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MOZAMBIQUE

FY 2011–2015 Multi-Year Strategy

U.S. Government Document

The Feed the Future (FTF) Multi-Year Strategies outline the five-year strategic planning for the U.S. Government's global hunger and food security initiative. These documents represent coordinated, whole-of-government approaches to address food security that align in support of partner country priorities. The strategies reflect analysis and strategic choices made at the time of writing and while interagency teams have formally approved these documents, they may be modified as appropriate.

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ABBREVIATIONS AND ACRONYMS

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

I. INTRODUCTION

Mozambique is uniquely situated to benefit from the Feed the Future Initiative. Its vast untapped agricultural potential (only 10 percent of arable land is under cultivation and opportunities exist for huge productivity improvements) paired with some of Africa's poorest and most undernourished people – 80 percent of whom work in agriculture – lead to obvious conclusions. But its geographic location and its central role in three major transport corridors linking landlocked countries to Mozambican ports also make it a critical factor for regional food security and access to international markets.

Mozambican political leaders' renewed commitment to improving agricultural productivity responds to protests against food and fuel price increases last September and survey data showing that, despite one Africa's best records of sustained growth (average of 8 percent for more than 10 years), this growth has not reduced poverty. In response, the Comprehensive African Agriculture Development Program (CAADP) process was launched, a new Poverty Reduction Strategy highlights improving agricultural productivity as a key pillar, and a new 10-year Agricultural Sector Strategic Plan was approved, paving the way for finalizing a CAADP Compact and Investment Plan over the coming months. In short, improving agricultural productivity and ensuring access to food are now top-level priorities for Mozambique's leaders who are anxious to see quick results. We need to seize this moment.

The crux of this strategy responds to the challenge for agriculture outlined by a donor colleague with years of experience in Mozambique as we developed our whole-of-government Country Assistance Strategy: "We've been working for 30 years to increase smallholder productivity without success. What do we need to do differently?" The answer that emerged draws on past USG work and successful out-grower schemes implemented by tobacco and cotton companies: link smallholders to commercial markets. Building public extension services that can reach smallholders requires long-term efforts to address capacity and governance issues—but harnessing private sector dynamism to transfer improved seeds and production methods to smallholders and provide them with inputs and access to markets can move this process more quickly. We are doing this through farmer cooperatives, emerging farmers, and commercial agro-enterprises.

These efforts build on and integrate existing programs across many agencies: USAID's Title II Food for Peace food security programs and Platform for Agricultural Research and Technology Innovation, the Millennium Challenge Corporation's (MCC) Land Policy efforts and Small Farmer Assistance Program, U.S. Department of Agriculture Food for Progress grants to promote the poultry industry and sanitary/phyto-sanitary programs, PEPFAR funding of CDC nutrition counseling in target areas, and Peace Corps' expanded number of volunteers working in agriculture and nutrition.

At the base budget level we target three key value chains that offer the greatest impact on Feed the Future (FTF) results in two provinces with the greatest need and potential and regional impact (on the Nacala trade corridor). These efforts can pull families out of poverty and reduce the number of under-weight children significantly. Given the need and potential in Mozambique, we propose additional funding scenarios to expand these efforts to the Beira trade corridor and add another value chain – with proportional increased impact. At a higher budget level of FTF agriculture funds, Post will proceed with adding pulses (e.g., common beans, cowpeas, pigeon peas) as the fourth value chain and expand activities in the Manica province (Beira corridor). The approach outlined in this strategy is working; additional Feed the Future funding can have major impact in Mozambique.

2. DEVELOPMENT CHALLENGES AND OPPORTUNITIES

2.1 CONTEXT AND CHALLENGES TO FOOD SECURITY

Context

Mozambique has experienced a mixed record of development success following its 25-year war (1969-94). The gross domestic product (GDP) has grown at an impressive 8 percent since 2005, driven partly by extractive mega-projects, but also by agriculture. However, poverty and undernutrition rates remain high. Fifty-four percent of the national population lives in poverty. Chronic malnutrition or stunting is recognized as the best indicator of quality of human capital of a country. In Mozambique, 44 percent of children under five years of age suffer from stunting or low height for age -- one in every two children cannot achieve his/her physical, mental and cognitive development potential. Approximately four percent of children under five years of age are wasted and 18 percent of children under five years of age are underweight.

Although Mozambique made some progress on reducing poverty and undernutrition between 1997 and 2003, that progress has since slowed. Indicators have demonstrated marginal or no improvements since 2003 due to low agricultural productivity, under-developed markets, poor nutritional options and behaviors, and weak government capacity and policy. Unless these factors are improved, Mozambique is unlikely to meet its Millennium Development Goal (MDG) targets on poverty (40 percent of people living in poverty by 2015), and on chronic malnutrition in children under five years of age (30 percent in 2015 and 20 percent in 2020).

In addition to poverty and undernutrition, Mozambique is highly vulnerable to drought, flooding and climate change. Drought is the most frequent natural disaster and occurs every 3-4 years, especially in the Southern and Central regions. Almost the entire Mozambican coastal area is vulnerable to cyclones from November-April. Together, droughts and cyclones have affected an estimated 800,000 Mozambicans in the past decade. Climate change will likely increase the risk of natural disasters over the next 20 years. Volatile climate disproportionately affects farmers, almost all of whom rely on rainfall for production. Another vulnerability factor that threatens agricultural productivity and food security is HIV. With a prevalence rate of 12 percent overall and 9 percent in rural areas, it affects many farming households.

Challenges to Food Security

Agriculture is the foundation of Mozambique's economy. The sector employs 80 percent of the active population and constitutes 24 percent of national GDP. Economic development and poverty alleviation are therefore highly dependent on agricultural growth.

Although agriculture has grown at 8 percent since 2001, this growth is almost entirely from increases in land use rather than productivity. Food availability is limited by yields that are, on average, one third of their potential with improved inputs and practices. Use of improved technologies, such as better seed, chemical fertilisers, pesticides, or animal or motorised traction, is well below regional averages. For example, less than 5 percent of smallholders use chemical fertilizers or pesticides and less than 10 percent use improved maize seed or animal traction.

Weak market linkages constrain access to food. On average, only 20 percent of smallholders sell their crops in the market, and 34 percent of them receive price information. Organization of farmers is also

limited, with only 7 percent belonging to a farmer-based organization (FBO). Poor infrastructure further weakens market linkages, making it difficult for farmers to trade in markets to generate income.

Poor nutrition options and behaviors limit the consumption of nutritious foods among adults and children. Cereals, tubers, vegetables, green leaves, beans and groundnuts are the primary components of the diet for the majority of the population in Mozambique; however, 58 percent of calories come from maize and cassava. Infant and young child feeding practices are weak – only 37 percent of children under 6 months of age are exclusively breastfed. Many mothers feed their children liquids and/or solid foods before they are 6 months old, displacing nutrient- and energy-rich breast milk. Poor behaviors extend past infancy: only 9 percent of children 6–23 months of age in Mozambique are fed a minimum acceptable diet based on breastfeeding frequency.¹

Government of Mozambique (GOM) policies are becoming more conducive to agriculture growth, but require further reform to alleviate investment constraints. Recent supportive legislation has made registration of farmer associations and cooperatives easier and more accessible. However, an assessment on Agriculture, Commercial, Legal and Institutional Reform (AgCLIR) has identified several constraints to agribusiness, chief among them land, credit, and labor. Policies on transferability and collateralization of land rights deter investment. Credit is unattainable for Mozambique's small and medium farmers, only 3 percent of whom receive it. Restrictions on expatriate labor and insufficient government support to technical and managerial skills development for locals also constrain agribusiness growth.

2.2 OPPORTUNITIES

Despite these challenges, Mozambique has the potential to become an agricultural powerhouse in the Southern Africa region. The country has immense agricultural potential in terms of land and productivity. Mozambique has 36 million hectares of arable land – 2.8 times that of Ghana and 1.9 times that of Tanzania – but only 10 percent of that land is farmed. Productivity is similarly below potential – on average, Mozambique's farmers could triple their crop yields by using improved inputs and practices.

Mozambique is also well-positioned to transform Southern Africa's food security situation. The country is the second-largest formal exporter of food in the region and could progress toward a trade surplus² if regulation and agricultural practices are improved. Mozambique's strategic location and trade corridors (links to Tanzania, Malawi, Zambia, Zimbabwe, and South Africa, as well as overseas markets) could make the country a key player in regional and global food security, if it is able to realize its productive potential.

Investors are starting to respond to this potential and recent large-scale agriculture investments foreshadow further growth opportunities. Olam has set up the first large cashew processing factory in Africa (in Nampula), and Chiquita is partnering with local agri-business Matanuska to export bananas in a \$50 million venture.

Government Commitment

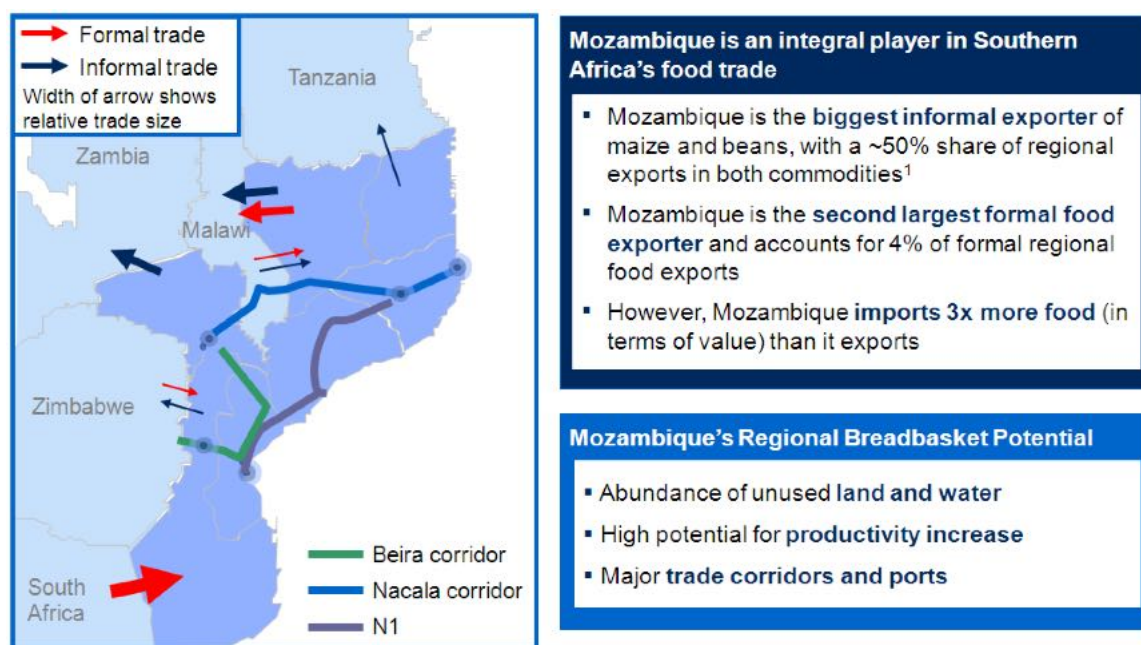
On May 3, 2011, the Government of Mozambique (GOM) Council of Ministers approved the Action Plan for Reducing Poverty (PARP) for the period 2011 - 2014, to reduce food poverty from the current level of 54.7 per cent to 42 per cent by 2014. The PARP focuses on three general objectives: increases in agricultural production; the promotion of decent employment; and human and social development.

¹ WHO 2008, as quoted in the Integrated Nutrition Investment Framework by USAID/Mozambique, 2010

² Mozambique currently imports three times more food than it exports (in value terms). Source: FEWSNET

At the same time, the Council of Ministers approved the Strategic Plan for Agricultural Development (PEDSA) covering the period 2011 – 2014. PEDSA objectives, fully aligned with the CAADP pillars, are increasing agricultural production, food security, and the incomes of agricultural producers in a competitive and sustainable manner, while promoting social and gender equality. In addition, the PEDSA has included links to the Multi-Sectoral Action Plan to Reduce Chronic Undernutrition. PEDSA focuses on increased agricultural productivity (crops, livestock, forestry, and fisheries), value-added processing, and market development, sustainable use of natural resources including adaptation to climate change, integration of nutrition with agriculture, and strengthening the capacity of key Government institutions.

Figure 1. Mozambique's Regional Food Security Importance and Potential



The GOM has made steady progress on advancing the CAADP process for Mozambique in recent months. The GOM launched the CAADP process in December 2010 and has since put the key structures (CAADP country and analytic support teams) in place and carried out initial analyses (stock-taking against pillars). Three sub-regional stakeholder consultations with in the southern, central and northern provinces were held in June 2011. Special topical studies are ongoing, a data base of donor funded agriculture/food security activities is being finalized, and a CAADP compact is currently under development. USG/Mozambique expects a compact signing in July 2011, development of an investment plan by November 2011 and an investment conference in December 2011 or early 2012. Building upon the national CAADP multi-stakeholder, inter-ministerial team, coordination mechanisms will be supported that ensure active engagement of, and input by, non-state actors (i.e., NGOs, private sector, farmer organizations, academic institutions) throughout CAADP country investment plan preparation, program implementation, and performance monitoring. Maintaining momentum on CAADP will be critical to Mozambique's success in mobilizing resources and realizing its agricultural potential. FTF supports the CAADP process and the objectives and broad program areas of PEDSA.

