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(CLUSA)

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Rural Group Enterprise Development Program

in the Nampula Province

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EXECUTIVE SUMMARY

The objective of this report is to present a general view of the Rural Group Enterprise Development Program being implemented in the Nampula Province since September of 1995 and the activities carried out during the year.

The report is divided in four parts. The first part presents an overview of the program, its goals and objectives, the general approach used. The second part presents the progress made with rural group enterprise (RGE) development. The third part describes other program activities carried during the year. Finally, part four presents the program's outlook for the future and specific objectives for the upcoming year.

Highlights of the first year of program activities include:

- * 48 RGEs including 14 women groups, with a membership of 1,684 of which 25.7 % are women, have emerged and are currently being assisted by the CLUSA program. When assistance to rural communities started up in February of 1996, only one association/RGE was already formed.
- * Between June and September 1996, 25 RGEs marketed 608 metric tons of agriculture produce and had sales of approximately 800 million meticaís (70,000 USD) with benefits to 15,000 people (number of users and their families) as prices paid by associations to producers were on average 22 % to 93 % higher than the prices paid to individual producers by other private sector enterprises; under the leadership of their association, villagers opened 157 kms of roads, built 14 bridges and 47 storage buildings with storage capacity ranging from 30 to 100 tons per building.
- * 143 association board members, 247 managers and other committee members, 252 animators/facilitators, and 532 other members participated in training sessions organized by the program in RGE development and management at the village level.
- * 9 functional literacy/numeracy centers were created by the partner RGEs and 301 association members of which 47 % are women have begun basic training in reading and writing; 23 village association animators have been recruited by the associations and trained by the CLUSA program to carry out functional literacy activities.
- * A team of 15 field staff, 3 technical and 4 administrative/support staff were recruited and trained and are successfully carrying out RGE development activities in four districts of the Nampula province.

I. THE CLUSA PROGRAM IN NAMPULA

1. Introduction

As the Rural Group Enterprise Development Program, often known as the CLUSA program, comes to the end of its first year of implementation it is helpful to review what has been achieved in this period and to look ahead where the program is going.

A year ago when the program was starting, Mozambique was just ending a period of emergency and entering a new chapter in its development process. The NGO community, over two hundred strong, was just beginning to introduce the first development activities and putting an end to free distribution and hand outs.

Politically the country had just moved into a multiparty democracy with the first elections held in 1994. Economically, Mozambique was continuing to move toward a market oriented economy. Restructuring of the banking system was underway and privatization of state owned companies had started.

Despite several concerns that the Mozambican rural producers might not be ready for the Rural Enterprise Development approach proposed by CLUSA, under funding from the USAID Mission to Mozambique, CLUSA begun its installation in Mozambique in August 1995. An agreement with the local government was signed on August 31, 1995 and with the USAID Mission on September 11. The first local staff, an administrator and other central technical support staff were recruited respectively in October and November 1995. Field staff joined the program in the middle of January 1996 after successfully completing a 75-hour training of trainers course. Services to the first communities began in February 1996 with the installation of field staff in villages. The first services agreements were signed one month later with 15 communities. This step initiated an intensive participatory process through which interested communities identified and begun to implement their first economic activity, marketing of member produce, in June 1995.

2. Goals and Objectives

The Rural Group Enterprise Development Program is pilot project aimed at assisting the development of a private network of economically viable and democratically controlled rural group enterprises (RGEs) in the province of Nampula. CLUSA's experience in implementing similar programs in Africa show that the various components needed for increasing agricultural production and rural incomes such as extension and marketing information, credit and inputs, storage, processing and marketing, can be enhanced by the presence of viable rural group enterprises as much of the general burden and cost of agricultural and rural income improvement are reduced when these activities are undertaken collectively - especially by groups capable of self-management.

Program objectives for the two-year period (1995-1997) include:

- * develop effective organizational models with appropriate management techniques adapted to the Mozambican rural village settings;

- * assist 48 viable groups, associations and other rural enterprises to undertake profitable economic activities that respond to member needs - smallholders - in the areas of input and food stuff supply, storage, marketing, processing of food and cash crops, and mobilization of savings;
- * transfer literacy, numeracy, operational and managerial skills to rural group enterprise members, managers and employees;
- * link associations and other rural enterprises to reliable sources of financing;
- * adapt the CLUSA training approach and technology to the Mozambican environment and the needs of the rural group enterprises;
- * prepare a cadre of Mozambicans to implement the resultant rural enterprise approach and methodology;

3. Services Provided

Five services are currently provided by the program to client associations:

- . *Association Organizational Development and Rural Group Business Advisory Services and Auditing*
- . *Market Information and Brokering*
- . *Functional Literacy and Numeracy Training*
- . *Training of Trainers*
- . *Savings Mobilization and Access to Financing*

4. Approach and Methodology

One of the most important tools available to CLUSA is its highly participatory approach to rural group enterprise development. The approach, which has been adapted to the Mozambican context, was first tested in Niger in 1985. Since then, the approach has been successfully adapted to 8 countries where CLUSA has provided advisory and training services to over 1,200 rural group enterprises.

