Chapter 4:
The Inclusive Development Approach among Farmers, Private Partners and Government through the Promotion of Responsible Investment for Agricultural Development

Koji Makino

1. Investment in Agriculture by the Private Sector

1.1 The role of the private sector in agriculture

For robust development, the agricultural sector needs to have well functioning value chain systems consisting of input (seed, fertilizer, machinery, etc.) → production → processing and shipment → transportation and storage → sales and distribution. Such value chain development has been behind the development of agriculture in Asia and other areas, where the widespread use of improved seeds and fertilizers was subsequently accompanied by the development of value chains stretching from production to distribution, resulting in productivity improvement and production expansion. Such systems, however, are seriously underdeveloped in Africa.

For example, the use of improved seeds and fertilizers as input goods is not widespread among many of the small scale farmers in Africa because they are either too expensive or simply unavailable locally and also fertilizer responding seeds have not yet been well developed except for rice and wheat. Low productivity persists due at least partly to lagging mechanization, although the dependence on family labor does contribute to employment. The post-harvest processing of agricultural produce also poses a problem. A significant amount of crops is lost or wasted, for example, in rice production, due to farmers' poor grain threshing and drying techniques as well to the poor techniques of rice millers, who in many cases are equipped with inadequate milling machines.

Another problem is distribution. Some farmers are placed in a weak position as sellers of their own products. Though they do have a desire

to market their products at the highest possible price, without adequate storage facilities, they have difficulty to adjust the timing of the sales, nor do they have marketing channels to rely on other than a small number of brokers or intermediaries that come to them to buy up their produce. It is observed in fields, thus, they sometimes end up selling the products to brokers at less than optimal prices.

In developing such value chains, the private sector could play a critical role in Africa, as in many other areas. While the government could facilitate the process by providing incentives through subsidies and by developing financial systems, it is primarily the role of the private sector to supply improved seeds and fertilizers, and to provide post-harvest processing and distribution services. One cannot overemphasize the importance of the roles of the private sector in the reduction of poverty by means of productivity improvement and livelihood betterment of farmers, including small scale farmers.

1.2 Investments in agriculture

The promotion of private sector activities in agriculture requires investment, and for that, investment both by the private sector as well as by farmers needs to be encouraged. Investment in agriculture could have a high socio-economic spillover effect, as growth in agriculture is said to have a poverty reduction effect twice that of other sectors (World Bank 2008).

The government will continue to play an important role in fulfilling functions that the private sector or the market cannot fully provide. These include, for example, development of improved seeds and dissemination of agricultural technologies, development of infrastructure, and the development of an enabling environment for investment, as well as the promotion of land reform. When a 'green revolution' was achieved in Asia, the governments in Asia allocated more than 20 % of government spending to agriculture (UNDP2012). In Africa, however, the allocation to agriculture is only 5.6 % (average between 2005 and 2009) and it is only about half of the targeted 10 % of the CAADP (Comprehensive Africa Agriculture Development Programme). In this context the need for efforts to promote private investment is apparent, along with more efforts to increase government spending on African agriculture.

Despite its importance, however, agricultural investment must be promoted with caution. Particularly those investments in the productive sectors such as crop production, fuel crop production or forestry development often require the acquisition of extensive farmlands, and such acquisition of land can lead to conflicts over land and water resources between private companies and local inhabitants. In extreme cases, situations (often dubbed as 'land grabbing') arise where small farmers are removed from the lands they traditionally owned. There are many reports of such cases: in one case, an area of land stretching over tens of thousands of hectares was leased to a private company for growing plants and planting trees for biofuels without local people's prior knowledge, who, according to the plan, were to be obliged to relocate. In other reported cases, land lease contracts have become effective with an authorization by the government, but the land has been left unused for a long period of time without actual development.

This is indeed a difficult issue, but the author is of the view that it is not an all or nothing type of question on which there are only two alternatives, i.e., whether private investment in agriculture in Africa is to be promoted or not. Rather, what is important is to promote appropriate investment and restrain inappropriate investments in line with the Voluntary Guidelines on the Responsible Governance of Tenure of Land, Fisheries and Forests in the Context of National Food Security and the Principles of Responsible Agricultural Investment (PRAI) both of which are touched on later. This middle ground approach must be pursued because, as mentioned earlier, the private sector plays the primary role in providing input goods and post-harvest processing as well as distribution.

Interviews conducted recently with government officials of African countries generally indicate that they believe they must promote those investments that will benefit local communities and agricultural growth, while excluding inappropriate ones. They also say that for this purpose, they are prepared to make efforts for the establishment and registration of ownership of farmers' lands and for the improvement in land management capacity. If that is the African governments' policy, donors should actively help governments in pursuing their efforts to improve their capacity for agricultural investment administration, land management, and agricultural investment programs formulation, as well as for system and/or regulatory reforms.

