2014 NEW ALLIANCE PROGRESS REPORT

JUNE 2014

This publication was produced for review by the United States Agency for International Development. It was prepared by DAI and Nathan Associates.

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Program Title:	*Mozambique Support Program for Economic and Enterprise Development (SPEED).*
Sponsoring USAID Office:	*USAID/Mozambique*
Contract Number:	*EDH-I-00-05-00004-00/13*
Contractor:	*DAI and Nathan Associates*
Date of Publication:	*June 3rd, 2014*
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1. Executive Summary

As part of the New Alliance commitment to mutual accountability and to feed into the 2014 New Alliance Progress Report, USAID/SPEED conducted an annual review of progress against New Alliance Country Cooperation Framework commitments. The aim of this report is to assess progress made in the implementation of the New Alliance supporting actions set forth in CAADP framework for which National Strategic Plan for the Development of the Agriculture Sector (PEDSA) is the national implementation framework and the PNISA is one of the supporting instruments. The focus of the report is on New Alliance cooperating partners' commitments and the progress made against these. The report compiles evidence on progress made based on the assessment done by various research institutions, namely USAID/SPEED, IFPRI, ReSAKSS, MAFAP and the Grow Africa report.

Under the New Alliance Cooperation Agreement Framework (hereafter New Alliance, or NA) the government has committed to 15 specific policy reforms. The aim of the New Alliance as a support platform to the PEDSA and PNISA is to promote private sector involvement in agriculture so as to increase outputs, yields and thus development in rural areas.

The report notes that 4 out of the 15 specific areas of reform are indicated by government as having been completed. However despite being nominally complete concerns remain about the content of the legislation approved and its likely impacts on the private sector. Some progress has been made in all but one of the other specific areas of reform listed in the New Alliance, but given that the deadline for achieving most of the reforms has already passed, progress is significantly behind schedule.

Within the New Alliance 17 businesses have signed Letters of Intent for investment with the government. Of these 7% are completed and 35% are on plan. Of concern however are the 41% which are experiencing problems, and above all the 7% that have cancelled investments. While the government has set up a specific department within CEPAGRI to assist these and other investors the problems reported by the department are often those typically faced by investors in other sectors.

Overall volumes of investment from development partners are up for 2014, however they remain below target. Some of this is attributed to the unclear mechanisms for implementing PNISA and the sheer range of activities which require financing, as well as concerns reported by some donors about financial allocation and transparency. Considerable proportions of funding remain off-budget.

Overall the report notes a number of constraints to progress and to measuring progress. The greatest constraint is lack of information. Currently there is no clear mechanism for sharing information or reporting. Therefore it has proven difficult to obtain the necessary data from government, development partners and business. While for example legislation is reportedly developed, it is not possible to locate copies of it. Contributions by donors and private sector to the data gathering exercise for the development of this report were weak. This will need to be addressed if the Joint Sector Review (JSR) process is to be effective.

A second constraint is dialogue. While the various frameworks envisage regular dialogue between all stakeholders in fact this dialogue currently takes place only sporadically, with the dialogue between government and development partners being the strongest and most structured. Capacity to participate and contribute to dialogue from civil society (including business, academia and others) tends to be weak, but there is also evidence that efforts to include civil society institutions fall short of what is envisaged in the frameworks.

In general there has been little notable progress against the established targets. This is in part attributable to the sheer range and scope of the activities listed in the PNISA and the lack of detail and prioritization around these. In the case of New Alliance this should be less of a problem as the agenda is relatively restricted and clear, but it is likely that the number of overlapping jurisdictions covered by the reform requirements contributes to delays.

There is a general need for the JSR mechanism to begin functioning at optimum level as soon as possible. Only when this mechanism is fully operational, inclusive and is undertaking regular monitoring and reporting will it be possible for the stakeholders to hold each other mutually accountable and move forward with the reforms envisaged while at the same time prioritizing and reviewing these for relevance and impact.

The report is divided into three main sections. The first section introduces the New Alliance framework and places it within the context of agricultural development initiatives. The second section looks at the mutual commitments made within the frameworks and analyses achievements to date. The third section, provided in annexes reviews the policy and institutional framework and describes how the various policies interact, and which bodies are responsible for their implementation. It also highlights certain weaknesses identified.

2. Introduction

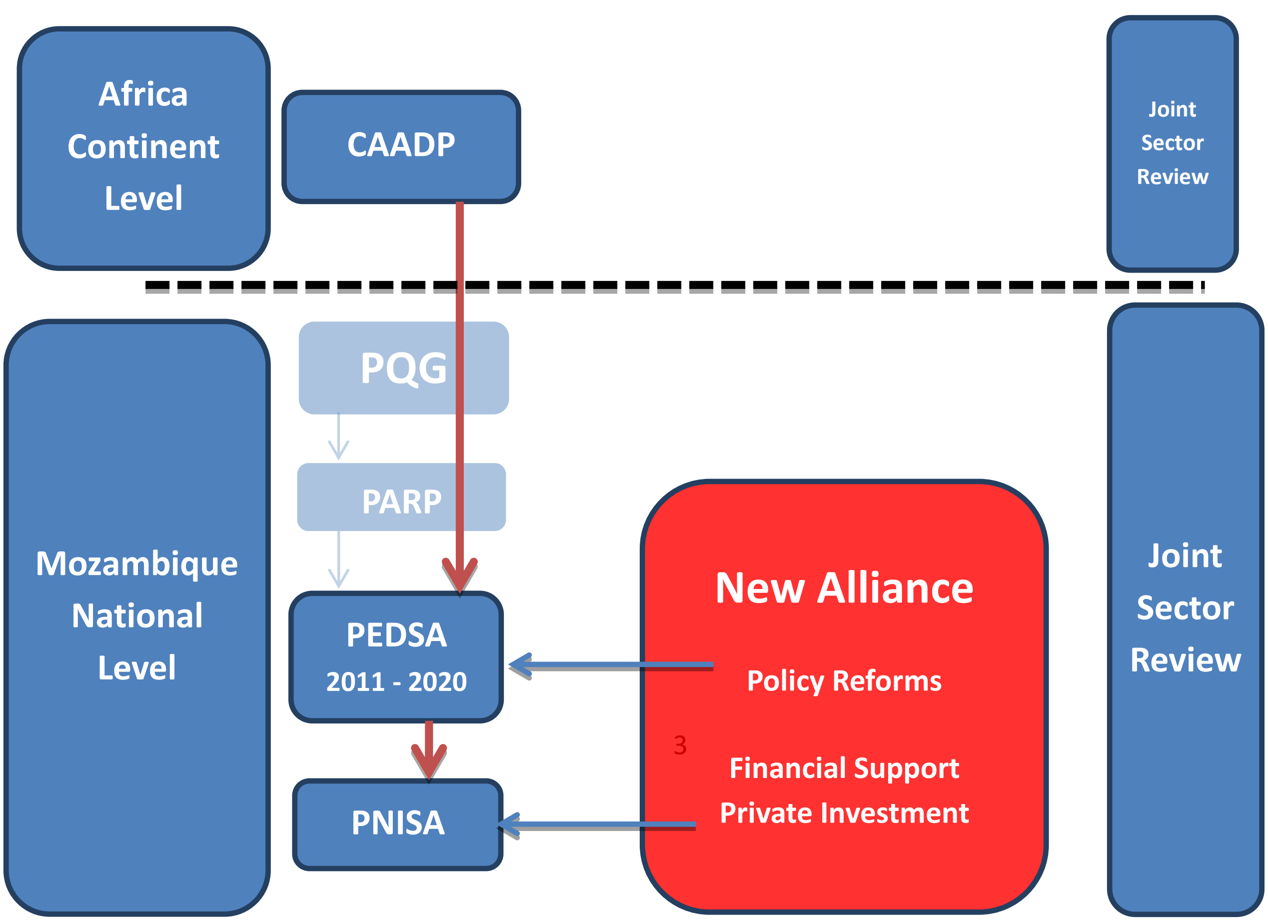
Aim of the report

As part of the New Alliance commitment to mutual accountability and to feed into the 2014 New Alliance Progress Report, USAID/SPEED conducted an annual review of progress against New Alliance Country Cooperation Framework commitments. The aim of this report is to assess progress made in the implementation of the New Alliance supporting actions set forth in CAADP framework for which National Strategic Plan for the Development of the Agriculture Sector (PEDSA) is the national implementation framework and the PNISA is one of the supporting instruments. The focus of the report is on New Alliance cooperating partners' commitments and the progress made against these. The report compiles evidence on progress made based on the assessment done by various research institutions, namely USAID/SPEED, IFPRI, ReSAKSS, MAFAP and the Grow Africa report.

Policy framework

The main objective of the Comprehensive Africa Agriculture Development Program (CAADP) is to promote investments in agriculture that will spur broader and pro-poor economic growth. Mozambique has taken important steps to advance the implementation agenda of CAADP in the country. The country's policy framework explicitly embeds CAADP in its current strategic plan for agricultural development, the PEDSA (*Plano Estratégico de Desenvolvimento do Sector Agrário*). PEDSA lays out the vision for development in the agriculture sector in Mozambique and how the government will prioritize its allocation of resources to that end. In order to undertake the actions needed to achieve the objectives for the development of Mozambique's agricultural sector as established in the PEDSA, the Government has developed a national investment plan (PNISA - *Plano Nacional de Investimento do Sector Agrário*) which is also part of the framework for operationalization of CAADP at country level.

