

# COMPACT

## FOR DEVELOPMENT OF AGRICULTURE SECTOR IN MOZAMBIQUE IN THE CONTEXT OF CAADP

### A. AFRICAN CONTEXT

1. The Comprehensive African Agriculture Development Program (CAADP) is an initiative of African Governments under the auspicious of the African Union/New Partnership for African Development (AU / NEPAD) to accelerate economic growth and development of African countries. It is a guiding framework to be implemented at country level based on mutual evaluation principles, sharing of responsibilities and dialogue among partners. SADC as the Regional Economic Community (REC) has the responsibility of, along with national authorities from the Sub-Saharan region, coordinate and harmonize the enforcement of the CAADP guiding framework. Many countries including Malawi, Swaziland, Zambia and the Democratic Republic of Congo have signed their respective Compacts thus reaffirming their commitments (Compacts) to implement their national strategies based on the CAADP framework and are now in the process of designing their respective Investment Plans
2. CAADP aims at leading to evidence-based economic growth and focused on agriculture as a development tool aimed at promoting income generation, elimination of hunger and poverty. CAADP is a program designed by the African Union and led by country members of this organization. .
3. In the CAADP process, priority actions and plans must be developed from consultations, with the participation of key agriculture sector stakeholders including the government, the private sector, representatives of farmers, representatives of the civil society, development partners as well as researchers. Materials to be used for consultations must be evidence-based to ensure a better orientation of debates and decision-making.
4. CAADP provides a common framework for design and implementation of the Strategic Plan for the Development of Agriculture Sector (PEDSA) and provides an opportunity for policy, technical and financial support to countries with strategies and investment plans aligned with CAADP principles. In this context, African heads of states and governments adopted the Maputo Declaration in 2003 aimed at (i) achieving a 6% annual growth for the agriculture sector and (ii) allocation of at least 10% of the state budget to agriculture sector.
5. In Mozambique, CAADP will be implemented through the Strategic Plan for the Development of Agriculture Sector (PEDSA). PEDSA vision falls under 2025 Vision for Mozambique and the perspective: “A *prosperous, competitive and sustainable*

*agriculture sector, capable of providing sustainable responses to food security and nutrition challenges and targets agriculture markets globally”. To materialize the agriculture sector vision, the strategic plan has this mission: “Contribute to food security and income of agriculture producers in a sustainable and competitive manner ensuring social and gender equity”.*

## **B. MOZAMBIKAN CONTEXT**

6. Mozambican economy is dependent on agriculture. This sector is the major source of income and the base for food security for the majority of the population. According to data drawn from the Agriculture Survey (TIA, 2008), about 88% of households have agro-agriculture as their activity and it employs 81 % of the total population. According to the National Statistics Institute (INE, 2011), the agrarian sector contributes with about 25% to Domestic Gross Product (GDP) and the agriculture sector alone contributes with about 22% to GDP. Food insecurity, chronic malnutrition are Mozambique major challenges. More than 35% of population suffers food insecurity (SETSAN, 2011), 44% suffers from chronic malnutrition (MIC, 2008) and 54.7% of the population lives below the poverty line (MPD, 2010).
7. Agro-agriculture production is practiced by about 3.6 million small and medium size explorations, of which 99% are smallholders and many of them with farms below two hectares (CAP, 2010). Small explorations use exclusively rudimentary technologies. As a consequence, the agriculture sector faces challenges to increase agriculture productivity and competitiveness. The Government of Mozambique, in collaboration with partners has been designing and implementing policies, strategies, programs and projects aimed at improving the performance of the agriculture sector. For instance, the Government implemented in the past 10 years the National Program for Agriculture Development (PROAGRI I and II) that resulted in creation of tools for planning and management and coordination mechanisms of activities.
8. Agriculture and fishery production, particularly at household level, is crucial for food security and nutrition and well-being of the population. Fishery and agriculture sectors have a great productive potential, however, food production, in particular, still remains a challenge.
9. Mozambique Government approved the Strategic Plan for Development of Agriculture Sector (PEDSA, 2011-2020) on 3 May 2011. PEDSA emerges as a guiding framework, synergies driver and harmonizing tool to promote agriculture development whose target is to achieve an average annual agriculture growth of 7%. PEDSA is a result of a process led by the Government with participation of the private sector, the civil society, education institutions and development partners.