GOM leadership on nutrition is similarly strong. The GOM released a five-year Multi-Sectoral Action Plan to Reduce Chronic Undernutrition in July 2010. This Action Plan, prepared by various government agencies and in collaboration with civil society and donor partners, offers a package of activities and

interventions with priority strategic objectives and sectors that over a period of 10 years should contribute to a reduction in more than 20 percent of current prevalence rates of chronic malnutrition. An accompanying declaration of commitment by relevant ministers signaled the high-level leadership commitment to implementing the plan. The GOM is now in the process of implementing the strategy with planned support from donors including USAID, DANIDA, CIDA, World Bank among others. FTF supports the GOM action plan to reduce chronic malnutrition.

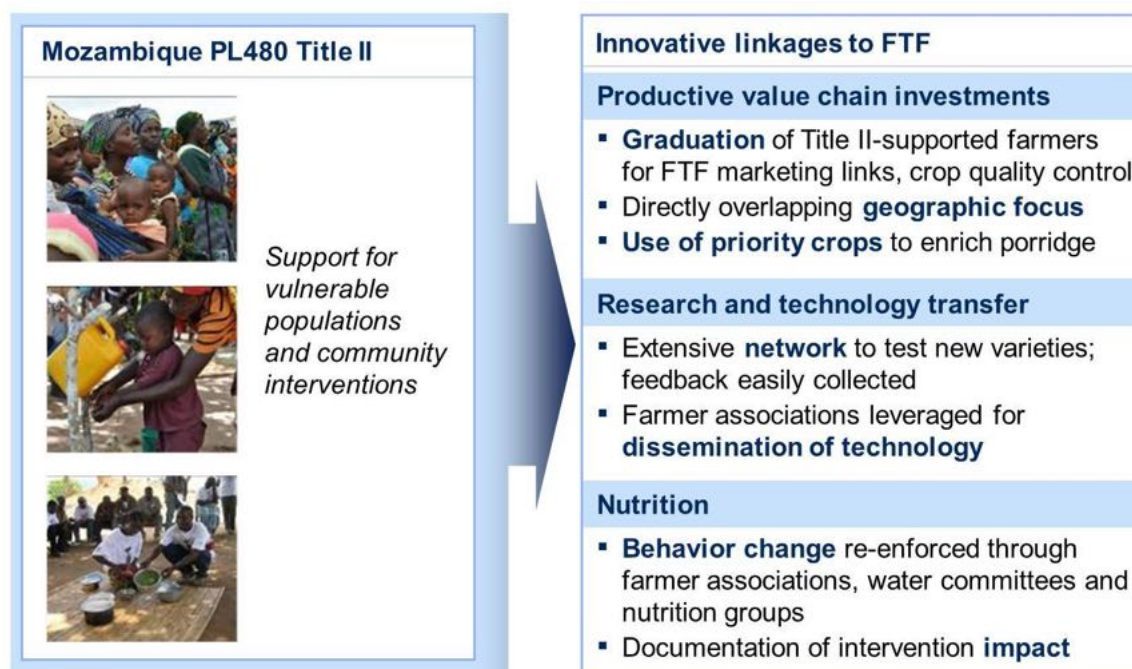
2.3 FEED THE FUTURE STRATEGIC CHOICES

In response to these challenges and opportunities, USG/Mozambique selected a package of high-impact interventions that build on USAID's comparative advantage and leverage the work of other players, including other USG agencies, development partners (DPs), and the private sector.

USG/Mozambique's FTF investment consists of three program areas:

1. **Transform income-generating value chains** with nutrition orientation (i.e., oilseeds, cashews, and fruit).
2. **Improve nutrition** among children under five years of age and pregnant women through social and behavior change communication activities including growth monitoring and promotion and innovations in supply of nutritious foods.
3. **Support** relevant agriculture, business, and nutrition **policy**, crop **research**, and **technology transfer**.

Figure 2. PL480 Title II Food Security Program Linkages with Feed the Future



These program areas build on USAID/Mozambique's recognized comparative advantage in agribusiness, community-level institution building, nutrition, policy reform, and agricultural research and technology

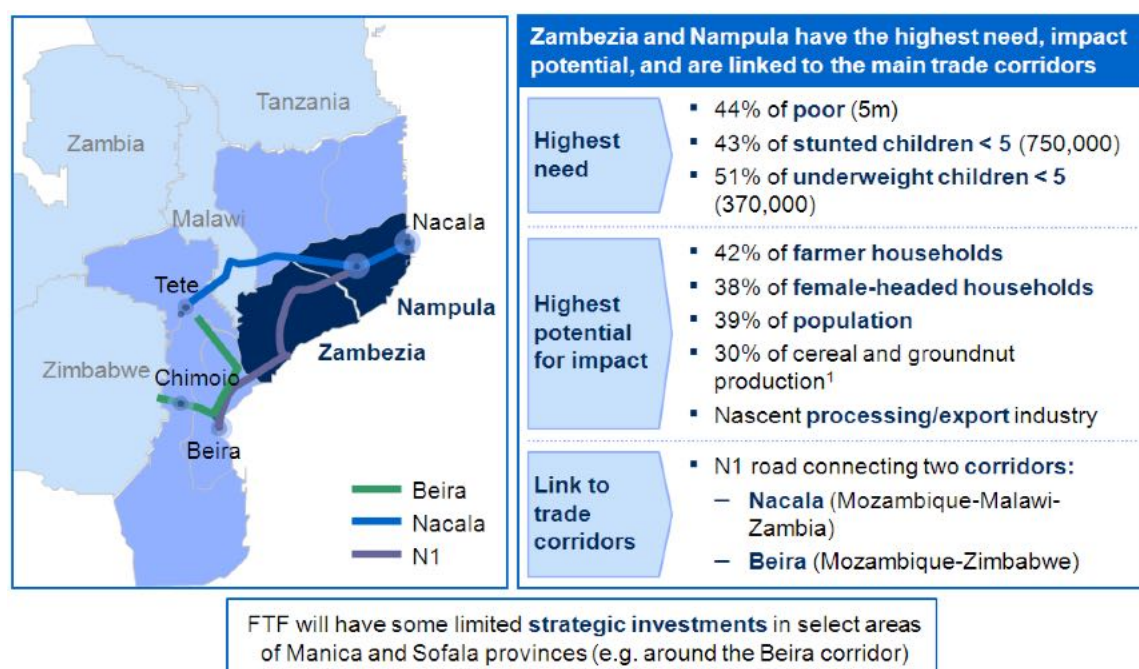
transfer. The FTF strategy builds upon the foundation in agriculture and nutrition of P.L. 480, Title II programs, a crucial resource for achieving Mozambique's FTF objectives.

Targeted Regions

To achieve the most impact, FTF/Mozambique will focus both agriculture and nutrition interventions on Zambezia and Nampula provinces. USG/Mozambique has selected these provinces based on need, potential for impact, and opportunities for FTF to leverage other investments by USG agencies, donors, and the private sector. These provinces also contain or are adjacent to three of the country's main trade corridors: Nacala (linking Mozambique to Malawi and Zambia), Beira (linking Mozambique to Zimbabwe), and the NI (key North-South road connecting Nacala and Beira corridors).

Zambezia and Nampula's populations have very high need. Together, the provinces are home to 44 percent of the country's poor (5 million poor out of approximately 8.6 million total population in these provinces), 43 percent of stunted children under five years of age (770,000 out of a total of approximately 1.6 million children under five years of age in these provinces) and 51 percent of underweight children under 5 years of age (370,000).

Figure 3. Geographic Focus of Feed the Future



These provinces also have high agricultural potential, hosting 42 percent of smallholder farmer households and 38 percent of female-headed households. Agricultural potential is high for most food and cash crops and the provinces account for 30 percent of national cereal and groundnut production. Furthermore, soybean and cashew production is concentrated in these provinces, as is the cashew processing industry. Communities in the coastal regions of these provinces suffer from poor soils, making them vulnerable to food insecurity.

Beyond Zambezia and Nampula, FTF/Mozambique will consider strategic investments in the Sofala and Manica provinces that leverage opportunities around the Beira Corridor. These investments will be

limited in scale and anticipated to consume up to 25 percent of the FTF agriculture budget for direct value chain investments. The FTF nutrition component will invest 6 percent of the direct nutrition intervention budget in Sofala and Manica to leverage PEPFAR-funded health infrastructure extending into communities.

Targeted Value Chains

FTF/Mozambique will focus on oilseeds, cashew and fruit value chains, as they have high income potential for smallholders and nutritional relevance for vulnerable populations. In addition to income-generation potential and nutritional value, USG/Mozambique considered the following criteria for value chain selection: relevance to target geography, impact on women farmers, market demand and potential for growth, USG comparative advantage, and opportunities for FTF to build upon and consolidate past USG investments, and leverage existing investments by USG agencies, other donors, and the private sector. The strategic focus, programs and funding of other donors and development partners were also considered. For example, cereals (rice, maize), forestry and fisheries all receive substantial donor and development partner support. USAID provides limited funding for research/technology transfer for cereals. USAID also provides modest support for sustainable fisheries management with biodiversity funds that is complementary to FTF food security investments, but not directly attributed to FTF. Below are brief descriptions of the targeted value chains. Section 4 provides additional details.

Oilseeds – USG/Mozambique has selected oilseeds (soybean, sesame and groundnuts) as the primary value chain.

Crops in this value chain are almost entirely grown by smallholders (for example, 95 percent of soybean production is by smallholders) and generate at least three times more income per hectare cultivated than maize. Demand for soybeans from the growing poultry sector is robust and Mozambique's sesame exports perform well on the world market. Groundnuts are a primary component of the national diet, providing needed protein and fat. Households use groundnuts and sesame to enrich porridge for children (this is a critical intervention that addresses child undernutrition and receives support from the USAID Title II program.)

This FTF focus complements other donors' investments, such as the World Bank's support of sesame (extension and market linkages in selected districts of Sofala, Tete, and Zambezia provinces) and the Gates Foundation's support of soybean production in Zambezia and Nampula. USG/Mozambique will ensure that implementation is coordinated with and complementary to these programs, especially regarding the selection of districts.

Moreover, this focus builds on past USAID successes in this value chain. As one example, USAID support to sesame over the last twelve years has helped to expand sesame production, raise the quality of the sesame seeds produced, and stimulate increased sesame processing. Progress in these areas has enabled Mozambique to increase sesame export volumes by 24 times (from 1,500 to 36,000 tons) and increase prices between 1998 and 2009. Two processors are also now offering value-adding services to sesame farmers. FTF will leverage this experience to link sesame farmers to markets.

Cashews and Fruit – FTF/Mozambique's secondary value chain priorities are in cashews and fruit- both of which offer potential for nutritional local consumption and cash markets.

Cashews are particularly relevant to Zambezia and Nampula, as the two provinces account for 61 percent of national raw cashew sales. Cashews are also a foundation for smallholder income generation, particularly for women, and input into an established cashew processing industry. This focus again

leverages other donors' activities, such as the Gates Foundation and GIZ support to the Africa Cashew Initiative. FTF investment in cashews also leverages USAID's successful history of supporting cashew production (through Title II funding to nurseries for production and distribution of cashew seedlings to smallholders, 2002-08) and processing (through technical assistance and loan guarantees to cashew processors since 2002).

Like cashews, fruits (especially mangos) are widely grown in the focus geography. Households consume fruit when it is available, and those who do sell fruit on the market make higher margins on it than for staples. However, significant postharvest losses negatively affect rural household income and food security. Thus, supporting market links (domestic, regional, and in some cases international) for fresh fruit and processed fruit products to smallholder fruit growers can have a far reaching impact. This intervention will build upon USAID Title II funding for off-season pineapple production in Zambezia and Nampula, as well as donor programs such as the World Bank's new fruit training center.

In selecting focus value chains and prioritizing interventions within specific value chains to achieve the greatest impact, USG/Mozambique considered assessments by USG agencies, other donors (i.e., World Bank for fruits; Gates Foundation for soybean and cashews), development partners (i.e. TechnoServe and the Cooperative League of the U.S.), and Government of Mozambique. As we design our interventions, USAID will conduct further analysis as necessary to fill gaps in current understanding of the target value chains.

Targeted Nutrition Interventions

FTF/Mozambique's nutrition component will focus on strengthening community-based nutrition social and behavior change communication (SBCC) activities including growth monitoring and promotion and innovative agro-processing of nutritious foods targeting the FTF focus provinces of Zambezia and Nampula. In Sofala and Manica provinces, some of the SBCC activities will be integrated into OVC and home based care programs.

Community-based nutrition activities are central to the Feed the Future Mozambique strategy and are aligned with the GoM National Multisectoral Action Plan to Reduce Chronic Undernutrition. FTF nutrition activities are built around complementing existing community-based USG nutrition activities being implemented through USAID Title II and SCIP programs. These work through mothers' and fathers' groups, community-based health and hygiene volunteers, and junior farmer clubs to strengthen links between community and facility-based health and nutrition services. In addition, FTF will support the GoM's efforts in Growth Monitoring and Promotion, a key part of their comprehensive approach to reduce chronic undernutrition. The FTF activities will provide support for both policy development and implementation. These activities will build on previous experience that shows that particular outcomes of GMP can be specifically tailored to the growth status of the child, incorporating elements such as encouraging good care practices, identifying possible problems if growth is not optimal, suggesting doable actions, reinforcing participation in other community-based health nutrition activities, and making referrals to health providers if needed³.

Promotion of optimal nutrition related behaviors through community-based platforms has impact in reinforcing positive nutrition behaviors, specifically among women and children. USAID Title II-funded nutrition education programs in Zambezia and Nampula have demonstrated results: biannual data collection on the program shows that children participating in the program are healthier than children

³ Mangasaryan, N. et al. Revisiting the concept of growth monitoring and its possible role in community-based nutrition programs. Food and Nutrition Bulletin, vol. 32, no.1 2011.

not participating. Specifically, the introduction of enriched porridge achieves two important outcomes: (1) it teaches parents what is needed for a healthy child according to what is available and accessible; (2) reinforces the importance of the dietary diversity and quality. Both of these outcomes directly address undernutrition for children as well as for pregnant and lactating women. Continued Title II funding will build on this process.