To implement the PEDSA and PNISA, the Government of Mozambique uses a set of support tools, New Alliance being one of them. New Alliance is a support tool for the implementation of PEDSA as it includes Government of Mozambique's commitments to drive effective policy actions aligned with PEDSA objectives in order to build domestic and international private sector confidence and thus increase agricultural investment with the overall goal of reducing poverty and ending hunger. It is a support tool for the implementation of PNISA as it outlines (i) the Government of Mozambique's commitments to providing the financial resources required for the achievement of the tangible and sustainable outcomes of PNISA, (ii) private sector commitments to increase investments where the conditions are right, in support of PNISA, (iii) and donor commitments to expand the country's potential for rapid and sustainable agricultural growth and to ensure alignment between their agricultural financial and technical support and PNISA priorities, in such a way as to accelerate the implementation of these strategic tools.



3. Review of Mutual Commitments Under the New Alliance

3.1. Government Policy Commitments

The government committed to a total of 15 policy actions to increase stability and transparency in trade policy; improve incentives for the private sector especially in developing and implementing domestic input and seed policies that encourage increased private sector involvement; develop and improve the transparency and efficiency of land policy and land administration; and developing innovative methods for increasing the availability and access to credit by smallholders (see Table 1).

Figure 1: Progress Summary of Government Policy Commitments as of May 2014

According to Figure 1 above, 4 of the policies have been completed while 10 are in progress and 1 records no progress.

Table 1: Government of Mozambique Key Policy Commitments under the New Alliance Framework

Objective	Policy action from Cooperation Framework	Timeline for Completion from Cooperation Framework	Status and narrative update
I. Establish policies and regulations that promote competitive, private-sector agricultural input markets, especially for smallholder farmers.	1 Revise and Implement National Seed Policy, including*:* a) Systematically cease distribution of free and unimproved seeds except for pre-identified staple crops in emergency situations. b) b) Allow for private sector accreditation for inspection.	Nov 2012	**Completed:** • Revised seed policy and legislation passed: The PEDSA includes overarching aims of a seed policy. • In 2012, GoM adopted a "Program to Strengthen the Seed Value Chain" which outlines the National Seed Policy in greater detail and aims at improving the availability and access to improved seeds to smallholder farmers, contributing to commercial agriculture. • However it is unclear how this policy will lead to "systematically ceasing distribution of free and unimproved seeds except for pre-identified staple crops in emergency situations". • The Government has clearly established mechanisms that allow for private sector seed accreditation (article 26, Decree 12/2013). • In order to continue advocating for an improvement of the policy framework INOVAGRO and SPEED in collaboration with Ministry of Agriculture established the National Seed Dialogue Platform comprising public and private sector, and other interested stakeholders.
	2. Implement approved regulations governing seed proprietary laws which	June 2013	**Completed**

	promote private sector investment in seed production (basic and certified seed).		• The process of developing legislation for the protection of new plant varieties and the corresponding regulatory framework is underway. • It is expected that the options for variety protection under the new legislation will create conditions for international seed companies to participate in the national seed market resulting in increased availability of higher yield varieties. • However, an analysis conducted by SPEED indicates that the draft Regulation will not be effective in the short and medium term due to the characteristics of agriculture in the country (90% of small subsistence farmers and approximately 91% of the seed produced and traded by the Informal Sector).
	3. Revise and approve legislation regulating the production, trade, quality control and seed certification compliant with the Southern African Development Community (SADC) seed protocol requirements.	Nov 2013	**Completed** • GoM passed Decree 12/2013 which establishes the regulatory framework for production, trade, quality control and seed certification • The regulation is compliant with the Southern African Development Community (SADC) seed protocol requirements. • SPEED has conducted a review of the regulatory framework and found that it is aligned with: SADC protocol requirements in terms of the SADCC variety release System (articles 13 - 14 of the seed regulation); SADC Seed Certification and Quality Assurance System (articles 11 - 36 of the seed regulation); Protocol on Protection of New Varieties of Plants (protection of plant breeder's rights) in the SADC region; and the SADC Quarantine and Phytosanitary Measures for Seeds

	4. Develop and implement a national fertilizer regulatory and enforcement framework.	March 2013	**Some progress:** • Decree 11/2013 approved the regulatory framework for fertilizers. • Ongoing activities are underway towards ensuring the implementation of the regulation including: dissemination of the National Fertilizer Regulation; establishment of a fertilizer dialogue platform, fertilizer division and strengthening of the fertilizer inspection service. • However, the drafting of the fertilizer law has not yet started.
	5. Assess and validate the National Fertilizer Strategy.	Dec 2013	**Some progress:** • Regulatory framework adopted February 2013 • USAID/SPEED will undertake an assessment of the strategy
II. Reform land use rights (DUAT) system and accelerate issuance of DUATs to allow smallholders (women and men) to secure tenure and to promote agribusiness investment.	6. Adopt procedures for obtaining rural land use rights (DUATs) that decrease processing time and cost.	March 2013	**Some progress:** • MINAG produced and published a statement on simplification in the transfer of DUATS in rural areas aimed at enhancing the ability to meet deadlines in processing the authorizations • MINAG with support from SPEED produced a manual of procedures for systematic issuing of DUATs aimed at private sector, communities and also MINAG staff • Based on the manual a series of trainings of trainers and MINAG staff is underway supported by SPEED. During the training questions raised by trainees has allowed for discussion of the

			perceived constraints affecting processes and procedures for acquiring DUATs. Training resulted in an acknowledgment of prevalence of corrupt practices in processes and procedures to issue DUATs. The following factors were identified as critical constraints: (i) Inadequate knowledge of the Land Law, its regulations and other related legislation by government managers and decision makers; (ii) Poor institutional coordination, and (iii) Outdated topographical measuring equipment, resulting in partial overlap of DUATs. • A baseline study indicating current number of DUATs granted and the average time required to issue a DUAT in rural areas is underway. Data has been collected for Maputo province and collection is ongoing Sofala and Niassa. Preliminary analysis from a random sample of 1,200 DUAT applications out of a universe of 25,213 submitted requests shows that the time to complete an issue of DUAT ranges from 3 to 84 months (about 7 years). The report will provide a breakdown analysis of different time-ranges (3-6-12 months) to issue a DUAT in rural areas. Data collection for Sofala and Niassa will be completed mid-June and the first draft will be submitted by 30 June 2014
	7. Develop and approve regulations and procedures that authorize communities to engage in partnerships through leases or sub-leases (*cessao de exploração).*	June 2013	**Some progress:** • Draft legislation is available and awaiting stakeholder comments. • USAID/SPEED is reviewing the draft regulation. • It is unlikely that the consultation and revision period will be complete before elections due in October and the legislation will therefore likely

			not be presented to Cabinet before the end of 2014. • The draft is scheduled to be presented to the next National Land Forum
III. Promote the liberalization and facilitation of trade and marketing of agricultural products, especially for smallholder farmers.	8. Eliminate permit (*guia*) requirements for inter-district trade in agricultural commodities.	June 2013	**Some progress:** • The SPEED study on Non-Fiscal Barriers (NFB) to Agriculture in Mozambique (August 2013) commissioned by CTA provides an overview of the structure and dynamics of those NFBs to Agriculture, negatively impacting the agriculture industry's competitiveness. These distortions include incorrect application of customs procedures and duties, lack of access to diesel subsidies, proliferation of transit check-points and requirement for commodities transit permits between local markets. • To address one of the key issues raised, the study recommended a national communication campaign against the illegal and informal taxes, permits or fees. • CTA, in collaboration with SPEED, has engaged a public relations and advertising firm to design and implement a communication campaign against the illegal taxes applied to the agricultural industry. The campaign will target those involved in agricultural transport and marketing in specific geographical areas identified by CTA and government, where these fees are particularly problematic. Stakeholders involved include CTA, Ministry of Agriculture, Ministry of Industry and Trade, Revenue Authority
	9. Develop and approve invoices that	March 2013	**Some progress**

	can be issued by purchasing firms on behalf of suppliers (i.e. smallholder producers) that are not registered taxpayers; develop and approve respective monitoring and control procedures. Implement fiscal education program for small holders, including tax registration.		• CTA has developed a concept note outlining possible ways in which this policy objective can be complied with while at the same time responding to the Revenue Authority's (AT) concerns about fiscal control, fiscal income and tax registration. It is hoped that the proposals made are sufficient to warrant a pilot project to test the assumptions made and to serve as a basis to roll out an interim system which satisfies the needs of AT, business, and the development of the agriculture sector.
	10. Eliminate the Simplified VAT scheme and replace with the existing ISPC (Simplified Tax for Small Contributors).	March 2013	**No progress** • Reportedly a draft of this legislation was submitted to parliament in 2013 but no additional information is available and it has not been possible to obtain a copy of the draft
IV. Increase the availability and access to credit in the agricultural sector, especially for smallholder farmers.	11. Approve a decree allowing the setup of private credit information bureaus.	March 2013	**Some progress:** • Draft legislation has been developed by the Bank of Mozambique and submitted through the Ministry of Finance to Cabinet. • Cabinet comments have been returned to Ministry of Finance for incorporation and the draft is currently under revision. • The legislation may require parliamentary approval and it is not yet clear if it will be scheduled for inclusion on the 2014 legislative calendar. • Reportedly delays are arising as a result of Cabinet indicating that it does not want a purely private credit bureau system, but would like to see a

