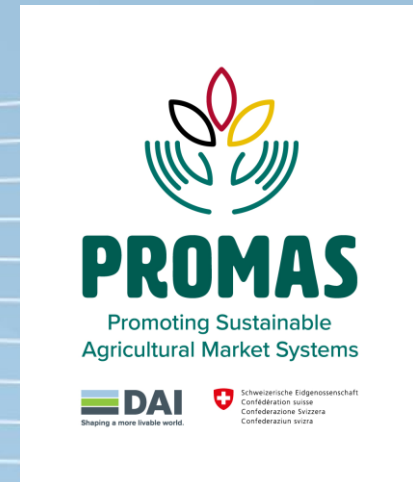


Applying a Market Systems Development Approach to Food Systems Development

Lessons from Innovations for Agribusiness – InovAgro - Mozambique

Bill Grant, Senior Lead Specialist

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Overview of presentation

- Background on InovAgro and MSD and the lead up to PROMAS
- The structure of the seed system in Mozambique
 - Diagnosis
 - problem identification
- The interventions
- Evolution of the sector – changing structure
- Impact on the smallholder farmers
- Integration into Promoting Agricultural Market Systems in Northern Mozambique (PROMAS)

InovAgro to PROMAS

- SDC funded design (2010) and implement (2011- 2021)
 - Objective: increasing economic involvement of the poor in agricultural sectors in Northern Mozambique to reduce economic vulnerability and poverty
- First Market Systems Development project in Mozambique
 - Very thin markets – target lead firms for nexus of Social and Private objectives
- Three Phases - Each phase built on the previous one
 - Seed Sector,
 - Output Marketing to consumption,
 - Access to Finance,
- Seed Sector activities:
 - Commercially driven seed supply and extension services
 - Enhanced capacity for certification system to function
 - Increased demand
- PROMAS in design phase now but will be an 11 year project (2024-2034):
 - Expand into horticulture
 - Introduce more climate smart agriculture and agro-ecology into the market systems
 - Extend into more conflict sensitive areas

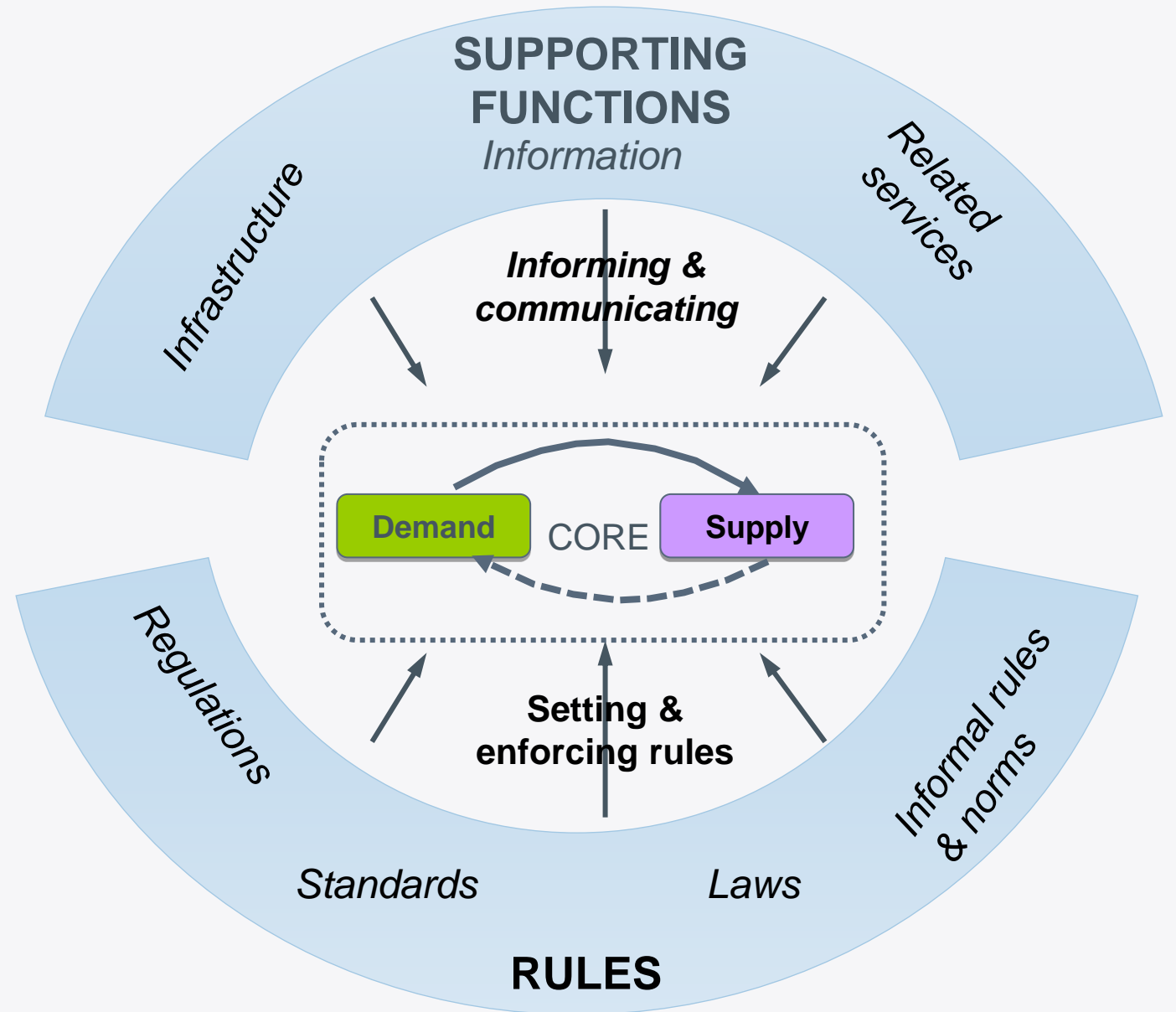
MSD Approach

Core Principles

- Be Facilitative
- Think Systemically
- Be Adaptive
- Be Inclusive – crowding in