In Mozambique, taking into account the bad experience of previous cooperative development activities in the country, primarily due to the socialist policies of the past, the CLUSA approach has been pursued along two tracks:

1. providing technical assistance and training to a limited number of interested farmer communities, thus
2. creating conditions favorable to the emergence and growth of a network of private,

member managed group enterprises.

The two tracks in fact become one during implementation as it is through the assistance and development of specific associations that a strong network of associations is gradually formed and structured.

Aspects of the program's approach in Nampula, Mozambique include:

1. Formation of a local team.

The team, with the assistance of an expatriate advisor skilled in training, RGE development, and project management, is constituted by 15 local field trainers, 3 technical and 4 administrative support staff. The program places emphasis on the development of local staff as a key element for the institutionalization of program activities. Rather than bringing in outside expatriates to implement program activities, the program works to build up a local human resource base. In this process the local team gradually assumes responsibility for all the program's activities and training in the associations. In order to ensure a good selection and mix of staff with adequate technical skills and compatible human characteristics, farmer leaders are included in all phases of staff recruitment and selection.

2. Placing emphasis on voluntary participation in the associations.

Assistance to the associations is based on a request made voluntarily by a community or group and followed by the signing of a mutual agreement between the association and the program. This step defines the responsibilities and rights of each party. Signing an agreement has contributed to clearly establishing a professional relationship between the two parties and has helped association members to begin making collective decisions and assume responsibility. Due to the little or non existence of associations in Nampula, temporary agreements were signed with the entire community for a period of three months. Six month agreements were then signed with an association or other group enterprise upon their formation and interest in participating in the program.

3. Establishment of a training system adapted to the reality of Mozambique

Association development efforts undertaken by CLUSA in other countries have shown that training is most effective when it meets the concrete needs of the participants and when it takes place in an environment familiar to the participants. An intensive training system, using volunteer animators elected by the community based groups, has been established at the village level in four districts of the Nampula Province. Fifteen field trainers were placed earlier in the year in fifteen communities. Inter-group visits for cross fertilization have been supported by the program to facilitate group development.

4. Selection of economic activities by the associations according to their needs and priorities.

Considering the wide range of needs that farmers and other rural inhabitants have, the program encourages the establishment of multifunctional associations with more than one economic activity. The process of selecting, studying and launching economic activities

by the association members provides the necessary experience for an association to become independent and self-managed.

5. Linking training to the economic activities selected.

One of the important elements of the CLUSA approach is the linkage between training activities and economic activities. All training is practical and oriented toward a specific goal. Training is undertaken step by step as association members progress from the identification and studying of an economic activity to its implementation and evaluation. To enable leaders and members to be better managers, the program includes functional literacy and numeracy training.

6. Facilitating the associations' access to financing.

Like any other business farmer associations need reliable sources of financing for their economic activities if they are to develop. In most CLUSA programs, this issue has been addressed by linking farmer associations with commercial banks, through program guarantees.

In Mozambique, the program began to address this issue of credit by encouraging farmers to develop associations with their own resources. As farmers learn how to manage their group enterprises and their businesses begin to produce results, associations are encouraged to open accounts and begin to develop a relationship with local financial institutions. In order to meet member producer credit needs, associations are encouraged to collaborate with existing agribusiness and other commercial enterprises involved in the agriculture production/marketing business.

II. RURAL GROUP ENTERPRISE DEVELOPMENT

1. Client Rural Group Enterprises (RGEs)

The program is currently working with 48 producer associations/groups of which 14 are small women groups. With the exception of one, all groups/associations were formed in the last six months. During the first six months of field activities the program worked with thirty farmer groups that were formed by producers for the main purpose of marketing members produce. Gradual expansion of the program following this initial period has been a result of the demand for project services by new groups and communities.

The majority of these associations are multifunctional groups. They fall into two categories: producer associations involving men and women who grow food and cash crops and women groups forming to carry out production, processing and other income generating activities.

The 48 associations/groups are located in the following districts:

PARTNER ORGANIZATIONS			
District	Producer Associations	Women Group Businesses	TOTAL
Monapo	6	2	8
Meconta	7	1	8
Mogovolas	12	5	17
Ribaue	9	6	15
TOTAL	34	14	48

The number of associations/groups currently collaborating with the program represents 100 % of the total number of associations originally targeted.

2. Members of the RGEs

In most partner associations the definition of who is a member is just now being established. In most groups however a full member tends to be the person who participates in the association's activities and pays a small capital share ("Capital Social") to the association.