			system with government involvement
	12. Enact mobile finance regulations that are risk-based and allow for experimentation and innovation.	March 2013	**Some progress:** • Draft legislation is being developed by the Bank of Mozambique. • It is unlikely that the consultation and revision period will be complete before elections due in October and the legislation will therefore likely not be presented to Cabinet before the end of 2014
V. Support the implementation of the Multi-Sectoral Nutrition Action Plan for the Reduction of Chronic Undernutrition 2011-2015 (with PAMRDC as its Portuguese acronym) which is aligned with Scaling Up Nutrition (SUN) Movement.	13. Enact approved Food Fortification regulations (including bio-fortification).	June 2013	**Some progress:** • The Food Fortification Regulation has reportedly been approved. • However its sustainability, implementation mechanism, and economic effect on the private sector, food distribution and food security is currently a subject of much debate and requires analysis
	14. Determine optimal structure for institutional coherence within nutrition, as per SUN country-level strategic priorities.	June 2013	**Completed:** • The Multisectoral Nutritional Action Plan has been passed and approved by Parliament and the Technical Secretariat for Food Security and Nutrition has been created and is operational.
	15. Ensure that PAMRDC and CAADP/PEDSA implementation plans are aligned with one another.	Dec 2012	**Some progress:** • SPEED will assess whether to which degree these documents are aligned.

3.2. Development Partner Financial Commitments

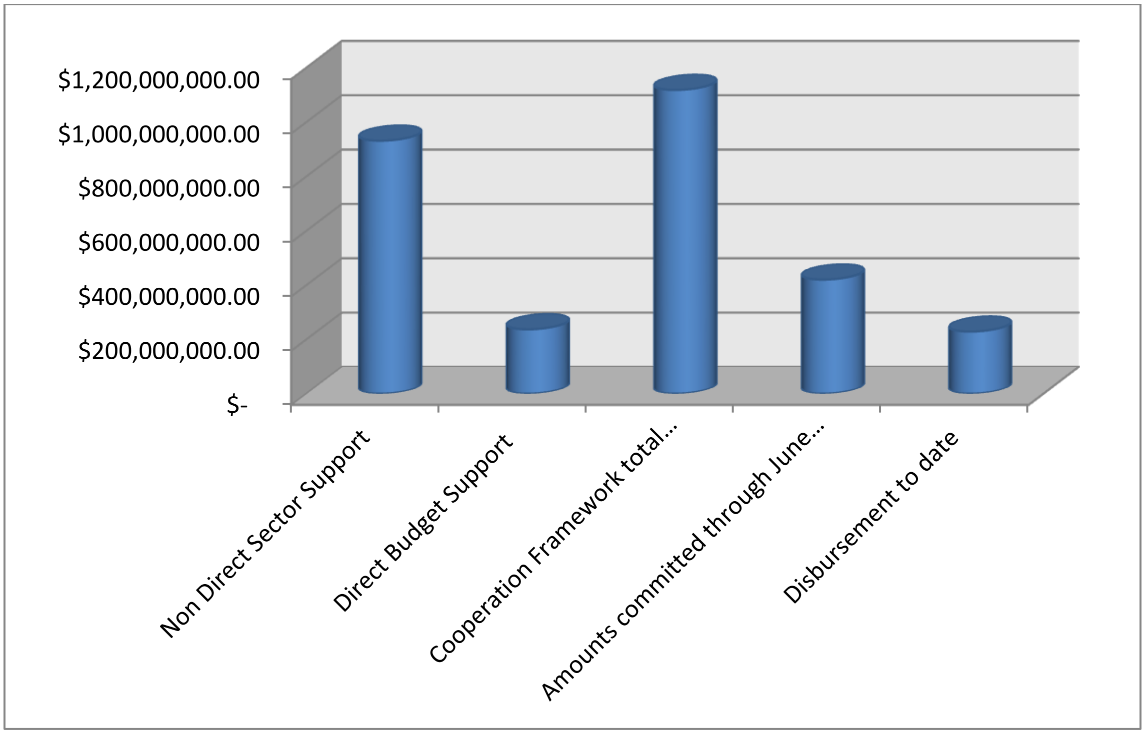
G8 Members and others have made commitments in support of CAADP/PEDSA investment plans and the goals of the New Alliance for Food Security and Nutrition. Table 2 below provides the financial commitments by Mozambique's development partners based on information provided by them.

Table 2: Development Partner Financial Commitments

Development partner	Non Direct Sector Support	Direct Budget Support	Cooperation Framework total commitment	Estimated proportion committed through June 2014 or most recent fiscal year	Disbursement to date	% disbursed against committed to date
Belgium	$47,605,797.00	$41,368,000.00	$88,973,797.00	$22,144,318.00	$4,230,575.00	19%
IFAD	$94,300,000.00		$94,300,000.00	$13,352,996.67	$6,676,498.33	50%
IFAD - EU	$33,456,544.72		$33,456,544.72	$0.00	$0.00	0%
IFAD - ADB	$34,300,000.00		$34,300,000.00	$3,811,111.11	$3,811,111.11	100%
IFAD - BFFS	$915,714.00		$915,714.00	$305,238.00	$0.00	0%
IFAD - SPAIN/UNCDF	$45,000,000.00			$45,000,000.00	$6,428,571.00	14%
FAO - Italy	$4,121,692.00		$4,121,692.00	$4,121,692.00	$3,434,743.00	83%
FAO - EU	$ 24,875,002.00		$24,875,002.00	$0.00	$0.00	0%
FAO	$871,900.00		$871,900.00	$789,400.00	$368,890.00	47%
FAO - The Global Environment Facility	$1,950,000.00		$1,950,000.00	$1,950,000.00	$116,720.00	6%
FAO - (UNEP)	$248,500.00		$248,500.00	$248,500.00	$42,386.00	17%
FAO - The Government of Mozambique	$1,969,093.00		$1,969,093.00	$1,969,093.00	$269,533.00	14%
FAO - The United Nations "One Fund".	$969,500.00		$969,500.00	$969,500.00	$207,829.00	21%
FAO - Brazil	$500,000.00		$500,000.00	$500,000.00	$195,000.00	39%
FAO - GFF	$12,600,000.00		$12,600,000.00	$100,000.00	$0.00	
WFP - EU	$15,800,000.00			$7,000,000.00	$3,500,000.00	50%
JAPAN	$73,612,401.00		$73,612,401.00	$27,460,861.00	$14,061,134.00	51%

Denmark	$36,000,000.00		$36,000,000.00	$21,600,000.00	$15,225,181.00	70%
Austria		$7,740,000.00	$7,740,000.00	$4,515,000.00	$1,366,902.99	30%
USAID	$212,354,282.00		$212,354,282.00	$66,400,316.00	$36,200,158.00	55%
SPAIN	$12,843,278.00		$12,843,278.00	$5,480,950.00	$3,326,364.00	61%
Alliance for a Green Revolution in Africa - AGRA	$3,258,863.00		$3,258,863.00	$1,634,432.00	$817,216.00	50%
Sweden	$28,284,000.00	$6,930,000.00	$35,214,000.00	$18,203,600.00	$15,500,000.00	85%
Ireland	$14,899,833.00		$14,899,833.00	$6,440,579.00	$3,220,290.00	50%
The World Bank	$116,051,000.00	$150,000,000.00	$266,051,000.00	$75,166,419.49	$75,166,419.49	100%
UK AFSI (DFID)	$18,895,750.00	$29,628,536.00	$48,524,286.00	$13,352,996.67	$6,676,498.33	50%
Swiss Development and Cooperation Agency (SDC)	$28,722,000.00		$28,722,000.00	$8,418,000.00	$2,909,000.00	35%
Finland	$19,500,000.00	$ 17,696,900.00	$37,196,900.00	$37,196,900.00	$ 12,251,700.00	26%
European Union		$7,800,000.00	$7,800,000.00	$0.00	$0.00	0%
IFDC - USAID	$2,900,000.00			$2,900,000.00	$0.00	0%
Ireland	$14,899,833.00		$14,899,833.00	$6,440,579.00	$3,220,290.00	50%
Holland	$ 48,143,506.30		$48,143,506.30	$22,353,705.00	$11,733,220.00	52%
Total	**$930,952,739.02**	**$236,536,536.00**	**$1,117,683,389.02**	**$419,826,186.93**	**$228,233,630.26**	**54%**

Figure 2 - Donor Support to the Agriculture Sector

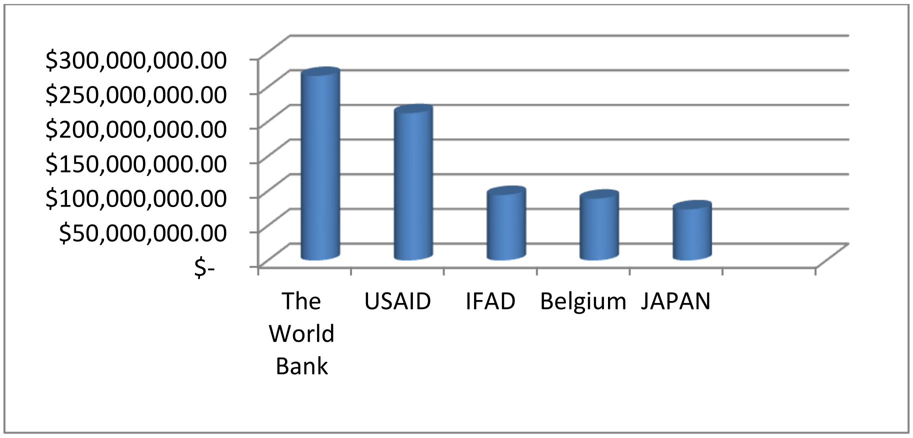


Source: Development Partner funds tracking exercise conducted by SPEED/USAID

Mozambique's development partners have committed over $1b to the Agriculture Sector to date as can be seen from figure 2 above. In the absence of a National Investment Plan, several development partners continued to support the sector through bilateral program support. Of the $1.1b committed to the sector up to June 2014, $930m was through bilateral programs while $236m was allocated to the Government of Mozambique to implement the National Investment Plan. There will likely be a shift towards more "on budget" support as the PNISA matures.

