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**USAID AGRIFUTURO PROGRAM  
WORK PLAN  
OCTOBER 2011 – SEPTEMBER 2012  
USAID AgriFUTURO  
Mozambique Agribusiness Competitiveness**



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# USAID AGRIFUTURO PROGRAM MOZAMBIQUE AGRIBUSINESS COMPETITIVENESS

## WORK PLAN OCTOBER 2011 – SEPTEMBER 2012

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## ACRONYMS

ACS	Agribusiness Service Cluster
ADRA	Adventist Development and Relief Agency
AgCLIR	Agricultural and Enabling Environmental
AGRA	Alliance for Green Revolution in Africa
AICAJU	Association of private enterprises in cashew
ALIMI	Cooperative in Cuamba District
AMPCM	<i>Associação Moçambicana para a Promoção das Cooperativas</i>
BAGC	Beira Agriculture Growth Corridor
BOM	<i>Banco de Oportunidade de Moçambique</i>
BDS	Business Development Services
CAADAP	Comprehensive Africa Agriculture Development Program
CAL	Corredor Agro
CEPAGRI	Centro de Promoção de Agricultura
CDN	Corredor de Desenvolvimento de Nacala
CLUSA	Cooperative League of the United States of America
COPSA	<i>Cooperativa de Prestação de Serviços de Mecanização Agrícola</i>
DCA	Development Credit Authority
DSV	<i>Departamento de Sanidade Vegetal</i>
DUAT	Direito de Uso e Aproveitamento de Terra
EE	Enabling Environment Director
EF	Emergent Farmers
FtF	Feed the Future
FOSC	Farmer Owned Service Center
GDA	Global Development Alliance
GIZ	German International Cooperation
GLOBAL GAP	Good Agricultural Practices
GRM	Government of the Republic of Mozambique
HACCP	Hazard Analysis Critical Control Points
ICIPE	International Center for Insect Physiology and Ecology
IFC	International Finance Corporation
IKURU	Mozambican Farmer Owned Company
INCAJU	<i>Instituto do Cajú</i>
INNOQ	<i>Instituto de Nacional de Normas e Qualidade</i>
IPEX	<i>Instituto de Pormoção de Exportações</i>
ISPM	<i>Instituto Superior Politécnico de Moçambique</i>
JD	John Deere

M&E	Monitoring and Evaluation
MIC	Ministry of Trade and Industry
MINAG	<i>Ministério da Agricultura</i>
MSU	Michigan State University
NGO	Non-Governmental Organizations
OLAM	Private Company
PAC	Project Advisory Committee
PMP	Performance Monitoring Plan
PPP	Public-Private Partnership
SADC	Southern Africa Development Community
SANA	Clusa, Africare, and Save the Children Consortium
SCIP	Strengthening Communities through Integrated Programming
SNV	Dutch International Development Organization
STTA	Short Term Technical Assistance
TNS	Technoserve
UEM	Universidade Eduardo Mondlane
UNILURIO	Universidade de UniLURIO in Nampula
USAID	United States Agency for International Development
USDA	United States Development Agency
USG	United States Government
VC	Value Chain
VCL	Value Chain Leaders

# I. INTRODUCTION

## I.1 AGRIFUTURO' S YEAR THREE STRATEGY

The AgriFUTURO Project, currently in its third year, operates with the objective of improving the competitiveness and sustainability of agribusiness in Mozambique. Focusing on the comprehensive development of 7 commodity value chains, the project organizes itself around four major components:

- a) Improvements to the business enabling environment,
- b) Strengthening of business development services (BDS),
- c) Enhancing access to finance, and
- d) Promotion of public-private partnerships (PPPs) and global development alliances (GDAs).

There are considerable constraints affecting development of a competitive agricultural sector in Mozambique. Recognizing, the fact that many of the project's investments will not pay off during the life of the project but will yield great returns for Mozambique in years to come, the project has identified several "legacies" that it wishes to reinforce. The firm establishment of these legacies provides the inspiration for its activities. These legacies include:

- Ongoing, viable, cooperative-based farming enterprises (FOSCs and ASCs)
- An expanded and strengthened groundnut industry
- The foundation of a viable export-oriented pineapple industry.
- The foundation of a viable and sustainable banana industry in the northern part of Mozambique
- An established, certified laboratory based in the Nampula area

The project directs its investments to several geographic areas with high economic potential and/or are critical to food security in the region. It focuses on 7 value chains that are, likewise, of high commercial potential and/or critical to food security. Responding to Feed the Future (FtF) directives, the project has modified its value chains and geographic areas. Target geographic areas are the Beira and Nacala corridors that includes Zambézia Province. The agricultural value chains receiving emphasis are:

- a) Oilseeds (specifically, groundnuts, sesame and soybeans),
- b) Fruits (bananas, pineapples and mangoes)

- c) Pulses (all types of beans), and
- d) Cashews.

Although the project has made changes (detailed in section three below) to its geographic scope and value chain activities to respond to USAID Mission and Feed the Future directives, the Project mission and essential strategy remain the same: to improve commercial competitiveness and sustainability of agribusiness in Mozambique.

Fundamental project initiatives in the areas of business enabling environment, business development services, and access to finance, and the development of Public/Private partnerships and GDAs, likewise remain unchanged, allowing the project's current work plan to continue to build on the foundation of successful endeavors and lessons learned during the project's two previous years. The establishment of Agricultural Service Centers (ASCs) and Farmer Owned Service Centers (FOSCs) to assist the comprehensive development of project value chains, from production through commercialization and export, remains a primary focus of the program and has proven to be a valid methodology to support agricultural development.

In the 2011/12 work year, initiatives begun under the Business **Enabling Environment** component such as developing and integrating value chain associations, improving ports, and mitigating aflatoxin and fruit fly problems, will continue.

Furthermore, new initiatives will be added as required or where opportunities are identified. A particular effort will be made to continue its responsiveness to private sector requests for assistance. The Project, working with donors, private sector representatives and the GoM through the "Friends of Agribusiness" forum, will also operate as a lobbying and advocacy forum to improve the business environment.

With respect to **Business Development Services**, the Project will continue to work with existing Agricultural Business Centers (ASCs) and Farmer Owned Service Centers (FOSCs) and identify and develop new ones. Based on FtF requirements, the project will emphasize the development of FOSCs to support significant numbers of small farmers. The project will also continue its work with numerous private firms seeking assistance in investing in the project's target value chains.

AgriFUTURO will continue to work with Project subcontractors, other donors, NGOs, and USAID partners (such as SANA, ADRA, PROSOJA, BAGC, AGRA, USDA, SIDA, etc.). To assist small holders, the Project will partner with NGOs and other agencies such as SNV, SANA, ADRA, and

that facilitate the establishment and development of small holder associations. AgriFUTURO will provide market linkages, business strategy development, training and technical assistance to (for those market read associations and promote their legalization as cooperatives.

Constraints in **finance** continue to inhibit investment in the sector, as the current banking atmosphere limits access to credit for agribusinesses especially, emerging farmers and small holder associations. During the coming year, the Project will continue to leverage critical financial resources through cooperation with banks, microcredit institutions, and suppliers; as well as address the factors underlying restricting credit.

The Project will continue to identify candidates for **PPPs and GDAs**, particularly those likely to incorporate smallholders in their activities. Mobilization of PPP and GDAs will continue to play a role in the Project business development services and finance activities and at all levels of the marketing chain.

With respect to **project management**, as lead contractor, Abt Associates will continue to strengthen its collaboration with its partners CLUSA and TechnoServe. Abt Associates will retain responsibility for overall Project leadership and administration. CLUSA will have primary responsibility for the Oilseed and Pulses component while TechnoServe will continue to have primary responsibility for Fruits and Cashews with the assistance of the Project's BDS Director.

## **1.2 CHANGING PARAMETERS AND OPERATIONAL ISSUES**

As AgriFUTURO works to build on the achievements of previous project years, the project most respond to important changes in the parameters under which it operates. These required changes impinge on the orientation and progress of the project. As presently directed by the USAID/Mozambique Mission under Feed the Future requirements, both the geographic scope of the project and its value chains have been redefined, resulting in the loss of some of the project's most productive areas (Angónia in Tete) and requiring startup operations in a new province, Zambézia. With respect to target value chains, pulses (beans) have been added while maize and forestry, a major driver in job creation, have been eliminated.

