



**DRAFTING OF THE TERMS OF REFERENCE
FOR THE FEASIBILITY STUDY OF SELECTED VALUE CHAIN PRODUCTS SUCH AS BEEF AND
HORTICULTURE IN THE ZAMBEZY CORRIDOR
“SUSTAIN- Desenvolvimento Sustentável, Inclusivo e Resiliente de Clube de Produtores –Tete”**

TERMS OF REFERENCE

Contractor: ADPP Mozambique

Programme: “Sustainability and Inclusion Strategy for Growth Corridors in Africa (“SUSTAIN”)

Location: Tete province, Districts of Magoé, Cahora Bassa and Marara.

Duration of assignment: 30 days

Expected Start Date of Service Delivery: At the signing of the contract

Background Information

ADPP is commissioning a consultancy for the elaboration of the **feasibility study of the selected value chain products** in the Zambezi corridor as part of the implementation of the SUSTAIN project in Mozambique.

“SUSTAIN Producers Club” is a three year programme (1 July 2016 to 31 March 2019) on “Sustainability and Inclusion Strategy for Growth Corridors in Africa (“SUSTAIN”) being implemented in the Province of Tete (districts of Magoé, Cahora Bassa and Marara) in partnership with IUCN (International Union for Conservation of Nature and Natural Resources).

Project Goals

The overall goal of the project is:

- to promote sustainable, inclusive and green growth economy in the Zambezi Valley corridor.
- to promote increased sustainability and resilience of productive systems which will have a positive impact on both the natural resource base as well as the livelihoods of the local communities.
- to demonstrate how nature-based and inclusive local development and business models, alongside public and social investment, incentivise sustainable land, water and ecosystem management.
- Ensure that rural communities participate equitably in the economic opportunities created in the corridor and businesses and market linkages to generate more value from the land, water and ecosystem resources which are the base for agricultural, forest and wetland production

Project Objectives

The specific project objectives are aligned with the 4 strategic objectives of SUSTAIN and can be formulated as follows:

- **SO1.** Improve water resource management and water security in the 3 target districts of the project, through joint action of communities and stakeholders, with benefits for livelihoods, production, health and ecosystems.
- **SO2.** Improve land resource management and enhance climate change resilience of target communities through the promotion of climate-smart agriculture and low-carbon development in the 3 target districts.

- **SO3.** Promote new investment and business partnerships for improved ecosystem management, carbon and watershed services, while creating economic opportunities for smallholders and stakeholders.
- **SO4.** Contribute to policy dialogue, policy-making, and sharing of learning and experience to promote green and inclusive growth in the Zambezi Valley corridor.

Object of the Consultancy

The consultancy being sought by the project is to develop the feasibility study of selected value chain products in the districts covered by the project namely Magoe, Cahora Bassa and Marara

The actual study is expected to focus on the mobilisation of Producers to engage in viable resilient and sustainable farm production value-chains and should consider the pre-assessment in the areas of agriculture and livestock annexed.

Services Required

The service required is to conduct the **feasibility study for the selected value chain products (Horticulture and Livestock (beef and goat)) in the project area.** Specific actions expected from the consultant include:

Horticulture

1. Describe the production systems of horticulture and its main challenges;
2. Identify the main challenges in the horticulture supply chain, from production, processing and market;
3. Identify and characterize the main stakeholders in the value chain, including describing their level of interest and influence;
4. Identify coordination mechanisms between institutions/organizations
5. Conduct a market analysis of selected value chains;
6. Identify and select the potential value chains for the Districts considered;
7. Give the reasons why selected value chains are potential
8. Identify training needs for farmers

Livestock (beef and goats)

1. Conduct the assessment of livestock value chain, describing:
 - a. The production systems of beef and goat (pasture, animal health, processing);
 - b. Identify the main challenges in the value chain, from production, processing and market;
 - c. Identify coordination mechanisms between institutions/organizations
2. Identify and characterize the main stakeholders in the value chain, including describing their level of interest and influence;
3. Conduct a market analysis of selected value chains;
4. Identify and select the potential value chains for the Districts considered;
5. Give the reasons why selected value chains are potential;
6. Identify training needs for cattle rears

Deliverables

The consultant is expected to deliver the following products:

1. The assessment of production systems of the two value chains;
2. Feasibility report on the recommended value chains including;
 - a. An overview of the value chains' structure
 - b. Products classification (Eg cattle breeds, types of horticulture, etc)
 - c. Health and sanitary conditions

- d. Conservation and/storage facilities
 - e. Processing infrastructures and other
 - f. Needed Inputs, including specific capacity building needs
 - g. Stakeholders involvement
 - h. Inclusive business practices and opportunities
 - i. Marketing strategies and actions
 - j. Market linkages (local, regional, national and International)
 - k. Detailed value chain gaps
 - l. Market and client feedback mechanisms
 - m. Indicative costs of the value chains (from production to market)
3. Strategies to improve the production systems and market access of the selected value chains
 4. Full report in Portuguese with an extended summary in English

