with local, regional and international buyers												C	Value Chain Leaders
Sesame: Facilitate local certified testing facilities for quality control, oil content, etc												C	Value Chain Leaders

COMPONENT 3: BUILD LINKAGES TO FINANCING SERVICES FOR AGRIBUSINESS DEVELOPMENT

As USAID has pointed out, a dearth of financing instruments and mechanisms for rural and agricultural-based enterprises is a serious constraint to private-sector growth in Mozambique, and to the country's ability to compete in a global market. The costs and risks of doing business in Mozambique—perceived or real—are high, particularly in the agricultural sector. This has restricted the flow of finance from existing providers. The project will work to build a range of instruments and mechanisms to reduce risks, reduce transaction costs, and increase confidence along value chains and within the private sector.

Best practices in strengthening agricultural and rural lending shows that innovation must take place both on the demand side (businesses and entrepreneurs demanding financing) and the supply side (institutions providing financing). Also, advances by USAID AgriFUTURO in the provision of business development services under Component 2 (particularly in areas such as accounting, bookkeeping, and business planning), coupled with enabling environment reforms that reduce transaction costs and risks under Component 1, will help increase the flow of financing services to the agribusiness sector.

An important tool for USAID AgriFUTURO's work in under this component will be the Development Credit Authority (DCA) guarantee program that USAID/Mozambique is currently designing. Although still in the early phases of design, it is expected that this guarantee program will be comprised of a portfolio guarantee facility with multiple commercial banks and will include partial guarantees for a diversity of loans to agribusinesses (including service providers) and microlenders.

Component 3 is comprised of three activities:

- Activity 3.1: Helping agribusiness firms access financing
- Activity 3.2: Developing institutional innovations
- Activity 3.3: Promote project linkages to new Agribusiness Investment Fund

Activity 3.1: Helping agribusiness firms access financing

Working with local BDS providers, USAID AgriFUTURO will coach USAID AGRIFUTURO-assisted agribusinesses to increase their capacity to identify, secure and manage financing. The project will develop a network of partner financial institutions (see Activity 3.2) that will receive technical assistance in agricultural lending. Specifically, the project will

- Develop an agribusiness financing guide which will identify details about the information requirements of financial institutions (including criteria for financial records, audit reports, credit histories, and business plans), and distribute this information to producer associations, ASCs, and other agribusiness institutions

- Develop awareness building seminars on the role and importance of credit and finance, agribusiness management and creditworthiness
- Through trainings and seminars, build the capacity of BDS providers to offer services that improve communication between agribusinesses and financing providers. Such services might include:
 - business plan formulation for agribusinesses
 - sector and sub-sector market information and sector performance data
 - financial management and record-keeping for small- and medium-sized agribusinesses, priced appropriately.
- Link USAID AgriFUTURO-assisted agribusinesses with BDS providers through ASCs and FOSCs and develop affordable payment schemes for services
- Identify “finance-ready” agribusinesses and link with partner financial institutions (perhaps through a DCA facility) to allow banks to develop best practices and experience lending to USAID AgriFUTURO value chains
- Identify other donor-funded financing programs that are relevant for USAID AgriFUTURO client-agribusinesses and facilitate linkages with these programs.

Additional activities will be identified in the Value Chain Action Plans.

Activity 3.2: Developing institutional innovations

The USAID AgriFUTURO project will develop a network of partner financial institutions, mostly commercial banks and potentially microfinance institutions, that will receive technical assistance in agribusiness credit and finance. If USAID/Mozambique decides to move forward with the financing of a DCA loan portfolio guarantee facility USAID AgriFUTURO’s partner banks will be those institutions that are party to the guarantee facility, at least in Year 1. Other institutions, such as microfinance institutions, could be included in this network, especially if they are the recipients of wholesale funds guaranteed by the DCA facility.

In Year 1, USAID AgriFUTURO will:

- Undertake a market assessment of financial institutions to develop an inventory of currently available financing products for project-assisted agribusinesses. This will build off of the DCA market assessment carried out by USAID.
- Expand the range of value-chain financing products to include inventory finance, supplier finance, warehouse receipts lending, leasing, and savings products by designing at least two new financial products to be piloted in financial institutions.
- Assess options to develop savings and loan product within 1-2 producer associations.
- Provide assistance to expand inventory and warehouse receipts financing products to at least 2 new financial institutions

- Provide assistance to develop input financing products for input suppliers
- Train financial institutions on agribusiness risk analysis, mitigation and agricultural loan portfolio risk management, including providing financial institutions with market information, cost of production calculation methodologies and other agribusiness sector-related information needed to assess risk and make lending decisions.

