



SDC IED

Expert Team Inclusive Economic Development

COVID-19 Special Series

Good Practices Learnt by SDC Projects in Responding to COVID-19

Series Case No 7

MARKET SYSTEM RESILIENCE MITIGATES THE IMPACT OF COVID-19 ON SMALLHOLDER FARMERS IN CENTRAL AND NORTHERN MOZAMBIQUE: EXPERIENCES FROM *INOVAGRO*

COUNTRY	MOZAMBIQUE
PROJECT	INNOVATION FOR AGRIBUSINESS (INOVAGRO), 7F-06353.03
PERIOD	2018-2020
THEME	PRIVATE SECTOR DEVELOPMENT

SEPTEMBER 2020



Background

The [Innovations for Agribusiness \(InovAgro\)](#) project (2011-2020), funded by the Swiss Agency for Development and Cooperation (SDC) and implemented by [Development Alternatives, Inc. \(DAI\)](#) Europe in partnership with [COWI Mozambique](#) applies a Market Systems Development (MSD) approach to stimulating the inclusion of the economically active farmers into growing and productive value chains.

InovAgro has worked to support relationships between market actors in Northern Mozambique since 2011. The project leads initiatives to develop stronger, more inclusive, commercially driven and competitive market systems for agricultural input supply (especially seed sales), output marketing (crop commodity sales), agri-services and financial services. *InovAgro* also facilitates the establishment of a more enabling environment to support the interventions. These interventions improve farmer productivity and incomes in the maize, soybean, groundnuts, pigeon pea and sesame value chains.

InovAgro targets low income individual female or male farmers in Northern Mozambique, looking to grow their business. The smallholders are up-and-coming farmers with at least 50% of their production destined for retail markets.

Over the past six years, *InovAgro* has supported seed companies, distributors and agro-dealers in establishing a seed market system. This has been done through capacity building and facilitation of business relationships among the seed chain actors. On output marketing, the project supported Commodity Aggregator Traders to open and operate new and fixed buying points in rural communities to aggregate and move produce from communities to domestic and international market buyers. *InovAgro* has also promoted capacity building of supply chain actors, especially the agro-dealers to engage more effectively with their clients, the farmers.

In response to the post-Cyclone Idai needs, SDC is supporting the *Farmers Resilience and Rebuilding Initiative (FRR)* (2019-2020) under *InovAgro*, which is being implemented by the [International Development Enterprises \(iDE\)](#), using an MSD approach. By delivering agricultural inputs through voucher-based rotating Input Trade and Technology Fairs (ITTFs), beneficiaries use paper vouchers to purchase agricultural inputs required by family farms. iDE – in partnership with local government – distributes these vouchers and later exchanges them into monetary value for the more than 40 participating commercial input suppliers. The goal of these ITTFs is to support local agribusiness and ensure access to quality inputs in remote areas. By supplying improved inputs and complementing them with tailored Farmer Field Schools and private sector marketing and field days, smallholders are given access to knowledge and inputs for enhanced production during subsequent seasons.



Picture 1: Victims of Cyclone Idai purchasing improved inputs using paper vouchers at the Input Trade and Technology Fairs in Sofala

Impact of COVID-19

Covid-19 led the government of Mozambique to declare four consecutive “30-day” states of emergency from 31st March to 29th July 2020 with restrictive measures that impacted the market system actors in all the intervention areas. The most significant effects of Covid-19 on the *InovAgro* project are/were:

- The *InovAgro* international and regional seed companies’ partners, who import from the southern African region, experienced shortages and/or delays due to lockdowns in sourcing

countries. The seed scarcity is expected to get more severe for the farmers at the time of the preparation for the upcoming 2020/21 agriculture season as the peak of Covid-19 in Mozambique is anticipated around the start of the 2020/21 summer season;

- The international seed companies, most of them based in the centre of the country, have been unable to travel to meet with their partner distributors and agro-dealers in the project locations for product promotion and business negotiations. This would eventually weaken the network as part of their visits are used for product demonstrations and capacity building to teach farmers on good agricultural practices;
- The Association for the Promotion of the Seed Sector (APROSE), which promotes the creation of an enabling environment for dialogue, information exchange and collaboration between seed sector stakeholders, was unable to hold stakeholder dialogue and capacity-building sessions as partners were ill-prepared to participate in online sessions. This has constrained APROSE to share pertinent information on seed standards, regulations and addressing topical issues such as the sale of uncertified seed. Also, APROSE faced difficulties to facilitate a structured dialogue on seed policy and regulatory issues. Furthermore, the situation created obstacles for APROSE's coordination around the implementation of seed initiatives, which aim at contributing to improve the seed business environment
- Farmers were unable to travel to distant agri-shops and output buying points constraining their ability to sell their products. This in turn has a negative impact on their income and possibility to reinvest in their businesses in the next planting season. This lack of income endangers the food security for farmers and their families.
- Many traditional foreign buyers, who normally participate in buying commodities from communities, were not able to be in the country due to lockdown restrictions. This led to reduced demand and competition, which led to lower than expected crop prices. This especially affected export crops sesame and pigeon pea;
- The *InovAgro* project team was restricted in its ability to provide regular supervision, monitoring or data collection and support to *InovAgro* partners in the field due to suspension of most field activities. *InovAgro* relied on telephone, email and WhatsApp communication to reach out to partners. Initially this type of communication was unfamiliar to *InovAgro* partners but eventually started yielding more regular contact and support;
- Concerning the *Farmers Resilience and Rebuilding Initiative*, Covid-19 has forced iDE to postpone the second cycle of Input Trade and Technology Fairs, which were foreseen to benefit 16,000 Mozambicans directly impacted by Cyclone Idai, until October 2020. Further, participation at Farmer Field Schools has decreased by over 75% due to government regulation limiting the number of participants at public events.