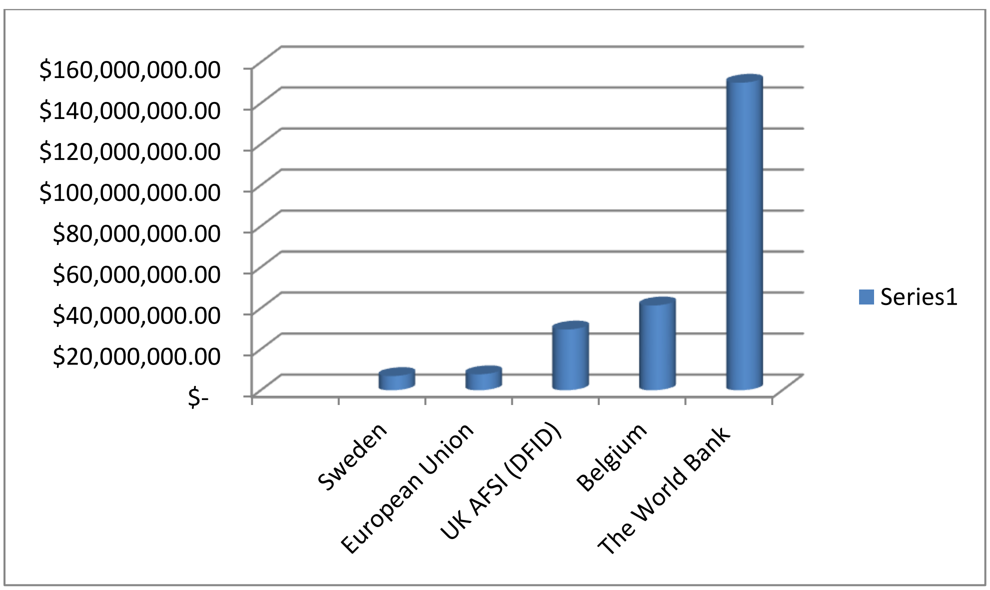
For the purposes of this report the Financial Year (FY) used for analysis runs from June 2013 to June 2014 and is referred to as FY 2014.

Figure 3 - Top 5 Development Partners Financial Contributions



The largest donors in the agriculture sector for the period analyzed where The World Bank $266m (including $75m as of FY 2014), USAID $ 212m (including $66m as of FY 2014), IFAD $ 108m (including $ 28m as of FY 2014), Belgium 88m (including $22m as of FY 2014) and Japan $73m (including $27m as of FY 2014).

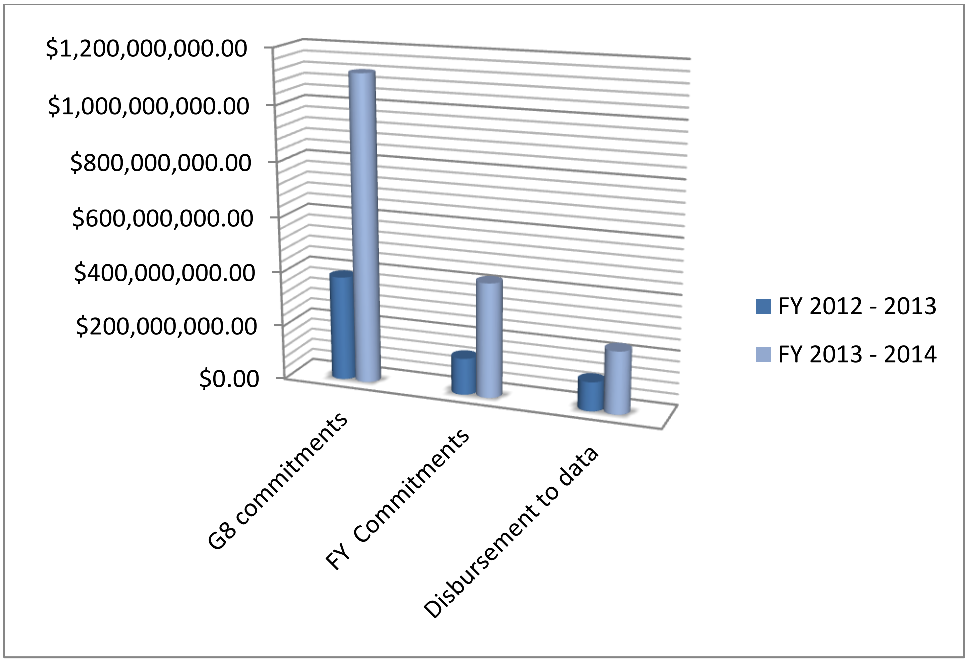
Figure 4 – Top 5 on Budget Development Partner Contributions



The major providers of On-Budget Support where the World Bank $150m (including $75m as of FY 2014), (Belgium with $ 41m (including $22m as of FY 2014), UK AFSI (DFID) 29m (including $13m as of FY 2014), and the EU with $7m.

Thus far 54% of the funds committed by donors have actually been disbursed.

Figure 5 - Development Partners Financial Commitment Trends.



Source: New Alliance progress Report 2013 & SPEED/USAID Development Partner funds tracking Exercise 2014

Donor commitment totals increased significantly from $384m in FY 2013 to over $1.1b in FY 2014. It should be noted that despite this significant increase overall real funding to the sector has only increased by $122m, as financial disbursements in FY 2014 thus far is only 54%, while disbursements in FY 2013 were 79%.

Figure 6: LOI Implementation Progress Reported

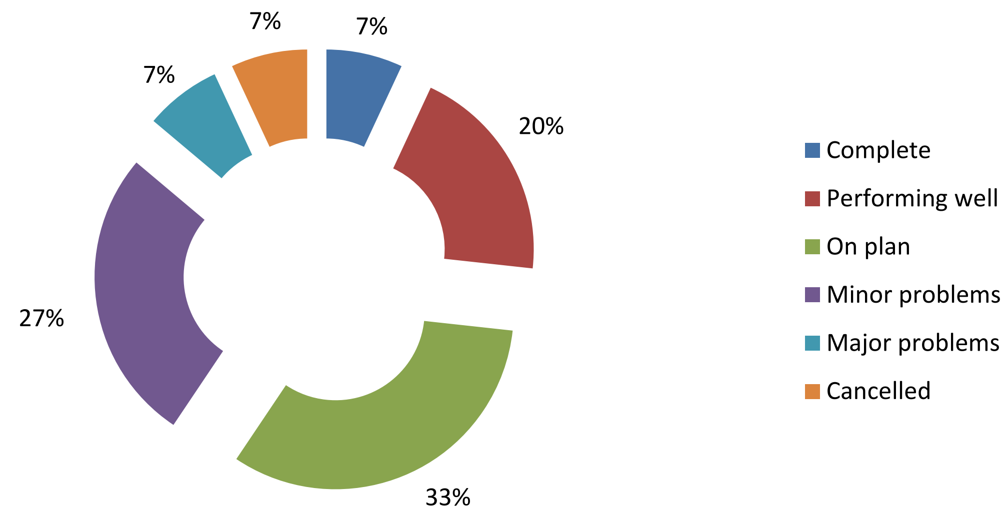


Table 3 provides the quantitative outcomes achieved through the Letters of Intent (LoI). Few companies have provided data and this has resulted in under-reporting of the achievements. As a result of the lack of data it has not been possible to analyse progress against the LoIs in greater detail. Table 4 provides a detailed progress update on the status of the Letters of Intent.

Table 3: Outcomes Reported in 2013 by LoI Companies

	Total value of new private sector investment in the ag sector	**Total volume or value of commodities sourced locally under LOIs**	**Total jobs created from LOIs**	**Total number of smallholder farmers reached from LOIs**
By 2013	$91[1] million of investments consisting of $90 million of capital expenditure and $1 million of operating expenditure were made in 2013.	Information unavailable	1, 430[2] jobs were created with 67% of the jobs occupied by females and the balance by males	225, 000 smallholder farmers were reached consisting of 18% females and 82% males

[1] Only 6 of 20 companies provided data.
[2] 5 of 20 companies provided data, of which 60% was gender disaggregated.