The project will also be prepared to manage the DCA credit facility, if instructed to do so by USAID.

Activity 3.3: Promoting project linkages to new Agribusiness Investment Fund

For the past several months, USAID has been working with the GRM to develop a model for an agribusiness credit facility to leverage prior USAID-funded activity re-flows and other local currency funds. The USAID AgriFUTURO project will provide leadership for the formation this facility, as described in Activity 4.2. There is an expanding pipeline of investment opportunities for this fund, and it will be maintained by USAID AgriFUTURO. Once the facility is operational, we will develop a technical assistance program for agribusiness identified in this pipeline to prepare them to apply to the fund for financing and manage financing, if financing is approved. The project will:

- develop investment and business plans for potential applicants by engaging local BDS providers
- assist potential applicants in compiling and submitting the required information
- develop financial management plans and link facility investees with BDS providers; and assess the availability of local currency funds to procure assistance from local BDS providers.

The timing of this activity will depend on when the fund is capitalized and operational. However, in the meantime, the project will develop technical assistance options, identify potential BDS providers and maintain the pipeline of potential investment projects.

Table 2.4.1: Component 3 Outputs and Counterparts, Year 1

Outputs	Counterparts
Activity 3.1: Helping agribusiness firms access financing	
Financing Guide for Agribusinesses	Agribusinesses, ASCs, FOsCs and other BDS and finance providers
Agribusiness Finance and Administrative Management Training Course (for agribusinesses and BDS providers)	
Financing/Business Plans for selected agribusinesses	
Agribusiness Finance Awareness Building Seminar	
Activity 3.2: Developing institutional innovations	
Assessment of Agribusiness Financial Services Marketplace	Commercial banks, microfinance institutions and

Outputs	Counterparts
Two new agricultural financial products	other credit and finance providers
Agricultural Lending Seminar	
Agricultural Risk Management Tools and training	
Activity 3.3: Promoting project linkages to new Agribusiness Investment Fund	
Investment Fund - BDS linkages program	Agribusiness Investment Fund, ASCs, BDS providers and agribusinesses
Updates to Investment Fund pipeline	
Investment plans prepared for three potential investors	

Table 2.4.2: Component 3 Schedule

Activities & Tasks	May-09	Jun-09	Jul-09	Aug-09	Sep-09	Oct-09	Nov-09	Dec-09	Jan-10	Feb-10	Mar-10	Apr-10	Activity/Task Lead*
Activity 3.1: Provide Assistance to Agribusiness Firms to Access Financing													
Develop financing guide for agribusinesses, including information requirements of partner financial institutions and provide to producer associations and other forums for distribution to members													BDSB (with FSD or STTA)
Identify agribusinesses within each target value chain to receive assistance accessing finance												C	Value Chain Leaders
Develop financing plans for each target agribusiness identified												C	Value Chain Leaders (with FSD or STTA)
Identify business development service providers to provide finance-related services such as accounting, auditing and bookkeeping, and business plans development												C	BDSB
Develop training program on agribusiness finance-related business development services for service providers													BDSB (with FSD or STTA)
Develop awareness building seminars for agro-producers on credit and finance issues													FSD or STTA
Develop training program on agribusiness financial and administrative management													FSD or STTA (with BDSB)
Develop financing mechanism to link BDS providers with targeted agribusinesses, such as through local currency resources (coordinated with Task 2)												C	BDSB
Through local BDS providers, Agribusiness Service Centers and other providers, build the capacity of agribusinesses to manage financing												C	BDSB (with FSD or STTA)
Identify agribusinesses with potential to receive equity investment or other private investment												C	Value Chain Leaders
Develop investment plans and identify private investors												C	Value Chain Leaders
Identify donor-funded grant and investment programs that could be leveraged to support project client agribusinesses, such as IFC and DANIDA												C	FSD or STTA

