Final report:

Mid-term Performance Evaluation of the USAID-funded Loan Portfolio Guarantees (LPG) through the Development Credit Authority (DCA) Activity.

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MID-TERM PERFORMANCE EVALUATION OF THE USAID-FUNDED DEVELOPMENT CREDIT AUTHORITY (DCA) ACTIVITY:

PERFORMANCE EVALUATION OF THE LOAN PORTFOLIO GUARANTEES (LPG) THROUGH THE DEVELOPMENT CREDIT AUTHORITY (DCA) ACTIVITY IMPLEMENTED IN MOZAMBIQUE THROUGH BANCO TERRA AND BANCO OPORTUNIDADE, MOÇAMBIQUE

September, 2014

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ACRONYMS

Acronym	Definition
ACDI/VOCA	Agricultural Cooperative Development International and Volunteers in Overseas Cooperative Assistance
ADIPSA	Support for Private Sector Agriculture Development
ADRA	Adventist Development and Relief Agency International
Agrifuturo	Agribusiness Competitiveness Program
AIMO	Mozambican Industrial Association
ATB	Agriculture Trade and Business
BCI	Banco Comercial e de Investimentos
BOM	Banco Oportunidade de Moçambique
BT	Banco Terra
CAS	Country Assistance Strategy
CDCS	Country Development Cooperation Strategy
CEPAGRI	Centre for the promotion of Agribusiness
CLUSA	The Cooperative league of the United States of America
CTA	Private sector: Private Confederation Association
DANIDA	Danish International Development Agency
DCA	Development Credit Authority
DCED	Donor Committee for Enterprise Development
ET	Evaluation Team
EQs	Evaluation Questions
FARE	Fundo de Apoio `a Rehabilitação da Economia
FDD	Fundo de Desenvolvimento do Districto
FDM	Fundo de Desenvolvimento da Mulher

FFH	Food For the Hungry
FIDES	Financial systems development services
FRUTISUL	Fruit Producer Association in Southern Mozambique
FTF	Feed The Future
GCG	Global Climate Change
GoM	Government of Mozambique
IMF	International Monitory Fund
IFAD	International Fund for Agriculture Development
IIAM	Agriculture Research Institute of Mozambique
IKURU	Farm owned Business in Nampula
LPG	Loan Portfolio Guarantee
MIA	Mozfer Indústrias Alimentares
MIC	Ministry of Industry and Commerce
MINAG	Ministry of Agriculture
MPD	Ministry of Planning and Development
MYAP	Multi-Year-Assistance-Program
PARP	Action Plan for Poverty Reduction
PEDSA	Strategic Plan for the Agriculture Sector
RCRN	Rede de Caixas Rurals de Nampula
RFQ	Request for Quotation
SC	Save the Children
Sida	Swedish International Development Cooperation Agency
TA	Technical Assistance
TNS	Technoserve
USAID	U.S. Agency for International Development
WB	World Bank
WV	World Vision

EXECUTIVE SUMMARY

EVALUATION PURPOSE AND EVALUATION QUESTIONS

The evaluation has an over-arching objective which is to measure the performance of the Loan Portfolio Guarantees (LPG) through the Development Credit Authority (DCA) activity. To do so, the evaluation seeks to:

- Determine if the DCA resulted in an increased amount of finance mobilized by tourism and small and medium agribusinesses enterprises;
- Assess the effectiveness of having access to the DCA facility on food security, nutrition, and incomes of targeted beneficiaries; and
- Assess the extent to which the DCA activity is (i) contributing to building the credit worthiness and bankability of the beneficiaries, as well as (ii) fostering self-sustainability financing within lenders.

The primary audience for this evaluation is the USAID/Mozambique Agriculture, Trade and Business (ATB) team. Secondary audiences include the implementing partners and their stakeholders, the Government of Mozambique (GoM), relevant donor groups, the private sector, and other stakeholders. There may be areas where some evaluation findings will be shared with these and other stakeholders for discussion.

The Loan Portfolio Guarantee is an important instrument used to increase access to finance in the agriculture sector through the Development Credit Authority in Washington in collaboration with USAID's Mission in Mozambique.

The first LPG-DCA agreement involved the Banco Comercial de Investimentos (BCI) over a 5-year period during which about only half of the facility was used. The target group included actors across the agricultural value chain. An initial market assessment was done of three banks: Standard Bank, Millenium BIM (BIM) and BCI; only BCI expressed an interest. No evaluation was done of this first experience, though the LPG's

A second market assessment was done (in 2009) including the same banks of the first assessment plus Barclays Bank, Banco Terra (BT) and Banco Oportunidade de Moçambique (BOM). The latter three banks showed an interest but Barclays Bank pulled out after agreements had been drafted. At that stage each of the three banks was to focus on different segments of the market, with Barclays catering to large enterprises, BT with SMEs and BOM on micro clients. BT and BOM signed contracts in 2009 and two years later a subsequent agreement was negotiated with BT, largely because of the perceived need for US dollar loans. The second LPG was in partnership with the Swedish International Development Corporation Agency (Sida), and introduced the tourism sector with a particular focus on woman owned enterprises.

To summarize:

- The DCA activities contribute to USAID/Mozambique's ATB Office's Results Framework
- USAID/Mozambique established LPGs with BT and BOM – to expand their agriculture and tourism loan portfolios.
- The guarantees seek to ensure retail lending to micro, small, medium and large enterprises (MSMLEs) along the agricultural value chain,
- A partnership was established with the Swedish Government in 2011 for an equal 50/50 risk-share of the second Banco Terra Guarantee.

This performance evaluation focuses on the three LPG-DCA activities implemented from 2009 to July 2014 with BT and BOM in Mozambique.

EVALUATION QUESTIONS, DESIGN, METHODS AND LIMITATIONS

This was a performance evaluation of the LPG through the DCA. To achieve this goal, evaluation criteria were presented in the Request for Quotation (RFQ) and those criteria were further developed to establish the Evaluation Questions presented later in the report. The criteria were as follows:

1. Effectiveness of the DCA:
   - For the Banks - Did the guarantee change the bank's lending practices to the target sector?
   - For the Borrowers - Did borrowers seek credit before the guarantee?
   - Determine how effective the Technical Assistance to the loan beneficiaries was for the specific objectives to be reached
   - For the Guarantor (USAID) – How effective was the engagement? How frequent/effective was the engagement between the bank and Sida?
2. Sustainability
   - For the Borrowers - After receiving credit, what percentage of clients are able to accept loan outside of the DCA program guarantee?
   - For the Market - Did non-partner banks/financial institutions initiate or increase lending to the target sectors?
3. Counterfactual - What exogenous factors affected the financial sector during the agreement period? How? Have these factors also affected the performance of the DCA guarantee(s)?
4. Relevance - From the DCA program experience, are there opportunities in other sectors, subsectors, or target groups to utilize loan guarantees?

This evaluation aimed to follow the USAID's Evaluation framework revised in 2012 for the DCA where the Theory of Change is administered to evaluate the results at four levels: inputs, outputs, outcomes and impact/effectiveness of the interventions.

Quantitative and qualitative data were collected. Although the initial RFQ had demonstrated great interest in having a wide regional survey conducted, reality showed that there were not enough individual borrowers to be surveyed for the quantitative survey. It was thus limited to the Gaza province where only BT borrowers were interviewed along with non-beneficiaries. In total, 103 people were survey with a very low count of direct beneficiaries (17.6% of 103 interviews), as people were reluctant to meet once mention of the bank was made. The majority feared being penalized for not paying the debt (93 out of 95 borrowers in Gaza province, Chókwé at BT defaulted). Nevertheless, the data collected was valid as the qualitative data did reveal very similar results in the other regions of the country. In summary:

1. A mix-methods approach was implemented, including statistical analysis of loan key informant group and group interviews, and document review data;
2. Banco Terra and Banco Oportunidade were visited at their Headquarters (HQs),
3. 103 quantitative surveys were conducted of direct beneficiaries in Chókwé district, Gaza province:
   - 30 women and 73 Men
4. 26 Qualitative interviews were conducted in total, namely:
   - 9 Loan Clients were interviewed in Chókwé district, Gaza province
   - 7 Loan clients were interviewed in Manica:
     - 5 Group interviews
     - 2 Individual commercial farmers
   - 10 Group loan clients (production) were interviewed in Zambézia:
     - i. 4 Group loans
     - ii. 6 Individual interviews with emerging farmers

FINDINGS AND CONCLUSIONS

This section summarizes the findings as per the evidence found in the field during the data collection and analysis. The findings are presented as per the DCA Theory of Change looking at the input level, outputs, outcomes and impact/effectiveness level for the borrowers, lenders and the market.

Input level

Effectiveness of the DCA for the

- Banks - Did the guarantee change the bank's lending practices to the target sector?

The two banks which implemented the LPG-DCA are very different in nature. Banco Terra (BT) is more focused on medium to large enterprises (MEs) while Banco Oportunidade de Moçambique (BOM) is focused on the micro and small enterprises (MSEs).

It was observed that BT kept its regular procedures of applying and evaluating the loans which were then approved for the DCA. In cases where BT concluded that the collateral presented by the proponent wasn't enough to satisfy its pre-requisites yet the business case was promising, the bank used the DCA to cover the risk of lack of sufficient collateral and financed the applicant. This practice does not reflect a change in procedures by BT but it does reflect the use of the DCA in cases which otherwise would have been rejected by the bank for financing.

BOM, on the other hand, adjusted itself to be able to serve the rural agriculture market segment. It created specific loan products (production and commercialization loans) and created an agriculture unit currently staffed with qualified agronomists trained by BOM to become loan officers, thus aligning the bank's needs to the needs of the farmers to be understood by someone who knows the sector. In addition, BOM acquired Mobile Bank Units which are used to expand the reach of its banking services to its rural clients.

- <u>Borrowers - Did borrowers seek credit before the guarantee?</u>

BOM reported having 68 percent of its clients as first-time borrowers, of which 67 percent were men and 33 percent woman. The qualitative survey among BOM's clients does verify that most of the clients interviewed had their first experience with a financial institution through the DCA-loan. This was particularly true for clients with minimal level of education. From the quantitative survey, 46 percent of the interviewees reported having a bank account in the period 2007-2009 against the 48 percent for the period 2010 – 2013, showing a minimal change in possession of savings accounts contrary to no change at all in access to loans in the same period, with only 33 percent of respondents mentioning having access to loans.

The assessment also revealed that some of the TA partners have been crucial in linking farmers to financial institutions when they see there is potential. The Agrifuturo project (which included CLUSA and Technoserve as consortium members and in this particular case they will be referred as Agrifuturo), individually and as part of other interventions funded by different donors, Technoserve (Gates soybean and USAID FinAgro projects) and CLUSA (NORAD/PROMAC project) were mentioned as linking farmers to BT, BOM and BCI. AgriFUTURO is said to have organized and transported farmers from Gurué to Nampula where they obtained loans from BT. They are also said to have referred potential borrowers to BOM when its branch opened in Gurué.

- <u>Determine how effective the Technical Assistance was for the specific objectives to be reached</u>

Some of the USAID agriculture development programs (e.g. AgriFUTURO) had components of finance facilitation through which some producers were referred to BOM and BT, as well as trained on management skills and loan management. BOM particularly appreciated the work done by these programs, especially in the building of awareness in borrowers about financial literacy. Both BOM and BT were critical of the unpredictability of NGO-driven TA because their presence in certain areas depended on projects with fairly short life-spans and the high turn-over of qualified field staff Guarantor (USAID) –

How effective was the engagement? How frequent/effective was the engagement between the bank and Sida?
In terms of communications and assistance from USAID and DCA staff, BT was effusive, stating that there was excellent support as well as interest in their progress. While initial interactions consisted of weekly visits, now the visits are less frequent but with more people. This is partly due to better understanding of the banks in the operation of the application and reporting.
As in the case of BT, BOM did not fully understand the administrative aspects of the DCA, especially in terms of drawing on the Loan Portfolio Guarantees (LPG) On the basis of rumors that claimed procedures were tedious BOM assumed the full loss, believing it was not worth their while to claim on relatively small amounts (200,000Mt). It was only after a visit by a USAID/DCA team early this year (2014) in which the question was raised on why claims were not submitted, that BOM was made aware that that the procedures were not that onerous. this progress meeting also shed light to the fact that as a result of miscommunication, BOM had not used the DCA Credit Management System (CMS) to upload data and submit its reports even though access to it had been granted from the beginning. BOM had submitted its reports until then directly to the local USAID mission by E-mail. As a result, the CMS had not issued any invoice to BOM. As procedures were clarified to the current BOM management, claims were then submitted in January and paid in April. As this was the first submission, BOM feels that the process can be even faster (versus the current 6 months for BT). While BOM had been skeptical before about procedures, it is now encouraged and finds the USAID/DCA Team very helpful. Data was taken from the BOM management information system (MIS) and transferred onto the DCA Credit Management System and BOM staff has been trained to do this. Implementation during the first year was slow, with only about 10 clients but began to increase rapidly in 2012/13. For 2014, with data entry and claims procedures clear, projections are far more optimistic.
Both banks were satisfied with the flexibility of approach by the LPGs in terms of geographical and crop coverage. BT is currently negotiating a new DCA but is concerned about the newly imposed restrictions in terms of gender, location and crop types which it feels are “irrelevant” issues for a commercial bank focusing on its survival. The new DCA LPG is limited to Manica, Zambézia, Tete and Nampula.

<u>Gender reporting</u> - seems to have been overlooked in terms of importance by both banks which suggests that it was not sufficiently emphasized during the inception phase. Little effort was made to filter out the real number of female beneficiaries. BOM groups loans are almost all in the name of men (mainly due to cultural reasons) but a significant percentage of beneficiaries are women (20-30%). BT only recently became aware that gender specific information was required.
BOM estimates that 25% of its total beneficiaries are women and want to serve more women. However, this is proving difficult as group meetings are usually almost exclusively attended by men; cultural factors prevent increased female participation; estimates that 33 percent of beneficiaries are women.

Table 1. Summary of Banco Oportunidade - Agriculture Portfolio

Variable	Nr/Value	Men	Women
Individual	8 clients- 1.304,487MZN	88% (7)	12% (1)
Club/Group	65 clubs/groups- 5,255,963	67% (44)	33% (21)
Associations	7 Associations- 2,055,260		
Nr. of first time borrowers	54	67% (36)	33% (18)

Source; BOM – data for end of May 2014

During the interviews it became evident that although 10 of the 95 borrowers in Chókwé were said to be women, those women had little or no influence in the management of the funds they borrowed. They were requested to sign the documents presented to the bank but their husbands managed the loans. During the interviews, the husbands came to respond for the loans and in most cases the women were not present and even when they were present, they said that the husbands were better fit to respond for the management of the funds. There were two cases were the women did come to respond for the loan but were very uncertain of the responses and/or they could not recall most of the events surrounding the loan.

Partnership with Sida - The involvement of Sida introduced new aspects vis-à-vis previous LPG with BT including: introduction of tourism sector and loans in USD. Sida also required greater geographical flexibility with less emphasis on lending to corridor based activities.
Sida was generally satisfied with the DCA experience and saw it as an important instrument for the organization to better understand the private sector. However, it felt that, despite funding half the LPG, it was treated as the "silent partner" and would have preferred to be more involved in terms of monitoring and evaluation (M&E).

5. Sustainability
    - Borrowers - After receiving credit, what percentage of clients is able to accept loans outside of the DCA program guarantee?

Both banks are certain that without the DCA guarantee they would either not serve this market segment or would do so by elevating the requirements so as to minimize their own risk exposure. Collateral requirements, interest rates and loan terms would be much higher, thus making it unaffordable to most of the current clients under the DCA program.
The DCA guarantee has nevertheless allowed many previously unbankable people to have access to financial services they would otherwise not have access to. These people are slowly building their relationship with financial institutions and not only acquiring a loan but also a bank savings account. The TA provided by development programs and, in particular, that provided by Technoserve and Clusa were mentioned by the beneficiaries as important in the linkages with financial services.

- Market - Did non-partner banks/financial institutions initiate or increase lending to the target sectors?

There is no evidence that the experience of BOM and BT has led to other financial institutions lending to agriculture and tourism sector. During the period of 2009 and 2013, some institutions like SOCREMO (a MFI bank) considered but decided against entering the sector because it required 100 percent guarantee. Smaller institutions such as Fundo de Desenvolvimento da Mulher (FDM) and Hluvuku-Adsema (which recently applied for a Micro-bank license), both microfinance institutions with a development orientation, have introduced and are currently providing agriculture finance in peri-urban and urban areas in the Southern provinces of Mozambique. These institutions make use of the loan funds from Economy Rehabilitation Fund – FARE (an International Fund for Agriculture Development (IFAD)/GoM program for rural financial inclusion).

6. Counterfactual –
    - What exogenous factors affected the financial sector during the agreement period? How? Have these factors also affected the performance of the DCA guarantee(s)?

In addition to TA providers, third party interventions come in the form of input provision and deducting outstanding debts from farmers by the companies purchasing their produce (off-taking). The role of these additional players is very important in terms of improving productivity but also in reducing risks. However, on the negative side the evaluators noted that, largely due to inexperience, third party entities can seriously prejudice the position of the banks and the loan clients. As discussed below, third parties can add a significant risk to the loans resulting in default which, under a DCA cushions the impact on banks but could seriously compromise client credit standings. Late deliveries of inputs, equipment and farmer services result in late planting and affecting yields and repayment capacity. In extreme cases (discussed below), farmers were charged for services that they did not want (due to inappropriate timing), debited with a loan which they could not repay and later registered with the Bank of Mozambique's Credit Bureau as defaulters. In another case, a late delivery of machinery procured through a project resulted in one client not being able to repay the loan as planned resulting in severe financial difficulties. BOM requires the presence of off-takers to buy from their clients. In one case, a major off-taker for many groups producing soy ran into financial difficulties and was unable to purchase as it had contracted with BOM's clients. The DCA cushions banks from these inefficiencies but does not protect borrowers from exogenous events caused by third party failures.

Donors are clambering to promote financial services with a significant number of interventions promoting: i) guarantee funds (USAID/SIDA/DCA, Danida, AFD, Rabo Foundation, AfDB,) ii) SME lines of credit (KfW, IFC), iii) financial inclusion (DFID, KfW and CIDA), iv) informal community based savings and credit groups (IFAD, EU, GIZ). Between these interventions there are other initiatives, often coming from the same donors which are undermining financial best practices. The one that comes to mind to most commentators is the Government-initiated Fundo de Desenvolvimento do Districto (FDD) commonly referred to as the "sete milhões" which is intended to be a credit fund to promote economic activities in all the districts but has essentially operated as grants to favored beneficiaries (electioneering strategy) who have repaid only a fraction of the loans, with no sanctions taken against any defaulters. Although donors are quick to condemn the FDD, there is an urgent need for them to assess the distorting effects of some of their interventions. One obvious example emerged when BOM said that they had lost an important client (EKA) in Chimoio which provided inputs and acted as an off-taker to small contract farmers. EKA was said to have found another source of credit. Information obtained from Agrifuturo revealed that this credit came from the donor-funded AgDevCo Catalytic Fund which offered EKA a shareholder loan with interest of between 3-5% annum. Sida in turn criticized Agrifuturo for providing tractors to farmers for free.

7. Relevance –
    - From the DCA program experience, are there opportunities in other sectors, subsectors, or target groups to utilize loan guarantees?

The main focus of the DCA program has been on financing agriculture production and land preparation services. These remain important areas for financing as its spread is still limited. However, there is need to ensure that the produce maintains its quality and that its value benefits the farmer.

In the recommendation section, the Evaluation Team proposes further areas of financing.

CONCLUSIONS

Initially the DCA program identified expected results at outputs, outcomes and impacts levels. Below is a summary of the conclusions made based on the achieved results of the LPG-DCA. These conclusions informed the recommendations to the next phase of the LPG-DCA in Mozambique.

Table 2. Conclusions based on the expected vs achieved results

Result level	Expected Result	Achieved Result	Conclusions
Outputs	DCA LPGs would enable the partner microfinance banks to increase the number of loans they provide to micro-, small-, medium-, and large-sized enterprises along the agricultural value chain and tourism enterprises in the northern, central and southern zones of Mozambique	The achieved results by the banks clearly show that the DCA enabled them to finance market segments which otherwise they would not have without the facility. BOM's agriculture portfolio grew from 0 to 7 percent and the bank looks forward to reach a 25 percent agriculture portfolio in the next 3 to 5 years. BT used the DCA to extend finance to medium size enterprises and expand its portfolio of large commercial agriculture enterprises by using the DCA to reduce the risk which the collateral could not cover. The bank attempted to finance small enterprises and failed so opted to focus on MEs.	The DCA allowed BOM and BT to venture into the agriculture sector with confidence that although it was risky there was an alternative if all things failed. Without the DCA BOM would not have financed the sector and would not do so for another couple of years. BT would have limited its finance to large agriculture farmers who could meet its requirements. The small and medium farmers would not have been served at all by these banks.
	DCA guarantees would enable partner banks to extend into rural areas to service agricultural enterprises, develop loan products appropriate for the	BOM created two loan products for the agriculture client. BT also has a product which	

	sector, and lower collateral requirements.	allows for a grace payment period which is the only one in the market and the large farmers like it.	
Outcomes	The DCA LPGs would demonstrate that both the agriculture and tourism sectors, especially borrowers in rural areas, are credit-worthy and increase partner financial institutions agriculture portfolios after the expiration of the guarantee.	The DCA did show that rural farmers are credit worthy. They need specialized products but are committed to the banks and do repay to the best of their abilities.	To achieve best results banks need to deal directly with the farmer. In the case of third-party agreements banks need to ensure the farmer is not excluded from the relationship. The third-party should not solely deal with the farmer, the bank should actively verify before making payments.
	BT and BOM would continue to offer loan products suited for the sector and reduced collateral requirements to enterprises along the agricultural and tourism value chains.	BT and BOM are commercial banks and although they seek to serve the agricultural sector they need to meet their financial objectives. They both require collateral to reduce the risk. Clients do not always understand the need for the collateral but it exists. BOM has avoided collateral by using solidarity groups and social pressure as ways to ensure repayment. BT will continue to ask for collateral making it difficult for small enterprises to provide.	BT has not changed its risk perception go the agricultural market. Although BOM methodology avoids collateral, it is now debating whether to increase the interest rate on agricultural loans. In contrast to BT which appears not to be increasing its agricultural portfolio, BOM has made a medium term commitment to increase its portfolio from 7% to about 25%.
	The one LPG with BT targets the tourism sector, which should increase credit or	No loans were given to the tourism enterprises	The poor performance of the sector led to the

	lending to tourism enterprises in Mozambique.		bank's decision not to expose itself to risk.
Impacts	Enabling BT and BOM to expand their lending to the agriculture and tourism sectors will generate employment in agriculture production and processing. This, in turn, would increase household incomes in Mozambique, particularly in the targeted rural areas.	By financing the MSMEs in the agriculture sector BT and BOM enabled those enterprises to seek inputs and services, hire additional labor and reach increased productivity. In all interviews farmers who benefited from the loans mentioned increasing the area cultivated and per hectare (ha) increasing the productivity. All farmers mentioned having financial means through the loan to hire additional labor, mostly women as seasonal labor. Farmers also mentioned having more food for the family and having surplus for commercialization purposes. There were however issues with the quality of the commercialization which has to do with regular markets and prices.	The journey to increase the bankability of smallholders has begun. Two business models were tested (BOM and BT) and proved to be better suited to serve rural smallholders.
	Loans are expected to be offered on more favorable terms, because, for example, DCA guarantees would demonstrate that the sector is bankable, and collateral requirements would be reduced.	The terms offered by the banks are unlikely to change from what they are today. The changes made by BOM may remain for a long period. BT has decided it won't change and it is not	BT and BOM proved through the DCA that banks can indeed adjust their services to serve specific market segments as long as it makes business sense.

		bad. Banks are expected to be commercially oriented; clients are expected to meet bank requirements. The DCA proved that the borrowers in the rural sector are indeed bankable and credit worthy if products and services are designed to serve their specific needs. The solidarity collateral applied by BOM enabled and will continue to enable rural clients to enter the financial system and can be sustained.	By financing the different clients the DCA enables them to also build assets which in future can be presented to financial institutions as collateral.
	LPGs with these two financial institutions would create increased competition to service borrowers.	The LPGs did not create any competition to serve the target markets especially because the regions covered were diverse and each bank almost operated exclusively as the only financial institution in the area or with very limited competition within the agriculture sector.	No competition was created but an important learning acquired by both banks so that they have incorporated the services within their own policies.

RECOMMENDATIONS

Below are the recommendations made for the DCA-LPG which can be incorporated into the remaining period of the current Contracts and the ones to follow.

Renewal or Extension of Current DCA Agreements - Given the success of the agreements with BOM and BT, it is recommended that they be renewed or extended (in the case of BT at least the Sida shared initiative should be). In relation to BOM the extension is recommended on the basis of the incipient nature of its innovative approach and the declared commitment to mainstream the agricultural portfolio which the LPG stimulated.

New Partnerships - The BOM and the two BT LPG experiences should provide strong motivation for extending the DCA LPGs to other financial institutions. Given the success attained with BOM, USAID should, in addition to the conventional banks being approached, consider those financial institutions already providing some micro-credit for agriculture or those which could be considered to be potential candidates.

Creating a more like-minded approach by donors to financial sector interventions – Donors are attempting a variety of interventions to promote financial inclusion and input acquisition often with little regard to best practice norms. It is recommended that donors review the objectives of the Financial Sector Working Group, setting clear guidelines on what should be considered acceptable interventions that do not conflict with initiatives that seek to promote sustainable best practice financial products offered by private sector operators.

DCA Management and Implementation

DCA technical assistance and implementation - New partner banks need to attend an orientation workshop which clearly spells out all the procedural and reporting requirements of the DCA. In addition, the first six months of implementation should be monitored.

