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### **Agriculture a Major Topic at the Let's Do Business Conference in Maputo**

**Report Categories:**

Agricultural Situation

Trip Report

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**Report Highlights:**

On April 18-19, 2012, FAS/Pretoria participated on the “Let’s Do Business” conference in Maputo. During the conference, FAS/Pretoria attended a roundtable discussion with Mozambique’s Minister of Agriculture on policy reforms. FAS/Pretoria also consulted with several companies and private volunteer organizations (PVOs) interested in doing business in Mozambique and promoted FAS credit guarantee and food assistance programs.

## **General Information:**

On April 18-19, 2012, FAS/Pretoria participated on the “Let’s Do Business” conference in Maputo, Mozambique. This event, the largest business conference in the country’s history, sought to create business investments in various sectors including agriculture. The conference was attended by several high level officials including Mozambican President Armando Emilio Guebuza, U.S. Ambassador Leslie Rowe, Minister of Industry and Commerce Armando Inroga, and Minister of Agriculture José Pacheco.



During the conference, FAS/Pretoria attended a roundtable discussion with the Minister of Agriculture on policy reforms. The discussion focused on engaging the private sector as active partners in agricultural development in Mozambique. FAS/Pretoria also consulted with several companies and private volunteer organizations (PVOs) interested in doing business in Mozambique and promoted FAS credit guarantee and food assistance programs.

Despite the opportunities discussed at the event, Mozambique still presents challenges related to land reform, access to credit, and human capital. However, the Government of Mozambique (GRM) seems willing to make regulatory reform to address these issues and attract private investments.

## **Agricultural Roundtable Discussion**

The agricultural roundtable was chaired by Minister of Agriculture, José Pacheco. He acknowledged the United States efforts through Feed the Future (FtF) in Mozambique in the development of the agricultural value-chain and sanitary and phytosanitary (SPS) issues. He also discussed the favorable climatic and soil conditions for agriculture in central and northern areas of the country and indicated that 15 percent of its 36 million hectares of arable land in Mozambique are utilized. Pacheco emphasized how the sector dominates the economy, with a 24 percent share of the GDP and 80 percent of the workforce.

To bring Mozambique to its full potential, the minister discussed GRM’s Strategic Plan for Agricultural Sector Development (PEDSA) approved in May 2011. The strategy, highly supported by FtF, focuses on growth corridors to improve productivity, food security, and farmer incomes. To support this plan, FtF has focused agriculture interventions on Zambezia and Nampula provinces and has leveraged investments by other USG agencies.

Each growth corridor has an advantageous geographical position to improve regional trade within the Southern African Development Community (SADC) and reach markets in Europe, India, China and the Middle East. Mozambican agricultural exports benefit from preferential access to markets through the African Growth and Opportunity Act (AGOA) and the European Union (EU).

During the roundtable, groups like Technoserve and Agrifuturo noted the changing environment in the agricultural sector due to government openness to regulatory changes, investments by the United States, and the private sector. In 2010, there were over \$380 million of private investment projects approved, including Nestle (processing facility) in Beira, SAB Miller (cassava, barley) in Inhambane, and Chiquita (bananas) in Nampula. Minister Pacheco also said that climate change mitigation projects to improve natural resource management and biotechnology are of great importance. This priority, which ties with FfF objectives, presents opportunities to help Mozambique adopt drought-tolerant seeds and BT cotton in the near future.

## **Business Consultations**

FAS/Pretoria met with over 20 companies and PVOs to discuss ways USDA can facilitate trade and development opportunities. FAS/Pretoria explained programs offered by USDA such as the GSM-102 credit guarantee program to business, as trade financing in Mozambique continues to be a constraint. One ground nut processor is seeking a partner or access to credit to source peanuts, to increase processing capacity, and maintain consistency in quality. A cashew producer is also seeking financing to improve the processing capacity. Other businesses during the consultations repeatedly mentioned how challenging it can be to source quality products consistently in Mozambique.

Several PVOs discussed the various capacity building programs being implemented in the country and sought additional information on USDA food assistance programs. FAS/Pretoria explained USDA's Food for Progress and McGovern-Dole School Feeding Programs as it relates to FtF. There was interest from many PVOs and other governments in coordinating more closely with USDA. The Netherlands Development Organization (NDO) for example is engaged in introducing "inclusive business models" by involving cashew producer associations; this could fit within the Food for Progress program. Lastly, when FAS/Pretoria raised the upcoming Aflasafe aflatoxin mitigation project, NDO expressed interest in collaborating once the program gets launched.

## **Constraints**

Land in Mozambique is still owned by the State and may not be sold or transferred without prior approval. The maximum length of land tenure is 50 years, and potentially renewable for an additional 50 years. Some PVOs mentioned during the consultations how problematic it has been obtaining land-use rights from the government. This situation is a disincentive for companies due to the lack of transparency in the process. The risk also makes access to finance difficult and expensive. Small-holder farmers have limited access to credit arrangements and commercial interest rates run at 20 to 25 percent.

Mozambique is one of the poorest countries in the world. Its long civil war prevented government investment in education. Since skilled workers are scarce in the market place, companies must invest in training. In Mozambique, 80 percent of the population is engaged in agriculture; however, the lack of extension services or agricultural training schools makes it difficult to find or retain trained farm managers.