



**USAID**  
FROM THE AMERICAN PEOPLE

**AGRIFUTURO**  
Agribusiness Competitiveness

# USAID AGRIFUTURO PROGRAM

## QUARTERLY PERFORMANCE MONITORING REPORT

OCTOBER 2009 – DECEMBER 2009

January 2010

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

# USAID AGRIFUTURO PROGRAM QUARTERLY PERFORMANCE MONITORING REPORT OCTOBER 2009 – DECEMBER 2009

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

# CONTENTS

<b>ACRONYMS AND ABBREVIATIONS .....</b>	<b>III</b>
<b>INTRODUCTION.....</b>	<b>1</b>
<b>1.0 KEY HIGHLIGHTS AND ACHIEVEMENTS .....</b>	<b>1</b>
<b>2.0 COMPONENTS.....</b>	<b>2</b>
2.1 IMPROVE THE ENABLING ENVIRONMENT FOR AGRIBUSINESS .....	2
2.2 EXPAND AND STRENGTHEN AGRIBUSINESS DEVELOPMENT SERVICES.....	3
2.3 BUILD LINKAGES TO FINANCING SERVICES FOR AGRIBUSINESS DEVELOPMENT .....	6
2.4 INCREASE AND STRENGTHEN PUBLIC/PRIVATE PARTNERSHIPS .....	7
<b>3.0 SUCCESS STORY.....</b>	<b>8</b>
<b>4.0 ADMINISTRATIVE AND FINANCE ISSUES.....</b>	<b>9</b>
<b>5.0 UPCOMING EVENTS/ACTIONS FOR THE NEXT QUARTER.....</b>	<b>9</b>
<b>6.0 ONE PAGE SUMMARY OF THE RESULTS ACHIEVED (INDICATOR     TABLE FOR THE YEAR BY QUARTER).....</b>	<b>10</b>

## DISCLAIMER

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

# ACRONYMS AND ABBREVIATIONS

ADIPSA	<i>Apoio as iniciativas privadas do sector agrario</i>
ADEM	<i>Agência de Desenvolvimento Económico de Manica</i>
ASC	Agribusiness Service Clusters
BAGC	Beira Agriculture Growth Corridor
BDS	Business Development Services
BOM	<i>Banco de Oportunidade de Moçambique</i>
CEPAGRI	<i>Centro de Promoção de Agricultura</i>
COP	Chief of Party
COTR	Contract Officer's Technical Representative
CTA	National Confederation of Business Associations
DCOP	Deputy Chief of Party
FIDG	Forestry Industrial Development Group
FNB	First National Bank
FOSCs	Farmer Owned Service Centers
IFLOMA	<i>Industria Florestal de Manica</i>
GORM	Government of the Republic of Mozambique
GTZ	German Technical Cooperation
IIAM	<i>Instituto de Investigacao Agrário de Moçambique</i>
IKURU	Mozambican Farmer Owned Company
INCAJU	<i>Instituto do Cajú</i>
IPEX	<i>Instituto de Promoção de Exportações</i>
ISPM	International Standards for Phytosanitary Measures
ITC	<i>Iniciativa de Terras Comunitárias</i>
LGF	Loan Guarantee Fund
MINAG	<i>Ministério da Agricultura</i>
MOFLOR	<i>Moçambique Floresta</i>
MOU	Memorandum of Understanding
NPCM	<i>Núcleo de Cooperação de Cooperativismo Modern</i>
OXFAM/NOVIB	Dutch organization for international aid
PRISE	Promoting Rural Investment in Smallholder Enterprises
RDI	Research Development Implementation
SNV	Dutch International Development Organization
STTA	Short Term Technical Assistance
TLC	Total Land Care
ToR	Terms of Reference
UCASN	<i>União dos Camponeses do Sul de Niassa</i>
UCODIN	Coordination Unit for Integrated Development of Nampula

# INTRODUCTION

During this quarter, USAID/AgriFUTURO undertook activities aimed to increase the visibility of the project among our partners and Government entities in order to build solid and productive relationships with all actors within our value chains. In spite of the elections, we have been able to hire all core staff and kick off activities in the Nacala and Beira Corridors. This report presents qualitative and quantifiable results for the first quarter of FY2010.

## 1.0 KEY HIGHLIGHTS AND ACHIEVEMENTS

AgriFUTURO participated in USAID's 25<sup>th</sup> anniversary of progress and partnership with Mozambique in the anniversary event held November 19 to 23, 2009. The event was launched on November 19 at the *Fortaleza de Maputo* and on December 10 at the *Museu da Revolução em Nampula*. In Maputo, USAID held a reception for Government of Mozambique officials, U.S. Mission staff, and representatives from USAID implementing partners. The GORM Foreign Affairs Minister Oldemiro Baloi, joined USAID Mission Director Todd Amani and U.S. Embassy Chargé d'Affaires Chapman in delivering remarks celebrating 25 years of working together in Mozambique.



Laura Dillon, Abt Associates, Inc.

From the left to the right, Todd Amani, the USAID/Mozambique Mission Director, Oldemiro Baloi, the Minister of Foreign Affairs, Dércio Matale, AgriFUTURO's Communication Specialist.

From the left to the right, Todd Amani, the USAID/Mozambique Mission Director, Oldemiro Baloi, the Minister of Foreign Affairs, Dércio Matale, AgriFUTURO's Communication Specialist.