Limit repeat loans LPG contracts should specify the number of times a client may have a repeat loan before being considered to be a low-risk repeat client. This proved an issue in particular with solidarity groups of 5-6 people, where by getting different members to sign the loan contracts, the name of the beneficiary can change but those receiving the loan can be repeated several times and flying below the M&E radar as well as misleading the DCA reports.

Objectives & frequency of DCA Evaluation: Prior to evaluations, USAID should clarify the need for performance evaluations with partner banks in order to remove barriers to the process. Evaluations take time and effort away from the banks' core business, and should therefore be as minimally invasive and as efficient as possible.

Greater emphasis on gender disaggregation data: USAID needs to from the very beginning emphasize the importance of capturing loan data by gender and monitor its implementation. Both implementers state that they cannot provide the data and that it wasn't important for them and/or their Management Information System (MIS) hasn't captured such data. In cases of being recipients of DCA the financial institution should adjust its MIS to capture such data thus allowing for it to be included in the DCA-LPG reporting.

Conceptual Issues

Technical assistance: TA should be as market related as possible to ensure relevance and product absorption. Banks should not excuse themselves from having a relationship with the

end borrowers when TA is provided by a third party (MIA and African Century are clear examples). While the end borrower should be the bank's client, the third party should also be included in this relationship and made responsible for any possible failures in the delivery of the service which affect end performance. BOM uses the takes advantage of farmer groups which benefit from NGO support for its solidarity loans (e.g. Gurué).
Financial education should be part of TA provision.

Mitigating Risks - DCA LPGs are designed largely for the purpose of partner banks to better understand the risk profiles of new client target groups. This evaluation suggests that DCAs should consider and possibly adjust for the three types of risks that are exogenous to client control bank-related risks, third party related risks and climatic Risks.

Best practices & Ethics: The DCA should be designed to avoid penalizing clients who have defaulted due to risks beyond their control. Banks should be allowed to claim on these defaulters but defaulters should not be barred from further loans nor have their names registered in the credit registry/ bureau.

Regional limitation – DCAs should enable partner banks to develop their own corporate strategies (specifically in terms of geographic and crop restrictions) while still aligning to US Government development priorities.

Value chain development: Although, the DCA covers the entire agricultural value chain, more attention needs to be directed to value-adding activities along the agriculture chain to ensure the sustainability of the production stages. The technical assistance provided by the USAID funded development programs should also focus on value-adding and market linkages of the raw and processed products.

Sub-sector expansion: DCA lending has tended to focus on cereal and pulse production especially because those are greatly produced in the central and northern regions. Financing should also encompass other sub-sectors such as horticulture and fruit production as well as building up storage capacity. The DCA could also provide finance to transport and communication services related to the agriculture sector. Price and buying platforms of agriculture commodities would add value to farmer groups as they could instantly get market related information. This type of services could be provided by small and medium emerging enterprises.

Bank Level Changes

Additional financial services: BOM should also consider including the credit life insurance policy it has within trade loans for their agriculture loans.

Loan repayment period – BOM does not allow early payment without penalizing the farmers with a 2.5 percent of the loan amount. This practice should be discontinued (and is in fact in the process of being disallowed by the Central Bank).

Data disaggregation: Financial institutions haven't found it necessary and the local law does not enforce gender disaggregation in financial service provision. However, DCA's requirements do include data on loan disbursements to be done by gender thus implementers should adhere to that by introducing measures within their systems. Even in cases like BOM where only the key contact people are registed for a group loan, the number of women beneficiaries should be noted.

Client Focused Issues

Financial education - BOM should revise the terms and conditions of the loans on a regular basis with its clients and provide clear explanation of the purpose of the contribution (15% collateral for the solidarity loan). This should be incorporated in the loan officers visits to ensure transparency, trust and full comprehension.

Encourage greater women's participation: The evaluation showed that in the South and in the northern/central regions socio-cultural factors affect women's participation in the financial sector. It is critical to continue to encourage their involvement as they are critical to the survival of the households. Since solidarity groups are constituted by the members on the basis of trust and acquaintance, it would therefore be suggested to also focus on women-only solidarity groups or on groups that may have at most two men who are not leaders of the association or have a leadership position in the community. The man in a group is important to travel the distance to make the loan installments since branches are located far from the villages and for security reasons as often large amounts of cash are carried to be deposited.

The experience in Chókwé where male borrowers used their wives to front the loans needs to be avoided. Banks need to exercise better caution to see that women are not abused to ensure men's access to finance. If for socio-cultural reasons a woman does not manage funds in the house, then it should be ensured that she participates in the decision making. TA partners are important in such cases as results could be linked to the benefits the loan provides to women-linked activities and needs in the household.

Provide market access advice - It is recommended to not only focus on the ability of the farmer to repay at the time of the assessment but also, through TA intervention, to focus on the ability of the farmer to commercialize and earn additional income to both repay and make a decent living. In the case of BOM which has agronomist as loan officers, an assessment could include motivating farmers to focus on crops that have less supply and a secure market.

The partners also made additional recommendations to the LPG-DCA structure and implementation:

Banco Terra:

- Turn the LPG into a 10 year revolving fund.
- Considering that financial institutions are commercial entities, the DCA should not be limited to geographical areas, types of crops and gender. Keep it broad.
- BT should be allowed to top up the LPG by supplementary Guarantee Funds to reduce risk exposure
- For the banks to be able to provide loans with more affordable interest rates the capital made available to the banks needs also to be less expensive (such as the funded guarantees of Rabobank Foundation)

Banco Oportunidade de Moçambique:

- Instead of reducing the balance of the LPG by the value of loans disbursed, they would prefer that the facility be reduced according to the value of claims. With the projected loans, BOM is likely to draw down their DCA before 2016.

Sida:

- Next LPG should require better narrative reporting and should involve Sida more formally in the execution of the LPG. Greater care is needed in terms of entering into third party partnerships to avoid that clients do not end up worse off than before.

INTRODUCTION

Government Agriculture Policy

Evolution of Policy 1975-2010

Mozambique's post-independence agricultural policy has been largely driven by outside influences. During the immediate post-independence years, the Marxist government took its cue largely from communist east-European countries which provided large quantities of agricultural equipment and technical assistance for large state-owned farms which collapsed within a few years. Smallholder production was promoted through a collectivist approach to cooperatives which also failed and resulted in prolonged period during which the term "cooperative" was stigmatized and replaced with the more individualistic associations. Commercialization of smallholder crops was done through the state company Agricom which purchased produce by trading essential goods such as *capulana* cloth, batteries and basic foodstuffs. A network of warehouses throughout the country was under the control of the Cereals Institute of Mozambique (ICM). Following the GOM's relinquishing of its socialist agenda in 1987, structural adjustment were guided by the World Bank (WB) and International Monetary Fund (IMF) but it was not until 1992, with the end of the 16-year civil war, that open agricultural marketing took off and was essentially open to any individual with working capital and a pick up van. Through purchasing points (*postos de compra*), traders organized local purchasers with scales and makeshift storage facilities (usually nothing more than a traditional hut to store commodities until a large truck was brought in to take to urban warehouses. In the Northern provinces with the largest volumes of maize, beans and groundnuts, there were two dominant traders (Gani and Export Trading) renting the ICM warehouses. Interventions by NGOs focused largely on the creation and capacity building of farmer organizations and the introduction of new crops, notably sesame, soy and sunflower. American funded agricultural programs in particular supported producer associations to cooperatively market farmers' crops with the provision of small warehouses with a capacity of around 50t. The GOM ProAgri program was meant to be a multi-donor intervention but was hampered by dissension. Little more was accomplished other than the provision of woefully inadequate extension services. Hanlon and Smart[1], commenting on this period, stated:

> *How to move forward has been the subject of bitter arguments since independence, leading to policy paralysis and inaction. Government policy struggles have brought regular changes of ministers and no coherent agricultural policy. Donor infighting was so intensive that a policy could not be provided as part of the multi-donor Pro-Agri aid programme*

[1] J. Hanlon and T. Smart, 2008. *Do Bicycles Equal Development in Mozambique?* James Curry

Post-2010 Government Agricultural Policy

To help overcome the problems of the past, the GOM adopted the Strategic Plan for the Agricultural Sector (PEDSA 2000-2009), later revised as the PEDSA 2011-2020. This serves as an overarching framework for the wide range of policies, plans and strategies that already exist including the Green Revolution Strategy, the Research Strategy, the National Extension Program, the Food Production Action Plan (PAPA) the National Forestry Plan and Reforestation Strategy, etc. The PEDSAs present a medium-long term vision to a great extent guided by the Comprehensive African Development Program (CAADP). PEDSA takes a value chain approach based on four pillars: i) agricultural productivity; ii) access to markets; iii) sustainable use of natural resources, and; iv) institution building. Specific sub-strategies include, under pillar 1 (agricultural productivity), "improve access to agricultural inputs and services, especially to credit" and under pillar 2 ((access to markets), "expand the network of rural market infrastructure, including storage facilities"; "ensure viable harvest credit to farmers from commercial banks with backing from the Government"; and "promote investment in agriculture through the development of appropriate financial products and platforms for loans to agriculture".

Somewhat unexpectedly, the GOM has, in recent years, under what appears to be its own initiative, established the Mozambique Commodity Exchange (BMM) and drafted a law on a Warehouse Receipt System (WRS). The Action Plan for Poverty Reduction (PARP) approved in 2011 identified the creation of an agricultural exchange as a priority instrument to improve the access of farmers to agricultural markets. Woodhouse[2] notes that the PEDSA recognizes that "the poor standard of storage typically available to small scale producers requires them to sell their crops immediately after harvest when prices are lowest" and that "low prices, in turn inhibit improved production technology". The influence of CAADP and later the G8 Alliance in developing the Cooperation Framework to Support the New Alliance for Food and Security and Nutrition in Mozambique are likely to have had some bearing in this sudden new direction which appears to have caught many donors by surprise. Another possible driver could be the recommendations that USAID and IMF have made in terms of allowing DUAT certificates obtained by smallholders on a broad scale with assistance from the Millennium Challenge Account (MCA), to be used as collateral for obtaining credit. This could well have alarmed the GOM which has so far maintained a rigid position on the land ownership issue (all land is State-owned). A WRS may have been seen as a good substitute to allaying donor concerns about collateral constraints to obtaining agricultural credit.

A new draft law for Agriculture, Food Security and Nutrition, seemingly aimed at complementing the BMM and the proposed WRS as well as the G8 Alliance objectives gives the GOM *inter alia* the possibility of intervening with agricultural prices, allows for import controls and establishes a new Government development fund (presumably credit).

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[2] P. Woodhouse, 2012. *Raising Agricultural Productivity* paper presented at the IESE Third International Conference "Mozambique: Accumulation and Transformation in the Context of the International Crisis)

PROJECT BACKGROUND

The DCA is guaranteed by funds made available by USAID/Mozambique. It is designed to strengthen the guaranteed party's (lending institutions) ability to finance loans to medium-sized farm, agribusiness and tourism enterprises in Mozambique, thereby stimulating economic growth. USAID/Mozambique currently has three DCA programs with two banks, namely: Banco Terra and Banco Oportunidade. Table1 below shows the mechanisms through which current and past DCA activities have been funded. All DCA activities are national in scope, with special concentration on the Beira and Nacala corridors and the southern zone of Mozambique; the banks can lend anywhere, but borrowers cannot be located in Maputo City.

Table 3. Current DCA Implementing Mechanisms and Timeframes

Bank	Agreement Timeframe	Comments
Banco Terra	Sept. 2011 – Sept. 2018	A 50/50 cost-share with Sida (Swedish Gov't)
Banco Terra	Dec. 2009 – Nov. 2016	100% USAID funded
Banco Oportunidade	December 2009 - Nov 2016	100% USAID funded

In 2011 USAID partnered with the Sida as part of a global agreement with the Swedish Government to jointly provide guarantee funds to Small and medium enterprises. In Mozambique Sida was interested in the financing of women owned enterprises as well as tourism enterprises. This partnership came to bring greater emphasis on the gender indicators of the DCA.

USAID/Mozambique intends, through the establishment of LPGs to Banco Terra Mozambique (BT), and Banco Oportunidade de Mozambique (BOM), that the banks will expand their agriculture and tourism loan portfolios. In particular, the LPGs would stimulate the expansion of retail lending to micro-, small-, medium-, and large-sized enterprises along the agricultural value chain, with particular focus on those enterprises operating in the northern, central and (to a smaller extent) southern areas of Mozambique. The banks would reduce the risk perception associated with lending to this sector and assist in generating financing opportunities in the targeted sectors.

Expected Results of the DCA Activity were:

Expected Outputs:

- DCA LPGs would enable the partner microfinance banks to increase the number of loans they provide to micro-, small-, medium-, and large-sized enterprises along the agricultural value chain and tourism enterprises in the northern, central and southern zones of Mozambique.
- DCA guarantees would enable partner banks to extend into rural areas to service agricultural enterprises, develop loan products appropriate for the sector, and lower collateral requirements.

Expected Outcomes:

- The DCA LPGs would demonstrate that both the agriculture and tourism sectors, especially borrowers in rural areas, are credit-worthy and increase partner financial institutions agriculture portfolios after the expiration of the guarantee.
- BT and BOM would continue to offer loan products suited for the sector and reduced collateral requirements to enterprises along the agricultural and tourism value chains.

* The one LPG with BT targets the tourism sector, which should increase credit or lending to tourism enterprises in Mozambique.

Expected Impacts:

* Enabling BT and BOM to expand their lending to the agriculture and tourism sectors will generate employment in agriculture production and processing. This, in turn, would increase household incomes in Mozambique, particularly in the targeted rural areas.
* Loans are expected to be offered on more favorable terms, because, for example, DCA guarantees would demonstrate that the sector is bankable, and collateral requirements would be reduced.
* LPGs with these two financial institutions would create increased competition to service borrowers.

Targeted Borrowers

Targeted borrowers for BT are associations, producers, processors, wholesalers, retailers and exporters along the agricultural value chain including medium-sized farmers and tourism enterprises. Targeted borrowers for BOM are SMEs along the agricultural value chain. Seventy percent of partner lending should specifically target borrowers and enterprises operating in northern and central Mozambique. The remaining 30% of partner guaranteed lending should occur in the southern zone. Lending in Maputo is excluded from the guarantee.

Financial Intermediaries (Activity Implementers)

BT is a Mozambican commercial bank whose mission is to provide financial services to the rural and peri-urban population of Mozambique. BT has four major shareholders: Rabobank, KfW, Norfund, and GAPI. BOM is also a commercial bank in Mozambique, and is part of Opportunity International, which is a 501(c)(3) nonprofit organization, incorporated and registered in Illinois, USA.

Provision of Technical Assistance

Linking commercial banks and DCA partners or beneficiaries (at the wholesale or retail level) to existing value chain programs has been found to be an effective way to increase credit access to/and foster/consolidate the agri-business relations between SMES and small-farmer associations working along the agriculture value chain. Therefore, as part of its rural expansion strategy, BOM has collaborated with USAID partners, such as AgriFuturo, Technoserve, ACDI/VOCA, Strategic Alliance Partners and Africare, to provide technical assistance and market linkages to small farmer associations in the Nacala and Beira Corridors. These alliance partners have assisted the bank in screening associations so they can obtain groups loans that initially would be for agricultural inputs, such as seeds and fertilizer.

Potential sources of technical assistance to loan clients include:

* USAID/Mozambique AgriFuturo:
* USDA Agribusiness Grants Program implemented by Technoserve: FinAgro
* USAID and Norwegian Government/ IKURU Value Added Services Alliance: Establishing a Production Services Operation and Building Trade Programs in Mozambique:
* Other USAID Programs: recently-ended USAID-funded activities with World Vision, Save the Children, among others, have an agricultural component that could take advantage of the DCA guarantees for their beneficiaries.

EVALUATION PURPOSE & EVALUATION QUESTIONS

Evaluation Purpose

This is an independent, external evaluation of the agricultural program carried out by the USAID/Mozambique Office of Agriculture, Trade and Business (ATB). ATB's development objective is “Inclusive Growth of Targeted Economic Sectors”, which integrates two Presidential Initiatives, Feed the Future (FtF) and Global Climate Change (GCG), in support of increased incomes for the poorest Mozambicans. This evaluation will focus on two of the fours Feed the Future Focus Areas: “Inclusive Agriculture Sector Growth “and “Private Sector Engagement”.

ATB’s agriculture activities under the period 2009-2014 Country Assistance Strategy (CAS) were focused on the following areas: 1) Agribusiness development under the Feed the Future initiative, 2) Agricultural technology generation and transfer through support to IIAM and the Ministry of Agriculture, 3) expanding access to financial services in rural areas through Development Credit Authority (DCA) loan portfolio guarantees with selected banks, and 4) enhancing food security by promoting greater productivity, supporting rural marketing networks, and addressing the root causes of chronic malnutrition. The USAID/Mozambique’s Country Development Cooperation Strategy for 2014-2018 continues to have ATB’s portfolio focusing on Increased Agricultural Sector Growth and Food Security in Focus Provinces with Emphasis on Women and an improved business climate to increase investments and job creation.

The evaluation aims to analyze the overall effectiveness, relevance and sustainability of the Component 3 of ATB’s activities within CAS 2009-2014 which refers to expanding access to financial services in rural areas through Development Credit Authority (DCA) Loan Portfolio Guarantees (LPG) with selected banks. In addition to providing USAID with an independent assessment of the current results of this important initiative in Mozambique, the evaluation is also expected to provide guidance on issues which could be addressed to increase the effectiveness for the remaining period of the LPG-DCA Activity’s implementation. The evaluation has an over-arching objective which is to conduct a performance evaluation of the Loan Portfolio Guarantees (LPG) through the Development Credit Authority (DCA) activity.
The evaluation has four specific objectives:

- Determine if the DCA resulted in an increased amount of finance mobilized by small and medium agribusinesses and tourism enterprises;
- Assess the effectiveness of having access to the LPG-DCA activity on food security, nutrition, and incomes of targeted beneficiaries;
- Assess to which extent the LPG-DCA activity is contributing to build credit worthiness and bankability of the beneficiaries as well as fostering self-sustainable financing within lenders,
- Determine if the design of the LPG-DCA activity was relevant for the market at the time; how can its management become more effective and if the targeted sectors are still relevant.

Evaluation Questions

A specific requirement of the Evaluation Team is to respond to a number of questions posed by USAID in the Scope of Work for the evaluation which have already received contributions from the DCA Guarantee Team based in Washington.

Table 4. DCA Evaluation Questions

Question Category/Criteria	#	Question or Issue to be Addressed
Effectiveness (Bank)	1	Did the guarantee change the bank's lending practices to the target sector (e.g., did it issue loans that it would not have disbursed without the guarantee)? What was the motivation for the guarantee agreement? Who originated the effort? How did the partner implement the guarantee? Did the bank create a specific product or lending unit for the target sector? What constraints did the guarantee help overcome? What constraints remain to lending in the sector? Will the bank continue lending to the sector? With or without a guarantee? Compare and contrast DCA loans with those not under the guarantee (profile of borrowers, loan terms, loan sizes, geography, collateral, etc.).
	2	How can women be more encouraged to participate and be successful loan recipients? Did product marketing target/encourage women specifically? Has the bank engaged in any capacity development initiatives for women borrowers? Is such a scheme feasible?
	3	Are the clients satisfied with the bank, process, credit, etc.? Are there any additional needs by clients when taking a loan?
	4	What are the composition and attributes of each of the DCA portfolios (i.e., commercial farmers vs. small holders, value chain segments, economic sectors, utilization rates) over time and why were no loans disbursed to the tourism sector?
	5	What has been the performance of the loan portfolio over time (i.e., delinquency rates, non-performing loans, defaults, and collections)? Compare and contrast the defaulted borrowers (Banco Terra) with the borrowers that did not default (e.g., gender distribution, geography, target sectors, loan sizes)
Guarantor (USAID)	6	How frequent was the communication between USAID/Mozambique and the bank? How effective was the engagement? How frequent/effective was the engagement between the bank and Sida? Would an increase in communication/engagement improve the implementation and ongoing effectiveness of the guarantee?
	7	What was USAID's motivation for initiating the DCA? Did expectations change over time?

Effectiveness (Borrowers)	8	Did borrowers seek credit before the guarantee? If so, have they sought for business in this sector before? Were they successful or unsuccessful? To what extent were the DCA guarantees responsible for improving the borrowers' willingness to seek credit?
	9	Who benefitted from the lending program in terms of target groups, male and female and geographical focus, and why? Have jobs been created for both women and men? Is the gender of the loan recipient different from that of the business owner? What is the gender breakdown of borrowers in each geographic location?
	10	Did the DCA-backed loans have any effectiveness on the indirect beneficiaries and livelihoods (e.g. borrower household incomes, school enrolment)
	11	Did the recipients of loans experience an increase in productivity (yields per hectare), volume of production, sales (national, regional and international) and jobs creation? What constraints remain to improving sales, increasing yields, creating jobs? (Opportunity for further USAID engagement?) Has access to markets improved for borrowers? If yes, how? If not, what issues remain? Have increased sales led to business expansion, stability, security?
Effectiveness (TA)	12	How effective was the technical assistance provided by USAID implementing partners and other collaborators to the beneficiaries? Is there a statistical correlation between TA assistance and default rates (or lack thereof)? Is there a statistical correlation between TA assistance and ability to obtain additional loans? What more does the bank want to see in a TA partnership program? Does the bank have plans to initiate deeper TA assistance in the future? What is the geographic and gender breakdown of those benefiting from TA? How frequent was engagement from TA providers?
Sustainability (Borrowers)	13	After receiving credit, what percentage of clients is able to accept loan outside of the DCA program guarantee? Has there been any long-term effect on interest rate, collateral requirements, or length of loan term for loans to repeat borrowers? If not, why not? Are borrowers confident in the stability of their businesses? Are they receiving loans for business expansion? New businesses? Or standard-of-living improvements?
Sustainability (Market)	14	Did non-partner banks/financial institutions initiate or increase lending to the target sectors? If so, to what extent was the DCA guarantee to Partner responsible? How and why?

	15	Did access to loans (or loan terms) improve for target sectors? If so, how and why? What role if any did the DCA guarantee play as a demonstration model?
Counterfactuals	16	What exogenous factors (e.g., financial sector reform, government intervention, Partner industry competition, financial shocks, etc.) affected the financial sector during the agreement period? How? Have these factors also affected the performance of the DCA guarantee(s)? If so, how?
Relevance to Program Growth	17	From the DCA program experience, are there opportunities in other sectors, subsectors, or target groups to utilize loan guarantees?

EVALUATION METHODS & LIMITATIONS

Evaluation Technical approach

In line with the revised DCA evaluation framework, the evaluation will aim to answer the Evaluation Questions presented on the previous section. The results were analyzed in four levels: inputs, outputs, outcomes and effectiveness to both the borrowers and the lenders. In addition, the Evaluation Team considered the effect of exogenous factors on the inputs, outputs, outcomes and its effectiveness to determine the level of change at each level which can be attributed to the LPG-DCA activity. Attribution is an important factor to measure as it enables one to determine the degree of change due to the presence of the intervention. Please see the DCA guarantee Theory of Change described in Figure 1 below.

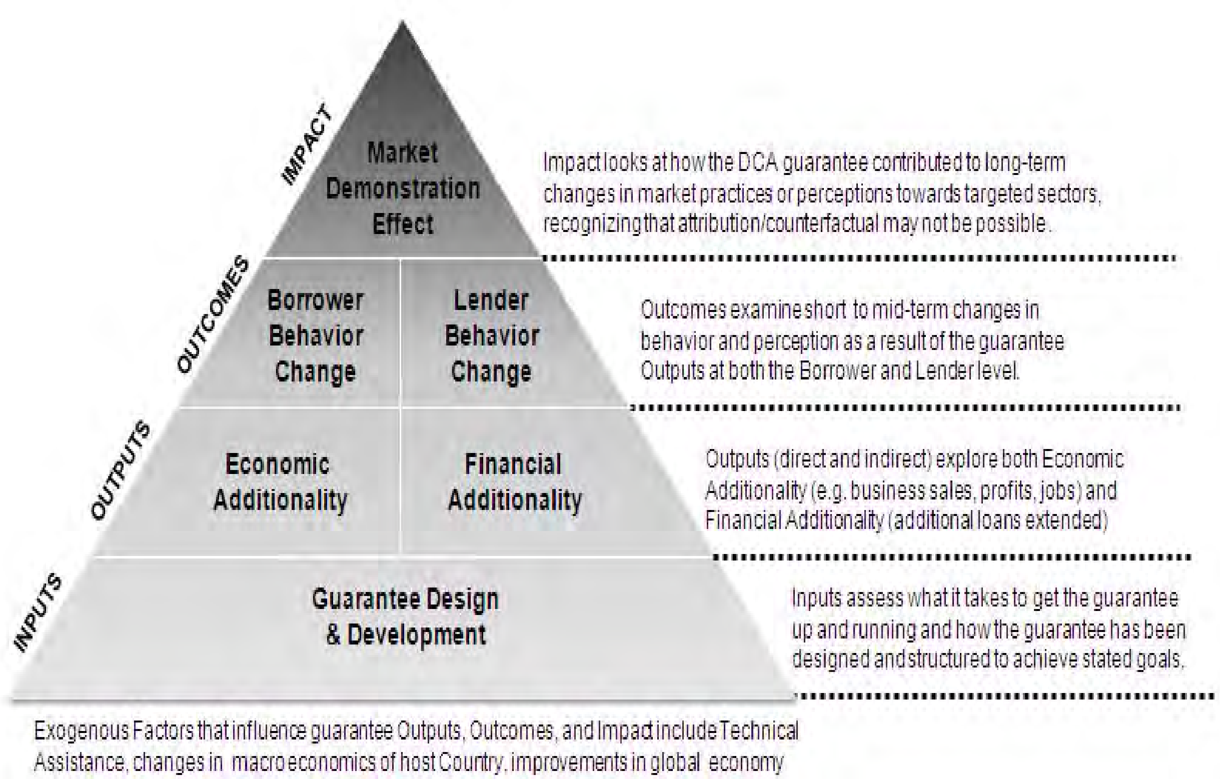

Figure. 1. DCA Guarantee Theory of Change[3]

The DCED Standard and the Evaluation Questions

This is a performance evaluation of the LPG-DCA facility in Mozambique. Being a mid-term performance evaluation activity, the team sought to understand the *effectiveness* that the intervention has had in terms of *results* as to recommend on how best to reach the *desired goals* at the end of the project. In summary, desired goals are to see change in lenders and borrowers behavior and an enabling environment that is more open for SME development. Therefore, this evaluation follows a results-based performance approach where The Donor Committee for Enterprise Development (DCED[4]) standards were applied since the LPG-DCA

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[3] USAID (2012) – Development Credit Authority Evaluations: Revised Evaluation Framework

[4] http://www.enterprise-development.org/page/measuring-and-reporting-results

facility is a private sector development intervention, to answer the evaluation questions. The DCA performance indicators below guided the evaluation. The evaluation design matrix in Annex 6 further breaks down these indicators.