FTF/Mozambique's Nutrition Challenge Fund is intended to expand the supply of nutritious foods for Mozambicans. The low level of fortification and agro-processing of nutritious foods makes this intervention especially needed to complement the demand-side interventions supported at the district and community levels.

Estimated Impact

Preliminary estimates suggest that through Feed the Future in Mozambique, over the next five years:

- An estimated 207,000 vulnerable Mozambican women, children, and family members—mostly smallholder farmers—will receive targeted assistance to escape hunger and poverty.
- More than 346,000 children will be reached with services to improve their nutrition and prevent stunting and child mortality.
- Significant numbers of rural populations will achieve improved income and nutritional status from strategic policy and institutional reforms.⁴

The nutrition budget will be invested in district and community interventions and support to policy development, coordination, and implementation at the national, provincial, and district levels.

FTF/Mozambique will also have national-level impact through:

- Creating enabling policy for agricultural productivity, private sector investment, agribusiness and trade, and improved nutrition.
- Developing higher yielding, disease resistant crop varieties, along with better production technologies for utilization beyond FTF geographic focus areas.
- Validating innovative private-sector led models that increase productivity and competitiveness of smallholder farmers, emerging farmers and agro-enterprises.
- Strengthening the capacity of Mozambique's agricultural research and technology system

2.4 OPPORTUNITIES FOR COLLABORATION

This strategy is a product of strong inter-agency collaboration and the FTF program builds on several major USG programs. First, USAID Title II programs provide a solid foundation for FTF agriculture and

⁴ Disclaimer: These preliminary targets were estimated based on analysis at the time of strategy development using estimated budget levels and ex-ante cost-beneficiary ratios from previous agriculture and nutrition investments. Therefore, targets are subject to significant change based on availability of funds and the scope of specific activities designed. More precise targets will be developed through project design for specific Feed the Future activities.

nutrition interventions and are crucial to achieving FTF objectives. Second, target geographies of USG programs intentionally overlap: FTF is co-located with several MCC and USDA investments (e.g. MCC's Farmer Income Support Program; USDA's Food for Progress program) in Zambezia and Nampula. USDA is providing technical support in monitoring and control of the invasive fruit fly (fruit value chain) and control of aflatoxin (oilseeds value chain). Peace Corps volunteers will be integrated into FTF programs to support agriculture and nutrition activities where appropriate. Health and education PCVs will be supported to incorporate nutrition promotion in their ongoing activities. Agricultural volunteers, working with several FTF implementing partners, may be used to strengthen farmer organizations, develop agribusinesses and promote technology transfer. FTF also builds direct programmatic links to USG programs by, for example, leveraging PEPFAR-funded technical assistance, health systems strengthening, and clinical programs and partnering with the State Department to advance relevant USG policy positions and to encourage U.S. investment and bilateral trade. FTF policy, agricultural research and technology transfer activities directly complement and contribute to the objectives of MCC and USDA programs. For example, more productive, disease-resistant and drought-tolerant food and cash crop varieties, along with improved crop management practices, are being transferred to smallholders by FTF, MCC and USDA programs. USAID and USDA support for the poultry sector has increased the domestic demand for soybeans (oilseeds value chain) and maize for poultry feed. FTF's interventions to strengthen farmer organizations, develop agricultural markets, and forge public/private partnerships also create opportunities for MCC and USDA assisted farmers.

Figure 4. Mozambique's Whole-of-Government Feed the Future Program



USG/Mozambique is partnering with and leveraging the investments of donors to maximize the impact of this strategy. USG is an active member of the Agriculture and Rural Economic Development Working Group, the Private Sector Working Group, and the Nutrition Technical Working Group.

USG/Mozambique will use influence in these groups to build collaborative cross-agency intervention models. For example, the FTF agriculture component builds on the Gates Foundation's investments in soybean production by linking soybean farmers to input and output markets. In nutrition, USG/Mozambique is partnering with CIDA, the World Bank, and DANIDA to support the GOM's Multi-Sectoral Plan to Reduce Chronic Undernutrition. Linkages with other donor programs are discussed in further detail in Section 4.

This strategy sustainably links smallholders to the commercial food system. Specifically, FTF links smallholders, typically through farmer associations, to agri-businesses including emerging farmers, commercial farmers, commercial nurseries, and processors. These linkages provide farmers with benefits across the value chain: inputs, credit, and training on production practices, output markets, and value-addition from processing. Furthermore, FTF works to strengthen industry associations and engage them in policy advocacy to advance Mozambique's competitiveness.

FTF/Mozambique will explore opportunities to collaborate with other FTF programs in the Southern Africa region:

- **Malawi:** Look for joint trade linkage opportunities, especially in oilseeds (since both countries are focusing on these crops).
- **Zambia:** Identify opportunities to build trade linkages with investments around the Nacala Corridor
- **Southern Africa:** collaborate with the Southern Africa Global Competitiveness Hub for regional economic integration and trade facilitation and with regional representatives and programs of USAID, USDA, Commerce and USTR

2.5 CROSS-CUTTING FOCUS AREAS

Empowerment of Women

Supporting women in agriculture and household nutrition is essential to the success of this strategy. Agriculture employs 90 percent of Mozambique's female labor force, and a quarter of all farming households are women-headed. Women are also the leaders on nutrition in the household. USG/Mozambique's FTF strategy supports women by:

- Selecting several value chains that have high female relevance and participation. For example, women are often growers of groundnuts, and cashews create female employment (nearly 40 percent of jobs in the processing industry are held by women).
- Strengthening women's participation in and leadership of farmer associations. In communities where Title II is active, 94 percent of women belong to a farmers association. INCPROX studies show that these women have almost double the income of women in communities that do not receive Title II support.
- Targeting women (and their children) with nutrition interventions to reinforce positive nutrition behaviors in the household.
- Involving women in research trials and farm-level demonstrations.

- Training women as trainers of other women in nutrition benefits and improved household processing of soybeans, orange fleshed sweet potato and cowpeas.

Agricultural Adaptation to Climate Change

Mozambique is highly vulnerable to climate risks, especially drought. This strategy therefore supports climate adaptation by:

- Investing in targeted research and technology transfer on drought-tolerant and different maturity varieties of food and cash crops (soybean, cowpeas, pigeon peas, orange-fleshed sweet potato).
- Supporting smallholder intercrop agricultural systems that improve productivity along with resiliency to climate change.
- Supporting research and technology transfer on integrated soil fertility management.
- Promoting conservation agriculture through mechanization of land preparation, minimizing soil disturbance, and maintaining permanent soil cover.
- Improving the balance of maize-oilseeds rotations (through oilseeds value chain intervention) to ensure nitrogen replacement of the soil, creating a more productive, sustainable farming system.
- Supporting land use planning and management, taking into consideration both agro-ecological potential and climate change vulnerability.
- Promoting tree crops (cashews, fruits).
- Through a tripartite program with EMBRAPA, disseminating weather and climate data.
- Conducting agriculture/climate change policy/investment analysis, stakeholder consultations, and advocacy.

Sustainability

FTF/Mozambique's focus on ensuring private sector engagement in both agriculture and nutrition components along with the resultant business relationships will benefit smallholders, emerging farmers, and consumers while contributing to sustaining the impact of FTF investments.

Strong Government of Mozambique commitment and leadership is also essential for sustained impact of the FTF/Mozambique and other donor programs. This is a challenge given the Government of Mozambique's significant funding gaps and consequent reliance on donor funding. The GOM is demonstrating increasing leadership and ownership of the national nutrition and agricultural plans. For example, seven government ministries are supporting the Multi-Sectoral Plan to Reduce Chronic Malnutrition. CAADP is similarly receiving high-level and interministerial attention that will enable the Government to lead and own the development of the agriculture sector.

USG/Mozambique will support this increased ownership and leadership by providing technical assistance to further build government capacity in agriculture and nutrition. FTF funding will enable

USG/Mozambique to invest in technical assistance at the national, provincial, district, and community levels. Section 4 details FTF technical assistance support.

Strengthening Good Governance

The USG/Mozambique Feed the Future Strategy links to and incorporates various USG efforts to strengthen democratic governance in Mozambique. FTF contributions to the objective of increasing pluralism include developing the capacity of community councils, agricultural cooperatives, associations, and federations, private sector advocacy groups and industry associations, and non-governmental think tanks. Policy reform efforts focusing on reducing transaction costs, increasing transparency, and land issues will help reduce corruption. The policy focus and support for government capacity to collect and analyze information for decision-making, along with processes that improve civil society/private sector oversight, contribute to more accountable governance.

Active participation of non-state actors in policy reform, investment planning, and implementation of agriculture/food security programs is key to achieving and sustaining FTF development impact. FTF supports this through many avenues. These include support for the CAADP process, strengthening/empowering farmer organizations and industry associations; bringing stakeholders (i.e., farmer organizations, industry, government) together around specific value chains to discuss challenges and agree to action plans, policy analysis, stakeholder consultations and advocacy through several FTF programs (i.e., business enabling environment, agribusiness competitiveness, socio-economic analysis impacting agricultural productivity, and climate change resiliency), and use of the media to stimulate public debate on key issues. FTF programs build the capacity of both government agencies and non-state actors, and ensure their participation in, and contribution to, policy reform.

Appendix C provides more detail on how FTF/Mozambique contributes to improved democratic governance.

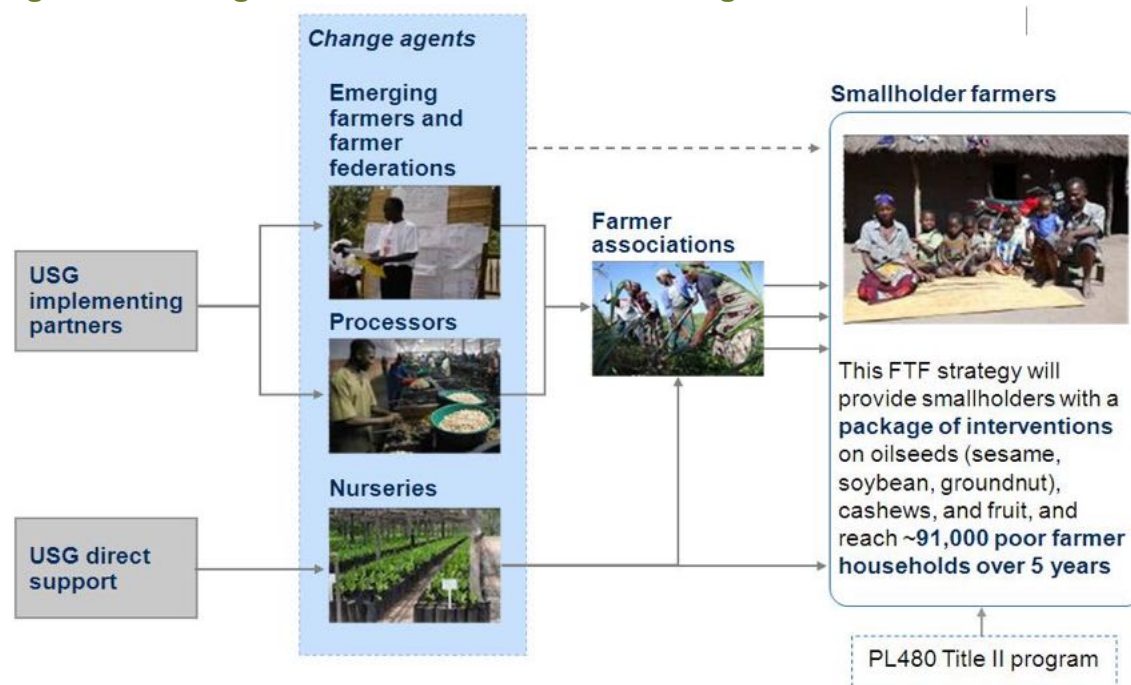
3. FEED THE FUTURE OBJECTIVES, PROGRAM STRUCTURE, AND IMPLEMENTATION

3.1 FEED THE FUTURE MOZAMBIQUE OBJECTIVE STATEMENT

The *overriding goal* of FTF/Mozambique is to sustainably reduce poverty and hunger, as evidenced by decreases in the prevalence of poverty and underweight children under five years of age. The resulting FTF/Mozambique *program objective* is to increase equitable growth in the agriculture sector and to improve the nutritional status of Mozambicans in focus provinces. USG/Mozambique will measure progress on agricultural growth by tracking percent growth in agricultural GDP and rural household expenditures of target beneficiaries. USG/Mozambique will measure progress on nutrition by tracking the prevalence of stunted children under five years of age.

USG/Mozambique will achieve these objectives through intermediate results (IRs) that address the availability, access, stability, and utilization of food. This section will discuss how the program areas support the IRs to reach FTF/Mozambique's objectives and goals.

Figure 5. Ensuring Smallholders' Access to Technologies and Markets



3.2 DEVELOPMENT HYPOTHESIS

FTF/Mozambique's development hypothesis is twofold: first, that private sector engagement is essential to stimulate the productivity increases and market linkages that will enable Mozambique to achieve the FTF objectives and, second, that these activities alone will not produce change in nutritional status; a comprehensive set of nutrition activities will improve overall nutrition status of women and children along with private sector engagement. Mozambique's Government and some development partners have a history of failed efforts to raise smallholder incomes in the absence of private sector engagement. As a response, USG/Mozambique has developed programs that successfully link smallholders to the commercial food system. For example, USAID and USDA developed the poultry industry by investing in poultry agribusinesses and smallholders who produce chicken and feed in out-grower schemes. This combined with government capacity-building and policy advocacy has resulted in a four-fold growth of the feed grain industry and a six-fold value increase in local chicken sales. Another example is USAID's support, primarily through Title II programs, to build the capacity of farmer associations. Assessments have shown that smallholders, who are members of USAID assisted associations, have increased their income by improving access to production inputs, technologies and markets.

