

1 INTRODUCTION

1.1 Background

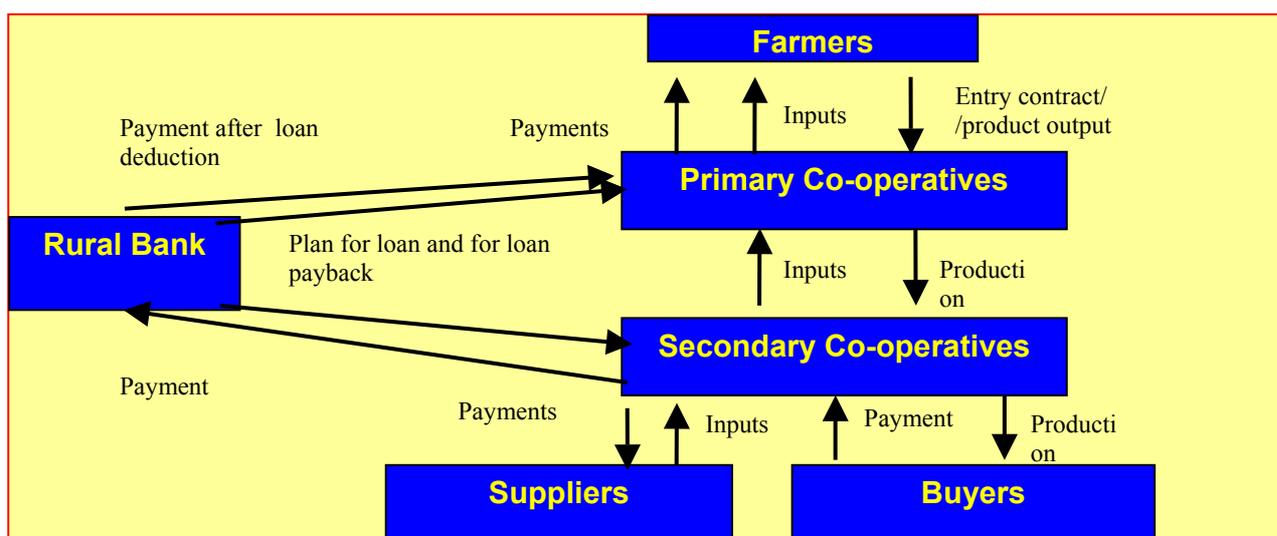
1. The present study is in accordance with the Terms of Reference of the Contract signed between the Associação Rural de Ajuda Mutua (ORAM) and the company Verde Azul Consult Lda, financed by the Dutch NGO NOVIB. The Terms of Reference are attached in Annex 1. This report is the result of bibliographical research, field studies and inventories, and of negotiations with various stakeholders in the commercialisation processes of the centre of Mozambique during the year 2004.

2. During the last few years ORAM has been searching for ways to promote commercialisation, including the improvement of access to agricultural credit. In 2001, two farmers organizations, the *União Nacional de Camponeses* (UNAC) and *Agrarius* with support from the Rabo Bank International Advisory Services (RIAS) established a *Strategy for the development of a commercialisation structure for the agricultural sector and of a rural banking system in Mozambique* (bibliography, 1]). The essence of the strategy is the development of transactions based on sustainable legal entities.

With respect to commercialisation, the creation of co-operative enterprises of two levels are proposed: (i) primary co-operative enterprises based on the efficient supply of inputs to its farmer members and on the collection of commercialisable surpluses; (ii) secondary co-operative enterprises owned by a group of primary co-operative enterprises, which mainly dedicate themselves to negotiating the acquisition of inputs and the sale of produce in such a way as to obtain the best possible prices for the farmers. With respect to rural financing, the strategy proposes the creation of a rural co-operative bank, which after a reasonable period of time will attain national coverage.

3. The following figure represents in diagram form the way the strategy functions:

Figure 1: RELATIONSHIPS BETWEEN FINANCIAL SERVICES AND COMMERCIALISATION STRUCTURES.



4. The above strategy guided ORAM's lobby and advocacy activities in 2002 and 2003. During this period, the interests of the Government as well as of farmers groups and of various financiers was mobilized for the realization and implementation of the new structures. Towards the end of 2003, funding was secured for carrying out the present study and in the beginning of 2004 the

consortium GAPI – RIAS was created, which was equipped with the necessary means for preparing a business plan and for the implementation of a rural bank.

1.2 The team

5. The following table shows the composition of the work team. A total of 439 working days were spent in developing this study.

Table 1: WORK TEAM.

	FUNCTION	Name	Entity
1	Coordinator	Carmen Ramos	Verde Azul
3	Maize specialist	Josef Teich	NMCP
3	Rice specialist	Robert Elmont	NMCP
4	Specialist in Co-op Enterprise	Wim van Diepenbeek	RIAS
5	Economist	Stephen Gudz	Verde Azul
6	Cashew specialist	Antonio Quinze Nhamaze	SNV
7	Lawyer	Arlet Patel	Verde Azul
8	Community facilitator	Jan de Moor	Verde Azul

The core team consisted of consultants from the company *Verde Azul Consult Lda*, whereas for specific issues staff from the companies RIAS, NMCP (Netherlands Management Cooperation Program) and SNV (Dutch Development Organization) was contracted. The team of *Verde Azul Consult Lda* assumes responsibility for the final text.

1.3 Work methodology

6. In brief, the following work method was used (see Annex 2 for day to day activities):

- Before starting with the fieldwork, various governmental and financial institutions were visited in order to identify current policies and to try to ascertain sensitivities concerning the subject.
- In 15 districts of the provinces of Sofala, Manica and Zambézia, 111 semi-structured interviews were conducted with different stakeholders in the commercialisation process (See the list of consulted persons at the end of this report).
- In June 2004, the districts and crops for which a business plan would be made were selected, based on the information available at the time.
- In these districts, an exhaustive inventory was made of the producers and the respective production areas. The producers are considered as the main participants of the future interventions in surveying production and surpluses to be commercialised.
- Group meetings were held with the producers in order to evaluate the potential of adherence to joint commercialisation and to analyse opportunities and constraints for this organization
- . In each province, a seminar was organized with government officials, NGOs and farmers organizations, for the presentation of the collected information and for probing and discussing opinions about options and solutions (see, as an example, Annex 5, which contains a presentation of the seminar held in Chimoio).

- In the course of 2004, a pilot commercialisation program (in the rice sector) was developed along co-operative lines, with a view to obtaining practical and realistic experiences that provide a sound basis for the structured business plans.
- Finally the present report was developed. After a description of the current situation in the districts under consideration, this report presents:
 - a proposal on the organization and functioning of one- and two-tier commercialisation co-operatives, including statutes per type;
 - business plan proposals for co-operatives of rice and fruit (Nicoadala, Namacurra, Mopeia, Maganja da Costa and Quelimane), maize and beans (Alta Zambézia and Mocuba, Manica and Gorongosa) and cashew (Maganja da Costa);
 - a proposal to ensure the implementation of the above plans.
- These proposals constitute the initial basis for negotiating support for the development of these structures. In the course of their implementation, the plans will be adjusted in accordance with the conditions that will have developed in each case