The 48 associations/groups collaborating with the program have a membership of 1,684 of which 25.7 % (434) are women. The average number of members among producer associations is 42 and among women groups is 16. Number of users of association services, specifically the marketing of agriculture commodities, totaled approximately 3,000 people. People who are simply users of association services do not have the same benefits as members. For example during the marketing of produce, the price paid to non-members by the associations tended to be 50 to 100 meticaï/ per kg lower than the price paid to members.

Overall as associations develop it is expected that the number of members will grow.

The following table shows the number of members by types of groups and target district:

PARTNER ORGANIZATIONS MEMBERSHIP				
District	Producer Associations			Women Group Businesses
	M	W	T	
Monapo	303	11	314	25
Meconta	306	60	366	30
Mogovolas	351	79	430	83
Ribaue	290	58	348	88
TOTAL	1214	208	1458	226

It is estimated that the total number of users-beneficiaries (members and non-members and their families) of the associations' services, to date consisting primarily of marketing services, total approximately 15,000 people. This includes several informal traders that marketed (e.g. maize) produce through the associations in Ribaue.

3. Economic Activities of the RGEs

a. Process

The process of providing technical assistance to an RGE involves a number of steps. This step by step approach, using homogenous and discrete units to transfer needed skills to rural villagers, when followed carefully facilitates the establishment of an RGE. The actual formation of an RGE takes place as villagers go through the process of understanding the constraints to the development of their family farm businesses and identify and implement economic activities that respond to their perceived needs.

The steps include:

1. Preliminary contacts with community/RGE to analyze interest of villagers in the program and prepare a village wide meeting;
2. Village wide meeting with community/RGE to present CLUSA Program services and conditions, including potential benefits and responsibilities for participation;
3. In-depth contacts with villagers or members of the group to review step 2;
4. Decision to participate in the program made by the RGE/community group;
5. Service agreement signed;
6. Election of local animators and self-analysis (e.g. analysis of resources, constraints, problems, activities to carry out) by community/RGE;
7. Economic activity selected (EA);
8. Structuring and feasibility analysis of the EA;

9. Plan for financing the EA developed;
10. Financing package approved/put in place (using member capital, credit from suppliers or other financing);
11. Training of managers;
12. Implementation of the EA;
13. Final Evaluation and conclusion of the EA (e.g. for seasonal activities).

b. Economic Activities

Twenty five associations/RGEs reached step 12 and 13, implementation of an economic activity. A total of 27 economic activities have been implemented to date by the partner RGEs and 49 other economic activities are in the studying stages (steps 7 and 8).

The economic activity most frequently implemented is the marketing of agriculture produce representing 93 % of the economic activities implemented to date by the RGEs. This one priority for all the partner groups can be explained by the difficulty that most farmers have had in the past to market their products. Within the marketing activities, 44 % of the partner RGEs marketed maize, 52 % marketed peanuts, 4 % marketed cotton and 4 % marketed beans. Four percent of the RGEs sold consumer goods to their members and 4 % (1 women group business) began an activity involving the baking of goods.

The following tables show respectively the distribution of the economic activities implemented by the RGEs and the distribution of economic activities in the studying phases.

EAs Implemented

ECONOMIC ACTIVITY	NUMBER OF		% OF TOTAL		FUNCTION
	EA	RGEs	EA	RGEs	
Maize Marketing	11	11	41 %	44 %	Wholesale marketing
Peanuts Marketing	12	12	48 %	52 %	Wholesale marketing
Cotton Marketing	1	1	3.7 %	4 %	Wholesale marketing
Beans Marketing	1	1	3.7 %	4 %	Wholesale marketing
Consumer Goods Supply	1	1	3.7 %	4 %	Retail sale
Baking	1	1	3.7 %	4 %	Services

EAs in the Studying Phase

ECONOMIC ACTIVITY	NUMBER OF		% OF TOTAL		FUNCTION
	EA	RGEs	EA	RGEs	
Cashew Marketing	12	12	24.4%	25 %	Marketing
Services to Cotton Production	24	24	49 %	50 %	Input Supply/ Technical Assistance
Oil Press	2	2	4 %	4.2%	Processing/Retail Sales
Production of Baked Goods	2	2	4 %	4.2%	Baking/Retail Sales
Mill	1	1	2 %	2.1%	Processing/Services
Cotton Field	2	2	4 %	4.2%	Production
Sunflower Field	2	2	4 %	4.2%	Production
Peanuts Field	1	1	2 %	2.1%	Production
Input Supply/ Community Store	2	2	4 %	2.1%	Retail Sales
Pottery Making	1	1	2 %	2.1%	Manufacturing/Retail Sales

With the exception of two, all economic activities implemented to date by the associations are seasonal activities. As associations get established they will begin to implement a mix of seasonal and year around activities. Based on CLUSA's experience in other countries, it is important that associations carry out at least one year round activity. This allows members to practice the skills learned and makes the association a more viable enterprise.

