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# MOZAMBIQUE

## FY 2010 Implementation Plan

### U.S. Government Working Document

The Feed the Future (FTF) FY 2010 implementation plans are working documents outlining U.S. government planning for the first year of the Global Hunger and Food Security Initiative. These plans represent a transition towards the development of multiyear strategies and are targeted at investments that lay the foundation for a new country-level and coordinated approach with a diversity of partners. Multiyear strategies are under development that will span development and diplomatic actions across multiple USG agencies.

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## Abbreviations and Acronyms

<b>AFSWG</b>	Agriculture and Food Security Working Group
<b>AGRA</b>	Alliance for a Green Revolution in Africa
<b>AgCLIR</b>	Agricultural Commercial Law and Institutional Review
<b>AfDB</b>	African Development Bank
<b>CAADP</b>	Comprehensive African Agriculture Development Program
<b>CARDESA</b>	Centre for Agricultural Research and Development for Southern Africa
<b>CAS</b>	Country Assistance Strategy
<b>CIA</b>	Core Investment Area
<b>CSB</b>	Corn Soy Blend
<b>DCA</b>	Development Credit Authority
<b>EMBRAPA</b>	Brazilian Organization for Agricultural Research
<b>ESASA</b>	East and Southern Africa Seed Alliance
<b>EXIM</b>	Export Import Bank
<b>FANRPAN</b>	Food and Agricultural Policy Analysis Network
<b>FEWSNET</b>	Famine Early Warning Systems Network
<b>FSN</b>	Foreign Service National
<b>GFSR</b>	Global Food Security Response
<b>GHFSIP</b>	Global Hunger and Food Security Implementation Plan
<b>GRM</b>	Government of the Republic of Mozambique
<b>IARC</b>	International Agricultural Research Center
<b>INGC</b>	The National Institute of Disaster Management
<b>MCC</b>	Millennium Challenge Corporation
<b>MDG</b>	Millennium Development Goal
<b>MSU</b>	Michigan State University
<b>NEPAD</b>	New Partnership for African Development
<b>NGO</b>	Non-Governmental Organization
<b>OPIC</b>	Overseas Private Investment Corporation
<b>PARPA</b>	Mozambique Poverty Reduction Strategic Plan
<b>PEDSA</b>	Mozambique Agricultural Sector Development Strategy
<b>PEPFAR</b>	President's Emergency Plan for AIDS Relief
<b>PLWHA</b>	People Living With HIV/AIDS
<b>PROAGRI</b>	Program for Agriculture
<b>ReSAKSS</b>	Regional Strategic Analysis and Knowledge Support System
<b>SADC</b>	Southern African Development Community
<b>SBA</b>	Small Business Administration
<b>SCIP</b>	Strengthening Communities through Integrated Programming
<b>SME</b>	Small and Medium-Sized Enterprises
<b>TCN</b>	Third Country National
<b>TIFA</b>	Trade and Investment Framework Agreement
<b>USAID</b>	United States Agency for International Development
<b>USDA</b>	United States Department of Agriculture
<b>USG</b>	United States Government
<b>USTDA</b>	United States Trade Development Agency
<b>USTR</b>	United States Trade Representative

# I. INTRODUCTION

## I.1. CURRENT SITUATION

Mozambique's huge potential for rapid agricultural development, combined with its high levels of poverty and high percentage of food-insecure people involved in agriculture, should put it high on the priority list for the Global Hunger and Food Security Initiative (GHFSI).

The critical role of Mozambique in Southern Africa regional trade, economic development, and food security is another reason it should be high on the priority list for inclusion in the GHFSI.

Mozambique's 1,670 miles of coast line, major rivers, several deep ports, and major trade/transport corridors offer vast potential for trade, growth and poverty reduction. The most important trade routes run east-west along the major regional corridors. These corridors provide Mozambique with great opportunities to service trade to and from South Africa, Malawi, Zambia, and Zimbabwe. Mozambique's trade and transport infrastructures and networks are vital links in the Southern African Development Community (SADC) regional integration efforts. Improvements in the ports of Maputo, Beira, and Nacala will position the country to become a major regional trade hub. North-south trade is limited by the lack of a railroad and by poor road infrastructure. Through the Millennium Challenge Corporation (MCC) the US Government (USG) is investing in primary road networks linking population centers.

This Implementation Plan (IP) for the Initiative in Mozambique lays out how additional resources can address the key issues preventing Mozambique's agricultural, business and trade potential from being realized. It will assist in rapidly increasing production to increase incomes and availability of food, which will, in turn reduce hunger and improve nutrition.

This plan is structured around farmers, entrepreneurs and consumers, key actors that

are the focus of the Initiative and whose actions are critical to its success. However, they face constraints such as lack of infrastructure and human capacity and providing them with tools, training, resources, and opportunities will be key to improving agricultural productivity and food security in Mozambique and neighboring countries.

Mozambique has enormous untapped agricultural potential to be a major food exporter in southern Africa. It has extensive fertile land, abundant water resources, favorable climate, relatively low-cost labor, proximity to major markets, and it provides excellent seaports for three major trade and transport corridors. These ports provide easy access to major European and Asian markets giving Mozambique a huge comparative advantage in agriculture.

Only 12% of Mozambique's 90 million acres of arable land is currently cultivated and only 300,000 acres of its 7.4 million acres with irrigation potential (4%) are currently irrigated. Most crops are grown without improved seeds or sufficient fertilizer to increase yields dramatically.

Over 75% of the population makes its living from agriculture, which contributes 24% to GDP (2008). Mozambique's comparative advantages in agriculture and forestry offer potential for private investment, job creation, and broad-based sustainable economic growth. Developing Mozambique's agricultural potential will contribute greatly to reducing food insecurity, malnutrition, and poverty.

Food crops, livestock, cash crops (i.e., oilseeds, bio-fuels, tropical fruits), and plantation forests have potential for large increases in output. National and international private sector investors recognize these potential investment

Mozambique's comparative advantages in value-added agriculture and forestry offer vast potential for private investment, job creation, and broad-based sustainable economic growth.

opportunities and are beginning to invest despite a rather poor enabling environment for business.

Despite this potential, agricultural productivity is low. There are significant constraints to agricultural development. Less than 10% of farmers use improved seeds. Eighty percent of small-scale farmers are not market-oriented: their products do not meet market quality and food safety requirements, and they lack access to credit, modern technologies, and markets.

Key agricultural sectors where Mozambique demonstrates strong potential (food and cash crops, livestock, plantation forestry, and bio-fuels) are neither well developed nor sufficiently competitive in the global economy. In order to flourish, they require private investment and increased knowledge. However, the business climate is not conducive to attracting private investment. State ownership and regulation create uncertainty regarding land tenure. Land usage rights are difficult to use as bank collateral and transferring these rights is complex.

High transaction costs negatively affect business and trade competitiveness. Economic — transport, roads, water, market, and energy—is improving but still inadequate. Credit and financial services for agriculture, agro-industry, and small- and medium- size rural enterprises are non-existent or very expensive.

Natural resources, biodiversity and unique ecosystems—the foundation for long-term economic growth—are being severely degraded and Mozambique is considered one of the countries most vulnerable to extreme climatic events (drought, flood, and tropical cyclones). This enormous climate change risk leads to economic, social, and environmental risks.

Low agricultural productivity and investment lead to high poverty and malnutrition. Fifty four percent of the population lives below the poverty level of less than \$2 per day (2003) and 46% of children under five are malnourished.

Most of these people live in rural areas and depend on local agriculture for food and

income. Poverty exacerbates vulnerability to climate change and natural disasters.

Significant achievements in poverty reduction have been recorded in Mozambique with incidence rates dropping from 69% in 1997 to 54% in 2003. The Government's Poverty Reduction Plan sets out its commitment to reduce poverty from 54% in 2003 to 45% by 2009.

54% of the population live below the poverty level and live on less than \$2 per day (2008) and 46% of children under five are malnourished.

The United Nations' Millennium Development Goals Progress Report (2008) asserts that it is not certain that Mozambique will achieve the targets of halving the proportion of people living in extreme poverty by 2015. This creates a challenge for Mozambique to reach the Millennium Development Goal (MDG) for reducing poverty and hunger<sup>1</sup>.

**Technology transfer and market access can fuel rapid improvement:** The primary focus of this IP is to introduce new technologies and practices that fuel productivity and link farmers to processors and markets that can improve their income. This will be accomplished through partnerships that accelerate the transfer of knowledge and technologies, build human capacity, and expand value-added outputs. The GHFSI will address policy, finance, and infrastructure issues to reduce transaction costs and ensure that improve incentive systems.

**Initiative funding will expand a strong existing inter-agency program and add key components:** The initiative will build on activities already in place and strengthen the strong focus on these areas in the USG Country Assistance Strategy (CAS) for FY 2009

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<sup>1</sup> See the USAID Mozambique Food Security Programming Framework FY 2008-2012 and discussion of food insecurity by regions: [http://www.usaid.gov/mz/doc/misc/moz\\_food%20security\\_07-15-08.pdf](http://www.usaid.gov/mz/doc/misc/moz_food%20security_07-15-08.pdf)

– FY 2014 approved in early 2009. A ‘whole-of-government’ approach to the CAS brought together agricultural producers, entrepreneurs, traders, private business owners, community representatives, local and international NGOs, government counterparts, academics, and other donors to provide input and ideas for USG assistance focused on economic growth.

The collaborative process of identifying and prioritizing needs and actions led to a consensus around a goal of increasing the competitiveness of key economic sectors. This included promoting agricultural commercialization, investing in “green growth”, and improving economic governance.

This Implementation Plan benefits from inter-agency analysis, independent input, and coordinated programming in that it

- Builds on a solid foundation of ongoing USG programs in Mozambique that are improving household food security, family incomes, and child nutrition for hundreds of thousands of people. The GHFSI builds upon and enhances the effectiveness of strong existing USAID, MCC, USDA, and PEPFAR programs. Through geographic concentration and an integrated approach, the GHFSI creates synergy with various Presidential Initiatives (i.e., Food Security, PEPFAR, Global Climate Change, and Global Health) for greater impact.
- Reflects USG leadership within the international donor and development partner community;
- Leverages additional resources, knowledge, and access to markets through public/private partnerships, South/South collaboration, and enhanced coordination with other partners;
- Mobilizes private investment by improving the environment needed to create jobs; and
- Increases Mozambican capacity (government, private sector, and civil society) at national, provincial, and local levels.

**Government leadership in planning and implementation:** This Implementation Plan requires the Government of Mozambique (GRM) to exert a leadership role in its development and implementation.

The plans presented here are fully consistent with the GRM development strategies and objectives, including the Poverty Reduction Plan (PARPA II), the Agricultural Sector Development Strategy (PEDSA), and the principles and pillars of the Comprehensive African Agricultural Development Program (CAADP).

