



Outstanding Practice in
AGROECOLOGY 2019



FACTSHEET

Mozambique – Inclusive investment for agroecology (2012)

IN BRIEF

The project Inclusive investment for agroecology aims to facilitate access to financing for farmers wishing to affect a transition towards agroecology in Mozambique in a way that does not create indebtedness and dependency. Based on a combination of individual and collective investment, risk sharing and a process of consultation and negotiation, the practice facilitates a transition to boost agroecology, strengthens local institutions for self-determination, facilitates higher level of aggregation and diversifies production and markets. By June 2018, 180 smallholders have been trained in agroecology, 30 contractual agreements have been signed and fulfilled, and 120 ha of land was in transition to agroecology. The practice is currently being replicated in the Nam-pula region of Mozambique and provides a 12-step to implementation guide for global implementation.

ABOUT THE PRACTICE AT A GLANCE

Organisation: Alfredo Namitete Association,
with UNAC (Uniao Nacional de Camponeses, NGOs)

Implemented in: Marracuene District (Mozambique)

Year: 2012

Beneficiaries: Smallholder farmers and small entrepreneurs in local economies

Topic(s): Production, Distribution, Finance

PROBLEMS TARGETED / CONTEXT

The practice aims to deconstruct the myth surrounding the effectiveness of the industrial food system and the belief that the world is a globalized food chain. Indeed, three billion small producers feed around 70% of the world's population and also create and conserve most of the world's biodiversity and humanity's best defense against clima-

te change. But most of smallholder farmers lack financial access. To unlock this major bottleneck, the Alfredo Namitete Farmer Association and UNAC set up a financial tool, allowing small farmers to access to finance for a transition to agroecology.

After reviewing world's existing financial models of inclusive investment for smallholders and consultation of international bodies (FAO, IFOAM, IFAD), an alternative scheme for a transition to agroecology fulfilling smallholder's expectations was designed. A pilot research was then conducted during 6 months in Mozambique and was then fully implemented by the Alfredo Namitete Farmer Association and UNAC. The plan for the pilot was Euro 2 million on 750 hectares of land, multiple farmer associations to reach 4500 people, with Euro 1500 per hectare of land. The project, implemented in the Namitete Committee in 2016, evolved over time, driven by farmers. To test the model, EUR 30,000 were provided by Coventry University. Among this money, EUR 15,000 were dedicated to the revolving fund and 15,000 for the technical assistance (i.e. training).

KEY FEATURES OF THE SOLUTION

The practice's goal is to offer a financial instrument that fills the current gap between farmers and investors. While the purpose of this financial instrument is to ensure the financing of farmers through private capital (and a profitable return on investment), it must also contribute to the creation of a financial and local environment, benefiting the entire community.

Based on the T21 model, which analyses the implications of innovative agroecology, the practice's financial model has been built in contrast to unsustainable microcredit instruments. Indeed it reduces transaction costs, includes negotiated risk-sharing mechanisms, increases autonomy of peasants, avoids indebtedness, deals with production and marketing, is based on group lending and selling, is decentralized, and most importantly is dedicated to agroecology.

The financial model has 2 major modalities. First, individual loans are allocated. The total amount of the individual loans is decided by the farmers association after deliberation. They are due to be repaid by the individuals with an interest rate ranging from 1 to 10% after harvesting and selling the products. Secondly, collective investments are allocated and the loans are to be reimbursed after 4 years on the basis of 30% of collective sales (risk-sharing). Originally, it was foreseen that credits could be allocated by financial institutions. However, due to conflicts of interest (profitability of banks versus independence of farmers), they were excluded from the project. Thus, a fund of EUR 30,000 has been allocated by the Coventry University.

In 2016, a first agreement was signed by 30 members in Mozambique. The agreement ruled that 50% of the committee members and the beneficiaries should be women; that loans had to be dedicated to agroecology; that all members must participate in collective activity and meetings. Individual loans (a farmer owns approximately 0,5 hectare) were entitled to MZN 10,000 (i.e. EUR 210). Loans would cover seeds, planting material (potato tubers etc.), services (hours of tractor or bullocks to level the fields) and tools (hoes etc.), for a total of 300,000 MZN to be paid back in one year. Collective investments would be used to pay for a borehole and a water pump (plus a salary for a guard), for a

total of 363,000 MZN to be paid back in five years. Investments totaled MZN 663,000 (€9,501). The pilot conducted in 2015, demonstrated to be self-propelling. Indeed today, 40-60 farmers have signed contracts for loans. In addition, the terms of the loans were modified, according to the needs and wishes of farmers. Noting that the initial amount was too high, the farmers wanted to reduce the amount of individual loans to MZB 3,000 or EUR 33.

