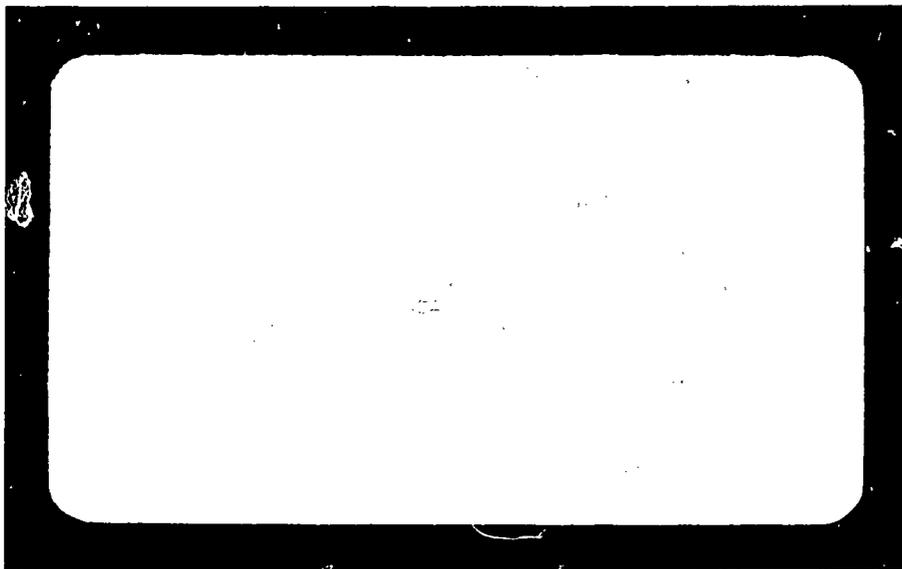


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Direcção Nacional de Economia Agrária

Relatórios Preliminares de Pesquisa



República de Moçambique

**Informing the Process of Agricultural Market Reform
in Mozambique: A Progress Reports**

**By
MOA/MSU/UA Research Team**

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Informing The Process of Agricultural Market Reform In Mozambique: A Progress Report¹

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INTRODUCTION AND OVERVIEW

In early 1987, the Government of Mozambique embarked upon a series of major revisions in economic policy under the Economic Rehabilitation Programme (ERP). This programme, which affects agricultural input and output markets, exchange rates, and fiscal and monetary policy, is similar to those being instituted in other SADCC countries. Policy reform programmes are being adopted throughout the region which attempt to give a greater role to "liberalised" markets. These programmes are predicated on the belief that markets will emerge and will allocate resources in such a way that stagnant economies once again will begin to grow and increase the living standards of the countries' rapidly growing populations.⁶

¹This paper is prepared as part of the scope of work of the Mozambique component of the Food Security in Africa Cooperative Agreement DAN-1190-A-00-4092-00 between the United States Agency for International Development (USAID) and the Department of Agricultural Economics at Michigan State University. The authors wish to thank the Ministry of Agriculture, the Provincial Directorates of Agriculture in Nampula and Zambezia provinces, the Governor of Nampula province, and Julie Born at the USAID mission in Mozambique for their invaluable assistance during the appraisal team's stay. Any errors are strictly the responsibility of the authors.

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⁶In Mozambique, it is generally agreed that economic reforms and massive donor assistance since 1987 have stabilized the economy and allowed a return to economic growth averaging two percent to four percent per annum.

There is little doubt that more efficient markets will help remedy some of the difficult problems affecting SADCC countries' agricultural sectors. But a number of characteristics of most SADCC economies force one to ask the difficult question of how these efficient markets will emerge. First, underdeveloped transportation, communication and marketing infrastructure inhibits market performance. Second, it is generally agreed that governments have under-invested in market support services such as market information systems, marketing research, credit for agricultural marketing, and quality grades and standards. Finally, these economies have long been dominated by command systems where resources have not been allowed to move freely in response to price and other market signals. Partly as a result of this lack of resource mobility, effective mechanisms for the vertical coordination of economic activity, including formal and informal market information systems, have not emerged.