Table 5. DCA performance Indicators

ATB Result Framework Intermediate Result	ATB Result Framework Sub Intermediate Result	DCA Performance Indicators	Disaggregation
Intermediate Result 1: Agriculture Productivity Increased	Sub-Intermediate Result 1.2: Agribusiness Strengthened	Amount of private financing mobilized with DCA guarantee ($) (Cumulative)	Male
			Female
			Total
		Utilization Rate (%) (loan $/total)	
		Number of loan clients served	Male
			Female
			Total
		Number of loans (businesses)	Total

The RFP presented evaluation questions within three categories. By bearing in mind each category (effectiveness, sustainability and relevance) when following the DCED standards, the team will be able to answer the issues/questions within each category.
The data collection instruments will be developed to enable the team to collect data to respond to the Evaluation Questions.
Obtaining the necessary information and conducting the analyses required to appropriately respond to these questions will be the primary task of the Evaluation Team members over the course of the evaluation. These analyses will also inform the team's findings, conclusions and recommendations that will be provided to USAID in the final evaluation report.

Evaluation Methodology

It is important to note that although loans were provided through the financial institutions, the beneficiaries were not aware that a guarantee for the loans exists; the banks do not want to disclose this information with fear of high default. Thus, the Evaluation Team had to be skillful in posing the questions without compromising the banks but obtaining relevant information. To minimize the risk, enumerators were not told of the LPG-DCA facility within the banks, they only sought to know interviewees' experience in accessing financial services and their track record with the bank as well as the changes in their social and economic activity as a result of the loan if any.

The team was granted access to similar evaluation assessments and relevant reports of this specific LPG-DCA facility thus providing it with the enough background information to have a fair understanding of the current situation and based on that design the instruments to collect additional information.
Some of the relevant reports shared with the team were similar LPG-DCA facility activities performance evaluations in Kenya and Haiti; the revised DCA Evaluation Framework, beneficiaries' portfolio from the two financial institutions. In addition, USAID: Mozambique Feed the Future Multi-year Strategy; Joint USAID-DOS Strategic Plan 2007-2012; Mozambique Country Assistance Strategy 2009-2014; the Country Development Cooperation Strategy 2014-1018, the Performance Monitoring Plan (PMP) for the ATB office. Moreover, the LPG-DCA facility beneficiary database and the quarterly and annual reports were critical for the Evaluation Team to understand the geographical coverage and study their profiles (individual versus enterprises versus associations, loan size and purpose).
The Output of this phase was the inception report with the Evaluation data collection tools also presented on Annex 7 namely,

- Stakeholder Semi-structured Questionnaire
- Bank Semi-structure Questionnaire
- Non/beneficiaries Qualitative Semi-structured Interview Guide
- Non/Beneficiary Quantitative Close-ended Questionnaire
- Enterprise Semi-structured Interview Guide

When USAID approved the data collection instruments, the Evaluation Team immediately initiated the pilot of the instruments and simultaneously made plans to collect the data in the field. The qualitative data collection with USAID and main stakeholders in Maputo took place late June early July.
The test of the quantitative instruments took place in the second week of June in Marracuene district.
The in-house supporting team organized the logistics to allow for the field data collection which occurred on the third and fourth weeks of June in Gaza, Manica and Zambézia, in that order. A USAID senior staff member participated as an observer in the pilot of the instruments in Marracuene district as well as in the data collection in Manica province.

Data collection

The Evaluation Team divided itself to focus on different deliverables; the Team LeaderLeader was responsible for the overall evaluation and for overseeing the qualitative data collection. The Evaluation SpecialistSpecialist was responsible for conducting the key-stakeholders interviews with USAID/Sida and implementing partners in Maputo. The Survey ManagerManager oversaw the quantitative survey. Each member of the team reviewed the relevant literature to ensure full knowledge of the program thus developing instruments that responded to the context

Key Stakeholder Meetings: USAID/Sida/Partner Organizations in Maputo

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Two interview guides were developed, one for the banks and another for the partners (please refer to Annex 5). The Evaluation Specialist was responsible for conducting the open ended interviews with USAID/ATB office, Sida's Officer in charge of the collaboration with USAID and he further interviewed Government institutions and the two financial institutions, BT and BOM in Maputo. Other relevant stakeholders such as development projects and other financial institutions and donor agencies with Guarantee funds were also be interviewed (please see Annex 9 for a list of interviewed stakeholders).

Provincial Data Collection-

Key Stakeholder Meetings

A combination of approaches was deployed to collect the relevant data for the Evaluation in the provinces outside Maputo. Key stakeholder meetings were sought with branch staff that serve the beneficiaries, the enterprises and the local partners who provided assistance to farmers.

The purpose of the one-on-one meetings was to understand:

- the experience with the bank, level of difficulty to access the loan,
- if the beneficiary had borrowed before and their ability to repay,
- the technical assistance received before and during the loan and its quality,
- the borrower's ability to satisfy banks' requirements and the kind of own resources required,
- the chances that can be attributed to the loan in the business, and
- areas of potential improvement and.

The Team Leader was responsible for conducting the qualitative interviews (key-stakeholder interviews with the agribusinesses/tourism enterprises which benefited from the LPG-DCA facility in Gaza and Zambézia provinces.

Focus group Discussions

Focus Group Discussions (FGDs) were conducted among beneficiaries in cases where the association was the recipient. Whenever possible when the loan was given through the association but was managed by an individual, the team also conducted individual and group interviews to capture as much data as possible. In the case of the association being the only manager of the loan FGDs were conducted. In all cases, two types of groups were selected, an all male or gender mix group and an all female group which was preferable interviewed by the Team Leader or a female team member.

FGDs were carried out among non-beneficiaries to collect their perceptions; this was done by the Survey Manager during the Quantitative survey

Quantitative Survey

The non/beneficiary survey combined individual meetings as part of the household survey and FGDs of non-beneficiaries.

The Team Leader conducted the FGDs among the beneficiaries who are members of associations as per the list supplied by the banks. The quantitative survey was only administered to individual borrowers as it sought to collect data which would require the disclosure of personal information to be shared in a group. Based on the document review and information shared with the Evaluation Team, BT, was the only institution which provided credit

to individuals. Based on that assumption, the survey was only conducted in Gaza's Chókwé district where 95 people (85 men and 10 women) were listed as farmers from Mozfer Indústria Alimentar (MIA)'s rice outgrowers' scheme who had directly benefited from the loans had access to the LPG-DCA Facility. In the other 2 locations (Manica and Zambézia) 2 individuals have been given individual loans, thus, a quantitative survey could not be implemented in those areas. In Chókwé, where both qualitative and quantitative data was collected, , after the quantitative survey participants have been identified attendance lists were developed for the FGDs which were used to triangulate the quantitative data and avoid the same person to be interviewed twice. Therefore, the Evaluation Team first ensured that the pre-requisites of the quantitative survey were met (no. of people and gender-disaggregation).
In addition to the beneficiaries FGDs, group interviews were also conducted with non-beneficiaries.

Table 6. Qualitative interviews to non/beneficiaries - FGDs

	Gurué		Manica		Gaza		
	Men	Women	Men	Women	Men	Women	
Beneficiaries	3	3	4	4	4	4	22
Non-beneficiaries	1	1	2	2	2	2	10
Total							32

Table 7. Quantitative survey Sample- Chókwé

Beneficiaries		Non-beneficiaries	
Women	Men	Women	Men
10	40	30	30
110 people interviews			

The survey developed aimed to respond to the main evaluation questions. Apart of the socio-demographic data, the survey focused mainly on access to LPG-DCA Facility credit).

Geographical Coverage

As per the amended RFP, the evaluation was carried out in three provinces, namely, Manica province (Chimoio and Manica districts), Zambézia province (Gurué district) and Gaza province (Chókwé district). A list of beneficiaries was provided by the financial institutions and used to sample the enterprise, individual and group beneficiaries for the qualitative and quantitative data collection. The Evaluation Team did require further support from both banks to contact the sampled beneficiaries in the field. BOM arranged for the meetings while BT provided the contact details whenever available within the database.

Risks and limitations

The Evaluation Team has received the regular LPG-DCA facility reports and the beneficiary database from the banks. The beneficiary database was used to calculate the sample size for the quantitative and qualitative data collection. From the available data, the following risks and challenges were noted:

- The profile of the clients served by the banks differs significantly. BOM focuses on producer associations while BT focuses on enterprises and individual borrowers. From previous experience, it was assumed that BOM borrowers were associations. It was however unclear until the moment data was collected to what extent the members were directly responsible for the loan management and repayment which would be the case if the loan was indeed a working capital loan and not a commercialization loan. The Evaluation Team sought to get clarification from BOM prior to the field collection but this information was not made available. Contrary to BOM, BT directly engages the individuals thus making possible for clear loan accountability.

- The numbers of emerging and large commercial farmers are limited thus instead of conducting a quantitative survey with them, a qualitative semi-structured (one-on-one) interview was conducted. This was applicable for BOM and BT clients.
- The number of individual borrowers is very low in the 3 provinces. Only Gaza (Chókwé) has an appropriate population to be surveyed, however with no representativeness of gender (only 10 out of the 95 borrowers are women). Thus, from quantitative point of view, the Evaluation Team was not able to extract findings disaggregated by region and gender. Only Chókwé was surveyed. Out of the 95, the Evaluation Team aimed to interview a total of 50 individuals (40 men and 10 women). In addition, non-beneficiaries were targeted to be interviewed (30 men and 30 women).

In the end, it was clear that out of the 95 BT borrowers in Chókwé very few would be interviewed. The Evaluation Team had to recover their contact details from the physical loan application forms at the BT Headquarters as they were not in the system. This means that over a period of three years, no update was made to the contacts and most numbers were unreachable as their numbers were out of service. Only 18 percent of the 95 borrowers were located and interviewed. There were cases were borrowers were contacted but refused to attend the meeting and in others excused themselves stating that they no longer lived in Chókwé.

- In the field, it became clear that although BOM gives a solidarity, loan its management is individual. The team pondered over whether or not to interview the members as individuals but then decided to do so as a group on Focus group Discussion. Nevertheless, some members of the solidarity group were interviewed individually but qualitatively since they better fit the description of emerging farmers (cultivate above 30ha, use agriculture implements and inputs, produce with focus on the markets). This combination allowed the team to get a good understanding of the individual and group experience with the BOM loan.
- Both banks were reluctant to have the Evaluation Team interview their clients with fear that the borrowers would be told of the DCA. This delayed access to information and the data collection but after explaining to the banks that the team would not share information relating to the DCA and that in fact it would pose as a company contracted by the bank to understand how the banks can improve their services to their clients, acknowledging that there have been some problems and that there was willingness to better the service, the banks collaborated.

- There is no available baseline data for the LPG-DCA facility, therefore to measure the effect that access to the LGP-DCA facility has had, the Evaluation Team relied on data from two relevant and recent surveys studies conducted by ELIM Serviços (ATB agriculture portfolio performance evaluation (2012) and CLUSA PROMAC baseline for the agriculture Conservation project (November 2013)) which can provide some additional data on financial inclusion.

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LPG-DCA LOAN PORTFOLIO & TERMS AND CONDITIONS OF ACCESS

For the sake of allowing the reader to understand the context of the findings, data on each of the implementing financial institutions DCA portfolio and current market data is provided below. It is important to note that any missing data was requested to the institution but never supplied.

A recent baseline study[5] for CLUSA's PROMAC program, in Tete, Manica and Zambézia, and in districts also covered by the LPG-DCA implementing banks in November 2013 comes to validate some of the findings that indeed the LPG-DCA has led to an increased financial inclusion. Some of the findings of that specific study which are in line with the current evaluation are:

- Access to finance is critical to enable farmers to purchase agriculture inputs and services which have direct impact on area cultivated, production and productivity. A household survey was conducted over 1040 households and respondents were asked if they had a bank account. The results show that bank accounts possession is low among both men and women (a total of 8.6 percent) however 10.4 percent of men reported having bank accounts compared to 5.7 percent of women interviewed.

Table 8. Bank account ownership among interviewees

DISTRICT	MEN (%)	WOMEN (%)	TOTAL (%)
Alto Molocue	10.5	8.3	8.9
Gurue	13.9	11.5	13.1
Lugela	3.3	0.0	1.7
Milange	2.4	0.0	2.1
Namarroi	10.2	7.8	9.1
Subtotal: Zambézia	**7.2**	**4.3**	**6.0**
Angonia	5.8	1.8	8.2
Chiuta	9.2	4.5	7.3
Macanga	6.7	4.3	5.2
Tsangano	6.2	0.0	5.8
Subtotal: Tete	**6.4**	**2.2**	**7.0**
Barue	12.2	0.0	8.6
Gondola	28.6	10.3	18.0
Manica	23.3	17.2	18.1
Sussundenga	12.8	12.6	11.0
Subtotal: Manica	**21.0**	**11.5**	**15.2**
Total	**10.4**	**5.7**	**8.6**

- The study further attempted to understand the reasons behind the lack of a bank accounts among men and women. Lack of savings was listed as the highest reason (33 percent), Interesting responses were the fact that respondents do not trust the banks, with women respondents (28.09 percent vs 19.03 percent of men) mentioning this as a reason for not having a bank account. This reason could also substantiate the difficulties that BOM has had to have women in the solidarity groups, despite the cultural reasons. The distance to the next branch or the level of complexity to open a bank account did not seem to affect women as

[5] CLUSA-PROMAC baseline assessment (November 2013) conducted by ELIM Serviços. Authorization to share this unpublished data was kindly granted by CLUSA.

much in relation to men.

Table 9. Reasons for not owning a bank account

REASONS	MEN (%)	WOMEN (%)	TOTAL (%)
Doesn't want to and/or doesn't need	12.72	11.62	11.83
Do not trust banks	15.05	28.09	19.03
Have no money	32.54	31.92	31.97
Too much bureaucracy to open account	11.06	8.62	9.66
No banks near by	10.25	4.78	8.25
Others	18.39	14.96	19.26
Total	**100**	**100**	**100**

- An important objective of the analysis within the section of financial inclusion was to find if interviewees had had access to credit from a financial institution 12 months prior to the interview. The results vary from region to region with some districts none reporting having access to credit at all where in other districts access to credit reached as high as 8 percent. From the table below, one can clearly see that the districts with high incident of interviewees responding having access to credit, are districts where BOM and BT are active. Greater focus would be given to the effectiveness of the LPG-DCA through BOM as it reached smallholders in the provinces of Zambézia and Manica which are the two provinces in which respondents declared having higher access to credit, 2.59 percent and 4 percent. Although BT and BOM are active in many other districts in these two provinces, the current LPG-DCA performance evaluation only collected qualitative data in Gurué district in Zambézia province; and Manica and Chimoio districts in Manica province. As per the table below, access to credit in Gurué (5.9 percent) and Manica (3.76 percent) districts are the highest reported but with women reporting insignificant figures as borrowers.

Table 10. Access to credit from banks

DISTRICT	MEN (%)	WOMEN (%)	TOTAL (%)
Alto Molocue	0.00	0.00	0.00
Gurue	9.84	0.00	**5.90**
Lugela	0.00	0.00	0.00
Milange	2.44	0.00	2.17
Namarroi	0.21	2.77	1.38
Subtotal: Zambézia	**2.59**	**0.29**	**2.00**
Angonia	2.50	0.30	1.18
Chiuta	0.00	0.00	0.00
Macanga	2.16	4.34	2.60
Tsangano	0.00	0.00	0.00
Subtotal: Tete	**1.50**	**0.94**	**0.96**
Barue	0.00	0.00	0.00
Gondola	4.88	0.00	1.71
Manica	8.36	0.00	**3.76**
Sussundenga	4.02	2.08	2.46
Subtotal: Manica	**4.71**	**0.48**	**2.19**
Total	**2.72**	**0.50**	**1.74**

Banco Oportunidate de Moçambique – LPG-DCA Agriculture Portfolio

Terms and conditions
BOM provides solidarity group loans for agriculture production. These loans aim to finance agriculture inputs and services.
The groups are created by the borrowers themselves based on trust and relationships (friend or relatives). Thus they need to believe in each other's ability to repay the individual contribution for the loan instalment.
Each member of the group, based on their required amount, need to contribute so that 15 percent of the total value is deposited as the collateral for the loan.
This loan product does not include any type of insurance policy contrary to the individual trade loans which have life insurance in case the borrower fails to pay the bank collects the insurance.

The agriculture loan last for between 5 to 9 months and costs 5 percent monthly paid at the end of the cycle as a bullet payment (once-off). The payment is synchronized with the time of the harvest thus enabling farmers to pay at a time when they do have money. Farmers reported liking this approach as monthly payments would create stress since they would not be able to always have an income to secure paying the instalments.

The mobile unit is an important way that BOM has found to spread it reach in the rural areas. Although important, none of the interviewed clients mentioned using it as all mentioned travelling to the main branch to make payments.

BOM has agriculture loans in Manica, Zambézia and Tete, the figure below describes the spread:

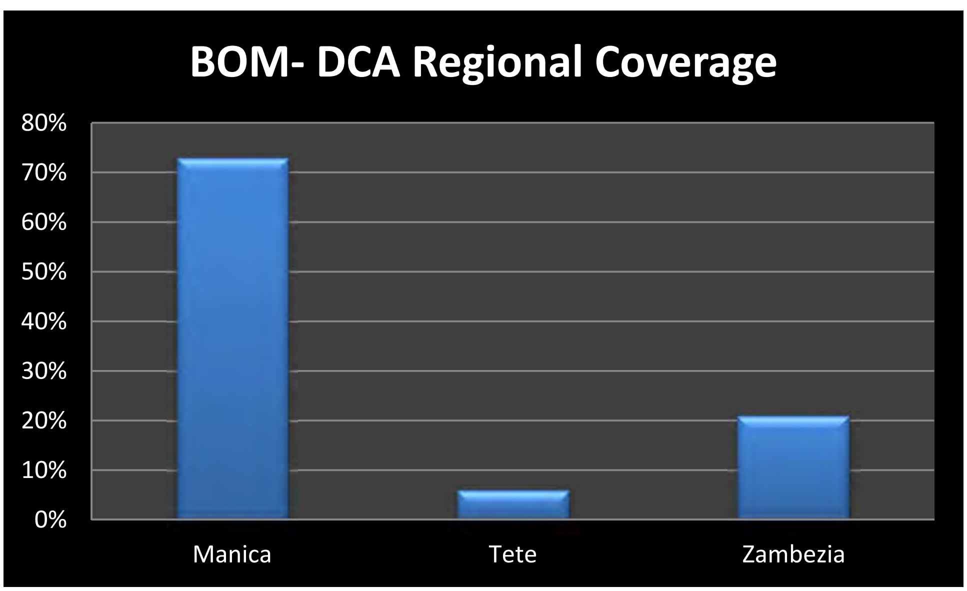

Figure. 2. Regional coverage of DCA Guaranteed Loans distributed by BOM

It is still not yet possible to further disaggregate the level of borrowing per province gender. BOM. The main reason being the fact that since the loans are disbursed in groups, not all group members are registed in the application forms, often only two or three contact people are registed. BOM estimates that the gender spit of the total direct beneficiaries of the loans it disburses under the DCA guarantee is 75% male and 25% female.

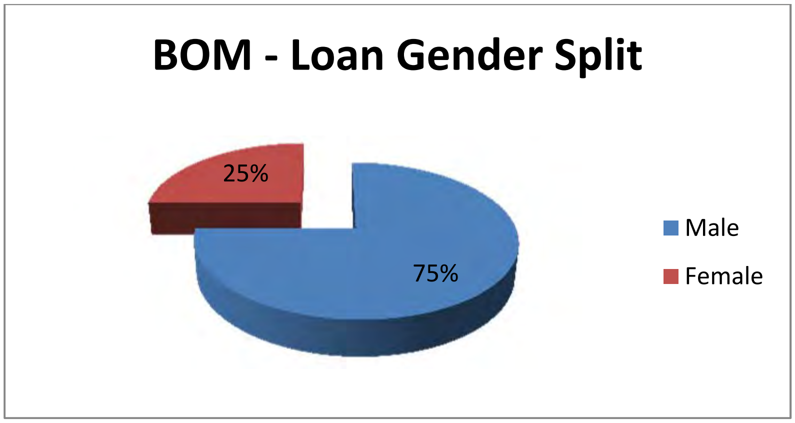

Figure. 3. BOM - DCA guaranteed loan, gender split estimation

It is important to note that until end of 2013 BOM charged 3 percent interest on the agricultural loans and from January it introduced a 5 percent interest on the loans. This increase led to an internal discussion on whether it would be feasible to increase the cost of the loan when the Bank's recently adopted strategy was to increase its portfolio of agriculture loans by attracting new clients. An increased cost also created uncertainty among some land preparation service providers which feared a decrease in the demand for their services in the new production season as they expected fewer farmers to borrow production loans. The internal discussion within Bom continued and in In September 2014 the bank decided to keep agricultural interest rate at 3 percent. Below is a summary of two loan products and their terms and conditions.

Banco Oportunidade de Moçambique

Terms and Conditions
Individual Loans and Agricultural Loans

	Individual Loans	**Group Agricultural Loans**
Term	Min: 4 months; Max: 12 months	Depends on purpose, generally between 5 and 9 months
Amounts	Min 5000MT; max 300.000MT	Min: 500MT (per group member); Max: Not defined
Monthly Interest rate	5.5%	3% (changed at the August Board meeting from 5%)
Collateral/guarantees	Household goods, business assets	Loan security fund of 15% of loan value, waived if MOU with offtaker exists; DCA or other guarantee fund
Payment terms	Monthly installments	Bullet payments (all principal and interest paid on maturity)
Insurance	Embedded credit life insurance, also includes funeral benefits, partial payment of loan if client hospitalized and total payment in the case of catastrophic destruction of business. The premium is pre-financed	No insurance

Note: BOM also does some non-ag group lending though it is a very small part of the portfolio. The interest rate is 6% and the loan security fund is 10%. The group loans don't have insurance. BOM also has a few individual agricultural loans, but only as part of specific partnerships and the terms and conditions are agreed in the MOU. Source: BOM, September 2014

Table 11. BOM - DCA Agriculture Portfolio

<table>
<tr><td>Loan Description (Types, conditions, terms, etc.)</td><td colspan="4">Target Groups: Smallholder producers and traders
Methodology: Loans are given to groups of 5-6 members; each group is considered to be a single loan; traders are normally given individual loans
Size: Loans vary from 25,000MT – 80,000 MT per group
Interest Rates: 3% pm (declining) for smallholders; 5% pm (declining) for traders (BOM is currently considering increasing interest rate for smallholders to 5% pm
Terms: Smallholder loans 5-9 months with single balloon payment at end of loan period; trader loans up to 1 year with monthly installments
Guarantees: No guarantees required for group loans but each group has to deposit 15% of the loan value with BOM before receiving loan;</td></tr>
<tr><td>Variable</td><td>Number/value</td><td>Percentage Men</td><td>Percentage Women</td><td>Comment</td></tr>
<tr><td>Total Number of loans conceded under DCA</td><td>80 Groups and associations (End of May 2014)</td><td></td><td></td><td></td></tr>
<tr><td>Total value of loans conceded under DCA</td><td>7,087,958.01Mt (End of May 2014)</td><td></td><td></td><td></td></tr>
<tr><td>Disaggregation by loan size (cohorts to be decided by bank)</td><td><table><tr><td>Loan size (Mt)</td><td>Nr of Loans</td></tr><tr><td>5.000 - 15.000</td><td>3</td></tr><tr><td>15.001- 25.000</td><td>10</td></tr><tr><td>25.001 - 50.000</td><td>24</td></tr><tr><td>50.001 - 75.000</td><td>15</td></tr><tr><td>75.001 - 100.000</td><td>3</td></tr><tr><td>> 100.000</td><td>25</td></tr></table></td><td></td><td></td><td></td></tr>
<tr><td></td><td></td><td></td><td></td><td></td></tr>
<tr><td>Loan numbers /values by sectors (disaggregated by: input supplier, producer, processor, internal trader, exporter, etc.)</td><td></td><td></td><td></td><td></td></tr>
<tr><td></td><td>Production – 67</td><td></td><td></td><td></td></tr>
<tr><td></td><td>Trading – 13</td><td></td><td></td><td></td></tr>
<tr><td>Loan numbers/values by size of clients (disaggregated by micro, small, medium)</td><td>All loans are made to micro clients</td><td></td><td></td><td></td></tr>
<tr><td>Loan numbers/ values by client types (individual farmer, farming company, non-farming company, informal farmer group/club, association/cooperative, etc)</td><td></td><td></td><td></td><td></td></tr>
<tr><td>Individual</td><td>8 clients- 1.304,487MZN</td><td>88%</td><td>12%</td><td></td></tr>
<tr><td>Group/club</td><td>65 clubs/groups- 5,255,963</td><td>67%</td><td>33%</td><td>% of sex is estimated</td></tr>
<tr><td>Association</td><td>7 Associations- 2,055,260</td><td>67%</td><td>33%</td><td>% of sex is estimated</td></tr>
<tr><td></td><td></td><td></td><td></td><td></td></tr>
<tr><td>Short-term loans (<1year)</td><td>All agricultural loans do not go up to 12 months</td><td></td><td></td><td></td></tr>
<tr><td>Medium-term (1<3yrs)</td><td>N/A</td><td></td><td></td><td></td></tr>
<tr><td>Long-term (>3yrs)</td><td>N/A</td><td></td><td></td><td></td></tr>
<tr><td>Geographic Location of Loans</td><td>N/A</td><td></td><td></td><td></td></tr>
<tr><td>Number of first-time borrowers</td><td>54 groups</td><td>67%</td><td>33%</td><td></td></tr>
<tr><td>Number of new borrowers under DCA who had previously borrowed</td><td>1group in 2014</td><td>100%</td><td>0%</td><td></td></tr>
</table>

<table>
<tr><td>from the bank</td><td></td><td></td><td></td><td></td></tr>
<tr><td>Number of repeat borrowers within DCA framework</td><td>28 clubs and associations</td><td>67%</td><td>33%</td><td></td></tr>
<tr><td>Number of refused loans before DCA – main reasons</td><td>N/A</td><td></td><td></td><td></td></tr>
<tr><td>Number of previously refused clients that were approved through the DCA – what changed?