In addition to financial assistance, the practice also provides production and marketing advice. Indeed, UNAC creates marketing entities together with a committee of local leaders representing the local community. The committee works closely with experts (UNAC and international experts) and receives information of the market price, the demand and the niches for export solutions for agroecological products. Together, they negotiate levels of risk, prices, sales and inputs, as well as contracts. Moreover, marketing opportunities are provided for the farmers. Joint production planning, crop rotation and pooling farmers harvest allow them to sell their products at a fixed price and to plan storing and processing activities.

Furthermore, training sessions are organized by UNAC and Namitete Comitee for farmers. Through learning and practical training (12-13 days), the programme teaches its participants the importance of agroecology in food security and peasant's health.

The implementation of the practice is based on 12 steps, which can succeed if rights are recognized and access to market is provided. The 12 steps are: (1) local conversation; (2) mapping of resources and opportunities (reframing existing resources); (3) exploration of new practices (knowledge sharing and testing); (4) democratic consultation (creation of an inclusive, representative coalition); (5) re-patterning (redefining long-term objectives the local dynamics); (6) shared values (community building); (7) negotiation (legal tools to strengthen farmers organization and social movements); (8) creation of new links through (sharing resources, like energy saving devices, or artisanal products) to attract investments; (9) Agricultural Transition Platform (global forward-looking platform which brings together representatives of peasants, investors, policy makers, corporations, scientists, Civil Society and other relevant players); (10) permeabilities and synergies (information sharing about agroecology, permaculture, etc. outside the community and testing different practices); (11) emergence (formation of a coalescence); and (12) distribution of wealth (reinvest in communities that produce wealth).

INNOVATIVE ASPECTS

- Implements a sustainable financial tool specifically dedicated to agroecology, allowing for transition to agroecology
- Provides trainings on agroecology, but also on marketing and finance.

FACTS & FIGURES

- The pilot started with EUR 2 million and involved 750 hectares of land, multiple farmer associations, and reached 4,500 people. EUR 1,500 were invested in each hectare

of land.

- Regulation documents specifies that 50% of all Committee members and 50% of beneficiaries must be women.
- By June 2018, 180 smallholders trained in agroecology in the last 8 months, with 3 permanent trainers who are part of the Association.
- By June 2018, 30 contractual agreements of individual and collective agroecology investments signed and fulfilled within deadlines (12 months) with 2 agreed-upon modalities on loans.

OUTCOME, IMPACT & EFFECTIVENESS

- By June 2018, 120 ha of land in transition to agroecology, with self-propelling activities including a new collective garden with fruit trees and vegetables fenced, a water pump, cleaning of canals, field preparation and increase of collective fields with increased crop diversity. The development of a new Market Field Point managed by Alfredo Namitete.
- A Slow Food organisation working nearby has contacted the site to set up buying of their pesticide/chemical-free vegetables.
- The repayment of loans has been critical due to the harvest failure in the cropping seasons of 2016 (drought, erratic climate, water salinity, pest infestation).
- Most of them had only taken half or two-thirds of their entitlement and had not used all the seeds, a part of which they kept in reserve. Thus, only 136,000 MZN out of the total planned 300,000 MZN were used. In view of the exceptionally bad weather and other price and pest circumstances, the Committee decided to clear half of the debt and to request only half (72,000 MZN) of the capital and no interest rate.
- The most positive outcome of this first year has not been in terms of total production, yields, big sales and the like but rather in terms of reinforcing the decision-making bodies of the institution and the skills of its members.

OUTLOOK, TRANSFERABILITY, SCALABILITY & COST-EFFICIENCY

The costs of implementation are EUR 30,000, of which EUR 15,000 are for the revolving fund and 15,000 for the technical assistance. The pilot was financed by Coventry University Innovation Fund and by the More and Better Network, with funds from the Heidehof (Bosch family) Foundation.

The practice is currently being transferred to another region north of Mozambique, Nampula, to eight farmer cooperatives with AMPCM (organization coordinating the transfer of knowledge and implementation on the ground). The practice's, i.e UNAC's, goal is to scale up the practice to all Mozambique (18 million smallholders). Its 12 step programme is replicable all over the world.