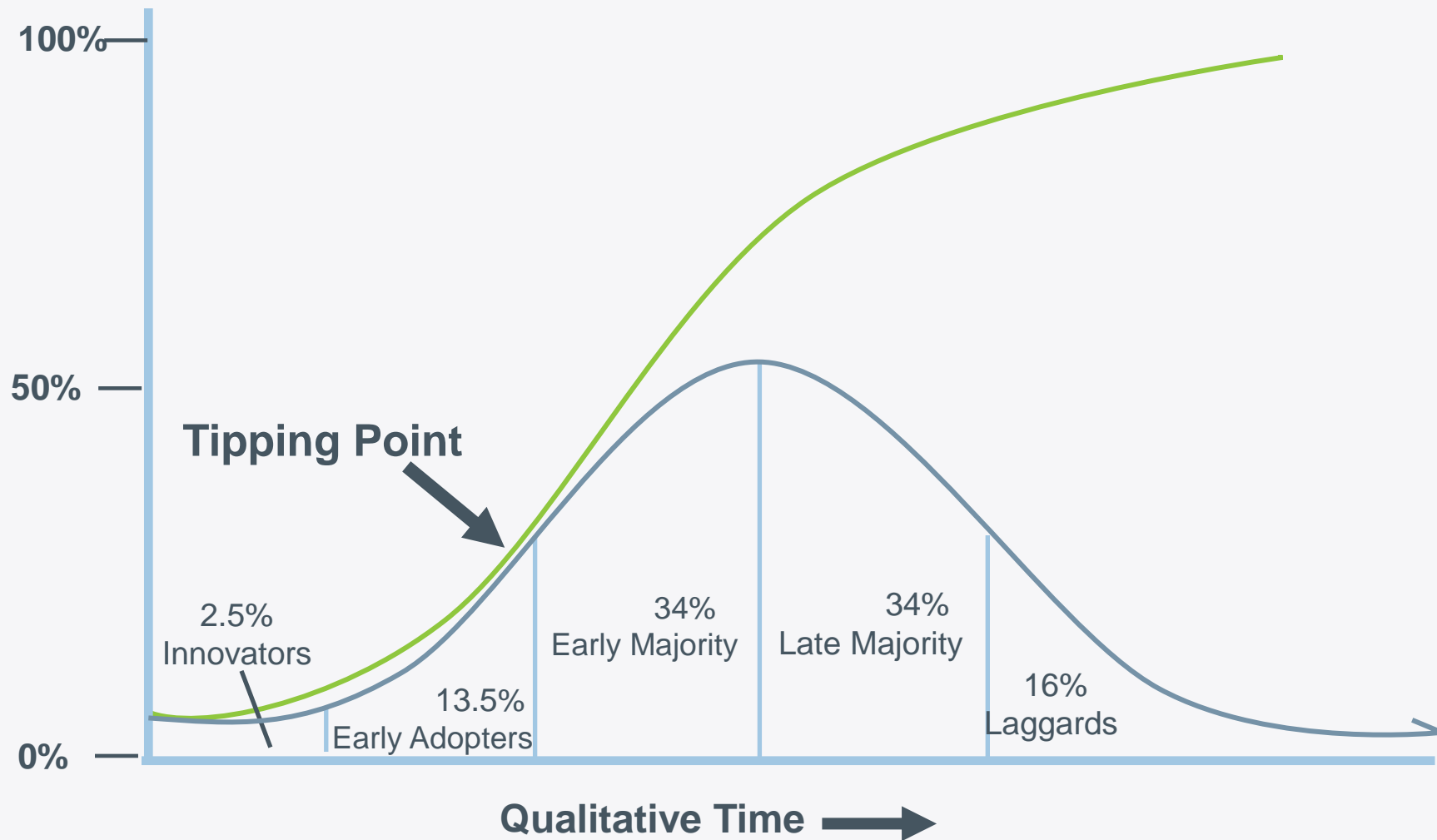
Tools and Tactics

- Probe - Learn – Adapt
- Identify Value Propositions – co-creation
- Who Does/Who Pays
- Good Cooperation
- Good Competition



