

**TRIANGULAR COOPERATION FOR  
AGRICULTURAL DEVELOPMENT OF THE  
TROPICAL SAVANNAH IN MOZAMBIQUE  
(ProSAVANA-JBM )**

**SUPPORT OF AGRICULTURE  
DEVELOPMENT MASTER PLAN  
FOR NACALA CORRIDOR**

**Progress of the Study**

**OVERALL PICTURE OF  
DEVELOPMENT PLAN (DRAFT)**

The Third JCC, Nampula on December 3, 2012

**1.1 Objective and Outputs of Agriculture  
Development Master Plan Study**

- Formulate an agricultural development Master Plan which contributes to **social and economic development** by engaging **private investment** to the **promote sustainable production systems**, and **poverty reduction** in Nacala Corridor
- Major Outputs of the Study
  - Data collection and **analysis of agriculture** in Nacala Corridor
  - Drawing of an **overall picture of development plans**
  - Planning of **quick impact projects** for selected area
  - Engagement stimulation of stakeholders focusing on **investment promotion**



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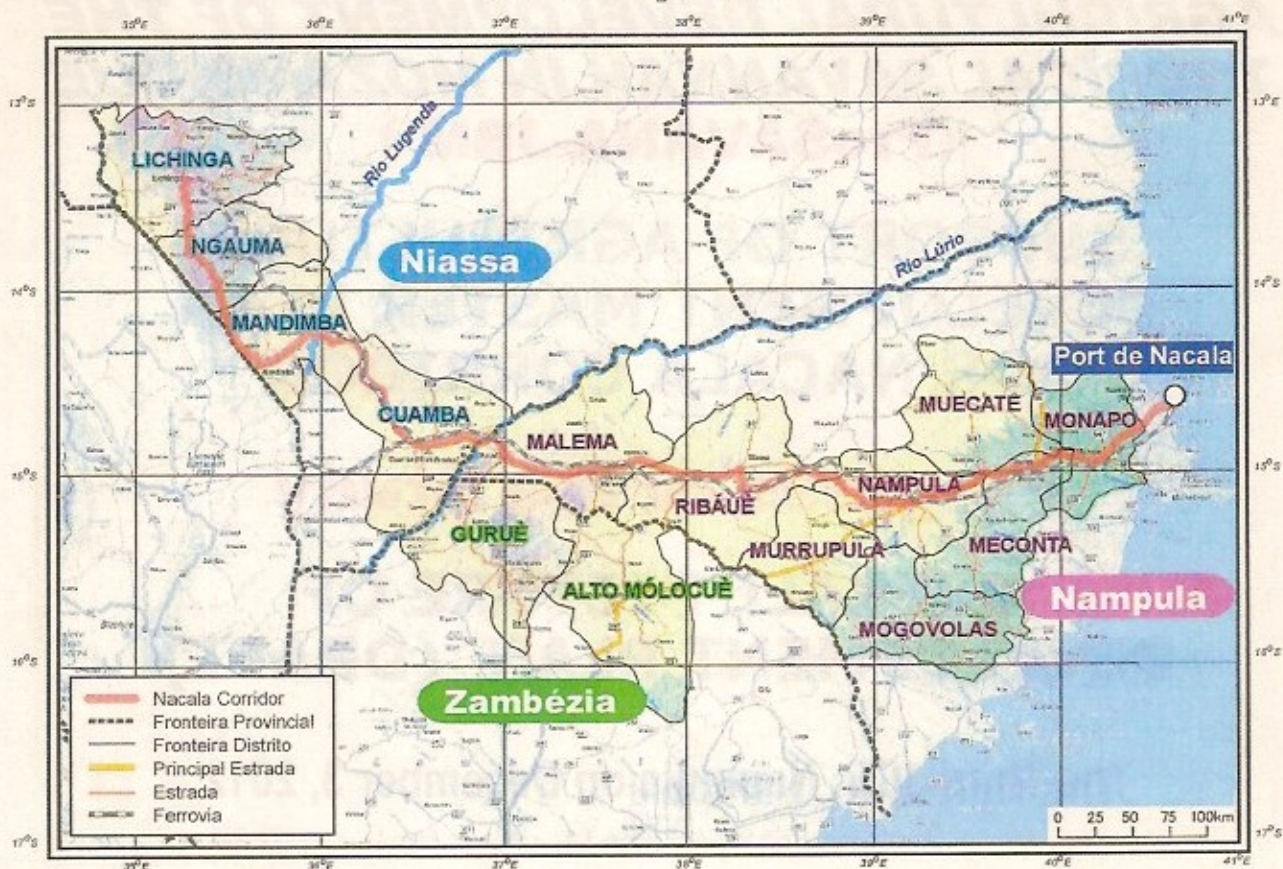
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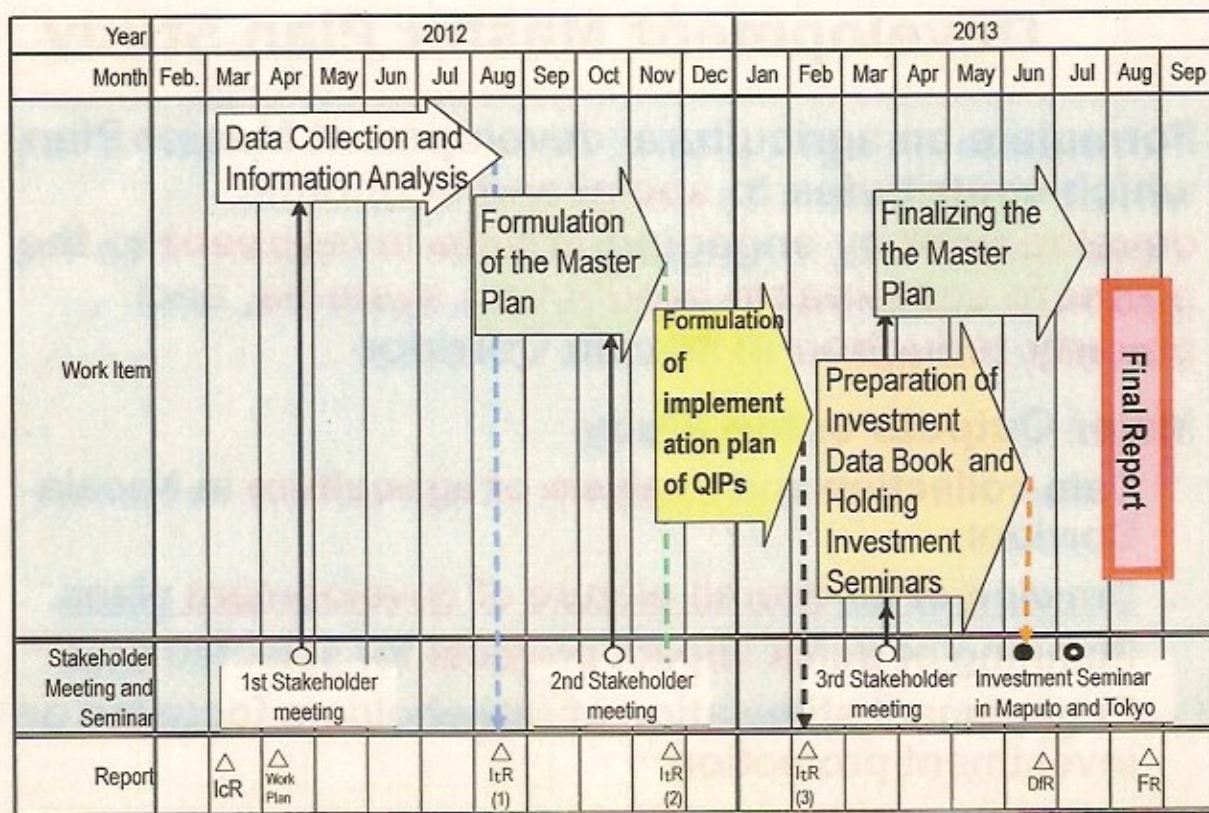
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## 1.2 Study Area of Nacala Corridor Agricultural Development