The GRM Poverty Reduction Plan emphasizes economic growth through agricultural and rural development and creation of a favorable business environment for investment. The PEDSA aims to enhance smallholder farm productivity to increase marketed output, diversify into higher-value crops, and expand agro-enterprise industries that increase the value added from farming. To mobilize resources for PEDSA implementation, donors are supporting the CAADP process that will result in a prioritized medium-term investment plan, policy agenda, and performance-based management system.

**Strengthening governance:** The proposed program will reinforce democratic processes and institutions and contribute significantly to improved governance through more appropriate policies, and investments in capacity building of government, private-sector and civil-society institutions.

**Local support for policy dialogue:** Many USG-funded activities support the development of community-based organizations (CBOs) to strengthen the voice of civil society regarding democracy and governance at the village level. USG-funded programs that develop and enhance the capacity of community councils are made up of leaders from farmer associations, health groups, water management committees and other key members of the community (including religious leaders, teachers, and village chiefs). At the district level, the community councils are effective voices to promote policy

changes or to lobby for district funds. Additionally, a federation comprised of farmer associations in each district is being formed. Collectively, these federations will form a voice for agriculture policies at the provincial level.

**Policy reform:** This proposed IP includes a robust policy reform agenda that encompasses agriculture, food security, trade, private sector, nutrition, climate change, and disaster vulnerability issues. The program will support active multi-stakeholder participation in policy processes and strengthen the role of civil society and the private sector in

**Building capacity of government institutions and the private sector:** The proposed program will strengthen the capacity of a range of government institutions so that they can be more responsive in establishing and implementing appropriate policy, rationalizing investments, and effectively carrying out key government responsibilities. The program will build the capacity of the private sector (individual businesses, industry associations) to advocate for required policy reform, prioritized investment, and accountability.

**Potential for rapid scale-up:** Strong existing USAID, MCC, and USDA programs provide a solid foundation for rapid scale-up. Expansion of key programs and the addition of new areas of intervention by USAID, such as infrastructure, requires increased funding and staff to manage the process and ensure strong coordination between USG agencies, the GRM, other donors, the private sector, and implementers.

## **I.2. AGRICULTURAL TRANSFORMATION IN MOZAMBIQUE – A VISION OF THE WAY FORWARD**

### **I.2.1. Agricultural Transformation**

Transforming the agricultural sector to create a more dynamic and productive source of food and income is critical to economic growth and food security in Mozambique. Based on the experience of this process in other countries, productivity increases will likely be associated with a decline in both the share of the labor

force devoted to agriculture and the actual number of people in the agricultural sector. Therefore, successful transformation of agriculture must be accompanied by growth in non-farm agricultural enterprises (e.g. inputs, processing, and trade) and the non-agricultural economy to create jobs for those leaving the farm. Since transforming agriculture is critical, the question is how to do so.

### **I.2.2. Commercialization of Agriculture**

The Country Assistance Strategy for Mozambique centers on “commercialization of agriculture” a focus resulting from review of past USG and other donor experience in Mozambique, academic research, lessons learned elsewhere, and broad consultation with key stakeholders.

One result of this review is recognition that past efforts to assist farmers with the very smallest landholdings to intensify production have not been successful in producing productivity increases substantial enough to fuel the agricultural transformation required. Therefore, USG efforts in Mozambique in the agricultural sector focus on facilitating the development of viable farms that are linked to markets and provide wage-labor opportunities for the poorest farmers. These opportunities will come either through agricultural labor or in jobs created by the backward and forward linkages that occur through increased agricultural productivity and development of local enterprises that seize opportunities to add value to agricultural products. The development of commercially viable farms will take place by:

- Promoting the development of emerging farmers who demonstrate the ability to increase farm size from 1-2 hectares to 15 - 20 or more hectares by ensuring access to credit, technical assistance, and markets;
- Promoting investments in larger-scale commercial farming to create opportunities for small-scale farmers (i.e. employment, contract farming, and outgrower arrangements) and wage laborers; and

- Supporting the development of Agricultural Cooperatives and Farmer Associations that bring together labor, technical assistance, and access to required inputs and markets.

### 1.2.3. Creating Viable Farmers

The vision for agricultural transformation in Mozambique is, therefore, not based on improving the productivity of thousands of micro-scale farmers, but rather on developing the capacity of farmers to realize significant increases in

productivity that will, in turn, stimulate the Mozambican agricultural sector and create jobs for the many small producers currently barely able to make a living in subsistence

The vision for agricultural transformation in Mozambique is based on developing the capacity of farmers to realize significant increases in productivity that will, in turn, stimulate the Mozambican agricultural sector and create jobs.

agriculture and to ensure adequate food for their families.<sup>2</sup> These commercially viable farmers can increase the value of their production by moving to higher-value crops, such as fruits or vegetables, and will help ensure the availability of staple food crops so that rural populations can depend on the market for their food needs.

### 1.2.4. The Way Forward

Realizing this vision of agricultural transformation in Mozambique requires a range of actions that form much of the basic framework for this Implementation Plan. They include:

- Creating an enabling policy environment for private investment (domestic and foreign) in commercial agriculture, agro-processing, and agricultural services. This requires

addressing major policy issues related to land, finance, labor, and transport;

- Increasing investments in infrastructure by the Government of Mozambique, donors, and through public-private partnerships to develop rural productive infrastructure (trade/transport networks, water, and energy);
- Supporting human capacity building (technical, vocational, and university level), and strengthening other essential agricultural services (i.e., research, extension, animal and plant health);
- Developing the potential and comparative advantage of Mozambican agriculture through a balanced approach that addresses food crops, export crops, livestock, and forestry;
- Supporting development of agricultural commodity value chains and business cluster competitiveness;
- Supporting commercial agro-processors to create jobs, add value to agricultural products, and provide opportunities for small-scale farmers (i.e., employment, contract farming and outgrower arrangements);
- Building the capacity of agricultural cooperatives, associations, unions, and federations to empower small-scale farmers (i.e., improve access to inputs; increase market price for products);
- Addressing major constraints of low agricultural productivity, high post harvest loss, and low quality of agricultural products (i.e., accelerate development and transfer of improved technologies and practices);
- Developing new markets (domestic, regional, international) for Mozambican value-added agricultural products where the country can successfully compete;
- Adapting agricultural systems to be more productive and resilient to climate change and natural disasters (i.e., conservation agriculture, irrigated agriculture, and

<sup>2</sup> See, for example, Paul Collier, “The Politics of Hunger”, *Foreign Affairs*. New York: Nov/Dec 2008. Vol. 87, Issue. 6; pg. 67, 13 pgs

drought tolerant crop and livestock production systems); and

- Pursuing opportunities for generating income from environmental services (i.e., carbon credits, watershed management to protect water, and energy resources).

### **I.3. THE USG FOOD SECURITY NICHE**

#### **I.3.1. Development Partners**

A large number of donors and development partners support agriculture and food security activities in Mozambique. Support includes direct budget support, large projects, small projects with restricted geographic or technical scope, and targeted short-term technical assistance, studies and training. Major funding for the sector is provided through sector budget support and programs of the World Bank, the AfDB, IFAD, and the US Government.

PROAGRI is the GRM Sector Program for Agriculture whose objectives are to support women and men in the family sector to develop agriculture and enhance their livelihoods, to stimulate increased agricultural production, and to guarantee sustainable natural resource management. Donors and development partners supporting PROAGRI are Canada, Denmark, European Commission, Finland, Austria, IFAD, Ireland, Italy and Sweden.

The World Bank provides support to PROAGRI through general budget support and supports policy through analytical activities. In addition, it funds a market-led Smallholder Development Program in the Zambezi Valley of central Mozambique to increase the incomes of smallholder farmers. Through the Competitiveness and Private-Sector Development Project, the World Bank supports business/trade policy reform, and development of the horticulture sector, including establishing a horticulture training center in partnership with Chiquita.

The goal of the AfDB in the agricultural sector is to achieve a sustainable increase in household income and food security in the smallholder

family sector. Improving agricultural production and productivity by smallholders in three provinces will be achieved through expansion of irrigated areas, increased efficiency of crop production, empowerment of farmers, including women, and improved institutional capacity and service delivery. The AfDB also provides significant funding for roads infrastructure.

IFAD has three major programs in the agricultural sector: rural market promotion, agriculture extension, and rural finance. The main objective of these programs is to increase the incomes of the rural poor by boosting marketable production, strengthening access to advisory and financial services, and continuing to develop linkages with private-sector operators to facilitate marketing of produce and access to inputs. Programs also empower the rural poor by promoting small-scale producers' organizations.

Listed below is a brief overview of donor involvement by program area.

- Business/Trade Policy and Trade Capacity – USAID, WB, EC, Germany, Norway, UNDP
- Agricultural Policy and Planning – USAID, Sweden, World Bank, EC, FAO, Ireland
- Land Administration – MCC, Denmark, FAO, Ireland, Norway, Sweden, United Kingdom
- Agricultural Research – USAID, AGRA, Brazil, EC, Gates Foundation, Japan, WB, China
- Agricultural Inputs – USAID, EC, AGRA
- Agricultural Extension – Canada, EC, Finland, Germany, IFAD, Italy, MCC, USAID, USDA, WB
- Agribusiness – USAID, WB, IFAD, Denmark, Netherlands, Ireland, Norway, Sweden, Finland, FAO, USDA
- Forestry – FAO, Finland, USAID
- Irrigation – ADB, Japan, WB

### I.3.2. USG Comparative Advantage

The USG is recognized by the GRM, private sector, donors and partners for providing leadership in key areas including policy reform, agricultural research and technology transfer, agribusiness, nutrition, and “grass root” governance:

**Policy Reform:** USAID and the World Bank are instrumental in advancing business and trade policy reform, with limited funding also provided by the Italy, the EC, Germany, and Norway. USAID support was key in establishing a consultative mechanism between the GRM and private sector, and in improving various economic policies (SME tax, business registration, labor). The MCC is the major donor in land administration and land policy with several other donors (Denmark, Ireland, Norway, Sweden, United Kingdom) providing additional support through a community land fund. Sweden and USAID support IFPRI agricultural policy and planning activities. USAID, through Michigan State University (MSU), has developed GRM capacity for conducting annual agricultural surveys, policy analysis, and socio-economic studies on the impact of improved technologies. Both IFPRI and MSU will contribute to the CAADP process. The expertise of the USDA Foreign Agricultural Service (FAS) and the Economic Research Service (ERS) in agriculture and trade policy and sector planning will be drawn upon as needed.

**Agribusiness:** The USG, through USAID (oilseeds, food crops, cashew and forestry value chains), USDA (poultry and dairy), and MCC (coconut) is the lead donor in agribusiness development. Support has focused on:

- Conducting competitiveness analysis for key sub-sectors;
- Championing a value chain orientation;
- Addressing policy, technical and finance constraints to agribusiness growth;

- Linking small-scale farmers to markets through building capacity of farmer associations;
- Development of emerging farmers; and
- Forging public-private partnerships.

