

**The African Fertilizer and Agribusiness Partnership (AFAP)**

**Increase Smallholders’ Agricultural Production, Productivity and Incomes in Gaza Province**

**Project Proposal**

**Submitted to:**

**GlobalGiving Crowdfund**

**Mozambique, Maputo**

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1. **INTRODUCTION**

Smallholders’ agricultural production and productivity in Mozambique remains very due mainly due to low demand and limited use and usage of enhancing agricultural productivity by this group of farmers. The major factors limiting the demand and usage of improved inputs, include lack of knowledge of its benefits, low return on farmers’ investment for improved inputs due to use of inappropriate combination of inputs (blanket fertilizer blends for all crops and soils), lack or limited access to inputs combined with high costs practiced by unscrupulous dealers, lack of input retail or distribution networks in the villages allied with the absence of structured output markets for farmers produce.

Since 2012, the African Fertilizer and Agribusiness Partnership (AFAP) and its partners from public and private sectors have been working hard in order to increase the number of improved input users by 15 percent and at least double total input use in the country. In addition, AFAP’s interventions through the private sector aim to make inputs accessible and affordable. To achieve these goals, AFAP works to:

1. Stimulate increased demand for enhancing productivity inputs by smallholder farmers;
2. Stimulate Increased supply of improved inputs in the rural areas;
3. Develop, improve and expand existing input distribution networks in rural areas; and
4. Develop, improve and expand existing output market networks in rural areas.

Despite the efforts and achievements made by AFAP and its partners in order to improve the accessibility, affordability and increase usage and use of improved inputs by smallholder farmers in Mozambique, this task still has a way to go, because the country is large and there are millions of farmers and thousands of villages that were not directly covered by AFAP program due to funding limitations. In fact, AFAP previous interventions in the country were more focused to the Beira and Nacala Corridors, and little was done in the Maputo and Limpopo Corridors due to limited funding as referred above.

There is no doubt that substantial and sustained increases in agricultural production and productivity as well as farmers’ incomes will require huge increases in the use of mineral fertilizers, improved seeds and applying best agricultural technologies. This assumption was used as the basis for AFAP initial interventions in the Country and the results achieved so far have proved that AFAP assumptions were correct, as the innovative interventions addressed by AFAP to overcome the situation. This is also the main reason why the African Fertilizer and Agribusiness Partnership (AFAP) and have decided to join efforts with GlobalGiving Crowdfund as the first and largest global crowdfunding community for non-profits to specifically mobilize resources to expand its work in the Southern Region of Mozambique and thus increase farmers’ access, accessibility, affordability, use and usage of enhancing productivity inputs for increased agricultural production and productivity and assure food security and increased incomes.

The Increase Smallholders’ Agricultural Production, Productivity and Incomes Project in Gaza Province is based on AFAP’s knowledge and common understanding that increased food security and farmers income can only be achieved if farmers have knowledge about the benefits of applying improved and agricultural practices and can afford and have access to inputs. This should be combined with existence of sustainable inputs distribution networks and outputs markets systems and leave farmers with the unique task to timely apply agricultural practices and manage the crop production process.

1. **PROJECT GOALS AND OBJECTIVES**

The African Fertilizer and Agribusiness Partnership is collaboration between the New Partnership for Africa’s Development (NEPAD), the Alliance for Green Revolution in Africa (AGRA), the International Fertilizer Development Centre (IFDC), the African Development Bank (AfDB) and the Agricultural Market Development Trust - Africa (AGMARK). These partners are working together to promote the development of sustainable fertilizer and other input markets in Africa and have designed AFAP to specifically increase Private Sector Participation and Investment in new and ongoing initiatives.

AFAP’s Increase Smallholders’ Agricultural Production project aims to improve agricultural crop production and productivity and increase smallholder farmers’ income and assure food security through the use of balanced fertilizer blends, improved seeds, pest control products and best agricultural practices as supported by secured input distribution network and output markets to provide inputs and ensure the flow of production in Gaza province.

The proposed **2 years** project will be implemented in the **Gaza Province** where the target districts will include Bilene Macia, Chokwe, Xai-Xai and Chibuto. All the districts were selected due to their potential for agricultural production as well as due to the fact that AFAP interventions in these districts may turn these into food baskets for the Gaza province. The project is expected to target directly around 200,000 smallholder farmers, but its benefits will be extended over 600,000 farmers in the 4 districts. On the other side, the project will initially target crops such as rice, maize, cassava, pigeon pea, cow peas, groundnuts and vegetables, with possibility for expansion to other crops based on the demand and market for these crops.

