INVESTMENT FACTSHEET

SOY

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Report by:
GROUNDD

INVESTMENT FACTSHEET

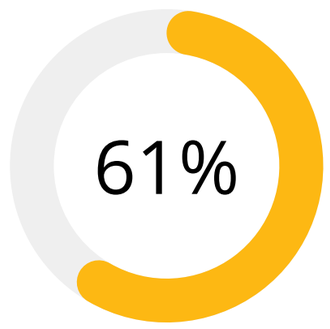
CATALYSING SUSTAINABILITY AND PRODUCTION OF SOY IN VANDUZI AND BARUE DISTRICTS

MANICA, MOZAMBIQUE

ENABLING CONDITIONS - CATALYSTS FOR SUCCESS

Willingness of communities to adopt Climate Smart Agriculture (CSA) and Nature-based Solutions (NbS)

Soy adoption is limited due to market instability and a lack of technical knowledge. Interviews with producers in Vanduzi, Simukai, and neighboring communities revealed a near-monopoly buyer, which keeps prices low and profit margins slim for smallholders.



Legal or policy framework supporting value chains

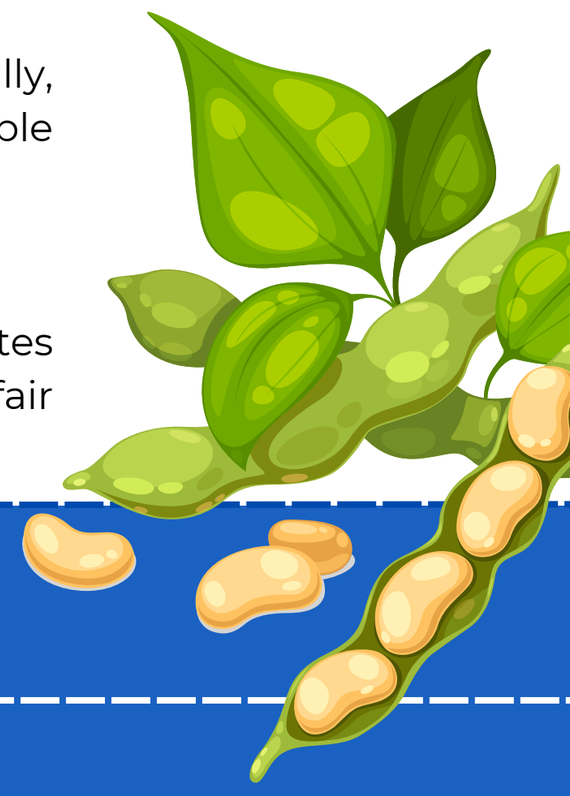
Weak policy support contributes to market instability. The soy market is dominated by a single buyer, limiting competition and leaving smallholders vulnerable to price fluctuations.

Legal rights to access and use land/resources

Farmers lack secure land tenure, limiting investment. Many soy farmers operate without formal land rights, affecting their ability to secure credit or invest in long-term improvements.

Community participation and acceptance

Limited farmer participation due to market uncertainty. Soy was introduced externally, and farmer adoption remains low due to inconsistent returns and unpredictable demand.



Governance structures supporting enforcement

Governance challenges reduce bargaining power. A single dominant buyer dictates prices, reducing farmers' control over their sales and limiting their ability to negotiate fair prices.

FINANCIAL VIABILITY

ASSUMPTIONS

- Yield per hectare
- Post-Harvest losses
- Storage Infrastructure Investment
- Training and Capacity Building
- Irrigation System Investment
- Land Preparation Costs

SCENARIOS

1 Business-as-usual: Represents the conventional farming approach, where smallholder farmers rely on rain-fed agriculture with minimal investment in soil fertility, irrigation, pest management, and storage infrastructure.

2 Transformative change: Incorporates Climate Smart Agriculture and Nature-based Solutions, integrating improved soil and pest management, irrigation systems, organic inputs, and cooperative market structures to enhance productivity and resilience.

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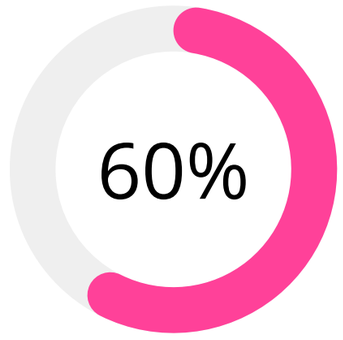
FINANCIAL VIABILITY - THRIVING ENTERPRISES



Use of resources and revenue
Soy production can be profitable, particularly in areas with cooperative support, but limited price control, input dependency, and weak demand make it less competitive than other land uses.

Market demand
Soy market demand is stable but constrained by a few dominant buyers offering fixed prices. Export demand exists but access is limited for most smallholders.