The USDA Animal and Plant Inspection Service (APHIS) supports activities required to meet market sanitary and phytosanitary standards. Other major donors supporting agribusiness include IFAD, the World Bank, the Gates Foundation, Denmark, and AGRA.

#### **Agricultural Research and Technology**

**Transfer:** The USG is recognized for its leadership in accelerating the introduction and adoption of improved agricultural technologies for staple food and cash crops to increase agricultural productivity. This includes USAID support of multiple international agricultural research centers, tripartite collaboration with Brazil’s national agricultural research organization EMBRAPA, and engaging scientists from Mozambican universities through a competitive grants program. The USDA Agricultural Research Service (ARS) will also support research and institutional capacity building. USAID support has been instrumental in building capacity of seed companies, creating a national seed association, training agro-input dealers, forming an agro-dealers trade association, and implementing a seed/fertilizer “smart subsidy” pilot program jointly with the EC.

USAID works closely with AGRA, the Gates Foundation, Japan, and the EC, the principal donors in agricultural research and agricultural input systems development. The World Bank, IFAD, MCC, USDA and several smaller donors promote the adoption of improved technologies by small-scale farmers. The World Bank, the AfDB and Japan also support development of irrigation for rice and high-value crops.

**Nutrition:** The USG through USAID and USDA has exerted significant leadership in its integrated approach to improving nutrition of women and young children. Integrated programs provide access to health services,

expand food supply, increase household income, improve nutritional content of foods, ensure access to safe water, and support nutrition education. Other donors address some of these areas through their agriculture, potable water or health programs but not in such an integrated manner.

**“Grass Roots” Governance:** USG programs build the capacity of agricultural associations, cooperatives, and community development councils. These grass roots organizations enable local populations to become agents of change in their communities. Development councils—consisting of farmers, community leaders, and health groups—are instrumental in setting community development priorities and advocating for government investments and policy change. Farmer organizations empower their members to gain access to land, credit and markets, and influence government investments and policy.

## 2. FY 2010 OBJECTIVES

The USG multi-agency CAS reflects an integrated and catalytic set of programs that contribute significantly to achievement of the Millennium Development Goal targets: to halve the proportion of people suffering from hunger by 2015, halve the proportion of people living on less than \$1.25/day, and to halve the proportion of children suffering from undernutrition.

This multi-agency Global Hunger and Food Security Implementation Plan for Mozambique builds upon the Country Assistance Strategy and consultations carried out during its development. It charts a roadmap for increased USG leadership within the international donor community, builds upon lessons learned from past experience and achievements, and incorporates ongoing programs and new activities being launched this year to significantly expand USG agricultural and food security interventions.

## 2.1. COUNTRY-LED COMPREHENSIVE STRATEGY

### 2.1.1. Consultative Process

This implementation plan reflects consultations with GRM counterparts (ministries of Industry and Commerce, Agriculture, Labor, Finance, Planning and Development, and Public Works), provincial government officials, and civil society (private businesses, farmer and business associations, chambers of commerce, think tanks, and non-governmental organizations).

The preliminary approaches and strategies were also discussed with key donor working groups including the Economist Working Group, the Private Sector Working Group, and the Agriculture Working Group. The USG also consulted with private sector leaders, government officials, and experts whose knowledge contributed to this effort.

### 2.1.2. Status of CAADP

In FY 2010, the USG will support, along with other donors (especially from the Agriculture Working Group), the CAADP process leading to development of a CAADP compact and a medium-term CAADP investment plan to help in meeting the MDG poverty and hunger goal. A CAADP task force led by the World Bank was established in early February 2010. Several development partners including the World Bank, FAO, SIDA and USAID have resources available to support the CAADP process. Michigan State University, IFPRI, and other key USG partners will assist with the required analysis and stakeholder consultation process.

The CAADP process will build upon the GRM Green Revolution Strategy, Food Production Action Plan, and Agricultural Sector Development Strategy – PEDSA (2010-2019) and analysis done by IFPRI, USAID, the World Bank, and other donors.

### Indicative CAADP Timeline:

- February 2010 - CAADP Task Force formed including key donors, development partners and GRM representatives
- April 2010 - Completion of GRM 10-year Agricultural Sector Development Strategy (PEDSA) based on extensive stakeholder consultations
- April 2010 - CAADP Technical Workshop of key stakeholders
- May 2010 - Submission of PEDSA to GRM Council of Ministers for their approval and endorsement of CAADP process to mobilize resources for PEDSA implementation
- May 2010 - CAADP Steering and Technical Committees formally established
- May-July 2010-Stocktaking – Policy and Investment Analysis
- June-July 2010-Stakeholder Consultations
- August 2010 - CAADP Compact drafted
- September 2010-Stakeholder Roundtable and Signing of CAADP Compact
- October 2010-Launch of Initial GRM/Donor Initiatives in Support of CAADP Compact
- December 2010 - CAADP Medium-Term Investment Plan completed

## **2.2. AFRICAN CAPACITY BUILDING**

The USG Country Assistance Strategy for Mozambique identified the lack of adequate human and institutional capacity as a critical constraint to progress across all sectors, including agriculture and food security. To address this, capacity building for all stakeholders (government, private sector, community organizations, farmers, entrepreneurs, agricultural and industry associations) is a major focus of the GHFSI implementation plan. Developing human capacity is a core investment area and is also undertaken in the four other core investment areas that focus on agricultural productivity,

agribusiness and markets, nutrition, and productive rural infrastructure.

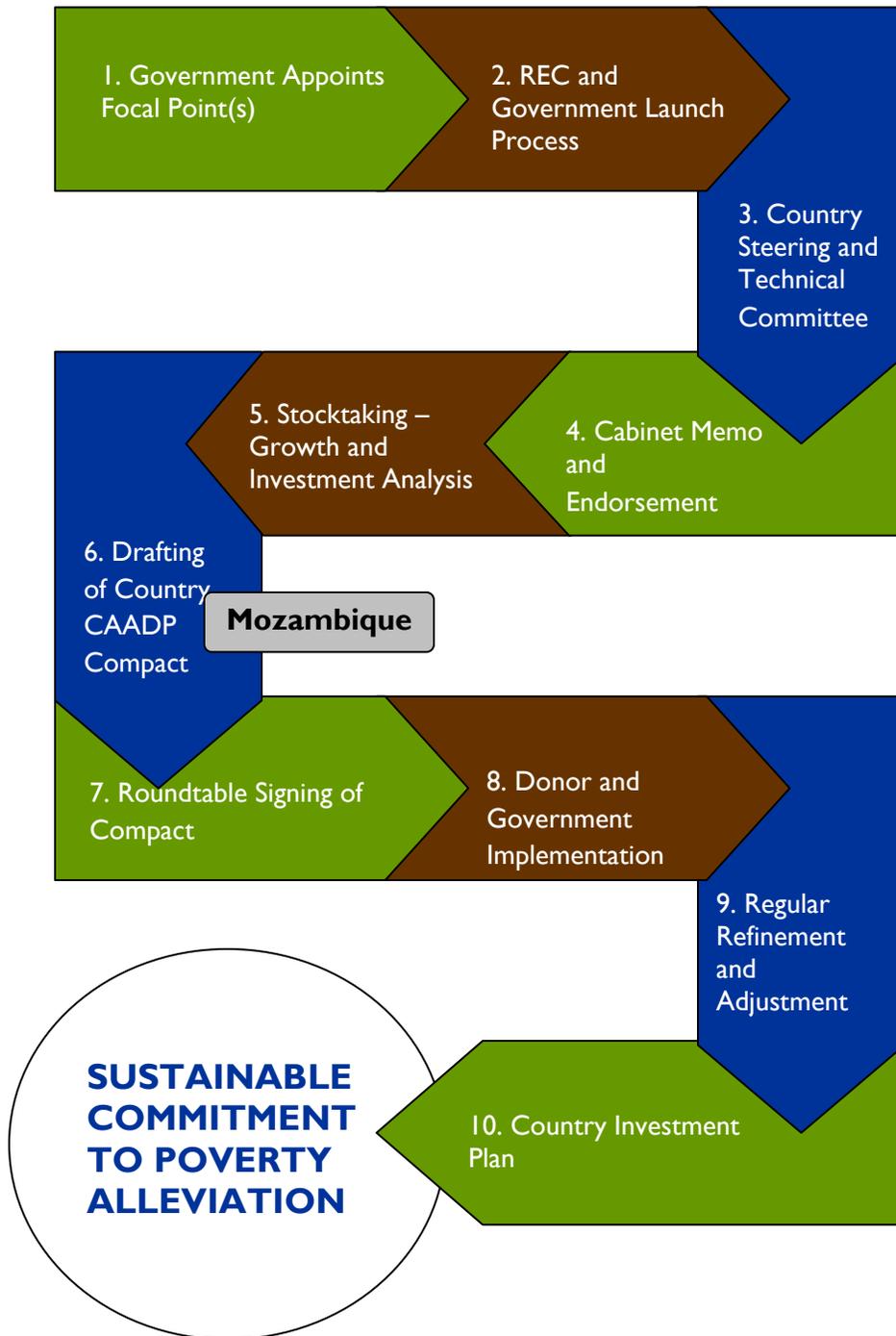
Capacity building efforts will include public-private partnerships, South/South collaboration (i.e., Brazil, Costa Rica, South Africa), use of modern information communication technologies (digital video conferences, distance learning), orientation visits to other countries, and participation at key international or regional conferences. Development experts from USG agencies, international research centers, the private sector, academic institutions, and NGOs will conduct capacity building as implementing partners of USG (MCC, USDA, and USAID) programs.

An assessment will be carried out in FY 2011 to determine the highest priorities for short-term capacity building. An assessment for long-term capacity building will also be undertaken in FY 2011. Subject to funding availability, new capacity building initiatives will be launched including university degree training and strengthening the capacity of Mozambican educational institutions (especially technical and vocational schools).

## **2.3. INVEST IN PRIORITY ACTIONS**

FY 2010 funds will support ongoing programs, many of which were launched in FY 2009, including agricultural research and technology transfer, agricultural input systems, agribusiness commodity value chains, agricultural sector policy and planning, and access to safe water. Nutrition activities will be expanded. A follow-on business and trade policy reform program will be supported. The USG will also support the CAADP process. New initiatives in global climate change mitigation and adaptation will be designed and launched. All programs will be closely coordinated with USG agencies, the GRM, and other donors. To the extent possible, joint donor funding will be pursued.

Figure 1: The CAADP Process



### 3. TARGET GROUPS BY LOCATION AND INCOME

#### 3.1. TARGET BENEFICIARIES

The primary targets of activities under this initiative are the farmers, entrepreneurs, and traders who will directly influence improvements in agricultural productivity and expand sectoral investment. They will also be beneficiaries of this initiative, as will consumers who will achieve more stable food supplies and lower prices. Workers employed on farms, in agro-enterprises and as transporters, will also benefit from the increase in jobs. Special emphasis will be placed on ensuring opportunities for women. Nutrition activities will target children less than five years of age and women.

