

Mozambique

P4P Country Programme Profile

P4P Strategy

Limited competition among traders coupled with constraints to accessing alternative markets (e.g., poor transportation infrastructure, distance, limited post harvest handling capacity, etc.) keep the prices received by smallholders and their organizations low. Mozambique's P4P programme seeks to address this situation by strengthening the capacity of larger FO's (second and third-tier organizations that have substantial capacity to aggregate) and small and medium traders to effectively compete with larger buyers for smallholders' crops. Increased competition for smallholder produce will increase farm gate prices, improve incomes and welfare, and provide the price incentive to invest in increased production.

As a "Delivering as One" pilot country, Mozambique implements P4P as a Joint Programme with FAO and IFAD titled "Building Commodity Value Chains and Market Linkages for Farmers' Associations." WFP is the lead agency and creates market opportunities for local producers and traders while FAO and IFAD contribute primarily in the areas of post harvest handling and credit, respectively.

The following sections summarize salient elements of Mozambique's strategy as they apply to the four key activity areas of P4P –smallholder productivity, group marketing, market development, and the policy environment. Table 1 concisely summarizes key points of the strategy and extends it into areas of specific procurement strategies, gender, targets for farmers and procurement, alignment with the national agenda, and risks.

Smallholder Productivity

Mozambique's smallholder farmers (cultivating no more than three hectares) suffer from low productivity as a result of limited use of improved inputs (seed, fertilizer, chemicals); high post harvest losses (30%) caused by limited access to adequate storage facilities and poor farm level post harvest handling practices; little or no access to formal markets for inputs as a result of poor transportation infrastructure and consequent high costs; and limited access to credit to purchase inputs or time sales. In order to improve smallholder productivity, Mozambique's P4P programme, through its partners, intends to reduce post harvest losses by providing technical assistance and investing in infrastructure, improve access to credit to purchase inputs, and enhance access to extension services. Higher prices resulting from improved access to profitable markets (see following sections) will provide the incentive for farmers to engage with these activities and invest in production.

Group Marketing (Farmer Organizations)

Only 6.5 percent of Mozambique's smallholder farmers belong to farmer organizations although some districts (Nampula, Zambezia, Manica) have much higher participation rates. Even in these districts, however, most organizations have limited capacity to add value or market commodities. Farmer associations and forums in two districts (Nampula and Manica) have established third-

tier umbrella organizations to commercialize commodities. These organizations have access to credit to buy from farmers and collect, clean, bag, store, and transport products.

Mozambique's P4P programme seeks to improve the capacity of farmer organizations and small and medium traders (depending on the opportunities available) to improve quality, access markets, and compete with larger traders. Increased competition will result in higher prices to smallholder farmers (see next section).

Market Development

In the majority of the country where farmer organizations are non-existent or very weak smallholder farmers have few opportunities to market their surpluses. In these areas, large traders dominate the market – either through their own collection posts or through small and medium traders. Mozambique's P4P programme will buy directly from small and medium traders in order to increase competition for smallholder grains. In areas with strong second and third tier farmer organizations, the programme will buy from these organizations in order to build their capacity to be effective competitors in local commodity markets. In either case, increased competition will increase farmer gate prices and provide the incentive for increasing production.

Enabling Environment

Mozambique's CIP identifies limited access to market information as a constraint to more profitable smallholder participation in markets. It will work with partners to support the development of a national market information system. The CIP also identifies the lack of quality standards for maize and beans as a constraint to market efficiency. It will work with government authorities to establish a grade B standard for maize and a national standard for beans that are consistent with regional standards. These standards will promote more transparency in pricing and may also facilitate increased access to regional markets.