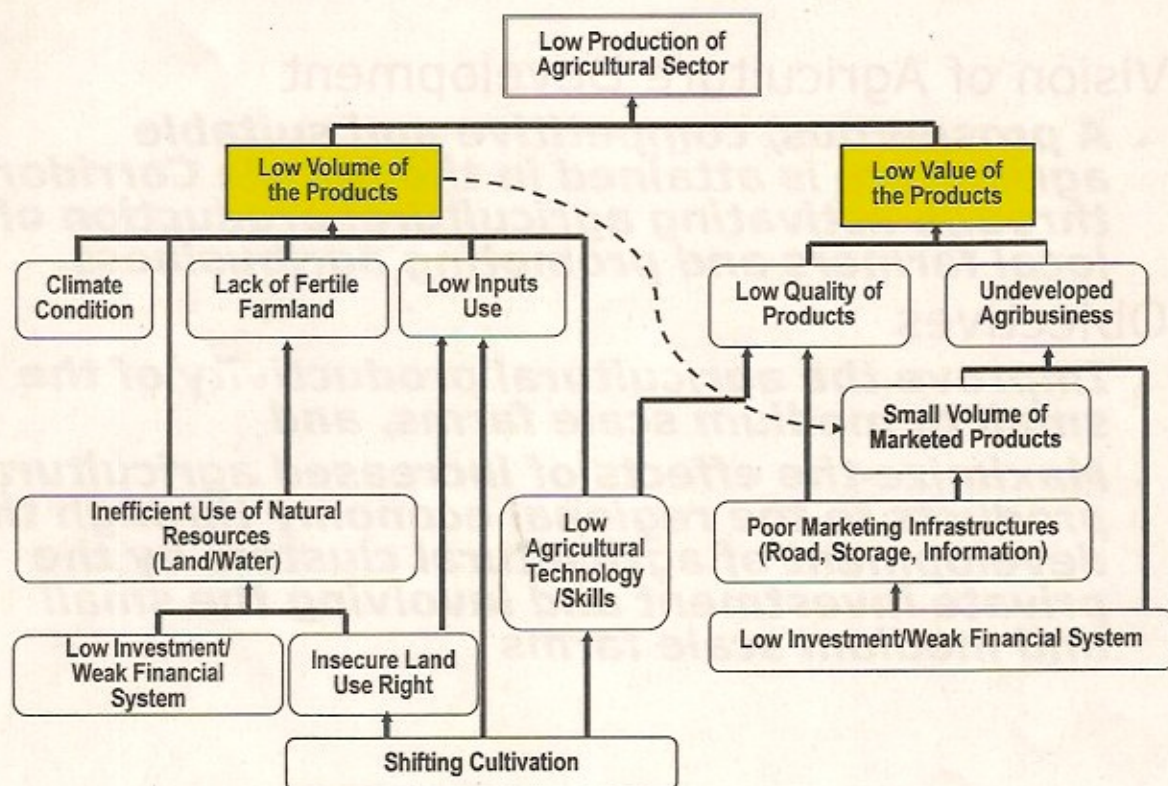


### 1.3 Work Schedule of the Study





## 2.1 Constraints of Agriculture in the Nacala Corridor



## 2.2 Agriculture Development Potential

- **Soils** in the Nacala Corridor Area are almost neutral.
- A and undeveloped **surface water resources** usable for irrigation.
- Highly or moderately **suitable for irrigation** is distributed to overall of the Nacala Corridor.
- Large **number of farmers** in the Nacala Corridor
- **New cooperative law** provides a well-defined legal framework for organizing farmers cooperative
- **Roads** from Nampula to Cuamba, Cuamba to Mandimba will be paved.
- **The Nacala Port** is one of the deepest sea port in east Africa.
- **Northern railway** (Nacala railway) allows mass transit and it is planed to be rehabilitated.
- Potential to increase crop production by using cultivated **variety applicable** in tropical savanna **developed** in Brazil.
- **Demand for agricultural products** for food and feed is high.
- **Stabilized politics** in the Government.
- The Government **promotes agribusiness** development based on national plan
- The **investment environment** in Mozambique is **broadly supportive** of the agriculture sector.