Figure 6. Private Sector Leadership and Engagement in Feed the Future



Based on this track record, this FTF strategy harnesses the private sector’s dynamism to provide smallholders with support across the value chain – for inputs, finance, training, markets, and policy reform. The integration of nutrition activities will be based on P.L. 480, Title II experience in Mozambique which has shown that improved agricultural production and incomes alone will not have an impact on nutritional status. A set of comprehensive nutrition activities will be integrated with agricultural activities with a particular emphasis on improving access to foods, nutrition-related behaviors and health services.

3.3 PROGRAM FOCUS AREAS AND INTERMEDIATE RESULTS

FTF/Mozambique will invest in three program areas that address the continuum from food security and basic nutrition to income generation and agri-business growth.

Core Program Areas
1. Transform income-generating value chains with nutrition orientation: oilseeds, cashew, and fruit
2. Improve nutrition among children under five years of age and pregnant women through social and behavior change communication activities including growth monitoring and promotion and innovations in supply of nutritious foods
3. Support relevant agriculture, business, and nutrition policy, crop research, and technology transfer

These programs will target the poor and smallholder farmers. For agriculture, special focus will be on farmers who are growing several of the prioritized FTF crops. In nutrition, special focus will be on pregnant women, children under five years of age with special attention for children under two years of age (an especially vulnerable group). FTF Mozambique will focus investments in the provinces of Zambezia and Nampula, with limited support (25 percent of value chain funding) in Sofala and Manica and around the Beira Corridor. FTF/Mozambique's strategic focus on trade corridors aligns with the GOM's intention to develop these corridors as key agricultural growth centers.

Transform Income-generating Value Chains with Nutrition Orientation: Oilseeds, Cashew, and Fruit

In line with the development hypotheses, USG/Mozambique will invest in private-sector change agents (commercial and emerging farmers, processors, nurseries) and farmer forums/associations to stimulate improved income opportunities for smallholders and to increase the availability of nutritious foods (such as groundnuts). The value-chain orientation of this program area directly aligns with that of the GOM's national agriculture development strategy, PEDSA. Further, this program area will achieve IRs that directly respond to two of the five PEDSA objectives: productivity increases and improved marketing services.

Oilseeds (sesame, soybean, groundnuts)

FTF/Mozambique will address several key constraints of the value chain:

- Smallholders lack access to improved inputs, particularly improved varieties. They also lack skills and knowledge to better put these inputs into practice.
- Smallholders have only weak (if any) links to commercial output markets, particularly due to small volumes and a lack of aggregation.
- Female farmers face additional constraints due to lower levels of literacy and numeracy, limited time and mobility for participating in agricultural development, activities, more limited access to inputs, credit, or technologies, and social norms that constrict the roles of men and women in agricultural activities.

FTF will address these constraints by strengthening farmer associations/cooperatives and agro-service centers (these work with smallholders through out-grower schemes) to provide smallholders, with special emphasis on women producers, with linkages to input and output markets for oilseeds. FTF/Mozambique technical assistance to these change agents will specifically support improved operations, expanded reach, and improved services (including access to inputs, credit, better practices, marketing, and aggregation). USAID/Mozambique has a track record of success working with farmer associations/cooperatives to promote marketing. For example, Ikuru, a USAID/Mozambique-supported farmer federation, has increased the volume of crops marketed among its 22,000 members by more than seven-fold since 2004.

As a result of FTF assistance, smallholders will have improved access to inputs (e.g. improved seeds and fertilizer) that will improve productivity. This intervention will also support markets and trade by linking smallholders to the growing demand markets for oilseeds. For example, the poultry industry's fast growth has created large demand for soybean that domestic producers are unable to meet. By stimulating productivity increases and market linkages to the poultry industry, this intervention will help soybean smallholders generate income and escape poverty. Similar results will be achieved in sesame and groundnuts, in high demand in export and domestic markets, respectively.

Investments in oilseeds will also increase access to diverse and quality foods and support resilience in vulnerable households. Groundnut is already a common part of the local diet and, along with sesame and soybean, is used to enrich porridges (an activity supported by USAID Title II programs). These porridges provide dietary high-quality fat and protein to nourish the most vulnerable children and families. These intermediate results will help improve nutrition status among Mozambicans, and especially children.

Cashews

FTF/Mozambique will address several key constraints of the value chain:

- Mozambique's cashew farmers are facing major productivity constraints as the average age of cashew trees is reaching a maximum. Productivity is decreasing sharply, and new trees are needed. GOM and donor-funded seedling projects are insufficient to meet the demands from smallholders.
- Smallholders lack the knowledge or skills to perform short-term productivity enhancing measures such as pruning and grafting.

In order to address these constraints, FTF/Mozambique will invest in new or existing commercial nurseries to expand seedling distribution and extension on seedling maintenance, grafting, and pruning. This program will also link nurseries to farmer forums and associations to expand their smallholder reach. USAID/Mozambique will support the farmer associations/cooperatives to offer training in grafting/pruning, seedling care, and harvesting practices.

This program area will directly promote productivity increases by helping farmers to improve yields from existing trees and to grow new trees that will provide income over the medium to long-term. This intervention is especially needed given Mozambique's aged tree stock (approximately a quarter of all trees are 25-40 years old) and the resulting productivity challenges (productivity of aged trees is 1/4 the potential of new trees). These low yields are currently threatening to push 20-30 percent of cashew smallholders below the poverty line.

By leveraging nurseries as change agents, this support will generate increased private investment in the cashew industry – either by supporting the creation of new nurseries or by working through existing nurseries to incentivize cashew seedling production and distribution. Estimates show that smallholders will, at a minimum, secure an additional 5,000 Metical (approximately \$156), which can push up to 30 percent of cashew farming smallholders over the poverty line.

USAID/Mozambique has invested successfully in cashews over several years. Having re-established Africa's most successful processing sector, the Mission now turns to a critical supply issue that needs one major push. This push is part of an exit strategy in this sector, as we believe that other donors are now sufficiently engaging in processing and farming aspects of cashew. With a significant investment in seedlings distribution and grafting and pruning techniques, we believe that we can establish a sustainable trend in halting the current productivity declines.

Cashews are rich in energy and essential nutrients and are already a common part of the local diet, enriching porridges (an activity supported by USAID Title II programs) and assuring diet quality and diversification in family meals.

Fruit

The domestic fruit sector in Mozambique has great potential, however major constraints exist:

- Smallholders lack access to inputs and improved farming practices, leading to low productivity of fruit trees and high post-harvest loss.
- Smallholders are only weakly linked to commercial markets, particularly due to the absence of a processing industry (despite Mozambican fruit being demanded locally and regionally, and processed abroad).

To address these constraints, FTF/Mozambique will stimulate increased fruit processing and linkages between smallholders and processors. To increase fruit processing, FTF/Mozambique will provide technical assistance to processors in business fundamentals, technical aspects of processing, and effective aggregation models. This program will also link processors to the farmer associations/cooperatives supported through the oilseeds intervention to create fruit off-take and income opportunities for smallholders and raw supply for processors.

This program will address the problem of post-harvest loss by creating an alternative market for fruit. In the absence of these alternative markets, farmers forgo significant income potential from post-harvest fruit spoilage (estimates of post-harvest loss are 25-40 percent). FTF/Mozambique support to the processing industry will help create more predictable income flows for fruit farmers. At the same time, it will stimulate increased private investment in processing and provide increased access to diverse and quality foods by making fruit more available year-round.

This intervention is an innovative and explorative effort, with limited financial commitment compared to oilseeds. However, as smallholders can increasingly sell fruit to processors and/or acquire skills to make export-oriented fruit and related out-grower schemes more viable, this initiative can be scaled up at a later stage.

Improve Nutrition Among Children Under Five Years of Age (with an emphasis on children under 2) and Pregnant Women

FTF/Mozambique will invest in community-based nutrition activities including growth monitoring and promotion activities (in Zambezia and Nampula) and the promotion of optimal nutrition-related behaviors (limited scale in Sofala and Manica). FTF/Mozambique will also invest in a Nutrition Challenge Fund to incentivize innovations in the supply of nutritious foods.

In Zambezia and Nampula, FTF interventions will provide training, logistics support, and equipment to district and community health workers to scale up community-based activities including growth monitoring and promotion in communities supported by USAID's Strengthening Communities through Integrated Programming (SCIP) program. This program will build upon and strengthen the economic resilience work supported by SCIP and Title II to target the most vulnerable: mothers and children. This intervention most directly gets at the problem of child stunting by documenting the efficacy of Title II-funded nutrition services for mothers and children and reinforcing positive nutrition behaviors.

Social and behavior change activities in Sofala and Manica will pursue similar objectives, most importantly to increase access to nutrition services for mothers and children and to reinforce positive nutrition

behaviors. This program will leverage PEPFAR-funded service infrastructure to reach households at the community-level.

FTF/Mozambique's investment in the Nutrition Challenge Fund will directly improve access to diverse and quality foods for Mozambique's population. The competitive grant scheme will encourage innovations in agro-processing (e.g. fortification) that reach a large share of the vulnerable population to improve nutrition.

Taken together, this program area will achieve IRs that respond to the Government's Multi-Sectoral Plan to Reduce Chronic Undernutrition. FTF IRs will specifically support Government objectives related to increasing exclusive breastfeeding, complementary feeding for children 6-24 months; production and utilization of local foods within households; and access to nutrition support services targeted at women and children.

Support Relevant Agriculture, Business, and Nutrition Policy, Crop Research, and Technology Transfer

USG/Mozambique will support FTF objectives and program activities through cross-cutting investments in policy, research, and technology transfer.

Policy advocacy and analysis will support improved progress on CAADP, business and trade policy reform (with a focus on business and trade competitiveness), growth monitoring and promotion, and an integrated nutrition-agriculture agenda. These policy priorities will support FTF goal-level objectives (e.g. CAADP as a framework for agricultural growth) and intermediate results (growth monitoring and promotion advocacy to increase access to nutrition services in the community). The policy efforts will also directly support FTF Program Areas 1 and 2 by, for example, advocating for more affordable credit to smallholders in the target value chains, with special emphasis on women producers; analyzing barriers to increased fruit exports, and supporting policy development and roll-out for community-based nutrition activities including growth monitoring and promotion.

USG/Mozambique will request State Department support to advance this policy agenda, particularly with respect to the CAADP process and business and trade policy reform.

USG/Mozambique will leverage its comparative advantage in research and technology transfer, focusing support on the introduction and dissemination of new technologies. Research will improve seed systems and soil fertility management, as well as develop drought-tolerant varieties of widely-grown and strategic crops (e.g. pulses). These technologies will improve smallholder productivity by providing farmers with access to improved inputs with higher yields and climate resilience.

To further this policy agenda, FTF/Mozambique will build the Mozambican capacity in policy research, analysis and advocacy. Currently, USAID/Mozambique is providing capacity-building support through Michigan State University (MSU) and the International Food Policy Research Center (IFPRI), who are directly mentoring and training Government analysts in data use and policy analysis. USAID also supports a network of think tanks, business and professional associations, in the analysis and promotion of policies related to the business environment and trade.

This program area will achieve IRs that directly correspond to two objectives articulated in the PEDSA: more investment-conducive policies and legislation (through policy advocacy, analysis, and technical support) and sustainable use of natural resources (through research and technology transfer)

3.4 AGGREGATED RESULTS

Given these program areas and the associated IRs, FTF/Mozambique will use the following lead indicators to track progress in implementing this strategy.

- Reduction in the poverty prevalence rate in Zambezia and Nampula, disaggregated by sex.
- Reduction in the underweight prevalence rate of children under five years of age in Zambezia and Nampula.

Further indicators will be chosen as appropriate, but are expected to include:

- Value of incremental sales (collected at farm-level) attributed to FTF implementation, disaggregated by sex of household.
- Prevalence of stunted children under five years of age.

As a result of the investment in these focus areas, FTF/Mozambique will improve incomes of households, and achieve the following over its 5-year strategy:

- An estimated 207,000 vulnerable Mozambican women, children, and family members—mostly smallholder farmers—will receive targeted assistance to escape hunger and poverty.
- More than 346,000 children will be reached with services to improve their nutrition and prevent stunting and child mortality.

3.5 LINK TO U.S. GOVERNMENT/MOZAMBIQUE'S COUNTRY ASSISTANCE STRATEGY, FOOD SECURITY FRAMEWORK, AND INTEGRATED NUTRITION INVESTMENT FRAMEWORK

This FTF strategy aligns with the strategic focus areas of the USG FY 2009-2014 CAS by:

- Promoting the commercialization of agriculture in the Beira and Nacala trade corridors to support a more productive, market-oriented and higher value-added agricultural sector
- Engaging in policy dialogue with the Government of Mozambique
- Investing in public-private partnerships in the agriculture sector
- Supporting human capacity development and integration of gender
- Supporting nutrition education as a means to promoting and strengthening community participation.