Table 1. Strategy Summary

	Smallholder productivity	Profitable market access		
		Group marketing (farmer organizations)	Market development	Policy environment
<p>1. Describe the current situation in your country with regard to each of the following.</p>	<p>Low productivity due to:</p> <ul style="list-style-type: none"> Limited access to and use of improved inputs, credit, knowledge of production practices, extension services. High post harvest losses due to limited on farm storage. Limited use of mechanization or animal draught power. Low prices/profitability limits incentive to invest in production and post harvest management. 	<ul style="list-style-type: none"> Few smallholders belong to FOs. Most FOs that market do not add value and can't access credit. FOs in two provinces have established third-tier FOs that act as traders and have warehouses, processing facilities, and access to credit. Smallholders sell largely through small/medium traders. 	<ul style="list-style-type: none"> A few large traders dominate the market. Lack of competition and market price information depresses farm gate price. Limited processing capacity limits potential of small and medium traders to compete. Poor transportation infrastructure, distance, post harvest handling capacity, and need for cash limit smallholders' access to more profitable markets. 	<ul style="list-style-type: none"> No government interference in commodity markets. Existing legislation on cooperative development. Upcoming government programmes to support strengthened FO's. Emphasis on agricultural production and commercialization in the Government Plan of Action.
<p>2. What is required to improve the current situation?</p>	<ul style="list-style-type: none"> Improve access to inputs. Improve access to credit. Improve access to post harvest handling facilities and knowledge of post harvest practices. Reduce transaction (e.g., transportation and credit) costs. Strengthen farmers' marketing skills. 	<ul style="list-style-type: none"> Improve FO management capacity/skills Improve FO access to credit. Replicate third-tier FO model. Sustainable engagement of private sector through linkages to traders and/or processors. 	<ul style="list-style-type: none"> Enhance smallholder access to market information. Improve small and medium traders' capacity to clean, dry, and store. Connect FOs to processors and traders. 	<ul style="list-style-type: none"> Establish quality standards. Establish market information system.
<p>3. How will your P4P programme address these issues (i.e., which partners will you work with on each issue and what impact do you expect from these activities)?</p>	<ul style="list-style-type: none"> Improving storage and post harvest practices (FAO, CARE, CLUSA and World Vision, ACDI/ VOCA, AGRIFUTURO). Improve access to credit for inputs (AGRA/IFDC agro-dealer programme, IFAD). 	<ul style="list-style-type: none"> Provide FO post harvest facilities (EC, UNJP, FINNIDA). Improve FO management capacity and quality of extension services (ACDI/VOCA, OLIPA, CLUSA, CARE). Improve FOs' access to credit and BDS (DANIDA, FINNIDA). 	<ul style="list-style-type: none"> Improve small and medium traders' access to post harvest facilities. Connect FO's to agro-processors and traders. 	<ul style="list-style-type: none"> Establish grade B standard for maize and a national standard for beans in line with regional and WFP standards (Government).
<p>4. Who will you buy from and why have you chosen to buy from them?</p>	<ul style="list-style-type: none"> Buy from small and medium traders to strengthen them and thus increase competition for grains from smallholders. Buy from second and third-tier farmer organizations because they have the capacity to aggregate and market. Aim to strengthen their capacities for value addition and marketing. 			