Number of refused clients within DCA - reasons</td><td>N/A

0</td><td></td><td></td><td></td></tr>
<tr><td>Number of current DCA covered clients that your bank would consider re-financing outside of a DCA guarantee</td><td>8</td><td>90%</td><td>10%</td><td></td></tr>
<tr><td>Main types of collateral guarantees used</td><td>Solidarity of the group and 15% Loan Security savings</td><td></td><td></td><td>Loan security savings is returned back to group at the end of the cycle if they don't want to continue.</td></tr>
<tr><td>Overall PAR<30 days (by year if possible)</td><td>1.25%</td><td></td><td></td><td></td></tr>
<tr><td>Overall Repayment rate (by year if possible)</td><td><table><tr><th>Year</th><th>Overall Repayment rate</th></tr><tr><td>2011</td><td>90%</td></tr><tr><td>2012</td><td>83%</td></tr><tr><td>2013</td><td>65% (see main text for causes of decline)</td></tr></table></td><td></td><td></td><td></td></tr>
<tr><td>Value of claims recovered from DCA</td><td>USD 6,659</td><td></td><td></td><td></td></tr>
</table>

Banco Terra – LPG-DCA Agriculture Portfolio

Banco terra does not differentiate between a DCA covered loan and other. It uses its commercial requirements to access all loans.

Terms and conditions[6]

Banco Terra did not make any changes to its loan application as a result of the DCA.

- 100% financing to established agribusinesses with proven experience
- 50% finance for new projects/businesses
- Attractive tariffs
- Flexible disbursements as per the nature of the agribusiness activity

Prerequisites,

- Have a bank account at BT
- Present a business plan
- Own a DUAT (Land Use Certificate)

For qualification

- Present financial records
- Present collateral

The DCA guarantee is important and is considered by the bank when an agribusiness has the potential but cannot provide the full collateral requirement (100 percent). BT then uses the DCA to fill the collateral gap, often up to 50 percent of the desired value. BT states a 100 percent repeat borrowers rate and like BOM hasn't kept the gender disaggregation of the borrowers as it is not an important fact for the bank. It assumes a very low percentage of female agricultural borrowers since it is a male dominated sector at commercial level. Along its practice to not differentiate applications with or without DCA, BT also doesn't disaggregate loan repayment data between loan guaranteed and non-DCA guaranteed loans thus it is impossible to obtain this data.

[6] Information extracted from www.bancoterra.co.mz

Table 12. Banco Terra - DCA Identification 656-DCA-10-003

Loan Description (Types, conditions, terms, etc.)	**Target Groups:** SMEs in agricultural value chains excluding Maputo but BT is now withdrawing from "small enterprises and moving up into "large enterprise" category. **Size:** Loans can up to equivalent of USD 1m but only in local currency (meticais) **Interest Rates:** ranges from 14-24% pa with smaller farmers (producers) paying 18-24% **Terms:** Working capital loans up to 1 year; investment loans up to 5 years but with loan restructuring possibilities of up to 8-9 years **Guarantees:** **Note:** BT has not introduced any changes in loan types or conditions under the DGA				
Variable	**Number/value**		**Percentage Men**	**Percentage Women**	**Comment**
Total Number of loans conceded under DCA	115		87%	13%	
Total value of loans conceded under DCA (MZN)	133,971,387		87%	13%	
Loan numbers /value by sectors (disaggregated by: input supplier, producer, processor, internal trader, exporter, etc.)					
Producer (MZN)	107	64,926,738	87%	13%	
Trader (MZN)	2	18,798,519	83%	17%	
Processor (MZN)	6	37,450,000	100%	0%	
Loan numbers/values by size of clients (disaggregated by micro, small, medium)					
Less than MZN 1,000,000	97	26,670,939	87%	13%	
Between MZN 1,000,100 and 12,000,000	17	74,504,318	88%	12%	
Greater than MZN 12,000,1000	1	20,000,000	100%	0%	
Loan numbers/ values by client types (individual farmer, farming company, non-farming company, informal farmer group/club, association/cooperative, etc.)					
Individual farmer (MZN)	104	48,238,810	88%	12%	
Farming company (MZN)	4	11,776,464	50%	50%	
Non-farming company (MZN)	7	61,159,983	86%	14%	
Term Loans					
Short-term loans (<1year)	108	87,226,738	81%	10%	
Medium-term (1<3yrs)	7	33,948,519	171%	57%	
Long-term (>3yrs)	0	0	0%	0%	
Geographic Location of Loans					

Gaza	95	25,638,810	89%	11%	
Inhambane	4	10,137,928	50%	50%	
Manica	4	26,300,000	100%	0%	
Maputo	6	25,750,000	83%	17%	
Nampula	2	18,798,519	100%	0%	
Sofala	1	3,050,000	0%	100%	
Tete	1	2,000,000	100%	0%	
Zambézia	2	9,500,000	50%	50%	
Number of first-time borrowers	**107**	77,803,749	86%	14%	
Number of new borrowers under DCA who had previously borrowed from the bank	**0**		0%	0%	
Number of repeat borrowers within DCA framework	N/A		N/A	N?A	
Number of refused loans before DCA – main reasons	N/a		N/a	N/a	
Number of previously refused clients that were approved through the DCA – what changed?	0		0%	0%	
Number of refused clients within DCA - reasons	0		0%	0%	
Number of current DCA covered clients that your bank would consider re-financing outside of a DCA guarantee	**0**		0%	0%	
Main types of collateral guarantees used under DCA					
Movable Assets	11	18,726,668	N/a	N/a	
Fixed Assets	11	55,876,342	N/a	N/a	
Stocks	2	9,000,000	N/a	N/a	

Term deposit	95	13,373,976	N/a	N/a	
Overall PAR<30 days (by year if possible)	694,599		N/a	N/a	**Sum of** Total value NPL (in MZN) 1-30 days **Total Portfolio 31 May 2014**
Overall Repayment rate (by year if possible)	Information not available				
Value of collections made on bad debts (specify value of collateral recovered under DCA cover)	3,073,661.78		88%	12%	

Table 13. Banco Terra - DCA Identification 656-DCA-11-005 (Sida)

Loan Description (Types, conditions, terms, etc.)	**Target Groups:** SMEs in agricultural value chains excluding Maputo but BT is now withdrawing from "small enterprises and moving up into "large enterprise" category. **Size:** Loans can up to equivalent of USD 1m in local currency (meticais) and USD 1.5m in USD (this DCA agreement allows for loans to be made in USD if conforming to Bank of Mozambique requirements) **Interest Rates:** ranges from 14-24% pa with smaller farmers (producers) paying 18-24% **Terms:** Working capital loans up to 1 year; investment loans up to 5 years but with loan restructuring possibilities of up to 8-9 years **Guarantees:** **Note:** BT has not introduced any changes in loan types or conditions under the DCA				
Variable	**Number/value**		**Percentage Men**	**Percentage Women**	**Comment**
Total Number of loans conceded under DCA	20		N/A	N/A	
Total value of loans conceded under DCA ($USD)	9,120,133		N/A	N/A	
Disaggregation by loan size (cohorts to be decided by bank)					
Less than $USD 33,300	0	0	N/A	N/A	
Between $USD 33,310 and 400,000	13	2,901,762.50	N/A	N/A	
Greater than $USD 400,000	8	6,218,370.66	N/A	N/A	
Loan numbers /value by sectors (disaggregated by: input supplier, producer, processor, internal trader, exporter, etc)					

Producer ($USD)	5	2,174,489.73	N/A	N/A	
Producer/Exporter ($USD)	10	5,421,284.48	N/A	N/A	
Trader ($USD)	2	1,073,841.06	N/A	N/A	
Processor ($USD)	2	402,747.19	N/A	N/A	
Input supplier	1	47,770.70	N/A	N/A	
Loan numbers/values by size of clients (disaggregated by micro, small, medium)					
Less than $USD 33,300	0	0	N/A	N/A	
Between $USD 33,310 and 400,000	13	2,901,762.50	N/A	N/A	
Greater than $USD 400,000	8	6,218,370.66	N/A	N/A	
Loan numbers/ values by client types (individual farmer, farming company, non-farming company, informal farmer group/club, association/cooperative, etc)					
Farming company ($USD)	15	7,174,446.40	N/A	N/A	
Non-farming company ($USD)	4	1,390,130.76	N/A	N/A	
Term Loans					
Short-term loans (<1year)	3	2,312,779.11	N/A	N/A	
Medium-term (1<3yrs)	1	47,770.70	N/A	N/A	
Long-term (>3yrs)	16	6,759,583.35	N/A	N/A	
Geographic Location of Loans					
Gaza	0	0	N/A	N/A	
Inhambane	2	400,000.00	N/A	N/A	
Manica	4	1,622,860.21	N/A	N/A	
Maputo	4	4,234,337.84	N/A	N/A	
Nampula	2	1,073,841.06	N/A	N/A	
Niassa	5	1,441,532.25	N/A	N/A	
Sofala	1	47770.7	N/A	N/A	
Tete	1	165,562.91	N/A	N/A	
Zambézia	1	134,228.19	N/A	N/A	
Number of first-time borrowers		9	N/A	N/A	

Number of new borrowers under DCA who had previously borrowed from the bank	0		0%	0%	
Number of repeat borrowers within DCA framework	0		0%	0%	**The apparent repeat beneficieries in the reports are due to restructuring of their loans**
Number of refused loans before DCA – main reasons	No information		No information	No information	
Number of previously refused clients that were approved through the DCA – what changed?	**0**		**0%**	**0%**	
Number of refused clients within DCA - reasons	**0**		**0%**	**0%**	
Number of current DCA covered clients that your bank would consider re-financing outside of a DCA guarantee	10%		**N/A**	**N/A**	For those considered to be eligible, BT would reduce the amount financed.
Main types of collateral guarantees used under DCA					
Movable Assets ($USD)	17	**1,780,824**	N/A	N/A	
Fixed Assets ($USD)	8	**3,318,975**	N/A	N/A	
Stocks ($USD)	2	**6,910,417**	N/A	N/A	
Term deposit ($USD)	0	**-**	N/A	N/A	
Corporate guarantee ($USD)	1	**750,000**	N/A	N/A	
Overall PAR<30 days (by year if possible)		694,599	N/A	N/A	Sumo f the total value NPL (IN MZN) 1-30 days **Total Portfolio 31 May 2014**
Overall Repayment rate (by year if possible)	No information		N/A	N/A	

Value of collections made on bad debts (specify value of collateral recovered under DCA cover)	0	0	0	

FINDINGS, CONCLUSIONS & RECOMMENDATIONS

In the sections that follow the findings of the Performance Evaluation of the Loan Portfolio Guarantee trough the Development Credit Authority (DCA) in Mozambique will be presented. The results will be presented in a format that addresses the evaluation questions and is consistent with the DCA Theory of Change Results Chain. The objectives were to identify the level and quality of the changes, if any as a result of the DCA intervention in Mozambique.

FINDINGS

Results of the Guarantee: Input Level

USAID Mozambique approached Banco Oportunidade de Moçambique (BOM) in 2009 when the Bank had completed the process of evaluating its ability to finance the agriculture sector using Weather Indexed Insurance and had concluded that the available data was inconsistent to develop an index, and thus it would not provide finance to the sector. The timing of the USAID/DCA Team approach was right and so was the willingness of the Bank to adopt the Loan Portfolio Guarantee through the DCA, facilitated by the straightforward due diligence procedures. At the time, BOM did not have any experience in the agriculture sector in Mozambique. Its frustrated wish to apply the Weather Indexed Insurance had been fuelled by its success in Malawi and it hoped to copy the experience to Mozambique. Until then, BOM had been an urban and peri-urban focused bank providing trade loans as its main product to SMEs.

Banco Terra on the other hand, had previous experience of financing the agriculture rural smallholder through the ADIPSA/ Danida funded program which had also provided the bank with a Guarantee Fund. Through the Fund BT financed farmer associations and small and medium-size agribusinesses. Due to personnel turnover, current staff are unclear on how the DCA agreement evolved. In 2009 BT was assigned its first Loan Portfolio Guarantee and in 2011 the second which has 50 percent contribution from the Swedish Government.

Over time, BT recognized that that the administrative and claiming procedures of the DCA were simpler than those of ADIPSA (which essentially required time-consuming independent due diligence procedures). The bank did not change its procedures to accommodate the DCA. It uses the DCA to finance commercial farmers which request financing but do not have enough collateral to satisfy the banks requirements the DCA assumes the risk of the outstanding collateral. Without the DCA these loans would otherwise be refused or the amount borrowed reduced to suit the bank's risk assessment.

Support was provided to the banks to familiarize the, with DCA procedures. The sessions were brief and most things were assumed to be self-explanatory. BT seems to have benefited more from the engagements and easily adopted the uploading of the data for reporting on the DCA system and reported claims. In the case of BOM, only a few people attended the onboarding sessions, and bank turnover led to a situation in which understanding of the DCA process disappeared with exiting staff. During a visit by the DCA Team at the end of 2013 to inquire about their progress, BOM was asked why it never had claimed and if that mean all was going well. This session clarified to the current BOM team the procedures and they realized that contrary to their assumption of a tedious claiming process, DCA was simple. This wrongful assumption had led BOM not to claim losses under 200.000Mt (USD6.666) thus assuming those losses. Since then, claims were submitted in January and paid in April 2014. As this was the first submission, BOM feels that the process can be even faster once procedures are familiar (BT claims that their claims take 6 months to be paid and that DCA needs to improve). Data was taken from BOM MIS and transferred onto the DCA platform and BOM's staff trained to do this. Implementation during the first year was slow, with only about 10 clients but began to increase rapidly in 2012/13. Today BOM has direct access to the online platform and uploads its data.

USAID funded development programs which aimed to work to meet the ATB's goals were identified as potential sources of technical Assistance (TA) to farmers and link them to financial institutions. BOM and BT were of preference since the DCA aimed to facilitate access to credit by lowering the traditional constraints farmers face.

Partnership with Sida - The involvement of Sida introduced new aspects vis-à-vis previous LPG with BT including: introduction of tourism sector and greater emphasis on lending to enterprises owned by women. Sida also required greater geographical flexibility with less emphasis on lending to corridor based activities.
Sida was generally satisfied with the DCA experience and saw it as an important instrument for the organization to better understand the private sector. However, it felt that, despite funding half the LPG, it was treated as the "silent partner" and would have preferred to be more involved in terms of monitoring and evaluation (M&E). As he agent, however, USAID is responsible for reporting, fee collection, approval and claims processing but Sida, as funder, are in principal involved in M&E and should be able to participate in M&E exercises, either directly or through representation.

It is also their opinion that that the information generated by the banks is only quantitative and lacks contextual narrative to better understand the impact of the LPG and to better explain the progress achieved by the banks and factors behind problems encountered. Furthermore they were unhappy with some of the linkages created within the LPG and AgriFuturo which resulted in delayed delivery of equipment resulting in serious repayment problems for clients. Sida recognized the limitations of promoting greater involvement of female entrepreneurs at the level of enterprise scale that BT was targeting. Sida is considering on using the DCA or similar instruments for targeting SMEs in other sectors.

Results of the Guarantee: Output Level

As per the DCA's Evaluation Framework, at an output level direct and indirect results can be measured, these can be of economic and financial nature. The objectiveness to determine if the LPG-DCA contributed with Economic Additionally (e.g. business sales, profits, jobs) and Financial Additionally (additional loans extended).

Farmers have access to finance in the form of production and/or commercialization loans to leverage own resources and increase production, productivity and incomes. DCA beneficiaries were interviewed in Zambézia province (Gurué district), Manica province (Manica and Chimoio districts) and Gaza province (Chókwé district). In all instances, the interviewees reported using additional capital from the production loan to hire labor (weed control, bird control in the case of rice and harvest in the case of cereals and oilseeds). Land preparation services and inputs (fertilizers and herbicides) whenever available were also purchased, thus enabling the farmers to expand production areas and seek higher productivity per hectare (Ha). In Chókwé, farmers that were part of the Mia Rice out growers scheme reported planting 2 to 3 Ha of their own land, under the out grower scheme they cultivated 16 to 23 Ha of rice, and were able to hire an average of 4 seasonal labor (mainly women) to execute less intensive tasks such as weeding and bird control. In Manica district where informal gold extraction is dominant among peasant, both men and women are involved in the activity. Agriculture is a secondary activity as it is perceived to be laborious and less lucrative than gold mining. Often practiced to meet the food needs of the household, agriculture is not considered to be a source of additional income and the DCA beneficiaries (mostly women) reported obtaining the loans from BOM to finance poultry production. The loan allows for 100 to 300 chicks and poultry feed to be given to the women by the pre-identified BOM supplier. The supplier is said to often have problems in delivering the feed so borrowers may need to find alternative sources. The chickens are sold in two formats: cooked/grilled in portions as meals for the workers in the informal gold mines (each meal costs 80Mt or $27) or as live birds at the farm-gate ($40 each) and at the local market $50. It is important to note that for many of these women, these production loans to finance poultry rearing are the only source of external capital to which they have access. However, the level of sustainability of the intervention is questionable because many are very susceptible to shocks that can hinder their ability to repay the loan (e.g. weather, disease).

For the most recent production season (2013/2014), countrywide until the end of June 2014, there were 92 solidarity groups with approximately 7.600[7] direct loan clients of which 25 percent were women and 75 percent men and a portfolio of about USD245.300. Eighteen groups are located in Gurué district and have 77 direct clients[8].

Four (4) groups were interviewed using focal group discussion approach in three localities of Gurué. Most solidarity groups are composed of men and when asked about the women "the women feel that they are not ready to assume such commitment with the bank at the moment" one important fact is that the groups are created by the borrowers themselves based on trust and relationship (friend or relatives) thus they need to believe in each other's ability to repay the individual contribution for the loan instalment. In Tetete a groups of 3 women and one man was interviewed. For cultural and security reasons the man was tasked with the responsibility to travel to Gurué City to make the payment at the branch.

The production loan enables farmers to make use of land preparation services. These services are provided by local emerging farmers who often are beneficiaries of the FinAgro Program and have accessed a loan intermediated by Technoserve (TNS) at the BCI bank. FinAgro pays 50 per cent of the loan amount, the farmer pays collateral which is equivalent to 10% of the loan and the bank provides the remained 40 per cent through a loan. The farmer acquires agriculture implements (a tractor with planter, a ripper and a thrasher) to the value of USD77.000 (2.300.000Mt) and makes quarterly instalment payments equivalent to USD4.200 (126.000Mt). To ensure the emerging farmers' ability to meet the instalments, TNS approached BOM to link them to BOM's client network

[7] BOM in June 2014: 7.645 people as direct loan clients (1.911 are women and 5.734 are men) and a portfolio amount of 7.361,03 MT

[8] , 44 loans to the value of 877.825,82Mt (USD28.547,19) were given to these groups as per their needs (to finance different phases of the production cycle).

BOM's clients have access to land preparation and post-harvest services which enables them to expand areas cultivated and have higher productivity. In addition, TNS's clients have a secured source of income to meet their obligations with the bank.

BOM makes the payment directly to the service provider based on the request received by their clients and the signed sheet of service rendered. Often such providers also begin supplying inputs such as seeds, but farmers have complained that the cost is higher when acquired through the bank and they would rather have the money to purchase directly. There are also cases where these inputs are not available to be supplied through the banks providers and farmers purchase them at the local markets or at the nearby markets of Malawi. There are at least two BOM clients in Gurué which have been recently selected for the TNS/FinAgro program. This is an interesting combination of how a USAID tool has been able to facilitate access to services and production through contracted services.

Figure. 5. Threshing equipment bough by a farmer and rented by BOM beneficiaries

There was some concern regarding the service providers with BOM clients around the increase in interest rates. Service providers are concerned in losing clients. BOM did confirm that it has increased interest rates but the decision is still under discussion in view of the new strategy BOM has for the sector.

Men reported using the services of the service providers. They hire 10 to 40 seasonal laborers who are paid daily and or receive in kind with maize or beans for each hectare worked. Women reported inviting their friends to help in preparing the land, planting and harvesting. At the end of each working day, they cook and eat together as friends.

Agriculture commercialization loans are provided to farmer associations and federations (groups of associations) which have proven themselves as highly productive and have been granted an off-take contract. The World Food Program (corn) and TNS (soya beans) are often the off-takers that engage with farmers and BOM finances the commercialization process. The federation/association presents its contract to BOM and after its evaluation, the bank decides on the amount to be financed. Farmers often complain that the amount granted is not enough to finance the whole process and thus only purchase part of the quantities stipulated in the contract. Therefore, farmers do not meet the financial objective sought at the beginning. Federations receive loans and distribute to the associations it identified as highly productive. Within the association, the members who are known to be reliable farmers are tasked to produce and supply the association with the contract quantities.

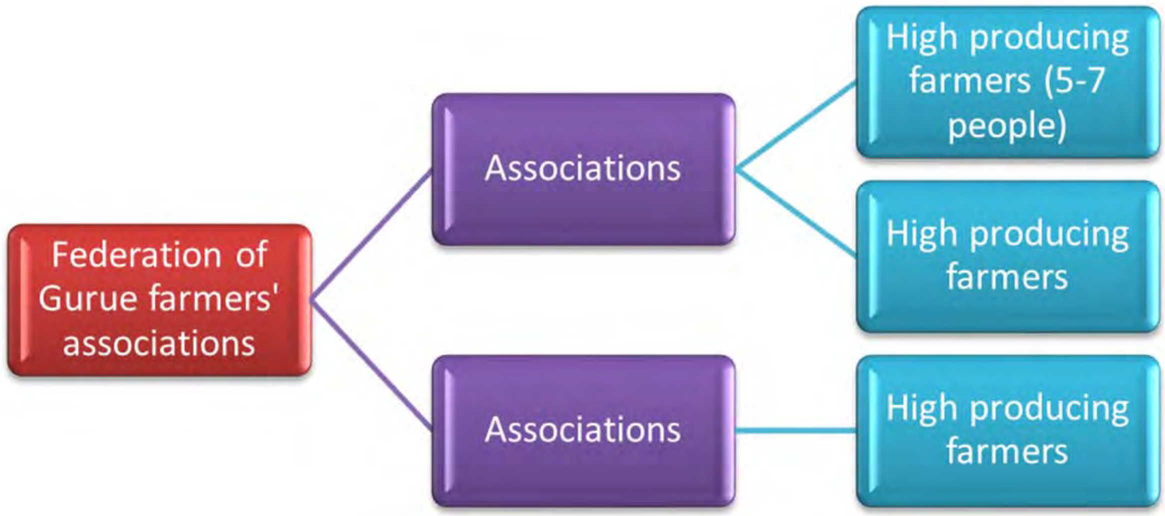

Figure. 6 Organization structure of Farmers' Federations

Delays in the payment of the delivered quantities by the association to the off-takers WFP/TNS have resulted in farmers being discouraged and incurring financial losses. Both entities are said to delay in making payment after collecting the commodities with WFP having delayed as long as 8 months to pay one association. When that happens, farmers incur late payment costs at the bank which they report to completely cancel the benefit of having an off-take agreement as all margins are used to pay the interest rates. When inquired, BOM stated not charging interest rates to the farmers in those agreements as they understand that it is not their fault. However, farmers are not aware of such practice and it is not understood how the bank would recover its losses if it doesn't charge the farmer nor the off-taker who doesn't have a direct relationship with the bank under this contract.

Most of the associations/federations were trained either by Gapi (A Mozambican Development Finance Institution with a Business development Services division), CLUSA (American NGO) or Adipsa (Danida funded agricultural development project which came to an end in 2012) at some point. They mention having received training in good governance, accounting and general loan management, and thus their ability to effectively manage the loans. In some cases, these federations own warehouses and some equipment such as tractors that can be used as collateral to financial institutions and serve as sources of income. They question the reluctance of banks to finance them directly, especially during the commercialization season, if they don't have a contract with WFP. They believe that they could use the resources and during the season commercialize at least twice before having to return the funds. Their market would be Abílio Antunes (the poultry farmer in Manica that purchases most of the produced soya in the region) as well as the trade houses in Nacala such as Export marketing. With no finance, the farmers are forced to sell to intermediaries at the door-step of the federation and rent to the intermediaries their warehouse.

For the current agriculture season all over the country, USD160.000 disbursed by BOM over 35 agriculture commercialization loans which benefited about 400 people.

Both Banks benefited economically and financially from rendering their services to the agriculture segment under the DCA. BT has expanded its market share among commercial farmers and established itself as "*a bank which understands agriculture and offers suitable products for the sector*." In 2009 BOM did not have an agriculture unit or an agriculture loan portfolio; in 2014 it has an agriculture loan portfolio which represents 7% of its total portfolio and believes it is potential to continue growing. Women make 25% percent of BOM's agriculture loan portfolio. The bank stated that although it seeks to have more women clients, the socio-cultural practices of central and northern regions limits the number of women in the solidarity groups as they are not as active as desired.

