

2 INVENTORY OF THE SITUATION CONCERNING COMMERCIALISATION AT DISTRICT LEVEL IN THE CENTRAL REGION

7. During the months of January – June 2004 a number of districts were visited where team members conducted interviews with various stakeholders in the commercialization process. The districts are the following (see table):

Table 2: DISTRICTS COVERED BY THE INVENTORY.

Nr	District	Province
1	Milange	Zambézia
2	Gurué	Zambézia
3	Alto Molocué	Zambézia
4	Ile	Zambézia
5	Mocuba	Zambézia
6	Morrumbala	Zambézia
7	Mopeia	Zambézia
8	Nicoadala	Zambézia
9	Maganja da Costa	Zambézia
10	Caia	Sofala
11	Gorongosa	Sofala
12	Gondola	Manica
13	Sussendenga	Manica
14	Manica	Manica
15	Barué	Manica

This chapter reports in detail the situation of the producers with respect to negotiating power in the market (section 2.1). It presents a summary of the results from the inventory (section 2.2) and it concludes with the selection of the areas where interventions will be planned (section 2.3).

2.1 Description of existing supply chains.

8. In the description of the commercialisation processes the following points are taken into account:

1. Organization of producers.
2. NGOs and intervening enterprises.
3. Capacity of existing storage facilities.
4. Access roads and means of communication.

9. The districts the analysis of this study focussed upon are:

- In Zambézia Province the districts with major agricultural potential and market turnover.
- In Sofala Province the districts of Gorongosa and Caia.
- In Manica Province the four districts along the Beira corridor.

All districts that were visited have a wide range of commercial agricultural activities. Each has different groups of producers having their own profile and work strategy. In order to clarify the differences between the districts, we used historical farming and production methodology information, present production capabilities as well as production data concerning each district.

MILANGE.

10. The agricultural products most produced in the district of Milange are maize and beans. Exact information on produced quantities does not exist. In 2003, the commercialised quantities registered by government structures were 12.550 tons of maize and 2.214 tons of beans (information from the District Director of Commerce).

11. During colonial times the district had two big Portuguese traders: Maia in Manjawa along the Shire river (75km from the village) and Vale in Liaze (36km from the village). Manjawa had an industrial mill with a huge storage capacity, a dam for hydroelectric power and a ferry that ensured the connection with the market in Malawi. Both traders had a network of rural shops. Today this system no longer functions, and Manjawa is nearly abandoned. However, there are some recuperation initiatives in other places, such as Liaze, where the trader Reis started some activities. Warehouses still exist in Mongué, Salimba (rehabilitated) and Mulumbo. The road network is limited. The connection between the small town of Milange (at the border) with the provincial capital Quelimane is problematic during the rainy season. Milange town only has a fixed telephone network from TDM. It has access to electric energy bought from Malawi.

12. Commercialisation of cereals in the district is done by big traders (company V&M, which during the last two years was replaced by the Export Marketing Company), Malawian enterprises and hundreds of informal traders. The two ICM warehouses (300 and 5000 tons) in Milange town were leased out to the V&M/Export Marketing Company. In 2003, V&M and the Export Marketing Company suspended their operations in Milange and this led to a big flow of maize being transported by bicycle to Malawi by informal traders. During the 2004 campaign, the flow of maize to Malawi was also large. On 26 May 2004, the Verde Azul team observed hundreds of informal traders hauling maize in the district interior by bicycle, and crossing the border. On that date, the purchase price in Sabelua (at 50km) was 10 Kwachas (2.150,00 MZM/Kg) and the selling price (1km across the border) was 15 Kwachas (3.225,00 MZM/Kg).

13. There are also other, more complex systems. The following figure shows another commercialisation mechanism in this district:

Figure 2: COMMERCIALISATION OF MAIZE FROM MOZAMBIQUE TO MALAWI (CROSS BORDER TRADING).

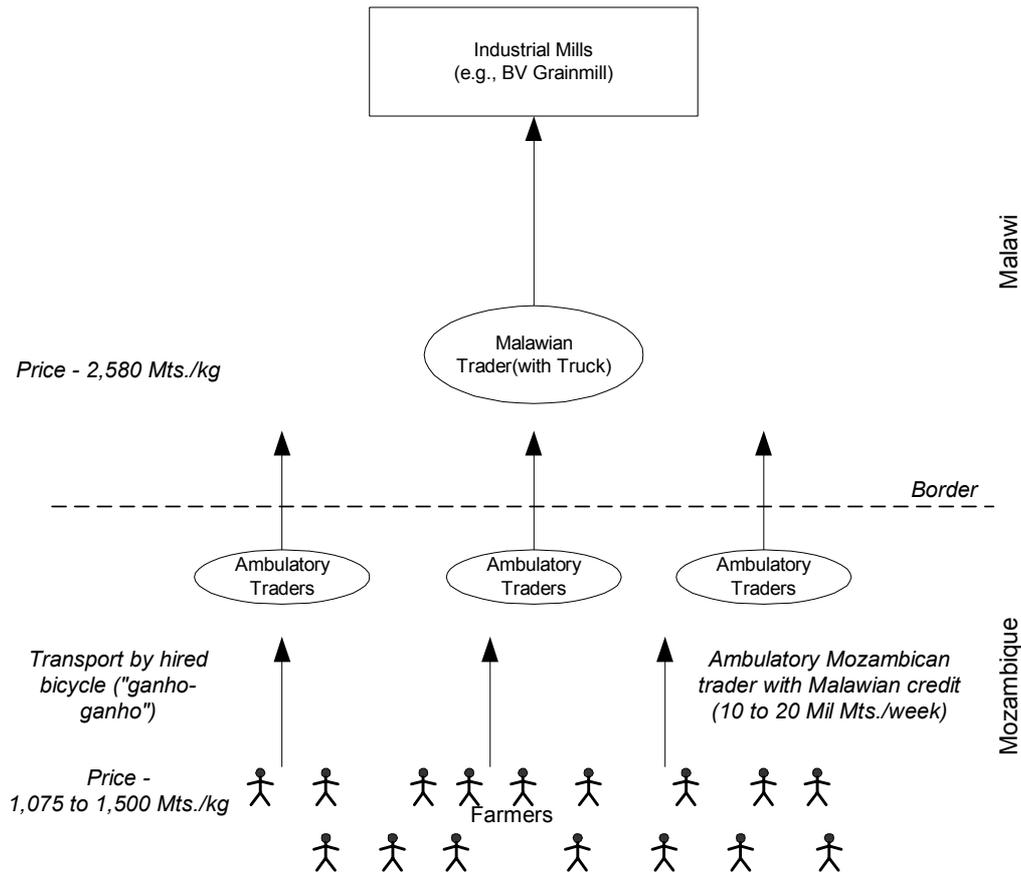
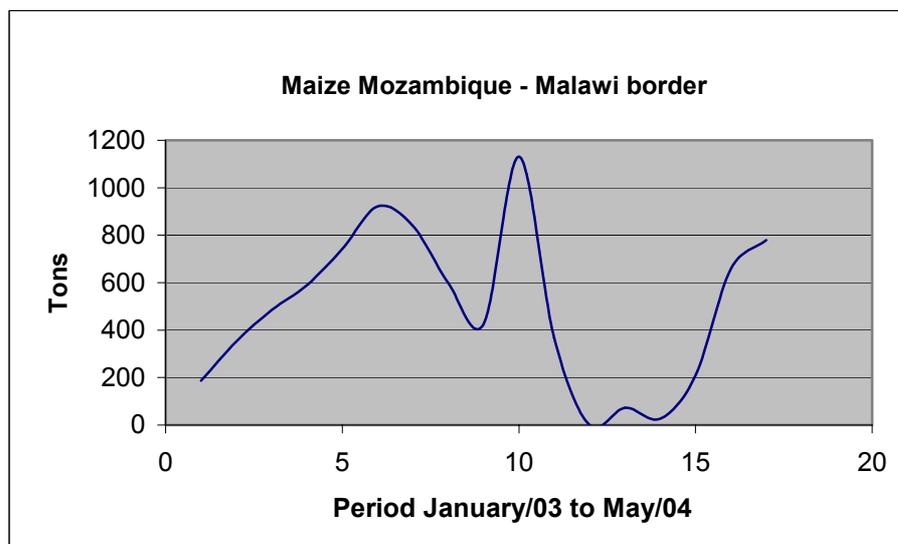


Figure 2 shows a doubling of the price immediately upon crossing the border!

14. Figure 3 indicates the volume of maize crossing the border (mostly by bicycle) via the bridge over the Mulosa River.

Figure 3: MAIZE CROSSING THE BORDER FROM JANUARY 2003 UNTIL MAY 2004.



In 2003, 6640 tons were transported from Mozambique to Malawi. In the period of January – May 2004, 1745 tons were transported.

15. When it comes to facilitating the link of the producers in Milange with the market, there is the Food Security Project in Milange from the NGO, World Vision (PROSAM), financed by the EU. This project works with 2.000 farmers organized in 40 groups and 13 forums. The activities developed in the last few years include mediation involving buyers and the companies ZANNTREX and NASFAM from Malawi, the granting of credit for small scale agricultural processing equipment, literacy campaigns (17 groups), etc. These activities are along the lines of the model introduced by Clusa in Nampula in the mid-nineties.

GURUÉ.

16. The district of Gurué can be divided into two quite distinct agricultural zones; the Northern zone with big interventions in the colonial area by settlers (Lioma and Tetete) and later on by the state enterprises UDARLI/CAPEL, and the Southern zone characterized by family farming. The zones are separated by the Namuli mountain range. The *machambas* and tea companies have been established in a semi circle around the Namuli ridge. In colonial times, the tea companies belonged to private farmers. After independence, they were transformed into one single state enterprise, Emochá (divided into 12 production units). Then after the peace accords, at the end of the nineties, the company again changed into private hands and management (JFS Group, Gulamo Group, SDZ). The area around Namuli mountain, including the small town of Gurué, has a microclimate that differs from the rest of the district. It is characterized by abundant rainfall, which hardly allows for the drying of cereals in the sun.

17. In terms of access and communication, the district has a network of good quality roads connecting Gurué town with the neighbouring districts; with Malawi (200km) by way of Milange; with Nampula (320km) by way of Mepuagiua – Nauela; with Cuamba (170km) via Lioma and with Quelimane (360km) by way of Ile and Mocuba (200 km). The road to Quelimane has recently been asphalted. The other ones are dirt roads. During the rainy season the connection with Malawi turns out to be difficult for trucks and trailers, in particular the first 50km stretch out of Gurué. There is a fixed telephone connection type system from TDM, in Gurué district. Since September 2004, the district is also covered by one of the mobile phone networks of the country.

18. There are various operators who facilitate the link between producers/farmers and the market. These include:

1. World Vision, through the OVATA program financed by USAID.
2. Clusa, financed by USAID.
3. CCM, co-financed by the EU.

The first two operators facilitate the connection with commercialisation enterprises such as OLAM, Ikuru, Napanja & Filhos, ZANNTREX and the company SAGAR. In addition to these enterprises there are the traders from the south of the country (often women), who mainly buy beans. These women use the network of the so-called “informals” or informal traders. To better illustrate the commercialisation environment in Gurué and the intervening parties, and to evaluate the real power of producers on the agricultural market, it is necessary to describe each party and their connections with the others.

19. The CCM (Christian Council of Mozambique) is a Mozambican NGO, which, in 1999, was contracted by the European Union to implement a project aimed at promoting food security in the administrative post of Mepuagiua. It should be noted that the district of Gurué has been divided by

NGOs in zones of influence where they carry out their operations to avoid duplication of efforts. The north is the zone where the OVATA program works while the CCM and Clusa develop their activities in the district's southern area. As far as commercialisation is concerned, the CCM limited itself to injecting small credit funds for the informal traders of the area. Along the Gurué – Mepuagiua road, one encounters small *baracas* (rural shops) made from conventional (traditional) material where sellers engage in their businesses, both of buying agricultural surpluses, as well as selling consumer products.² Apart from commercialisation activities, the CCM carried out extension activities with 45 groups of producers, each one of which consisted of 20 farmers on average, totalling 900 families (8% of the overall number, according to the 1997 census).

20. Clusa opted for more structural solutions, by following its model from Nampula. Thus, based on farmers associations, it set up commercialisation forums (4 in Gurué – Nipive, Mepuagiua, Incize and Muagiua, 5 in Alto Molocué and 3 in the district of Ile). All of these forums as yet do not have a legal statute. There are plans to form a Union of Forums based on the existing commercialisation forums. This Union will have the role of technical assistance provider to the associations. Clusa uses Ikuru to commercialize the produce of its members. The Clusa interventions are not merely “facilitating the link with the market” (FLM); they also cover extension activities (for soy), literacy campaigns and training. The Clusa groups in the south do not overlap with those from the CCM.