5. How will you buy (i.e., modalities) and why have you chosen to buy in this way?	<ul style="list-style-type: none"> • Limited or soft tenders (smaller quantities, staggered deliveries, etc.) used with small and medium traders to increase capacity to tender. • Direct contracting with selected (second and third-tier) farmer organizations to build their capacity to compete in competitive tenders. • Forward contracts with selected farmer organizations (associations/forums) that need the assurance to aggregate.
6. How does your programme address the specific needs of female smallholder farmers?	<ul style="list-style-type: none"> • Identify and engage female only FO's and those with female representation. • Targeted training to women in post-harvest handling and loss reduction. • Conduct a programme gender audit to identify key gender issues. • Partner with UNIFEM and link with other gender partners in P4P/JP programme areas.
7. What are your targets for farmer and tonnage? <ul style="list-style-type: none"> • How many farmers do you expect to have increase incomes? • What quantity of crops do you expect to purchase? • Are these figures consistent with income targets and providing incentives for increased production? 	<ul style="list-style-type: none"> • 22,750 farmers in 5 years. • 22,000 metric tonnes in 5 years. • These figures imply buying just under 1 mt per farmer. There is the potential for additional quantity given adequate resources. 10,000 metric tonnes planned for 2010.
8. What is your programme's strategy for promoting smallholder agricultural development through markets and how does your approach to procurement and partnerships contribute to sustainable and profitable smallholder engagement in markets beyond P4P?	<p>Limited competition among traders coupled with constraints to accessing alternative markets (e.g., poor transportation infrastructure, distance, limited post harvest handling capacity, etc.) keep the received by smallholders and their organizations low. Mozambique's P4P programme seeks to address this situation by strengthening the capacity of larger FO's (second and third-tier organizations that have substantial capacity to aggregate) and small and medium traders to effectively compete with larger buyers for smallholders' crops. Increased competition for smallholder produce will increase farm gate prices, improve incomes and welfare, and provide the price incentive to invest in increased production.</p>
9. How is your strategy aligned with the national agenda?	<p>Aligned with</p> <ul style="list-style-type: none"> • Trade Policy/Strategy of 1998 that focuses on a) marketing/commercialization of agric products, b) increasing supply of essential goods /means of production, c) integrating sectors, constructing infrastructure, and coordinating activities of different players • Cooperative Legislation of 2009 that focuses on cooperative development to improve marketing and development of rural based assets. • Strategic Plan for Agricultural Sector Development/CAADP focused on contributing to food security, income and profitability of farmers by increasing production, competitiveness and sustainability through market driven orientation. • PEDSA- Agricultural commercialization and improved productivity.
10. What are the main risks and challenges your programme faces in achieving its objectives and how do you expect to address them?	<ul style="list-style-type: none"> • Unpredictability of WFP resources; defaults (side selling, credit, quality); sustainability of partner programmes (e.g CLUSA just closed food security programme in Northern Mozambique); natural disasters (drought, floods,, crop diseases); • Plan purchases on the basis of available resources; close monitoring of the contracts; engagement of government partners where possible; mainstream capacity building activities with government programmes where possible.

Baseline Data Collection and Impact Assessment Strategy

Table 2 summarizes the approach Mozambique used to select farmer organizations and smallholder farmers for baseline data collection.

Table 2. Sampling Approach

	P4P organizations	Non-P4P organizations
Number of organizations in sampling frame	48	
Sampling frame selection		
Location	7 districts (Malema, Mecuburi, Monapo, Ribaue, Alto Molocue, Gurue, Buzi)	5 districts, all of which contain P4P organizations. The non-P4P sample contains no organizations from the district (Gurue) with the greatest number of P4P organizations.
Number of organizations in sample	48	16
Organization sample selection	No sample: collected data from all P4P organizations	
Total number of members (smallholder sampling frame)	3,933 (65% men, 35% women)	3,233 (52% men, 48% women)
Size of member sample	424 (68% men, 32% women)	337 (54% men, 46% women)
Farmer sample selection		

Characteristics of Farmer Organizations

Participating and non-participating organizations are similar in size and capacity. Participating organizations, however, are more active in marketing and have greater market access as measured by the diversity and types of buyers to whom they sell. Participating organizations also sell a much larger quantity of produce per member than do non-participating organizations in spite of little difference in production between the groups. Table 3 and Figures 1 and 2 summarize some key characteristics of participating and non-participating organizations. Key points include:

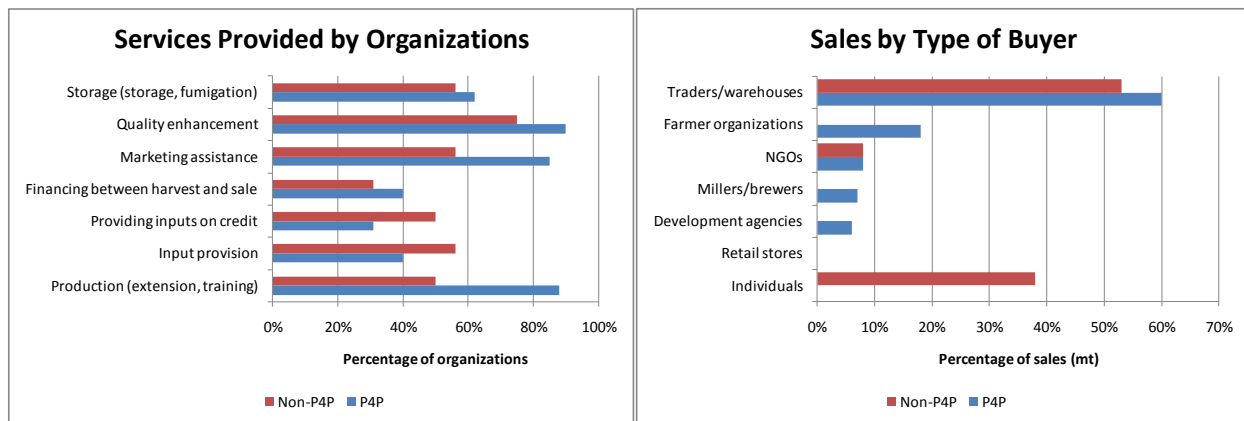
- Participating and non-participating organizations are roughly the same size but the non-participating sample is more skewed towards large organizations.
- Participating and non-participating organizations have similar capacities as measured by access to credit, training of staff and members, use of planning, and ability to aggregate. More participating organizations than non-participating organizations have access to storage facilities.

Table 3. Characteristics of Farmer Organizations

	P4P organizations (N=48)		Non-P4P organizations (N=16)	
General Characteristics				
Mean and median number of organization members	82/28		202/29	
Mean and median age of organization (years since established)	a		a	
Capacity				
Percentage with access to credit (applied for and received a cash loan)	38%		25%	
Percentage with staff trained in organizational management	94%		100%	
Percentage with members trained in production practices	a		a	
Percentage with production and/or marketing plans	92%		88%	
Percentage with access to storage facilities	65%		38%	
Mean and median maximum single sale size (mt) ^b	20/15		22/15	
Marketing				
Number and percentage of organizations that directly market their members' staple commodities	45/94%		11/69%	
Number and percentage of organizations with sales in past two years	46/96%		9/56%	
Mean and median (over organizations that market) quantity (mt) collected and sold	N	Value	N	Value
Maize	38/79%	12/5	6/38%	13/4
Beans	22/46%	12/5	6/38%	18/6
Soya bean	14/29%	17/15	0/0%	0/0
Average percentage of total sales (quantity) by buyer				
Traders/warehouse operators/food suppliers	20/42%	60%	4/25%	53%
Farmer organizations	17/35%	18%	1/6%	0%
National/international NGOs	8/17%	8%	1/6%	8%
Miller/brewers/processors	4/8%	7%	0/0%	0%
International development agencies	8/17%	6%	0/0%	0%
Households/ individuals	2/4%	0%	4/25%	38%
Retail stores	1/0%	0%	0/0%	0%
a. The way in which data were collected does not permit calculation of this result.				
b. Does not include small sales to individuals.				

- In terms of the services they provide to members, Participating organizations are more oriented towards marketing, technical assistance in productivity enhancement, and quality enhancement and less on input provision than are non-participating organizations (Figure 1).
- Participating organizations are somewhat more likely than non-participating organizations to directly market their members' produce and sell a substantially greater quantity of staple commodities than do non-participating organizations.
- Both participating and non-participating organizations sell a majority of their produce to traders, warehouses, and food suppliers. Non-participating organizations also sell a substantial quantity to individuals while participating organizations sell to a wider range of buyers (Figure 1).