Simply eliminating government controls and allowing resources to be allocated "by the market" may not yield the desired results. Government clearly must play a role in creating the institutional framework within which efficient and effective markets can emerge. One key element of this framework is market research and information. Developing and maintaining an active and accurate market research and information system is vital to the long term goal of a dynamic and decentralised economic system that uses market signals and complementary information to coordinate production and consumption decisions.

Purpose of this Paper

The purpose of this paper is to present the progress, to date, in the design of a pilot agricultural market information system (AMIS) in Mozambique. The authors recently conducted a three week rapid appraisal in the country. The team interviewed GOM and donor officials in Maputo, visited two provincial capitals, four district capitals and selected rural areas surrounding these district capitals. In each location, the team interviewed local officials, *lojistas*, wholesalers, and farmers. The information obtained shed a great deal of light on the structure of the Mozambican food system, on local perceptions of pricing and market regulation policies and on the problems facing traders and farmers in responding positively to the improved policy and security environment in the country. This paper reports selected findings of this field work and discusses their implications for the AMIS design.

This project is a collaborative applied research and policy dialogue activity between the Ministry of Agriculture of Mozambique and the Food Security in Africa Cooperative Agreement being implemented in the SADCC Region by Michigan State University (MSU) in collaboration with the University of Zimbabwe and the SADCC Food Security Technical and Administrative Unit in the Zimbabwe Ministry of Lands, Agriculture and Rural Resettlement. The Agricultural Economics Department of the University of Arizona will also participate in the work in Mozambique through a subcontract with MSU. Funding for this work is provided by the Government of Mozambique and the United States Agency For International Development.

The Importance of Market Information for the Management of Market Reform

As a result of improving security in the countryside and economic reforms initiated under the ERP, market determined prices are playing an increasingly important role in production and consumption decisions of Mozambique's 16,5 million people. Nowhere is this more evident than in the agricultural sector. In various types of informal markets (*dumbanengues* and *candongas*), in more traditional municipal markets and even in many independent retail stores (*lojas*), prices of a large number of liberalised and still officially controlled agricultural products are determined in a market setting. It is increasingly in these markets that the majority of the population (especially urban) obtains its food. The growing importance of market determined resource allocation in its economy has alerted the government of Mozambique (GOM) to the need to collect systematic price and other related market information.

Special Challenges in Mozambique

Given the depressed status of the economy, the heavy dependence on food aid and the widespread destruction of basic infrastructure in Mozambique, there are some special functions that an agricultural market information system will need to fulfill. First is the need for knowledgeable decisions about the relationships between the commercial food market and the food aid needs of those portions of the population that have no entitlements either because they do not produce enough for their own family needs or because they do not have enough cash income to acquire their food needs in the commercial market. Food aid, which arrives too late in too small quantities, can seriously affect their nutritional status.

A second challenge is to give priority focus to obtaining and disseminating information that will help stimulate the expansion of local food production to meet households' own consumption requirements as well as to meet effective commercial market and food aid demands. Too much food aid, or untimely releases onto the domestic market, can easily destroy the market incentive to expand local production. Balancing these short-term human welfare and longer term market development challenges requires that special efforts be made to prioritise the data to be collected and analysed and to provide public and private agents with timely information about the consequences of alternative options that affect both food aid and local production.

Finally, developing the human and institutional capacity in Mozambique to design and implement an ongoing market information system presents a challenge. Given the severe shortage of trained market analysts in the public and private sectors, the project will give special attention to in-service training and to finding new ways to expand the supply of locally trained analysts.

CURRENT AGRICULTURAL MARKET INFORMATION ACTIVITIES -IN MOZAMBIQUE

The only systematic historical price information that has been available in Mozambique is the list of official prices set by the government. As a large parallel economy emerges in Mozambique, official price and quantity data measure a diminishing portion of real economic activity. In response to recent market liberalisation measures, various local and donor organisations have undertaken periodic *ad-hoc* price and market information collection activities. Among these is the United States Agency for International Development's (USAID) list of weekly retail market prices of selected goods in Maputo. This information increasingly has been used by both national and donor agencies concerned with the course of agricultural market reform in the country. This system, in the absence of systematic government efforts, has been quite useful.⁷

The Department of Food Security in the Ministry of Commerce (MOC) is planning to implement a monthly retail food price collection system in selected provincial capitals. A major objective of this effort is to provide the data necessary to estimate accurately the relative value of the subsidised food distribution activities being undertaken by the MOC. Should the system prove successful, it will be expanded to other provincial capitals.

