SMALLHOLDERS´ INVOLVEMENT IN COMMERCIAL AGRICULTURE / HORTICULTURE
MOZAMBIQUE POSITION PAPER

Introduction

The agricultural sector is the major employer in Mozambique as around 75% of the labour force works in agriculture, and 71% of the Mozambican population lives in rural areas. The total land area in Mozambique is 801.590 thousand km^2, among which the arable land covers 36 millions hectares. There are approximately 7 millions hectares of land available and only 40.000 hectares of land under irrigation, which leaves a large potential for the development of agricultural activities.

Present status of involvement of smallholders in horticultural production

Smallholders´ involvement in horticultural production and commercialization in Mozambique, data

In Mozambique, smallholders are responsible for 99% of the horticultural production. Small exploitations are defined in the TIA (Trabalho de Inquérito Agrícola – Agricultural Data Collection organized by Economic National Direction within the Ministry of Agriculture) are exploitations of less than 10 hectares.

Data from TIA provide a picture of the situation of the agricultural exploitations and of horticultural production within Mozambique. These data are based on yearly studies of more than 5.000 households (5.264 households in 2006, 5.957 households in 2008) throughout the country. Data have thrn to be validated by the INE (Institute Nacional de Estatisticas – National Institute of Statistics). The most part of the data used in this paper and in our presentation have not yet been validated by the INE as this is a lengthy process. However, the data quoted come directly from the studies undertaken in the field.

The INE also publishes data on horticulture and agricultural production in the CAP – Censo Agro Pecúrio (Agriculture and Livestock Census), which is done every 10 years.

Table 1 presents TIA data for 2002-2007 and allows us to notice some characteristics of the involvement of smallholders within horticultural production and commercialization.

Table 1: Percentage of small and medium exploitations that cultivated and sold horticultures, 2002-2007

Year	**Percentage of Small and Medium Exploitations producing horticulture**	**Percentage of Small and Medium Exploitations selling horticulture**
2002	57.3	19.4
2003	50.3	23.5
2005	39.7	20.1
2006	44.5	21.0
2007	39.8	25.3

As can be seen on Table 1, among small and medium exploitations, the percentage of exploitations producing horticulture has decreased from 57.3% in 2002 to 39.7% in 2005 but has remained relatively stable afterwards, with a level of 39.8% in 2007. It can be noticed that the percentage of small and medium exploitations selling horticulture is always smaller than the percentage of exploitations producing horticulture. For example, in 2007, 39.8% of small and medium exploitations were producing horticulture, but only 25.3% were selling horticulture.

This suggests that part of the production of horticulture by smallholders is not commercialized. Part of this production may be used for auto-consumption but it is important to note that part of this production may also be lost or may not be commercialized because of constraints that face smallholders when trying to access markets.

Constraints faced by smallholders

Smallholders face a series of constraints in Mozambique in their activity of production, but also when trying to commercialize their production:

- In Mozambique, the transport network is not sufficiently developed at the rural level to allow an easy transport of the products to the markets. Access roads between areas of production and commercialization may not exist or be in poor condition. The access to financial resources and credit is insufficient.
- The country coverage of the services of extension still has to be improved. There is still a lack of technical assistance on production and commercialization.
- The coverage of the communication means is still weak for the most part of the country, especially in rural areas.
- There are high transaction costs due to the geographical dispersion and the lack of organization of smallholders in associations of producers.
- There is a lack of infrastructure to make the access to the market a reality: cold room, packing houses, storage facilities, terminal at the Beira port, etc.
- There is a lack of a national classification/certification of the products.

- There is lack of access to improved seeds and technologies.
- There is a lack of information on prices and markets, and more generally on agri-business.
- There is a weak link between research and extension, although it has improved.

Evolution of the constraints

Work and development programs have been focusing on these issues and some of them are improving, but given the importance of smallholders in production, the improvements remain at a much reduced scale. For example, in the case of the access to credit, several institutions of micro-credit or bank – such as Banco Terra – have emerged and are providing an access to micro-credit for smallholders. However, given that 99% of the production of horticulture is realized by smallholders, these progresses are still too restricted compared to the needs at stake.