Significant shifts in the geographic scope of the project:

- 1) The Beira Corridor has been redefined to encompass Manica Province plus the immediate area of Gorongosa Park in Sofala (specifically) for the project's biodiversity initiatives;
- 2) The Nacala Corridor, which includes all of Nampula Province, has been expanded to include all of Zambézia Province and a small portion of Cabo del Gado but only for those banana companies that operate on both the Nampula and Cabo del Gado banks of the Lurio river. As bananas are a legacy area for the project and as Mozambique could prove to be the world's low cost producer it is important that the Project continue to support companies, such as Enica and Jacaranda.
- 3) Tete Province, especially the highly productive Angónia District, Sofala and Niassa Provinces have been eliminated as project areas.

It should be noted that, for the project to perform effectively in Zambézia and for implementation in the new district of Mossurize in Manica, a small office in Quelimane, additional staff, and vehicles will be required to achieve target indicators. Although several promising initiatives are in the design or beginning implementation stages from Quelimane, to Gile, to Gurué and Alto Molocué, this area cannot be covered by the limited staff and vehicles available from the Nampula office. Likewise, one additional staffer will be hired to cover Mossurize in Manica.

### **1.3 INDICATOR TARGETS**

Revised indicator targets for 2012 are presented in the table below. These indicator targets reflect changes in project activity as detailed above. Specifically, the shift in geographic scope also has important implications for project performance with respect to indicator targets. Prior to its elimination from project activities, excellent results were achieved through Project interventions in the Angónia area of Tete. The exclusion of these results from the project's indicators will reduce achievable target levels. The addition of the Mossurize District in Manica will not compensate for the loss of results from Tete. While the Mossurize District is promising for soy and oilseeds, the project's investments in these areas will take time to bear fruit, and the payoff to these investments will be incremental and limited at the outset, due to the much lower base from which the project must start.

Likewise, lenders who might consider lending to emerging farmers (EFs) and small farmers often make loan approval contingent on Project confirmation that Technical Assistance will be provided for all commodities grown by beneficiaries notwithstanding that some of the crops are no longer included in the target VCs. This means that, in some cases, the project will provide

technical assistance to commodities such as maize but that, due to the new value chain restrictions necessitated by FtF, the results of these activities will not be reflected in the project's indicators.

The project also must mention that in previous project years, some producers have had to change their crops, abandoning project-focus crops in favor of ones more likely to produce a profit, but not included in the project's activities. These shifts are logical changes on the part of the farmers, often made in response to climatic conditions, poor planting results, etc. However, such late season changes can cause unanticipated reductions in indicator targets that do not reflect a deficiency in project investments.

For the banana industry, expected results and their attendant target indicator levels, have been scaled back due to the poor performance of the Matanuska Company (the company was expected to have planted 3,000 hectares of banana by the end of year two, instead it has only planted on 1,200 hectares). Not only was Matanuska expected to be a significant contributor to meeting export targets, but potential, commercial banana producers are on the sidelines watching the troubled company's inability to export fruit in the expected quantities. (Note that the project has specific plans to address this issue; these are addressed in the section covering banana sector activities). Jacaranda and ENICA were also expected to contribute to export targets by the second year of the Project but, respectively, have only recently started production or have not completed investment plans. These issues have also lowered job creation possibilities in the banana value chain.

Finally, target levels have also been scaled back for cashew production and exports, as the project's emphasis on orchard rejuvenation will bring a slower payoff.

**TABLE I. INDICATOR TARGETS FOR FY 2012**

<i>Performance Indicators:</i>	<i>2012 Targets Revised in January :</i>
<b>Private sector investment (\$ millions)</b>	180.619
<b>New jobs created (cumulative)</b>	26,438
- Men:	17,867
- Women:	7,792
<b>Total new exports (\$ millions)</b>	
- International (outside of Southern Africa)	104.124
- Regional (Southern Africa)	14.189
<b>Rural households benefited (cumulative)</b>	79,538

- male head of household	52,546
- female head of household	26,992
<b>Value of incremental farm gate sales (\$millions)</b>	103.79
<b>Firms and producer orgs assisted (cumulative)</b>	3,111
<b>Value of agricultural and rural loans (\$ millions)</b>	10
<b>Number of PPPs established</b>	36
<b>Policy Reform Proposals Submitted</b>	NA

Source: AgriFUTURO, January 2012

## **I.4 ORGANIZATION OF WORK PLAN DOCUMENT**

This Work Plan covers the period October 2011 through September 30, 2012 and updates the AgriFUTURO Project Action Plan, delivered in June 2011. The work plan is organized as follows: In Section Two, an overview of the specific value chain activities referencing the various Project component initiatives. Section Three focuses on Project components that are either not specific to any particular value chain or are common to all. In Section Four, additional cross-cutting themes that will be addressed in the coming work year (such as grants management and gender) are described. Section Five offers concluding observations.

## **2. VALUE CHAIN ACTIVITIES**

### **2.1 OILSEEDS: GROUNDNUTS, SESAME, SOYA**

The 2012 Work Plan for the Oilseeds Value Chain represents a continuation and strengthening of activities undertaken by AgriFUTURO since Project inception. The central strategic objective in this VC is to promote a competitive oilseed industry. Focusing on seed production to ensure that quality seed is available for producers throughout Mozambique, remains an important objective. However, all of the project components (BDS, Access to finance, Enabling Environment, etc.) will be employed to remove constraints, improve yields/productivity, and increase sales and exports. To this end, with CLUSA as its implementing partner, the project will support local partners, strengthen ASCs and FOSCs, and promote the development of PPPs and GDAs that help provide services, inputs or markets central to the development of this VC.

### **ENABLING ENVIRONMENT ACTIVITIES**

In addition to the port improvement activities and promotion of laboratory soil and seed testing services (described in the next section), the project's key enabling environment activity for oilseed includes addressing aflatoxin identification and mitigation, a response to the devastating advance of the sesame flea beetle, and the availability of appropriate planting material:

#### **AFLATOXIN**

The project will continue to promote the establishment of a laboratory in Nampula to identify and help mitigate aflatoxin contamination. The project will also focus on improved crop drying and storage methods. The project continues to discuss low tech storage facilities through a potential GDA partnership with GrainPro.

## **SESAME FLEA BEETLE**

The flea beetle is devastating sesame production in northern Nacala and spreading south through other districts. Systemic pesticide is too expensive for the majority of small holders. The Project will work with partner NGOs to identify flea beetle mitigation and eradication solutions, such as planting border attractants around field peripheries. A challenge is that, while biological control is possible, its effective use requires a high level of knowledge and sophistication not found among small farmers.

## **PLANTING MATERIAL**

To increase production and distribution of quality seed, AgriFUTURO has worked with several seed producers (including project FOSCs) to replicate high quality, soy, sesame and groundnut seeds. As a result, quality seed production is rapidly expanding especially in the Nacala Corridor. This initiative will continue to be a focus in the current year. In addition, in the Beira Corridor, the project is processing a grant to build a seed processing warehouse for Dengo Commercial, a local seed company.

## **BUSINESS DEVELOPMENT SERVICES**

In partnership with programs such as SCIP and SANA, CLUSA as the implementing oilseed partner for AgriFUTURO will continue to develop ASCs and FOSCs with a new emphasis on FOSC development.

### **ASC AND FOSC DEVELOPMENT PLANS FOR OILSEEDS:**

- Continue to identify potential FOSCs and ASCs in targeted provinces
- Evaluate and develop appropriate farming models (e.g. ECF, block farming, contract farming, etc.
- Identify additional growers for soy, sesame, and beans, introducing them to existing and/or potential ASCs;
- Encourage EFs to identify and work with entrepreneurial small holders
- Promote organization and improved communication between ASCs, FOSCs and their farmer-clients
- Continue to provide training and technical assistance to ASCs, FOSCs, EFs and other beneficiary associations

## **OILSEED PRODUCTION PLANS:**

- Promote the use of good agricultural practices and improved methods of land preparation, crop care, harvesting and post-harvest handling
- Enable access to good quality agricultural inputs (fertilizers and approved pest controls) supplied through FOSCs and ASCs and encourage their use
- Promote the development of improved storage
- Promote and provide training in quality control
- Continue to introduce new technologies such as improved hybrid seeds, flea beetle mitigation and best agricultural practices including zero or minimum tillage, etc.