FTF also contributes to the achievement of objectives outlined in the USAID/Mozambique 2008-12 Food Security Framework (implemented primarily through USAID/Mozambique's P.L. 480, Title Multi-Year Assistance Programs), which lays out a diagnosis of food security challenges and programming, by addressing:

- Food availability and access, with a focus on: Increasing agricultural productivity and rural household incomes
- Transferring improved agricultural practices and technologies
- Increasing and improving market linkages
- Food utilization, with a focus on: Reducing chronic malnutrition among children under five years of age
- Improving infant and young child feeding (IYCF) practices
- Improving maternal nutrition

Furthermore, FTF addresses several investment priorities of the USAID's Integrated Nutrition Investment Framework. These priority investments include:

- Promote the Ministry of Health's growth monitoring and promotion activities within USG projects (FTF will support this by funding growth monitoring and promotion in districts and communities) and training at provincial and district levels to understand the proper use of this tool.
- Support the development of national micronutrient policies and programs (FTF will support this by providing technical assistance to the Ministry of Health through FANTA-2 and by supporting the Nutrition Challenge Fund).
- Continue to support coordination, policy development, and roll-out out for Chronic and Acute Undernutrition (FTF will support this by providing technical assistance to the Ministry of Health through FANTA-2).
- Strengthen the nutrition component of food security and agriculture policies and link to efforts to reduce chronic undernutrition (FTF will promote this through support to MSU on the integrating the agriculture and nutrition policy agendas).

4. CORE INVESTMENT AREAS

Mozambique's FTF strategy is comprised of three core investment areas:

Core Program Areas
1. Transform income-generating value chains with nutrition orientation: oilseeds, cashew, and fruit
2. Improve nutrition among children under five years of age and pregnant women through social and behavior change communication activities including growth monitoring and promotion and innovations in supply of nutritious foods
3. Support relevant agriculture, business, and nutrition policy, crop research, and technology transfer

4.1 VALUE CHAIN TRANSFORMATION

Core Program Areas
1. Transform income-generating value chains with nutrition orientation: oilseeds, cashew, and fruit

The first set of core investments in USG/Mozambique's FTF strategy provides smallholders with links to input and output markets in selected value chains. The focus of this set of investments will be on oilseeds (sesame, groundnuts, and soybeans), cashews, and fruit (e.g., pineapple, mango and bananas). The main objective is inclusive agriculture sector growth, which FTF/Mozambique will achieve through increased and sustained agricultural productivity, expanded markets and trade, and increased private sector investment in agriculture and nutrition-related activities. Investment in these value chains will improve income opportunities for smallholders, increase access to nutritious foods, and facilitate competitiveness of small scale farmers in these value chains.

Oilseeds

Description: This program will facilitate the development of long-term linkages between smallholders that produce groundnuts, sesame, and/or soybeans and input and output markets. This will include efforts to bring better farming practices and inputs to the farm level, as well as linking production to markets through aggregation and farmer organizations. Specific activities include:

- Technical assistance and grants to farmer associations/ cooperatives and agro-service centers, to enable them to provide (1) inputs on credit, (2) marketing services, (3) processing services (including certification); (4) improved practices training to members; and (5) aggregation of members' production, with a special emphasis on reaching women producers. This support will help build the capacity of these change agents.
- Support to build mentoring business relationships between commercial and emerging farmers, which are farmers that overcame size and productivity constraints and farm sizes between 10 and 50 hectares. These commercial farmers provide some or all of the following to the emerging farmers: (1) technical assistance, (2) access to credit – improved seeds and fertilizers; (3) guaranteed markets (out-grower schemes) to the emerging farmers; (4) distribution and logistics for off-take; (5) processing (in some cases with grain).

Relevance to cross-cutting themes:

- **Regional linkages:** FTF/Mozambique will explore trade linkage opportunities in oilseeds with the Malawi mission.
- **Gender:** Groundnut interventions will target women, who are the primary producers of groundnuts (in addition, 25-45 percent of groundnut-growing households are led by women).
- **Climate:** Increase maize-oilseeds rotations to ensure nitrogen replacement of the soil, creating a more productive, sustainable farming system.
- **Donor Coordination:** This program area will leverage the Gates Foundation investments in soybean production and build on the World Bank investment in sesame extension and market linkages.

- Private sector: This program will link smallholders with input dealers and output markets (e.g. traders and buyers), thus creating sustainable linkages for income generation.
- Nutrition: Encourage more use in diet.

Expected outcomes:

- Enhanced availability of protein- and fat-rich oilseeds (especially groundnuts) for consumption.
- Improved competitiveness and productivity of oilseeds value chains, particularly through generating the following benefits for smallholders:
- Technical assistance and access to inputs, especially improved seeds
- Link to expanding input and output markets
- Distribution and logistics.

Cashews

Description: This investment builds on USAID/Mozambique's history of successful cashew sector development. This experience includes USAID Title II support to nurseries in seedling production and distribution and DA support to the local cashew processing industry – the latter resulting in one of the most vibrant cashew processing sectors in Africa. Building on this track record, FTF will now invest in a major supply-side constraint: renewing the existing stock of cashew plants. Mozambique has the oldest population of cashew trees in Africa (some trees are more than 80 years old) and overall productivity is decreasing rapidly. Thus, our FTF investment in cashews focuses on the expansion of cashew nurseries to supply new cashew seedlings and to extend pruning and crafting practices for existing trees.

Specific activities include:

- Technical assistance and grants to existing nurseries or other investors (e.g., cashew processors, entrepreneurs) to incentivize establishing nurseries and supply seedlings and extension (nurseries to offer a package of seedlings, and training in seedling maintenance, crafting, and pruning; farmers to pay for this service).
- Technical assistance and support to farmer and community organizations for them to support smallholders in grafting, pruning, and seedling care monitoring, and pass on processor-financed incentive payments for tree care.

Relevance to cross-cutting themes:

- Gender: Investment in cashews creates downstream jobs in processing for women (39 percent of those employed in cashew processing are women).
- Donor Coordination: This program will leverage and build on the Gates Foundation and GIZ investment in cashews in Nampula province by widening the scope of farmers supported.

- Private sector: This program will increase commercial nursery engagement in cashew seedling production, distribution, and farmer training. It will also create sustainable links between smallholder associations and nurseries.
- Nutrition: Encourage more use in diet.

Expected outcomes:

- Maintenance of current productivity levels despite aging trees (productivity increases in mid-term) due to better practices and access to more productive plants and seedlings.
- Better quality cashew output, leading to higher smallholder income.
- Increased competitiveness of cashew sector due to more sustainable source of supply for local cashew processing, leading to income and job growth in the entire sector.
- Increased local consumption.

Fruit

Description: Fruit is farmed by more than a million households in the focus regions, but currently provides very limited income opportunities. FTF will primarily focus on improving the income potential of domestic fruit, by supporting the development of a domestic processing sector. The underlying hypothesis is that upon successful development of the domestic fruit sector, smallholders can play an increasing role in a viable export market (e.g. through outgrower schemes). Nutrition activities will be co-located to ensure improved consumption of fruits on a household level. Specific activities include:

- Catalytic grants and technical assistance to domestic fruit processors in order to attract investments to set up processing facilities, build aggregation systems with own market force or farmer associations, and process fruit juice for domestic and export markets.
- Farming practices and extension of technology to grow fruits (e.g., pineapple) off-season (in cooperation with Title II).

Relevance to cross-cutting themes:

- Donor Coordination: This program will leverage the World Bank's investment in a fruit training center as well as DFID and NORAD's investments in commercial fruit enterprises in the Beira Corridor (e.g. by the latter creating outgrower schemes for the same smallholders selling to FTF-supported processors).
- Private sector: This investment will create a more robust and profitable commercial agro-processing industry for fruit. FTF technical support to processors to improve business operations will create more sustainable processing businesses and generate more investment to this area.
- Nutrition: encourage more use as part of a diverse and quality diet.

Expected outcomes:

- Higher and more predictable smallholder income from fruits.
- Provision of more nutritious food options domestically.
- Growing competitive fruit processing industry in Mozambique, leveraging regional growth in the juice sector.
- Access to inputs and extension resulting in higher production (Title II).
- Increase local consumption.

4.2 NUTRITION

Core Program Areas
2. Improve nutrition among children under five years of age and pregnant women through social and behavior change communication activities including growth monitoring and promotion and innovations in supply of nutritious foods

The second set of core investments will focus on scaling up the delivery of key nutrition interventions in the focus regions, acting on both the demand and supply side. On the demand side, FTF will invest in documenting and reinforcing improved nutrition behaviors through district and community based nutrition activities including growth monitoring and promotion (building on USAID Title II support in Zambezia and Nampula) and the promotion of optimal nutrition-related behaviors (building on PEPFAR infrastructure in Sofala and Manica). On the supply side, FTF will encourage the availability of nutritious foods through a Nutrition Challenge Fund.

Community-Based Nutrition Activities

Description: FTF/Mozambique will address Mozambique's high undernutrition rates through a comprehensive, standard program of activities at the community level that includes growth monitoring, promotion of optimal infant and young child feeding practices, and dietary diversity and quality for pregnant and lactating women. Specific activities include:

- In Zambezia and Nampula: FTF activities will include the provision of training, logistical support, and equipment to district and community health workers. Growth Monitoring and Promotion activities will complement existing community-based activities that are currently being implemented through Title II and SCIP programs. In addition, FTF will promote referral to health facilities for treatment and the continued care as needed. Treatment services are provided by the GRM and supported through USG PEPFAR clinical programs.
- In Sofala and Manica: Some of the current community-based programs such as behavior change around optimal feeding practices and dietary diversity will be integrated into the PEPFAR-funded Community Child Health and System Strengthening (ComCHASS) platform to reach households at the community level.

Relevance to cross-cutting themes:

- **Gender:** This program directly benefits women's access to nutrition services by targeting mothers and children. The promotion component of this intervention reinforces positive nutrition and feeding behaviors for women and men.
- **Donors:** USG/Mozambique will collaborate with CIDA, DANIDA, and the World Bank as they design their programs to ensure that the collective impact is maximized.
- **Water and Sanitation:** Link improved hygiene and safe water messaging to improve nutrition.
- **Agriculture production:** Link availability of more nutritious crops to improved nutrition.

Expected outcomes:

- Lower rates of child stunting, under-weight, and wasting.
- Improved reporting of undernutrition rates at community and district levels.
- Higher utilization of locally-available nutritious foods.

Nutrition Challenge Fund

Description: In addition to the above-mentioned demand-side interventions, FTF Mozambique will also stimulate the supply of nutritious, diverse, and quality foods. FTF/Mozambique will do this through a Nutrition Challenge Fund: a competitive grant scheme that encourages innovations in agro-processing (e.g. fortification, food processing) that reach a large share of the vulnerable population to improve nutrition. The competitive grant will be available to the private sector or community organizations, who will be selected based primarily on impact, innovation, and sustainability of the business model. Other potential criteria for selection include financial leverage, number of suppliers and consumers reached, and synergies with USG programs. FTF/Mozambique plans to leverage at least as much funding as will be contributed, although the aspiration is to leverage double our funding. The grants will provide up-front financing and technical assistance to ensure a successful venture.

Relevance to cross-cutting themes:

- **Private sector:** The Fund will stimulate increased private-sector investment in agro-processing and provide technical support to those processors to ensure that the businesses are successful.
- **Donors:** Should the Fund support fortification activities, USG will collaborate with donors (including GAIN) that are supporting the Government of Mozambique in the development of a national fortification policy.

Expected outcomes:

- Increased availability of nutritious foods, particularly in target provinces.

4.3 POLICY, RESEARCH AND TECHNOLOGY TRANSFER

Core Program Areas
3. Support relevant agriculture, business, and nutrition policy, crop research, and technology transfer

USG/Mozambique will support FTF objectives and program activities through cross-cutting investments in policy analysis and advocacy, as well as research and technology transfer.

Policy

Description: Policy analysis and advocacy is targeted to support an accelerated CAADP process, business and trade policy reform (particularly in the fruit sector), an integrated policy agenda for agriculture and nutrition, and policy supporting growth monitoring and nutrition. Specific initiatives include:

- CAADP process: Support the Government of Mozambique to develop a Country Investment Plan by:
- Developing analytical and data base-building capacity through technical assistance and mentoring by MSU and IFPRI.
- Informing policies by supporting targeted studies (e.g. on the nutrition-agriculture nexus and role of subsidies).
- Convening dialogues by organizing CAADP expert and multi-stakeholder consultations/conferences.
- Business and trade policy reform
- Ease of business/trade: Promote ease of setting up, operating, and closing businesses, including the trade of fresh and manufactured foods.
- Credit: Advocate for supportive policies to enable agriculture-specific loan instruments, with particular emphasis on providing affordable credit to women farmers.
- Labor: Advocate for more efficient and less costly wage regulation to enable output-based pay; promote more transparent and flexible hire-and-fire regulation.
- Land: Advocate for freely transferable land titles, available for use as collateral, with particular emphasis on women's equal rights to land.
- Fruit: Policy analysis and investment promotion, convening role to support export market development, prospecting exercises.
- Nutrition policy:
- FTF (nutrition) will co-invest with PEPFAR through the FANTA-2 program to provide technical support to the Ministry of Health at the national and provincial levels, primarily to develop guidelines and training materials to implement Nutritional Assessment, Counseling and Support.

- FTF support will focus on strengthening the growth monitoring and promotion component at the national, provincial, district and community levels to ensure that prevention interventions are more effective to reduce chronic undernutrition.
- FTF nutrition and agriculture funds will support MSU to conduct advocacy and analysis to encourage integration of the agriculture and nutrition policy agendas.