Due after 2013	Information unavailable	Information unavailable	Information unavailable	Information unavailable
TOTAL	Information unavailable	Information unavailable	Information unavailable	Information unavailable

Table 4: LOI Detailed Progress

Name of Company/ Organization	**Goals**	**Year 2 – Progress Update**
African Cashew Initiative (ACi)	Contribute to increasing competitiveness of cashew production and processing in Benin, Burkina Faso, Côte d'Ivoire, Ghana and Mozambique, by: i. Convening investments from corporate partners (approximately $21 million); ii. Linking processing industry to farmer groups so processors can source up to 60% of raw cashew stock directly from farmers or their organizations; iii. Utilizing matching grant funding to assist private sector projects to enhance farmer productivity; and iv. Planning to invest around $50 million through Phase 1 (lasting into 2013) – 50% from private companies and potentially $20-$30 million from 2013 to 2015 including 60% from private players.	In Mozambique specifically: ▪ Increased advisory support to public and private extension services as well as governmental actors to strengthen their capacity in the cashew sector. ▪ Increased quality and quantity of local cashew production.
AGCO	Contribute to capacity building, knowledge transfer on the agronomic system, and the intensification of agriculture and farming mechanization by: i. Establishing a demonstration farm and training centre, together with global and local partners, aimed at large- to small-scale farmers, agriculture students and local schoolchildren; ii. Providing infrastructure and technical support with mechanization, storage and livestock systems, including after-sales services for commercial smallholders, and emerging and large-scale farmers; and iii. Offering finance solutions and	Conducted several field trips. In 2013, merged AGCO proposal for demonstration farm and training centre (shared with the Ministry of Agriculture in 2012) with Cargill's proposal for a nucleus farm and out-grower scheme (with Cargill as lead partner); currently in negotiation phase.

	developing leasing models for tractor supply to small-scale farmers with little working capital.	
Cargill	Contribute to building sustainable market-based agribusinesses by: i. Participating in a 5-10 year public-private partnership to improve grain production, combining risk management tools, investments in agri-infrastructure, and farmer training programs to increase yields and farm incomes for an estimated 16,000 smallholders; and ii. Providing $1.35 million to improve farmer vocational education opportunities in Northern Mozambique.	▪ Feasibility studies completed and operations moving to scale. ▪ Received legal status in June 2013 enabling recruitment of employees and purchasing of crops to commence operations. ▪ Surveyed country to locate suitable out-grower farm locations. ▪ Commissioned model farm economic analysis on specific parcels of land; findings due April 2014. ▪ Completed partnership agreement with AgDevCo for long-term off-take arrangements to source maize from 50,000 smallholders in Beira corridor by 2018. ▪ Plans exist to expand local team, hire 125 seasonal workers to handle grain, and establish 25 buying stations and 5 grain storage sites in 2014.
Competitive African Cotton Initiative (COMPACI)	Contribute to improving the livelihoods of smallholder cotton farmers by: i. Convening investment in the cotton value chain from corporate partners to train farmers in soil/water conservation, balanced crop rotation, and business principles; ii. Expanding cotton demand by promoting the "Cotton made in Africa" brand; and iii. Linking smallholders to larger markets by partnering with the "Better Cotton initiative".	▪ Continuing with strategic investment plans through to 2015. ▪ In partnership with Plexus Cotton Limited, reached over 95,000 smallholders to purchase around 16 tonnes of "Cotton made in Africa" verified seed cotton, and produced over 6 tonnes of "Cotton made in Africa" verified lint. ▪ Trained around 46,000 smallholders in 2013. ▪ Plans underway to invest $3.2 million over 2013-2015 to reach 60,000 farmers.
Corvus Investments International	Contribute to integrating export horticulture investments/projects by: i. Currently planning (as an advisor and investor) and looking to expand 3 projects with a collective scope of $140 million; ii. Potentially partnering in rice, grains, tropical fruit and vegetable production value chains in the Beira, Nacala and Maputo corridors; and iii. Over several years, significantly growing agri-investment portfolio in	▪ Has a 600ha Macadamia development in Catandika region rolling out as of this year (2014). ▪ Selling of a profitable 500 ha Mozambican export banana operation in Boane to a Listed Multinational Company from the original developers ($12.5Mn) ▪ Currently implementing a Mozambique holding Company "Terra Nova" which will aim to achieve a listing on the

	the country.	Mozambique stock exchange in 2017 ; a company which leads a series of agricultural projects in Mozambique;
DADTCO		▪ Signed a Letter of Intent in November of 2013, and aims to build on its current demand from CDM/SAB-Miller for the production of cassava-based Impala beer. ▪ More than 4000 farmers have already been registered as suppliers, delivering an average 3MT of cassava per farmer, an increase in farmer household income. ▪ Intends to establish an additional 5 AMPU's (Autonomous Mobile Processing Unit- a self-contained mobile factory that can be moved to cassava production areas)
ENICA	Capitalize on opportunity to supply bananas to regional and international markets by: i. Planting 300 ha in 2013 with intended growth to 1,000 ha by 2015; ii. Achieving a strong production model as an anchor for the larger area; and iii. Hiring 400 workers annually initially, extending business linkages with up to 15 local companies, and impacting smallholders through improved agricultural techniques and new crops.	▪ Partnered with an international strategic partner to help meet high initial investment required, however, due to financial constraints, the project has not yet progressed. ▪ Other alternatives have been explored and two potential partnerships are being negotiated: i. A PPP (focusing on banana) with the Agricultural Research Institute of Mozambique (IIAM) and their *Centro de Formação em Frutas Tropicais* in Namialo, ii. to provide access to water, management assistance and support to microprocessors; and iii. A proposal to acquire equity in and manage a fruit plantation (for 300-500 ha of banana) in Maputo Province with the same LOI objectives but focusing on the South African market.
Itochu	Create sustainable agri-relationships with farmers, government, donors and other private-sector actors by: i. Expanding existing operations to sesame, soy and other commodity production, processing and trading, in cooperation with the Mozambican government and the Japan	▪ Production of agricultural products: Sesame seed, Non-GMO edible soy bean and other crops. ▪ Trial cultivation of edible soy bean has started with 100MT since 2013. ▪ Cultivar improvement of sesame is in practice.

	International Cooperation Agency (JICA); and ii. Exploring opportunities for investment in warehouse, silo and other commodity logistics operations.	▪ Trading of agricultural products: Sesame seed, Non-GMO edible soy bean and other crops. ▪ 100MT edible soy bean will be imported as trial on commercial basis. ▪ Sesame import is continuing for existing amount. ▪ Proceeding of agricultural products: Processed soy foods. ▪ Market research will be started in 2014. ▪ Investment in a collecting point: The arrangement of logistics, warehouse, and Silo. ▪ It will be launched once cultivation and trading amount of sesame and soy will be increased.
JFS Holding	Increase cotton production and industry capacity by: i. Investing in expanded cotton production (to 22,000 tonnes by end of 2012) and increased ginning capacity (to 30,000 tonnes p.a. by end of 2012); ii. Exploring investment in oil crushing and refining capacity; and iii. Participating in the Better Cotton Initiative, bringing the initiative to all its smallholders by 2015.	▪ Producing hydrophilic cotton for public hospitals, private pharmacies and supermarkets. ▪ With regards to oil crushing and refining, opted to first study and eventually invest in raw material preparation and storage before proceeding with any other agro-processing activities. ▪ Plans underway to produce peanuts as a component of ready-to-use therapeutic food to combat malnutrition, including local quality-controlled processing of the final product in partnership with a world leader in the sector. ▪ Re-launched production of sisal. ▪ Established a partnership with Rioforte (part of Espirito Santo Bank)which led to the establishment of the MOZACO pilot project to begin with 2000ha in Malema province in Nampula, and gradually increase to 20,000ha. In Malema soya and cotton will be produced.
Lozane Farms	Expand the market for smallholder crops by: i. Investing in a seed processing plant in Alto Molocue in Zambézia province, while planning to negotiate off-take agreements of orange-fleshed sweet potatoes to countries in the region and outside Africa;	▪ Developed seed production and working on approximately 250 ha (out of the 1,200 ha owned); partnered with 12 farmer associations and a number of development partners, in particular the USAID AgriFUTURO

	ii. Increasing soya bean and maize seed production in response to growing demand from the chicken industry; and iii. Partnering with new investors domestic or international) to integrate further up the value chain, including in agro-processing.	program, to assist with organizing the associations. ▪ Provided seeds and mechanized services to farmers on a credit basis; demand for seed is increasing and farmers are now paying in advance for the seed. ▪ Established a partnership with Bunge Ltd in 2013, which resulted in an AECF-approved business plan involving a maize project to be implemented in the Alto Molocue district.
Nippon Biodiesel Fuel Co. (NBF)	Contribute to strengthening food and energy security in un-electrified villages by: i. Establishing supply chains for rice production, processing and distribution in three additional districts; and ii. Expanding biofuel production by providing 1,800,000 jatropha saplings to more than 6,000 farmers.	▪ In the second quarter of 2013, established 12 community nurseries in order to promote Jatropha production among smallholders. The nurseries, which have a capacity to produce 280,000 plants, have been established. Principally, the distribution of these plants was scheduled for December 2013 to approximately 10,000 farmers, who have already expressed interests in growing Jatropha. ▪ 2013 purchased 1.3 tonnes of Jatropha seeds from 4 districts in Cabo Delgado province ▪ Currently in negotiations with other producers such as in the District of Rapale (where one producer has 1.5 tons of Jatropha seeds) and other regions in the Niassa Province where around 50 tons of seeds are available. ▪ Began processing rice in March and so far 13 tons of paddy have been processed, resulting in the production of 6.5 tons of white rice, 1 ton of broken rice and 1.2 tons of rice bran. Between April and June in 2013, sold 7 tons of rice.
Rei do Agro	Boost own-farm production and extension program impact by: i. Increasing production/ procurement/ off-take agreements in soybeans to 2,000 tonnes, maize to 700 tonnes, and sunflower to 400 tonnes; ii. Expanding extension farmer program	▪ Increase in production on the 750 ha of land cleared; 2013 target of 1,000 ha was not reached due to maintenance needed on machines. This is directly impacting outgrowers, with which Rei do Agro has signed contracts, and