AFAP prides itself on offering an innovative approach to establishing more competitive and sustainable input markets that benefit smallholder farmers. AFAP believes that a united public/private sector/producers partnership can bolster the marketplace and encourage consistent and responsible inputs use. The mechanism that allows AFAP to unite the expertise and dedication of these sectors is the **Agribusiness Partnership Contract** (**APC**). An **Agribusiness Partnership Contract** (**APC**) is an agreement between an agribusiness and AFAP that provides AFAP assistance in return for significant contributions that further the goal of boosting responsible inputs use and availability to smallholder farmers. AFAP will use its APC model in the proposed project to establish inputs and outputs networks to assure consistent and sustainable supply and access of inputs and collection of production.

AFAP overall integrated approach in development process of inputs and output markets is summarized in the **diagram 1** below**.** AFAP has been the lead Institution in developing the HUB Agrodealer Model. The main feature of the Hub Model is that few well established agro dealers invest in distribution capability (warehouse/management/vehicles/working capital) and networks (linkages with producers, supply companies and output market) in order to service smaller agro dealers or retailers in a given circuit and farmers. This expands the Agrodealer networks in rural areas while ensuring that the rural retailers can access the requisite inputs from Hub Agrodealers who are based within easy reach or who can send a distribution van as appropriate.

The descriptions of specific objectives, proposed activities per objective and proposed approach and partners per objective are detailed session bellow.

**Diagram 1: AFAP Integrated Approach in the Development of Inputs and Output Networks**

Smallholder Farmers Groups, Associations and Cooperatives

**OUTPUTS VALUE CHAIN**

* Market Specifications
* Aggregation
* Quality Assurance
* Warehousing
* Transportation
* Forward Contracting

**HUB AGRODEALER**

**INPUTS VALUE CHAIN**

* Availing quality inputs
* Establishing Demo Plots
* Organizing Field-Days
* Passing Extension Messages
* New technologies
* Fodder Production

**VALUE CHAIN DRIVERS**

(Agri-Input Technology Suppliers, Buyers of Outputs, Financial Institutions)

**INPUTS**

**OUTPUTS**

As to achieve the project expected goals, AFAP proposes to intervene in the following objectives:

1. Stimulate increased demand a and usage of enhancing productivity inputs by smallholder farmers in the target districts;
2. Develop an input distribution network targeting smallholder farmers in in the target districts;
3. Stimulate increased supply of enhancing productivity to smallholder farmers in the target districts;
4. Develop sustainable output market networks for collection smallholder farmer’s produce in the target districts.

The following are the description of intervention approaches, activities and partners for each objective in the proposed project:

**Objective #1: Stimulate increased demand and usage of enhancing productivity inputs by smallholder farmers in Gaza Province**

**Background:**

Some factors that limit the demand and usage of improved inputs include lack of knowledge of its benefits and low return on farmers’ investment for improved inputs due to use of inappropriate combination of inputs (blanket fertilizer blends for all crops and soils). The maximum genetic production potential of a specific seed can only be achieved if the soil contains and provides all nutrients required by the crop. The absence or limited quantities of a certain macro or micronutrient available for the plant in the soil will result in low yields. On the other side, factors such as water and best agricultural practices (planting time and density, weeding, pest controls, etc.) also play an important role in agricultural production. Therefore, it is important that besides knowing the benefits of using improved inputs and applying best agricultural practices, the farmers should also be provided with right inputs for the right soils and markets. Thus, as to increase the demand and usage of enhancing productivity inputs for maize, cassava, pigeon pea, cow peas, groundnuts and vegetables production in the target project areas, AFAP will implement the activities as described below:

**Proposed activities:**

* Soil sampling and Lab analysis and/or development of specific fertilizer balanced blends for maize, cassava, pigeon pea, cow peas, groundnuts and vegetables production;
* Training of extension agents, lead farmers and farmers on establishment and conduction of demo plots;
* Establishment and conduction of demonstration plots for improved inputs and best agricultural practices with farmers groups in the target villages;
* Conduction of field days with farmers groups in the target villages; and
* Joint evaluation of the demonstration plots and production of specific recommendations;
* Establishment of linkages between farmers and input retailers in the villages;
* Provision of extension services.