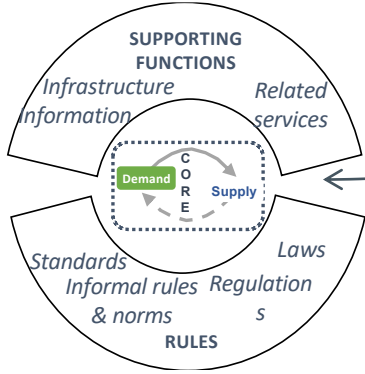
HOW SYSTEMS CHANGE

The Tipping Point for Behavior Change Adoption

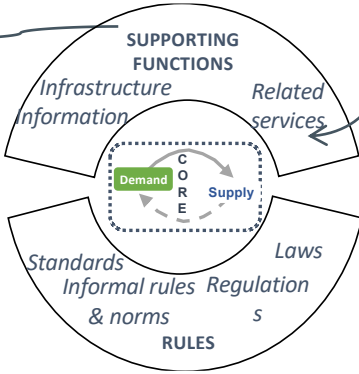


Mozambique Certified Seed System

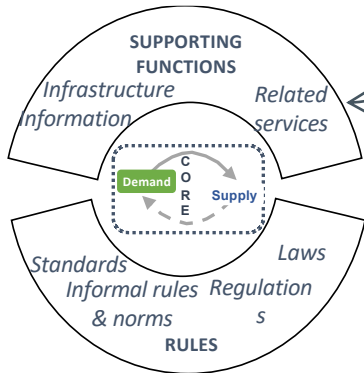
Financial Service



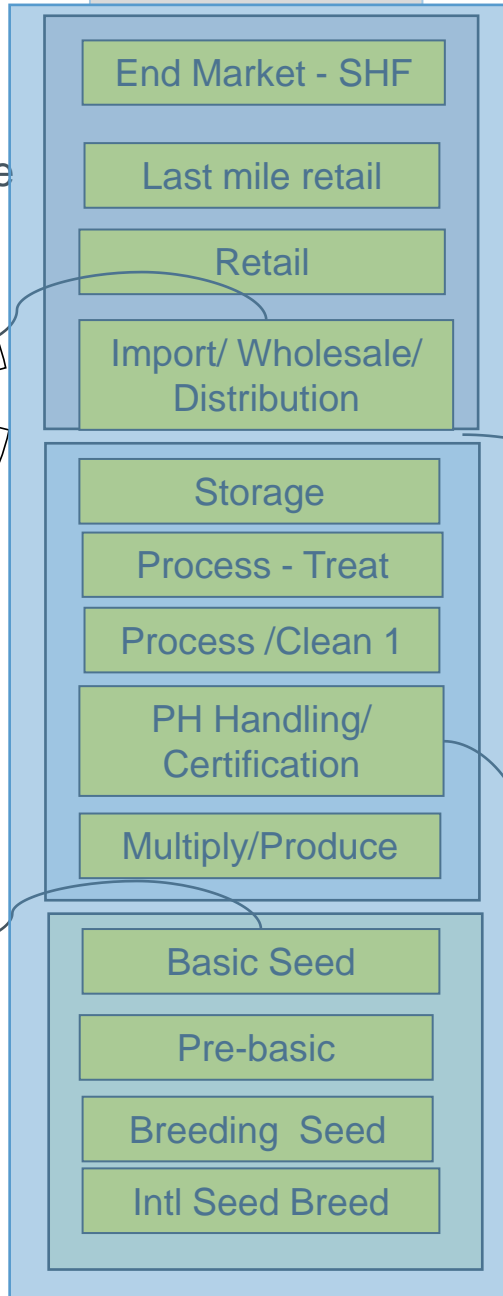
Seed Purchase



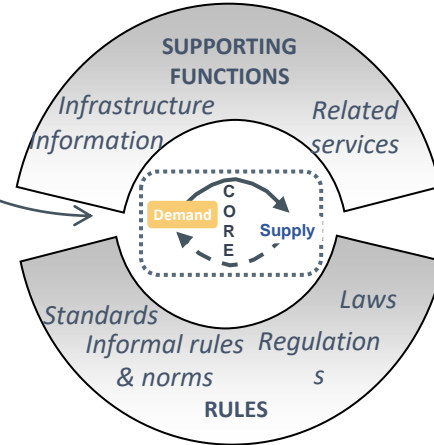
Basic Seed



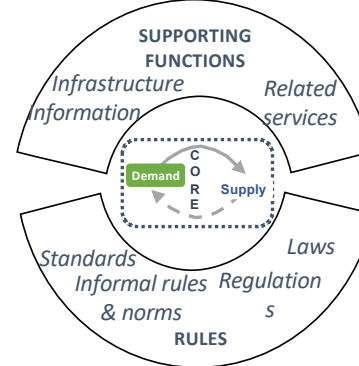
VC Functions



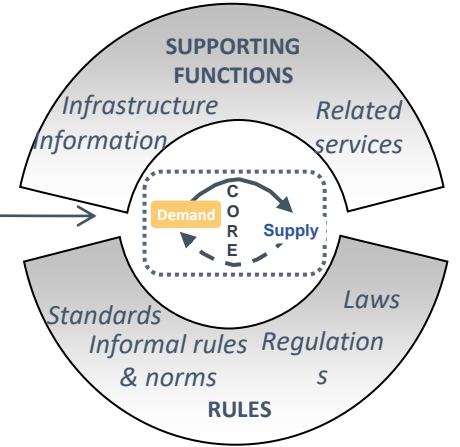
Distribution



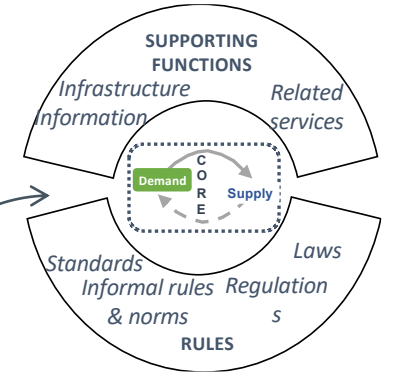
Seed Certification



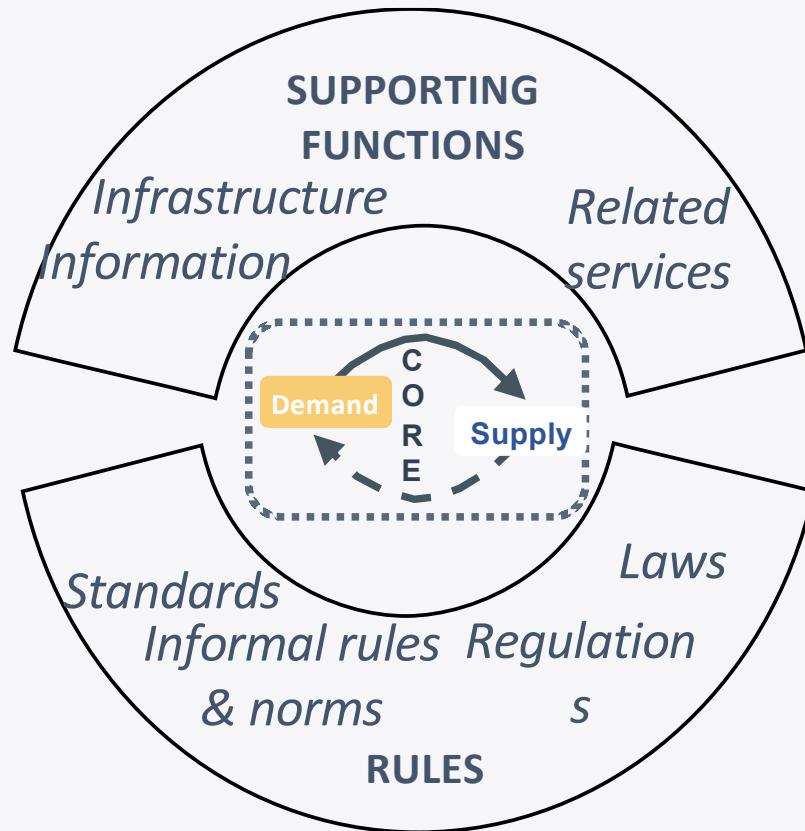
Policy Dialogue



Seed Inspectors



The market system for certified seed to SHF



Supply side:

- Seed companies have no history of selling to SHF
- Capacity of many seed companies is very weak, difficulties with certification
- No distribution channels - Weak relationships with Agrodealers
- Agrodealers very weak (management, technical, financial)

Demand side

- Farmers low awareness of benefits of certified seeds
- Low purchasing power
- Low trust in “certified seed”

Policy, Regulatory, and Enabling Environment

- Capacity of National Seed Authority to certify seed
- Availability of Basic Seed for emerging seed companies
- Regulatory environment for seed registration and trade
- Increasing dialogue between seed sector actors, government, and donors

Initiatives to address farmer demand creation

Seed company driven extension services for farmer awareness

- Convince that SHF are a market they should pursue – dialogue, present value proposition
- Facilitate Seed co's to organize demonstration plots – identify and train lead farmers, promote good agricultural practices (GAP), organize field days,
 - Recruit own extension agents (not just sales reps);
 - Introduce Trial packs, Radio programming – Information sharing
- Develop relationships with agrodealers
 - Technical training
 - Embedded finance
 - Branding and marketing
- Big challenge is still last mile marketing

Initiatives – commercial supporting services

Finance for agrodealers

- Embedded finance with seed companies
- Commercial finance from FI's

Capacity building of the agrodealers

- Technical training from seed companies and distributors (embedded)
- Managerial training from consultants and business school students (interns)
 - Integrate into MBA Agribusiness programs

Farmer extension

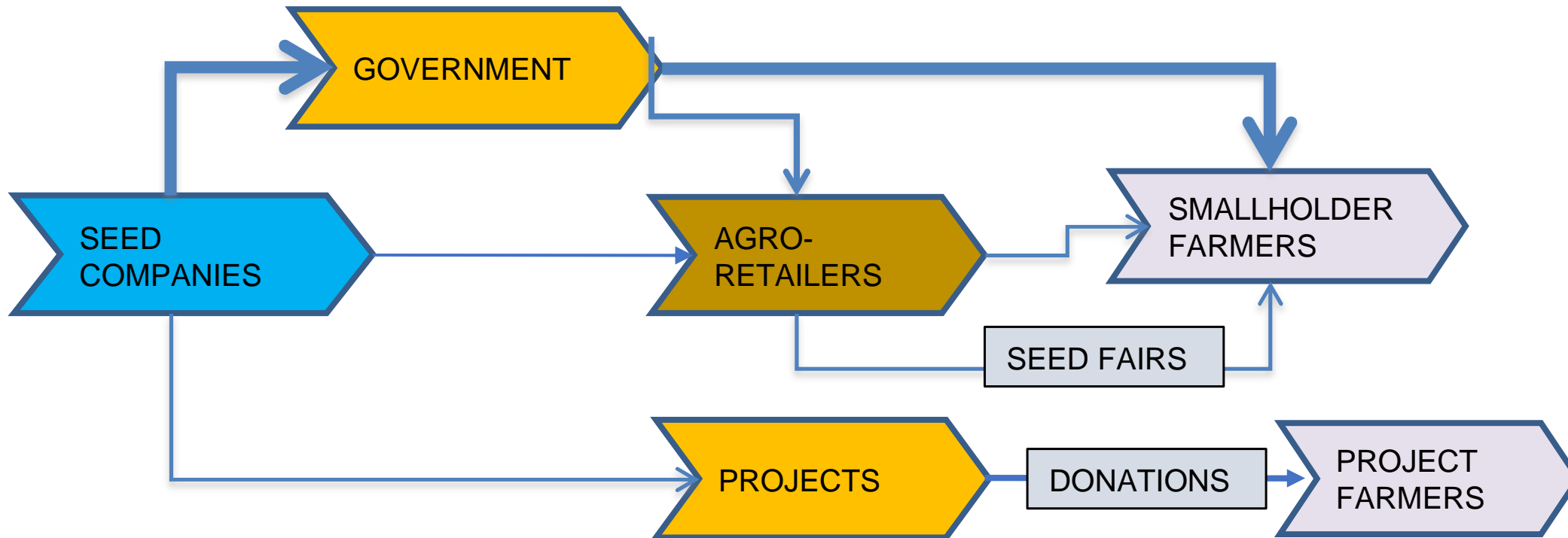
- Tried to develop commercial extension service
- (failed – too early in market maturity)