Relevance to cross-cutting themes:

- Private sector: USG/Mozambique's investment in business and trade policy reform will target the most binding constraints to private investment (land use rights, labor, and credit.) This policy support will help private sector growth and make Mozambique's businesses more competitive in the regional and international market.
- Gender: Policy advocacy on growth monitoring and promotion will support increased access to these services at the community level, thereby benefiting mothers and children

Expected outcomes:

- Business-supportive legislation passed
- CAADP investment plan developed by November 2011
- Assess MOH growth monitoring and promotion policy

Program Area and Elements: Program Area - Agriculture; and Program Element – Agriculture Enabling Environment; Program Sub-Element – Agriculture Resource Policy. Program Area - Health; Program Element - Nutrition; Program Sub-Element – Nutrition Enabling Environment and Capacity

Research and Technology Transfer

Description: USG/Mozambique will leverage its comparative advantage in research and technology transfer, focusing support on the introduction and dissemination of new technologies. FTF/Mozambique will achieve this through support to the Mozambique Platform for Agricultural Research and Technology Innovation, which engages International Agricultural Research Centers (IARCs) and Brazil's national agricultural research enterprise (EMBRAPA). Main initiatives include:

- IARCs conduct applied research and technology transfer for climate-adapted (drought-tolerant), disease resistant and high-yielding varieties of orange flesh sweet potato, soybeans, cowpeas, pigeon peas and maize. IARCs also help develop capacity of enterprises producing seed and planting materials and IFDC strengthens the capacity of agro-input dealers. In promoting the use of these improved seeds and planting materials, IARCs support use of modern production practices (e.g., pest management, soil fertility management, crop rotations, intercropping, conservation agriculture) and reinforce household utilization for nutrition benefits.
- EMBRAPA provides leadership in improving seed systems (seed release policy, foundation seed capacity, quality control of certified seed), land use and soil fertility management, and dissemination of research findings through use of modern information communication technologies (including mobile phones, radio).

- International Fertilizer Development Center is supporting agro-input dealers to promote higher yielding practices (better seed, fertilizer, integrated soil fertility management).

Relevance to cross-cutting themes:

- Climate: Research will support integrated soil fertility management (through IIAM platform); development of drought-tolerant varieties of crops (orange-fleshed sweet potato, soybeans, cowpeas, pigeon peas, maize); IIAM's land use management program (which includes a climate adaptation element).
- Donors: The research platform will be supported in collaboration with EMBRAPA and other development partners such as AGRA, EC and JICA.

Expected outcomes:

- Increased availability of technologies to smallholders.
- Stronger IIAM capacity to do strategic targeting of research and to evaluate impact of research and technology adoption (e.g., through mentoring workshops for local scientists).
- Increased access to improved inputs through agro-input dealers.
- Increased access to information among extension workers, smallholders, agro-input dealers.
- Nutrition: diet diversity facilitated.

Program Area and Elements: Program Area - Agriculture; and Program Element – Agriculture Sector Capacity; Program Sub-Element – Research and Technology Innovation

Interagency Collaboration

This strategy is a product of strong inter-agency collaboration and the FTF program builds on and leverages several major USG programs.

In the target regions, FTF:

- Further expands crop diversification options for farmers supported by the MCC's Farmer Income Support Program (FSIP).
- Leverages the MCC's road rehabilitation investment in the Nacala Corridor.
- Builds on USDA's Food for Progress programs in poultry and forestry in the two focus provinces.

Broader whole-of government collaboration includes:

- Partnering with **MCC** to advocate for land use reforms.

- **USDA**'s leadership on SPS, aflatoxin, and invasive fruit fly control benefits the FTF program, as does the USDA's efforts to build institutional capacity (e.g. through fellowships).
- Jointly supporting US agribusiness engagement and advancing relevant USG policy positions with the **State Department**.
- Leveraging **USAID**'s business policy reform program and leveraging USAID's integrated health programs.
- Partnering with **Peace Corps** to strengthen the number and capacity of Peace Corps Volunteers (PCVs) in nutrition, agriculture, and food security.
- Leverage **PEPFAR**-funded technical assistance, health systems strengthening, and clinical programs.

USAID Forward and Mozambique's Feed the Future

This strategy promotes USAID Forward principles in multiple ways: by promoting more productive, disease resistant and climate resilient varieties and farming practices; building the capacity of a range of civil society organizations; shifting to direct grants to these organizations; building talent within key government institutions; and using the cell phone platform to expand access to information and financial services.

- **Host Country Systems:** The government's agriculture research institute, IIAM, with a direct grant from USAID, will reactivate its research challenge program, providing funding to local institutions and individuals with promising research ideas.
- **Strengthen Local Civil Society:** Our existing agribusiness and business enabling environment programs are building the capacity of local organizations, especially think tanks and business associations, to address public policy issues and to represent the particular interests of their members. The agribusiness program promotes the creation of associations of private farmers and agribusinesses working along the same value chains.
- **Procurement Reform:** As the capacity of the local organizations improves, USAID will shift from indirect to direct forms of financing for local civil society and private sector groups.
- **Monitoring and Evaluation:** Under FTF, our implementing partners will report more consistently on a range of indicators, including those prescribed by FTF. We will also shift funding from Michigan State University to a local NGO, the Academic Association for Nutrition and Food Security, which has been trained by MSU to carry out the Income Proxy study.
- **Monitoring and Evaluation:** Through our business policy reform program, we are developing an instrument for measuring the impact of policy change, including savings to business, economic benefits and jobs creation.
- **Science and Technology:** The agricultural research component of FTF develops new, more productive, disease tolerant, and climate change resilient varieties and techniques across a wide range of crops, for dissemination to both commercial farmers and smallholders. USAID, through MSU, has entered into a partnership with a local cellphone company for the collection

and dissemination of agricultural price information. Under FTF, we may support the use of cellphones to extend financial services to the poor in our target geographic areas.

5. MONITORING AND EVALUATION

Using guidance from the January 2011, USAID Evaluation Policy, USAID/Mozambique will employ monitoring and evaluation (M & E) personnel to gather evidence of how FTF Mozambique projects are sustainably reducing poverty and hunger. USAID/Mozambique's Agriculture, Trade and Business Office (ATB) staff will be responsible for supervising M & E work. *USG/Mozambique* will monitor and evaluate overall FTF investments to ensure that they are achieving objectives and maximizing returns. Program activities must be tracked through periodic field visits by Mission staff and through ongoing monitoring and learning by implementing partners. USG/Mozambique's approach to M&E will consist of three components:

1. Project-level performance monitoring,
2. Program and impact evaluations, and
3. Assistance to strengthen Government of Mozambique's capacity to establish performance baselines and targets, and to collect, analyze, and utilize reliable data on the impact of policies and investments.

The integration of agriculture, nutrition, and health elements into a joint strategic plan provides a unique opportunity to innovate, document, and demonstrate best practices associated with a concurrent multi-sector investment model. Because the Mozambique FTF strategy will be supporting linkages among existing programs, USAID/Mozambique is well positioned to develop a model for harmonizing key agricultural and nutrition indicators relevant across areas of focus. Building on this collaboration, both the Health and Economic Growth teams will work together to integrate M & E systems and processes to track synergies and multiplier effects between the two sectors. The integration of the M & E function may take the form of harmonized M & E plans at the implementer level combined with joint monitoring by Mission, Economic Growth and Health team members.

Reliable and well-defined monitoring, reporting, and evaluation methods, roles, and communication channels result in:

- Improved project and program management,
- Promote ongoing learning,
- Tests of development hypotheses, and
- Ensure accountability

A fully functioning M & E team and system further help to illustrate the Mission's value added to overall development not only to key stakeholders in the USG, but also to the Government of Mozambique and other development partners.

5.1 IMPACT EVALUATION AND PERFORMANCE MONITORING

USG/Mozambique will track and report on six goal-level and key objective indicators. The following chart summarizes these high - level indicators and their relevance to the FTF strategic framework. These Indicators will be critical components of the impact evaluations to test the FTF development hypotheses.

Table 1. High-Level Indicators in the Feed the Future Strategic Framework

Indicator	Level	Link to FTF strategic framework
4 - 1 Prevalence of Poverty , disaggregated by sex	Impact	Goal - Level
3 – 1 Prevalence of underweight children <5	Impact	Goal - Level
3 – 2 Prevalence of stunted children < 5	Impact	First-Level objective: Improved nutritional status especially of women and children
4.5 – 3 Percent change in agricultural GDP	Impact	First – Level objective: Inclusive agriculture sector growth
4.5 – 1 Expenditures of rural households (proxy for income) of USG targeted beneficiaries, disaggregated by sex of household head	Outcome	First – Level Objective: Inclusive agriculture sector growth
4.5-? Gender Empowerment Index	Impact	First-level objective: Inclusive agricultural sector growth

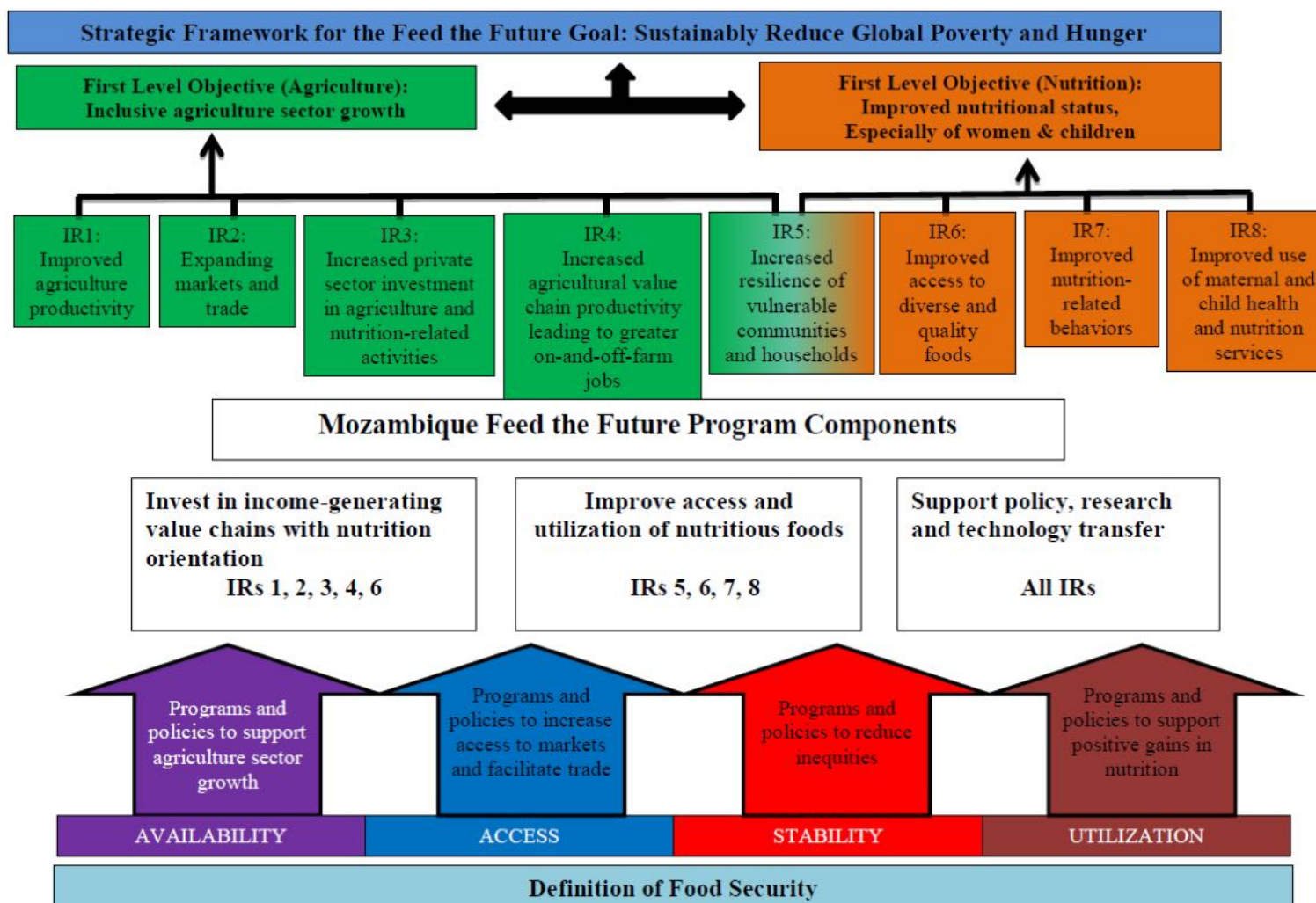
5.2 NEXT STEPS

Once the intervention design has been finalized to address each of the FTF IRs in the zone of influence, baseline data will be updated and finalized. Much of the baseline information is available from recent secondary information. Where USG/Mozambique lacks baseline data for certain FTF indicators, the Mission will collect those data through the National Institute of Statistics (INE) and the INCPROX survey (done by Michigan State University). Implementing partners and/or contracted third parties will conduct baseline surveys of sample households in the relevant project geographies. The Mission will undertake this process immediately following the FTF strategy approval to align with the start of the project cycle. USG/Mozambique will set projected program targets for impact and outcome indicators.

Appendix B, Table 1 outlines proposed indicators that that will be used as a basis to monitor and evaluate USAID/Mozambique’s contribution to the FTF Initiative of “Sustainably Reducing Poverty and Hunger” through inclusive agricultural sector growth and improved nutritional status as aligned with the overall FTF Strategic Framework. The indicators align with the FTF Strategic Framework shown below.

The USG will conduct mid-term and final evaluations of projects as appropriate as well as for the ATB and health portfolios. Third parties will conduct these evaluations. Mid-term evaluations will consist of data collected by the third party and by implementing partners. Final evaluations will use data collected by the third party. Where relevant, implementing partners and/or third parties will conduct specialized studies on specific topics. USAID/Mozambique is planning external impact evaluations in key FTF program areas. These include agricultural research, technology transfer, and agribusiness value chains. Evaluations will review past and ongoing programs and summarize, in addition to quantitative information, lessons learned, success stories, and promising practices.

