

Data Sheet

USAID Mission:	Mozambique
Program Title:	Rural Incomes
Pillar:	Economic Growth, Agriculture and Trade
Strategic Objective:	656-006
Proposed FY 2004 Obligation:	\$15,900,000 DA
Prior Year Unobligated:	\$0
Proposed FY 2005 Obligation:	\$12,088,000 DA
Year of Initial Obligation:	FY 2003
Year of Final Obligation:	FY 2010

Summary: USAID's rural income program integrates development assistance with P.L. 480 Title II resources to help poor rural households raise incomes and improve food security and nutrition by providing technical assistance and training to: increase smallholder productivity, sales, and income; improve market access through road rehabilitation/construction and maintenance; and expand rural enterprises by ensuring access to financing and trade opportunities, as well as strengthening commercial links to rural industries.

Inputs, Outputs, Activities:

FY 2004 Program:

USAID will continue designing and begin implementing new activities under the new country strategic plan in FY 2004. USAID will deliver a full range of business development services to emerging rural enterprises, e.g., farmers, marketing agents, processing plants, and input suppliers. Technical assistance and training will enhance the capacity of local contractors in road construction and maintenance to ensure long-term and reliable physical access to markets. USAID will also bring in technical experts to build capacity within the Ministry of Agriculture and Rural Development (MADER) to improve policy analysis and promote public sector outsourcing of agriculture services; train researchers and extension agents, particularly in the adoption and dissemination of environmentally-sound agricultural practices; and develop policies that support increased production.

Increased smallholder sales of agricultural production (\$7,000,000 DA). In order to increase agricultural productivity, USAID will continue to train farmers in crop diversification, improved storage, and sound environmental management practices. These activities will deliver the added benefits of enhanced food security and nutritional status to an estimated 232,950 rural farm families in areas where chronic malnutrition is widespread. USAID will provide budget support, project assistance, and technical leadership to the Government of the Republic of Mozambique's (GRM's) agricultural sector investment program, ProAgri. Principal contractors, grantees and agencies: Save the Children Federation, Food for the Hungry International, Adventist Development Relief Agency, CARE, World Vision International, Africare, MADER, and Michigan State University.

Rural enterprises expanded (\$4,500,000 DA). Through partnerships with private traders, financial institutions and processors, USAID will strengthen the marketing capabilities of rural enterprises in FY 2004. The first producer-owned trading company (POTC) in Mozambique has emerged as the result of a public-private partnership between USAID and the Cooperative League of the USA (CLUSA). The POTC will receive technical and business skills training from CLUSA and is planning to launch its own marketing activities in FY 2004. Selected rural enterprises will continue to benefit from technical and business skills training to promote their further diversification into marketable crops and a greater focus on production, processing, and exporting. A group of cashew processors will purchase cashew nuts from USAID-assisted rural enterprises, process the nuts in-country, and export the final product worldwide. Principal grantees: Agriculture Cooperative Development International/Volunteers in Overseas Cooperative Assistance, Technoserve, CLUSA, and others to be determined.

Improved transport infrastructure (\$4,400,000 DA). USAID will provide technical and management training to ten local firms to develop Mozambican capacity to construct roads and to introduce new technologies that call for periodic cost-effective maintenance. Principal contractors: Various regional and local contractors.

P.L. 480 Title II resources will continue to increase the food production, cash income, and nutritional status of food insecure families. These resources will finance agriculture extension activities undertaken at farmer field schools to increase crop yields, improve soil fertility, improve food security throughout the year, and safeguard the environment. In FY 2004, USAID will also use P.L. 480 Title II activities to improve the construction and maintenance of farm-to-market roads.

FY 2005 Program:

Increased smallholder sales of agricultural production (\$5,300,000 DA). USAID will continue to aid farmers in increasing production and sales, with specific emphasis in FY 2005 on ensuring farmers benefit from improved research and extension services. Principal contractors and grantees: To be determined.

Rural enterprises expanded (\$3,420,000 DA). In FY 2005, USAID will continue to deliver technical and financial assistance to improve commercial trading networks including, where appropriate, links to sectors targeted by the labor-intensive exports objective (656-007). Principal contractors and grantees: Deloitte Touche, others to be determined.

Improved transport infrastructure (\$3,368,000 DA). USAID will expand activities to include institutional development to improve the capacity for road operation and maintenance, rehabilitate selected overland market links, and introduce new technologies for road construction that improve the quality and reduce the costs of maintenance. Principal contractors and grantees: To be determined.

Performance and Results: This new objective will build on the successes of the past USAID program. In FY 2003, despite regional market and production disruptions caused by the prolonged drought and the spread of the cassava brown streak disease, smallholder incomes and production recorded significant increases in FY 2003. Smallholders continued to increase production, evidenced by a bumper crop of maize, with exports exceeding 185,000 metric tons - a doubling of the amount exported in FY 2002. The national per capita real income figure of \$68.16 (total farm and non-farm) tracked closely with the target of \$70. Smallholders also made noteworthy strides in crop diversification, evidenced by the tripling of "other" crops from 285 tons to 787 tons and the increase in the value of farmer association sales of non-maize crops from 30% to 47%. The establishment of a producer-owned trading company with links to counterpart producers in Zambia assured improved integration into regional markets. In FY 2003, cashew processors adapted and implemented an appropriate processing technology that enables them to command a price-quality premium from at least one European broker.

By helping rural enterprises and small farmers take advantage of new opportunities arising from increased productivity and sales, greater access to rural finances, as well as more and improved marketing opportunities, this program will help sustain increases in rural incomes within target areas over the course of the new strategy period.

US Financing in Thousands of Dollars

Mozambique

656-006 Rural Incomes	DA
Through September 30, 2002	
Obligations	0
Expenditures	0
Unliquidated	0
Fiscal Year 2003	
Obligations	17,571
Expenditures	0
Through September 30, 2003	
Obligations	17,571
Expenditures	0
Unliquidated	17,571
Prior Year Unobligated Funds	
Obligations	0
Planned Fiscal Year 2004 NOA	
Obligations	15,900
Total Planned Fiscal Year 2004	
Obligations	15,900
Proposed Fiscal Year 2005 NOA	
Obligations	12,088
Future Obligations	44,829
Est. Total Cost	90,388