In promoting private sector participation in agriculture, one interesting business model is what is called the "Inclusive business model" (FAO 2012). It has been drawing attention in the agricultural production sector, where private companies become engaged in production by actively involving small farmers, while providing them with various services and inputs; these are meant to improve the productivity and livelihood of the contracted small farmers, while increasing production and corporate profits. One example is the case of a company that operates a chicken farm where the company makes a contract with farmers and provides them with well-bred chicks, gauges (cages for rearing) and feed, in addition to providing training on breeding technology. Another example is a case where beer factories (companies) commission groups of farmers to produce raw materials such as barley and corn and at the same time provide them with various services and supports: input goods such as seeds and fertilizers, extension services by their staff, and the installation of small-scale warehouses. These cases illustrate that this kind of partnership between private firms and farmers can not only help farmers to improve productivity and obtain benefits (surplus) even when the input cost is deducted from the sales, but also help the company to increase production and profits. In the future, this and other kinds of business models that involve farmers' participation in an inclusive manner will be worth supporting.

1.3 Formulation of international rules on investments in agriculture

(1) Voluntary Guidelines on the Responsible Governance of Land, Fisheries and Forests

Countries with weak land governance tend to be targeted for global land investment, and in such countries the rights to land and livelihood of local residents are likely to be threatened. The need for the establishment of an international guideline for supporting governance of natural resources of each country, including lands, has been voiced and the Committee on World Food Security (CFS), a standing committee of the FAO, has led the formulation of Voluntary Guidelines on the Responsible Governance of Tenure of Land, Fisheries and Forests in the Context of National Food Security (hereinafter guidelines).

These guidelines are positioned as a practical and comprehensive guide for the governance of land and other natural resources, to be used by governments, communities and the private sector for complementing similar existing international or regional initiatives and policies of each

government. The work to develop the guidelines started in 2009, and they were officially approved in May 2012. The contents of these guidelines are as follows:

Contents of Voluntary Guidelines on the Responsible Governance of Tenure of Land, Fisheries and Forests in the Context of National Food Security

Part 1: Preliminary
1. Objectives
2. Nature and scope
Part 2: General Matters
3. Guiding principles of responsible tenure governance
4. Rights and responsibilities related to tenure
5. Policy, legal and organizational frameworks related to tenure
6. Delivery of services
Part 3: Legal Recognition and Allocation of Tenure Rights and Duties
7. Safeguards
8. Public land, fisheries and forests
9. Indigenous peoples and other communities with customary tenure systems
10. Informal tenure
Part 4: Transfers and Other Changes to Tenure Rights and Duties
11. Markets
12. Investments
13. Land consolidation and other readjustment approaches
14. Restitution
15. Redistributive reforms
16. Expropriation and compensation
Part 5: Administration of Tenure
17. Records of tenure rights
18. Valuation
19. Taxation
20. Regulated spatial planning
21. Resolution of disputes over tenure rights
22. Transboundary matters
Part 6: Responses to Climate Change and Emergencies
23. Climate change
24. Natural disasters
25. Conflicts in respect to tenure of land, fisheries and forests
Part 7: Promotion, Implementation, Monitoring and Evaluation

(2) Principles of Responsible Agricultural Investment (PRAI)

At the G8 L'Aquila Summit in July 2009, Japan proposed the establishment of a platform for discussing the development of a guideline to promote transparent and responsible international investment in agriculture that does not involve land confiscation. In order to develop a joint proposal on principles and best practices for international agricultural investment, the summit declaration contained the commitment by the G8 countries to address the issue with each partner country and world organization.

Based on the senior officials meeting (roundtable) on the promotion of responsible international investment in agriculture, which was organized as a side event to the United Nations General Assembly by Japan and co-sponsored by the World Bank, FAO, IFAD and UNCTAD in September 2009, the World Bank, FAO, IFAD and UNCTAD jointly announced the draft of "Principles of Responsible Agricultural Investment (PRAI)" (refer to the box in Chapter 2 for the draft contents of Principles) in February 2010. Currently, discussions are under way to approve the draft in the Committee on World Food Security (CFS). At the same time, a pilot project to substantiate the draft is being implemented through Japan's funding to the World Bank.

1.4 The inclusive development approach among farmers, private partners and government through the promotion of responsible investment for agricultural development

1.4.1 Direction of the Approach

JICA considers it important to help promote responsible investments and restrain inappropriate investments in line with the Voluntary Guidelines on the Responsible Governance of Tenure of Land, Fisheries and Forests in the Context of National Food Security and the Principles of Responsible Agricultural Investment (PRAI). The following are concrete measures that JICA is prepared to promote, which can be taken as a single intervention or in combination.