Integrated programming addresses the very poor through direct interventions and linkages to broader agricultural growth, market, trade, and SME income opportunities. A range of programs will ensure the full engagement of the very poor and focus USG work on poor, food insecure, and vulnerable communities. The synergies between USG agricultural, food security, and cross-sectoral programs (health, nutrition and risk management), will result in benefits to poor and vulnerable households, including people living with HIV/AIDS. The poor will benefit from interventions in all core investment areas through more jobs, supportive policies, increased access to micro-credit, technology, skills and markets, increased access to potable water, energy and roads, improved nutrition, reduced vulnerability to climate change, and human capacity building.

#### 3.2. ENSURING EQUITABLE OPPORTUNITY FOR WOMEN

Of the 3.6 million farm households in Mozambique, 24% are headed by women, and women are the principal producers of food crops for household consumption. Most household production is handled by women who, compared with men, have less access to

Of the 3.6 million farm households in Mozambique, 24% are headed by women; and women are the principal producers of food crops for household consumption.

improved agricultural technologies and credit. USG programs will highlight training and credit opportunities for women. Targeting women in agricultural programming has

proven effective, as their concerns about nutrition make them more amenable to changes in agricultural and nutritional practices that will benefit their family. Also, the lack of potable water disproportionately affects women and girls who are responsible for procuring household water.

A 2008 World Bank report "Beating the Odds: Sustaining Inclusion in Mozambique's Growing Economy" notes that "strategies are needed to help women diversify crops and raise output to a commercial scale without risking household food security." It further states "widening the employment opportunities for women, either in commercial agriculture or nonfarm activities - by increasing the mobility of women out of agriculture - will also reduce poverty." The report notes that "women continue to suffer discrimination in land rights, partly because of lack of information and awareness about their rights," despite Mozambique having a progressive, gender-sensitive land law.

This Implementation Plan will address gender issues by:

- Undertaking a Gender Assessment for Agriculture and Food Security in consultation with stakeholders and partners;
- Taking measures to reduce discrimination against women on land use rights;
- Providing access to micro-credit, loan guarantees, and other financial services for women farmers and entrepreneurs;
- Providing access to business development services;

- Ensuring that researchers and extension services focus greater attention on women to facilitate access to improved agricultural technologies;
- Increasing access to potable water to reduce time spent on household chores and increase time for income-generating activities and attending school;
- Working with men and women to promote and adopt practices which result in improved child and household nutrition;
- Encouraging GRM and implementing partners to hire women in professional positions and give them increased responsibility and opportunities for advancement;
- Ensuring that short- and long-term training opportunities, including financial literacy, are made available to girls and women;
- Supporting policy environments that enable gender-equitable access to factors of production, products, and income; and
- Increasing women's participation across agricultural value chains as researchers, commercial farmers, and entrepreneurs in agro-processing, trade and services.

### 3.3. GEOGRAPHIC FOCUS

The geographic focus of the IP will be central and northern Mozambique, especially the Nacala and Beira trade and transport corridors. These areas have the highest potential for agricultural development based on soils, rainfall, climate, and infrastructure. It is also where the highest number of poor and food insecure people live and has the highest number of malnourished children. Finally, it is where the USG can maximize synergy and complementarity among its various development programs to achieve the greatest impact<sup>3</sup>.

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<sup>3</sup> See the USAID Mozambique Food Security Programming Framework FY 2008-2012 and discussion of food insecurity by regions

## 4. CORE INVESTMENT AREAS

The five core investment areas (CIAs) correspond to the key actors who drive this initiative in Mozambique: farmers, traders, entrepreneurs, investors, and consumers. They also directly address the key constraints to agricultural development and food security that are essential to achieving the MDGs. The five core investment areas were selected based on an extensive USG consultation process with the GRM, private sector, civil society, and implementing partners. The importance of these areas is supported by studies conducted by IFPRI, MSU and other partners, analysis by the World Bank and other donors and program assessments conducted by the USG. Efforts will be made in the core investment areas to:

- Increase the productivity of farmers;
- Improve the incentives and opportunities for entrepreneurs and investors;
- Improve consumer access to and use of nutritious food;
- Improve the productive rural infrastructure; and
- Develop human capacity.

Significant funding resources and USG leadership in all five areas are required to achieve the objectives of the GHFSI. Mozambique will also require significant resources for the Human Capacity Plan given the critical lack of trained personnel.

### 4.1. CORE AREAS

#### 4.1.1. Increase Productivity of Farmers

**Current/Potential USG/Development Partners:** USAID, USDA, MCC and Peace Corps

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([http://www.usaid.gov/mz/doc/misc/moz\\_food%20security\\_07-15-08.pdf](http://www.usaid.gov/mz/doc/misc/moz_food%20security_07-15-08.pdf))

The central focus of the GHFSI in Mozambique must be on farmers and improving their yields. Most Mozambican farmers are still largely engaged in subsistence farming and have yields that are far below what are being achieved in neighboring countries. Farmers need knowledge of those technologies and access to the inputs to take advantage of them.

USG programs will support the generation and transfer of improved agricultural, food, and environmental technologies and practices, and will strengthen the capacity of farmer associations, agro-enterprises, agro-input systems, and government and private research and extension organizations.

The primary investments will build on USAID food security, agribusiness value chain, and multi-sector community strengthening programs, the MCC small-farmer diversification program, the USDA Food for Progress program and support for meeting sanitary and phytosanitary standards.

### **Agricultural Research**

Increasing the capacity of agricultural research focused on areas where Mozambique has a comparative advantage such as crops and livestock, will lead to adoption of better technologies required for improved agricultural productivity and competitiveness. The program will conduct market-driven applied agricultural research and technology transfer for staple food crops, cash crops, plantation forestry, and livestock value chains. Applied research will also focus on adaptation to climate change, developing action plans, and promoting adoption of required agricultural technologies and practices.

These activities build on the experiences of USAID and USDA in agricultural research and technology transfer. Implementing partners will include the National Institute for Agriculture Research (IIAM), several international agricultural research centers, the Brazilian Agricultural Research Corporation (EMBRAPA), US and Mozambican universities, and international and Mozambican NGOs.

### **Technology Transfer**

Improved technologies have no impact if farmers do not use them. Therefore, USG programs will focus on various means of getting these technologies to farmers in a way they can be understood and used. These programs will help to:

- Increase the capacity of agricultural service providers. Given the limited human and financial resources of the government, extension services will need to be provided through the private sector or through non-profit organizations. These efforts build upon USAID programs in this area and MCC work in introducing disease-resistant coconut strains;
- Increase the capacity of farmer associations, cooperatives, and federations. Technical assistance and training will strengthen farmer organizations. These organizations enable small-scale producers to benefit from economies of scale in accessing agricultural production inputs, marketing their products, and obtaining credit. They provide training to members in more productive technologies and serve as grass-roots advocates for better government policies. Peace Corps volunteers and other food security and agribusiness partners will assist these organizations;
- Support out-grower and contract-farming arrangements that benefit small-scale farmers. Out-grower and contract farming arrangements for poultry, tobacco, and bananas have proven to be successful means of transferring improved technologies to small farmers and linking them to markets;
- Improve access to inputs. Implementing improved agricultural technologies requires timely access to improved seeds, fertilizer, and animal feed. The program will strengthen private-sector agricultural input systems as well as other means of ensuring access to inputs such as farmer associations, cooperatives and out-grower arrangements;
- Expand access to credit. Access to credit for key farm-level investments such as

irrigation and working capital is a critical constraint to modernization. USG programs will work to improve access by working through financial institutions (USAID and MCA/AGRA loan guarantee programs) and micro-finance institutions (USAID Support for Opportunity Bank), and helping farmers develop credit-worthy programs and proposals.

### **Access to Markets**

Getting crops to market can be done through brokers, transporters, farmer associations and cooperatives. USG programs will help strengthen market access by:

- Improving access to price information. Key information required for farmer decision-making must reflect current and projected prices of commodities and the costs associated with key inputs. USG programs will use cell phone and internet technologies to expand information networks so that current information is available; and
- Improving infrastructure. Lack of productive rural infrastructure (i.e., farm-to-market roads, market facilities, water, and energy) is a primary constraint to improved agricultural production in Mozambique. (See Core Investment Area 4 for planned USG investments.)

### **Sustainable Resource Management**

USG programs will prepare Mozambique to respond to the effects of climate change on agricultural systems and agricultural productivity. They will promote sound natural resource management through policy reform, applied research and technology transfer, training and capacity building, and market-based incentives. A focus on sustainable landscapes will include promotion of conservation agriculture and other permanent agriculture systems (including the use of tree crops for sequestration), plantation and on-farm agro-forestry, integrated soil fertility management, water-use efficiency in irrigation and agro-processing, and renewable energy.

### **Adaptation to Climate Change**

Support focused on adaptation to climate change within this initiative will ensure projects are designed to be as resilient as possible to climate variability and change. This may include vulnerability analyses, activity design modifications, stakeholder involvement, and capability building to ensure climate-resilient modifications will be accepted and adopted in the future.

Support will be provided for sustainable management and rehabilitation of forests and key watersheds that sustain ecosystem functions (carbon sequestration, water provision). Capacity to access carbon financing markets related to agriculture, forestry, and renewable energy will be strengthened.

### **Mitigation of Natural Disasters and Economic Shocks**

Support will be provided to conduct vulnerability assessments that address the economic and social costs of climate change and cost/benefit analysis of adaptation strategies. In addition, community-level risk management will be integral to programs.

Over the years, the USG has provided significant funding to help the GRM develop its capacity to monitor emergencies so that it is now capable of managing its own early warning system. The National Institute of Disaster Management (INGC) was established by the GRM to coordinate all ministries that are expected to play a role in disaster management (including such key ministries as Agriculture, Health, Public Works and Housing, Transport, and Women and Social Action).

INGC now has a line item in the annual national budget so that the GRM is able to provide its own funds to act as a first responder in a humanitarian crisis. As a result of significant funding from the USG, the GRM now has a radio network in place to monitor potential disasters and alert the relevant populations of impending emergencies.

Moreover, the USG has funded an atlas for the Limpopo Basin (the basin most affected in 2000 by floods) to provide a guide for disaster preparedness and response. The USG is presently in discussions with the GRM to undertake a similar atlas for the Zambezi Basin, which also frequently floods. The USG continues to fund analytical studies that focus on livelihoods in the most affected areas to determine the most appropriate mitigation and preparedness activities.

Finally, the USG is funding the establishment of village committees to focus specifically on community-level preparedness and mitigation. While the USG does not currently provide direct funding support to the INGC, the Institute does receive substantial support from Germany, the UK, and the UNDP. INGC works closely with the Mozambique Technical Secretariat for Food Security and Nutrition (SETSAN in Portuguese). SETSAN receives its funding primarily from the EU and the WFP. The USG works closely with both SETSAN and INGC.