## **C. LINKAGES BETWEEN CAADP AND AGRICULTURE DEVELOPMENT STRATEGIES AND POLICIES IN MOZAMBIQUE**

10. Agriculture growth needs a long-term perspective and multi-sectoral coordination to achieve the targeted impact concerning poverty alleviation and food security and nutrition in the country. Therefore, operationalisation of CAADP through PEDSA aims at improving agriculture sector performance with the following basis:

- Identification of development options that prioritize implementation of actions with impact on poverty, food security and nutrition and other indicators enabling the country to achieve the Millennium Development Goals, in particular, the goals one and seven (MDG1 and 7). The Multi-sectoral Plan for Combating Chronic Malnutrition is an example.
- Design of a medium-term and long-term investment plans in the light of PEDSA objectives and results.
- Use of evidence to guide strategies and policy implementation and design for decision-making at sector level.

11. PEDSA recognizes that:

- Productivity increase is crucial to improve agriculture sector growth and competitiveness through (i) increased use of improved technologies, (ii) availability and better management of water resources, (iii) prevention and fight against diseases and plagues, (iv) development of improved varieties that ensure greater crop yields with high nutrition value other agriculture products.
- Farmers' participation in markets needs to be extended with increased production and quality, agro-processing, reduction of transport costs and improvement of roads and communication means connecting the areas with high production potential to deficit areas and markets;
- Management and sustainable use of natural resources (land, water, forests, fauna and fishery) are critical for food security and nutrition and to mitigate risks resulting from environment degradation;
- For agriculture sector development and successful implementation of food security and nutrition programs, it is necessary to strengthen relevant public and private sectors and civil society institutions and improve institutional coordination. It is important that sectoral policies are designed and harmonized based on reliable agriculture information system.
- To improve effectiveness, all agriculture proposed interventions focus on climate change challenges, role of women who are the majority of agriculture producers and young people as well as the elderly and those affected by endemic and chronic diseases, including people living with HIV/AIDS.

12. The table below shows the alignment between PEDSA, PARP and CAADP

PEDSA	PARP	CAADP
<ul style="list-style-type: none"> <li>▪ <b>PILAR I: Increase productivity and production, competitiveness and its contribution to food security and nutrition</b></li> </ul>	<ul style="list-style-type: none"> <li>▪ <b>OBJECTIVE 1.1:</b> Improve and increase access to production factors</li> </ul>	<ul style="list-style-type: none"> <li>▪ <b>PILAR III:</b> Food production and availability and reduction of hunger, productivity and response to emergencies</li> <li>▪ <b>PILAR IV:</b> Agriculture research, dissemination and adoption of technologies</li> </ul>
<ul style="list-style-type: none"> <li>▪ <b>PILLAR II: Improve guiding framework and services for more market access</b></li> </ul>	<ul style="list-style-type: none"> <li>▪ <b>OBJECTIVE 1.2:</b> Facilitate access to markets</li> </ul>	<ul style="list-style-type: none"> <li>▪ <b>PILAR II:</b> Access to markets through improved infra-structures</li> </ul>
<ul style="list-style-type: none"> <li>▪ <b>PILLAR III: Sustainable use of water, forests, fauna and land resources</b></li> </ul>	<ul style="list-style-type: none"> <li>▪ <b>OBJECTIVE 1.3:</b> Improved management of natural resources</li> </ul>	<ul style="list-style-type: none"> <li>▪ <b>PILAR I:</b> Extend the area under sustainable land management and irrigation</li> </ul>
<ul style="list-style-type: none"> <li>▪ <b>PILAR IV: Strengthen institutions and organizations for agriculture development</b></li> </ul>		<ul style="list-style-type: none"> <li>▪ <b>PILARS: I, II, III and IV</b></li> </ul>

13. The measures for transforming agriculture from that of subsistence to market-oriented must be accelerated. Therefore establishment of well defined priorities is the basis for rapid and sustainable transformation of the sector. PEDSA integrates national interventions with room for local priorities in areas whose agro-ecological conditions are adequate for agriculture production in a value-chain approach.

14. Agriculture production and productivity increase will depend on removal of administrative barriers on value-chain and creation of incentives to production, processing and marketing of agriculture inputs and production.

#### D. INVESTMENT PRIORITY AREAS

15. Investment priority areas result from knowledge of evidence based reality and consultations carried out with agriculture sector development stakeholders in the light of PEDSA, PARP and other relevant strategies and policies.

## **Prioritization criteria**

16. The prioritization criteria are as follows

- Focus on investments that promote areas with agroecological conditions and comparative advantages for productivity increase taking into account the value-chain;
- Priority for areas with agriculture potential with physical infrastructures and services;
- Investment in areas that contribute to poverty reduction, improved food security and nutrition, increased yields of agriculture producers and job creation in rural areas;
- Promotion of investment for products with market potential (domestic and external);
- Areas with agriculture potential but with high chronic malnutrition rates and food insecurity.