AgriFUTURO organized a workshop to launch the Program for partners operating along the Nacala Corridor on December 3<sup>rd</sup> in Nampula Province. The event was hosted by the Government through the Coordination Unit for Integrated Development of Nampula (UCODIN). The Provincial Governor and various Government representatives actively participated in the workshop. This event was aimed at creating the basis for the implementation of AgriFUTURO activities in the region, and brought together the relevant partners for the value chain activities. The project objective is to promote competitiveness in agribusiness, with a focus on selected value chains through the development of the Nacala and Beira corridors due to their comparative advantage in agricultural production and proximity to the port and the local population centers.

The event was aimed at creating the basis for the implementation of AgriFUTURO activities in the region, and brought together the relevant partners for the value chain activities. The project objective is to promote competitiveness in agribusiness, with a focus on selected value chains through the development of the Nacala and Beira corridors due to their comparative advantage in agricultural production and proximity to the port and the local population centers.



Dércio Matale, Abt Associates, Inc.

Nampula Governor, Felismino Tocoli, talking to national journalists in a press conference held after the AgriFUTURO launch in Nampula. He explained the relevance of the project for the development of the Northern Corridor.

On December 16<sup>th</sup>, the AgriFUTURO Deputy Chief of Party (DCOP) signed a tripartite Memorandum of Understanding (MOU) with ADIPSA and *Banco Terra*. This MOU aims to facilitate, strengthen, and scale-up the Emerging Commercial Producers Initiative, increasing the program from 20 farmers in 2008/2009 to 65 farmers in 2009/2010 in selected value chains. This initiative will also impact about 600 farmers indirectly, who will be employed to undertake specified agricultural activities. AgriFUTURO will provide technical assistance and coordination, and ADIPSA will provide 60% loan guarantees through its loan guarantee fund (LGF) facility and cooperate with the banks in monitoring the loans. *Banco do Terra* will manage the LGF and provide and manage the lines of credit to the farmers.



Dercio Maitale, Abt Associates, Inc.

AgriFUTURO signing MOU with its partners ADIPSA and Banco Terra at AgriFUTURO office in Maputo. From left, Kathrin Larcombe (Commercial Director of *Banco Terra*), Abdul Adamo (National Coordinator of ADIPSA) and Christopher Landry (AgriFUTURO Deputy Chief of Party).

## 2.0 COMPONENTS

### 2.1 IMPROVE THE ENABLING ENVIRONMENT FOR AGRIBUSINESS

Most of the activities under this component focused on establishing links between actors within the nine project value chains.

#### Activity 1.1 Develop a Stakeholder Base for Change

- As a part of the value chain analysis, AgriFUTURO, in coordination with a selected group of partners and subcontractors, conducted a rapid assessment to identify constraints and potential interventions within each project value chain. As a result, the Project completed the Action Plans for the nine targeted value chains, including a section on cross-cut issues.
- AgriFUTURO staff finalized and translated into Portuguese the Value Chain Competitiveness Strategies and Action Plans for discussion with stakeholders early next calendar year.

#### Activity 1.2 Develop a National Competitiveness Strategy

- AgriFUTURO finalized the Terms of Reference (ToR) for developing the National Competitiveness Strategy, and is currently assembling the team of specialists (expatriate and local) to undertake the study from February to April 2010.

#### Activity 1.3 Develop a National Competitiveness Reform Agenda

- **New Cooperative Law:** To improve the enabling environment for agribusiness in Mozambique, especially in rural areas, AgriFUTURO with its partners “*Núcleo de Promoção do Cooperativismo Moderno (NPCM)*” and “*Associação Moçambicana para a Promoção do Cooperativismo Moderno*” is facilitating the development of the new cooperative law regulations. The ToR and a Work Plan have been finalized, and AgriFUTURO has signed a contract with an expert in Cooperative Law to assist on this task, which will start on January 18, 2010.
- **Cashew Strategic Plan:** As part of the enabling environment reforms, AgriFUTURO is facilitating the design of the five-year Cashew Strategic Plan for INCAJU/MINAG. As a result,

project staff have prepared the ToR , and work will take place between February and May 2010.

- AgriFUTURO will continue to assist the Ministry of Agriculture (MINAG) in the management of fruit fly protocols in Beira and Nacala corridors.

#### A. RESULTS ACHIEVED DURING THE QUARTER IN BEIRA CORRIDOR

- Mango Value Chain:
  - AgriFUTURO facilitated the links between the mango producers group in Manica Province and the Governments of Mozambique and South Africa to enable exports of mango to South Africa following a ban on such exports imposed by South Africa in 2007. As result, the mango group is now exporting to South Africa and the estimated volume for export for the 2009/2010 season is 600 tons; and,
  - As a way to improve efficiency and competitiveness and to create a critical mass of participants, AgriFUTURO is working with the mango group in Manica to facilitate the identification of new and alternative markets, as well as to continue to export to South Africa.
- Forestry Value Chain: With an aim to assess business promotion initiatives and identify preliminary areas of intervention for the program, AgriFUTURO contacted relevant agencies within the forestry sector to identify and agree upon areas of services with potential partners, specifically IFLOMA (*Indústria Florestal de Manica*), MOFLOR in Sofala, *Iniciativa de Terras Comunitárias* (ITC), and *Cooperação Técnica Alemã* (GTZ).