21. World Vision, through the OVATA program, intervenes in the northern part of the district in the administrative post of Lioma. It has formed forums in Nihoma and Metovola, but also has not succeeding in legalizing them as yet. World Vision is also setting up forums in Namarrói. In 2003, it negotiated 47 tons pigeon pea with SAGAR (on behalf of 20 farmer groups) and in 2004 it intends to intermediate for some 160 tons of pigeon pea. In 2003, the Forum purchased the pigeon peas from its members at a price of 2.000,00 MZM/Kg and sold them at 2.500,00 MZM/Kg to SAGAR. Since the price at the factory gate was 3.000,00 MZM/Kg, many farmers brought their produce directly to Gurué by bicycle. Another experience noted is a mediation between the forums of Lioma and the trader Napanja & Filhos (of Malema) for the purchase of 80 tons of maize.

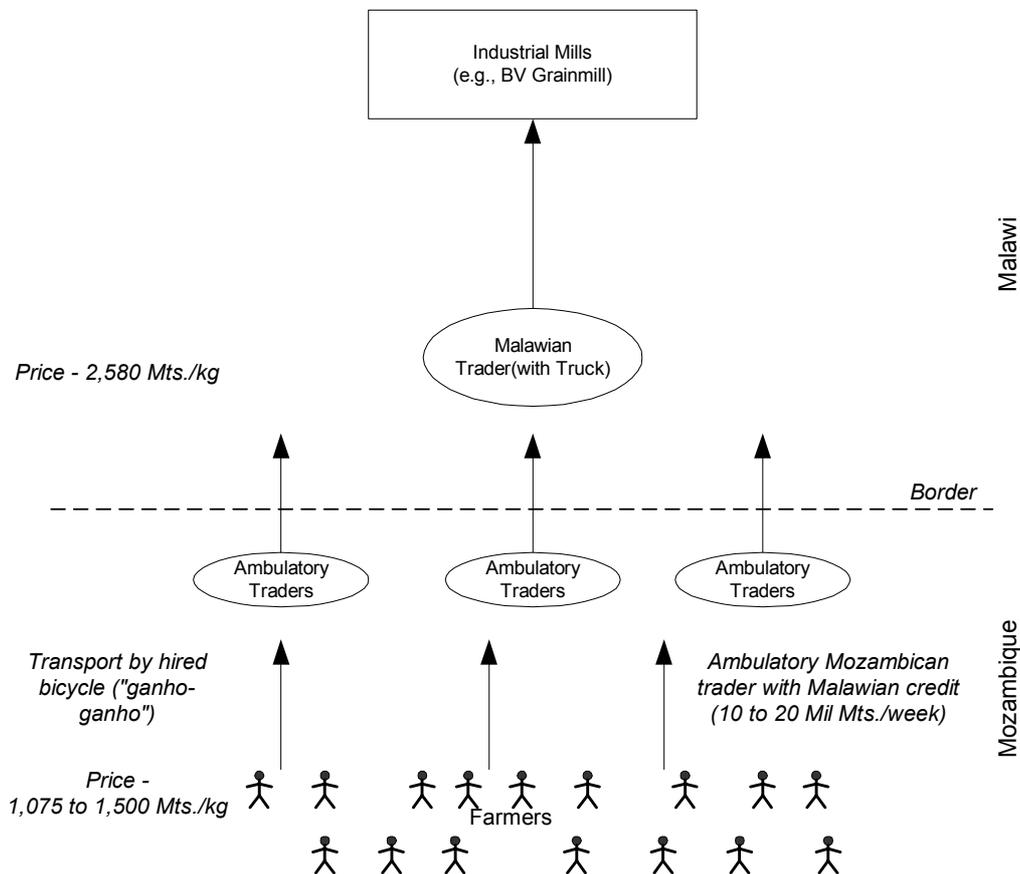
22. SAGAR – a private intervening party in the agricultural market of Gurué – is a company founded by the Society for the Development of Zambézia (SDZ). SAGAR is an agricultural society for the commercialisation, processing and export of Pigeon peas. The technology used in the factory is rather traditional and imported from India. Management is also in the hands of people originating from India. The factory's capacity is 5000 tons/year, working in 3 shifts. However, in July 2004, a mere 900 tons/year were being processed in the factory. The “transformation” process is rather simple: cleaning, husking, mixing of beans with oil (dahl), packaging and export. The transformation produces: 23% bran; 2,8% impurities and 75% dahl. The company encounters difficulties with respect to drying in its installations in Gurué.

23. The international market (India and Malawi) for dahl is 400 USD/Ton (10 to 12.000,00 MZM/Kg). SAGAR also exports pigeon peas in bulk during the month of September when the opportunity arises. In 2003, SAGAR faced serious problems in obtaining sufficient raw material, mainly due to competition from buyers coming from Malawi. It was necessary to acquire pigeon peas in Milange and Namarrói. According to SAGAR the production potential in Gurué is 3000 tons/year. The society also intends to participate in promotion activities, something that has not been done so far because of financial reasons.

² The CCM program ended in May 2004. However, one of the partners of the Irish TROCAIRE Council was willing to finance the period June – December 2004. Within this period, the CCM was supposed to present a proposal covering the next years.

24. The informal traders play an important role in the commercialisation system of the district of Gurué, but the following analysis also holds true for the remaining districts as well. Figure 4 shows in diagram form the functioning of the transaction chain with respect to butter bean.

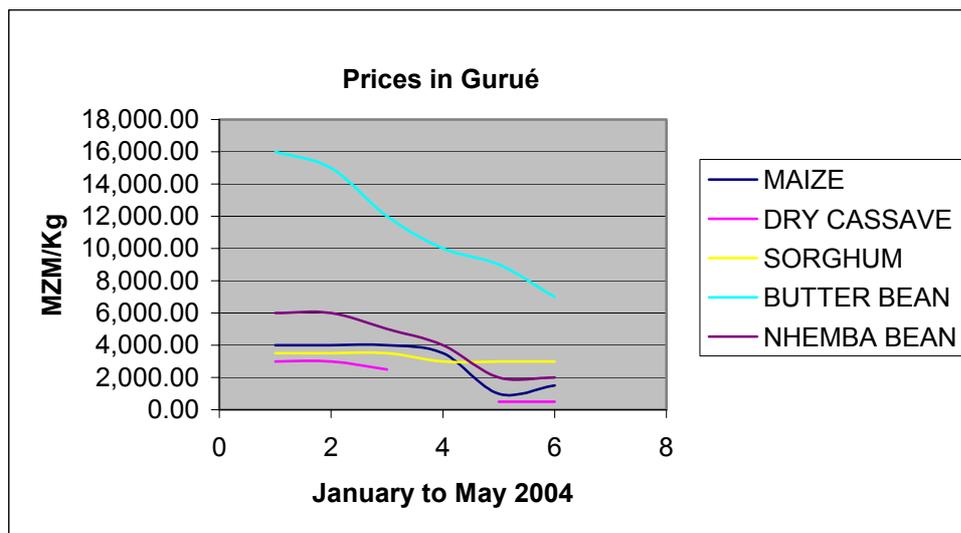
Figure 4: SUPPLY CHAIN FOR BUTTER BEAN FROM GURUÉ TO MAPUTO.



25. The informal traders transport and sell between 0,5 to 2 tons per day per person. The transport price between the field (Ruace or Mulumbo) and the town is around 250.000,00 MZM/ton. The three-day work cycle consists of buying one day, hauling one day and selling one day.

26. Figure 5 illustrates the prices of some products for the producer in Gurué during the period of January until May 2004.

Figure 5: PRICES OF THE MOST IMPORTANT AGRICULTURAL PRODUCTS IN GURUÉ.



The figure reveals the common pattern of price fluctuation during the annual cycle from January onwards (“time of Hungry”) until May, which is the time of abundant harvests. It is important to note the price reaction of dry manioc which accompanies the lowering of the prices of maize and beans, thereby showing its substitution in times of food shortages.

ALTO MOLOCUÉ.

27. The district of Alto Molocué, located along national highway number one between the urban centres of Quelimane (at 360km) and Nampula (at 200km) is better positioned in terms of market access than Gurué and Milange. The district has both fixed and mobile telephone networks. During the last decade, this district experienced abrupt changes with respect to access to agricultural markets. After the Peace accords, when agricultural production started to rise, access was problematic, and many producers did not have a market for their surpluses. Between 1995 and 1998 this situation changed rapidly due to the activities of formal and informal traders. At the time, the excessive commercialisation of maize and beans caused food instability in the district. Nowadays, in view of new market perspectives, there are attempts to diversify production. There are various NGOs and outgrower schemes active in Alto Molocué, which try to work with the population in promoting different crops. In the following sections, we will describe some of the more salient aspects of the development of commercialisation in this district.

28. In colonial times a settler colony was established in the Nauela area; in addition to stimulating Portuguese farmers the Government, through ICM, promoted family agriculture. Alongside the roads *machambas* were parcelled out for families, opened up with heavy equipment, and mechanized tillage on credit was introduced, which was to be reimbursed after the harvest. The ICM purchased the produce at a big scale, in particular maize. At present the commercial complex of Mugema, with two warehouses (one recuperated) of 5000 tons capacity each, is the last testimony of this impressive agricultural past.

29. The Associação Moçambicana para o Desenvolvimento Rural (AMODER) is active in the district of Alto Molocué since 1996. The strategy of this association is to provide loans to private operators in this area, with a view to stimulating the rural economy. Loans of 25 to 75 million MZM are granted for the rehabilitation of rural shops, for the setting up of mills, for commercialization, etc. In a 1997 survey AMODER’s portfolio in Alto Molocué showed serious problems with respect to

down payments, and even bad faith on the part of the debtors (one of them simply fled with the capital destined for rehabilitating the shop at the rural community of Nivava). In May 2004 AMODER had a portfolio of 20 loans; 4 debtors had fulfilled their obligations; 7 had delays and the remaining ones had received reminders from the financier (AMODER). Generally speaking, it seems that the strategy implemented by AMODER does not offer perspectives for solving the commercialization related problems of the majority of the population. There are also doubts about the sustainability of the operations carried out during the last 8 years in Alto Molocué.

30. In the mid 1990s, the Ibramugy group from Nampula acquired the cotton installations in Alto Molocué. However, they did not make a positive impact on the rural economy partly due to the drop in cotton prices on the international market, which occurred in the beginning of 2000. In 2003, three private farmers/traders from Nampula Province were admitted as shareholders in the company and the Sociedade Algodoeira de Alto Molocué (SAAM) was established. The SAAM works with 40 foremen and 11 technicians. During 2004-05, it intends to make contracts with 7352 families for the production of cotton in the concession area (4011 families in Alto Molocué and 3341 in Gilé and Ile). Cottonseed production in 2003-04 amounted to 1500 tons; in 2004-05 the plan is 5000 tons. The average yield is planned to be 600 to 700 Kgs/ha. The processing capacity installed in the factory is 1600 Kgs/hour (8 bales/hr).

31. The technical staff from the DDADER of Alto Molocué estimates the following volumes to be commercialised in 2003-4: maize - 16.000 Tons; beans - 5.000 Tons; dry manioc - 14.000 Tons. The prices indicated were: maize – May: 1.500 MZM/Kg; August: 2.500 to 3.500 MZM/Kg and in December: 6.000 MZM/Kg; beans - 8.000 to 10.000 MZM/Kg in the harvest month and 12.000 to 18.000 MZM/Kg six months later.

32. The storage capacity in the district is large. In Mugema, the ICM has a usable capacity of 5.000 tons and another 5.000 tons is to be rehabilitated. In the district centre, the ICM owns an additional facility with 1.500 tons capacity. The mill's storage capacity is around 3.000 tons. The cotton factory has three 100x30 meter warehouses, while the company CFM has a 100x50 meter warehouse.

33. From 1996 onwards, the company João Fereiro dos Santos (JFS), from Nampula, is promoting tobacco production in Alto Molocué. During the 2003-04 campaign, they worked with 2.500 families, producing Burley and 76 Virginia (first year), in 0,25 ha plots per family. The technique for preparing the nurseries is rather complicated; traditionally the farmers use firewood to disinfect the beds, but now the company provides chemicals (Asefate) on credit. The sowing of the beds is precision work, due to the need to use a small quantity of seeds. The cycle includes 4 treatments and 2 fertilizations. The total input package for 0,25 hectares costs 520.000 MZM, provided on credit by the company. The crop requires intensive supervision by the farmer and the technician, but yields can be profitable. The following table exemplifies what may be possible in theory.

Figure 3: THEORETICAL YIELDS – FAMILY PRODUCTION.

Weight/Kg	Class	Price Unit/ MZM	Value/MZM
50	1	37.000,00	1.850.000,00
200	2	28.000,00	5.600.000,00
100	3	23.000,00	2.300.000,00
50	4	15.000,00	750.000,00
50	5	10.000,00	500.000,00
50	6	7.500,00	375.000,00
500		TOTAL	11.375.000,00

Unfortunately, the results in practice are different. During the 2002-03 campaign, 2.500 families produced 225 tons of tobacco, i.e., an average 90 Kgs per family. These poor results caused JFS to change its entire team (foremen, technicians and the engineer)!

