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Investing in rural people in **Mozambique**

According to the National Institute of Statistics (INE),¹ the population of Mozambique is currently estimated at 32.5 million, with some 65 per cent living in rural areas and around 64 per cent active youth. In Mozambique, 64 per cent of the population live on less than US\$1.90/day and around 46 per cent live below the national poverty line. The highest proportion of severely poor people live in rural areas and predominantly in the northern provinces, where development is further constrained by terrorist insurgency.

The rural population are mainly dependent on small-scale agriculture for subsistence and income. In 2020, the agriculture sector constituted 25.6 per cent of GDP.² Smallholder farmers account for about 95 per cent of total agricultural production, but the potential of the country's 10 agroecological zones remains largely untapped. The contribution of small-scale fisheries is of great importance to household food security and income³ and accounts for more than 95 per cent of total fish production. Slight declines have been recorded in both nutrition and food security. In 2020, 40.4 per cent of the population were classified as food-insecure and 33 per cent undernourished,^{4,5} with more elevated levels in the northern provinces of the country.

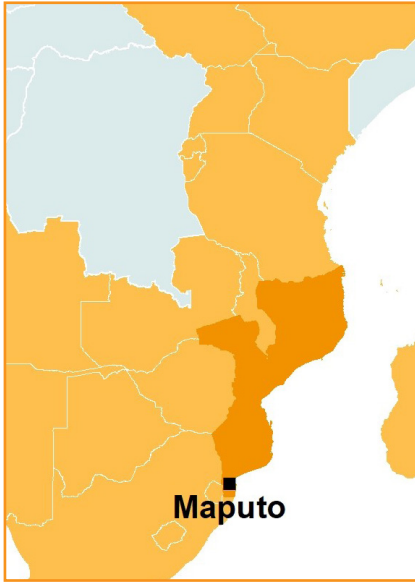
¹ INE Destaques – Instituto Nacional de Estatística (accessed 24 April 2023)

² World Bank (2020). <https://data.worldbank.org/indicator/NV.AGR.TOTL.ZS?locations=MZ>

³ Benkenstein, A. (2013). "Small-Scale Fisheries in Mozambique". Policy Briefing 72. SAIA, Governance of Africa's Resources Programme. <https://saiia.org.za/wp-content/uploads/2013/08/Policy-Briefing-72.pdf>

⁴ World Bank (2020) "Prevalence of severe food insecurity in the population (%) – Mozambique". <https://data.worldbank.org/indicator/SN.ITK.SVFI.ZS?locations=MZ>

⁵ Ibid.



According to the 2020 ND-Gain Country Index, Mozambique is ranked 135 out of 182 countries on the vulnerability scale (with 182 being the most vulnerable). It is also considered one of the countries least ready to respond, at 171 out of 192 countries.⁶ Cyclones, floods and droughts are becoming more frequent, with devastating impacts on the food security and livelihoods of rural poor people. The need to strengthen the resilience and adaptive capacity of rural communities has become a national priority.

Eradicating rural poverty in Mozambique

The Government of Mozambique's approach to eradicating rural poverty is outlined in the following strategies and plans: (i) National Development Strategy (END 2015-2035); (ii) Five-Year Government Programme (PQG 2020-2024); (iii) Strategic Plan for the Development of the Agricultural Sector (PEDSA); (iv) National Agricultural Investment Plan (PNISA); (v.) Artisanal Fisheries Development Plan (PESPA); (vi) National Plan of Aquaculture; (vii) Aquaculture Development Action Plan (PADA); (viii) Aquaculture Development Strategy (EDA); (ix) Financial Sector Development Strategy (FSDS); and (x) National Climate Change Adaptation Mitigation Strategy.

IFAD's strategy in Mozambique

IFAD's strategy in Mozambique is to contribute to rural transformation by strengthening nutrition and agriculture linkages and focusing more on value chains and food systems. This is to be achieved by improving the productivity and food security of rural households, and strengthening their resilience and capacity to adapt to environmental shocks and climate change.

IFAD interventions cover both the green economy (agriculture value chains development) and the blue economy (blue economy and aquaculture). They include rural investment projects financed by loans and grants, and non-lending activities such as analytical work, capacity-building, country-level policy engagement and South-South and Triangular Cooperation.

Despite their potential, development of green and blue economies is constrained by limited capacity to increase production; inadequate rural infrastructure (such as roads and storage facilities); limited access to inputs and markets; insufficient access to finances and basic social services; increasingly frequent climatic shocks; insurgency and conflict in the north; and limited participation of the commercial sector.