#### B. RESULTS ACHIEVED DURING THE QUARTER IN NACALA CORRIDOR

- Nacala Corridor Assessment: Under the value chain enabling environment reforms and per a request from the Government of Nampula, AgriFUTURO is facilitating the Nacala Corridor Assessment, which will focus on costs and benefits as well as on logistics along the Nacala Corridor. Project staff prepared the ToR and identified the consultant to undertake this study beginning the first half of January 2010.
- Forestry Value Chain: AgriFUTURO, contacted relevant agencies in the forestry sector to introduce AgriFUTURO services, and identified potential partners in Niassa (Malonda Foundation, Tree Farms, *Florestas do Niassa*), Zambezia (Tectona Forestry of Zambézia), and Nampula (Green Lúrio).
- AgriFUTURO facilitated linkages with markets for emerging commercial farmers. As a result, a contract for a mentor from a private company, Corridor Agro, was submitted for approval. Corridor Agro will work on maize, ensuring market quality standards.

## 2.2 EXPAND AND STRENGTHEN AGRIBUSINESS DEVELOPMENT SERVICES

### Activity 2.1 Develop Value-Chain-Focused, Private Sector-Run Agribusiness Service Clusters (ASC)

During this quarter, AgriFUTURO conducted assessments to identify potential ASC members in both Beira and Nacala corridors.

#### A. RESULTS ACHIEVED DURING THE QUARTER IN BEIRA CORRIDOR

- Potential ASC Members: AgriFUTURO identified three potential ASC members in the Beira Corridor; TLC, RDI, and Njerenje Center.
  - The Research Development Implementation (RDI), a private agribusiness company with a production division (tropical and sub-tropical fruit) and agribusiness consultancy division submitted a concept paper to AgriFUTURO for consideration. RDI will provide business development services to banana and mango producers in Manica Province, focusing primarily on the following areas; business planning, business advice, financial services, organizational advisory, technical assistance, research, value chain strategy planning, value chain coordina-

tion, value chain organizational planning, facilitation and implementation, and organization and facilitation of training, including field days;

- Njerenje Center is a privately-owned agribusiness educational center that provides numerous services, such as project management, accounting, and procurement, mentorship to farmers, agronomic extension services, and mechanization, as well as advice to farmers on crop budgets and cash management. It was also identified as a potential ASC member in Manica Province. Njerenje can provide agricultural best practices (on the job mentoring) in the following areas; field selection and field design in terms of erosion minimization, timely and correct land preparation and control, harvest, and post-harvest handling techniques. There is still need to define the roles with other partners such as ADIPSA, which also interested in supporting the initiative; and,
- Total Land Care (TLC) is also a potential ASC member in Tete Province. TLC could provide technical assistance to farmer associations to improve access of inputs and end markets and farmer productivity and diversification. Presently, AgriFUTURO is discussing with TLC the detailed budget to cover the activities to be carried out under this agreement.

## B. RESULTS ACHIEVED DURING THE QUARTER IN NACALA CORRIDOR

- Project staff identified two potential Business Development Services (BDS) providers with whom AgriFUTURO staff is now negotiating potential MoUs to define areas of mutual cooperation and intervention
  - CISTÉR Mozambique, a private agribusiness company in Nampula specializing in commercializing, trading and exporting of grains and oilseeds, was identified and submitted a concept paper to AgriFUTURO to provide agribusiness development services for smallholders producing groundnuts and soybeans within the corridor. CISTÉR will provide the following services: development and management of equipment leasing centers, development of a seed production facilities service, advisory service to formalize producer associations, production-related advisory services, commercialization (storage, cleaning, drying, and packing) and processing, and input credit; and,
  - Forestry Value Chain: AgriFUTURO contacted forestry operators and proposed the idea of the Forest Industry Development Group (FIDG) with the aim of creating a discussion forum and establishing technological standards. As a result, the project identified 2 potential ASCs members, one in Manica Province (IFLOMA) and one in Sofala (MOFLOR). AgriFuturo has also identified Polytechnic Center – Leao Dihon in Gurué that will play the role of ASC member coordinator for another six potential members that will be part of the **Forest Industry Development Group (FIDG)** within this corridor. Four will be in Niassa (Malonda-Tree Farms, Florestas do Niassa, New Forest and Chickweti), one in Nampula (Green Lúrio) and one in Zambézia (Tectona Forestry of Zambezia).

### Activity 2.2 Roll – Out and Expand Farmer Owned Service Centers (FOSCs)

As with the ASCs, project staff conducted assessments to identify potential FOSCs in both Beira and Nacala corridors.

## A. RESULTS ACHIEVED DURING THE QUARTER IN BEIRA CORRIDOR

- After assessment meetings were held in October, SIWAMA and ADAMA agreed to provide AgriFUTURO with documentation to produce the initial terms of collaboration to enhance their institutional capacities. As result, the SoW and the draft of MoU were developed and AgriFUTURO will discuss these with both organizations in January 2010.

## B. RESULTS ACHIEVED DURING THE QUARTER IN NACALA CORRIDOR

- AgriFUTURO undertook several assessments to identify the most suitable organization to implement the FOSC model. In collaboration with subcontractor CLUSA, the following organizations were identified:

- Niassa Province: *União dos Camponeses do Sul de Niassa* (UCASN), a regional organization covering 5 districts of southern Niassa (Cuamba, Mandimba, Mecanhelas, Maúá, e Metarica). This smallholder farmer's organization has decided to create a trading company (known as ALIMI) under the new Cooperatives Law, and it has been receiving support from OXFAM/NOVIB. As result, project staff prepared and discussed a scope of intervention, and the project will develop and sign an MOU next quarter between AgriFUTURO, ALIMI, and Cuamba District Government. The responsibilities under this collaboration will be; AgriFUTURO will facilitate the creation of ALIMI in the area of capacity building and enterprise development, and OXFAM/NOVIB will be responsible for developing its organizational structure; and,
- Nampula Province: AgriFUTURO and the IKURU Board recently held a meeting during which they agreed to facilitate the design of strategic plan that will reorient IKURUs activities for the next 5 years. Currently, project staff is preparing the ToRs for the assignment, and the work will take place between March - April, 2010. It is worth mentioning that the IKURU model has been the inspiration for the FOOSC model.