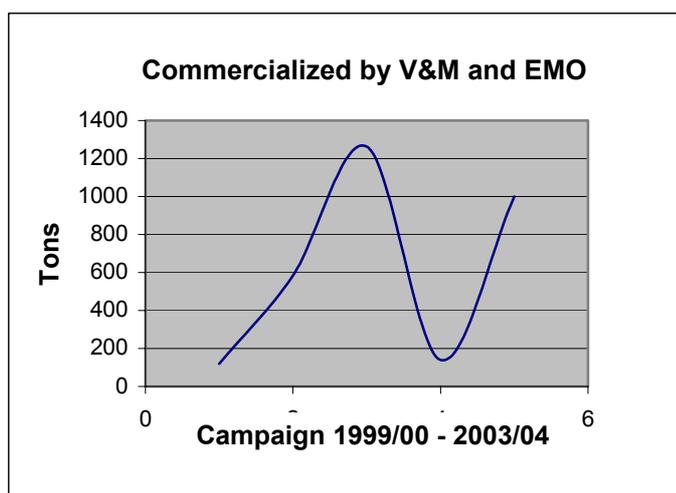
34. The trader, Ali Ossene, is owner of the Sociedade Agrícola da Zambézia (SAZAM). During the course of the privatization process in the mid 1990s, he acquired the Teixeira mill built by the Portuguese during the colonial era. The equipment's make is RONCAGLIA (Italy 1971). The mill functioned until 1974 with a capacity 1,5 tons/hour, 156 hours per week, 50 weeks per year, i.e. with an annual capacity of 11.000 tons. It employed 80 workers.

In the future, SAZAM intends to produce flour in packages of 50, 25 and 12,5 Kgs. The important market for this mill is the city of Nampula (with transportation costs of 500.000 to 600.000 MZM/ton) and a calculated margin of 1.000 to 1.500 MZM/Kg of flour. In practice, the mill is being used way below capacity, due to technical problems and due to the fact that the owner does not pay sufficient attention to it because he has many other businesses (forestry concessions, industrial agriculture, cashew trade, etc.).

35. Apart from mediating between the 5 forums and Ikuru Sarl, Clusa dedicates itself to the production of soy in Alto Molocué. Through its global network, it succeeded in interesting a buyer from northern Europe and therefore mobilized farmers, organized in groups, to introduce the crop on 0,5 ha plots. The technical file shows that financial revenues from 1 to 1,5 million MZM per ha can be reached (with 30Kg/ha of seeds at 13.000 MZM/Kg; obtaining yields of 800 Kgs/ha and selling at 3.600 MZM/Kg to Ikuru), an amount that does not differ much from that obtained with other beans that are grown traditionally. Soya requires specialized techniques, such as inoculation.

36. The companies, V&M and Export Marketing Company have entered into commercialisation in this district, using a warehouse from ICM in Mugema (recuperated). Figure 6 indicates the volume of purchased maize.

Figure 6: VOLUME OF MAIZE COMMERCIALISED IN MUGEMA BY THE COMPANIES V&M AND EXPORT MARKETING.



Prices applied in the 2001-02 campaign (in acquiring 1262 tons) vary from 750 MZM/Kg in May, to 1.000 MZM/Kg in June, to between 1.750 MZM/Kg and 2.000 MZM/Kg in December and 3.500 MZM/Kg in January. One of the forum leaders in Gurué characterized V&M's purchasing policy as follows: "...when the Malawians enter, V&M increases the price a bit...".

37. Another aspect of the purchasing policy of V&M and the Export Marketing Company is the great instability with respect to purchased volumes. The local communities of Naulela never know whether there will be commercialisation. During the Verde Azul team's visit to Mugema, at the end of May 2004, it was still unclear whether the Export Marketing Company would buy the maize or not. In the course of another visit, in December 2004, one learned that 1014 tons had been bought, but that commercialisation was halted for lack of a market. The purchase price varied between 1.700 and 2.000 MZM/Kg, whereas in Quelimane the price ranged between 3.300 and 3.600 MZM/Kg and the local traders commercialised maize from Mugema for Quelimane. The Export Marketing Company is not interested in this business because volumes are small and therefore tries to sell its maize in Malawi and other countries.

38. V&M started buying maize in Mugema in 1999, using its "foot soldiers", i.e., salaried people who purchased the maize at the various commercialisation posts. This system turned out to be not feasible, which is why the company started buying the produce, at the factory gate, from the informal traders of the area. Prices were slightly higher for bigger volumes (2.300 instead of 2.000 MZM/Kg) in June 2004. However, the company abandoned this policy as well, and after moving its activities from Zambézia and Nampula to the province of Manica, V&M now uses private traders who, with V&M credit, buy maize and other produce in great quantities and subsequently supply the company. In other words, during the last five years, V&M abandoned the system of purchases directed by itself, and started large scale purchasing of agricultural produce through big intermediaries, who directly deal with the company and also use V&M credit.

39. In addition to maize, the big companies purchase other produce, such as butter bean, *mapira*, cowpea and pigeon pea. Butter bean is sold in Maputo, hauled by hired transport companies, mainly the transporter, Latji. Cowpeas and pigeon peas are exported through the Nacala port.

40. In a community about one kilometre from the complex of Mugema, one of the community leaders of the area, Mr. Lopes Napiracué held strong views about commercialisation in Mugema. He stated, "... the population is not liberated..." he said, referring to the prices being dictated by the big buyers, due to the lack of a market or to the monopolization of the market in the area. He referred to colonial times when there was stability and the producers could count on the market. He also said of the informal traders, commonly referred to as "the informals", that "... they are our children, but they no longer respect the most senior people ...".

Ile

41. The district of Ile constitutes the "zone of passage" between the poles of Gurué and Mocuba. Situated in the middle of the district, where the national highway providing the connection with the town of Gurué runs, various aspects of the environment make one aware of a lethargy. As is the case in other districts, there exist networks of informal traders. Clusa has taken the initiative to set up forums in the areas of Namanda, Nipiode and Mugulama (the last two along the national highway to Alto Molocué). The post of Mulevala, an area located a distance from the district centre, has a different commercial dynamic due to the activities of some agricultural associations.

Mocuba

42. In contrast to Ile, the district of Mocuba presents itself as an important centre of commercial agriculture. During colonial times, Mocuba was a centre of sisal and cotton production. State intervention after 1975 gave rise to Mocuba Sisal and the Cotton Company of Namagoa EE. However, during and after the armed conflict, these agricultural activities went through a period that

may be characterized as a “slow death”. Until the end of the 1980s, Mocuba Sisal processed sisal, but the cotton centre in Namagoa (located in the triangle formed by the bifurcation of the Licungo and Lugela rivers) was completely destroyed. Contrary to what one expected, the enormous investment in equipment and construction of the textile mill of Mocuba did not change the course of events.

43. After the Peace Accords, the Government tried to reactivate the cotton production by privatising the Cotton Company of Namagoa. The newly formed company, PIDICO, started both promoting the growing of cotton as well as production under direct management on the fields of the former state enterprise, which at the time were occupied by war refugees. This provoked a serious land conflict, which, in combination with bad management and a hoped for World Bank credit that did not come forth, resulted in bankruptcy.

44. After PIDICO’s bankruptcy, the Empresa de Algodão of Namagoa was re-privatized into MOCOTEX. This company started its activities low profile, with some promotion activities and using the processing capacity of the cotton enterprise AGRIMO in Morrumbala. In this way it avoided big investments. After obtaining funding/donation of the European Union for diversifying agricultural production in Mozambique, it expanded its activities. In 2004, it has various contracts with families for the production of cotton, under a concessionary system, and it announced a 200.000 USD investment in the rehabilitation of the cotton-ginning factory in the city of Mocuba

45. USAID strongly influenced extension and commercialisation of agricultural produce in the district of Mocuba, through the funding of two American NGOs, ADRA and Clusa. Clusa established an office in the town of Mocuba and set up a network of market extensionists/facilitators in five districts of Zambézia Province. One year later, USAID unilaterally decided to close the operation, leaving many contracts and perspectives suspended

46. ADRA started its activities in Zambézia Province in the district of Maganja da Costa, where it implemented a food security program for a period of five years (1997-2002), with priority for re-plantation of cashew. In 2001/2002, these activities were transferred to the district of Mocuba. In June 2004, ADRA had an office in Mocuba town, a big network of extensionists with a fleet of off-road cars and motorcycles to maintain contacts with the producers in the districts of Maganja da Costa, Ile and Mocuba. ADRA intends to establish the link between the cashew producers and the market, but, according to the program manager, “... cashew is not for any farmer whatsoever ...”. ADRA wants to bet upon the so-called fast track farmers.³ The ADRA program ends in 2006, and they intend to propose an extension until 2011.

47. The administrative post of Mugeba is, in terms of agricultural production, one of the richest areas of the district. It was an area under the influence of the cotton companies (Monteiro&Giro) and the ICM. But according to the head of the administrative post, Mugeba has “... the highest rates of anaemia, especially among children and women ...”. She indicated that one of the reasons for this is the lack of commercialisation; people do not diversify their diet. It is difficult to obtain salt and oil in the interior of the post’s area! Another reason for this problem is tied to gender relations. The system of division of roles between men and women in Mugeba is clear. A man and woman jointly have a *machamba*, but both the women as well as the men have a separate *machamba* of their own. The benefits of the joint *machamba* are for the children and for commercialisation, whereas the produce of the other *machambas* is destined for the respective families. In practice, the man de facto

³ The program in the district of Maganja da Costa partly failed – despite the planting of thousands of new cashew trees – because the farmers were not interested due to the lack of a secure market for cashew.

controls decision power concerning the moneyed part of production. The advice from the head of the post is that any intervention in commercialisation should take these cultural realities into account.

48. In Mocuba, there exists a nucleus of associations (APEMO, UPEMO and AMUZA) that work in the town's surroundings. They had access to credit for agricultural equipment, but encountered serious problems in making their activities sustainable and attractive for other farmers.

MORRUMBALA

49. The district of Morrumbala is Mozambique's richest district in terms of rainfall and soil quality. Since 1950, it has been the centre of cotton production in Zambézia, with the Cotton Society of Zambézia (SAZA) and in its wake three big companies from the colonial era: Textáfrica, the Companhia da Zambézia and Lopes & Filhos. In 1973, cotton production on 12.000 Km² had reached its peak of 14.000 tons. At present, the district hosts a new cotton-ginning factory, built in 1996 by AGRIMO, with an initial investment of 11 million USD, 2 million USD of which was a loan from the International Finance Corporation. According to AGRIMO's vice-director, the plant has a capacity of 24.000 tons/year (bibliography [8], Simon Norfolk and Dalte Soberano, 1998)

50. Based on a realistic estimate of an average yield of 0,75 tons/ha, the factory in the long run needs an area of 32.000 ha of cotton per year. 32.000 *machambas* equates to some 32.000 families. If on average, families consist of 6 members each, one can conclude that the functioning of the factory will benefit 192.000 people, i.e. almost the entire population of the district. Without these quantities, however, the factory will not be profitable. AGRIMO apparently had a certain obligation vis-à-vis the population. The big problem is that both AGRIMO as well as the farmers are completely dependent on the international market price. During the last few years, this price decreased considerably and AGRIMO did not fulfil its contractual obligations to the producers. As a result, the company went bankrupt and subsequently was sold to the American company, Donovan. This is how a much praised economic intervention ended.

51. According to the District Directorate of Agriculture and Rural Development, the production of maize amounts to 32.000 tons, 50% of which is commercialisable. Of the commercialised maize 70% is destined for Malawi. Traders from Maputo are not yet active in the district. There is a considerable shipment of maize from Morrumbala to the Brandão market in the city of Quelimane. The tobacco promotion company STANCOM opened a branch in the administrative post of Derre and intends to introduce tobacco on *machambas* of 16.000 families. There are companies such as Zanntrex (with strong support from World Vision) that have contacted the inhabitants of Morrumbala regarding the production of sesame and sweet pepper.⁴

52. Associations are well known in Morrumbala. There exist 28 associations and UNAC is represented by a district coordinator. The headquarters of the União Distrital de Cooperativas (UDCM), the associations of Chivungu (at 30km from Morrumbala town, and established in 1995) and of Cumbabo (at 7km, and established in 1996) were visited. Summarizing, we can make the following observations about the agricultural and cattle breeding associations in Morrumbala:

53. The direct intervention by UNAC was – contrary to the Union's principles – forced upon it through a donation of agricultural equipment without accompanying capacity building of the farmers

⁴ At the end of the 1990s World Vision, in partnership with a Zimbabwean trader, promoted the introduction of sweet pepper in the area of Pinda. Towards harvest time the market was not guaranteed, and the producers were left with their produce.

in using this equipment. In order not to lose the investment, UNAC (a national structure) was obliged to station a manager in Morrumbala for ensuring the management of the equipment.