Figure 7. Mozambique Feed the Future Strategic Framework and Program Components



5.3 GOVERNMENT CAPACITY AND BROADER DATA COLLECTION AND ANALYSIS

USG/Mozambique, in collaboration with other donors, is developing the capacity of the Government of Mozambique to conduct policy and investment analysis and to monitor and assess the impact of its food security-related policies and investments. Some examples of Government capacity and monitoring and evaluation systems that have been, or are being, strengthened include:

- USAID/Mozambique and Swedish International Development Agency (SIDA) support for the IFPRI and other International Agricultural Research Centers (IARCs) under the Mozambique Strategic Analysis and Knowledge Support System (Moz-SAKSS) program
- USAID/Mozambique support through MSU to strengthen agricultural statistics, market information, and annual agricultural survey
- Mozambique support through MSU to build capacity for socio-economic analysis in Mozambique's National Agricultural Research Institute (IIAM) and to conduct studies on the impact and adoption of agricultural technologies
- USAID/Mozambique support through MSU to conduct regular impact assessments of Title II programs and build the capacity of the Academic Association of Nutrition and Food Security (ANSA) to use the INCPROX methodology in assessing impact on rural household income and food security
- USAID/Mozambique and other donor support for International Agricultural Research Centers and the Brazilian Agricultural research Corporation (EMBRAPA) to strengthen agricultural research and technology transfer systems, including systems to monitor and assess impact
- USAID/Mozambique support through IYCN (Infant and Young Child Nutrition) to undertake a Formative Assessment of Infant and Young Child Feeding Practices.
- USAID/Mozambique and UNICEF support of the study for iodine sufficiency
- USAID/Mozambique support through FANTA to study the Assessment and Nutrition Counseling provided to people with HIV and/or Tuberculosis in Mozambique
- Demographic Health Survey
- National Poverty Assessment

5.4 EMPHASIS ON GENDER—WOMEN'S EMPOWERMENT IN AGRICULTURE

The gender-based division of labor inherent in many agriculture activities means that men and women will differentially experience FTF interventions. To report on the FTF investments, the target individuals/groups should be identified as either male or female and disaggregated by sex. By disaggregating data by gender and by analyzing gender issues within each domain of activity, USAID will have a clearer understanding of how to address the indicators and to promote gender equity and equality throughout the portfolio. The Mission is incorporating specific targets for women involved activities in both nutrition and agriculture value chain projects.

5.5 PERFORMANCE MANAGEMENT PLAN AND MONITORING AND EVALUATION DEVELOPMENT

USG/Mozambique will develop, with USAID/W's assistance, a FTF performance management plan (PMP). The PMP will constitute the performance monitoring component of the FTF M&E framework. The PMP will include:

- The FTF results framework and performance indicators
- Indicator baselines
- Indicator targets
- Data sources
- Method of data acquisition
- Method of data quality assessment
- Frequency/timing of data acquisition/monitoring of performance
- Cost of data acquisition
- Monitoring and Evaluation plan
- Responsible individual at USAID

USG/Mozambique will require implementing partners/direct grantees to prepare project-specific PMP/M&E plans aligned to the Mission's FTF and ATB assistance objective PMP. These project-specific PMPs will set forth the same content as the FTF and ATB assistance objective PMP, including targets and milestones. The implementing partners/direct grantees will collect data on indicators at different period intervals based on the type of data and will be required to report indicators to USAID/Mozambique on a quarterly basis through standard project reports. The Mission has prepared a standard indicator reporting template that it will roll out to implementing partners/direct grantees in 2011 to streamline and harmonize this process.

USAID/Mozambique will reinforce the performance orientation of implementing partners/direct grantees through several actions:

- The Mission's Program Office will introduce new norms for data quality assessments (DQAs). These new norms will stipulate that: (1) M&E staff in the mission will conduct annual rapid DQAs; (2) the Mission will conduct full DQAs every third year through a contractor; and (3) Mission staff will conduct informal DQAs on site visits as part of standard site visit reporting. Mission staff will use household sampling, interviews with relevant implementing partner/direct grantee staff, and other methods in the DQAs.
- Technical staff will conduct quarterly site visits to projects to assess performance against planned activities and M&E staff will conduct the rapid DQAs noted above. To support this action, the Mission will provide M&E training to all technical staff in 2011.
- The Mission is in the process of introducing a web-based program management system that will include performance management elements. The system will link performance and financial data and enable the Mission to access real-time data reported by implementing partners/direct grantees, thus enabling the Mission to more closely monitor and respond to performance reporting.
- The Mission will improve the use of data in decision-making by strengthening the semi-annual portfolio implementation review (PIR) process. The Program Office is introducing a more standard and strategic PIR process structured around impact and outcomes in the PMP results

framework rather than activities. The PIR will also include review of mid-term and final project and program evaluations.

The proposed indicator tables can be found in Appendix B.

6. FINANCIAL PLANNING

The following table summarizes FTF budget allocations by program area at the base budget level. Italicized sub-programs sum to the program total above them:

Programs and sub-programs	Annual budget (approx. percent)*
Program 1. Transform income-generating value chains	24.3%
<i>1a. Oilseeds</i>	<i>15.8%</i>
<i>1b. Cashews</i>	<i>5.6%</i>
<i>1c. Fruit</i>	<i>2.8%</i>
Program 2. Improve nutrition	20.3%
<i>2a. Growth monitoring and promotion and nutrition education</i>	<i>16.4%</i>
<i>2b. Nutrition Challenge Fund</i>	<i>4.0%</i>
Program 3. Support policy, research, and technology transfer	38.4%
<i>3a. Policy</i>	<i>27.1%</i>
<i>3b. Research and technology transfer</i>	<i>11.3%</i>
Program management and M&E	16.9%
Total	100%

*Title II resources, not shown in above budget allocation, are divided approximately equally between Program Area 1 (where they focus on association building, not specific value chains) and Program Area 2.

6.1 ALIGNED U.S. GOVERNMENT INVESTMENTS

The FTF strategy leverages programs of other USG agencies including the State Department, MCC, USDA, Peace Corps, CDC and PEPFAR. This includes: State Department policy advocacy, and trade and investment promotion; MCC land administration/land reform, road infrastructure, and small farmer income diversification; USDA food security programs, technical support for control of aflatoxin and invasive fruit fly, and capacity building for sanitary and phytosanitary standards and statistics. PEPFAR (including CDC and other USG agencies at Post) support for nutrition assessment, counseling and support (NACS), health systems strengthening, and clinical interventions. Peace Corps health and agriculture volunteers will support FTF agriculture and nutrition activities. Regional programs from the South Africa mission complement bilateral investments. This includes the regional trade hub (value chains; trade corridors; regional trade integration), and agriculture/food security related analysis carried out by the IFPRI.

Table 2 summarizes USG resources directly aligned with the FTF strategy:

Table 2. The Feed the Future Strategy and Aligned U.S. Government Resources

Agency program	Relevant FTF program area
MCC	
Farmer income support project	Program 1. Transform income-generating value chains
NI road rehabilitation	Program 1. Transform income-generating value chains
Land policy reform	Program 3a. Policy
USDA	
Food for Progress	Program 1. Transform income-generating value chains
Technical support for sanitary/phytosanitary standards (SPS), fruit fly and aflatoxin control	Program 1. Transform income-generating value chains
Gap analysis of soybean, maize and poultry value chains	Program 1. Transform income-generating value chains
USAID	
Title II community-level food security	Program 1. Transform income-generating value chains Program 2. Improve nutrition
IHO maternal and child health	Program 2. Improve nutrition
IHO/ATB water & sanitation	Program 2. Improve nutrition
ATB business policy reform	Program 3a. Policy
PEPFAR funding for nutrition assessment and counseling, health systems, and clinical interventions	Program 2. Improve nutrition
State Department policy engagement; trade and investment promotion	Program 3a. Policy
Peace Corps volunteers in agriculture/food security and health	Program 1. Transform income-generating value chains Program 2. Improve nutrition
USAID Southern Africa regional office – Trade Hub, IFPRI food security policy support	Program 1. Transform income-generating value chains Program 3a Policy

6.2 INCREASED FUNDING SCENARIOS

This strategy assumes Feed the Future agriculture and nutrition funding and Title II food security resources. At the base funding level we target three key value chains that offer the greatest impact on Feed the Future results in two provinces with the greatest need and potential and regional impact (on the Nacala trade corridor).

Given the need and potential in Mozambique, we propose additional Feed the Future agriculture funding scenarios to expand these efforts more broadly in the focus provinces and add another value chain while also moving into the Beira trade corridor. Additional funding will also allow us to put more resources into research and technology transfer and capacity building.

Expanded Impact Scenario

With increased agriculture funding we would pursue three priorities beyond the baseline FTF strategy:

- **Expand to Manica province and within Zambezia** – We would expand our reach to smallholders by supporting more farmers associations, focusing on Zambezia and Manica provinces, where there is need for this kind of support.
- **Add pulses as a priority value chain** – We would deepen our impact on the smallholders we are reaching by supporting improved farming in pulses and by expanding our support to fruit processing in Manica. This will help the farmers we reach generate additional income and improve our chances of pulling them out of poverty in the long-term.
- **Increase funding for agriculture research and technology transfer** –We would support science and technology innovation through targeted research on focus value chains.

With these proposed interventions, we believe we can reach families and pull people out of poverty. However, the cost per farmer household would be higher in this scenario because there is no PL480 Title II program in Manica, meaning we need additional budget to strengthen the farmers associations we are proposing to support in that province

High Impact Scenario

With further increases in Feed the Future Agriculture funding the program would expand beyond the efforts outlined in the Expanded Impact Scenario:

- **Expand efforts to develop the Beira Corridor** - We would expand smallholder farmer access to production inputs, credit and output markets more significantly in the Beira Corridor working in the same value chains, including pulses, working in coordination with AGRA and other key donors.
- **Place greater emphasis on conservation agriculture** – Funding at this level would allow us to put greater focus on adaptation to climate change through conservation agriculture, utilizing intercropping and appropriate crop sequencing to build soil fertility combined with use of drought-resistant varieties and water conservation.
- **Expand agricultural research and technology transfer efforts** - We would further strengthen programs in applied research and technology innovation in collaboration with USDA, international agricultural research institutes, and EMBRAPA by funding competitive research grants that engage Mozambican scientists.
- **Promote cellphones to improve technology transfer and access to information** - We would develop initial contacts with Vodacom and mCell to use cell phones to accelerate technology transfer, provide market information, and support business development.
- **Invest in Mozambique's human resource capacity:** We would forge educational partnerships between Mozambique and other countries (i.e., Brazil, Costa Rica, United States) to strengthen the capacity and relevance of Mozambique's agricultural training institutions. This would likely include student and faculty exchanges and specific support to improve the

pedagogical and technical content of courses in Mozambique. This will be complemented by degree training for scientists, policy analysts and business men and women – scholarships to attend university programs in other countries. Internships will be supported for university students in the private sector, civil society and government institutions.

6.3 GOVERNMENT CAADP PROGRAM STATUS AND DONOR ALIGNMENT

The Government of Mozambique launched the Comprehensive African Agriculture Development (CAADP) process in December 2010 and is working to put an investment plan in place by November 2011. Section A provides details on the expected CAADP timeline.

As part of the CAADP process, the Government and donors are mapping donor/development partner project financing for the agricultural sector. This, and direct budget support by donors for the agricultural sector, will be reviewed against Mozambique's investment priorities specified in its CAADP Implementation Plan. This will help to ensure donor alignment with government priorities, identify gaps in donor funding for key programs, and improve government and donor coordination of agricultural sector funding and programs.

Based on CAADP commitments, the Government of Mozambique has stated that it will increase its budget share for agriculture from the current level of approximately 6.5 to 10 percent over the next three years. Donors are currently reviewing the experience of, and lessons learned from, the agricultural sector donor/development partner technical working group.

Appendix A summarizes the major relevant donor commitments.

At present, there is very limited donor investment in nutrition activities. However, several donors are planning to scale up investments to nutrition in the next year (e.g. CIDA, DANIDA, World Bank) to support the Multisectorial Action Plan to Reduce Chronic Malnutrition. Donors are currently providing funding details for a donor mapping exercise, but this has yet to be completed.

6.4 EXPECTED RESULTS

The FTF program is expected to achieve the following results over the 5-year duration:

- An estimated 207,000 vulnerable Mozambican women, children, and family members—mostly smallholder farmers—will receive targeted assistance to escape hunger and poverty.
- More than 346,000 children will be reached with services to improve their nutrition and prevent stunting and child mortality.
- Significant numbers of additional rural populations will achieve improved income and nutritional status from strategic policy and institutional reforms.⁵

⁵ Disclaimer: These preliminary targets were estimated based on analysis at the time of strategy development using estimated budget levels and ex-ante cost-beneficiary ratios from previous agriculture and nutrition investments. Therefore, targets are subject to significant change based on availability of funds and the scope of specific activities designed. More precise targets will be developed through project design for specific Feed the Future activities.

7. MANAGEMENT

7.1 ANTICIPATED STAFFING REQUIREMENTS

Under the general direction of the U.S. Ambassador, the USAID Mission Director oversees overall implementation of the FTF strategy in Mozambique. To support implementation of the FTF program, Post has established a USG inter-agency Food Security Working Group (FSWG) chaired by the USAID Mission Director. This group includes Embassy Maputo representatives from USAID, the State Department, MCC, USDA, CDC, PEPFAR, and the Peace Corps. The FSWG will discuss issues of policy, strategy, investment priorities, and program performance. It will help to ensure program synergy across USG agencies and with other donor and GOM programs. Respective agencies and staff who participate in GOM-donor meetings (Heads of Cooperation and technical working groups and sub-groups) will provide updates to the FSWG on relevant issues to the FTF.

