

*Annual Report*



United Nations Development Programme

And

Ministry of Science and Technology

Increasing Agricultural Productivity via Private Sector Investment in  
Mozambique Millennium Villages (MMV) and Millennium Village  
(MV) Chibuto

**Annual Report**  
January – December 2010

Prepared For  
Mitsui & Co. Ltd

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## **I. Executive Summary**

This programme aims to use local community capacity and potential with the aid of targeted technologies to pilot the use of a solar powered irrigation system to increase agricultural productivity in Chibuto Millennium Village, located in Gaza Province, Mozambique. There are currently five Millennium Villages in Mozambique, funded in a large part by UNDP, Government of Japan, and the Government of Portugal.

There has been growing interest in the use of solar powered systems for development. In August 2008, Chibuto Millennium Village was chosen to pilot the potential of a solar panel powered irrigation system in partnership with Mitsui & Co. Ltd, one of the largest Japanese trading companies, and in 2009, a Feasibility Study was conducted. After the completion and signing of a project document between UNDP and the Government of Mozambique in May 2010, a cost sharing agreement between Mitsui & Co. Ltd. and UNDP was signed in September 2010 to mark the beginning of project implementation. Construction of the solar powered irrigation system is expected to begin in early 2011.

## **II. Situational Background**

UNDP has been a key link in channeling private sector interest in corporate social responsibility initiatives. The initiation of this project was inspired by Mitsui & Co. Ltd's agreement with the Business Call to Action initiative (BCtA) organized by the British government and UNDP in May 2008 to accelerate the achievement of the Millennium Development Goals (MDGs), and the Tokyo International Conference on African Development (TICAD IV), held by the Japanese government in May 2008 for the same purpose. Through this project in Chibuto MV, this partnership endeavors to be a part of reducing poverty and achieving economic independence for the village through sustainable agricultural development.

The initiative and partnership is a unique and ground-breaking social contribution program that involves a private-sector partnership with a UN organization in Sub-Saharan Africa with a major Japanese company – this is a first for Mitsui, and has not been conducted by many other Japanese companies. It has resulted in concrete initiatives forming public-private partnerships, in which complementary areas of both parties' expertise can be applied.

Planning and promoting these kinds of initiatives based on companies' state-of-the-art technologies is what the BCtA aims to achieve, and will be an important component in developing further BCtA initiatives based on the successful implementation and progress made in this pilot program in Chibuto.

Notable achievements of the project in 2010 include the completion and signing of the Project Document with the Implementing Partner (MCT) in May 2010. This was followed by the completion and signing of the Cost Sharing Agreement and in kind contribution agreement with Mitsui & Co. Ltd. in September 2010. A kick off meeting featuring a press conference with Mitsui & Co. Ltd. and MCT to formally announce project initiation was conducted in October 2010. In addition, the technical design (civil works) of the solar panel powered irrigation system reached near completion by end of 2010.

## **III. Evaluation of Progress during the Reporting Period**

This project is split in 3 main phases. Most of the preconstruction phase was completed in 2009 to 2010. The first phase (construction) will take place in 2011, with the second phase of capacity building planned to take place in late 2011 into 2012. The section below will outline milestones and progress during 2010.

#### **Output A: Programme design approved for Private Sector involvement in Millennium Village**

**Programme.** This output prepares the ground for a UNDP–MV– private sector contractual arrangement based on MV principles and UNDP implementation approach. Under this output, progress for 2010 is as follows:

- An approved Prodoc to structure the project for implementation with conceptual designs was finalized and signed with MCT in May 2010. The Feasibility Study that set the foundation of the project was completed and approved in 2009.
- Detailed technical designs for the solar panel powered irrigation system civil works component reached near completion in late 2010, for finalization and approval in early 2011.
- The CSA/In-kind agreement between Mitsui/UNDP was completed and signed in September 2010, with the first remittance of \$771,193 transferred to UNDP account in September 2010.

#### **Output B: Project management and systems in place for project implementation.**

The engineering team consisting of a civil, solar, and irrigation engineer was re-hired in 2010 to finalize the technical designs. The previous Project Manager resigned in April 2010, and the process to re-hire this person reached near completion by end of 2010.

<b>Overall progress achieved against identified targets and indicators for Output A and B</b>	
<b>Target</b>	<b>Progress</b>
Approved Prodoc with conceptual designs finalised	Fully
Detailed designs drafted and approved	Partial (90%)
Signed CSA/In-kind between Mitsui/UNDP	Fully
Signed Prodoc between UNDP/MCT	Fully
Finances transferred to UNDP account	Fully for 1 <sup>st</sup> remittance of \$771,193
All ToRs drafted and appointees employed	Partial (75%)

#### **IV. Gender Mainstreaming**

For 2010, most of the activity focused in finalizing the Prodoc, Cost-Sharing/In-kind Agreements, and finalizing the technical design of the civil works. The development of the agricultural plan under this project is set to take place in 2011, consisting also of a market assessment in partnership with the Growing Sustainable Business programme to ensure that the crops chosen to be grown for increased agricultural productivity are based on market demand to ensure a sustainable increase in incomes. When conducting the evaluation, data collected will be disaggregated by gender to measure impact – and depending on the type of crop grown, it is likely that the growing and selling of the selected vegetables will involve more women than men. This reality will inform the design of the capacity building interventions. During all of these evaluation and designs, a gender specialist will be sought to assess each stage in ensuring that the interventions are gender sensitive and appropriate, and that the intervention proposed will be beneficial particularly for women.