### Activity 2.3 Build the Capacity of Service Provider in the Target Value Chains

AgriFUTURO made advances towards creating the appropriate conditions to develop BDS, such as developing the ToR for the BDS needs assessment. The team is now in the process of identifying an appropriate STTA team to conduct the assignment.

#### A. RESULTS ACHIEVED DURING THE QUARTER IN BEIRA CORRIDOR

- AgriFUTURO identified some BDS providers; RDI has already submitted a proposal, which is in the final process of being approved, while proposals from Produsola, Njerenje Center, Mozambique fertilizer, and ADEM are currently being evaluated by project staff.

#### B. RESULTS ACHIEVED DURING THE QUARTER IN NACALA CORRIDOR

- AgriFUTURO, with subcontractor CLUSA, concluded the process of sending the field mentoring and technical team to assist 63 of 100 emerging farmers in Nampula and Zambezia Provinces.
- AgriFUTURO is facilitating the process of linking the emerging farmers group with Export Marketing, OLAM, Corridor Agro, and IKURU to sign a supply contract for specific commodities.
- Groundnut value chain: AgriFUTURO facilitated the exports of two containers of organic groundnuts to the UK. The groundnuts were tested at UNILURIO laboratory and the level aflatoxin was less than 2 ppb. In the context of the use of new technologies, AgriFUTURO facilitated the purchase of 14 kg of inoculants for groundnuts. These inoculants were used for demonstration purposes on 182 ha of land. That land was prepared and sowed in the context of emerging farmers approach, and 20 farmers were involved and 9.1 tons of the inoculants were made available to beneficiaries.
- Sesame value chain: AgriFUTURO facilitated the selected process of three varieties of sesame seeds (linbe, Alua and Nicaragua) for testing during the 2009/2010 production year. In addition, 34 tons are already available from IKURU for those farmers that need to purchase it. Also, the use of new technologies of foliar fertilizer was tested. Twenty-eight emergent farmers in Nampula prepared 185 ha for sesame;. Under a partnership with IIAM, phytosanitary treatment for this commodity was tested in 7 demonstration plots.
- Maize value chain: To date, 70 of the 80 ha planned have already been planted (this area is linked to Matanuska) involving seven emerging farmers. Using new technology, Simon Munakamwe (maize specialist) is working with farmers on yellow maize production. Also, under the emerging farmers' approach, 26 emergent farmers participated in this crop (17 farmers are from Nampula and 9 from Gurué), and they planted 152 ha. (113 in Nampula and 39 in Gurué). This group received 2.54 tons of seeds (1.95 ton in Nampula and 0.59 tons in Gurué). Finally, the project established 7 demonstrate plots in Mogovolas, Moma, and Angoche.
- Cashew value chain: AgriFUTURO, in partnership with Project SANA, INCAJU, and producers associations, facilitated the access of 4,974 seedlings of cashew against the 10,000 plants planned.

This represents approximately 50% of the target. IKURU is buying cashew nuts from farmer organizations and will process them to sell to international markets. To date, IKURU has purchased 53 tons of cashew at 15,90 Mts/kg;

- Soya value chain: In the context of increasing the availability of primary material (basic and certified seeds) AgriFUTURO, with its partner IKURU, facilitated the multiplication of seed to ensure availability of this material for the next crop season. To date, 950 kg have been provided to participating farmers. Within the context of developing the soybean processing sector, AgriFUTURO is facilitating /promoting the use of soybean products which will enhance the food security status of the beneficiaries and their families. Approximately 4,000 producers have participated in this activity, including 24 women. AgriFUTURO, in order to increase the supply of soybeans and meet market requirements, facilitated the participation of 14 emerging farmers, who have planted 125 ha in Gurué district (Zambezia Province). In Gurué district, approximately ,55 tons of soybeans have been sold in December which has earned the farmers approximately US\$410,000.00

## 2.3 BUILD LINKAGES TO FINANCING SERVICES FOR AGRIBUSINESS DEVELOPMENT

### Activity 3.1 Held Agribusiness Firms Access Financing

#### A. RESULTS ACHIEVED DURING THE QUARTER IN BEIRA CORRIDOR

- Mango value chain: AgriFUTURO is facilitating the process of improving access to financial products for the mango group in Manica Province. As a result, AgriFUTURO will contract RDI (as BDS provider) to revise the business plans of six mango producers and determine next steps for assistance to access finance. It is worth mentioning that five of the six producers have already registered their enterprises
- AgriFUTURO facilitated the selection process of 700 soybeans and maize farmers in Mavonde and Honde administrative posts in Manica Province to participate in the pilot project of a sustainable credit initiative through *Banco de Oportunidade de Moçambique*.

#### B. RESULTS ACHIEVED DURING THE QUARTER IN NACALA CORRIDOR

- In Nampula, farmers submitted business plans to *Banco Terra*. Of those, 21 were approved by the bank, and approximately US\$93,500.00 was made available. However, only US\$24,300.00 was used by farmers for the first agricultural cycle. The project will submit an additional 40 business plans to the bank, and work continues to identify additional farmers to participate in this activity. In terms of area and crops related to the 23 business plans, there are groundnuts (182 ha), sesame (274 ha), maize (85 ha) and, cow-pea (128 ha).