## 3.1 Vision and Objective of the Master Plan

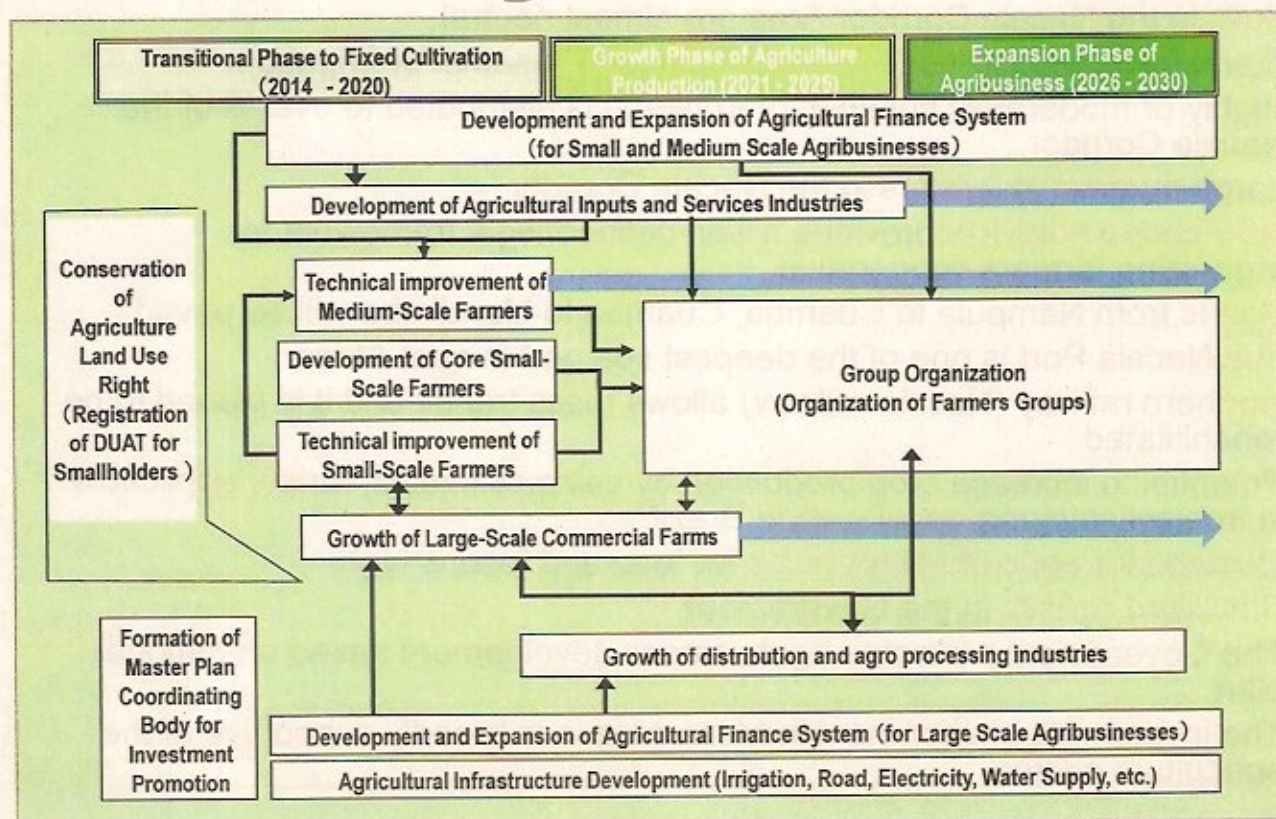
### ● Vision of Agriculture Development

- *A prosperous, competitive and suitable agriculture is attained in the Nacala Corridor through activating agricultural production of local farmers and promoting agribusiness.*

### ● Objectives

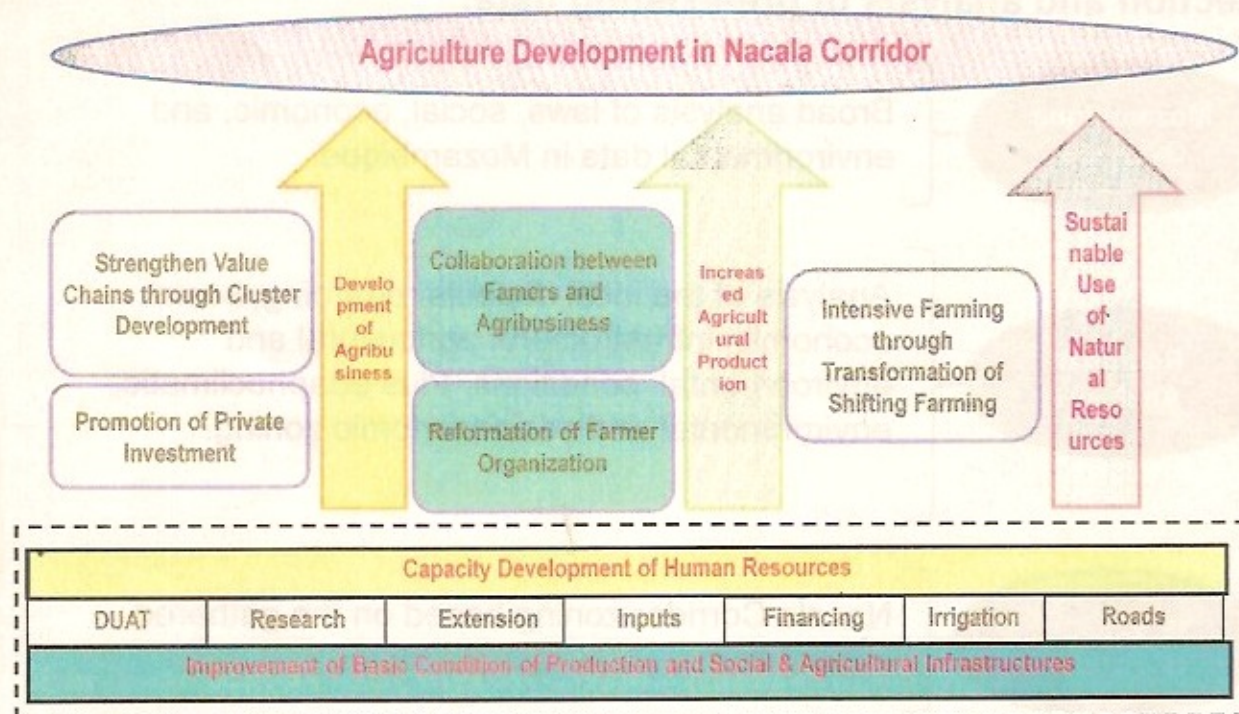
- *Improve the agricultural productivity of the small to medium scale farms, and*
- *Maximize the effects of increased agricultural products to the regional economy through the development of agricultural clusters by the private investment and involving the small and medium scale farms*