(1) Support for the formulation of agricultural development programs and institutional reforms aiming at benefiting both farmers and private companies and which protect the interests of small farmers

Support for the formulation of agricultural development programs targeted at specific areas. Such programs will, as a matter of course, be based on the analysis of both the natural environment and the economic potential of the area, but at the same time will aim at nurturing core

farmers, increasing employment of small scale farmers and introducing appropriate sustainable technologies. Typically such programs will include recommendations of crops to be cultivated in the area and agronomical technologies to be introduced, the details of which will be planned through dialogue with farmers' organizations and NGOs. JICA will also provide support at the policy level for the improvement of the land tenure system and of the administration's capacity to manage investment and land. JICA will also support governments with such policy measures as deregulation of investment and protection of intellectual property.

(2) Support for the development of technology infrastructure in target areas

Technical support including the introduction of appropriate seeds and the development and diffusion of cultivation and soil conservation technologies based on the careful analysis of the natural environment, social and economic situation and administrative systems of target areas. This will allow farmers and companies to enhance productivity and reduce risks in technology adoption and investment. These supports should also be designed to help improve the administrative capacity of the public sector and regulatory systems to enhance the environment for productivity improvement.

(3) Support for the promotion of investments by agriculture related companies (such as suppliers of seeds, fertilizers, agricultural machinery, and distributors, etc.) for the development of value chains.

Support for potential investors - both local and foreign companies - in obtaining information regarding the agricultural potential and agriculture related investment opportunities in the country through workshops and other means. When an investment plan prepared by any interested company is judged as having potential benefit such as for poverty reduction of farmers, it will be supported with research and project cost subsidies. Further, if judged useful, support will be provided for value-chain-related research on specific agricultural products and/or agriculture related industries, the findings of which will be published for reference by a wide range of potential investors.

(4) Development of infrastructure for transportation and distribution

Support for the development of transportation and distribution networks to smoothly and efficiently distribute agricultural products from producers to consumers or between markets. These include, for transportation: trunk roads, rural roads, ports, etc., and for distribution: facilities of wholesale and retail markets, storage and refrigeration and product delivery/collection facilities. This support could also include the development of a system of agriculture-related information - such as market information – accessible to farmers. Support in the operation and maintenance of these infrastructures may also be included.

(5) Demonstration and application of inclusive models that will benefit both farmers and companies

Support for the demonstration and application of "win-win" business models that will contribute both to an increase in farmers' income and in private firms' corporate income. This support can take a variety of forms, in which farmers can collaborate with companies either on their own or as a group. Specifically, support for this purpose could include the provision of input goods such as improved seed varieties and fertilizers as well as technical support and diffusion services using pilot farms. With these, the support aims at the improvement of farmers' productivity and an increase in corporate production. This support can be accompanied by assistance of the government in developing regulatory frameworks on the incentive (or penalty) system, and contract formats for promoting the inclusive business model.

1.4.2 Points to Consider in the Implementation of the Approach

Below is a summary of various points to be considered in the implementation of the above approach, including those mentioned earlier.

- For livelihood improvement in and poverty reduction among farmers in Africa, and particularly small scale farmers, the role of the private sector and private investment is indispensable. The problem, however, is that there are actually cases of inappropriate investments, to which reality we must not turn a blind eye. Thus, the course of action for Africa is to promote responsible investment and restrain inappropriate investment in conformity with principles such as the PRAI.

- It is essential to have a dialogue with the local people and the civil society in the target areas who know their areas and their own needs, and to reflect their needs in the project design and its implementation. The government, for its part, has an important role to play with respect to research and development, system reforms, and development of infrastructure. With these in mind, the farmers, residents of the area, and civil society and the government must sit together for a balanced discussion.
- Infrastructure development is essential for the development of value chains. Its physical development must be accompanied by the institutional and management capacity development needed to support it, which tends to lag behind. Thus, efforts to synchronize these components are important.
- Investment in agriculture in developing countries tends to fluctuate: it has increased rapidly, pushed by a sharp rise in food prices; dropped temporarily following the Lehman shock in 2008, and now it is coming back. In view of this volatility, some measures for its stabilization should be considered, such as through public finance systems for mid- and long-term investment stability.
- While it is important to invite investments of international private companies, what is more important is to foster the local private sector, including small and medium sized companies.
- As a prerequisite for effective program implementation, it is essential to develop human resources both in the public and private sectors, which are in short supply in Africa.
- Agricultural development, especially that which is supported by the inclusive development approach, can help to reduce poverty and improve the health of mothers and children; and hence contribute to the gender issues. It is important and useful to incorporate such points of view and components in order to address such needs.