The project will also continue to identify and promote feasible and sustainable value-added processing for oilseed commodities, for example promoting husking or shelling, the use of soybean mash as a poultry feed, and the utilization of chaff as a low-cost animal feeds. Several private firms have expressed interest in establishing PPPs relating to oilseed processing. Market analyses and feasibility studies will be conducted to evaluate such processing opportunities.

Currently, a feasibility study for a SAN oil processing plant is under way. The study is financed by a project grant. Likewise, with TNS assistance, the Project is working on a feasibility study and investment memorandum for Highest Poultry. The potential Highest investment, between \$10mm and \$20mm, would provide new grain and oilseed markets to farmers in Angónia and Northern Manica.

The project is also working to link oilseed producers and associations with buyers. In cooperation with CLUSA, Southern Africa Trade Hub and other entities, the project will promote the establishment of medium and long term buyer/seller arrangements with large scale buyers. Currently, MOUs are being developed to support such sales to buyers such as Export Trading Group, Olam, Alif Quimica Industrial, Madal, and various poultry operators. The Project is investigating opportunities for sales to other potential buyers such as SA Groundnut and Golden Peanut for groundnut sales to the Middle Eastern and US markets.

With the assistance of John Deere, the project will promote development of a “Mobile Maintenance Units” to provide preventive maintenance. The project will continue to locate and develop additional service providers willing to provide equipment maintenance services. The

project will also continue to work with ASCs, FOSCs, and input suppliers to promote availability and use of chemical inputs. The Project recently signed an MOU to support the establishment of an input supply shops for the Dombe and Barué Grower's associations in Manica and hopes to replicate the partnerships in Nampula.

## **FINANCE**

The project is working to increase the availability of credit to actors in the oilseed industry. AgriFUTURO activities in this area include identifying potentially credit-worthy farmers, associations and businesses, helping them to develop business strategies and business plans as well as applications for financing. The project will serve as a catalyst or point of contact between potential lenders and borrowers. AgriFUTURO is also utilizing its grant's pipeline to promote the oilseed sector. In the Beira corridor, the Project's grants pipeline includes two cooperatives to be developed in partnership with ADRA. These are credit and savings cooperatives benefiting 7,500 members in Zambézia Province. The project will also help address grant feasibility of agribusiness service providers such as Agro Mecanica and ADELNA as well as input supply companies such as AfricaFertil to receive grants.

## **PPPS AND GDAS**

Specific PPPs and GDAs that are being pursued are summarized in Section Three and were introduced in the preceding text on AgriFUTURO oilseed activities.

## **2.2 PULSES**

Pulses were added as a value chain in October, 2011. Although included late in the Project planning stages, we have identified opportunities for development and marketing of pulses, especially in the Nacala Corridor and Zambezia. The development program for Pulses will, in many ways, parallel that for Oilseeds.

In the Beira Corridor, AgriFUTURO will work with the World Food Program to supply beans and encourage and assist beneficiaries' contract with the WFP. As with oilseeds the Project will work with *Dengo Comercial* to produce pulse seeds. We are also negotiating a possible MOU with V&M to cover their interest in pulses and working with a representative of Premier Milling for a possible investment from Bunge Corp., in the United States, to source pulses.

Based on previous work with partners such as CISTER and Corredor Agro, we believe the Nacala corridor has the best potential for developing pulses. In Nacala, the Project will follow up on initial contacts with Tata Chemical Ltd. to develop links to the Indian market, and assist Corredor Agro (CAL) with their expressed interest in developing a supply for TATA.

In southern Zambézia Province, Madal, already a partner in developing groundnuts has asked the Project to support pulse production as well. CISTER has demand for 1,000 metric tons of

“White Pigeon Peas”. The Project will assist IKURU, the only FOSC currently capable of providing that variety, to supply CISTER. Approximately 6.000 kg (equivalent to 400 has) of seed will be multiplied available through this program for the first year. As the variety is not widespread, AgriFUTURO mediated negotiations between the two companies and the following agreement has emerged:

- IKURU will provide the foundation seed for multiplication at CISTER's farm;
- CISTER will sell back the seed they produce at cost;
- IKURU, as a seed company, will make this seed available to growers through its normal, distribution channels; and
- CISTER will purchase back for final sale the production from growers.

In Zambézia, AgriFUTURO plans to link 27 growers unions, representing 6,750 growers (associations created by ADRA). The growers are expected to sign contracts with CISTER. AgriFUTURO is also supporting 8 new cooperatives and potential FOSCs (created in partnership with SANA). These cooperatives are planned to produce and trade in pulses, groundnuts and sesame.

## **2.3 FRUITS: BANANA, MANGO AND PINEAPPLE**

AgriFUTURO envisions the establishment of a robust, internationally competitive fruits sector in Mozambique. Two project legacy priorities are the firm establishment of banana and pineapple industries in Mozambique. To this end, the project will continue to address several fundamental enabling environment constraints while also promoting business development services and access to finance. As with much of AgriFUTURO activity, collaboration with private-sector actors through PPPs and GDAs will be an integral part of the strategy.

Through TechnoServe, its implementing partner for fruit and with the direction and assistance of the project's BDS Director, AgriFUTURO will work with stakeholders to promote regional sales as well as export and domestic markets. It will also focus on insuring a regular supply of marketable quality VC fruits.

The Project will continue to contribute to increase the volume and value of purchases from both commercial producers and smallholders by working to eliminate and/or mitigate Fruit Flies and

other phytosanitary issues. The Project will also focus on capacity building of actors including associations as well as in phytosanitary and quality issues. Below, a summary for each commodity is provided.

## **BANANA**

Land and water conditions for low-cost banana production are excellent in Mozambique, and there is significant investor interest in Mozambique's banana export industry. AgriFUTURO envisions a banana industry where large firms compete in international banana markets selling to Africa, the Middle-east and Europe while small-scale producers provide the domestic market. While the banana industry in the Beira corridor is comprised of both small farmers and mid-sized commercial farmers, the industry in the Nacala Corridor is made up of larger operators linked to international investors. Each class of producer requires different types of support from the project. At the level of large, export-oriented firms, priorities the Project is addressing include the fruit fly issue, port inefficiencies, bad roads, high road transport costs, worker training, and assistance in select management areas. Small-farm producers will be assisted in producing quality bananas for both processing and fresh domestic markets.

## **MANGO**

The Projects Mango activities are primarily in the Beira Corridor. The focus for mangos will continue to be in identifying additional export markets, particularly in the Middle East. However, to achieve markets outside of the Middle East, the fruit fly issue will have to be resolved. In the meantime, the Project has assisted in the development of micro-jet, under tree irrigation systems and a hot water dip packing house in the Beira corridor for existing growers. We will continue to support additional irrigation systems through grants funding, as well as assist in the development of processing facilities to supply local markets.

The Project will also focus on strengthening the Fruiticentro association and linking it to Fruiticentro in the southern Mozambique and the developing Fruitinorte association in order to have a strong national lobbying effort in the future.

## **PINEAPPLE**

As a Project legacy area, Agrifuturo will continue to establish the foundations for a vibrant and sustainable pineapple industry in the north of Mozambique. The Project will focus on pineapple production in the north of the country because most of the Beira Corridor production area is

subject to temperatures too low for the MD2 variety.

Agrifuturo will differentiate its approach for large commercial plantations and the development of smallholder production. With respect to commercial plantations, the project will:

- Continue STTA to assist in purchase, delivery, and Mozambican certification of plant material from South Africa,
- Introduce MD2 planting material at the identified farm in the Nacala Corridor
- Establish MD2 multiplication plots
- Provide training in crop management and growing techniques for multiplication of MD2 plants
- Plan and program crop dissemination and expansion, making sure to maintain strain purity

For small holder assistance, Agrifuturo will work with SCIP, ADRA, World Vision and other partners, to identify and assist producers, primarily in Zambezia Province. To help establish the industry, Agrifuturo will focus on:

- Market linkages
- Access to finance
- Growing pineapple throughout the year in order to supply potential processors.