Most permanent economic activities include general services provided by the RGE such as community stores, ag. equipment services/processing, animal husbandry, etc.

Most non-permanent activities such as supply of inputs, marketing of produce, provide the inputs necessary to members production and help them in the marketing of their produce. For more information on the progress of economic activity implementation see tables in Appendix B.

c. Results of the Marketing Activities

One of the most important initial impacts of the association development process has been the increased access to markets and improved transportation by rural producers for their produce.

For the first time producers were able to negotiate the prices and market their own produce. With program advising and training services, producers learned to negotiate with buyers and to set up and manage marketing operations involving quality control, weighing, bagging and storage of agriculture commodities for domestic and international markets.

At the end of September 1996, **608** metric tons of agricultural produce (525 tons of maize for export markets, 44 tons of peanuts, 4 tons of beans, 35 tons of cotton) had been marketed through 25 partner associations. Six local buyers - commercial wholesale traders and agribusiness - participated in the marketing of association products. One buyer is still buying maize from the associations in Ribaué for export markets. Buyers have contracted the purchase of a total of 1,200 tons of agriculture products from the associations. Total sales at the end of September 1996 had reached 800 million meticaís (70,000 USD); with 392 tons of maize in stock (part of the maize contracted with a local buyer) it is expected that total sales will reach 1.2 billion meticaís (+/- 100,000 USD) by the end of the marketing season. On average the price paid (farmgate in meticaís) by the association to producers was 22 % to 93 % higher than the price paid to individual producers by other private sector enterprises as shown in the table below:

Product	Price Paid to the Association	Price Paid by the Association	Price Paid Outside the Association	Difference (%)
Maize	1000*	900-950	600-850	28 %
Peanuts	2600-3100	2500-3000	2000-2500	22 %
Beans	3200	2900	1500	93 %

In addition to the additional income received by producers through their associations, many producers are now member owners of newly formed small rural enterprises. For example, total profits from association sales had reached 39,542,500 Mts (+/- 3,300 USD) in September 1996 which represents 5 % of sales. These profits from the marketing activities will be used to finance other business activities as shown in the previous page (EAs in the studying phase).

The initial results from the marketing activities carried out by partner producer associations has demonstrated the important role that these organizations can play in the marketing of agriculture commodities in Mozambique both for local and export markets.

4. Other Activities of the RGEs

The second most important impact of association development to date has to do with improvements in rural infrastructure carried out by associations in preparation for the marketing activities. Under the leadership of their association, villagers opened 157 kms of roads, built 14 bridges and 47 storage buildings with storage capacity ranging from 30 to 100 tons per building.

The following table shows the distribution of improved infrastructure by district:

DISTRICT	STORAGE BUILDINGS BUILT	ROADS IMPROVED (KMs)	BRIDGES CONSTRUCTED
Ribaue	33	104	7
Mogovolas	12	53	7
Monapo	1	0	0
Meconta	1	0	0
TOTAL	47	157	14

There seems to be a direct relationship between the presence of agribusiness and infrastructure improvement carried out by associations. In the districts where cotton companies are present, particularly Monapo and Meconta, there is very little infrastructure improvement carried out by associations. Traditionally, a lot of the road clearing and preparation is done by companies. In the more isolated areas of the province, associations tended to invest more effort in improving the local infrastructure as they knew there would be no one else to do it for them.

In addition to the above activities, one association in Ribaue is building a school with several classrooms. The school is being built by the whole community under the leadership of the association.

Another association in Monapo is looking at the possibility of opening a health post.

In addition to these activities all the associations in Mogovolas (12) and 2 associations in Monapo have begun to assist members to get legal documents (e.g. Identification Card). This process involves hiring a photographer and helping members to fill out an application form to be submitted to the "Registo Civil". Once, members are legal themselves, the next step for the association will be to register their organizations. At least one association has already began the laborious process of association registration. Other associations are beginning to study the feasibility of legalizing the land of their members.

5. Training in the RGEs

a. RGE Management Training

As in all CLUSA programs, training is a central element of the Mozambique program. Training of association animators, leaders, managers and other members takes place at the village level. Training sessions last a few hours to several days.

Initially training in the program was oriented to local animators. The animators are generally young villagers selected by their communities to work with other villagers in the process of

economic activity selection, studying and implementation. Following the animator training, as the association began to take shape, training was directed to board members, managers and other members of the association.

Training subjects included:

- o Self-Analysis of an association
- o Conducting a feasibility study for an economic activity
- o Market analysis
- o Techniques in how to negotiate with buyers
- o Design and use of basic management and accounting systems for a business activity
- o Introduction to what is an association/ the benefits of working together/ what kind of association will meet a group's specific needs/basic association principles/rights and responsibilities of a member
- o Role and qualities of a good leader
- o Role of the board and other committee members
- o Introduction to planning techniques
- o How to plan and facilitate a meeting

Most training in the RGEs prepares farmers to learn about management of their association by doing it. In this methodology the trainer is a facilitator of the learning process which allows a real transfer of skills and knowledge. This process of assisting the RGEs continues with close follow-up and coaching by the field trainer until adequate internal management capability is established within the RGE.