2. The Triangular Cooperation Program for Tropical Savannah Agricultural Development among Japan, Brazil and Mozambique (ProSAVANA-JBM)

This section discusses the ProSAVANA-JBM program in Mozambique as a concrete example of the inclusive development approach among

farmers, private partners and government through the promotion of responsible investment for agricultural development.

2.1 Background of the program

The Nacala Corridor situated in the northern part of Mozambique originates from the port of Nacala on the Indian Ocean coast and traverses from east to west leading to Kuanba and Mandimba in the province of Niassa via Nampula, the capital of the province with the same name. The corridor is connected with inland Malawi and Zambia. In recent years, the corridor has been positioned as one of the region's most important development corridors by the Government of Mozambique, the Southern African Development Community (SADC) and the New Partnership for Africa's Development (NEPAD) of the African Union.

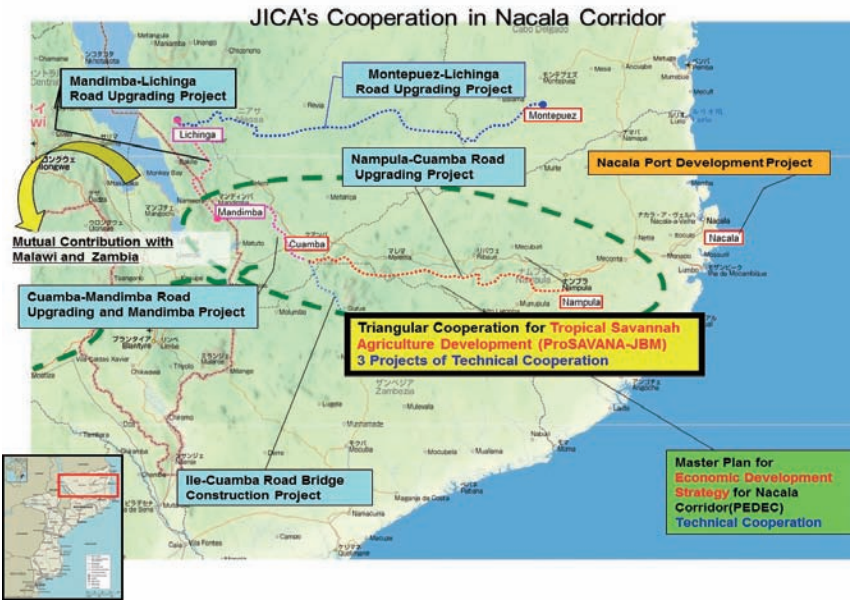
The tropical savanna zone that spreads through this corridor receives a certain amount of rainfall and has extensive arable land for agriculture. Its potential for increasing agricultural production, therefore, is very high. Approximately 720,000 farming families (2.56 million people), who account for about one quarter of all the farmers in the country, are distributed throughout the area. The average land area per household in the tropical savanna zone, however, is 1.0 hectare, which is below the national average of 1.3 hectares, and the poverty rate is higher than other areas. The number of small farmers who own less than 1.0 hectare of land accounts for about 60 percent of all the farmers in the area and those who own less than 2.0 hectares of land account for about 90 %.

Many farmers engage in traditional farming methods, which result in poor productivity both for subsistence and commercial crop production. Even for medium to large scale farmers, their agricultural technologies are not advanced and productivity is not high. Naturally, the question arises as to why the area, which is said to have such high potential, cannot sufficiently realize this potential. As a matter of fact, there are numerous and diverse problems in agriculture in the area, which are also common to other areas in the country and other countries in Africa. The summary of these problems is as follows:

1 There is no comprehensive agricultural program covering the whole of the Nacala Corridor and there is no strategic coordination among individual development programs, which

results in inefficiency.

2 There is a lack of modern farming technology.
3 Land area per household is too small and farming largely depends on rainwater.
4 Markets and distribution systems (infrastructure and systems) are underdeveloped.
5 Access to input goods such as fertilizers, improved seeds, agricultural machinery, etc., is difficult.
6 Agricultural diversity and the agricultural processing industry are underdeveloped.
7 Farmers are poorly organized or not organized.
8 Finance and insurance systems are underdeveloped, resulting in a lack of access to funds for farmers, which further increases their vulnerability.
9 There are land related issues. Only 20 to 30 % of land is registered. Customary law and modern law are not integrated. The administrative capacity for land management is low.
10 Systems of agricultural extension services are underdeveloped.