**Proposed approach and partners:**

For better planning and definition of number of demo plots per target district/village and crops as well as the farmers responsible for these, AFAP will develop a quick baseline, which will also help identifying the potential retail network to be developed in the villages as well as the entrepreneurs that can take over the input retail business. AFAP assure that soil samples are taken and blenders are recommended on the type of balanced fertilizer blends to supply to hubs, retailers and farmers for production of the main crops grown in the region. Demo plots will be allocated to the early adopters or lead farmers. The costs of the inputs for the demos will be covered by the project and the farmers responsible for the demo will contribute by applying timely agricultural best practices. The final produce will be provided to the farmer.

AFAP counts on its partnership with fertilizer blending companies for production of fertilizer balanced blends for the crops to be promoted. These blending companies will also be late responsible for production and supply of the blends through a Hub Agrodealer that will be identified or promoted specifically for the project, as long as he is committed to AFAP policy of providing additional benefits for smallholder farmers. For overall monitoring of the demand creation program AFAP will assign an Agronomist and also count on the extension agents from public sector and private sector partners including the fertilizer blending companies, seed suppliers and distributors and hub agro dealers. On the side and to assure frequent monitoring of the demos, AFAP will use its MOU with the Ministry of Agriculture and Food Security (MASA) to engage some extension agents from MASA. AFAP will provide an incentive for these extension agents based on their performance.

For sustainability purposes the demand creation activities will become part of Hub Agrodealer and retailers marketing activities after the project.

**Objective #2: Develop an input distribution network targeting smallholder farmers in Gaza Province**

**Background*:***

As referred above factors that limit demand and usage of improved inputs by smallholders include; lack or limited access to inputs combined with high costs practiced by unscrupulous dealers and lack of input retail or distribution networks in the villages. AFAP believes a sustainable and reliable input distribution system can only be established if all the gaps in the supply chain are filled and farmers do not have to walk long distances to get inputs. In addition, AFAP also believes that the demand for inputs and the inputs business in rural areas can only survive if the Hub dealer or retailer also provides advice/extension to farmers. Finally, input dealers should understand that although the input business is a profitability activity it needs to be re coupled with ethics. The more farmers increase their yields and income, the more inputs they will buy and thus more inputs will be sold and more profit for the input dealer. To achieve the objective above AFAP will:

**Proposed activities:**

* Identify and train selected entrepreneurs to become rural retailers in the target districts/villages;
* Identify and train hub agro dealers in the target;
* Provide finance to match hub dealers investments in storage facilities, transport or equipment, as they make inroads into rural markets in the districts and villages;
* Establish commercial linkages between the hub Agrodealer and the retailers in the target villages;
* Establish commercial linkages between the hub Agrodealer and fertilizer, seed and CCPs suppliers; and
* Mentoring of hubs and retailers;

**Proposed approach and partners:**

AFAP has already identified some potential Hub Agro-dealers for the project in the 4 districts of Gaza. However, additional hubs should be promoted either through upgrading of some retailers or by expanding business areas. AFAP proposes to establish at least one hub dealer with an established input retail network in each target district or village. While working on demand creation activities, AFAP will identify and potential retailers in the villages, these retailers will be trained and linked with hub agro dealers and thus establish networks between hubs and retailers. On the other side, AFAP will also identify and train hubs and match of their investments for establishment of input rural storage facilities and handling equipment. AFAP has large experience in managing matching investment funds for establishment inputs storage facilities and equipment the establishment of quick impact containerized input retail shops. AFAP uses the Agribusiness Partnership Contracts (APC) for matching investment assuring that APC beneficiaries extend additional benefits to smallholder farmers. The retailers and hubs will be trained on **Basic Business Management** ( managing working capital, managing stocks, selling and marketing, basic business record keeping, costing and pricing, managing business relationships) and **Product knowledge and Handling** (crop protection products, balanced fertilizers and seeds). For the objective #2, AFAP will assign an Agribusiness specialist that will also be responsible for project coordination.