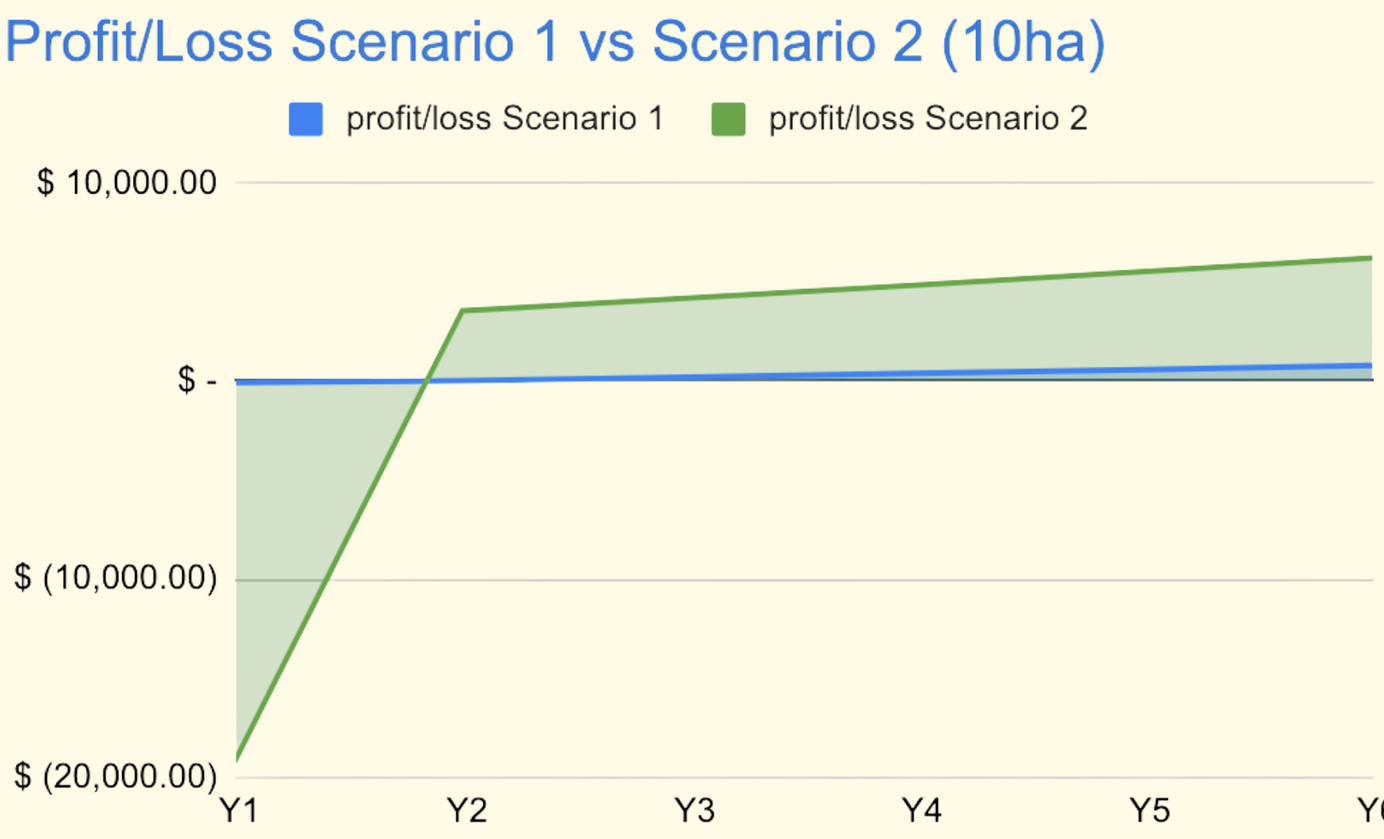
Production skills and infrastructure
Soy cultivation requires specific inputs like inoculants and fertilizers, which many farmers lack. Infrastructure is insufficient for consistent quality and market delivery.

Social, political, economical and environmental risks management
Soy faces environmental risks linked to soil fertility loss and monoculture, but these are manageable. Market risks from buyer concentration persist, though cooperatives offer some buffer.

Potential for partnerships and decision-making for fair benefit distribution
Cooperatives have improved negotiation power, especially in Barué, but in Vanduzi the lack of organization limits fair benefit distribution. More inclusive models are needed.

Sustainable supply of natural goods/services assessment
Soy can be produced sustainably with crop rotation and soil improvement practices. However, input reliance and limited access to organic alternatives reduce sustainability in many areas.