In an area where such a variety of problems need to be urgently addressed, it is essential that a comprehensive and strategic agricultural development program is planned and promoted. It is also an urgent matter to develop adequate agricultural technologies and spread them among the farmers, promote adequate private investment for the enhancement of agriculture related industries, and to improve agricultural productivity and increase production through the development of value chains. Against such a backdrop, the triangular cooperation program ProSAVANA-JBM has been agreed on and is being implemented.

2.2 Partnership between Japan and Brazil

The Government of Japan and the Government of Brazil started triangular cooperation in 1985 and concluded the Japan Brazil Partnership Program (JBPP) in 2000 in order to launch a new initiative for promoting a new form of triangular cooperation. A series of technical cooperation projects (triangular cooperation projects) between Japan and Brazil and involving a final beneficiary country in Africa was started in 2007, covering such global issues as food security, infectious disease control, and countermeasures against climate change.

Japan, through JICA, supported agricultural development in the

Cerrado (region) of Brazil for over 20 years from the late 1970s and contributed to the transformation of the area once called a "barren land" into one of the world's leading agricultural areas. The basic cooperation framework for ProSAVANA-JBM, targeted at the Nacala Corridor, was agreed upon by JICA, the Brazilian Agency for International Cooperation (ABC) and the Ministry of Agriculture of Mozambique in September 2009, taking advantage of the experience and knowledge regarding agricultural development in tropical savanna acquired in the development of the Cerrado of Brazil.

There are some similarities in terms of agronomy between the savannah zone of Mozambique and the Cerrado of Brazil. For this reason, some individual technologies and know-how acquired in the Cerrado, such as tropical varieties of major temperate grains and cultivation systems, are considered applicable in Mozambique. As another possibility, the technology developed to improve acidic soils in Brazil could also be effective for the improvement of the salt (crop nutrients) leached soils in some parts of Nacala. Other helpful experiences acquired in the Cerrado include: the process of technological innovations at the initial stages of development; organizational reforms; development of value chains; and environmental conservation measures.

Notwithstanding all these, it is impossible to simple-mindedly apply the agricultural development model of the Cerrado as it was developed in Brazil to the Mozambican savannah zone; there are many differences in the natural environment, such as water, geography, soils, and vegetation, and the social, economic and administrative systems. The project does not in any way attempt such mechanical transfer of technology or experiences.

Rather, under these circumstances, what is attempted is to build a new development model for the Nacala Corridor of Mozambique utilizing the know-how and technologies of Brazilian people and organizations that have experienced many trials and errors in the development of the Cerrado, and Japan's many years of experience gained in supporting the process. In the process, the project will certainly take advantage of a number of individual technologies developed in the Cerrado, exemplified above.

In fact the project has abundant resources of technologies and

experiences at its disposal: EMBRAPA (Brazilian Agricultural Research Corporation), one of the world's leading agricultural research institutes; JIRCAS (Japan International Research Center for Agricultural Sciences), which has supported the Cerrado process over many years; FGV (Getulio Vargas Foundation), a world-renowned think tank; MDA (the Ministry of Agricultural Development) and EMATER (the Institute of Technical Assistance and rural Extension of Brazil) with ample experience in program coordination for the promotion of family farming and farmer participatory systems; the SENAR (National Service of Rural Learning) with abundant resources in vocational training modules and teaching methods in farming villages; and JICA with the accumulated experience and know-how of support to Africa over many years, that can also mobilize technologies and the international expertise of Japanese development consultants.

2.3 Objectives and characteristics of the program

The objectives of the ProSAVANA-JBM are to contribute to the poverty reduction of farmers, improve food security, and enhance economic development. This consists of promoting agricultural development by improving productivity and developing value chains through the promotion of adequate private investment in the Nacala Corridor, which is making poor development progress despite its high potential for development and increased agricultural production. The target area is situated from 13 degrees to 17 degrees latitude south in the northern part of Mozambique. At present, 19 districts in the three provinces of Nampula, Niassa and Zambezia in the Nacala Corridor are considered as target areas for development.

For successful agricultural development in the area, well-functioning value chains must be in place, including supplies of input goods, post-harvest processing, and distribution both on the upstream and downstream of production, which, in itself, must be upgraded through the improvement of farmers' technology and farming methods. For this purpose, JICA will support the introduction of crop varieties suitable to the Nacala Corridor, as well as the development and diffusion of cultivation and soil conservation technologies. At the same time, it will support the Government of Mozambique in developing a comprehensive master plan for agricultural development focused on the development of a value chain including adequate investment planning and land use as well as system reforms targeted at the whole of the

Nacala Corridor. It is the aim of the master plan to propose system reforms to promote responsible investment and restrain inappropriate investment.

