



# MOZAMBIQUE

## MAFAP Country Profile



MAFAP  
SPAAA

Monitoring African Food and Agricultural Policies

According to Mozambique's Agricultural Survey (IOF, 2008), agriculture accounts for 23 percent of the country's gross domestic product. Indeed, more than 75 percent of the workforce is employed in the sector (National Institute of Statistics, 2012).

Despite its importance to the national economy, the agriculture sector suffers from low yields and minimal returns on investment. Furthermore, most crops are rain-fed, which increases farmers' dependency on favourable weather conditions. The sector is poorly diversified, and producers fall into two main groups: small-scale farmers responsible for 70 percent of total food production (such as maize, cassava and rice) and large-scale producers, who focus mostly on cash crops such as tobacco, cotton, sugarcane and cashews. Smallholder farming is the dominant farming model in Mozambique – the average farm size is 1.5 hectares, with many farms under one hectare (Third National Poverty Assessment, 2010).

### Agricultural Policies in Mozambique

In the last two decades, the government has implemented trade reforms such as eliminating currency exchange controls and restrictions on imports and exports. This was done in compliance with the Washington Consensus which is based on the principles of market liberalization, fiscal discipline and privatization. Under these reforms, prices for agricultural commodities and services were liberalized.

Following the international food price crisis in 2007-08, the government introduced price subsidies for staple foods such as bread, rice, cooking oil and beans. These aimed at mitigating the effects of food price volatility on vulnerable households.

The government sets minimum prices for seed cotton and tobacco (MozSAKSS, 2012) to provide incentives to farmers for increasing production and minimizing crop substitution.

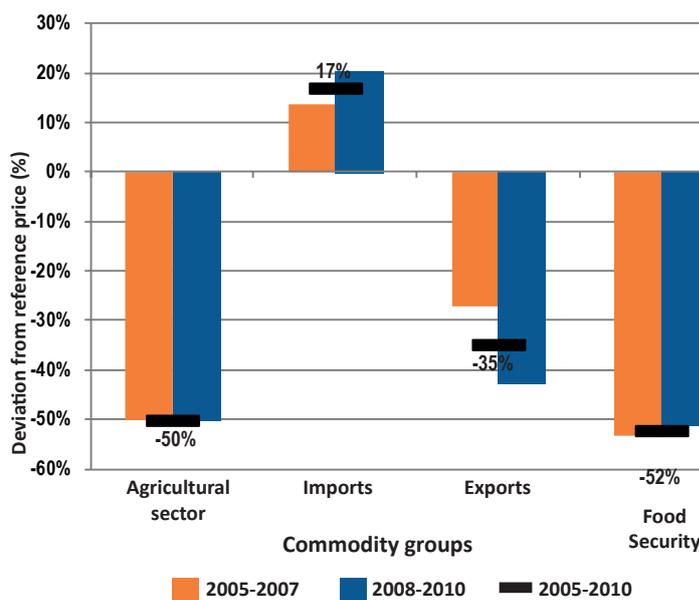
Most policies in Mozambique aim at improving the agricultural sector as a whole rather than focusing on specific crops. Mozambique's Agrarian Intensification and Diversification Programme addresses the country's structural cereal deficit by distributing agricultural inputs,

disseminating technology and providing credit to farmers in areas with high agro-ecological potential. It thereby seeks to increase the domestic supply of food and reduce the country's reliance on imports.

### Price Incentives

MAFAP analysis shows that the level of incentives for producers varied significantly over time and among commodity groups (Figure 1). Producers of all commodity groups, except for imports, received lower prices compared to international prices throughout the period analyzed.

Figure 1. Average deviation of producers' prices from world prices, by major commodity groups (2005-2010)



The bars measure the percentage of deviation between the price domestic producers receive and what producers would receive in world markets (the latter is the reference price and is equivalent to 0%). Imports include rice and maize; exports include cotton, sugarcane and tobacco; food security crops include maize, rice and cassava. (Source: MAFAP)

Farmers of imported products (rice and maize) received significant support from import tariffs. However, this was at the expense of consumers who paid higher prices for staple foods. On the contrary, producers of exported commodities received no support. Since these commodities are subject to minimum taxation, low domestic prices relative to international prices can be attributed to other factors such as poorly functioning

markets and the lack of competition in the export subsector. The results for commodities essential to food security were similar to those of exported products. However, this trend was largely driven by cassava than by other food staples such as maize and rice.



*Catandica, Mozambique* - A farmer harvesting maize in Nhamuka. Mozambique's Agrarian Intensification and Diversification Programme seeks to increase the domestic supply of food, especially of cereals, by distributing agricultural inputs, disseminating technology and providing credit to farmers. ©FAO/Paballo Thekiso

## MAFAP PARTNERS

Policy Analysis	Policy Dialogue
The Ministry of Agriculture (MINAG), Department of Economics	The Ministry of Agriculture (MINAG)
The Mozambique Market Information System (SIMA – MINAG)	The Ministry of Planning and Development
The Ministry of Planning and Development – National Directorate of Studies and Policy Analysis	The Ministry of Trade and Commerce
	The Cotton Institute
	The Ginner Association
	The National Distributor of Sugar

## MAFAP PRODUCTS for Mozambique

Six technical notes on market incentives and disincentives in Mozambique for maize, cassava, rice, cotton, sugarcane and tobacco

A comprehensive country report

A database with all indicators and supporting information

Information about capacity development in analyzing market incentives and disincentives

All reports and publications are available at:  
[www.fao.org/mafap](http://www.fao.org/mafap)

## Our Vision for the Future

MAFAP analysis is expected to play a prominent role in future policy initiatives in Mozambique and contribute to initiatives such as the Comprehensive Africa Agriculture Development Program (CAADP). Key stakeholders such as the Ministry of Trade and Commerce, the Ministry of Agriculture, the Cotton Institute, the Ginner Association (cotton) and the National Distributor of Sugar have expressed interest in MAFAP's work.

## CONTACTS

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