Specific results from training activities carried out with RGE partners between February and September 1996 include:

- . 252 animators participated in training sessions in the methodology to select, structure and study an economic activity and in the process of designating managers and designing management information systems;
- . 143 association board members (board + control committee) participated in training sessions in leadership, planning, association organization and management;
- . 247 managers and other committee members completed training in basic management and accounting;

532 members participated in training sessions in association membership rights and responsibilities and in other overall association education activities.

100 + farmers participated in 4 inter-group visits in the province;

50 associations members and some 45 other participants from banks, private sector enterprises and other organizations participated in a Credit Seminar where RGE leaders, bankers and other business people came together to learn about each others activities and to look both at investment opportunities and sources of financing for rural activities.

b. Functional Literacy/Numeracy Training

Due to high illiteracy rates in Nampula, 80 % and higher among most client groups, the program begun literacy training activities in 9 association (three districts) in the middle of September. Functional literacy/numeracy activities are being carried out with the assistance of two staff of the Adult Education Centre of Mutauanha under a sub-contract with the program. Due to the limited capacity of the Mutauanha Centre, the program hired the services of a Cape Verdean specialist in adult education and literacy to assist in design of the functional literacy/numeracy component and train trainers of trainers from the Mutauanha Centre. This trainers have in turn trained village literacy trainers in basic adult education and functional literacy and numeracy techniques.

Three hundred and one members, of which 47 % are women, are currently participating in functional literacy/numeracy activities at the village level. The 301 participants are organized around 12 functional literacy groups distributed through 9 village literacy centers.

Functional literacy and numeracy activities are facilitated by 23 village animators (26 animators were trained) chosen by the association members themselves. Average functional literacy training per group (basic reading and writing) will last approximately 3 months - 6 to 9 hours per week. The method used encourages the active participation of participants in selecting words/subjects to be discussed in each session. General subjects which are being covered in the various literacy centers include: association principles, organization and management, conservation and environment, agriculture production practices and techniques.

Prior to the start up of the village literacy activities, an agreement, determining the terms of the CLUSA assistance in this area, was signed with each association. Association responsibilities include the selection and payment of local animators and identification (preparation and maintenance) of a local facility where literacy activities can be held. CLUSA's initial responsibility include the financing of basic materials (paper and pencils) and equipment (black board). Once the associations have implemented one or two economic activities it is expected that they will finance entirely functional literacy activities in their villages.

6. Financing of RGE Activities

Like in many countries in Africa delivering and recovery of credit in Mozambique has been a

major disaster. As a result, today most banks are reluctant to lend to non-traditional clients who often do not have the type of guarantees required. Banks prefer to play it safe and extend credit only to well established clients.

While associations have the potential, as demonstrated from the experiences from other countries, to be effective mechanisms through which financial services can be delivered to producers, most associations in Mozambique are not yet considered bankable. The few associations that exist in the country have relied heavily on handouts to finance their operations. As a consequence they have not developed a business culture. Many are not well organized. Very few are registered.

In face of this, financing of client association activities (e.g. marketing) to date has been done primarily by association members and buyers of association products. In this process, association members contribute their labor, materials and some cash. Buyers, on the other hand provide associations (on a loan basis) with basic equipment for the implementation of the activities (e.g. scales, bags). This strategy has demonstrated to be the best way to proceed with financing of association activities in the short term. As villagers learn how to manage a group business and demonstrate that they are responsible and capable of carrying out larger business activities, it is expected that the associations will be able to access financing from other sources. Several other agribusiness such as Lomaco and Samo, are already interested in financing cotton production and provide services to smallholders via associations.

CLUSA's work in this area will continue to focus on building relationships between rural group enterprises and commercial sources of financing. As the first associations complete the first cycle of economic activity implementation, the program will work with them in the analysis of the financial services market. Follow up activities to the large July 1996 meeting held in Nampula between commercial financial institutions, private companies and associations will be undertaken. Further more, technical advice and training will be provided to client associations on the start up of savings mobilization schemes. Assistance in the opening bank accounts and information on commercial bank policies will be also provided. Associations will also be encouraged to develop relationships with commercial companies and agribusinesses to finance input supply and other business activities.

III. OTHER PROGRAM ACTIVITIES

1. Recruitment and Training of Program Staff

A group of 15 field staff, 3 technical and 4 administrative were selected from 300 or so applicants in November/December 1995. Testing and selection of staff was carried out in four different districts and in the city of Nampula with the assistance of farmers.

Training of staff concentrated :

- * Field, technical and administrative staff initiated their training with a 75 hour course in basic training of trainers techniques, the CLUSA approach and methodology to work with RGEs.