## **ENABLING ENVIRONMENT ACTIVITIES**

Currently, exports of fruit (banana, mango and pineapple) are constrained by the fruit fly issue (in the case of green bananas and mangoes). Port inefficiencies and their attendant high costs are also a major impediment to exports.

In the coming year, key enabling environment initiatives will include investments in institutional strengthening, addressing port inefficiencies (addressed in more detail in the section on enabling environment); assisting the GoM in addressing the fruit fly issue; and increasing the availability of MD2 through a focus on multiplication of high quality planting material.

The Project will also provide assistance to the GoM in preparation for the Grow Africa meeting in May in Addis Ababa by providing consulting services to develop GoM's strategy document and presentation. AgriFUTURO will also continue to support and participate on committees of the recently formed Friends of Agribusiness forum.

## **INSTITUTIONAL/ORGANIZATIONAL DEVELOPMENT:**

The Project created the fruit growers and processors association, FrutiCentro, in Manica and will fund the administration/management of this entity through its first year by supporting the cost of an interim manager. The project will also help to establish another organization, FrutiNorte, in the Nacala Corridor as well as assist the formation of a national fruit association to include **FrutiCentro, FrutiSul and FrutiNorte** in order to represent the interests of the fruit sector with the GoM.

## **FRUIT FLY ISSUE**

The fruit fly issue is particularly destructive to the banana industry as incentives for investment in the sector; whether by large, export-oriented farmers or small holders has been limited by the lack of access to markets in Zimbabwe and South Africa. To the extent that commercial farmers have not been able to export, they have focused on sales to the domestic market that has further harmed small holders who cannot compete in either price or quality.

The fruit fly issue manifests quite differently for green banana exports than it does for mangoes. In the case of bananas, there is evidence that green bananas are not hosts to fruit flies, and thus it is broadly understood that South Africa, Zimbabwe, and other countries that prohibit imports of Mozambican green bananas are doing so out of political or trade considerations rather than a true concern for phyto-sanitary protection of their domestic industry. Therefore, in the coming year, the project will continue to support the removal of barriers to exports of green bananas by supporting continued government analysis and studies proving green bananas are not a Fruit Fly host. Required replications of research work done in Pemba will be supported. The project will also continue to push the GOM, through Friends of Agribusiness and other methods, to lobby South Africa, Zimbabwe and Europe to allow the sale of green bananas.

Working with GoM's Plant Health Department (DNSV), the Project has cooperated extensively with and will continue to participate in fruit fly mitigation/eradication efforts including the Fruit Fly trapping initiative and the release of biological controls. In addition, the Project has been and will continue to be a major promoter of Fruit Fly control efforts at the national level and a principal force in the creation of a Beira Corridor Fruit Fly working committee.

## **FACILITATION AND PROMOTION OF AGRIBUSINESS INVESTMENT**

AgriFUTURO will continue to facilitate agribusiness investment in the fruit value chain by compiling and disseminating information on opportunities and processes for investment as well as by providing services to individual investors such as assistance in identifying potential land

for large-scale cultivation. These initiatives are particularly relevant for banana as there is considerable investor interest (though several are holding off pending resolution of the fruit fly issue).

Project is also assisting fruit companies investing in Mozambique, and has helped identify areas appropriate for the planting of bananas in the Nacala Corridor. In one initiative of note, the Project is helping a potential investor (Mark Hassenkamp) locate appropriate suitable areas for three new, commercial scale farms in the Nacala Corridor of 1,000, 500, and 500 respectively. Key criteria for selection include: soil characteristics; natural drainage profiles reasonable land contour; water availability; reasonably close to the Port of Nacala; proximity to electrical distribution lines and primary roads. An important outcome of this exercise will be the production of a “critical path” document on how to establish an agribusiness in Mozambique using Hassenkamps multimillion dollar investment in a Greenfield Banana Company as a case study. In the coming year, the Project will also facilitate market linkages and potential investment by using GPS technology to identify and map fruit producers in Nampula and Zambézia Provinces.

## **PLANTING MATERIALS**

Planting materials will contribute significantly to the success of the Project’s mango activities and be the main focus of its pineapple initiative.

For mangos, the Project is working to identify interested growers and assist in establishing nurseries. The project will also provide technical assistance to the HORFIPEC nursery in Nacala in providing quality fruits to new and existing markets (SCIP – FAO – AGA KHAN). In addition to planting new stock, the project will also promote rejuvenative pruning of existing trees to increase productivity in the short term.

The Project has been stymied in its efforts to source quality MD2 planting material at affordable costs. However, recently, planting material has been located and will be imported from South Africa in early February, 2012. Due to the difficulty of locating appropriate planting material and the late start of the MD2 initiative, the project will not achieve meaningful exports during the current LOP. Nevertheless, the MD2 material will be multiplied and ready for introduction to interested exporters by the end of the project.

## **BUSINESS DEVELOPMENT SERVICES**

AgriFUTURO BDS activities in the fruit sector will parallel those in other sectors and are described in detail in the next section. This includes identifying and establish new ASCs and FOSCs, as well as working with ASCs, FOSCs, EFs, large commercial firms and other

associations to strengthen their organizational viability, management capabilities, and technical services as well as those of their members.

Agrifuturo will link new ASCs and FOSCs to EFs, as well as encourage EFs to work with other entrepreneurial smallholders. ASCs, FOSCs, other partner and beneficiary organizations, EFs and large firms will also be given technical assistance in converting to cooperatives, strengthen their management, adopt good agricultural practices and obtain needed certifications. The Project will strive to foster technology adoption and improved post-harvest practices. For mangos, for example, such practices will include better orchard management and maintenance, adoption of irrigation where needed and feasible, and the promotion of rejuvenative pruning as a means of increasing tree productivity.

For bananas, the project will evaluate the technical training needs of banana companies and develop programs to provide needed training. This will likely include training in Global Gap requirements as well as “good agricultural practices”. The project will create appropriate manuals and field presentations to be used in the training sessions (focusing on fruit production with acceptable quality standards). When requested, the Project will to assist growers in obtaining needed certification (GLOBAL GAP and ISO8000). A final area where large banana firms have sought assistance is in community relations and developing corporate social responsibility initiatives.

Other activities will depend on the needs of individual beneficiaries—for example, the Project will provide assistance to Jacaranda and Enica to identify and help solve issues with staff and organization. It will help new fruit producers such as Essuf Valy to develop business plans resulting in viable operations as well as obtaining finance and/or investors. Likewise, the Project will continue to assist Matanuska with its problems at the Port of Nacala as well as train its plantation workers.

The project, participating with partner organizations, will provide BDS; for example, in the Beira corridor, the project is providing support to small-farmer banana production groups assisted by SNV.

In addition to its work at the production level, AgriFUTURO will also undertake important initiatives to increase markets for fruits. In order to help strengthen demand for small holder-produced fruits as well as the availability of nutritious foods at the community level, the project will help explore the viability of establishing a dried fruit snack industry and/or fruit juice processing in both corridors. Recently, the project identified three potential small scale fruit

processors (small fruit juice or dried fruit processors for local markets)—two in Zambézia and one in Nampula. The project will support feasibility studies to determine the potential viability and sustainability of these processors. As all are located near metropolitan areas, we assume the existence of commercial markets to drive demand but must still test these markets. If the businesses are found feasible, then challenges of finding a sufficient fruit supply to sustain production and transportation logistics will need to be addressed. Quality control and health and safety concerns for all processing concerns will be provided by TNS.

AgriFUTURO will also identify new, Middle-Eastern and other markets for banana and mango, as well as conduct an assessment of Nampula market banana consumption. Promoting sales of the new hot dip Mango packing plant, regionally and internationally, will be key to the success of these new market initiatives.

## **FINANCE**

The Project will:

- Assist Enica with investors and loans (actively underway)
- Also with TNS assistance the Project will prepare a business plan for Esuf Valy's potential investment in a fruit enterprise to include fruit processing for sale to South Africa. If funded, Essuf Valy would provide markets for local farm production from EF and small holders.