54. World Vision focussed its activities in the field of extension and market facilitation on the UDCM associations, and this created a clear distinction between the associations in terms of market dynamics. With Zanntrex as buyer, World Vision introduced sweet pepper. During the 2002-03 campaign production was 130 tons of dry sweet pepper.⁵

55. There are donor driven activities in the associations that are not sustainable. A clear example is poultry farming by the association of Cumbabo, which follows a model of the General Union of Co-operatives (UGC) in Maputo. In 1997, chicken coops were built with donated funds, and both the chicks as well as the feed were imported. After 2 years logistics broke down and the chickens died.

56. The association of Cumbabo practices working collective *machambas*. When asked to express their desires, the members mentioned a collective *machamba* of 4 ha of cotton, yielding 50 sacks of 40 Kgs, at a price of 5.000 MZM/Kg. Thus, each one of the 40 members would gain 250.000MZM. The members expressed this idea seriously, and at the same time with innocence, not considering the unfeasibility of this association at a time when the rural economic situation requires institutions that generate money to fight poverty.

57. During the 2002-03 campaign, the association of Chivungu embarked upon the commercialisation of maize. The capital for purchasing probably came from abroad. 857 cans were purchased at the local market price (35.000 MZM/can) and the maize was sold at the Brandão market in Quelimane for 40.000 MZM/can. Transport from Morrumbala to Quelimane was 10.000MZM/can, while costs for storage, handling and supervision respectively amounted to 1.000, 330 and 500 MZM/can. It was a first attempt to enter the market, but at a loss. The association could not compete with the informal traders from Malawi.

MOPEIA.

58. Mopeia is one of the least developed districts of Zambézia. The reasons have to do with: (i) the transfer of the national highway ferry's location to Chimuara, diverting all North-South traffic and with it the economic and commercial development in its wake; (ii) the paralysis of the Luabo sugar mill during the last 20 years; (iii) the difficult access to certain areas of the district, which, up to now, have remained outside the formal commercial network, such as the area of Conho and the so-called "Zona Baixa". In 2004, Mopeia only had one access road (of 40km), linking the town with the national highway at Zero. The district has electric energy from the national grid and a fixed telephone network of TDM.

59. The Zona Baixa is the left bank of the Zambezi River between the towns of Mopeia and Luabo (72 km), with extremely fertile soils. After the collapse of the bridge over the Cua Cua river (near Mopeia), and with the road not passable during 7 months of the year, the area is devoid of all commercial activity. One of the consequences is the existence of huge price differences within the district. In colonial times – according to the counsellors of the Francisco Assis Association – the

⁵ The manager of Zanntrex used to work as a technician for Chico Mozambique. During the 2001-02 campaign this company promoted the production of sweet pepper in Nampula Province, with funds from the PSOM program of the Netherlands Embassy. Towards harvest time Chico Mozambique simply disappeared from Nampula, leaving the producers without a market. With this experience in mind, the manager founded Zanntrex and started working in Zambézia.

Lower Zone had a network of rural shops managed by Indian traders. The traders supplied the population in times of hunger, often resorting to barter trade.

60. Contrary to its present day situation, Mopeia used to be an important development centre, with the introduction of modern agriculture and its inclusion within a global commercial system. This development took off when, around 1880, Paiva Raposo tried to grow poppy in the Thewe plain, with the intention to export the drug to Europe. However, his mission was destroyed by floods. Years later, the Englishman John Hornung started with his first sugar cane fields in Mopeia Velha, on the basis of which he developed one of the first and biggest sugar industries of Mozambique. In Muruia, on the banks of the Zambezi, a small port was built, from which a railway line was built to present-day Mopeia, where the warehouses of the Sena Sugar Company are located. When Sena Sugar Estates relocated its sugar activities to Luabo and Marromeu, the area was transformed in a settler colony for rice growing. One of the settlers introduced rice processing. After independence, various attempts were made to transform Thewe into a state enterprise for the production of rice. In 1978, after the great Zambezi flooding, the Government tried to relocate the population of the area to a communal village on high grounds near the administrative centre, but in the beginning of the 1980s the war interrupted all activities.

61. There are four agricultural associations in Mopeia: The Associação de Paz (founded at the time of the Peace agreements and supported by the Capuchin monks, with 40 members); The Associação Francisco Assis (founded in the beginning of the 1990s with support from CARITAS/Zambézia, with 168 members); and the Associations of Chiverano (80 members) and Limane (40 members), which were founded with support from GTZ in the beginning of the 2000s.

62. The four associations own land in the fluvial Thewe plain, where one finds the old infrastructure for irrigation and flood defence.⁶ The Associação de Paz is the most developed one. It has managed to minimally rehabilitate the irrigation system. It collects the unhusked rice from its members, processes it and sells the clean and selected rice in shops in Quelimane. Production of commercialised unhusked rice varies between 100 and 200 tons per campaign. There are different packages for clean rice: of 25 Kgs, 12,5 Kgs and 5 Kgs in plastic bags with an emblem that indicates the production site (Thewe) and the fact that no chemicals have been used. The price of first quality rice is 20.000 MZM/Kg.

63. The district has storage capacity. The ICM has its 300 tons warehouse, which is of standardized design (see Volume II, Annex 6), the Sena Sugar Company owns two warehouses of 5.000 tons each and CARITAS is constructing a 200 ton warehouse. The Sena warehouses need some minor rehabilitation.

64. Traditionally the farmers from Mopeia grow rice and maize. The agro-ecological system allows for this rather unusual diversification. A first inventory of the areas with cereals production has been made. In addition to these traditional crops, attempts have been made to grow sunflower, but this failed. Chilli pepper is grown, for which World Vision promotes the partnership between the producers and the company Zanntrex. During the first campaign (2003-04), 3 tons of dried chilli pepper were produced. The textbox below shows some technical data.

⁶ The Associação Francisco Assis succeeded in negotiating a rehabilitation of the infrastructures (400ha) through the Small Scale Irrigation Project (SSIP) of the National Directorate of Hydraulic Agriculture (DNHA).

Growing of chilli pepper was introduced in 0,25 ha plots per family. Sowing is done in beds, during the months November-December. Per 0,25 ha 2 beds (24mx2) and 210 grams of seeds (25.000 MZM) are required. After 42 days, when the seedlings have reached a height of 20cm, they must be transplanted. Harvesting is done in the months May and June. Production per 0,25 ha may be some 50 Kgs of dried chilli pepper. There is a quality classification. The secret is harvesting at the right time; the criterion is “depth of colour: red, almost black...” of the chilli pepper. Drying is partially on the plant but subsequently on mats. There are 5 quality classes with prices varying between 21.000 MZM/Kg to 5.000 MZM/Kg. The Zanntrex technician is the one who determines the quality class! The average yield per 0,25 ha may be 600.000 MZM. The price for the producer is 500 USD/ton. The market is in Malawi, Spain and South Africa. Zanntrex exports dried chilli pepper per truck/container by way of Nacala port.

NICOADALA.

65. The district of Nicoadala has three distinct zones: (i) the coastal strip along the Indian Ocean with a high population density, and with coconut plantations and rice; (ii) the fluvial plain adjacent to the dunes, with one single crop, namely rice; (iii) the relatively high grounds with forest and growing of manioc, beans and pineapple. National highway number 1 crosses the district and from the town of Nicoadala there is a connection (40km) with the city of Quelimane on the coast. Despite the fact that it is located close to the fourth urban centre of the country, Nicoadala still has many places that are only accessible with difficulty, especially during the rainy season. Recently a relay system for mobile telephone communication was installed in the district.

66. Due to the proximity with the city of Quelimane and its suburban surroundings (around 200.000 inhabitants), agriculture in Nicoadala is partially commercial. Production of rice and pineapple has a good outlet on the city markets. However, the whole supply chain is managed by the producer himself. With the rice husking and processing plant in Quelimane and the small fruit canning factory in Licuari (50km) both being idle, processing of these crops has been stalled for the last fifteen years.

67. In the district town there are: (i) two warehouses that were built recently by the Instituto Nacional de Gestão das Calamidades Naturais (National Institute of Natural Disaster Management) (1000 tons); (ii) warehouses with a capacity of 200 tons on the premises of the former state enterprise of M'ziva (25km); (iii) one 300 ton warehouse in the Mucêlo irrigation area. In addition, in Gogodane (30km), at the border with the district of Namacurra, there are ruins of warehouses that may be used as commercialisation posts. The Gogodane installations belong to the Madal Group.

MAGANJA DA COSTA

68. Just like Nicoadala, Maganja da Costa is part of the Zambezi river delta complex, and therefore it also consists of three different zones in terms of agro-ecology: (i) the coastal strip; (ii) the fluvial plains (fertile); (iii) the sandy higher grounds (poor). Access to the district is problematic, with only one connection from the south (Licungo river) to the north in Mucubela (at the crossing of the Nipiode river). The remaining road network consists of tertiary roads and unclassified roads that link the main axis with the coastal areas (Nante, Cabuir, Bajone) and with Mocuba. The organization, ADRA, rehabilitated part of the tertiary roads. The district has a telephone booth of the fixed TDM network. Before long, the area expects to be connected to the national electricity grid, which is being installed.

69. The most important crops in the district are manioc and cashew on the high grounds, rice in the plains and coconut in the coastal strip. The district is vulnerable to flooding, with consequences

for food security. Dry manioc minimizes shortages during times of flooding. There is a system of internal commerce in the district. Cashew is much sought after by traders from Nampula, so that during the months of November and December informal traders are very active in the district (see paragraph 4.2.3). There is almost no market for rice. The family system is to peel rice, haul it to the local markets (or to Quelimane and Mocuba) and try and sell it in small quantities (see paragraph 4.1.3).

70. The Associação Rural de Ajuda Mutua (ORAM) started a rehabilitation program after the 2001 floods in the area of Baixo Licungo, which has the following components: (i) rehabilitation of the irrigation systems and support of rice growing; (ii) rehabilitation of access roads/bridges and roads in the interior; (iii) commercialisation and processing of rice and copra; (iv) building social infrastructures. During the 2002-03 campaign, 94 tons of unhusked rice was commercialised, and in 2003-04 this was 180 tons, at 2.500 MZM to 3.000 MZM/Kg. A shop was opened in the city of Quelimane where clean rice selected according to variety is sold in 25Kg packages that have an emblem, at prices of 10.000 MZM/Kg for non-aromatic rice and 11.000 MZM/Kg for aromatic rice. One has started the creation of a commercialisation enterprise for the purpose.

71. Storage capacity in the district of Maganja da Costa is limited. There are ruins of the rice factories in Nante/Mopeia and of the cotton and plywood factories in Mucubela. After a thorough rehabilitation, the warehouses can be used. In Nante, there is a storage capacity estimated at 800 tons by the consultant, and in Mucubela it is around 1.000 tons. Apart from this, there are the ruins of local shops (Cariu, Missale and Naico) that may serve, after being rehabilitated, as warehouses for commercialised produce.

CAIA.

72. Most of the population of Caia, in the north of Sofala Province, is concentrated on the fertile soils on the right bank of the Zambezi River. During the last 10 years, the people have directed their commerce towards the market of Malawi. The entire commercial production crosses the bridge at Dona Ana to Vila Nova Fronteira and Malawi, transported by bicycle. Consumer goods also come from Malawi. The Caia – Sena road was the main development axis of the district. With the opening of the stretch Inchope – Caia of National Highway number 1 in 2003, the partial isolation was eliminated and the district economy was redirected towards the rest of Sofala Province and even towards the country's south. From 2004, the district town has access to a mobile phone network.

73. The zone of Murraça, located halfway on the Caia – Sena road has a rich agricultural history. It was here that one of the few agricultural co-operative movements in Mozambique started. UNICOOP, inspired by engineer Joaquim Estevão Sentena⁷ was founded around 1960 in order to ensure credit for ploughing and commercialisation/ processing of produce. On the Zangue and Zambezi river planes, 3.000 ha were parcelled out and cleared from trunks, for the growing of various crops (rice, sesame and sunflower) and above all for cotton. To this end, the local population was removed (!) and 56 Portuguese and 12 Mozambican farmers were installed, each one with a 40 to 50 ha *machamba* and a house. UNICOOP functioned as a settler colony. In 1968/69, a cotton-ginning factory was constructed that was put into operation in 1970. Another factory was planned for the production of sesame and sunflower oil. After 1975 all activities were interrupted. In 2004, the entire Murraça agro-industrial complex is still in ruins.

⁷ Engineer Sentena was the first director of the Instituto de Algodão de Moçambique (IAM) and administrator (from 1967 to 1974) of UNICOOP.

74. It was on the basis of this experience, that in 1995, after the return of the population from Malawi, an associative movement started in Murraça, the Associação dos Agricultores de Ordenamento de Caia (ASOCA). In subsequent years, the associative movement grew and in 1998 – with support from UNAC - the União Distrital das Associações de Caia (UDACAIA) was founded, which had 28 member associations in 2004.

75. The following table offers an impression of the dimensions of the agricultural sector in the district of Caia.

Table 4: DATA ON THE AGRICULTURAL SECTOR, CAIA 2002.

