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Research Results from the Agricultural Market Information System (SIMA)- Dept. of Statistics and the Policy Analysis Department, MADER-Directorate of Economics

MAIN LESSONS OF THE AGRICULTURAL MARKET OUTLOOK AND FOOD SECURITY CONFERENCE IN MOZAMBIQUE FOR THE COMMERCIAL YEAR 2004/2005 ¹

Anabela Mabota, Pedro Arlindo, António Paulo and Cynthia Donovan

1 Introduction

“I need 3,000 tones of high quality maize every month at gates of my mill” Director of one of the large scale mills in Maputo, 9 of June 2004

This was one of the most concrete and precise declarations made at the Agricultural Market Outlook Seminar, held in Maputo in June of 2004.

The statement of this private sector miller is exactly the type of information that motivated the "Outlook Seminar for Agricultural Marketing and Food Security in Mozambique for the 2004/2005 Marketing Year", and highlights the concern that, with the arrival of the harvest of agricultural products from April, May and June of every year, it is common for producers, traders, and processors to search for key information on market opportunities to buy and sell products. The statement above also indicates that there is a challenge to organize this type of seminar/conference each year, to have more producers present to exchange information with traders such that producers that have peanuts, maize, beans, sesame and other products to sell can contact traders who wish to buy.



2 Motivation

During an evaluation of the user needs assessment of Agricultural Market Information System (SIMA) in 2000, many traders had expressed their willingness to provide more information to SIMA. The various types of information mentioned by traders included information on: (i) products available for sale or for purchase, (ii) quantities available for purchase, and (iii) who has the product and where to buy the product (SIMA Team, 2001). Other participants, such as Non-Governmental Organizations (NGOs) that work with groups of producers, had placed the emphasis on the need for information on new products and market opportunities for regional or international exports, as well as information relative to quality, quantities, person of contact, and other conditions of delivery.

One of the new initiatives that came out after the user needs' study of SIMA was the development of the Provincial Agricultural Marketing Information System (SIMAP) in Nampula. For the last three years, the SIMAP technical staff have been invited to participate in meetings organized by CLUSA and OLIPA, in the presence of producers associations, traders and other NGOs that directly or indirectly participate in marketing. These meetings occur twice annually: (i) once in the beginning of the marketing season, in which producers want to know the market opportunities for their products and the range of prices that they can expect to receive and (ii) the other meeting in the beginning of the agricultural season, before planting, when producers need orientation on commodities to produce and the respective quantities. This second meeting is more of a planning meeting for the season.

¹The opinions expressed in this document are the responsibility of the authors and do not reflect the official positions of the Ministry of Agriculture and Rural Development (MADER).

3 Organization of the Seminar

In Mozambique, there are several institutions that gather data related to agricultural marketing and food security. These data are used to produce information which can help different agents operating in the markets. They disseminate their information through different bulletins from each institution. For example, the Department of the Early Warning System for Food Security (DAPSA) of the National Directorate of Agriculture (DINA) at Ministry of Agriculture and Rural Development (MADER) disseminates its information on early warning for agriculture through its monthly bulletin.

The Ministry of Industry and Commerce (MIC) through the National Directorate of Commerce (DNC) produces its monthly bulletin with information for traders (INFOCOM). The Agricultural Market Information System (SIMA) of the Directorate of Economics (DE) of MADER disseminates information on supplies, prices, flows and costs of transport for agricultural and non-agricultural commodities through its weekly bulletin "Quente-Quente". The "Integrated Information System for Decision-Making in Mozambique," works with the "Famine Early Warning System (FEWS-NET)," to publish its information through a monthly bulletin. Among these institutions, the DNC/MIC, the SIMA/MADER and the FEWS-NET were the co-organizers of the seminar.

4 Content of the Seminar

The general objective of this seminar was to bring together the agents that participate in the process of agricultural development, including the government and collaborators from public and private sectors, such that all can participate actively in the improvement of opportunities for family sector producers, especially in the rural areas, to stimulate rises in rural incomes of smallholder farm sector.

4.1 Specific Objectives of the Seminar

The specific objectives of the seminar were the following:

1. To allow the exchange of information on the outlook for agricultural markets in the country, by MADER, MIC, FEWS-NET and other partners including the Program of Support to Agricultural Markets (PAMA), the World Food Program (PMA) and the Technical Secretariat for Food Security and Nutrition (SETSAN).

2. To create an appropriate environment that helps to promote and increase interventions among different operators in the process of agricultural development and poverty reduction through relevant marketing information

4.2 The Structure of the Seminar

The Seminar was organized in four topics as indicated below.

Agricultural Market Outlook Seminar 2004/2005

TOPIC 1: Agricultural Production, Food Balance Sheet and Market Outlook.

TOPIC 2: Domestic and Regional Outlook for Maize.

TOPIC 3: Initiatives to Promote Agricultural Markets

TOPIC 4: Vulnerability and Outlook for food aid.

In Topic 1, presentations were completed on the agricultural production outlook for the 2003/04 agricultural season, the food balance- sheet for the commercial year 2004/05, and the situation of agricultural markets in the rural areas during the months of April through June of 2004

Topic 2 treated subjects related to: (i) domestic prices of maize and its relation with the international markets, (ii) domestic and regional outlook of surplus and deficits of maize, and (iii) a new initiative on informal cross border trade.

Topic 3 presented aspects related to SIMA activities, the promotion of the transforming industry through Ministerial Diploma 99/03, and the activities developed by PAMA and opportunities.

Finally, Topic 4 developed aspects related with the preliminary results of the study carried by the Vulnerability Assessment Committee (VAC) and outlook on food aid for 2004/05.