## **CASHEWS**

AgriFUTURO objective with respect to the cashew industry is to enable the emergence of an internationally competitive industry addressing key constraints along the value chain. One of the major constraints to the industry's development is insufficient production to support the volume and scale of operation that is both feasible and most economical. Lack of growth in production and the resultant affects for processing have limited job creation and export sales. Cashew farming in Mozambique is largely a small farmer activity. But, for smallholders, cashews are grown as an incidental crop and modifying small farmer attitudes towards cashew trees remains critical to solving the quality and volume problems. Changing these attitudes as well as promoting and facilitating technological and management practices that will support needed investments are central to AgriFUTURO strategy in the sector.

## **ENABLING ENVIRONMENT**

A key impediment to private-sector provision of quality planting material is that INCAJU subsidizes the production and distribution of seedlings to growers, providing disincentives to private nurseries. These disincentives, the high cost of growing and distributing saplings, coupled with the costs of monitoring and technical assistance to growers, have impeded private sector nursery investment. In response to these issues, Agrifuturo will continue work with GIZ and AICAJU to advocate for INCAJU to support a private sector approach to nurseries. The Project will also advocate for GoM promotion of small holder initiatives to replant and prune cashew trees.

The Project will increase the availability of quality planting material by promoting improvement and private commercialization of nursery operations as well as the establishment of commercial orchards and incentives to small growers to adopt Best Growing Practices. Three initiatives will be undertaken to achieve this end:

- Assist processors to establish nurseries, disseminate quality planting materials and provide some level of extension services to insure seedling survival. The result will be the establishment of at least two private nurseries in the Nacala Corridor and the planting of commercial grove areas of approximately 650 Has.
- Provide technical assistance to establish the HORFIPEC nursery and technical assistance in the distribution of seedlings.
- Promote the establishment of community nurseries with ADPP and selected associations. The Project will identify an STTA to assist with the optimal design, costs of basic nursery construction, and selection of good planting material to be multiplied and train association technicians on the care of cashew trees. The Project will use atrain community trainers for cashew extension work and promote planting of seedlings with plastic bottle drip techniques. Finally, the Project will provide technical assistance to OLINOTU, a Nacala Corridor ASC working with an FAO food security project, to grow and distribute cashew seedlings to smallholders.

## **BUSINESS DEVELOPMENT SERVICES**

As the availability of quality planting material increases, the Project will help to distribute it among its affiliated farmers. Agrifuturo will also identify qualified Emerging Farmers and a small holder association to establish new orchard style cashew plantings to cover at least 600 hectares, assist GIZ in their small holder extension improvement program and the dissemination of its agricultural practices manual.

In order to effect the attitudinal change that is needed to motivate small farmers to look at their cashew production as potentially profitable enterprises rather than simply sideline income streams, Agrifuturo will initiate a publicity campaign using rural radio programming, targeted at small and emerging farmers to promote growth of cashew trees. Examples of radio programming will include messages on the importance of replanting and pruning aging trees, proper farm practices, small holder planting and care of seedlings

Technoserve, the implementing partner for the cashew value chain, will be assisted by Abt and CLUSA personnel in its efforts to promote smallholder replanting and/or pruning of cashew trees and the establishment of cashew nurseries.

An innovative pilot program will be a small-scale incentive program intercropping cashew seedlings with commercial commodities providing additional farmer income. This will take place in Gilé and potentially other areas in Zambézia.

Agrifuturo will also invest in strengthening the cashew processing industry by continuing to

assist producers with quality control and improvement of plant processes. A related initiative is the provision of assistance to support the establishment of Sunshine Nuts in Maputo by facilitating Sunshine's purchases from Nacala Corridor processors.

The project will also undertake an active campaign to stimulate an increase in demand at the domestic retail level. TNS will lead this campaign focusing on the development of retail quality nut preparation and packaging as well as a domestic advertising campaign highlighting the nutritional value of cashew nuts in order to stimulate demand and domestic retail distribution. The advertising campaign will have components similar to the successful domestic promotion of poultry consumption.

## **FINANCING**

The Project will provide technical advisory services to participating processors and assist them in locating needed financial assistance.

# **3. ACTIVITIES BY PROJECT COMPONENT**

## **3.1 ENABLING ENVIRONMENT**

In the coming year, Agrifuturo will continue to focus on numerous issues that are key to the viability of investments in its target value chains. These issues are either addressed in detail in the sections on the values and commodity chains, or if cross-cutting issues they are discussed below:

### **POLICY ISSUES:**

- Analysis of administrative mechanisms to allow fruit exports from Mozambique. Institutions involved: MINAG-DSV, UEM, AgriFUTURO, FAO, The World Bank, USDA, ICIPE Kenya, private Sector
- In collaboration with SPEED, support policy analyses on:
  - Impact of metical appreciation on agriculture
  - Minimum wage analysis, especially for agriculture
  - Regulations for hygiene and safety in agriculture
- AgCLIR next steps:

- Submit and discuss recommendations with relevant Ministries and present to the members of:
  - a) “Conselho Técnico” of the Ministry of Agriculture
  - b) CADAAP Country - Direcção de Economia
  - c) AGRED (lead by the World Bank - Patrick Verissimo)
  - d) Institutions involved: USAID Mission, PAC members and AgriFUTURO
- With USAID and CEPAGRI, establish policy action groups through Friends of Agribusiness forum to implement recommendations
- Land tenure issues - Agribusiness investment is limited by producers’ and firms’ inability to transfer DUATs (land use instrument) inhibiting financing for agriculture. To address this constraint, the Project will continue to work with SPEED and other donors to push for the transferability of DUATs.
- Investment promotion:
  - Conduct an investment opportunities analysis for Nacala Corridor
  - Support and promote provincial government dialogue with the private sector
  - Assist the implementation of provincial strategic plans
  - Work with the private sector and the human capital development group, established by the Government of Nampula, to design an educational development plan that meets the requirements and pace of Nampula Province’s economic development
  - Prepare a road map for investment to help investors understand how to establish a business in Mozambique
- Infrastructure development:
  - Port infrastructure constrains exports through high costs and inadequate capacity. To address these issues, Agrifuturo will collaborate with USAID’s Southern Africa Trade Hub to draft a macro-economic analysis of the ports of Beira and Nacala assessing what improvements in efficiency and reduction of costs could imply for agriculture/agribusiness sectors in Mozambique and neighboring countries. The project will consolidate recommendations from the Nacala critical path analysis completed last year
  - Advocacy with Government (Nampula and national) to improve the Port of Nacala.
- Road improvements:

- Where possible, persuade the GOM to improve road maintenance that will reduce trucking costs.
- Organizational development :
  - Cooperative Law and regulations:
    - a) Assist AMPCM (Associação Para a Promoção do Cooperativismo Moderno) in the dissemination of the new cooperative law and regulations
    - b) Implement the conversion of famers' associations into cooperatives
  - Strengthen industry associations' performance and ability to dialogue with the GOM:
    - a) Operationalize the newly formed FRUTICENTRO, consolidate the management of FRUTISUL, and finalize the establishment of FRUTINORTE and a National Mozambique Fruit Federation
    - b) Establish a National Soy Bean Association
    - c) Continue support of INCAJU and other organizations' efforts to promote the cashew industry:
- Work with the Ministry of Agriculture's "Conselho Técnico" to submit the new Strategic Plan to the Council of Ministers for approval.
- Policy issues: Continue advocating transition of GOM (INCAJU) controlled seedling production and distribution to private nurseries
- Institutions involved: MINAG (INCAJU), AICAJU, GIZ and private sector.