1	Surface Area	347.700	Ha
2	Area under Cultivation	39.000	Ha
3	Cultivated Area as % of Total	11,2	%
4	Number of Inhabitants 2002	90.297	Unit
5	Number of Families 2002	18.059	Unit
6	Number of Farmer Families	16.253	Unit
7	Average Area per Family	2,4	Ha

90% of the population live in the rural areas, especially along the Zambezi river valley, in the administrative posts of Mopeia Sede, Murraça and Sena.

76. With financial support from an Italian cooperation group, funds were injected in UDACAIA for the purchase of 100 tons of maize. A warehouse with a capacity of 200 to 300 tons was built as well. The program's philosophy was to realize two objectives: 1. food security, and 2. to obtain a good price for the members of the associations. The program buys maize during the harvest period (20.000 MZM/can) and re-sells it to the members during the "hunger period" (40.000 MZM/can). Part of the maize is sold on the market. UDACAIA is trying to sign contracts with V&M from Chimoio. For the 2004-05 campaign, the purchase of 200 tons of maize is foreseen.

77. In addition to this program, some individual members of UDACAIA through mediation of the Agência de Desenvolvimento Local de Sofala (ADELSO) received credit from GAPI, in order to conduct small businesses along the Caia-Sena-Malawi corridor, to invest in their individual *machambas*, and to obtain a workforce for clearing soil, etc.

78. Information on the areas of crops under cultivation during the 2002-03 campaign was provided by the District Directorate of Agriculture and Rural Development in Caia. According to this information, the area of maize planted during the first period was around 9.000 ha and during the second period it was 6.000 ha. The second biggest crop is *mapira* with 5.100 ha planted, followed by rice with 2.680 ha. It was difficult to get information on commercialisation. However, it is known that the most commercialised crop is cotton, and that the formal network is made up of the Companhia Nacional Algodoeira (CAN), the company V&M (for maize and sesame) in cooperation with the NGO, Food for the Hungry. A large part of commercialised volume goes to Malawi through the informal traders' network.

GORONGOSA.

79. Whereas Caia could compensate for its isolation by focussing on Malawi, the district of Gorongosa was completely isolated during the armed conflict. Years later, the traumatization of the population could still be felt by those who visited the communities in the northern part of the district. All changed with the rehabilitation of the road, and all of a sudden, from one year to the next, the

possibilities of and perspectives for development and business increased. At present, small commercial activities are developing between Gorongosa and Nhamapaza (157km). Apart from having the TDM fixed phone network, the district in 2004 gained access to a mobile network and before long the connection with the national electricity grid will be completed (the only thing still lacking is building the crossing over the Pungué river).

80. The network of accessible roads in the district is limited to the National Highway. However, the rehabilitation of the dirt road that goes around Monte Gorongosa was begun in 2004 starting from the National Highway in Piro (142km) to Casa Banana. It will be completed in 2005 with the stretch to Vanduzi and the return to Gorongosa. The old connection with Inhaminga will be rehabilitated as well, including the bridge over the Zangue River. This road, which forms a half circle around the mountains, will open up a huge potential for agricultural commerce. Still needing to be done is the rehabilitation of the tertiary roads to the villages and the fields of production, apart from the secondary road from Gorongosa to Pinyananga in Gondola, which passes through the community of Sacuza (rich in agricultural products).

81. During colonial times, Gorongosa attracted many people from abroad. Apart from the famous National Park (Wild Game reserve), a settler colony was set up alongside the mountain, exploiting the fertile soil and the hydro resources (Nhabiriri and other rivers). People who want to learn about the history of agricultural commerce from the oldest farmers, will certainly come across the name “*Santa Mosca*”. Santa Mosca was a hunter who started a mill in the district’s commercial zone and in 1967 he built, with technical assistance from Germany, an industrial mill of the make MIAG (including production of animal feed). According to the interviewees, Santa Mosca bought almost all maize of Gorongosa, and he provided credit to reinforce the agricultural campaign, ensuring food security in the district. In order for these activities to function well, he established a rigorous control system and a centralized management. Flour was marketed in the urban centres.

82. The mill’s recent history (the last 10 years) is not very promising, but it is typical of these agro-industrial enterprises in Mozambique. After Santa Mosca left (he owned the most luxurious house in town), the Government intervened in the mill complex, and privatized it in the beginning of the 1990s, when it was acquired by the trader Adamo Amad Seni. Despite the new owner’s many plans and propaganda, the mill never functioned. In 2000, under heavy pressure by GTZ, the Provincial Government retook the installations in order to re-privatize them, this time in favour of the Beira entrepreneur Barca. In 2004, the second owner had the premises painted, a fence erected, some buying posts along the National Highway, and he had bought a small quantity of maize. The mill was still not operational, due to lack of energy.

83. At the end of the armed conflict, the high poverty rate in Gorongosa attracted emergency programmes. Large organizations such as GTZ and Red Barn established representations in the district and helped the Government and the population in the post-war emergency and rehabilitation phase. Red Barn later left the district, but GTZ changed its intervention, and adopted a rural development strategy primarily focussing upon participatory district planning. Within this context, GTZ supported civil society and the União Distrital de Associações de Gorongosa (UDAG). It helped this association to build an office/warehouse, and offered technical assistance. Due to an internal power struggle, this support was probably not accompanied by an internal development within the Union, and at present the UDAG does not play a relevant role in the district.

84. This organizational void, the lack of strategies by local and international organizations⁸ when it comes to commercialisation, in combination with the gradual opening up of the National Highway to the north, has resulted in the commercialisation initiative being confined to the informal traders, who buy for instance maize in Canda (30km) and sell it in Xai Xai in the province of Gaza.

85. The American NGO, “Food for the Hungry International” (FHI) started activities in the district at the end of the 1990s, promoting new crops (sunflower, sesame, honey, etc.), providing market information and mediating on behalf of formal traders, in particular for V&M. FHI’s activities are based on a model that is similar to the one used by Clusa in Nampula. For its operations, V&M uses the ICM warehouse.

86. In the following table, we show some general data on the agricultural sector in the district of Gorongosa.

Table 5: GENERAL DATA ON THE AGRICULTURAL SECTOR, GORONGOSA 2002.

1	Surface Area	765.900	Ha
2	Area under Cultivation	21.000	Ha
3	Cultivated Area as % of Total	2,7	%
4	Number of Farmer Families	16.000	Unit
5	Average Area per Family	1,3	Ha

87. In general, the dynamics of the district of Gorongosa is superior to that of Caia. Information by the DDADER of Gorongosa on commercialisation during the 2002-2003 campaign is summarized below:

Table 6: DATA ON AGRICULTURAL SECTOR – PRODUCTION AND COMMERCIALISATION IN GORONGOSA, 2002-32002 CAMPAIGN.

Nr	Crop	Production (Ton)	Commercialised (Ton)					%	Prices (MZM/ Kg)	
			V&M	INTERBEIRA	MOBEIRA	CNA	TOTAL			
1	Maize	7.259	302	1.225	1.052		2.579	35,53	2.500	3.000
2	Sorghum	4.298	193	262			455	10,59	2000	
3	<i>Mexoeira</i>	1.094					0	0,0		
	Subtotal cereals	12.651					0	0,0		
4	Butter bean	930	736				736	79,14	7.000	
5	Cow pea	180					0	0,0	4.000	
6	Jogo bean	36					0	0,0	2.000	3.000
7	Pigeon pea	19					0	0,0		
8	Peanut	431					0	0,0		
	Subtotal beans	1.666					0	0,0		
9	Manioc	3.048					0	0,0		
10	Sweet potato	750					0	0,0		
11	<i>Nhame</i>	1.260					0	0,0		
12	Reino potato	510					0	0,0		
	Subtotal tubers	5.568					0	0,0		
13	Sesame	50	6				6	12,00	6.000	7.000
14	Cotton	1.000				982	982	98,20		
	Total	20.935	1.237	1.487	1.052	982	4.758	22,73		

⁸ In 1998 ORAM, through its Sofala branch, presented a proposal to GTZ for the construction of a warehouse in Canda, aimed at facilitating the storage of community produce, thus allowing for obtaining better prices in commercialization. This project was not approved by the Government. In 2001-02 ORAM tried to interest GTZ in investing in a mill (at the time Government property), thus laying the groundwork for a future Cooperative Society. GTZ was interested to include the investment in the KWF programme, but did not succeed in doing so.

35,5% of the maize is commercialised by three formal traders. These provide credit to informal traders to collect the maize in the field. During the 2002-03 campaign, Mobeira established its mobile brigades in the district. Part of the maize leaves the district without being registered.

88. The team from Verde Azul (and Rias) met several times with the leadership of the Canda community.⁹ On these occasions, the *régulo* of Canda clearly expressed his dissatisfaction with maize leaving the community at low prices, dictated by the buyers. He referred to the commercialisation system of colonial times through “the Canda shops”. These shops are situated on the mountain slope and are in ruins. A visit to the site showed the reality of this past, when the shop owners had a relationship with the community (boss – client), and succeeded in ensuring a minimum of stability and commercial security. The elderly community members clearly prefer the past system to the “anarchy” of current informal trading.

When the NGOs and the companies entered the district, the agricultural pattern changed. The following Table lists the various stakeholders:

Table 7: INTERVENING PARTIES IN THE SYSTEM OF FAMILY AGRICULTURAL PRODUCTION IN GORONGOSA.

Nr	Crop	Year	Organization	Remarks
1	Sesame	1995/96	Red Barn and Africare	No continuity
2	Sunflower	1997/98	FHI	No continuity
3	Tobacco	2003/04	Daimon	Despite much work negative results
4	Cotton	1996/97 2003/04	and CNA/DDADER	No continuity
5	Chilli pepper	2003/04	Sunsmile/DDADER	Left towards buying period
6	Maize		V&M/FHI	Reasonable

The last column indicates the observations by the community members. Sunsmile deserves special attention. Sunsmile is a Dutch-Mozambican company set up with a view to receiving the subsidies offered by the PSOM (Programme for Cooperation in Emerging Markets) fund of the Netherlands Embassy. Sunsmile asked DDADER in Gorongosa to assist in promoting the growing of chilli pepper in the district. When commercialisation was due, the company bought a mere 2 tons of dried chilli pepper and then halted operations because of lack of funds, sacked its technicians and the managers disappeared. Chilli pepper is a perennial crop!

90. Annex 7 in Volume II shows a photocopy of a tobacco production contract (for the 2002-2003 campaign) between the company Tabacos de Manica Ltd (TdM)¹⁰ and a tobacco producer in Gorongosa. Analysis of the contract shows that the producer has no bargaining power vis-à-vis the company. Prices of inputs, determination of output quality (classification) and, consequently, the price, are completely controlled by the concessionaire. During the 2004-2005 campaign, Daimon works in the district of Gorongosa with 1800 farmers, on a 600 ha area.

GONDOLA.

91. Gondola is the most populated district of Manica Province, with seven administrative posts. The Beira Corridor runs through the district and the junction of National Highways 1 and 6 is also here. The territory of the city of Chimoio is also located within the district, but it is not integrated in

⁹ Canda was the first community in Sofala that – with support from ORAM’s Sofala branch – managed to formalize its rights concerning occupied land. To this end, it implemented a delimitation programme to solve various conflicts about land and natural resources that had surfaced immediately after the General Peace Accords. In accordance with the Technical Annex to the Land Law, a land committee was set up within the context of the delimitation process. This committee initiated various development actions, including actions towards commercialization.

¹⁰ TdM owns the company Daimon. Recently, Daimon joined forces with the company Stancom. From March onwards, the new company, Daimon Standart, will start activities in Mozambique.

the district administration. The town of Gondola has electric energy from the national grid, and a major part of the area along the Beira Corridor has access to a mobile phone network. Because of its location, Gondola has easy access to markets: it has connections with the urban centres of the country's centre, with Zimbabwe and with the south and the north.

92. In the last few years various organizations (all with offices in the city of Chimoio) started activities to facilitate market access of producers. The following information is from the DDADER of Gondola:

- During the 2002- 2003 campaign, in the wake of the drought occurring in the country's centre, the organization Magariro (funded by Concern, from Ireland) launched the initiative to create cereals banks in Mupumubutu (25km) and Pinyananga.
- ACDI/VOCA trained some members of 36 farmers associations in handling market information, the registry of sales and relationships with the companies buying produce.
- IRDP-Kellogg (jointly with ADEM) supports the setting up of interest groups, offers credit and capacity building.
- TecnoServe developed activities to assist banana growers in improving the quality of handling and in guaranteeing more secure markets.

93. There are many informal traders operating in the district, hauling maize and beans to Beira and to the country's south. The formal buyers are Mobeira, V&M and Abílio Antunes (big poultry breeder).

94. In the 1990s, UCAMA in Gondola succeeded in buying maize from its members and selling it to the UGC in Maputo, for poultry breeding. With support from their partners they built a warehouse so as to facilitate the trade. After some years, this business started to flounder and UCAMA entered into a crisis. However, based on these experiences it managed to enter into various partnerships, among them:

- FOS Belgium: subsidies for operational expenses.
- Swedish Co-operative Centre Regional Office Southern Africa (SSCROSA) for working in Barué: facilitation of relations with the market.
- ACDI/VOCA for the districts of Gondola, Manica and Sussundenga: facilitation of relations with the market.
- Oxfam US in the district of Manica: support to associations in breeding of poultry and production animal feed.
- Cuso Canada: consultancy.