To scale-up the practice, funding to launch the process with 12 initial steps is needed. Once set up, external advice is only periodically needed. Technology directly related to agroecology would be useful, such as water pumps and all irrigation devices adapted to local conditions, for cleaning of canals, small tools for planting and weeding, solar devices, technology for land levelling and soil preparation, fencing for collective garden, building of eco buildings for Field Market Points, storage facilities that can be adapted

to local needs. Technology for post-harvest would also be very useful (packaging, processing locally e.g. fruit juices etc.).

INTERVIEWEE FEEDBACK

Number of points: 20,5 out of 23

Summary: The interviewee provided a lot of information into the main problems that the practice seeks to tackle and the particularities of its implementation. The practice performed well in all principles, receiving high marks.

1 (Sustainable use of resources) – 5/6 – Natural resources are optimized: the soil is fertilized through composting, mulching, and through the use of animal dung; multiple types of trees are planted, assuring pest control at a landscape level, climate mitigation, and increasing biodiversity. The practice could be tested, but only thanks to external funding. In the long run it hope to be self-financing since it relies on inclusive investment and farmer autonomy. .

2 (Equity and eradication of poverty) - 4/4 – Small-scale producers and indigenous knowledge championed and empowered. Improves equity especially for women as it boosts the valuation of their knowledge. Youth also find a lot of space to grow, market and learn about seeds. Local solutions and traditional practices at the forefront. No reliance on external inputs.

3 (Precautionary approach to human health, natural resources and ecosystems) - 2 / 2 – End of chemical pesticides and fertilizers use is necessary to be able to obtain a loan.

4 (Public participation and access to information) - 3/3 – Trainings on agroecology and the reunions of the members of the Alfredo Namitete Association are open to the public, which creates a positive synergy and awareness among Namitete's 280 residents. The practice is very much based on farmer-to-farmer training and puts emphasis on existing, indigenous knowledge.

5 (Governance and human security) 2.5/3 – In addition to transparency, all farmers' decisions are taken collectively: they decide the amount of individual loans, develop annual action plans (strategical plan until 2022), and divide tasks. Furthermore, the farmers of the committee have written their own ethical chart, where they regulate their actions in case of corruption, bribery or unethical conduct. The interviewee mentioned that such cases happened 3 times (0.5), those responsible fired from the organization.

6 (Integration, interrelationship- human rights, social, economic and environmental objectives) - 2/3 – Promotes ecosystem restoration, the empowerment of women (position of power), and the creation of a more peaceful and hopeful environment through the creation of jobs and wealth. However, so far there are only few figures available. In addition, the practice improves the access of small producers to natural and genetic resources: a seed bank was created, water irrigation systems were built, and land-grab was avoided.

7 (Common but differentiated obligations) - 2/2 – The practice is adapted and doesn't place inappropriate burden on vulnerable groups.

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LINKS AND FURTHER READING

Inclusive Investment team (2014), Inclusive Investment Model for Peasants Farming. Pilot Project in Mozambique: http://m.utviklingsfondet.no/files/uf/documents/Inclusive_Investment_SYNOPSIS_web.pdf

Hilmi Angela (2018): Agroecology. Reweaving a New Landscape. Coventry University: Center for Agroecology, water and Resilience: http://www.fao.org/fileadmin/templates/library/pdf/Agroecology_ReweavingNewLandscape.pdf

Millennium Institute (2015), T21 Integrated Development Model: <http://ledsgp.org/wp-content/uploads/2015/10/T21Overview1.pdf>

More and Better (2016). Investments in small-scale sustainable agriculture: <https://bit.ly/2BcC4lz>

Agroecology - Reweaving a New Landscape: <http://www.springer.com/us/book/9783319684888#aboutBook>, <https://link.springer.com/book/10.1007/978-3-319-68489-5#toc>

The project is described in the report Investments in small-scale sustainable agriculture which can be downloaded in English and a French version from: <https://ag-transition.org/reports/>, and from <http://www.moreandbetter.org/en/news/mab-report-investments-in-small-scale-agriculture>

A short video about the project: <https://ag-transition.org/4551/marracuene-agroecology/>

Video where Angela Hilmi talks about the project which describes the conceptual approach of the pilot project for inclusive investment for Agroecology Here is the link: https://www.youtube.com/watch?time_continue=4&v=pnzAvhhd-r0

A Viable Food Future, part I and II. The reports can also be downloaded from <https://ag-transition.org/?reports=a-viable-food-future-part-i-and-ii>