**Objective #3:** **Stimulate increased supply of improved inputs to smallholder farmers in Gaza Province**

**Background:**

The establishment of sustainable input distribution networks requires a combination of building capacity, establishment of commercial linkages, frequent mentorship and provision of mechanisms that reduce the risks while the supplier/distributor is strengthening their commercial relation with the Hub dealer/retailer. Once these pre-conditions are in place the flow of inputs from supplier/distributor to hub dealer/retailer and farmers increases, because the partners along the input supply chain will focus the attention only to increase supply volumes while stimulating increased demand for their products. As to stimulate increased supply of improved inputs to hubs, retailers and farmers in the selected districts AFAP will:

**Proposed activities:**

* Work with the hubs, retailers and farmers cooperatives to identify the inputs on demand, the quantity needs and timeline for their supply to farmers in the districts and villages;
* Work with the selected input distributors/hub dealers to define specific input packages and timeline for their supply to retailers in the districts and villages;
* Support the input distributors/hub dealers establishing input distribution revolving credit schemes and signing agreements with the hub dealer/retailers in the districts and villages;
* Establish and manage an input distribution revolving credit guarantee between input suppliers/distributors and hub dealer/retailers as to reduce the risk while these actors establish commercial relationship;
* Mentorship of the input supply/distribution scheme.

**Proposed approach and partners:**

As indicated in the objective #2 AFAP will identify and train entrepreneurs to become input retailers. In addition, AFAP has already identified potential hub dealers that will trained and mentored and be linked with both input suppliers (seeds, fertilizers and CPPs) and retailers within their networks. In addition, AFAP will establish inputs distribution guarantee scheme that will allow the input suppliers/distributors to supply inputs on revolving credit consignments to hubs and retailers. Once commercial relations between inputs suppliers/distributors and hubs/retailers are established and strengthened, the guarantee be used to integrate more retailers or hub dealers in the supply chain as to stimulate constant competition between these private sector actors. Objective #3 will be also coordinated by AFAP Agribusiness specialist.

**Objective #4:** **Develop output market networks for smallholder farmers in Gaza Province**

**Background:**

Normally smallholder farmers grow food crops for their own consumption and the surplus for income generation. On the other side, it is clear that farmers will invest in high yield improved inputs mainly for the cash crops. However, most of the food crops can be also considered cash crops as long as there is a specific market that demands for these products. The combination of food and cash crop production can provides incentives for farmers to use improved inputs and apply best agricultural practices, and thus reduce the production area required for farmers to get the quantity of produce required for their own consumption and for the market. As to develop output market networks for smallholder farmers produce, AFAP will:

**Proposed activities:**

* AFAP will identify the niche market for the farmers produce, the standard requirements and timeline for supply of these products;
* Training of extensions and farmers on best agricultural practices including post-harvest management to meet market standards of produces to be sold;
* Training of retailers and hub dealer to operate as the first output aggregators;
* Establishment of linkages between the retailers, hub dealer and output market companies;
* Support output market companies, hub dealer and retailers to sign production contracts and output market agreements; and
* Mentorship of farmers production practices, retailers and hub dealers aggregation practices;

**Proposed approach and partners:**

AFAP believes that the hub agro dealers and retailers can maximize their sales and sustain the input business (seasonal business) if they combine the input and the output business. The retailers and hub dealers are better positioned to know the best farmers; the products they grow better for market; the market needs, the market requirements and the needs to meet these requirements? On the other side, output companies prefer to work with organized and structured markets than with seasonal output intermediaries. Linking hubs and retailers with output marketing can help the input suppliers to understand the market needs and this will help them selecting the right inputs to be provided to farmers to meet the market requirements. Training and mentorship of the actors is very important since this help both aggregators and final buyers to assure that the needs and requirements are met. For this objective, AFAP will engage the senior agronomist and the agribusiness specialist, the public extension agents, lead farmers and farmers in general.

The **table 1** below summarizes the activities, expected achievements and results per objective and respective activities.

