

5. IMPLEMENTATION PLAN

265. After analysing the situation of rural commerce and the position of the producer in terms of negotiating power in fifteen districts in the Central Region (chapter two), and after proposing the institutional framework for the new structures (chapter three), we elaborated the business plans proposed for the twelve planned interventions (chapter four). The report will conclude with the chapter five, in which we propose an implementation plan so as to ensure the realization of the proposed interventions.

266. The implementation plan will have a 5-year term and will include the following components:
1. Establishment of a new organization for the realization of the implementation plan.
 2. Explanation of the strategy and work methods.
 3. Investigation of the markets.
 4. Lobby and advocacy necessary within power structures and decision centres, including the creation of alliances and partnerships.
 5. Fund raising for the implementation.
 6. Establishment of the co-operative societies.
 7. Institutional development of the co-operative societies.
 8. Training of the members of the co-operative societies.
 9. Monitoring. Financial auditing and evaluation. .

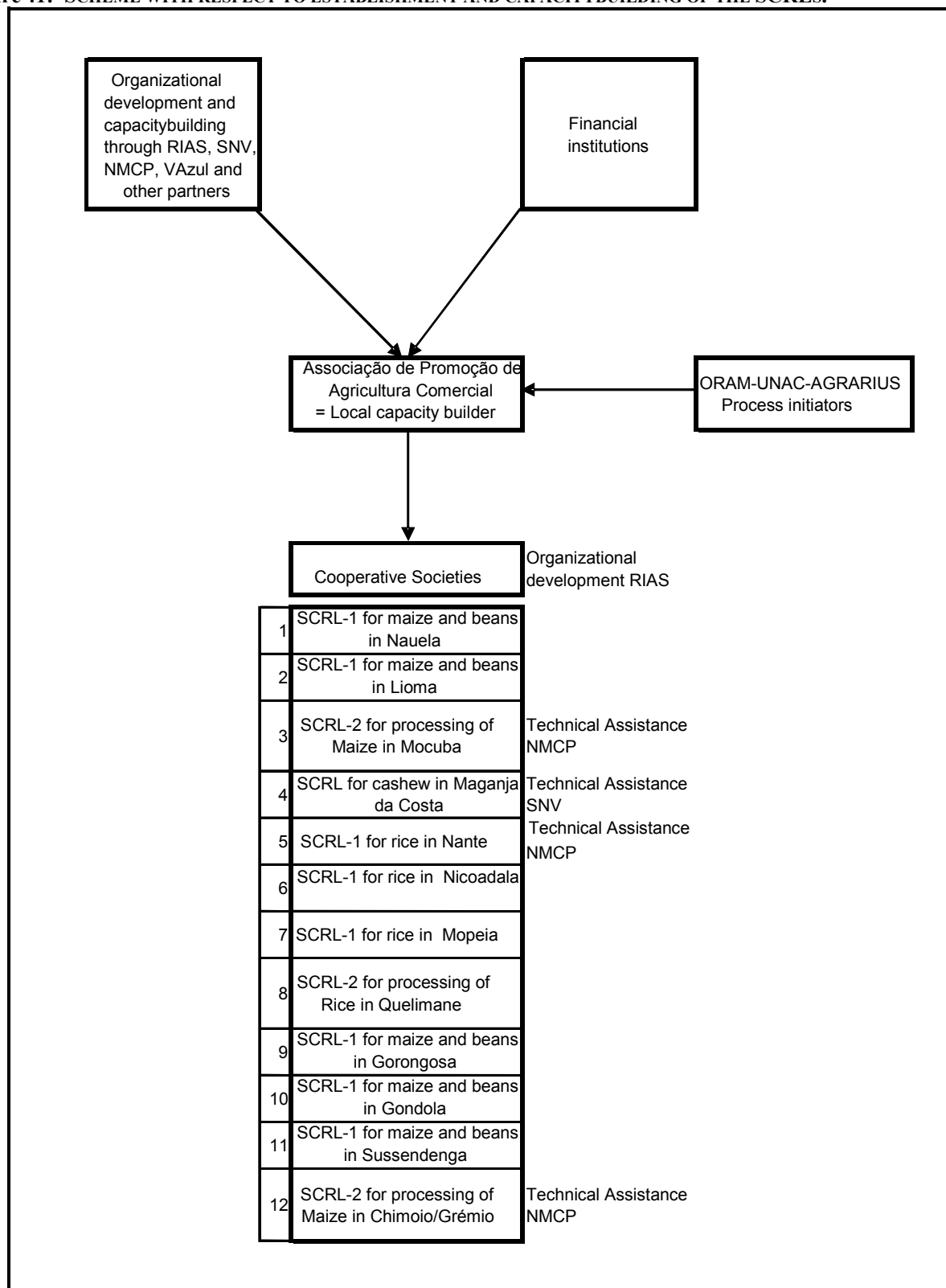
In the following paragraphs, these components are described in order to facilitate their operationalization in the course of the next few years. We will conclude with a timeframe for the implementation.