In addition to support that the USG has already provided to the GRM to build its capacity to monitor and respond to food insecurity in times of emergencies and disasters, the USG continues to provide significant resources to the WFP in the form of both commodities and funding to meet humanitarian assistance needs. The WFP has a nationwide network to respond to food insecurity.

### **Policy Agenda**

- Land tenure. All land in Mozambique is owned by the state that issues usage rights to individuals and corporations. This system has led to uncertainty about land tenure rights for investors and traditional occupants of land parcels. Such uncertainty has limited the use of land as collateral to obtain credit for capital investment and working capital. Proposed reforms include establishing a mechanism to allow the usage rights documentation to serve as the basis for using land as collateral, streamlining the transfer of land use concessions, especially in rural areas, by simplifying or eliminating the cumbersome government approval process, and reforming the land tax system to improve revenue collection and to encourage users to make productive investment.
- Farmer associations and cooperatives. A new law governing associations and cooperatives was passed last year but it requires further development and implementation of regulations to put this law fully into effect. The USG will encourage the government of Mozambique to develop these regulations and accelerate an awareness campaign to ensure district officials are able to implement the new policy.
- Fertilizer. Low use of fertilizer in Mozambique is primarily due to limited access and prices that are beyond the means of most small-scale farmers. Policy reforms to address these constraints include eliminating the 2.5% fertilizer import tax, removing restrictions on transit of fertilizers within the country for domestic use, and establishing a clear policy on whether fertilizer subsidies should be used to increase fertilizer access by smallholder farmers in rural areas.
- Agricultural extension. The technology transfer that is a centerpiece of the Mozambique implementation plan requires an expansion of agricultural extension efforts involving both the government and the private sector. The size and focus of government extension efforts is still a matter of policy debate and will need to be part of overall planning efforts.
- Disaster vulnerability reduction and preparedness. The USG will continue to coordinate with the government of Mozambique and other donors to implement INGC policies regarding preparedness for flooding along Mozambique's rivers, as well as the development of village-level disaster-management committees to respond to other natural disasters, such as cyclones.

Food insecurity in the southern provinces of Mozambique remains a challenging policy issue, given that the political will to reform the necessary food security policies is not yet in place. Moreover, the donor community is not yet united around the issue of food security for the southern provinces. The USG continues its efforts to develop a donor working group to encourage the GRM to undertake a major reform of its policies to ensure food security for the southern provinces.

- **Climate-change mitigation.** The USG has ongoing programs focused on adaptation to climate change at the national, local and community levels. These include developing research systems for determining agricultural vulnerability, improving agricultural extension methods in rural areas and introduction of drought-tolerant crops.

An additional objective is to establish a clear policy for the promotion of specific conservation farming practices in the different agro-ecological zones of Mozambique, together with a clearinghouse for information on these best-practice methods.

### Targets and Projected Results

- Increased yield of selected crops.
- Increased number of farmers, processors, and others who have adopted new technologies or management practices as a result of USG assistance.
- Increased number of new technologies or management practices made available for transfer as a result of USG assistance.
- Increased number of hectares under improved natural resource management as a result of USG assistance.

#### 4.1.2. Improve Incentives and Opportunities for Entrepreneurs and Investors

**Current/Potential USG/Development Partners:** USAID, MCC, USDA, US Embassy,

Peace Corps, and other USG agencies (Commerce, Energy, OPIC, and Treasury) affiliated with the US/Mozambique Trade and Investment Framework Agreement (TIFA).

Donor resources can play a critical role in enabling and encouraging the private sector to mobilize resources and direct those resources to Mozambique.

Any major expansion of agricultural development must be driven by the private sector, as donor resources are insufficient to

make the needed investments. Donor resources, however, can play a critical role in enabling and encouraging the private sector to mobilize resources and direct those resources to Mozambique.

Given the opportunities associated with Mozambique's resource endowment and strategic location, investor interest is high. Agricultural development and food security must be trade and market driven. This plan reflects a strong trade focus that includes domestic, regional, and international markets.

Support will be provided for policy reform to improve trade competitiveness, trade infrastructure and trade facilitation. These reforms combined with more accessible trade finance will reduce transaction costs. The Implementation Plan will also address impediments to expanding trade such as regional trade integration, strengthening farmer and agro-industry associations to advocate for policy reform, developing agribusiness value chains, and addressing non-tariff trade barriers.

The USG supports trade policy reform in a number of ways. In 2006 the US and Mozambique signed a Trade and Investment Framework Agreement. Mozambique benefits from trade capacity building assistance through the USAID-sponsored Regional Trade Hub, based in Botswana. Regional offices of the departments of Commerce and Agriculture are based in neighboring South Africa and coordinate activities with the Embassy in Maputo.

The current policy environment is not conducive to investment. The World Bank *Ease of Doing Business* index ranks Mozambique 135 out of 183 economies in terms of ease of doing business. Within SADC, Mozambique ranks at 11 out of 15 countries. The ranking of Mozambique is particularly low on indices such as dealing with construction permits (159), employing workers (156), registering property (151), trading across borders (136), and closing business (136). On the other hand, Mozambique ranks relatively high in protecting investors (41).

### **Improve the Policy Environment**

USG programs will provide dynamic leadership in improving policies (agriculture, business, trade, and nutrition), supporting strategic investment planning (including the CAADP process), and monitoring and evaluating the impact of government policy and investments. This will include efforts to:

- Strengthen data collection and analysis. The USG will support efforts to conduct analysis, hold stakeholder consultations, and strengthen GRM institutional capacity in order to conduct policy and investment analysis, and develop and implement policy reform and programs. This will include assistance to strengthen agricultural statistics and information systems, conduct vulnerability assessments, and develop appropriate policy recommendations and action plans;
- Encourage knowledge-based decision-making. USG programs will help Mozambicans conduct policy analysis and strategic planning on agricultural sector and sub-sector issues. These efforts will build on GRM development strategies, support the CAADP process, and strengthen capacity to monitor and evaluate the impact of policies and investments;
- Support policy advocacy efforts. The USG will support a network of highly-qualified people who can provide solid recommendations to policymakers and development partners and increase the capacity of the private sector, farmer

associations, cooperatives, and civil society organizations to advocate effectively for policy reform and prioritized government investments;

- Encourage reform of land policy and administration. The central and most critical policy issue for the agricultural sector is land tenure. Mozambique's land policies reserve the ownership of land for the state and allow use rights for individuals and firms. This has created some uncertainty in land tenure rights, transferability and use of land for collateral. MCC has taken the lead in addressing land tenure issues and carrying out policy dialogue; and
- Address barriers to trade and investment. USG agencies participate in ongoing policy dialogue associated with the business environment, with a primary focus on business reforms and trade policy. This will continue through the establishment of a national agribusiness competitiveness forum and USG leadership of the Private Sector Working Group.

### **Develop Businesses and Markets**

This will build on an integrated set of interventions currently supported or proposed to inform policy, increase entrepreneurship, improve business practices, ensure access to finance, improve rural productive infrastructure. These efforts should lead to increased productivity, reduced transaction costs, improved access to markets, and the ability to meet required product standards. USG programs under this initiative will be geared toward improving productivity, competitiveness, market access, and profitability of small and medium enterprises. Emphasis will be placed on those enterprises directly engaged in production, processing, or agricultural services. USG efforts will focus on:

- Development of key value chains. USG programs will promote investments all along the value chain for key food staples and viable cash crops (soybeans, sesame, peanuts, cashews, tropical fruits). These

programs build on current USAID, USDA, and MCC programs, including activities to strengthen the national capacity to meet animal and plant health and food safety standards;

- **Business development services.** Technical assistance and training will build entrepreneurship, improve enterprise management and performance, improve product quality, and link to competitive national, regional and international value-added markets. Support for the development of small- and medium-sized enterprises (SMEs) will focus on agricultural-related SMEs and other SMEs providing income for poor rural families;
- **Financing.** USG programs will work to increase availability and access to affordable financial services for farmers, farmer groups, agro-processors, other agribusiness investors, and SMEs in rural areas (venture capital fund for agribusiness, DCA loan guarantees, micro-finance, and cost-sharing grants);
- **Information and communication technologies.** Increase use of cell phones, internet, and other emerging technologies for market information, business and trade transactions, technology transfer, and capacity building and to help meet traceability requirements for agricultural products; and
- **Infrastructure.** Lack of productive rural infrastructure (i.e., farm-to-market roads, water, market facilities, and energy) is a primary constraint to competitive agribusiness and agricultural trade in Mozambique. See Core Investment Area 4 for planned USG investments.

### **Policy Agenda**

- **Trade.** Trade issues have been central to the current private sector/government dialogue related to *Doing Business* reforms, but movement has been slow. Continuing recommendations include opening sea freight competition to allow domestic shipping, reducing time required for imports

and exports by eliminating the pre-shipment inspection and introducing an electronic payment system between importers, freight forwarders, dispatch agents and customs (single window), reducing port handling charges, including the requirements and unreasonable costs for scanning incoming freight, and expanding air transport competition and decreasing taxes and fees for airlines and passengers

- **Finance.** Banks in Mozambique have been conservative in their lending and reluctant to finance agricultural projects and agribusiness enterprises. Interest rates are high and banks prefer to purchase relatively risk-free treasury bonds rather than make loans. Policy reforms to address these constraints include creating a second-tier bond market to open new avenues for financing larger domestic businesses and create competition for banks in dealing with traditional clients; introducing new banking regulations on commissions and fees that enhance transparency in the banking system, and amending an existing policy to broaden the set of borrowers who qualify for loans in foreign exchange.
- **Labor.** Though a new labor law passed in 2007 offers mechanisms to streamline and simplify labor requirements, the intended benefits have not been realized. Working with the new government, efforts will focus on improving implementation of regulations, including automatic approval of work permits for expatriate workers within labor law quotas, and reducing the cost of termination in line with other SADC countries.

### **Targets and Projected Results**

- CAADP roundtable held, compact signed, and investment plan developed and approved.
- Policy reforms presented, passed/approved, and implemented.
- Increased sales of assisted enterprises disaggregated by type of market.

- Increased number of small and medium enterprises receiving USG assistance to access Business Development Services.
- Mobilized private financing

#### **4.1.3. Improve Consumer Access to and use of Nutritious Food**

**Current/Potential USG/Development Partners:** USAID, MCC, USDA, and Peace Corps

A major purpose of the GHFSI is to increase the supply of quality food and improve incomes to purchase quality food. This will enable poor and very poor Mozambicans to increase nutritious food in their diet and reduce hunger and malnutrition. USG programs addressing under-five child nutrition improvements will also target other vulnerable groups. Nutrition interventions will build upon the foundation created by agricultural research and technology transfer under the PL480 Title II program, PEPFAR, and the Strengthening Communities through Integrated Programming (SCIP) nutrition-related activities.