- * Further training of field and technical staff concentrated in the methodology to assist associations in: identifying, assigning priority, studying and structuring economic activities; designing and keeping management information systems; preparing and analyzing financial statements. Training in the program's monitoring and evaluation system of RGE activities was also carried out. Five training sessions (between 5 and 7 days each) were held between January and September 1996.
- * Training of administrative staff concentrated in the use of CLUSA's management information systems and policies.

2. Market Information and Brokering

A key element in the development of any enterprise is the access to market information and the basic understanding that an entrepreneur has to how a market operates.

In Mozambique, like in most countries in Africa, most small producers do not have access to reliable market information and very few have an understanding of how a market economy operates. For the most part producers in Mozambique still think that markets operate at the commands of government officials. Most still feel that prices are established and controlled by governments.

In order to change these misconceptions, CLUSA program activities during the year involved training farmer association members and leaders in the basic principles of market operation. To accomplish this objective and to facilitate the dissemination of market information (e.g. commodity prices around the country, business opportunities, list of buyers and suppliers of agriculture commodities and inputs), the program created a bulletin known as SRIM - Market Information Collection System - among producer associations. This bulletin is produced locally and distributed on a regular basis (every 4 to 6 weeks) to program partner associations, government officials at the district and provincial levels, traders and other private sector businesses and many other CLUSA partners throughout the country.

In addition to this bulletin, the program established a service to facilitate/broker business deals between associations and traders/commercial companies in the areas of input supply, technology transfer, and in the marketing of agriculture commodities. During the year (May through September), this service facilitated the establishment of 27 contracts between associations and buyers which resulted in over 800 million meticais (approximately 70,000 USD) in sales.

3. Collaboration With Other Organizations

- * A 25-hour training of literacy trainers was carried out in Nampula for 12 participants from CLUSA, the Adult Education Centre of Mutuanha, Karibu, Salama, Associacao das Mulheres Rurais, Ministry of Education and Concern with the assistance of an outside consultant.
- * The program led a one day session on the CLUSA Approach to association development for World Vision's field staff in Nampula.

- * The program organized a two day meeting between financial institutions, agribusiness, associations and government and non-government organizations operating in the Nampula province which involved some 100 participants;
- * The program was selected to be a member and participated in two planning meetings of a Multi-organization Task Force on Micro-Financing recently established in Mozambique; this temporary work group has the task to develop an institutional framework aimed to facilitate the development of sustainable financial services for rural and urban micro-enterprises in Mozambique.
- * CLUSA staff participated in a number of workshops/meetings organized by partner organizations:
 - . Provincial Directorate of Agriculture : Cereal marketing and cotton production in Mozambique (MSU/PSA-World Bank); Meeting of government and non-government partners working in agriculture and rural development in the Nampula province;
 - . IDIL : The role of micro and small enterprises in the social and economic development of Nampula;
 - . USAID : Environmental Assessment Training;
 - . FDC/ECON : Systems, Education and Credit to the Poor;
 - . CARE : Oil press owners meeting;
 - . COCAMO: regular meetings of partner organizations working in Nampula.
- * Program staff had meetings with numerous international consultants and representatives from government and non-government organizations interested in learning about CLUSA activities and approach to assist association development;
- * Provided information on CLUSA's approach and shared training materials (eg. association organization and management) with various local and international organizations (e.g. FHI, UNAC, UGC, WVI, Concern, Oxfam, OJS, AMR ...) in Nampula, Beira and in Maputo.
- * One staff person participated in a day visit to a Credit Union in Malawi organized by WOCCU and the USAID mission to Mozambique.

IV. PROGRAM OUTLOOK FOR 1996/97

After one year of program implementation/eight months of field activities good progress has been made toward meeting the initial objectives of the project:

- * Effective organizational models with appropriate management techniques have been adapted to the Mozambican rural village settings.
- * Assistance to viable groups undertaking profitable economic activities that respond to member needs has been effectively initiated.

- * Transfer of literacy, numeracy, operational and managerial skills to rural group enterprise members, managers and employees has been successfully carried out in all the associations assisted.
- * Initial exploration of reliable sources of financing for rural group enterprises has been initiated;
- * Adaptation of the CLUSA training approach and technology to the Mozambican environment and the needs of the rural group enterprises has been done with a good degree of success.
- * A cadre of highly motivated and qualified Mozambican staff was recruited and trained to implement CLUSA's rural enterprise approach and methodology.

Under this pilot activity, the CLUSA program is scheduled to operate through September 30, 1997. However, based on the increasingly widespread interest by producers in setting up farmer associations and the positive impact from initial program activities, a request for a funded twelve-month extension of the existing program will be presented to the USAID Mission in Maputo in October 1996. An extension of the existing program if approved will be accompanied by an increase in the number of field staff from fifteen to thirty in January 1997. This will enable CLUSA to better meet the demand for association development services by numerous producer associations and NGOs. It is expected that in addition to a wider network of rural group enterprises, an extension of CLUSA program services will contribute to creating a more favorable environment for future widespread farmer association development in Nampula province and in the country in general. An evaluation of the CLUSA program is scheduled for June 1997 out of which recommendations will be forthcoming on the future of the program.