5.1. Establishment of a new organization for the realization of the implementation plan

267. The initiative to carry out a study in order to define a strategy for rural credit and agricultural commercialisation was taken by three organizations; the União Nacional de Associações de Camponeses (UNAC), the Associação Rural de Ajuda Mútua (ORAM) and the organization AGRARIUS. This study was completed in May 2001, with technical assistance from the RIAS (see Bibliography, 1). From then onwards a process unfolded, which led to the formulation of the business plans and the implementation plan of the SCRLs that have been presented in this report in March 2005). The three organizations that took the initiative are organizations that defend the interests of agricultural producers. In order not to superimpose responsibilities and disarrange the mission of these organizations, the decision was taken to set up a new institution, whose specific function is the establishment and capacity building of the future SCRLs (see also figure 13).

268. In February 2005, the process for legalizing the Associação de Promoção de Agricultura Comercial (APAC) started. Its statutes are described in Annex 14 (Volume II) of this report. In the figure below we present an overview of the partnerships with other institutions, and with the 12 societies that are to be established.

Figure 41: SCHEME WITH RESPECT TO ESTABLISHMENT AND CAPACITYBUILDING OF THE SCRLS.



There are three aspects of the new association that need to be strengthened:

1. Technical Assistance - During the study and the implementation of the pilot commercialisation program in Nante (Baixo Licungo), technical assistance was offered by

RIAS, NMCP, Verde Azul and SNV. It is to be expected that these working relations will continue during the course of the implementation.

2. Financing for the establishment of the Societies – In a first phase, financing will be channelled through the APAC. Once the Societies have their legal statutes working, financial relations can be directly established with the Societies proper.
3. Political Orientation – The organizations that initiated the process will be consulted on policies with respect to the organization of the producers and the relationship with the Government during the course of the implementation.

269. APAC was established by 15 founding members, from various sections of Mozambican society. Three of them are from Sofala Province, two from Manica and 10 from Zambézia Province. At present, APAC has its headquarters in the city of Quelimane, because of the initiatives already in progress (Nante and Nicoadala). Once the process starts in Manica, a work group will be set up in that province. The composition of the association's management will be limited, since the specific tasks will be carried out by external consultants.

5.2. Promotion of the strategy and work methods

270. In section 3.2, we reported on the consultations of the producers. In some districts, the work on the inventory of commercializable production started and subsequently the process of establishing the SCRLs commenced. In the district of Nicoadala, the inventory in the rice sector showed that there are 9.997 possible future members, and in the cashew sector in Maganja da Costa, 8.665 families with cashew trees were identified. Meetings were being held with the leadership, but popularizing the idea of establishing a Society calls for the explanation of the functioning principles down to the level of the settlements. It will for instance be extremely important, to explain to future members the crucial difference between the new structures to be implemented, and the co-operative structures that were encouraged immediately after the country's independence.

271. The program to explain the necessary operating principles of co-operatives needs to be done in two types of meetings: 1. with the leadership on the level of district or administrative post, and 2. with the producers on the level of the settlement. The program will cover the districts of Gurué, Alto Molocué, Maganja da Costa, Nicoadala, Namacurra and Mopeia in Zambézia Province; Gorongosa in Sofala Province and Sussundenga and Gondola in Manica Province.

5.3. Market research

272. The idea of Co-operative Societies such as proposed in this report, is relatively new in Mozambique. There is a similar case in Nampula, where the American NGO Clusa, with support from Oxfam Holland and GAPI, established the co-operative enterprise IKURU. IKURU has been set up as a 2-tier entity from the start, based on the forums of associations. Another example is the enterprise in Nante, which has experience with two commercialisation campaigns. The introduction of these new commercialisation (and credit) structures has to be accompanied by an investigation program.