The USAID Mission Director will lead an interagency coordination group, while a core USAID team within the Agriculture, Trade and Business Office will lead implementation of the FTF. The core team will work with other USAID offices (Integrated Health Office, Contracts, Program, and Finance), other USG agencies, donors, and the private sector in FTF implementation activities.

7.2 ANTICIPATED SPACE, EQUIPMENT, SECURITY, AND OTHER SUPPORT REQUIREMENTS

USG/Mozambique does not anticipate additional space, equipment, or security requirements for the implementation of this strategy.

8. ANNEXES

ANNEX A. RELEVANT DONOR PROGRAMS

Funding Source and program*	Relevant FTF program area & Geographic Focus	Funding period
Program 1. Transform income-generating value chains		
DFID/NORAD/AGRA: Beira Agricultural Growth Corridor	Zambezia, Manica, Sofala, Tete	2011-13
AGRA/Government of Mozambique: Agribusiness loan guarantee	National	2010-2012
DANIDA: Agribusiness value chains (loan guarantee, business development services)	National	2011-2014
IFAD/AGRA: Agricultural Value Chains and Market Development	Nampula, Zambezia, Niassa, Cabo Delgado	2009-2016
World Bank: Market-led smallholder development – Zambezi Valley	Zambezia	2006-
Bill and Melinda Gates Foundation soybean value chain	Nampula, Zambezia, Manica, Niassa	2010-2013
NORAD soybean development	Zambezia	2007-2012
Gates Foundation/GIZ: African Cashew Alliance		
World Bank: Fruit training center	National	2009-2014
World Bank: Irrigation Development (rice, fruit, vegetables)	Zambezia, Sofala, Manica	2011-2017
Program 2. Donor Support to Nutrition and Food Security in Mozambique		
CIDA	Zambezia	
World Bank	National	2011-
DANIDA	National	2011-
GAIN	National	2011-2013
UNITAID	National	2012
Program 3. Support policy, research, and technology transfer		
World Bank: Business enabling environment	National	2009-2014
GIZ: Business enabling environment	National	2010-2012
SIDA: Agricultural Policy and Planning	National	2009-2011
Brazil: Science and technology investment through EMBRAPA	National	2010-2014
JICA: Science & technology (EMBRAPA)	Nacala Corridor	2011-2014

*As part of the CAADP process donors/development partners are currently preparing a comprehensive data base of their agriculture and food security activities.

ANNEX B. PROPOSED FEED THE FUTURE INDICATORS

TABLE 1. Mozambique Feed the Future Nutrition Indicators- Proposed

GOAL	OBJECTIVE IRs, Sub-IRs	PROCUREMENT INTERVENTION	INDICATOR LINKS	BASELINE DATA SOURCES & PROCEDURES	TARGETS	REPORTING PLANS	PROJECTED M & E design data collection METHODS
			3 -1 % of underweight children (6-59 months)	National: 17.5% (MICS 2009) Zambezia: 21% Nampula: 26%		Implementing partner and USAID contractors	Implementing partners: baseline, mid-term, final evaluations Outcome monitoring (annually on off DHS years)
Reduce Poverty & Hunger	Objective 1 Accelerated Inclusive agriculture growth						
Poverty & Hunger	Objective 2 Improved Nutrition Status of Women & Children		Prevalence of stunted children under 5 years of age	National: 44% (MICS 2009) Zambezia: 46% Nampula: 51%		Implementing partner and USAID contractors	Implementing partners: baseline, mid-term, final evaluations Outcome monitoring (annually on off DHS years)
			3 4 % of wasted children (6-59 months)	4% (MICS 2009) Zambezia: 5% Nampula: 9%		Implementing partner and USAID contractors	Implementing partners: baseline, mid-term, final evaluations Outcome monitoring (annually on off DHS years)
			3 – 3 % of underweight women	9% (2005 – need to find source) Zambezia: 11% Nampula: 10%		Implementing partner and USAID contractors	Implementing partners: baseline, mid-term, final evaluations Outcome monitoring (annually on off DHS years)
	IR 5: Increased resilience of vulnerable communities and households	<ul style="list-style-type: none"> Education on provisioning of food supplies (MYAP) Income generation activities (MYAP, SCIP) 	3 – 5 % of households with moderate or severe hunger, disaggregated by sex of household head			Implementing partner and USAID contractors	Implementing partners: baseline, mid-term, final evaluations Outcome monitoring (annually on off DHS years)

GOAL	OBJECTIVE IRs, Sub-IRs	PROCUREMENT INTERVENTION	INDICATOR LINKS	BASELINE DATA SOURCES & PROCEDURES	TARGETS	REPORTING PLANS	PROJECTED M & E design data collection METHODS
	IR 6: Improved access to diverse and quality foods	<ul style="list-style-type: none"> Mothers groups (MYAP, SCIP) GMP (SCIP, MYAP) NACS (PEPFAR) Home visits (MYAP) Post-harvest processing (Nutrition Challenge Fund) 	3.1.9 – 2 % of children 6-23 months that received a Minimal Acceptable Diet	9% (DHS 2003) Not available by province		Implementing partner and USAID contractors	Implementing partners: baseline, mid-term, final evaluations Outcome monitoring (annually on off DHS years)
	IR 7: Improved nutrition related behaviors	<ul style="list-style-type: none"> Mothers groups (MYAP, SCIP) GMP (SCIP, MYAP) NACS (PEPFAR) Home visits (MYAP) 	3.1.9 - 4 % exclusive breastfeeding of children under 6 months	37% (MICS 2009) Zambezia: 47% Nampula: 40%		Implementing partner and USAID contractors	Implementing partners: baseline, mid-term, final evaluations Outcome monitoring (annually on off DHS years)
	IR 8: Improved utilization of maternal and child health and nutrition services	<ul style="list-style-type: none"> Provision of iron folic acid, deworming at facilities (PEPFAR, SCIP?) Nutrition education (MYAP, SCIP) 	3.1.9 – 6 % anemia among women of reproductive age	% (NMIS) Zambezia: Nampula:		Implementing partner and USAID contractors	DHS and OM (?)
		<ul style="list-style-type: none"> Education on dietary quality and diversity (papas enriquecidas) Mothers groups on EBF, IYCF 	3.1.9 – 9 % anemia among children 6-59 months	70% (NMIS) Zambezia: 81% Nampula: 82%		Implementing partner and USAID contractors	DHS and OM (?)
		All programs	3.1.9 – 11 Number of children reached by USG supported nutrition programs			Implementing partner and USAID contractors	Implementing partners – annual

GOAL	OBJECTIVE IRs, Sub-IRs	PROCUREMENT INTERVENTION	INDICATOR LINKS	BASELINE DATA SOURCES & PROCEDURES	TARGETS	REPORTING PLANS	PROJECTED M & E design data collection METHODS
		All programs	3.1.9 – 1 Number of people, disaggregated by sex, trained on health/nutrition through USG supported programs			Implementing partner and USAID contractors	Implementing partners – annual
		PRN support and roll-out (FANTA-2 and clinical partners)	3.1.9 – 7 Number of health facilities with established capacity to manage acute undernutrition			Implementing partner and USAID contractors	Implementing partners – annual

TABLE 1. Continued: Feed the Future Agriculture Value Chains, Policy, Research, Technology Transfer Indicators- Tentative

GOAL	OBJECTIVE IRs, Sub-IRs	PROCUREMENT INTERVENTIONS	INDICATOR LINKS	BASELINE DATA SOURCES & PROCEDURES	TARGETS	REPORTING PLANS	PROJECTED Impact data collection METHODS
Reduce Poverty & Hunger	Objective 1 agriculture growth		<p>4 – 1 Prevalence of Poverty (people living on less than \$1.25/day) in targeted provinces, disaggregated by sex</p> <p>4.5 – 1 Per capita expenditures of rural households (proxy for income), disaggregated by sex of household head</p> <p>4.5 – 3 Percent change in agricultural GDP</p> <p>4.5 – Women's Empowerment in Agriculture Index</p>	<p>Third National Poverty Assessment (2010)</p> <p>Mozambique MDG Report (2010)</p> <p>INCPROX (MSU)</p> <p>MINAG</p>		<p>National Poverty Assessment</p> <p>Mozambique MDG Report</p>	<p>Every 5 years</p> <p>Every 5 years</p> <p>Every 2 years</p> <p>Annual</p>

GOAL	OBJECTIVE IRs, Sub-IRs	PROCUREMENT INTERVENTIONS	INDICATOR LINKS	BASELINE DATA SOURCES & PROCEDURES	TARGETS	REPORTING PLANS	PROJECTED Impact data collection METHODS
	All IRs	<p>Policy Processes</p> <p>CAADP process</p> <p>agriculture, business, trade, and/or nutrition policy</p>	<p>CAADP milestones</p> <p>(4.5.1 – 9 #policies & regulations analyzed 4.5.1 – 10 # public/stakeholder consultations on policies & regulations 4.5.1 – 11 # policies & regulations presented for legislation/decreed 4.5.1 – 12 # policies & regulations passed/approved 4.5.1 – 12 # policies & regulations passed & implementation has begun (may select only some of the 5 steps)</p> <p>4.8 – Ease of Doing Business rank</p>	<p>Agricultural Commercial Legal and Institutional Reform (AgCLIR) Assessment (2011)</p> <p>National WB Doing Business Report (2011)</p>		<p>GRM and development partners reports</p> <p>Implementing partner and USAID contractors</p> <p>National WB Doing Business Report</p>	<p>Quarterly and Annually</p> <p>Annual</p>

GOAL	OBJECTIVE IRs, Sub-IRs	PROCUREMENT INTERVENTIONS	INDICATOR LINKS	BASELINE DATA SOURCES & PROCEDURES	TARGETS	REPORTING PLANS	PROJECTED Impact data collection METHODS
	IR 1 Agriculture Productivity	<ul style="list-style-type: none"> • Development of new technologies or management practices • Dissemination of new technologies or management practices • Increased access to improved production inputs 	4.5.2 – 5 # of farmers who apply new technologies or management practices (possible), disaggregated by sex 4.5.2 – 7 # individuals receiving short-term agriculture/food security training, disaggregated by sex 4.5.2 – 8 # of new technologies or management practices made available for transfer	Agricultural Census (2010) Agricultural Survey - TIA (2008) IIAM MINAG Implementing Partners		Implementing partner and USAID contractors	Quarterly and Annually
	IR 2 Markets & Trade	<ul style="list-style-type: none"> • Market development • Cooperatives/Associations strengthening • Market standards • Market information 	4.5.2 – 23 value of incremental (farm level) sales , disaggregated by sex of household head 4.5.2 – 27 # members of producer organizations assisted, disaggregated by sex 4.5.2 – 36 value of agricultural exports	MINAG Implementing Partners		Implementing partner and USAID contractors	Quarterly and Annually

GOAL	OBJECTIVE IRs, Sub-IRs	PROCUREMENT INTERVENTIONS	INDICATOR LINKS	BASELINE DATA SOURCES & PROCEDURES	TARGETS	REPORTING PLANS	PROJECTED Impact data collection METHODS
	IR 3 Private Investment	<ul style="list-style-type: none"> Public/private partnerships Access to finance Investment promotion 	4.5.– 9 # jobs created, disaggregated by sex 4.5.2 - 12 # of public/private partnerships formed (possible) 4.5.2 – 29 value of agriculture & rural loans 4.5.2 – 38 value of private sector investment in agriculture or food chains	Implementing partners		Implementing partner and USAID contractors	Quarterly and Annually
	IR 4 Value Chain Productivity	<ul style="list-style-type: none"> Oilseed value chains Cashews value chain Fruit value chains Agricultural Service Clusters Farmer-owned Service Centers Contract farming Industry association development Agro-processing Commercial nurseries 	4.5.2 – 11 # private enterprises & producers organizations assisted 4.5.2 – 13 # of rural households benefitting (possible), disaggregated by sex of household head 4.5.2 - 28 private enterprises & producer organizations applying new technologies or management practices (possible) 4.5.2 – 37 # MSMEs receiving business development services	Implementing partners		Implementing partner and USAID contractors	Quarterly and Annually

ANNEX C. CONTRIBUTIONS TO IMPROVED DEMOCRATIC GOVERNANCE

The USG/Mozambique Feed the Future Strategy links to and incorporates various USG efforts to strengthen democratic governance in Mozambique:

Increased pluralism – The USG focus on development of non-governmental organizations providing services and advocacy for policy reforms expands the range of civil society organizations that engage in political and economic activity at both the local and national level. These serve to empower communities and interest groups and also provide their members with valuable experience in democratic decision-making and political activism. The non-governmental organizations that will receive some level of technical and/or financial support include:

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

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

- **Policy reform** – The policy reform agenda associated with this implementation plan focuses on a range of actions that would have a major impact on reducing opportunities for corruption and increasing transparency. Progress in a number of these areas will require confronting vested interests and ensuring enhanced accountability. Examples of these issues include:
- **Reducing transaction costs** – Many of the “doing business” reforms that are part of the diplomacy strategy for this implementation plan reduce the number of steps required to start a business, import or export goods, or provide services. Reducing the number of steps and the number of people with the ability to hold up processes or solicit bribes, reduces the level of petty corruption.

- **Ensuring transparency** – Some reforms involve providing improved information about costs of government services and legal regulations that reduce opportunities for arbitrary taxation and provide opportunities for improved oversight and accountability.
- **Land issues** – Government ownership of land and the high level of discretion involved in land allocation and tenure create multiple opportunities for favoritism and corruption. These issues are a central part of the policy dialogue associated with agricultural investment and finance.
- **Alternative dispute resolution mechanism** – The establishment of private sector arbitration and mediation mechanisms helps reduce the potential for corruption in the context of a low-capacity and unreliable judiciary.

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

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