## **Priority Actions**

17. Competitive and productive explorations are needed to ensure food and nutrition security, poverty reduction, and income increase and job creation. It is also necessary to manage production means to ensure sustainability of production costs under international patterns. Agriculture sector growth in Mozambique will be anchored to PEDSA pillars, taking into account the following actions at a medium term:

- Construct dams for water storage for agriculture and fisheries activities;
- Consolidate agriculture research centered in the production and productivity to ensure global food and nutritional security
- Construct soil analysis laboratories
- Develop a network of agriculture input providers to extend its access in a sustainable manner.
- Support development of value chains for basic agriculture products with technological support based on PEDSA.

- Pemba-Lichinga: with focus on potato, beans, maize, soya, cotton and tobacco;
  - Nacala: with focus on cassava, maize, cotton, chicken and fruits;
  - Vale do Zambeze: with focus on rice, maize, potato, cattle, flocks, cotton;
  - Beira: with focus on maize, horticultures, chicken, soya rice, cattle;
  - Limpopo with technological support from the Research Centre in Chókwè with focus on rice, horticultures, cattle;
  - Maputo with focus on rice horticultures, chicken and cattle.
- Promote value chain development for fisheries and forestry products
  - Create effective and sustained linkages between the research, rural extension services, smallholder farmers, fishermen and other stakeholders;
  - Improve post harvest and fishing management;
  - Promote a close linkage between agriculture and nutrition to reduce chronic malnutrition rates (nutrition education, production and availability of high nutrition value products, etc),
  - Ensure increase of agriculture income through marketing of their products;
  - Encourage women farmers' participation through removal of obstacles to credit access, technologies, information and inputs markets and products;
  - Facilitate access to domestic, regional and international markets for agriculture products;
  - Promote access to agriculture credit for vulnerable groups in particular,
  - Promote expansion of infrastructures with impact in areas with productive potential in the public and private investment
  - Promote associations and cooperatives to create rotation economy in the use of infrastructures, services, inputs and in marketing;
  - Promote establishment of agro-industries;
  - Ensure the use, sustainable management and conservation of natural resources;
    - Promote access and land tenure right to communities
    - Promote sustainable management of native forests
    - Promote reforestation of degraded areas

- Promote actions that reduce emission of gases with green house effects and support communities and producers in adoption of mitigation measures and adaptation to climate change;
- Strengthen coordination between public, private institutions and associations for a better formulation of policies and provision of agriculture services;
- Ensure macroeconomic stability through implementation of prudent tax and currency policies to attract domestic and foreign investments;
- Strengthen the national planning system and operationalise a comprehensive monitoring and evaluation framework for the agriculture sector is crucial; and
- Deepen a knowledge and conscious based economy for the protection of intellectual property rights through education, science and technology;

18. The aim of research and information dissemination, agriculture technologies and knowledge is to respond to critical challenges such as:

- Research and extension capacity;
- Involvement of stakeholders in technology generation chain;
- Producer support systems
- Investment in agriculture and extension.

## **E. FINANCING**

19. The Government of Mozambique recognizes that agriculture development in Mozambique needs not only increased funding but also improvement in the quality of public and private investment. Development partners, Non-government organizations (NGOs), the Private Sector, Agriculture Producers and the Civil Society are committed to align their support to priorities and programs set in the framework of PEDSA.

20. The private sector, civil society and other partners, as recognized by PEDSA, are fundamental to the growth and development of agriculture. In the meantime, their initiatives and investments will be the main driving forces for the growth of the agriculture sector. The government will, therefore, promote partnerships to achieve PEDSA objectives. All the stakeholders of the agriculture sector are determined to establish partnerships with the government to build industries and initiatives that will create jobs, add value to commercialized agriculture production and contribute to poverty reduction and economic growth.

21. The Maputo Declaration in 2003 had as a goal to put agriculture as a priority in the African States budget. It was a unanimous commitment by the Africa Union Heads of States and Governments to allocate at least 10 per cent of the public expenditures to the agriculture sector in the framework of CAADP. The Government of Mozambique is committed to allocate this percentage.
22. Through the Investment plans to be drawn and studied in the mid-term fiscal scenarios, the agriculture sector will prioritize programs with greater social and economic impact. The investment scenarios to be detailed will back up the strategy for resource mobilization as part of the partnership establishment process.
23. Funding for PEDSA by corporation partners should not come from the Compact partners' signatories but also from other partners as long as they abide by PEDSA priorities.