## 3.2 Target Year 2030 and Phasing of the Master Plan





### 3.3 Basic Approach of Master Plan



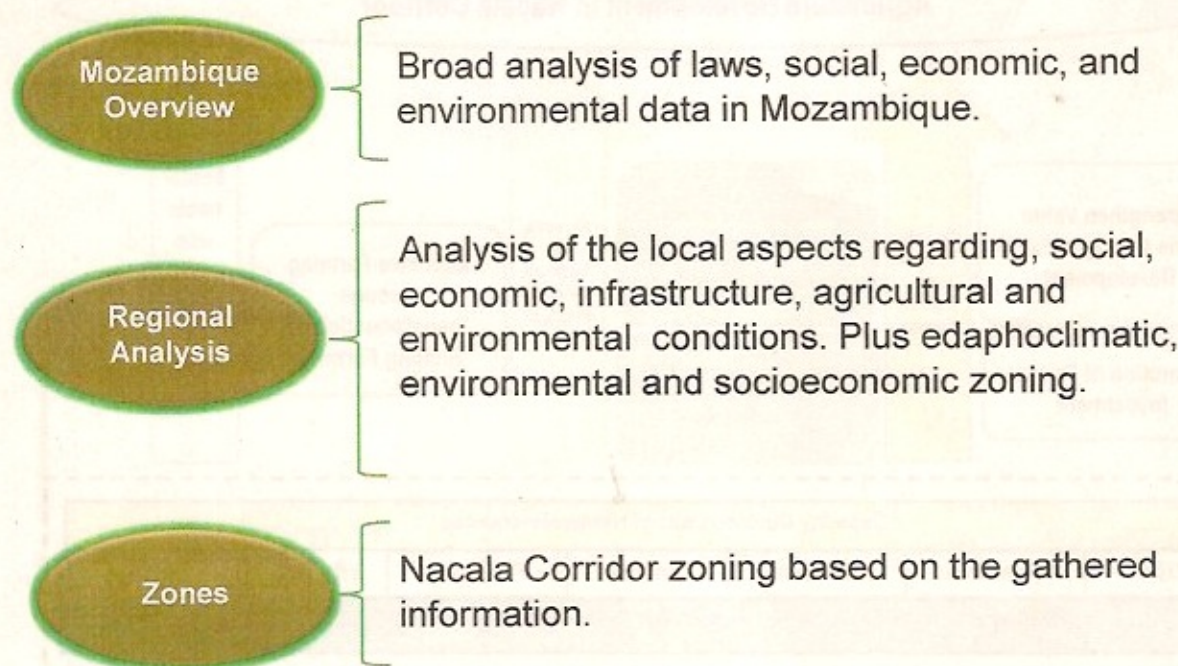
## 4. Cultivation Area in the Nacala Corridor

Category of Land \ Area (000ha)	2011		2030	
	Area	Cultivated Area	Area	Cultivated Area
Protected area and inactive area <sup>*1</sup>	1,190		1,190	
DUAT Area excluding agriculture <sup>*2</sup>	1,146		1,161	
Forest area without Concession <sup>*3</sup>	1,439		1,439	
Agriculture DUAT	230	1,711	230	2,184
Local farm	1,481		1,954	
Remained land	1,067		580	
Expected Developed		0		300
<b>Total Area (000 ha)</b>	<b>6,553</b>	<b>1,711</b>	<b>6,553</b>	<b>2,484</b>