Thus, price and other market information is becoming more available in Mozambique. But neither the USAID nor the MOC systems were designed to fill the needs of the country for a national agricultural market information system. If such a system is to be developed, a number of issues must be considered. These include:

- the frequency of collection of price and other information;
- handling of non-standard units of measure;
- precise definitions of transaction levels and other concepts within the system;
- developing a workable plan for the processing of the data and dissemination of the results to priority users in both the public and private sectors; and,
- developing an applied market research and extension programme to complement price and quantity information.

⁷The Ministries of Finance and Planning each maintain a Consumer Price Index which is likely supported by systematic market price information. But these data are for internal use only and play little role in improving market information outside the two ministries.

Any information system in Mozambique will be constrained by the limitations of staff and recurrent budget support. Thus, the frequency with which data can be obtained and information disseminated is an open question. However, a number of factors make it clear that a national agricultural market information system must take more than one price observation per month. First, the price recorded may differ significantly from the monthly average price since it will be a single observation on a single day. Most monthly average prices are calculated from daily or at least weekly observations. Second, if for some reason the price is not collected for a given month, there will be a data void for that month. Weekly collection would increase the chances of there being at least some price observation during every month of the year. A well designed system will be capable of obtaining and disseminating weekly observations even given personnel and budget limitations.

Non-standard units of measure are common in Mozambican agricultural markets. The MOC and USAID systems have market reporters purchase the product in these units and weigh them to calculate a price per kilogram. This approach is probably appropriate for a system of modest scope. But it will quickly become both financially and administratively unworkable as the number of products, locations, and market levels increases. If a national agricultural market information system is to be developed, a method must be designed to deal with non-standard units.

It is important to develop a detailed plan for processing and analysing market data and disseminating results to outside users. Unless such a plan is developed, and the details of design and implementation are worked out, it is likely that the information will be utilised by a very small proportion of those who should have access to it.

Finally, as the generation and dissemination of basic price and other market information becomes routinised, the AMIS should expand its capacity to provide more in-depth market analyses and outlook information. This type of information is especially useful to market participants in forming reasonable expectations of future market conditions and effectively planning future production and marketing investments.

ISSUES IN THE DESIGN AND IMPLEMENTATION OF AN AGRICULTURAL MARKET INFORMATION SYSTEM

The design of the AMIS must take into account the current set of policies affecting agricultural production and marketing in the country together with planned reforms and the specific needs of the systems' intended beneficiaries.

Current Price and Marketing Policies and Planned Reforms

The information presented in Table 1 shows pricing policy for key agricultural and food products in Mozambique as of November, 1990. Table 2 summarises market regulation policies as of the same date. Agricultural pricing policy in Mozambique is changing from uniformly fixed prices at various market levels to a mixed, two-tier system.

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Table 1
Pricing policies and Maputo parallel market prices for selected basic foods in Mozambique (November, 1990)

| PRODUCT | FLOOR PRICE | OFFICIAL PRICES (MT/Kg) | | PARALLEL MKT CONSUMER PRICES, MAPUTO (August 1990) |
|--|------------------------------|--|------------------------------------|--|
| | | PRODUCER | CONSUMER | |
| POLICY: OFFICIAL PRICES | | | | |
| Yellow corn | None | None | 190 | 369 |
| Rice | None | 167 | Extra: 756 Med: 471 Low: 253 | 1214 1180 — |
| Sugar | None | <u>At Mill</u> white: 450 brown: 351 | white: 660 brown: 569 | — 939 |
| Vegetable Oil | None | None | 2286/lt | 2875 |
| Soap | None | None | 1,102/bar | 2354 |
| POLICY: PRODUCER FLOOR PRICE, CONSUMER OFFICIAL PRICE | | | | |
| Sorghum | 109 | None | 170 | — |
| Peanuts | 259 | None | 497 | 2313 |
| Dry Beans | Qual. 1: 264 Qual. 2: 184 | None | Qual. 1: 461 Qual. 2: 333 | 1073 1316 |
| POLICY: PRODUCER FLOOR PRICE ONLY | | | | |
| White Maize | 126 | None | None | 526 |
| POLICY: NO OFFICIAL OR FLOOR PRICES | | | | |
| Cassava | None | None | None | — |

Notes:

1. Official prices are legally decreed and obligatory in nature. Floor prices are indicative prices to farmers and prices at which AGRICOM makes its purchases.
2. Maputo prices are from the USAID price collection system.