Figure 1. Characteristics of Organizations



Characteristics of Farmers

Members of participating and non-participating farmer organizations are quite similar in terms of their production and marketing of staple commodities but have somewhat different household characteristics. Table 4 summarizes some key characteristics of smallholder members of the sample of participating and non-participating farmer organizations. In summary:

- Smallholder members of participating and non-participating organizations cultivate a similar quantity of land; cultivate the same crops; and, with the exception of rice, produce roughly the same quantities of crops (Figure 2).
- Members of participating organizations are somewhat more likely to sell commodities and (at least in the case of beans and sorghum) sell a larger proportion of what they produce (Figure 2).
- With the exception of cassava, members of participating and non-participating organizations sold about the same proportion of the quantity they sold through the farmer organization. Also with the exception of cassava, members of participating organizations and non-participating organizations sold similar proportions of their crops within four weeks of harvest.

- Non-participating households are somewhat larger, more likely headed by women, have somewhat older heads of the household, and have slightly higher per capita expenditures than do participating households.

Table 4. Characteristics of Farmers

Characteristic	P4P (N=424)		Non-P4P (N=337)	
	N	Value	N	Value
Agricultural Production and Sales				
Mean and median area cultivated (ha)	1.9/2		2.1/1.5	
Average production of crops (mt)				
Maize	307/72%	0.81	240/71%	0.77
Beans	183/43%	0.37	136/40%	0.32
Rice	152/36%	1.20	135/40%	1.04
Sorghum	80/19%	0.28	48/14%	0.32
Cassava	71/17%	0.84	55/16%	0.60
Soya bean	69/16%	1.00	43/13%	1.03
Average percentage of harvested quantity sold ^a				
Maize	168/40%	38%	102/30%	33%
Beans	114/27%	52%	67/20%	43%
Rice	50/12%	15%	39/12%	15%
Sorghum	8/2%	34%	2/0%	22%
Cassava	8/2%	41%	7/2%	41%
Soya bean	75/18%	72%	28/8%	76%
Household Characteristics				
Mean and median family size	4.9/5		5.5/5	
Average age of household head	42		46	
Sex of household head	89% male, 11% female		75% male, 25% female	
Average annual expenditure	14,734		17,616	
Average per capita annual expenditure	3,007		3,202	
Median educational attainment of household head	Did not complete primary school		Did not complete primary school	
Median educational attainment of spouse of household head	Did not complete primary school		Did not complete primary school	
a. Results reflect only those respondents who reported selling some of the crop.				

Figure 2. Household Production and Sales

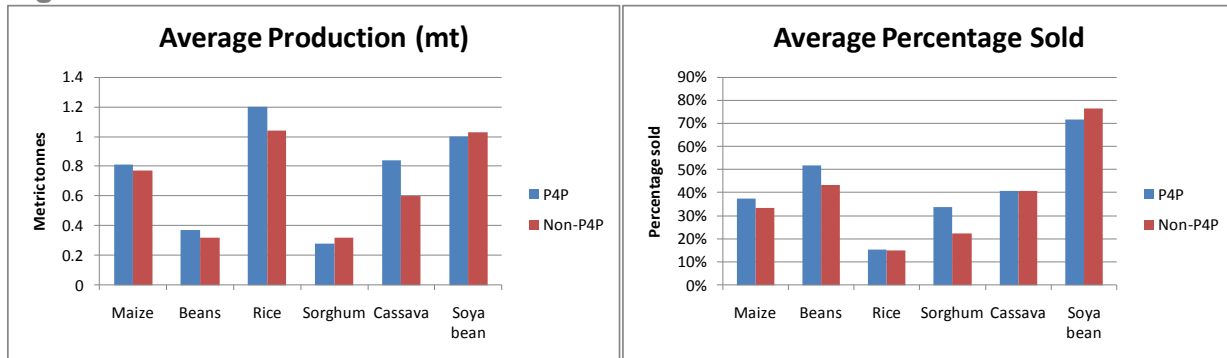


Figure 3. Location and Timing of Sales