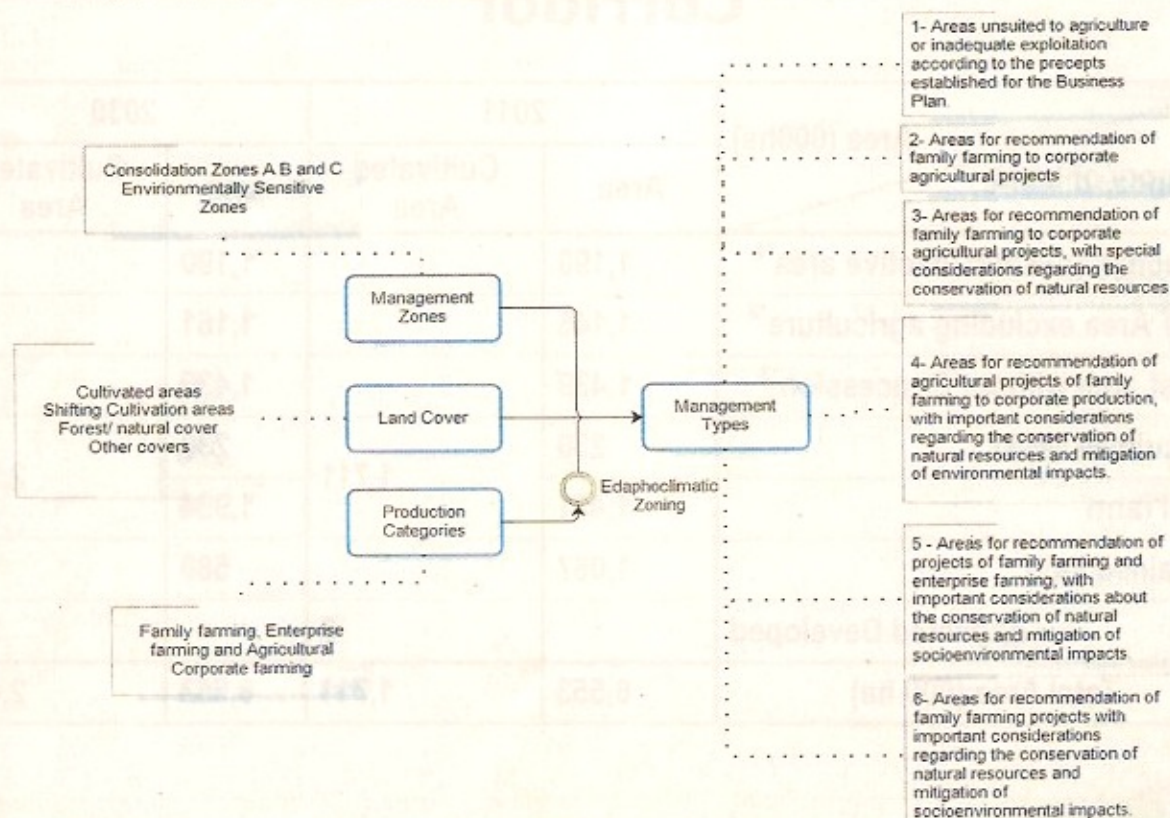


## 5.1 Preliminary Report of the Blueprint

### Collection and analysis of pre-existing data:



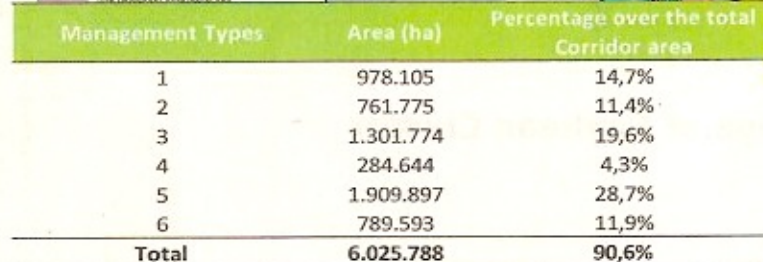
## 5.2 Definition of Management Type



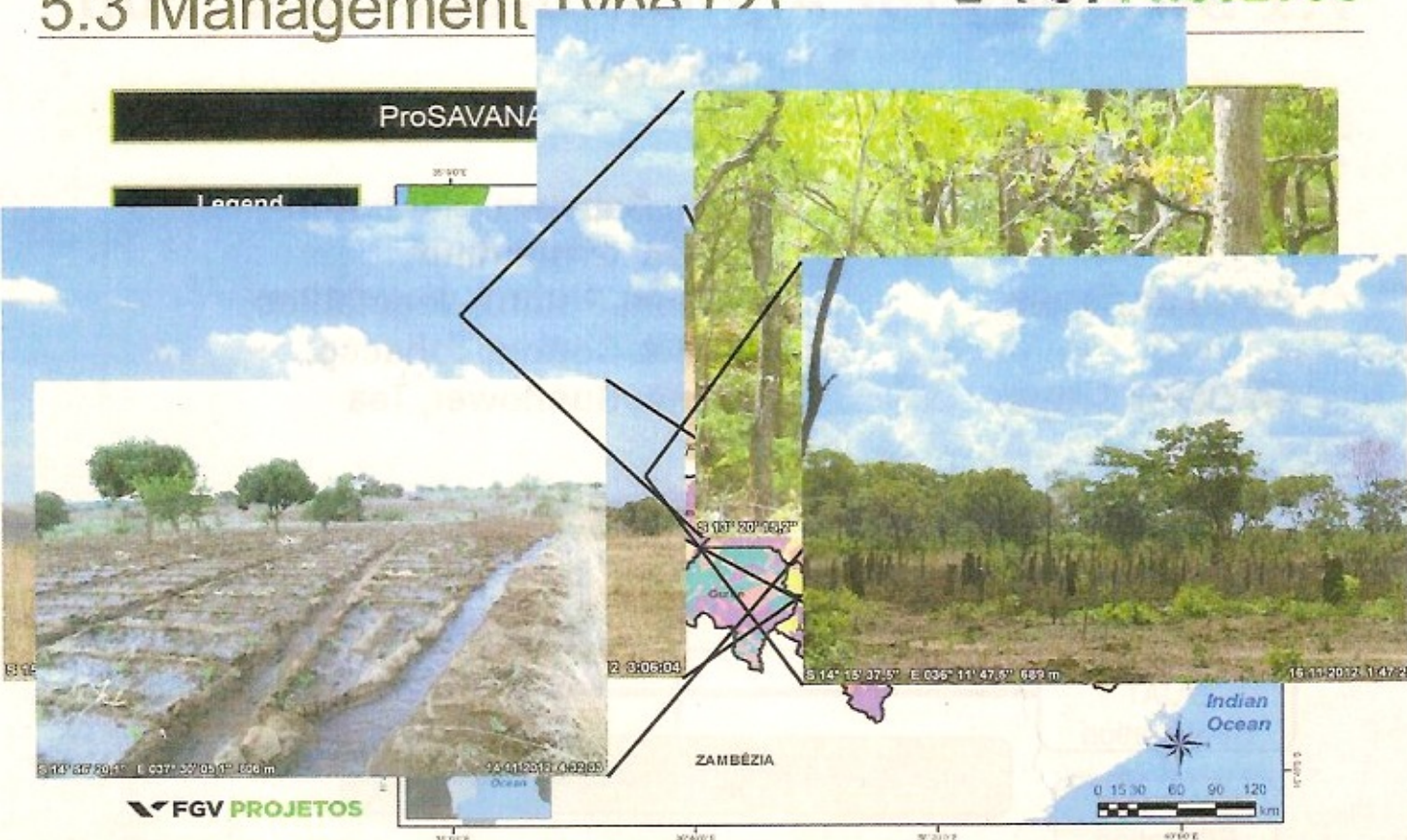


**FGV PROJETOS**

### Legend

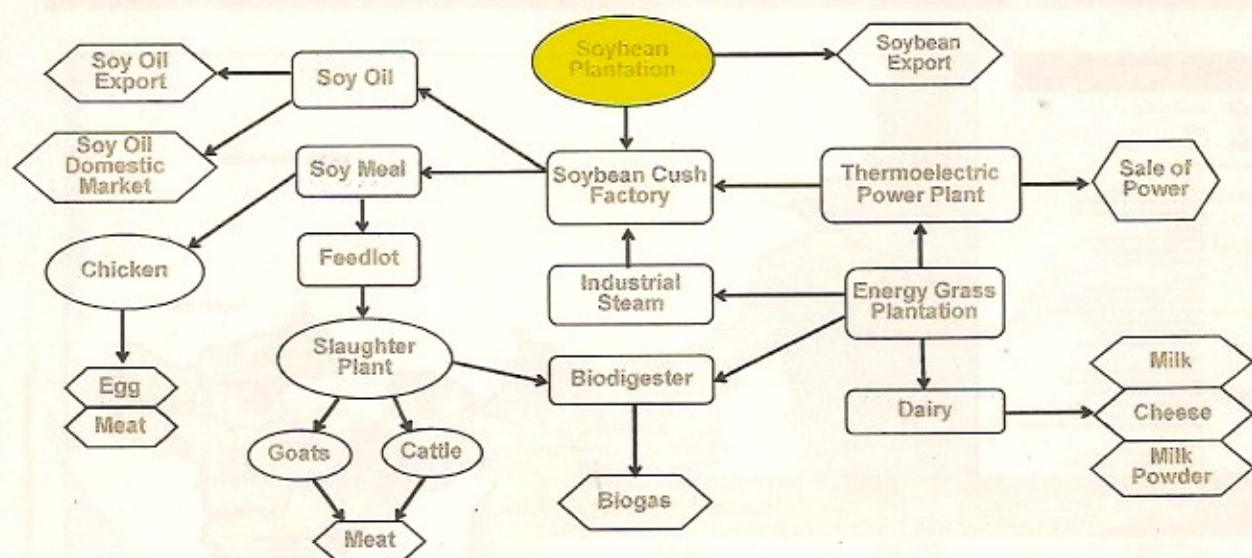


**FGV PROJETOS**





## 6. Strategy for Cluster Development



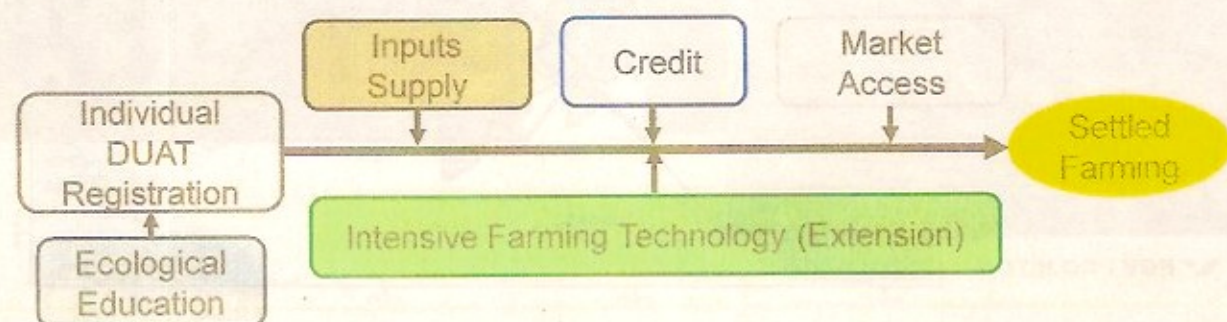
Possible Linkage of Soybean Cluster

## 7.1 Strategy for Agricultural Production Increase

### 7.1.1 Priority Crops

- |                       |   |
|-----------------------|---|
| (1) Basic Food Crops: | Maize , Cassava, Haricot-beans, Cowpea, Groundnut,    |
| (2) Cash Crops:       | Soybean, Potato, Vegetables, Cashew, Cotton, Tobacco, |
| (3) Other Crops:      | Sesame, Sunflower, Tea                                |

### 7.1.2. From Shifting Cultivation to Settled Farming





## 7.2 Improved Technical Support System (Research & Extension)

Weak Financial Base & Limited Able Staff



"Selection & Concentration" Strategy

- (1) Target Group: **Small-scale & Medium-scale Farmers**
- (2) Top Priority Crops: **Maize & Soybean**  
(includes cropping system, such as inter-cropping, crop rotation)
- (3) Private Initiatives: Cotton, Tobacco & some Cash Crops