The effectiveness of TA Both BOM and BT were critical of the unpredictability of the NGO-driven TA because presence in certain areas depended on projects with fairly short life-spans and the mobility of the best field staff, leaving serious vacuums.

The case of Agrifuturo is worth noting for various reasons because they brokered TA but also played an important role as provider of equipment to service providers as well as to loan clients themselves resulting in both positive and negative situations (discussed below). Staff from Agrifuturo stated that they played an important role in designing the group lending financial product. On the other hand, BOM is of the opinion that this was their product but do acknowledge that the concept of providing small trading loans arose from AF.

BOM – in most cases provided loans to clients that had TA provision (CLUSA, TNS, WVI and ADRA). The experiences varied but often hinged on personal relationships that evolved in the field rather than the competence of the NGO. BOM does not consider NGO provided TA as effective as private TA as effective as private sector TA because of lack of vested interest.

BOM works very closely with NGOs and requires off-taker arrangements for all its client groups such as P4P, ACAM, EKA, Moz Seeds, Cargill (potential), MLT (potential)

NGOs and projects providing TA include: TechnoServe (Gurué and Angonia), Agrifuturo (Tete, Manica, and Nampula), ADRA (Mocuba), World Vision (Gurué), CLUSA (Manica, Gurué).

Banco Terra **-** BT was much more critical of their TA experience and does not want to use it and feels it is unnecessary for their revised target group (medium and large enterprises).
The only NGO they regard with a degree of seriousness is TechnoServe which they feel have a more private sector mentality. With the DCA, Banco Terra developed an important partnership with MIA in Chókwé which provided both TA and inputs (sold via the Banco Terra credit contracts). MIA played a crucial role in 3 ways: i) it was an off-taker, ii) it provided TA and supplied the inputs and iii) it assumed an additional 40% of the risk. This sort of partnership with a private sector company was seen very positively, despite that, in the end the venture failed, largely due to the flooding occurring in 2013. Prior to the DCA, it had a partnership with CLUSA which provided a guarantee fund for credits to 20 emerging farmers. In the second year the guarantee fund was linked to the ADIPSA LGF which assumed 60% of the risk and CLUSA 30%. The Agrifuturo project attempted to engage with Banco Terra by providing TA to potential clients but Banco Terra was unsatisfied with the TA provision and critical of the lack of experience with Mozambican farming conditions by project managers.

Third Party Entities and Guarantee Funds In addition to TA providers, third party interventions come in the form of input provision and off-taking. The role of these additional players is very important in terms of improving productivity but also in reducing risks. However, on the negative side the evaluators noted that, largely due to inexperience, third party entities can seriously prejudice the position of the banks and the loan clients. As discussed below, third parties can add a significant risk to the loans resulting in default which, under a DCA cushions the impact on banks but could seriously compromise client credit standings. Late deliveries of inputs, equipment and farmer services result in late planting and affecting yields and repayment capacity. In extreme cases, farmers were charged for services that they did not want (due to inappropriate timing), debited with a loan which they could not repay and later registered with the Bank of Mozambique Credit Registry as defaulters. In another case a late delivery of machinery procured through a project resulted in one loan client not being able to repay the loan as planned resulting in severe financial difficulties. BOM requires the presence of off-takers to buy from their clients. In one case a major off-taker for many groups producing soy ran into financial difficulties and was unable to purchase as it had contracted with BOM's clients. The DCA cushions banks from the inefficiencies but does not protect borrowers from exogenous events caused by third party failures.

BOM's repayment rates have been high (>90%) but 2013 was a relatively bad year due to flooding in Chókwé area (rice farmers), political problems in the Gorongoza area resulting in the withdrawal of BOM's loan office there (leading to a loan loss of about 1m MT). Also, the financial a problems of African Century (AKAM) resulted in side-selling and difficulties in recovering loans from farmers, which resulted in 33% default. AKAM was the off-taker and input supplier (prepared land and provided improved seed) for 43 groups (595 clients) of soy farmers in Gurué District.

Both banks and the farmers also lost when the banks financed the production through companies (Mia and African Century) which had outgrowers schemes with the farmers with the aim to off-take the commodities. Poor management of the delivery of the services and inputs to farmers led to poor performance and high default rates. In such cases, there was limited involvement of the banks. Still, banks, received service rendered forms from off-taking companies, but without control over whether the services were offered within the period where results would be best achieved. Farmers were charged for services rendered, and eventually defaulted. Some of those service providers have been bankrupt multiple years while the farmers still owe the banks.

Results of the Guarantee: Outcome Level

At the Outcome Level the aim is to measure short and mid-term changes in behavior and perception as a result of the guarantee Outputs at both Borrowers and Lender Level.

Change of Behavior - Lender's level

BOM's experience with the agriculture sector in Gurué was through a third-party agreement where it financed smallholders which had an off-taker agreement with African Century. The bank believed that since the production and commercialization aspects were provided by several private entities the risk of serving the smallholders was low. BOM reports having created 48 groups through which 644 farmers were financed through this agreement as they were primarily selected by African Century. The size of the portfolio was 3.900.000Mt and the failure of this process resulted in only 64 percent repayment rate.

This experience was a valuable lesson learned for BOM as today it is directly involved in the selection of the borrowers. The bank which prior to the DCA in 2009 had no agriculture unit or loan products today it has an agriculture unit composed of 6 loan officers, the Gurué manager is an agronomist. In addition, the bank has adopted the practice to recruit and train agronomist to become loan officers instead of attempting to convert traditional loan officers (trade loans) to manage the loan portfolio. Time has shown that the agronomist loan officers easily relate to the farmers and also contribute to the success of the farmer as they can understand the production cycle and its challenges. In addition, BOM has included in its recently approved 3-year strategic plan the mainstreaming of the agriculture loan product as a bank's product, until now the product was merely being piloted in specific areas, but the bank is positive that it will yield positive returns in the next 2 to 3 years. BOM is hoping to apply its DCA experience to support tobacco producing smallholders (potentially 2,000 groups Barué, Gurué and Alto Molocué for promoting food crops with loan repayments coming from tobacco proceeds (paid by Mozambique Leaf Tobacco). BOM is aware that the DCA cannot be used to support tobacco farming but argues that the DCA is used for promoting food crops of the tobacco farmers but that loan repayments are made from the proceeds of tobacco production.

BOM has increased the level of engagement with development programs active it is area of reach (e.g. CLUSA {Promac/Agrifuturo}, INOVAGRO, TNS etc.) thus aiming to leverage its relationship with the farmers through the technical assistance provided by the programs. CLUSA and TNS may recommend clients to BOM which the bank evaluates and if comfortable finances. In the 2012/3 INOVAGRO and BOM shared clients they had lent to, who defaulted. Poor coordination led to both seeking repayment at the same time from the clients and unethical practices by agents hired by INOVAGRO compromised BOM's image in a community within Ruace. BOM has since tried to restore the relationship by communicating closely with the local authority but it is clear from our visit to the field that a negative impression remains. This was an important lesson for BT.
BOM advises its clients during the harvesting season to save money for the collateral contribution of the next loan if they want to request subsequent loans. This is because many borrowers struggled to contribute 15% of the collateral in their first loan cycle which happened at a time of low income availability.

"How can the bank ask us to contribute 6000 Mts when we are going to the bank for money because we don't have any? Of course it took us 2 months to get the 6000 Mts which we borrowed from someone else and later repaid. The delay affected our weed control, as we needed to hire seasonal laborers." – BOM's Client

BT did not restructure itself or adopt new practices to serve the rural agriculture sector as a result of the DCA. BT also attempted to finance smallholders through an agreement it had with a rice producing company in Chókwé. Mia, the rice company, assumed 40 percent of the risk and through the DCA BT financed the smallholders. The poor management of the contract and the floorings which occurred in 2010 and 2013 led to 93 of the 95 smallholders defaulting on their loans. These farmers were surveyed under this evaluation and evidence shows that they did not interact with the bank, the conditions of their loans were not clearly explained to them, in many cases they do not know for certain how much is owed to the bank and why because most delivered all their rice to Mia and never received any money for it in some cases for two consecutive seasons. At least two farmers approached BT in Chókwé to request the restructuring of their loans so they could produce vegetables and with the sales begin to pay the outstanding loan for the rice production, their requests were refused “they first need to pay the outstanding loan and then the bank would consider another finance”, was the answer they reported having received from the bank. This from a bank that is known to restructure for 5 to 9 years the loans of large commercial farmers in Chókwé due to the losses caused by the floods. Its branch in Chókwé was closed after Mia’s operations with the smallholder proved unsuccessful.

The experience with the smallholders in Chókwé led BT to decide that the micro and small agribusinesses were not its profile of clients and that it would rather focus on the medium to large enterprises (MLEs).

Behavior Change - Borrowers Level

Mozambican rural communities are used to two extremes: either they receive nothing at all or they receive free donations or cheap money. Those practices have negatively influenced the financial market thus making it difficult for any operator to seek repayment.

Government’s policy to make available 7.000.000Mts as part of the District Development Fund (FDD) which is said to charge 3 percent interest and almost 10 years later only has a 1 percent repayment rate, is another policy which discourages finance operators from reaching out to rural areas. The rationale is that with cheap money available in the districts people would seek commercial finance and if they did they would assume it to be free money and would not repay. There are some cases with operators which did show such borrowers behaviors but as time passes it has become evident that access to the FDD is limited to a few and difficult to get. The FDD can take as long as 8 months to disburse while financial institutions disburse in a period that varies between 2 weeks to 4 weeks. The politicized and long waiting process discourages many which see BOM’s loans as effective and quick for their needs.

The relationship with the bank is mainly focused on the credit. For the period of 2010 and 2013, only 17.6 percent of the surveyed beneficiaries in Gaza reported having accounts related to loans with BT and 15.7 reported having loans with other institutions. In addition, of quantitative survey 48 percent mentioned having bank accounts while 52 percent stated not having saving accounts at all in the period of 2010-2013. In the qualitative surveys in the same area and in Zambézia interviewees also mentioned not having bank accounts or just having opened one with BOM as a result of a third-party like CLUSA helping them with the process.
To reduce their dependence in the income from agriculture and the risk of defaulting on their loans, farmers plant different cash-drops such as soya beans, sunflower, pigeon peas and groundnuts in addition to the basic staple foods. Vegetables are also produced for household and commercial purposes mainly in the southern region where there is a larger market for vegetable (green beans, cabbages and tomatoes) commercialization in Maputo.

In Chókwé cases were discovered of women who had applied for the BT loans yet their husbands were the managers of the resource and the women actually reported not knowing the details of the use of the money. In Gurué BOM solidarity loan groups were mainly composed of men and when asked about women members they stated that “*women don’t feel ready to be part of a group and commit to the loan*” in Manica women were involved in poultry production and through women-only groups sought finance for the activities. Where agriculture production was the activity in Manica, very few women were identified as loan beneficiaries, mainly men.

Sustainability

Banco Terra is of the opinion that guarantee funds are a necessary instrument mainly because of the inability of Mozambican farmers to use land as collateral.

DCA experience was important however BT opts to treat every client as a potentially non-DCA client.
Due to large climatic and market related factors beyond the client's control, a large percentage of loans have been restructured. It is however uncertain if the bank would be able to finance those clients if the loan were non-LPG-DCA. If they could have been financed outside of the guarantee facility, the loan amounts would have been significantly reduced as per the figures provided by the bank.

BT explains that DCA coverage is there mainly to cover collateral gap; they point out that as customers grow their balance sheets, this often consumes equity. Growth does not necessarily result in a immediate increased equity thus it takes time for borrowers to be able to provide additional collateral on subsequent loans.

Even though most borrowers repaid their loans, many are considered to be too problematic to continue financing with the bank. Therefore, a tendency for Banco Terra is to move towards larger loans and to exit the small enterprise segment.
DCA has only alleviated risk and the collateral constraint but all other constraints remain.

BOM**:** If the LPG-DCA was to be terminated, the bank would continue to lend but would introduce individual guarantees to group members and would mitigate risk with insurance (which would make loans more expensive). In that scenario, the bank would only provide loans to farmers producing crops for ready markets (third-party off-take agreements).
BOM attempted to finance farmers' associations in Nampula without requesting for off-taking contracts. These had been with associations which previously had borrowed using WFP contracts and the bank obtained payments immediately when the contract was honored by WFP. Based on the knowledge of the associations BOM granted loans without the security of an off-taking contract and unfortunately the associations struggled to pay the loans. Some had to be written-off. This experience increased the reluctance of BOM to offer credit without secure payment.

The risk aspects of agriculture production which are highly dependent on the weather and the lack of collateral by rural farmers mean that lending to the smallholders will not be sustainable without interventions such as the LPG-DCA in the short and medium time-frame. This type of investments need to be made to allow smallholders to become market-oriented, build equity and build a relationship with financial institutions. In its turn, financial institutions need to learn to serve this market segment, design services for it and understand it needs. At this time BOM reports that it foresees that 8 of its clients have the capacity to graduate from the DCA facility. All this takes time and 5 years into this experience there is no certainty that it is sustainable although the results from BOM's DCA' experience are encouraging

Results of the Guarantee: Market Demonstration Effect

At the time the USAID/DC Team approached BOM, it had decided not to finance the sector. BT was only financing the sector through the ADIPSA guarantee and when it came to an end it would not have continued financing. BT and BOM have stated that DCA enables them to finance the sector and without it their reach would be small if not inexistent.

Both banks learned valuable lessons to influence their perceptions on whether to pursuit serving the sector, to select the segments and decide which approaches to use in future. Other financial institutions may have been paying attention on the actions of both banks but no concrete action can be said to have resulted as a consequence of the LPG-DCA intervention with BT and BOM.

There were however other actions occurring simultaneous to the DCA intervention with BT and BOM. Socremo Bank, a microfinance institution considered financing agriculture by seeking 100% guarantee however failure to do so led it to abandon the idea. Smaller interventions in the segment can be seen among Hluvuku-Adsema (in Maputo province) and Fundo de Desenvolvimento da Mulher (FDM) to microfinance Institutions (MFIs) operating in southern Mozambique which have in a small way been financing farmers in Namaacha, Boane, Moamba, Magude, Xinavane e Matola districts in Maputo province, in Xai-Xai, Macia, Chókwé, Chibuto, Manjacaze districts in Gaza and Zavala, Inharrime, Maxixe, Morrombene, Homoíne districts in Inhambane province.

Table 14.FDM Agriculture Loan Portfolio, July 2014

Fundo de Desenvolvimento da Mulher	Total	Women	Men
Total nr. Of agric. loan clients	1652	1216	436
Total loan portfolio amount (MT)	4.008.681	3.219.438	789.243
Risk above 30 days	0.9%		
Total risk	1.01%		

FDM has source of capital loan from FARE and the recapitalization of its portfolio.

The pilot of the survey instruments and the quantitative survey among farmers in Chókwé revealed that farmers seek finance from micro-finance institutions (MFIs) to finance agriculture activities, but the loans sought are often trade loans. This shows the demand for agriculture loans is not being met by supply.

BOM used its experience with the DCA to pilot the agriculture loan and now has decided to expand the product to other regions with production potential. To do that the bank will continue to require the Guarantee however its expansion may send positive messages to the market that the sector is bankable especially among the small and medium market segments. Today the Small, micro and medium enterprise sector represents 7 percent of the bank's portfolio and the expansion to other regions may increase that and attract other financial institutions to follow its steps if proven sustainable. BOM has defined as its policy to have a maximum of 25 percent of its portfolio as agriculture loans. For the near future, the Bank counts on the DCA to cushion the risk of investing in agriculture and in case the DCA is discontinued, it would continue to show interest in the sector however the terms of conditions would change. Higher collateral and interest rates would be associated with non-guaranteed loans to the sector. The ability of micro and small borrowers who are the main segment of the bank in this sector, to afford the more expensive loans would certainly be reduced.

Exogenous Factors that may have affected and may affect future performance of the DCA

Risk Mitigation issues

DCA LPGs are designed largely for the purpose of partner banks to better understand the risk profiles of new client target groups. This evaluation suggests that DCA should consider and possibly adjust for the three types of risks that are exogenous to client control. **Bank-related risks** often occur when banks are learning about the needs and operations of their new target group which can lead to initial inefficiencies of service provision. The main problem that has arisen with both BT and BOM is the late disbursement of credit, resulting in late application of inputs or land preparation. **Third party related risks** occur when farmers depend on the services or actions of third parties such as land preparation, input supplies and contracted purchasing. This evaluation found that clients suffered from late services and deliveries that were in some cases the result of project-related procurement delays of late bank disbursements. In the case of African Century in Lioma, BOM clients suffered because purchase contracts were not honored resulting in considerably lower repayment rates than anticipated by BOM, **Climatic Risks** occur periodically and are often covered by weather-indexed insurance products. BOM has made it clear that, even if during most years repayment rates are maintained at 90%, reflecting low farmer compliance risks, they would prefer to continue to with a DCA LPG in order to cover periodic weather risks.

Government Financial Policy: increased financial inclusion

In contrast to the politicized development funds, the development of financial policy through the Ministry of Finance and the Banco de Moçambique (Central Bank) (BM) has been considered and progressive with a strong financial inclusion agenda. The first important initiative by the BM was its *Bancarização* initiative which has provided incentives for commercial banks and NBFIs to establish financial services in the rural areas. This has led to a rapid increase in the national footprint of BCI and BIM as well as the establishment of many rural microfinance institutions (MFIs) (largely with RFSP subsidies). Significant changes in financial policy are expected before the end of the year with the adoption of regulations on agent banking, legislation on e-money and mobile banking; the registration of moveable assets and the privatization of credit registries. By the end of the year, BM is expected to launch a financial inclusion strategy. One of the biggest challenges BM is currently battling is the reduction of retail lending rates. The reference rate (FPC) has been reduced by about half in the past two years but banks have been sluggish to respond with average commercial banking rates hovering above 20% p.a. (but ranging between 13.5% (BNI) to more than 50% (microfinance commercial banks). In the early 1990s when microfinance was introduced to the country MFI rates (4-5% per month) were not much higher than commercial bank rates (46%) but at that time inflation and currently depreciation rates were high and non-performing loan (NPL) rates were very high. With low inflation, a stable currency and a very low NPL rate, it is not clear why interest rates should remain so high (MFI rates have essentially not changed during the past 20 years). [9]

[9] The USAID funded SPEED program is currently conducting a study on the cost of capital in Mozambique.

Government District Development Fund: a populist approach

The GOM has, over the years, introduced an array of different sector development funds *(fundos de fomento)* which were essentially offering grants. Some of these funds, in particular the Fund for Support of Economic Rehabilitation (FARE) and the Fund for the Support of Fishing (FFP) have been used by agencies such as IFAD and the AfDB as credit lines or providing grants for special activities but on the condition that the Government ceases its retail lending activities in these two funds because of their very low recovery dates. Both FARE and FFP are now Apex (wholesale) lending funds, though the FFP still offers retail loans in areas that are not served by any financial service providers. The Fund for the Development of Agriculture allocates a small portion of its funds as “credit”. The only fund providing retail credit and operates much on the basis of a commercial lender with fairly respectable loan recovery rates is the Fund for the Development of Small Industry (FFPI) but because of its ambiguous position and not being registered with the Central Bank, has not been able to access wholesale loans from apex institutions (a situation if not resolved soon will result in its closure unless its loan capital is replenished).

The dominant GOM fund is the Fund for District Development. Ostensibly providing “credit”, the FDD is a populist endeavor to win votes with only about a 5% loan recovery rate. The Government claims that more than 300,000 jobs have been generated through 31,000 supported activities. Critics claim that most of the activities have failed (typically farmer associations are provided with tractors that break down due to absence of, or inability to buy, spare parts). The FDD has also been seen to have a negative impact on rural credit mentality and commercial institutions often complain about the effects of the FDD. The Government has also used other funds to support farmers and fishermen, usually with very low rates of interest and little pressure on clients to repay.

Donor Policy: a diversity of interventions

Donors have over the years attempted a variety of interventions to help stimulate more agricultural lending including debt financing instruments (low interest credit lines, guarantee funds and direct lending), equity financing (catalytic funds), matching grants and, recently, straightforward grants. A recent study of credit lines and guarantee funds[10] reviews 14 initiatives launched between 2005 and 2011. Since then a number of new SME lines of credit have been announced by the banks. It can be safely said that little of the many credit lines launched in Mozambique have reached the smallholder level and relatively little has supported agricultural production. Although a variety of guarantee funds are available, only a USD 1m initiative between the Danida-funded ADIPSA program used by Banco Terra, the DCA agreement with BCI and a guarantee lending facility between the Rabobank Foundation and Banco Terra have been implemented. The USD 12m Danida-funded Ago-Guarante guarantee fund has so far had 12 signatory banks expressing interest but no loan processing to date.

The plethora of donor interventions to provide finance to the agricultural sector is showing signs of undermining commercial financial service provision. Despite widespread donor criticism of the FDD causing distortions and affecting credit culture, many donor initiatives providing matching grants, full grants and highly subsidized loans are clearly not adhering to financial “best practices” which was the donor mantra not so many years ago. Examples of good clients being

[10] E. Miamidian. (Ayani Consultants) 2014. *MSME Credit Lines in Mozambique* Study commissioned by DFID.

taken away from commercial banks supported by the DCA as cited below are, illustrate the urgent need for donors to better coordinate their interventions. As is, the available capital at a low or no cost to private sector s distorting the market and discouraging financial institutions from adjusting its products to the agriculture sector since donor capital is substituting commercial finance. A brief summary of some donor finance is presented below:

DFiD: AgDevCo

AgDevCo is a social impact investor and agribusiness project developer, incorporated as a not-for-profit distribution, limited company in the UK. AgDevCo invests patient capital in the form of debt and equity into early stage agribusinesses and act as promoter or co-promoter of greenfields agriculture opportunities. AgDevCo currently operates with locally managed subsidiaries in five countries in Sub-Saharan Africa (Mozambique, Ghana, Zambia, Malawi and Tanzania).

AgDevCo focusses on hub and outgrower farm production and processing, investment in businesses across value chains and in geographical clusters.
In general, AgDevCo investments fall into one of three categories as follows:

i. Project Development Investments which are investments where AgDevCo is the sole promoter or is promoting the project in joint venture with another sponsor. They are typically characterised by being investments into early-stage, greenfield and often large-scale agribusinesses. Given the nature of these investments, the structure of these investments is expected to be as equity or quasi equity.

ii. Financial Investments are investments made by AgDevCo into existing agribusinesses or ventures that are managed by a competent or reasonably sophisticated sponsor(s) and/or management team where there is an expectation that management of the investment will require minimal levels of technical assistance. AgDevCo's role is mainly as a financier (in contrast to, for example Project Development Investments). These investments are typically a mix of subordinated debt and equity; and,

iii. SME Investments which are investments by AgDevCo into existing (generally early-stage) agribusinesses where there is an expectation that management of the investment will require a substantial amount of technical assistance. AgDevCo's role is both a financier and provider (or procurer) of the technical assistance. These investments are most often (although not exclusively) in the form of secured, subordinated debt.

In addition, AgDevCo business model is characterised by:

- **Commercial farm hubs and smallholder farmer linkages**: AgDevCo seeks to exploit the potential of commercial farm hubs to confer major benefits on smallholder farmers. Commercial farm hubs - typically in excess of 300 ha - provide the scale and critical mass needed to generate sufficient value uplift to pay for improved infrastructure (irrigation, grid electricity, storage facilities). They also allow for on-site storage and processing facilities, which allow smallholder farmers to share in the benefits of value addition.

- **Irrigation service companies**: One approach used by AgDevCo to achieve improved productivity and smallholder linkages is the creation of Irrigation Service Companies – which builds on the experience of the InfraCo Africa Chiansi project in Zambia. Irrigation Service Companies provide access to irrigation for three tiers of agricultural production: commercial farm hubs, emergent farmers and smallholder farmers within reach of the hubs. Such a model is able to mobilise patient capital in irrigation infrastructure at a scale that makes irrigation access affordable for a large number of small, medium and large sized farmers alike

- **Corridors and clusters**: Building on its experience as manager of Beira Agriculture Corridor Catalytic Fund (Mozambique), AgDevCo focuses complementary investments along agricultural value chains in corridors or clusters because:

    - Geographic adjacency maximises the potential for forward and backward linkages;

    - It maximises the use of existing trunk infrastructure; and

    - It allows important economies of scale and scope in major components of agricultural value chains for AgDevCo and other investors.

BOM has lost a client as a result of the cheaper finance in the market. AgDevCo Mozambique gives equity loans to companies in which it has shareholdings. Most loans are provided in USD with rates of interest varying between 5-10 percent (which is somewhat lower than commercial USD rate of interest (around 8percent)) They also give out some MT loans but he was not sure of the interest rates (around 15percent) which is reasonable is still competitive compared to the bank loans which range between 19 percent and 36 percent.

Danida: Growth & 7 Employment programUSD38million

The overall program objective is: "Increased economic growth and pro-poor employment in Mozambique through enhanced competitiveness and productivity of targeted small and medium size private sector enterprise".

The expectation is that gainful employment will follow from a vibrant and robust small scale private sector. At component level the objectives are:

- Advocacy and Business Research: - "To make the business environment in Mozambique more conducive to socially balanced private sector growth"
- Agribusiness Development: "Smallholders' income from business has been considerably increased through improved and market related agricultural production".
- District roads: – " Sustainable increased access to important productive areas through improvement and maintenance of district roads carried out by the District Governments using labor intensive technologies' and 'creation of employment and business opportunities at district level by developing and training micro (artisans) and small scale (Class 1, 2 and 3) contractors to implement road works".

World Bank USD100 Million Grant Project

The Project will benefit smallholder farmers (the majority of whom are women), MSMEs, unemployed and underemployed Mozambicans, commercial enterprises, the population of select districts and municipalities with improved access to infrastructure as follows:

a) Smallholder and the rural poor in the Zambezi Valley and Nacala Corridor:

Smallholder will benefit from the infrastructure and the support provided to access markets as well as through expanded outgrower investments. The Innovation and Demonstration Catalytic Fund (IDCF) will give preference to proposals that clearly demonstrate benefits to Mozambique smallholders and rural poor, especially women.