The "Nacala Corridor Development Program" is the key Japanese aid program in Mozambique. In combination with support for building an agricultural development model through ProSAVANA-JBM, Japan provides technological and financial support that will contribute to the development of infrastructure such as trunk roads for distribution and ports for export and import. At the same time, with a view to achieving inclusive growth, the development of educational infrastructure and health infrastructure, as well as improvement in water access will be supported. In other words, the "Nacala Corridor Development Program" and ProSAVANA-JBM are characterized by (1) triangular cooperation between Japan, Brazil and Mozambique based on accumulated past experience, (2) comprehensive support for the whole of the value chain including not only production but also distribution, (3) cross sectoral support including agriculture and infrastructure, and (4) a synergistic WIN-WIN effect among farmers and companies. These characteristics correspond to all the issues included in the inclusive development approach among farmers, private partners and government through the promotion of responsible investment for agricultural development referred to in Section 1.4. In addition, the programs will be able to deal with many of the agriculture problems in the Nacala Corridor mentioned in Section 2.1.

As mentioned earlier, this program presupposes the participation of private investment in the future and, bearing this in mind, many activities have already been carried out such as international seminars and public and private joint missions comprising members from Japan, Brazil and Mozambique. With these activities, the program expects to work out more specific and realistic development programs beyond a simple blueprint plan.

2.4 Description of the projects

In its first stage, ProSAVANA-JBM aims to consolidate the technologies and administrative capacity bases for the whole program. This stage will comprise three main technological cooperation projects: Improving Research and Technology Transfer Capacity for Nacala Corridor Agriculture Development, Support for Agricultural Development

Master Plan for the Nacala Corridor, and Establishment of a Development Model at the Community Level through Nacala Corridor Agricultural Development.

In its second stage, the program's aim shifts to the implementation of the technologies, development models and/or projects that have been developed, demonstrated and/or proposed in the first stage in cooperation with the private sector. Financial assistance is also envisaged at this stage. This second stage will be initiated even before the completion of the first stage. Activities for the development of infrastructure, such as the construction of trunk roads, will be carried out throughout the two stages. As a matter of fact, the term "stage" simply indicates the gradual shifts of focus of activities, and individual work will be performed flexibly. The ProSAVANA-JBM program will be put into practice with full coordination among the government, farmers, private sector, NGOs and other parties involved in the development, as well as international development organizations.

A summary of individual projects is outlined below:

- **First stage**

  [Improving Research and Technology Transfer Capacity for Nacala Corridor Agriculture Development] – Period of cooperation: 2011-2016 (5 years)

  This project aims to build a technical foundation. It aims at strengthening research systems at the agricultural experiment station for the northeast in the province of Nampula, and that of the northwest in the province of Niassa. It is also aimed at transferring to the pilot farmers around the stations adequate soil improvement as well as cultivation technologies that will have been developed based on prior investigations and evaluation of the natural resources and social and economic situation of the Corridor.

  [Support for Agricultural Development Master Plan for Nacala Corridor] – Period of cooperation: 2012-2013 (1.5 years)

  This is a project aimed at formulating a master plan for agricultural development that will contribute to social and economic development in the Nacala Corridor area with a view to promoting a sustainable agricultural production system (value chain) and reducing the poverty of small scale farmers. In a context where a number of foreign and domestic companies have already expressed

interest in investing in agriculture in the area, the project allows the planning of an adequate development project based on the Principles of Responsible Agricultural Investment (PRAI) and takes the initiative in institutional reforms for land use and social environment consideration, which will eventually restrain inappropriate investment. It is the aim of the project to urge the private sector, government and donors to swiftly invest in projects with high social and economic effects.

[Establishment of a Development Model at the Community Level through Nacala Corridor Agricultural Development] – Period of cooperation: 2013 – 2018 (6 years)

This is a project aimed at establishing an inclusive agricultural development model according to the various scales of farming. It also aims at helping such farmers and farmers' organizations that have adopted the inclusive model to actually increase production through the intensification of the agricultural extension service. It is the aim of the project not only to help the government improve the currently inadequate agricultural extension service, but also to foster core farmers, and to demonstrate and disseminate business models with high social benefits led by companies and farmers' groups.

- **Second stage**

  The second stage is basically the application and expansion stage of the developed technologies, verified development models, or proposed development programs in cooperation with farmers' groups, the private sector (promotion of investment) and the government, with enhanced capacity to manage and support the programs. JICA will provide support for the scaling up of funds and support for capacity building for project coordination.