#### **Training in Nutrition for Community Health Workers**

Community health workers must be trained to respond to a variety of health needs in the community, such as HIV/AIDS, family planning and maternal/child health, including nutrition. The Ministry of Health is reviewing its policy to determine which health sectors will be included and the curriculum to be provided to ensure proper standardization in all training programs. The USG, with other donors, is participating in discussions with the Ministry of Health in its policy review.

#### **Increase the Supply of Food in Local Markets**

This follows from increased agricultural productivity but also implies improved transportation, storage, processing, and marketing. Potential support for establishing consumer cooperatives to sell quality food commodities in small quantities at fair prices to

poor families in urban/ periurban communities will be explored. USAID PL 480 Title II partners and Peace Corps have been implementing a program of permaculture gardening to improve household food security among HIV-affected households, as well as introducing these technologies to farmers.

#### **Improve the Nutritional Content in Available Foods**

USG support will fund applied agricultural research and technology transfer on nutritious foods. This will include bio-nutrient fortification and distribution of specialized food products (Corn Soy Blend) for people living with HIV/AIDS (PLWHA). The Title II program may involve distribution of these food products to targeted food-insecure populations and sales of wheat for NGO programs. With funding from monetized Title II, food assistance may be used to encourage fortification of flour by millers. Access to potable water is a critical element of improved nutrition.

#### **Expand Nutrition Education**

Studies show that nutrition education is as important as access to nutritious foods. USG agencies will promote nutrition education by:

- Expanding delivery of nutritional services in schools, churches, markets, and other public places, as part of an integrated package of health promotion messaging;
- Supporting behavior-change programs to help improve community and household awareness of the importance of practices such as exclusive breastfeeding, hygiene promotion and safe water, and prevention of diarrhea, malaria and other diseases that lead to malnutrition;
- Promoting better food utilization through home-based education focused on reducing chronic malnutrition among children under five; and
- Implementing a “Preventing Malnutrition in Children under Two” approach. This is a preventive program approach that targets

children between the age of 6-23 months with food, health and nutrition services.

### **Access to Safe Water**

Lack of access to safe water is a major impediment to improving nutrition of women and children. USG integrated health and nutrition programs will address this constraint to the extent resources permit, building upon current MCC and USAID water and sanitation activities.

### **Strengthen Links between USG Health Programs and Agriculture-Oriented Food Security Activities**

This will build on the work already being done in PEPFAR and the Strengthening Communities through Integrated Programming (SCIP) activities that bring together health, food security, and agriculture funding to address community needs, including nutrition. These activities include:

- Clinic-based nutrition care and home or community-based care, especially nutrition assessment, surveillance, referral and counseling;
- Technical assistance on food and nutrition for government and PEPFAR partners; and
- Sustainable responses to long-term food security and support targeting orphans and vulnerable children. These include junior farmer associations and conservation farming.

### **Policy Agenda**

- Fortification of staple foods. If USAID PL 480 Title II program is restored to its original five-year design, the USG is prepared to work closely with the five major millers (purchasing the Title II and food-for-progress wheat) and the Ministry of Industry and Commerce to begin—on a pilot basis—the fortification of wheat before it is used to produce bread and pasta products for domestic consumption. We believe that Mozambique, with assistance from the donor community, is open to

adopting the same fortification standards in use in the Republic of South Africa. This step will be a major milestone in improving nutrition standards for all Mozambicans (rural and urban);

- Prevention programs for malnourished children/pregnant women. The USG will work with both the Ministry of Health and the Ministry of Women and Social Action to encourage the adoption of the successful approach taken in our PL 480 Title II program. This program encourages mothers to make their own enriched porridges from locally grown products as an acceptable substitute for the distribution of imported commodities such as Corn Soy Blend (CSB); and
- Use of enriched porridges for all children under the age of five to prevent malnutrition, as opposed to being used as part of a treatment plan for those who are already malnourished. This approach is sustainable and makes better use of crops already being grown in the rural sector where access to a product such as CSB would be difficult.

### **Targets and Projected Results**

- Increased number of children benefiting from USG-supported nutrition programs.
- Increased number of people trained in child health and nutrition through USG-supported program.
- Under-five child malnutrition reduced.

#### **4.1.4. Improve Productive Rural Infrastructure**

**Current/Potential USG/Development Partners:** USAID, MCC.

Lack of rural infrastructure is a critical constraint affecting all development partners. Much of Mozambique's infrastructure was destroyed during the struggle for independence and the civil war. As a result, Mozambique is lacking in the transportation, water and sanitation, energy, and other infrastructure it

needs to link producers to markets. Subject to availability of funding, USG programs will invest in the development of productive rural infrastructure required to stimulate private investment in agriculture. Additional funding from the GHFSI will allow for increased infrastructure investment beyond the current MCC compact in the following areas:

- Farm-to-market road construction and rehabilitation in high-potential agricultural production and market areas;
- Water-resource development for human consumption, agriculture, agro-industry, and rural SMEs, including small-scale irrigation systems;
- Construction or improvements in market collection centers, cold-chain facilities, and port facilities to increase market access, improve market efficiency, and reduce marketing costs; and
- Energy development (solar, wind, hydro, and small-scale bio fuels) in support of farming enterprises, private agro-processors, and rural SMEs.

### **Policy Agenda**

- Provincial budgeting. Past agreements with provincial representatives of the National Road Administration (ANE) to maintain newly constructed or rehabilitated farm-to-market roads have failed because sufficient funds are not available to the provincial ANE. As this problem involves the budgeting process of Mozambique, the USG will work with provincial governors in areas where farm-to-market roads will be targeted to secure agreements that the provincial ANE budgets are sufficiently funded, urge district administrators to allocate a portion of their local block grant budget for local infrastructure maintenance, and continue to push with other donors at the national level to have the fuel tax for road maintenance audited regularly to ensure transparency and proper use of the funds. Collectively, these efforts should address the issue of timely payments from government authorities to contractors.

- Road classification and timely payment for maintenance. Each province in Mozambique maintains a classification system for scheduling and prioritizing road maintenance. Previously, many farm-to-market roads were not included in the classification exercise and, therefore, were not maintained. The USG will seek to work with the Provincial Directorate for Roads and Bridges (DPEP) to reclassify roads with the inclusion of farm-to-market roads. The ANE does not actually undertake road rehabilitation or maintenance; rather it contracts out work to small- and medium-sized enterprises (SME). Unfortunately, at the provincial level, the ANE payment process is not timely and many SMEs are reluctant to undertake such work. The USG will continue to review the process and work with the provincial ANE/DPEP to identify reforms to simplify the payment process for SMEs.
- Improved market infrastructure. One of the key challenges in developing the agribusiness sector, especially in the post-harvest portion of the value chain, is the lack of appropriate market infrastructure to ensure that products arrive to customers without deterioration in quality. Among the infrastructure that needs to be developed are processing facilities, cold-chain, storage and handling facilities, water pumps,; irrigation infrastructure, and warehouses. Working with the GRM, efforts will focus on joint programming of investment priority areas in infrastructure development, and encouraging the GRM to involve the private sector as much as possible in managing and maintaining the market infrastructure to be built.
- Pump standardization. At present, the Ministry of Public Works and Housing has only approved one type of pump for community wells. While pumps need to be standardized to ensure that spare parts become readily available and mechanics are sufficiently trained, the process to get approval for pumps for different conditions (depth of the well, improved pumps) is

cumbersome. The USG proposes to continue to work with the Ministry of Public Works and Housing to review the process to introduce approved pumps for Mozambique.

### Targets and Projected Results

- Transportation infrastructure constructed or rehabilitated through USG assistance.
- Improved market facilities.
- Renewable energy technologies and methodologies developed or tested for broad dissemination.

#### 4.1.5. Develop Human Capacity

**Current/Potential USG/Development Partners:** USAID, USDA, MCC, Peace Corps

Mozambique has critical shortages of the technical and managerial expertise needed to promote agricultural development and improve food security. USG programs will place special focus on human capacity development through the following mechanisms:

#### Scholarships for University Degree Training

Given the very limited number of well-trained people in agriculture, business, nutrition and related fields, significant investments are required to develop human and institutional capacity by also providing long-term degree training and by building capacity of Mozambican training institutions. The USG will support BSc, MSc, and PhD degree training at US, African, and other universities, and will provide competitive grants to support in-country thesis and dissertation research.

#### Strengthening of Mozambican Agricultural Training Institutes

This will focus especially on strengthening of technical and vocational schools. This can be achieved through facilities improvement, equipment, curriculum and faculty development, and faculty exchanges as well as through

South/South collaboration with training institutes.

### Short-Term Training

Throughout the other core investment areas short-term training in technical, business, management and other areas will be provided to policy analysts, researchers, extension workers, farmers, entrepreneurs and businesses, NGOs, and other stakeholders. This will be done through a range of interventions including training-of-trainers, workshops, seminars, in-country and international field study tours, distance learning, internships, apprenticeships, and technical assistance.

Mozambique has critical shortages of the technical and managerial expertise needed to promote agricultural development and improve food security.

#### Internships and Field Experience

The USG will help develop internship programs for university

students to get hands-on training and experience in key program areas and will leverage resources from private foundations, donors, and development partners by helping the GRM prepare an agriculture, food security and capacity building initiative for multi-agency support.

#### Policy Agenda

The USG will address policy reforms that will build the capacity of existing educational institutions to introduce finance and business skills, mobilize workplace training programs for bank staff that increase understanding of credit risks for clients without previous bank history, and promote local universities' ability to offer advanced degrees in agriculture, health, and business administration so that students no longer need to be trained elsewhere.

### Targets and Projected Results

- Increased number of public and private sector participants trained through formal training programs.
- Strengthened training institutions.

#### **4.2. AFRICAN PRIORITIES**

The GHFSI supports development objectives and strategies outlined in the GRM Poverty Reduction Plan, Green Revolution Strategy, Food Action Plan, and 10-year (2010-2019) Agricultural Sector Development Strategy. These GRM strategies and objectives are consistent with CAADP principles and pillars. The GRM Agricultural Sector Development Strategy includes five objectives:

- Increase food production;
- Increase market-oriented production;
- Increase competitiveness;
- Management and sustainable use of natural resources; and
- Develop human and institutional capacity.

#### **4.3. HOW AREAS BUILD ON EARLIER INVESTMENTS**

The USG has extensive experience with a comprehensive integrated approach through both ongoing and prior programs that address food insecurity, poverty, and child malnutrition. Ongoing programs will allow for rapid scale-up under this Initiative. Policy programs support development of a more conducive environment for private investment, agricultural productivity, and business and trade competitiveness.