## **SANITARY AND PHYTOSANITARY**

- Fruit Fly:
  - Agrifuturo will engage a consultant group from UEM to undertake an analysis of the Fruit Fly's impact on the economy of Mozambique. The study will be used to inform policy discussions relating to fruit fly both nationally and regionally.
  - The project will continue to lead the national mitigation strategy and support Fruit Fly surveillance in the northern and central regions.
- Aflatoxin:
  - Poor harvest/storage techniques and lack of accredited testing labs to determine toxin levels inhibit exports and effects Mozambican health and nutrition. In response to this

problem, Agrifuturo will continue its work to: establish a viable and accredited PPP testing laboratory for mycotoxins and testing for seed quality and soil composition; participation in the USDA's AflaSafe Project; identify and educate on new storage techniques; distribute UV lights where possible to help identify toxins; promote education programs on aflatoxin via radio programming and other sources

- Agricultural Inputs and Services
  - Planting materials:
    - a) AgriFuturo will continue to promote the production and dissemination of higher quality seed material in all areas of influence
  - Availability and utilization of agrochemicals:
    - a) Help to establish agrochemical distribution systems using affordable pricing. Plus cooperate with the GOM on creation and dissemination of a national fertilizer policy.
  - Market Information:
    - a) Work with AGRA, MSU, CLUSA ProMer, and other partners to establish commodity grading systems providing reference prices
    - b) Assist in the establishment of market information systems for smallholders via radio programming and/or SMS technology.
- Testing services:
  - c) Working with USAID, USDA and other donors, continue to assist in establishing UNILURIO University in Nampula as an accredited lab capable of providing mycotoxin analysis, soil testing services, soil nutritional recommendations, and seed analysis.

## **3.2 BUSINESS DEVELOPMENT SERVICES**

The project will continue to promote ASCs and FOSCs emphasizing the promotion of FOSCs as they have proven effective in reaching small farmers. The project will also continue its work with numerous private firms investing in the project's target value chains. Examples of ASC, FOSC and commercial farm activities are included in Appendix A.

Agrifuturo will also continue to work with Project subcontractors, other donors, NGOs, and USAID partners such as SANA, ADRA, PROSOJA, BAGC, AGRA, USDA, SIDA, etc., to strengthen of small holder associations and promote their legalization as cooperatives.

To ensure sustainability, the project will build organizational and business management capacity within its ASCs, FOSCs, EFs other beneficiary or partner organizations and private firms

through the following activities:

- Assisting with:
  - the conversion of associations to cooperatives
  - technical assistance to associations and their members in:
    - a) Production techniques
    - b) Good Agricultural Practices
    - c) Equipment maintenance
    - d) Business planning and management:
      - Cost control
      - Planning & control
      - Cash management
      - Personnel productivity
      - Continuous improvement
      - Effective communication
      - Team leadership
      - Sales and negotiation

Training will be provided by the IFC using their toolkit for Small and Middle Enterprises, and CLUSA. The project is also in discussions with SNV to share such business and finance training costs.

### **3.3 FINANCIAL SERVICES**

Lack of beneficiary collateral and understanding of finance inhibits access to credit. High interest rates are a constraint to qualified borrowers. Banks have experienced high default rates for emerging and associated farmers. Investors, while interested in Mozambique, focus on the limited number of mid-size businesses with significant history and successful management.

Therefore, banks remain extremely cautious in lending to the agricultural sector and have revised their approaches to lending to the sector. Nevertheless, the Project has successfully arranged loans for beneficiaries through Banco Terra and Banco Oportunidade de Moçambique (BOM) and identified financial partners with patient capital and/or a mandate to lend to emerging and small farmers (Banco Terra, AgDevCo, BAGC, ProCredit, and Standard Bank/CredAgro).

The project also will continue to approach financial institutions with viable EF and small farmer

business applications and business plans. Working with John Deere, the Project will again try to bring borrowing rates down via financial lease mechanisms guaranteed by Banco Terra's DCA facility or other mechanisms. Equity financing will continue to be pursued with entities such as SilverLand, Innovare and Phatisa. The Project will also cooperate with the cell phone banking initiatives. Independently and with partners (GAPI, Mcel, IFC, etc), the Project will offer credit management training to FOSCs, emerging farmers, and small agribusinesses.

Because of side-selling, commercial farms such as CISTER and Corredor Agro are also reluctant to provide additional supplier credits to EF. However, as we have seen that certain smallholder associations and EF who have historically received credit under tobacco or cotton company contracts have been more likely to repay and act responsibly. For this reason, the Project will focus on GAPI, IFC and CLUSA training programs in business and credit. It is hoped that such training will initiate behavior change and instill the beginnings of a credit culture in Project areas.

In the fruit value chains, TNS is writing a business plan for an old citrus farm outside of Chimoio. There is potential to revive this farm, given the good climatic conditions, existing infrastructure and easy access to markets. Together with the farm owners the Project is trying to raise new equity and identify a capable management team.

In 2012-2013, AgriFUTURO will:

- Identify commercial and Emerging Farmers, cooperatives and small holder associations capable of meeting bank credit criteria. Specific emphasis will be placed on identifying commercial farmers for introduction to Banco Terra loans guaranteed under USAID's DCA.
- Assist agribusinesses, ASCs, FOSCs, EFs, and cooperatives with winning business strategies and business plans strong enough to allow access to bank and donor funding.
- Working with the IFC, John Deere, GAPI and BOM, provide beneficiaries (FOSCs, Cooperatives and associations) financial education and business training to ensure understanding of credit and contract obligations.
- Establish joint grant/financing packages (matching grants) to assure lenders and other funders some level of risk sharing.
- Meet with and determine the profiles of identified investment funds now operating, or with an interest in working in Mozambique. The Project will match such investment funds with existing and to be identified agribusinesses.

- Continue to support the Beira Agricultural Growth Corridor and AgDevCo in identifying scalable candidates and assisting with business plan preparation.
- Identify fundable projects/businesses for the Local Currency Fund, to be established by the GOM and USAID. The Project will assist potential grantees during the application process.

### 3.4 PPPS AND GDAS

AgriFUTURO has been very active in promoting PPPs and GDAs. Our list of national level PPPs is now extensive and spans operations in virtually all of the Project VCs. The list of GDAs is more limited, but growing. These PPPs and GDAs, along with a brief description and their current status are summarized in the table below.

**TABLE 2. STRATEGIC PPPS AND GDAS**

<i>Type of Organization</i>	<i>Firm name</i>	<i>Value Chain/Service</i>	<i>Summary Description</i>
PPP	John Deere	Machinery, Finance	An alliance with John Deere supporting equipment leasing and training programs. Work closely with John Deere to identify a financial institute for leasing and develop training programs With the assistance of John Deere, promote development of a “Mobile Maintenance Units” to provide preventive maintenance
PPP	Grain Pro	Storage	Continued talks for a storage program with GrainPro
PPP	Export Trading Group	Oilseeds	Linking beneficiary commodity sales; in discussions for possible contracts and storage facilities
PPP	OLAM	Oilseeds, Cashews	On-going discussions to revise existing MOU to increase sales of sesame, groundnuts, and cashews
PPP	Corredor Agro	Oilseeds	Working with CAL in a pilot, continue to develop “accounting manuals” for EF working with CAL and other ASCs and FOSCs. Project will continue to support CAL with EF outgrower programs promoting pulses, sesame groundnuts.
PPP	Madal	Groundnut Pulses	Partnership with AgriFUTURO, and SA Groundnuts to develop MADAL’s coconut farmers into groundnut producers. Will also pursue bean production with Madal farmers
PPP	South African Groundnut	Groundnut	Continue to promote and develop relationship with SA Groundnut to produce quality groundnuts in Nampula and Zambezia. Will discuss initiating activity in the Manica/Sofala area
GDA	Golden Peanut (Potential)	Groundnut	Through connection with SA Groundnut, project is in discussions to provide groundnuts to US based Golden Peanut if partnership with MADAL and the project succeed
GDA	Chiquita	Bananas	The Project is ready to assist banana sector investment in the northern part of the country dialog is ongoing

<b>Type of Organization</b>	<b>Firm name</b>	<b>Value Chain/Service</b>	<b>Summary Description</b>
GDA	Dole	Bananas	The Project is ready to assist banana sector investment in the northern part of the country dialog is ongoing
PPP	SAN	Oilseeds	SAN oil processing plant; feasibility study underway
PPP	Higest Poultry	Oilseeds	Project is financing a feasibility study and investment memorandum for Higest Poultry. The potential Higest investment, between \$10mm and \$20mm, would provide new grain and oilseed markets to farmers in Angonia and Northern Manica.
PPP	Unilirio	All	Testing lab for aflatoxin, soils and seeds
PPP	GAPI	All	The Project has drafted an MOU with GAPI. GAPI will provide business training to Project identified smallholders and EF. GAPI will then provide credit to trained beneficiaries it deems capable borrowers that receive AgriFUTURO technical assistance

Source: AgriFUTURO, January 2012

## **4. CROSS-CUTTING THEMES**

### **4.1 GRANTS MANAGEMENT**

To better manage the grants program, a Grants Manager was hired by AgriFUTURO in January, 2011 to oversee grant identification and documentation procedures. Value Chain Leaders were coached in proper criteria for candidate selection. To date, approximately \$750,000 in grants have been approved of which approximately \$398,000 have been fully executed (agreements executed and equipment or supplies delivered).