Required competencies, skills & experience

The proposed consultants must have the following qualifications:

- Graduate degree in development studies, agronomy, agro-economy, livestock, environment and conservation and social science applied to sustainable development policy and practice
- Expertise and work experience in agriculture, livestock, environment and conservation
- Experience in conducting value chain analysis and in value chain development projects
- Experience in the context of Mozambique.
- Experience in the Tete Province and specifically in the livestock and horticulture values chains will be considered an added value.
- Fluency in English and in Portuguese

Expressions of interest

Those interested in the consultancy must submit:

- An application letter
- A technical proposal
- A financial proposal. Please note that all costs will be born from the consultants' budget.

The proposal should be submitted to the attention of both Mr José Chiburre, chiburrejose@gmail.com and Mr Sérgio Muchanga at sergio.muchanga@adpp-mozambique.org:

Deadline for the submissions is 27th October 2017 (COB).

PRE-ASSESSMENT OF THE HORTICULTURE, BEEF AND FISHER VALUE CHAINS IN THE ZAMBEZY CORRIDOR

1. INTRODUCTION

The organization Ajuda de Povo para Povo (ADPP), is implementing a 3 year program named “Sustainability and Inclusion Strategy for Growth Corridors in Africa, SUSTAIN”. In Mozambique, the program is being implemented in Zambezi corridor, Tete Province, in the Districts of Marara, Cahora Bassa and Magoe. As part of this program, there is a need to understand the value chains that are important and potential for these districts so that they can boost the business opportunities of the region, foster the development and contribute to food security and livelihoods of the rural communities.

The design of the ToRs for the current feasibility study was commissioned to an independent consultant who conducted a pre/assessment of the main value chain products in the province, and specifically in the Marara, Mágoe and Cahora Bassa Districts. The pre-assessment summarized below provides a brief overview of the current situation in the three districts and the constraints related to their production, processing and market and existing potential for improvement.

2. METHODOLOGY

To conduct the pre-assessment, the consultant relied on available literature and government strategy documents. Thus it was essentially a desk-top study, with no consultation with relevant stakeholders at local level.

3. RELEVANT INFORMATION ON THE RESEARCHED AREAS

The outcome of the search done by the consultant is presented below for the 2 major areas of interest, agriculture and livestock.

3.1. AGRICULTURE

A range of agricultural commodities is produced in the target landscapes with market potential, including cotton, maize, and various legumes as well as horticultural produce. To date, however, there has been little private investment. Although we can point to challenges of limited farmer organization etc, the real challenge has been the poor infrastructure most notably the roads. If larger-scale commercial buyers cannot reach an area they will instead buy from intermediary traders who enter rural areas with small trucks and buy at the ‘farm gate’. This places a downward pressure on prices for smallholder farmers. Improvements in road infrastructure, could make it more feasible for larger-scale buyers to be attracted into the area. Better roads can reduce transaction costs associated with agricultural activities and in doing so have the potential to reduce the costs of acquiring inputs, to increase output prices, and to allow entry into new and more profitable activities. This would create opportunities for Farmers’ Organizations to negotiate for financing (loans) in order to aggregate crops and enter into bulk sales arrangements with the buyers. Rural roads were not only providing connectivity to rural area but also affecting change in cropping pattern due to access to markets, increasing productivity by facilitating availability of inputs like seeds, fertilizer and pesticides, realization of better prices to the farmers for agriculture and allied products like milk, improving attendance in schools and above all opening new employment opportunities in non-farm and service sectors. This is a kind of investment that can be advocated for among stakeholders.

Limited access to electricity constitutes a constraint to agro-processing industry and the development of cold value-chains. Initially these activities can only be promoted in areas covered

by the national electricity grid. Secondly, alternative energy solutions, such as solar power, should be considered.

Cotton, beans and sesame are the main cash crops in the districts. The only private company present in this area is OLAM, which works with small farmers in promoting cotton production through an out-grower scheme. In Tete province OLAM works in the districts of Magoe, Cahora Bassa and Marara and owns a cotton processing factory in Guro district of Manica province. The main constraint is related to the international prices which have gone down, making it less attractive for local farmers to adopt cotton as a cash crop.

Meanwhile, sesame has low production cost and a better market value. It has been the experience of the Farmer Clubs program implemented by ADPP in Zambezia and Sofala that many smallholders managed to go into sesame production with considerable success.

The market demand for sesame in Mozambique is high with many companies buying for export to China, Japan and Turkey, among others. The price of sesame is competitive in comparison with other cash crops cultivated in the region. Most of the sesame exporters companies are also interested in beans, mainly Pigeon Pea. The viability of the development of these value chains in the target districts is something to be further assessed.