### Activity 3.2 Develop Institutional Innovations

#### A. RESULTS ACHIEVED DURING THE QUARTER IN BEIRA CORRIDOR

- AgriFUTURO analyzed a proposal from *Banco Oportunidades de Moçambique* (BOM) for the development of Emerging Commercial Producers through block farming in Barué district, of Manica Province.
- AgriFUTURO, together with SNV, BAGC, Matanuska, *Iniciativa de Terras Comunitárias* (ITC), and private businessmen, participated in a meeting in Manica to discuss the Agriza business plan carried out by RDI. This plan addresses options for raising capital to invest in the business, particularly in banana production. All of the organizations agreed to define the roles expected from each, according to their area of expertise.

#### B. RESULTS ACHIEVED DURING THE QUARTER IN NACALA CORRIDOR

- AgriFUTURO contacted *Banco Terra* to access the level of its understanding and preparedness in fulfilling agribusiness sector financial needs. As a result, the agribusiness specialist from *Banco Terra* will participate with the AgriFUTURO mentorship team as it visits clients. Also, the bank will continue to finance agribusiness activities (loans), ADIPSA will continue to provide the loan guarantee funds, and AgriFUTURO will provide technical assistance.
- AgriFUTURO met the national supervisors of the First National Bank (FNB) to assess services and products that they can offer to the agribusiness sector. As a result, the FNB is willing to finance agribusiness activities when the businesses plans are viable with defined markets.

### Activity 3.3 Promote Project Linkages to New Agribusiness Equity Fund

- AgriFUTURO is still in the process of developing options for the risk capital USAID/MIC facility

## 2.4 INCREASE AND STRENGTHEN PUBLIC/PRIVATE PARTNERSHIPS

### Activity 4.1 Develop and Implement Global Development Alliances and other Partnerships

AgriFUTURO facilitated an alliance between smallholders and service providers in context of public and private partnership.

#### A. RESULTS ACHIEVED DURING THE QUARTER IN BEIRA CORRIDOR

AgriFUTURO has signed MOUs with the following partners:

- *Banco Oportunidade Mozambique* (BOM): This alliance will result in direct loans to 800 families in Mavonde and Honde Administrative Posts of Manica Province. AgriFUTURO will provide technical assistance to maize and soybeans producers.
- Total Land Care (TLC), a non government organization based at Vila Ulongué, within Tete Province is implementing the “Promoting Rural Investment in Smallholder Enterprises” (PRISE) project. PRISE is a GoM initiative which is being coordinated through Centro de Promoção da Agricultura (CEPAGRI). AgriFUTURO has signed an MOU for mutual collaboration under the commercialization of commodities produced by smallholder farmer in Angónia, Macanga and Tsangano districts of Tete Province. TLC has submitted a detailed budget for the PRISE program to be discussed early next calendar year. TLC will benefit more than 2.500 families through the provision of technical assistance to soybean and maize producers in Angónia.

#### B. RESULTS ACHIEVED DURING THE QUARTER IN NACALA CORRIDOR

In this corridor AgriFUTURO signed MOUs with the following partners:

- *Banco Terra* and *ADIPSA*, which will directly benefit 100 emergent commercial farmers and indirectly benefit 600 people and companies within Nampula and Zambezia Province. AgriFUTURO will continue to link emerging commercial producers to financial products and technical assistance, *Banco Terra* will provides a loan, and *ADIPSA* will provide a loan guarantee mechanism.
- AgriFUTURO met with Matanuska, Chiquita, and the Government of Nampula to address two specific problems; 1) the fruit fly threat faced by the fruit producers in Nampula, and, 2) the un-competitive costs associated with the Nacala port. As a result:
  - Chiquita, Matanuska, and AgriFUTURO are working together to: 1) consolidate different views in order to prepare a draft document that will satisfy the Ministry of Agriculture compliance requirements for fruit fly surveillance protocol; 2) prepare specific protocols to address marketing constraints related to banana producers (e.g., green bananas not being a host of for fruit fly; and,
  - Initiated efforts to carry out the study on Port Costs.

## 3.0 SUCCESS STORY

### MOVING MANGOES IN MOZAMBIQUE

**USAID enables mango producers to address fruit fly problem and overcome export bans**



Photo: Dercio Matale

*Piet Uys, who lost more than 300 tons of mangoes in 2008 due to the fruit fly, expects to export 250 tons of mangoes this year thanks to USAID's assistance in monitoring the fruit fly and in obtaining an export permit for his mangoes.*

***USAID helps Mozambique's mango producers to meet international standards, increasing Mozambique's volume and value of exports to South Africa and incomes along the value chain.***

Piet Uys, the manager of *Empreendimentos Agrários de Manica* (EAM) a mango producer in Mozambique's central region, Manica Province, was on the brink of closing his farm in 2008 when South Africa imposed an import ban on Mozambique's fruits and vegetables after the fruit fly was found in 2007 in Vanduzi, about 30 km from Chimoio – Manica's capital city.

A major exporter to South Africa, Uys lost export sales of 300 tons of mangoes that year and continued to see his sales decrease by as much as 50 percent since the ban was imposed. The presence of the fruit fly prevents producers from meeting sanitary and phytosanitary standards, which help to ensure the quality and safety of fruits in the international markets. Such standards ensure that a better quality product is exported and enables producers to sell their products in international markets.