273. Investigations should concentrate on two areas, namely:
- The markets – in order to be able to advise the SCRLs in producing and commercializing agricultural products with a high commercial value. The international mechanisms for facilitating market access should be studied, keeping in mind the examples of initiatives such as EBAI, AGOA, etc. With this new data, the business plans will have to be adapted to the new realities offered by the markets.

- The area of sociology, so as to accompany and evaluate the dynamics of communities after the introduction of the new societies. Questions such as leadership and socio-economic mobility of the members are of great importance for taking timely decisions with a view to ensuring the continuity and sustainability of the organizations.

5.4. Lobby and advocacy in the power and decision-making structures, including the creation of alliances and partnerships

274. Implementing the societies, which will have a big impact in the field, will require a consensus among the various entities and institutions working in the rural areas. It is of extreme importance, in particular, that the local authorities value the initiative. It will also be necessary to count upon the participation of international and national NGOs in the implementation. In addition, it would be desirable to organize seminars with authorities and key officials from the Ministries of Agriculture, Commerce, in order to explain and discuss various aspects of these new structures. These seminars should also include members of the Assembly of the Republic, especially when discussing subjects such as legislation, local authority, etc.

275. In the course of the 5-year implementation, it is necessary to organize advocacy meetings with decision makers at all levels – both at the levels of district and province, and at national and international level. Moreover, one must include the possibility to compare and learn from experiences of other similar initiatives in developing countries since this may contribute considerably to the creation and boosting of self-confidence of the members of the co-operative societies.

5.5. Fund raising for the implementation

276. In table 10, the entities that in one way or another are involved in commercialisation channels of agricultural products were identified per district. They were classified in terms of their facilitation of producers' access to the market, with the possibility of these producers keeping a bigger part of the added value of their production. The organizations classified between 4 and 7 probably are the most important potential partners in the implementation of the SCRLs. Others may emerge in the course of the process.

277. The following table offers a summary of what is needed, in financial terms, to ensure the implementation of the proposed intervention. There are three categories of financing:

1. Investment credit.
2. Donations.
3. Operational credit.

Table 50: SUMMARY OF THE INVESTMENTS FOR THE SCRLS TO BE CREATED.

Resume of investments in USD.											
Exchange Rate											
				18.700	MZM/USD	8-03-05					
	SCRL	Crop		Total	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11
1	Nauela (1)	Maize & Beans	IN Credit	374.400		287.900	81.500	0	5.000	0	
			Donation	150.000		150.000	0	0	0		
			OP Credit	197.861		197.861					
2	Lioma (1)	Maize & Beans	IN Credit	374.400		287.900	81.500	0	5.000	0	
			Donation	150.000		150.000	0	0	0		
			OP Credit	197.861		197.861					
3	Mocuba (2)	Maize	IN Credit	920.000		920.000					
			Donation	700.000		700.000					
			OP Credit	328.877		235.294	93.583				
4	M Da Costa	Cashew	IN Credit	153.400	102.400	46.000	0	5.000			
			Donation	250.000	150.000	100.000					
			OP Credit	358.289	106.952	181.818	0	16.043	53.476		
5	Nante (1)	Rice	IN Credit	256.700	98.600	63.700	44.700	49.700			
			Donation	210.000	210.000						
			OP Credit	1.320.856	181.818	160.428	310.160	374.332	240.642	53.476	
6	Nicoadala (2)	Rice	IN Credit	256.700	98.600	63.700	44.700	49.700			
			Donation	210.000	210.000						
			OP Credit	1.320.856	181.818	160.428	310.160	374.332	240.642	53.476	
7	Mopeia (1)	Rice	IN Credit	256.700		98.600	63.700	44.700	49.700		
			Donation	210.000		210.000					
			OP Credit	1.320.856		181.818	160.428	310.160	374.332	240.642	53.476
8	Quelimane (2)	Rice	IN Credit	726.500		608.500	107.000	6.000	5.000		
			Donation	200.000		100.000	100.000				
			OP Credit	117.647		0	0	80.214	37.433		
9	Gorongosa (1)	Maize & Beans	IN Credit	374.400		287.900	81.500	0	5.000		
			Donation	150.000		150.000	0	0	0		
			OP Credit	197.861		197.861					
10	Gondola (1)	Maize & Beans	IN Credit	374.400		287.900	81.500	0	5.000		
			Donation	150.000		150.000	0	0	0		
			OP Credit	197.861		197.861					
11	S-Denga (1)	Maize & Beans	IN Credit	374.400			287.900	81.500	0	5.000	
			Donation	150.000			150.000	0	0	0	
			OP Credit	197.861			197.861				
12	Chimoio (2)	Maize	IN Credit	920.000		920.000					
			Donation	700.000		700.000					
			OP Credit	328.877		235.294	93.583				
	Total			14.677.561	1.340.188	8.228.624	2.289.775	1.391.680	1.021.224	352.594	53.476

278. NGOs operating in the sectors and districts where the present intervention is planned will be contacted, with a view to analyzing the possibilities of partnerships. During the field study of this study, similar initiatives have been identified, such as the Magariro initiative in Gondola and the work of SSROSA in the district of Barué.