|  |  |  |
| --- | --- | --- |
| **TABLE 1: Increase Smallholders’ Agricultural Production, Productivity and Incomes**  **in the Gaza Province** | | |
| **Objectives** | **Activities to be carried out** | **Expected achievements/results** |
| **#1** **Stimulate increased demand and usage of enhancing productivity inputs by smallholder farmers in Gaza Province** | Soil sampling and Lab analysis and/or development of specific fertilizer balanced blends;  Training of extension agents (TOT), lead farmers and farmer on establishment and conduction of demo plots;  Establishment and conduction of improved inputs and best agricultural practices demonstration plots with farmers groups in the target villages;  Conduction of field days with farmers groups in the target villages; and  Joint evaluation of the demonstration plots and production of specific recommendations. | Recommendations of specific fertilizer blends for rice, maize, cassava, pigeon pea, cow peas, groundnuts and vegetables production developed;  At least 1 extension agent per district, 1 lead farmer per village will be trained on establishment and conduction of demo plots;  At least 1 demo plot per each village and per crop established in the target districts;  At least 3 field days per demo per during the crop cycle; and  At least 1 evaluation per demo and per crop in the target villages. |
|  | | |
| **#2 Develop an input distribution network targeting smallholder farmers in the 4 targeted districts** | Identify and train selected entrepreneurs to become rural retailers in the target villages;  Identify and train a potential hub Agrodealer located in the project target areas;  Establish commercial linkages between the input distributor/hub Agrodealer and the retailers in the target villages;  Establish commercial linkages between the hub Agrodealer and fertilizer, seed and CCPs suppliers; and mentoring of trained retailers;  Establishment of rural input storage facilities at hub dealer level in the districts and retail level in the villages. | At least 1 retailer identified and trained and established in each village.  At least 1 hub dealer identified and trained and established in each target district.  Business relations established between input distributors/hub dealer and retailers in the villages;  Business relations established between input suppliers and input distributors/hub dealers. Mentorship of input retailers implemented.  At least 1 improved input storage facility established per district and 1 retails shop established per villages |
|  | | |
| **#3 Stimulate increased supply of enhancing productivity to smallholder farmers in the 4 targeted districts** | Work with the retailers to identify the inputs on demand, the quantity needs and timeline for their supply to farmers in the villages;  Work with the selected input distributor/hub dealer to define specific input packages and timeline for their supply to retailers;  Support the input distributors/hub dealers in developing and signing input distribution revolving credit agreements with the hub dealer/retailers;  Provision of input distribution revolving credit guarantee to supplier/distributor to reduce the risk while strengthening the relation with hub dealer/retailers; and  Mentoring of the input supply/distribution scheme. | Inputs on demand, quantities and timeline for supply defined with support from retailers and farmers in the target villages;  Inputs packages, timeline and quantities defined with input distributors/hub dealer;  Input distribution revolving credit agreements signed between inputs suppliers and all hub dealers and between hub dealers and all retailers in the target districts and villages.  Input distribution revolving credit guarantee to supplier/distributor provided, contract signed and inputs supplied to retailers on revolving credit consignments;  Input supply/distribution scheme monitored and mentored during the project cycle. |
|  | | |
| **#4 Develop sustainable output market networks for collection smallholder farmer’s produce in the 4 targeted districts** | AFAP will identify the niche market for the farmers produce, standard requirements and timeline for supply of these products;  Training of extensions and farmers on best agricultural practices including post-harvest management to meet market standards of produces to be sold;  Training of retailers and hub dealer to operate as the first output aggregators;  Establishment of linkages between the retailers, hub dealer and output marketing companies;  Support output market companies, hub dealer and retailers to sign production contracts and output market agreements; and  Mentorship of farmers on bets production practices, retailers and hub dealers on aggregation practices; | Niche market for the farmers produce and standard requirements identified and timeline for products supply established;  Extensions and farmers trained on best agricultural practices to meet market standards of farmers produce;  Retailers and hub dealer trained on quality control, packaging, and output marketing;  Business relationships between retailers, hub dealer and output marketing companies established;  Output marketing contracts between retailers, hub dealer and output marketing companies signed and implemented; and  Mentorship of farmers on bets production practices, retailers and hub dealers on aggregation practices implemented. |

1. PERSONEL

For smooth implementation of the proposed project implementation AFAP will assign the following staff:

* 1 Senior Agribusiness Specialist & Project coordinator;
* 1 Senior Agronomist;
* 1 Junior Agronomist & M&E officer;
* Office Administration Officer & Accountant; and
* Driver

AFAP will also count on its partnership with Ministry of Agriculture and Food Security (MASA) to outsource at 1 extension agent from MASA per district to provide support on demand creation activities.

1. REPORTING

AFAP will comply with the GlobalGiving requirements for standard project reports, including semi-annual, and annual technical and financial reports and other materials as requested. These reports will summarize all activities conducted with project funding including those carried out by other AFAP partners with relevance to the project.

1. **BUDGET**

AFAP already have a fertilizer distribution guarantee revolving credit guarantee in place on amount **$85,000** that will allow some hub agro dealers to reveive fertilizer on credit from suppliers and supply to existant or new promoted retailers. AFAP Mozambique is requesting GlobalGiving to mobilize **$350,305** for successful implementation of the project aimed at Increasing Smallholders Agricultural Production, Productivity and Incomes in the Gaza Province. Please refer to **Table 2** below for detailed 3 years budget.