To control the spread of the fruit fly, the Mozambican government prohibited the movement of fruit from northern and central Mozambique to the south, cutting into the profits of producers for the past two production seasons.

"If I don't have the export permit for my mangoes to South African markets, I will have to close my farm, and people working on the farm will consequently lose their jobs. The majority of my seasonal employees (60%) are women, who are head of households," said Uys.

In 2008, USAID partnered with Mozambique's Ministry of Agriculture and National Confederation of Business Associations (CTA) to help Uys and five other large-scale mango producers monitor the fruit fly in the production areas as required by the International Standards for Phytosanitary Measures (ISPM). ISPM helps prevent the introduction and spread of quarantine pests, while aiming to facilitate trade and avoid the use of unjustifiable measures as barriers to trade.

USAID also helped facilitate the negotiation between Mozambique and South Africa's agriculture authorities to ensure the process of declaring the current production areas as pest free zones.

Thanks to USAID's intervention, Piet Uys and Pinto Matale, one of the USAID-assisted Mozambican mango producers, were able to export approximately 250 tons of mangoes from the 2009 harvest into the South African market, translating into about US \$250,000 in sales.

## 4.0 ADMINISTRATIVE AND FINANCE ISSUES

- The hiring of all administrative employees for Maputo and Nampula office has been completed. All staff on STTA contracts became Abt LT employees on October 1st.
- The Nampula office has been fully equipped and is now functional.
- The DCOP arrived at post on Oct 2, 2009 and has obtained his work permit.
- The process to register Abt in the relevant Ministries has been completed and all employees have legal work contracts approved by the Ministry of Labor.
- Official Abt bank accounts opened in both currencies, USD and *Meticais*.
- The Grants Management Manual was drafted and submitted to USAID for review and approval.
- Realigned budget for task order was submitted in December, 2009 to USAID for approval.
- The updated Monitoring and Evaluation plan was submitted to COTR for approval.
- Began set-up and installation of Beira office in December.

## 5.0 UPCOMING EVENTS/ACTIONS FOR THE NEXT QUARTER

- Enabling environment component:
  - AgriFUTURO has developed MoUs with each of the mango producers and the project anticipates that they will all be signed in January 2010.
  - The project prepared a proposal for changes in forest industry development legislation to be discussed with the Government authorities for the forest sector and with other stakeholders. The proposal includes the creation of a Forestry Promotion Fund.
  - The project will host an international conference on the fruits value chain next quarter.
  - The project will conduct a Nacala corridor study.
  - The project will prepare the regulations to accompany the Cooperative law.
- BDS component:
  - The project will undertake an assessment of current agribusiness development service capacity (needs assessment by value chain to identify specific needs in terms of BDS). Evaluation of the business plans for the new group of emerging farmers to access finance.
  - The project will continue to provide technical assistance to producers, including emerging farmers.
- Financing Component:
  - The project is developing the SoW to hire a STTA to conduct the survey on financial sources available for Agribusiness with the aim at preparing a procedures manual for beneficiaries Fund Applications.
- Public/Private Partnerships
  - The project has already discussed the contents of MoUs to be signed with several partners such as, INCAJU (Government Agency for Cashew Promotion), UCODIN (Nampula Integrated Development Coordinating Unit), APAC (*Associação de Promoção de Agricultura Comercial*)
- Communication. The project will develop:
  - Value chain photo boards
  - Newsletter
  - Website
  - Value chain GIS maps.
- Project team building and planning retreat scheduled for mid-March, 2010.

## 6.0 ONE PAGE SUMMARY OF THE RESULTS ACHIEVED (INDICATOR TABLE FOR THE YEAR BY QUARTER)

This section summarizes the AgriFUTURO quarterly performance indicators and compares the results achieved against the targets for both corridors by value chain.

**Maize Value Chain:** Table 1 compares the results of the first quarter of FY 2010 against the total targets for the fiscal year. For those indicators that do not have a established targets, no comparison information is provided. Those indicators with established targets demonstrated positive performance for the period. For instance, the number of rural households benefiting directly from USG interventions achieved 113 percent for men and 94 percent for women. This result can be considered a positive because is still the first quarter of the FY 2010, this indicator includes part of commercialization and production activities. The number of agriculture-related firms benefiting directly from interventions as a result of AgriFUTURO assistance achieved approximately 60 percent. The value of purchases from smallholders achieved 27 percent of the target for the fiscal year.

**Soybean Value Chain:** Table 2 summarizes the results achieved under the soybean value chain against its targets. This quarter coincides with the final commercialization period for soybean, which resulted in the value of purchases from smallholders achieving 22 percent of the target for this fiscal year. The indicator on new jobs created achieved 30 percent of the target for this fiscal year. It was not possible to capture all activities from all stakeholders and therefore we expect the results for this indicator to be slightly understated. For instance, through CLUSA we did facilitate the commercialization process for Abilio Antunes (Poultry) of the Manica Province but it was not possible to capture the data because the field office we not staffed this quarter. There was no exports this period, therefore the value of new exports this quarter is zero. However, soybeans were sold on the local market to Abilio Antunes and Novos Horizontes, while IKURU did sell soybean seeds back to farmers. Two Public/Private Partnerships (PPPs) were formed this period, one with COPSA Cooperative, which contribute with machinery and the other with NORGES-VEL for seeds. Ten percent of the Private sector investment target for the fiscal year was achieved as a result of investments from COPSA, NORGES-VEL and IKURU.