Project's response

As Covid-19 restrictions change the ways businesses and farmers must operate, Mozambique's deeper and more diversified market systems, with interlinked actors from seed suppliers all the way to village-based agents in the communities, are demonstrating their resilience and their ability to continue to service smallholder farmers who would normally fall out of the system. Due to *InovAgro's* targeted support over the last six years, a stronger market system has emerged where many agribusinesses are working in conjunction with other private partners. Even in the current pandemic, this market system allows them to continue delivering their services for the benefit of smallholder farmers without the need for outside assistance.

InovAgro has supported its partners to respond to Covid-19 in the following ways:

1. *InovAgro* has re-emphasised strong relationships built on trust with and between partners in the seed supply chain. Covid-19 effects have helped demonstrate to partners that they need strong and

stable relationships so that they can continue trading remotely and promoting the growth of the seed market.

2. *InovAgro* scaled up capacity-building of agro-dealers to ensure that seed companies and distributors include them as reliable partners in their supply chains. They can provide seeds on credit to partners with minimum systems and a proven track record of honest business dealings.
3. With the government allowing small gatherings of maximum ten people, *InovAgro* adopted its strategy and decentralized its capacity building regionally and in small groups.
4. *InovAgro* co-created responses with seed companies for alternative ways to reach farmers with extension messages and seed product information, to replace the now banned large group field days for farmer training and product sales promotion. Seed companies received support to train and empower champion lead farmers who cascade the training to other lead farmers in their regions. Simple technical manuals were developed with the seed companies for quick reference by the more literate lead farmers for training at the community level.
5. In the absence of village seed markets, banned because of Covid-19 risks, *InovAgro* and its seed supply and distribution partners moved to accelerate the use of village-based agents for 'last mile' selling of seeds.
6. With farmer movement restricted, agro-dealers started using lead farmers and village-based agents to source orders for seeds from farmers before delivering to central locations.
7. In output marketing, limited farmer movement and suspended village markets have reduced farmers' access to buyers. *InovAgro* and its commodity aggregator traders' partners developed strategies to increase the number of buying points to get closer to villages. In places where permanent buying points are not feasible, the commodity aggregator traders established mobile buying units that communicate a timetable for trade days per village.

Concerning *Farmers Resilience and Rebuilding Initiative (FRR)*, iDE is continuing its efforts to stabilize supply chains and livelihoods for smallholder farmers by fostering strong market linkages with rural retailers and last-mile commercial input suppliers. For example,

- *FRR* has limited the number of participants at Farmer Field Schools, while practicing social distancing and using masks. This allows iDE field staff to disseminate Covid-19 sensitization information at the last-mile, while also distributing disinfecting buckets, soaps, gloves and masks.
- *FRR* introduced basic WASH activities for small farmers to increase healthy food conditions, focusing on low cost solutions for productive water use as well.
- *FRR* increased remote smallholder farmer support through digital technologies by distributing 300 smartphones and solar chargers to proven rural entrepreneurs that act as community focal points. With the aim of digitalizing the last-mile iDE is also piloting an online marketplace that links input suppliers, with aggregators and smallholders.
- *FRR* supported rural entrepreneurs to collect quality data and disseminate valuable information on extension services, market prices, or Covid-19 awareness.



Picture 2: Victims of Cyclone Idai purchasing improved inputs using paper vouchers at the Input Trade and Technology Fairs in Sofala

FRRF is currently developing various contingency plans for the implementation of Input Trade and Technology Fairs for the main planting season in October 2020 with the aim of continuing to rebuild local market ecosystems.

Outlook

While the full economic impact of Covid-19 is still uncertain, it compounds existing and ongoing risks that are exacerbating weak market systems. *InovAgro* continues to work to make both individual market actors and the market system even more resilient through mutually beneficial market relationships. The specialisation of roles, which has been strengthened leading up to and during the Covid-19 pandemic, will see seed producers innovating on route to market strategies by leveraging agro-retailers for input distribution and using village-based agents for last mile sales. In this way, Covid-19 may even accelerate trends to increase resilience. Pushed by the pandemic, iDE sees the need to rethink traditional extension models, improve access to proven production and post-harvest technologies, and streamline last-mile supply chain management.