Farmer Demand Creation & Purchasing Power

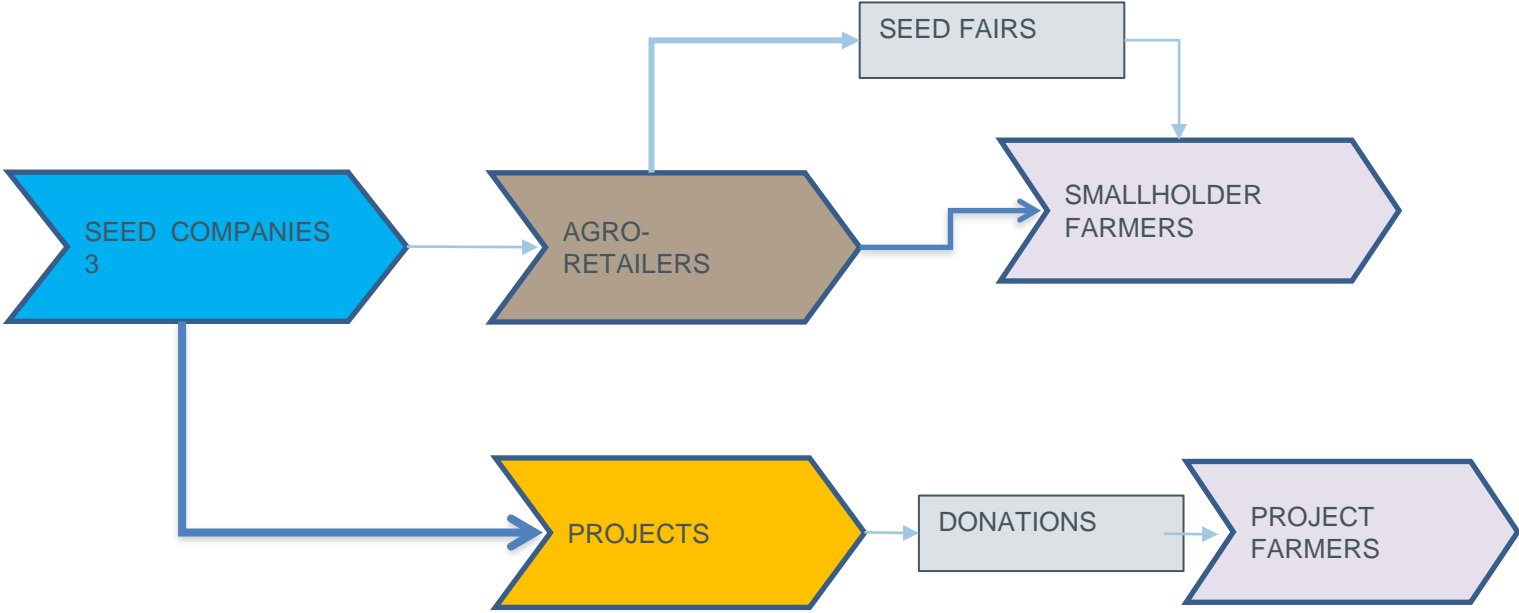
Purchasing power becomes challenge

- Banks not interested in lending to SHF for production
 - Regulatory challenges, cost of lending, risk profile
- Informal savings services – farmers capacitated to purchase own inputs
 - Savings increase year on year, IF inputs are readily available (see challenge of last mile)
- NGOs and Government vouchers (up to 100%) to increase uptake (lower cost)
 - Not an explicit agenda to stimulate demand or build capacity of agrodealers,
 - Does not address long term purchasing power
 - Selection process often crowds out more commercial agrodealers.

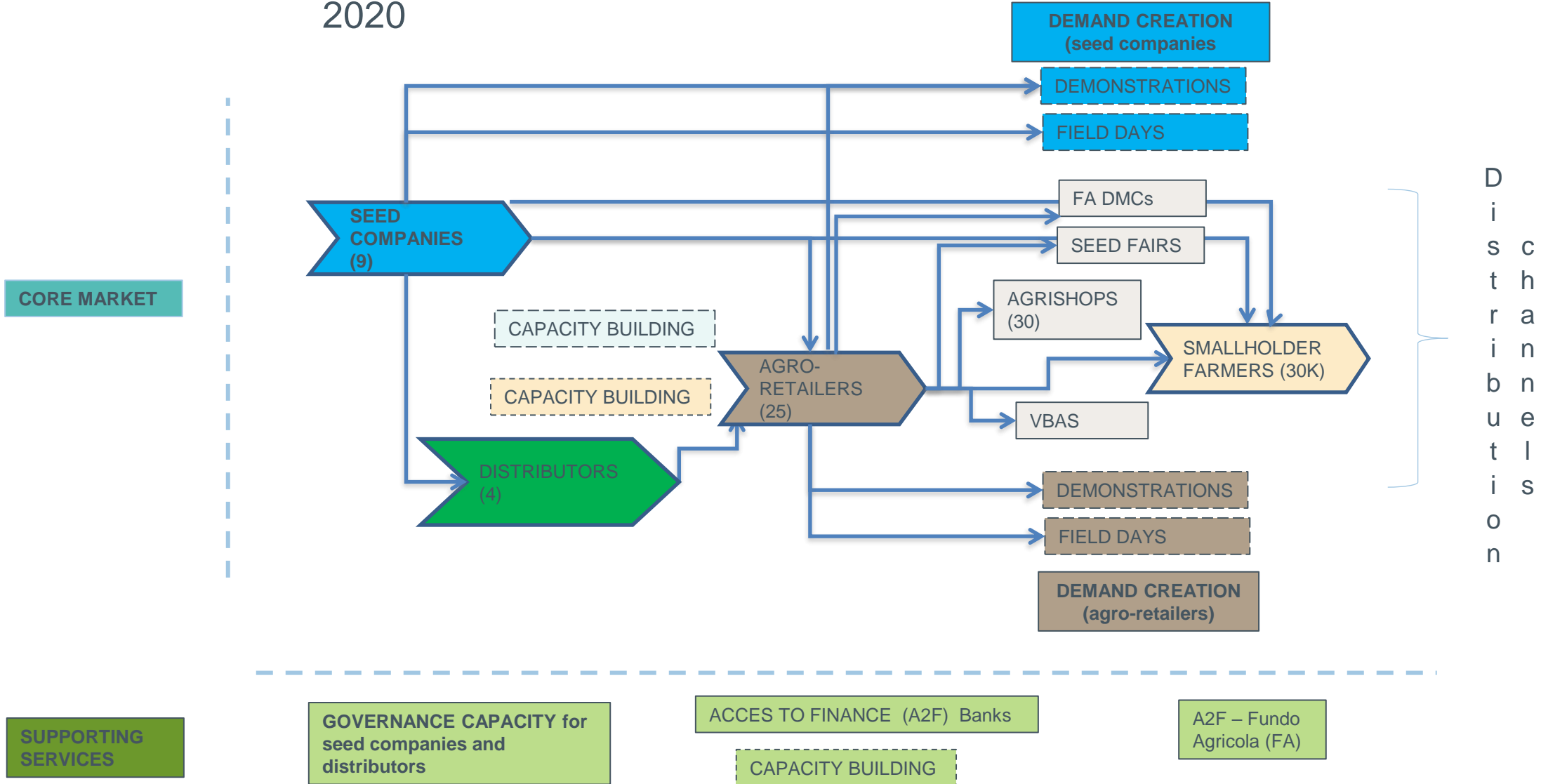
Structure of Seed Sector relationships in InovAgro Districts in 2011