In this new system, the prices of some selected products will be completely liberalised while others will move to a "floor price" system. As initially conceived, the difference between the fixed price and floor price approaches was that the latter would set only one price -- the minimum producer price -- and leave prices at all other levels to be freely determined in a market setting. But, as can be seen in the table, beans, sorghum and peanuts are under the floor price system but also are subject to an official consumer price. White maize was moved to a true floor price system for the 1989-90 crop year.

Two comments are in order regarding pricing policy in Mozambique. First, as the data in the final column shows, consumer prices in Maputo parallel markets (where most households make their purchases) are significantly above official consumer prices. The GOM has implicitly accepted this situation by allowing *candongas* and municipal markets to charge market clearing prices. Second, reforms in pricing policy are frequently slow to be communicated to and implemented at the local level. Thus, local authorities may continue to operate under the old rules which allowed them to prevent product movement out of their area and required traders to pay official prices.

Table 2 shows that marketing regulations have been substantially relaxed by Maputo, but that local practice continues to be more restrictive than the new policy permits. As a result, large spatial price differentials exist for some commodities. For example, during late October, bean prices in Maputo were between Meticals 2,500 and 3,000 per kilogram, while the same beans were being sold for MT 1 000/kilo in Nampula.⁵ It appears unlikely that the lack of security alone would cause this differential since other products were being successfully and regularly shipped from Nampula to Maputo.

This brief review of "theory versus practice" in agricultural pricing and market regulation policies makes it clear that government needs information on parallel market prices and marketing practices (market entry, product movement) at the district and provincial levels if it is to be informed on the progress of policy reform in the country.

Agricultural Market Information System Users and Beneficiaries

In conceptual terms, an effective information system offers advantages to all market agents from producers to consumers. Government also derives important benefits from a well-functioning information system. A transparent market informs on areas of critical scarcity as well as on areas of potential surplus. This supports the development of market policies based on the realities of relative supply and demand.

⁵These prices were for good quality *feijao manteiga castanha*.

Table 2
Status of agricultural market regulation policies in Mozambique
(November, 1990)

| POLICY AREA | PAST POLICY | CURRENT POLICY | LOCAL PRACTICE * |
|----------------------|---|---|---|
| Product Movement | Local authorities could prevent product from moving out of district if deemed necessary for local food security | All products are free to move across district and provincial borders | Local authorities in some areas continue to regulate some product movement |
| District Wholesaling | Government granted geographic and product monopolies to individual traders who were to purchase all product and sell to the state marketing board, and receive food and consumer goods from government for distribution at official prices. | Any trader who can meet minimum capital requirements can receive a wholesalers' license | Some market entry has taken place, but former monopolists continues to enjoy dominant market position |
| Licensing practices | Licenses explicitly limited a trader to specific goods and a specific geographic area Licensing process has been quite long, to the point of being a potential barrier to entry | Formal licensing policy is unchanged Licensing process appears to have become more streamlined at the provincial level | Product and area restrictions not uniformly enforced |

* As observed during the rapid appraisal mission.

Needs and Benefits for Farmers

For farmers, information on alternative markets for outputs can lead to changes in marketing behaviour. First, access to price information at different market levels (such as wholesale centers) and in different market locations (such as neighbouring districts), can improve farmers bargaining position with local traders. Market information also encourages arbitrage, and, as traders appear in surplus localities to move output to deficit localities, the number of alternative buyers for a given producer increases intensifying competition at the farm gate. Similarly, farmers in

Nampula and Zambésia lack information on the availability of necessary inputs, especially small tools (enxadas, catanas, and machados) and seeds. A market information system could communicate local availabilities of inputs to farmers and the level of effective demand to suppliers.