PL480 Title II programs create a foundation at the community level by building the capacity of and empowering local organizations such as health committees and farmer associations, and integrating market-led agriculture, health and nutrition, and risk-management interventions. PL480 Title II agricultural research and agribusiness value chain programs support the adoption of improved agricultural production, processing, post-harvest storage, marketing, and environmental technologies and practices. Farmer associations strengthened under PL480

Title II programs are increasingly linked to market opportunities by agribusiness programs. Rural finance (micro-lending and loan guarantees) benefits small-scale farmers, commercial farmers, farmer associations, and agribusinesses.

The USAID cross-sector program Strengthening Communities through Integrated Programming (SCIP) comprises activities in agriculture, health, nutrition and HIV/AIDS and overlays on PL480 Title II districts addressing key gaps. These gaps include lack of safe water, which undermines child nutrition, increased access to health services for rural communities, conservation agriculture for labor-short households affected by HIV/AIDS, and further strengthening of market links for vulnerable poor populations. Agricultural research and agribusiness value chain programs have a strong focus on supporting the development of more nutritious agricultural products for both household consumption and sales.

MCC programs provide critical support for policy reform, productive infrastructure development (roads, water), and small-farmer income diversification. USDA Food for Progress programs support education, agricultural technology transfer, agribusiness and market development, and nutrition. Technical support is provided in other areas by USDA (i.e., Sanitary and Phytosanitary Standards).

#### **4.4. CONTRIBUTIONS TO IMPROVED GOVERNANCE**

This Implementation Plan links to and incorporates various USG efforts to strengthen governance in Mozambique.

The USG focus on development of NGOs providing services and advocacy for policy reforms expands the range of civil society organizations that engage in political and economic activity at both the local and national levels. These serve to empower communities and interest groups and also provide their members with valuable experience in democratic decision-making and political

activism. Enabling civic activism is particularly important in the context of diminishing political space. Technical and/or financial support for NGOs will include:

- Efforts to develop and enhance the capacity of community development councils, include local leaders from farmer associations, health groups, water management committees, and other key elements of the community (including religious leaders, teachers, and the village chiefs). Community councils are effective voices at the district level to promote policy changes or to lobby for district funds. They are active in setting community priorities, influencing decisions on the use of government block grants to districts, and promoting local development initiatives. They also provide oversight of local officials, reducing the potential for corruption.
- Support to agricultural cooperatives, associations and federations. These farmer organizations provide services to their members but also advocate for policy reforms at various levels. Federations comprised of farmer associations in each district are currently being formed that, collectively, will be utilized to form a voice for agriculture policies at provincial and national levels.
- Support to private sector advocacy groups and industry associations. These groups focus on promoting their interests and advocating for national-level policy reforms. They help to formalize a dialogue between the private sector and government and promote transparency in political processes for setting policy.
- Support to non-governmental think tanks in conducting analysis, promoting stakeholder dialogue, and advocating evidence-based positions on key issues. Such organizations expand the range of ideas and dialogue on policy issues.

Various activities under this implementation plan will reduce the potential and opportunity for corruption including:

- Policy reform. The policy reform agenda associated with this implementation plan focuses on a range of actions that would have a major impact on reducing opportunities for corruption and increasing transparency. Progress in a number of these areas will require confronting vested interests and ensuring enhanced accountability. Examples of these issues include:
  - *Transaction costs*. Many of the *Doing Business* reforms that are part of the diplomacy strategy for this implementation plan reduce the number of steps required to start a business, import or export goods, or provide services. Reducing the number of steps and the number of people who could hold up processes or solicit bribes, reduces the level of petty corruption.
  - *Transparency*. Some reforms involve providing improved information about costs of government services and legal regulations that reduce opportunities for arbitrary taxation and provide opportunities for improved oversight and accountability.
  - *Land Ownership*. Government ownership of land and the high level of discretion involved in land allocation and tenure create multiple opportunities for favoritism and corruption. These issues are a central part of the policy dialogue associated with agricultural investment and finance.
- Alternative dispute resolution mechanism. The establishment of private-sector arbitration and mediation mechanisms helps reduce the potential for corruption in the context of a low-capacity and unreliable judiciary.

Various activities under this Implementation Plan will serve to improve economic governance and help ensure better government services that meet the needs of the population. These activities include:

- Improved policies. The outcome of the efforts focused on policy reform in this Implementation Plan should be policies that improve the efficiency and effectiveness of government initiatives and programs.
- Civil society/private-sector oversight. The multi-stakeholder processes to establish investment priorities, identify policy reform agenda, mobilize resources, and ensure action and accountability (i.e., CAADP, Beira Agricultural Growth Corridor) help keep tabs on government actions.
- Government capacity building. This Implementation Plan includes targeted efforts to build government capacity to analyze and develop policies, prioritize investments, and monitor impact of policies and investments.

#### **4.5. LINKS TO FOREIGN ASSISTANCE FRAMEWORK**

##### **Agriculture**

- Agricultural Enabling Environment (Core Investment Areas (CIA) 1, 2, 4, 5)
- Agricultural Sector Productivity (CIA 1, 2, 3 & 4)

##### **Private Sector Competitiveness**

- Business Enabling Environment (CIA 1, 2, 4, 5)
- Private Sector Productivity (CIA 1, 2, 3, 4, 5)

##### **Environment**

- Clean Productive Environment (CIA 1, 2, 4 & 5)

##### **Health**

- Maternal and Child Health (CIA 1-5)
- Nutrition (CIA 1-5)

## **5. FY 2010 RESULTS/ INDICATORS/TARGETS**

The Mozambique Global Hunger and Food Security Initiative planned results include:

- Increased private investment in supported economic sectors;
- Increased value and volume of agricultural exports;
- New jobs created in targeted sectors;
- Reduced number of months hungry for targeted population;
- Increased average household income;
- Improved nutritional status of children under-five; and
- Increased number of households benefiting directly from USG assistance.

Specific performance targets will be developed in FY 2010 in collaboration with the GRM and partners as programs supported under the implementation plan are designed and implemented. Wherever feasible, data will be reported by gender. Performance indicators will be refined during 2010 as the overall GHFSI moves forward. Illustrative performance indicators are shown in Table 1.

**Table 1: Illustrative Performance Indicators for the GHFSI**

Core Investment Area		Illustrative Performance Indicators
1	Increase Productivity of Farmers	<ul style="list-style-type: none"> <li>• Yield of selected crops.</li> <li>• Number of farmers, processors, and others who have adopted new technologies or management practices as a result of USG assistance;</li> <li>• Number of new technologies or management practices made available for transfer as a result of USG assistance; and</li> <li>• Number of hectares under improved natural resource management as a result of USG assistance.</li> </ul>
2	Improve Incentives and Opportunities for Entrepreneurs and Investors	<ul style="list-style-type: none"> <li>• Sales of assisted enterprises disaggregated by type of market;</li> <li>• Number of policy reforms at each milestone (presented for legislation/decreed, passed/approved, implementation begun);</li> <li>• Number of small- and medium-sized enterprises receiving USG assistance to access business development services; and</li> <li>• Amount of private financing mobilized.</li> </ul>
3	Improve Consumer Access to and Use of Nutritious Food	<ul style="list-style-type: none"> <li>• Number of children reached by USG-supported nutrition programs;</li> <li>• Number of people trained in child health and nutrition through USG supported programs; and</li> <li>• Number of malnourished children in targeted areas.</li> </ul>
4	Improve Productive Rural Infrastructure	<ul style="list-style-type: none"> <li>• Kilometers of transportation infrastructure constructed or rehabilitated through USG assistance (or tonnage carried);</li> <li>• Number of market facilities built and operational; and</li> <li>• Number of renewable energy technologies and methodologies developed or tested for broad dissemination.</li> </ul>
5	Develop Human Capacity	<ul style="list-style-type: none"> <li>• Number of public and private sector participants trained through formal training programs; and</li> <li>• Completion of institution strengthening action plans (improved curriculum, established public/private and south/south partnerships, trained faculty).</li> </ul>

## 6. KEY ISSUES AND ANALYTICAL ACTIVITIES LOOKING TOWARD FY 2011

Analysis will be undertaken to determine the nature, extent, and geographic focus of new or expanded program intervention areas to be launched in 2010 (e.g., climate change,

nutrition). USG programs will also be reviewed and analyzed in conjunction with the multi-donor CAADP process. Existing programs also undertake targeted studies that will inform policy makers, and influence investments of the GRM, private sector, USG, and other donors.

Planned analysis/assessments during FY2010 include:

- An “AgCLIR” (Agricultural Commercial Law and Institutional Review) (USAID);
- Business and Trade Policy Reform assessments related to improving Doing Business indicators (USAID);
- Land Administration Needs Assessment to lay the basis for developing a functional and comprehensive Land Administration System and underpin capacity building in land administration institutions (MCC);
- Land Information Management System Needs Assessment and Design (MCC);
- Land Social and Gender Assessment to identify current administrative and legal constraints to equal rights and access to land among men and women (MCC);
- Capacity Building Assessment and Action Plan (USG);
- USAID IEHA Gender Assessment;
- Community and Gender Assessment in Zambezia and Nampula Provinces (MCC);
- Gender Action Plan (USG);
- Global Climate Change Vulnerability, Mitigation and Adaptation -- Assessment and Action Plan (USG);
- Integrated Approaches to Improving Child Nutrition --Action Plan (USG);
- Conservation Farming Systems to Adapt to Climate Change (USDA, USAID);
- Seed Systems Action Plan (AGRA, EC, FAO, USAID);
- Impact and Lessons Learned form Pilot Seed/Fertilizer Pilot Voucher “smart subsidy” Program (EC, FAO, USAID)
- Impact of Improved Agricultural Technology Adoption (USAID);
- Analysis of value chain of the coconut sector (MCC);
- Market Analysis of intercroops in the coastal areas of Zambezia and Nampula (MCC);
- Rural Water: Feasibility Studies which include social/gender and hydrogeological assessments in twelve districts (MCC);
- Traffic Surveys on the roads Rio Ligonha to Nampula (Nampula Province), and Namialo to Metoro (Nampula and Cabo Delgado provinces) and Engineering Studies (MCC); and
- Support of the CAADP Compact, stakeholder roundtable and medium-term investment plan (USG and multi-donor).

## 7. PARTNERSHIP PLAN

### 7.1. USG INTER-AGENCY CONSULTATION AND COORDINATION

USG agencies at Post coordinate activities through a range of mechanisms. Mozambique has a ‘whole-of-government’ Country Assistance Strategy (FY 2009 – 2014) that was developed through a coordinated multi-agency process. Related to trade and investment, 13 USG agencies are involved in the USTR-led USG inter-agency process for advancing the Trade and Investment Framework Agreement (TIFA) between the US and Mozambique (Commerce, Energy, EXIM, Labor, MCC, OPIC, SBA, State, Treasury, USAID, USDA, USTDA, USTR).