Structure of Seed Sector relationships in InovAgro Districts in 2014



Structure of Seed Sector relationships in 11 InovAgro Districts in 2020



Addressing Policy Issues - Seed Sector Dialogue

- Started building trust relationship with Ministry of Ag from from very beginning
- Organized first national seed sector conference to promote dialogue on issues
 - Agreed to create a Seed Platform for Dialogue
- Association for the Promotion of the Seed Sector – APROSE – point of leverage for all donors
 - Played an important role in developing the PSSI initiative between government and private sector,
 - Engaging on roll out
 - Sponsored the validation sessions to drive harmonization of seed sector policy,
 - Introducing new approaches for stimulating seed company upgrading (good competition)

Addressing certification challenges

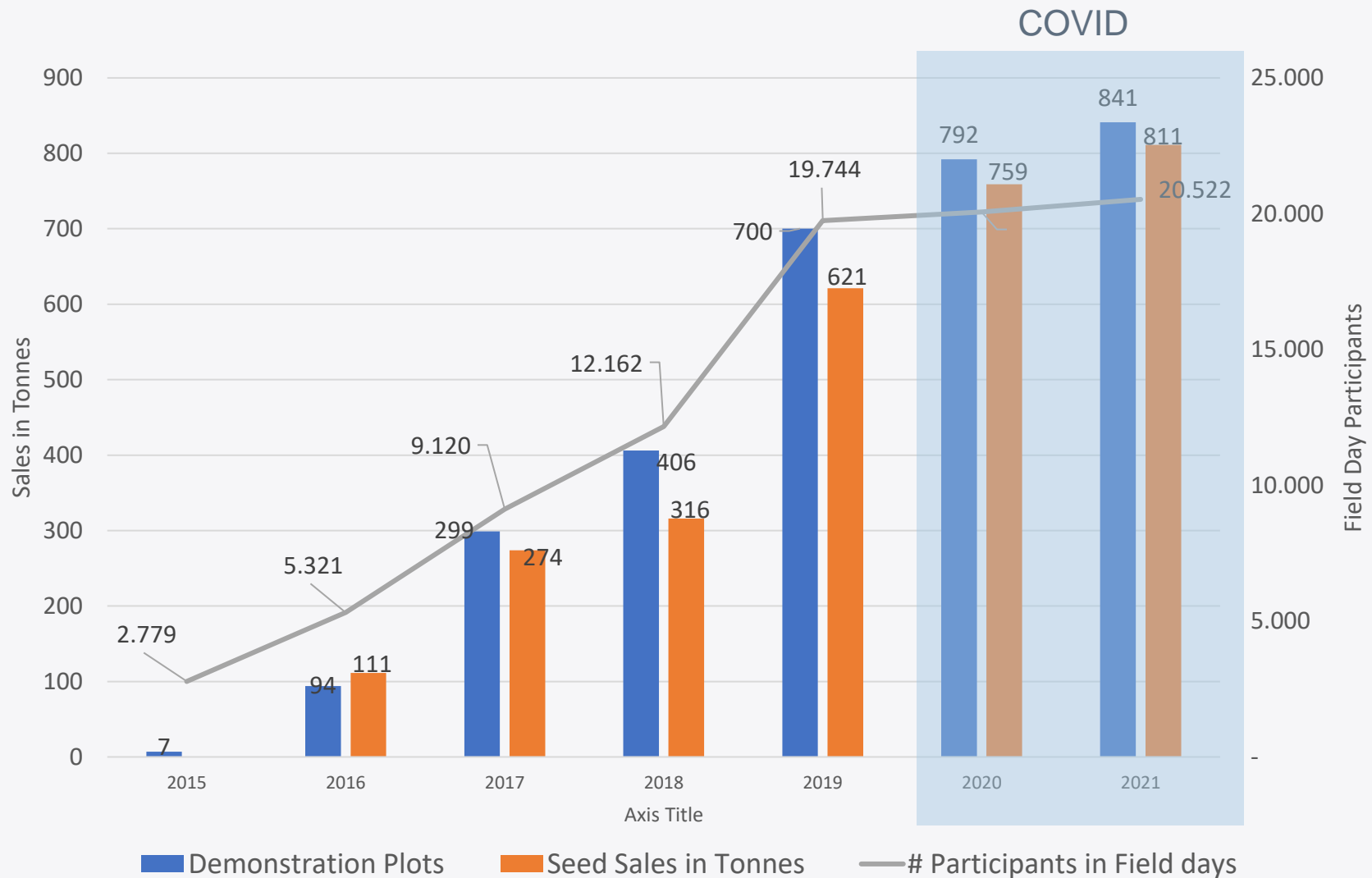
Developed Private Sector Seed Inspectors (PSSI) service

- Established strong/trusted working relationship with Government – National Dept of Agriculture and National Seed Authority.
 - Established dialogue between NSA and Private seed companies to agree need for PSSI
 - Support NSA and Seed companies to research different models – Kenya and Zambia
- Supported development of new regulations and approval through Government 2015 – 2017
- Facilitated initial trainings of PSSI – inspectors paid by seed companies and NGOs
 - 12 PSSI certified for private companies and numerous others trained and certified
- Still working on sustainable certification training system
- New challenges due to decentralization of support services