## 7.3 Improvement of Access to Agricultural Inputs

Measures	Demand Increase	Supply Increase	Cost Down
Shifting Cultivation → Settled Farming	X		
Stop the Government Sector's Intervention to the Supply Chain		X	X
Review of Tax & Administrative Formalities		X	X
Public Soft-loan to Small/Medium Sellers		X	X
Development of Road-networks & Ports			X
Subsidy System (Fertilizers, Tractor Service)	X		

## 7.4 Improvement of Access to the Agricultural Credit

Improvement of Access to the Agriculture Financing/Credit

### 1. Financial Support System for Individual Farmers

- Short-term soft loan
- Affordable conditions
- To be used for improvement of productivity (use of agriculture inputs and services)

### 2. Financial Support System for Small-Medium Agribusiness Enterprises and Farmers' Organizations ~ProSAVANA Development Initiative Fund (PDIF)~

#### PDIF for small-medium agribusiness enterprises

- Continuation of PDIF
- Involve more agribusiness enterprises in contract farming with small-scale farmers

#### PDIF for farmers' organization (Cooperative & Association)

- Create modality to allow farmers' organization to access low-interest loans with reasonable conditions
- To be used for the investment on irrigation systems, agricultural machinery, and processing facilities so as to introduce improved agriculture production systems