Needs and Benefits for Traders

Traders need knowledge of intra and interprovincial price differences in order to identify opportunities to profit from moving agricultural output from surplus areas to areas of relative scarcity. They also require information regarding the availability of transport, the schedules of food aid and commercial import arrivals, storage capacities, and relevant government regulations. The market information system should be able to provide this information on a regular basis. Many districts in Nampula and Zambésia produce surpluses, but there are deficit areas within and outside the provinces. Price and complementary market information represents the knowledge base on which product movement strategies can be formulated. While large traders will benefit from information on regional price variation and other market factors, small traders can also derive an advantage. A transparent market implies open access to market knowledge. An improved market information system offers small traders the needed knowledge base on alternative markets and lowers the costs of entry. More buyers improve competition.

Traders and farmers require information on intertemporal price changes to plan their annual marketing strategies. For example, in Nampula and Zambésia, a distinct season of reduced supplies occurs from December to May at which time new crops begin to appear. During this *época de fome* (hungry period), prices for food stuffs, especially manioc flour, rise significantly. Temporal arbitrage in a competitive market should benefit manioc producers and traders who store in anticipation of the price changes. An efficient market information system disseminates this knowledge on price variation to all market participants.

Market participants need information on which to base expectations of future price change. Generally, this information is derived from analysis of seasonal price movements in past years. The AMIS will not immediately be able to provide data for this analysis but will be able to provide it in the future. In the short term, it can contribute to informed storage decisions by providing broad access to information on price movements and relative supplies in geographically separate areas as well as anticipated food aid and food import arrivals.

Needs and Benefits for Consumers

Improved market information should benefit consumers in two principal ways. Increased integration will tend to reduce prices in deficit areas, increase them in surplus areas and stabilise them in both areas. While some consumers might pay higher prices at times, due to product movement out of their area, all consumers should enjoy more stable supplies and prices. Second, better market information will tend to increase the competitiveness of markets (*i.e.*, reduce market power) by

increasing transparency for all current and potential market participants and by reducing the barriers to entry. To the extent that this occurs, all consumers will benefit from lower prices.

Needs and Benefits for Government Policy Makers

Government's need for improved market information is clear. The gap between policy reform declarations and practice at the provincial and district levels is obvious. Government must be aware of this gap if it is to effectively design and implement complementary policies and programmes to accompany the market information system. Information alone is not enough. Market participants need the ability to act upon this information. This is provided by effective transportation, storage and marketing infrastructure, streamlined licensing practices, readily available credit, and local authorities who do not interfere with decisions of farmers, *lojistas*, wholesalers and retailers. Better information for national and local policy makers will enable them to pinpoint areas where special initiatives are necessary to facilitate positive responses to reforms.

RAPID APPRAISAL FINDINGS: IMPLICATIONS FOR THE AGRICULTURAL MARKET INFORMATION SYSTEM

The rapid appraisal conducted by the GOM/MSU/UA team shed light on the functioning of the agricultural marketing system in Nampula and Zambezia provinces and highlighted a number of problems which have important implications for the design of the AMIS.

There are several key actors in Mozambican food markets. The *lojista*, or local store owner, serves as the first buyer of both food and cash crops for most farmers and sells food and basic consumer goods to farmers and other consumers. The *ambulante* is a new market entrant with no fixed place of business who travels into production areas and purchases product for resale in population centers. The wholesaler, has enjoyed a legal monopoly in his district and continues to have great advantages over all potential competitors. The informal retailer, operating in municipal markets or *candongas*, sells to consumers in small volumes at market prices. The AMIS needs to reflect the prices paid and marketing activity taking place at each of these market levels.

Results of the Appraisal

The principal problems uncovered by the rapid appraisal relate to:

- a pervasive condition of impacted information;
- entrenched market power at the wholesale level; and,
- high costs and unit marketing margins.

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Impacted Information

The appraisal team found that local administrators, traders and farmers were unaware that official prices for white maize had been eliminated in May 1990, and that movement restrictions on white maize and other products had been lifted around the same time. In addition, some traders (and especially farmers) were only dimly aware of prices in even nearby markets. Finally, traders in outlying areas had little idea of how to penetrate the market in larger population centers.