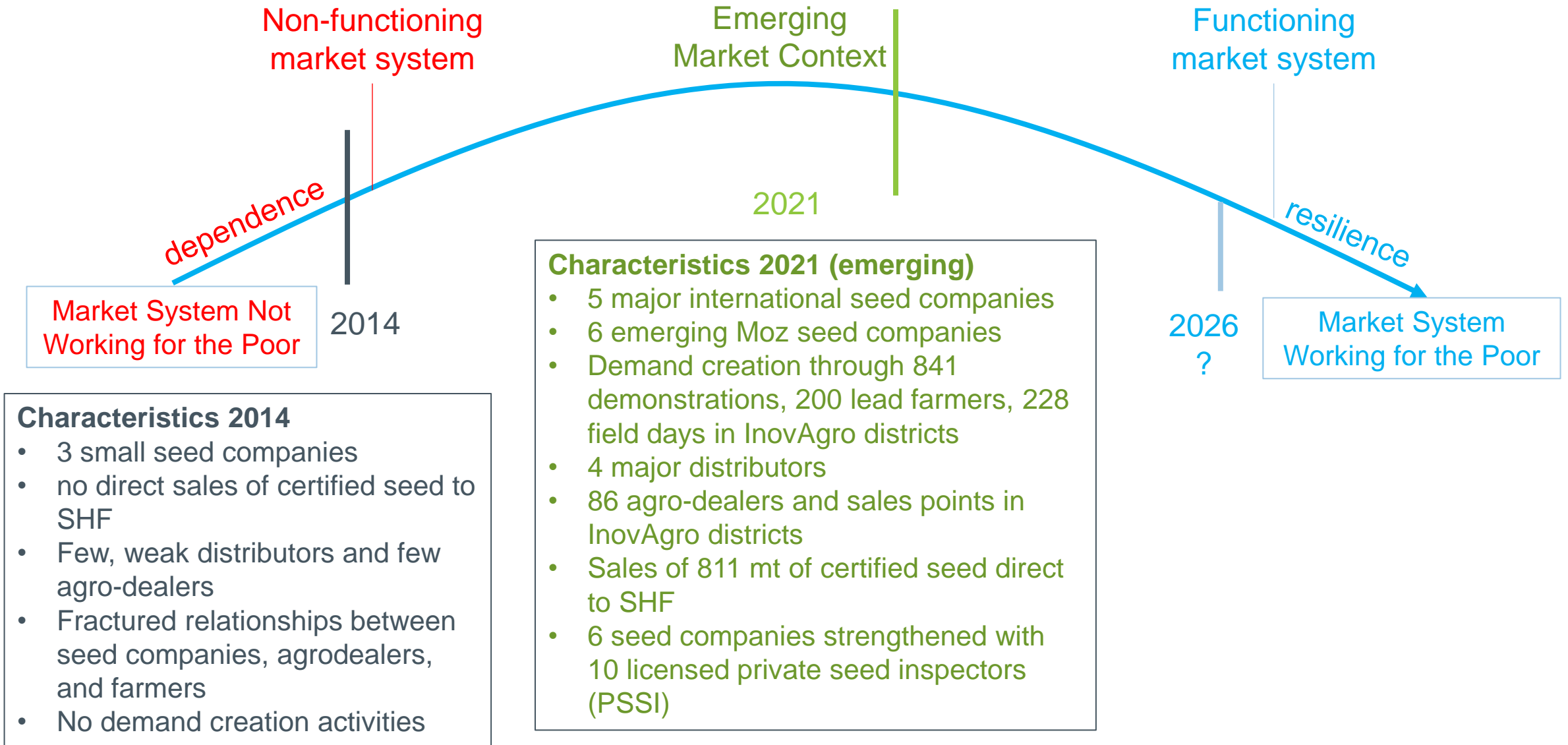
Addressing Output Marketing

- Very Fragmented sector, little coordination, weak cooperation between buyers and SHF
 - High transactions costs, little efficiency
- InovAgro focused on supporting local (Mozambican) commodity aggregator traders (CATs) to expand closer to farmers (first mile purchasing)
 - Buying points
 - Access to finance
 - Capacity building
 - Linkage facilitation
- Policy framework – support to government to install the Cadernetas de Comercialização system
 - Piloted roll out of awareness creation workshops
 - Understand challenges of financing Cadernetas production
 - Increased adoption of Cadernetas by the traders – 100% of CATs subscribe
 - Now some pushback from local officials (losers in the new Cadernetas system).
- Industry self regulation
 - Some local trader associations are now regulating purchasing dates to maximize quality