Preference will be given to partnerships between commercial firms and civil society organizations, such as farms associations in order to maximize outreach to local farming communities.

b) Local business (particularly MSMEs): The infrastructure and institutional capacity investments are designed to maximize benefits to enterprises especially in the Nacala SEZ. Businesses will also be able to benefit from increased availability of skilled workers and the support provided under the IDCF particularly from entry and growth.

c) Unemployed and underemployed Mozambicans: The support provided under the IDCF will increase opportunities for skills development and employability of the local Mozambican workforce especially in the Zambezi Valley and Nacala Corridor.

Table 15. WB Project Cost Allocation

Project Components	IDA Financing US$ million	Counterpart Funding US$ million equivalent*	Total Financing in US$ million
Component 1: Support for the Tete agribusiness growth pole in the Zambezi Valley	35.00	5.00	41.00
1A - Upgrading of local infrastructure	23.00		23.00
1B - Innovation and Demonstration Catalytic Fund (IDCF) investments in the Zambezi Valley	12.00	5.00	17.00
Component 2: Support for the Nacala Special Economic Zone (SEZ) in the Nacala Corridor	44.00	14.10	58.10

2A – Upgrading of Nacala SEZ physical Infrastructure **1B – Innovation and Demonstration Catalytic Fund (IDCF) investments in the Nacala Corridor**	32.00 12.00	9.10 5.00	41.10 17.00
3. Component 3 Institutional Development and Capacity Building	8.00		8.00
Project Implementation#	13.00		13.00
Total Project Costs	**100.00**	**19.10**	**119.10**

Notes:
*anticipated matching investments from the private sector and co-financing from FE of US$9.1 million
including the cost of managing the IDCF and preparation costs for sub-projects

USAID – FinAgro Program

[11]FinAgro is a three year program funded by USAID and the Government of Mozambique. It is expected to run until March 2016, and through the provision of grants, increase the competitiveness of the Mozambican private sector in selected cash crops and value chains. Our focus will be on tropical fruits (mangos, bananas and pineapples), pulses (common beans, cowpeas, and pigeon peas), oilseeds (peanuts, soybeans, and sesame), cashew nuts, and other crops as maize, rice, potatoes, and cassava.
FinAgro is looking for projects that:

- Promote partnerships between commercial farmers and smallholder or emerging farmers;
- Increase access to production inputs and equipment in targeted areas;
- Address gender imbalance by encouraging female applicants;
- Generate new jobs;
- Increase value and volume of exports

With the initial fund of 170 million Meticais, FinAgro grants are designed to leverage additional private capital from investors and financial institutions. The private sector will be able to apply for grants up to 2.6 million Meticais per beneficiary, while requiring a minimum 30% match of the value of the grant from the applicant.
The program will focus on supporting Mozambican small and medium size enterprises (SMEs) and farmer associations/cooperatives operating in farming, agro-processing, marketing and exporting activities. The grants will be justified if they contribute directly and substantially to the competitiveness of selected sub-sectors, enterprise clusters or value chains as opposed to only generating financial benefits to an individual grantee.

FinAgro being a USAID funded program is yet another donor intervention which is distorting the market and making it impossible for the financial sector to seriously consider the medium and large agribusiness as viable businesses when cheaper finance is available. This is a recent initiative and the only spot assessments made were during the data collection of the DCA which revealed some positive coordination between the two USAID funded interventions but long-term market impacts need to be close measured especially when FinAgro aims to foster third-party agreements and involve smallholders. Lessons need to be learned from previous experiences to

[11] www.finagro.org.mz

avoid repetition.

Private Sector Interventions

Agricultural finance has been provided either by larger farmers or traders since colonial times in the form of input advances to contract farmers and trader advances to producer groups or smaller traders. Input advances have been common for cash crops such as cotton and tobacco but recently spread to less traditional emerging cash crops through smaller agro-businesses such as ECA, Agro-Corridor, MIA and African Century. Attempts by banks such as BOM and Banco Terra to engage with the larger traditional cash crop processing companies such as MLT (tobacco) and the cotton companies such as JFS, SANA and Plexus have not been successful but input off-taker arrangements with newer agri-businesses have shown positive results but with major hiccups as experienced with the MIA rice outgrowers in Chókwé and African Century soy producers in Gurué District when both companies experienced financial problems leading to high defaults on the part of the farmers.

Trader advances have been used for many years and are effectively forward-pricing contracts made by larger traders either to producers (large farmers or producer associations/federations) or smaller traders. This method was commonly used by the two larger traders V&M Grain (now taken over by Bungwe-Senwes) and Export Marketing. The commodities trading giant Cargill has recently entered into Mozambique and is currently launching a trader advance system. The WFP’s Purchase for Progress (P4P) programme to buy mainly maize from farmer groups and small traders also uses the forward-pricing contract model which has been tapped into by BOM with an off-taker arrangement with WFP.

CONCLUSIONS

Conclusions synthesize and interpret findings and make judgments supported by one or more specific findings. Below, conclusions are made based on the expected results of the DCA-Mozambique at the beginning of the program measuring them against the current achievements.

Table 16. Conclusions based on the expected Vs achieved results

Result level	Expected Result	Achieved Result	Conclusions
Outputs	DCA LPGs would enable the partner microfinance banks to increase the number of loans they provide to micro-, small-, medium-, and large-sized enterprises along the agricultural value chain and tourism enterprises in the northern, central and southern zones of Mozambique	The achieved results by the banks clearly show that the DCA enabled them to finance market segments which otherwise they would not have without the facility. BOM's agriculture portfolio grew from 0 to 7 percent and the bank looks forward to reach a 25 percent agriculture portfolio in the next 3 to 5 years. BT used the DCA to extend finance to medium size enterprises and expand its portfolio of large commercial agriculture enterprises by using the DCA to reduce the risk which the collateral could not cover. The bank attempted to finance small enterprises and failed so opted to focus on MEs.	The DCA allowed BOM and BT to venture into the agriculture sector with confidence that although it was risky there was an alternative if all things failed. Without the DCA BOM would not have financed the sector and would not do so for another couple of years. BT would have limited its finance to large agriculture farmers who could meet its requirements. The small and medium farmers would not have been served at all by these banks.
	DCA guarantees would enable partner banks to extend into rural areas to	BOM created two loan products for the agriculture client.	

	service agricultural enterprises, develop loan products appropriate for the sector, and lower collateral requirements.	BT also has a product which allows for a grace payment period which is the only one in the market and the large farmers like it.	
Outcomes	The DCA LPGs would demonstrate that both the agriculture and tourism sectors, especially borrowers in rural areas, are credit-worthy and increase partner financial institutions agriculture portfolios after the expiration of the guarantee.	The DCA did show that rural farmers are credit worthy. They need specialized products but are committed to the banks and do repay to the best of their abilities.	To achieve best results banks need to deal directly with the farmer. In the case of third-party agreements banks need to ensure the farmer is not excluded from the relationship. The third-party should not solely deal with the farmer, the bank should actively verify before making payments.
	BT and BOM would continue to offer loan products suited for the sector and reduced collateral requirements to enterprises along the agricultural and tourism value chains.	BT and BOM are commercial banks and although they seek to serve the agricultural sector they need to meet their financial objectives. They both require collateral to reduce the risk. Clients do not always understand the need for the collateral but it exists. BOM has avoided collateral by using solidarity groups and social pressure as ways to ensure repayment. BT will continue to ask for collateral making it difficult for	BT has not changed its risk perception go the agricultural market. Although BOM methodology avoids collateral, it is now debating whether to increase the interest rate on agricultural loans. In contrast to BT which appears not to be increasing its agricultural portfolio, BOM has made a medium term commitment to increase its portfolio from 7% to about 25%.

		small enterprises to provide.	
	The one LPG with BT targets the tourism sector, which should increase credit or lending to tourism enterprises in Mozambique.	No loans were given to the tourism enterprises	The poor performance of the sector led to the bank's decision not to expose itself to risk.
Impacts	Enabling BT and BOM to expand their lending to the agriculture and tourism sectors will generate employment in agriculture production and processing. This, in turn, would increase household incomes in Mozambique, particularly in the targeted rural areas.	By financing the MSMEs in the agriculture sector BT and BOM enabled those enterprises to seek inputs and services, hire additional labor and reach increased productivity. In all interviews farmers who benefited from the loans mentioned increasing the area cultivated and per hectare (ha) increasing the productivity. All farmers mentioned having financial means through the loan to hire additional labor, mostly women as seasonal labor. Farmers also mentioned having more food for the family and having surplus for commercialization purposes. There were however issues with the quality of the commercialization which has to do with regular markets and prices.	The journey to increase the bankability of smallholders has begun. Two business models were tested (BOM and BT) and proved to be better suited to serve rural smallholders.
	Loans are expected to be	The terms offered	BT and BOM proved

	offered on more favorable terms, because, for example, DCA guarantees would demonstrate that the sector is bankable, and collateral requirements would be reduced.	by the banks are unlikely to change from what they are today. The changes made by BOM may remain for a long period. BT has decided it won't change and it is not bad. Banks are expected to be commercially oriented; clients are expected to meet bank requirements. The DCA proved that the borrowers in the rural sector are indeed bankable and credit worthy if products and services are designed to serve their specific needs. The solidarity collateral applied by BOM enabled and will continue to enable rural clients to enter the financial system and can be sustained.	through the DCA that banks can indeed adjust their services to serve specific market segments as long as it makes business sense. By financing the different clients the DCA enables them to also build assets which in future can be presented to financial institutions as collateral.
	LPGs with these two financial institutions would create increased competition to service borrowers.	The LPGs did not create any competition to serve the target markets especially because the regions covered were diverse and each bank almost operated exclusively as the only financial institution in the area or with very limited competition within the agriculture sector.	No competition was created but an important learning acquired by both banks so that they have incorporated the services within their own policies.

RECOMMENDATIONS

Renewal or Extension of Current DCA Agreements - Given the success of the agreements with BOM and BT, it is recommended that they be renewed or extended (in the case of BT at least the Sida shared initiative should be). In relation to BOM the extension is recommended on the basis of the incipient nature of its innovative approach and the declared commitment to mainstream the agricultural portfolio which the LPG stimulated.

New Partnerships - The BOM and the two BT LPG experiences should provide strong motivation for extending the DCA LPGs to other financial institutions. Given the success attained with BOM, USAID should, in addition to the conventional banks being approached, consider those financial institutions already providing some micro-credit for agriculture or those which could be considered to be potential candidates.

Creating a more like-minded approach by donors to financial sector interventions – Donors are attempting a variety of interventions to promote financial inclusion and input acquisition often with little regard to best practice norms. It is recommended that donors review the objectives of the Financial Sector Working Group, setting clear guidelines on what should be considered acceptable interventions that do not conflict with initiatives that seek to promote sustainable best practice financial products offered by private sector operators.

DCA Management and Implementation

DCA technical assistance and implementation - New partner banks need to attend an orientation workshop which clearly spells out all the procedural and reporting requirements of the DCA. In addition, the first six months of implementation should be monitored.

Limit repeat loans LPG contracts should specify the number of times a client may have a repeat loan before being considered to be a low-risk repeat client. This proved an issue in particular with solidarity groups of 5-6 people, where by getting different members to sign the loan contracts, the name of the beneficiary can change but those receiving the loan can be repeated several times and flying below the M&E radar as well as misleading the DCA reports.

Objectives & frequency of DCA Evaluation: Prior to evaluations, USAID should clarify the need for performance evaluations with partner banks in order to remove barriers to the process. Evaluations take time and effort away from the banks' core business, and should therefore be as minimally invasive and as efficient as possible.

Greater emphasis on gender disaggregation data: USAID needs to from the very beginning emphasize the importance of capturing loan data by gender and monitor its implementation. Both implementers state that they cannot provide the data and that it wasn't important for them and/or their Management Information System (MIS) hasn't captured such data. In cases of being recipients of DCA the financial institution should adjust its MIS to capture such data thus allowing for it to be included in the DCA-LPG reporting.

Conceptual Issues

Technical assistance: TA should be as market related as possible to ensure relevance and product absorption. Banks should not excuse themselves from having a relationship with the end borrowers when TA is provided by a third party (MIA and African Century are clear examples). While the end borrower should be the bank's client, the third party should also be included in this relationship and made responsible for any possible failures in the delivery of the service which affect end performance. BOM uses the takes advantage of farmer groups which benefit from NGO support for its solidarity loans (e.g. Gurué).
Financial education should be part of TA provision.

Mitigating Risks - DCA LPGs are designed largely for the purpose of partner banks to better understand the risk profiles of new client target groups. This evaluation suggests that DCAs should consider and possibly adjust for the three types of risks that are exogenous to client control bank-related risks, third party related risks and climatic Risks.

Best practices & Ethics: The DCA should be designed to avoid penalizing clients who have defaulted due to risks beyond their control. Banks should be allowed to claim on these defaulters but defaulters should not be barred from further loans nor have their names registered in the credit registry/ bureau. Off-takers should be held accountable if proven that they are responsible for delays.

Regional limitation – DCAs should enable partner banks to develop their own corporate strategies (specifically in terms of geographic and crop restrictions) while still aligning to US Government development priorities.

Value chain development: Although, the DCA covers the entire agricultural value chain, more attention needs to be directed to value-adding activities along the agriculture chain to ensure the sustainability of the production stages. The technical assistance provided by the USAID funded development programs should also focus on value-adding and market linkages of the raw and processed products.

Sub-sector expansion: DCA lending has tended to focus on cereal and pulse production especially because those are greatly produced in the central and northern regions. Financing should also encompass other sub-sectors such as horticulture and fruit production as well as building up storage capacity. The DCA could also provide finance to transport and communication services related to the agriculture sector. Price and buying platforms of agriculture commodities would add value to farmer groups as they could instantly get market related information. This type of services could be provided by small and medium emerging enterprises.

Bank Level Changes

Additional financial services: BOM should also consider including the credit life insurance policy it has within trade loans for their agriculture loans.

Loan repayment period – BOM does not allow early payment without penalizing the farmers with a 2.5 percent of the loan amount. This practice should be discontinued (and is in fact in the process of being disallowed by the Central Bank).

Data disaggregation: Financial institutions haven't found it necessary and the local law does not enforce gender disaggregation in financial service provision. However, DCA's requirements do include data on loan disbursements to be done by gender thus implementers should adhere to that by introducing measures within their systems. Even in cases like BOM where only the key contact people are registed for a group loan, the number of women beneficiaries should be noted.

Client Focused Issues

Financial education - BOM should revise the terms and conditions of the loans on a regular basis with its clients and provide clear explanation of the purpose of the contribution (15% collateral for the solidarity loan). This should be incorporated in the loan officers visits to ensure transparency, trust and full comprehension.

Encourage greater women's participation: The evaluation showed that in the South and in the northern/central regions socio-cultural factors affect women's participation in the financial sector.

Figure. 8 FDG meeting with non-beneficiaries in Tetete, Gurué

It is critical to continue to encourage their involvement as they are critical to the survival of the households. Since solidarity groups are constituted by the members on the basis of trust and acquaintance, it would therefore be suggested to also focus on women-only solidarity groups or on groups that may have at most two men who are not leaders of the association or have a leadership position in the community. The man in a group is important to travel the distance to make the loan installments since branches are located far from the villages and for security reasons as often large amounts of cash are carried to be deposited.

The experience in Chókwé where male borrowers used their wives to front the loans needs to be avoided. Banks need to exercise better caution to see that women are not abused to ensure men's access to finance. If for socio-cultural reasons a woman does not manage funds in the house, then it should be ensured that she participates in the decision making. TA partners are important in such cases as results could be linked to the benefits the loan provides to women-linked activities and needs in the household.

Provide market access advice - It is recommended to not only focus on the ability of the farmer to repay at the time of the assessment but also, through TA intervention, to focus on the ability of the farmer to commercialize and earn additional income to both repay and make a decent living. In the case of BOM which has agronomist as loan officers, an assessment could include motivating farmers to focus on crops that have less supply and a secure market.

The partners also made additional recommendations to the LPG-DCA structure and implementation:

Banco Terra:

- Turn the LPG into a 10 year revolving fund.
- Considering that financial institutions are commercial entities, the DCA should not be limited to geographical areas, types of crops and gender. Keep it broad.
- BT should be allowed to top up the LPG by supplementary Guarantee Funds to reduce risk exposure
- For the banks to be able to provide loans with more affordable interest rates the capital made available to the banks needs also to be less expensive (such as the funded guarantees of Rabobank Foundation)

Banco Oportunidade de Moçambique:

- Instead of reducing the balance of the LPG by the value of loans disbursed, they would prefer that the facility be reduced according to the value of claims. With the projected loans, BOM is likely to draw down their DCA before 2016.

Sida:

- Next LPG should require better narrative reporting and should involve Sida more formally in the execution of the LPG. Greater care is needed in terms of entering into third party partnerships to avoid that clients do not end up worse off than before.

LOOKING FORWARD

No silver bullet has been found yet for effective agricultural credit. Conventional commercial banks remain very shy of agricultural lending as has been demonstrated by their unwillingness to commit to the Danida financed Agro-Guarantee guarantee scheme. Credit lines with a focus on SMEs have failed to get commercial banks to penetrate agricultural production in any significant way except for the lower risk, larger and highly capitalized agro-businesses. Matching grants (e.g. through Agrifuturo) and, now full grants through the World Bank, target larger agricultural enterprises with the hope of trickling down to smallholder contract farmers. Banco Terra's strategic move to focus on medium and large agri-businesses combined with the other strategic shifts by MFIs that once focused mainly on smallholders ((in particular financial systems development services (FIDES) (former Rede de Caixas Rurais de Nampula, RCRN)), the outlook for smallholder credit is of concern.

The DCA experience with BOM currently stands out as the only instrument that has resulted in a fundamental strategic change in client focus with a commitment to mainstream smallholder lending. Of significance is that the experience has shown that the solidarity group guarantees methodology has worked as an alternative to asset-based collateral requirements. However, solidarity groups do not protect against cyclical disasters that have the potential of periodically wiping out the agricultural portfolio. Weather-indexed insurance products are a possible solution but are still very much in an experimental stage in Mozambique.

Commodity finance experience and recent interest in the possibility of introducing warehouse receipt finance generated considerable discussion about using this form of finance as an alternative to conventional collateralized finance. The possibility of using DUATs was dismissed by government inflexibility on the issue of land and, for the foreseeable future; it will not be used as collateral. For smallholders that *warrantage* system of collateralizing stored crops has revolutionized agricultural finance in many francophone African countries. In Mozambique community-based warehousing conditions are similar to Madagascar where the product is provided by all the major microfinance operators. At this stage the constraint is MFI buy-in, although BOM has indicated its interest in being involved in a warehouse receipt pilot with the IFAD-funded PROMER project and the Dutch NGO SNV.

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ANNEXES

ANNEX 1. EVALUATION STATEMENT OF WORK

Below is an extract of sections from the Scope of work, the complete document will be included in the draft progress report and final report.

The purpose of this award is to assist USAID/Mozambique to conduct a performance evaluation of USAID/Mozambique's funded Loan Portfolio Guarantees (LPG) through the Development Credit Authority (DCA) activity.

PERFORMANCE REQUIREMENTS

DEVELOPMENT HYPOTHESIS AND THEORY OF CHANGE

The DCA activities contribute to USAID/Mozambique's Agriculture, Trade, and Business (ATB) Office's Results Framework, IR 1.3, "agribusiness strengthened", which combined with access to markets (sub IR 1.1) and technologies (sub IR 1.3) lead to intermediate results IR1: "Agricultural Productivity Increased". Increased productivity, combined with an enabling environment, contributes to economic growth, which is USAID/Mozambique's Assistance Objective (AO), illustrated on the ATB Results Framework.

The expected immediate result of the DCA is an increased amount of finance mobilized by tourism and small and medium agribusiness enterprises. This would enable farmers to have an increased access to higher productive inputs and other resources to increase yields. The financial and productive capacity of producers combined with functional market networks will lead to higher sales of agriculture products and expansion of portfolios. These would then result in increased rural incomes and food availability, which would improve household nutrition. Providing better access to finance will capitalize on the country's potential growth in this sector, strengthening the tourism sector, which will in turn provide income and jobs, trade and investment.

LPG-DCA FACILITY MANAGEMENT

This evaluation will cover the three current DCA implementation mechanisms implemented by USAID/Mozambique's ATB office through BT and BOM (see Table 1 above for the banks' related funding mechanisms):

(i) Banco Terra, a commercial bank, with two agreements, of which one is co-funded by the Swedish International Development Cooperation Agency (Sida);
(ii) Banco Oportunidade de Mozambique, a commercial bank, with one agreement.

Both banks have their headquarter offices in Maputo, Mozambique. Both banks have branch offices in the locations illustrated in Table 2 below:

Table 17. List of Banks' Branches by Province and District

Bank	Province	District
Banco Terra	Inhambane	Maxixe
	Manica	Chimoio
	Maputo	Maputo City
	Nampula	Nampula City, Malema
	Sofala	Beira
	Tete	Tete City, Ulonge
Banco Oportunidade de Mocambique	Manica	Chimoio, Gondolo, Vila de Manica
	Maputo	Matola
	Sofala	Beira, Dondo
	Zambézia	Quelimane, Nicoadala, Mocuba

Bank beneficiaries are also located in Gaza Province.

All DCA activities are funded out of USAID/Washington, and managed by USAID/Mozambique's ATB Office by an Activity Manager (AM), including liaising with the donor partner Sida, the banks, and other stakeholders. The AM is responsible for agreeing on targets and monitoring activity performance through the banks' web-based database. This database is used to download and calculate information regarding the relevant USAID/Mozambique indicators.

EVALUATION PURPOSE

The reports provided by the banks show an increase in number of the DCA programs beneficiaries and corresponding loan amounts however, what is not known is the effectiveness the programs have had on the recipients, and whether the intended outcomes of increased employment, output and productivity have been achieved.

This evaluation will be conducted during April 2014, approximately mid-way through implementation of the three existing DCA facilities. This represents a great opportunity for both USAID and the banks to learn from the experienced challenges, opportunities and constraints, and redirect the activities for the remaining implementation period, so as to bring about more effective and lasting outcomes.

The evaluation objectives are to:

- Assess to which extent the DCA programs contributes to increased access to loans, particularly to small and medium agribusiness enterprises;
- Assess the increase in access to loans; productivity; jobs created; rural incomes at the household level, as a result of the DCA program;
- Determine whether the current approaches and strategies are working well or not, and why and capture important information on lessons learned and best practices from the implementation of DCA activities in order to recommend any necessary immediate modifications that would re-focus and strengthen the activity for the remaining life of the DCA's agreements with the banks;
- Provide findings and recommendations that would inform the design of possible future USAID/Mozambique LPG activities; and
- Understand why the number of LPG-DCA Facility programs' have female beneficiaries are below expectations, and learn how to address this gap.