Activities & Tasks	May-09	Jun-09	Jul-09	Aug-09	Sep-09	Oct-09	Nov-09	Dec-09	Jan-10	Feb-10	Mar-10	Apr-10	Activity/Task Lead*
Assist selected agribusiness prepare grant and financing applications for donor-funded grant/finance programs												C	FSD or STTA
Develop early warning system to identify agribusinesses with potential difficulty re-paying bank-provided loans													FSD or STTA
Design savings mobilization campaign to increase formal savings by rural entrepreneurs and to develop formal relationships with financial institutions													FSD or STTA
<i>Examples of potential value chain activities (to be refined in Value Chain Action Plans):</i>													
Bananas, Pineapples: Capital-raising assistance to new plantation investors													Value Chain Leaders (with STTA)
Bananas, Pineapples: Capital-raising assistance to new commercial service providers													Value Chain Leaders (with STTA)
Cashews: Solicit and obtain financing for replanting program												C	Chief of Party
Forestry: Facilitate access to finance for small-scale initiatives												C	Value Chain Leader
Maize, Soybeans, Sesame, Groundnuts: Increased access to finance for farmers, traders, processors												C	Value Chain Leaders
Activity 3.2: Develop Institutional Innovations													
Identify partner financial institutions for linkages with ATC clients, new product development and other activities (in coordination with DCA program)													FSD or STTA
Undertake inventory assessment of financing products currently offered by partner financial institutions													FSD or STTA
Develop at least 2 new financing products and pilot in 1-2 partner financial institutions												C	FSD or STTA
Identify 1-2 producer associations and develop savings and loan product within association													FSD or STTA
Develop agribusiness risk analysis and mitigation procedures for partner financial institutions to help them more realistically assess lending risk													FSD or STTA

Activities & Tasks	May-09	Jun-09	Jul-09	Aug-09	Sep-09	Oct-09	Nov-09	Dec-09	Jan-10	Feb-10	Mar-10	Apr-10	Activity/Task Lead*
Develop sector and market information briefing reports for financial institutions so they can better assess market opportunity and business plan viability												C	Value Chain Leaders
Develop commercial bank ag-lending training program													FSD or STTA
Initiate roll-out of ag-lending training program												C	FSD or STTA
Develop input financing products for input suppliers													FSD or STTA
Increase availability of certified warehousing												C	FSD or STTA
Facilitate and expand inventory and warehouse receipts financing products to at least 2 financial institutions												C	FSD or STTA
Activity 3.3: Promote project linkages to new Agribusiness Equity Fund*													
Develop mechanism for Facility to link clients with technical assistance and BDS providers (with funding from local currency re-flows)													FSD or STTA (with BDSD)
Develop core package of business development services to be provided to each Facility client													FSD or STTA (with BDSD)
Identify Facility BDS providers (outsourced)													BDSD
Provide assistance to BDS providers to upgrade product/service offerings to meet minimum Facility standards (as defined by Core Package of Services policy)												C	BDSD with FSD
Identify at least 3 initial investment opportunities for Facility													FSD or STTA
Identify and recommend 3-5 investment projects per year												C	FSD or STTA

*AgriFUTURO may hire a Financial Services Director in Year 1, pending budget resources.

**timing of these tasks will depend on date of Facility operationalization

COMPONENT 4: INCREASE AND STRENGTHEN PUBLIC/PRIVATE PARTNERSHIPS

Partnerships between value chain stakeholders, government, other donors and the USAID AgriFUTURO project are important for sustaining long-term competitiveness. Partnerships mobilize intellectual, technical, human, and financial resources for development. They also establish the basic organizational framework and working relationships that will guide the future growth and development of specific economic sectors. USAID AgriFUTURO will facilitate the formation of partnerships that promote successful, mutually beneficial relationships within and across value chains.