## 7.5 Partnership between Local Farmers and Agribusiness

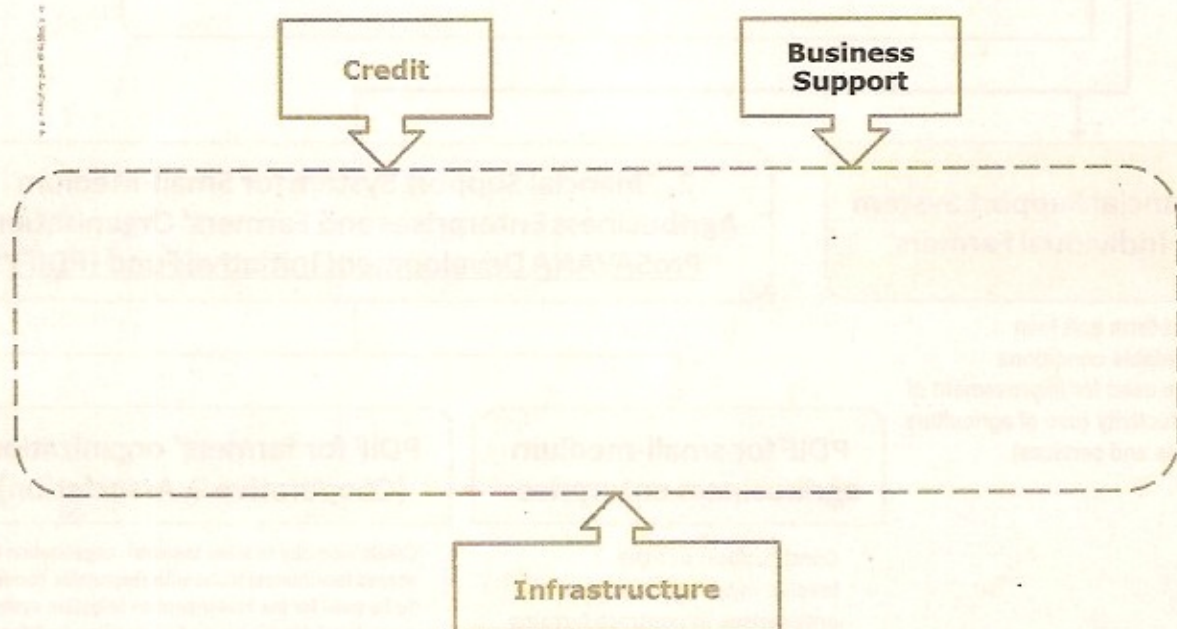
To establish a strong partnership by reinforcement of win-win relation of the both parties

Farmer's Interests	Agribusiness's Interests
To secure a firm market	To save initial investment costs
To receive quality farm inputs	To save running costs (crop growers)
To acquire advanced farming technology	To secure stable products (traders & processing industry)
To reduce a risk against an unexpected incident	

## 7.6 Strategy for Livestock Development

- (1) **Chicken cluster** should be established through a partnership of local farmers and agribusiness
- (2) The Government should take necessary measures seriously to **address very basic constraints** for increasing other livestock production with long-term strategy before considering a hasty development

## 8. Strategy for Value Chain Development





## **9.1 Strategy for Establishment of Farmers Organization**

### **Necessity of Farmers' Organization:**

Generate economic benefits for members through collective activities :

**Farmers' organizations are not developed in the Nacala Corridor.**

**Organization of farmers by Out-growing Schemes has benefits for small-scale farmers.**

**"Human Capacity Development" is "Approach of Organization of Farmers"**

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## **9.2 Strategy 1: Human Capacity Development for Farmers' Organization**

**Objectives:** Human Capacity of small-scale farmers to be developed by level up of agricultural practices.

## **9.3 Strategy 2: Support to Establish and Develop the Modern Agriculture Cooperatives**

**General Law of Modern Cooperatives (Law 23/2009)**

**Objectives:** Bargaining powers of farmers' organization to be strengthened by sustainable management of the modern agricultural cooperatives.



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## 10. Strategy for Land Administration

It is unlikely that there are areas without any claim of the right over them (customary occupation or good faith) within the Nacala Corridor.

- Obtaining DUAT for all small agricultural farms within the ProSAVANA area, together with the introduction of sustainable agricultural practices, are configured an important step for fixing the farmer and consequent reduction of shifting cultivation;
- The areas of land confirmed as "available" will be registered in "Land Reserve" to be destined for future allocations;
- The Government certify outlining the available land (areas of public interest), and later, according to the strategic interest, to divide the land for governmental projects or investments, according to agricultural suitability;
- The demarcation and issuance of DUAT to all interested occupants around the projects, should grant to the occupants equivalence of rights to benefits provided to prospective investors.

## 11. Strategy for Irrigation Development

1. Identifying water **development potential** and strengthening water resources **management**
2. **Rehabilitation** of existing irrigation system
3. Improvement of **technical capability for construction**, operation and maintenance of irrigation facility in each level
4. Sustainable use of irrigation facilities through strengthening farmer's association and **formulating water user's association**
5. Promotion of **small irrigation using pump**
6. Development of **new small scale irrigation system**
7. Irrigation development by **private investment**



## 12. Strategy for Improvement of Road and Social Infrastructure

### (1) Access Road improvement

- **Capacity development for road planning considering Agricultural Strategy**  
To Prepare the road improvement plan reflecting local agricultural plan using bottom up approach.
- **Priority for Improvement**
  - Road to increase Market Access
  - Road and bridge to secure accessibility all-year around
  - Road to support new development
  - Road to make distribution network centering storage
  - Road upgrade to correspond development

### (2) Social Infrastructure Improvement

- **Required infrastructure for the area supporting agribusiness development (urban area) – Power and water supply**
- **Social infrastructure in rural area**
  - Expansion of education and medical services with required staff
  - Water supply and rural electrification
  - Capacity development aiming community driven infrastructure development

## 13. Candidate Projects/Activities (1/2)

Totally 35 projects/activities are proposed.