279. In general, all NGOs working in agricultural extension have serious concerns about the functioning of the market, because extension makes no sense when the producer cannot properly

market his produce. The new societies may greatly benefit from these extension programs, although they themselves do not have the time or the means to implement them. However, there are opportunities for partnerships that may increase the viability of the new structures to be introduced. These must be explored.

5.6. Establishment of the co-operative societies

280. The establishment of each new society requires carrying out a great many specific activities, ranging from applying for land or a plot in the district town, to the recuperation or construction of infrastructure for storage and for handling and drying of produce.³¹ In other cases, it is necessary to buy and install transport and processing equipment, which calls for contracting of technical assistance and/or specialists, since acquiring and installing equipment is a specialized activity. Moreover, during the last phase of the society's establishment, it will be fundamental to negotiate with the State in order to ensure the use of existing infrastructure.

281. In summary, the physical establishment of the societies is an intensive, time-consuming practical activity, which calls for much perseverance. Therefore it will be necessary, throughout the period from preparation to entering into operations of each new society, to ensure that a well-defined entity, formally designated for the task, takes responsibility for managing the process. Experience shows that much persistence is needed in order to successfully realize the objective.

5.7. Institutional development of the co-operative societies

282. As soon as conditions exist for going ahead with the establishment of each society, various activities of an institutional nature have to be developed. After reaching a consensus on leadership, and after the propagation of the intervention among future members and the recruitment of the necessary minimum number of member-candidates, the process of legalizing the society can begin. This process consists of its own proper steps and specific stages. It should be noted that some provinces already have a Balcão Único (One-Stop-Shop), which can assist in this bureaucratic process.

283. One of the most important steps during the legalization is establishing the constitutive assembly, in which the 125 members or their representatives participate. The organization of the entire process to ensure the smooth realization of this event, including the elections for the executive and supervisory organs, marks a historic step in the lives of the communities involved.

5.8. Training of the members of the co-operative societies

284. All those who will be appointed to carry out management tasks in the SCRL will receive training. This goes especially for:

1. The members of the Assembly of Representatives (i.e. the representatives of the settlements);
2. The members elected for the Board of Directors;
3. The members elected for the Supervisory Council;
4. The manager and the executive staff of the SCRL.

³¹ There are cases where some access roads and bridges have to be recuperated in order to make transport of produce possible.

Simple presentations and discussions on the principles of the SCRL, involving small groups of members at the level of the settlements, may have a big impact on the functioning of the enterprise. It is crucial that all members are well informed about the society, its principles and the way it functions, and about their rights and obligations as members.

285. In the training of members and leaders of the SCRLs, it is important to analyze the difference between co-operative organizations and private traders, emphasizing the required development of civil society. The focus should be on taking advantage of these differences in order to benefit from the complementarity of the institutions in society, instead of polarizing and casting doubt on the traders' businesses. "Do not accuse them for being strong, before condemning your own weakness" (Shakespeare). One should also stress that the SCRLs belong to the private sector. Therefore one should emphasize the practical advantages of having a well-organized co-operative enterprise in the supply chain, which organizes and strengthens honest competition. The co-operative organization is an institutional tool for improving the functioning of the supply chain.