Activity 4.1: Developing and implementing Global Development Alliances and other partnerships

Global Development Alliance (GDA) partnerships combine the assets and experience of strategic partners, leveraging their capital and investments, creativity and access to markets to solve complex problems facing government, business, and communities. The USAID AgriFUTURO project team has identified a preliminary list of strategic partners that will be engaged in the form of GDA partnerships over the life of the USAID AgriFUTURO project. Examples include:

- Chiquita: strengthening the banana value chain by increasing producer and processor capacity to respond to global demand and standards based on decades of global experience and intimate familiarity with global banana markets.
- Carr Foundation: bringing resources to expand economic opportunities for communities around Gorongosa National Park, particularly in the horticulture sector.
- Dole: arranging supply of authentic MD2 pineapple planting material to mother fields in Mozambique; validation of site selection for pineapple export production, and; provision of detailed current and forecast market demand volumes and values in the global pineapple and mango industries, among others.
- Cargill: facilitating access to improved feed industry technologies and assistance on grain storage and marketing systems.

In Year 1, the project will explore opportunities to form partnerships with these strategic partners, develop concept papers and partnership proposal and finalize partnership agreements.

Additionally, USAID AgriFUTURO will form partnerships with smaller and more local value chain stakeholders, such as medium- and large-sized agro-processors and producers, including partnerships to facilitate the replanting of aging cashew trees.

USAID AgriFUTURO will seek to form partnerships with other donors to leverage additional resources and expertise. Donor partners could include Donor partners could include the United States Department of Agriculture (USDA) (for feed grains); Irish Aid (for pineapples); the World

Bank (for agribusiness services); and the International Finance Corporation (IFC) (for financing linkages).

The project also realizes that the government must be an active participant supporting private sector development and partnership formation. Therefore, USAID AgriFUTURO will build strong relationships with government agencies—especially the Ministry of Industry and Commerce and the Ministry of Agriculture—to more easily achieve the enabling environment agenda, mobilize investment resources, and promote new private-sector endeavors that will expand access to business services.

Finally, USAID AgriFUTURO will define a framework and mechanism for further alliance development by identifying a broad range of organizations suitable for partnerships, developing and implementing a comprehensive outreach program to build interest and support for the project and Mozambique’s agribusiness sector, and facilitating alliances between government and local, regional and international private sector stakeholders.

Activity 4.2: Supporting the formation of the USAID/GRM Agribusiness Investment Fund

As mentioned in Activity 3.3, USAID is supporting the formation of an Agribusiness Investment Fund. Over time, the concept for this facility has evolved. The currently approved model is an equity fund that will be capitalized by a private investment fund manager. The total capitalization of the fund will be at least USD30 million, with USD20 million coming from a low-interest loan financed by USAID/Mozambique re-flows and an additional USD10 million in equity raised by the fund manager. It is expected that the fund manager will be chosen in early June 2008.

USAID AgriFUTURO will coordinate the identification of the fund manager and final selection of the manager. This will include reviewing proposals, short listing candidates, conducting due diligence and making a final selection recommendation. The project will engage the services of two investment consultants to provide this assistance. Project experts will continue to provide support once the fund manager is identified on an as-needed basis in order to keep the operationalization of the fund on schedule.

Table 2.5.1: Component 4 Outputs and Counterparts, Year 1

Outputs	Counterparts
Activity 4.1: Developing and implementing Global Development Alliances and other partnerships	
Four GDA Memorandums of Understanding	Private enterprises, agribusinesses
Activity 4.2: Supporting the formation of the GRM/USAID Agribusiness Investment Fund	
Identification of Investment Fund Manager	Agribusiness Investment Fund
Investment Fund Monitoring Plan	
Investment Fund Investment Pipeline	
Fund Governance Guidelines	

Table 2.5.2: Component 4 Schedule

Activities & Tasks	May-09	Jun-09	Jul-09	Aug-09	Sep-09	Oct-09	Nov-09	Dec-09	Jan-10	Feb-10	Mar-10	Apr-10	Activity/Task Lead
Activity 4.1: Developing and implementing Global Development Alliances													
Establish GDA Partnership(s)												C	Chief of Party
Bananas, Pineapples: Provision of pro bono technical expertise and incorporation of specialist training material into centers curricula												C	COP and Value Chain Leaders
Bananas, Pineapples: Incorporation of specialist training material into Mozambican horticultural training centers curricula												C	COP and Value Chain Leaders
Grain/Feed: Design and Implementation of Storage and Technology Transfer Alliance												C	COP and Value Chain Leaders
Forestry: Enabling environment reform program/GDA												C	COP and Value Chain Leaders
Forestry: Human Resources Development GDA												C	COP and Value Chain Leaders
Soy Beans: Post-Harvest Infrastructure Development GDA												C	COP and Value Chain Leaders
Pineapples: conduct detailed market demand surveys for fresh pineapple and pineapple juice, notably in Middle East countries												C	COP and Value Chain Leaders
Identify broad range of target organizations for new alliances												C	on-going
Develop outreach program to promote GDA to target organizations												C	Communications Specialist
Implement Outreach Program (on-going)												C	Communications Specialist
Develop/negotiate/formalize new GDA partnerships												C	Chief of Party