**Sesame Value Chain:** Table 3 presents the results achieved against the targets for the Sesame Value Chain. The majority of the indicators registered positive performance, with the most significant achievement observed on the number of rural household benefited, achieving approximately 117 percent of the target for this fiscal year. New job created is another indicator that performed well, achieving 100 percent with women achieving (160%) of the target and men (80%), note that these employees are not permanent. Many farmers shift to sesame production instead of other crops such as maize because of its high commercial value and more secure market. There are more men engaged in managing the processing machines used to cleaning and polish the grain in Nacololo, while the women are engaged in production activities. Another indicator of interest is the number of agriculture-related firms benefiting, which achieved 42 percent of the annual target, which is remarkable given that the crop calendar just started. Private sector investment registered 3 percent of the annual target. This low figure is the result of the fact that even though several PPPs have been formed, timing for investments is linked to the crop calendar. We expect that this figure will improve towards the end of the FY 2010 when commercialization presents investment opportunities. Also, this crop is normally planted in the second season and therefore the results will be reflected in the following quarter. There are no exports to be reported this quarter therefore the volume of new exports is zero. In addition, IKURU will not export sesame this year and OLAM still has the product in Nacala Port.

**Groundnut Value Chain:** Table 4, demonstrates that results achieved for this value chain are similar to the other chains. The value of total new exports achieved this period is 51 percent of the target for this fiscal year. All new exports went to international markets, with the UK being the main destination

for groundnuts exported by IKURU. This quarter, in terms of new jobs created there are 12 women employed, who account for the (240%) to the target for the year. This result is expected as women the process of de-shelling the groundnuts performed primarily by women. This indicator shows that there is a need for investment on technology for processing to support women activities and taking into consideration the high commercial value of this commodity. The level of achievement of the private sector investment indicator is eight percent, which is normal during this period of the year. Another indicator that deserves a particular attention is the resources leveraged, which registered 30 percent of the annual target due the partnership with ADAP (*Associação de Desenvolvimento Agro-Pecuário*). The majority of activities for this value chain occur between October and September of the following year.

**Cashew Value Chain:** The indicator from Table 5 came from SANA Project. Most of indicators did not perform well and there are various reasons to explain the level of achievement. The AgriFUTURO Program is still organizing itself for the data collection under this value chain. Also the program only facilitates the purchases and sales. It is worth mentioning that the targets under this value chain maybe too ambitious because under the EMPRENDIA Alliance investments were focused on processing and AgriFUTURO is focusing on cashew replanting programs. For these reasons the indicators for this quarter do not reflect any results since AgriFUTURO has finished the design of its intervention during the quarter.

**Forestry Value Chain:** The indicator within this value chain did not change because the planting season goes from November to February therefore an analysis of the indicators and achievements of the forestry sector can only be produced at the end planting season by March/April 2010;

**Fruits Value Chain:** During this quarter AgriFUTURO concentrated its work on mango value chain, specifically in the Beira Corridor where a significant investment was made by USAID/EMPRENDIA Alliance. AgriFUTURO intervention this period was more on managing the impact of the fruit fly, which was impeding the export of mango to South Africa. Within other fruit value chains (pineapples and bananas) AgriFUTURO focused on the identification of potential investors, interested producers, value chain needs assessment and most of the achievements are detailed in the narrative of this report.

## ANNEX A

### AgriFUTURO Performance Indicators -1st QTR of FY 2010 (Oct 2009 to Dec 2009)

**Table 1: Maize Value Chain Performance Indicators**

FY - 2010	Total Target	Actual (Oct - Dec/09)	% Met to date
Value of Purchase from smallholders (in USD)	500,000.00	137,000.00	27%
Volume of purchase from smallholders (in Tons)	N/A	389	---
<b>New Job created :</b>	N/A	52	---
<i>Men</i>	N/A	38	---
<i>Women</i>	N/A	14	---
<b>Number of Rural Household benefited</b>	<b>5,100</b>	<b>5,389</b>	<b>106%</b>
<i>Men</i>	3,100	3,502	<b>113%</b>
<i>Women</i>	2,000	1,887	<b>94%</b>
Value of total new export (in USD):	---	137,600.00	---
International	---	48,000.00	---
Regional (Southern Africa)	---	89,000.00	---
Total Volume of new exports (in Tons):	N/A	241	---
Volume International exports (in Tons)	N/A	84	---
Volume Regional exports (Southern Africa in Tons)	N/A	157	---
Agricultural firms benefiting	10	6	<b>60%</b>
Agricultural firms revenues generated (USD0	100,000.00	5,571.00	<b>56%</b>
Financing mobilized (USD)	---	100,000.00	---
<b>Note: All new data means that the information was not collected before so it's was difficult to setup targets, therefore there is no terms of comparison.</b>			

**Table 2: Soybean Value Chain Performance Indicators**

FY - 2010	Total Target	Actual (Oct - Dec/09)	% Met to date
Value of Purchase from smallholders (in USD)	2,000,000.00	440,000.00	22%
Volume of purchase from smallholders (in Tons)	---	1,120	---
<b>New Job created :</b>	40	12	30%
<i>Men</i>	32	7	22%
<i>Women</i>	8	5	63%
<b>Number of Rural Household benefited</b>	<b>6,000</b>	<b>3,977</b>	<b>66%</b>
<i>Men</i>	3,500	2,339	<b>67%</b>
<i>Women</i>	2,500	1,638	<b>66%</b>
<b>Value of total new export (in USD):</b>	200,000.00	---	No exports
International	200,000.00	---	No exports
Regional (Southern Africa)	---	---	No exports
<b>Total Volume of new exports (in Tons):</b>	N/A	---	No exports
Volume International exports (in Tons)	N/A	---	No exports
Volume Regional exports (Southern Africa in Tons)	N/A	---	No exports
Private Sector Investment	300,000.00	29,800.00	10%
Agricultural firms benefiting	15	4	27%
Agricultural firms revenues generated	237,000.00	260,000.00	<b>110%</b>
Financing mobilized	-	32,142.00	---
New PPP established	1	2	<b>200%</b>
Resource leveraged (PPPs)	40,000.00	15,000.00	38%
<b>Note: New data means that the information was not collected before so it's was difficult to setup targets, therefore there is no terms of comparison</b>			

