



USAID
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AGRICULTURE AND PRIVATE SECTOR DEVELOPMENT



BACKGROUND AND CHALLENGES

The importance of agricultural sector production to Mozambique's food security, livelihoods and economic growth cannot be overstated. About 80% of the population is engaged in farming which accounts for roughly 25% of the country's Gross Domestic Product. Only half of the country's arable land is under cultivation and subsistence farmers are highly vulnerable to variations in rainfall and temperature. Low agricultural productivity significantly impacts the economy and public health due to low yields, destructive land management practices, and poor nutrition.

Mozambique has the potential to transform subsistence farming into commercial agriculture for domestic and export markets and reduce extreme poverty in rural areas. However, to do so requires linking small holders to credit and agri-businesses or other employment opportunities and removing obstacles to trade and private sector growth.

Overall, economic development centers on three things: agriculture, a vast reserve of energy and minerals, and a trade and services sector. Increasing productivity and potential for long term sustainable growth in these sectors hinges on improved infrastructure and the development of a regulatory environment conducive to business investment, competition and trade.

AGRICULTURAL GROWTH AND MARKET DEVELOPMENT

Under the U.S. Feed the Future Initiative USAID focuses on increasing growth in the agriculture sector to end hunger and malnutrition, attract private investment and create jobs. USAID promotes the adoption of high-yielding, nutritious, drought and disease-resistant crops and modern production practices, and links small holders to markets and credit. To address acute food insecurity and emergency needs, USAID Food for Peace delivers food aid through the World Food Program and faith-based organizations.

USAID partners with the private sector to commercialize technologies, such as small scale irrigation systems, and improved inputs including seeds, fertilizer, or pesticides, including a product to reduce harmful aflatoxins, a fungi that are found on agricultural crops, that bars export of maize, peanuts, and cassava. Special emphasis is given to incorporating women into rural business development and marketing strategies. Producers, processors, and businesses receive accurate and timely climate and market information as well as extension services that demonstrate best practices for land preparation, soil moisture conservation, crop rotation, and the use of drought tolerant seeds. USAID agricultural programs target 26 districts spanning half the country's provinces.

In an effort to overcome resistance to lending in agriculture and underserved rural regions, USAID has loan guarantee agreements with five commercial banks to provide working capital for inputs and



marketing to small and medium agribusinesses and works with microfinance institutions to provide credit and banking services to smallholder farmers.

FOOD SECURITY AND NUTRITION

Targeted nutrition interventions, coupled with increased nutritious food production, are working to reduce malnourishment in mothers and widespread deficiencies in children under 5 that affect their immunity, development and growth. USAID invests in the increased production and marketing of nutritious orange-fleshed sweet potato among other foods. USAID support to the Global Alliance for Improved Nutrition (GAIN) Marketplace for Nutritious Foods program catalyzes the production and marketing of affordable and nutritious foods such as peanut butter, soy-based products, fish, goat or vegetables.

To reduce subsistence and smallholder vulnerability and increase yields, USAID is strengthening the national seed system for the production and supply of improved certified seeds for staple and cash crops: beans, cowpea, groundnut, pigeon pea, sesame, and soybean.

ENABLING BUSINESS, TRADE, AND INVESTMENT

To accelerate the policy reforms needed for market-driven economic development, USAID provides the government with expert technical assistance and training in key sectors: agriculture, trade, biodiversity conservation, water, and in line with Power Africa, energy. USAID activities advance improvements in fiscal transparency, tax, trade, and investment policies, and natural resource and wildlife governance. For example, in agriculture, USAID identifies obstacles to value chain development and trade and is helping improve policy and regulations on seed and fertilizer and the development of a more efficient system of land use. In water supply and services, a regulatory framework is in development for private sector suppliers to supplement public services. Power Africa expertise is helping to reshape a regulatory environment to increase access to electricity.

KEY ACCOMPLISHMENTS

- USAID's Development Credit Authority benefited over 1700 agribusinesses. Investing \$1.8 million in this facility, USAID has leveraged nearly \$34 million in financing for agriculture.
- The competitiveness of 100 small and medium agribusinesses and 80 nutritious food enterprises in key value chains increased.
- Over 50,000 smallholder farmers are using new technologies for increased yields. Over 8,000 households with mothers and children under 5 at risk of Vitamin A deficiency are cultivating nutritious orange fleshed sweet potato.
- 64 women scientists gained leadership skills to advance agriculture research and development.
- Successful advocacy against an export tax on pigeon peas prevented harm to one million families.
- A government decree passed to allow private sector water suppliers to operate and supplement constrained public resources for water services.
- A conservation law will improve tourism industry potential and contribute to anti-wildlife poaching and trafficking.
- Improved management of ten provincial business associations and strengthened advocacy by the Confederation of Business Associations.

Activity Name	Total Estimated Cost	Implementation Period	Implementing Partner
Feed the Future Partnering for Innovation	\$14.69 million	August 2014 – December 2021	Fintrac
Feed the Future Improved Seeds for Better Agriculture (SEMEAR)	\$13 million	October 2015 – September 2020	IITA
Integrated Land and Resource Governance Program (ILRG)	\$400,000	July 2018 – January 2021	Tetra Tech, ARD
Borlaug Higher Education and Agricultural Research Development (BHEARD)	\$2.1 million	September 2012- October 2020	Michigan State University
Viable Sweetpotato Technologies in Africa (VISTA)	\$12.25 million	October 2014 - September 2021	CGIAR (World Bank)
MASA	\$5,497,968.00	20-Jun-18-19-Jun-22	FAO
Feed the Future Mozambique Value Chain	\$20.97 million	February 2017 – February 2022	DAI Global, LLC
Climate Smart Agriculture (CSA) Nacala Corridor to Resilient Agricultural Market Activity (RAMA) - Nacala Corridor	\$15,999,978.00	12-Dec-16-11-Dec-21	Winrock International
Supporting the Policy Environment for Economic Development (SPEED +)	\$37.20 million	August 2016 – August 2020	DAI Global, LLC
Institutional Capacity Support for Mozambique Private Sector	\$2 million	June 2014 -June 2020	CTA - Confederação das Associações Económicas de Moçambique