For 2012, the goal is to finalize the approved but unexecuted grants by the end of April, 2012. The program also has a pipeline of grants earmarking all but \$75,000 of the remaining grant funds assuming all are approved. The goal is to complete disbursement of all grant funds by September 30, 2012. The grants in the pipeline include new types of grants that have not been funded, including irrigation systems and processing equipment for oils and fruits.

## **4.2 GENDER EQUITY ISSUES**

The Project will hire a gender consultant to draft a strategy for the project and provide sensitive training to VCL and field staff to assist in identifying gender related business possibilities.

Some gender based initiatives the Project has identified for promotion during 2012 include:

- Work with Unilurio to train women in soy producing areas of the Nacala Corridor on domestic uses for soy
- Identify income generation projects based on the use of soy
- Promote a female owned Nampula based agribusiness in groundnut production and sales
- Assist a Zambézia based female owned business establish a small fruit processing company and with the development of seed production on a commercial level
- Strengthen an existing women's association in Beira to improve production

## **4.3 BIODIVERSITY**

Two projects are now in progress:

- Gorongosa Park – establishment of a small holder project focused on oil seeds to draw farmers out of the park. Park officials have given their support and USAID has funded the project as a subcontract to the Park.
- Cashew: As pilot, small holder cashew plantations will be combined with bio-diversity projects in the buffer zones around Gilé by providing intercropping with cash crops and providing incentives (if funding can be achieved through local currency grants) to keep cashew trees healthy. GiZ, IGF and ADRA will partner with the Project.

## **4.4 MONITORING AND EVALUATION**

Establish and follow up on M&E parameters for grants.

The Project is still struggling with the numerous changes to and additional target indicator requirements mandated for Feed the Future, many of which do not directly apply to an agricultural competitiveness project. To provide the extensive data collection and analysis, the Project will have to hire 2-3 additional M&E staff to collect data quarterly from the 3,700+ FOSCs, cooperatives and associations with which the Project works.

In addition to new M&E staff, the project is developing an IT based data collection system to ease the considerable amount of information to be provided. This system should be ready by mid-March.

## **4.5 QUALITY MANAGEMENT SYSTEMS (QMS)**

QMS identifies appropriate systematic components of quality food safety and production rules that can strengthen the value of Project value chains. The program focus is to assist companies and producers to compete, conform, and connect to markets that require quality in production and appropriate procedures and certifications for trade.

Current QMS Project priorities are fruits and tree nuts. AgriFUTURO, through its Quality Program is working closely with clients emphasizing to management the importance of specific quality and productivity tasks as well as assisting and evaluating the level of implementation and progress made towards International Quality Protocols.

QMS currently works with two cashew agro-processors<sup>1</sup>, operating in the Nacala Corridor where we have recommended the adoption of operating systems that conform to international market standards and strengthen the Quality philosophy. We also include a vigorous program of education and self-improvement, promoting best practices in the quality management training program that improve performance and confidence of skilled labor.

## **ACTIVITIES PLANNED FOR 2012**

### **TREE NUTS: CASHEW – MAP, CONDOR, AND IPCCM**

- Continue training QMS system documentation and enforce the practice of formalized document use by supervisors and managers.
- Promote traceability as a strategic recommendation for the business.
- Train supervisory teams in the documentation of quality-related work and in conducting internal quality audits

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<sup>1</sup> CONDOR NUTS – Installed capacity of 5,000 ton/year, and

MAP – Molócue Agro Processamento, installed capacity of 2000 ton/year.

IPCCM – Installed capacity of 1200 ton/year. Owner has shared his factory with INDO ÁFRICA with new management who still in suspense about Quality Management System implementation. We (AgriFUTURO) still have to clarify and strongly encourage the new owner to adopt the QMS program.

- Assist in the execution of internal audits as per schedule, update quality systems, and outline and control the execution of corrective actions
- Define and implement process monitoring of EHS (environment, health & safety) and bio-security measures. Introduce the waste recovery system on audit results/recommendations
- Establish the customer complaint procedure and product recall procedures.
- Prepare for and participate in, certification audit process.

## FRUITS

- We will focus on 3 companies; two already identified are **ADPP** and **JACARANDA** for which we will provide capacity strengthening activities and the introduction of quality and hygiene food standards in their processing plants to achieve international quality certification. For **ADPP**: QMS implementation process and food safety rules; For **Jacaranda**: pack house QMS implementation process and food safety rules. Assistance for both will necessarily include training and education on technical activities such as sanitation and quality control assistance to processing plants.
- OLINDA FONDO : A female entrepreneur and potential ASC who is engaged in several agricultural activities. Her operation is based in Mocuba, Zambezia Province in northern Mozambique. QMS will assist her in designing a fruit production factory and future pack house to respond to internationally recognized health and safety food systems (e.g. traceability, use of HACCP systems, GlobalGAP, ISO14000, etc.).

## 5. CONCLUSION

This year's Work Plan is designed to continue the aggressive initiatives of the last 2 years. In addition, it attempts to address Feed the Future and USAID Mission directives. While the Project will continue to seek opportunities, this year the Project will also focus, cementing achievements, analyzing and making programmatic changes based on lessons learned.

Project leadership recognizes that this is a dynamic process in which modifications may be required from time to time based on opportunities, lessons learned, or USAID requirements. Whenever such retooling is necessary, dissecting each project component and Value Chain to identify precisely where project resources (Technical Assistance, Training Programs, Grants, PPP and GDAs, etc.) must be invested, is required.

Much has been accomplished to date. The Project has generated innovative ideas, served as a market broker and catalyst, and has applied its resources at critical junctions along market chains. AgriFUTURO has become a “go to” agency for investors. It has developed strong relationships with the Governor of Nacala and with the Port operators in both Nampula and Beira. Nevertheless, the Project’s goal is to achieve sustainability and to leave certain key legacies once the Project ends. These legacies include:

- Sustainable, viable, cooperative based farming enterprises (FOSCs and ASCs)
- An expanded and strengthened groundnut industry
- The foundation of a viable MD2 Pineapple industry.
- The foundation of a viable and sustainable Banana industry in the northern part of Mozambique
- An established, certified laboratory based in the Nampula area capable of providing mycotoxin analysis with a focus on identifying and mitigating Aflatoxin, as well as soil testing and soil nutritional recommendations, and seed analysis.

Abt Associates, with our subcontracting partners TechnoServe, CLUSA and Wingerts Consulting, is confident that this Work Plan is a viable roadmap for the coming year that will ultimately lead to AgriFUTURO’s success.