Activities & Tasks	May-09	Jun-09	Jul-09	Aug-09	Sep-09	Oct-09	Nov-09	Dec-09	Jan-10	Feb-10	Mar-10	Apr-10	Activity/Task Lead					
Activity 4.2: Supporting the formation of the GRM Agribusiness Equity Fund																		
Review status of Facility design and implementation	■												FSD and STTA					
As needed, provide assistance to GRM/MIC in refinement of organizational model, finance and investment plan and staffing plan	■	■											FSD and STTA					
Review proposals from potential investment fund managers		■											FSD and STTA					
Short-list potential fund managers and conduct due diligence		■	■										FSD and STTA					
Prepare final recommendations regarding fund manager selection to Program Committee			■										FSD and STTA					
Develop and refine project pipeline	■	■	■	■	■	■	■	■	■	■	■	X	FSD and STTA					
Develop fund guidelines and governance policies, as needed						Depending on start date of Fund						FSD and STTA						
Develop training/awareness building program for fund staff																		FSD and STTA
Develop Fund monitoring plan																		FSD and STTA

III. CROSS-CUTTING THEMES

Two important cross-cutting issues for the USAID AgriFUTURO project are environmental management and gender. Mozambique's abundant natural resources and climate are among the country's most valuable assets and preserving these resources is critical to the sustainability and growth of the agricultural sector. An important consideration for the long-term sustainability and competitiveness of the sector is environmental management and planning. Also, USAID has detailed environmental management requirements and regulations that Mission-funded activities must follow.

The USAID AgriFUTURO project recognizes that gender-issues must be explicitly addressed. Women play an important role in agriculture in Mozambique that should not be overlooked. Their participation in the private sector is active, if perhaps informal. Project activities will be gender sensitive and designed to specially address the needs of women.

Finally, USAID AgriFUTURO will benefit from a grants-under-contract program, as described below.

ENVIRONMENTAL IMPACT MANAGEMENT PLAN

Although the USAID AgriFUTURO project does not have specific activities related to natural resource management, climate change or biodiversity, the project team recognizes that environmental management is a *sine qua non* for agricultural sector sustainability and that precautions must be taken to ensure that environmental conservation and protection are taking place, especially with the potential introduction of pesticides, herbicides, fertilizers, and small infrastructure such as irrigation. The project's environmental plan emphasizes compliance with USAID global and Mission-specific regulations, guidance and requirements.

Compliance with Title 22 of the Code of Federal Regulations, Part 216 (22 CFR 216) (or, Reg 216). USAID/Mozambique has a series of Initial Environment Examinations (IEE) that are valid through September, 2010. The majority of USAID AgriFUTURO's activities are covered by these IEEs and it was determined that additional Environmental Assessments are not required for the activities covered under the IEEs. To ensure this assumption, USAID AgriFUTURO will work with a short-term Environmental Specialist to review the final Year 1 Work Plan, identify any activities that may not be covered by current IEEs and develop procedures for undertaking the relevant and necessary assessments, if needed.

Pesticide Evaluation Report and Safe Use Action Plan Compliance. USAID/Mozambique is presently preparing a Pesticide Evaluation Report and Safe Use Action Plan (PURSUAP) that will be applicable to USAID AgriFUTURO. The PURSUAP will outline guidance and best practices for pesticide management that the project will follow and report on. The project's short-term Environmental Specialist will review the PURSUAP and develop additional guidelines for USAID AgriFUTURO technical specialists, if needed.

Reporting Environmental Impact Management. USAID AgriFUTURO quarterly reports will include information on environmental compliance and environment-related issues. The project will also coordinate closely with the COTR and Mission Environmental Officer.