#### **V. Risk Management**

Flooding due to heavy rainfall in Mozambique is a potential risk for the implementation of the project. Though construction is scheduled to take place before the rainy season, delays in schedule could run the risk of construction falling within the heavy rainy season and cause further delays. All efforts are being conducted to accelerate procurement and procedures to start construction well before the rainy season. The technical design of the civil works itself has taken this risk factor well into account (i.e. height of panels, etc).

The solar panels are also a prime target for theft. Precautions in terms of technical design to mitigate this risk have been conducted, and currently the most practical design for a guard house to be built below is under discussion. There will also be a fence put in place – however, the greatest deterrent for theft will be the level of commitment by the community itself, and in understanding the value that the entire system will have on improving their livelihoods. In this sense, fostering ownership through participatory consultation in each step of the project with the community (building parts of the irrigation canal, selecting types of crops and markets within the framework of the market assessment, operations and maintenance of the system, promotion of business skills) will be essential for the long-term and committed protection of the irrigation system by the community.

## **VI. Partnerships**

This project is a joint partnership with the Millennium Villages program and Growing Sustainable Business program within UNDP. As noted earlier, a partnership agreement between the Ministry of Science and Technology was signed in May 2010 (Prodoc) and with Mitsui & Co. Ltd (CSA/In-kind) in September 2010. No new partnerships were formalized in 2010.

## **VII. Challenges, Responses and Lessons Learned**

One of the main challenges over the course of 2010 was longer than anticipated process in finalizing the cost sharing and in kind agreements. Considering that a partnership of this nature is relatively new territory for UNDP and Mitsui, there are valuable lessons to learn in informing what to expect, what were the issues that caused delays, and what are the adjustments that need to be made so that this type of process can be accelerated for future partnerships.

Another major challenge, and one that will remain as a challenge, is the difference in procedures and timeliness of procedures between the two parties. UNDP has its own layers of procedures, approvals, and processes before a milestone can be reached. In this project, many obstacles have been overcome, though some capacity constraints still exist. Much have been countered with great efforts on all levels, and helped a great deal with patience from the donor. One recommendation is to outline/chronicle what happened in each process – what obstacles were faced, and how they were overcome – as well as what were the requirements in terms of process and procedures for each major step – and compile all major documentation that can be used as samples to inform any future partnerships and projects of a similar nature. When so much of the partnership depends on timeliness and accuracy of information, these must be chronicled systematically to guide and inform any partnerships in future which involve the private sector.

## **VIII. Conclusions and Ways Forward**

This initiative has garnered significant interest both from the private sector and the Government of Mozambique. It will also serve as an important pilot initiative to indicate vital lessons learned in finding even more effective ways that UNDP can encourage the private sector to get involved not only in corporate social responsibility initiatives, but also in finding ways that the private sector can engage and include the poor and vulnerable groups in their core businesses, both on the supply and demand side – on the supply side as employees, producers, and business owners at various points along value chains, and on the demand side as clients and customers for affordable products and services.

For the public sector, the project results can yield important results in seeing how private sector can stimulate economic growth in the rural areas using innovative and sustainable technologies. For UNDP, it can take the experience from this project in further promoting partnerships that will yield innovations

and cost effective ways to provide basic services or income generating activities that are crucial for its work in poverty reduction and meeting the MDGs.

In terms of the solar powered irrigation system, it will be the aim of UNDP to use the lessons learned to find further effective ways of involving the private sector, particularly in encouraging investments in the type of renewable energies which can not only save on costs and environmental impact, but can also contribute to creating jobs in the rural agricultural sector.

The promotion of renewable technologies in the rural areas of Mozambique, particularly in the context of increasing agricultural productivity and food security will increasingly become a priority issue. Targeting coordinated support using the strengths of all projects within UNDP supporting the growth and effectiveness of economic activities within a logical framework of a value chain or chain of economic activities in the rural areas could enhance coherence and impact. Within this type of framework, there will be great potential and need for the development and design of innovative and cost effective renewable energies to raise agricultural productivity in several value chains that have potential for high impact in terms of income generation and poverty reduction.

For the coming year, the project priorities will be:

- The launch and conclusion of the construction phase before the rainy season;
- Training of community members for basic maintenance and management of the system; and
- Social mobilization and agricultural extension work to mobilize the small farmers to engage in production work and equip them with the necessary knowledge, abilities, and appropriate farming techniques to maximize the benefits of the irrigation system to scale up their production and productivity.

**Annex:**

Financial Report