Some of the program main objectives for year two * (October 1996 - September 1997) are :

- * Provide advisory and training services to 64 Rural Group Businesses in the area of institutional and business development of which 21 are women group enterprises;
- * Assist associations and other RGEs in the implementation of some 80 economic activities in the areas of input supply, marketing, processing and various services to their members involving total sales of 2.6 billion meticaís;
- * Provide management training to 2,435 association members, leaders, animators and managers of which 30 % are expected to be women;
- * Extend functional literacy and numeracy training services to 34 associations;

* under the current pilot activity PIO/T No. 656-0217-3-50007

- * Facilitate the marketing of 1,820 tons of agriculture commodities through commercial traders/agribusinesses involving 40 RGEs;
- * Continue the training of program technical and field staff in RGE organization and business development.

ANNEXES

ANNEX A

PROGRESS TOWARD MEETING PROGRAM OUTPUTS:

STATUS IN SEPTEMBER 1996

ANNEX A
PROGRESS TOWARD MEETING PROGRAM OUTPUTS : Status in September 1996

Output	Year 1 Total	Year 1 Target	Grant Target	% Toward Completion
CLUSA Staff Development:				
. Professional staff trained	3	3	2	150 %
. Administrative staff trained	2	1	1	400 %
. Field staff trained	15	15	12	125 %
. Other people trained	0	8	0	800 %
RGE Development:				
. Number of communities assisted	35	24	24	145 %
. RGEs assisted (including women groups)	48	20	48	100 %
. Economic activities implemented	27	20	60	45 %
. Board members trained	143	100	240	59.5 %
. Managers and committee members trained	247	60	180	137 %
. Animators trained	252	40	96	252 %
. General membership trained	532	1000	2880	18.5 %
Functional Literacy/Numeracy:				
. Professional staff trained	2	2	2	100 %
. Partners staff trained	10	10	8	125 %
. Village literacy animators trained	26	0	24	108 %
Women Activities:				
. Women groups assisted	14	6	16	87.5 %
. Women's activities implemented	1	6	18	5.5 %
. Number/percentage of women receiving training	13 %	15 %	30 %	13 %
Credit:				
. Credit system established*	-	-	-	-
. % loan repayment	-	-	85 %	-
. Savings and loan clubs developed	0	0	3	0 %

* Currently priority is being given to the initial capitalization of RGEs by their own members; as the first groups complete their first cycle of economic activity implementation groups are being encouraged to access credit through agribusinesses interested in financing production activities (e.g. cotton, casweh, tobacco, etc); As groups become legal associations and go through the process of implementing two or three economic activities and begin capitalizing themselves the program will help them to build linkages with commercial sources of financing.

ANNEX B

STATUS OF PARTNER RGE BUSINESS ACTIVITIES

CLUSA - MOÇAMBIQUE

RURAL GROUP ENTERPRISE DEVELOPMENT PROGRAM
IN NAMPULA : 1995 - 1997

STATUS OF PARTNER RGEs BUSINESS ACTIVITIES :
September 1996

Key:

1. Preliminary contacts with community/RGE to analyse interest of villagers in the program and prepare a village wide meeting;
2. Village wide meeting with community/RGE to present CLUSA Program services and conditions, including potential benefits and responsibilities for participation;
3. In-depth contacts with villagers or members of the group to review step 2;
4. Decision to participate in the program made by the RGE/community group;
5. Service agreement signed;
6. Election of local animators and self-analysis (e.g. analysis of resources, constraints, problems, activities to carry out) by community/RGE;
7. Economic activity selected (EA);
8. Structuring and feasibility analysis of the EA;
9. Plan for financing the EA developed;
10. Financing package approved/put in place (using member capital, credit from suppliers or other financing);
11. Training of managers;
12. Implementation of the EA;
13. Final Evaluation and conclusion of the EA (e.g. for seasonal activities).