Impact of the constraints on national horticultural production and marketing

The constraints previously quoted have limited the development of the horticultural production and commercialization; and have led to looses of the part of the production. The lack of transport infrastructures leads for example the producers to travel long distances to bring their products to the market, which in turn leads to looses of time and resources. Sometimes, the products may not reach any market because of the lack of transport infrastructures. If the producers know that they will be unable to bring a product to the market, they may not produce this product anymore, which will reduce its national production.

When the product can reach the market, it has to be conserved in appropriate conditions to be presented on the market in good conditions and be sold for a good price. The lack of facilities such as cold rooms, storage rooms, and packing houses limits the conservation of the products and leads to looses between the quantities produced and quantities that can be sold. Looses due to the lack of these facilities be as high as 40% for perishable products.

Consequences of smallholders´ involvement in horticultural production

Despite these constraints, the smallholders´ involvement in horticultural production has had an impact at the microeconomic and macroeconomic level.
At the microeconomic level, i.e. at the level of the producer, horticulture is a cash crop which brings additional revenue to the household. Producing horticulture will participate into improving their living conditions of households, although other activities may also be needed for the households (mainly due to the aforementioned constraints).

At the macroeconomic level, horticultural products that reach the domestic or export market contribute to the development of the national economy. Table 2 and 3 present the repartition of the horticultural production between the national market and the export market.

As can be seen on these tables, in Mozambique, the largest part of the production of horticulture is marketed domestically (1.2 millions tonnes) while the exportations (total 28.350 tonnes) are mainly destined to the South African market (26.594 tonnes) which is a key partners for all Mozambican trade activities, and subsequently to the European market (2.543 tonnes).

Table 2: Mozambican exports of horticultural products (Estimate 2009):

		Tonnes	USD FOB
South Africa Market	Bananas	26.000	7.800.000
	Mangos	400	300.000
	Other fruits	150	112.500
	Vegetables	44	121.880
	Total	**26.594**	**8.334.380**
EU Market	Grapefruit	1.100	550.000
	Vegetables	1.043	6.237.140
	Paprika	400	500
	Total	**2.543**	**6.787.640**
	Total Export	**28.350**	**15.122.020**

Table 3: Mozambican national consumption of horticultural products (2006):

	Tonnes	USD millions
Supermarkets	2.000	1
Hotels	2.500	2
Restaurants	5.200	4
Wholesalers	95.000	60
Other informal markets and own production	1.095.300	818
TOTAL	**1.200.000**	**885**

Current National organizations addressing the main issues

National organizations work on these issues and improve the involvement of smallholders in production and commercialization of horticultural and agricultural products.
Among these organizations, we can quote the Horticulture Task Force which brings together the public sector (MINAG, MIC, IPEX, INNOQ), the private sector, the University (UEM) and the

cooperation partners (FAO, USAID, EU, UNIDO, ITC, TECHONOSERVE, SNV) to address issues and difficulties faced in the horticultural sector.

We can also quote UNAC – União Nacional de Camponeses (National Farmers Union) – which aims at representing and defending the interest of smallholders at the national level.

In addition to these main organizations, several associations of smallholders also exist at the local level but their organization and power of representation are still limited.

Extension services

The National Direction of Agrarian Extension (DNEA), within the Ministry of Agriculture, also works towards the reduction of the constraints encountered by smallholders. The DNEA is present in 127 districts (out of a total of 128 districts in Mozambique) and in 9 of the 11 provincial capitals.

The DNEA provided support to 378.043 farmers in 2009, and has provided support to 313.083 farmers and 52.714 farmers´ associations since the beginning of 2010.