## **F. IMPLEMENTATION**

### *Institutional Arrangements*

24. The commitment to be adopted through the CAADP compact will strengthen the partnerships and existing consultative mechanisms between the government, farmers, private sector, civil society organizations, research institutions and development partners, with the aim to implement PEDSA with the desired impact.
25. CAADP in Mozambique will benefit from the experience of existing institutions in the framework of the national planning system that allows the participations of all stakeholders. The broad spectrum of the involved stakeholders demands harmony, coordination and consensus in the implementation of the activities, efficient management of resources. The definition of specific roles for each stakeholder in the implementation process is crucial for the success of CAADP implementation.
26. The institutional framework is structured in two levels:
  - The central level, focusing aspects and policy, Monitoring and Evaluation, where the Ministry of Planning and Development ensures the coordination between different ministries. The Ministry of Agriculture (MINAG) is the driver and ensures coordination between the Government and agriculture development partners.
  - At the local level, involving Provinces and Districts, is the operational base of the Projects and Programmes in the institutional framework and the decentralization process underway and modernization.



27. Mozambique has a critical mass trained in several scientific domains. In the meantime, a successful implementation of the projects and programmes entails capacity reinforcement in terms of qualified human resources and adequate logistics. The capacity development is crucial for research and agriculture extension, agro-processing; plague control, Policy design and analysis as well as in the agribusiness domain.

### ***Monitoring and Evaluation***

28. The implementation will be made through Multiannual Investment Programmes and Annual Budget, operationalised by the Annual Operative Plan, taking into account that the Social Economic Plan (PES) will bring in the main economic objectives to be attained during the economic year to reducing absolute poverty as a policy instrument to operationalise PARP and, the Budget as an annual financing translation for the achievement of the policy objectives defined in PES. It also stresses the need of a strong connection between PES and Budget to ensure consistency between the plans and financial means.
29. Coordinated review regarding the implementation of agriculture sector programmes ensures a policy and strategy orientation, monitoring of the PEDSA implementation process, as well as the commitments adopted in the framework of CAADP.
30. Information system should be strengthened to respond efficiently at all levels the Coordination, Monitoring and Evaluation. Particular attention will be given to harmonization and improvement of Agriculture Statistic subsystems (Agriculture Survey, Agriculture Market Information), Early Warning System and Food Security, Natural Resources Management Information, Epidemiologic Control Information and other subsector information collection sub-systems.
31. Participation of smallholder farmers, civil society and donors in Monitoring and Evaluation (M&E) is fundamental to a transparent implementation, participative and informed to promote efficiency. Meanwhile, the need to create appropriate mechanism for an inclusive M&E is therefore reaffirmed.

### **G. FOLLOW-UP ACTIONS AND COMPACT SIGNATURE**

32. The COMPACT signature preceded a regional consultation exercise that gave the current performance situation in the agriculture sector, the constraints as guidelines for definition of development priorities, galvanized by the approval of PEDSA. After the COMPACT signature subsequent actions include:
- Design a National Investments Plan for Agriculture and Food Security;
  - Validation of the National Investments Plan;
  - Technical and Independent review of the National Investments Plan;

- An Investors Summit
- Design of specific proposals for mobilization of funds to bridge the gaps

33. The indicative timeframe of these phases is as follows:

ACTION	INDICATIVE TIMEFRAME			
	2011: QUARTER	2012 QUARTER		
	IV	I	II	III
<i>0. COMPACT Signature</i>				
<i>1. Drawing of the National Investment Plan</i>				
<i>2. Validation of the Investment Plan</i>				
<i>3. Technical and Independent Review of the Investment Plan</i>				
<i>4. Investment Summit</i>				
<i>5. Drawing of specific proposals to mobilizing additional funding</i>				

## H. APROPRIATION

30. The CAADP Compact is, in these terms, endorsed as a commitment:

- By the Mozambican Government to meet the goals and aspirations of the Mozambican as specified in the PEDSA;
- By the development partners in their assistance to the agriculture sector;
- By the African Union Declaration, SADC and other regional agencies to live up to their promises regarding Maputo Declaration;
- By the producers and civil society representatives to collectively support the achievement of CAADP objectives in Mozambique.

**SIGNED IN MAPUTO ON 09 December 2011**

**In representation of the Government of Mozambique:**

1. Minister of Agriculture
- .....

**In representation of the African Union Commission/ NEPAD:  
CAADP.**

.....

**In representation of SADC:  
SADC Secretariat**

.....

**In representation of Agriculture Development Partners:**

1. World Bank
- .....

2. Canada
- .....

3. European Union Delegation (EU)
- .....

4. United States of America (USA)
- .....

5. International Fund for Agriculture Development (IFAD)
- .....

**In representation of the Private Sector:**

1. Confederation of Business Associations (CTA)
- .....

**In representation of Agriculture Farmers:**

1. National Union of Small Farmers (UNAC)
- .....

**In representation of the Civil Society:**

1. Network of Organizations for Food Security (ROSA)

.....

## 2. Save the Children

.....