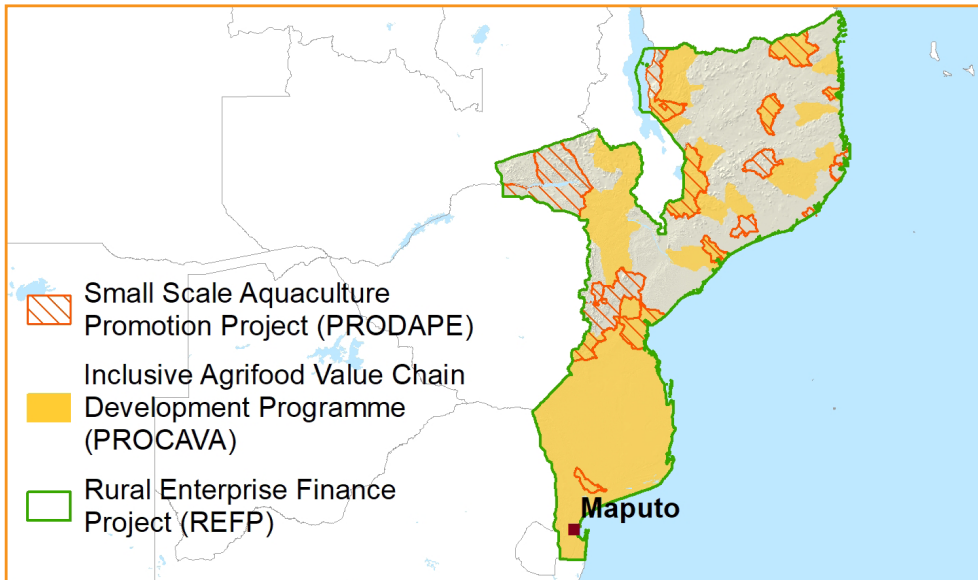
In Mozambique, IFAD focuses on three strategic objectives: (1) sustainable use of natural resources, increased biodiversity and ecosystem conservation, and diversified agricultural systems that are more resilient to the impact of environmental shocks and climate change; (2) strengthening of nutrition-sensitive value chains and improved access to financial services and private sector engagement; and (3) institutional strengthening of government structures at the national, regional and local levels through policy dialogue, sector coordination and reinforcement of national accountability systems.

Ongoing operations

Inclusive Agrifood Value Chain Development Programme (2020-2030)

PROCAVA is currently in its first phase (2020-2025). The US\$54.27 million programme seeks to contribute to poverty reduction, improved food and nutrition security, and more resilient livelihoods for inclusive rural transformation. It aims to increase net incomes from climate-resilient agrifood value chains for rural women, men and youth. PROCAVA will be implemented in 75 districts, selected from all 10 provinces of Mozambique, in two phases over the 10-year framework.

⁶ University of Notre Dame (2023). "ND-Gain Country Index". Accessed 4 May 2023: <https://gain.nd.edu/our-work/country-index/rankings/>



The programme will target the following value chains: (i) selected horticulture commodities under irrigation; (ii) red meat (cattle and goats); (iii) poultry (landim chicken); (iv) cassava; and (v) legumes. To enhance effectiveness, value chains will be prioritized in those provinces where they have a clear comparative advantage.

PROCAVA is financed with US\$42 million from IFAD, US\$20 million from the Green Climate Fund, and US\$4.9 million from the Government of Mozambique and programme participants; US\$765,000 (first allocation) and US\$934,000 (second allocation) from the Rural Poor Stimulus Facility (RPSF). Additional funds will be channelled through the Crisis Response Initiative, together with a further US\$20 million expected to be approved by the end of 2023.

Small-scale Aquaculture Development Project (2020-2026)

PRODAPE is a five-year investment within a long-term (15-year) partnership in aquaculture between IFAD and the Government of Mozambique. The goal is to contribute to poverty reduction and enhance food security and nutrition in rural households by increasing production, consumption and incomes.

PRODAPE will target 23 districts in seven provinces, starting with seven districts that have high aquaculture potential and expanding on the basis of demand and increased capacity to implement project activities. The target districts were selected in line with the following criteria agreed with IDEPA (National Institute of Artisanal Fisheries): (i) favourable environmental, climate and natural resource conditions for aquaculture; (ii) existence of water bodies capable of providing water in sufficient quantity and quality for aquaculture activities; (iii) existence of potential markets; (iv) high poverty levels, food and nutritional insecurity; and (v) existence of access roads.

IFAD is contributing US\$43.01 million, the Government of Mozambique US\$3.12 million and project beneficiaries US\$2.89 million. A further US\$1.2 million from the Norwegian agency for development cooperation (Norad) will be available to the project.

Rural Enterprise Finance Project (2018-2026)

The Rural Enterprise Finance Project (REFP) is a US\$72.54 million project focusing on poor and disadvantaged people to ensure that rural finance services reach underserved communities and financially excluded groups. It operates across 10 provinces and is expected to directly benefit more than 287,700 rural people engaged in agriculture, fisheries, and small and medium-sized enterprises by improving their access to national and regional markets.

REFP aims to increase the availability and use of appropriate, affordable and innovative financial and technical support services. It develops digital financial services for agricultural and rural finance products. Rural agricultural and non-agricultural entrepreneurs receive

training, and institutions working with the rural population receive support. The project also seeks to improve the creditworthiness of very poor rural people by improving their financial literacy and capacity.

IFAD is contributing US\$62.15 million, the Government of Mozambique US\$4.29 million, project beneficiaries US\$1.1 million and the private sector US\$5 million.

Operations in the pipeline

Artisanal Fisheries Resilient Development Project (2024-2031)

A fourth project, the Artisanal Fisheries Resilient Development Project (PROPEIXE), is expected to be approved by December 2023. It will be implemented over a seven-year period (2024-2031). PROPEIXE will cover fishing communities along the coastline in seven provinces of Mozambique, targeting around 30,000 poor households that are on the fringes of the market economy and highly vulnerable due to the impact of climate change. The project goal is to improve the resilience, incomes, livelihood, food security and nutrition of rural poor households involved in artisanal fisheries. The total cost of PROPEIXE is estimated at US\$60 million. Of this, IFAD will provide US\$29.3 million (49 per cent); the Government of Mozambique US\$4 million (7 per cent); the private sector US\$4.5 million (8 per cent); beneficiaries US\$2.2 million (4 per cent). The financing gap currently stands at US\$20 million (33 per cent).



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IFAD is an international financial institution and a United Nations specialized agency. Based in Rome – the United Nations food and agriculture hub – IFAD invests in rural people, empowering them to reduce poverty, increase food security, improve nutrition and strengthen resilience. Since 1978, we have provided more than US\$24 billion in grants and low-interest loans to fund projects in developing countries.

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