This lack of information regarding policy changes, price relationships and marketing opportunities has had serious repercussions on the marketing and production system. For example, traders in one region with a marketable surplus became aware that retail prices for white maize in the provincial capital were double the prices they were receiving from wholesalers. Transporting maize to the capital in anticipation of an attractive price, they had difficulty finding a buyer and were unable even to recover their transport costs. *Lojistas* in another area had quit purchasing surplus grain at the farm level because their established wholesaler had not yet broken out of the official marketing channel, thus, was not being paid by the state marketing firm. Most disturbing of all, some farmers complained of an inability to sell all the grain they wished to sell, while nearby, people pushed off their land by the war subsisted on inadequate emergency shipments of donated grain.

Market Power

The market power of existing wholesalers stems largely from their protected status under the old policies and from the lag with which private agents and local government authorities are adapting to the new policy environment. Other than those belonging to the state marketing firm AGRICOM, wholesalers own the only storage facilities. They also enjoy long-standing relationships with AGRICOM and utilise its storage capacity when necessary. They have an established chain of *lojistas* with whom they work. These store owners may find it difficult to step beyond this long-standing relationship and form broader market connections. Finally, wholesalers are in a position to obtain preferential access to what little formal credit is available for marketing activities.

Ambulantes are beginning to challenge existing marketing structures. But the barriers they face can be daunting. The team discovered incidents in which local authorities, concerned with what they perceived to be disorder caused by the entrance of *ambulantes* into the market, had attempted to assign specific geographical areas to specific *lojistas* and wholesalers and to keep *ambulantes* out of the market. Until local authorities and established private agents begin to rethink government's role in light of the new opportunities opened up by market liberalisation, the pace of real reform at the local level will be slow. Markets will remain uncompetitive and will be unable to provide production incentives to producers and lower retail prices to consumers.

High Unit Costs and Marketing Margins

High unit costs and marketing margins are partly a result of impacted information and wholesaler market power. Contributing factors include poor infrastructure for storage, transportation, processing and marketing, and the low purchasing power of consumers. Impacted information and market power make for poor vertical coordination within the system. As a result, new entrants or existing traders attempting to operate outside the established system face high risk and high transaction costs which they must pass on to consumers. All traders face high storage losses, expensive and scarce transport, high milling costs (for maize meal and rice) and inadequate wholesale and retail market facilities. Finally, low consumer purchasing power means that retailers must sell in small units -- thus are able to move only a small volume of product each day. Trade unit margins, therefore, must be large for the trader to earn a living.

Implications of the Findings for AMIS Output and Staffing

The rapid appraisal findings have important implications for the type of data which should be gathered by the AMIS, the type of information which should be published, the appropriate format the analytical capacity needed and the staffing required to obtain the data, generate the information and distribute the results. The team envisions three components to AMIS:

- weekly radio and written bulletins;
- semestral situation and outlook reports; and,
- periodic research reports.

Weekly reports will rely solely on weekly market data. The semestral reports will complement these with additional data gathered on a monthly or less frequent basis. The periodic analytical reports will be primarily based upon data gathered through farmer and trader level surveys.

Weekly Radio and Written Bulletins

The written bulletins will report market and price supply information. The bulletin will utilise both tables and graphs with short explanations. They will not exceed 10 to 12 pages and their production will be automated. Emphasis will be on efficiently producing a continuous outflow of market price and supply information, saving a maximum of person-hours for producing high quality semestral and periodic analytical reports. Selected price and market supply information drawn directly from the written bulletin will be disseminated *via* radio.

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Semestral Situation and Outlook Reports

The fundamental purpose of these reports is to provide a six month review of the status of the principal agricultural markets over the six month period and to provide reasonable forecasts of the next six months. A secondary purpose will be to report in depth on a current issue of importance regarding agricultural marketing, production or policy. Tentative publication dates are July, just after harvest, and February, which is the peak of the hungry season.

The reports will be based primarily on market, price and supply data for the previous six months, complemented by other information and analyses. The *Review of the Market* will summarise levels, variability and trends over the past semester for prices, market supply, selected spatial price relationships (relative to transport costs) and selected marketing margins. It will review trends in market entry and document the timing, volume and distribution of food aid arrivals.

A temporal perspective on marketing margins and market entry is especially important. Mozambique is undertaking an ambitious market liberalisation programme and the security situation is improving. The ease of entry, especially at the wholesale level, will be one of the key indicators of the success of market regulation and pricing policy reforms. The AMIS should be able to systematically inform policy makers regarding progress on this issue. It is also hypothesised that, as the security situation improves, as new participants enter the market, and as new entrants and established actors begin to effectively coordinate their marketing activities, marketing margins will fall.