	from 30 farmers with 250 ha, to around 50 farmers with 500 ha; iii. Extending business linkages with local companies to ten partners; and iv. Directly impacting on 50 smallholders through a soybean extension program.	provides at least one tractor to assist with the activities. They are in contact with ProSavana to assist them. ▪ Made a significant contribution to the economic and social development of contracted out-growers (45 extension farmers) through an improvement in their standard of living. ▪ Continuing to help local smallholders achieve economic empowerment through farming.
SABMiller	Contribute to improving crop quality and yields and to increasing local sourcing by transferring and up-scaling existing cassava processing model to develop the cassava value chain, expanding production to enhance smallholders' productivity, and ensuring the provision of appropriate agricultural extension services.	▪ In partnership with DADTCO, launched a new Mark III autonomous mobile processing unit in Inhambane and created 2 new platforms for cassava processing. ▪ Cassava program reached over 4,750 smallholders through direct sourcing and training, resulting in over 1,605 tonnes being purchased from 2,200 smallholders. ▪ Increasing market demand for "Impala" beer brand and over 450% growth in 2013 shows significant opportunity to expand and develop cassava sector further to the benefit of smallholder farmers. ▪ Improved transportation and smallholder reach by purchase of root collection trucks. ▪ Sourcing maize and sugar from smallholders. ▪ AMPU Platforms: Each AMPU is targeted to have three platforms to move to per year, staying at each platform four months. Roots are sourced around a radius of about 60km around the AMPU. In 2013 we created 3 new platforms in Ghana and in Mozambique two new ones. ▪ Plans to further trigger yield increases through a consistent method of selection of high yielding, disease free stem material and its right treatment and way of planting.

Sunshine Nut Company	Combine social with financial capital in a new cashew processing venture by: i. Reaching $20 million in sales, with 50 roasting and 1,000 shelling employees, while buying raw cashew nuts from around 50,000 smallholders; and ii. Enhancing the community, with 1/3 of net distributions going to farming communities in "hands-up" assistance, 1/3 to care for orphans and vulnerable children, and 1/3 to help create similar food processing companies.	▪ Factory started production in September 2013 and has achieved target production output. ▪ Exclusive roll-out of company product line to countries will occur through partnerships with Pick 'n Pay for South Africa and Whole Foods for the US. ▪ Secured brokerage and distribution commitments in both South Africa and the US for nationwide distribution; strong interest registered from major retail establishments to carry the company product line. ▪ Plans underway to expand secondary roasting operations with larger buildings on site within the Beluluane free trade zone in Matola. ▪ Planning the implementation of Project Sunshine; working with various governments, NGOs and cashew shelling operations to vertically integrate in order to establish traceability, organic certification and value addition at village level.
Swiss Re	Develop micro-insurance solutions to agricultural risks by investing in-kind to support development of sustainable agri-risk management markets, with a view to assisting farmers with production risk coverage, accessing finance and engaging in higher income generating activities.	▪ Partnerships forged with donors, businesses and governments for advancement of agri-risk transfer markets through International Finance Corporation funded projects. ▪ Swiss Re is acting as a Reinsurer to the Weather Index Insurer deal that is facilitated through Hollard Mozambique and Emose. The IFC gave funds to guy Carpenter to design and implement the project, which has the pilot phase concluded. Currently in the process of renewing support to local stakeholders ▪ Supported the implementation of a pilot weather risk transfer scheme. ▪ Held local trainings and awareness-raising events. ▪ At pan-African level, 300,000 smallholders reached.
Syngenta		▪ Has opened offices in Maputo, has

		begun the process of registering seeds with the Mozambican government. ▪ Initiated activities in the Nampula province, and officially launched the company in the same province
Toyo Engineering Corporation (TOYO)	Contribute to filling the fertilizer application and availability gap by undertaking further detailed feasibility studies for the Urea Fertilizer Complex Project in Beira, with support from the Mozambican government and JICA.	▪ The company is working on behalf of Sumitomo Corporation by undertaking a feasibility study for fertilizer urea production for indigenous natural gas. More specifically undertaking a more detailed feasibility study for the Urea Fertilizer Complex Project in Beira, with support from the Mozambican Government and with JICA . Currently looking to secure USD1.23 billion off-take financing for the plant.
United Phosphorus (UPL)/Advanta	Contribute to improving productivity and income of small and marginal farmers of interest crops (corn, sorghum, sunflower, canola, rice, cotton, forages, legumes and vegetables) through technology transfer via on-farm training schools (3,000 trainees planned in 1st year), and by acting as key input and knowledge partner to large farms.	▪ Hired Consulting Services to research the procedures for registering seed, planned visits to Mozambique. ▪ Permission granted to import seeds for sorghum, rice and oilseeds for testing. ▪ Partnered with big local company to organize farmer schools; 2nd year of demonstrations/testing, with 6 demos conducted and technology showcased to 300 farmers. ▪ Seeking approval for rice seed technology. ▪ Working on a forage development project in partnership with the International Fertilizer Development Center (IFDC) to improve animal health, nutrition and milk productivity.
Vodafone	Contribute to increasing the productivity, incomes and resilience of smallholders by: i. Establishing, with USAID and TechnoServe, the Connected Farmer Alliance (CFA) for operation in Mozambique, Kenya and Tanzania to provide mobile agriculture solutions increasing resilience to shocks for 500,000 rural smallholders, of which approximately 150,000 will be women;	▪ In 2nd year of 3-year (Sept 2012-Sept 2015) CFA; reached 7,863 smallholders to date through management training in the 3 Alliance countries. ▪ Conducting feasibility studies in Mozambique. ▪ Through a partnership with Technoserve is leading the establishment of the Connected Farmer Alliance. Mapping of

	ii. Optimizing supply chains by strengthening linkages and feedback loops between smallholders and large agribusinesses; and iii. Improving access to secure, timely payments and other financial services.	agribusiness value chains for Empresa Comercial Agricola and AKA has been done. Next steps will be mapping of mobile solution then implementing the pilot phase. Implementation of the first pilot phase with Empresa Comercial Agricola in Chimoio was begun toward the end of 2013. ▪ Currently in the 2nd year of implementation of the CFA, and has reached 7863 smallholders ▪ Conducting feasibility studies in Mozambique

The following investment plans exist, but no progress report is available for 2013.

Table 5: LOI with no progress reported

Name of Company/Organization	Goals
Jain Irrigation	In line with national 2020 malnutrition and poverty reduction targets, contribute to developing irrigation and enabling infrastructure by: i. Developing an integrated agricultural cluster in an area identified as suitable; and ii. Adopting modern technology in irrigation, agronomic practices, harvesting, supply-chain management and produce processing.
Khulima Púnguè Agricultura e Serviços (KPAS)	Invest in diversified crop production in the Beira Corridor by: Focusing on a balance of crops with short- versus longer-term returns; Planting 100 ha (10 maize seed, 10 soya, 10 potato, 30 litchi, 20 avocado, and 20 mango), while also working with smallholders in an out-grower scheme; and Partnering with other companies further up the value chain to create a more integrated offering.
Sumitomo Corporation	Contribute to increasing local sourcing and forging local partnerships by: i. Undertaking a feasibility study for fertilizer urea production from indigenous natural gas; and ii. Exploring a partnership with a local company for the commercialization of agro-chemical products.

Issues Affecting New Alliance Private Sector Partners

This section identifies any patterns emerging from issues affecting the private sector partners within the New Alliance Framework. Under the New Alliance in Mozambique a number of companies have committed, through compacts (LoIs), to undertaking various investment projects which aim to assist in the goals of promoting food security and improved nutrition. In the process of seeking to undertake these investments some of the partner companies have experienced difficulties. The companies are receiving support from the government through CEPAGRI to overcome these hurdles.

The analysis is based on CEPAGRI status reports provided for seventeen of the partner companies. It is designed to provide an overview of difficulties with a view to identifying any additional work which could be undertaken to document the barriers encountered and thus input into discussions around the implementation of the New Alliance Framework. The companies analysed are: Cargill; Sunshine Nut Company; Syngenta; Corvus; Lozane Farms; UPL,Rei do Agro, NBF, Toyo Engineering, Vodafone, JFS Holding, Swiss Re, SAB Miller, DADTCO, ENICA, COMPACI

Issue	**Companies affected**
Land selection and approval	Cargill, Corvus, UPL, JFS Holding
Bureaucratic procedures in company creation, land application, product (seed) registration and licensing – red tape	Cargill, Corvus, UPL, Rei do Agro
Identification of relevant contacts in government	Cargill, Syngenta, Corvus, UPL, NBF, Rei do Agro, DADTCO
Access to information on legislation, policy and implementation, relevance of investment legislation (e.g. CPI)	Cargill, Syngenta, UPL
Information on decentralization of procedures – what is to be done at provincial or national level	Cargill, NBF
Identification of potential partners, access to finance and market research	Cargill, Syngenta, Corvus, Lozane, UPL, TOYO, NBF, Rei do Agro, ENICA,
Complexities in export procedures	Cargill, Rei do Agro
Access to agricultural statistics	Cargill, Lozane, Syngenta

The foregoing illustrates a number of key areas in which the New Alliance partner companies have encountered difficulties. The issues encountered directly correlate with general problems in the business environment such as lack of available information, and red tape.