286. Training may include the following topics:

1. A brief history of the co-operative movement and its presence in developed markets (in the EU and the USA), and the developing countries (good examples of co-operative development in Africa during the last years of the colonial period);
2. The difference between the social-humanist co-operative model of the Aliança Internacional das Cooperativas (AIC) and the model based on market principles, including the three business principles of modern co-operatives. Reasons for not choosing the AIC model.
3. The difference between co-operative and private enterprises; the objective of the enterprise, its judicial position, legal property and destination of profits. NB: there is no doubt about the need of efficient operations!
4. Financing and capitalization system. "Zero-loss" policy. The modern principles of co-operative business explained and elaborated. Creation of credibility with capital providers. The importance of the possibility of fund raising through loans.
5. The system of governance, the various possibilities and examples of other co-operatives. Why we opt for this model. Transparency in governance, based on the principles of conceding and separating responsibilities. "No" to cases of mixed responsibilities. Explanation of the responsibilities of the co-operative's organs and the management.
6. The industrial organization of the co-operatives according to the principles of modern business administration. "No" to confusing the industrial organization and the governance structure. Explanation of the urgency of large scale operations, although the communication and governance system is a combination of small-scale networks and a big apex.
7. In terms of communication: transparency in the co-operative business and information for the members. There are to be no secrets in the co-operative. Confidence between people will be promoted and respected, and sensitive information may not be passed on to the competition. All other information will be available to the members. The organization of regular meetings with the members in the settlements and assemblies.
8. Not disclosing sensitive and confidential information is a basic principle for co-operatives. On this principle will be built:
 - Transparency: do the members understand the co-operative system?
 - Consistency: there are going to be no discussions in the field about the obligation to sell the production to the co-operative!
 - There are going to be no discussions about paying back credit!

➤ Social control.

5.9. Monitoring, financial auditing and evaluation

287. The work agenda of the APAC includes monitoring of the SCRLs. The implementation of the new strategy is in fact a learning process for all who are involved, and therefore permanent monitoring is desirable. In addition, internal and external audits will be organized, the latter to be conducted by national audit companies. Now and then evaluation by independent people/institutions will be organized.

5.10 Implementation timeframe

288. The table below offers a first proposal for an implementation timetable.

Table 51: TIMEFRAME OF IMPLEMENTATION ACTIVITIES 2005-2009.

				Year 2005				Year 2006				Year 2007				Year 2008				Year 2009			
				Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
5	1	0	Establishment of new organization to execute implementation plan.																				
5	1	1	Legalization of the Association																				
5	1	2	Formation of the team																				
5	1	3	Acquisition of work tools																				
5	1	4	Setting up of small office																				
5	1	5	Review of implementation plan																				
5	2	0	Propagation of strategy and work methods.	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
5	2	1	Organize meetings to consult with leadership at district and administrative post levels																				
5	2	2	Organize meetings to propagate plans with producers in settlements																				
5	3	0	Investigation.	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
5	3	1	Market study																				
5	3	2	Study on social changes																				
5	3	3	Viability study (PESP)																				
5	4	0	Lobby and advocacy in power structures and decision centres including the creation of alliances and partnerships.	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
5	4	1	National seminar on Law on Cooperatives																				
5	4	2	Meetings in Ministries																				
5	4	3	Meetings with Provincial Governments																				
5	1	4																					

				Year 2005				Year 2006				Year 2007				Year 2008				Year 2009			
				Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
5	5	0	Fund raising for the implementation.	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
5	5	1	Meetings with Embassies																				
5	5	2	Meetings with international NGOs																				
5	5	3																					
5	6	0	Establishment of cooperative societies.	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
5	6	1	one-tier SCRL for maize and beans in Nauela																				
5	6	2	one-tier SCRL for maize and beans in Lioma																				
5	6	3	two-tier SCRL for maize processing in Mocuba																				
5	#	4	SCRL for cashew in Maganja da Costa																				
5	7	5	one-tier SCRL for rice in Nante																				
5	7	6	one-tier SCRL for rice in Nicoadala																				
5	7	7	one-tier SCRL for rice in Mopeia																				
5	7	8	two-tier SCRL for rice processing in Quelimane																				
5	#	9	one-tier SCRL for maize and beans in Gorongosa																				
5	8	10	one-tier SCRL for maize and beans in Gondola																				
5	8	11	one-tier SCRL for maize and beans in Sussundenga																				
5	8	12	two-tier SCRL for maize processing in Chimoio/Grémio																				
5	7	0	Institutional development of the cooperative societies.	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
5	7	1	Foundation meetings																				
5	7	2	Constitutive Assembly																				
5	7	3																					
5	8	0	Training of the members of the cooperative societies.	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
5	8	1	Course for the members																				
5	8	2	Course for members of the Boards of Directors																				
5	8	3	Course for members of the Supervisory Boards																				
5	#	4	Course for managers																				
5	#	5	Course for investigators																				
5	9	6																					
5	9	0	Monitoring, financial auditing and evaluation.	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
5	9	1	Monitoring visits																				
5	9	2	Internal audits																				
5	#	3	External audits																				
5	#	4	Evaluation																				

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