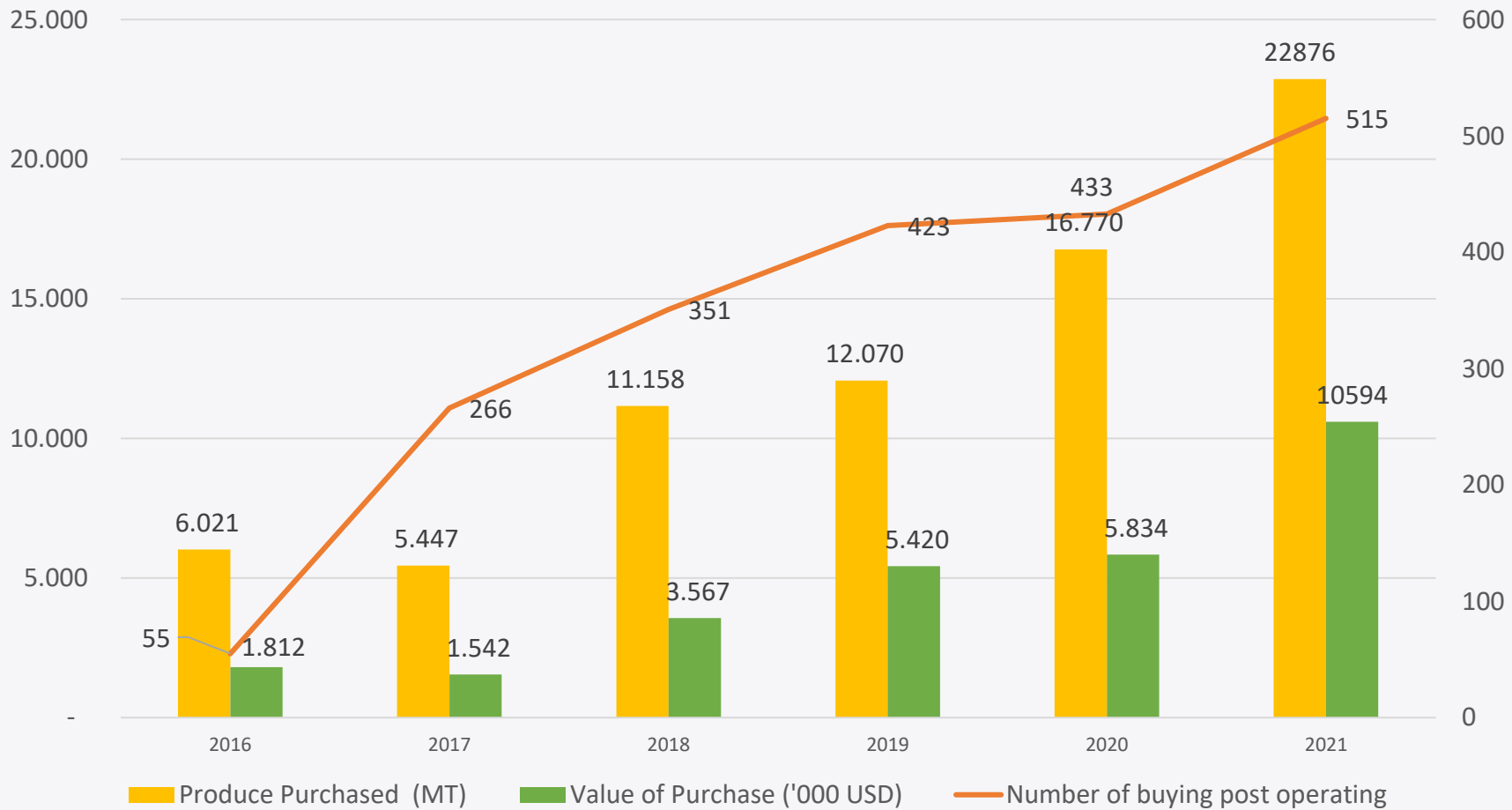
Major Result Trends – InovAgro districts



Certified Seed Market Systems Continuum in Northern Mozambique



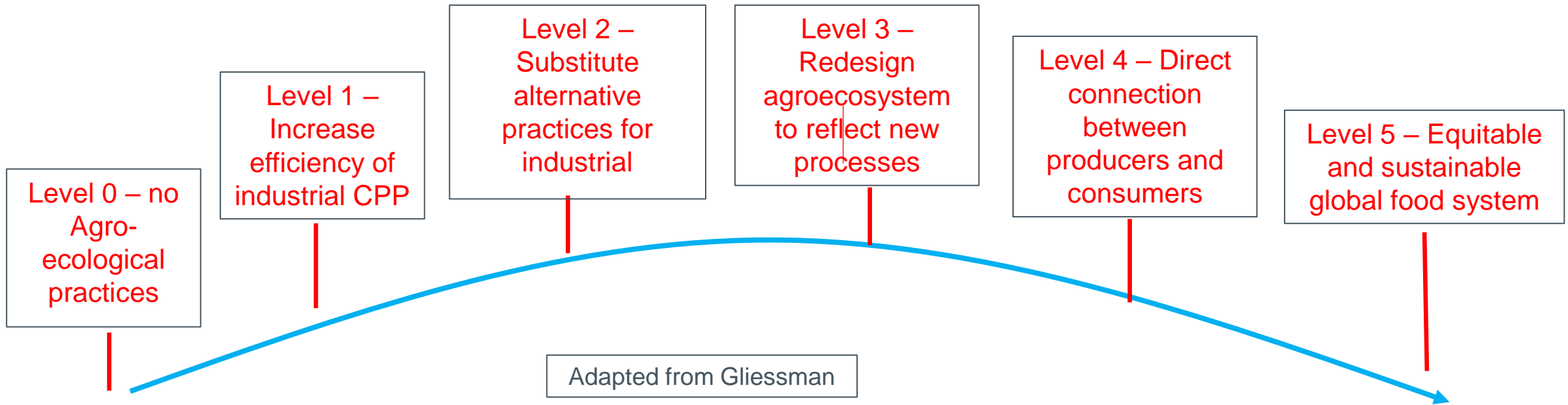
Output Marketing Major Result Trends 2016 -2021



Key Success Takeaways from InovAgro

- Find the partners who should be driving the activity, develop win-win value propositions;
- Build trusting partnerships, put partners in front
- On Policy Reform –
 - Understand the Political Economy to advocate for appropriate changes – winners and losers
 - Find pain points inside the government agencies and help them resolve them – but they maintain ownership
 - Identify key issues for private sector to want to engage on policy issues
 - Develop win-win relationships between actors – Mutual Benefit
 - Support lead actors to deliver sustainably
- Start all activities with a **vision** for **systemic transformation** – **exit strategy**
 - Who should be doing and who should be paying
 - May not happen in the life of the project but must continuously move towards it – measure progress
- Share learning as much as possible with entire sector
 - 7 Case studies, multiple webinars, MSD N

Agroecology Development Continuum – PROMAS Strategy



- At present Mozambique has just a few nascent agro-ecology initiatives (level 0.1)
- During Phase 1:
 - Focus on input supply companies to rationalize efficient use of existing CPP (level 1)
 - Incentivize leading input suppliers to introduce more agro-ecology products – stimulate innovation (HST bags, bio-pesticides, bio-fertilizers)
 - Work with nascent agro-ecology firms to develop products to commercial scale (level 2)
- Phase II will then focus on the adoption of level 2 – but it will take time

For more information on InovAgro

All case studies and videos can be found

BEAM Exchange documents:

<https://beamexchange.org/practice/programme-index/278/>

DAI website documents:

<https://www.dai.com/our-work/projects/mozambique-innovation-agribusiness-inovagro>

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