DISTRICT	ASSISTANT	ASSOCIATION/ RGE	MEMBERS			ECONOMIC ACTIVITY	PROGRESS (See Key)
			M	W	T		
Monapo	Assane	Namageco	58	8	66	Maize Marketing	13
						Cotton Marketing	13
						Maize Mill	8
						Input Supply/Services in Cotton Production	8
		Cahiva	35	-	35	-	5
		Monetaca	67	-	67	Input Supply/Services in Cotton Production	8

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DISTRICT	ASSISTANT	ASSOCIATION/ RGE	MEMBERS			ECONOMIC ACTIVITY	PROGRESS (See Key)
			M	W	T		
		Women Group Namageco	-	13	13	-	4
	Baltazar	Ofensiva	50	2	52	Maize Marketing	13
						Supply of Food Stuff	12
						Input Supply/Services in Cotton Production	8
		Reno	37	1	38	-	4
		Naworo	56	-	56	Input Supply/Services in Cotton Production	8
		Women Group Ofensiva	-	12	12	-	4
	Licuco	25 de Setembro	52	23	75	Beans Marketing	13
		Metarica	80	21	101	-	5
		Thucamuro	12	4	16	-	4
		Mpuehi	54	6	60	-	4
		Women Group 25 de Setembro	-	30	30	-	4
	Castro	Chaua-Chaua	42	-	42	Groundnuts Marketing	13
		Cumanha	30	-	30	-	13
		Patua	36	6	36	-	4
Mogovolas	Basilio	Nacoze	25	10	35	Groundnuts Marketing	13
						Cashew Nuts Marketing	8
						Input Supply/Services in Cotton Production	8

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DISTRICT	ASSISTANT	ASSOCIATION/ RGE	MEMBERS			ECONOMIC ACTIVITY	PROGRESS (See Key)
			M	W	T		
		Cúlu	33	-	33	Groundnuts Marketing	13
						Cashew Nuts Marketing	8
						Input Supply/Services in Cotton Production	8
		Women Group Nacoze	-	18	18	Baking : production/sale	7
	Isabel	Mupuia	17	1	18	Groundnuts Marketing	13
						Cashew Nuts Marketing	8
						Input Supply/Services in Cotton Production	8
		Women Group Mupuia	-	13	13	Baking : production/sale	7
						Colective Field - Cotton	7
	Ricardo	Namarepo	13	-	13	Groundnuts Marketing	13
						Cashew Nuts Marketing	8
						Input Supply/Services in Cotton Production	8
		Nita	25	-	25	Cashew Nuts Marketing	8
						Input Supply/Services in Cotton Production	8
		Muiuane	37	-	37	Groundnuts Marketing	13

DISTRICT	ASSISTANT	ASSOCIATION/ RGE	MEMBERS			ECONOMIC ACTIVITY	PROGRESS (See Key)
			M	W	T		
						Cashew Nuts Marketing	8
						Input Supply/Services in Cotton Production	8
		Women Group Muiuane	-	17	17	Pot Making	7
	Cesar	Naihava	31	22	52	Groundnuts marketing	13
						Cashew Nuts Marketing	8
						Input Supply/Services in Cotton Production	8
		Women Group Naihava	-	13	13	Baking : production/sale	12
						Collective field - groundnuts	8
		Namea	20	14	22	Groundnuts marketing	13
						Cashew Nuts Marketing	8
						Input Supply/Services in Cotton Production	8
		Nawotho	23	-	23	Groundnuts marketing	13
						Cashew Nuts Marketing	8
						Input Supply/Services in Cotton Production	8
		Heve	48	-	48	Groundnuts marketing	13
						Cashew Nuts Marketing	8

DISTRICT	ASSISTANT	ASSOCIATION/ RGE	MEMBERS			ECONOMIC ACTIVITY	PROGRESS (See Key)
			M	W	T		
						Input Supply/Services in Cotton Production	8
		Thalane	31	32	63	Groundnuts marketing	13
						Cashew Nuts Marketing	8
						Input Supply/Services in Cotton Production	8
		Women Group Thalane	-	22	22	Cotton field	8
		Machampani	48	-	48	Groundnuts marketing	13
						Cashew Nuts Marketing	8
						Input Supply/Services in Cotton Production	8
RIBAUE	Adelia	Nacacanha	30	15	45	Maize Marketing	12
		Women Group Nacacanha	-	15	15	Sunflower field	7
		Chica	31	10	41	Maize Marketing	12
		Women Group Chica	-	10	10	Sunflower field	7
		Namale	20	-	20	Maize Marketing	13
	Luanda	Josina Machel	30	10	40	Maize Marketing	12
						Village Store (Ag. Inputs/basic food stuff supply)	7
		Women Group Josina Machel		14	14	-	4

DISTRICT	ASSISTANT	ASSOCIATION/ RGE	MEMBERS			ECONOMIC ACTIVITY	PROGRESS (See Key)
			M	W	T		
	Atumane	1 de Maio	54	8	62	Maize Marketing	12
						Village Store (Ag. Inputs/basic food stuff supply)	8
		Women Group 1 de Maio	-	20	20	Oil Press	7
		Metaveia	30	-	30	Maize Marketing	12
	Abdulai	Napala	29	6	35	Maize Marketing	12
		Women Group Napala	-	20	20	-	2
	Salimo	Nagonha	36	9	45	Maize Marketing	12
		Women Group Nagonha	-	9	9	-	3
		Namacula	30	-	30	Maize Marketing	13
						Oil Press	7