The *Market Outlook* will present information on the planned timing, volume and distribution of food aid for the next six months. This information, and that regarding production and commercial imports, will be used to forecast prices and supply for selected crops. Each situation and outlook report will contain a final section which analyses a special problem of current interest.

Systematically publishing these reports will place special demands on AMIS staffing and on data processing capacity. The system will require, at the regional level, a market researcher whose principal job is to be the system's "eyes, ears and mouth". This person's role will be to collect and enter monthly data on marketing costs, to detail how the agricultural marketing system functions in the project area and to coordinate the dissemination of the information generated.

Standardised and preprogrammed analysis routines and output formats must be used for price and related data processing if the task of entering and processing market data, and generating and presenting market information is to be manageable. The project will invest resources to develop automated procedures and programmes and to train Mozambican staff.

Periodic Research Reports

Mozambique desires to achieve more open and efficient agricultural markets. To accomplish this, policy makers require a broad range of basic rural sector information as well as analysis of key policy issues during the transition period. Baseline surveys will be conducted to respond to this need among a sample of farmers and traders in at least two districts of Nampula province. Selected areas of Zambezia province may also be included if necessary and feasible. These surveys will generate information on farm, household and market structures; production and marketing practices and plans; and constraints to increased production and marketing of cash and food crops. This information, while not strictly representative of the country or even the province of Nampula, will provide an improved understanding of the rural economy on which to base policy and project initiatives. The research team anticipates that these surveys will help identify important issues requiring more research.

The team has identified two issues currently of special importance:

- the appropriate role of AGRICOM in a liberalised market economy; and,
- the interaction of cash and food cropping in the family farm sector.

Although the GOM is moving towards an open, private market system, there are many constraints to private as well as public sector actions. The research team was able to identify problems such as long-standing market power at the wholesale level, poor storage and transportation infrastructure and poor or non-existent credit markets as serious impediments to the emergence of efficient agricultural markets in Nampula Province. Given these conditions, can AGRICOM, under an appropriate institutional organisation and set of policies, partially alleviate some of these problems while, at the same time, facilitating the emergence of an improved private market. Given that a parastatal operates under financial, analytical and managerial constraints which limit its potential effectiveness, and given the limitations of both the private marketing system and parastatal organisations, what role might AGRICOM play in facilitating the transition to a competitive and dynamic private marketing system?

The interaction of cash cropping and food cropping, as it effects small farmer food security, continues to be a controversial issue. This issue is of interest in Mozambique for two reasons:

- the country has a long history of cash crop production by family farmers; and,
- very large agro-industrial enterprises which produce, process and market cash crops are being established.

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In Monapo district of Nampula province, a large cotton enterprise is being developed in which family sector farmers play an important production role. Similar activities with cotton and other crops are being initiated in other areas of the country. Research to identify policy options that maximize the beneficial effects of these activities to family farmers, is essential.

NDEA Working Papers

1. Informing The Process of Agricultural Market Reform in Mozambique: A Progress Report.
2. A Pilot Agricultural Market Information and Analysis System in Mozambique: Concepts and Methods.
3. Inquérito ao Sector Familiar da Província de Nampula: Observações Metodológicas
- 3E. A Socio-Economic Survey of the Smallholder Sector in The Province of Nampula: Research Methods (translated from Portuguese)
4. Inquérito ao Sector Familiar da Província de Nampula: Comercialização Agrícola
- 4E. A Socio-Economic Survey in The Province of Nampula: Agricultural Marketing in the Smallholder Sector (translated from Portuguese)
5. Inquérito ao Sector Familiar da Província de Nampula: O Algodão na Economia Camponesa
- 5E. A Socio-Economic Survey in The Province of Nampula: Cotton in the Smallholder Economy (translated from Portuguese)
6. A Socio-Economic Survey In The Province of Nampula: Determinants of Smallholder Household Income and Food Availability (In Preparation)
7. A Socio-Economic Survey In The Province of Nampula: Smallholder Land Access and Utilization (In Preparation)