### 7.2. CONSULTATION AND COORDINATION WITH GOVERNMENT

The implementation plan is based on extensive consultations with the Government of Mozambique. This includes inter-ministerial consultations held during the development of the USG Country Assistance Strategy, ongoing consultations by various USG agencies with individual Ministers, provincial governors and their staff to discuss GRM development priorities, policies and programs. USG agencies also regularly participate in GRM-hosted conferences and workshops where specific

issues related to agriculture, food security and nutrition are discussed.

### **7.3. MULTILATERAL AND BILATERAL DONOR CONSULTATION AND COORDINATION**

USAID and MCC are active in several donor groups (Heads of Cooperation and technical working groups in agriculture, private sector, nutrition, health, roads, water, and environment). Technical working groups generally meet on a monthly basis with GRM technical staff, and meet several times per year with the respective Minister to discuss policy, investment priorities, stakeholder engagement, and other issues. USAID and MCC will use these opportunities to advance GHFSI objectives by pursuing policy and institutional reform, ensuring prioritized and well-coordinated investments, and conducting effective performance monitoring. Other examples of multilateral collaboration include:

- Work with other donors and development partners in advancing the CAADP process;
- The new USAID Agricultural Research and Innovation program that will create a platform for more effective, multi-donor support to research and technology transfer;
- Work with the Gates Foundation and AGRA in support of agricultural development and food security;
- EC and FAO efforts to launch a “smart subsidy” intervention to enable small farmers access to improved seeds and fertilizers; and
- Work with various donors in supporting policy reform related to agriculture, food security, business and trade.

Agriculture and Food Security programs will collaborate with regional organizations and regional development initiatives. Examples include: NEPAD, the Food and Agriculture Policy Analysis Network (FANRPAN) and ReSAKSS for policy reform and investment

planning, CARDESA for agricultural research, and East and Southern Africa Seed Alliance (ESASA) for seed sector.

### **7.4. CIVIL SOCIETY AND PRIVATE SECTOR CONSULTATION AND COORDINATION**

Countrywide consultations with civil society and the private sector have influenced this implementation plan and the whole-of-government Country Assistance Strategy. Processes that will be undertaken to ensure continual feedback during the CAADP process and the design and monitoring of agriculture and food security programs include:

- Consultations with multiple stakeholders including civil society and the private sector as part of the CAADP process;
- Consultation and coordination with the private sector through the confederation of industry associations at the provincial and national level;
- Consultation and coordination with the private sector through the US-Mozambique Chamber of Commerce and provincial industry organizations;
- Consultations of the national Agribusiness Competitiveness Forum to address constraints to agribusiness commodity value chains; and
- Consultation and coordination between agricultural researchers, farmers, farmer organizations, agribusinesses, agricultural service providers, and extension services on agricultural, food, and environmental technology issues.

### **7.5. DIPLOMATIC STRATEGY**

The diplomatic strategy to support the GHFSI and related policy agenda involves all agencies at Post and a wide range of interventions and activities. These include direct policy dialogue with key decision-makers, policy analysis, policy advocacy through stakeholder dialogue with the Mozambican government, and support for development of policy options and

implementing regulations. The key elements of this strategy involve a variety of actors and USG programs in multiple forums.

#### **7.5.1. Chief of Mission Direct Policy Dialogue**

The size of the USG assistance program provides access to government officials at the highest levels. The Chief of Mission will include food security-related policy issues as part of an ongoing dialogue with senior GRM policymakers. Initially, this should focus on moving ahead with the CAADP process, addressing long-standing issues affecting trade, and garnering high-level support for a process to address land tenure issues.

#### **7.5.2. Direct Policy Dialogue with Ministries**

The USAID Director, the MCC Director, political/economic counselor, the USAID Chief of Agriculture, Trade and Business, and the USAID Chief of Health have direct relationships with key ministers (agriculture, industry and commerce, environment, health, women and social affairs, public works, transport) and senior officials of other institutions (SETSAN, INCC) involved in policy issues identified in the IP. They also play important roles in policy dialogue forums. USAID role in the leadership of the private-sector working group provides dialogue opportunities on issues associated with the business environment. MCC support for development of the land forum provides opportunities for engagement on land reform. Other staff members also have contacts within key ministries to address these policy issues at the working level of ministries and with provincial authorities.

The GHFSI Implementation Plan has identified a critical and robust policy agenda that will require senior-level GRM commitment and action to implement. Over the coming months, the USG inter-agency team will meet with senior-level GRM officials and also consult with donor partners to reach agreement on specific actions and milestones for achieving key policy reform in support of GHFSI objectives. The

CAADP process will also provide a unique opportunity for the USG, other donors, and the GRM to identify benchmarks associated with key policies that are required to attain the objectives of the GRM Poverty Reduction Strategy and Agricultural Sector Development Strategy.

#### **7.6. INFLUENCING POLICY DIALOGUE OF DONOR GROUPS AND TECHNICAL WORKING GROUPS**

The USG has associate membership in the G-19 donor group and a leadership position in a nascent all-inclusive donor group. These positions offer opportunities to influence the direction of policy dialogue carried out by those groups with the GRM. We have already been successful in putting business environment issues onto that limited agenda. Policies associated with the PROAGRI common fund focused on agricultural development have been discussed at the heads of cooperation level. USG programming and commitment to key aspects of private sector development, agricultural development, and food security, as well as in-country presence of competent technical staff, have led to USG leadership in important technical working groups involving donors and GRM representatives. These working groups play a key role in evaluating GRM performance and identifying priority issues for funding and higher-level policy dialogue. The USG is represented in the leadership of the Private Sector Working Group, the PROAGRI group, and technical working groups focused on water, roads, and nutrition.

## 8. FY 2010 CAPACITY-BUILDING PLAN

Rapid placement of personnel (change agents) required to implement this Implementation Plan will be facilitated by investments through ongoing programs. USAID, USDA and MCC will accelerate this process through current partners. Priority training needs will be identified through analysis and discussions carried out with GRM, private sector, farmer organizations, research and academic institutions, USG agencies, donors, and partners. This will form the foundation for a scale-up of agriculture, food security and nutrition programs and selection of appropriate candidates.

Capacity building will be done primarily in-country using the expertise and experience of implementing partners including USG agencies, the private sector, international organizations, NGOs, and universities. Funding will be provided through existing mechanisms. Some targeted short-term training and field study may be done in the US, other African countries, or other appropriate countries.

Existing partners are engaged in most areas of the implementation plan (business/trade policy reform, strategic planning, agricultural research/technology transfer, agribusiness and market development, nutrition, and natural resources management). Key topics identified for multi-stakeholder capacity building based on planned analysis and assessments in FY 2010 include:

- CAADP process and experience and lessons learned from other countries;
- Investment and trade policy reform for increased business competitiveness;
- Agribusiness competitiveness and agricultural value chains;
- Climate-change vulnerability, mitigation and adaptation;
- Integrated approaches to improving child nutrition;

- Mainstreaming gender in agriculture and food security programs;
- Role of biotechnology in agriculture and nutrition;
- Options for rural finance;
- Land Administration Systems and the National Land Cadastre;
- National process of policy monitoring, dialogue and reform;
- Public education, land tenure information and awareness;
- Legal training and curriculum development;
- Training and professional development of the Cadastral sector and land administration personnel at central, provincial and district levels;
- Land use inventory, land rights mapping, and participatory land use planning;
- Participatory planning processes for land use planning; and
- Training-of-trainers for farmers' cooperatives and associations.

## 9. MANAGEMENT PLAN

### 9.1. WHOLE-OF-GOVERNMENT COORDINATION STRUCTURE

The larger USG Mission in Mozambique benefited from the time and effort invested in the development a new Country Assistance Strategy. That process laid the groundwork for much of this Implementation Plan and helped develop a consensus within the Country Team as to the direction of US Foreign Assistance in Mozambique. Since this Implementation Plan expands on the 'whole-of-government' approach in the CAS, inter-agency coordination and collaboration already exist and can be expanded under the GHFSI.

Under the GHFSI, we propose to establish a USG inter-agency "Agriculture and Food

Security” Working Group (AFSWG) to be chaired by USAID. This group would initially include representatives from USAID, the US Embassy, MCC, USDA, and the Peace Corps. The AFSWG will coordinate the Presidential Initiatives for Food Security and Climate Change, and ensure effective linkages with other USG inter-agency processes (i.e., PEPFAR, TIFA, Economic Working Group).

The AFSWG will discuss issues of policy, strategy, investment priorities, and program performance. In addition, it will help to ensure program synergy across USG agencies and with other donor and GRM programs. Respective agencies and staff who participate in GRM-donor meetings (Heads of Cooperation and technical working groups and sub-groups) will provide updates to the AFSWG on relevant issues to the GHFSI. Through close inter-agency coordination, they will become more effective advocates for presenting unified USG positions in the various joint donor-GRM working groups. USG agencies in Mozambique will collaborate with the Southern Africa Global Competitiveness Hub for regional economic integration and trade facilitation and with regional representatives and programs of USAID, USDA, Commerce and USTR.

## **9.2. REVIEW AND EVALUATION SCHEDULE**

The USG will review progress and performance through regular field visits to program sites, regular meetings with the GRM, implementing partners and stakeholders, monthly meetings of the USG Agriculture and Food Security Working Group and the USG Economic Working Group, regular meetings of donor-development partner technical working groups (including a CAADP support group once established, semi-annual reviews of programs, and internal and external evaluations.

The USG, in collaboration with other donors, is developing the capacity of the GRM to conduct policy and investment analysis and to monitor and assess the impact of its food-security-related policies and investments. In addition, capacity has been built by USAID and other

donors to enable the GRM to monitor vulnerability to natural disasters and respond effectively. Some examples of GRM capacity and monitoring and evaluation systems that have been, or are being, strengthened include:

- USAID and SIDA support for IFPRI and other IARCS under the Moz-SAKSS program;
- USAID support through Michigan State University (MSU) to strengthen agricultural statistics, market information, annual agricultural surveys;
- USAID support through MSU to build capacity for socio-economic analysis in IIAM and to conduct studies on the impact and adoption of agricultural technologies;
- USAID support through FEWSNET on food insecurity vulnerability and related policy reform issues;
- Other donor support on food insecurity vulnerability (the World Bank, WFP, FAO);
- USAID and other donor support for IARC and the Brazilian Agricultural research Corporation (EMBRAPA) to strengthen agricultural research and technology transfer systems including systems to assess impact; and
- Multi-donor assistance to define and support a CAADP medium-term investment plan, policy agenda and performance-based monitoring/evaluation system.

## **9.3. STAFFING REQUIREMENTS**

Several additional USAID FSNs may be required to support the proposed significant expansion of some programs (agribusiness, research and technology transfer) and the addition of new programs (rural infrastructure and climate change). The number of additional staff and the areas of required expertise will depend on funding levels and final decisions on programs. Potential areas for new FSN staff expertise might include rural finance, engineer, agricultural economist, environment and climate change, and program support