Additional data should be gathered from other partner companies to determine if these problems are common throughout, and if any other issues have arisen. In order to contribute to discussions around the successful implementation of compacts by the private sector, and overall business environment reform it may be useful to consider undertaking case studies of the experiences of the partner companies to contribute to overall discussions around the need to reform the business environment and the way in which investors are dealt with. It is likely that if these companies, which are considered to be priority partners of government are experiencing these types of issues, then the situation is significantly worse for SMEs.

Business Advisory Working Group

The cooperation framework in Mozambique indicates that the private sector is expected to advise, shape, and participate in broad, inclusive and sustained consultative mechanisms with the host government. Currently there are a number of consultative mechanisms which potentially feed into the discussions around NA. These include the CTA agriculture working group (*pelouro*), the Land Forum and other mechanisms within MINAG, and the working relationship between the NA partner companies and CEPAGRI.

However none of these mechanisms is designed specifically to input the private sector's views into discussion around legislative development and reform within the NA framework. For example, the CTA agriculture *pelouro* has its own work plan and agenda which in some instances overlaps with NA matters, while the MINAG forums deal with specific issues such as land. Through CEPAGRI the NA partners have a support mechanism for their investments but this does not overlap with or lead to dialogue among others interested in the overall developments in agriculture envisaged by NA.

Recent analysis of legislation developed or under development within the NA framework indicates that much of this would benefit from additional private sector input in order to comply with the policy objectives discussed above. Analysis of the difficulties faced by a number of the NA partner companies in realizing their planned investments further indicates the need for structured dialogue to resolve the issues arising, not only for the partner companies but also for the private sector as a whole. In addition, while much of the NA process is led by MINAG there are significant overlaps with other authorities such as the Tax Authority (AT) which suggest that the private sector's voice needs to be heard in a wider context on matters related to the NA framework.

Thus, the creation of a Business Advisory Group on the New Alliance is proposed, which would address the issues outlined above.

The Group would be expected to:

- Be available at least bi-monthly to discuss relevant policy issues pertaining to NA and affecting business;
- Provide policy comments and recommendations based on its experience and in line with NA goals and objectives;

- Provide comments and opinions by electronic or telephonic means, or through meetings, outside the regular bi-monthly meetings, as requested;
- Represent the opinions of business in the agriculture, agro-processing and related sectors as relevant and in line with their own specialist knowledge and experience;
- Represent the opinions of the Group and seek to ensure that the general views agreed by the Group are heard outside the Group, using any means at their disposal, such as their own representative organizations, contacts with government or donor organizations, or the media with a view to ensuring wider, informed debate about the issues in question;
- Contribute to, and seek to motivate broad debate on policy related matters as related to agricultural, food security, nutrition and business environment development;
- Act in their individual capacity, in their capacity as members of the Group and as representatives of their companies as ambassadors for the NA and for increased private sector investment in the agriculture sector, and as ambassadors for policy change where this is deemed by the Group required.

The Group should be sufficiently large to be representative, but sufficiently small to enable it to work effectively. Group members should include a variety of sectors and experiences, including agriculture, agro-processing and other related industries. It should also draw on experience from existing investments and potential new investments under the NA compacts. Group members should have sufficient standing in the business community to ensure that their voices are heard and their inputs respected. Where possible, to ensure continuity in the workings of the Group, the commitment of a specific representative of an organization to participate should be guaranteed.

It is proposed that the Group comprises a balance of: members of the CTA agriculture *pelouro*; representatives of other relevant sectoral organizations; representatives of some of the NA compact partners receiving assistance from CEPAGRI; any other interested party who fulfills the criteria outlined above. SPEED is currently working with interested stakeholders to support the establishment of this group.

Annex 1: Policy Review

The designing of national policies and strategies in Mozambique is principally the work of the national government, with the provincial and district-level governments and their agencies being responsible for the implementation of the national policies and strategies in their areas of jurisdiction. Generally, the policy-making process in Mozambique is very centralized with reforms driven principally by the ministers and followed up by the Council of Ministers (Africa Lead and EAT 2013).

As Mozambique is among the poorest countries in the world, poverty reduction is the main government's agenda. The *Plano Quinquenal do Governo* (PQG – Five-year Plan of Government) and the *Plano de Acção para Redução da Pobreza*, 2011-2014 (PARP – Action Plan for the Reduction of Poverty) are the two major strategic documents that currently guide any policy-making exercise in Mozambique. However, major strategies, policies, and action plans are not only influenced by long standing development agendas for the country, they also are designed in response to immediate crises and challenges facing the country. The PQG has combating poverty and improving the living standard of the people as its principal objective, while PARP is the medium-term strategy designed to operationalize how the PQG's objectives will be attained (WB 2011).

In Mozambique, most of the strategically important sectors, such as agriculture, usually prepare their own medium-term strategies. For the agriculture sector, the two most recent strategies were PROAGRI I (1999–2006) and PROAGRI II (2005-2011) (*Programa Nacional de Desenvolvimento Agricola de Moçambique* – National Program of Agricultural Development in Mozambique). Currently, the *Plano Estratégico de Desenvolvimento do Sector Agrário* (PEDSA – Strategic Plan for the Development of the Agriculture Sector) is the strategy which lays out the vision for development in the agriculture sector in Mozambique and how the government will prioritize its allocation of resources to that end. In principle, the national development program (PQG) and the mid-term strategy (PARPA) are the foundations of the agricultural sector strategy, while the policy content of the PEDSA is justified by and integrated into the PQG and PARPA. The PNISA is the investment plan that has been developed to operationalize actions to achieve the objectives of the PEDSA.

In addition to PEDSA and the PNISA, there are other complementary strategic documents that pertain to specific issues in agriculture and food security and nutrition, including the *Estratégia e Plano de Acção de Segurança Alimentar e Nutricional* 2008-2015 (ESAN II - Food and Nutrition Security Strategy and Action Plan), the *Plano de Acção Multissectorial para a Redução da Desnutrição Crónica em Moçambique* 2011-2014 (PRDC - Multi-sectoral Action Plan for the Reduction of Chronic Malnutrition in Mozambique), and the *Estratégia de Desenvolvimento Rural* (EDR – Rural Development Strategy).

Moreover, within the framework of the PEDSA and PNISA, there is a range of plans to address or statements to define sub-sectoral priorities within agriculture that constitute part of the agricultural policy framework for Mozambique. These include the *Estratégia de Investigação* (Agricultural Research Strategy), the Programa *Nacional de Extensão* (PRONEA, National Extension Programme), the *Estratégia* *de Reflorestamento* (Reforestation Strategy), the *Plano Nacional de Florestas* (National Forestry Plan), the *Estratégia de Irrigação* (Irrigation Strategy), the *Plano de Acção para a Produção de Alimentos* (Food Production Action Plan), and the *Plano Estratégico da Pecuária* (Strategic Plan for Livestock). Some of these plans have been completed and phased out, others are under active implementation, some have never been more than statements of intent, while others have been quickly superseded.

Agricultural policy framework - Mozambique

The government of Mozambique has taken important steps to advance the implementation agenda of CAADP in the country. Mozambique explicitly embeds CAADP in its current strategic plan for agricultural development, the PEDSA. Moreover, following the signing of the CAADP Compact Mozambique elaborated a national investment plan for the agricultural sector, the PNISA, to achieve the goals for the development of Mozambican agriculture laid out in the PEDSA and in alignment with the CAADP-Mozambique process that required the formulation of such an investment plan. In this sub-section, a synopsis is provided of the priorities laid out in the PEDSA and PNISA, respectively.

Plano Estratégico para o Desenvolvimento do Sector Agrário (PEDSA – Strategic Plan for the Development of the Agricultural Sector)

The PEDSA was approved in late-2010 to serve as government's strategic plan for the development of the agricultural sector for the period 2011 to 2020 (MINAG 2010). PEDSA replaced the PROAGRI strategies (IFAD 2012b), and is characterized as a multi-sector, inter-ministerial approach to improving agricultural performance (World Bank 2011). The PEDSA provides specific content on agricultural development within the broader context of the PQG and PARPA and contributes to the definition of financial programming by government in the agricultural sector under its 3-year medium term expenditure framework, the *Cenário Fiscal de Médio Prazo* (CFMP).

PEDSA bases its medium and long-term vision not only on national directives for agriculture but also on the priorities set out in CAADP. The four pillars of CAADP – sustainable development of natural resources; markets and infrastructures; food production; and agricultural research – serve also as foundations for PEDSA at both strategic and operational levels. PEDSA was developed following a nominally participatory approach that involved all stakeholders, including representatives of producers, service providers, cooperation partners, researchers, and civil society.