# APENDIX A: PROJECT TIME LINE

TABLE 3. COMPONENT I SCHEDULE

Activities & Tasks	Oct-11	Nov-11	Dec-11	Jan-12	Feb-12	Mar-12	Apr-12	May-12	Jun-12	Jul-12	Aug-12	Sep-12	Activity/Task Lead
<b>Activity 1.1: Develop a Stakeholder Base for Change</b>													
<i>Institutional/organizational development :</i>													
Strengthen the capacity of FrutiCentro management													VCL & EED
Provide TA for the establishment of FrutiNorte													VCL & EED
Strengthen capacity for processors association with AICAJU													EED
Support the formation of a national fruit association													EED
Working on the conversion of associations into cooperatives													VCL's & EED
Assist the cooperative on the legalization process													VCL's & EED
Strengthen capacities of cooperatives to become business enteties													VCL's & BSDS
Support the creation of soybean association													Coms & EED
<b>Activity 1.2: Develop National Competitiveness Strategy</b>													
Support Grow Africa initiative													EED & COP
Support the implementation of the AgCLIR recommendation													EED & COP
Support the agenda of Friends of Agribusiness forum													EED & COP
Support establishment of dialogue mechanisms between Govs Nampula, Zambezia and manica and private sector													EED & Coms
Production of videos for selected success stories													Coms & EED
Write and disseminate value chain success stories													Coms & VCLs
Produce and distribut communication and outreach materials													Coms
<b>Activity 1.3 Develop a National Competitiveness Reform Agenda:</b>													
<b>Implement Enabling Environment Activities from the value chain competitiveness strategi and value chain action plan</b>													
<i>Cashew Value Chain:</i>													
Asist processors to comply with quality standards													Senior Quality Standards Advisor
Support the establishment of the ISO 2000													Senior Quality Standards Advisor
<i>Aflatoxin:</i>													
Promote low tech storage facilities to reduce the incidence													BSDS & VCLs
<i>Sesame Flea Beetle:</i>													
Support the mitigation and eradication efforts													BSDS & VCLs
<i>Fruit Fly:</i>													
Continue to work with fruit growers on monitoring activities													EED & VCLs
Continue with fruit fly surveillance program													EED & VCLs
Dissemination of the phytosanitary measures													EED & VCLs
Working with DNSV on mitigation/eradication efforts													EED & VCLs
Continue to work with the GoM to try to mitigation/eradication													EED & VCLs
<i>Planting Material:</i>													
Provide technical assistance for establishment of nurseries													BSDS & VCLs
<i>Access to Alternative/Special Markets:</i>													
Access to special markets (fair trade and organic)													PIPPY
Support the growers certification process													PIPPY
Support participation on special markets fairs													PIPPY
<i>Fruit Value Chain:</i>													
Assist on the identification of new alternative markets (Middle East)													VCL & BSDS
<i>Policy Analysis:</i>													
Follow up reform agendas drawn from previous studies, e.g. AgCLIR, Port Study, INCAJU Master Plan;													EED, COP and Coms

**TABLE 4. COMPONENT 2 SCHEDULE**

Activities & Tasks	Oct-11	Nov-11	Dec-11	Jan-12	Feb-12	Mar-12	Apr-12	May-12	Jun-12	Jul-12	Aug-12	Sep-12	Activity/Task Lead
<b>Activity 2.1: Develop Value-Chain Focused Agribusiness Service Clusters</b>													
Continue to implement the grants program to allow the development of ASC model													Grants Manager with BDSD
Secure USAID grant approval and explore new options for co-financing (such as the DCA facility)													COP with BDSD
Assist new ASC applicants													Grants Manager & VCL
Assist the ASC on the identification of the EF groups interested to work on this model													VCL with BDSD
Receive and review proposals, identify top candidates and submit results to USAID													COP with BDSD and Grants Manager
Continue to provide technical assistance to existing ASCs on the following areas:													
TA to finalize business plans													VCL with BDSD
TA to finalize client outreach and client development													VCL with BDSD
TA to identify and leverage financing													VCL with BDSD
TA to develop BDS linkages plan and identify partner BDS providers (including financing providers eg: John Deer Program)													BDSD
Develop and implement ASC performance monitoring plan													M&E and Grants Manager
Develop and provide follow-up assistance to top tier, but also assist unsuccessful applicants to develop base to qualify for next opportunities													BDSD & VCL's & Grants Manager

Activities & Tasks	Oct-11	Nov-11	Dec-11	Jan-12	Feb-12	Mar-12	Apr-12	May-12	Jun-12	Jul-12	Aug-12	Sep-12	Activity/Task Lead
<b>Activity 2.2: Roll-Out and Expand Farmer Owned Service Centers</b>													
Identify and assess lessons learned and best practices from current and previous experiences of FOOSC (IKURU, KGU, Asiwama)													BDS & VCL
Assist existing farmer-owned service providers and assess capacity to scale up (eg. Strategic plans)													BDS & VCL (both Coordinators)
Provide TA to selected existing farmer-owned service centers to increase service capacity :													
Introduction of new crops (eg: pulses)													VCL & BDS
Seed multiplication program (organize the seed producers, eg: IKURU)													VCL & BDS
Identification of service providers with equipment source (eg: existence of institutions such as COPSA)													VCL & BDS
Strengthening cash crop production													VCL & BDS
Work on business plans development													VCL
Provide assistance to secure private financing (including identification of new sources)													VCL & BDS
Promotion of use of organic compost													VCL & BDS
Promotion of use of animal attraction													VCL & BDS
Facilitate linkages for the creation of input shops													FT&VCL & IFDC
Establish demonstration plots													FT & VCL
Establish production blocs													FT & VCL
Develop certified warehousing receipts program at service centers													BDS
Mapping Farmers fields using GPS													FT & VCL
Facilitate demarcation of farmers field (DUAT)													FT & VCL & ITC
Cooperative conversion for COPSA:													
Provide TA to COPSA to the legalization process													STTA
Development of the operational and management plan													
SOW for STTA for the management plan													VCL & BDS
Market linkages													VCL & Pippy

Activities & Tasks	Oct-11	Nov-11	Dec-11	Jan-12	Feb-12	Mar-12	Apr-12	May-12	Jun-12	Jul-12	Aug-12	Sep-12	Activity/Task Lead
<b>Activity 2.3: Building Capacity in Service Provider of Targeted Value-Chains</b>													
Management Training:													
Importance of keeping accurate records	■	■	■	■	■	■	■	■	■	■	■	■	STTA
Budgetting				■									
To become a more effective manager						■							
Cost effectiveness						■							
How to be a team leader						■							
Accessing market opportities					■	■	■						
Development of competitive strategies				■									
Achiving quality							■	■	■	■	■	■	
Planing and controlling					■	■	■						
Improving technics of processing (backing and storage)			■					■	■	■	■	■	
How to mange a bank loan		■											
How to produce organic compost		■											
Production technics for various crops	■	■	■									■	
Training on mechanization and tractor maintenance	■	■	■									■	
Global GAP establishment and training				■	■	■	■	■	■	■	■	■	

**TABLE 5. COMPONENT 3 SCHEDULE**

Activities & Tasks	Oct-11	Nov-11	Dec-11	Jan-12	Feb-12	Mar-12	Apr-12	May-12	Jun-12	Jul-12	Aug-12	Sep-12	Activity/Task Lead
<b>Activity 3.1: Help Agribusiness Firms Access Financing</b>													
Assist project clients to secure finance													VCL & BDS
Develop business plan, including detailed finance plan to be submitted to banks													STTA
Continue to link the project clients to new financial sources													
<b>Activity 3.2: Develop Institutional Innovations</b>													
Identify partners financial institutions for linkages with AgriFUTURO beneficiaries, new product development including DCA facility as guarantee													BDS & VCLs
Work with producer associations interested on saving and loan products.													VCLs
Support the introduction of John Deere financial lease mechanisms type													BDS & VCLs
Continue to pursue equity financing mechanism (Silverland, Innovare and Phatisa)													COP & BDS

**TABLE 6. COMPONENT 4 SCHEDULE**

Activities & Tasks	Oct-11	Nov-11	Dec-11	Jan-12	Feb-12	Mar-12	Apr-12	May-12	Jun-12	Jul-12	Aug-12	Sep-12	Activity/Task Lead
<b>Activity 4.1: Development and Implementing Global Development Alliances</b>													
Continue to develop new partnerships	■	■	■	■	■	■	■	■	■	■	■	■	COP & BDSD
<b>Alliances within specific value chain activities:</b>													
Bananas:													
Corvus	■	■	■	■	■	■	■						BDSD
Enica													BDSD
Groudnuts:													
SA Groundnut Marketing													BDSD
Carter Peanut				■	■	■	■	■	■	■	■	■	BDSD
Soybean:													
Pineapple:													
Altie Steenkamp			■	■	■	■							VCL & BDSD
World vision				■	■	■	■	■	■				VCL & BDSD