**Table 3: Sesame Value Chain Performance Indicators**

FY - 2010	Total Target	Actual (Oct - Dec/09)	% Met to date
Value of Purchase from smallholders (in USD)	1,600,000.00	333,000.00	21%
Volume of purchase from smallholders (in Tons)	N/A	361	----
<b>New Job created :</b>	20	20	100%
<i>Men</i>	15	12	80%
<i>Women</i>	5	8	160%
<b>Number of Rural Household benefited:</b>	16,000	18,664	117%
<i>Men</i>	10,000	12,601	<b>126%</b>
<i>Women</i>	6,000	6,063	<b>101%</b>
<b>Value of total new export (in USD):</b>	3,900,000	N/A	---
International	2,800,000	N/A	---
Regional (Southern Africa)	1,100,000	N/A	---
<b>Total Volume of new exports (in Tons):</b>	N/A	----	Not yet exported
Volume International exports (in Tons)	N/A	----	Not yet exported
Volume Regional exports (Southern Africa in Tons)	N/A	----	Not yet exported
Private Sector Investment	400,000.00	12,970.00	3%
Agricultural firms benefiting	12	5	42%
Agricultural firms revenues generated	1,500,000.00	346,607.00	<b>23%</b>
Financing mobilized	N/A	97,000.00	---
New PPP established	2	----	<b>0%</b>
Resource leveraged (PPPs)	30,000.00	----	0%

Note: New data means that the information was not collected before so it's was difficult to setup targets, therefore there is no terms of comparison

**Table 4: Groundnuts Value Chain Performance Indicators**

FY - 2010	Total Target	Actual (Oct - Dec/09)	% Met to date
Value of Purchase from smallholders (in USD)	700,000.00	190,000.00	11%
Volume of purchase from smallholders (in Tons)	N/A	354	New indicator
<b>New Job created :</b>	20	19	95%
<i>Men</i>	15	7	47%
<i>Women</i>	5	12	240%
Number of Rural Household benefited	9,000	1,986.00	22%
<i>Men</i>	5,500	1,309	<b>24%</b>
<i>Women</i>	3,500	677	<b>19%</b>
<b>Value of total new export (in USD):</b>	520,000	264,285	<b>51%</b>
International	500,000	264,285	<b>53%</b>
Regional (Southern Africa)	20,000	----	N/A
<b>Total Volume of new exports (in Tons):</b>	N/A	283	New indicator
Volume International exports (in Tons)	N/A	283	New indicator
Volume Regional exports (Southern Africa in Tons)	N/A	----	New indicator
Private Sector Investment	200,000.00	5,000.00	8%
Agricultural firms benefiting	100	36	36%
Agricultural firms revenues generated	1,200,000.00	366,000.00	<b>31%</b>
Financing mobilized	N/A	112,070.00	----
New Financial mechanism adopted	N/A	1	----
New PPP established	1	1	<b>100%</b>
Resource leveraged (PPPs)	40,000.00	12,000.00	30%

Note: New data means that the information was not collected before so it's was difficult to setup targets, therefore there is no terms of comparison

**Table 5: Cashew Value Chain Performance Indicators**

FY - 2010	Total Target	Actual (Oct - Dec/09)	% Met to date
Value of Purchase from smallholders (in USD)	9,700,000.00	29,242.00	0% (too small)
Volume of purchase from smallholders (in Tons)	----	53	New indicator
<b>New Job created :</b>	6,600	31	0% (too small)
<i>Men</i>	4,620	18	0%
<i>Women</i>	1,980	13	1%
<b>Number of Rural Household benefited:</b>	6,400	1,264.00	20%
<i>Men</i>	3,840	863	<b>22%</b>
<i>Women</i>	2,560	401	<b>16%</b>
<b>Value of total new export (in USD):</b>	11,175,000	----	<b>0%</b>
International	7,875,000	----	<b>0%</b>
Regional (Southern Africa)	3,300,000	----	<b>0%</b>
<b>Total Volume of new exports (in Tons):</b>	N/A	N/A	New indicator
Volume International exports (in Tons)	N/A	N/A	New indicator
Volume Regional exports (Southern Africa in Tons)	N/A	N/A	New indicator
Private Sector Investment	3,900,000.00	N/A	0%
Agricultural firms benefiting	8	4	50%
Agricultural firms revenues generated	9,300,000.00	N/A	
Financing mobilized	N/A	49,750.00	----
New Financial mechanism adopted	N/A	----	----
New PPP established	2	----	<b>0%</b>
Resource leveraged (PPPs)	80,000.00	----	

Note: New data means that the information was not collected before so it's was difficult to setup targets, therefore there is no terms of comparison

**U.S. Agency for International Development**

JAT Complex, Rua 1231, No. 41

Bairro Central C.

Maputo, Mozambique

Tel: 258-21-352-000

Fax: 258-21-352-100

**[www.usaid.gov](http://www.usaid.gov)**