GENDER

Women play critical roles in Mozambique's rural economy as agricultural producers and household managers. Poverty, food insecurity and environmental degradation have a disproportionately negative impact on rural women. Mozambican women are far more likely to work as unskilled agricultural labor than men, and the overwhelming majority of women in the labor force work in the agricultural sector. It is reasonable to assume, therefore, that the long-term economic well-being of women is directly related to the performance and growth of the agricultural sector.

Of the unskilled agricultural laborers, women represent 59%, which corresponds to 88% of total female employment sector (Arndt, Robinson, Tarp. "Gender and Trade Reform in Mozambique). Estimates indicate that skilled agricultural labor earns 64% more than unskilled agricultural labor. This indicates that raising the skills of female agro-producers could be directly linked with increasing women's incomes.

There is also evidence that women's roles vary by agricultural crop. For example, the study "Agricultural Technology, Risk, and Gender" (Arndt, Tarp) notes that women provide the large majority of labor inputs in cassava production in Mozambique. For other reasons, as well, cassava is more important in women's income generation than in that of men. Therefore, improvements in cassava production technology would have a greater impact on women than on men.

USAID AgriFUTURO will directly address the needs of women by developing and implementing activities that are targeted towards women and ensuring that activities are as gender-neutral as possible. For example, rural women involved in the agricultural sector tend to work long hours - The World Bank's Mozambique Agricultural Sector Memorandum (1997) asserts that rural women work, on average, 14-16 hours per day – and activities targeting women must work around this assumption. A brief description of gender issues, by project component, and how USAID AgriFUTURO will address some of these issues is listed below.

Component 1 (Improve the Enabling Environment for Agribusinesses)

Due to the fact that women are more likely to work as unskilled agricultural labor than men, policy reforms that affect smallholders are likely to have a significant impact on women. Project specialists will review proposed enabling environment reform activities to assess the impact of such reforms on women.

The project will review the role of women in the target value chains when completing Competitiveness Assessments and address gender challenges in the Strategies and Action Plans. Value Chain Associations will be representative of women and will address women's issues. Project staff will recruit women's organizations to participate in national forums and

discussions and conduct explicit outreach to women in producer and business associations, as appropriate.

Component 2 (Expand and Strengthen Agribusiness Development Services)

Although women and men require the same type of business development services, women face greater constraints accessing these services. The USAID AgriFUTURO project will encourage women's associations and entrepreneurs to actively participate in project activities.

For example, the project will ensure that women advisors and extension agents are present in the agribusiness service clusters to work with women farmers and entrepreneurs. We will also establish ways for ASCs to convey information that take into account literacy levels, and will ensure that the ASCs' hours of operation and location are responsive to women's schedule constraints. The project will also assess ways to tie funding of ASCs to women's activities, with up to fifty percent funding allocated for women-owned businesses or for consortia in which fifty percent of the businesses are women-owned.

Component 3 (Build Linkages to Financing Services for Agribusiness Development)

Several constraints restrict women's ability to access finance and credit. For example, they lack information and understanding of the financing process (in part because of isolation and low levels of education); family financial responsibilities may make meeting financial obligations difficult, and; they lack access to collateral (men may hold possession of potential collateral) and may not have access to formal business documentation. Project experts will work with financial institutions to raise awareness of the financial needs of women, the constraints facing women and methodologies to better reach women. The project will also identify women-owned businesses that could benefit from investment from the Agribusiness Investment Fund.

Additionally, the project's Monitoring and Evaluating Program will track project activities and identify the number of women that directly benefit from project assistance.

GRANTS

USAID AgriFUTURO will initiate a grants program by January, 2010. The grants program will be comprised of three types of grant financing mechanisms:

- ASC Establishment Grants: to fund a portion of the ASC's start-up costs, such as registration and basic equipment purchases. At least two ASC grants will be made in Year 1. This grant funding is estimated at approximately \$75,000 per grant. (See Activity 2.1 for further information).
- Seed Capital for Investment Grants (with cost sharing): for capital investment financing. They will be made available to applicants that demonstrate a viable investment opportunity and have been able to leverage grant matching funding, either from other donors, investors or private credit providers or from in-kind contributions. Applicants will have to identify matching funding (at least 50 percent of the total grant funding) at the

time of submitting applications. The project will evaluate opportunities to initiate this activity in the last quarter of Year 1.