ANNEX 3. DATA COLLECTION & EVALUATION LOGISTICS PLAN

- A mix-methods approach, including statistical analysis of loan key informant group and group interviews, and document review data
- Banco terra and banco Oportunidade were visited at their HQs,
- Quantitative survey of direct beneficiaries in Chókwé district in Gaza province – 103 people
    - 30 women and 73 Men
- Qualitative interviews
- 9 interviews of loan Clients in Chókwé, Gaza district
- Loan clients in Manica:
    - 5 Group interviews
    - 2 Individual commercial farmers
- Group loans (production) in Zambézia:
    - 4 Group loans
    - 6 Individual interviews with emerging farmers

Table 18. Logistics of LPG-DCA performance Evaluation

Week	Key-stakeholder Interviews	Beneficiaries Qualitative Interviews	Beneficiary/non-Beneficiary Survey Team
1	Background review (no logistics requirement)	Background review (no logistics requirement)	Prepare DCIs
2	Prepare DCIs	Prepare DCIs	Prepare DCIs Develop database for PDAs, Planning for field work in Maputo (no logistics requirement)
3	Meetings and interviews Maputo; Analyze data collected	Field data collection: FGDs and one-to-one interviews with beneficiary enterprises/key stakeholders - Gaza	Field data collection: FGDs & survey with beneficiaries and non-beneficiaries - Gaza
4	Report writing: banks & key-stakeholder sections	Field data collection: FGDs and one-to-one interviews with beneficiary enterprises/ key stakeholders - Manica	Field data collection: FGDs & survey with beneficiaries and non-beneficiaries - Manica
5		Field data collection: FGDs and one-to-one interviews with beneficiary enterprises/ key stakeholders - Zambézia	Field data collection: FGDs & survey with beneficiaries and non-beneficiaries – Zambézia
6	Prepare preliminary finding	Data entry, quality control	Data entry, quality control (FGDs)

	report	Data analysis Prepare preliminary finding report	Data analysis Prepare preliminary finding report
7	Write draft report	Write draft report	Write draft report
8	Preliminary finding presentation Submit draft report	Preliminary finding presentation Submit draft report	Preliminary finding presentation Submit draft report
9	Work on comments on draft report	Work on comments on draft report	Work on comments on draft report
10	Final Report preparation and final briefing Maputo	Final Report preparation and final briefing Maputo	Final Report preparation and final briefing Maputo

Table 19. An illustrative example of organizations and groups to be interviewed by the Evaluation Team

Sub-Team	Audience	Data collection Method	Groups and Organizations to be Interviewed by Evaluation Team
Team Leader	Value chain counterparts	Stakeholder Semi-structured Interview Questionnaire	Small and medium agribusinesses, marketers, exporters, input suppliers, and service providers within the targeted value chains in Manica and Gaza provinces
	Rural input suppliers, enterprises (agribusiness/ tourism)	Stakeholder Semi-structured Interview Questionnaire	Small farmer leaders who supply value chain products, enterprise borrowers of LPG-DCA facility in Manica and Gaza provinces
	Farmer Associations - Beneficiaries of DCA,	Focus groups Discussions Non-beneficiary Qualitative Semi-structured Interview guide	Members of farmer associations - beneficiaries of LPG-DCA facility in Gaza and Manica 1 gender mix group and 1 women only group per association per district - maximum of 8 people per FGD
Evaluation Specialist	USAID	Stakeholder Semi-structured Interview questionnaire	ATB staff; Evaluation staff; DCA officers
	Implementing institutions	Bank Semi-structured interview	DCA banks (Banco Oportunidade; Banco Terra).
	Partner institutions	Stakeholder Semi-structured Interview Questionnaire	Sida, CEPAGRI, Agrifuturo, TechnoServe, ACDI/VOCA, World Vision, CLUSA, Save the Children, ADRA, Agrifuturo and other relevant stakeholders such as managers of guarantee funds and donors (e.g. WB and DFID have interventions along the Nacala and Beira corridors, Danida has Agroinvest guarantee fund implemented by Gapi, the French Development Agency and the Portuguese Development Cooperation also have development guarantee funds)
Survey Manager	Sampled Survey Population	Non/beneficiary Quantitative Survey Closed-ended Questionnaire	Approximately 110 rural households to be surveyed
	Sampled Survey Population	Focus Group Discussion Non-beneficiary Qualitative Semi-structured Interview guide	2 FDGs of individual farmers Non-beneficiaries FDGs per district - a maximum of 8 people each 1 gender mix group and 1 women only group per district - maximum of 8 people per FGD

	Farmer associations	Focus groups Non-beneficiary Qualitative Semi-structured Interview guide	Members of farmer associations – non-beneficiaries of LPG-DCA facility in Zambézia Members of farmer associations – beneficiaries of LPG-DCA facility in Zambézia 1 gender mix group and 1 women only group per association per district - maximum of 8 people per FGD

Field Work Schedule

Table 20. DCA Field Work Schedule

Activity	16/6	17/6	18/6	19-20/6	22/6	23-24/6	25/6	26-27	28/6
Training of the enumerators for Gaza	Maputo								
Pilot of the instruments (qualitative and quantitative)		in Marracuene 12 farmers with loans and 12 without loans; 2 FDGs							
Logistics			x						
Data collection (Qual & Quant)			go to Xai-Xai to conduct some key stakeholder interviews	X Chókwé FGDs & Quant					
Travel					x				
Data collection – Qual (FGD & SSI)						Manica Camba & Mevasse			
Travel							x		
Data collection – Qual (FGD & SSI)								X Gurué TM	X Gurué
Travel									X

ANNEX 4. EVALUATION TEAM MEMBERS

EVALUATION TEAM MEMBERS AND DESIGNATED TASKS

Evaluation TeamTeam Leader: Ms Tatiana Mata is a Mozambican Agriculture Economist and Enterprise Development consultant with 13 years' experience in Agribusiness, Rural Development, Development Finance and Business Development Services in Southern Africa. Ms. Mata has led and worked with technical teams on various projects conducting market analyses, preparing and implementing surveys and survey instruments, data entry, analyzing research findings, sub-sector/value chain analyses, establishing regional agricultural business linkages and facilitating market access for rural communities. Recently, she was the expert in charge of the 30 person team which conducted an evaluation of the USAID Mozambique Agriculture, Trade and Business program, and the 45-person team which undertook the Rural Investment Climate Survey for the World Bank. She was also the Senior Local Economist in the Agribusiness Commercial, Legal and Institutional Reform (AgCLIR) Survey in Mozambique for USAID, responsible for assessing the state of the marketing infrastructure in the agriculture sector. She has experience in conducting studies in Angola, Botswana, Kenya, Mozambique, South Africa and Tanzania.

As the Evaluation TeamTeam Leader, Ms Mata will be responsible for designing, implementing, and managing the evaluation; developing evaluation methodologies and tools; managing the compilation and presentation of all Evaluation Deliverables, including any writing, editing, and data analysis. She will be the principal interlocutor between the Evaluation Team and USAID/Mozambique.

Survey Manager: Mr Tunísio Camba is an experienced Researcher, with in-depth understanding of research procedures, methods and methodologies and more than 15 years of technical experience in Rural Development. His experience in research includes the application of both qualitative and quantitative research methods as well as the design of data collection tools (household surveys, Focus group discussions, and semi-structured interviews), data analysis and interpretation. He derives his practical knowledge from having participated in more than 10 studies and analyzed more than 20,000 samples mainly in Matutuine, Boane and Namaacha districts. As part of his various consultancy tasks he acquired strong experience in conducting field work as Survey Manager including deciding on appropriate methodologies, designing the data collection tools, training interviewer's data collection and field supervision. Some examples of the various surveys conducted by Mr. Camba include the first malaria indicator survey in Mozambique (n=3000 households in 11 provinces), the evaluation of USAID's Agriculture, Trade and Business programs in Mozambique which included 6 projects from agriculture, nutrition, health and access to financial services (n=800 households in 6 provinces), and a socio-economic study of the communities surrounding the heavy sand factory -Kenmare in Moma - Nampula, (n=500 households).

Mr. Camba is also a seasoned project manager for rural integrated development projects with considerable analytical skills in his review and development of policy documents, reports and strategic plans. He is very familiar with budgeting and M&E tools and systems as well as capable to develop projects for financing. As the Survey Manager, Mr Camba will be responsible for overseeing and ensuring the integrity of the data collection, capture and analysis.

Evaluation Specialist: Mr. Fion de Vletter is a seasoned Microfinance and Small Medium Enterprises expert with more than three decades of expertise in championing Micro, Rural and SME Finance Programmes in Mozambique, Angola, Namibia, Laos and South Sudan. Mr de

Vletter is an independent consultant with extensive evaluation experience, having conducted assessments of microfinance programmes and funds in Mozambique, Angola, Senegal, Niger, Rwanda, Ghana, and Madagascar. Mr de Vletter's practical experience includes Institutional Management, Value Chain Analysis, Rural Finance, and Post-conflict Provision of Microfinance. A recognised authority in access to finance in Mozambique, particularly where it concerns rural, small and micro enterprises, Mr de Vletter is one of the prime experts working with Accumulated Savings and Credit Associations (ASCASs) in Mozambique. He has authored of various publications on Microfinance in Mozambique over the years, including the Mozambique FINSCOPE 2009, and the Mozambique case study of innovative rural finance. Mr Fion de Vletter is once again one of the lead consultants preparing the Mozambique FINSCOPE 2014, and is a regular consultant with CGAP-World Bank. He is also part of the team of experts identified to advise the UK Department for International Development on MSME and Rural Finance as part of the Mozambique Access to Finance Programme (MaFIP).

As the Evaluation Specialist, Mr de Vletter will work alongside the Ms Mata in preparing all Evaluation Deliverables and performing data collection and analysis.

Additional Supporting Personnel: To support the Evaluation TeamTeam Leader and Specialist, a Data Analyst will develop the database for data entry, and conduct basic data and report compilation, and data scrubbing.

In addition, a team of enumerators (8) and trained field supervisors will conduct the data collection in all earmarked provinces. The team of field staff is all Mozambican and familiar with the languages spoken in these provinces, and has experience in quantitative and qualitative data collection. In addition to data collection, field supervisors will be responsible for the data entry, basic survey coordination tasks.

ANNEX 5. REFERENCE MATERIAL

References

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USAID/Haiti. Evaluation of DCA Guarantee to Micro-credit capital and SOGESOL, August 2013

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USAID DCA Disaggregated Transactions Report

ANNEX 6. EVALUATION DESIGN MATRIX

Evaluation questions	Illustrative indicators	Data source/collection methods	Sampling/selection criteria	Data analysis method
Did the guarantee change the bank's lending practices to the target sector (e.g., did it issue loans that it would not have disbursed without the guarantee)?	♣ % of "risky" loans authorized by the banks under DCA funds ♣ waiting time to get DCA credit compared to non DCA credit ♣ reduced collateral requirements	♣ Historic data from bank data base and information provided by bank officers / qualitative; ♣ Bank database/ quantitative	♣ Qualitative: all bank official interviewed ♣ Quantitative: DCA credits and non-DCA credits of the same period (1-2 years)	♣ Qualitative: Grounded theory ♣ Quantitative: Stat packages SPSS/SATATA
Did the recipients of loans resulting from the Loan Portfolio Guarantees provided by USG result in increased productivity (yields per hectare), volume of production, sales (national, regional and international) and jobs creation?	♣ % of DCA clients reporting increase of sales ♣ % of DCA clients that could establish fixed contracts ♣ Nº of jobs generated by DCA lenders	♣ Survey/ quantitative	♣ as proposed in the sampling frame	♣ Stat packages SPSS/SATATA ♣ Analysis to disaggregate by sex
Who benefitted from the program in terms of target groups, male and female and geographical focus, and why?	♣ % of DCA clients who accessed DCA funds ♣ Demographic analysis of loan recipients by gender, value-chain	♣ Survey/quantitative	♣ as proposed in the sampling frame	♣ Stat packages SPSS/SATATA. Analysis as to reflect region, type of business started and gender disaggregation
How can women be more encouraged to participate and be successful loan recipients?	**Qualitative:** ♣ perception of woman vulnerability in accessing DCA funds **Quantitative:** ♣ % Womenclients who	♣ Woman association, bank officials, local government officials using / Focus group and semi-structured interviews ♣ Survey/quantitative	♣ Selection to be made based on list of source of information that will be created during the inception phase ♣ as proposed in the sampling	♣ Qualitative: Grounded theory ♣ Quantitative: Stat packages SPSS/SATATA

	accessed DCA funds		frame	
Are the clients satisfied with the bank, process, credit, etc.? Are there any additional needs by clients when taking a loan?	**Qualitative/Quantitative:** ♣ client satisfaction DCA access (sex disaggregated)	♣ Beneficiaries groups discussions and bank officials, using / Focus group and semi-structured interviews	♣ Selection to be made based on list of source of information that will be created during the inception phase	♣ Qualitative: Grounded theory
What are the composition and attributes of each of the DCA portfolios (i.e., commercial farmers vs. small holders, value chain segments, economic sectors, utilization rates) over time and why were no loans disbursed to the tourism sector?	**Qualitative:** ♣ Perception of respondents on why were no loans disbursed to the tourism sector? **Quantitative:** ♣ frequency of DCA clients who accessed DCA funds per economic activity	♣ Beneficiaries groups discussions and bank officials, using / Focus group and semi-structured interviews ♣ Survey/quantitative	♣ Selection to be made based on list of source of information that will be created during the inception phase ♣ as proposed in the sampling frame and cross-checked with banks databases	♣ Qualitative: Grounded theory ♣ Quantitative: Stat packages SPSS/SATATA
What has been the performance of the loan portfolio over time (i.e., delinquency rates, non-performing loans, defaults, and collections)?	**From Banks records:** ♣ % of payback by borrower ♣ % of businesses financed by DCA that succeeded ♣ % of guarantees activated to payback non-performing loans	♣ Survey/quantitative	♣ as proposed in the sampling frame	♣ Quantitative: Stat packages SPSS/SATATA ♣ Analysis to disaggregate by sex
How effective was the technical assistance provided by USAID implementing partners and other collaborators to the beneficiaries?	**Quantitative:** ♣ % of borrowers who received some kind of support from a USAID implementing partners implementer ♣ % of lenders who positively evaluate the support given ♣ % of lenders who classify	♣ Survey/quantitative	♣ as proposed in the sampling frame	♣ Quantitative: Stat packages SPSS/SATATA

	as "easily accessible" the support from a DCA implementer			
From the DCA program experience, are there opportunities in other sectors, subsectors, or target groups to utilize loan guarantees?	**Qualitative:** ♣ Perception of respondents on how DCA funds could be used **Quantitative:** ♣ % of respondents who suggests different alternatives of using DCA funds.	♣ Beneficiaries groups discussions and bank officials, using / Focus group and semi-structured interviews ♣ Survey/quantitative	♣ Selection to be made based on list of source of information that will be created during the inception phase ♣ as proposed in the sampling frame	♣ Qualitative: Grounded theory ♣ Quantitative: Stat packages SPSS/SATATA
After receiving credit, what percentages of clients are able to accept loans outside of the DCA program guarantee?	**Quantitative:** ♣ % of borrowers that became sustainable after having had access to DCA loans? ♣ % of DCA borrowers who got access to other loans (non-DCA) after receiving a DCA loan	♣ Survey/quantitative	♣ as proposed in the sampling frame	♣ Quantitative: Stat packages SPSS/SATATA ♣ Analysis to disaggregate by sex

ANNEX 7. EVALUATION DATA COLLECTION TOOLS

The data collection instruments used in this evaluation are displayed in the section that follows:

KEY INFORMANT Interview Protocols

USAID

1. In terms of USAID's overall expectations of the DCA Agreements, how would you evaluate progress so far? (1-5)

2. What were the major successes achieved to date?

3. In which aspects has the overall initiative not fulfilled your expectations?

4. How would you rate (1-5) each partner bank's performance in terms of:
    - Overall execution
    - Product development (new or adjusted products)
    - Improving client access to loans (e.g. reduced collateral requirements)
    - Reporting (regularity, consistency, depth of information)
    - Promoting women's access to loans
    - Collaboration with TA providers to improve client capacity

(Note: each rating will then be followed by probing questions and a discussion)

5. Were there any aspects of the DCA Agreements that you felt the partner banks failed to adequately deliver? If so, which?

6. Were these issues addressed? If so, how and where they resolved?

7. How was implementation monitored by USAID and reported on?

8. What were the reporting structures and procedures between USAID Maputo and DCA Washington?

9. Who monitored the bank reports? What reporting requirements were established for that person and to whom were those reports sent?

10. What management issues arose since inception? How were they resolved, if at all?

11. What are USAID office weaknesses and what management changes could be done to contribute to greater effectiveness of the DCA?

12. To what extent is the USAID office supported by the DCA Washington office to manage the local facility and what if any changes should be considered to achieve greater results.

13. Apart from receiving progress and portfolio reports from participating banks, what other interaction occurred between USAID and the banks?

14. What technical assistance arrangements were made/financed by USAID/DCA? Specify which ones and rate them by performance (1-5).

15. How does USAID control whether the participating banks may be piggy backing onto other guarantee schemes to further reduce their risks leading to reduced bank risk and the possibility of reckless lending?

16. There is a strong possibility that many of BOMs DCA clients are also receiving loans on the basis of a P4P off-taker arrangement with WFP and thereby reducing default risks substantially. Would this be of concern to USAID?

17. What is the level of planning and interaction between USAID and Sid on the joint LGP facility with BT?

18. Why was this joint facility created? What is Sida's contribution?

19. What were the perceived advantages and disadvantages of this collaboration? How would you rate it (1-5)?

20. On the basis of this experience, would you recommend entering again into a similar arrangement? Why?

21. What were the lessons learned in terms of the implementation of the DCA guarantee on the part of the banks?

22. What lessons were learned in terms of achieving the objectives of improving access to finance for smallholder farmers and agri-business SMEs?

23. Do you still believe that the structure of the LGP is conducive to promote SME access to finance? Please elaborate.

24. Why did none of the DCA guarantee agreements fail to generate any tourism loans?

25. Do you still believe that the target sectors for the remaining period of the DCA should be agribusiness and tourism? Please explain your answer.

26. Are there any other sectors which you feel could benefit from DCA guarantees?

SIDA

1. What was SIDA's motivation to get involved in providing loan guarantees for Mozambican agri-business and tourism?

2. Why did it choose to do it in collaboration with USAID/DCA?

3. Did Sida consider collaboration with DANIDA and its Agro-Garante Program?

4. If so, why did it not join and choose to collaborate with USAID/DCA?

5. In terms of your expectations, how would you rate the achievements of the collaboration so far (1-5)?

6. Did Sida put any conditions on implementation of the guarantee that makes it any different from other DCA guarantees? If yes, explain.

7. Does Sida have any specific reporting requirements that are different to USAID's?

8. How would you rate the way the DCA guarantee has been managed and monitored (1-5)?

9. Is Sida satisfied with the way in which the banks have implemented and applied the DCA guarantee?

10. How would you rate BT's performance (1-5) of the following (probing and discussion to follow each rating)
    - Overall execution
    - Product development (new or adjusted products)
    - Improving client access to loans (e.g. reduced collateral requirements)
    - Reporting (regularity, consistency, depth of information)
    - Promoting women's access to loans
    - Collaboration with TA providers to improve client capacity

11. What were the perceived advantages and disadvantages of this collaboration?

12. Are there any changes that you would recommend if you were to repeat this collaboration?

13. Are there any changes you would like to introduce before the Agreement comes to an end?

14. On the basis of this experience, would you recommend entering into a similar arrangement again? Why?

15. What were the main lessons learned in terms of the implementation of the DCA guarantee on the part of the banks?

16. What lessons were learned in terms of achieving the objectives of improving access to finance for smallholder farmers and agri-business SMEs?

17. Why did the DCA guarantee fail to generate any tourism loans?

18. Do you still believe that the target sectors for the remaining period of the DCA agreements should be agribusiness and tourism? Please explain your answer.

19. Are there any other sectors which you feel could benefit from DCA guarantees?

TECHNICAL ASSISTANCE PROVIDERS (e.g. Agrifuturo, TechnoServe, ACDI/VOCA, World Vision, CLUSA, Save the Children, ADRA, etc)

1. In what capacity, if any, have you partnered with BOM or BT in terms of giving TA to their agri-business clients? If yes, describe.

2. Have you had any specific collaboration in relation to current or potential DCA guarantee clients? If yes:
   - What was the objective? In what form was it provided? When? Who was the target group and how many beneficiaries to date?
   - Was there any special gender focus?
   - How was this intervention negotiated? Who paid for it? Were there any formal linkages to the DCA Agreement?

3. In what way, if any, did the TA provided improve the credit worthiness of the beneficiaries? How you would rate the effectiveness of your intervention in relation to expectations of your client? (1-5)

4. In what way would you improve, if at all, the TA provided by you to the DCA Guarantee loan clients?

5. Are you satisfied with the collaboration made with the DCA partner bank? Why? In what way, if any, would you attempt to improve the way the TA was implemented or the type of TA provided?

6. From your knowledge and experience with the DCA Guarantee target groups, do you think that the DCA experience in Mozambique achieved its objectives? Explain.

7. Are you aware of any other Guarantee Schemes with similar target groups in Mozambique. If yes, how do they compare in terms of achieving their objectives? In what ways were they better or worse than the DCA Guarantees?

8. Do you think that guarantee schemes are an effective way to develop long-term and sustainable changes in the way banks provide credit to their target groups? Explain.

Bank Semi-Structured Questionnaire

(This information to be worked through together with bank and consultant)

Aggregated /disaggregated PORTFOLIO DATA

This information is to be obtained from Banco Terra (one for each DCA) and Banco Oportunidade Moçambique

Variable	Number/value	Percentage Men	Percentage Women	Comment
Total Number of loans conceded under DCA				
Total value of loans conceded under DCA				
Disaggregation by loan size (cohorts to be decided by bank)				
Overall PAR<30 days (by year if possible)				
Overall Repayment rate (by year if possible)				
Sectors (disaggregated by: input supplier, producer, processor, internal trader, exporter, etc)				
Value of collections made on bad debts (specify value of collateral recovered and DCA cover)				
Size of clients (disaggregated by micro, small, medium)				
Client types (individual farmer, farming company, non-farming company, informal farmer group/club, association/cooperative)				

Short-term loans (<1year)				
Medium-term (1<3yrs)				
Long-term (>3yrs)				
Geographic Location of Loans				
Number of first-time borrowers				
Number of new borrowers under DCA who had previously borrowed from the bank				
Number of repeat borrowers within DCA framework				
Number of refused loans before DCA – main reasons				
Number of previously refused clients that were approved through the DCA – what changed? **Number of refused clients within DCA - reasons**				
Number of current DCA covered clients that your bank would consider re-financing outside of a DCA guarantee				
Main types of collateral guarantees used				

SUPPORTING QUANTITATIVE INFORMATION REQUIRED

(This information is to be obtained from Banco Terra (one for each DCA) and Banco Oportunidade Moçambique)

1. How did the DCA guarantee affect BT/BOM's rules of engagement with its clients i.e. did BT/BOM change its loan terms to targeted sectors under the guarantee (including grace periods, collateral requirements and interest rates)? If yes, how? If no, why?
2. What has been the performance of the loan portfolio over time (i.e., delinquency rates, non-performing loans, defaults, and

collections)?

- *Compare and contrast the defaulted borrowers with the borrowers that did not default (e.g., gender distribution, geography, target sectors, loan sizes)*
- *Is there any evidence that because of the DCA experience that the creditworthiness of the targeted group is improving?*

3. Compare and contrast DCA loans with those not under the guarantee (profile of borrowers, loan terms, loan sizes, geography, collateral requirements, key performance indicators, etc).
4. Did the structure of the guarantee encourage your bank to lend more for working capital purposes rather than investments?

5. BOM: Why were there only working capital loans (only one > 1 year)? What % of the loans went to marketing activities and what % to production inputs (as agreed by DCA)?

6. Did more clients access loans as a result of the guarantee? Explain.

7. What percentage of all borrowers sought a loan from your bank before the guarantee? What percentage were successful and what percentage were unsuccessful?

8. BOM: Loans started in 2010 and almost all borrowers are listed as first time borrowers. How many repeat borrowers are there since the start (cannot tell from report)?

9. BOM: Which loan clients (farmer organizations) had a P4P related marketing loan? If any, why would it be necessary to have them under the DCA guarantee if there was an off-taker arrangement?

10. BOM: Why were only about 4 of the 335 clients women (what about gender breakdown of the farmer groups)?

11. What type of clients (if any) received Technical Assistance (indicate type of activity, gender, size and geographic area)

QUALITATIVE INTERVIEW PROTOCOL FOR PARTICIPATING BANKS:

Input Level (DCA Guarantee Design and Structure)

1. What prompted /motivated your bank to partner with USAID under the DCA guarantee? Who initiated the partnership?

2. How did your bank implement the guarantee? Did the bank create a specific product or lending unit?

3. How frequent was the communication between USAID/Mozambique and the bank? How effective was the engagement and how would you rate it (1-5)? BT: How frequent/effective was the engagement between BT and Sida?

4. Would an increase in communication/engagement improve/ have improved the implementation and ongoing effectiveness of the guarantee? In what way?

5. In your view, what aspects of this collaboration have worked well and why?

6. Are there aspects of this collaboration that have not worked well? Why not? How do you think these should be dealt with by your bank and/or by USAID to improve future programs?

7. Were the reporting requirements clear and reasonable? What feedback did you receive on your reports?

8. Did you get the impression that your progress was being followed with interest? Explain.

9. What aspects of the DCA proved to be challenging during the implementation phase of the guarantee? How did your bank deal with them?

10. What technical assistance (TA) was provided by USAID implementing partners to the beneficiaries?? Was this TA part of the DCA Guarantee Agreement?

11. What TA was provided by other collaborators to the beneficiaries? Was this TA part of the DCA Guarantee Agreement? Were there any initiatives that specially targeted women?

12. Did the TA from USAID help your bank improve its operations in targeted sectors/borrowers under the DCA guarantee? How would you rate the TA received (1-5)?

13. Would you recommend continuing these TA interventions? Which ones and why?

14. Did product marketing specifically target/encourage women?

15. How can women be more effectively encouraged to participate and be successful loan recipients?

16. What key measures did your bank undertake to ensure the success of the DCA guarantee e.g. special training of the employees, marketing of the products, etc.?

17. In your view, is the DCA guarantee approach to the issue of accessing finance for target sectors in Mozambique right, or do you think there are better approaches to improving access to finance? If so, how?

18. Could you suggest ways in which the DCA guarantee can be adjusted/re-oriented to better achieve its objectives?

19. What political, social, cultural and economic obstacles have you experienced if any, and how did they affect your work? Positively/Negatively?

20. How best do you think the program can improve its interventions in the future in relation to those issues raised above?

21. What would you say are the major strengths and /or weaknesses in the DCA guarantee approach? How would you rate it overall (1-5)

22. Why did the DCA initiatives fail to serve the tourist sector? What could have been done to change this at the design level. At the bank level?

Output Level

1. Did your bank work in any way or outsource services for the targeted groups? Explain.
2. Why were no loans disbursed to the tourism sector?
3. Apart from USAID, is your bank engaged in any other development partnership? Explain.
4. Is your bank involved in another loan guarantee programme? If so, does it complement or duplicate the DCA? How can the donors be sure that they are not exploited to further reduce the bank's exposure? What are the management implications? What are the relative strengths and weaknesses between the different program?
5. Has the bank experienced any challenges/difficulties managing resources from multiple partners? Explain? What solutions have been were implemented or should be implemented
6. BT: Interest varied quite a bit (from a high of 37% down to 10%). Why? How many loans are in USD and what rates do you charge for them?
7. BT: More than half of the borrowers for DCA 005 were second time borrowers. Why did they need DCA coverage?

8. BT: What are the differences between DCA OO3 and DCA 005? Did you learn any lessons from 003 that were applied to 005?

9. BT: has had previous experience with the Danida sponsored loan guarantee program a few years ago. What lessons were learned from that experience which you might have applied to the DCA guarantees. Did you carry over any clients from that program to either of the DCA guarantees?

10. BT: Were there any concessions made in terms of for DCA clients (e.g. relaxed collateral requirements, reduced interest rates)?

11. BOM: For what reason was no collateral required?

12. BOM: Why did only farmers and farmer groups get loans and no one further down or up the value chain?

Outcome Levels

1. Did the terms offered under the DCA guarantee encourage more borrowing? Explain.

2. How has the DCA guarantee benefited your bank?

3. Did the results achieved so far meet with your expectations? Please rate (1-5).

4. What exogenous factors, if any (e.g., financial sector reform, government intervention, industry competition, financial shocks, etc.) affected the financial sector during the agreement period? How? Have these factors also affected the performance of the DCA guarantee(s)? If so, how?

5. Did the DCA guarantee help increase access to finance among the women-owned smallholdings/MSMEs. Explain?

6. Did your bank re-orient its agriculture/agri-business lending strategy in line with the DCA guarantee targets? In what way?