The support activities of DNEA inlcude:

- Dissemination of agrarian technologies
- Support and capacity building for the organizations of the farmers
- Technical Assistance to the farmers (schools, formation) – Information on: good agricultural practices, management of pests and diseases, local reproduction of seeds, post harvest conservation techniques, agro-processing, management of water and soil, natural resources management, etc
- Demonstration camps
- Dissemination of information through the radio, leaflets and manuals
- Formation and capacity building of farmers to form associations, improve leadership skills, agri-business
- Support to the associations to compile with the legislation
- Strengthening of the associations already existing

The methodologies used by DNEA are:

- CDR – Camps of demonstration of results
- EMC – Farmers fields schools
- T & V – Training and Visit
- Farmers to farmers exchanges
- Farmer Focal point.

University Faculty / Research Institute

Within the country there is no University Faculty or Research Institute with specialists dedicated to the topic of smallholders´ involvement in horticultural production. However, the issue is indirectly studied through other researches undertaken by the University Eduardo Mondlane or the Mozambican Agrarian Research Institute (IIAM) given that this topic is transversal to a large part of the researches undertaken by agronomists, economists and sociologists in Mozambique.

Present policy and policy management for smallholders´ involvement (at both public and private levels)

Smallholders´ role in the context of the rapid urban growth / Participation to the formalized markets

In Mozambique, the commercialization of horticultural products is mainly done on local markets or on the streets. As can be seen on Table 3, 91% of the production of horticulture is commercialized on informal markets, which represents 1.095.300 tonnes and 818 millions USD. Part of the horticultural production is also commercialized to hotels (2.500 tonnes) and restaurants (5.200 tonnes).

A much smaller part of the production is commercialized to supermarkets (2.000 tonnes, representing 1 million USD). This can be explained by the fact that smallholders who produce horticultural products are unable to meet with the needs and requirements of supermarkets.
Supermarkets require a certain level of quality and that the products will be well presented. Smallholders face difficulty to fulfill with the quality criteria, and suffer from the lack of facilities such as packing houses to present the products as requested.
Supermarkets also required a constant supply over the year of the products. Smallholders face difficulties to supply the products in sufficient quantity and/or are only able to supply the supermarkets during a few months over the year. As a consequence, supermarkets have yearly contracts with exterior suppliers (such as South African suppliers), and seasonal contracts with Mozambican smallholders.

Ad Hoc Committee

In addition to the Horticultural Task Force and UNAC previously mentioned, CTA – Confederação das Associações Economicas de Moçambique (Confederation of the Economic Associations in Mozambique) also supports the private sector. CTA has a department focusing on Agri-business and gathering agri-business associations in Mozambique.

Donor Assistance in the area

There is a large donor support in Mozambique dedicated to the agricultural and the horticultural sector and smallholders. For example:

- PROAGRI 1: 2000-2005: Capacity Building
- PROAGRI 2: 2005-2010: Production Support

- PAPA: 2008-2010: Government of Mozambique: Support to food production, subsidies provided for the supply of seeds, support to reach an horticultural production all over the year
- BAGC Initiative: NORAD / AGRA / DIFD / World Bank: Development of the Beira Corridor, support to smallholders, improving access to market
- The US Government (USAID, USDA) support the sector through projects such as AgriFUTURO with the aim to develop agribusiness services within its values chains which includes horticulture.
- SNV
- ADIPSA
- Technoserve
- Supply Chain and Logistics Development Programme (project under consideration).

On-going strategy at regional level:

Regional network / Regional coordination

Initiatives exist at the regional level; however, they may be part of more general programs and may not be directly focused on the issue of smallholders´ involvement in production of horticulture.

The relevant national organizations interact with counterparts in other countries as part of their programs. Staff of these organizations assist to trainings and workshops regionally and internationally and disseminate nationally the results and experience acquired. Scholarships also exist for international training on agribusiness.

Actions to be taken at the national/regional levels

The main actions that should be taken at national and regional policy levels to improve and sustain the involvement of smallholders in horticultural production should focus on the reduction of the constraints aforementioned. Efforts should particularly be made towards:

- Improving the transport infrastructures,
- Improving the facilities to make the access to market a reality : cold room, storage room, packing houses, terminals at the ports,
- The Establishment of a national classification and standardization, and
- Improving the organization of the farmers and their knowledge on market linkages and requirements of the markets.