95. ACDI/VOCA has based its activities on the UCAMA network (in each UDAC a Business Development Centre – CDN was created), but when one takes a closer look at the partnership relationship one notes that it involves organizations with two very different objectives that are brought together. UCAMA is a lobby and advocacy organization, with social objectives and management systems, and with a long-term vision; ACDI/VOCA (funded by USAID) has objectives that are very commercial, short term and very dynamic. The consultant had the impression that the ACDI/VOCA staff “bang their head against the wall” at the lethargy and sluggishness of the associated members of UCAMA.¹¹ As a result, the American organization has imposed the

¹¹ GTZ-PRODER of Manica carried out an institutional analysis of UCAMA. There was agreement on the necessity of introducing changes in the Union's management. However, these changes were never implemented and GTZ pulled out of the partnership.

obligatory fulfilment of “indicators”, which were assigned by the financier and ACIDI/VOCA itself. In addition, they have set up a control system and a database, so that the commercial performance of each farmer can be monitored. A number of associations were removed from the programme because of insufficient compliance with the indicators.

96. ACIDI/VOCA is mediating on behalf of the associations with a view to supplying:

- Chilli pepper “*sacana*” under contract with Sunsmile (!),
- Maize and peanut seeds (100ha) under contract with Semoc, production for “Freshmark”
- Sweet pepper under contract with Pimento de Moçambique (250 producers),
- Financial products of Gapi,
- Maize, beans, cowpea (brown mix) and sesame under contract with V&M for “sophisticated markets” and for the off-season production of vegetables.

In the three districts, 2575 members of 160 associations (24 were removed) are receiving assistance, with an amount of 500.000 USD of accumulated sales in 2 years (October/2002 to September/2004). One does note a new and rare agro-commercial dynamic (might one call it a *revolution*?) to which the farmer is taken...or maybe “pushed” by the organization that facilitates the relation with the market. Two problems rise: (i) Sustainability – in April 2004, it was as yet not certain whether there would be funding for the second phase of the ACIDI/VOCA project. If funding is not obtained and should ACIDI/VOCA halt operations, will one maintain this dynamic? (ii) will the impact made be registered and evaluated in relation to the total costs of this mediation?¹²

97. In the beginning of the 1990s, the Irish NGO, Concern invested in the post-war rehabilitation of the northern zone of the district of Gondola. In 2001, it created a Mozambican NGO, Magariro, to follow up on the development of the area. Magariro introduced the idea of “cereals banks”. In April 2004, the Verde Azul team visited the bank in the community of Mupumbutu (administrative post of Cafumbe; locality of Mudima). Magariro lent 180 million meticais to a local association, repayable in 4 years, without interest. Apart from the 180 million loan, there are loans for cattle and agricultural equipment. The objectives of the intervention are: (i) ensure the food security of the community, and (ii) increase the financial income of the members. In the following table one finds some indicators concerning the financial operation of the 2002-2003 campaign.

Table 8: COMMERCIALISATION OPERATION 2002-2003, COMMUNITY OF MUPUMBUTU.

Description	Qt/Kg	Price Unit/MZM	Value/MZM
Sales	56000	3.000,00	168.000.000,00
Purchases	56000	2.000,00	112.000.000,00
Gross Margin			56.000.000,00
Labour			28.000.000,00
Handling			2.000.000,00
Total Costs			30.000.000,00
Profit before depreciation			26.000.000,00

¹² It would be important to analyse the costs of Technical Assistance (salaries and other fixed costs, including those of the headoffices) offered by organizations facilitating relations with the market, such as World Vision, ACIDI/VOCA, Clusa, Adra, etc., as well as their relation to results obtained. To this end, one should introduce activity based budgeting in order to calculate total expenses for each activity. That would allow for determining the real costs for each farmer reached. These costs would be incorporated in calculating the desired price of the commercialized product. If the market price does not cover this desired price, what should be done? Up to which point will this assistance be necessary? Will the facilitators have secured the means to maintain it? It comes down to – “are these interventions sustainable?”.

The Association bought 56 tons of maize from the farmers of the community at 2000 MZM/Kg in the months May to September of 2002 and sold these to the same community members at 3000 MZM/Kg in the period from November 2002 to February 2003. The capital return, of 45 million in each one of the 4 years indicates that the operation is economically not viable. The Association has 12 members who at the same time are its staff. The warehouse has a capacity of 50 to 60 tons. The *régulo* is also member of the association. In times of hunger, a community member may ask the *régulo* for a loan in maize, which must be returned in kind come the next harvest.

SUSSENDENGA.

98. A large part of the district of Sussundenga is located on the Manica Plateau. The town of Sussundenga is located at 45km from the city of Chimoio (good quality dirt road). It has electricity from the national grid and fixed telephone connections. There are roads leading to the administrative posts of Rotanda (...km of good quality dirt road) and Dombe (...km). Transporting cargo from the town of Sussundenga to Dombe is almost impossible due to the steep decline of the plateau towards the Dombe plain, therefore merchandise from Dombe destined for Chimoio is transported by way of Muchungo, on National Highway number 1.

99. The area of Rotanda is on the border with Zimbabwe. The area is rich in hydro resources, which the farmers use for irrigation purposes. Main crops are wheat and garlic. The market for garlic is in the south of the country, whereas commercialisation of wheat encounters serious problems. Mobeira tried to use the Rotanda wheat for milling, but for reasons the consultant was unable to verify desisted doing so.

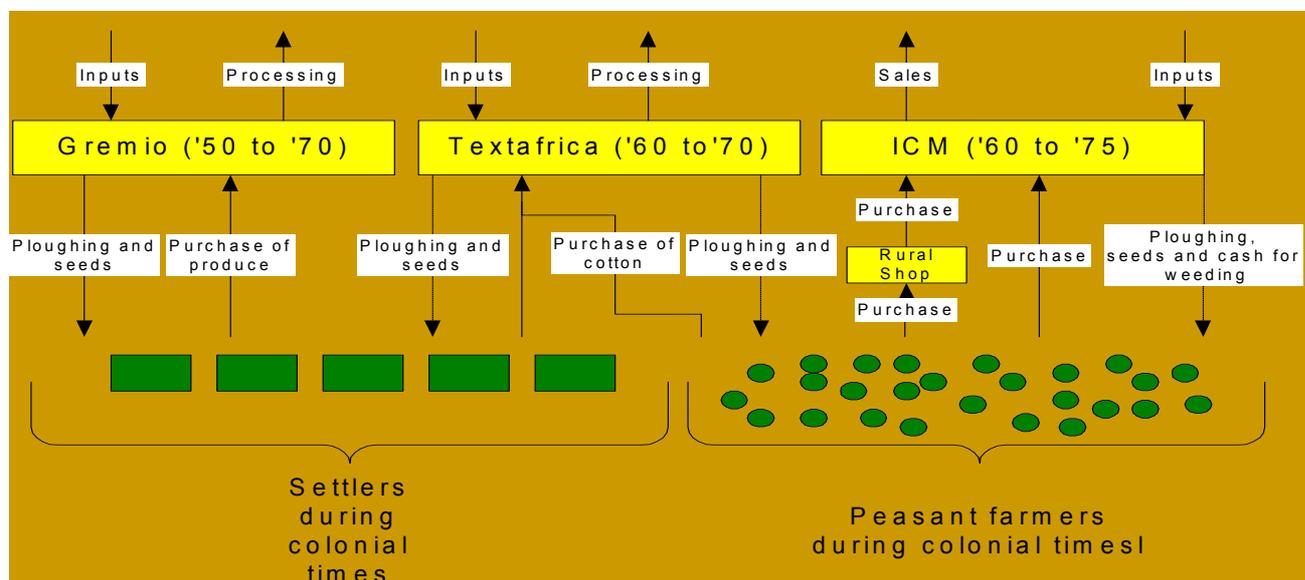
100. 40% of the district population lives in Dombe, which is a zone rich in terms of agricultural production. Family banana plantations are located near the edge of the plateau. Every day trucks carrying bananas leave for the south of the country. During colonial times, Dombe had an industrial mill, of the Italian make Roncaglia. Annual capacity was 2.500 tons and the flour was sold in 1Kg sacks and in 50Kg bags. Part of it was sold locally.

101. The DDADER of Sussundenga estimates the 2003-04 campaign maize production at 27.400 tons, 40% of which was commercialised and 60% stayed in the district for self-consumption. The greater part of this maize is commercialised by informal traders. V&M, which was active in the district, closed down during the 2002-03 campaign. The main warehouse in the town (5.000 tons) was let by the DDADER to a tobacco company, the ICM warehouse in Rotanda (common design – 300 tons) is closed and the warehouses in Dombe have been privatised.

102. The Verde Azul team interviewed farmers from an interest group supported by ACDI/VOCA called *Rambawaraira* (“...are always proving...”) in the locality of Munhinga (40km) in the community of Copenha. One of the farmers (Mr. Lucas Jornal), who is about sixty years of age, offered some clear and firm statements. Currently he and his family cultivate 2ha (using a hoe). He gets some assistance from a youth from ACDI/VOCA, who brings cowpea seeds of Semoc, on credit (25 Kgs). But during colonial times, he managed to work 7 to 8 ha in the same area. The six ha that he doesn't cultivate now, because of lack of means, have turned into bush. During colonial times, he grew maize, cotton, sunflower and even *reino* potato. He got help from ICM with ploughing on credit (the “institute” had various groups of tractors stationed in Rotanda, Dombe, Penhalonga and Sussundenga), and a number of agro-industrial agents commercialised his produce. These included GRÉMIO, which commercialised the maize and *reino* potato, Textáfrica, the cotton, a factory of edible oil bought the sunflower, etc. All these groups have ceased functioning.

103. The farmers of Sussundenga referred to a system that supported production, and which functioned during the last decade of colonial rule. In the following figure, we offer a diagram depicting this rural chain of agricultural commercialisation and credit.

Figure 7: AGRICULTURAL COMMERCIALISATION AND CREDIT STRUCTURES DURING COLONIAL TIMES IN MANICA.



The “Agricultural Society” was an organization defending the interests of the Portuguese farmers (under Colonial Government tutelage), which organized inputs and commercialised the produce. The Society started its work in the 1950s. The ICM was an autonomous institution part of the colonial state apparatus.

104. Farmer Lucas Jornal touched upon the main problem of the agricultural sector in Mozambique that has not been solved, despite the numerous projects that have been implemented to date: the creation of sustainable transaction channels that are controlled by the producers. When one investigates and enters into contact with the generation of farmers who lived during colonial times, one frequently encounters references to “the Society” in the country’s centre region. In other parts of the country people refer to “the institute” and in still other places to the ICM.¹³ These are points of reference for the stability of the rural market and the support structures of agricultural production, which no longer exist.

105. A new phenomenon in Manica Province is the Zimbabwean farmers who, after the agrarian reforms in Zimbabwe in the last 5 years, have settled in Mozambique. Proposals were made for a project that would occupy 500.000 ha of fertile soil along the Pungué River, in the districts of Barué and Macossa.¹⁴ After a study by the UEM and a seminar organized by the ORAM branch in the city

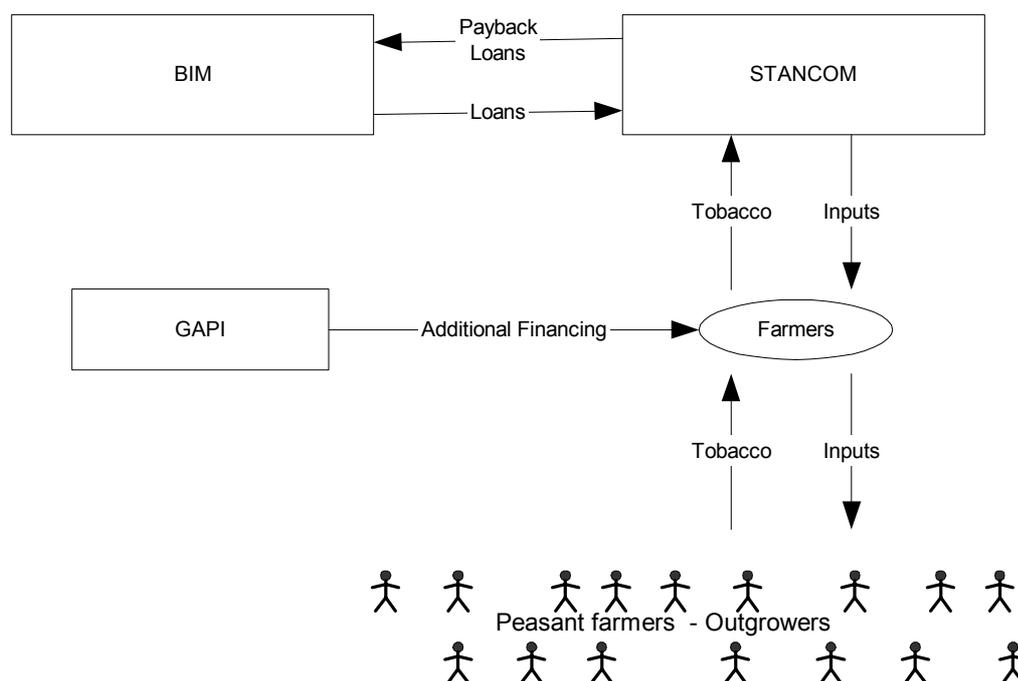
¹³ After the General Peace Accords, the Government again established the Instituto de Cereais de Moçambique, in an attempt to fill in the void left by AGRICOM. Although the statutes of the present ICM have been designed with a view to solving some problems that are pre-eminent in the agricultural sector, in practice the ICM never was equipped to perform in accordance with its objectives. Nowadays the ICM has been replaced by the private sector and does not play a role in the commercialization of surpluses in the rural areas.