ROI AND PROFIT/LOSS ANALYSIS



Break-even

Scenario 1	Scenario 2
YEAR 2	YEAR 2

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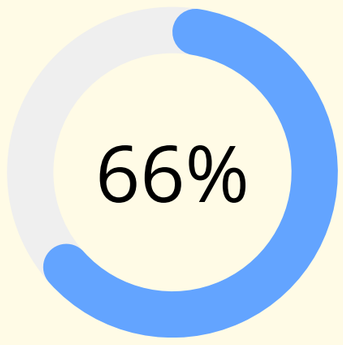
CULTURAL AND SOCIAL ALIGNMENT - COMMUNITY IMPACT

Women's inclusion and representation
Women face greater challenges in soy markets. Women are less involved in soy production compared to horticulture, as they have fewer land rights and struggle to access credit for inputs.



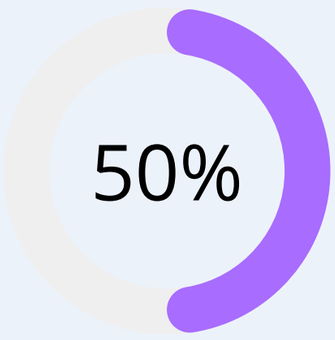
Prior community experience with value chain
Soy is relatively new to the region. Many farmers initially experimented with soy but later switched back to maize due to unstable pricing and lack of reliable market opportunities.

Fair distribution of benefits
Farmers lack control over pricing and markets. Low prices discourage further investment in soy farming, as farmers find it difficult to compete in an unfair market.

Socio-economic impacts and cultural relevance
Low cultural significance and declining adoption. Soy does not hold the same level of community importance as maize, making it a lower priority for farmers.

CLIMATE AND NATURE - NATURE'S BALANCE

Climate resilience and water stress reduction methods
Climate-smart techniques are underused. Soy should enrich soil through nitrogen fixation, but poor soil management and lack of extension services result in declining soil fertility.

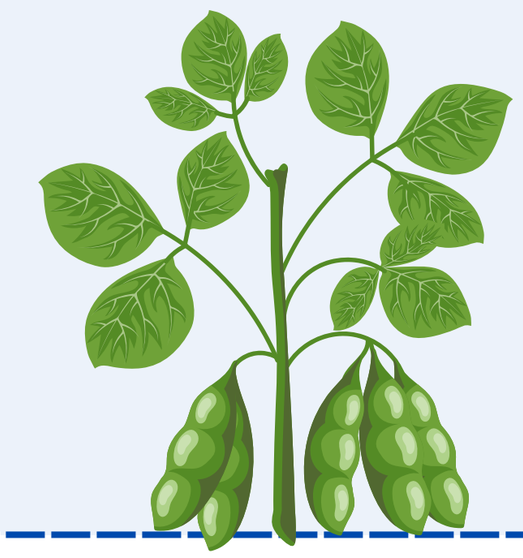


Restoration activities in the region
Minimal restoration efforts are linked to soy farming. Soy expansion has led to some deforestation and soil depletion due to lack of crop rotation practices.

Integration of native species in restoration
Water access is a major constraint. Irrigation expansion could improve productivity but is currently limited, leaving most soy production dependent on unpredictable rainfall.

Efficient and resilient irrigation systems
Soy farming is not resilient to climate shocks. Rainfed cultivation limits productivity in dry seasons, making soy a riskier crop than maize or horticulture.

Ecosystem service benefits vs. threats
Market instability and low prices reduce viability. Without government intervention or alternative buyers, soy will likely remain a niche crop with limited economic potential for smallholders.



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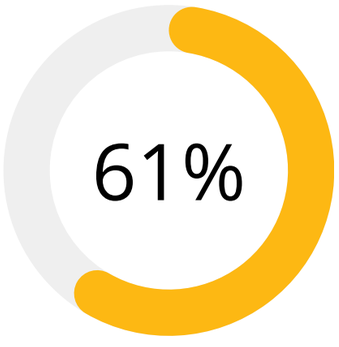
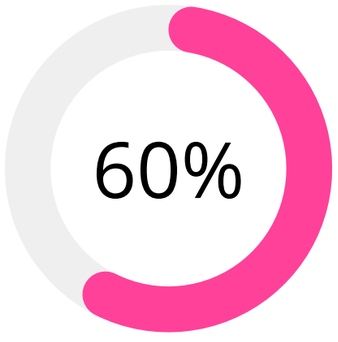
FINAL SCORING PER COMPONENT



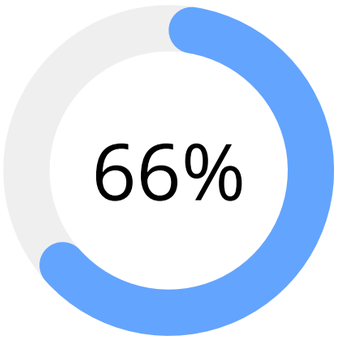
Catalysts for Success

Current conditions are well aligned with CERS criteria linked to Policy, Participation, Land Rights, and Institutional Capacity. There is still room for improvement.