- Common projects between the first stage and second stage (development of infrastructure)
  - Support Project for the Formulation of an Economic Development Strategy for the Nacala Corridor
  - Nampula-Cuamba Road Upgrading Project
  - Montepuez-Lichinga Road Upgrading Project
  - Cuamba-Lichinga Road Upgrading Project
  - Ile-Cuamba Road Bridge Construction Project
  - Urgent Rehabilitation Project of Nacala Port

- Nacala Port Development Project
- Construction of Secondary Schools in the Nampula Monapo Primary Teachers Training School Project
- Construction of the Nacala Health Science Institute

2.5 Points to consider

As mentioned earlier, though there are many similarities in terms of agronomy between the savannah zone of Mozambique and the Cerrado of Brazil, there are a lot of differences in the natural environments and social, economic and administrative systems. This makes it impossible to simply transfer the agricultural development model of the Cerrado as it was developed in Brazil to the Nacala Corridor area. What needs to be achieved is to provide support for the building up of a new agricultural development model that will meet the needs of Nacala under the ownership of the government and the farmers and for this, the capacity and individual technologies acquired in the development of the Cerrado can be taken advantage of. In implementing the program, it is very important to maintain sufficient dialogue with local farmers who know best about their land and at the same time are the biggest beneficiaries of ProSAVANA-JBM, in order to reflect their views and opinions in the project implementation.

Another point of caution is that support for agricultural development programs like the one in the Nacala Corridor must be placed in the perspective of national policy, for there are institutional and policy matters that affect individual projects. A simple example is that land tenancy of up to 1,000 hectares is granted by the provincial governor, but if the area is larger than that up to 10,000 hectares, the grant must be made by the Minister of Agriculture, and beyond that, the grant must be made by the Council of Ministers. Thus, the central government must be appropriately involved.

The New Alliance for Food Security and Nutrition, which was agreed upon at the G8 meeting in the US in May 2012, is a framework whereby agricultural development in Africa is enhanced through the promotion of private investment in compliance with the principles of responsible agricultural investment and voluntary guidelines, and Mozambique is one of the six target countries. The cooperation framework created for the execution of this New Alliance (agreement) includes land policy, institutional reforms on investment, and considerations for small

farmers. Acting as a co-chair with the US, Japan has supported the formulation of this cooperation framework; JICA is prepared to be continuously involved in supporting such reforms at the central government level.

3. Conclusion

This chapter has argued for the usefulness of the inclusive development approach among farmers, private partners and government through the promotion of responsible investment for agricultural development, based on the discussion in Section 1, which stressed the importance of the private sector and its investment in agriculture. Section 2 discussed the ProSAVANA-JBM program in Mozambique as a concrete case of this approach including a detailed explanation, meaning and points to consider.

In recent years, JICA has been accumulating a wide range of experience in similar cases such as in the Philippines where stakeholders, including distributors, formed a banana industry cluster around a core groups of farmers; a case in Pakistan where a project aimed to improve the productivity of small livestock farmers and include them in a value chain; cases in Nigeria and Uganda where projects aimed to improve the post-harvest processing of rice millers; and a case in Burkina Faso where a project aimed to formulate a market oriented agricultural master plan. As mentioned in section 1.4, the inclusive development approach can encompass a wide range of variations, and they could be applied to different needs flexibly, either as a single intervention measure or used in combination, and drawing on actual experiences accumulated in many countries. .

Recently in the international arena, research and discussions related to the problems and effectiveness of investment in agricultural development, and in particular, related to inclusive models (often called win-win business models), are becoming active, and a number of practical projects have come to be conducted. To contribute to such intellectual exercises, Japan has provided funding to the World Bank and is supporting empirical studies on the usefulness of the principles of responsible agricultural investment. JICA must learn from the findings of this and other research and cases for its own support projects in the

future. JICA must also contribute to policy development and system reforms by actively participating in international initiatives such as the New Alliance for Food Security and Nutrition and Grow Africa while learning from the knowledge and experience of its international partners.

The discussions so far have been focused on the field of agriculture. If we look at international cooperation in a broader perspective, the relative presence of ODA (Official Development Assistance) has declined over the years as a result of a rapid expansion of overseas direct investment and flows of private funds such as from the Bill & Melinda Gates Foundation, or aid other than ODA provided by emerging countries such as China and Brazil (Kharas, Makino and Jung 2011). So, what is the role to be played by ODA? The answer may be that it could play the role of a catalyst, going beyond simple aid, towards bringing together diverse players and developing countries and actively urging the players to get involved in these countries in an appropriate manner.

Consistent with this orientation, there have been operational and organizational changes within JICA to promote collaboration with the private sector; for example, JICA now has the Private Sector Partnership and Finance Department, which provides support for research expenses for overseas investment and investment promotion. JICA is also deepening cooperation with emerging countries such as China, Brazil and Indonesia. Given these movements, perhaps the business model and project we have been discussing- the inclusive development approach and the ProSAVANA-JBM project – must be understood in that larger perspective.