During the consultations with stakeholders (UNAC, DPASA, SDAE) it turned out clear that market-based value chain development of horticulture production should definitely be considered by the project, with the application of irrigation schemes. Other new possible products such as malambe (baobab fruit), cork paper and moringa three fruit can also be taken into account.

3.2. LIVESTOCK

In Tete Province 21.5% of households rear cattle and 48% rear goats. Density of livestock is important in Marara and Cahora Bassa districts. The local breed is very well adapted to dry conditions and could be more productive in improved conditions. The small ruminants (goats) rearing is predominant, extensive and unorganized. This system has poor productivity and a high level of mortality, reflecting the limited availability of veterinary services in the area. Most of the market is informal. However, small ruminant population is important representing a good source of protein intake among the community, and could provide better income for farmers (MASA, 2015).

According to Maciel, 2001, in Mozambique can be distinguished two main productive livestock sectors:

- Family sector/Small Scale farmer in which cattle is kept as a mean of social prestige, capital investment and with the purpose of animal traction, consumption of milk and family consumption. This sector also raises sheep and goats, which together with cattle, graze in communal pastures.
- Private sector, which provides meat to the market, is characterized by the presence of exotic animals mostly in different levels of crossbred with the local rears.

In 2012/2013 MICAIA, SNV and ILRI conducted Value Chain Analysis for livestock (cattle) in the Zambezi Valley. The study showed that Marara is an important District for beef cattle, with a well-established market set up in 2009 by ILRI. MozBife from MozFood Group provides a market for the local livestock farmers, buying and fattening purchased cattle for sale of meat products in Beira, Chimoio, Tete, Nampula and Pemba, (IUCN, 2015).

The existence of a market motivates the farmers to keep more animals in order to meet the market demand. The market is managed by an Innovation Platform (IP). The IP is made up of representatives of farmers and other stakeholders like local police, veterinary officer and Head of the Administrative Post. Other buyers in Marara include Mozagrius, Canelfeed, Carnes da Beira, as well as 15-20 smaller-scale buyers from Tete and other urban centres. Another Company supporting livestock value chain development is ICVL (previously Rio Tinto) which is a coal Company from Benga mine,

buying goats from local communities in Capimbi in order to feed their staff. Though there is no formal agreement between ICVL and the community, the business is a way to provide benefits to local people who were affected by the mining exploration.

The meat production is definitely an economic opportunity for smallholders in the target area. However, major challenges persist. The main cattle breed in Tete province is Tete breed (*Bovino de Tete*), a small animal with low carcass weight but resistant to the often hard conditions. The carcass weight for livestock slaughtered in Tete averages between 85 -110 kg depending on the season. The quality of the meat is invariably considered too poor for selling in formal markets, especially for high income clients like hotels, restaurants and high income individuals. While there is no grading of beef in Mozambique, when comparing with Zimbabwe, it was observed in the course of the study that the beef is mostly of “manufacturing” or at best economy grades. Manufacturing grade is considered not suitable for direct human consumption, only suitable for value added products like mincemeat, canned meat products and sausages.

According to the Provincial Livestock Services (SPP), livestock production should be the focus of development in the target districts given the fact that the conditions for conventional agriculture are not very favourable, with a semi-arid climate and cyclic drought. One of the priorities of the sector is to transform the family producers into commercial producers. The DPASA has been in touch with MIC in order to get the “Made in Mozambique” trademark for the goats produced in Tete.

SPP urged that strategies need to be developed to ensure there is adequate quantity and quality of water livestock. During the dry season the pasture areas are not sufficient and thus fodder production and supplementary feed should be promoted. SPP also pointed to the fact that despite the existence of livestock fairs in Marara, the market infrastructure is not adequate and it would be strongly recommended to put in place facilities for slaughter, processing and conservation of livestock products. SPP recommends the construction of improved dipping tanks and corrals, investment in fodder production, and genetic improvements of local breeds (by mixing them with meat and milk breeds). Wider coverage of veterinary services is also considered necessary. However, as far as animal health is concerned, ACEAGRARIOS have pointed out that producers are reluctant to spend their money on medicine kits because the government had in the past distributed the medication for free thus creating the habit of getting it for free.

In the Intensification Program for Livestock Production (PIPEC), the Mozambican Government is planning to intervene in the small ruminant sector in Tete province and Marara is one of the three districts targeted. The project should investigate possibility of introducing more sustainable, climate smart approaches which would enable the government to consider the inclusion of such recommendations in their own program.

The project will support the small-scale farmers to develop their livestock production in a sustainable manner taking into consideration that livestock can have a positive impact, in particular in dry areas.