Basic Approach	Strategy	No. Project
Improvement of Basic condition of Production and Social & Agricultural Infrastructures	• Improvement of Technical Supporting System	2
	• DUAT acquisition among small and medium-scale farmers	1
	• Improvement of Access to the Agriculture Financing/Credit	4
	• Supporting Service for Agri-business Development	1
	• Development of Social & Agricultural Infrastructures	4
Increased Agricultural Production	• Transformation from Shifting Cultivation to Settled Farming	5
	• Improvement of Access to Agricultural Inputs	
	• DUAT acquisition among small and medium-scale farmers	
	• Priority Crops and Their Opportunity	3
	• Partnership between Local Farmers and Agribusiness	(1)
	• Support for Establish and Develop the Modern Agriculture Cooperative	1



## 13. Candidate Projects/Activities (2/2)

Basic Approach	Strategy	No. Project
Development of Agribusiness	<ul style="list-style-type: none"><li>• Formulation of Value Chain</li><li>• Land Reserve for Investment</li><li>• Capacity Development and Technical Assistance on the Supervision Mechanism on Land and Environment Law Enforcement.</li></ul>	3
	<ul style="list-style-type: none"><li>• Formulation of Value Chain</li><li>• Improvement of infrastructure of agricultural logistics</li><li>• Cluster Development</li></ul>	5
Sustainable Use of Natural Resources	<ul style="list-style-type: none"><li>• Compliance with RAI Principals</li><li>• Identification of Water Resources Development Potential</li><li>• Strengthening Water Resources Management</li></ul>	2
Capacity Development of Human Resources	<ul style="list-style-type: none"><li>• Improvement of Technical Supporting System</li><li>• Improvement of Access to Agricultural Inputs</li><li>• Human Capacity Development for Farmer's Organization</li></ul>	4

### 14.1 Responsible Agricultural Investment (RAI)

1. **Existing rights** to land and associated natural resources are recognized and respected.
2. Investments do **not jeopardize food security** but rather strengthen it.
3. Processes relating to investment in agriculture are **transparent, monitored, and ensure accountability** by all stakeholders, within a proper business, legal, and regulatory environment.
4. All those **materially affected are consulted**, and agreements from **consultations are recorded and enforced**.
5. Investors ensure that projects respect the rule of law, reflect industry best practice, are viable economically, and result in durable shared value.
6. Investments generate desirable social and distributional impacts and do not increase vulnerability
7. Environmental impacts of a project are quantified and measures taken to encourage sustainable resource use, while minimizing the risk/magnitude of negative impacts and mitigating them.



## 14.2 Background

### ◆ CONFLICT BETWEEN INVESTORS AND COMMUNITIES ◆ WEAK SETTLEMENT OF DISPUTE BY GOVERNMENT



- ✓ Disagreement on land delimitation
- ✓ Involuntary resettlement, Unfair or delayed compensation
- ✓ Perception of threat to food security and livelihood
- ✓ Non-compliance with investor-community partnership agreement

Feb. 2010 "Principles for RAI that Respects Rights, Livelihoods and Resources"

by WS, FAO, IFAD, UNCTAD

May 2012 "Voluntary Guidelines on the Responsible Governance of Tenure of Land, Fisheries and Forests in the Context of National Food Security"

by FAO-CFS (Committee on World Food Security)

Oct. 2012 "RAI: The Way Forward" by 39<sup>th</sup> Session of CFS

Oct. 2014 "RAI principles" to be endorsed at CFS Plenary

Argument against "LAND GRAB" and "RAI" itself by international NGOs

How ProSAVANA-PD will address this issue?

- ➔ Environmental and social considerations in the grand design of Master Plan
- ➔ Establishment of "ProSAVANA Guidelines on RAI" and its application



## 14.3 "7 principles" and Mozambican legislation

Existing rights to land and associated natural resources are recognized and respected.

Investments do not jeopardize food security but rather strengthen it.

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Environmental impacts of a project are quantified and measures taken to encourage sustainable resource use, while minimizing the risk/magnitude of negative impacts and mitigating them.

**SELF-REGULATION BY INVESTORS**

**PROPER LAW ENFORCEMENT**

Lack of  
➤ BUDGET  
➤ STAFF  
➤ EQUIPMENT  
➤ TRAINING  
➤ GUIDANCE  
➤ ZONING, etc.

ProSAVANA will assist the Government in:

Training; (Partial) Outsourcing; Equipment; Information disclosure; Budget (via FUNAB or direct funding); Contract of consulting service

Authority	License / Standard
CP/IGAZEDA/CEPAGRI	Investment Project Authorization
MINAG/DNTF/SPQC	DUAT, Pesticide Authorization
MICOA/DNAIA/ General Inspection	EIA, Environmental License Emission/Effluent Standard Environment Inspection/Audit
MICOA/DNAPOT/ District Government	District Land-Use Plan Resettlement Plan
MIC	Industrial Activity License
ARA	Water License, Dam License



## 14.4 Elaboration of ProSAVANA Guidelines on RAI



DATA BOOK FOR PRIVATE INVESTORS (Output 4 of PD) in English, Portuguese, Japanese

1. Invitation to the investors: "Why Nacala Corridor now?"
2. Potential and trend of agriculture in Nacala Corridor
3. Our goal: "Nacala Corridor in 2030"
4. Business target: Products, Markets, Clusters, Partners
5. Expected profit and socio-economic benefit for stakeholders
6. Procedure for agricultural investment: Incentives and **Regulations**
7. Required investment: Capital, Infrastructure, Land, Labor, etc.
8. List of promising projects: Cost, Return, Profit sharing, Risk
9. **Guidelines on RAI**

To be ready by  
June 2013

The Guidelines will be based on the existing materials such as:

- ◆ Publications of CPI  
(Investment Legislation in Portuguese & English; "Facts about Mozambique")
- ◆ "Investment Guide Mozambique" by GLM /PLMJ/AICEP/IPEX/CPI/GAZEDA  
in Portuguese & English

The existing materials are strong in INCENTIVE part but weak in REGULATIONS part, such as EIA, Water License, District Land-Use Plan, Environmental Inspection & Audit.

The Guidelines will contain: (1) Key Principles; (2) Code of conduct for investors; (3) Guide for government officials to evaluate, authorize and supervise projects; (4) Self-checklist; (5) Links.

## 14.5 Elaboration of ProSAVANA Guidelines on RAI

December 2012	Kick-off among the stakeholder
February 2013	First Draft
April 2013	Second Draft
May 2013	Final Draft
June 2013	Launch of "Data Book for Private Investors" in Seminars

Organization	Representative Contributors
JICA Study Team	Taku Mori / José Nakane
FGV Study Team	Francisco Rollo
ProSAVANA Headquarter	?
CPI	?
CEPAGRI	?
MINAG	?
MICOA	?
Other organs	?