In line with CAADP's target of 6 percent annual economic growth in the agricultural sector, the PEDSA establishes a higher target of at least 7 percent agricultural growth per year. The sources of this growth are envisioned to be a combination of doubling yields and increasing the area under cultivation by 25 percent by 2019, both to be carried out in a manner that ensures the sustainability of Mozambique's natural resources.

The general objective of the PEDSA is to "contribute towards the food security and income of agricultural producers in a competitive and sustainable way, guaranteeing social and gender equity". To achieve this objective, it has the following five specific strategic objectives:

1. Increase agricultural productivity and competitiveness;
2. Improve infrastructure and services for markets;
3. Use land, water, forest and wildlife resources in a sustainable manner;
4. Create a legal framework and policies that are conducive to agricultural investment; and
5. Strengthen agricultural institutions.

Under each of these strategic objectives a set of results are defined – 30 results in total – with specific strategies proposed for achieving each one.

Explicit in the PEDSA is that government's proper role is facilitating increased private investment to foster expansion of the agricultural sector. Government is to provide infrastructure, incentives, legal frameworks, and public services that will create a favorable environment for the private sector to invest in agricultural production, processing, and marketing. Increasing the confidence of private agricultural investors is at the center of the PEDSA. Notably, the PEDSA seeks to expand commercial agricultural production in Mozambique, with a consequent reduction in the number of smallholder farmers and an increase in farm size and productivity levels.

Plano Nacional de Investimento do Sector Agrário (PNISA) – The National Investment Plan for the Agricultural Sector

The PNISA is the national investment plan for undertaking the actions needed to achieve the objectives for the development of Mozambique's agricultural sector as established in the PEDSA. PNISA also serves as the investment plan that is part of the framework for operationalization of CAADP at country level. It was developed by a technical team that was established after the signing of the Mozambique CAADP compact in December 2011. This team worked in a consultative manner with government agencies across multiple sectors, donors, the private sector, and civil society to design the investment plan. PNISA was launched in April 2013 and covers the period 2013 to 2017.

Three main goals are established for the PNISA:

1. Agricultural sector growth that averages at least 7 percent annually over the next ten years;
2. Reduction in the prevalence of chronic malnutrition in children under five years to below 20 percent by 2020; and
3. Reduction by half of the proportion of the population of Mozambique that suffer from hunger by 2015.

While the first goal is taken from the PEDSA, the other two are new to the PNISA. The structure of the PNISA is in alignment with the five strategic objectives of the PEDSA, but they do not correspond directly:

1. The Production and Productivity component of PNISA will serve to achieve the PEDSA strategic objective of increasing agricultural productivity and competitiveness;
2. The Market Access component will serve the PEDSA strategic objective of improving infrastructure and services for markets;
3. The Food and Nutritional Security component of PNISA does not directly match to any of the PEDSA strategic objectives but provides a cross-cutting emphasis for actions under PNISA to address nutrition aspects;
4. The Natural Resource component of PNISA corresponds closely to the PEDSA strategic objective of using land, water, forest and wildlife resources in a sustainable manner; and
5. The Institutional Reform and Strengthening component of PNISA corresponds to the PEDSA objective of strengthening agricultural institutions.

The PEDSA objective of creating a legal framework and policies that are conducive to agricultural investment is not explicitly addressed at the component level of the PNISA, but is an element in several of the programs under those components.

Under each of the five PNISA components are detailed sets of programs and sub-programs – 21 programs and 61 sub-programs in total. With such a large number of priorities, the PNISA allows for a very broad scope of action. Budgets are established for each of these sub-programs in order to determine the total financial resources required for implementing the PNSIA from 2013 to 2017. These budgets total Mt 112 billion, or about US$ 4 billion. The Production and Productivity component of PNISA has been allocated the bulk of the budget – almost 85 percent.

Consistent with the CAADP compact, the government of Mozambique and donors agreed to mobilize funds to support the achievement of PEDSA objectives as laid out in the action plan. At the time that PNISA was launched, there was a sizeable financing gap of 78 percent of the total budget. Filling this gap will be an important challenge for the effective implementation of the PNISA.

New Alliance as supporting tool for the implementation of PEDSA and PNISA

The New Alliance is a shared commitment between the Government of Mozambique, private sector and donors, to achieve sustained and inclusive agricultural growth and raise millions of people out of poverty. Therefore the New Alliance is a:

- **Support tool for the implementation of PEDSA** - it includes Government of Mozambique's commitments to drive effective policy actions aligned with PEDSA objectives in order to build domestic and international private sector confidence and thus increase agricultural investment with the overall goal of reducing poverty and ending hunger.

Support tool for the implementation of PNISA - it outlines (i) the Government of Mozambique's commitments to providing the financial resources required for the achievement of the tangible and sustainable outcomes of PNISA, (ii) private sector commitments to increase investments where the conditions are right, in support of PNISA, (iii) and donor commitments to expand the country's potential for rapid and sustainable agricultural growth and to ensure alignment between their agricultural financial and technical support and PNISA priorities, in such a way as to accelerate the implementation of these strategic tools.

Annex 2: Assessing Agricultural Development Achievements under PNISA

This annex aims to synthesize the information presented in the previous sections highlighting ways in which progress to date under the PNISA serves to advance Mozambique towards the objectives it has set itself for agricultural development under the PEDSA. The actions of the various stakeholders in agricultural development in Mozambique within the PEDSA framework need to be considered against the commitments that they made to advance PNISA implementation. This information is necessary so that those involved in the JSR have a clear understanding of where in the action plan successes are being realized and, more importantly, where further thought is needed on implementation modalities or a change in course is required to address failures. These assessments are designed to allow for mutual accountability among the stakeholders and should foster a sense of joint responsibility to correct problems as they are identified.

The PNISA was made public in April 2013. Those reading the document will quickly observe that the 21 programs and 61 sub-programs require considerable elaboration before implementation can begin.

SWOT analysis

The following outline SWOT analysis proposes ways to assess progress to date focusing on the quality of execution and the quality of the monitoring and evaluation systems that are in place to identify and guide any necessary course corrections in PEDSA and PNISA implementation.

Definitions of strengths, weaknesses, opportunities, and threats in the context of this analysis are as follows:

- Strengths refer to those characteristics of a specific intervention that make it better suited to achieve the desired development objectives than would alternative approaches or interventions – in this case, achieving the objectives and goals of PEDSA.
- Weaknesses are features of interventions that put them at a disadvantage relative to others interventions.
- Opportunities are contextual elements that could be used to the advantage of the intervention.
- Threats are contextual elements that have a potential to impede the intervention in accomplishing its objectives and goals.

The identification of these characteristics of PNISA implementation is of necessity subjective. Each individual involved in the JSR process will likely bring to the table a somewhat set of issues. Consequently, in using the SWOT analysis to guide program adjustments and redesign or to define complementary strategies that build on strengths or mitigate weaknesses, a thorough examination of all the issues placed into each category of the SWOT analysis will need to be carried out. This is a form of analysis where different perspectives will likely prove profitable for prioritizing issues and drawing lessons that can serve to improve PNISA implementation.

The issues raised here, while they are informed by a close examination of agricultural policy-making, priority setting, and program implementation within the context of the PEDSA and CAADP-Mozambique, are by no means definitive. Nonetheless, the SWOT analysis here should assist in making a first step towards defining a more accurate set of strengths, weaknesses, opportunities, and threats that characterize the PNISA implementation process so far.

Strengths

- Reasonably broad coalition of stakeholders involved in the CAADP-Mozambique process and the development of the PNISA.

- Signing the CAADP-Mozambique compact commits stakeholders to work towards the PEDSA objectives in the manner articulated in the PNISA.

- High level political support for the PNISA articulated by the president and Council of Ministers.

- The G8 New Alliance for Food Security and Nutrition in Mozambique Cooperation Framework agreement is designed to be supportive of and to motivate actions that are wholly within the policy and planning framework of PEDSA and PNISA and provides additional resources and momentum for PNISA implementation.

Weaknesses

- Indications that the CAADP-Mozambique process and the implementation of the PNISA is primarily a MINAG activity with little participation of other sectors, civil society, and the private sector engaged in agriculture.

- PNISA is very broad in scope. Considerably more prioritization and pruning of programs and sub-programs could have been done. This has ramification on raising the resources needed for implementation, as both the Ministry of Finance and donors may select from among the priorities stated in the PNISA those which will receive their financial support.

- PNISA is ambitious and is at risk of requiring greater human capacity to implement than is available in rural Mozambique.

Opportunities

- Considerable will from donors to see Mozambique achieve some tangible degree of agricultural transformation through the successful implementation of the PNISA.

- The significant contributions to the Mozambican economy that are foreseen to be coming out of mining and natural gas exploitation will potentially allow an increase in government financing of PNISA. The PNISA offers a useful way to transfer some of the revenue from the narrow mining and gas sectors to a wide segment of citizens of Mozambique.

- The lead-up to the elections in late-2014 may provide a pro-PNISA political environment as those seeking election look for opportunities to demonstrate their commitment to the rural electorate.

Threats

- Delays in organizing the coordination of the activities under PNISA will result in a loss of coherence and delay progress towards the PEDSA objectives.

- The elections in 2014 may mark a highpoint in political commitment to the PNISA that will be rapidly eroded thereafter as elections promises confront the day to day reality of governing the country.