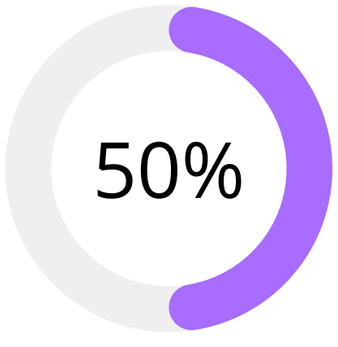
Thriving Enterprises

Current conditions are well aligned with CERS criteria linked to Assumptions, ROI, Scenarios, and Break-even. There is still room for improvement.



Community Impact

Current conditions are well aligned with CERS criteria linked to Assumptions, ROI, Scenarios, and Break-even. There is still room for improvement.

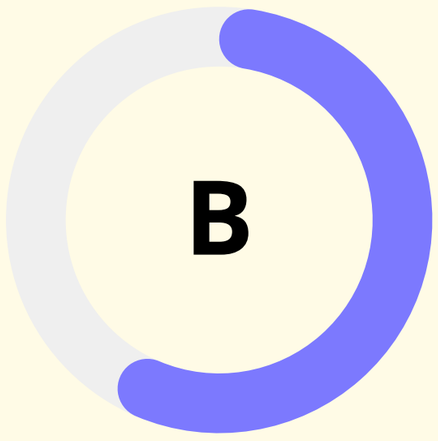


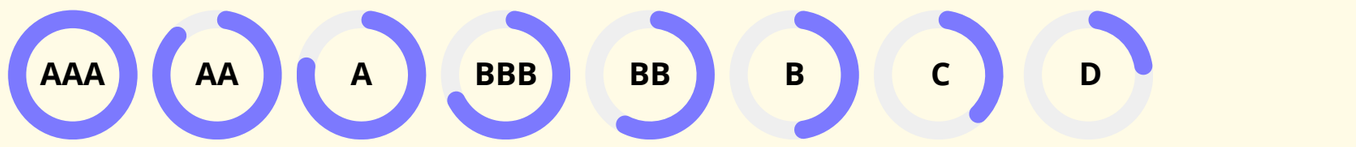
Nature's Balance

Current conditions are moderately aligned with CERS criteria linked to Biodiversity, Carbon Emissions, Ecosystem, and Soil Health. Improvements are needed.

Recommendations for improvement on the next page

FINAL VIABILITY SCORING CONSIDERING NbS and CSA practices





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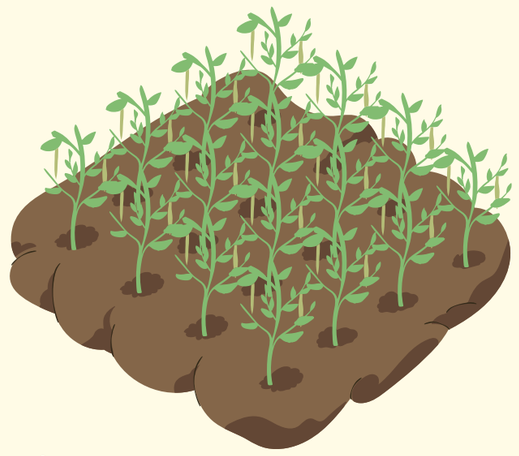
INVESTMENT RECOMMENDATIONS



- Promote soy as part of **climate-smart crop rotation**, especially with maize in Nhamadembe, Bellas (pilot project - Lead farmer 7 Abril 1).
- Establish **demonstration fields** in 7 de Abril and Campo 4 showing soy cultivation **benefits** with CSA techniques.

- Organize **seasonal training** on **inoculant application** and **seed selection** (varieties), **soil health** restoration and **post-harvest handling** .
- Provide **rotational planning** and **soil improvement guidance** via extension services (consultants).

- Establish **reliable supply chains** for certified soybean seeds and inoculants.
- Use the Piscina Association as a **training hub**, given its irrigation and ecological significance (central).
- Provide follow-up **technical support** to reduce abandonment of soy production due to lack of knowledge.
- Pilot **community-level soy drying** and **storage** systems in Macossa and Piscina.

- Enable **group sales** via cooperatives in Campo 4, and Bellas.
- Introduce **input credit schemes** for inoculants and equipment tied to solar irrigation and water harvest in Campo 4 and Bellas.
- Promote **value addition** (basic pressing for oil or meal) to increase revenue streams.

- Facilitate **contract farming schemes** with soy buyers beyond Abílio Antunes (e.g., MOZAGRI, ETG).
- Target buyers from the **animal feed industry** and explore **niche markets** (e.g. MOZBIFE).

- Address the soy **market monopoly** by supporting **farmer cooperatives** to engage with multiple buyers.
- Link to **results-based financing schemes** through partners like PLANETA (Cross Boundary LLC).

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