¹⁴ The original map, prepared by the consultancy firm STS - Southern Technical Services – identifies the properties (on average 2.600ha each), the new road network, and the areas to which the population would have to move (including “beer halls”).

of Chimoio (February 2002), it became clear that the above option was not socially viable. Therefore, the farmers applied individually for plots of land (often former properties). A place much preferred is the former settler colony of Sussundenga, which covered a total area of 120.000ha (17% of the district).¹⁵

106. Apart from the land issue, these farmers still face problems related to lack of credit and of a secure market. However, flexible as they are, they came up with a partnership model in which they themselves act as middlemen between the multinational agro-industrial companies and the rural population. With respect to the tobacco business in Manico, for instance, the following scheme is developing:

Figure 8: MODEL OF TOBACCO PROMOTION WITH MEDIATION BY THE “FARMERS”.



107. In the opinion of the NGO OSEO, this model incorporates the peasant farmers into the global system, but without them having the possibility to influence the price level. OESO also expressed concern about the use of child labour in the tobacco sector of Manica.

108. Due to the intervention of the South African company, Pine Pinar, the sunflower sector turned very dynamic. For the 2002-2003 campaign, the company signed individual contracts with 3606 farmers in the districts surrounding Chimoio. It provided credit in the form of seeds, and rented the factory of the company “Manica Oil”.¹⁶ However, the experience with the 2002-2003 campaign are not positive from Pine Pinar’s point of view because farmers sold a lot of produce to third parties (“side selling”). Therefore, the strategy for the 2003-2004 campaign was changed. Instead of working with individual farmers, contracts were made with groups of farmers (103 groups, the leadership of which has an important role in ensuring compliance with contractual obligations). The

¹⁵ Information from the DDADER of Sussundenga indicates that the private sector (Mozambican and foreign) has submitted applications for almost all the land of the former settlement.

¹⁶ Manica Oil is owned by three partners and its factory has annual capacity of 2.500 tons, 15% of which is utilized at present.

offering of credit for seeds is not foreseen for the 2004-2005 campaign, because of the risks. The capital for purchasing the produce is from Gapi (months of July to October, with 24% annual rent). The final product is edible oil, bottled in 5 litre bottles and sold at 25.000 MZM/litre. Competition from imported oil is strong.

MANICA

109. The location of the district of Manica along the Beira Corridor and at the border with Zimbabwe offers advantages from the point of view of commerce. In the past, Grémio bought the produce, stored it and hauled it by train to the Chimoio mill. There are ICM warehouses in the district town (which were leased by V&M). The Associação dos Camponeses de Manica (ACAMA) also owns a warehouse. Another warehouse – although in ruins – is to be found in the administrative post Vanduzi (Mavonde, 40km of good dirt road).¹⁷ The district is connected to the national electricity grid and to fixed and mobile phone networks as well.

110. Several NGOs are active in the district: ACDI/VOCA (negotiated 100 million MZM from Gapi for the associations), ADIPSA (provided small credit), KWS (supported groups of women in poultry breeding) and the American Friend Services (with donations). However, according to the District Director of Agriculture and Rural Development, all these small interventions do not solve the commercialisation problems. Commercial traders also do not perform in a satisfactory manner. V&M halted its operations and Casa M'sica also is no longer involved in large-scale commercialisation.

111. A visit was paid to the Association Cucuta Cuchinga (“...Who wants to satisfy himself has to struggle...”), which has 24 members, in the community of Nhahosse. The association owns a self-made natural irrigation system and produces vegetables for the Beira market. In the past, they were assisted by Grémio, which bartered maize for products such as soap and salt. ACDI/VOCA works with the association in (i) providing market information (for instance about vegetable prices on the Goto market of Beira), and in (ii) supplying cowpea seeds from Semoc, and more recently sweet pepper seeds. However, the association members do not agree that ACDI/VOCA functions as a kind of front company in this business. For instance, it was ACDI/VOCA, which, on behalf of Semoc, collected the reimbursed beans. However, by April 2004, the farmers still did not have direct contacts with Semoc. As the members put it: “*Nós queremos conhecer o patrão ...*” (“We want to know who is in charge ...”).

BARUÉ

112. The Pungué River delimits the district of Barué in the south. In the north, Barué borders with the district of Guro. The mountains in the west separate the district from Nyanga Land in Zimbabwe. Barué is located along the National Highway, Chimoio – Tete. Those who travel beyond Barué to the north, encounter drastic climate changes, both in Guro as well as in the district of Changara. While the climate in Catandica is cool, with abundant rainfall accounting for the green landscape, Guru and Changara face a structural lack of rain.

113. A group of farmers from Zimbabwe have settled in the southern part of the district of Barué, along a tributary of the Pungué River (the enterprise belongs to four partners). The 2.000ha plot that

¹⁷ The current post of Mavonde is new, and was established 7km before the old one. A 7km stretch of road and the main Government premises still have to be rehabilitated. Near the Honde river (another 5km) one encounters ruins of warehouses.

was applied for is located within the Sanhamutambe community.¹⁸ A country house and a warehouse have been constructed, both having a temporary aspect. The farmer is producing hybrid maize seeds, using sprinkler irrigation. He also introduced a semi-industrial mill and commercializes maize from the neighbouring population. The mill runs in two shifts, with a capacity of 11 tons per day. The purchase price at the mill's gate is 3.500 MZM/Kg. The whole flour is sold in Chimoio, at 320.000 MZM per 50 Kg bag. The investment in equipment amounts to some 40.000 USD. Also planned is the introduction of beef cattle for the Zimbabwean market. The impression one had was that the maize later is going to serve as fodder for these cattle.

114. In terms of storage, the district has little capacity. In Mpataguenha (40km alongside the main road to the north), a warehouse of 300 ton capacity is under construction. Ruins of a small warehouse (5x10m) can be found in Chuala, and in Cruz (30km to the south) there is a complex of shops attached to a warehouse.

115. The organization most active in facilitating market access is the “Swedish Co-operative Centre Regional Office Southern Africa” (SSCROSA). The organization operates from, and in partnership with, the UDAC from Barué. The methodology used consists in organizing the producers per crop and zone. The following table offers some information on this organization:

Table 9: MEMBERS AND ASSOCIATIONS UDAC/SSCROSA FROM BARUÉ.

Nr	Crop	Qt	Members
1	Tobacco	3	497
2	Bean	7	264
3	Tea and coffee	2	73
4	Garlic	1	17
5	Paprika	6	242
6	Sesame	1	3
	Total	20	1096

	Rural families Barué (census '97)		15189
	Degree of organization		7,22

There are 20 associations (not yet legalized) with a total of 1096 members. Each farmer can be member of various organizations. The organization degree is 7,2%.

116. SSCROSA/UDAC assists producers in the production and post-harvest handling, and in getting access to the market. In the tobacco sector, they also monitor the classification carried out by staff from the company, Daimon. The association succeeded in negotiating a better price for the producers during the 2002-2003 campaign.

¹⁸ According to the Land Law, the applicant is obliged to consult the community before the land title is granted. In this case, the local community, with support from ORAM, objected against the non-compliance with these rules. The consultation was carried out later and the community decided to accept the investment the way it was.

2.2. Comparison and systematization of the situations with respect to commercialisation in the districts visited.

117. After the description of the situation concerning agricultural commercialisation in the various districts, we intend in this section to summarize and describe the observed patterns. Table 10 is an attempt to classify the contribution each intervening party makes to increase the influence exerted by the producer on the agricultural markets in the centre of Mozambique. The consultant marked out this contribution on a 1 to 10 scale, where 1 represents the case where there is no improvement whatsoever of the producer's control over the market – the producer has to sell at a price determined by the buyer.

Table 10: COMPARISON OF THE DIFFERENT INTERVENING PARTIES PER DISTRICT AND PER CROP, IN ACCORDANCE WITH THE EXTENT TO WHICH THEY FACILITATE PRODUCER INFLUENCE ON THE AGRICULTURAL MARKETS.

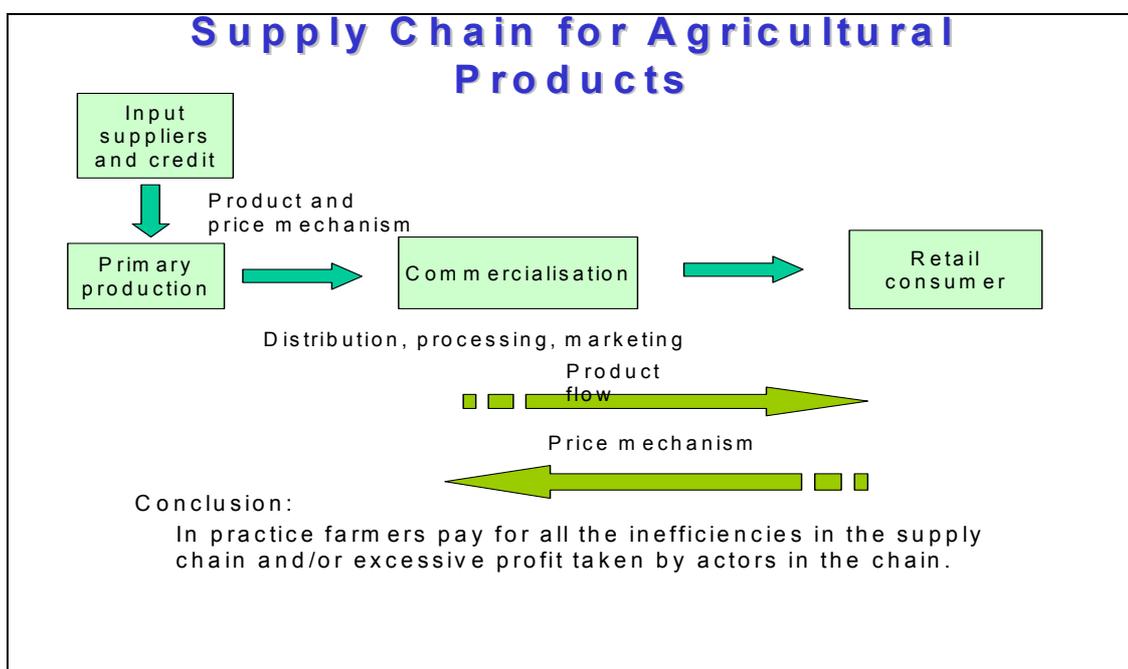
Nr	District	Intervention	Crop	Facilitation of producer influence on the market											
				1	2	3	4	5	6	7	8	9	10		
1	Milange														
		PROSAM / World Vision	New Crops				5								
		V&M / Export Marketing	Maize/Beans		2										
		Casa Liaze / Reis	Maize/Beans		2										
		Zanntrex	Chilli pepper			3									
		Malawian Traders	Maize	1											
		Informal traders	Maize/Beans			3									
2	Gurué														
		OVATA / World Vision	New Crops				5								
		CCM	Multi Crop			4									
		Clusa	Butter Bean						7						
		SAGAR	Pigeon pea		2										
		V&M / Export Marketing	Maize/Beans		2										
		Malawian Traders	Maize / Pigeon pea	1											
		Napanja & Filhos	Maize		2										
		Inkuru	Butter Bean								8				
	"Traders from the South"	Butter Bean		2											
		Informal traders	Maize/Beans			3									
3	Alto Molocué														
		AMODER	Multi Crop			4									
		Clusa	Butter Bean /Soya						7						
		SAAM	Cotton	1											
		JFS	Tobacco	1											
		SAZAM	Maize	1											
		Inkuru	Butter Bean /Soya								8				
			V&M / Export Marketing	Maize/Beans		2									
		Informal traders	Maize/Beans		2										
4	Ile														
		Inkuru	Butter Bean								8				
		Informal traders	Maize/Beans			3									
5	Mocuba														
		MOCOTEX	Cotton	1											
		ADRA	Cashew				5								
		AGT	Cashew	1											
6	Morrumbala														
			DONOVAN	Cotton	1										