Finally, I would like to reiterate the critical role of the private sector in agricultural development as an engine for economic growth and reducing poverty, through the improvement of productivity and betterment of the farmers' (and especially small farmers') livelihood. For it to happen, I have argued that private investment in agriculture must be promoted. True, private investment in the agricultural sector can take a variety of forms, and some of them can cause negative impacts on local residents and farmers. Under such circumstances, the appropriate and realistic course of action for African governments must be to promote responsible investments and restrain inappropriate investments in line with the Voluntary Guidelines on the Responsible Governance of Tenure

of Land, Fisheries and Forests in the Context of National Food Security and the Principles of Responsible Agricultural Investment (PRAI). They could employ a variety of policies to achieve an improvement in investment quality; for example, they could adopt measures such as the provision of incentives such as tax cuts and credits. Putting into practice these steps is an urgent matter for African countries, and their international partners, including bilateral donors like Japan, and international organizations, should provide adequate support. The challenge is enormous, and while fully recognizing the difficulty of the tasks at hand, we, Africa's partners, must listen carefully to the voices of African governments and local farmers, and proceed with our support activities in an open manner.

References

Anseeuw, W., L. Alden Wily, L. Cotula, and M. Taylor (International Land Coalition). 2012. *Land rights and the rush for land: Findings of the Global Commercial Pressures on Land Research Project.* Rome: International Land Commission.

Cotula, L., Vermeulen, S., Leonard, R., and Keeley, J. 2009. *Land grab or development opportunity? Agricultural investment and international land deals in Africa.* Rome: FAO; London: IIED; Rome: IFAD.

FAO. 2012. *Trends and impacts of foreign investment in developing country agriculture: Evidence from case studies.* Rome: FAO.

FAO, and WFP. 2012. *The state of food insecurity in the world 2012.* Rome: FAO.

Government of Mozambique. 2010. *Strategic plan for agricultural development 2010–2019 (PEDSA 2010–2019)*. Maputo: Ministry of Agriculture, Government of Mozambique.

Humphrey, J. 2003. *Commodities, diversification and poverty reduction*. Rome: FAO.

Jaffee S., P. Siegel, and C. Andrews. 2008. Rapid agricultural supply chain risk assessment. Draft framework and guidelines, Commodity Risk Management Group, Agriculture and Rural Development Department, World Bank, June 13.

JICA, and MAPA. 2002. *Japan-Brazil agricultural development cooperation programs in the Cerrado region of Brazil: Joint evaluation study, general report*. Tokyo: JICA; Brasília: MAPA.

JICA. 2010. *Preparatory study on triangular cooperation programme for agricultural development of the African tropical savannah among Japan, Brazil and Mozambique (ProSABANA-JBM*). Tokyo: JICA.

JICA Research Institute. 2012a. *Cerrado agriculture: A model of sustainable and inclusive development*. Tokyo: JICA-RI.

JICA Research Institute. 2012b. *Scaling up South South and triangular cooperation*. Tokyo: JICA-RI.

Ministry of Agriculture, Forestry and Fisheries of Japan. 2009. Roundtable (meeting) on the "Promotion of responsible international investment in agriculture" held at the time of the UN General Assembly. [In Japanese.] http://www.maff.go.jp/j/kokusai/kokkyo/ round_table/index.html.

Ministry of Foreign Affairs of Japan. 2009a. Senior officials meeting on the promotion of responsible international investment in agriculture: Overview and Evaluation. [In Japanese.] http://www.

mofa.go.jp/mofaj/gaiko/food_security/090926_gh.html.

Ministry of Foreign Affairs of Japan. 2009b. Senior officials meeting on the promotion of responsible international investment in agriculture: Chairman's summary. [In Japanese.] http://www.mofa.go.jp/mofaj/gaiko/food_security/pdfs/090926_gs.pdf.

OECD, and FAO. 2011. *OECD-FAO agricultural outlook 2011–2020*. Paris: OECD; Rome: FAO.

UNDP. 2012. *Africa human development report 2012: Toward a food secure future*. New York: UNDP, Regional Bureau for Africa.

Vermeulen, S., and L. Cotula. 2010. *Making the most of agricultural investment: A survey of businesses that provide opportunities for smallholders*. Rome: FAO; London: International Institute for Environment and Development.

Webber C.M., and P. Labaste. 2009. *Building competitiveness in Africa's agriculture: A guide to value chain concepts and applications.* Washington, DC: World Bank.

World Bank. 2008. *World development report 2008: Agriculture for development*. Washington, DC: World Bank.

World Bank. [Deininger, K., and D. Byerlee, with J. Lindsay, A. Norton, H. Selod, and M. Stickler.] 2011. *Rising global interest in farmland: Can it yield sustainable and equitable benefits?* Washington, DC: World Bank.