- Discretionary Grants: to enable a rapid response for a small initiative that serves the broader objectives of the project. These grants will not exceed \$5,000.

In the first six month of Year 1, the project will focus on developing a USAID-approved grant making process, including development of all grant-making guidelines and manuals. Also during this period the project will identify and engage a full-time Grants Manager to oversee the grant making process, financial management of grants, monitoring and evaluation of grantees and to provide technical assistance and training to grant recipients in areas of organizational, managerial and financial management.

ANNEX 1: DESCRIPTION AND ESTIMATE OF SHORT-TERM TECHNICAL EXPERTISE, TRAINING AND OTHER SUPPORT RESOURCES

Short-Term Technical Assistance	Trainings and Seminars
Component 1: Improve the Enabling Environment for Agribusiness	
Activity 1.1: Developing a stakeholder base for change	
International Value Chain Competiveness Specialist	Value Chain Association Development Seminars
Local and International Policy Specialists, various topics, as needed/identified by Value Chain Action Plans for enabling environment reforms	Program Advisory Committee
Activity 1.2: Developing a national competitiveness strategy	
International and local "Doing Agribusiness" assessment team	Seminars on national competitiveness strategy formation and dissemination of assessment findings
International Agricultural Policy Specialist	Seminar on best practices in agricultural policy
Activity 1.3: Developing a national competitiveness reform agenda	
To be determined	To be determined
Component 2: Expand and Strengthen Agribusiness Development Services	
Activity 2.1: Developing value chain-focused, private sector-run agribusiness service clusters	
Local or International Business/Finance Plan Specialist	Capacity building seminars for ASCs on various BDS topics
International Business Development Services Specialist	
Activity 2.2: Rolling out and expanding farmer-owned service centers	
International or Local Farmer-Owned Company Specialist	Training seminars on new cooperative law
International Financial Services Specialist	Seminar on best practices in seed production
Activity 2.3: Building the capacity of service providers in the target value chains	
International and Local Value Chain Specialists for each value chain, various	Training seminars for BDS providers, various topics, various sessions
International Marketing Specialist	Seminar for IPEX on agricultural product export promotion best practices

Short-Term Technical Assistance	Trainings and Seminars
International Standards Specialist (such as HACCP)	International standards implementation training seminars
Component 3: Build Linkages to Financing Services for Agribusiness Development	
Activity 3.1: Helping agribusinesses access financing	
International Financial Services Specialist	Various half-day awareness building seminars for credit and finance
International Agribusiness Management Specialist	Various technical training seminars for BDS providers in finance-related BDS, such as agribusiness accounting and agribusiness administration
Activity 3.2: Developing institutional innovations	
International Financial Services Specialist	Training seminars for commercial banks on agricultural risk management, agribusiness loan portfolio management, agribusiness financial services marketing
International Agribusiness Lending Specialist	Training seminars on new financial products such as collateralized warehouse receipts lending
Activity 3.3: Promoting project linkages to new Agribusiness Investment Fund	
International and local Investment Fund Strategic Planning Specialists	On as needed basis, to be determined
Business and Investment Planning Specialist	
Component 4: Increase and strengthen public-private partnerships	
Activity 4.1: Developing and implementing Global Development Alliances and other partnerships	
On as needed basis, to be determined, based on GDAs developed	On as needed basis, to be determined, based on GDAs developed
Activity 4.2: Supporting the formation of the GRM/USAID Agribusiness Investment Fund	
Investment Fund Strategic Planning Specialists (1 local, 1 international)	To be determined, based on fund manager needs

ANNEX 2: ESTIMATED FUNDING REQUIREMENTS PER MONTH

Month	Estimated Funding Requirements
May 2009	\$217,521.72
June 2009	\$504,236.94
July 2009	\$329,604.17
August 2009	\$373,429.05
September 2009	\$444,857.66
October 2009	\$492,699.08
November 2009	\$436,588.01
December 2009	\$482,426.82
January 2010	\$529,516.78
February 2010	\$543,242.76
March 2010	\$549,757.78
April 2010	\$613,162.62
Total Estimated Funding Requirement Year 1: May 1, 2009 – April 30, 2010	\$5,517,043.38