4.3 Main Findings

The main findings from the meeting are the following:

- Rain had been scarce especially in the beginning of the raining season, but later some improvement was observed which resulted in an increase of the production of cereals in the country;
- The food balance for most crops was positive, although pockets of hunger in some parts of the country are anticipated;
- Related to the dynamics of the markets, major movements of traders were observed in the main markets for bulking up of commodities in the central and northern region of the country, and already some exports to the neighboring countries had started, especially to Malawi;
- To mitigate the hunger situation that is expected to affect some parts of the country, humanitarian aid agencies are already making local purchases of food commodities;
- Information on regional harvests (in Malawi, and other markets) and the outlook for informal sector trade in the production areas were compared with the information of the food balance sheet;
- Information on donors' actions regarding food aid was not concrete, due to the lack of knowledge about the producers. There is need for synchronization between the determination of food aid needs and strategies, and the national production cycle.

5 Lessons for the Future

"We would like to thank the initiative of the organizers; we listened and learnt many new things, especially how to do commercialization in theory, but now we want practice. Where I am going to buy maize this year?"
Formal trader, 9 June 2004.

Being the first experience in Mozambique, this event can be classified as a success. The conversations, during lunch and in the hallways were valuable because it was possible to establish communication between the public and private sector representatives. The

opportunities for this type of interchange are generally still rare.

However, we have the impression that we did not attain all of the objectives. We must recognize that the institutions involved in the organization are public sector organizations, which influences the choice of discussion topics. The fact that the private sector was not represented in the organization was an important factor, and useful subjects from their point of view were not thoroughly addressed in the presentations made. There was also a lack of key information for the private sector.

An evaluation based on the questions presented by the private sector suggests that, among the information that the private sector would like to have, the following are distinguished: place to purchase, quality and quantities of product, when it will be available, how to arrive at the purchase place, the price and the terms of delivery of the product. In this respect, the experience of Nampula is relevant, where the producers demanded more information on regional markets, since the neighboring countries are major markets for the producers in that region of the country.

From this meeting, important lessons were learned which will help in the elaboration of terms of reference for future meetings. The five most important are as follows:

LESSON 1: On Preparation and Organization

In next fora, there must be involvement of the private sector (producers, entrepreneurs, ONGs, etc.) to determine the topics to be presented, content of the seminar, as well as in the presentations. The private sector will need to be active and not just be listeners.

LESSON 2: On the Multi-Sectorial Nature of the Meetings

The collaborative organization of the seminar among MIC, MADER and FEWS-NET was a positive experience, where the importance of inter-institutional linkage was clearly recognized in four aspects: (i) the seminar was more effective because of the joint efforts and synergies between institutions; (ii) there was reduction of costs, with a single seminar; (iii) there were benefits in information management and knowledge because of complementarities; and (iv) the seminar promoted systematic links between these institutions.

LESSON 3: On the Place and the Moment

For the seminar to have the success desired for all, the presence of both producers (seller) and marketing agents (buyers) was essential. During this first seminar, some of the questions raised were not answered, because producers were not well represented, which leads us to think about the following questions: How can we guarantee the presence of producers? Which place and moment are appropriate for the seminar on market outlook?

This type of event must take place where buyer and sellers are present, i.e., in the production zones. The Nampula experience shows that at least two annual meetings would be necessary each year, to help producers and to facilitate the work of market operators. The first one can take place before the planting season, and the other one later, in the beginning of the marketing season. Due to their nature, these meetings must be more operational, and must have involvement of producers and traders, as well as involving government officers.

In the context of PROAGRI II, national or provincial meetings should be promoted to discuss these types of questions, but such meetings must be carried out at an opportune moment to allow private sector agents to make decisions. The challenge is to have timely information, including local food aid needs and local food purchases, forecasts of the harvest, traders and producers' outlook, as well as information on regional policies.

LESSON 4: On Content Discussed

Basically, Topics 1 and 2 were well received, but the other two were not presented in as concrete and practical way as was needed. There lacked a focus on questions such as where the trader and the purchaser can find each other, when a trader wants to buy products and he does not know where to find them, and the producer has to search for a market to sell his/her products, without knowing where to do so. In the future, there should be a focus on specific topics, to allow a discussion in detail, and not only a presentation of more general problems and complaints.

One of the possibilities would be to conduct a survey of

the associations, traders, processors and ONGs about the products that they have to sell or purchase, indicating how to contact each agent, and the approximate dates of purchase/sales.

LESSON 5: On the Diffusion of Market Information

Radio is one of the most important means of diffusion for rural producers. Therefore, it is necessary to find ways that are simple and rapid to ensure that the most important results are made available through the radio. For information on policies, regional and international opportunities, and other more general aspects of markets, the television may be the best way to reach a majority of listeners, through interviews or presentations which can be available promptly.

6 Next Steps and Recommendations

For the success of this type of event, the following steps should be put into practice:

- Institutionalization of the initiative between the partners;
- Early preparation of the agenda, with themes and the dates for the "Seminar on Market Outlook";
- Involvement of the private sector and associations of producers in the preparation of the seminar;
- Inclusion of the expenditures for the seminar into the annual activities of each involved institution;
- Availability of funds to do timely research prior to the seminar, as well as for carrying out the seminar itself, especially in the production areas.

References:

SIMA Team. 2001. Evaluation of the User's Needs Assessment of the SIMA. Maputo: MADER.

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Contact: SIMA/MADER, tel. (01) 46 01 31; FAX (01) 46 01 45 / 46 02 96
e-mail: sima@map.gov.mz Website: www.aec.msu.edu/agecon/fs2/mozambique