Nr	District	Intervention	Crop	Facilitation of producer influence on the market											
				1	2	3	4	5	6	7	8	9	10		
		STANCOM	Tobacco	1											
		World Vision / UDAC	Chilli Pepper					5							
		ZANNTREX	Chilli Pepper			3									
		Informal traders	Maize/Beans			3									
7	Mopeia														
		ASSOCIAÇÃO DE PAZ	Rice										9		
		CARITAS	Rice					5							
		GPZ	Rice					5							
		ZANNTREX	Chilli Pepper			3									
		Informal traders	Maize			3									
8	Nicoadala														
		Traders from the South	Pineapple	1											
		Informal traders	Rice /Pineapple		2										
9	Maganja da Costa														
		AGT	Cashew	1											
		GERALCO	Cashew	1											
		Traders from Bangladesh	Cashew /Copra	1											
		MADAL	Copra	1											
		Alif Quimica	Copra	1											
		Informal traders	Rice /Copra			3									
10	Caia														
		UDACAIA	Maize										8		
		Adelso	Maize						6						
		CNA	Cotton	1											
		V&M / Export Marketing	Maize/Beans		2										
		FHI	New Crops					5							
		Informal traders	Maize/Beans			3									
11	Gorongosa														
		DAIMON	Cotton	1											
		Sunsmile / DDADER Gorongosa	Chilli pepper		2										
		FHI						5							
		UDACGORONGOSA	Maize						6						
		MOBEIRA	Maize		2										
		BARCA	Maize		2										
		V&M	Maize/Beans		2										
		Informal traders	Maize/Beans			3									
12	Gondola														
		UDAC / Asdi Voca	New Crops					5							
		MOBEIRA	Maize		2										
		A Antunes	Maize	1											
		IRDP-Kellogg	New Crops					5							
		SEMOG	Cow pea		2										
		TechnoServe	Bananas						6						
		Sagref / Pine Pinar	Sunflower			3									
		Pimento de Moçambique	Sweet pepper / Chilli pepper		2										
		MAGARIRO	Maize								7				
		V&M	Maize/Beans		2										
		Informal traders	Maize/Beans			3									
13	Sussundenga														
		UDAC / Asdi Voca	New Crops					5							
		STANCOM	Tobacco	1											

Nr	District	Intervention	Crop	Facilitation of producer influence on the market											
				1	2	3	4	5	6	7	8	9	10		
		Sagref / Pine Pinar	Sunflower		2										
		Informal traders	Maize/Beans			3									
14	Manica														
		UDAC / Asdi Voca	New Crops					5							
		STANCOM	Tobacco	1											
		CASA M'SICA	Maize	1											
		Sagref / Pine Pinar	Sunflower			3									
		Pimento de Moçambique	Sweet pepper / Chilli pepper		2										
		SEMOG	Cow pea		2										
		Informal traders	Maize/Beans		2										
15	Barué														
		DAIMON	Tobacco	1											
		UDAC / SSCROSA	New Crops							7					
		Farmer O'NEILL	Maize		2										
		Informal traders	Maize/Beans			3									

Figure 9 offers a commercialisation diagram. The situation on the ground in Mozambique, as in other countries, forces the producer to accept the prices that are being offered by the buyer. The scale from table 10 indicates the extent to which the intervening party manages to increase the bargaining power of the producers in the chain.

Figure 9: SUPPLY CHAIN OF AGRICULTURAL PRODUCE.



118. As remarked before, classification 1 from table 10 refers to the case where the buyer dictates the price. One encounters this situation for instance in the cotton concessions. In this case, the Government tried to partly act on behalf of the producers, by determining a minimum price after negotiations with the Associação das Companhias Algodoeiras. However, in line with the cotton regulations, the negotiating capacity of the farmers producing cotton is very weak.

119. In the situations classified as 2 in table 10 – the majority of the cases — the buyer uses informal traders, who often originate from the area. In this way, the producer has a minimal influence, and sometimes he may be able to negotiate very small margins with the informal trader. In the situations classified as 3, the buyer works with a facilitator who prepared the producers in participating in a relationship with a promotion enterprise, for instance such as Zanntrex in the purchase of pepper, or Sagref in the purchase of sunflower. The cases classified 5 and 6 are those in which the objective of the intervening party is to help producers to occupy a more favourable position when it comes to negotiations, such as happens with World Vision, FHI, etc.

120. In the situation classified 7 in table 10, the intervening party is helping the producers to create structures that allow them to enter the market as a group. The objective is not the facilitation of market linkages, rather it is the creation of permanent structures. Cases classified 8 and 9 are those where these structures are in place already, like the case, for example, of Ikuru. The producer associations are shareholders in Ikuru Sarl and they have the possibilities – through the annual shareholders meeting – to influence the company’s policy.¹⁹ Value 9 was assigned to the Associação de Paz in Mopeia. This association succeeded, in an innovative manner, to create an instrument for the commercialisation and processing of rice, which is fully under control of the producers – members of the association – themselves.

121. We would attribute value 10 to the situation where the producers would have control over the supply chain (including processing), and in addition would have this situation legalized. In such a way they would be able to penetrate the market down to the level of the retailer, or even to the level of the consumer. Most of the added value would thus benefit the producers.

122. The situations in the districts that were investigated is still far from ideal, as is shown by the following figure. It tries to briefly visualize the conclusions from table 10.

Figure 10: CONTRIBUTION TO STRENGTHENING PRODUCER INFLUENCE ON THE AGRICULTURAL MARKETS.

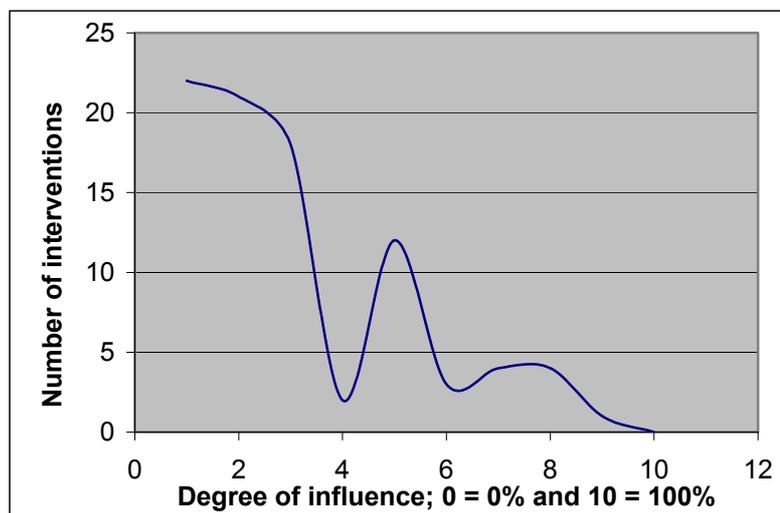


Figure 10 shows the number of intervening parties per value of contributing to the improvement of the producers’ bargaining power on the market. It indicates that most intervening parties act in such a way (degrees 1, 2 and 3), that the producers do not succeed in increasing their power on the

¹⁹ Clusa, which stimulated the setting up of Inkuru, opted for a two tier structure; i.e. Inkuru acts on the provincial level and on inter-provincial level as well. Therefore, the members are spread all over Nampula province, and even in the northern part of Zambézia, which somewhat complicates the members in exercising/feeling their ownership.

market and in collecting the added value of their produce, which would enable them to reduce the poverty they live in.²⁰ But, the producers have at least the advantage that (part of) their produce is bought. In the interventions classified as 1, one should note the situation where the producers act as out growers, a situation in which almost all control over means of production is in the hands of the company or promotion enterprise. Often the producers do not even own the land they cultivate.

123. One may also conclude that there are several intervening parties that facilitate the negotiation of prices by the producers (classifications 5 and 6). However, these operators do not fundamentally change market relations, and limit their activities to the facilitation of market linkages. SSCROSA in Barué for instance, belongs to this category.

2.3. SELECTION OF AREAS OF INTERVENTION.

124. The terms of reference (Annex 1) indicate the elaboration of 16 business plans for one tier co-operative enterprises at district level and 2 business plans for two tier co-operative enterprises. The study and the survey carried out in 2004 showed that it would be convenient to limit the number of plans. In this section, we will indicate the localizations, crops and farmers groups that were selected for the elaboration of the business plans. Basic indicators are presented first, followed by the districts and the crops that were chosen. After that, the reasoning leading to the selection will be explained.

125. The basic selection criteria were:

- 1) Organization degree of producers.
- 2) Agricultural potential.
- 3) Number of NGOs present and quality of their work.
- 4) Access roads and access to fixed and mobile phone networks.
- 5) Existing storage capacity.
- 6) Encouraging Government policies.
- 7) Donors interested in financing commercialisation activities.
- 8) Availability of extension services to accompany the commercialisation process

126. On the basis of the inventory (section 2.1.) and the above criteria, the following districts and crops were selected:

Table 11: SELECTION OF LOCALITIES AND CROPS FOR INTERVENTIONS TO BE PROPOSED

Province	District	Main Crops		Additional Crops		
Zambézia	Nicoadala	Rice				
Zambézia	Maganja da Costa	Rice	Cashew			
Zambézia	Mopeia	Rice				
Zambézia	Gurué/Lioma	Maize	Bean	Pigeon Pea	Sesame	Sunflower
Zambézia	A. Molocué/Naueia	Maize	Bean	Pigeon Pea	Sesame	Sunflower
Sofala	Gorongosa	Maize	Bean	Cow Pea	Sesame	Sunflower
Manica	Sussendenga	Maize	Bean	Pigeon Pea	Sesame	Sunflower
Manica	Gondola	Maize	Bean	Pigeon Pea	Sesame	Sunflower

²⁰ Figure 10 simplifies reality, but it serves to classify interventions from the producer viewpoint. For it to resemble reality more closely, one would have to include the volume of transactions per degree of contribution. Without doubt we would then conclude that with respect to the almost entire volume commercialized in the agricultural sector, the producer has no influence whatsoever on the supply chains – degrees 1 to 3.

127. On the basis of this scheme, four two tier companies have been planned, namely: (i) a rice company in Quelimane, using the ICM installations; (ii) a maize and beans company in Chimoio, using the “Grémio” installations; (iii) a cashew company in Mucubela, using the installations of the former cotton ginning factory; (iv) and a maize and beans company in Mocuba. See the following diagram:

Table 12: STRUCTURING OF THE CO-OPERATIVE ENTERPRISES TO BE DEVELOPED.

	Crops	One-Tier Co-Op Enterprise	Two-Tier Co-op Enterprise
1	Rice	Nicoadala	Quelimane /ICM
		Maganja da Costa	
		Mopeia	
2	Maize + Beans	Gondola	Chimoio/Grémio
		Gorongosa	
		Sussendenga	
3	Cashew	Cariua	Mucubela - Maganja da Costa
		Bajone/Naico	
		Missale	
		Mucubela	
4	Maize + Beans	Gurue/Lioma	Mocuba
		Alto Molócuè/Nauela	

128. The reasons for selecting rice in Baixa Zambézia are the following:
- In July 2003, the Ministry of Agriculture and Rural Development started a campaign to re-launch rice growing, and chose to focus its activities on Baixa Zambézia.²¹
 - ORAM carries out a pilot project of rice commercialisation in the district of Maganja da Costa (Baixo Licungo).
 - There are great possibilities of substituting rice grown in Mozambique for imported rice.
 - One can rehabilitate/benefit from existing processing infrastructure.

129. The intervention in maize and beans in the Beira Corridor is based on the following:

²¹ MADER at the time established the National Task Force-NTF for rice, where the most relevant know how concerning rice in Mozambique was brought together. The NTF is headed by the Director of the Instituto Nacional de Açúcar (INA) and of the Gabinete de Promoção do Sector Comercial Agrário, with the objective to create the basis for the substitution of rice imports, similar to what happened in the sugar sector.

- The existence of a tradition of centrally organized commercialisation and agricultural credit due to the activities of the *Grémio da lavouras* (farming corporation). This valuable infrastructure still exists.
 - The two districts (Gondola e Sussundenga) were selected because of the proximity to Chimoio (important commercial centre), their high production potential and the great interest shown by producers to re-establish supply chains they can benefit from.
 - The district of Gorongosa was chosen because of the experience ORAM has in working together with the communities.²²
130. Cashew in Maganja da Costa was selected fro two reasons:
- Between 1997 and 2002, ADRA, in partnership with ORAM, developed a program to replant cashew, using low-growing cashew trees. To complement the extension program, it is necessary to create a secure cashew market so that there is an economic interest on the part of the producers to properly maintain their cashew trees.
 - ORAM, in partnership with the organization SNV, intends to share the experiences in the cashew sector that were learned in Nampula to Zambézia.
131. The selection of maize and beans in Alta Zambézia was based upon:
- The high potential of the identified areas.
 - The organizational work already carried out by NGOs in the area of commercialisation.

²² The district of Caia has to wait for a second phase because: 1. The long distance between Murraça (one tier) and Chimoio (two tier), and 2. the initiatives and models that have already been developed in the area of commercialization should not be disturbed by new initiatives.