7. How effective was the technical assistance provided? Split response according to USAID supported and non-USAID supported (please rate each category of TA from 1-5).

8. If TA was provided:

    - *In your opinion did TA improve default rates?*
    - *In your opinion did TA improve the ability for clients to obtain new or additional loans*
    - *What more does the bank want to see in a TA partnership program?*
    - *Does the bank have plans to initiate deeper TA assistance in the future? If so, at whose cost?*
    - *How frequent was engagement from TA providers?*

9. Did your bank develop new loan products as a result of the guarantees with the help of the TA support?

Sustainability

1. One of the main objectives of the DCA guarantee is to help acquaint the bank to better know the target group and to continue to serve them afterwards. Is your bank likely to continue serving this group without a guarantee after the agreement ends? If so, will the bank make any adjustments to its loan conditions to compensate for any perceived difference in risk (e.g. higher collateral requirements, higher interest rates, etc.)

2. After receiving DCA supported credit, what percentage of clients do you estimate would be able to accept a loan outside of the DCA program guarantee

3. Did the guarantee change the bank's lending practices to the target sector (e.g., did it issue loans that it would not have disbursed without the guarantee)?

- *What constraints did the guarantee help overcome?*
- *What constraints remain to lending in the sector?*

4. Has your bank dealt with or are aware of other guarantees similar to the DCA guarantee? If so, how do you compare them in relation to the DCA guarantee?

5. What positive impacts have been generated through the DCA guarantee's support and how will these be sustained?

6. Any negative impacts? What mitigating measures have been put in place against such?

7. Is the DCA guarantee a relevant and appropriate intervention in dealing with issues of empowerment and access to credit for smallholder farmers and agribusinesses in Mozambique? Please rate (1-5).

8. Have you introduced any new loan products to the market under the DCA guarantee? Please specify in terms of sector, type (loan/savings) and market segment

9. Has there been any long-term effect on interest rate, collateral requirements, or length of loan term for loans to repeat borrowers? If not, why not?

10. Did access to loans (or loan terms) improve for target sectors? If so, how and why? What role if any did the DCA guarantee play as a demonstration model?

11. Are you aware if the DCA guarantee has had any effect on how other banks operate especially in the agricultural sector? How?

12. Will your bank continue working with DCA guarantees in the future?

13. Did non-partner banks/financial institutions initiate or increase lending to the target sectors? If so, to what extent was the DCA guarantee to your bank responsible? How and why?

14. From the DCA program experience, are there opportunities in other sectors, subsectors, or target groups to utilize loan guarantees?

Lessons Learned

1. If you were to restructure your partnership with USAID's DCA guarantee, what would you do differently next time?

2. What lessons good or bad have you learned from this cooperation?

3. Were the exogenous factors outside of your bank's control that influenced Outputs and Outcomes? How did your bank deal with these?

4. Any recommendations/suggestions for initiatives such as these?

Closing Remarks And Appreciation

USAID FROM THE AMERICAN PEOPLE

Quantitative SURVEY: Non/Borrowers

SECTION A - GENERAL BORROWER INFORMATION

A 1	A 2	A 3	A 4	A 5	A 6
Identification	***Name***	***Gender***	***Age***	***Sector of activity***	***Province***
1 Individual 2 Association 3 Enterprise		1 man 2 woman	1 35 or less 2 35 +	1. Agriculture 2. Tourism 3. Fisheries/aquaculture 4. Trade/commerce 5. Other (specify)	4 Zambézia (Gurué) 6 Manica (61 Manica Distrct / 62 Chimoio) 9 Gaza (Chókwé)
Write code below		*Write the code bellow*	*Write the code bellow*	*Write the code bellow*	*Write the code bellow*
[___ ___]		[___ ___]	[___ ___]	[___ ___]	[___ ___]

SECTION B - DEMOGRAPHIC AND SOCIO-ECONOMIC DATA

B01	B02	B03	B04	B05	B06	B7
Marital status of direct borrower (If applicable)	**Number of people living in the household**	**Number of men (If applicable)**	**Number of women (If applicable)**	**Number of under five (girls and boys)** **(If applicable)**	**Highest level of education completed**	**Can you read and write?**
1. single 2. married 3. living together 4. polygamous / polyandrous 5. divorced / separated 6. widower					1. None 2. Primary education (1-7) 3. Secondary education (8-10) 4. High school (11-12) 5. University (13-plus)	1. Yes 2. No *Write the code bellow*
Write the code bellow					*Write the code bellow*	[___ ___]
[___]	[___ ___]	[___ ___]	[___ ___]	[___ ___]		1 2

SECTION C: ACCESS TO CREDIT

N°	SOURCE OF CREDIT	Period of 2007-2009	Period of 2010-2013
C 1	**Did you have any bank loan between**	1. Yes ⇒ Jump to C 4. 2. No	1. Banco Terra 2. Banco Oportunidade } ⇒ **C 5** 3. Other source ⇒ **C 4** None ⇒ **C 2**
C 2	**Why not?** **IF 9⇒ C3** **IF ≠ 9 ⇒ C 4**	1. High collateral 2. Unfavorable tenor terms offered 3. High interest rate 4. Lenders' lack of knowledge about business sector 5. Lenders' lack of knowledge about opportunity 6. No capacity to submit the required documentation 7. Not interested in credit 8. Other more attractive source of credit 9. Request has not been approved by the bank 10. No information on loans	1. High collateral 2. Unfavorable tenor terms offered 3. High interest rate 4. Lenders' lack of knowledge about business sector 5. Lenders' lack of knowledge about opportunity 6. No capacity to submit the required documentation 7. Not interested in credit 8. Other more attractive source of credit 9. Request has not been approved by the bank 10. No information IF ≠ **9** ⇒ **C26**
C 3	**Can you tell us why your project has not been approved for loan?**	1. No collaterals 2. Project presented considered not viable 3. No track record of business 4. The documentation submitted was considered incomplete 5. Other (Specify) ________________	1. No collaterals 2. Project presented considered not viable 3. No track record of business 4. The documentation submitted was considered incomplete 5. Other (Specify) __________________ AFTER THIS QUESTION ⇒ **C26**
C 4	**From which source you got the loan?**	1. Banco Terra 2. Banco Oportunidade 3. Other commercial bank 4. Microcredit institutions 5. Government Local Development Initiative (7 million) 6. NGOs 7. Private Company 8. Saving associations 9. Groups of friends / colleagues (xitique) 10. Money lenders 11. Other (specify) ___________________	1. Other commercial bank 2. Microcredit institutions 3. Government Local Development Initiative (7 million) 4. NGOs 5. Private Company 6. Saving associations 7. Groups of friends / colleagues (xitique) 8. Money lenders 9. Other (specify) ___________________

C 5	**Number of times a loan was provided**	1. Once 2. Twice 3. Three times 4. Four times or more	1. Once 2. Twice 3. Three times 4. Four times or more
C 6	**What was the average interest rate**		
C 7	**What was the collateral value**		
C 8	**Who provided the guarantee**	1. Personal 2. Group	1 Personal 2. Group
C 9	**What was the tenure (Months)**		
C 10	**How much time (in weeks) did it take to secure the loan?**		
C 11	**Please specify the type of collateral required**	1. Fixed assets 2. Land 3. Cash 4. Animals/crops 5. Reputation 6. Other (specify) ____________________	1 Fixed assets 2. Land 3. Cash 4. Animals/crops 5. Reputation 6. Other (specify) ____________________
C 12	**Who initiated the loan process?**	1 Lender himself 2. Lender influenced by association members 3. Lender influenced by family members 4. Lender influenced by NGO 5. Lender influenced by others 6. Borrower 7. Technical assistance 8. Other (specify) ____________________	1. Lender himself 2. Lender influenced by association members 3. Lender influenced by family members 4. Lender influenced by NGO 5. Lender influenced by others 6. Borrower 7. Technical assistance 8. Other (specify) ____________________
	ACCESS TO CREDIT FOR THE FOLLOWING PURPOSES		
C 13	**What was the purpose of the loan?**	1. Working Capital / Income Generation 2. Commercialization 3. Physical Infrastructure 4. Training / Skills Building 5. Upgrades & Maintenance of Assets 6. New Business Creation 7. Social agenda 8. Other (specify) ____________________	1. Working Capital / Income Generation 2. Commercialization 3. Physical Infrastructure 4. Training / Skills Building 5. Upgrades & Maintenance of Assets 6. New Business Creation 7. Social agenda 8. Other (specify) ____________________
	FINANCIAL INCLUSION		
C 14	**Did you have a bank account prior to the loan?** **IF No ⇒ C18**	1. Yes 2. No	1. Yes 2. No
C 15	**Do you use any technology to transfer, receive or pay bills?** **IF No ⇒ C17**	1. Yes 2. No	1. Yes 2. No

C 16	**Which ones?**	1. ATM 2. Mobile phone 3. Remittance (e.g. Money Gram, Western Union) 4. Other (specify) ____________________	5. ATM 6. Mobile phone 7. Remittance (e.g. Money Gram, Western Union) 8. Other (specify) ____________________
C 17	**Location of nearest of your financial institution**	1. Within the district 2. At capital city 3. Other (specify) ____________________	1. Within the district 2. At capital city 3. Other (specify) ____________________
	BORROWER/BUSINESS EMPLOYMENT METRICS (IF APPLICABLE)		
C 18	**Total number of employees**		
C 19	**Monthly salary expense (Wages)**		
C 20	**How many months of salaries can you pay with your savings**		
	BORROWER/BUSINESS SUSTAINABILITY METRICS		
C 21	**Can you estimate the production volume (if applicable)?**		
C 22	**Can you estimate your gross sales?**		
C 23	**Can you estimate your net profit?**		
C 24	**Can you estimate your local sales (% of total sales)?**		
C 25	**Can you estimate your export sales (% of sales)**		
C26	**Do you feel that you can acquire more credit from any bank to continue your business using your collaterals?**		1. Yes 2. No
C 27	**Was this the situation before the last credit you had access to credit?**		1. Yes 2. No
	SOCIAL IMPACTS		
C 28	**Quality of Life Rating (1=Bad 5=Best)**	1. Bad 2. Not good 3. Neutral 4. Very good 5. Very good	1. Bad 2. Not good 3. Neutral 4. Very good 5. Very good
C 29	**Access to USAID Technical Assistance**	1. Yes 2. No	1. Yes 2. No
C30	**What type of assistance did you receive**	1. Business plan 2. Management training 3. Loan management 4. Linkages to financial institution 5. Other (specify) ____________	1. Business plan 2. Management training 3. Loan management 4. Linkages to financial institution 5. Other (specify) 3. ____________
C31	**Are you satisfied with the bank, process, credit**	1. Not satisfied 2. indifferent 3. Satisfied 4. Highly satisfied	1. Not satisfied 2. indifferent 3. Satisfied 4. Highly satisfied

Focus Group Discussion – Qualitative Interviews of borrowers/non-borrowers

DCA: FDG **Beneficiary group ____** **Non-beneficiary group __**	**Date_____________** **Quest. Nr. ________**	**Province___________** **District______________** **Community/village_______________ _**
Interviewer ____________________ _ **Obs:** ____________________ _	Association name ______________________ _ ______________________ _ Nr. Of members________ Nr. Of women members ___	Nr. Of participants _____ Women______ Men______

Dear,

The objective of this working group is to collect information from you regarding access to agriculture finance your area. Your contribution is important for the success of this work. Please note that your participation in this process is anonymous thus please feel free to contribute.

Qs	Issues		Probe
1	What are the different economic activities practiced in this community?		Men/women/youth?
2	How is the money obtained used by each group?		Men/women/youth?
3	Is there any money left?		If yes, what is done with it? If not, why not?
4	If yes, where do they keep the money?		
5	What services (formal & informal) exist for people to save/keep their money/ borrow from/ transfer?		Let them name. If none, is mentioned, ask if they know BOM/BT
6	If they know BOM/BT, how do they came to know about it and what does it do?		Take record if they mention any USAID program if yes, go to next question, **if not jump**
7	If a USAID Activity provided some		

	assistance, what kind of assistance was provided?		
8	Were you satisfied with the assistance		Rank 1 (low)-5 (high)
9	What services do they use from BOM/BT? Account Loans Both		If they don't use it, do they know others who use it? If yes, go to next question
10	What is the purpose of the financial service Savings loan		save to purchase something or loan for something - Input purchase, commercialization
11	Does the group have a loan with a bank?		If the answer above did not mention a loan as a service obtained from BOM/BT. From Which bank? – confirm <u>If no loan was taken by the group jump to 40</u>
12	If a loan was obtained from BOM/BT, was the loan given to the group/association or to the individual members?		
13	Were any collateral required and if yes, what was given as collateral?		
14	If a commercial contract was given as guarantee to the bank, ask its source and value		If not, jump to next question
15	Did you need a guarantor to co-sign at the bank for the loan?		
16	What were the prerequisites demanded by the bank?		Was the group able to meet the prerequisites easily Rank 1 to 5
17	How long has the service being used?		

<table>
<tr><td>18</td><td>Is this your first loan?</td><td></td><td>If not, go to next question, if yes jump to 21</td></tr>
<tr><td>19</td><td>If not, when and from which source was the first loan obtained?</td><td></td><td></td></tr>
<tr><td>20</td><td>If the first loan was obtained from another source other than BOM/BT, why have they come to BOM/BT?</td><td></td><td>Service and product characteristics</td></tr>
<tr><td>21</td><td>How is the loan managed? One person/ collective management</td><td></td><td>Nr of signatures, group approval for expenses etc.
Attempt to understand if any woman is directly involved in the management of the loan</td></tr>
<tr><td>22</td><td>Did they receive any assistance to know how to manage the loan?</td><td></td><td>If yes, from which entity and what did it entail? Satisfactory?</td></tr>
<tr><td>23</td><td>What is the direct benefit of the loan for the members of the group</td><td></td><td>E.g. available capital for production, secured market for their commodities, easy access to inputs…..</td></tr>
<tr><td>24</td><td>What changes have they observed in their own individual lives as a result of the benefits of the loan?</td><td></td><td>Collect 4 answers</td></tr>
<tr><td>25</td><td>Are the crops produced before the loan the same as today?</td><td><table><tr><td>Crop</td><td>Before</td><td>After</td></tr><tr><td></td><td></td><td></td></tr><tr><td></td><td></td><td></td></tr><tr><td></td><td></td><td></td></tr></table></td><td></td></tr>
<tr><td>26</td><td>Before the loan, how many Tons/bags of maize did the association produce and commercialize?</td><td><table><tr><td>Crop</td><td>Before</td><td>After</td></tr><tr><td></td><td></td><td></td></tr><tr><td></td><td></td><td></td></tr><tr><td></td><td></td><td></td></tr></table></td><td></td></tr>
<tr><td>27</td><td>Did access to the loan improve their ability to produce and commercialize? If yes, how?</td><td></td><td>Has there been any change in the last 3 years on the quality of the inputs used?</td></tr>
<tr><td>28</td><td>Where does the association purchase production inputs? Can you buy inputs with the loan?</td><td></td><td>Probe regarding improved seeds and use of other technologies such as fertilizers</td></tr>
<tr><td>29</td><td>If they cannot buy inputs with the</td><td></td><td>Probe to find out difficulties in</td></tr>
</table>

	loan? What sources of income do they use for that?					the purchase of inputs
30	Would a production loan be helpful? How would they use it for?					Buy services, inputs, pay for labour…
31	Where are the produced commodities commercialized?					
32	What are the prices for the crops? Has there been any price change which can be attributed to the loan?	Crop	Market Before	Association today	Market today	If it is a commercialization loan verify differences in the prices practiced by the association versus market
33	How has the loan contributed to the community?					E.g. Association also buying from non-members, creation of jobs for non-members, services
34	If you have a loan, are you succeeding in repaying the loan?					If not, what are your difficulties?
35	What assets have you acquired from the returns of your loan supported activity					
36	In the future, will you seek to access another loan? What for and how much?					
37	Would you require the assistance of the institution that facilitated this loan to approach the bank again?					Do they know the conditions, procedures to access loans and do they feel ready to manage it?
38	Do any of the group members have their own account or are considering opening an account?					What for?
39	What can be done to improve the current service?					
40	Have they seen or know someone whose life has changed because s/he used the BOM/BT service?					As for examples: 2 min relay (max 2 people)
41	Ask those who don't have a BOM/BT if there is a particular					Has this conversation improved their knowledge of

	reason for not doing so		the services? Pre-requisites, refusal of application
42	If your loan application was refused, what were the reasons presented by the bank?		Did you understand the reasons?
43	Did you/the group feel that had you had any assistance to prepare the documents it could have been better submitted or your conditions were below the banks requirements?		
44	Would they try to address the issues raised by the bank and apply again for a loan?		

Comments	Observations

Enterprises – Borrowers Semi-structured Questionnaire

Name of contact person	Phone nr and	Type of business	Date Nr f questionnaire __+
Name of the enterprise	E-mail	Position of interviewee	Location (prov. & Distr.) ____________________
Women ownership %			

<table>
<tr><th>Question</th><th colspan="4">Answer</th><th>Probe</th></tr>
<tr><td>Was this your first loan with BT or did you have a previous loan with another institution?</td><td colspan="4"></td><td></td></tr>
<tr><td>Why did you approach BT?</td><td colspan="4"></td><td>Need to know if s/he approached the bank by own initiative or was assisted?</td></tr>
<tr><td>Since when do have the loan with BT?</td><td colspan="4"></td><td></td></tr>
<tr><td>Please describe the process to acquire the loan</td><td colspan="4"></td><td></td></tr>
<tr><td>Were there any challenges in meeting the bank's requirements?</td><td colspan="4"></td><td>How did s/he overcome?</td></tr>
<tr><td>What was the reason for obtaining a loan?</td><td colspan="4"></td><td></td></tr>
<tr><td>Were you given the amount requested?</td><td colspan="4"></td><td></td></tr>
<tr><td>How has been your experience with the bank?</td><td colspan="4"></td><td></td></tr>
<tr><td>Have you been able to pay the instalments and interest on time?</td><td colspan="4"></td><td>If not, why and how has the bank been supportive?</td></tr>
<tr><td rowspan="5">What have been the results seen in your business as a result of the loan?</td><td></td><td>Before</td><td>After</td><td></td><td rowspan="5">Increase in the nr. Of employees, revenue, production etc.</td></tr>
<tr><td>employees</td><td></td><td></td><td></td></tr>
<tr><td>production</td><td></td><td></td><td></td></tr>
<tr><td>revenue</td><td></td><td></td><td></td></tr>
<tr><td></td><td></td><td></td><td></td></tr>
<tr><td>Would you be able to honor the loan on time of do you foresee any internal or external factor</td><td colspan="4"></td><td></td></tr>
</table>

that may compromise that?		
Would you seek an additional loan for any other purpose after this one?		If Yes, for what and what amount?

Comments	Observations

ANNEX 8. DISCLOSURE OF ANY CONFLICTS OF INTEREST

Name	Ruth Tatiana E. Mata
Title	Ms.
Organization	ELIM Serviços Lda
Evaluation Position?	X Team Leader Team member
Evaluation Award Number *(contract or other instrument)*	AID-656-O-14-00003
USAID Project(s) Evaluated *(Include project name(s), implementer name(s) and award number(s), if applicable)*	Loan Portfolio Guarantee through the Development Credit Authority
I have real or potential conflicts of interest to disclose.	Yes No X
If yes answered above, I disclose the following facts: *Real or potential conflicts of interest may include, but are not limited to:* 5. *Close family member who is an employee of the USAID operating unit managing the project(s) being evaluated or the implementing organization(s) whose project(s) are being evaluated.* 6. *Financial interest that is direct, or is significant though indirect, in the implementing organization(s) whose projects are being evaluated or in the outcome of the evaluation.* 7. *Current or previous direct or significant though indirect experience with the project(s) being evaluated, including involvement in the project design or previous iterations of the project.* 8. *Current or previous work experience or seeking employment with the USAID operating unit managing the*	

evaluation or the implementing organization(s) whose project(s) are being evaluated. 9. *Current or previous work experience with an organization that may be seen as an industry competitor with the implementing organization(s) whose project(s) are being evaluated.* 10. *Preconceived ideas toward individuals, groups, organizations, or objectives of the particular projects and organizations being evaluated that could bias the evaluation.*	

I certify (1) that I have completed this disclosure form fully and to the best of my ability and (2) that I will update this disclosure form promptly if relevant circumstances change. If I gain access to proprietary information of other companies, then I agree to protect their information from unauthorized use or disclosure for as long as it remains proprietary and refrain from using the information for any purpose other than that for which it was furnished.

Signature	
Date	August 2014

Name	Tunísio Camba
Title	Mr.
Organization	ELIM Serviços Lda
Evaluation Position?	Team Leader X Team member
Evaluation Award Number *(contract or other instrument)*	AID-656-O-14-00003
USAID Project(s) Evaluated *(Include project name(s), implementer name(s) and award number(s), if applicable)*	Loan Portfolio Guarantee through the Development Credit Authority
I have real or potential conflicts of interest to disclose.	Yes No X
If yes answered above, I disclose the following facts: *Real or potential conflicts of interest may include, but are not limited to:* • *Close family member who is an employee of the USAID operating unit managing the project(s) being evaluated or the implementing organization(s) whose project(s) are being evaluated.* • *Financial interest that is direct, or is significant though indirect, in the implementing organization(s) whose projects are being evaluated or in the outcome of the evaluation.* • *Current or previous direct or significant though indirect experience with the project(s) being evaluated, including involvement in the project design or previous iterations of the project.* • *Current or previous work experience or seeking employment with the USAID operating unit managing the evaluation or the implementing organization(s) whose project(s) are being evaluated.* • *Current or previous work experience with an organization that may be seen as an industry competitor with the implementing organization(s) whose project(s) are being evaluated.* • *Preconceived ideas toward individuals, groups, organizations, or objectives of*	

the particular projects and organizations being evaluated that could bias the evaluation.	

I certify (1) that I have completed this disclosure form fully and to the best of my ability and (2) that I will update this disclosure form promptly if relevant circumstances change. If I gain access to proprietary information of other companies, then I agree to protect their information from unauthorized use or disclosure for as long as it remains proprietary and refrain from using the information for any purpose other than that for which it was furnished.

Signature	
Date	August 2014

Name	Fion de Vletter
Title	Mr.
Organization	ELIM Serviços Lda
Evaluation Position?	Team Leader Team member X
Evaluation Award Number *(contract or other instrument)*	AID-656-O-14-00003
USAID Project(s) Evaluated *(Include project name(s), implementer name(s) and award number(s), if applicable)*	Loan Portfolio Guarantee through the Development Credit Authority
I have real or potential conflicts of interest to disclose.	Yes No x
If yes answered above, I disclose the following facts: *Real or potential conflicts of interest may include, but are not limited to:* 2. *Close family member who is an employee of the USAID operating unit managing the project(s) being evaluated or the implementing organization(s) whose project(s) are being evaluated.* 3. *Financial interest that is direct, or is significant though indirect, in the implementing organization(s) whose projects are being evaluated or in the outcome of the evaluation.* 4. *Current or previous direct or significant though indirect experience with the project(s) being evaluated, including involvement in the project design or previous iterations of the project.* 5. *Current or previous work experience or seeking employment with the USAID operating unit managing the evaluation or the implementing organization(s) whose*	

project(s) are being evaluated. 6. *Current or previous work experience with an organization that may be seen as an industry competitor with the implementing organization(s) whose project(s) are being evaluated.* 7. *Preconceived ideas toward individuals, groups, organizations, or objectives of the particular projects and organizations being evaluated that could bias the evaluation.*	

I certify (1) that I have completed this disclosure form fully and to the best of my ability and (2) that I will update this disclosure form promptly if relevant circumstances change. If I gain access to proprietary information of other companies, then I agree to protect their information from unauthorized use or disclosure for as long as it remains proprietary and refrain from using the information for any purpose other than that for which it was furnished.

Signature	
Date	August 2014

ANNEX 9. CONTACT LIST

These are the contacts of the people interviewed during the qualitative semi-structure interviews

Name	Institution	Position	E-Mail
Lusungu Kaunda	Banco Oportunidade de Moçambique (BOM)	Chief Relationship Officer	Lusungo.kaunda@bancooportunidade.com
Kathryn Larcombe	Banco Oportunidade de Moçambique (BOM)	Chief Operating Officer	Kathryn.larcombe@bancooportunidade.com
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Arcanjo Mucambe	Banco Oportunidade de Moçambique (BOM) - Gurué	Branch manager - Gurué	arcanjo.mucambe@banco-oportunidade.com
Ivaldo Mudzekenhedze	Banco Oportunidade de Moçambique (BOM) - Gurué	Agriculture loan officer	ivaldo.mudzekenhedze@banco-oportunidade.com
Wigle Vondeling	Banco Terra	Head of Agri-finance	wvondeling@bancoterra.co.mz
José Jeje	Banco Terra	Agri-finance Dept	jjeje@bancoterra.co.mz
Victor Ribeiro	Gapi	Assistant Director Credit and Investment	victorribeiro@gapi.co.mz
Sergio Macupulane	BCI	Special Funds Department	Sergio.macupulane@bci.co.mz
José da Silva Francisco	BCI	Central Director	jfrancisco@bci.co.mz
Nito Matavel	Embassy of Sweden	Programme Officer, Rural and Private Sector Development	Nito.matavel @gov.se
Emerson Zhou	Beira Agricultural Growth Corridor	Executive Director	ezhou@beiracorridor.com
Christine Ohresser-Joumard	Agrifuturo	Chief of Party	Christine_Ohresser-Joumard@agrifuturo.com
Anabela Mabota	Agrifuturo	M&E Specialist	Anabela.mabota@agrifuturoproject.com
Elsa Mapilele	USAID	Agribusiness and Rural Finance Advisor	emapilele@usaid.gov
Amanda Fong	USAID	Private Enterprise Officer, Agriculture, Trade and Business Office	afong@usaid.gov

Although available, the name of the farmers who were interviewed in the quantitative and focus group interviews will not be included in this report since the Evaluation Team did request their participation in the study in an anonymous format as to encourage their contributions.

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